

RIVIERA INDEPENDENT SCHOOL DISTRICT

ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED AUGUST 31, 2013

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RIVIERA INDEPENDENT SCHOOL DISTRICT
ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED AUGUST 31, 2013

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CERTIFICATE OF BOARD

Riviera Independent School District
Name of School District

Kleberg
County

137-903
Co.-Dist. Number

We, the undersigned, certify that the attached auditor's reports of the above named school district were reviewed and ___approved
- ___disapproved for the year ended August 31, 2013, at a meeting of the board of school trustees of such school district on the
___ day of _____, 2014.

Signature of Board Secretary

Signature of Board President

If the auditor's reports were checked above as disapproved, the reason(s) therefore is/are (attach list if necessary):

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Independent Auditor's Report

UNMODIFIED OPINION ON BASIC FINANCIAL STATEMENTS ACCOMPANIED BY REQUIRED SUPPLEMENTARY INFORMATION AND OTHER INFORMATION - STATE OR LOCAL GOVERNMENTAL ENTITY

Board of Trustees
Riviera Independent School District
203 Seahawk Drive
Riviera, Texas 78379

Report on the Financial Statements

I have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information for Riviera Independent School District (the "District") as of and for the year ended August 31, 2013, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. 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. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinions.

Opinions

In my 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, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Riviera Independent School District as of August 31, 2013, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

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 schedule for the general fund as listed in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. I have applied certain limited procedure 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 my inquiries, the basic financial statements, and other knowledge I obtained during my audit of the basic financial statements. I do not express an opinion or provide any assurance on the information because the limited procedures do not provide me with sufficient evidence to express an opinion or provide any assurance.

Other Information

My audit was made for the purpose of forming an opinion on the financial statements that collectively comprise the District's basic financial statements. The combining and individual nonmajor fund financial statements and the TEA required schedules listed in the table of contents 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 and the TEA required schedules 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 my opinion, the combining and individual nonmajor fund financial statements and the TEA required schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole. The combining and individual nonmajor fund financial statements and the TEA required schedules have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, I do not express an opinion or provide any assurance on them.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, I have also issued my report dated January 10, 2014, on my consideration of the District's internal control over financial reporting and on my tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of my testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Cameron L. Gulley
Certified Public Accountant

January 10, 2014

Riviera I. S. D.

203 Seahawk Drive Riviera, TX 78379-3500
Phone 361-296-3101 Fax 361-296-3108

Kaufer High School
361-296-3607

De La Paz Middle School
361-296-3610

Nanny Elementary
361-296-3603

MANAGEMENT'S DISCUSSION AND ANALYSIS

In this section of the Annual Financial and Compliance Report, we, the managers of Riviera Independent School District, discuss and analyze the District's financial performance for the fiscal year ended August 31, 2013. Please read it in conjunction with the independent auditor's report on page 2 and the District's Basic Financial Statements which begin on page 10.

USING THIS ANNUAL REPORT

This annual report consists of a series of financial statements. The government-wide financial statements include the Statement of Net Position and the Statement of Activities (on pages 10 and 11). These provide information about the activities of the District as a whole and present a longer-term view of the District's property and debt obligations and other financial matters. They reflect the flow of total economic resources in a manner similar to the financial reports of a business enterprise.

Fund financial statements (starting on page 12) report the District's operations in more detail than the government-wide statements by providing information about the District's most significant funds. For governmental activities, these statements tell how services were financed in the short term as well as what resources remain for future spending. They reflect the flow of current financial resources and supply the basis for tax levies and the appropriations budget. For proprietary activities, fund financial statements tell how goods or services of the District were sold to departments within the District or to external customers and how the sales revenues covered the expenses of the goods or services. The remaining statements, fiduciary statements, provide financial information about activities for which the District acts solely as a trustee or agent for the benefit of those outside of the District.

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

The combining statements for nonmajor funds contain even more information about the District's individual funds. These are not required by TEA. The sections labeled TEA Required Schedules and Federal Awards Section contain data used by monitoring or regulatory agencies for assurance that the District is using funds supplied in compliance with the terms of grants.

Reporting the District as a Whole

The Statement of Net Position and the Statement of Activities

The analysis of the District's overall financial condition and operations begins on page 5. Its primary purpose is to show whether the District is better off or worse off as a result of the year's activities. The Statement of Net Position includes all the District's assets and liabilities at the end of the year while the Statement of Activities includes all the revenues and expenses generated by the District's operations during the year. These apply the accrual basis of accounting which is the basis used by private sector companies.

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

These two statements report the District's net position and changes in them. The District's net position (the difference between assets and liabilities) provide one measure of the District's financial health, or financial position. Over time, increases or decreases in the District's net position are one indicator of whether its financial health is improving or deteriorating. To fully

assess the overall health of the District, however, you should consider nonfinancial factors as well, such as changes in the District's average daily attendance or its property tax base and the condition of the District's facilities.

In the Statement of Net Position and the Statement of Activities, we divide the District into one activity:

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

Reporting the District's Most Significant Funds

Fund Financial Statements

The fund financial statements begin on page 12 and provide detailed information about the most significant funds - not the District as a whole. Laws and contracts require the District to establish some funds, such as grants received under the No Child Left Behind Act from the U.S. Department of Education. The District's administration establishes many other funds to help it control and manage money for particular purposes (like campus activities). The District's two kinds of funds - governmental and proprietary - use different accounting approaches.

Governmental funds - Most of the District's basic services are reported in governmental funds. These use the modified accrual accounting (a method that measures the receipt and disbursement of cash and all other financial assets that can be readily converted to cash) and report balances that are available for future spending. The governmental fund statements provide a detailed short-term view of the District's general operations and the basic services it provides. We describe the differences between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds in reconciliation schedules following each of the fund financial statements.

Proprietary funds - the District reports the activities for which it charges users (whether outside customers or other units of the District) in proprietary funds using the same accounting methods employed in the Statement of Net Position and the Statement of Activities. In fact, the District's enterprise funds (one category of proprietary funds) are the business-type activities reported in the government-wide statements but containing more detail and additional information, such as cash flows. The internal service funds (the other category of proprietary funds) report activities that provide supplies and services for the District's other programs and activities - such as the District's self-insurance program.

The District as Trustee

Reporting the District's Fiduciary Responsibilities

The District is the trustee, or fiduciary, for money raised by student activities. All of the District's fiduciary activities are reported in a separate Statements of Fiduciary Net Position on page 19. We exclude these resources from the District's other financial statements because the District cannot use these assets to finance its operations. The District is only responsible for ensuring that the assets reported in these funds are used for their intended purposes.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

The following analyses of comparative balances and changes therein is inclusive of the current year's and prior year's operations. Our analysis focuses on the net position (Table I) and changes in net position (Table II) of the District's governmental activities.

Total net position of the District's governmental activities decreased from \$8,632,345 to \$8,374,901. Unrestricted net position - the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation, or other legal requirements - decreased from \$2,386,276 to \$2,160,224 at August 31, 2013 due to current year operations. Current assets (which consists primarily of cash and receivables from the state) decreased by \$576,354 primarily as a result of decreases in cash of approximately \$762,000 offset by increases in state receivables of \$183,000. Capital assets decreased by \$232,038 as a result of current year depreciation expense in excess of asset additions. Long-term liabilities decreased by \$191,403 due to the complete liquidation of a capital lease liability during the year. Other liabilities decreased by \$359,545 due to a decrease in unearned revenue related to liquidation of prior year state foundation overpayments.

Table I
Riviera Independent School District
Net Position

	Governmental Activities 2013	Governmental Activities 2012	Variance Increase/ (Decrease)
Current and other assets	\$ 3,262,211	\$ 3,838,565	\$ (576,354)
Capital assets	5,281,660	5,513,698	(232,038)
Total assets	8,543,871	9,352,263	(808,392)
Long-term liabilities	0	191,403	(191,403)
Other liabilities	168,970	528,515	(359,545)
Total liabilities	168,970	719,918	(550,948)
Net position:			
Invested in capital assets net of related debt	5,281,660	5,312,765	(31,105)
Restricted for capital projects and food service	933,017	933,304	(287)
Unrestricted	2,160,224	2,386,276	(226,052)
Total net position	\$ 8,374,901	\$ 8,632,345	\$ (257,444)

Table II
Riviera Independent School District
Changes in Net Position

	Governmental Activities 2013	Governmental Activities 2012	Variance Favorable/ (Unfavorable)
Revenues:			
Program Revenues:			
Charges for services	\$ 259,846	\$ 383,784	\$ (123,938)
Operating grants and contributions	691,297	778,295	(86,998)
General Revenues:			
Maintenance and operations taxes	2,588,202	2,937,377	(349,175)
State aid - formula grants	1,684,383	1,776,453	(92,070)
Investment earnings	2,752	2,865	(113)
Miscellaneous	70,574	0	70,574
Total Revenues	5,297,054	5,878,774	(581,720)

Table II - Continued
Riviera Independent School District
Changes in Net Position

	Governmental Activities 2013	Governmental Activities 2012	Variance Favorable/ (Unfavorable)
Expenses:			
Instruction, curriculum and media services	3,032,542	2,877,737	(154,805)
Instructional and school leadership	268,790	281,841	13,051
Student support services	393,153	389,987	(3,166)
Child nutrition	296,423	306,454	10,031
Extracurricular activities	363,146	344,392	(18,754)
General administration and intergovernmental charges	389,947	428,863	38,916
Plant maintenance, security & data processing	803,511	853,660	50,149
Debt service	6,986	9,986	3,000
Total Expenses	5,554,498	5,492,920	(61,578)
Increase in Net Position	(257,444)	385,854	(643,298)
Net Position - beginning of year	8,832,345	8,246,491	385,854
Prior period adjustment	0	0	0
Net Position - end of year	\$ 8,374,901	\$ 8,632,345	\$ (257,444)

The District's total revenues decreased by \$581,720. Charges for services decreased by \$123,938 due to reduced revenue for services to other districts. Operating grants and contributions decreased by \$86,998 due to current year grant activity which was significantly less than in the previous year (due to ending of the ARRA stimulus grant program last year). Property tax revenues were down by \$349,175 due to a 12% drop in taxable values for the year. State aid revenues were down by over 5% due to a state-wide funding cuts.

Total expenses of the District increased by \$61,578 from the previous year. Decreases in instructional leadership, child nutrition, general administration, and plant maintenance were due to payroll-related expense reductions. Instructional expenses were higher due to payroll cost increases and instructional consulting services. Extracurricular activities were also higher due to increased payroll costs for the year.

THE DISTRICT'S FUNDS

As the District completed the year, its governmental funds (as presented in the balance sheet on page 12) reported a combined fund balance of \$2,915,558, a decrease of \$227,890 from last year's fund balance of \$3,143,448. The primary reasons parallel the items described in the previous section plus depreciation and capital asset (and related long-term debt) activity not recorded on the fund-level financial statements.

Over the course of the year, the Board of Trustees revised the District's budget only a few times. The most significant amendments were for additional instructional expenses related to \$60,000 more salaries and \$15,000 for dual credit course expenses.

The District's General Fund balance of \$2,915,558 reported on pages 14 and 33 differs from the General Fund's budgetary fund balance of \$2,987,749 reported in the budgetary comparison schedule on page 33. This is principally due to actual revenues (particularly state aid revenues and property taxes) being less than budgeted.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At the end of fiscal year 2013, the District had \$12,112,002 invested in a broad range of capital assets including facilities and equipment for instruction, transportation, athletics, administration, and maintenance. This amount represents an increase of \$95,086 from last fiscal year. The following additions were made during the year:

Campus file servers (2)	\$ 23,529
Electronic school marquee	38,632
2013 Chevrolet suburban	32,925
Total Asset Additions	\$ 95,086

Debt

At year-end, the District had no outstanding long-term debt. During the year, the District fully retired the outstanding debt carried over from the prior year totaling \$191,403.

ECONOMIC FACTORS AND NEXT YEAR’S BUDGETS AND RATES

The District should remain financially strong during the 2013-14 fiscal year. Budgeted revenues for the year are \$4.95 million and expenditures are budgeted at \$5.13 million. Tax revenues continue to decline but should be offset by increased state funding. The tax rate adopted by the board of trustees was set at \$1.04 (the same rate that was adopted for the 2012-13 fiscal year). The District’s projected fund balance at the end of the 2013-14 fiscal year will approximate \$2.7 million.

CONTACTING THE DISTRICT’S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors a general overview of the District’s finances and to show the District’s accountability for the money it receives. If you have any questions about this report or need additional financial information, contact the District’s business office at: Riviera Independent School District, 203 Seahawk Drive, Riviera, Texas 78379; (361) 296-3101.

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BASIC FINANCIAL STATEMENTS

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RIVIERA INDEPENDENT SCHOOL DISTRICT
STATEMENT OF NET POSITION
AUGUST 31, 2013

Data Control Codes	Primary Government
	Governmental Activities
ASSETS	
1110 Cash and Cash Equivalents	\$ 1,370,302
1120 Current Investments	1,559,366
1220 Property Taxes Receivable (Delinquent)	170,393
1230 Allowance for Uncollectible Taxes	(113,063)
1240 Due from Other Governments	250,138
1490 Other Current Assets	25,075
Capital Assets:	
1510 Land	405,607
1520 Buildings, Net	4,108,243
1530 Furniture and Equipment, Net	767,810
1000 Total Assets	8,543,871
LIABILITIES	
2110 Accounts Payable	19,350
2150 Payroll Deductions & Withholdings	5,619
2160 Accrued Wages Payable	138,841
2200 Accrued Expenses	3,478
2300 Unearned Revenue	1,682
2000 Total Liabilities	168,970
NET POSITION	
3200 Net Investment in Capital Assets	5,281,660
3860 Restricted for Capital Projects	933,017
3900 Unrestricted	2,160,224
3000 Total Net Position	\$ 8,374,901

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

RIVIERA INDEPENDENT SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED AUGUST 31, 2013

EXHIBIT B-1

Data Control Codes	1	Program Revenues		6
Codes	Expenses	3	4	6
Codes	Expenses	Charges for Services	Operating Grants and Contributions	Primary Gov. Governmental Activities
Primary Government:				
GOVERNMENTAL ACTIVITIES:				
11 Instruction	\$ 2,931,859	\$ 173,931	\$ 400,375	\$ (2,357,553)
12 Instructional Resources and Media Services	73,151	-	1,417	(71,734)
13 Curriculum and Staff Development	27,532	-	17,457	(10,075)
21 Instructional Leadership	10,476	-	159	(10,317)
23 School Leadership	258,314	-	14,920	(243,394)
31 Guidance, Counseling and Evaluation Services	99,831	-	4,298	(95,533)
33 Health Services	63,776	-	3,347	(60,429)
34 Student (Pupil) Transportation	229,546	-	6,931	(222,615)
35 Food Services	296,423	54,199	170,744	(71,480)
36 Extracurricular Activities	363,146	27,716	7,822	(327,608)
41 General Administration	327,024	-	14,512	(312,512)
51 Facilities Maintenance and Operations	688,250	4,000	47,656	(636,594)
52 Security and Monitoring Services	1,170	-	-	(1,170)
53 Data Processing Services	114,091	-	1,659	(112,432)
72 Debt Service - Interest on Long Term Debt	6,986	-	-	(6,986)
99 Other Intergovernmental Charges	62,923	-	-	(62,923)
[TP] TOTAL PRIMARY GOVERNMENT:	<u>\$ 5,554,498</u>	<u>\$ 259,846</u>	<u>\$ 691,297</u>	<u>\$ (4,603,355)</u>

Data Control Codes	General Revenues:	
	Taxes:	
MT	Property Taxes, Levied for General Purposes	2,588,202
SF	State Aid - Formula Grants	1,684,383
IE	Investment Earnings	2,752
MI	Miscellaneous Local and Intermediate Revenue	70,574
TR	Total General Revenues	<u>4,345,911</u>
CN	Change in Net Position	(257,444)
NB	Net Position - Beginning	<u>8,632,345</u>
NE	Net Position--Ending	<u>\$ 8,374,901</u>

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

RIVIERA INDEPENDENT SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
AUGUST 31, 2013

Data Control Codes	10 General Fund	Other Funds	Total Governmental Funds
ASSETS			
1110 Cash and Cash Equivalents	\$ 1,373,389	\$ (114,369)	\$ 1,259,020
1120 Investments - Current	1,538,220	-	1,538,220
1220 Property Taxes - Delinquent	170,393	-	170,393
1230 Allowance for Uncollectible Taxes (Credit)	(113,063)	-	(113,063)
1240 Receivables from Other Governments	116,057	134,081	250,138
1490 Other Current Assets	25,075	-	25,075
1000 Total Assets	<u>\$ 3,110,071</u>	<u>\$ 19,712</u>	<u>\$ 3,129,783</u>
LIABILITIES			
2110 Accounts Payable	\$ 7,275	\$ -	\$ 7,275
2150 Payroll Deductions and Withholdings Payable	5,619	-	5,619
2160 Accrued Wages Payable	121,967	16,874	138,841
2200 Accrued Expenditures	2,322	1,156	3,478
2300 Unearned Revenues	-	1,682	1,682
2000 Total Liabilities	<u>137,183</u>	<u>19,712</u>	<u>156,895</u>
DEFERRED INFLOWS OF RESOURCES			
2601 Unavailable Revenue - Property Taxes	57,330	-	57,330
2600 Total Inflows of Resources	<u>57,330</u>	<u>-</u>	<u>57,330</u>
FUND BALANCES			
Nonspendable Fund Balance:			
3430 Prepaid Items	25,075	-	25,075
Committed Fund Balance:			
3510 Construction	933,017	-	933,017
3600 Unassigned Fund Balance	1,957,466	-	1,957,466
3000 Total Fund Balances	<u>2,915,558</u>	<u>-</u>	<u>2,915,558</u>
4000 Total Liabilities, Deferred Inflows & Fund Balances	<u>\$ 3,110,071</u>	<u>\$ 19,712</u>	<u>\$ 3,129,783</u>

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

RIVIERA INDEPENDENT SCHOOL DISTRICT
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE
STATEMENT OF NET POSITION
AUGUST 31, 2013

Total Fund Balances - Governmental Funds	\$	2,915,558
1 The District uses internal service funds to charge the costs of certain activities, such as self-insurance and printing, to appropriate functions in other funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net position. The net effect of this consolidation is to increase(decrease) net position.		120,353
2 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 \$12,016,916 and the accumulated depreciation was \$6,503,218. In addition, long-term liabilities, including bonds payable, are not due and payable in the current period, and, therefore are not reported as liabilities in the funds. The net effect of including the beginning balances for capital assets (net of depreciation) and long-term debt in the governmental activities is to increase (decrease) net position.		5,322,295
3 Current year capital outlays and long-term debt principal payments are expenditures in the fund financial statements, but they should be shown as increases in capital assets and reductions in long-term debt in the government-wide financial statements. The net effect of including the 2013 capital outlays and debt principal payments is to increase (decrease) net position.		286,489
4 The 2013 depreciation expense increases accumulated depreciation. The net effect of the current year's depreciation is to decrease net position.		(327,124)
5 Various other reclassifications and eliminations are necessary to convert from the modified accrual basis of accounting to accrual basis of accounting. These include recognizing unavailable revenue from property taxes as revenue, eliminating interfund transactions and recognizing the liabilities associated with maturing long-term debt and interest. The net effect of these reclassifications and recognitions is to increase (decrease) net position.		57,330
19 Net Position of Governmental Activities	\$	8,374,901

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

RIVIERA INDEPENDENT SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED AUGUST 31, 2013

Data Control Codes	10 General Fund	Other Funds	Total Governmental Funds	
REVENUES:				
5700	Total Local and Intermediate Sources	\$ 2,878,724	\$ 89,263	\$ 2,967,987
5800	State Program Revenues	1,876,031	28,290	1,904,321
5900	Federal Program Revenues	-	432,527	432,527
5020	Total Revenues	<u>4,754,755</u>	<u>550,080</u>	<u>5,304,835</u>
EXPENDITURES:				
Current:				
0011	Instruction	2,529,217	272,618	2,801,835
0012	Instructional Resources and Media Services	70,387	-	70,387
0013	Curriculum and Instructional Staff Development	8,418	17,457	25,875
0021	Instructional Leadership	8,781	-	8,781
0023	School Leadership	250,571	-	250,571
0031	Guidance, Counseling and Evaluation Services	97,545	-	97,545
0033	Health Services	61,901	-	61,901
0034	Student (Pupil) Transportation	227,619	-	227,619
0035	Food Services	-	268,204	268,204
0036	Extracurricular Activities	306,177	-	306,177
0041	General Administration	321,569	-	321,569
0051	Facilities Maintenance and Operations	687,741	-	687,741
0052	Security and Monitoring Services	1,170	-	1,170
0053	Data Processing Services	132,508	-	132,508
Debt Service:				
0071	Principal on Long Term Debt	191,403	-	191,403
0072	Interest on Long Term Debt	16,516	-	16,516
Intergovernmental:				
0099	Other Intergovernmental Charges	62,923	-	62,923
6030	Total Expenditures	<u>4,974,446</u>	<u>558,279</u>	<u>5,532,725</u>
1100	Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(219,691)</u>	<u>(8,199)</u>	<u>(227,890)</u>
OTHER FINANCING SOURCES (USES):				
7915	Transfers In	-	7,912	7,912
8911	Transfers Out (Use)	(7,912)	-	(7,912)
7080	Total Other Financing Sources (Uses)	<u>(7,912)</u>	<u>7,912</u>	<u>-</u>
1200	Net Change in Fund Balances	(227,603)	(287)	(227,890)
0100	Fund Balance - September 1 (Beginning)	<u>3,143,161</u>	<u>287</u>	<u>3,143,448</u>
3000	Fund Balance - August 31 (Ending)	<u>\$ 2,915,558</u>	<u>\$ -</u>	<u>\$ 2,915,558</u>

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

RIVIERA 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 AUGUST 31, 2013

Total Net Change in Fund Balances - Governmental Funds	\$	(227,890)
The District uses internal service funds to charge the costs of certain activities, such as self-insurance and printing, to appropriate functions in other funds. The net income (loss) of internal service funds are reported with governmental activities. The net effect of this consolidation is to increase (decrease) net position.		9,354
Current year capital outlays and long-term debt principal payments are expenditures in the fund financial statements, but they should be shown as increases in capital assets and reductions in long-term debt in the government-wide financial statements. The net effect of removing the 2013 capital outlays and debt principal payments is to increase (decrease) net position.		286,489
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.		(327,124)
Various other reclassifications and eliminations are necessary to convert from the modified accrual basis of accounting to accrual basis of accounting. These include recognizing unavailable revenue from property taxes as revenue, adjusting current year revenue to show the revenue earned from the current year's tax levy, eliminating interfund transactions and recognizing the liabilities associated with maturing long-term debt and interest. The net effect of these reclassifications and recognitions is to increase (decrease) net position.		1,727
Change in Net Position of Governmental Activities	<u>\$</u>	<u>(257,444)</u>

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

RIVIERA INDEPENDENT SCHOOL DISTRICT
 STATEMENT OF NET POSITION
 PROPRIETARY FUNDS
 AUGUST 31, 2013

	Governmental Activities -
	Internal Service Fund
ASSETS	
Current Assets:	
Cash and Cash Equivalents	\$ 111,282
Investments - Current	21,146
Total Assets	<u>132,428</u>
LIABILITIES	
Current Liabilities:	
Accounts Payable	<u>12,075</u>
Total Liabilities	<u>12,075</u>
NET POSITION	
Unrestricted Net Assets	<u>\$ 120,353</u>
Total Net Position	<u><u>\$ 120,353</u></u>

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

RIVIERA INDEPENDENT SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED AUGUST 31, 2013

	Governmental Activities -
	Internal Service Fund
OPERATING REVENUES:	
Local and Intermediate Sources	\$ 33,887
Total Operating Revenues	33,887
OPERATING EXPENSES:	
Payroll Costs	24,555
Total Operating Expenses	24,555
Operating Income	9,332
NONOPERATING REVENUES (EXPENSES):	
Earnings from Temporary Deposits & Investments	22
Total Nonoperating Revenues (Expenses)	22
Change in Net Position	9,354
Total Net Position - September 1 (Beginning)	110,999
Total Net Position - August 31 (Ending)	\$ 120,353

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

RIVIERA INDEPENDENT SCHOOL DISTRICT
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED AUGUST 31, 2013

	Governmental Activities -
	Internal Service Fund
<u>Cash Flows from Operating Activities:</u>	
Cash Received from Assessments - Other Funds	\$ 33,886
Cash Payments for Insurance Claims	(26,928)
Net Cash Provided by Operating Activities	<u>6,958</u>
<u>Cash Flows from Investing Activities:</u>	
Purchase of Investment Securities	(22)
Interest and Dividends on Investments	22
Net Cash Provided by Investing Activities	<u>-</u>
Net Increase in Cash and Cash Equivalents	6,958
Cash and Cash Equivalents at Beginning of Year	<u>104,324</u>
Cash and Cash Equivalents at End of Year	<u><u>\$ 111,282</u></u>
<u>Reconciliation of Operating Income to Net Cash</u>	
<u>Provided by Operating Activities:</u>	
Operating Income:	\$ 9,332
Effect of Increases and Decreases in Current Assets and Liabilities:	
Increase (decrease) in Accounts Payable	(2,374)
Net Cash Provided by Operating Activities	<u><u>\$ 6,958</u></u>
<u>Reconciliation of Total Cash and Cash Equivalents:</u>	
Cash and Cash Equivalents on Balance Sheet	\$ 111,282
Pooled Cash and Cash Equivalents on Balance Sheet	-
Total Cash and Cash Equivalents	<u><u>\$ 111,282</u></u>

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

RIVIERA INDEPENDENT SCHOOL DISTRICT
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
AUGUST 31, 2013

	Agency Funds
<hr/>	
ASSETS	
Cash and Cash Equivalents	\$ 66,472
Total Assets	<u>\$ 66,472</u>
LIABILITIES	
Accounts Payable	\$ 5,374
Due to Student Groups	61,098
Total Liabilities	<u>\$ 66,472</u>

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

RIVIERA INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
AT AND FOR THE YEAR ENDED AUGUST 31, 2013

I. Summary of significant accounting policies

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

A. Reporting entity

The Board of School Trustees (the "Board"), a seven member group, has governance responsibilities over all activities related to public elementary and secondary education within the jurisdiction of Riviera Independent School District (the "District"). Because members of the Board are elected by the public; have the authority to make decisions, appoint administrators and managers, and significantly influence operations; and have the primary accountability for fiscal matters; the District is not included in any other governmental "reporting entity" as defined by Governmental Accounting Standards Board ("GASB"), Statement No. 14, "The Financial Reporting Entity." There are no component units included within the reporting entity.

B. Government-wide and fund financial statements

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

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

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

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

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. All other revenues and expenses are nonoperating.

C. Measurement focus, basis of accounting, and financial statement presentation

The government-wide financial statements use the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants

and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

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

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

Revenues from local sources consist primarily of property taxes. Property tax revenues and revenues received from the State are recognized under the susceptible-to-accrual concept. Miscellaneous revenues are recorded as revenue when received in cash because they are generally not measurable until actually received. Investment earnings are recorded as earned, since they are both measurable and available.

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 some times 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.

D. Fund accounting

The District reports the following major governmental funds:

1. **The General Fund** – The general fund is the District's primary operating fund. It accounts for all financial resources except those required to be accounted for in another fund.

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

Governmental Funds:

2. **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:

3. **Internal Service Funds** - Revenues and expenses related to services provided to organizations inside the District on a cost reimbursement basis are accounted for in an internal service fund. The District's internal service fund is the Worker's Comp fund.

Fiduciary Funds:

4. **Agency Funds** – The District accounts for resources held for others in a custodial capacity in agency funds. The District's Agency Funds are the "Riviera Student Activity Fund", the "Brookshire Scholarship Fund", the "Small School Academic Competition Fund." and the "Craig Kraatz Scholarship Fund."

E. Other accounting policies

1. For purposes of the statement of cash flows for proprietary and similar fund-types, the District considers highly liquid investments to be cash equivalents if they have a maturity of three months or less when purchased.
2. The District reports inventories of supplies at weighted average cost including consumable maintenance, instructional, office, athletic, and transportation items. Supplies are recorded as expenditures when they are consumed. Inventories of food commodities are recorded at market values supplied by the Texas Department of Human Services. Although commodities are received at no cost, their fair market value is supplied by the Texas Department of Human Services and recorded as inventory and deferred revenue when received. When requisitioned, inventory and deferred revenue are relieved, expenditures are charged, and revenue is recognized for an equal amount.
3. 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 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.

In the fund financial statements, governmental fund types recognized bond premiums and discounts 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.

4. The District's policy does not permit employees to accumulate unused vacation and sick pay benefits. Therefore, there is no liability for unpaid accumulated sick leave since the District does not have a policy to pay any amounts when employees separate from service with the government. All vacation pay is accrued when incurred in the government-wide, proprietary, and fiduciary fund financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements.
5. Capital assets, which include land, buildings, furniture and equipment are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the District as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed.

Buildings, furniture and equipment of the District is depreciated using the straight line method over the following estimated useful lives:

<u>Asset:</u>	<u>Years</u>
Buildings	20-70
Building Improvements	20-70
Vehicles	10
Equipment	3-15
Technology Equipment	5-15

6. Since Internal Service Funds support the operations of governmental funds, they are consolidated with the governmental funds in the government-wide financial statements. The expenditures of governmental funds that create the revenues of internal service funds are eliminated to avoid "grossing up" the revenues and expenses of the District as a whole.

7. Governmental fund balances are characterized into the following categories:

Non-spendable fund balances include amounts that are not in spendable form (i.e. inventory or prepaid items) or amounts that are required to be maintained intact legally or contractually (i.e. principal in an endowment fund)

Restricted fund balances include amounts that can be spent only for the specific purposes stipulated by constitution, external resource providers, or through enabling legislation.

Committed fund balances include amounts that can be used only for the specific purposes determined by a formal action of the government's highest level of decision-making authority.

Assigned fund balances are intended to be used by the government for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the general fund, assigned fund balance represents the remaining amount that is not restricted or committed.

Unassigned fund balance is the residual classification for the government's general fund and includes all spendable amounts not contained in the other classifications. In other funds, the unassigned classification should be used only to report a deficit balance resulting from overspending for specific purposes for which amounts had been restricted, committed, or assigned. Governments are required to disclose information about the processes through which constraints are imposed on amounts in the committed and assigned classifications.

District policies concerning fund balances are as follows:

The District's Unassigned General Fund Balance will be maintained to provide the District with sufficient working capital and a margin of safety to address local and regional emergencies without borrowing. The Unassigned General Fund Balance may only be appropriated by resolution of the Board of Trustees.

Fund Balance of the District may be committed for a specific source by formal action of the Board of Trustees. Amendments or modifications of the committed fund balance must also be approved by formal action of the Board of Trustees.

When it is appropriate for fund balance to be assigned, only the Board of Trustees has the authority to assign fund balance by formal action by the board.

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

At August 31, 2013, the District's general fund balances were nonspendable, restricted, committed or assigned as follows:

Non-spendable fund balance	\$ 25,075.
Committed for future construction	\$933,017.

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

II. 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 G-1 and the other two reports are in Exhibits J4 and J5 (if applicable).

The following procedures are followed in establishing the budgetary data reflected in the general-purpose financial statements:

1. Prior to August 20 the District prepares a budget for the next succeeding fiscal year beginning September 1. The operating budget includes proposed expenditures and the means of financing them.
2. A meeting of the Board is then called for the purpose of adopting the proposed budget. At least ten days' public notice of the meeting must be given.
3. Prior to September 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. Because the District has a policy of careful budgetary control, several amendments were necessary during the year. However, none of these were significant.
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. There were no appropriated or nonappropriated budget special revenue funds at the end of the current fiscal year.

B. Excess of expenditures over appropriations by more than \$2,500

Following are the functional expenditures that exceeded the final amended budget of the District by more than \$2,500 as reported in the General Fund on Exhibit G-1:

Function 11 - Instruction	\$ (6,213)
Function 23 - School Leadership	\$ (5,831)
Function 34 - Student (Pupil) Transportation	\$ (11,451)

C. Deficit fund equity

None.

III. Detailed notes on all funds

A. Deposits and investments

District Policies and Legal and Contractual Provisions Governing Deposits

Custodial Credit Risk for Deposits - State law requires governmental entities to contract with financial institutions in which funds will be deposited to secure those deposits with insurance or pledged securities with a fair value equaling or exceeding the amount on deposit at the end of each business day. The pledged securities must be in the name of the governmental entity and held by the entity or its agent. Since the District complies with this law, it has no custodial credit risk for deposits.

Foreign Currency Risk - The District limits the risk that changes in exchange rates will adversely affect the fair value of an investment or a deposit by not investing in any foreign currency.

District Policies and Legal and Contractual Provisions Governing Investments

The **Public Funds Investment Act** (Government Code Chapter 2256) contains specific provisions in the areas of investment practices, management reports and establishment of appropriate policies. Among other things, it requires the District to adopt, implement, and publicize an investment policy. Statutes authorize the District to invest in (1) obligations of the U.S. Treasury, certain U.S. agencies, and the State of Texas; (2) certificates of deposit, (3) certain municipal securities, (4) money market savings accounts, (5) repurchase agreements, (6) bankers acceptances, (7) Mutual Funds, (8) Investment pools, (9) guaranteed investment contracts, (10) and common trust funds. The Act also requires the District to have independent auditors perform test procedures related to investment practices as provided by the Act. The District is in substantial compliance with the requirements of the Act and with local policies.

As of August 31, 2013, the District had the following investments.

Investment Type	Investment Maturities (in years)				
	Fair Value	Less than 1 Year	1-5	6-10	More Than 10
Money Market Accounts	\$ 256,989	\$ 256,989			
Investment Pools	1,302,377	1,302,377			
Total	\$1,559,366	\$1,559,366			

Additional policies and contractual provisions governing deposits and investments for the District are specified below:

Credit Risk - To limit the risk that an issuer or other counterparty to an investment will not fulfill its obligations the District limits investments in certificates of deposit or publicly funded investment pools to the top ratings issued by nationally recognized statistical rating organizations (NRSROs). As of August 31, 2013, the District's investments in certificates of deposit and investment pools were rated A1 by Standard and Poor's.

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

Concentration of Credit Risk - To limit the risk of loss attributed to the magnitude of a government's investment in a single issuer, the District limits investments to less than 5% of its total investments. The District further limits investments in a single issuer when they would cause investment risk to be significantly greater in the governmental and business-type activities, individual major funds, aggregate non-major funds and fiduciary fund types than they are in the primary government. Usually this limitation is 20%.

Interest Rate Risk - To limit the risk that changes in interest rates will adversely affect the fair value of investments, the District requires at least half of the investment portfolio to have maturities of less than one year on a weighted average maturity basis.

Foreign Currency Risk for Investments - The District limits the risk that changes in exchange rates will adversely affect the fair value of an investment by limiting all investments denominated in a foreign currency to zero.

B. Property taxes

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

C. Delinquent taxes receivable

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

D. Interfund balances and transfers

Interfund balances at August 31, 2013 consisted of the following individual fund balances:

None.

Interfund transfers for the year ended August 31, 2013 consisted of the following individual amounts:

Fund	Transfers In	Transfers Out	Purpose
General Fund		\$ 7,912	Operating deficit transfer
Child Nutrition Program	\$ 7,912		Operating deficit transfer
Total	\$ 7,912	\$ 7,912	

E. Disaggregation of receivables and payables

Receivables at August 31, 2013 were as follows:

	Property Taxes	Other Government	Total Receivables
Governmental Activities:			
General Fund	\$ 170,393	\$ 116,057	\$ 286,450
Nonmajor Governmental Funds		134,081	134,081
Total Governmental Activities	\$ 170,393	\$ 250,138	\$ 420,531

Payables at August 31, 2013 were as follows:

	Accounts	Salaries and Benefits	Total Payables
Governmental Activities:			
General Fund	\$ 7,275	\$ 129,908	\$ 137,183
Nonmajor Governmental Funds		18,030	18,030
Total Governmental Activities	\$ 7,275	\$ 147,938	\$ 155,213
Proprietary Activities:			
Internal Service Fund	\$ 12,075		\$ 12,075
Total Proprietary Activities	\$ 12,075		\$ 12,075

F. Capital asset activity

Capital asset activity for the District for the year ended August 31, 2013, was as follows:

	Balance 8/31/12	Additions	Deletions	Balance 8/31/13
Governmental activities:				
Land	\$ 405,607			\$ 405,607
Buildings and improvements	9,359,146			9,359,146
Furniture and equipment	2,252,163	\$ 95,086		2,347,249
Totals	12,016,916	95,086		12,112,002
Less accum depreciation for:				
Buildings and improvements	5,078,123	172,780		5,250,903
Furniture and equipment	1,425,095	154,344		1,579,439
Total accum depreciation	6,503,218	327,124		6,830,342
Governmental activities capital assets, net	\$ 5,513,698	\$ (232,038)		\$ 5,281,660

Depreciation expense was charged to functions/programs of the primary government as follows:

Governmental activities:	
Function 11 - instruction	\$ 139,356
Function 12 - instructional resources	2,764
Function 13 - curriculum and instructional staff development	1,657
Function 21 - instructional leadership	1,695
Function 23 - school leadership	7,743
Function 31 - guidance, counseling and evaluation services	2,286
Function 33 - health services	1,875
Function 34 - student (pupil) transportation	34,852
Function 35 - food service	28,219
Function 36 - Extracurricular activities	56,969
Function 41 - general administration	5,455
Function 51 - plant maintenance and operations	39,141
Function 53 - data processing services	5,112
Total depreciation expense - governmental activities	<u>\$ 327,124</u>

G. Loans payable

N/A.

H. Bonds payable

N/A.

I. Commitments under operating leases

N/A.

J. Debt service requirements - bonds and capital leases

N/A.

K. Accumulated unpaid vacation and sick leave benefits

N/A.

L. Defined benefit pension plan

Plan Description. The District contributes to the Teacher Retirements System of Texas (the “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, Sect. 67, and Texas Government Code, Title 8, Subtitle C. TRS also administers proportional retirement benefits and service credit transfer under Texas Government Code, Title 8, Chapters 803 and 805, respectively. TRS issues a publicly available financial report that includes financial statements and required supplementary information for the defined benefit pension plan. That report may be obtained by writing to the TRS Communications Department, 1000 Red River Street, Austin, Texas 78701, by calling the TRS Communications Department at 1-800-223-8778, or by downloading the report from the TRS Internet website, www.trs.state.tx.us, under the TRS Publications heading.

Funding Policy. Contribution requirements are not actuarially determined but are established and amended by the Texas state legislature pursuant to the following state fund policy: (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 10.0% of the aggregate annual compensation of all members of the system during the fiscal year; (2) state statute prohibits benefit improvements or contribution reductions if, as a result of a particular action, the time required to amortize TRS’ unfunded actuarial liabilities would be increased to a period that exceeds 31 years, or, if the amortization period already exceeds 31 years, the period would be increased by such action. Contribution rates and contributions for fiscal years 2013-11 are shown in the table below. These rates are set by the General Appropriations Act. In certain instances, the reporting district is required to make all or a portion of the state’s and/or member’s contribution and on the portion of the employees’ salaries that exceeded the statutory minimum. On-behalf payments by the State have been recognized as equal revenues and expenditures by the District, in the amounts of \$174,556, \$163,808 and \$193,295 (net of District statutory minimum and federal grant contributions of \$25,131, \$22,194 and \$33,577 for each respective year) for the years ended August 31, 2013, 2012 and 2011, respectively.

Contribution Rates and Contribution Amounts					
Year	Member		State		Statutory Minimum
	Rate	Amount	Rate	Amount	Amount
2013	6.4%	\$ 199,687	6.400%	\$ 199,687	\$ 12,658
2012	6.4%	\$ 198,402	6.000%	\$ 186,002	\$ 10,130
2011	6.4%	\$ 218,540	6.644%	\$ 226,872	\$ 14,575

M. Health care coverage

During the year ended August 31, 2013, employees of the District were covered by a health insurance plan (the “Plan”). The District contributed premiums of \$225 per month per employee to the Plan. Employees, at their option, authorized payroll withholdings to pay contributions or premiums for dependents. The Plan was authorized by Article 3.51-2,

Texas Insurance Code and was documented by contractual agreement. Latest financial statements for TRS - Care are available for the year ended August 31, 2013, and have been filed with the Texas State Board of Insurance, Austin, Texas, and are public records.

N. Self-insurance coverage

Beginning September 1, 1992, the District established a self-insurance plan for workers' compensation benefits as authorized by Section 504.011 of the Labor Code. The District participates in this plan (Texas Public Schools Workers' Compensation Project self-funded workers' compensation program) along with other participating entities. The District contributes annual amounts determined by School Comp. As claims arise, they are submitted to and paid by School Comp on behalf of the District under terms of a contractual agreement. According to state statute, the District is protected against unanticipated catastrophic claims an aggregate loss by coverage carried through a commercial insurer licensed or eligible to do business in Texas in accordance with the Texas Insurance Code.

Coverage was in effect for specific occurrences exceeding \$225,000 and aggregate retention at \$2,000,000.

The costs associated with this self-insurance plan are reported as interfund transactions to the extent of amounts actuarially determined. Accordingly, they are treated as operating revenues of the Internal Service Fund and operating expenditures of the General Fund. The liabilities of the plan include incurred but not reported claims. These liabilities reported in the Funds at August 31, 2013, are based on the requirements of Governmental Accounting Standards Board No. 10, which requires that a liability for claims be reported if information prior to the issuance of the financial statements indicates that is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated. These liabilities include an amount for claims that have been incurred but not reported. Because actual claims liabilities depend on such complex factors as inflation, changes in legal doctrines and damage awards, the process used in computing claims liability does not necessarily result in an exact amount. Claims liabilities are reevaluated periodically to take into consideration recently settled claims, the frequency of claims and other economic and social factors. Workers' compensation liabilities for incurred losses to be settled by fixed or reasonably determinable payments over a long period of time were computed by an actuary and are reported at their present value using an expected future investment yield assumption.

Estimates of claims payable and of claims incurred, but not reported at August 31, 2013, are reflected as accounts and claims payable of the Fund. The plan is funded to discharge liabilities of the Fund as they become due.

Changes in the balances of claims liabilities during the past year are as follows:

	Year Ended August 31, 2013
Unpaid claims, beginning of the year	\$ 13,794
Incurred claims (including IBNR's)	12,171
Claim payments	(13,890)
Unpaid claims, end of the year	<u>\$ 12,075</u>

O. Changes in long-term liabilities

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Capital Lease Liability	\$ 191,403	\$ 0	\$ 191,403	\$ 0	N/A

P. Unearned revenues

Unearned revenue at year-end consisted of the following:

	Special Revenue Fund
Overpaid textbook grant revenues	<u>\$ 1,682</u>
Total Unearned Revenue	<u>\$ 1,682</u>

Q. Due from state agencies

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 August 31, 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 State Agencies.

Fund	State Entitlements	Federal Grants	Total
General	\$ 116,057		\$ 116,057
Special Revenue	161	\$ 133,920	134,081
Net Total Receivables	\$ 116,218	\$ 133,920	\$ 250,138

R. Revenue from local and intermediate sources

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

Description	General Fund	Special Revenue Fund	Internal Service Fund	Total
Property taxes	\$ 2,573,463			\$ 2,573,463
Penalties, interest and other tax related income	22,542			22,542
Food sales		\$ 89,263		89,263
Investment income	2,730		\$ 22	2,752
Extracurricular student activities	27,716			27,716
Services to other districts	173,931			173,931
Other income	78,342			78,342
Total	\$ 2,878,724	\$ 89,263	\$ 22	\$ 2,968,009

S. School district 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 post-employment health care plan administered by the Teacher Retirement System of Texas. TRS-Care Retired Plan provides health care coverage for certain persons (and their dependents) who retired under the Teacher Retirement System of Texas. The statutory authority for the program is Texas Insurance Code, Chapter 1575. Section 1575.052 grants the TRS Board of Trustees the authority to establish and amend basic and optional group insurance coverage for participants. The TRS issues a publicly available financial report that includes financial statements and required supplementary information for TRS-Care. That report may be obtained by visiting the TRS website at 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.

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 employee contributions, respectively. The State of Texas and active public school employee contribution rates were 0.50% and 0.65% of public school payroll, respectively, with school districts contributing a percentage of payroll set at 0.55% for fiscal year 2013, and 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 2012 and 2011. Per Texas Insurance Code, Chapter 1575, the public school contributions may not be less than 0.25% or greater than 0.75% of the salary of each active employee of the public school. Funding for optional coverage is provided by those participants selecting the optional coverage. Contribution rates and amounts are shown in the table below for fiscal years 2013-2011.

Contribution Rates and Contribution Amounts						
Year	Member		State		School District	
	Rate	Amount	Rate	Amount	Rate	Amount
2013	0.65%	\$ 20,281	0.50%	\$ 15,601	0.55%	\$ 17,161
2012	0.65%	\$ 20,151	1.00%	\$ 28,990	0.55%	\$ 17,050
2011	0.65%	\$ 22,195	1.00%	\$ 31,287	0.55%	\$ 18,781

Federal Government Retiree Drug Subsidy - Medicare Part D. The Medicare Prescription Drug, Improvement, and Modernization Act of 2003, which was effective January 1, 2006 established prescription drug coverage for Medicare beneficiaries known as Medicare Part D. One of the provisions of Medicare Part D allows for the TRS-Care to receive retiree drug subsidy payments from the federal government to offset certain prescription drug expenditures for eligible TRS-Care participants. On-behalf payments recognized as equal revenues and expenditures by the District for the years ended August 31, 2013, 2012 and 2011 were \$8,399, \$8,304 and \$7,912, respectively.

Early Retiree Reinsurance Program. The Early Retiree Reinsurance Program (“ERRP”) is a provision of the Patient Protection and Affordable Care Act (“PPACA”) and provides reimbursement to plan sponsors for a portion of the cost of providing health benefits to retirees between the ages of 55-64 and their covered dependants regardless of age. An “early retiree” is defined as a plan participant aged 55-64 who is not eligible for Medicare and is not covered by an active employee of the plan sponsor. This temporary program was not available to TRS for the fiscal year ended August 31, 2013; therefore there was no allocation required for 2013. On-behalf payments recognized as equal revenues and expenditures by the District for the years ended August 31, 2013, 2012 and 2011 were \$0, \$7,853 and \$0 respectively.

T. Fund balance/net position adjustment

None.

U. Litigation

N/A.

V. Construction and other significant commitments and contingencies

N/A.

W. Joint ventured shared-service arrangements

N/A.

X. Subsequent events

N/A.

Y. Related organizations

N/A.

Z. Maintenance of effort

N/A.

REQUIRED SUPPLEMENTARY INFORMATION

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RIVIERA INDEPENDENT SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED AUGUST 31, 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	\$ 2,919,359	\$ 2,957,991	\$ 2,878,724	\$ (79,267)
5800	State Program Revenues	2,000,975	2,000,975	1,876,031	(124,944)
5020	Total Revenues	4,920,334	4,958,966	4,754,755	(204,211)
EXPENDITURES:					
Current:					
0011	Instruction	2,444,804	2,523,004	2,529,217	(6,213)
0012	Instructional Resources and Media Services	77,085	77,085	70,387	6,698
0013	Curriculum and Instructional Staff Development	20,775	18,775	8,418	10,357
0021	Instructional Leadership	33,899	17,699	8,781	8,918
0023	School Leadership	234,740	244,740	250,571	(5,831)
0031	Guidance, Counseling and Evaluation Services	112,349	112,349	97,545	14,804
0033	Health Services	62,226	63,226	61,901	1,325
0034	Student (Pupil) Transportation	172,168	216,168	227,619	(11,451)
0036	Extracurricular Activities	303,885	328,885	306,177	22,708
0041	General Administration	341,251	341,251	321,569	19,682
0051	Facilities Maintenance and Operations	834,364	747,996	687,741	60,255
0052	Security and Monitoring Services	1,200	1,200	1,170	30
0053	Data Processing Services	150,000	150,000	132,508	17,492
Debt Service:					
0071	Principal on Long Term Debt	191,403	191,403	191,403	-
0072	Interest on Long Term Debt	16,597	16,597	16,516	81
Intergovernmental:					
0099	Other Intergovernmental Charges	79,000	64,000	62,923	1,077
6030	Total Expenditures	5,075,746	5,114,378	4,974,446	139,932
1100	Excess (Deficiency) of Revenues Over (Under) Expenditures	(155,412)	(155,412)	(219,691)	(64,279)
OTHER FINANCING SOURCES (USES):					
8911	Transfers Out (Use)	-	-	(7,912)	(7,912)
7080	Total Other Financing Sources (Uses)	-	-	(7,912)	(7,912)
1200	Net Change in Fund Balances	(155,412)	(155,412)	(227,603)	(72,191)
0100	Fund Balance - September 1 (Beginning)	3,143,161	3,143,161	3,143,161	-
3000	Fund Balance - August 31 (Ending)	\$ 2,987,749	\$ 2,987,749	\$ 2,915,558	\$ (72,191)

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COMBINING SCHEDULES

RIVIERA INDEPENDENT SCHOOL DISTRICT
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 AUGUST 31, 2013

Data Control Codes	211 ESEA I, A Improving Basic Program	224 IDEA - Part B Formula	240 National Breakfast and Lunch Program	255 ESEA II,A Training and Recruiting	
ASSETS					
1110	Cash and Cash Equivalents	\$ (57,733)	\$ (32,441)	\$ 2,440	\$ (28,156)
1240	Receivables from Other Governments	63,253	38,807	3,704	28,156
1000	Total Assets	<u>\$ 5,520</u>	<u>\$ 6,366</u>	<u>\$ 6,144</u>	<u>\$ -</u>
LIABILITIES					
2160	Accrued Wages Payable	\$ 5,038	\$ 5,802	\$ 6,034	\$ -
2200	Accrued Expenditures	482	564	110	-
2300	Unearned Revenues	-	-	-	-
2000	Total Liabilities	<u>5,520</u>	<u>6,366</u>	<u>6,144</u>	<u>-</u>
4000	Total Liabilities and Fund Balances	<u>\$ 5,520</u>	<u>\$ 6,366</u>	<u>\$ 6,144</u>	<u>\$ -</u>

270 ESEA VI, Pt B Rural & Low Income	404 Student Success Initiative	410 State Textbook Fund	429 Other State Special Revenue Funds	Total Nonmajor Governmental Funds
\$ -	\$ (161)	\$ 1,682	\$ -	\$ (114,369)
-	161	-	-	134,081
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,682</u>	<u>\$ -</u>	<u>\$ 19,712</u>
\$ -	\$ -	\$ -	\$ -	\$ 16,874
-	-	-	-	1,156
-	-	1,682	-	1,682
<u>-</u>	<u>-</u>	<u>1,682</u>	<u>-</u>	<u>19,712</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,682</u>	<u>\$ -</u>	<u>\$ 19,712</u>

RIVIERA INDEPENDENT SCHOOL DISTRICT
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
 FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED AUGUST 31, 2013

Data Control Codes	211 ESEA I, A Improving Basic Program	224 IDEA - Part B Formula	240 National Breakfast and Lunch Program	255 ESEA II,A Training and Recruiting
REVENUES:				
5700 Total Local and Intermediate Sources	\$ -	\$ -	\$ 89,263	\$ -
5800 State Program Revenues	-	-	7,547	-
5900 Federal Program Revenues	138,527	85,192	163,195	28,156
5020 Total Revenues	<u>138,527</u>	<u>85,192</u>	<u>260,005</u>	<u>28,156</u>
EXPENDITURES:				
Current:				
0011 Instruction	138,527	85,192	-	28,156
0013 Curriculum and Instructional Staff Development	-	-	-	-
0035 Food Services	-	-	268,204	-
6030 Total Expenditures	<u>138,527</u>	<u>85,192</u>	<u>268,204</u>	<u>28,156</u>
1100 Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>-</u>	<u>-</u>	<u>(8,199)</u>	<u>-</u>
OTHER FINANCING SOURCES (USES):				
7915 Transfers In	-	-	7,912	-
7080 Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>7,912</u>	<u>-</u>
1200 Net Change in Fund Balance	-	-	(287)	-
0100 Fund Balance - September 1 (Beginning)	<u>-</u>	<u>-</u>	<u>287</u>	<u>-</u>
3000 Fund Balance - August 31 (Ending)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

270 ESEA VI, Pt B Rural & Low Income	404 Student Success Initiative	410 State Textbook Fund	429 Other State Special Revenue Funds	Total Nonmajor Governmental Funds
\$ -	\$ -	\$ -	\$ -	\$ 89,263
-	1,606	19,114	23	28,290
17,457	-	-	-	432,527
<u>17,457</u>	<u>1,606</u>	<u>19,114</u>	<u>23</u>	<u>550,080</u>
-	1,606	19,114	23	272,618
17,457	-	-	-	17,457
-	-	-	-	268,204
<u>17,457</u>	<u>1,606</u>	<u>19,114</u>	<u>23</u>	<u>558,279</u>
-	-	-	-	(8,199)
-	-	-	-	7,912
-	-	-	-	7,912
-	-	-	-	(287)
-	-	-	-	287
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

RIVIERA INDEPENDENT SCHOOL DISTRICT
 COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
 ALL AGENCY FUNDS
 FOR THE YEAR ENDED AUGUST 31, 2013

	BALANCE SEPTEMBER 1 2012	ADDITIONS	DEDUCTIONS	BALANCE AUGUST 31 2013
STUDENT ACTIVITY ACCOUNT				
Assets:				
Cash and Temporary Investments	\$ 46,144	\$ 125,127	\$ 107,982	\$ 63,289
Liabilities:				
Accounts Payable	\$ -	\$ -	\$ (2,191)	\$ 2,191
Due to Student Groups	46,144	125,127	110,173	61,098
Total Liabilities	\$ 46,144	\$ 125,127	\$ 107,982	\$ 63,289
BROOKSHIRE SCHOLARSHIP FUND				
Assets:				
Cash and Temporary Investments	\$ 1,000	\$ 2,000	\$ 2,000	\$ 1,000
Liabilities:				
Accounts Payable	\$ 1,000	\$ 2,000	\$ 2,000	\$ 1,000
SMALL SCHOOL ACADEMIC FUND				
Assets:				
Cash and Temporary Investments	\$ 2,300	\$ 2,500	\$ 3,117	\$ 1,683
Liabilities:				
Accounts Payable	\$ 2,300	\$ 2,500	\$ 3,117	\$ 1,683
CRAIG B KRAATZ SCHOLARSHIP FUND				
Assets:				
Cash and Temporary Investments	\$ 500	\$ -	\$ -	\$ 500
Liabilities:				
Accounts Payable	\$ 500	\$ -	\$ -	\$ 500
TOTAL AGENCY FUNDS				
Assets:				
Cash and Temporary Investments	\$ 49,944	\$ 129,627	\$ 113,099	\$ 66,472
Liabilities:				
Accounts Payable	\$ 3,800	\$ 4,500	\$ 2,926	\$ 5,374
Due to Student Groups	46,144	125,127	110,173	61,098
Total Liabilities	\$ 49,944	\$ 129,627	\$ 113,099	\$ 66,472

REQUIRED TEA SCHEDULES

RIVIERA INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF DELINQUENT TAXES RECEIVABLE
FISCAL YEAR ENDED AUGUST 31, 2013

Last 10 Years Ended August 31	(1)	(2)	(3)
	Tax Rates		Assessed/Appraised Value for School Tax Purposes
	Maintenance	Debt Service	
2004 and prior years	Various	Various	\$ Various
2005	1.321200	0.000000	141,443,055
2006	1.500000	0.000000	143,952,233
2007	1.370000	0.000000	187,623,818
2008	1.040000	0.000000	246,300,322
2009	1.040000	0.000000	340,874,347
2010	1.040000	0.000000	335,755,656
2011	1.040000	0.000000	267,519,843
2012	1.040000	0.000000	281,871,830
2013 (School year under audit)	1.040000	0.000000	247,396,673
1000 TOTALS			

(10) Beginning Balance 9/1/2012	(20) Current Year's Total Levy	(31) Maintenance Collections	(32) Debt Service Collections	(40) Entire Year's Adjustments	(50) Ending Balance 8/31/2013
\$ 87,248	\$ -	\$ 713	\$ -	\$ (1,233)	\$ 85,302
5,605	-	186	-	-	5,419
5,961	-	78	-	-	5,883
12,163	-	181	-	-	11,982
5,910	-	715	-	(197)	4,998
5,306	-	777	-	(592)	3,937
7,929	-	2,181	-	(700)	5,048
13,493	-	7,569	-	(705)	5,219
33,903	-	23,951	-	(231)	9,721
-	2,572,925	2,537,112	-	(2,929)	32,884
<u>\$ 177,518</u>	<u>\$ 2,572,925</u>	<u>\$ 2,573,463</u>	<u>\$ -</u>	<u>\$ (6,587)</u>	<u>\$ 170,393</u>

RIVIERA INDEPENDENT SCHOOL DISTRICT
 SCHEDULE OF EXPENDITURES FOR COMPUTATIONS OF INDIRECT COST FOR 2014-2015
 GENERAL AND SPECIAL REVENUE FUNDS
 AUGUST 31, 2013

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

Account Number	Account Name	1 (702) School Board	2 (703) Tax Collections	3 (701) Supt's Office	4 (750) Indirect Cost	5 (720) Direct Cost	6 (other) Miscellaneous	7 Total
611X-6146	PAYROLL COSTS	\$ -	\$ -	\$ 150,883	\$ 101,568	\$ -	\$ -	252,451
6149	Leave for Separating Employees in Fn 41 & 53	-	-	-	-	-	-	-
6149	Leave - Separating Employees not in 41 & 53	-	-	-	-	-	-	-
6211	Legal Services	7,672	-	-	-	-	-	7,672
6212	Audit Services	-	-	-	12,400	-	-	12,400
6213	Tax Appraisal/Collection - Appraisal in Fn 99	-	69,561	-	-	-	-	69,561
6214	Lobbying	-	-	-	-	-	-	-
621X	Other Professional Services	-	-	3,922	693	-	-	4,615
6220	Tuition and Transfer Payments	-	-	-	-	-	-	-
6230	Education Service Centers	-	-	-	-	-	-	-
6240	Contr. Maint. and Repair	-	-	-	-	-	-	-
6250	Utilities	-	-	-	-	-	-	-
6260	Rentals	-	-	-	6,291	-	-	6,291
6290	Miscellaneous Contr.	-	-	-	-	-	-	-
6320	Textbooks and Reading	-	-	-	-	-	-	-
6330	Testing Materials	-	-	-	-	-	-	-
63XX	Other Supplies Materials	1,683	-	2,269	5,843	-	-	9,795
6410	Travel, Subsistence, Stipends	2,369	-	2,554	1,222	-	-	6,145
6420	Ins. and Bonding Costs	1,650	-	-	-	-	-	1,650
6430	Election Costs	3,046	-	-	-	-	-	3,046
6490	Miscellaneous Operating	5,195	-	3,491	2,180	-	-	10,866
6500	Debt Service	-	-	-	-	-	-	-
6600	Capital Outlay	-	-	-	-	-	-	-
6000	TOTAL	\$ 21,615	\$ 69,561	\$ 163,119	\$ 130,197	\$ -	\$ -	\$ 384,492

Total expenditures/expenses for General and Special Revenue Funds: (9) \$ 5,532,725

LESS: Deductions of Unallowable Costs

FISCAL YEAR

Total Capital Outlay (6600)	(10)	\$ 95,086
Total Debt & Lease(6500)	(11)	207,919
Plant Maintenance (Function 51, 6100-6400)	(12)	649,109
Food (Function 35, 6341 and 6499)	(13)	118,483
Stipends (6413)	(14)	-
Column 4 (above) - Total Indirect Cost		130,197

SubTotal: 1,200,795

Net Allowed Direct Cost \$ 4,331,930

CUMULATIVE

Total Cost of Buildings before Depreciation (1520)	(15)	\$ 9,359,146
Historical Cost of Building over 50 years old	(16)	\$ 760,606
Amount of Federal Money in Building Cost (Net of #16)	(17)	\$ -
Total Cost of Furniture & Equipment before Depreciation (1530 & 1540)	(18)	\$ 2,347,249
Historical Cost of Furniture & Equipment over 16 years old	(19)	\$ 389,812
Amount of Federal Money in Furniture & Equipment (Net of #19)	(20)	\$ -

(8) NOTE A: No Function 53 expenditures are included in this report on administrative costs.
 \$62,923 in Function 99 expenditures for appraisal district costs are included in this report on administrative costs.

RIVIERA INDEPENDENT SCHOOL DISTRICT
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
 BUDGET AND ACTUAL - CHILD NUTRITION PROGRAM
 FOR THE YEAR ENDED AUGUST 31, 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	\$ 68,056	\$ 68,056	\$ 89,263	\$ 21,207
5800	State Program Revenues	6,603	6,603	7,547	944
5900	Federal Program Revenues	206,980	206,980	163,195	(43,785)
5020	Total Revenues	281,639	281,639	260,005	(21,634)
EXPENDITURES:					
0035	Food Services	281,639	281,639	268,204	13,435
6030	Total Expenditures	281,639	281,639	268,204	13,435
1100	Excess (Deficiency) of Revenues Over (Under) Expenditures	-	-	(8,199)	(8,199)
OTHER FINANCING SOURCES (USES):					
7915	Transfers In	-	-	7,912	7,912
7080	Total Other Financing Sources (Uses)	-	-	7,912	7,912
1200	Net Change in Fund Balances	-	-	(287)	(287)
0100	Fund Balance - September 1 (Beginning)	287	287	287	-
3000	Fund Balance - August 31 (Ending)	\$ 287	\$ 287	\$ -	\$ (287)

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OVERALL COMPLIANCE AND INTERNAL CONTROLS SECTION

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Independent Auditor's Report

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENTAL AUDITING STANDARDS

Board of Trustees
Riviera Independent School District
203 Seahawk Drive
Riviera, Texas 78379

I 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, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Riviera Independent School District (the "District") as of and for the year ended August 31, 2013, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued my report thereon dated January 10, 2014.

Internal Control Over Financial Reporting

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

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

My 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 my audit I did not identify any deficiencies in internal control that I 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 Rivieras Independent School District's financial statements are free of material misstatement, I 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 my audit and, accordingly, I do not express such an opinion. The results of my tests disclosed one instance of noncompliance or other matters that are required to be reported under *Government Auditing Standards* listed as item 2013-1 on the accompanying Schedule of Findings and Questioned Costs. However, it is not considered a material weakness or significant deficiency as defined above.

Purpose of this Report

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

Cameron L. Gulley
Certified Public Accountant

January 10, 2014

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RIVIERA INDEPENDENT SCHOOL DISTRICT
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED AUGUST 31, 2013

Finding	Statement of Condition	Material Weakness?	Questioned Costs
2012-1	<p>The District did not expend all of its mandated program revenues for Career & Technology and Compensatory Education in accordance with the mandatory minimum expenditure requirements.</p> <p><u>Status:</u> The District again failed to expend all of its mandated program revenues for Career & Technology in accordance with the mandatory minimum expenditure requirements. See current finding 2013-1 on the accompanying Schedule of Findings and Questioned Costs.</p>	No	None

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RIVIERA INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED AUGUST 31, 2013

I. Summary of Auditor's Results

A. Financial Statements

Type of auditor's report issued:	Unmodified.
Internal control over financial reporting:	
Material weakness(es) identified?	No.
Significant deficiency(ies) identified that are not considered to be material weaknesses?	None reported.
Noncompliance material to financial statements noted?	No.

B. Federal Awards Not applicable.

II. Findings Relating to the Financial Statements which are Required to be Reported in Accordance with Generally Accepted Government Auditing Standards

2013-1 Failure to properly meet expenditure requirement for state mandated program revenues

Criteria State law requires that for each mandated program revenue entitlement received that at least 52% to 58% of the entitlement (each entitlement expenditure requirement varies) must be expended in areas that directly relate to the program activity.

Statement of Condition During the year under audit, the District received mandated funding from mandated programs with the represented expenditure requirements represented in the table below. However, as the table indicates, the District did not expend all of those revenues in accordance with the minimum expenditure requirements. In particular, career & technology funding was not expended in accordance with the minimum expenditure requirements.

Mandated Program Revenue	Amount Received	Amount Expended	Unexpended Allotment
Gifted & Talented (must expend 55% of allotment)	\$ 15,321	\$ 57,524	N/A
Career & Technology (must expend 58% of allotment)	\$ 544,246	\$ 279,020	\$ 36,643
Special Education (must expend 52% of allotment)	\$ 204,448	\$ 174,023	N/A
Compensatory Education (must expend 52% of allotment)	\$ 409,699	\$ 218,088	N/A
Bilingual Education (must expend 52% of allotment)	\$ 9,664	\$ 54,030	N/A

Questioned Costs None.

Cause and Effect The cause of not fully expending the mandated program allotments was partially due to district-wide cost-cutting efforts during the year under audit.

Recommendation The District should review its program areas of instruction and ensure that expenditures are properly allocated and expended for which they are funded in accordance with the district/campus improvement plans as well as from the state mandated funding formula.

III. Findings and Questioned Costs for Federal Awards

Not applicable.

RIVIERA INDEPENDENT SCHOOL DISTRICT
CORRECTIVE ACTION PLAN
FOR THE YEAR ENDED AUGUST 31, 2013

2013-1 The District will review its areas of instruction to ensure that they are properly funded in accordance with the funding allocation to the various mandated program areas.

Contact representative: Jose Betancourt, business manager
Riviera Independent School District
203 Seahawk Drive
Riviera, Texas 78379
(381) 296-3105

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