



COVINGTON INDEPENDENT SCHOOL DISTRICT

**HILL COUNTY SPECIAL EDUCATION COOPERATIVE
SPECIAL REVENUE FUNDS**

ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED AUGUST 31, 2016

**COVINGTON INDEPENDENT SCHOOL DISTRICT
HILL COUNTY SPECIAL EDUCATION COOPERATIVE
SPECIAL REVENUE FUNDS**

ANNUAL FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED AUGUST 31, 2016

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P A T T I L L O , B R O W N & H I L L , L . L . P .
CERTIFIED PUBLIC ACCOUNTANTS ■ BUSINESS CONSULTANTS

**UNMODIFIED OPINIONS ON BASIC FINANCIAL STATEMENTS
AND OTHER INFORMATION**

Board of Trustees
Covington Independent School District
501 N. Main Street
Covington, Texas 76636

Members of the Board:

Report on the Financial Statements

We have audited the accompanying financial statements of the special revenue funds of Covington Independent School District related to the Hill County Special Education Cooperative (the Coop) as of and for the year ended August 31, 2016, as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amount 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 of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the special revenue funds of Covington Independent School District related to Hill County Special Education Cooperative, as of August 31, 2016, and the results of its operations for the year the ended in conformity with accounting principles generally accepted in the United States of America.

Other Matters

Other Information

As discussed in Note I, the financial statements present only the special revenue funds related to the Hill County Special Education Cooperative and are not intended to present fairly the financial position and results of operations of Covington Independent School District, in conformity with accounting principles generally accepted in the United States of America.

Pattillo, Brown & Hill, L.L.P.

Hillsboro, Texas
January 5, 2017

**COVINGTON INDEPENDENT SCHOOL DISTRICT
HILL COUNTY SPECIAL EDUCATION COOPERATIVE
SPECIAL REVENUE FUNDS
BALANCE SHEET
AS OF AUGUST 31, 2016**

Data Control Codes	313 SSA IDEA, Part B Formula	314 SSA IDEA, Part B Preschool	437 SSA Special Education	459 SSA SHARS Reimbursement	Total All Funds	
ASSETS						
1110	Cash and Cash Equivalents	\$ -	\$ -	304,641	160,930	\$ 465,571
1240	Due from Other Governments	57,593	-	-	-	57,593
1260	Due from Other Funds	-	-	25,138	-	25,138
1410	Deferred Expenditures	-	-	-	-	-
	Total Assets	<u>57,593</u>	<u>-</u>	<u>329,779</u>	<u>160,930</u>	<u>548,302</u>
LIABILITIES AND FUND BALANCES						
Liabilities:						
2110	Accounts Payable	453	-	54,637	-	55,090
2170	Due to Other Funds	25,138	-	-	-	25,138
2180	Due to Other Governments	32,002	-	-	-	32,002
2000	Total Liabilities	<u>57,593</u>	<u>-</u>	<u>54,637</u>	<u>-</u>	<u>112,230</u>
Fund Balances:						
Restricted Fund Balance:						
3590	Other Assigned Fund Balance	-	-	275,142	160,930	436,072
3000	Total Fund Balances	<u>-</u>	<u>-</u>	<u>275,142</u>	<u>160,930</u>	<u>436,072</u>
4000	Total Liabilities and Fund Balances	<u>\$ 57,593</u>	<u>\$ -</u>	<u>\$ 329,779</u>	<u>\$ 160,930</u>	<u>\$ 548,302</u>

The accompanying notes are an integral part of this statement.

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COVINGTON INDEPENDENT SCHOOL DISTRICT
HILL COUNTY SPECIAL EDUCATION COOPERATIVE SPECIAL REVENUE FUNDS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
AS OF AUGUST 31, 2016

Data	313	314	437	459	Total	
Control	SSA	SSA	SSA	SSA	All	
Codes	IDEA, Part B	IDEA, Part B	Special	SHARS	Funds	
	Formula	Preschool	Education	Reimbursement		
REVENUES:						
5700	Total Local and Intermediate Sources	\$ -	\$ -	1,875,471	\$ -	\$ 1,875,471
5800	State Program Revenues	-	-	45,489	-	45,489
5900	Federal Program Revenues	941,137	24,910	-	-	966,047
5020	Total Revenues	941,137	24,910	1,920,960	-	2,887,007
EXPENDITURES:						
Current:						
0011	Instruction	362,052	-	1,018,522	-	1,380,574
0013	Curriculum & Instructional Staff Development	13,188	-	19,764	-	32,952
0021	Instructional Leadership	-	-	325	-	325
0031	Guidance, Counseling & Evaluation Services	542,745	-	118,366	-	661,111
0041	General Administration	-	-	482,528	-	482,528
0051	Plant Maintenance and Operations	-	-	92,431	-	92,431
Capital outlay:						
0081	Capital outlay	-	-	-	-	-
Intergovernmental:						
0093	Payments to Fiscal Agent/Member Districts	23,152	24,910	374,865	-	422,927
6030	Total Expenditures	941,137	24,910	2,106,801	-	3,072,848
1200	Net Change in Fund Balance	-	-	(185,841)	-	(185,841)
0100	Fund Balance - September 1 (Beginning)	-	-	460,983	160,930	621,913
3000	Fund Balance - August 31 (Ending)	\$ -	\$ -	\$ 275,142	\$ 160,930	\$ 436,072

The accompanying notes are an integral part of this statement.

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**COVINGTON INDEPENDENT SCHOOL DISTRICT
HILL COUNTY SPECIAL EDUCATION COOPERATIVE
SPECIAL EDUCATION FUNDS**

**NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED AUGUST 31, 2016**

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Covington 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 (GASB) and other authoritative sources identified in *Statement of Auditing Standards No. 69* of the American Institute of Certified Public Accountants; and it complies with the requirements of the appropriate version of the Texas Education Agency (TEA) *Financial Accountability System Resource Guide* (the “Resource Guide” of FASRG) and the requirements of contracts and grants of agencies from which it receives funds.

These financial statements contain only the assets, liabilities, fund equity and related revenues of expenditures of Covington Independent School District’s special revenue funds related to the Hill County Special Education Cooperative. This is not intended to present fairly the financial position and results of operations of Covington Independent School District as of and for the year ended August 31, 2016.

A. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The financial statements of Hill County Special Education Cooperative are reported using the *current financial resources measurement of focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Coop considers revenues to be available if they are collected within sixty days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred.

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