

**CHAPEL HILL  
INDEPENDENT SCHOOL DISTRICT  
ANNUAL FINANCIAL REPORT  
YEAR ENDED AUGUST 31, 2013**

**RUTHERFORD, TAYLOR & COMPANY, P.C.**  
*Certified Public Accountants*  
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Greenville, Texas 75401  
(903) 455-6252

CHAPEL HILL INDEPENDENT SCHOOL DISTRICT  
ANNUAL FINANCIAL REPORT  
YEAR ENDED AUGUST 31, 2013

**TABLE OF CONTENTS**

	<u>Page</u>	<u>Exhibits</u>
<b>INTRODUCTORY SECTION</b>		
Certificate of Board.....	3	
<b>FINANCIAL SECTION</b>		
<u>Independent Auditor's Reports:</u>		
Report on Basic Financial Statements .....	5	
Report on Compliance and Internal Controls ( <i>Government Auditing Standards</i> ) .....	7	
Report on Compliance and Internal Controls (OMB Circular A-133) .....	9	
Schedule of Findings and Questioned Costs .....	11	
Management's Discussion and Analysis (Required Supplementary Information) .....	16	
<u>Basic Financial Statements:</u>		
<u>Government-wide Financial Statements:</u>		
Statement of Net Position.....	25	A-1
Statement of Activities .....	26	B-1
<u>Fund Financial Statements:</u>		
Balance Sheet – Governmental Funds .....	27	C-1
Reconciliation of the Governmental Funds		
Balance Sheet to the Statement of Net Position .....	28	C-2
Statement of Revenues, Expenditures and Changes in		
Fund Balances of Governmental Funds.....	29	C-3
Reconciliation of the Statement of Revenues, Expenditures and Changes in		
Fund Balances of Governmental Funds to the Statement of Activities.....	30	C-4
Statement of Net Position – Proprietary Funds.....	31	D-1
Statement of Revenues, Expenses and Changes in		
Fund Net Position – Proprietary Funds .....	32	D-2
Statement of Cash Flows – Proprietary Funds .....	33	D-3
Statement of Fiduciary Net Position – Fiduciary Funds .....	34	E-1
Notes to the Basic Financial Statements.....	35	F-1
<u>Required Supplementary Information:</u>		
Budgetary Comparison Schedule – General Fund .....	54	G-1
<u>Other Supplementary Information:</u>		
Schedule of Delinquent Taxes Receivable .....	56	J-1
Indirect Cost Computation Schedule.....	57	J-2
Budgetary Comparison Schedules Required by the Texas Education Agency:		
School Breakfast and National School Lunch Program.....	58	J-3
Debt Service Fund .....	59	J-4
Schedule of Required Responses to Selected Schools First Indicators .....	60	J-5
<u>Federal Awards Section</u>		
Schedule of Expenditures of Federal Awards .....	62	K-1
Notes to the Schedule of Expenditures of Federal Awards .....	63	K-2

**CERTIFICATE OF BOARD**

Chapel Hill Independent School District  
Name of School District

Smith  
County

212-909  
Co.-Dist. Number

We, the undersigned, certify that the attached auditor's report of the above named school district was reviewed and \_\_\_\_\_ **approved**/ \_\_\_\_\_ **disapproved** for the year ended August 31, 2013, at a meeting of the board of school trustees of such school district on \_\_\_\_\_.

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

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

If the auditor's report was checked above as disapproved, the reasons(s) therefore is/are (attach list if necessary):

FINANCIAL SECTION

**RUTHERFORD,  
TAYLOR &  
COMPANY, P.C.**  
*Certified Public Accountants*

---

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**INDEPENDENT AUDITOR'S REPORT**

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Members of the Board:

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

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

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

**Auditor's Responsibility**

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

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

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

**Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Chapel Hill Independent School District as of August 31, 2013, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

**Change in Accounting Principle**

As discussed in Note T to the financial statements, in 2013 the District adopted various accounting pronouncements issued by the Governmental Accounting Standards Board. Our opinions are 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 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 District's basic financial statements as a whole. The schedules identified in the table of contents as other supplementary information are presented for the purpose of additional analysis, and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* and is also not a required part of the basic financial statements.

The other supplementary information schedules 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 other supplementary information schedules 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.

**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated December 30, 2013, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

December 30, 2013  
Greenville, Texas

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON  
COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS  
PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

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Members of the Board:

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 the Chapel Hill Independent School District (District), as of and for the year ended August 31, 2013, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated December 30, 2013.

**Internal Control over Financial Reporting**

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or 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 the 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*.

Report on Internal Control – Continued

**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 District'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 District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

December 30, 2013  
Greenville, Texas



INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM  
AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133

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Members of the Board:

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

We have audited Chapel Hill Independent School District's (District) compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the year ended August 31, 2013. The District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

***Management's Responsibility***

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

***Auditor's Responsibility***

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

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

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

In our opinion, the District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended August 31, 2013.

**Report on Internal Control Over Compliance**

Management of the 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 the District's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and

## Internal Control over Compliance – Continued

report on internal control over compliance in accordance with OMC circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over compliance.

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

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

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

December 30, 2013  
Greenville, Texas

CHAPEL HILL INDEPENDENT SCHOOL DISTRICT  
 SCHEDULE OF FINDINGS AND QUESTIONED COST  
 YEAR ENDED AUGUST 31, 2013

**Summary of Auditor's Results (Section I)**

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*Financial Statements –*

Type of auditor's report issued	Unmodified Opinion
Internal Control over Financial Reporting: Material Weaknesses identified	None
Significant deficiencies identified that are not considered to be material weaknesses	None reported
Noncompliance material to the financial statements noted	None

*Federal Awards –*

Internal control over major programs: Material weaknesses identified	None
Significant deficiencies identified that are not considered to be material weaknesses	None reported
Type of Auditor's report issued on compliance for major programs	Unmodified
Any audit findings disclosed that are required to be reported in accordance with section 510(a) of OMB Circular A-133	No
Identification of major programs	Food Service Cluster: School Breakfast Program (10.553) National School Lunch Program (10.555)
Dollar threshold used to distinguish between Type A and Type B programs	\$ 300,000
Entity qualified as a low risk auditee	Yes
Pass-through Entity	Texas Education Agency

CHAPEL HILL INDEPENDENT SCHOOL DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
YEAR ENDED AUGUST 31, 2013

**Financial Statement Findings (Section II)**

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NONE

CHAPEL HILL INDEPENDENT SCHOOL DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
YEAR ENDED AUGUST 31, 2013

**Federal Award Findings and Questioned Costs (Section III)**

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NONE

CHAPEL HILL INDEPENDENT SCHOOL DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
YEAR ENDED AUGUST 31, 2013

**Prior Year Findings (Section IV)**

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2012-1

**Depository Security**

The District's funds or deposit were adequately secured by approved securities throughout the test periods.

Status: Closed

CHAPEL HILL INDEPENDENT SCHOOL DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
YEAR ENDED AUGUST 31, 2013

**Corrective Action Plans (Section V)**

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NONE

CHAPEL HILL INDEPENDENT SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED AUGUST 31, 2013

This section of Chapel Hill Independent School District's annual financial report presents our discussion and analysis of the District's financial performance during the year ended August 31, 2013. Please read it in conjunction with the District's basic financial statements, which follow this section.

**FINANCIAL HIGHLIGHTS**

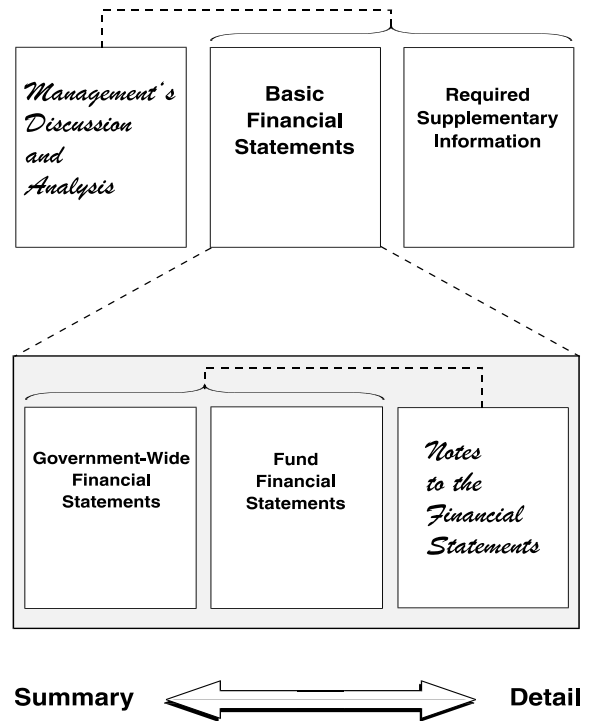
- The District's total combined net position was \$ 25,595,711 at August 31, 2013.
- During the year, the District's expenses were \$ 498,478 less than the \$ 32,140,221 generated in local property taxes and other revenues for governmental activities including special items.
- The total cost of the District's programs increased approximately 2.46% from last year and no new programs were added this year.
- The General Fund reported a fund balance this year of \$ 5,791,762.

**OVERVIEW OF THE FINANCIAL STATEMENTS**

This annual report consists of three parts—management's discussion and analysis (this section), the basic financial statements, and required supplementary information. The basic financial statements include two kinds of statements that present different views of the District:

- The first two statements are government-wide financial statements that provide both long-term and short-term information about the District's overall financial status.
- The remaining statements are fund financial statements that focus on individual parts of the government, reporting the District's operations in more detail than the government-wide statements.
- The governmental funds statements tell how general government services were financed in the short term as well as what remains for future spending.
- Proprietary fund statements offer short- and long-term financial information about the activities the government operates like businesses, such as a print shop.
- Fiduciary fund statements provide information about the financial relationships in which the District acts solely as a trustee or agent for the benefit of others, to whom the resources in question belong.

Figure A-1, Required Components of the District's Annual Financial Report



The basic financial statements also include notes that explain some of the information in the basic financial statements and provide more detailed data. The statements are followed by a section of required supplementary information that further explains and supports the information in the basic financial statements. Figure A-1 shows how the required parts of this annual report are arranged and related to one another.



CHAPEL HILL INDEPENDENT SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED AUGUST 31, 2013

**Figure A-2. Major Features of the District's Government-wide and Fund Financial Statements**

<i>Type of Statements</i>	<b>Fund Statements</b>			
	<b>Government-wide</b>	<b>Governmental Funds</b>	<b>Proprietary Funds</b>	<b>Fiduciary Funds</b>
<i>Scope</i>	Entire Agency's government (except fiduciary funds) and the Agency's component units	The activities of the district that are not proprietary or fiduciary	Activities the district operates similar to private businesses: self insurance	Instances in which the district is the trustee or agent for someone else's resources
<i>Required financial statements</i>	<ul style="list-style-type: none"> <li>• Statement of net assets</li> <li>• Statement of activities</li> </ul>	<ul style="list-style-type: none"> <li>• Balance sheet</li> <li>• Statement of revenues, expenditures &amp; changes in fund balances</li> </ul>	<ul style="list-style-type: none"> <li>• Statement of net assets</li> <li>• Statement of revenues, expenses and changes in fund net assets</li> <li>• Statement of cash flows</li> </ul>	<ul style="list-style-type: none"> <li>• Statement of fiduciary net assets</li> <li>• Statement of changes in fiduciary net assets</li> </ul>
<i>Accounting basis and measurement focus</i>	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus	Accrual accounting and economic resources focus
<i>Type of asset/liability information</i>	All assets and liabilities, both financial and capital, short-term and long-term	Only assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets included	All assets and liabilities, both financial and capital, and short-term and long-term	All assets and liabilities, both short-term and long-term; the Agency's funds do not currently contain capital assets, although they can
<i>Type of inflow/outflow information</i>	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and payment is due during the year or soon thereafter	All revenues and expenses during year, regardless of when cash is received or paid	All revenues and expenses during year, regardless of when cash is received or paid

Figure A-2 summarizes the major features of the District's basic financial statements, including the portion of the District government they cover and the types of information they contain. The remainder of this overview section of management's discussion and analysis explains the structure and contents of each of the statements.

### GOVERNMENT-WIDE STATEMENTS

The government-wide statements report information about the District as a whole using accounting methods similar to those used by private-sector companies. The statement of net

position includes all of the government's assets and liabilities. All of the current year's revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

The two government-wide statements report the District's net position and how they have changed. Net position—the difference between the District's assets and liabilities—is one way to measure the District's financial health or position.

- Over time, increases or decreases in the District's net position are an indicator of whether its financial health is improving or deteriorating, respectively.
- To assess the overall health of the District, one needs to consider additional nonfinancial factors such as changes in the District's tax base and student population.

The government-wide financial statements of the District include the governmental activities. Most of the District's basic services are included here, such as instruction, extracurricular activities, curriculum and staff development, health services and general administration. Property taxes and grants finance most of these activities.

### FUND FINANCIAL STATEMENTS

The fund financial statements provide more detailed information about the District's most significant funds—not the District as a whole. Funds are accounting devices that the District uses to keep track of specific sources of funding and spending for particular purposes.

- Some funds are required by State law and by bond covenants.
- The Board of Trustees establishes other funds to control and manage money for particular purposes or to show that it is properly using certain taxes and grants.

The District has the following kinds of funds:

- Governmental funds—Most of the District's basic services are included in governmental funds, which focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental fund statements provide a detailed short-term view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. Because this information does not encompass the additional long-term focus of the government-wide statements, we provide additional information on the subsequent page that explain the relationship (or differences) between them.

CHAPEL HILL INDEPENDENT SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED AUGUST 31, 2013

- Proprietary funds—Services for which the District charges customers a fee are generally reported in proprietary funds. Proprietary funds, like the government-wide statements, provide both long-term and short-term financial information. We use internal service funds to report activities that provide supplies and services for the District's other programs and activities.
- Fiduciary funds—The District is the trustee, or fiduciary, for certain funds. The District is responsible for ensuring that the assets reported in these funds are used for their intended purposes. All of the District's fiduciary activities are reported in a separate statement of fiduciary net position. We exclude these activities from the District's government-wide financial statements because the District cannot use these assets to finance its operations.

**FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE**

The District's combined net position was \$ 25,595,711 at August 31, 2013.

<b>Chapel Hill Independent School District's Net Position</b>			<b>Table A-1</b>
	Governmental Activities		Total Percentage Change
	2013	2012	2012-2013
<b>Assets:</b>			
Cash and Investments	\$ 7,719,212	\$ 6,964,250	10.84%
Other Assets	1,908,026	2,448,818	-22.08%
Capital Assets less Accumulated Depreciation	40,647,923	41,843,486	-2.86%
<b>Total Assets</b>	<b>\$ 50,275,161</b>	<b>\$ 51,256,554</b>	<b>-1.91%</b>
<b>Deferred Net Outflows of Resources:</b>			
Deferred Net Outflows of Resources	\$ 128,891	\$ -	100.00%
<b>Total Deferred Outflows of Resources</b>	<b>\$ 128,891</b>	<b>\$ -</b>	<b>100.00%</b>
<b>Liabilities:</b>			
Current Liabilities	\$ 1,265,722	\$ 1,437,817	-11.97%
Long-term Liabilities	23,542,619	24,721,504	-4.77%
<b>Total Liabilities</b>	<b>\$ 24,808,341</b>	<b>\$ 26,159,321</b>	<b>-5.16%</b>
<b>Net Position:</b>			
Net Investment in Capital Assets	\$ 17,105,304	\$ 17,512,886	-2.33%
Restricted	1,273,641	1,358,031	-6.21%
Unrestricted	7,216,766	6,226,316	15.91%
<b>Total Net Position</b>	<b>\$ 25,595,711</b>	<b>\$ 25,097,233</b>	<b>1.99%</b>

Approximately \$ 571,050 of the District's restricted net position represents funds available for debt retirement. These funds are restricted for retirement of tax supported debt. The unrestricted net position represents resources available to fund the programs of the District next year.

**CHANGES IN NET POSITION**

The District's total revenues were \$ 32,140,221. 45% of the District's revenue comes from local property taxes (See Table A-2). 52% comes from state aid and federal grants, while only 3% relates to charges for services and other miscellaneous revenues, including investment earnings.

The total cost of all programs and services was \$ 31,641,743. 58% of these costs are for instruction and related staff and student services.

The District's tax collection percentage rate (current and delinquent base tax only) was 99.69%. The total tax rate collections (base tax and penalty and interest) was 101.28%.

CHAPEL HILL INDEPENDENT SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED AUGUST 31, 2013

**GOVERNMENTAL ACTIVITIES**

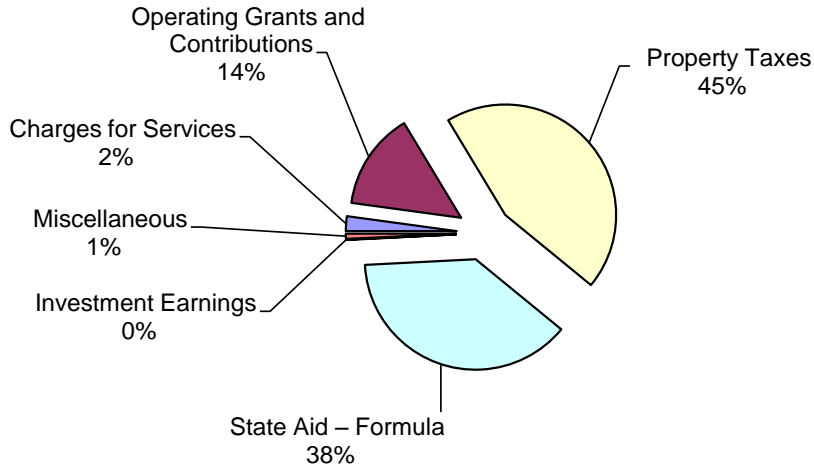
**Table A-2**

**Changes in Chapel Hill Independent School District's Net Position**

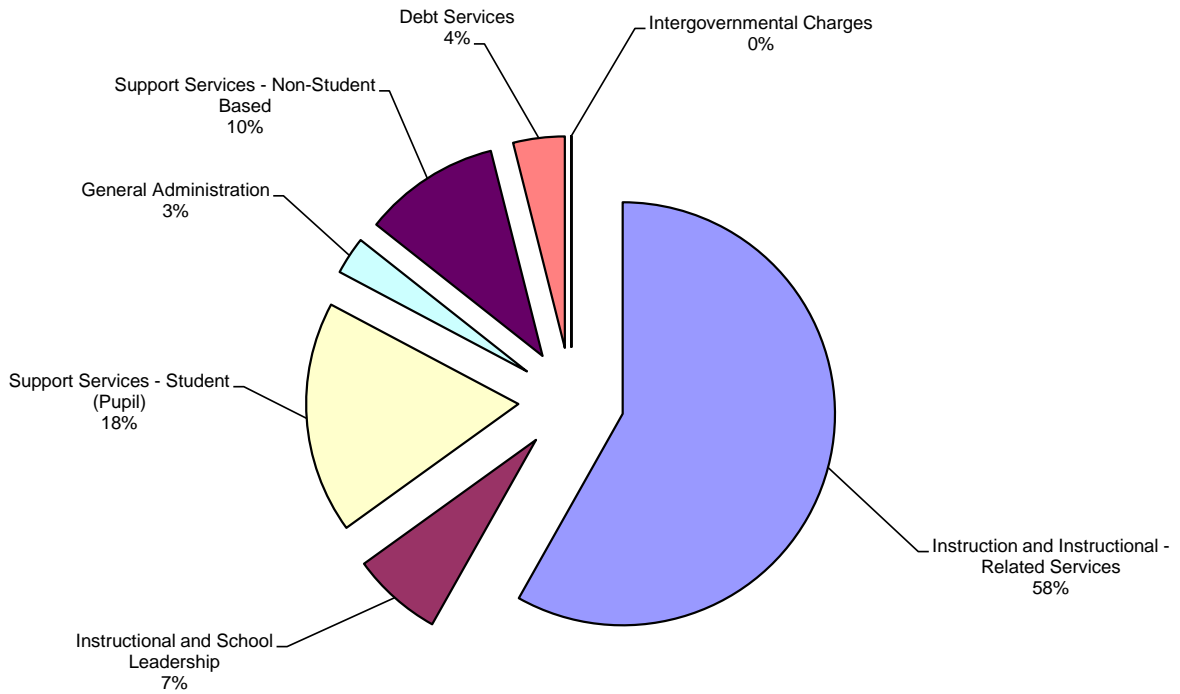
	Governmental Activities		Total Percentage Change 2012-2013
	2013	2012	
Program Revenues:			
Charges for Services	\$ 695,568	\$ 775,632	-10.32%
Operating Grants and Contributions	4,568,094	5,209,432	-12.31%
General Revenues:			
Property Taxes	14,309,450	13,893,671	2.99%
State Aid – Formula	12,281,227	11,783,293	4.23%
Investment Earnings	19,648	22,443	-12.45%
Miscellaneous	242,783	233,309	4.06%
Total Revenues	<u>\$ 32,116,770</u>	<u>\$ 31,917,780</u>	0.62%
Expenses:			
Instruction	\$ 17,232,083	\$ 16,595,538	3.84%
Instructional Resources and Media Services	388,956	378,373	2.80%
Curriculum and Staff Development	591,578	533,135	10.96%
Instructional Leadership	460,938	490,859	-6.10%
School Leadership	1,700,493	1,646,467	3.28%
Guidance, Counseling and Evaluation Services	894,943	814,839	9.83%
Health Services	280,135	275,150	1.81%
Student (Pupil) Transportation	1,339,639	1,302,146	2.88%
Food Services	1,874,459	1,739,796	7.74%
Cocurricular/Extracurricular Activities	1,170,150	1,091,525	7.20%
General Administration	902,465	910,569	-0.89%
Plant Maintenance and Operations	2,850,172	3,398,382	-16.13%
Security and Monitoring Services	181,289	181,871	-0.32%
Data Processing Services	229,442	231,253	-0.78%
Community Services	23,844	-	100.00%
Debt Service	1,228,428	1,021,760	20.23%
Capital Outlay	19,587	-	100.00%
Payments for Shared Service Arrangements	79,094	73,732	7.27%
Other Intergovernmental Charges	194,048	196,037	-1.01%
Total Expenses	<u>\$ 31,641,743</u>	<u>\$ 30,881,432</u>	2.46%
Excess (Deficiency) Before Other Resources, Uses and Transfers	\$ 475,027	\$ 1,036,348	54.16%
Special Item Inflow	23,451	(23,452)	200.00%
Increase (Decrease) in Net Position	\$ 498,478	\$ 1,012,896	50.79%
Net Position - Beginning (September 1)	25,097,233	24,084,337	4.21%
Net Position - Ending (August 31)	<u>\$ 25,595,711</u>	<u>\$ 25,097,233</u>	1.99%

CHAPEL HILL INDEPENDENT SCHOOL DISTRICT  
 MANAGEMENT'S DISCUSSION AND ANALYSIS  
 YEAR ENDED AUGUST 31, 2013

**Sources of Revenue for Fiscal Year 2013 - See Table A-2**



**Functional Expenses for Fiscal Year 2013 - See Table A-2**



CHAPEL HILL INDEPENDENT SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED AUGUST 31, 2013

- Table A-3 presents the cost of selected functions as well as each function's net cost (total cost less fees generated by the activities and intergovernmental aid). The net cost reflects what was funded by state revenues as well as local tax dollars.
- The cost of all governmental activities this year was \$ 31,641,743.
- However, the amount that our taxpayers paid for these activities through local property taxes was only \$ 14,309,450.
- Some of the cost was paid by those who directly benefited from the programs, \$ 695,568, or
- By grants and contributions, \$ 4,568,094.

<b>Chapel Hill Independent School District's Net Cost of Selected District Functions</b>							<b>Table A-3</b>
	<u>Total Cost of Services</u>		%	<u>Net Cost of Services</u>		%	
	2013	2012		Change	2013		2012
Instruction	\$ 17,232,083	\$ 16,595,538	3.84%	\$ 14,882,408	\$ 13,504,177	10.21%	
School Leadership	1,700,493	1,646,467	3.28%	1,623,502	1,564,724	3.76%	
General Administration	902,465	910,569	-0.89%	862,787	879,496	-1.90%	
Plant Maintenance and Operations	2,850,172	3,398,382	-16.13%	2,726,770	3,350,988	-18.63%	
Debt Service	977,507	1,021,760	-4.33%	897,265	907,786	-1.16%	

**FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS**

Revenues in the governmental funds totaled \$ 32,114,578. This represents an increase of \$ 272,723 from the prior year revenues of \$ 31,841,855. The change represents increased tax collections and state aid related to increased enrollment and attendance.

Expenditures in the governmental funds totaled \$ 31,587,288. This represents an increase of \$ 564,603 from the prior year expenditures of \$ 31,022,685. The change represents the increase in overall operating costs related to economic conditions as well as repair and replacement projects throughout the District.

**GENERAL FUND BUDGETARY HIGHLIGHTS**

Over the course of the year, the District revised its General Fund budget several times. With these adjustments, actual expenditures were \$ 523,389 below final General Fund budget amounts. The most significant positive variance resulted from less than anticipated costs in the instruction and plant maintenance functional expenditure categories.

Resources available matched the final General Fund budgeted amounts. This lack of a variance indicates managements diligence in monitoring and adjusting for changes in students' average daily attendance and property tax collections throughout the year.

CHAPEL HILL INDEPENDENT SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED AUGUST 31, 2013

**CAPITAL ASSETS AND DEBT ADMINISTRATION**

**CAPITAL ASSETS**

At year end, the District had invested \$ 65,003,672 in a broad range of capital assets, including land, equipment, buildings and vehicles (See Table A-4).

<b>Chapel Hill Independent School District's Capital Assets</b>			<b>Table A-4</b>
	Governmental Activities		Total
	2013	2012	Percentage
			Change
			2012-2013
Land	\$ 445,633	\$ 445,633	0.00%
Buildings and Improvements	57,945,922	57,933,009	0.02%
Vehicles	3,210,410	3,040,342	5.59%
Equipment	3,401,707	2,871,896	18.45%
Totals at Historical Cost	\$ 65,003,672	\$ 64,290,880	1.11%
Less Accumulated Depreciation	(24,355,749)	(22,447,394)	8.50%
Net Capital Assets	<u>\$ 40,647,923</u>	<u>\$ 41,843,486</u>	-2.86%

**DEBT**

**Bond Ratings -**  
The District's bonds presently carry "AAA" ratings.

At year end, the District had \$ 23,542,619 in debt outstanding as shown in Table A-5. More detailed information about the District's debt is presented in the notes to the basic financial statements.

<b>Chapel Hill Independent School District's Debt</b>			<b>Table A-5</b>
	Governmental Activities		Total
	2013	2012	Percentage
			Change
			2012-2013
Loans Payable	\$ 2,935,000	\$ 3,137,000	-6.44%
Bonds Payable	20,365,000	21,345,000	-4.59%
Other Debt Payable	242,619	239,504	1.30%
Total Debt Payable	<u>\$ 23,542,619</u>	<u>\$ 24,721,504</u>	-4.77%

CHAPEL HILL INDEPENDENT SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED AUGUST 31, 2013

**ECONOMIC FACTORS**

The District's property valuation continues to increase as it has in prior years. Local property tax rates are restricted by state statute, without local elections, to \$ 1.04 for maintenance and operation. The state funding formula was changed to provide state funds to replace the lost local property tax revenue. This change in funding and other legislative changes continue to impact the District's financial operations, including cash flows.

Changes in the student population will continue to affect state funding. Property values and student enrollments have increased slightly over the last three years. Any gain or loss in appraised property values will not change the total revenue received by the District under the current state funding formula; they will simply cause a shift between State and local funding with the total revenue remaining the same. Only increases in student enrollment and attendance will increase the District's overall funding.

Student attendance rates have remained fairly steady throughout the recent periods and are expected to remain at the same level moving forward. The economic outlook for the area is for growth to continue at a relatively slow pace. While property values continue to rise at minimum levels, housing has not expanded at the rate similar to the north central Texas region. This growth pattern has allowed the District to provide resources and staff at levels consistent with the economic growth rate.

The State has increased funding levels for the 2013-2015 biennium, which will affect the revenue levels of the District. With these increases in funding, the District anticipates monitoring expenditure levels to ensure financial stability remains strong.

A challenge to the State's funding system resulted in the system being held unconstitutional and inequitable. The 2013 legislative session produced additional funding for the student population. However, the legal process continues with challenges by the various interested parties. It is anticipated that a final resolution will be considered during the 2013-2015 biennium.

During the 2012 fiscal year, the State issued two charters to organizations intent on establishing charter schools within the boundary of the District. The two charter schools were opened in the fall of 2012 with varying grade levels offered. The charters have intentions of expanding the grade levels offered in the future. With this development, the District will monitor changes in its enrollment to determine potential losses in state funding. Because of these losses, the District will be required to evaluate costs in the affected areas and potentially make necessary reductions in future expenditures.

**CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT**

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Sharon Deason, Executive Director of Finance for the District.

## BASIC FINANCIAL STATEMENTS



CHAPEL HILL INDEPENDENT SCHOOL DISTRICT  
STATEMENT OF NET POSITION  
AUGUST 31, 2013

1

Data Control Codes	Governmental Activities
<u>                    </u>	<u>                    </u>
<b>ASSETS</b>	
1110 Cash and Investments	\$ 7,719,212
1225 Property Taxes Receivable, Net	1,259,037
1240 Due from Other Governments	548,121
1290 Other Receivables, Net	54,509
1300 Inventories	46,359
Capital Assets:	
1510 Land	445,633
1520 Buildings and Improvements, Net	37,434,656
1530 Furniture and Equipment, Net	2,767,634
<b>1000 Total Assets</b>	<b><u>\$ 50,275,161</u></b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	
<b>1700 Total Deferred Outflows of Resources</b>	<b><u>\$ 128,891</u></b>
<b>LIABILITIES</b>	
2110 Accounts Payable	\$ 300,293
2140 Interest Payable	39,151
2165 Accrued Liabilities	850,330
2180 Due to Other Governments	24,047
2300 Unearned Revenue	51,901
Noncurrent Liabilities:	
2501 Due within one year	1,323,000
2502 Due in more than one year	22,219,619
<b>2000 Total Liabilities</b>	<b><u>\$ 24,808,341</u></b>
<b>NET POSITION</b>	
3200 Net Investment in Capital Assets	\$ 17,105,304
Restricted For:	
3820 Federal and State Programs	702,591
3850 Debt Service	571,050
3900 Unrestricted	7,216,766
<b>3000 Total Net Position</b>	<b><u>\$ 25,595,711</u></b>

The accompanying notes are an integral part of this statement.

CHAPEL HILL INDEPENDENT SCHOOL DISTRICT  
STATEMENT OF ACTIVITIES  
YEAR ENDED AUGUST 31, 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	\$ 17,232,083	\$ 131,449	\$ 2,218,226		\$ (14,882,408)
12	Instructional Resources and Media Services	388,956	-	16,025		(372,931)
13	Curriculum and Staff Development	591,578	-	144,336		(447,242)
21	Instructional Leadership	460,938	-	29,802		(431,136)
23	School Leadership	1,700,493	-	76,991		(1,623,502)
31	Guidance, Counseling and Evaluation Services	894,943	-	98,578		(796,365)
33	Health Services	280,135	-	12,176		(267,959)
34	Student (Pupil) Transportation	1,339,639	-	51,052		(1,288,587)
35	Food Services	1,874,459	376,200	1,560,871		62,612
36	Cocurricular/Extracurricular Activities	1,170,150	187,375	28,883		(953,892)
41	General Administration	902,465	-	39,678		(862,787)
51	Plant Maintenance and Operations	2,850,172	544	122,858		(2,726,770)
52	Security and Monitoring Services	181,289	-	7,771		(173,518)
53	Data Processing Services	229,442	-	4,912		(224,530)
61	Community Services	23,844	-	12,852		(10,992)
72	Interest on Long-term Debt	957,920	-	80,242		(877,678)
73	Debt Issuance Costs and Fees	270,508	-	-		(270,508)
81	Capital Outlay	19,587	-	-		(19,587)
93	Payments for Shared Service Arrangements	79,094	-	62,841		(16,253)
99	Other Intergovernmental Charges	194,048	-	-		(194,048)
TG	Total Governmental Activities	<u>\$ 31,641,743</u>	<u>\$ 695,568</u>	<u>\$ 4,568,094</u>		<u>\$ (26,378,081)</u>
Total Primary Government		<u>\$ 31,641,743</u>	<u>\$ 695,568</u>	<u>\$ 4,568,094</u>		<u>\$ (26,378,081)</u>
General Revenues:						
MT	Property Taxes, Levied for General Purpose					\$ 12,409,218
DT	Property Taxes, Levied for Debt Service					1,900,232
IE	Investment Earnings					19,648
GC	Grant and Contributions Not Restricted to Specific Programs					12,281,227
MI	Miscellaneous					242,783
Special and Extraordinary Items:						
S1	Special Item Inflow					<u>23,451</u>
TR	Total General Revenues					<u>\$ 26,876,559</u>
CN	Change in Net Position					\$ 498,478
NB	Net Position - Beginning (September 1)					<u>25,097,233</u>
NE	Net Position - Ending (August 31)					<u>\$ 25,595,711</u>

The accompanying notes are an integral part of this statement.

CHAPEL HILL INDEPENDENT SCHOOL DISTRICT  
BALANCE SHEET - GOVERNMENTAL FUNDS  
AUGUST 31, 2013

Data Control Codes	10 General Fund	Other Governmental Funds	Total Governmental Funds
<b>ASSETS</b>			
1110 Cash and Investments	\$ 6,171,671	\$ 1,242,271	\$ 7,413,942
1225 Property Taxes Receivable, Net	1,079,809	179,228	1,259,037
1240 Due from Other Governments	466,571	81,550	548,121
1260 Due from Other Funds	42,965	-	42,965
1290 Other Receivables	52,606	1,904	54,510
1300 Inventories	-	46,359	46,359
<b>1000 Total Assets</b>	<b><u>\$ 7,813,622</u></b>	<b><u>\$ 1,551,312</u></b>	<b><u>\$ 9,364,934</u></b>
<b>LIABILITIES</b>			
Current Liabilities:			
2110 Accounts Payable	\$ 108,242	\$ 7,344	\$ 115,586
2150 Payroll Deductions & Withholdings	1,052	-	1,052
2160 Accrued Wages Payable	832,757	16,521	849,278
2170 Due to Other Funds	-	42,965	42,965
2180 Due to Other Governments	-	24,047	24,047
2300 Unearned Revenues	-	51,901	51,901
<b>2000 Total Liabilities</b>	<b><u>\$ 942,051</u></b>	<b><u>\$ 142,778</u></b>	<b><u>\$ 1,084,829</u></b>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
<b>2600 Total Deferred Inflows of Resources</b>	<b><u>\$ 1,079,809</u></b>	<b><u>\$ 179,228</u></b>	<b><u>\$ 1,259,037</u></b>
<b>FUND BALANCES</b>			
Nonspendable Fund Balances:			
3410 Inventories	\$ -	\$ 14,413	\$ 14,413
Restricted Fund Balances:			
3450 Federal/State Funds Grants	-	688,178	688,178
3480 Retirement of Long-Term Debt	-	428,684	428,684
Committed Fund Balances:			
3545 Other Committed Fund Balance	-	98,031	98,031
Assigned Fund Balances:			
3590 Other Assigned Fund Balance	1,250,000	-	1,250,000
3600 Unassigned	4,541,762	-	4,541,762
<b>3000 Total Fund Balances</b>	<b><u>\$ 5,791,762</u></b>	<b><u>\$ 1,229,306</u></b>	<b><u>\$ 7,021,068</u></b>
<b>4000 Total Liabilities, Deferred Inflows of Resources and Fund Balances</b>	<b><u>\$ 7,813,622</u></b>	<b><u>\$ 1,551,312</u></b>	<b><u>\$ 9,364,934</u></b>

The accompanying notes are an integral part of this statement.

CHAPEL HILL INDEPENDENT SCHOOL DISTRICT  
 RECONCILIATION OF THE BALANCE SHEET (GOVERNMENTAL FUNDS)  
 TO THE STATEMENT OF NET POSITION  
 AUGUST 31, 2013

Total fund balances - Balance Sheet (governmental funds)	\$	7,021,068
<p>Amounts reported for governmental activities in the statement  of net position are different because:</p>		
Capital assets used in governmental activities are not reported in the funds.		40,647,923
Property taxes receivable unavailable to pay for current period expenditures are deferred in the funds.		1,259,037
The assets and liabilities of internal service funds are included in governmental activities in the SNP.		120,562
Payables for bond principal which are not due in the current period are not reported in the funds.		(20,365,000)
Payables for bond interest which are not due in the current period are not reported in the funds.		(39,151)
Payables for notes which are not due in the current period are not reported in the funds.		(2,935,000)
Other long-term liabilities which are not due and payable in the current period are not reported in the funds.		<u>(113,728)</u>
Net position of governmental activities - Statement of Net Position	\$	<u>25,595,711</u>

The accompanying notes are an integral part of this statement.

CHAPEL HILL INDEPENDENT SCHOOL DISTRICT  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCES - GOVERNMENTAL FUNDS  
YEAR ENDED AUGUST 31, 2013

Data Control Codes	10 General Fund	Other Governmental Funds	98 Total Governmental Funds
<b>REVENUES</b>			
5700	\$ 12,777,116	\$ 2,531,358	\$ 15,308,474
5800	13,329,634	315,101	13,644,735
5900	36,459	3,124,910	3,161,369
<b>5020</b>	<b>\$ 26,143,209</b>	<b>\$ 5,971,369</b>	<b>\$ 32,114,578</b>
<b>EXPENDITURES</b>			
Current:			
0011	\$ 14,459,466	\$ 1,698,995	\$ 16,158,461
0012	358,535	5,441	363,976
0013	466,962	124,616	591,578
0021	451,308	9,630	460,938
0023	1,677,024	5,099	1,682,123
0031	825,187	61,863	887,050
0033	272,428	-	272,428
0034	1,310,554	-	1,310,554
0035	8,905	1,998,418	2,007,323
0036	912,178	78,853	991,031
0041	895,408	-	895,408
0051	2,874,275	-	2,874,275
0052	173,864	-	173,864
0053	189,094	-	189,094
0061	11,471	12,373	23,844
0071	202,000	980,000	1,182,000
0072	58,642	1,025,963	1,084,605
0073	500	1,000	1,500
0081	164,094	-	164,094
0093	17,013	62,081	79,094
0099	194,048	-	194,048
<b>6030</b>	<b>\$ 25,522,956</b>	<b>\$ 6,064,332</b>	<b>\$ 31,587,288</b>
<b>1100</b>	<b>\$ 620,253</b>	<b>\$ (92,963)</b>	<b>\$ 527,290</b>
<b>OTHER FINANCING SOURCES (USES)</b>			
7912	\$ 4,411	\$ -	\$ 4,411
<b>7080</b>	<b>\$ 4,411</b>	<b>\$ -</b>	<b>\$ 4,411</b>
<b>SPECIAL ITEM</b>			
7918	\$ 23,451	\$ -	\$ 23,451
<b>1200</b>	<b>\$ 648,115</b>	<b>\$ (92,963)</b>	<b>\$ 555,152</b>
0100	5,143,647	1,322,269	6,465,916
<b>3000</b>	<b>\$ 5,791,762</b>	<b>\$ 1,229,306</b>	<b>\$ 7,021,068</b>

The accompanying notes are an integral part of this statement.

CHAPEL HILL INDEPENDENT SCHOOL DISTRICT  
 RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES  
 AND CHANGES IN FUND BALANCE OF GOVERNMENTAL FUNDS  
 TO THE STATEMENT OF ACTIVITIES  
 YEAR ENDED AUGUST 31, 2013

Net change in fund balances - total governmental funds	\$	555,152
<p>Amounts reported for governmental activities in the statement  of activities are different because:</p>		
Capital outlays are not reported as expenses in the SOA.		764,063
The depreciation of capital assets not used in governmental activities is not reported in the funds.		(1,956,711)
Trade-in or disposal of capital assets decreases net assets in the SOA but not in the funds.		(4,411)
The gain or loss on the sale of capital assets is not reported in the funds.		1,495
Certain property tax revenues are deferred in the funds. This is the change in these amounts this year.		697
Expenses not requiring the use of current financial resources are not reported as expenditures in the funds.		3,880
Repayment of bond principal is an expenditure in the funds but is not an expense in the SOA.		980,000
Repayment of loan principal is an expenditure in the funds but is not an expense in the SOA.		202,000
Bond issuance costs and similar items are amortized in the SOA but not in the funds.		(269,008)
The accretion of interest on capital appreciation bonds is not reported in the funds.		121,896
(Increase) decrease in accrued interest expense from beginning of period to end of period.		909
The net revenue (expense) of internal service funds is reported with governmental activities.		<u>98,516</u>
Change in net position of governmental activities - Statement of Activities	\$	<u><u>498,478</u></u>

The accompanying notes are an integral part of this statement.

CHAPEL HILL INDEPENDENT SCHOOL DISTRICT  
STATEMENT OF FUND NET POSITION - PROPRIETARY FUNDS  
AUGUST 31, 2013

<u>Data Control Codes</u>	<u>Internal Service Fund</u>
<b>ASSETS</b>	
Current Assets:	
1110 Cash and Investments	<u>\$ 305,269</u>
<b>Total Current Assets</b>	<b><u>\$ 305,269</u></b>
<b>LIABILITIES</b>	
Current Liabilities:	
2110 Accounts Payable	<u>\$ 184,707</u>
<b>2000 Total Liabilities</b>	<b><u>\$ 184,707</u></b>
<b>NET POSITION</b>	
3900 Unrestricted Net Position	<u>\$ 120,562</u>
<b>3000 Total Net Position</b>	<b><u><u>\$ 120,562</u></u></b>

The accompanying notes are an integral part of this statement.

CHAPEL HILL INDEPENDENT SCHOOL DISTRICT  
STATEMENT OF REVENUES, EXPENSES AND CHANGES  
IN FUND NET POSITION - PROPRIETARY FUNDS  
YEAR ENDED AUGUST 31, 2013

<u>Data Control Codes</u>	<u>Internal Service Fund</u>
<b>OPERATING REVENUES</b>	
5700 Local and Intermediate Sources	\$ 194,385
<b>5020 Total Operating Revenues</b>	<b>\$ 194,385</b>
<b>OPERATING EXPENSES</b>	
6400 Other Operating Costs	\$ 95,869
<b>6030 Total Operating Expenses</b>	<b>\$ 95,869</b>
1300 Change in Net Position	\$ 98,516
0100 Total Net Position - Beginning (September 1)	22,046
<b>3000 Total Net Position - Ending (August 31)</b>	<b>\$ 120,562</b>

The accompanying notes are an integral part of this statement.



CHAPEL HILL INDEPENDENT SCHOOL DISTRICT  
STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS  
YEAR ENDED AUGUST 31, 2013

	Internal Service Fund
Cash Flows from Operating Activities	
Cash Receipts from Operating Interest	\$          364
Cash Receipts from Quasi-External Operating Transfers	194,021
Cash Payments for Claims	(108,669)
Cash Payments for Reinsurance and Administration	(63,481)
Net Cash Provided by (Used for) Operating Activities	\$          22,235
 Cash Flows from Capital and Other Related Financing Activities	
 NONE	
 Cash Flows for Noncapital Financing Activities	
 NONE	
 Cash Flows from Investing Activities	
 NONE	
 Net Increase (Decrease) in Cash and Investments	\$          22,235
 Cash and Investments - Beginning (September 1)	283,034
 <b>Cash and Investments - Ending (August 31)</b>	<b>\$          305,269</b>
 Reconciliation of Operating Income to Net Cash Provided by Operating Activities	
Operating Income (Loss)	\$          98,516
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:	
(Increase) Decrease in Interfund Receivables	
Increase (Decrease) in Claims Liability	(76,281)
 <b>Net Cash Provided by (Used for) Operating Activities</b>	<b>\$          22,235</b>

The accompanying notes are an integral part of this statement.

CHAPEL HILL INDEPENDENT SCHOOL DISTRICT  
STATEMENT OF FIDUCIARY NET POSITION - FIDUCIARY FUNDS  
YEAR ENDED AUGUST 31, 2013

Data Control Codes		Private-Purpose Trust Funds	Agency Fund
		Bloodsworth Scholarship	Student Activity
<b>ASSETS</b>			
1110	Cash and Investments		
1800	Restricted Assets	918	\$ 83,461
<b>1000</b>	<b>Total Assets</b>	<b>\$ 918</b>	<b>\$ 83,461</b>
<b>LIABILITIES</b>			
Current Liabilities:			
2190	Due to Student Groups	\$ -	\$ 83,461
<b>2000</b>	<b>Total Liabilities</b>	<b>\$ -</b>	<b>\$ 83,461</b>
<b>NET POSITION</b>			
3800	Held in Trust	\$ 918	\$ -
<b>3000</b>	<b>Total Net Position</b>	<b>\$ 918</b>	<b>\$ -</b>

The accompanying notes are an integral part of this statement.

CHAPEL HILL INDEPENDENT SCHOOL DISTRICT  
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION - FIDUCIARY FUNDS  
YEAR ENDED AUGUST 31, 2013

Data Control Codes	Private-purpose Trust Funds <hr/> Bloodsworth Scholarship <hr/>
<b>REVENUES</b>	
5742 Investment Earnings	<u>\$ 2</u>
<b>5030 Total Revenues</b>	<u><b>\$ 2</b></u>
 <b>EXPENSES</b>	
6400 Scholarship Payments	<u>\$ 500</u>
<b>6050 Total Expenses</b>	<u><b>\$ 500</b></u>
<b>1200 Changes in Net Position</b>	\$ (498)
3800 Net Position - Beginning (September 1)	<u>1,416</u>
<b>3800 Net Position - Ending (August 31)</b>	<u><u><b>\$ 918</b></u></u>

The accompanying notes are an integral part of this statement.

CHAPEL HILL INDEPENDENT SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED AUGUST 31, 2013

A. Summary of Significant Accounting Policies

The basic financial statements of the Chapel Hill Independent School District (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 (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 as a body corporate 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 (Agency) or to the State Board of Education are reserved for the Board, and the Agency may not substitute its judgment for the lawful exercise of those powers and duties by the Board. The District is not included in any other governmental "reporting entity" as defined by GASB in its Statement No. 14, "The Financial Reporting Entity."

The District receives funding from local, state and federal government sources and must comply with the requirements of these funding source entities.

2. Basis of Presentation – Basis of Accounting

a. Basis of Presentation

*Government-wide Statements* – The statement of net position (SNP) 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 (SOA) 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.

Proprietary fund operating revenues, such as charges for services, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. Nonoperating revenues, such as subsidies and investment earnings, result from nonexchange transactions or ancillary activities.

CHAPEL HILL INDEPENDENT SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED AUGUST 31, 2013

A. Summary of Significant Accounting Policies (Continued)

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.

In addition, the District reports the following fund types:

Special Revenue Funds – The District accounts for resources restricted to or designated for specific purposes by the District or a grantor in a special revenue fund. Most Federal and some State financial assistance is accounted for in a special revenue fund, and sometimes unused balances must be returned to the grantor at the close of specified project periods. The Board can commit specific types of resources to specific purposes which are included as special revenue funds.

Debt Service Fund – This fund is used to account for the accumulation of resources for, and the payment of general long-term debt principal, interest and related costs.

Internal Service Funds – These funds are used to account for revenues and expenses related to services provided to parties inside the District. These funds facilitate distribution of support costs to the users of support services on a cost-reimbursement basis. Because the principal users of the internal services are the District’s governmental activities, this fund type is included in the “Governmental Activities” column of the government-wide financial statements.

Fiduciary Funds – These funds are used to account for assets held by the District in a trustee capacity or as an agent for individuals, private organizations or other governments. These include private-purpose trust and agency funds. Private-purpose trust funds account for resources, including both principal and earnings, which must be expended according to the provision of a trust agreement, and are accounted for in essentially the same manner as proprietary funds. Agency funds are purely custodial and thus do not involve measurement of results of operations.

b. Measurement Focus – Basis of Accounting

*Government-wide, Proprietary and Fiduciary Fund Financial Statements* – These financial statements are reported using the economic resources measurement focus. The government-wide and proprietary fund financial statements 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.

CHAPEL HILL INDEPENDENT SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED AUGUST 31, 2013

A. Summary of Significant Accounting Policies (Continued)

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 long-term debt, which are recognized as expenditures to the extent they have matured. Capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of long-term debt and acquisitions under capital lease 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.

Under GASB Statement No. 20, "Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities That Use Proprietary Fund accounting," all proprietary funds will continue to follow Financial Accounting Standards Board (FASB) standards issued on or before November 30, 1989. However, from that date forward, proprietary funds will have the option of either 1) choosing not to apply future FASB standards (including amendments of earlier pronouncements), or 2) continuing to follow new FASB pronouncements unless they conflict with GASB guidance. The District has chosen not to apply future FASB Standards.

3. Budgetary Data

The official budget was prepared for adoption for the general, food service and debt service funds. The following procedures are followed in establishing the budgetary data reflected in the basic financial statements:

- a. Prior to August 20 of the preceding fiscal year, the District prepares a budget for the next succeeding fiscal year beginning September 1.
- b. A meeting of the Board is called for the purpose of adopting the proposed budget with public notice given at least 10 days prior to the meeting.
- c. Prior to the expenditure of funds, the budget is adopted by the Board.

After adoption, the budget may be amended through action by the Board. Budget amendments are approved at the functional expenditure level. All amendments are approved before a functional category is exceeded and reflected in the official minutes of the Board. Budgets are controlled at the function level by personnel responsible for organizational financial reporting. All budget appropriations lapse at the year end. Budget amendments throughout the year were not significant.

4. Encumbrance Accounting

Encumbrances for goods or purchased services are documented by purchase orders or contracts. Under Texas law, appropriations lapse at August 31, and encumbrances outstanding at that time are to be either canceled or appropriately provided for in the subsequent year's budget. End-of-year outstanding encumbrances that were provided for in the subsequent year's budget are:

General Fund	\$	-0-
Special Revenue Fund		-0-
Debt Service Fund		<u>-0-</u>
Total	\$	<u><u>-0-</u></u>

CHAPEL HILL INDEPENDENT SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED AUGUST 31, 2013

A. Summary of Significant Accounting Policies (Continued)

5. Financial Statement Amounts

Cash and Investments

The District pools cash resources of its various funds in order to facilitate the management of cash. Cash applicable to a particular fund is readily identifiable. The balance in the pooled accounts is available to meet current operating requirements. Cash in excess of current requirements is invested in various interest-bearing securities and disclosed as a part of the District's cash and temporary investments.

For the purpose of the statement of cash flows, highly liquid investments are considered to be cash equivalents if they have a maturity of three months or less when purchased.

Fund Balance

Governmental funds utilize a fund balance presentation for equity. Fund balance is categorized as nonspendable, restricted, committed, assigned or unassigned.

*Nonspendable fund balance* – represents amounts that cannot be spent because they are either not spendable form (such as inventory or prepaids) or legally required to remain intact (such as notes receivable or principal of a permanent fund).

*Restricted fund balance* – represents amounts with external constraints placed on the use of these resources (such as debt covenants, grantors, other governments, etc.) or imposed by enabling legislation. Restrictions may be changed or lifted only with the consent of resource providers.

*Committed fund balance* – represents amounts that can only be used for specific purposes imposed by a formal action of the District's highest level of decision-making authority, the Board. Committed resources cannot be used for any other purpose unless the Board removes or changes the specific use by taking the same formal action that imposed the constraint originally.

*Assigned fund balance* – represents amounts the District intends to use for specific purposes as expressed by the Board or an official delegated the authority. The Board has delegated the authority to assign fund balances to the Superintendent.

*Unassigned fund balance* – represents the residual classification for the general fund or deficit balances in other funds.

In circumstances where an expenditure is to be made for a purpose for which amounts are available in multiple fund balance classifications, the order in which resources will be expended is as follows: restricted fund balance, followed by committed fund balance, assigned fund balance, and lastly, unassigned fund balance.

CHAPEL HILL INDEPENDENT SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED AUGUST 31, 2013

A. Summary of Significant Accounting Policies (Continued)

The following schedule provides information about the specific fund balance classification by fund:

	<u>General</u>	<u>Other Governmental</u>	<u>Total</u>
Nonspendable			
Inventories	\$ -	\$ 14,413	\$ 14,413
Restricted			
Child Nutrition Program	-	688,178	688,178
Retirement of Long Term Debt	-	428,684	428,684
Committed			
Textbook Fund	-	2,092	2,092
Campus Activity Funds	-	95,939	95,939
Assigned			
Construction	1,250,000	-	1,250,000
Unassigned	4,541,762	-	4,541,762
Totals	<u>\$ 5,791,762</u>	<u>\$ 1,229,306</u>	<u>\$ 7,021,068</u>

Inventories

The purchase method is used to account for inventories of school supplies and athletic equipment. Under this method, supplies and materials are debited as expenditures when purchased.

On government-wide financial statements, inventories are presented at cost using the weighted average method and are expensed when used. On fund financial statements, inventories of governmental funds are valued at cost. For all funds, cost is determined using the weighted average method, and are determined by physical count. Inventory in governmental funds consists of expendable supplies held for consumption. The cost is recorded as an expenditure at the time of use. Reported inventories in these funds are offset by a fund balance reserve, which indicates they do not represent available spendable resources.

Capital Assets

Purchased or constructed capital assets are reported at cost or estimated historical cost. Donated capital 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>
Buildings and Improvements	15-50
Vehicles	5-10
Other Equipment	3-15



CHAPEL HILL INDEPENDENT SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED AUGUST 31, 2013

A. Summary of Significant Accounting Policies (Continued)

6. 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.

7. Interfund Activities

Interfund activity results from loans, service 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 "Transfer" 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 position.

8. Vacation, Sick Leave and Other Compensated Absences

District employees are entitled to certain compensated absences based on their length of employment. Sick leave accrues at various rates established by the State and adopted by the Board of Trustees. Sick leave does not vest, but accumulates and is recorded as an expenditure as it is paid.

9. Use of Estimates

The preparation of financial statements in conformity with GAAP requires the use of management's estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could vary from these estimates.

10. Data Control Codes

Data control codes refer to the account code structure prescribed by the Agency in the *Guide*. The Agency requires the District to display these codes in its financial statements filed with the Agency in order to ensure accuracy in building a statewide database for policy development and funding plans.

11. Accounting System

In accordance with Texas Education Code, Chapter 44, Subchapter A, the District adopted and implemented an accounting system which at least meets the minimum requirements prescribed by the State Board of Education and approved by the State Auditor. The District's accounting system uses codes and the code structure presented in the accounting code section of the *Guide*. Mandatory codes are utilized in the form provided in that section.

CHAPEL HILL INDEPENDENT SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED AUGUST 31, 2013

B. Deposits, Securities and Investments

The District's funds are deposited and invested under the terms of a depository contract. The contract requires the depository to pledge approved securities in an amount significant to protect the District's day-to-day balances. The pledge is waived only to the extent of the dollar amount of Federal Deposit Insurance Corporation (FDIC) insurance. During the year, all District cash deposits appear to have not been properly covered by FDIC insurance or by pledged collateral held by the District's agent bank in the name of the District. At August 31, 2013, all District cash deposits appear to be properly secured.

The District's investment policies and types of investments are governed by the Public Funds Investment Act. The Act requires specific training, reporting and establishment of local policies. The District appears to have been in substantial compliance with the requirements of the Act.

State statutes and local policy authorize the District to invest in the following types of investment goods:

- a. obligations of the U.S. or its agencies or instrumentalities,
- b. obligations of the State of Texas or its agencies,
- c. obligations guaranteed by the U.S. or State of Texas or their agencies or instrumentalities,
- d. obligations of other states, agencies or political subdivisions having a national investment rating of "A" or greater,
- e. guaranteed or secured certificates of deposit issued by a bank domiciled in the State of Texas, or
- f. fully collateralized repurchase agreements.

District investments include investments in Lone Star Investment Pool. All Lone Star Investment Pool investments are reported at share price (fair value) and are presented as cash and investments.

The *Lone Star Investment Pool* is an investment pool available to governmental entities. The pool was established under the guidance of the Texas Public Funds Investment Act. A board of directors made up of members of the pool is responsible for the overall operation of the pool. The Board has employed various third party organizations to assist in the operations. These third parties are as follows: American Beacon Advisors and BNY Mellon Cash Investment Strategies – Investment Managers, RBC Wealth Management – Investment Consultant, Bank of New York Mellon – Custodian, First Public – Administration. In combination with these third party organizations, the pool has received a AAAM rating from Standard and Poor's. This rating allows the pool to meet the standards required by the Texas Public Funds Investment Act.

Investments of the District at August 31, 2013 are as follows:

	<u>Credit Rating</u>	<u>Fair Value</u>
Lone Star Investment Pool	AAAM	\$ 7,545,805

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

- a. Name of bank: American State Bank, Tyler, Texas.
- b. Amount of bond and/or security pledged as of the date of the highest combined balance on deposit was \$ 5,400,000.
- c. Largest cash, savings and time deposit combined account balances amounted to \$ 5,642,183, and occurred during the month of April, 2013.
- d. Total amount of FDIC coverage at the time of the highest combined balance was \$ 750,000.

CHAPEL HILL INDEPENDENT SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED AUGUST 31, 2013

B. Deposits, Securities and Investments (Continued)

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 agencies are designed to give an indication of credit risk. At year end, the District was not significantly exposed to credit risk.

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 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.

C. Property Taxes

Property taxes are levied by October 1, 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 October 1 levy date. 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 collected within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period.

Property taxes are prorated between maintenance and debt service based on rates adopted for the year of the levy. Allowances for uncollectibles within the General and Debt Service Funds are based upon historical experience in collecting property taxes. Section 33.05, Property Tax Code, requires the tax collector for the District to cancel and remove from the delinquent tax rolls a tax on real property that has been delinquent for more than 20 years or a tax on personal property that has been delinquent for more than 10 years. Delinquent taxes meeting this criteria may not be canceled if litigation concerning these taxes is pending.

CHAPEL HILL INDEPENDENT SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED AUGUST 31, 2013

C. Property Taxes (Continued)

The District levied taxes on property within the District at \$ 1.08 to fund general operations and \$ 0.165 for the payment of principal and interest on long term debt. The rates were levied on property assessed totaling \$ 1,082,254,841.

D. Capital Assets

Capital asset activities during the year ended August 31, 2013 were as follows:

	Beginning Balance	Increases	Decreases	Ending Balances
<u>Governmental Activities</u>				
Capital Assets not being Depreciated:				
Land	\$ 445,633	\$ -	\$ -	\$ 445,633
Total Capital Assets not being Depreciated	\$ 445,633	\$ -	\$ -	\$ 445,633
Capital Assets being Depreciated:				
Building and Improvements	\$ 57,933,009	\$ 12,913	\$ -	\$ 57,945,922
Equipment	2,871,896	560,515	30,704	3,401,707
Vehicles	3,040,342	190,636	20,568	3,210,410
Total Capital Assets being Depreciated	\$ 63,845,247	\$ 764,064	\$ 51,272	\$ 64,558,039
Less Accumulated Depreciation for :				
Buildings and Improvements	\$ 19,074,917	\$ 1,436,349	\$ -	\$ 20,511,266
Equipment	1,277,535	309,389	30,704	1,556,220
Vehicles	2,094,941	210,973	17,651	2,288,263
Total Accumulated Depreciation	\$ 22,447,393	\$ 1,956,711	\$ 48,355	\$ 24,355,749
Total Capital Assets being Depreciated, Net	\$ 41,397,854	\$ (1,192,647)	\$ 2,917	\$ 40,202,290
Governmental Activities Capital Assets, Net	\$ 41,843,487	\$ (1,192,647)	\$ 2,917	\$ 40,647,923

Depreciation was charged to governmental activities functions as follows:

Instruction	\$ 1,251,710
Instructional Resources and Media Services	24,980
School Leadership	18,370
Guidance, Counseling and Evaluation Services	7,893
Health Services	7,707
Student (Pupil) Transportation	197,435
Food Services	136,316
Cocurricular/Extracurricular Activities	179,119
General Administration	7,057
Plant Maintenance and Operations	58,996
Security and Monitoring Services	7,425
Data Processing	59,703
Total	\$ 1,956,711

CHAPEL HILL INDEPENDENT SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED AUGUST 31, 2013

E. Long Term Obligations

Long-Term Obligations Activity

Long-term obligation activities during the year ended August 31, 2013 were as follows:

	Beginning Balance	Increases	Decreases	Ending Balance	Amounts Due Within One Year
<u>Governmental Activities:</u>					
General Obligation Bonds	\$ 21,345,000	\$ -	\$ 980,000	\$ 20,365,000	\$ 1,120,000
Loans Payable	3,137,000	-	202,000	2,935,000	203,000
Unamortized Premium (Discount)	283,325	-	40,706	242,619	-
Total Governmental Activities	<u>\$ 24,765,325</u>	<u>\$ -</u>	<u>\$ 1,222,706</u>	<u>\$ 23,542,619</u>	<u>\$ 1,323,000</u>

Bonds

The District has issued various series of general obligation bonds to fund facility construction and improvements. Bonds mature at various times with varying rates of interest. The bonds issued require the District to levy an ad valorem tax annually to retire the current maturities.

The following bonded debt issues are outstanding at August 31, 2013:

Description	Interest Rate	Original Balance	Outstanding Balance
Unlimited Tax Refunding Bonds, Series 2011	0.96%	\$ 4,485,000	\$ 16,725,000
Unlimited Tax School Building Bonds, Series 2007	4.62%	18,000,000	<u>3,640,000</u>
Totals			<u>\$ 20,365,000</u>

Maturity requirements on bonded debt at August 31, 2013 are as follows:

Year Ending August 31	Principal	Interest	Total Requirements
2014	\$ 1,120,000	\$ 884,694	\$ 2,004,694
2015	1,155,000	853,475	2,008,475
2016	1,185,000	820,325	2,005,325
2017	1,220,000	786,000	2,006,000
2018	755,000	758,075	1,513,075
2019-2023	4,315,000	3,188,875	7,503,875
2024-2028	5,380,000	2,007,625	7,387,625
2029-2033	5,235,000	603,225	5,838,225
Totals	<u>\$ 20,365,000</u>	<u>\$ 9,902,294</u>	<u>\$ 30,267,294</u>

CHAPEL HILL INDEPENDENT SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED AUGUST 31, 2013

E. Long Term Obligations (Continued)

There are a number of limitations and restrictions contained in the general obligation bond indentures. The District appears to be in compliance with all significant limitations and restrictions as of August 31, 2013.

Loans

The District issued various agreements identified here as loans. These loans include notes payable from Maintenance and Operations (M&O) Tax Revenue or Maintenance Tax Notes.

The loans outstanding at August 31, 2013 are as follows:

Description	Interest Rate	Original Balance	Outstanding Balance
Maintenance Tax Notes - Series 2011	1.000%	\$ 2,550,000	\$ 2,240,000
Maintenance Tax Notes - Series 2010	4.950%	815,000	695,000
Total			<u>\$ 2,935,000</u>

Maturity requirements on loans at August 31, 2013 are as follows:

Year Ending August 31	Principal	Interest	Total Requirements
2014	\$ 203,000	\$ 54,938	\$ 257,938
2015	211,000	51,111	262,111
2016	213,000	47,134	260,134
2017	215,000	43,059	258,059
2018	223,000	38,834	261,834
2019-2023	1,180,000	124,985	1,304,985
2024-2028	690,000	15,477	705,477
Totals	<u>\$ 2,935,000</u>	<u>\$ 375,538</u>	<u>\$ 3,310,538</u>

CHAPEL HILL INDEPENDENT SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED AUGUST 31, 2013

F. Pension Plan

1. Plan Description

The District contributes to the Teacher Retirement System of Texas (the "System"), a public employee retirement system. It is a cost-sharing, multiple-employer defined benefit pension plan with one exception: all risks and costs are not shared by the District, but are the liability of the State of Texas. The System provides service retirement and disability retirement benefits, and death benefits to plan members and beneficiaries. The System operates primarily under the provisions of the Texas Constitution and Texas Government Code, Title 8, Subtitle C. The Texas legislature has the authority to establish or amend benefit provisions. The System includes a publicly available financial report that includes financial statements and required supplementary information for the District. That report may be obtained by writing the Teacher Retirement System of Texas, 1000 Red River Street, Austin, TX 78701-2698 or by calling (800) 223-8778 or by downloading the report from the TRS internet website, [www.trs.state.tx.us](http://www.trs.state.tx.us), under the TRS publication heading.

2. Funding Policy

Contribution requirements are not actuarially determined but are established and amended by the Texas state legislature. The state funding policy is as follows: (1) The state constitution requires the legislature to establish a member contribution rate of not less than 6.0% of the member's annual compensation and a state contribution rate of not less than 6.0% and not more than 10% of the aggregate annual compensation of all members of the system during the fiscal year; (2) State statute prohibits benefit improvements, 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 year 2011. In certain instances, the reporting district is required to make all or a portion of the state's contribution. The District's employees' contributions to the System for the periods ended August 31, 2013, 2012 and 2011 were \$ 1,181,878, \$ 1,104,338 and \$ 1,131,936, respectively. Contributions from private grants and from the District for salaries above the statutory minimum for the periods ended August 31, 2013, 2012 and 2011 were \$ 260,277, \$ 231,649 and \$ 271,439 respectively.

3. On-Behalf Payments

In accordance with GASB Statement No. 24, "Accounting and Financial Reporting for Certain Grants and Other Financial Assistance," on-behalf payments (payments made by the State) of \$ 925,219 are reflected in the basic financial statements, as applicable.

G. School District Retiree Health Plan

1. Plan Description

The District contributes to the Texas Public School Retired Employees Group Insurance Program (TRS-Care), a cost-sharing multiple-employer defined benefit post-employment health care plan administered by the Teacher Retirement System of Texas. TRS-Care Retired Plan provides health care coverage for certain persons (and their dependents) who retired under the Teacher Retirement System of Texas. The statutory authority for the program is Texas Insurance Code, Chapter 1575. Section 1575.052 grants the TRS Board of Trustees the authority to establish and amend basic and optional group insurance coverage for participants. The TRS issues a publicly available financial report that includes financial statements and required supplementary information for TRS-Care. That report may be obtained by writing the Teacher Retirement System of Texas, 1000 Red River Street, Austin, TX 78701-2698 or by calling (800) 223-8778 or by downloading the report from the TRS internet website, [www.trs.state.tx.us](http://www.trs.state.tx.us), under the TRS publication heading.

CHAPEL HILL INDEPENDENT SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED AUGUST 31, 2013

G. School District Retiree Health Plan (Continued)

2. Funding Policy

Contribution requirements are not actuarially determined, but are legally established each biennium by the Texas Legislature. Texas Insurance Code, Sections 1575.202, 203 and 204 establish state, active employee and public school contributions, respectively. The State of Texas and active public school employee contribution rates were 0.5% and 0.65% of public school payroll, respectively, with school districts contributing a percentage of payroll set at 0.55% for fiscal years 2013, 2012 and 2011. Per Texas Insurance Code, Chapters 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.

3. On Behalf Payments

In accordance with GASB Statement 24, "Accounting and Financial Reporting for Certain Grants and Other Financial Assistance," on-behalf payments (payments made by the State) of \$ 72,283 are reflected in the basic financial statements for Retiree Health Plan contributions. Additionally, the District benefited from payments made by the State totaling \$ 48,510 for subsidies for Medicare Part D and participation in the Early Retirement and Reinsurance Program.

H. Risk Management

Health Care

During the year ended August 31, 2013, employees of the Chapel Hill Independent School District were covered by a health insurance plan (the Plan). The District paid premiums of \$ 225 per month per employee, and employees, at their opinion, authorized payroll withholdings to provide dependents' coverage under the Plan. All premiums were paid to Teacher Retirement System of Texas (Blue Cross/Blue Shield). The Plan was authorized by Article 3.51-2, Texas Insurance Code and was documented by contractual agreement.

The contract between the Chapel Hill Independent School District and Teacher Retirement System of Texas (Blue Cross/Blue Shield) is renewable September 1 of each year, and terms of coverage and premium costs are included in the contractual provisions.

Latest financial statements for Blue Cross/Blue Shield are available for the year ended December 31, 2012 and have been filed with the Texas State Board of Insurance, Austin, Texas, and are public records.

Unemployment Compensation Pool

During the year ended August 31, 2013, the District provided unemployment compensation coverage to its employees through participation in the TASB Risk Management Fund (the Fund). The Fund was created and is operated under the provisions of the Interlocal Cooperation Act, Chapter 791 of the Texas Local Government Code. The Fund's Unemployment Compensation Program is authorized by Section 22.005 of the Texas Education Code and Chapter 172 of the Texas Local Government Code. All members participating in the Fund execute interlocal agreements that define the responsibilities of the parties.

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

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



CHAPEL HILL INDEPENDENT SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED AUGUST 31, 2013

H. Risk Management (Continued)

Workers' Compensation

The District participates in the East Texas Educational Insurance Association Workers' Compensation Self Insurance Joint Fund. The District is partially self funded to a loss fund maximum of \$ 205,145 for the 12-13 fiscal year. Additionally, the District incurred fixed costs of \$ 64,779 for their share of claims administration, loss control, record keeping and cost of excess insurance.

Claims administration is provided by Claims Administrative Services, Inc. Reinsurance is provided for aggregate claim losses exceeding \$ 225,000. The fixed cost charge is based on total payroll paid by the District. Increases or decreases in the fixed costs will adjust subsequent year charges. Any additional charge has been recorded as a fund liability.

The accrued liability for workers' compensation self insurance of \$ 183,182 includes \$ 108,208 of incurred but not reported claims. This liability is based on the requirements of GASB Statement No. 10, "Accounting and Financial Reporting for Risk Financing and Related Insurance Issues," which requires a liability for claims be reported if information indicates that it is probable that a liability has been incurred and the amount of loss can be reasonably estimated. The liability recorded is an undiscounted actuarial calculation.

Changes in the workers' compensation claims liability amounts for the periods of 2013 and 2012 are represented below:

	<u>2013</u>	<u>2012</u>
Beginning Claims Liability	\$ 258,320	\$ 244,231
Claims Incurred (Reduced)	33,531	144,685
Claim Payments	<u>(108,669)</u>	<u>(130,596)</u>
Ending Claims Liability	<u>\$ 183,182</u>	<u>\$ 258,320</u>

Other Risk Management

The District is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During fiscal year 2013, the District purchased commercial insurance to cover these 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.

I. Litigation

The District does not appear to be involved in any litigation as of August 31, 2013.

J. Commitments and Contingencies

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

CHAPEL HILL INDEPENDENT SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED AUGUST 31, 2013

K. Interfund Balances and Activities

Interfund Receivables and Payables

The composition of interfund balances as of August 31, 2013, is as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General	Title I Part A	\$ 19,905
General	Title III, Part A	1,675
General	IDEA-B Formula	16,769
General	IDEA-B Preschool	158
General	ESEA Title II, Part A	3,098
General	Student Success Initiative	1,360
Total		<u>\$ 42,965</u>

L. Shared Service Arrangements

The District participates in cooperative programs with other local districts. The District does not account for revenue or expenditures of these programs and does not disclose them in these financial statements.

<u>Shared Service Agreement</u>	<u>Fiscal Agent</u>	<u>Service</u>
Virtual Schools	Whitehouse Independent School District	On-line Education
Supernet	Whitehouse Independent School District	Telecommunications
Regional Day School for the Deaf	Tyler Independent School District	Deaf Education
Smith County Juvenile	Tyler Independent School District	JJAEP Services

M. Revenue from Local and Intermediate Sources

During the year ended August 31, 2013, the District received revenue from local and intermediate sources consisting of the following:

	<u>General</u>	<u>Other Governmental</u>	<u>Total</u>
Property Tax Collections	\$ 12,406,677	\$ 1,902,074	\$ 14,308,751
Rent	80	-	80
Investment Income	16,015	3,632	19,647
Food Service Income	-	376,200	376,200
Gifts and Bequests	-	43,217	43,217
Co-curricular/Extracurricular Activities	109,091	118,282	227,373
Other	245,253	87,953	333,206
Total	<u>\$ 12,777,116</u>	<u>\$ 2,531,358</u>	<u>\$ 15,308,474</u>

CHAPEL HILL INDEPENDENT SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED AUGUST 31, 2013

N. Accumulated Unpaid Vacation and Sick Leave Benefits

All District employees earn up to a maximum of five days annually of state sick/personal leave. Of the state leave days, all may be used as sick leave or personal. Professional employees also earn five days of local sick leave per school year. Local sick leave can accumulate to a maximum of twenty days. All professional employees who retire from the District will be paid at the substitute's rate of pay for all local sick leave days accumulated, to a maximum of twenty days. Paraprofessional and auxiliary employees of the District also earn two days of local sick leave per year. This leave can accumulate up to a maximum of ten days. Para-professional and auxiliary employees who retire from the District will be paid at the aide substitute rate of pay for all local sick leave days accumulated, to a maximum of ten days.

Full time auxiliary employees of the District earn ten days of vacation time and may accumulate up to ten days of vacation time at year end. A liability of \$ 15,360 is recorded in wages payable for the accumulated unpaid vacation time.

O. General Fund Federal Revenue Sources

The District recorded federal revenue in the General Fund from the following federal programs or services:

Indirect Costs:		
ESEA Title I Part A	84.010	\$ 15,596
IDEA-B Formula	84.027	14,530
IDEA-B Preschool	84.173	158
ESEA Title II Part A	84.367	326
ESEA Title III Part A	84.365	1,389
Summer School LEP	84.369	<u>4,460</u>
Total		<u>\$ 36,459</u>

P. Receivables

Receivables at August 31, 2013 for the District's individual major funds and aggregate nonmajor funds, including any applicable allowances for uncollectible accounts are as follows:

	General	Other Nonmajor	Total
Due from Other Governments	\$ 466,571	\$ 81,550	\$ 548,121
Property Taxes Receivable	1,223,965	199,995	1,423,960
Less: Allowance for Uncollectible			
Property Taxes	(144,156)	(20,767)	(164,923)
Other Receivables	52,606	1,904	54,510
Net Receivables	<u>\$ 1,598,986</u>	<u>\$ 262,682</u>	<u>\$ 1,861,668</u>

CHAPEL HILL INDEPENDENT SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED AUGUST 31, 2013

Q. Subsequent Events

The District's management has evaluated subsequent events through December 30, 2013, the date which the financial statements were available for use.

R. Special Item Inflow

The District was notified of its failure to comply with the maintenance of effort requirements related to federal special education programs. After much correspondence, the District recorded a \$ 23,452 liability due to the Texas Education Agency to settle the disputed discrepancy. In 2013, the Agency reversed its position and informed the District that the balance would not be pursued. As such the amount identified previously is reversed. The redetermination of the liability, while infrequent, is not unusual thus requiring a special item presentation.

S. State Aid Reconciliation

The State provides various types of funding for local school districts as provided for in state statute. The following reconciliation presents funding earned by the District in each category presented. Because of the State's delay in reconciling the funding to local districts, the summary below represents an estimate of earnings. The settleup with the State will occur some 9 to 10 months following the fiscal year end.

Funding is earned for: 1) Available – annual allotment based on prior year enrollment; 2) Foundation – annual allotment based on student attendance, property tax collections and valuations, and special student population; 3) Instructional Facilities Allotment – based on property wealth; and 4) Existing Debt Allotment – based on eligible debt, student attendance and property wealth. Various other sources are received but not reconciled here as these presented are the major sources of funding.

	<u>Available</u>	<u>Foundation</u>	<u>IFA</u>	<u>EDA</u>
CY Summary of Finances (SOF)	\$ 1,518,551	\$ 10,734,945	\$ 28,916	\$ 51,326
Prior Year Settle Ups	-	1,243	-	-
August Instructional Days Change	<u>(10,726)</u>	<u>37,214</u>	-	-
Financial Statement Earnings	<u>\$ 1,507,825</u>	<u>\$ 10,773,402</u>	<u>\$ 28,916</u>	<u>\$ 51,326</u>
Financial Statement Amounts				
SOF Receivable (Overpayment) *	\$ -	\$ 97,261	\$ (8,667)	\$ (15,380)
August Instructional Days Receivable	23,234	346,076	-	-

\* Overpayments are represented in the financial statements as Unearned Revenue (government-wide and governmental).

T. Change in Accounting Principle

The District implemented the following Governmental Accounting Standard Board Statements during the year. The provisions impact the financial reporting for the District. Statement 63, Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position, created new reporting classifications and terminology for reporting information under the economic resources basis of accounting. Statement 65, Items Previously Reported as Assets and Liabilities, reclassifies items that have, in previous financial reports, been reported as assets or liabilities. Both Statement 63 and 65 relate to similar account classifications within the financial statements and are implemented in conjunction during the year. Statement 60, Service Concession Arrangements, is adopted with no implication on the District as the District has no current service concession arrangements. Statement 62, Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements and Technical Corrections, are a codification of all applicable literature of the FASB and AICPA issued prior to November 30, 1989 into GASB literature. Statement 61, The Financial Reporting Entity: Omnibus, restructures the reporting entity to require the presentation of component units under new requirements in the financial reports of primary reporting unit.

REQUIRED SUPPLEMENTARY INFORMATION

CHAPEL HILL INDEPENDENT SCHOOL DISTRICT  
 GENERAL FUND  
 BUDGETARY COMPARISON SCHEDULE  
 YEAR ENDED AUGUST 31, 2013

Data Control Codes	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
5700	\$ 12,760,191	\$ 12,777,116	\$ 12,777,116	\$ -
5800	13,506,761	13,329,634	13,329,634	-
5900	-	36,459	36,459	-
<b>5020</b>	<b>\$ 26,266,952</b>	<b>\$ 26,143,209</b>	<b>\$ 26,143,209</b>	<b>\$ -</b>
<b>EXPENDITURES</b>				
Instruction and Instructional Related Services:				
0011	\$ 14,607,558	\$ 14,610,601	\$ 14,459,466	\$ 151,135
0012	352,816	363,023	358,535	4,488
0013	464,108	487,865	466,962	20,903
	<u>\$ 15,424,482</u>	<u>\$ 15,461,489</u>	<u>\$ 15,284,963</u>	<u>\$ 176,526</u>
Instructional and School Leadership:				
0021	\$ 449,630	\$ 456,900	\$ 451,308	\$ 5,592
0023	1,669,907	1,690,170	1,677,024	13,146
	<u>\$ 2,119,537</u>	<u>\$ 2,147,070</u>	<u>\$ 2,128,332</u>	<u>\$ 18,738</u>
Support Services - Student (Pupil):				
0031	\$ 827,349	\$ 830,747	\$ 825,187	\$ 5,560
0033	280,772	278,984	272,428	6,556
0034	1,385,785	1,380,281	1,310,554	69,727
0035	11,000	8,963	8,905	58
0036	882,763	937,458	912,178	25,280
	<u>\$ 3,387,669</u>	<u>\$ 3,436,433</u>	<u>\$ 3,329,252</u>	<u>\$ 107,181</u>
Administrative Support Services:				
0041	\$ 936,077	\$ 945,147	\$ 895,408	\$ 49,739
	<u>\$ 936,077</u>	<u>\$ 945,147</u>	<u>\$ 895,408</u>	<u>\$ 49,739</u>
Support Services - Nonstudent Based:				
0051	\$ 3,000,282	\$ 3,023,095	\$ 2,874,275	\$ 148,820
0052	173,645	180,130	173,864	6,266
0053	196,066	199,781	189,094	10,687
	<u>\$ 3,369,993</u>	<u>\$ 3,403,006</u>	<u>\$ 3,237,233</u>	<u>\$ 165,773</u>
Ancillary Services:				
0061	\$ -	\$ 11,479	\$ 11,471	\$ 8
	<u>\$ -</u>	<u>\$ 11,479</u>	<u>\$ 11,471</u>	<u>\$ 8</u>
Debt Service:				
0071	\$ 202,000	\$ 202,000	\$ 202,000	\$ -
0072	58,645	58,645	58,642	3
0073	1,000	1,000	500	500
	<u>\$ 261,645</u>	<u>\$ 261,645</u>	<u>\$ 261,142</u>	<u>\$ 503</u>
Capital Outlay:				
0081	\$ 542,449	\$ 164,976	\$ 164,094	\$ 882
	<u>\$ 542,449</u>	<u>\$ 164,976</u>	<u>\$ 164,094</u>	<u>\$ 882</u>
Intergovernmental Charges:				
0093	\$ 16,000	\$ 21,000	\$ 17,013	\$ 3,987
0095	15,000	-	-	-
0099	194,100	194,100	194,048	52
	<u>\$ 225,100</u>	<u>\$ 215,100</u>	<u>\$ 211,061</u>	<u>\$ 4,039</u>
<b>6030</b>	<b>\$ 26,266,952</b>	<b>\$ 26,046,345</b>	<b>\$ 25,522,956</b>	<b>\$ 523,389</b>
1100	\$ -	\$ 96,864	\$ 620,253	\$ 523,389
<b>OTHER FINANCING SOURCES (USES)</b>				
7912	\$ -	\$ 4,411	\$ 4,411	\$ -
<b>7080</b>	<b>\$ -</b>	<b>\$ 4,411</b>	<b>\$ 4,411</b>	<b>\$ -</b>
<b>SPECIAL ITEM</b>				
7918	\$ -	\$ 23,451	\$ 23,451	\$ -
1200	\$ -	\$ 124,726	\$ 648,115	\$ 523,389
0100	5,143,647	5,143,647	5,143,647	-
<b>3000</b>	<b>\$ 5,143,647</b>	<b>\$ 5,268,373</b>	<b>\$ 5,791,762</b>	<b>\$ 523,389</b>

OTHER SUPPLEMENTARY INFORMATION

CHAPEL HILL INDEPENDENT SCHOOL DISTRICT  
SCHEDULE OF DELINQUENT TAXES RECEIVABLE  
YEAR ENDED AUGUST 31, 2013

Tax Roll Year	Last Ten Years Ended August 31	1 Tax Rates		3 Assessed/Appraised Value For School Tax Purposes	10 Beginning Balance 9/1/2012	20 Current Year's Total Levy	30 Maintenance Tax Collections	30a Debt Service Tax Collections	40 Entire Year's Adjustments	50 Ending Balance 8/31/2013
		Maintenance	2 Debt Service							
XXXX	2004 and Prior Years	Various	Various	Various	\$ 236,863	\$ -	\$ 9,005	\$ 2,345	\$ (5,092)	\$ 220,421
2004	2005	1.478000	0.112000	681,005,476	47,897	-	3,403	258	(542)	43,694
2005	2006	1.500000	0.090000	766,454,176	54,919	-	4,361	262	(516)	49,780
2006	2007	1.370000	0.110000	856,999,952	63,449	-	6,543	525	(909)	55,472
2007	2008	1.040000	0.200000	927,882,312	75,922	-	8,831	1,698	(800)	64,593
2008	2009	1.080000	0.160000	1,039,881,749	93,600	-	14,102	2,089	260	77,669
2009	2010	1.080000	0.185000	1,060,813,618	149,574	-	37,072	6,350	(1,022)	105,130
2010	2011	1.080000	0.190000	1,068,681,213	249,149	-	76,678	13,490	1,749	160,730
2011	2012	1.080000	0.180000	1,082,254,841	440,694	-	179,653	29,942	216	231,315
2012	2013	1.080000	0.165000	1,134,802,651	-	14,128,293	11,873,664	1,814,034	(25,439)	415,156
<b>1000</b>	<b>TOTALS</b>				<b>\$ 1,412,067</b>	<b>\$ 14,128,293</b>	<b>\$ 12,213,312</b>	<b>\$ 1,870,993</b>	<b>\$ (32,095)</b>	<b>\$ 1,423,960</b>



CHAPEL HILL INDEPENDENT SCHOOL DISTRICT  
 SCHEDULE OF EXPENDITURES FOR COMPUTATIONS OF INDIRECT COST  
 GENERAL AND SPECIAL REVENUE FUNDS  
 YEAR ENDED AUGUST 31, 2013

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

Account Number		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			\$ 209,225	\$ 566,477			\$ 775,702
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	35,235						35,235
6212	Audit Services				21,400			21,400
6213	Tax Appraisal and Collection		207,610					207,610
621X	Other Prof. Services							-
6220	Tuition and Transfer Payments							-
6230	Education Service Centers	250		600	10,035			10,885
6240	Contr. Maint. And Repair					60,718		60,718
6250	Utilities							-
6260	Rentals			1,645	9,073			10,718
6290	Miscellaneous Contr.	1,046		274	29,912			31,232
6310	Operational Supplies, Materials							-
6320	Textbooks and Reading			386	152			538
6330	Testing Materials							-
63XX	Other Supplies, Materials	138		2,378	23,649			26,165
6410	Travel, Subsistence, Stipends	6,898		4,329	8,390			19,617
6420	Ins. And Bonding Costs	6,791	125					6,916
6430	Election Costs							-
6490	Miscellaneous Operating	9,662		2,836	12,736			25,234
6500	Debt Service							-
6600	Capital Outlay						19,355	19,355
<b>TOTAL</b>		<b>\$ 60,020</b>	<b>\$ 207,735</b>	<b>\$ 221,673</b>	<b>\$ 681,824</b>	<b>\$ 60,718</b>	<b>\$ 19,355</b>	<b>\$ 1,251,325</b>

Total expenditures for General and Special Revenue Funds: (9) \$ 29,580,325

LESS: Deductions and Unallowable Costs

FISCAL YEAR

Total Capital Outlay (6600)	(10) \$ 764,063
Total Debt & Lease (6500)	(11) 261,142
Plant Maintenance (Function 51, 6100-6400)	(12) 2,791,176
Food (Function XX, 6341 and 6499)	(13) 784,600
Stipend (6413)	(14) -
Column 4 (above) - Total Indirect Cost	681,824
Subtotal	5,282,805

Net Allowed Direct Cost \$ 24,297,520

CUMULATIVE

Total Cost of Buildings Before Depreciation (1520)	(15) 57,945,922
Historical Cost of Buildings over 50 years old	(16) 122,317
Amount of Federal Money in Building Cost (Net of # 16)	(17) -
Total Cost of Furniture & Equipment Before Depreciation (1530 & 1540)	(18) 6,612,117
Historical Cost of Furniture & Equipment over 16 years old	(19) 452,478
Amount of Federal Money in Furniture & Equipment (Net of # 19)	(20) 1,200,635

(8) Note A - \$ 161,869 in Function 53 expenditures and \$ 194,048 in Function 99 expenditures are included in this report on administrative costs.

CHAPEL HILL INDEPENDENT SCHOOL DISTRICT  
 SCHOOL BREAKFAST AND NATIONAL SCHOOL LUNCH PROGRAM  
 BUDGETARY COMPARISON SCHEDULE  
 YEAR ENDED AUGUST 31, 2013

Data Control Codes	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)	
	Original	Final			
<b>REVENUES</b>					
5700	Local and Intermediate Sources	\$ 408,100	\$ 377,371	\$ 377,371	\$ -
5800	State Program Revenues	12,150	11,608	11,608	-
5900	Federal Program Revenues	1,486,750	1,548,865	1,548,865	-
<b>5020</b>	<b>Total Revenues</b>	<b>\$ 1,907,000</b>	<b>\$ 1,937,844</b>	<b>\$ 1,937,844</b>	<b>\$ -</b>
<b>EXPENDITURES</b>					
Current:					
Support Services - Student (Pupil):					
0035	Food Services	\$ 1,907,000	\$ 2,077,232	\$ 1,998,418	\$ 78,814
	Total Support Services - Student (Pupil)	\$ 1,907,000	\$ 2,077,232	\$ 1,998,418	\$ 78,814
<b>6030</b>	<b>Total Expenditures</b>	<b>\$ 1,907,000</b>	<b>\$ 2,077,232</b>	<b>\$ 1,998,418</b>	<b>\$ 78,814</b>
1100	Excess (Deficiency) of Revenues Over Expenditures	\$ -	\$ (139,388)	\$ (60,574)	\$ 78,814
1200	Net Change in Fund Balance	\$ -	\$ (139,388)	\$ (60,574)	\$ 78,814
0100	Fund Balance - Beginning (September 1)	763,165	763,165	763,165	-
<b>3000</b>	<b>Fund Balance - Ending (August 31)</b>	<b>\$ 763,165</b>	<b>\$ 623,777</b>	<b>\$ 702,591</b>	<b>\$ 78,814</b>

CHAPEL HILL INDEPENDENT SCHOOL DISTRICT  
DEBT SERVICE FUND  
BUDGETARY COMPARISON SCHEDULE  
YEAR ENDED AUGUST 31, 2013

Data Control Codes	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)	
	Original	Final			
<b>REVENUES</b>					
5700	Local and Intermediate Sources	\$ 1,903,418	\$ 1,904,521	\$ 1,904,521	\$ -
5800	State Program Revenues	115,857	80,242	80,242	-
<b>5020</b>	<b>Total Revenues</b>	<b>\$ 2,019,275</b>	<b>\$ 1,984,763</b>	<b>\$ 1,984,763</b>	<b>\$ -</b>
<b>EXPENDITURES</b>					
Debt Service:					
0071	Principal on Long-term Debt	\$ 980,000	\$ 980,000	\$ 980,000	\$ -
0072	Interest on Long-term Debt	1,025,965	1,025,965	1,025,963	2
0073	Debt Issuance Costs and Fees	2,000	2,000	1,000	1,000
	Total Debt Service	<u>\$ 2,007,965</u>	<u>\$ 2,007,965</u>	<u>\$ 2,006,963</u>	<u>\$ 1,002</u>
<b>6030</b>	<b>Total Expenditures</b>	<b>\$ 2,007,965</b>	<b>\$ 2,007,965</b>	<b>\$ 2,006,963</b>	<b>\$ 1,002</b>
1100	Excess (Deficiency) of Revenues Over (Under) Expenditures	\$ 11,310	\$ (23,202)	\$ (22,200)	\$ 1,002
1200	Net Change in Fund Balance	\$ 11,310	\$ (23,202)	\$ (22,200)	\$ 1,002
0100	Fund Balance - Beginning (September 1)	450,884	450,884	450,884	-
<b>3000</b>	<b>Fund Balance - Ending (August 31)</b>	<b>\$ 462,194</b>	<b>\$ 427,682</b>	<b>\$ 428,684</b>	<b>\$ 1,002</b>

CHAPEL HILL INDEPENDENT SCHOOL DISTRICT  
 SCHEDULE OF REQUIRED RESPONSES TO SELECTED SCHOOL FIRST INDICATORS  
 AS OF AUGUST 31, 2013

<u>Data Control Codes</u>		<u>Response</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 weakness in internal codes?	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?	\$ -0-

FEDERAL AWARDS SECTION

CHAPEL HILL INDEPENDENT SCHOOL DISTRICT  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
YEAR ENDED AUGUST 31, 2013

Federal Grantor/ Pass-Through Grantor/ Program Title	Federal CFDA Number	Pass-Through Identifying Number	Federal Expenditures
<b><u>U.S. DEPARTMENT OF EDUCATION</u></b>			
Passed through the Texas Education Agency:			
IDEA-B Formula	84.027	136600012129096600	\$ 628,177
IDEA-B Preschool	84.173	136610012129096610	6,844
ESEA Title I Part A - Improving Basic Programs	84.010	13610101212909	672,628
ESEA Title II Part A - Teacher & Principal Training Recruiting	84.367	12694501212909	127,782
Carl D. Perkins - Vocational Education	84.048	13420006212909	39,191
ESEA Title III Part A - LEP	84.365	13671001212909	69,431
ESEA Title I Part A - School Improvement	84.010	13610104212909042	14,972
ESEA Title I Part A - School Improvement	84.010	13610104212909103	13,019
<b>Total Department of Education</b>			<b>\$ 1,572,044</b>
<b><u>U.S. DEPARTMENT OF AGRICULTURE</u></b>			
Passed through the Texas Department of Agriculture:			
School Breakfast Program *	10.553	0600	\$ 347,406
National School Lunch Program *	10.555	0600	1,091,016
Commodity Food Distribution	10.565	212006A	110,444
<b>Total Department of Agriculture</b>			<b>\$ 1,548,866</b>
<b><u>U.S. DEPARTMENT OF COMMERCE</u></b>			
Direct Program:			
HIST - Summer Institute for MS Science Teachers	11.609	70NANB13H100	\$ 4,000
<b>Total Department of Commerce</b>			<b>\$ 4,000</b>
<b>TOTAL EXPENDITURES OF FEDERAL AWARDS</b>			<b>\$ 3,124,910</b>

\* Denotes Major Program

The accompanying notes to the schedule of federal awards are an integral part of this statement.

CHAPEL HILL INDEPENDENT SCHOOL DISTRICT  
 NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
 YEAR ENDED AUGUST 31, 2013

A. Basis of Presentation

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the Chapel Hill Independent School District and is presented on the modified accrual basis of accounting. Expenditures are recognized in the accounting period in which a fund liability occurs. Funds are considered earned to the extent of expenditures made.

The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of State, 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 basic financial statements.

B. Food Distribution

Nonmonetary assistance is reported in the schedule at the fair market value of the commodities received and disbursed. No provision has been made for amounts on hand at August 31, 2013.

C. Reconciliations of Federal Revenue with Financial Statements

The District records amounts received from the federal government or other recipients of federal grants as federal revenue in the financial statements. This reconciliation identifies the difference between the financial statement revenues and the schedule of expenditures of federal awards:

Total Federal Expenditures (Exhibit K-1)		\$ 3,124,910
Federal Program Indirect Cost:		
ESEA Title I Part A (84.010)	\$ 15,596	
IDEA-B Formula (84.027)	14,530	
IDEA-B Preschool (84.173)	158	
ESEA Title II Part A (84.367)	326	
ESEA Title III Part A (84.358)	<u>1,389</u>	
Total Federal Program Indirect Cost		31,999
Summer School LEP (84.369)		<u>4,460</u>
Federal Revenue (Exhibit C-3)		<u>\$ 3,161,369</u>