

**CEDAR HILL  
INDEPENDENT SCHOOL DISTRICT**

Financial Report for the Year Ended

June 30, 2013



**CEDAR HILL INDEPENDENT SCHOOL DISTRICT**  
**Annual Financial Report**  
**For the Year Ended June 30, 2013**

TABLE OF CONTENTS

	<u>Page</u>	<u>Exhibit</u>
<b>CERTIFICATE OF BOARD.....</b>	<b>iii</b>	
 <b>FINANCIAL SECTION</b>		
Independent Auditor’s Report.....	1	
Management’s Discussion and Analysis .....	3	
 Basic financial Statements:		
Government-Wide Financial Statements:		
Statement of Net Position .....	11	A-1
Statement of Activities .....	12	B-1
Fund Financial Statements:		
Balance Sheet – Governmental Funds.....	14	C-1
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position .....	17	C-2
Statement of Revenues, Expenditures, and Changes in Fund Balance Governmental Funds.....	18	C-3
Reconciliation of the Governmental Funds Statement of Revenues, Expen- ditures and Changes in Fund Balance to the Statement of Activities.....	20	C-4
Statement of Net Position – Proprietary Funds .....	21	D-1
Statement of Revenues, Expenses, and Changes in Fund Net Position – Proprietary Funds.....	22	D-2
Statement of Cash Flows – Proprietary Funds.....	23	D-3
Statement of Net Position - Fiduciary Funds .....	24	E-1
Statement of Changes in Net Position – Fiduciary Funds.....	25	E-2
Notes to the Financial Statements.....	27	
 Required Supplementary Information:		
Budgetary Comparison Schedule - General Fund.....	48	F-1
 Combining Statements:		
Combining Balance Sheet - Nonmajor Governmental Funds .....	50	G-1
Combining Statement of Revenues, Expenditures, and Changes in Fund Balance Nonmajor Governmental Funds .....	54	G-2
 Required T.E.A. Schedules:		
Schedule of Delinquent Taxes Receivable .....	60	H-1
Schedule of Expenditures for Computations of Indirect Cost.....	62	H-2
Budgetary Comparison Schedule - Child Nutrition Program.....	63	H-3
Budgetary Comparison Schedule - Debt Service Fund .....	64	H-4

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**For the Year Ended June 30, 2013**

TABLE OF CONTENTS

	<u>Page</u>	<u>Exhibit</u>
<b>FEDERAL AWARDS SECTION</b>		
Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Basic Financial Statements Performed in Accordance With <i>Government Auditing Standards</i> .....	67	
Report on Compliance for Each Major Program and Internal Control Over Compliance Required by OMB Circular A-133.....	69	
Schedule of Findings and Questioned Costs.....	71	
Schedule of Corrective Action Plan .....	72	
Schedule of Status of Prior Findings.....	73	
Schedule of Expenditures of Federal Awards.....	74	I-1

**CERTIFICATE OF BOARD**

Cedar Hill Independent School District

Dallas

057-904

Name of School District

County

Co.- Dist. Number

We, the undersigned, certify that the attached financial reports of the above-named school district were reviewed and (✓) approved ( ) disapproved for the year ended June 30, 2013, at a meeting of the Board of School Trustees of such school district on the 11 day of Nov, 2013.



Signature of Board Secretary



Signature of Board President

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

## **FINANCIAL SECTION**

# **EVANS, PINGLETON and HOWARD, PLLC**

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## **INDEPENDENT AUDITOR'S REPORT**

**Board of School Trustees  
Cedar Hill Independent School District  
P. O. Box 248  
Cedar Hill, Texas 75106**

### **Members of the Board:**

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

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

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

### **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. 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, the business-type activities, each major fund, and the aggregate remaining fund information of the Cedar Hill Independent School District, as of June 30, 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.

## 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 on pages 3-8 and 48 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 Cedar Hill Independent School District's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

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

*Evans, Pingleton and Howard, PLLC*

August 28, 2013



## Management's Discussion and Analysis (Unaudited)

As management of the District, we offer readers of the District's financial statements this narrative overview and analysis of the financial activities of the District for the year ended June 30, 2013. We encourage readers to consider the information presented here in conjunction with the District's financial statements, which follow this section.

### Financial Highlights

- The liabilities of the District exceeded its assets at the close of the most recent period by \$(29,330,754). Of this amount, \$11,866,936 (*unrestricted Net Position*) may be used to meet the District's ongoing obligations.
- As of the close of the current fiscal year, the District's governmental funds reported combined ending fund balances of \$62,958,245. Approximately 11 percent of this total amount, \$6,622,298, is *available for spending* at the government's discretion (*unassigned fund balance*).
- At the end of the current fiscal year, unassigned fund balance for the general fund was \$6,622,298 or 12 percent of the total general fund expenditures.
- The District's net bonded debt increased by \$42,127,698 (27.6%) during the current fiscal year after the issuance of bonds to provide funds for renovations, repairs and equipment of school facilities.

### Overview of the Financial Statements

This discussion and analysis are intended to serve as an introduction to the District's basic financial statements. The District's basic financial statements are comprised of three components: (1) government-wide financial statements, (2) fund financial statements, and (3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

**Government-wide financial statements.** The *government-wide financial statements* are designed to provide readers with a broad overview of the District's finances, in a manner similar to a private-sector business.

The *statement of Net Position* presents information on all of the District's assets and liabilities, with the difference between the two reported as *Net Position*. Over time, increases or decreases in Net Position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

The *statement of activities* presents information for all of the current year's revenues and expenses regardless of when cash is received or paid. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods.

Both of the District's government-wide financial statements distinguish the functions of the District as being principally supported by taxes and intergovernmental revenues (*governmental activities*) as opposed to *business-type activities* that are intended to recover all or a significant portion of their costs through user fees and charges. The District has no component units for which it is financially accountable. The government-wide financial statements can be found on pages 11-13 of this report.

**Fund financial statements.** A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related requirements. The fund financial statements provide more detailed information about the District's most significant funds-not the District as a whole.

- Some funds are required by State law and/or bond covenants.
- Other funds may be established by the Board to control and manage money for particular purposes or to show that it is properly using certain taxes or grants.

All of the funds of the District can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

- **Governmental funds.** *Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements. Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*. The District adopts an annual appropriated budget for its general fund, debt service fund and child nutrition fund. A budgetary comparison schedule has been provided to demonstrate compliance with these budgets. The basic governmental fund financial statements can be found on pages 14-17 of this report.
- **Proprietary funds.** *Proprietary funds* provide the same type of information as the government-wide financial statements, only in more detail. There is one proprietary fund type. *Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The District has *business-type activities* or *enterprise funds* that operate similar to a private business. The District uses the enterprise fund to account for its extended day program activities. The basic proprietary fund financial statements can be found on pages 21-23 of this report.
- **Fiduciary funds.** *Fiduciary funds* are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are *not* reflected in the government-wide financial statements because the resources of those funds are *not* available to support the District's own programs. The District is the trustee, or *fiduciary*, for these funds and is responsible for ensuring that the assets reported in these funds are used for their intended purposes. All of the District's fiduciary fund statements can be found on pages 24-25.
- **Notes to the financial statements.** The notes provide additional information that is essential to a complete understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 27-46 of this report.

**Other information.** In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary information* that further explains and supports the information in the financial statements. Required supplementary information can be found on page 48 of this report.

### Government-wide Financial Analysis

As noted earlier, Net Position may serve over time as a useful indicator of a government's financial position. In the case of the District, liabilities exceeded assets by \$29,330,754 at the close of the fiscal year ended June 30, 2013. Although the District reports a deficit, the deficit is primarily due to the issuance of debt and that a portion of debt is financed by capital appreciation bonds (CAB). The CAB's accreted interest is reported as incurred in the governmental activities, however, the taxes are not levied in the debt service fund until the payments are due, which creates a timing difference.

## The District's Net Position

	June 30, 2013	June 30, 2012
Current Assets	\$ 74,816,830	35,972,085
Capital Assets, net of accumulated depreciation	103,138,962	100,667,809
<b>Total Assets</b>	<b>177,955,792</b>	<b>136,639,894</b>
Current Liabilities	12,844,310	7,424,121
Long-term Liabilities	194,341,427	152,436,882
<b>Total Liabilities</b>	<b>207,185,737</b>	<b>159,861,003</b>
Deferred Gain on Refunding	100,809	-
<b>Total Deferred Inflows of Resources</b>	<b>100,809</b>	<b>-</b>
Net Position:		
Net Invested in Capital Assets	(51,601,161)	(51,769,073)
Restricted	10,403,471	11,511,642
Unrestricted	11,866,936	17,036,322
<b>Total Net Position</b>	<b>\$ (29,330,754)</b>	<b>(23,221,109)</b>

Net invested in capital assets of (\$51.6) million reflects the District's investment of \$103 million in capital assets (e.g. land, buildings and improvements, furniture and equipment, and construction in progress), less any outstanding related debt used to acquire those assets. The District uses these capital assets to provide services to students; consequently, these assets are *not* available for future spending. Although the District's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. An additional portion of the District's Net Position, \$10,403,471 represents resources that are subject to external restrictions on how they may be used. The remaining balance of *unrestricted Net Position* \$11,866,936 may be used to meet the District's ongoing obligations. This surplus is not an indication that the District has significant resources available to meet financial obligations next year, but rather the result of having *long-term* commitments that are more than currently available resources.

## Changes in the District's Net Position

	Fiscal Year June 30, 2013		Fiscal Year June 30, 2012	
<b>Revenues:</b>				
<b>Program Revenues</b>				
Charges for Services	\$ 1,335,484	1.754%	1,359,321	1.785%
Operating Grants and Contributions	8,423,824	11.066%	10,551,510	13.858%
<b>General Revenues</b>				
Property Taxes	35,969,838	47.253%	36,403,925	47.810%
State Grants	27,164,501	35.686%	26,134,822	34.323%
Other	3,228,283	4.241%	1,693,259	2.224%
Total Revenues	76,121,930	100.000%	76,142,837	100.000%
<b>Expenses:</b>				
Instruction	37,065,964	47.248%	38,673,178	50.806%
Instruction Resources and Media Services	822,346	1.048%	877,149	1.152%
Curriculum and Staff Development	355,526	0.453%	302,997	0.398%
Instructional Leadership	652,190	0.831%	540,402	0.710%
School Leadership	3,951,753	5.037%	3,859,006	5.070%
Guidance, Counseling and Evaluation Services	2,570,136	3.276%	2,658,690	3.493%
Social Work Services	62,106	0.079%	51,248	0.067%
Health Services	697,537	0.889%	683,437	0.898%
Student Transportation	1,574,940	2.008%	1,264,858	1.662%
Food Services	4,436,195	5.655%	4,192,239	5.507%
Extracurricular Activities	2,234,795	2.849%	1,938,463	2.547%
General Administration	2,390,018	3.047%	2,341,122	3.076%
Facilities Maintenance and Operations	7,328,963	9.342%	7,795,269	10.241%
Security and Monitoring Services	1,168,397	1.489%	1,094,949	1.438%
Data Processing Services	1,167,574	1.488%	912,090	1.198%
Community Services	189,262	0.241%	155,555	0.204%
Debt Service - Interest on Long Term Debt	10,762,622	13.719%	8,022,092	10.539%
Debt Service - Bond Issuance Cost and Fees	374,597	0.478%	123,041	0.162%
Payments Related to Shared Services Arrangements	49,615	0.063%	105,450	0.139%
Payments to Juvenile Justice Alt Educ Prg	39,558	0.050%	10,374	0.014%
Payment to Tax Increment Fund	80,031	0.102%	66,387	0.087%
Other Intergovernmental Charges	147,325	0.188%	144,761	0.190%
Enterprise Funds - Locally Defined	327,800	0.418%	306,010	0.402%
Total Expenses	78,449,250	100.000%	76,118,767	100.000%
Increase/(Decrease) in Net Position	(2,327,320)		24,070	
Beginning Net Position	(23,221,109)		(23,057,042)	
Prior Period Adjustment	(3,782,325)		(188,137)	
Ending Net Position	\$ (29,330,754)		(23,221,109)	

## Financial Analysis of the District's Funds

As noted earlier, the District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements, bond covenants, and segregation for particular purposes.

**Governmental funds.** The focus of the District's *governmental funds* is to provide information on near-term inflows, outflows, and balances of *spendable* resources. Such information is useful in assessing the District's financing requirements. In particular, *unassigned fund balance* may serve as a useful measure of the District's net resources available for spending at the end of a fiscal year.

As of the end of the current fiscal year, the District's governmental funds reported combined ending fund balances of \$62,958,245, a increase of \$36,621,647. Approximately 11 percent of this total amount, \$6,622,298, constitutes *unassigned fund balance*. The remainder of fund balance is reserved *non-spendable, restricted, committed, or assigned* to indicate that it is not available for new spending.

The general fund is the primary operating fund of the District. At the end of the current fiscal year, unassigned fund balance of the general fund was \$6,622,298, out of a total fund balance of \$12,971,661. As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to the total fund expenditures. Unassigned fund balance represents 12 percent of the total general fund expenditures. Total fund balance represents 23 percent of the total general fund expenditures.

The fund balance of the District's general fund decreased by \$2,025,760 during the current fiscal year, primarily due to state settle-up for State Foundation Aid overpayments in the current and prior years. State Foundation Aid was not reconciled to the amounts reported as earned on the Texas Education Agency's Summary of Finances. An additional factor was the overstatement of current year local revenue, tax receipts, School Health and Related Services (SHARS) reimbursement and on-behalf revenue related to state TRS contributions. The net effect of revenue overstatement was offset by an extraordinary item settled in the current fiscal year; insurance proceeds of \$2,088,138.

### General Fund Budgetary Highlights

The actual revenues were below budgetary estimates by \$(1,835,179). This shortfall in actual revenues was due to lower than budgeted local revenue, tax receipts, School Health and Related Services (SHARS) reimbursement and an overstatement of on-behalf revenue related to state TRS contributions. Expenditures were less than appropriations by \$1,037,864, with the most significant functions being instruction and facilities maintenance.

### Capital Asset and Debt Administration

**Capital assets.** The District's investment in capital assets for its governmental activities as of June 30, 2013, amounts to \$103,138,962 (net of accumulated depreciation). This investment in capital assets includes land, buildings and improvements, and furniture and equipment.

	District's Capital Assets (net of depreciation)	
	<u>June 30, 2013</u>	<u>June 30, 2012</u>
Government Activities:		
Land	\$ 7,462,443	7,462,443
Buildings and Improvements	89,516,718	92,066,080
Furniture and Equipment	846,219	1,139,286
Construction in Progress	<u>5,313,582</u>	<u>-</u>
Total Historical Cost	<u>\$ 103,138,962</u>	<u>100,667,809</u>

Additional information on the District's capital assets can be found in Note 4.E. on pages 39-40 of this report.

**Long-term debt.** As of June 30, 2013, the District had total general obligation bonded debt outstanding of \$133,051,543, a increase of \$35,045,297 over the prior year. Accretion on capital appreciation bonds was \$3,208,642 for fiscal year 2013, resulting in an ending balance of \$57,194,903. Unamortized bond premium was \$4,094,981 at June 30, 2013.

The District maintains a AA- financial bond rating from Standard and Poor's and has received a AA- financial bond rating from Fitch Ratings on the District's outstanding debt. In addition, the District has received a AAA financial bond rating on the 2013 Series of \$70,339,333 from Standard & Poor's and Fitch Ratings. Key rating drivers for the District are: (1) stable financial operations, (2) strong economy of the Dallas-Fort Worth metro area, (3) local and regional home price indicators and (4) strong voter support for the most recent bond proposition. The bonds will also carry the Texas Permanent School Fund guaranty, whose bond guaranty program is rated AAA by Fitch Ratings.

Additional information on the District's long-term debt can be found in Note 4.F. on pages 36-37 of this report.

### **Economic Factors and Next Year's Budgets and Rates**

During the spring of 2006 the state enacted legislation that allowed the District to lower its 2008 Maintenance and Operations (M&O) tax rate by \$0.33, resulting in a 2013 Maintenance and Operations tax rate of \$1.04. The I&S rate in the 2013-2014 school year is \$0.485, as communicated in bond planning information for the November 2012 bond package. Additional debt funding will be provided by an annual Qualified School Construction Bond subsidy through 2035. Also, trustees authorized a portion of the I&S fund balance be spent in the 2013-2014 school year to stabilize the debt rate between years.

The 2012 Certified Taxable Value for Cedar Hill ISD is \$2,547,691,918 which represents a 0.01% increase over prior year values. The slight increase in taxable value will result in a minimal decrease in state funding for the 2013-2014 school year due to the inverse relationship between taxes and state aid.

The District's 2013-2014 average daily attendance is expected to be approximately 7,430, which is 5% decrease over the prior year. Student enrollment is 7,870, a 5% decrease over the prior year. This is attributed to the opening of a charter school in the 2013-2014 school year. The average daily attendance will be monitored and is expected to stabilize in future years.

The District's underlying bond rating from Standard and Poor's is AA-.

### **Requests for Information**

This financial report is designed to provide our citizens, taxpayers, customers, investors and creditors with a general overview of the District's finances as well as demonstrate accountability for funds the District receives. Questions concerning any of the information provided in this report or requests for additional information should be addressed to the District's Financial Services Office.

## **BASIC FINANCIAL STATEMENTS**

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CEDAR HILL INDEPENDENT SCHOOL DISTRICT  
STATEMENT OF NET POSITION  
JUNE 30, 2013

EXHIBIT A-1

Data Control Codes	1	2 Primary Government	3
	Governmental Activities	Business Type Activities	Total
<b>ASSETS</b>			
1110 Cash and Cash Equivalents	\$ 66,182,073	\$ 52,236	\$ 66,234,309
1220 Property Taxes Receivable (Delinquent)	1,572,879	-	1,572,879
1230 Allowance for Uncollectible Taxes	(157,288)	-	(157,288)
1240 Due from Other Governments	6,658,259	-	6,658,259
1290 Other Receivables, net	140,555	-	140,555
1410 Deferred Expenses	368,116	-	368,116
Capital Assets:			
1510 Land	7,462,443	-	7,462,443
1520 Buildings, Net	89,516,718	-	89,516,718
1530 Furniture and Equipment, Net	846,219	-	846,219
1580 Construction in Progress	5,313,582	-	5,313,582
1000 Total Assets	<u>177,903,556</u>	<u>52,236</u>	<u>177,955,792</u>
<b>LIABILITIES</b>			
2110 Accounts Payable	4,817,963	-	4,817,963
2140 Interest Payable	2,445,826	-	2,445,826
2150 Payroll Deductions & Withholdings	100,067	-	100,067
2160 Accrued Wages Payable	5,095,758	7,726	5,103,484
2180 Due to Other Governments	157,199	-	157,199
2200 Accrued Expenses	219,771	-	219,771
Noncurrent Liabilities			
2501 Due Within One Year	7,955,000	-	7,955,000
2502 Due in More Than One Year	186,386,427	-	186,386,427
2000 Total Liabilities	<u>207,178,011</u>	<u>7,726</u>	<u>207,185,737</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
2602 Deferred Gain on Refunding	100,809	-	100,809
2600 Total Inflows of Resources	<u>100,809</u>	<u>-</u>	<u>100,809</u>
<b>NET POSITION</b>			
3200 Invested in Capital Assets, Net of Related Debt Restricted for:	(51,601,161)	-	(51,601,161)
3820 Restricted for Federal and State Programs	818,796	-	818,796
3850 Restricted for Debt Service	9,584,675	-	9,584,675
3900 Unrestricted	11,822,426	44,510	11,866,936
3000 Total Net Position	<u>\$ (29,375,264)</u>	<u>\$ 44,510</u>	<u>\$ (29,330,754)</u>

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

CEDAR HILL INDEPENDENT SCHOOL DISTRICT  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2013

Data Control Codes	1	Program Revenues	
		3	4
	Expenses	Charges for Services	Operating Grants and Contributions
<b>Primary Government:</b>			
GOVERNMENTAL ACTIVITIES:			
11 Instruction	\$ 37,065,964	\$ 26,386	\$ 3,730,850
12 Instructional Resources and Media Services	822,346	-	33,204
13 Curriculum and Staff Development	355,526	-	143,663
21 Instructional Leadership	652,190	-	41,507
23 School Leadership	3,951,753	-	200,517
31 Guidance, Counseling and Evaluation Services	2,570,136	-	147,888
32 Social Work Services	62,106	-	2,946
33 Health Services	697,537	-	33,806
34 Student (Pupil) Transportation	1,574,940	-	101,697
35 Food Services	4,436,195	726,554	3,516,741
36 Extracurricular Activities	2,234,795	205,631	44,437
41 General Administration	2,390,018	-	61,173
51 Facilities Maintenance and Operations	7,328,963	43,362	188,043
52 Security and Monitoring Services	1,168,397	-	54,728
53 Data Processing Services	1,167,574	-	41,366
61 Community Services	189,262	-	31,643
72 Debt Service - Interest on Long Term Debt	10,762,622	-	-
73 Debt Service - Bond Issuance Cost and Fees	374,597	-	-
93 Payments related to Shared Services Arrangements	49,615	-	49,615
95 Payments to Juvenile Justice Alternative Ed. Prg.	39,558	-	-
97 Payments to Tax Increment Fund	80,031	-	-
99 Other Intergovernmental Charges	147,325	-	-
[TG] Total Governmental Activities:	<u>78,121,450</u>	<u>1,001,933</u>	<u>8,423,824</u>
BUSINESS-TYPE ACTIVITIES:			
01 Extended Day	327,800	333,551	-
[TB] Total Business-Type Activities:	<u>327,800</u>	<u>333,551</u>	<u>-</u>
[TP] TOTAL PRIMARY GOVERNMENT:	<u>\$ 78,449,250</u>	<u>\$ 1,335,484</u>	<u>\$ 8,423,824</u>

Data Control Codes	General Revenues:
	Taxes:
MT	Property Taxes, Levied for General Purposes
DT	Property Taxes, Levied for Debt Service
SF	State Aid - Formula Grants
GC	Grants and Contributions not Restricted
IE	Investment Earnings
MI	Miscellaneous Local and Intermediate Revenue
E1	Extraordinary Item - resource
TR	Total General Revenues & Extraordinary Items
CN	Change in Net Position
NB	Net Position - Beginning
PA	Reclassification - Prior Period Adjustment
NE	Net Position--Ending

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

## Net (Expense) Revenue and

## Changes in Net Position

6	7	8
Primary Government		
Governmental Activities	Business Type Activities	Total
\$ (33,308,728)	\$ -	\$ (33,308,728)
(789,142)	-	(789,142)
(211,863)	-	(211,863)
(610,683)	-	(610,683)
(3,751,236)	-	(3,751,236)
(2,422,248)	-	(2,422,248)
(59,160)	-	(59,160)
(663,731)	-	(663,731)
(1,473,243)	-	(1,473,243)
(192,900)	-	(192,900)
(1,984,727)	-	(1,984,727)
(2,328,845)	-	(2,328,845)
(7,097,558)	-	(7,097,558)
(1,113,669)	-	(1,113,669)
(1,126,208)	-	(1,126,208)
(157,619)	-	(157,619)
(10,762,622)	-	(10,762,622)
(374,597)	-	(374,597)
-	-	-
(39,558)	-	(39,558)
(80,031)	-	(80,031)
(147,325)	-	(147,325)
(68,695,693)	-	(68,695,693)
-	5,751	5,751
-	5,751	5,751
(68,695,693)	5,751	(68,689,942)
25,984,077	-	25,984,077
9,985,761	-	9,985,761
27,164,501	-	27,164,501
284,138	-	284,138
55,741	-	55,741
800,266	-	800,266
2,088,138	-	2,088,138
66,362,622	-	66,362,622
(2,333,071)	5,751	(2,327,320)
(23,259,868)	38,759	(23,221,109)
(3,782,325)	-	(3,782,325)
\$ (29,375,264)	\$ 44,510	\$ (29,330,754)

CEDAR HILL INDEPENDENT SCHOOL DISTRICT  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2013

Data Control Codes	10 General Fund	50 Debt Service Fund	60 Capital Projects
<b>ASSETS</b>			
1110 Cash and Cash Equivalents	\$ 12,461,783	\$ 9,364,902	\$ 43,832,660
1220 Property Taxes - Delinquent	1,154,021	418,858	-
1230 Allowance for Uncollectible Taxes (Credit)	(115,402)	(41,886)	-
1240 Receivables from Other Governments	5,671,329	-	-
1290 Other Receivables	14,260	-	-
1410 Prepayments	349,363	-	-
1000 Total Assets	<u>\$ 19,535,354</u>	<u>\$ 9,741,874</u>	<u>\$ 43,832,660</u>
<b>LIABILITIES</b>			
2110 Accounts Payable	\$ 534,040	\$ -	\$ 3,910,776
2150 Payroll Deductions and Withholdings Payable	96,521	-	-
2160 Accrued Wages Payable	4,894,513	-	-
2180 Due to Other Governments	-	157,199	-
2200 Accrued Expenditures	-	-	219,771
2000 Total Liabilities	<u>5,525,074</u>	<u>157,199</u>	<u>4,130,547</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
2601 Unavailable Revenue - Property Taxes	1,038,619	376,972	-
2600 Total Inflows of Resources	<u>1,038,619</u>	<u>376,972</u>	<u>-</u>
<b>FUND BALANCES</b>			
Nonspendable Fund Balance:			
3430 Prepaid Items	349,363	-	-
Restricted Fund Balance:			
3450 Federal or State Funds Grant Restriction	-	-	-
3470 Capital Acquisition and Contractual Obligation	-	-	39,702,113
3480 Retirement of Long-Term Debt	-	9,207,703	-
Committed Fund Balance:			
3510 Capital Projects	2,000,000	-	-
3545 Other Committed Fund Balance	4,000,000	-	-
Assigned Fund Balance:			
3590 Other Assigned Fund Balance	-	-	-
3600 Unassigned Fund Balance	6,622,298	-	-
3000 Total Fund Balances	<u>12,971,661</u>	<u>9,207,703</u>	<u>39,702,113</u>
4000 Total Liabilities, Deferred Inflows & Fund Balances	<u>\$ 19,535,354</u>	<u>\$ 9,741,874</u>	<u>\$ 43,832,660</u>

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

Other Funds	Total Governmental Funds
\$ 522,728	\$ 66,182,073
-	1,572,879
-	(157,288)
986,930	6,658,259
126,295	140,555
18,753	368,116
<u>\$ 1,654,706</u>	<u>\$ 74,764,594</u>
\$ 373,147	\$ 4,817,963
3,546	100,067
201,245	5,095,758
-	157,199
-	219,771
<u>577,938</u>	<u>10,390,758</u>
-	1,415,591
<u>-</u>	<u>1,415,591</u>
15,500	364,863
818,796	818,796
-	39,702,113
-	9,207,703
-	2,000,000
-	4,000,000
242,472	242,472
-	6,622,298
<u>1,076,768</u>	<u>62,958,245</u>
<u>\$ 1,654,706</u>	<u>\$ 74,764,594</u>

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CEDAR HILL INDEPENDENT SCHOOL DISTRICT  
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE  
STATEMENT OF NET POSITION  
JUNE 30, 2013

<b>Total Fund Balances - Governmental Funds</b>	\$	62,958,245
<b>1</b> Capital assets used in governmental activities are not financial resources and therefore are not reported in governmental funds. At the beginning of the year, the cost of these assets was \$138,289,420 and the accumulated depreciation was \$37,621,611. In addition, long-term liabilities, including bonds payable of \$98,006,246, are not due and payable in the current period, and, therefore are not reported as liabilities in the funds. The net effect of including the beginning balances for capital assets (net of depreciation) and long-term debt in the governmental activities is to increase net position.		2,661,563
<b>2</b> Current year capital outlays of \$5,401,016 and long-term debt principal payments of \$6,159,307 are expenditures in the fund financial statements, but they should be shown as increases in capital assets and reductions in long-term debt in the government-wide financial statements. The net effect of including the current year capital outlays and debt principal payments is to increase net position.		11,560,323
<b>3</b> Accrued interest payable on long-term debt is not reflected on the fund financial statements, but is shown on the government-wide financial statements. The effect of showing accrued interest payable is to decrease net position.		(2,445,826)
<b>4</b> Accreted interest on capital appreciation bonds has not been included on the fund financial statements, but is shown on the government-wide financial statements. The effect of including accreted interest is to decrease net position.		(57,194,903)
<b>5</b> The current year depreciation expense increases accumulated depreciation. The net effect of the current year's depreciation is to decrease net position.		(2,929,863)
<b>6</b> Various other reclassifications and eliminations are necessary to convert from the modified accrual basis of accounting to accrual basis of accounting. These include recognizing deferred revenue as revenue, eliminating interfund transactions, reclassifying the proceeds of bond sales as an increase in bonds payable, and recognizing the liabilities associated with maturing long-term debt and interest. The net effect of these reclassifications and recognitions is to decrease net position.		(43,984,803)
<b>19 Net Assets of Governmental Activities</b>	<u>\$</u>	<u>(29,375,264)</u>

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

CEDAR HILL INDEPENDENT SCHOOL DISTRICT  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED JUNE 30, 2013

Data Control Codes	10 General Fund	50 Debt Service Fund	60 Capital Projects
<b>REVENUES:</b>			
5700 Total Local and Intermediate Sources	\$ 26,698,753	\$ 10,115,041	\$ 15,694
5800 State Program Revenues	28,268,667	1,099,497	-
5900 Federal Program Revenues	284,138	-	-
5020 Total Revenues	<u>55,251,558</u>	<u>11,214,538</u>	<u>15,694</u>
<b>EXPENDITURES:</b>			
<b>Current:</b>			
0011 Instruction	32,961,301	-	-
0012 Instructional Resources and Media Services	737,155	-	-
0013 Curriculum and Instructional Staff Development	219,175	-	-
0021 Instructional Leadership	641,201	-	-
0023 School Leadership	3,907,276	-	-
0031 Guidance, Counseling and Evaluation Services	2,537,552	-	-
0032 Social Work Services	62,106	-	-
0033 Health Services	697,217	-	-
0034 Student (Pupil) Transportation	1,396,829	-	-
0035 Food Services	-	-	-
0036 Extracurricular Activities	1,929,798	-	-
0041 General Administration	2,236,312	-	-
0051 Facilities Maintenance and Operations	7,260,820	-	-
0052 Security and Monitoring Services	1,193,008	-	-
0053 Data Processing Services	1,056,592	-	-
0061 Community Services	160,329	-	-
<b>Debt Service:</b>			
0071 Principal on Long Term Debt	-	6,159,307	-
0072 Interest on Long Term Debt	-	6,551,629	-
0073 Bond Issuance Cost and Fees	-	145,819	228,778
<b>Capital Outlay:</b>			
0081 Facilities Acquisition and Construction	-	-	5,313,582
<b>Intergovernmental:</b>			
0093 Payments to Fiscal Agent/Member Districts of SSA	-	-	-
0095 Payments to Juvenile Justice Alternative Ed. Prg.	39,558	-	-
0097 Payments to Tax Increment Fund	80,031	-	-
0099 Other Intergovernmental Charges	147,325	-	-
6030 Total Expenditures	<u>57,263,585</u>	<u>12,856,755</u>	<u>5,542,360</u>
1100 Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(2,012,027)</u>	<u>(1,642,217)</u>	<u>(5,526,666)</u>
<b>OTHER FINANCING SOURCES (USES):</b>			
7911 Capital Related Debt Issued (Regular Bonds)	-	27,053,972	41,210,000
7916 Premium or Discount on Issuance of Bonds	-	11,406,129	4,018,779
8949 Other (Uses)	-	(38,314,283)	-
7080 Total Other Financing Sources (Uses)	<u>-</u>	<u>145,818</u>	<u>45,228,779</u>
<b>EXTRAORDINARY ITEMS:</b>			
7919 Extraordinary Item - Resource	2,088,138	-	-
1200 Net Change in Fund Balances	76,111	(1,496,399)	39,702,113
0100 Fund Balance - July 1 (Beginning)	14,997,421	10,704,102	-
1300 Prior Period Adjustment	(2,101,871)	-	-
3000 Fund Balance - June 30 (Ending)	<u>\$ 12,971,661</u>	<u>\$ 9,207,703</u>	<u>\$ 39,702,113</u>

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



Other Funds	Total Governmental Funds
\$ 1,111,662	\$ 37,941,150
561,324	29,929,488
5,658,837	5,942,975
7,331,823	73,813,613
2,265,950	35,227,251
24,945	762,100
136,351	355,526
10,989	652,190
14,860	3,922,136
32,584	2,570,136
-	62,106
320	697,537
100,006	1,496,835
4,212,723	4,212,723
-	1,929,798
-	2,236,312
-	7,260,820
-	1,193,008
941	1,057,533
28,933	189,262
-	6,159,307
-	6,551,629
-	374,597
-	5,313,582
49,615	49,615
-	39,558
-	80,031
-	147,325
6,878,217	82,540,917
453,606	(8,727,304)
-	68,263,972
-	15,424,908
-	(38,314,283)
-	45,374,597
-	2,088,138
453,606	38,735,431
635,075	26,336,598
(11,913)	(2,113,784)
\$ 1,076,768	\$ 62,958,245

CEDAR HILL INDEPENDENT SCHOOL DISTRICT  
 RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES,  
 AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES  
 FOR THE YEAR ENDED JUNE 30, 2013

<b>Total Net Change in Fund Balances - Governmental Funds</b>	\$	38,735,431
Current year capital outlays of \$5,401,016 and long-term debt principal payments of \$6,159,307 are expenditures in the fund financial statements, but they should be shown as increases in capital assets and reductions in long-term debt in the government-wide financial statements. The net effect of removing the current year capital outlays and debt principal payments is to increase net position.		11,560,323
Accrued interest payable on long-term debt is not reflected on the fund financial statements, but is shown on the government-wide financial statements. The net effect of including the accrued interest payable is to decrease net position.		(1,420,929)
Accreted interest on capital appreciation bonds has not been included on the fund financial statements, but is shown on the government-wide financial statements. The effect of including accreted interest is to decrease net position.		(3,208,642)
Depreciation is not recognized as an expense in governmental funds since it does not require the use of current financial resources. The net effect of the current year's depreciation is to decrease net position.		(2,929,863)
Various other reclassifications and eliminations are necessary to convert from the modified accrual basis of accounting to accrual basis of accounting. These include recognizing deferred revenue as revenue, adjusting current year revenue to show the revenue earned from the current year's tax levy, eliminating interfund transactions, reclassifying the proceeds of bond sales, and recognizing the liabilities associated with maturing long-term debt and interest. The net effect of these reclassifications and recognitions is to decrease net position.		(45,069,391)
<b>Change in Net Assets of Governmental Activities</b>	<u>\$</u>	<u>(2,333,071)</u>

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

CEDAR HILL INDEPENDENT SCHOOL DISTRICT  
 STATEMENT OF NET POSITION  
 PROPRIETARY FUNDS  
 JUNE 30, 2013

	Business-Type Activities
	Total Enterprise Funds
<b>ASSETS</b>	
Current Assets:	
Cash and Cash Equivalents	\$ 52,236
Total Assets	52,236
<b>LIABILITIES</b>	
Current Liabilities:	
Accrued Wages Payable	7,726
Total Liabilities	7,726
<b>NET POSITION</b>	
Unrestricted Net Assets	\$ 44,510
Total Net Position	\$ 44,510

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

CEDAR HILL INDEPENDENT SCHOOL DISTRICT  
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION  
PROPRIETARY FUNDS  
FOR THE YEAR ENDED JUNE 30, 2013

	Business-Type Activities
	Total Enterprise Funds
<b>OPERATING REVENUES:</b>	
Local and Intermediate Sources	\$ 333,551
Total Operating Revenues	<u>333,551</u>
<b>OPERATING EXPENSES:</b>	
Payroll Costs	309,991
Professional and Contracted Services	2,851
Supplies and Materials	13,632
Other Operating Costs	1,326
Total Operating Expenses	<u>327,800</u>
Operating Income	5,751
Total Net Position - July 1 (Beginning)	<u>38,759</u>
Total Net Position - June 30 (Ending)	<u><u>\$ 44,510</u></u>

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

CEDAR HILL INDEPENDENT SCHOOL DISTRICT  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS  
FOR THE YEAR ENDED JUNE 30, 2013

	Business-Type Activities
	Total Enterprise Funds
<u>Cash Flows from Operating Activities:</u>	
Cash Received from User Charges	\$ 333,551
Cash Payments to Employees for Services	(302,265)
Cash Payments for Suppliers	(16,483)
Cash Payments for Other Operating Expenses	(1,326)
Net Cash Provided by Operating Activities	<u>13,477</u>
Net Increase in Cash and Cash Equivalents	13,477
Cash and Cash Equivalents at Beginning of Year	<u>38,759</u>
Cash and Cash Equivalents at End of Year	<u>\$ 52,236</u>
<u>Reconciliation of Operating Income to Net Cash</u>	
<u>Provided by Operating Activities:</u>	
Operating Income:	\$ 5,751
Effect of Increases and Decreases in Current Assets and Liabilities:	
Increase (decrease) in Accrued Wages Payable	<u>7,726</u>
Net Cash Provided by Operating Activities	<u>\$ 13,477</u>

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

CEDAR HILL INDEPENDENT SCHOOL DISTRICT  
STATEMENT OF NET POSITION  
FIDUCIARY FUNDS  
JUNE 30, 2013

EXHIBIT E-1

	Private Purpose Trust Fund	Agency Fund
<b>ASSETS</b>		
Cash and Cash Equivalents	\$ 27,735	\$ 397,626
Total Assets	27,735	\$ 397,626
<b>LIABILITIES</b>		
Due to Student Groups	-	\$ 397,626
Total Liabilities	-	\$ 397,626
<b>NET POSITION</b>		
Restricted for Scholarships	27,735	
Total Net Position	\$ 27,735	

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

CEDAR HILL INDEPENDENT SCHOOL DISTRICT  
 STATEMENT OF CHANGES IN NET POSITION  
 FIDUCIARY FUNDS  
 FOR THE YEAR ENDED JUNE 30, 2013

	Private Purpose Trust Fund
<hr/>	
ADDITIONS:	
Local and Intermediate Sources	\$ 33
Total Additions	33
Change in Net Position	33
Total Net Position - July 1 (Beginning)	27,702
Total Net Position - June 30 (Ending)	\$ 27,735

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

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CEDAR HILL INDEPENDENT SCHOOL DISTRICT  
Notes to the Financial Statements  
at and for the  
Year Ended June 30, 2013

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

**A. Reporting Entity**

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

**B. Government-wide and Fund Financial Statements**

The government-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) report information on all of the non-fiduciary activities of the District. For the most part, the effect of interfund activity has been removed from these statements. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements.

**C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation**

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the proprietary fund and

CEDAR HILL INDEPENDENT SCHOOL DISTRICT  
Notes to the Financial Statements  
at and for the  
Year Ended June 30, 2013  
-continued-

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation (continued)

fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

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

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

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

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

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

**CEDAR HILL INDEPENDENT SCHOOL DISTRICT**  
Notes to the Financial Statements  
at and for the  
Year Ended June 30, 2013  
-continued-

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**D. Fund Accounting**

The District reports the following major governmental funds:

1. **General Fund** - The general fund is the District's primary operating fund. It accounts for all financial resources except those required to be accounted for in another fund.
2. **Debt Service Fund** - The District accounts for resources accumulated and payments made for principal and interest on long-term general obligation debt of governmental funds in a debt service fund.
3. **Capital Projects Fund** - The proceeds from long-term debt financing and revenues and expenditures related to authorized construction and other capital asset acquisitions are accounted for in a capital projects fund.

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

**Governmental Funds:**

1. **Special Revenue Funds** - The District accounts for resources restricted to, or designated for, specific purposes by the District or a grantor in a special revenue fund. Most Federal and some State financial assistance is accounted for in a Special Revenue Fund, and sometimes unused balances must be returned to the grantor at the close of specified project periods.

**Proprietary Funds:**

2. **Enterprise Fund** - The District accounts for activities for which outside users are charged a fee roughly equal to the cost of providing the goods or services of those activities in an enterprise fund. The District's enterprise fund provides extended day services for students at the Elementary campuses.

**Fiduciary Funds:**

3. **Private Purpose Trust Funds** - The District accounts for donations for which the donor has stipulated that the income may be used for purposes that benefit parties outside the District. The District's private purpose trust fund is for a scholarship fund.
4. **Agency Funds** - The District accounts for resources held for others in a custodial capacity in agency funds. The District's Agency Fund is for student groups.

**CEDAR HILL INDEPENDENT SCHOOL DISTRICT**  
Notes to the Financial Statements  
at and for the  
Year Ended June 30, 2013  
-continued-

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**E. Assets, Liabilities, and Net Position or Equity**

**1. Deposits and Investments**

The District's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

**2. Due From (To) Other Funds**

Inter-fund receivables and payables arise from inter-fund transactions and are recorded in all affected funds in the period in which transactions are executed in the normal course of operations.

**3. Capital Assets**

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

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed.

Property, plant, and equipment of the district is depreciated using the straight line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings	50
Building improvements	15
Vehicles	7
Office equipment	5
Computer equipment	5

CEDAR HILL INDEPENDENT SCHOOL DISTRICT  
Notes to the Financial Statements  
at and for the  
Year Ended June 30, 2013  
-continued-

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

E. **Assets, Liabilities, and Net Position or Equity** (continued)

4. **Vacation and Sick Leave**

Vacations are to be taken within the same year they are earned, and any unused days at the end of the year are forfeited. Therefore, no liability has been accrued in the accompanying basic financial statements. Employees of the District are entitled to sick leave based on category/class of employment. Sick leave is allowed to be accumulated but does not vest. Therefore, a liability for unused sick leave has not been recorded in the accompanying basic financial statements.

5. **Long-term Obligations**

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of Net Position. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

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

6. **Fund Equity**

**Fund Balance Classification:** The governmental fund financial statements present fund balance classifications that comprise a hierarchy that is based primarily on the extent to which the District is bound to honor constraints for which amounts in the respective governmental funds can be spent. The classifications used in the governmental fund financial statements are as follows:

- **Nonspendable:** This classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) are legally or contractually required to be maintained intact.
- **Restricted:** This classification includes amounts for which constraints have been placed on the use of the resources either (a) externally imposed by creditors (such as through a debt covenant), grantors, contributors, or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation.

-continued-

**CEDAR HILL INDEPENDENT SCHOOL DISTRICT**  
**Notes to the Financial Statements**  
at and for the  
Year Ended June 30, 2013  
-continued-

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**E. Assets, Liabilities, and Net Position or Equity (continued)**

**6. Fund Equity (continued)**

- **Committed:** This classification includes amounts that can be used only for specific purposes pursuant to constraints imposed by formal action of the Board of Trustees. These amounts cannot be used for any other purpose unless the Board of Trustees removes or changes the specified use by taking the same type of action (ordinance or resolution) that was employed when the funds were initially committed. This classification also includes contractual obligations to the extent that existing resources have been specifically committed for use in satisfying those contractual requirements.
- **Assigned:** This classification includes amounts that are constrained by the District's intent to be used for a specific purpose but are neither restricted nor committed. This intent can be expressed by an official to which the Board of Trustees delegates this authority.
- **Unassigned:** This classification includes amounts that have not been assigned to other funds or restricted, committed or assigned to a specific purpose within the General Fund.

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

As of June 30, 2013, fund balances are composed of the following:

	General Fund	Debt Service Fund	Capital Funds	Non-Major Governmental Funds	Total Governmental Funds
Nonspendable:					
Prepaid Items	\$ 349,363	-	-	15,500	364,863
Restricted:					
Federal or State Funds Grants	-	-	-	818,796	818,796
Debt Service	-	9,207,703	-	-	9,207,703
Capital Projects	-	-	39,702,113	-	39,702,113
Committed:					
Capital Projects	2,000,000	-	-	-	2,000,000
Other Committed Fund Balance	4,000,000	-	-	-	4,000,000
Assigned:					
Student Activities	-	-	-	242,472	242,472
Unassigned:	6,622,298	-	-	-	6,622,298
<b>Total Fund Balances</b>	<b>\$ 12,971,661</b>	<b>9,207,703</b>	<b>39,702,113</b>	<b>1,076,768</b>	<b>62,958,245</b>

CEDAR HILL INDEPENDENT SCHOOL DISTRICT  
Notes to the Financial Statements  
at and for the  
Year Ended June 30, 2013  
-continued-

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**E. Assets, Liabilities, and Net Position or Equity (continued)**

**7. Data Control Codes**

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

8. School Districts are required to report all expenses by function, except certain indirect expenses. General administration and data processing service functions (data control codes 41 and 53, respectively) include expenses that are indirect expenses of other functions. These indirect expenses are not allocated to other functions.

**NOTE 2 RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS**

**A. Explanation of Certain Differences Between the Governmental Fund Balance Sheet and the Government-Wide Statement of Net Position**

Exhibit C-2 provides a reconciliation between *fund balance - total governmental funds* and *Net Position - governmental activities* as reported in the government-wide statement of Net Position. One element of that reconciliation explains that “various other reclassifications and eliminations are necessary to convert from the modified accrual basis of accounting to the full accrual basis of accounting.” The details of this \$(43,984,803) adjustment are as follows:

<b>Long-term Debt:</b>	
Premium on Bonds	\$ (4,094,981)
Deferred Gain on Refunding Bonds	(100,809)
Issuance of Bonds	(41,204,604)
	(45,400,394)
<b>Deferred Revenue:</b>	
To remove the current period uncollected tax levy from unavailable revenue	611,810
To remove prior year collectible delinquent tax levy receivable from unavailable revenue	803,781
	1,415,591
Net adjustment to decrease fund balance - total governmental funds to arrive at net position - governmental funds	\$ (43,984,803)

-continued-

CEDAR HILL INDEPENDENT SCHOOL DISTRICT  
Notes to the Financial Statements  
at and for the  
Year Ended June 30, 2013  
-continued-

**NOTE 2 RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS (continued)**

**B. Explanation of Certain Differences Between the Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balances and the Government-Wide Statement of Activities**

Exhibit C-4 provides a reconciliation between *net changes in fund balances - total governmental funds* and *changes in Net Position of governmental activities* as reported in the government-wide statement of activities. One element of that reconciliation explains that “various other reclassifications are necessary to convert from the modified accrual basis of accounting to the full accrual basis of accounting.” The details of this \$(45,069,391) adjustment are as follows:

Long-term Debt:	
Amortization of premium on bonds	\$ 145,020
Amortization of deferred gain on refunding bonds	273,559
Issuance of Bonds	(41,204,604)
Current Period Premium on Bonds	(4,018,779)
Current Period Gain on Refunding Bonds	(151,215)
	(44,956,019)
Taxes:	
To move the current period uncollected tax levy to revenue	611,810
To remove the prior year tax collection from current period revenue	(725,182)
	(113,372)
Net adjustment to decrease fund balance - total governmental funds to arrive at net position - governmental funds	\$ (45,069,391)

**NOTE 3 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

**A. Budgetary Data**

The Board of Trustees adopts an “appropriated budget” for the General Fund, Debt Service Fund and the Food Service Fund which is included in the Special Revenue Funds. The District is required to present the adopted and final amended budgeted revenues and expenditures for each of these funds. The District compares the final amended budget to actual revenues and expenditures. The General Fund Budget report appears in Exhibit F-1 and the other two reports are in Exhibit H-3 and H-4.

The following procedures were followed in establishing the budgetary data reflected in the basic financial statements:

1. Prior to June 20, the District prepared a budget for the next succeeding fiscal year beginning July 1. The operating budget included proposed expenditures and the means of financing them.
2. A meeting of the Board was then called for the purpose of adopting the proposed budget. At least ten days’ public notice of the meeting must be given.



CEDAR HILL INDEPENDENT SCHOOL DISTRICT  
Notes to the Financial Statements  
at and for the  
Year Ended June 30, 2013  
-continued-

**NOTE 3 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (continued)**

**A. Budgetary Data (continued)**

3. Prior to July 1, the budget is legally enacted through passage of a resolution by the Board. Once a budget is approved, it can only be amended at the function and fund level by approval of a majority of the members of the Board. Amendments are presented to the Board at its regular meetings. Each amendment must have Board approval. As required by law, such amendments are made before the fact, are reflected in the official minutes of the Board and are not made after fiscal year end. The budget was properly amended throughout the period by the Board of Trustees.
  
4. Each budget is controlled by the budget coordinator at the revenue and expenditure function/object level. Budgeted amounts are as amended by the Board. All budget appropriations lapse at year end. A reconciliation of fund balances for both appropriated budget and non-appropriated budget special revenue funds is as follows:

<u>June 30, 2013 Fund Balance</u>	
Appropriated Budget Funds:	
Food Service Fund and Instructional Materials Allotment	\$ 834,296
Non Appropriated Budget Funds - Campus Activity Funds	<u>242,472</u>
	<u>\$ 1,076,768</u>

**B. Encumbrance Accounting**

The District employs encumbrance accounting, whereby encumbrances for goods or purchased services are documented by purchase orders and contracts. An encumbrance represents a commitment or Board appropriation related to unperformed contracts for goods and services. The issuance of a purchase order or the signing of a contract creates an encumbrance but does not represent an expenditure for the period, only a commitment to expend resources. Appropriations lapse at June 30 and encumbrances outstanding at that time are either canceled or appropriately provided for in the subsequent year's budget. There were no outstanding encumbrances at year end.

**NOTE 4 DETAILED NOTES ON ALL FUNDS**

**A. Deposits and Investments**

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

**CEDAR HILL INDEPENDENT SCHOOL DISTRICT**  
Notes to the Financial Statements  
at and for the  
Year Ended June 30, 2013  
-continued-

**NOTE 4 DETAILED NOTES ON ALL FUNDS (continued)**

**A. Deposits and Investments (continued)**

At June 30, 2013, the carrying amount of the District's cash, savings, and time deposits was \$842,397. The bank balance was \$1,953,982. The District's combined deposits at June 30, 2013, and during the year ending June 30, 2013, were fully insured by federal depository insurance or collateralized with securities pledged to the District and held by the District's agent.

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

- a. Name of bank, Prosperity Bank, Cedar Hill, Texas.
- b. The market value of securities pledged as of the date of the highest combined balance on deposit was \$6,538,411.
- c. The highest combined balances of cash, savings, and time deposit accounts amounted to \$2,565,682 and occurred during the month of September.
- d. Total amount of FDIC coverage at the time of highest combined balance was \$250,000.

The Public Funds Investment Act (Government Code Chapter 2256) contains specific provisions in the areas of investment practices, management reports and establishment of appropriate policies. Among other things, it requires the District to adopt, implement, and publicize an investment policy. That policy must address the following areas: (1) safety of principal and liquidity, (2) portfolio diversification, (3) allowable investments, (4) acceptable risk levels, (5) expected rates of return, (6) maximum allowable stated maturity of portfolio investments, (7) maximum average dollar-weighted maturity allowed based on the stated maturity date for the portfolio, (8) investment staff quality and capabilities, and (9) bid solicitation preferences for certificates of deposit. Statutes authorize the District to invest in (1) obligations of the U.S. Treasury, certain U.S. agencies, and the State of Texas; (2) certificates of deposit; (3) certain municipal securities; (4) money market savings account; (5) repurchase agreements, (6) bankers acceptances, (7) Mutual Fund; (8) Investment pools; (9) guaranteed investment contracts; and (10) common trust funds. The Act also requires the District to have independent auditors perform test procedures related to investment practices as provided by the Act. The District is in substantial compliance with the requirements of the Act and with local policies.

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

- a. **Custodial Credit Risk - Deposits:** In the case of deposits this is the risk that, in the event of a bank failure, the District's deposits may not be returned to it. The District's policy regarding types of deposits allowed and collateral requirements is: the Depository may be a state bank authorized and regulated under Texas law; a national bank, savings and loan association, or savings bank authorized and regulated by federal law; or a savings and loan association or savings bank organized under Texas law; but shall not be any bank the deposits of which are not

**CEDAR HILL INDEPENDENT SCHOOL DISTRICT**  
Notes to the Financial Statements  
at and for the  
Year Ended June 30, 2013  
-continued-

**NOTE 4 DETAILED NOTES ON ALL FUNDS (continued)**

**A. Deposits and Investments (continued)**

- a. **Custodial Credit Risk - Deposits: (continued)**  
insured by the Federal Deposit Insurance Corporation (FDIC). The District is not exposed to custodial credit risk for its deposits, as all are covered by depository insurance and pledged securities.
- b. **Custodial Credit Risk - Investments:** For an investment, this is the risk that, in the event of the failure of the counterparty, the District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The District investments are with the Texas Local Government Investment Pool ("TexPool"), and the Logic Investment Pool ("Logic"). The pools are public funds investment pools created to provide a safe environment for the placement of local government funds in authorized short-term investments. Local investment pools operate in a manner consistent with the Security and Exchange Commission's Rule 2a7 of the Investment Company Act of 1940. The Texas Comptroller of Public Accounts exercises oversight responsibility over TexPool. Administration of Logic is performed by a Board of Directors, which is an administrative agency created under the Interlocal Act. The District is not exposed to custodial credit risk for its investments.
- c. **Credit Risk -** This is the risk that an issuer of an investment will be unable to fulfill its obligations. The rating of securities by nationally recognized rating agencies is designed to give an indication of credit risk. The credit quality rating for TexPool at year end was AAAM by Standard & Poor's. The credit quality rating for Logic at year end was Aaa by Moody's Investor Service.
- d. **Interest Rate Risk -** This is the risk that changes in interest rates will adversely affect the fair value of an investment. The District manages its exposure to declines in fair values by limiting the weighted average maturity of its investment portfolio to less than one year from the time of purchase. The weighted average maturity for the District's investment in external investment pools is less than 60 days.
- e. **Foreign Currency Risk -** This is the risk that exchange rates will adversely affect the fair value of an investment. The District is not exposed to foreign currency risk.
- f. **Concentration of Credit Risk -** This is the risk of loss attributed to the magnitude of the District's investment in a single issuer (i.e., lack of diversification). Concentration risk is defined as positions of 5 percent or more in the securities of a single issuer. Investments issued by the U. S. Government and investments in investment pools are excluded from the 5 percent disclosure requirement. The District is not exposed to concentration of credit risk.

-continued-

**CEDAR HILL INDEPENDENT SCHOOL DISTRICT**  
**Notes to the Financial Statements**  
**at and for the**  
**Year Ended June 30, 2013**  
**-continued-**

**NOTE 4 DETAILED NOTES ON ALL FUNDS (continued)**

**A. Deposits and Investments (continued)**

The District's temporary investments at June 30, 2013, were as follows:

<u>Investment Type:</u>	<u>Fair Value</u>
Logic investment pool	\$ 65,230,569
TexPool investment pool	<u>161,343</u>
Total	\$ <u>65,391,912</u>

**B. Property Taxes**

Property taxes 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. The District levies its taxes on October 1 in conformity with Subtitle E, Texas Property Tax Code. Taxes are due upon receipt of the tax bill and are past due and subject to interest if not paid by February 1 of the period following the October 1 levy date. The assessed value of the property tax roll on August 1, 2012, upon which the levy for the 2012-13 fiscal year was based, was \$2,534,806,971. Taxes are delinquent if not paid by January 31. Delinquent taxes are subject to both penalty and interest charges plus 15% delinquent collection fees for attorney costs after June 30.

The tax rates assessed for the year ended June 30, 2013, to finance General Fund operations and the payment of principal and interest on general obligation long-term debt were \$1.04 and \$0.40 per \$100 valuation, respectively, for the total of \$1.44 per \$100 valuation.

Total tax collections for the year ended June 30, 2013 were 100% of the year end adjusted tax levy. Delinquent taxes are prorated between maintenance and debt service based on rates adopted for the year of the levy. Allowances for uncollectible taxes within the General and Debt Service Funds are based on historical experience in collecting taxes. Uncollectible personal property taxes are periodically reviewed and written off, but the District is prohibited from writing off real property taxes without specific statutory authority from the Texas Legislature. As of June 30, 2013, property taxes receivable, net of estimated uncollectible taxes, totaled \$1,038,619 and \$376,972 for the General and Debt Service Funds, respectively.

**C. Due From Other Governments**

The District participates in a variety of federal and state programs from which it receives grants to partially or fully finance certain activities. In addition, the District receives entitlements from the State through the School Foundation and Per Capita Programs. Amounts due from federal and state governments as of June 30, 2013, are summarized below. All federal grants shown below are passed through the TEA and are reported on the combined financial statements as Due from Other Governments.

**CEDAR HILL INDEPENDENT SCHOOL DISTRICT**  
**Notes to the Financial Statements**  
at and for the  
Year Ended June 30, 2013  
-continued-

**NOTE 4 DETAILED NOTES ON ALL FUNDS (continued)**

**C. Due From Other Governments (continued)**

<u>Fund</u>	<u>Local</u>	<u>State Entitlements</u>	<u>Federal Grants</u>	<u>Total</u>
General	\$ 122,145	5,549,184	-	5,671,329
Special Revenue	-	438,019	548,911	986,930
<b>Total</b>	<u>\$ 122,145</u>	<u>5,987,203</u>	<u>548,911</u>	<u>6,658,259</u>

**D. Inter-fund Receivables and Payables**

There were no inter-fund receivables or payables at June 30, 2013.

**E. Capital Assets**

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

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Retirements</u>	<u>Ending Balance</u>
<b>Government Activities:</b>				
Land	\$ 7,462,443	-	-	7,462,443
Buildings and Improvements	126,280,299	-	-	126,280,299
Furniture and Equipment	4,546,678	87,434	-	4,634,112
Construction in Progress	-	5,313,582	-	5,313,582
<b>Total Historical Cost</b>	<u>138,289,420</u>	<u>5,401,016</u>	<u>-</u>	<u>143,690,436</u>
<b>Less Accumulated Depreciation For:</b>				
Buildings and Improvements	(34,214,219)	(2,549,362)	-	(36,763,581)
Furniture and Equipment	(3,407,392)	(380,501)	-	(3,787,893)
<b>Total Accumulated Depreciation</b>	<u>(37,621,611)</u>	<u>(2,929,863)</u>	<u>-</u>	<u>(40,551,474)</u>
<b>Governmental Activities Capital Assets Net</b>	<u>\$ 100,667,809</u>	<u>2,471,153</u>	<u>-</u>	<u>103,138,962</u>

**CEDAR HILL INDEPENDENT SCHOOL DISTRICT**  
**Notes to the Financial Statements**  
**at and for the**  
**Year Ended June 30, 2013**  
**-continued-**

**NOTE 4 DETAILED NOTES ON ALL FUNDS (continued)**

**E. Capital Assets (continued)**

Depreciation expense was charged to governmental functions as follows:

Instruction	\$ 1,838,713
Instructional Resources and Media	60,246
School Leadership	29,617
Student Transportation	78,105
Food Services	251,736
Extracurricular Activities	304,997
General Administration	153,706
Plant Maintenance and Operations	102,317
Security and Monitoring	385
Data Processing Services	<u>110,041</u>
<b>Total Depreciation Expense</b>	<b><u>\$ 2,929,863</u></b>

**F. Bonds Payable**

Bonds payable activity for the year ended June 30, 2013 was as follows:

<u>Governmental Activities</u>	Interest Rate Payable	Amounts Original Issue	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
<b>Bonded Indebtedness:</b>							
2002 School Bldg & Refunding	6.00%	\$ 34,298,816	5,249,837	-	(1,970,000)	3,279,837	45,000
2004 School Building	5.47%	38,899,833	11,485,000	-	(11,485,000)	-	-
2005 School Bldg & Refunding	5.42%	31,742,827	29,759,621	-	(16,505,619)	13,254,002	693,268
2006 School Refunding	3.95%	6,980,085	2,017,254	-	(695,538)	1,321,716	739,214
2007 School Refunding	4.00%	11,468,762	10,912,165	-	(50,295)	10,861,870	33,125
2009 School Refunding	4.50%	5,203,810	4,934,797	-	(92,224)	4,842,573	71,038
2011 School Refunding	3.50%	8,744,384	8,699,890	-	-	8,699,890	-
2012 School Refunding	3.15%	6,229,999	6,229,999	-	(2,420,000)	3,809,999	704,999
2012A School Refunding	3.15%	18,717,683	18,717,683	-	-	18,717,683	-
2013 School Building	4.20%	32,270,000	-	32,270,000	-	32,270,000	1,000,000
2013A School Refunding	3.63%	27,053,973	-	27,053,973	-	27,053,973	135,000
2013 Qualified School Building	4.19%	8,940,000	-	8,940,000	-	8,940,000	-
<b>Total Bonded Indebtedness</b>			<u>98,006,246</u>	<u>68,263,973</u>	<u>(33,218,676)</u>	<u>133,051,543</u>	<u>3,421,644</u>
Bond Premium			221,222	4,018,779	(145,020)	4,094,981	-
Accreted Interest			53,986,261	12,577,158	(9,368,516)	57,194,903	4,533,356
<b>Total Bonds Payable</b>			<u>152,213,729</u>	<u>84,859,910</u>	<u>(42,732,212)</u>	<u>194,341,427</u>	<u>7,955,000</u>

General obligation bonds consist of 2013 School Building Bonds bearing interest at 3.00 - 6.00% per annum, and 2002, 2005, 2006, 2007, 2009, 2011, 2012 and 2013 Refunding Bonds bearing interest at 3.15 - 6.00% per annum. Interest expense for the year on all bonded indebtedness was \$6,547,614.

**CEDAR HILL INDEPENDENT SCHOOL DISTRICT**  
Notes to the Financial Statements  
at and for the  
Year Ended June 30, 2013  
-continued-

**NOTE 4 DETAILED NOTES ON ALL FUNDS (continued)**

**F. Bonds Payable (continued)**

Debt service requirements for the general obligation bonds are as follows:

Year Ending June 30	Principal	Interest	Total Requirements
2014	\$ 3,421,644	8,974,714	12,396,358
2015	3,797,664	8,867,343	12,665,007
2016	1,978,887	6,738,544	8,717,431
2017	2,703,413	10,293,343	12,996,756
2018	2,092,030	10,448,251	12,540,281
2019-2023	11,303,431	50,784,913	62,088,344
2024-2028	29,975,099	35,265,229	65,240,328
2029-2033	31,109,375	41,880,525	72,989,900
2034-2038	30,885,000	6,007,219	36,892,219
2039-2043	15,785,000	2,464,500	18,249,500
Total	<u>\$ 133,051,543</u>	<u>181,724,581</u>	<u>314,776,124</u>

There are a number of limitations and restrictions contained in the various general obligation bonds indentures. The District is in compliance with all significant limitations and restrictions at June 30, 2013.

**G. Defeasance of Debt**

On February 15, 2013, the District issued part general obligation bonds and part premium capital appreciation bonds (Series 2013A refunding bonds) of \$27,053,973 (par value) with an effective interest rate of 3.63 percent to advance refund a portion of the Unlimited Tax School Building and Refunding Bonds Series 2004 and 2005 (refunded bonds), with an effective interest rate of 5.47 and 5.42 percent respectively and par value of \$11,300,000 and \$15,759,369 respectively. The refunding bonds were issued at par and, after paying issuance costs of \$145,819 and underwriter's discount of \$213,104, and receiving a premium of \$11,619,233, the net proceeds were \$38,314,283. The net proceeds were used to purchase U.S. Government securities and those securities were deposited in an irrevocable trust with an escrow agent to provide debt service payments until the refunded portion is paid. The advance refunding met the requirements of an in-substance debt defeasance and the refunded bonds were removed from the District's Long-Term Debt Payable.

As a result of the advance refunding, the District decreased its total debt service requirements by \$7,631,156, which resulted in an economic gain (difference between the present value of the debt service payments on the old and new debt) of \$4,773,893. The District issued the refunding bonds in order to restructure the District's debt service payments.

**CEDAR HILL INDEPENDENT SCHOOL DISTRICT**  
Notes to the Financial Statements  
at and for the  
Year Ended June 30, 2013  
-continued-

**NOTE 4 DETAILED NOTES ON ALL FUNDS (continued)**

**G. Defeasance of Debt (continued)**

In prior years, the District defeased certain previously issued and outstanding bonds by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the District's financial statements. On June 30, 2013, \$25,898,757 of bonds outstanding are considered defeased.

**NOTE 5 OTHER INFORMATION**

**A. 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 2013, the District purchased commercial insurance to cover general liabilities. There were no significant reductions in coverage in the past fiscal year, and there were no settlements exceeding insurance coverage for each of the past three fiscal years.

**B. Litigation and Contingencies**

The District is a party to various legal actions none of which is believed by administration to have a material effect on the financial condition of the District. Accordingly, no provision for losses has been recorded in the accompanying combined financial statements for such 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 June 30, 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.



**CEDAR HILL INDEPENDENT SCHOOL DISTRICT**  
**Notes to the Financial Statements**  
**at and for the**  
**Year Ended June 30, 2013**  
**-continued-**

**NOTE 5 OTHER INFORMATION (continued)**

**C. Revenues from Local and Intermediate Sources**

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

	General Fund	Special Revenue Fund	Debt Service Fund	Enterprise Fund	Capital Projects Fund	Total
Property Taxes	\$ 26,060,610	-	10,021,490	-	-	36,082,100
Food Sales	-	726,554	-	-	-	726,554
Investment Income	25,058	-	14,989	-	15,694	55,741
Penalties, Interest and Other						
Tax Related Income	208,965	-	78,562	-	-	287,527
Co-curricular Student Activities	205,631	-	-	-	-	205,631
Other	198,489	385,108	-	333,551	-	917,148
Total	<u>\$ 26,698,753</u>	<u>1,111,662</u>	<u>10,115,041</u>	<u>333,551</u>	<u>15,694</u>	<u>38,274,701</u>

**D. Deferred Inflow of Resources**

Governmental funds report *deferred inflow of resources* in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned. At the end of the current fiscal year, the various components of *deferred inflow of resources* reported in the governmental funds were as follows:

	General Fund	Special Revenue Funds	Debt Service Fund	Total
Net Tax Revenue	\$ 1,038,619	-	376,972	1,415,591
Deferred Gain on bond refunding	-	-	100,809	100,809
Total	<u>\$ 1,038,619</u>	<u>-</u>	<u>477,781</u>	<u>1,516,400</u>

**CEDAR HILL INDEPENDENT SCHOOL DISTRICT**  
Notes to the Financial Statements  
at and for the  
Year Ended June 30, 2013  
-continued-

**NOTE 5 OTHER INFORMATION (continued)**

**E. Health Care Coverage**

For the year ended June 30, 2013, employees of the District were covered through TRS-Active Care which is the statewide health plan for public education employees established by the 77<sup>th</sup> Texas Legislature and is a fully insured plan administered by Blue Cross and Blue Shield of Texas. The District paid premiums of \$225, per month per employee to the plan and employees, at their option, authorized payroll withholdings to pay contributions or premiums for dependents.

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

**F. Pension Plan Obligations**

Plan Description - The District contributes to the Teacher Retirement System of Texas (TRS), a cost-sharing multiple employer defined benefit pension plan. TRS administers retirement and disability annuities, and death and survivor benefits to employees and beneficiaries of employees of the public school systems of Texas. It operates primarily under the provisions of the Texas Constitution, Article XVI, Sec. 67, and Texas Government Code, Title 8, Subtitle C. TRS also administers proportional retirement benefits and service credit transfer under Texas Government Code, Title 8, Chapters 803 and 805, respectively. The Texas state legislature has the authority to establish and amend benefit provisions of the pension plan and may, under certain circumstances, grant special authority to the TRS Board of Trustees.

CEDAR HILL INDEPENDENT SCHOOL DISTRICT  
Notes to the Financial Statements  
at and for the  
Year Ended June 30, 2013  
-continued-

NOTE 5 OTHER INFORMATION (continued)

F. Pension Plan Obligations (continued)

TRS issues a publicly available financial report that includes financial statements and required supplementary information for the defined benefit pension plan. That report may be obtained by writing to the TRS Communications Department, 1000 Red River Street, Austin, Texas 78701, by calling the TRS Communications Department at 1-800-223-8778, or by downloading the report from the TRS Internet website, [www.trs.state.tx.us](http://www.trs.state.tx.us), under the TRS Publications heading.

Funding Policy - Contribution requirements are not actuarially determined but are established and amended by the Texas state legislature. The state funding policy is as follows: (1) The state constitution requires the legislature to establish a member contribution rate of not less than 6.0% of the member's annual compensation and a state contribution rate of not less than 6.0% and not more than 10% of the aggregate annual compensation of all members of the system; (2) A state statute prohibits benefit improvements or contribution reductions if, as a result of the 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 year 2011, 2012, and 2013 and a state contribution rate of 6.644% for calendar year 2011, 6% for calendar year 2012 and 6.4% for 2013. In certain instances the reporting district is required to make all or a portion of the state's contribution. State contributions to TRS made on behalf of the District's employees for the years ended June 30, 2011, 2012 and 2013 were \$2,731,739, \$2,221,248 and \$2,719,290 respectively. The District paid additional state contributions for the years ended June 30, 2011, 2012 and 2013 in the amount of \$548,046, \$459,610 and \$479,488 respectively, on the portion of the employees' salaries that exceeded the statutory minimum.

G. Retiree Health Plan

Plan Description - The District contributes to the Texas Public School Retired Employees Group Insurance Program (TRS-Care), a cost-sharing multiple-employer defined benefit postemployment health care plan administered by 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 visiting the TRS Web site at [www.trs.state.tx.us](http://www.trs.state.tx.us), by writing to the Communications Department of the Teacher Retirement System of Texas at 1000 Red River Street, Austin, Texas 78701, or by calling 1-800-223-8778.

-continued-

**CEDAR HILL INDEPENDENT SCHOOL DISTRICT**  
Notes to the Financial Statements  
at and for the  
Year Ended June 30, 2013  
-continued-

**NOTE 5 OTHER INFORMATION (continued)**

**G. Retiree Health Plan (continued)**

Funding Policy - Contribution requirements are not actuarially determined but are legally established each biennium by the Texas Legislature. Texas Insurance Code, Sections 1575.202, 203, and 204 establish state, active employee, and public school contributions, respectively. The State of Texas and active public school employee contribution rates were 1.0% and 0.65% of public school payroll, respectively, with school districts contributing a percentage of payroll set at 0.55% for fiscal years 2011, 2012, and 2013. Per Texas Insurance Code, Chapter 1575, the public school contribution may not be less than 0.25% or greater than 0.75% of the salary of each active employee of the public school. For the years ended June 30, 2011, 2012, and 2013, the State's contributions to TRS-Care were \$462,765, \$428,351 and \$424,893 respectively, the active member contributions were \$300,563, \$278,432 and \$276,181 respectively, and the school district's contributions were \$254,522, \$235,593 and \$233,688 respectively, which equaled the required contributions each year. In addition to the pension plan and TRS-Care on behalf, the District is allocated a portion of the Medicare Part D retiree drug subsidy the TRS-Care receives. The amount allocated on behalf for the year ended June 30, 2013 is estimated by TRS at \$164,537.

**H. Prior Period Adjustment**

As a result of the implementation of GASB Statement number 65, an adjustment has been made to write off all unamortized bond issuance costs from previous years in the amount of \$1,668,541. An adjustment has also been made to the prior year fund balance in the amount of \$2,113,784 to correct prior year's State Foundation Aid. It appears that the revenue recorded related to State Foundation Aid was not properly estimated.

**I. Extraordinary Item**

Insurance proceeds were received this year totaling \$2,088,138 as a result of storm related property damage.

**NOTE 6 EVALUATION OF SUBSEQUENT EVENTS**

The District has evaluated subsequent events through August 28, 2013, the date which the financial statements were available to be issued.

**REQUIRED SUPPLEMENTARY INFORMATION**

CEDAR HILL INDEPENDENT SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE YEAR ENDED JUNE 30, 2013

Data Control Codes	Budgeted Amounts		Actual Amounts (GAAP BASIS)	Variance With Final Budget Positive or (Negative)	
	Original	Final			
<b>REVENUES:</b>					
5700	Total Local and Intermediate Sources	\$ 27,430,000	\$ 27,430,000	\$ 26,698,753	\$ (731,247)
5800	State Program Revenues	29,235,737	29,235,737	28,268,667	(967,070)
5900	Federal Program Revenues	421,000	421,000	284,138	(136,862)
5020	Total Revenues	57,086,737	57,086,737	55,251,558	(1,835,179)
<b>EXPENDITURES:</b>					
Current:					
0011	Instruction	32,142,736	33,091,520	32,961,301	130,219
0012	Instructional Resources and Media Services	855,408	785,004	737,155	47,849
0013	Curriculum and Instructional Staff Development	433,062	289,762	219,175	70,587
0021	Instructional Leadership	540,347	707,347	641,201	66,146
0023	School Leadership	3,661,336	3,943,756	3,907,276	36,480
0031	Guidance, Counseling and Evaluation Services	2,422,763	2,578,263	2,537,552	40,711
0032	Social Work Services	65,000	65,000	62,106	2,894
0033	Health Services	700,981	710,981	697,217	13,764
0034	Student (Pupil) Transportation	1,409,427	1,409,427	1,396,829	12,598
0036	Extracurricular Activities	1,880,652	1,940,652	1,929,798	10,854
0041	General Administration	2,153,928	2,245,928	2,236,312	9,616
0051	Facilities Maintenance and Operations	8,125,669	7,725,669	7,260,820	464,849
0052	Security and Monitoring Services	1,048,434	1,258,434	1,193,008	65,426
0053	Data Processing Services	1,001,476	1,066,476	1,056,592	9,884
0061	Community Services	192,230	212,230	160,329	51,901
Intergovernmental:					
0093	Payments to Fiscal Agent/Member Districts of SSA	15,000	-	-	-
0095	Payments to Juvenile Justice Alternative Ed. Prg.	150,000	40,000	39,558	442
0097	Payments to Tax Increment Fund	123,000	83,000	80,031	2,969
0099	Other Intergovernmental Charges	160,000	148,000	147,325	675
6030	Total Expenditures	57,081,449	58,301,449	57,263,585	1,037,864
<b>EXTRAORDINARY ITEMS:</b>					
7919	Extraordinary Item - Resource	-	-	2,088,138	2,088,138
1200	Net Change in Fund Balances	5,288	(1,214,712)	76,111	1,290,823
0100	Fund Balance - July 1 (Beginning)	14,997,421	14,997,421	14,997,421	-
1300	Prior Period Adjustment	-	-	(2,101,871)	(2,101,871)
3000	Fund Balance - June 30 (Ending)	\$ 15,002,709	\$ 13,782,709	\$ 12,971,661	\$ (811,048)

## **COMBINING STATEMENTS**

CEDAR HILL INDEPENDENT SCHOOL DISTRICT  
 COMBINING BALANCE SHEET  
 NONMAJOR GOVERNMENTAL FUNDS  
 JUNE 30, 2013

Data Control Codes	211 ESEA I, A Improving Basic Program	224 IDEA - Part B Formula	225 IDEA - Part B Preschool	240 National Breakfast and Lunch Program	
<b>ASSETS</b>					
1110	Cash and Cash Equivalents	\$ -	\$ -	\$ -	\$ 275,087
1240	Receivables from Other Governments	150,955	245,322	8,516	81,361
1290	Other Receivables	-	-	-	126,295
1410	Prepayments	-	-	-	15,500
1000	Total Assets	<u>\$ 150,955</u>	<u>\$ 245,322</u>	<u>\$ 8,516</u>	<u>\$ 498,243</u>
<b>LIABILITIES</b>					
2110	Accounts Payable	\$ 76,136	\$ 125,990	\$ 4,790	\$ 61,024
2150	Payroll Deductions and Withholdings Payable	1,354	2,126	66	-
2160	Accrued Wages Payable	73,465	117,206	3,660	6,149
2000	Total Liabilities	<u>150,955</u>	<u>245,322</u>	<u>8,516</u>	<u>67,173</u>
<b>FUNDBALANCES</b>					
Nonspendable Fund Balance:					
3430	Prepaid Items	-	-	-	15,500
Restricted Fund Balance:					
3450	Federal or State Funds Grant Restriction	-	-	-	415,570
Assigned Fund Balance:					
3590	Other Assigned Fund Balance	-	-	-	-
3000	Total Fund Balances	<u>-</u>	<u>-</u>	<u>-</u>	<u>431,070</u>
4000	Total Liabilities and Fund Balances	<u>\$ 150,955</u>	<u>\$ 245,322</u>	<u>\$ 8,516</u>	<u>\$ 498,243</u>



244 Career and Technical - Basic Grant	255 ESEA II,A Training and Recruiting	263 Title III, A English Lang. Acquisition	289 Other Federal Special Revenue Funds	379 Other Federal SSA Special Revenue Funds	397 Advanced Placement Incentives	404 Student Success Initiative	410 State Textbook Fund
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 5,169
8,373	42,175	12,209	-	6,779	-	3,722	398,057
-	-	-	-	-	-	-	-
3,253	-	-	-	-	-	-	-
<u>\$ 11,626</u>	<u>\$ 42,175</u>	<u>\$ 12,209</u>	<u>\$ -</u>	<u>\$ 6,779</u>	<u>\$ -</u>	<u>\$ 3,722</u>	<u>\$ 403,226</u>
\$ 11,626	\$ 41,410	\$ 12,209	\$ -	\$ 6,779	\$ -	\$ 3,722	\$ -
-	-	-	-	-	-	-	-
-	765	-	-	-	-	-	-
<u>11,626</u>	<u>42,175</u>	<u>12,209</u>	<u>-</u>	<u>6,779</u>	<u>-</u>	<u>3,722</u>	<u>-</u>
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	403,226
-	-	-	-	-	-	-	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>403,226</u>
<u>\$ 11,626</u>	<u>\$ 42,175</u>	<u>\$ 12,209</u>	<u>\$ -</u>	<u>\$ 6,779</u>	<u>\$ -</u>	<u>\$ 3,722</u>	<u>\$ 403,226</u>

CEDAR HILL INDEPENDENT SCHOOL DISTRICT  
 COMBINING BALANCE SHEET  
 NONMAJOR GOVERNMENTAL FUNDS  
 JUNE 30, 2013

Data Control Codes	411 Technology Allotment	415 Kindergarten and Pre-K Grants	429 Other State Special Revenue Funds	459 Other SSA Special Revenue Funds
<b>ASSETS</b>				
1110 Cash and Cash Equivalents	\$ -	\$ -	\$ -	\$ -
1240 Receivables from Other Governments	29,461	-	-	-
1290 Other Receivables	-	-	-	-
1410 Prepayments	-	-	-	-
1000 Total Assets	<u>\$ 29,461</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<b>LIABILITIES</b>				
2110 Accounts Payable	\$ 29,461	\$ -	\$ -	\$ -
2150 Payroll Deductions and Withholdings Payable	-	-	-	-
2160 Accrued Wages Payable	-	-	-	-
2000 Total Liabilities	<u>29,461</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>FUNDBALANCES</b>				
Nonspendable Fund Balance:				
3430 Prepaid Items	-	-	-	-
Restricted Fund Balance:				
3450 Federal or State Funds Grant Restriction	-	-	-	-
Assigned Fund Balance:				
3590 Other Assigned Fund Balance	-	-	-	-
3000 Total Fund Balances	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
4000 Total Liabilities and Fund Balances	<u>\$ 29,461</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

461 Campus Activity Funds	499 Other Local Special Revenue Funds	Total Nonmajor Governmental Funds
\$ 242,472	\$ -	\$ 522,728
-	-	986,930
-	-	126,295
-	-	18,753
<u>\$ 242,472</u>	<u>\$ -</u>	<u>\$ 1,654,706</u>
\$ -	\$ -	\$ 373,147
-	-	3,546
-	-	201,245
<u>-</u>	<u>-</u>	<u>577,938</u>
-	-	15,500
-	-	818,796
242,472	-	242,472
<u>242,472</u>	<u>-</u>	<u>1,076,768</u>
<u>\$ 242,472</u>	<u>\$ -</u>	<u>\$ 1,654,706</u>

CEDAR HILL INDEPENDENT SCHOOL DISTRICT  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN  
 FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS  
 FOR THE YEAR ENDED JUNE 30, 2013

Data Control Codes	211 ESEA I, A Improving Basic Program	224 IDEA - Part B Formula	225 IDEA - Part B Preschool	240 National Breakfast and Lunch Program
<b>REVENUES:</b>				
5700 Total Local and Intermediate Sources	\$ -	\$ -	\$ -	\$ 726,649
5800 State Program Revenues	-	-	-	25,490
5900 Federal Program Revenues	790,664	1,175,671	26,302	3,491,251
5020 Total Revenues	<u>790,664</u>	<u>1,175,671</u>	<u>26,302</u>	<u>4,243,390</u>
<b>EXPENDITURES:</b>				
<b>Current:</b>				
0011 Instruction	661,275	990,949	26,302	-
0012 Instructional Resources and Media Services	-	-	-	-
0013 Curriculum and Instructional Staff Development	99,940	2,267	-	-
0021 Instructional Leadership	9,295	250	-	-
0023 School Leadership	-	-	-	-
0031 Guidance, Counseling and Evaluation Services	-	32,584	-	-
0033 Health Services	-	-	-	-
0034 Student (Pupil) Transportation	-	100,006	-	-
0035 Food Services	-	-	-	4,212,723
0053 Data Processing Services	-	-	-	-
0061 Community Services	20,154	-	-	-
<b>Intergovernmental:</b>				
0093 Payments to Fiscal Agent/Member Districts of SSA	-	49,615	-	-
6030 Total Expenditures	<u>790,664</u>	<u>1,175,671</u>	<u>26,302</u>	<u>4,212,723</u>
1200 Net Change in Fund Balance	-	-	-	30,667
0100 Fund Balance - July 1 (Beginning)	-	-	-	400,403
1300 Prior Period Adjustment	-	-	-	-
3000 Fund Balance - June 30 (Ending)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 431,070</u>

244 Career and Technical - Basic Grant	255 ESEA II,A Training and Recruiting	263 Title III, A English Lang. Acquisition	289 Other Federal Special Revenue Funds	379 Other Federal SSA Special Revenue Funds	397 Advanced Placement Incentives	404 Student Success Initiative	410 State Textbook Fund
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	8,779	6,550	37,218	423,412
63,228	83,758	25,732	2,231	-	-	-	-
<u>63,228</u>	<u>83,758</u>	<u>25,732</u>	<u>2,231</u>	<u>8,779</u>	<u>6,550</u>	<u>37,218</u>	<u>423,412</u>
63,228	48,528	16,123	2,231	-	-	37,218	20,186
-	-	-	-	-	-	-	-
-	17,985	9,609	-	-	6,550	-	-
-	1,444	-	-	-	-	-	-
-	14,860	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	941	-	-	-	-	-	-
-	-	-	-	8,779	-	-	-
-	-	-	-	-	-	-	-
<u>63,228</u>	<u>83,758</u>	<u>25,732</u>	<u>2,231</u>	<u>8,779</u>	<u>6,550</u>	<u>37,218</u>	<u>20,186</u>
-	-	-	-	-	-	-	403,226
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 403,226</u>

CEDAR HILL INDEPENDENT SCHOOL DISTRICT  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN  
 FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS  
 FOR THE YEAR ENDED JUNE 30, 2013

Data Control Codes	411 Technology Allotment	415 Kindergarten and Pre-K Grants	429 Other State Special Revenue Funds	459 Other SSA Special Revenue Funds
<b>REVENUES:</b>				
5700 Total Local and Intermediate Sources	\$ -	\$ -	\$ -	\$ -
5800 State Program Revenues	59,846	-	29	-
5900 Federal Program Revenues	-	-	-	-
5020 Total Revenues	<u>59,846</u>	<u>-</u>	<u>29</u>	<u>-</u>
<b>EXPENDITURES:</b>				
<b>Current:</b>				
0011 Instruction	59,846	-	-	-
0012 Instructional Resources and Media Services	-	-	29	-
0013 Curriculum and Instructional Staff Development	-	-	-	-
0021 Instructional Leadership	-	-	-	-
0023 School Leadership	-	-	-	-
0031 Guidance, Counseling and Evaluation Services	-	-	-	-
0033 Health Services	-	-	-	-
0034 Student (Pupil) Transportation	-	-	-	-
0035 Food Services	-	-	-	-
0053 Data Processing Services	-	-	-	-
0061 Community Services	-	-	-	-
<b>Intergovernmental:</b>				
0093 Payments to Fiscal Agent/Member Districts of SSA	-	-	-	-
6030 Total Expenditures	<u>59,846</u>	<u>-</u>	<u>29</u>	<u>-</u>
1200 Net Change in Fund Balance	-	-	-	-
0100 Fund Balance - July 1 (Beginning)	-	371	-	11,478
1300 Prior Period Adjustment	-	(371)	-	(11,478)
3000 Fund Balance - June 30 (Ending)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

461 Campus Activity Funds	499 Other Local Special Revenue Funds	Total Nonmajor Governmental Funds
\$ 385,013	\$ -	\$ 1,111,662
-	-	561,324
-	-	5,658,837
<u>385,013</u>	<u>-</u>	<u>7,331,823</u>
340,064	-	2,265,950
24,916	-	24,945
-	-	136,351
-	-	10,989
-	-	14,860
-	-	32,584
320	-	320
-	-	100,006
-	-	4,212,723
-	-	941
-	-	28,933
-	-	49,615
<u>365,300</u>	<u>-</u>	<u>6,878,217</u>
19,713	-	453,606
222,759	64	635,075
-	(64)	(11,913)
<u>\$ 242,472</u>	<u>\$ -</u>	<u>\$ 1,076,768</u>

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**REQUIRED T.E.A. STATEMENTS**

CEDAR HILL INDEPENDENT SCHOOL DISTRICT  
SCHEDULE OF DELINQUENT TAXES RECEIVABLE  
FISCAL YEAR ENDED JUNE 30, 2013

Last 10 Years	(1)	(2)	(3)
	Tax Rates		Assessed/Appraised Value for School Tax Purposes
	Maintenance	Debt Service	
2004 and prior years	Various	Various	\$ Various
2005	1.500000	0.241300	2,128,604,261
2006	1.500000	0.348430	2,340,991,436
2007	1.370000	0.373300	2,560,483,910
2008	1.040000	0.360000	2,829,331,571
2009	1.040000	0.460000	2,902,967,662
2010	1.040000	0.360000	2,722,945,214
2011	1.040000	0.400000	2,582,617,083
2012	1.040000	0.400000	2,549,024,931
2013 (School year under audit)	1.040000	0.400000	2,511,815,764
1000	TOTALS		
9000	Portion of Row 1000 for Taxes Paid into Tax Increment Zone (See Footnote)		

(10) Beginning Balance 7/1/2012	(20) Current Year's Total Levy	(31) Maintenance Collections	(32) Debt Service Collections	(40) Entire Year's Adjustments	(50) Ending Balance 6/30/2013
\$ 116,418	\$ -	\$ 480	\$ 96	\$ (41,402)	\$ 74,440
27,903	-	2,673	430	(7,404)	17,396
42,679	-	2,340	544	(8,626)	31,169
53,414	-	5,142	1,401	(8,247)	38,624
58,924	-	7,049	2,440	(6,190)	43,245
135,246	-	17,827	7,885	(26,488)	83,046
184,825	-	36,086	12,491	(3,169)	133,079
298,171	-	83,956	32,291	(10,472)	171,452
781,267	-	296,806	114,156	(69,666)	300,639
-	36,170,147	25,608,251	9,849,756	(32,351)	679,789
<u>\$ 1,698,847</u>	<u>\$ 36,170,147</u>	<u>\$ 26,060,610</u>	<u>\$ 10,021,490</u>	<u>\$ (214,015)</u>	<u>\$ 1,572,879</u>
		<u>\$ 80,031</u>			

CEDAR HILL INDEPENDENT SCHOOL DISTRICT  
 SCHEDULE OF EXPENDITURES FOR COMPUTATIONS OF INDIRECT COST FOR 2014-2015  
 GENERAL AND SPECIAL REVENUE FUNDS  
 FOR THE YEAR ENDED JUNE 30, 2013

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

Account Number	Account Name	1	2	3	4	5	6	7
		(702) School Board	(703) Tax Collections	(701) Supt's Office	(750) Indirect Cost	(720) Direct Cost	(other) Miscellaneous	Total
611X-6146	PAYROLL COSTS	\$ -	\$ -	\$ 360,367	\$ 1,122,013	\$ -	\$ -	\$ 1,482,380
6149	Leave for Separating Employees in Fn 41 & 53	-	-	-	-	-	-	-
6149	Leave - Separating Employees not in 41 & 53	-	-	-	-	-	-	-
6211	Legal Services	-	-	245,674	-	-	-	245,674
6212	Audit Services	-	-	-	35,445	-	-	35,445
6213	Tax Appraisal/Collection - Appraisal in Fn 99	-	24,923	-	-	-	-	24,923
6214	Lobbying	-	-	-	-	-	-	-
621X	Other Professional Services	11,750	-	91,361	1,558	-	-	104,669
6220	Tuition and Transfer Payments	-	-	-	-	-	-	-
6230	Education Service Centers	-	-	18,170	10,412	-	-	28,582
6240	Contr. Maint. and Repair	-	-	-	-	-	-	-
6250	Utilities	-	-	-	-	-	-	-
6260	Rentals	-	-	-	9,808	-	-	9,808
6290	Miscellaneous Contr.	3,138	-	35,122	8,700	-	-	46,960
6320	Textbooks and Reading	-	-	-	2,120	-	-	2,120
6330	Testing Materials	-	-	-	-	-	-	-
63XX	Other Supplies Materials	1,123	-	811	58,722	-	-	60,656
6410	Travel, Subsistence, Stipends	24,293	-	30,961	27,951	-	-	83,205
6420	Ins. and Bonding Costs	-	-	-	-	-	-	-
6430	Election Costs	35,263	-	-	-	-	-	35,263
6490	Miscellaneous Operating	30,884	-	12,739	33,004	-	-	76,627
6500	Debt Service	-	-	-	-	-	-	-
6600	Capital Outlay	-	-	-	-	-	-	-
6000	<b>TOTAL</b>	<b>\$ 106,451</b>	<b>\$ 24,923</b>	<b>\$ 795,205</b>	<b>\$ 1,309,733</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 2,236,312</b>

Total expenditures/expenses for General and Special Revenue Funds: (9) \$ 64,141,368

LESS: Deductions of Unallowable Costs

FISCAL YEAR

Total Capital Outlay (6600)	(10)	\$ 243,447
Total Debt & Lease(6500)	(11)	-
Plant Maintenance (Function 51, 6100-6400)	(12)	7,239,446
Food (Function 35, 6341 and 6499)	(13)	-
Stipends (6413)	(14)	4,100
Column 4 (above) - Total Indirect Cost		<u>1,309,733</u>

SubTotal: 8,796,726

Net Allowed Direct Cost \$ 55,344,641

CUMULATIVE

Total Cost of Buildings before Depreciation (1520)	(15)	\$ 126,280,299
Historical Cost of Building over 50 years old	(16)	\$ 1,342,036
Amount of Federal Money in Building Cost (Net of #16)	(17)	\$ -
Total Cost of Furniture & Equipment before Depreciation (1530 & 1540)	(18)	\$ 4,643,112
Historical Cost of Furniture & Equipment over 16 years old	(19)	\$ 842,356
Amount of Federal Money in Furniture & Equipment (Net of #19)	(20)	\$ 319,961

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

CEDAR HILL INDEPENDENT SCHOOL DISTRICT  
 BUDGETARY COMPARISON SCHEDULE  
 CHILD NUTRITION PROGRAM  
 FOR THE YEAR ENDED JUNE 30, 2013

Data Control Codes	Budgeted Amounts		Actual Amounts (GAAP BASIS)	Variance With Final Budget Positive or (Negative)
	Original	Final		
REVENUES:				
5700 Total Local and Intermediate Sources	\$ 889,484	\$ 789,484	\$ 726,649	\$ (62,835)
5800 State Program Revenues	28,500	28,500	25,490	(3,010)
5900 Federal Program Revenues	3,248,572	3,455,572	3,491,251	35,679
5020 Total Revenues	4,166,556	4,273,556	4,243,390	(30,166)
EXPENDITURES:				
0035 Food Services	4,166,556	4,273,556	4,212,723	60,833
6030 Total Expenditures	4,166,556	4,273,556	4,212,723	60,833
1200 Net Change in Fund Balances	-	-	30,667	30,667
0100 Fund Balance - July 1 (Beginning)	400,403	400,403	400,403	-
3000 Fund Balance - June 30 (Ending)	\$ 400,403	\$ 400,403	\$ 431,070	\$ 30,667

CEDAR HILL INDEPENDENT SCHOOL DISTRICT  
 BUDGETARY COMPARISON SCHEDULE  
 DEBT SERVICE FUND  
 FOR THE YEAR ENDED JUNE 30, 2013

Data Control Codes	Budgeted Amounts		Actual Amounts (GAAP BASIS)	Variance With Final Budget Positive or (Negative)	
	Original	Final			
<b>REVENUES:</b>					
5700	Total Local and Intermediate Sources	\$ 10,345,000	\$ 10,345,000	\$ 10,115,041	\$ (229,959)
5800	State Program Revenues	425,000	425,000	1,099,497	674,497
5020	Total Revenues	10,770,000	10,770,000	11,214,538	444,538
<b>EXPENDITURES:</b>					
Debt Service:					
0071	Principal on Long Term Debt	6,159,308	6,159,308	6,159,307	1
0072	Interest on Long Term Debt	6,565,692	6,565,692	6,551,629	14,063
0073	Bond Issuance Cost and Fees	-	-	145,819	(145,819)
6030	Total Expenditures	12,725,000	12,725,000	12,856,755	(131,755)
1100	Excess (Deficiency) of Revenues Over (Under) Expenditures	(1,955,000)	(1,955,000)	(1,642,217)	312,783
<b>OTHER FINANCING SOURCES (USES):</b>					
7911	Capital Related Debt Issued (Regular Bonds)	-	27,053,973	27,053,972	(1)
7916	Premium or Discount on Issuance of Bonds	-	11,619,233	11,406,129	(213,104)
8949	Other (Uses)	-	(38,673,206)	(38,314,283)	358,923
7080	Total Other Financing Sources (Uses)	-	-	145,818	145,818
1200	Net Change in Fund Balances	(1,955,000)	(1,955,000)	(1,496,399)	458,601
0100	Fund Balance - July 1 (Beginning)	10,704,102	10,704,102	10,704,102	-
3000	Fund Balance - June 30 (Ending)	\$ 8,749,102	\$ 8,749,102	\$ 9,207,703	\$ 458,601

**FEDERAL AWARDS SECTION**

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## 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*

Board of School Trustees  
Cedar Hill Independent School District  
PO Box 248  
Cedar Hill, Texas 75106

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, the business-type activities, each major fund, and the aggregate remaining fund information of Cedar Hill Independent School District, as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise Cedar Hill Independent School District's basic financial statements, and have issued our report thereon dated August 28, 2013.

### Internal Control Over Financial Reporting

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

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

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

### Compliance and Other Matters

As part of obtaining reasonable assurance about whether Cedar Hill Independent School District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts.

However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

**Purpose of this Report**

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

*Evans, Pingleton and Howard, PLLC*

Frisco, TX  
August 28, 2013

# EVANS, PINGLETON and HOWARD, PLLC

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

Board of School Trustees  
Cedar Hill Independent School District  
PO Box 248  
Cedar Hill, Texas 75106

### Report on Compliance for Each Major Federal Program

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

#### *Management's Responsibility*

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

#### *Auditor's Responsibility*

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

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

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

In our opinion, Cedar Hill Independent School District, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2013.

#### *Other Matters*

The results of our auditing procedures disclosed no instances of noncompliance, which are required to be reported in accordance with OMB Circular A-133.

## Report on Internal Control Over Compliance

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

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

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

*Evans, Pingleton and Howard, PLLC*

Frisco, TX  
August 28, 2013

**CEDAR HILL INDEPENDENT SCHOOL DISTRICT**  
**Schedule of Findings and Questioned Costs**  
**For Year Ended June 30, 2013**

<u>Program</u>	<u>Description</u>
Type of Report on Financial Statements	Unqualified
Control Deficiencies	None
Material Weaknesses Involving Control Deficiencies	None
Noncompliance Material to the Financial Statements	None
Type of Report on Compliance with Major Programs	Unqualified Opinion
Findings and Questioned Costs for Federal Awards as Defined in Section.510(a), OMB Circular A-133	None
Dollar Threshold Considered Between Type A and Type B Federal Programs	\$300,000
Low Risk Auditee Statements	The District was classified as a low risk Auditee in the context of OMB Circular A-133.
Major Federal Program	National School Breakfast and Lunch Programs 10.555 ESEA, Title I, Part A 84.010A IDEA, Part B, Formula 84.027
Pass-through Entity	Texas Education Agency

**CEDAR HILL INDEPENDENT SCHOOL DISTRICT**  
Schedule of Corrective Action Plan  
For Year Ended June 30, 2013

**Program**

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**District Response**

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-NONE-

**CEDAR HILL INDEPENDENT SCHOOL DISTRICT**

Schedule of Status of Prior Findings

For Year Ended June 30, 2013

<b>Program</b> <hr/>	<b>Status of Prior Year's Finding/ Noncompliance</b> <hr/>
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-NONE-

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

(1)	(2)	(3)	(4)
FEDERAL GRANTOR/ PASS-THROUGH GRANTOR/ PROGRAM or CLUSTER TITLE	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
<b>U.S. DEPARTMENT OF EDUCATION</b>			
<u>Passed Through State Department of Education</u>			
*ESEA, Title I, Part A - Improving Basic Programs	84.010A	12610101057904	\$ 24,928
*ESEA, Title I, Part A - Improving Basic Programs	84.010A	13610101057904	765,736
Total CFDA Number 84.010A			790,664
Total Title I, Part A Cluster			790,664
*IDEA - Part B, Formula	84.027	12660001057904	43,291
*IDEA - Part B, Formula	84.027	13660001057904	1,132,380
Total CFDA Number 84.027			1,175,671
*IDEA - Part B, Preschool	84.173	13661001057904	26,302
Total Special Education Cluster (IDEA)			1,201,973
Career and Technical - Basic Grant	84.048	13420006057904	63,228
Title III, Part A - English Language Acquisition	84.365A	13671001057904	25,732
ESEA, Title II, Part A, Teacher/Principal Training	84.367A	13694501057904	83,758
Summer School LEP	84.369A	13955050257904	2,231
Total Passed Through State Department of Education			\$ 2,167,586
<b>TOTAL DEPARTMENT OF EDUCATION</b>			<b>\$ 2,167,586</b>
<b>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</b>			
<u>Passed Through Texas Dept of Human Services</u>			
Medicaid Administrative Claiming Program - MAC	93.778		\$ 30,074
Total Passed Through Texas Dept of Human Services			\$ 30,074
<b>TOTAL DEPARTMENT OF HEALTH AND HUMAN SERVICES</b>			<b>\$ 30,074</b>
<b>U.S. DEPARTMENT OF AGRICULTURE</b>			
<u>Passed Through Texas Department of Human Services</u>			
Donated Commodities	10.550		\$ 258,551
Total Passed Through Texas Department of Human Services			\$ 258,551
<u>Passed Through the State Department of Agriculture</u>			
National School Breakfast & Lunch Program	10.555		\$ 3,232,700
Total Passed Through the State Department of Agriculture			\$ 3,232,700
<b>TOTAL DEPARTMENT OF AGRICULTURE</b>			<b>\$ 3,491,251</b>
<b>TOTAL EXPENDITURES OF FEDERAL AWARDS</b>			<b>\$ 5,688,911</b>

Note1: School Health and Related Services reimbursements of \$158,233 and Junior Officer Training reimbursements of \$95,831 are recorded as federal program revenue in the general fund, but are not considered federal awards for the purpose of this schedule



**CEDAR HILL INDEPENDENT SCHOOL DISTRICT**  
**Notes to Schedule of Expenditures of Federal Awards**  
**For Year Ended June 30, 2013**

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

The modified accrual basis of accounting is used for the Governmental Fund types. This basis of accounting recognizes revenues in the accounting period in which they become susceptible to accrual, i.e., both measurable and available, and expenditures in the accounting period in which the fund liability is incurred.

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

3. The period of availability for federal grant funds for the purpose of liquidation of outstanding obligations made on or before the ending date of the federal project period extended 30 days beyond the federal project period ending date, in accordance with provisions of Section H, Period of Availability of Federal Funds, Part 3, OMB Circular A-133 Compliance Statement - Provisional 6/97.
4. The District participates in numerous Federal grant programs that 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, in any, refunds of any money received may be required and the collectability of any related receivable at June 30, 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 provisions have been recorded in the accompanying financial statements for such contingencies.