

COMANCHE INDEPENDENT SCHOOL DISTRICT

ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED AUGUST 31, 2012

Introductory Section

Comanche Independent School District
Annual Financial Report
For The Year Ended August 31, 2012

TABLE OF CONTENTS

	<u>Page</u>	<u>Exhibit</u>
INTRODUCTORY SECTION		
Certificate of Board.....	1	
FINANCIAL SECTION		
Independent Auditor's Report on Financial Statements.....	2	
Management's Discussion and Analysis (Required Supplementary Information).....	4	
<u>Basic Financial Statements</u>		
Government-wide Financial Statements:		
Statement of Net Assets.....	11	A-1
Statement of Activities.....	12	B-1
Fund Financial Statements:		
Balance Sheet - Governmental Funds.....	13	C-1
Reconciliation of the Governmental Funds		
Balance Sheet to the Statement of Net Assets.....	14	C-1R
Statement of Revenues, Expenditures, and Changes in		
Fund Balances - Governmental Funds.....	15	C-2
Reconciliation of the Statement of Revenues, Expenditures, and Changes in		
Fund Balances of Governmental Funds to the Statement of Activities.....	16	C-3
Statement of Net Assets - Internal Service Fund.....	17	D-1
Statement of Revenues, Expenses, and Changes in		
Fund Net Assets - Internal Service Fund.....	18	D-2
Statement of Cash Flows - Proprietary Funds.....	19	D-3
Statement of Fiduciary Net Assets - Fiduciary Funds.....	20	E-1
Statement of Changes in Fiduciary Net Assets - Fiduciary Funds.....	21	E-2
Notes to the Financial Statements	22	
<u>Required Supplementary Information:</u>		
Budgetary Comparison Schedules:		
General Fund.....	36	G-1
<u>Combining Statements as Supplementary Information:</u>		
Combining Balance Sheet - All Nonmajor Governmental Funds.....	38	H-1
Combining Statement of Revenues, Expenditures and Changes in		
Fund Balances - All Nonmajor Governmental Funds.....	39	H-2
Special Revenue Funds:		
Combining Balance Sheet - Nonmajor Special Revenue Funds.....	40	H-3
Combining Statement of Revenues, Expenditures and Changes		
in Fund Balances - Nonmajor Special Revenue Funds.....	45	H-4
OTHER SUPPLEMENTARY INFORMATION SECTION		

Comanche Independent School District
Annual Financial Report
For The Year Ended August 31, 2012

TABLE OF CONTENTS

	<u>Page</u>	<u>Exhibit</u>
Schedule of Delinquent Taxes Receivable.....	49	J-1
Indirect Cost Computation Schedule	51	J-2
Fund Balance and Cash Flow Calculation Worksheet (Unaudited)-General Fund.....	52	J-3
Budgetary Comparison Schedules Required by the Texas Education Agency:		
National School Breakfast and Lunch Program.....	53	J-4
Debt Service Fund.....	54	J-5
Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	55	
Report on Compliance with Requirements That Could Have a Direct and Material Effect on each Major Program and on Internal Control over Compliance In Accordance With OMB Circular A-133.....	57	
Schedule of Findings and Questioned Costs	59	
Summary Schedule of Prior Audit Findings.....	60	
Corrective Action Plan.....	61	
Schedule of Expenditures of Federal Awards	62	K-1
Notes to the Schedule of Expenditures of Federal Awards.....	63	
Schedule of Required Responses to Selected School First Indicators.....	64	K-2

CERTIFICATE OF BOARD

Comanche Independent School District
Name of School District

Comanche
County

047-901
Co.-Dist. Number

We, the undersigned, certify that the attached annual financial reports of the above named school district were reviewed and (check one) approved _____disapproved for the year ended August 31, 2012, at a meeting of the board of trustees of such school district on the 10th day of December, 2012.

Signature of Board Secretary

Signature of Board President

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

This page is left blank intentionally.

Financial Section

BURL D. LOWERY CPA
311 Center Avenue
Brownwood, TX 76801

Independent Auditor's Report on Financial Statements

Board of Trustees
Comanche Independent School District
1414 North Austin
Comanche, Texas 76442

Members of the Board of Trustees:

I have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Comanche Independent School District as of and for the year ended August 31, 2012, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Comanche Independent School District's management. My responsibility is to express opinions 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 includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audit provides a reasonable basis for my opinions.

In my opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Comanche Independent School District as of August 31, 2012, and the respective changes in financial position, and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

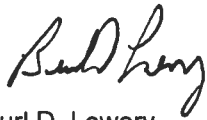
In accordance with *Government Auditing Standards*, I have also issued my report dated October 3, 2012, on my consideration of Comanche Independent School District's internal control over financial reporting and on my tests of its compliance with certain provisions of laws, regulations, contracts, and 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* and should be considered in assessing the results of my audit.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information identified as Required Supplementary Information in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. I have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to 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.

My audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Comanche Independent School District's financial statements as a whole. The combining and individual nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U. S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the financial statements. The accompanying other supplementary information is presented for purposes of additional analysis and is also not a required part of the financial statements. The combining and individual nonmajor fund financial statements and other supplementary information and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In my opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Respectfully submitted,



Burl D. Lowery
Certified Public Accountant

October 3, 2012

MANAGEMENT'S DISCUSSION AND ANALYSIS

This section of Comanche Independent School District's annual financial report presents our discussion and analysis of the District's financial performance during the fiscal year ended August 31, 2012. Please read it in conjunction with the District's financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

- The District's total combined net assets were \$19,491,336 at August 31, 2012.
- During the year, the District's expenses were \$642,882, less than the \$12,752,506 generated in taxes and other revenues for governmental activities.
- The total cost of the District's programs decreased by \$83,303 and its revenues decreased by \$151,284 during the current year.
- The general fund reported a fund balance this year of \$7,216,715.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data. The statements are followed by a section of *required supplementary information* that further explains and supports the information in the financial statements.

Government-wide Statements

The government-wide statements report information about the District as a whole using accounting methods similar to those used by private-sector companies. The statement of net assets includes all of the government's assets and liabilities. All of the current year's revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

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

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

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

Fund Financial Statements

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

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

The District has the following kinds of funds:

- *Governmental funds*-Most of the District's basic services are included in governmental funds, which focus on (1) how *cash* and *other financial assets* that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental fund statements provide a detailed *short-term* view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. Because this information does not encompass the additional long-term focus of the government-wide statements, we provide additional information at the bottom of the governmental funds statement, or on the subsequent page, that explain the relationship (or differences) between them.
- *Proprietary funds*-Services for which the District charges customers a fee are generally reported in proprietary funds. Proprietary funds, like the government-wide statements, provide both long-term and short-term financial information. The District has no Proprietary Fund Types.
- We use *internal service funds* to report activities that provide workers compensation insurance for the District's other programs and activities.
- *Fiduciary funds*-The District is the trustee, or *fiduciary*, for certain funds. It is also responsible for other assets that-because of a trust arrangement-can be used only for the trust beneficiaries. The District is responsible for ensuring that the assets reported in these funds are used for their intended purposes. All of the District's fiduciary activities are reported in a separate statement of fiduciary net assets and a statement of changes in fiduciary net assets. We excluded these activities from the District's government-wide financial statements because the District cannot use these assets to finance its operations. These funds consist of student activity funds and a scholarship fund and belong to the individual clubs and organizations.

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

Net assets. The District's combined net assets were \$ 19,491,336 at August 31,2012 and \$18,848,454 at August 31, 2011.

The District has restricted net assets of \$84,181, which are restricted to future debt payments and federal programs, which leaves \$7,512,981 of unrestricted net assets at August 31, 2012. The \$7,512,981 of unrestricted net assets represents resources available to fund the programs of the District next year.

Changes in net assets. The District's total revenues were \$12,752,506. A significant portion, 23.7%, of the District's revenue comes from taxes. 60% comes from state available and foundation grants, while only 2.7% relates to charges for services.

The total cost of all programs and services was \$12,109,624; 59.3% of these costs are for instruction and instructional related services. (Expenditure Functions 11 and 12).

Governmental Activities

- Property tax rates increased slightly in the current year. Property values increased generating tax revenues of \$3,027,454.

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

Revenues from governmental fund types in the individual funds totaled \$12,732,062, a decrease of 1.4% over the preceding year. State foundation revenue fluctuates with student enrollment. The District's average daily attendance in 2011-2012 was approximately the same as 2010-2011.

General Fund Budgetary Highlights

Over the course of the year, the District revised its budget several times. Even with these adjustments, actual expenditures were \$551,081 below final budget amounts of the General Fund.

On the other hand, resources available were \$31,080 more than the final budgeted amount.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At the end of 2012, the District had invested \$31,037,690 in a broad range of capital assets, including land, equipment buildings, and vehicles. This amount represents a net increase (including additions and deductions) of \$281,436 or 0.9% over last year.

More detailed information about the District's capital assets is presented in the notes to the financial statements.

Long Term Debt

At year-end the District had \$1,425,023 in notes outstanding and \$4,384,998 of bonds outstanding. The District issued new notes in the amount of \$145,869 in the current year to finance school bus purchases. More detailed information about the District's debt is presented in the notes to the financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

- Appraised value used for the 2012-2013 budget preparation is approximately the same as the prior year.
- General operating fund spending decreases in the 2012-2013 budget from \$10,593,980 to \$10,178,063. This is a 3.9% decrease.
- The District's 2012-2013 refined average daily attendance is expected to be approximately the same as 2011-2012 refined average daily attendance.

These indicators were taken into account when adopting the general fund budget for 2012-2013. Amounts available for appropriation in the general fund budget are \$10,183,692, a decrease of 5.2 percent over the final 2011-2012 budget of \$10,742,055. State revenue will increase or decrease as the student population changes in size.

General fund expenditures are budgeted to decrease nearly 3.9% to \$10,178,068 in the 2012-2013 budget. The District has added no major new programs or initiatives to the 2012-2013 budget.

If these estimates are realized, the District's budgetary general fund balance is not expected to change appreciably by the close of 2012-2013.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

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

COMANCHE INDEPENDENT SCHOOL DISTRICT
MANAGEMENT DISCUSSION AND ANALYSIS - TABLES
FINANCIAL ANALYSIS IF THE DISTRICT AS A WHOLE

Net assets. The District's combined net assets were \$19,491,336 at August 31, 2012. (See Table 1)

Table 1
Comanche Independent School District's Net Assets

	Governmental Activities	
	2012	2011
Current Assets:		
Cash and cash equivalents	\$7,361,309	\$7,037,808
Due from other governments	\$408,714	\$503,508
Property taxes receivable net of uncollectible Inventories	\$144,060	\$125,035
Other receivables	\$0	\$0
Capitalized bond issuance costs	\$58,483	\$60,925
Total Current Assets	\$7,972,566	\$7,727,276
Noncurrent Assets:		
Land	\$316,408	\$316,408
Buildings	\$28,195,195	\$28,086,104
Equipment and vehicles	\$2,526,087	\$2,353,742
Less accumulated depreciation	(\$12,921,509)	(\$12,186,141)
Total Noncurrent Assets	\$18,116,181	\$18,570,113
Total Assets	\$26,088,747	\$26,297,389
Current Liabilities:		
Accounts payable and accrued expenses	\$347,661	\$456,688
Due to other governments		\$505,923
Due to other funds		
Deferred revenue	\$27,743	\$27,743
Total Current Liabilities	\$375,404	\$990,354
Long-term Liabilities:		
Bonds Payable	\$4,384,998	\$4,634,998
Notes Payable	\$1,425,023	\$1,431,000
Unamortized premium on bonds	\$114,982	\$118,363
Accumulated accretion of capital appreciation bond	\$297,003	\$274,220
Total Long-term Liabilities	\$6,222,006	\$6,458,581
Total Liabilities	\$6,597,410	\$7,448,935
Net Assets:		
Invested in capital assets	\$11,894,174	\$12,111,530
Restricted for state and federal programs	\$8,779	\$1,668
Restricted for debt service	\$75,402	\$116,748
Unrestricted	\$7,512,981	\$6,618,508
Total Net Assets	\$19,491,336	\$18,848,454

COMANCHE INDEPENDENT SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS - TABLES

Table 2
Comanche Independent School District's Changes in Net Assets

	Governmental Activities	
	2012	2011
Program Revenues:		
Charges for services	\$345,751	\$253,582
Operating grants and contributions	\$1,457,385	\$1,803,638
Capital grants and contributions		
General Revenues:		
Property taxes	\$3,027,454	\$2,933,134
State aid - formula	\$7,692,973	\$7,597,885
Investment earnings	\$114,140	\$65,308
Other revenues	\$113,383	\$250,243
Special items in	\$1,420	\$0
Total Revenues	<u>\$12,752,506</u>	<u>\$12,903,790</u>
Expenditures:		
Instruction	\$7,059,174	\$7,247,534
Instructional resources and media services	\$124,662	\$139,875
Curriculum development and staff development	\$27,299	\$0
Instructional leadership	\$0	\$0
School leadership	\$492,478	\$485,585
Guidance and counseling services	\$237,880	\$263,775
Social work services	\$0	\$0
Health services	\$76,533	\$82,991
Student (pupil) transportation	\$446,053	\$433,244
Food services	\$786,322	\$779,467
Curricular/extracurricular activities	\$626,573	\$694,558
General administration	\$386,975	\$358,526
Plant maintenance & operation	\$1,196,052	\$1,033,397
Security and monitoring services	\$15,768	\$10,440
Data processing services	\$163,636	\$161,226
Community Services		
Debt services	\$250,866	\$268,487
Payments to fiscal agent/member districts SSA	\$112,887	\$114,981
Other intergovernmental charges	\$106,466	\$118,841
Total Expenditures	<u>\$12,109,624</u>	<u>\$12,192,927</u>
Excess (Deficiency) Before Other Resources, Uses, and Transfers	\$642,882	\$710,863
Other Resources (Uses)		
Transfers In (Out)	<u>\$0</u>	<u>\$0</u>
Increase (Decrease) in Net Assets	\$642,882	\$710,863
Net Assets - Beginning	\$18,848,454	\$18,137,591
Rounding		
Net Assets - Ending	<u>\$19,491,336</u>	<u>\$18,848,454</u>

COMANCHE INDEPENDENT SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS - TABLES

Table 3
Comanche Independent School District's Capital Assets

	Governmental Activities	
	2012	2011
Land	\$316,408	\$316,408
Buildings and improvements	\$28,195,195	\$28,086,104
Equipment and vehicles	\$2,526,087	\$2,353,742
Total Capital Assets	\$31,037,690	\$30,756,254
Total Accumulated Depreciation	\$12,921,509	\$12,186,141
Net Capital Assets	\$18,116,181	\$18,570,113

Table 4
Comanche Independent School District's Long-term Debt

	Governmental Activities	
	2012	2011
Bonds payable	\$4,384,998	\$4,634,998
Accumulated accretion on capital appreciation bond	\$297,003	\$274,220
Unamortized premiums on bonds	\$114,982	\$118,363
Notes Payable	\$1,425,023	\$1,431,000
Total Long-term Debt	\$6,222,006	\$6,458,581

Basic Financial Statements

COMANCHE INDEPENDENT SCHOOL DISTRICT

STATEMENT OF NET ASSETS

AUGUST 31, 2012

Data Control Codes	1	Governmental Activities
ASSETS:		
1110	Cash and Cash Equivalents	\$ 106,599
1120	Current Investments	7,254,710
1225	Property Taxes Receivable (Net)	144,060
1240	Due from Other Governments	408,714
1420	Capitalized Bond and Other Debt Issuance Costs	58,483
Capital Assets:		
1510	Land	316,407
1520	Buildings and Improvements, Net	16,914,174
1530	Furniture and Equipment, Net	885,599
1000	Total Assets	<u>26,088,746</u>
LIABILITIES:		
2110	Accounts Payable	102,984
2165	Accrued Liabilities	244,677
2300	Unearned Revenue	27,743
Noncurrent Liabilities:		
2501	Due Within One Year	324,117
2502	Due in More Than One Year	5,897,889
2000	Total Liabilities	<u>6,597,410</u>
NET ASSETS		
3200	Invested in Capital Assets, Net of Related Debt	11,894,174
Restricted For:		
3820	State and Federal Programs	8,779
3850	Debt Service	75,402
3900	Unrestricted	7,512,981
3000	Total Net Assets	<u>\$ 19,491,336</u>

The accompanying notes are an integral part of this statement.

COMANCHE INDEPENDENT SCHOOL DISTRICT

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED AUGUST 31, 2012

Data Control Codes	Functions/Programs	1 Expenses	3 Program Revenues		4 Operating Grants and Contributions	Net (Expense) Revenue and Changes in Net Assets
			Charges for Services	Governmental Activities		
	Governmental Activities:					
11	Instruction	\$ 7,059,174	\$ 72,961	\$ 822,447	\$ (6,163,766)	
12	Instructional Resources and Media Services	124,662	--	--	(124,662)	
13	Curriculum and Staff Development	27,299	--	20,632	(6,667)	
23	School Leadership	492,478	--	--	(492,478)	
31	Guidance, Counseling, & Evaluation Services	237,880	--	--	(237,880)	
33	Health Services	76,533	--	1,005	(75,528)	
34	Student Transportation	446,053	--	--	(446,053)	
35	Food Service	786,322	236,369	493,591	(56,362)	
36	Cocurricular/Extracurricular Activities	626,573	36,421	--	(590,152)	
41	General Administration	386,975	--	--	(386,975)	
51	Plant Maintenance and Operations	1,196,052	--	--	(1,196,052)	
52	Security and Monitoring Services	15,768	--	9,529	(6,239)	
53	Data Processing Services	163,636	--	--	(163,636)	
72	Interest on Long-term Debt	247,074	--	110,181	(136,893)	
73	Bond Issuance Costs and Fees	3,792	--	--	(3,792)	
93	Payments Related to Shared Services Arrangements	112,887	--	--	(112,887)	
99	Other Intergovernmental Charges	106,466	--	--	(106,466)	
TG	Total Governmental Activities	<u>12,109,624</u>	<u>345,751</u>	<u>1,457,385</u>	<u>(10,306,488)</u>	
TP	Total Primary Government	<u>\$ 12,109,624</u>	<u>\$ 345,751</u>	<u>\$ 1,457,385</u>	<u>(10,306,488)</u>	
	General Revenues:					
MT	Property Taxes, Levied for General Purposes				2,761,841	
DT	Property Taxes, Levied for Debt Service				265,613	
IE	Investment Earnings				114,140	
GC	Grants and Contributions Not Restricted to Specific Programs				7,692,973	
MI	Miscellaneous				113,383	
	Special and Extraordinary Items:					
S1	Special Item Inflow				1,420	
TR	Total General Revenues				<u>10,949,370</u>	
CN	Change in Net Assets				<u>642,882</u>	
NB	Net Assets - Beginning				<u>18,848,454</u>	
NE	Net Assets - Ending				<u>\$ 19,491,336</u>	

The accompanying notes are an integral part of this statement.

COMANCHE INDEPENDENT SCHOOL DISTRICT**BALANCE SHEET - GOVERNMENTAL FUNDS**

AUGUST 31, 2012

Data Control Codes	10 General Fund	Other Governmental Funds	98 Total Governmental Funds	
ASSETS:				
1110	Cash and Cash Equivalents	\$ 144,184	\$ (110,722)	\$ 33,462
1120	Current Investments	7,098,081	42,318	7,140,399
1225	Taxes Receivable, Net	131,877	12,183	144,060
1240	Due from Other Governments	217,772	190,942	408,714
1260	Due from Other Funds	--	30,000	30,000
1000	Total Assets	\$ 7,591,914	\$ 164,721	\$ 7,756,635
LIABILITIES:				
Current Liabilities:				
2150	Payroll Deductions & Withholdings	\$ 5,845	\$ --	\$ 5,845
2160	Accrued Wages Payable	203,765	29,607	233,372
2170	Due to Other Funds	30,000	--	30,000
2200	Accrued Expenditures	3,712	1,748	5,460
2300	Deferred Revenue	131,877	39,926	171,803
2000	Total Liabilities	375,199	71,281	446,480
FUND BALANCES:				
Restricted Fund Balances:				
3450	Federal/State Funds Grant Restrictions	--	8,779	8,779
3480	Retirement of Long-Term Debt	--	75,402	75,402
3490	Other Restrictions of Fund Balance	--	9,259	9,259
Committed Fund Balances:				
3510	Construction	3,933,423	--	3,933,423
3530	Capital Expenditures for Equipment	150,000	--	150,000
3600	Unassigned	3,133,292	--	3,133,292
3000	Total Fund Balances	7,216,715	93,440	7,310,155
4000	Total Liabilities and Fund Balances	\$ 7,591,914	\$ 164,721	\$ 7,756,635

The accompanying notes are an integral part of this statement.

COMANCHE INDEPENDENT SCHOOL DISTRICT
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET ASSETS
AUGUST 31, 2012

Total fund balances - governmental funds balance sheet	\$ 7,310,155
Amounts reported for governmental activities in the Statement of Net Assets ("SNA") are different because:	
Capital assets used in governmental activities are not reported in the funds.	18,116,180
Property taxes receivable unavailable to pay for current period expenditures are deferred in the funds.	144,060
The assets and liabilities of internal service funds are included in governmental activities in the SNA.	84,464
Payables for bond principal which are not due in the current period are not reported in the funds.	(4,482,584)
Payables for bond interest which are not due in the current period are not reported in the funds.	(297,003)
Payables for notes which are not due in the current period are not reported in the funds.	(1,327,437)
Premiums on the issuance of bonds are amortized in the government-wide financial statements.	(114,982)
Bond issuance costs are amortized in the government-wide financial statements.	<u>58,483</u>
Net assets of governmental activities - Statement of Net Assets	<u>\$ 19,491,336</u>

The accompanying notes are an integral part of this statement.

COMANCHE INDEPENDENT SCHOOL DISTRICT

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES

IN FUND BALANCES - GOVERNMENTAL FUNDS

FOR THE YEAR ENDED AUGUST 31, 2012

Data Control Codes	10 General Fund	Other Governmental Funds	98 Total Governmental Funds
REVENUES:			
5700 <i>Local and Intermediate Sources</i>	\$ 3,080,162	\$ 505,542	\$ 3,585,704
5800 <i>State Program Revenues</i>	7,608,216	279,682	7,887,898
5900 <i>Federal Program Revenues</i>	84,757	1,173,703	1,258,460
5020 Total Revenues	<u>10,773,135</u>	<u>1,958,927</u>	<u>12,732,062</u>
EXPENDITURES:			
Current:			
0011 <i>Instruction</i>	5,778,636	819,956	6,598,592
0012 <i>Instructional Resources and Media Services</i>	116,900	--	116,900
0013 <i>Curriculum and Staff Development</i>	4,967	20,632	25,599
0023 <i>School Leadership</i>	461,815	--	461,815
0031 <i>Guidance, Counseling, & Evaluation Services</i>	223,069	--	223,069
0033 <i>Health Services</i>	70,763	1,005	71,768
0034 <i>Student Transportation</i>	605,683	--	605,683
0035 <i>Food Service</i>	14,515	722,849	737,364
0036 <i>Cocurricular/Extracurricular Activities</i>	587,561	--	587,561
0041 <i>General Administration</i>	362,881	--	362,881
0051 <i>Plant Maintenance and Operations</i>	1,223,882	--	1,223,882
0052 <i>Security and Monitoring Services</i>	5,257	9,529	14,786
0053 <i>Data Processing Services</i>	153,448	--	153,448
0071 <i>Principal on Long-term Debt</i>	151,845	250,000	401,845
0072 <i>Interest on Long-term Debt</i>	61,474	166,200	227,674
0073 <i>Bond Issuance Costs and Fees</i>	850	500	1,350
0093 <i>Payments to Shared Service Arrangements</i>	112,887	--	112,887
0099 <i>Other Intergovernmental Charges</i>	106,466	--	106,466
6030 Total Expenditures	<u>10,042,899</u>	<u>1,990,671</u>	<u>12,033,570</u>
1100 Excess (Deficiency) of Revenues Over (Under)			
1100 Expenditures	<u>730,236</u>	<u>(31,744)</u>	<u>698,492</u>
Other Financing Sources and (Uses):			
7914 <i>Issuance of Non-Current Debt</i>	173,369	--	173,369
7949 <i>Other Resources</i>	1,420	--	1,420
7080 Total Other Financing Sources and (Uses)	<u>174,789</u>	<u>--</u>	<u>174,789</u>
1200 Net Change in Fund Balances	<u>905,025</u>	<u>(31,744)</u>	<u>873,281</u>
0100 Fund Balances - Beginning	<u>6,311,690</u>	<u>125,184</u>	<u>6,436,874</u>
3000 Fund Balances - Ending	<u>\$ 7,216,715</u>	<u>\$ 93,440</u>	<u>\$ 7,310,155</u>

The accompanying notes are an integral part of this statement.

COMANCHE INDEPENDENT SCHOOL DISTRICT

*RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED AUGUST 31, 2012*

Net change in fund balances - total governmental funds	\$ 873,281
Amounts reported for governmental activities in the Statement of Activities ("SOA") are different because:	
Capital outlays are not reported as expenses in the SOA.	308,936
The depreciation of capital assets used in governmental activities is not reported in the funds.	(735,368)
Certain property tax revenues are deferred in the funds. This is the change in these amounts this year.	19,023
Repayment of bond principal is an expenditure in the funds but is not an expense in the SOA.	250,000
Repayment of loan principal is an expenditure in the funds but is not an expense in the SOA.	151,846
Bond issuance costs and similar items are amortized in the SOA but not in the funds.	(2,442)
The accretion of interest on capital appreciation bonds is not reported in the funds.	(22,782)
The net revenue (expense) of internal service funds is reported with governmental activities.	(29,625)
Proceeds of notes do not provide revenue in the SOA, but are reported as current resources in the funds.	(173,369)
Bond premiums are reported in the funds but not in the SOA.	<u>3,382</u>
Change in net assets of governmental activities - Statement of Activities	<u>\$ 642,882</u>

The accompanying notes are an integral part of this statement.

COMANCHE INDEPENDENT SCHOOL DISTRICT

STATEMENT OF NET ASSETS

INTERNAL SERVICE FUND

AUGUST 31, 2012

Data Control Codes		Nonmajor Internal Service Fund
		Insurance Fund
ASSETS:		
Current Assets:		
1110	Cash and Cash Equivalents	\$ 73,137
1120	Investments	114,311
	Total Current Assets	<u>187,448</u>
1000	Total Assets	<u>\$ 187,448</u>
 LIABILITIES:		
Current Liabilities:		
2110	Accounts Payable	\$ 102,984
	Total Current Liabilities	<u>102,984</u>
2000	Total Liabilities	<u>102,984</u>
 NET ASSETS:		
3900	Unrestricted Net Assets	84,464
3000	Total Net Assets	<u>\$ 84,464</u>

The accompanying notes are an integral part of this statement.

COMANCHE INDEPENDENT SCHOOL DISTRICT

STATEMENT OF REVENUES, EXPENSES, AND CHANGES
IN FUND NET ASSETS - INTERNAL SERVICE FUND
FOR THE YEAR ENDED AUGUST 31, 2012

Data Control Codes		Nonmajor Internal Service Fund
		Insurance Fund
	OPERATING REVENUES:	
5700	<i>Local and Intermediate Sources</i>	\$ 47,296
5020	Total Revenues	<u>47,296</u>
	OPERATING EXPENSES:	
6400	<i>Other Operating Costs</i>	76,921
6030	Total Expenses	<u>76,921</u>
1300	Change in Net Assets	(29,625)
0100	Total Net Assets - Beginning	114,089
3300	Total Net Assets - Ending	<u>\$ 84,464</u>

The accompanying notes are an integral part of this statement.

COMANCHE INDEPENDENT SCHOOL DISTRICT

STATEMENT OF CASH FLOWS

PROPRIETARY FUNDS

FOR THE YEAR ENDED AUGUST 31, 2012

	Internal Service Funds
Cash Flows from Operating Activities:	
Cash Received from Customers	\$ --
Cash Received from Grants	--
Cash Receipts (Payments) for Quasi-external Operating Transactions with Other Funds	45,860
Cash Payments to Employees for Services	--
Cash Payments to Other Suppliers for Goods and Services	(45,860)
Cash Payments for Grants to Other Organizations	--
Other Operating Cash Receipts (Payments)	--
Net Cash Provided (Used) by Operating Activities	<u> --</u>
Cash Flows from Non-capital Financing Activities:	
Proceeds (Payments) from (for) Borrowings	--
Operating Grants Received	--
Transfers From (To) Primary Government	--
Transfers From (To) Other Funds	--
Net Cash Provided (Used) by Non-capital Financing Activities	<u> --</u>
Cash Flows from Capital and Related Financing Activities:	
Proceeds from Issuance of Long-term Debt	--
Principal and Interest Paid	--
Acquisition or Construction of Capital Assets	--
Proceeds from Sale of Capital Assets	--
Contributed Capital	--
Net Cash Provided (Used) for Capital & Related Financing Activities	<u> --</u>
Cash Flows from Investing Activities:	
Purchase of Investment Securities	--
Proceeds from Sale and Maturities of Securities	--
Interest and Dividends on Investments	1,436
Net Cash Provided (Used) for Investing Activities	<u> 1,436</u>
Net Increase (Decrease) in Cash and Cash Equivalents	1,436
Cash and Cash Equivalents at Beginning of Year	186,012
Cash and Cash Equivalents at End of Year	<u>\$ 187,448</u>
Reconciliation of Operating Income to Net Cash Provided by Operating Activities:	
Operating Income (Loss)	\$ (29,625)
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities	
Depreciation	--
Provision for Uncollectible Accounts	--
Change in Assets and Liabilities:	
Decrease (Increase) in Receivables	--
Increase (Decrease) in Accounts Payable	31,061
Interest on Investments	(1,436)
Increase (Decrease) in Accrued Expenses	--
Increase (Decrease) in Unearned Revenue	--
Total Adjustments	<u>29,625</u>
Net Cash Provided (Used) by Operating Activities	<u>\$ --</u>

The accompanying notes are an integral part of this statement.

COMANCHE INDEPENDENT SCHOOL DISTRICT

STATEMENT OF FIDUCIARY NET ASSETS

FIDUCIARY FUNDS

AUGUST 31, 2012

Data Control Codes	Private-purpose Trust Fund	Agency Fund
ASSETS:	Private-Purpose Trust Fund	Student Activity
1110 <i>Cash and Cash Equivalents</i>	\$ --	\$ 60,014
1120 <i>Current Investments</i>	1,184,084	--
1000 Total Assets	<u>\$ 1,184,084</u>	<u>\$ 60,014</u>
LIABILITIES:		
Current Liabilities:		
2190 <i>Due to Student Groups</i>	\$ --	\$ 60,014
2000 Total Liabilities	<u>--</u>	<u>60,014</u>
NET ASSETS		
3800 <i>Held in Trust</i>	1,184,084	--
3000 Total Net Assets	<u>\$ 1,184,084</u>	<u>\$ --</u>

The accompanying notes are an integral part of this statement.

COMANCHE INDEPENDENT SCHOOL DISTRICT

STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS

FIDUCIARY FUNDS

FOR THE YEAR ENDED AUGUST 31, 2012

	Private- Purpose Trusts
Additions:	
Investment Income	\$ 18,029
Net (Decrease) in Fair Value of Investments	--
Employer Contributions	--
Plan Member Contributions	--
Total Additions	<u>18,029</u>
Deductions:	
Scholarship Awards	36,500
Benefits	--
Refunds of Contributions	--
Administrative Expenses	--
Total Deductions	<u>36,500</u>
Change in Net Assets	(18,471)
Net Assets-Beginning of the Year	<u>1,202,555</u>
Net Assets-End of the Year	<u>\$ 1,184,084</u>

The accompanying notes are an integral part of this statement.

COMANCHE INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED AUGUST 31, 2012

A. Summary of Significant Accounting Policies

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

1. Reporting Entity

The Board of School Trustees ("Board"), a seven-member group, has governance responsibilities over all activities related to public elementary and secondary education within the jurisdiction of the District. The Board is elected by the public and has the exclusive power and duty to govern and oversee the management of the public schools of the District. All powers and duties not specifically delegated by statute to the Texas Education Agency ("TEA") or to the State Board of Education are reserved for the Board, and the TEA may not substitute its judgment for the lawful exercise of those powers and duties by the Board. The District receives funding from local, state and federal government sources and must comply with the requirements of those funding entities. However, the District is not included in any other governmental "reporting entity" as defined by the GASB in its Statement No. 14, "The Financial Reporting Entity," as revised by GASB Statement No.39, and there are no component units included within the reporting entity.

2. Basis of Presentation, Basis of Accounting

a. Basis of Presentation

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

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

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

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

The District reports the following major governmental funds:

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

In addition, the District reports the following fund types:

COMANCHE INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2012

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

Private-Purpose Trust Funds: These funds are used to report trust arrangements under which principal and income benefit individuals, private organizations, or other governments not reported in other fiduciary fund types.

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

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

b. **Measurement Focus, Basis of Accounting**

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

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

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

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

3. **Financial Statement Amounts**

a. **Cash and Cash Equivalents**

COMANCHE INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2012

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

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

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

c. Inventories and Prepaid Items

The District records purchases of supplies as expenditures, utilizing the purchase method of accounting for inventory in accordance with the Resource Guide.

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

d. Capital Assets

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

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

<u>Asset Class</u>	<u>Estimated Useful Lives</u>
Infrastructure	30
Buildings	50
Building Improvements	20
Vehicles	2-15
Office Equipment	3-15
Computer Equipment	3-15

e. Receivable and Payable Balances

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

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

f. Interfund Activity

Interfund activity results from loans, services provided, reimbursements or transfers between funds. Loans are

COMANCHE INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED AUGUST 31, 2012

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

g. Use of Estimates

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

h. Data Control Codes

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

i. Fund Balances - Governmental Funds

Fund balances of the governmental funds are classified as follows:

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

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

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

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

Unassigned Fund Balance - represents amounts which are unconstrained in that they may be spent for any purpose. Only the general fund reports a positive unassigned fund balance. Other governmental funds might report a negative balance in this classification because of overspending for specific purposes for which amounts had been restricted, committed or assigned.

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

B. Compliance and Accountability

COMANCHE INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED AUGUST 31, 2012

1. Finance-Related Legal and Contractual Provisions

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

<u>Violation</u>	<u>Action Taken</u>
None reported	Not applicable

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

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

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

C. Deposits and Investments

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

1. Cash Deposits:

At August 31, 2012, the carrying amount of the District's deposits (cash, certificates of deposit, and interest-bearing savings accounts included in temporary investments) was \$8,792,8557 and the bank balance was \$8,864,888. The District's cash deposits at August 31, 2012 and during the year ended August 31, 2012, were entirely covered by FDIC insurance or by pledged collateral held by the District's agent bank in the District's name.

2. Investments:

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

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

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

COMANCHE INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2012

The District's investment at August 31, 2012 are shown below.

<u>Investment or Investment Type</u>	<u>Maturity</u>	<u>Fair Value</u>
Certificates of Deposit	Less than one year	\$ 8,553,105
Total Investments		<u>\$ 8,553,105</u>

3. Analysis of Specific Deposit and Investment Risks

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

a. Credit Risk

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

At August 31, 2012, the District's investments, other than those which are obligations of or guaranteed by the U. S. Government, are rated as to credit quality as follows:

Certificates of Deposit	\$8,553,105	Secured by FDIC and Pledged Securities
-------------------------	-------------	--

b. Custodial Credit Risk

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

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

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

c. Concentration of Credit Risk

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

d. Interest Rate Risk

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

e. Foreign Currency Risk

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

Investment Accounting Policy

The District's general policy is to report money market investments and short-term participating interest-earning investment contracts at amortized cost and to report nonparticipating interest-earning investment contracts using a cost-based measure. However, if the fair value of an investment is significantly affected by the impairment of the credit standing of the issuer or by other factors, it is reported at fair value. All other investments are reported at fair value unless a

COMANCHE INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED AUGUST 31, 2012

legal contract exists which guarantees a higher value. The term "short-term" refers to investments which have a remaining term of one year or less at time of purchase. The term "nonparticipating" means that the investment's value does not vary with market interest rate changes. Nonnegotiable certificates of deposit are examples of nonparticipating interest-earning investment contracts.

D. Capital Assets

Capital asset activity for the year ended August 31, 2012, was as follows:

	Beginning Balances	Increases	Decreases	Ending Balances
Governmental activities:				
<i>Capital assets not being depreciated:</i>				
Land	\$ 316,408	\$ --	\$ --	\$ 316,408
Construction in progress	--	--	--	--
Total capital assets not being depreciated	<u>316,408</u>	<u>--</u>	<u>--</u>	<u>316,408</u>
<i>Capital assets being depreciated:</i>				
Buildings and improvements	28,086,104	109,091	--	28,195,195
Equipment	--	--	--	--
Vehicles	2,353,742	172,345	--	2,526,087
Total capital assets being depreciated	<u>30,439,846</u>	<u>281,436</u>	<u>--</u>	<u>30,721,283</u>
Less accumulated depreciation for:				
Buildings and improvements	(10,703,409)	--	577,613	(11,281,021)
Equipment	--	--	--	--
Vehicles	(1,482,732)	--	157,755	(1,640,488)
Total accumulated depreciation	<u>(12,186,141)</u>	<u>--</u>	<u>735,368</u>	<u>(12,921,509)</u>
Total capital assets being depreciated, net	<u>18,253,705</u>	<u>281,436</u>	<u>735,368</u>	<u>17,799,773</u>
Governmental activities capital assets, net	<u>\$ 18,570,113</u>	<u>\$ 281,436</u>	<u>\$ 735,368</u>	<u>\$ 18,116,181</u>

Depreciation was charged to functions as follows:

Instruction	\$ 430,957
Instructional Resources and Media Services	7,762
Curriculum and Staff Development	1,700
School Leadership	30,663
Guidance, Counseling, & Evaluation Services	14,811
Health Services	4,765
Student Transportation	40,215
Food Services	48,958
Extracurricular Activities	39,012
General Administration	24,094
Plant Maintenance and Operations	81,261
Security and Monitoring Services	982
Data Processing Services	10,188
	<u>\$ 735,368</u>

E. Interfund Balances and Activities

1. Due To and From Other Funds

Balances due to and due from other funds at August 31, 2012, consisted of the following:

COMANCHE INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2012

Due To Fund	Due From Fund	Amount	Purpose
General Fund	Other Governmental Funds	\$ --	Short-term loans
General Fund	Major fund (specify fund name)	--	For transfer of federal receipts
Major fund (specify fund name)	General Fund	--	Capital projects expenditures
Other Governmental Funds	General Fund	30,000	Short term transfer
	Other Balances	--	
	Total	\$ 30,000	

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

2. **Transfers To and From Other Funds**

Transfers to and from other funds at August 31, 2012, consisted of the following:

Transfers From	Transfers To	Amount	Reason
General fund	Debt service fund	\$ --	Provide resources for repayment of certificates of participation
General fund	Other Governmental Funds	--	Pay debt service on health insurance financing bonds
General fund	Other Governmental Funds	--	Supplement other funds sources
Major fund (specify fund name)	General Fund	--	Reimburse expenditures
Other Governmental Funds	Other Governmental Funds	--	Supplement other funds sources
	Total	\$ --	

F. **Short-Term Debt Activity**

The District accounts for short-term debts for maintenance purposes through the General Fund. The proceeds from loans are shown in the financial statements as Other Resources. The District has no short-term debts.

G. **Long-Term Obligations**

The District has entered into a continuing disclosure undertaking to provide Annual Reports and Material Event Notices to the State Information Depository of Texas, which is the Municipal Advisory Council. This information is required under SEC Rule 15c2-12 to enable investors to analyze the financial condition and operations of the District.

1. **Long-Term Obligation Activity**

Long-term obligations include debt and other long-term liabilities. Changes in long-term obligations for the year ended August 31, 2012, are as follows:

	Beginning Balance	Increases	Decreases	Ending Balance	Amounts Due Within One Year
Governmental activities:					
General obligation bonds	\$ 4,634,998	\$ --	\$ 250,000	\$ 4,384,998	\$ 139,643
Accum Accretion on Capital Appreciation Bonds	274,220	22,782		297,003	--
Unamortized Premium on Bonds	118,363		3,382	114,982	--
Capital leases	--	--	--	--	--
Notes	1,431,000	145,869	151,846	1,425,023	171,703
Compensated absences *	--	--	--	--	--
Claims and judgments *	--	--	--	--	--
Total governmental activities	\$ 6,458,581	\$ 168,651	\$ 405,227	\$ 6,222,006	\$ 311,347

COMANCHE INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED AUGUST 31, 2012

The interest rates on general obligation bonds range from 3.88% to 4.0%.

The interest rates on tax anticipation notes are 4% and 4.55%.

The District issued \$145,869 in new notes in the current year to finance the purchase of school buses. The interest rates on these loans is 2.75%.

* Other long-term liabilities

The funds typically used to liquidate other long-term liabilities in the past are as follows:

<u>Liability</u>	<u>Activity Type</u>	<u>Fund</u>
Compensated absences	Governmental	N/A
Claims and judgments	Governmental	General
Compensated absences	Business-type	N/A
Claims and judgments	Business-type	N/A

2. Debt Service Requirements

Debt service requirements on long-term debt at August 31, 2012, are as follows:

<u>Year Ending August 31.</u>	<u>Governmental Activities</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2013	\$ 324,117	\$ 322,319	\$ 646,435
2014	314,258	328,271	642,530
2015	311,646	332,879	644,525
2016	411,000	191,849	602,849
2017	434,000	173,148	607,148
2018-2022	2,025,000	616,800	2,641,800
2023-2027	1,990,000	198,000	2,188,000
2028-2032			--
2033-2037			--
2038-2042			--
Totals	<u>\$ 5,810,021</u>	<u>\$ 2,163,265</u>	<u>\$ 7,973,287</u>

3. Capital Leases

The District has no capital leases.

H. Commitments Under Noncapitalized Leases

Commitments under operating (noncapitalized) lease agreements for facilities and equipment provide for minimum future rental payments as of August 31, 2012, as follows:

<u>Year Ending August 31.</u>	
2013	None

I. Risk Management

The District is exposed to various risks of loss related to torts, theft, damage or destruction of assets, errors and omissions, injuries to employees, and natural disasters. During fiscal year 2012, the District purchased commercial insurance to cover general liabilities. There were no significant reductions in coverage in the past fiscal year and there were no settlements exceeding insurance coverage for each of the past three fiscal years.

J. Pension Plan

COMANCHE INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2012

1. Plan Description

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

2. Funding Policy

Contribution requirements are not actuarially determined but are established and amended by the Texas state legislature. The state funding policy is as follows: (1) The state constitution requires the legislature to establish a member contribution rate of not less than 6.0% of the member's annual compensation and a state contribution rate of not less than 6.0% and not more than 10% of the aggregate annual compensation of all members of the system. (2) A state statute prohibits benefit improvements or contribution reductions if, as a result of a particular action, the time required to amortize TRS' unfunded actuarial liabilities would be increased to a period that exceeds 31 years, or, if the amortization period already exceeds 31 years, the period would be increased by such action. State law provides for a member contribution rate of 6.4% for fiscal years 2012, 2011 and 2010, and a state contribution rate of 6.0% for fiscal year 2012 and 6.644 for fiscal years 2011 and 2010. In certain instances the reporting district is required to make all or a portion of the state's contribution. State contributions to TRS made on behalf of the District's employees for the years ending August 31, 2012, 2011 and 2010 were \$428,433, \$437,284 and \$443,353, respectively. The District paid additional state contributions for the years ending August 31, 2012, 2011 and 2010 in the amount of \$107,466, \$111,439 and \$106,140, respectively, on portion of the employees' salaries that exceeded the statutory minimum.

K. Retiree Health Care Plans

1. TRS-Care

a. Plan Description

The District contributes to the Texas Public School Retired Employees Group Insurance Program (TRS-Care), a cost-sharing multiple-employer defined benefit postemployment health care plan administered by the Teacher Retirement System of Texas (TRS). TRS-Care Retired Plan provides health care coverage for certain persons (and their dependents) who retired under the Teacher Retirement System of Texas. The statutory authority for the program is Texas Insurance Code, Chapter 1575. Section 1575.052 grants the TRS Board of Trustees the authority to establish and amend basic and optional group insurance coverage for participants. The TRS issues a publicly available financial report that includes financial statements and required supplementary information for TRS-Care. That report may be obtained by visiting the TRS web site at www.trs.state.tx.us under the TRS Publications heading, by writing to the Communications Department of the Teacher Retirement System of Texas at 1000 Red River Street, Austin, Texas 78701, or by calling the TRS Communications Department at 1-800-223-8778.

b. Funding Policy

Contribution requirements are not actuarially determined but are legally established each biennium by the Texas Legislature. Texas Insurance Code, Sections 1575.202, 203, and 204 establish state, active employee, and public school contributions, respectively. Funding for free basic coverage is provided by the program based upon public school district payroll. Per Texas Insurance Code, Chapter 1575, the

COMANCHE INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED AUGUST 31, 2012

public school contribution may not be less than 0.25% or greater than 0.75% of the salary of each active employee of the public school. Funding for optional coverage is provided by those participants selecting the optional coverage. The State of Texas and active public school employee contribution rates were 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, 2011 and 2010. For the years ended August 31, 2012, 2011, and 2010, the State's contributions to TRS-Care were \$66,942, \$68,325, and \$68,274, respectively, the active member contributions were \$43,513, \$44,412, and \$45,025, respectively, and the District's contributions were \$36,818, \$37,579, and \$38,099, respectively, which equaled the required contributions each year.

2. Medicare Part D Subsidies

The Medicare Prescription Drug, Improvement, and Modernization Act of 2003, which was effective January 1, 2006, established prescription drug coverage for Medicare beneficiaries known as Medicare Part D. One of the provisions of Medicare Part D allows for the Texas Public School Retired Employee Group Insurance Program (TRS-Care) to receive retiree drug subsidy payments from the federal government to offset certain prescription drug expenditures for eligible TRS-Care participants. For the fiscal years ended August 31, 2012, 2011, and 2010, the subsidy payments received by TRS-Care on behalf of the District were \$18,661, \$16,906, and \$17,446, respectively.

3. Early Retiree Reinsurance Program (ERRP)

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 is available to help employers continue to provide coverage to early retirees. ERRP reimbursement is available on a first come, first served basis for qualified employers that apply and become certified for the program. TRS has been certified for this program and has received funds from the ERRP program. For the fiscal year ended August 31, 2012, the amount received by TRS-Care on behalf of the District was \$17,647.

L. Employee Health Care Coverage

During the year ended August 31, 2012, employees of the District were covered the TRS Health Care Plan. The District paid total premiums of approximately \$382,404 to this plan during the 2011-2012 fiscal year.

M. Commitments and Contingencies

1. Contingencies

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

2. Litigation

No reportable litigation was pending against the District at August 31, 2012.

N. Shared Services Arrangements

COMANCHE INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED AUGUST 31, 2012

Shared Services Arrangement - Membership

The District participates in a shared services arrangement ("SSA") for a special education cooperative with the following districts:

Member Districts
Comanche ISD
De Leon ISD - Fiscal Agent
Cros PLains ISD
Sidney ISD
Gustine ISD
May ISD

The District does not account for revenues or expenditures in this program and does not disclose them in these financial statements. The District neither has a joint ownership interest in fixed assets purchased by the fiscal agent, De Leon ISD, nor does the District have a net equity interest in the fiscal agent. The fiscal agent is neither accumulating significant financial resources nor fiscal exigencies that would give rise to a future additional benefit or burden to the District. The fiscal agent manager is responsible for all financial activities of the SSA.

The District does not account for revenues or expenditures in this program and does not disclose them in these financial statements. The District neither has a joint ownership interest in fixed assets purchased by the fiscal agent, school name, nor does the District have a net equity interest in the fiscal agent. The fiscal agent is neither accumulating significant financial resources nor fiscal exigencies that would give rise to a future additional benefit or burden to the District. The fiscal agent manager is responsible for all financial activities of the SSA.

O. Subsequent Events

Management reviewed all events from August 31, 2012 to October 3, 2012. There were no reportable subsequent events.

P. Workers Compensation Insurance

The District is a participant in the North Texas Educational Insurance Workers' Compensation Self-Insurance Fund. The purpose of the Fund is to provide statutory benefits for the fund members' employees through self-insurance of workers' compensation prescribed by Article 8309h, revised Civil Statutes of Texas as amended.

The interlocal agreement between the Comanche Independent School District and the North Texas Educational Insurance Association Workers Compensation Self-Insurance Fund is for a term beginning September 1, 2011 and terminating on September 1, 2012. Either party may terminate the agreement upon 60 days notice with the termination becoming effective at the end of the plan currently in force.

The required contribution for each fund member is based on the State Board of Insurance workers' compensation rates for the various payroll classification included in the fund member's annual payroll. The interlocal agreement states that the Comanche Independent School District's fixed cost for the 2011-2012 year is \$33,168, which is recorded in the District's records as insurance expense. The District has recorded a liability for estimated claims of \$102,984 as a liability in its self-insurance fund.

The "pooled risk" self-insurance fund is managed by a six member board. Any excess to the cumulative contributions and the investment earnings of all fund sponsors are available for reduction of the annual contributions. The Fund retains \$225,000 for any one accident or occurrence and purchases stop loss protection for all other claims.

The Board reserved the right in the interlocal agreement to adjust this stop loss provision in the event that the fiscal soundness of the fund would justify such an adjustment and/or result in savings to fund members. All Claims are processed and paid by the pool through a servicing

COMANCHE INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED AUGUST 31, 2012

contractor employed by the Fund. The District had estimated unpaid claims of \$102,984 at August 31, 2012.

Q. Property/Casualty Insurance

During the year ended August 31, 2012, the Comanche Independent School District participated in the TASB Risk Management Fund's (the Fund's) Property Casualty Program with coverage in:

Property
Auto Liability
Auto Physical Damage
Equipment Breakdown
General Liability

The Fund was created and is operated under the provision of the Interlocal Cooperation Act, Chapter 791 of the Texas Government Code. All members participating in the Fund execute Interlocal Agreements that define the responsibilities of the parties.

The Fund purchases stop loss coverage for protection against catastrophic and larger than anticipated claims for the Property Casualty Program. The terms and limits of the stop-loss program vary by line of coverage. The Fund uses the services of an independent actuary to determine the adequacy of reserves and fully funds those reserves. For the year ended August 31, 2012, the Fund anticipates the District has no additional liability beyond the contractual obligations for payment of contributions.

The Fund engages the services of an independent auditor to conduct a financial audit after the close of each plan year on August 31. The audit is accepted by the Fund's Board of Trustees in February of the following year. The Fund's audited financial statements as of August 31, 2011, are available at the TASB offices and have been filed with the Texas Department of Insurance in Austin.

R. Unemployment Compensation

During the year ended August 31, 2012, the District provided unemployment compensation coverage to its employees through participation in the TASB Risk Management (the Fund). The Fund was created and is operated under the provision of the Interlocal Cooperation Act, Chapter 791 of the Texas Government Code. The Fund's Unemployment Compensation Program is authorized by Section 22.005 of the Texas Education Code and Chapter 172 of the Texas Local Government Code. All members participating in the Fund execute interlocal Agreements that define the responsibilities of the parties.

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

The Fund engages the services of an independent auditor to conduct a financial audit after the close of each plan year on August 31. The audit is accepted by the Fund's Board of Trustees in February of the following year. The fund's audited financial statements as of August 31, 2011, are available at the TASB offices and have been filed with the Texas Department of Insurance in Austin.

COMANCHE INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2012

S. Due from Other Governments

The following is a summary of amounts due from other governmental entities as of August 31, 2012:

	State Revenue Sources	Federal Revenue Sources	Total
General Fund	\$217,772		\$217,772
Special Revenue Funds	\$3,508	\$187,432	\$190,940
Total Due from Other Governmental Entities	<u>\$221,280</u>	<u>\$187,432</u>	<u>\$408,712</u>

T. Unearned Revenue in Individual Funds

The District had deferred revenue as follows in its individual funds as of August 31, 2012:

General Fund:		
Property tax revenue		\$131,877
Special Revenue Funds:		
Federal and state grants and entitlements		\$27,743
Debt Service Fund		
Property tax revenue		<u>\$12,183</u>
Total Deferred Revenue		<u>\$171,803</u>

U. Committed Fund Balances

The Board of Trustees at the August, 2011 regular board meeting committed available fund balances as follows:

Committed for future construction and rehabilitation	\$3,933,423
Committed for equipment Replacement	\$150,000

Required Supplementary Information

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

COMANCHE INDEPENDENT SCHOOL DISTRICT

GENERAL FUND

BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED AUGUST 31, 2012

Data Control Codes	1		2		3		Variance with Final Budget Positive (Negative)
	Budgeted Amounts				Actual		
	Original	Final					
REVENUES:							
5700	Local and Intermediate Sources	\$ 2,802,357	\$ 3,100,000	\$ 3,080,162	\$ (19,838)		
5800	State Program Revenues	7,407,055	7,557,055	7,608,216	51,161		
5900	Federal Program Revenues	--	85,000	84,757	(243)		
5020	Total Revenues	10,209,412	10,742,055	10,773,135	31,080		
EXPENDITURES:							
Current:							
Instruction & Instructional Related Services:							
0011	Instruction	5,701,972	6,055,172	5,778,636	276,536		
0012	Instructional Resources and Media Services	127,671	127,671	116,900	10,771		
0013	Curriculum and Staff Development	--	10,800	4,967	5,833		
	Total Instruction & Instr. Related Services	5,829,643	6,193,643	5,900,503	293,140		
Instructional and School Leadership:							
0023	School Leadership	463,206	463,206	461,815	1,391		
	Total Instructional & School Leadership	463,206	463,206	461,815	1,391		
Support Services - Student (Pupil):							
0031	Guidance, Counseling and Evaluation Services	229,534	229,534	223,069	6,465		
0033	Health Services	75,382	75,382	70,763	4,619		
0034	Student (Pupil) Transportation	428,076	624,076	605,683	18,393		
0035	Food Services	15,526	15,526	14,515	1,011		
0036	Cocurricular/Extracurricular Activities	591,505	645,505	587,561	57,944		
	Total Support Services - Student (Pupil)	1,340,023	1,590,023	1,501,591	88,432		
Administrative Support Services:							
0041	General Administration	368,257	368,257	362,881	5,376		
	Total Administrative Support Services	368,257	368,257	362,881	5,376		
Support Services - Nonstudent Based:							
0051	Plant Maintenance and Operations	1,209,050	1,359,050	1,223,882	135,168		
0052	Security and Monitoring Services	15,000	15,000	5,257	9,743		
0053	Data Processing Services	155,000	155,000	153,448	1,552		
	Total Support Services - Nonstudent Based	1,379,050	1,529,050	1,382,587	146,463		
Debt Service:							
0071	Principal on Long-Term Debt	125,000	125,000	151,845	(26,845)		
0072	Interest on Long-Term Debt	60,819	60,819	61,474	(655)		
0073	Bond Issuance Costs and Fees	1,000	1,000	850	150		
	Total Debt Service	186,819	186,819	214,169	(27,350)		
Intergovernmental Charges:							
0093	Payments to Fiscal Agent/Member Dist.-SSA	114,982	114,982	112,887	2,095		
0099	Other Intergovernmental Charges	148,000	148,000	106,466	41,534		
	Total Intergovernmental Charges	262,982	262,982	219,353	43,629		
6030	Total Expenditures	9,829,980	10,593,980	10,042,899	551,081		
1100	Excess (Deficiency) of Revenues Over (Under)						
1100	Expenditures	379,432	148,075	730,236	582,161		
Other Financing Sources (Uses):							

COMANCHE INDEPENDENT SCHOOL DISTRICT

GENERAL FUND

BUDGETARY COMPARISON SCHEDULE

FOR THE YEAR ENDED AUGUST 31, 2012

EXHIBIT G-1

Page 2 of 2

Data Control Codes		1	2	3	Variance with Final Budget Positive (Negative)
		Budgeted Amounts		Actual	
		Original	Final		
7914	Issuance of Non-Current Debt	--	146,000	173,369	27,369
7949	Other Resources	--	--	1,420	1,420
7080	Total Other Financing Sources and (Uses)	--	146,000	174,789	28,789
1200	Net Change in Fund Balance	379,432	294,075	905,025	610,950
0100	Fund Balance - Beginning	6,311,690	6,311,690	6,311,690	--
3000	Fund Balance - Ending	\$ 6,691,122	\$ 6,605,765	\$ 7,216,715	\$ 610,950

*Combining Statements and Budget Comparisons
as Supplementary Information*

This supplementary information includes financial statements and schedules not required by the Governmental Accounting Standards Board, nor a part of the basic financial statements, but are presented for purposes of additional analysis.

COMANCHE INDEPENDENT SCHOOL DISTRICT

COMBINING BALANCE SHEET

NONMAJOR GOVERNMENTAL FUNDS

AUGUST 31, 2012

Data Control Codes		Special Revenue Funds	Debt Service Fund	Total Nonmajor Governmental Funds (See Exhibit C-1)
ASSETS:				
1110	Cash and Cash Equivalents	\$ (113,806)	\$ 3,084	\$ (110,722)
1120	Current Investments	--	42,318	42,318
1225	Taxes Receivable, Net	--	12,183	12,183
1240	Due from Other Governments	190,942	--	190,942
1260	Due from Other Funds	--	30,000	30,000
1000	Total Assets	<u>\$ 77,136</u>	<u>\$ 87,585</u>	<u>\$ 164,721</u>
LIABILITIES:				
Current Liabilities:				
2160	Accrued Wages Payable	\$ 29,607	\$ --	\$ 29,607
2200	Accrued Expenditures	1,748	--	1,748
2300	Deferred Revenue	27,743	12,183	39,926
2000	Total Liabilities	<u>59,098</u>	<u>12,183</u>	<u>71,281</u>
FUND BALANCES:				
Restricted Fund Balances:				
3450	Federal/State Funds Grant Restrictions	8,779	--	8,779
3480	Retirement of Long-Term Debt	--	75,402	75,402
3490	Other Restrictions of Fund Balance	9,259	--	9,259
3000	Total Fund Balances	<u>18,038</u>	<u>75,402</u>	<u>93,440</u>
4000	Total Liabilities and Fund Balances	<u>\$ 77,136</u>	<u>\$ 87,585</u>	<u>\$ 164,721</u>

COMANCHE INDEPENDENT SCHOOL DISTRICT

COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED AUGUST 31, 2012

Data Control Codes	Special Revenue Funds	Debt Service Fund	Total Nonmajor Governmental Funds (See Exhibit C-2)
REVENUES:			
5700 <i>Local and Intermediate Sources</i>	\$ 240,369	\$ 265,173	\$ 505,542
5800 <i>State Program Revenues</i>	169,501	110,181	279,682
5900 <i>Federal Program Revenues</i>	1,173,703	--	1,173,703
5020 Total Revenues	<u>1,583,573</u>	<u>375,354</u>	<u>1,958,927</u>
EXPENDITURES:			
Current:			
0011 <i>Instruction</i>	819,956	--	819,956
0013 <i>Curriculum and Staff Development</i>	20,632	--	20,632
0033 <i>Health Services</i>	1,005	--	1,005
0035 <i>Food Service</i>	722,849	--	722,849
0052 <i>Security and Monitoring Services</i>	9,529	--	9,529
0071 <i>Principal on Long-term Debt</i>	--	250,000	250,000
0072 <i>Interest on Long-term Debt</i>	--	166,200	166,200
0073 <i>Bond Issuance Costs and Fees</i>	--	500	500
6030 Total Expenditures	<u>1,573,971</u>	<u>416,700</u>	<u>1,990,671</u>
1100 Excess (Deficiency) of Revenues Over (Under)			
1100 Expenditures	9,602	(41,346)	(31,744)
1200 Net Change in Fund Balances	<u>9,602</u>	<u>(41,346)</u>	<u>(31,744)</u>
0100 Fund Balances - Beginning	8,436	116,748	125,184
Fund Balances - Beginning, as Restated	8,436	116,748	125,184
3000 Fund Balances - Ending	<u>\$ 18,038</u>	<u>\$ 75,402</u>	<u>\$ 93,440</u>

COMANCHE INDEPENDENT SCHOOL DISTRICT

COMBINING BALANCE SHEET

NONMAJOR SPECIAL REVENUE FUNDS

AUGUST 31, 2012

Data Control Codes	211 ESEA Title I Improving Basic Programs	212 ESEA Title I, Part C Migrant Children	224 IDEA-B Formula	240 National School Breakfast/Lunch Program
ASSETS:				
1110	Cash and Cash Equivalents	\$ (70,457)	\$ --	\$ 7,787
1240	Due from Other Governments	86,661	1,331	13,359
1000	Total Assets	\$ 16,204	\$ 1,331	\$ 21,146
LIABILITIES:				
Current Liabilities:				
2160	Accrued Wages Payable	\$ 14,891	\$ 1,224	\$ 12,155
2200	Accrued Expenditures	1,313	107	212
2300	Deferred Revenue	--	--	--
2000	Total Liabilities	16,204	1,331	12,367
FUND BALANCES:				
Restricted Fund Balances:				
3450	Federal/State Funds Grant Restrictions	--	--	8,779
3490	Other Restrictions of Fund Balance	--	--	--
3000	Total Fund Balances	--	--	8,779
4000	Total Liabilities and Fund Balances	\$ 16,204	\$ 1,331	\$ 21,146

255 ESEA Title II Training & Recruiting	266 ARRA of 2009 Title XIV State Fiscal Stabilization	270 ESEA, Title VI Part B, Subpart 2 Rural School	283 IDEA - Part B Formula - ARRA	284 IDEA - Part B Preschool - ARRA
\$ (915) 2,368	\$ -- --	\$ -- --	\$ -- --	\$ -- --
\$ 1,453	\$ --	\$ --	\$ --	\$ --
\$ 1,337 116 -- 1,453	\$ -- -- -- --	\$ -- -- -- --	\$ -- -- -- --	\$ -- -- -- --
\$ -- -- --	\$ -- -- --	\$ -- -- --	\$ -- -- --	\$ -- -- --
\$ 1,453	\$ --	\$ --	\$ --	\$ --

COMANCHE INDEPENDENT SCHOOL DISTRICT

COMBINING BALANCE SHEET

NONMAJOR SPECIAL REVENUE FUNDS

AUGUST 31, 2012

Data Control Codes		285 ESEA Title 1 Part A Improving Basic Programs - ARRA	287 Education Jobs Fund	289 Summer School LEP
ASSETS:				
1110	Cash and Cash Equivalents	\$ --	\$ (83,715)	\$ --
1240	Due from Other Governments	--	83,715	--
1000	Total Assets	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>
LIABILITIES:				
Current Liabilities:				
2160	Accrued Wages Payable	\$ --	\$ --	\$ --
2200	Accrued Expenditures	--	--	--
2300	Deferred Revenue	--	--	--
2000	Total Liabilities	<u>--</u>	<u>--</u>	<u>--</u>
FUND BALANCES:				
Restricted Fund Balances:				
3450	Federal/State Funds Grant Restrictions	--	--	--
3490	Other Restrictions of Fund Balance	--	--	--
3000	Total Fund Balances	<u>--</u>	<u>--</u>	<u>--</u>
4000	Total Liabilities and Fund Balances	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>

393 Texas Successful Schools	397 Advanced Placement Incentives	404 Student Success Initiative	410 State Textbook Fund	411 Technology Allotment
\$ 7,741	\$ 20,002	\$ --	\$ (205)	\$ 5,484
--	--	--	205	--
<u>\$ 7,741</u>	<u>\$ 20,002</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ 5,484</u>
\$ --	\$ --	\$ --	\$ --	\$ --
--	--	--	--	--
7,741	20,002	--	--	--
<u>7,741</u>	<u>20,002</u>	<u>--</u>	<u>--</u>	<u>--</u>
--	--	--	--	--
--	--	--	--	5,484
--	--	--	--	5,484
<u>\$ 7,741</u>	<u>\$ 20,002</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ 5,484</u>

COMANCHE INDEPENDENT SCHOOL DISTRICT

COMBINING BALANCE SHEET

NONMAJOR SPECIAL REVENUE FUNDS

AUGUST 31, 2012

Data Control Codes	429 State Funded Special Revenue Fund	499 J.R. Beadel Foundation	Total Nonmajor Special Revenue Funds (See Exhibit H-1)	
ASSETS:				
1110	Cash and Cash Equivalents	\$ (812)	\$ 1,284	\$ (113,806)
1240	Due from Other Governments	3,303	--	190,942
1000	Total Assets	<u>\$ 2,491</u>	<u>\$ 1,284</u>	<u>\$ 77,136</u>
LIABILITIES:				
Current Liabilities:				
2160	Accrued Wages Payable	\$ --	\$ --	\$ 29,607
2200	Accrued Expenditures	--	--	1,748
2300	Deferred Revenue	--	--	27,743
2000	Total Liabilities	<u>--</u>	<u>--</u>	<u>59,098</u>
FUND BALANCES:				
Restricted Fund Balances:				
3450	Federal/State Funds Grant Restrictions	--	--	8,779
3490	Other Restrictions of Fund Balance	2,491	1,284	9,259
3000	Total Fund Balances	<u>2,491</u>	<u>1,284</u>	<u>18,038</u>
4000	Total Liabilities and Fund Balances	<u>\$ 2,491</u>	<u>\$ 1,284</u>	<u>\$ 77,136</u>

COMANCHE INDEPENDENT SCHOOL DISTRICT

COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED AUGUST 31, 2012

Data Control Codes	211 ESEA Title I Improving Basic Programs	212 ESEA Title I, Part C Migrant Children	224 IDEA-B Formula	240 National School Breakfast/Lunch Program
REVENUES:				
5700 Local and Intermediate Sources	\$ --	\$ --	\$ --	\$ 236,369
5800 State Program Revenues	--	--	--	4,355
5900 Federal Program Revenues	338,779	74,116	22,572	489,236
5020 Total Revenues	<u>338,779</u>	<u>74,116</u>	<u>22,572</u>	<u>729,960</u>
EXPENDITURES:				
Current:				
0011 Instruction	338,779	69,616	22,572	--
0013 Curriculum and Staff Development	--	4,500	--	--
0033 Health Services	--	--	--	--
0035 Food Service	--	--	--	722,849
0052 Security and Monitoring Services	--	--	--	--
6030 Total Expenditures	<u>338,779</u>	<u>74,116</u>	<u>22,572</u>	<u>722,849</u>
1100 Excess (Deficiency) of Revenues Over (Under)				
1100 Expenditures	--	--	--	7,111
1200 Net Change in Fund Balances	--	--	--	7,111
0100 Fund Balances - Beginning	--	--	--	1,668
3000 Fund Balances - Ending	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ 8,779</u>

255 ESEA Title II Training & Recruiting	270 ESEA, Title VI Part B, Subpart 2 Rural School	283 IDEA - Part B Formula - ARRA	285 ESEA Title 1 Part A Improving Basic Programs - ARRA	287 Education Jobs Fund
\$ --	\$ --	\$ --	\$ --	\$ --
--	--	--	--	--
56,462	28,404	8,004	6,221	148,799
<u>56,462</u>	<u>28,404</u>	<u>8,004</u>	<u>6,221</u>	<u>148,799</u>
40,330	18,875	8,004	6,221	148,799
16,132	--	--	--	--
--	--	--	--	--
--	--	--	--	--
--	9,529	--	--	--
<u>56,462</u>	<u>28,404</u>	<u>8,004</u>	<u>6,221</u>	<u>148,799</u>
--	--	--	--	--
--	--	--	--	--
--	--	--	--	--
<u>56,462</u>	<u>28,404</u>	<u>8,004</u>	<u>6,221</u>	<u>148,799</u>

COMANCHE INDEPENDENT SCHOOL DISTRICT

COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED AUGUST 31, 2012

Data Control Codes	289 Summer School LEP	410 State Textbook Fund
REVENUES:		
5700 <i>Local and Intermediate Sources</i>	\$ --	\$ --
5800 <i>State Program Revenues</i>	--	74,287
5900 <i>Federal Program Revenues</i>	1,110	--
5020 Total Revenues	<u>1,110</u>	<u>74,287</u>
EXPENDITURES:		
Current:		
0011 <i>Instruction</i>	1,110	74,287
0013 <i>Curriculum and Staff Development</i>	--	--
0033 <i>Health Services</i>	--	--
0035 <i>Food Service</i>	--	--
0052 <i>Security and Monitoring Services</i>	--	--
6030 Total Expenditures	<u>1,110</u>	<u>74,287</u>
1100 Excess (Deficiency) of Revenues Over (Under)	--	--
1100 Expenditures	<u>--</u>	<u>--</u>
1200 Net Change in Fund Balances	<u>--</u>	<u>--</u>
0100 Fund Balances - Beginning	--	--
3000 Fund Balances - Ending	<u>\$ --</u>	<u>\$ --</u>

411 Technology Allotment	429 State Funded Special Revenue Fund	499 J.R. Beadel Foundation	Total Nonmajor Special Revenue Funds (See Exhibit H-2)
\$ --	\$ --	\$ 4,000	\$ 240,369
--	90,859	--	169,501
--	--	--	1,173,703
<u> </u>	<u>90,859</u>	<u>4,000</u>	<u>1,583,573</u>
--	88,368	2,995	819,956
--	--	--	20,632
--	--	1,005	1,005
--	--	--	722,849
--	--	--	9,529
<u> </u>	<u>88,368</u>	<u>4,000</u>	<u>1,573,971</u>
--	2,491	--	9,602
<u> </u>	<u>2,491</u>	<u> </u>	<u>9,602</u>
5,484	--	1,284	8,436
<u>\$ 5,484</u>	<u>\$ 2,491</u>	<u>\$ 1,284</u>	<u>\$ 18,038</u>

Other Supplementary Information

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

COMANCHE INDEPENDENT SCHOOL DISTRICT

*SCHEDULE OF DELINQUENT TAXES RECEIVABLE
FOR THE YEAR ENDED AUGUST 31, 2012*

Year Ended August 31	1		2		3	
	Tax Rates				Assessed/Appraised Value For School Tax Purposes	
	Maintenance		Debt Service			
2003 and Prior Years	\$	Various	\$	Various	\$	Various
2004		1.08		--		179,773,300
2005		1.11		--		215,829,005
2006		1.23		--		224,009,097
2007		1.13		--		240,816,396
2008		.88		.18		259,426,996
2009		.90		.13		280,341,343
2010		.93		.10		286,807,067
2011		.9883		.10		283,279,307
2012 (School Year Under Audit)		1.04		.10		261,223,363

1000 Totals

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

10 Beginning Balance 9/1/11	20 Current Year's Total Levy	31 Maintenance Collections	32 Debt Service Collections	40 Entire Year's Adjustments	50 Ending Balance 8/31/12
\$ 29,848	\$ --	\$ 236	\$ --	\$ (2,327)	\$ 27,285
5,306	--	178	--	0	5,128
8,112	--	174	--	--	7,938
10,570	--	426	--	(297)	9,847
9,971	--	1,019	--	(97)	8,856
13,817	--	1,129	231	(451)	12,006
20,459	--	4,193	606	(307)	15,353
37,138	--	12,363	1,329	(471)	22,976
114,848	--	54,769	5,542	(3,625)	50,912
--	2,977,946	2,589,071	248,949	(12,107)	127,820
<u>\$ 250,070</u>	<u>\$ 2,977,946</u>	<u>\$ 2,663,559</u>	<u>\$ 256,657</u>	<u>\$ (19,681)</u>	<u>\$ 288,120</u>
\$ --	\$ --	\$ --	\$ --	\$ --	\$ --

COMANCHE INDEPENDENT SCHOOL DISTRICT

SCHEDULE OF EXPENDITURES FOR COMPUTATION OF INDIRECT COST FOR 2013-2014
 GENERAL AND SPECIAL REVENUE FUNDS
 FOR THE YEAR ENDED AUGUST 31, 2012

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

Account Number	Account Name	1 (702) School Board	2 (703) Tax Collection	3 (701) Supt's Office	4 (750) Indirect Cost	5 (720) Direct Cost	6 (Other) Misc.	7 Total
611X-6146	Payroll Costs	\$ --	\$ --	\$ 151,042	\$ 106,822	\$ --	\$ --	\$ 257,864
6149	Fringe Benefits (Unused Leave for Separating Employees in Function 41 and Related 53)	--	--	--	--	--	--	--
6149	Fringe Benefits (Unused Leave for Separating Employees in all Functions except Function 41 and Related 53)	--	--	--	--	--	--	--
6211	Legal Services	--	--	4,998	--	--	--	4,998
6212	Audit Services	--	--	--	13,600	--	--	13,600
6213	Tax Appraisal and Collection	--	106,466	--	--	--	--	106,466
621X	Other Prof. Services	--	--	18,200	--	--	--	18,200
6220	Tuition and Transfer Payments	--	--	--	--	--	--	--
6230	Education Service Centers	--	--	--	--	--	1,015	1,015
6240	Contr. Maint. and Repair	--	--	--	--	--	--	--
6250	Utilities	--	--	--	--	--	--	--
6260	Rentals	--	--	6,919	--	--	--	6,919
6290	Miscellaneous Contr.	--	--	--	--	--	--	--
6310	Operational Supplies, Materials	--	--	--	--	--	--	--
6320	Textbooks and Reading	--	--	--	--	--	--	--
6330	Testing Materials	--	--	--	--	--	--	--
63XX	Other Supplies, Materials	--	--	12,579	--	--	--	12,579
6410	Travel, Subsistence, Stipends	7,408	--	3,970	--	--	--	11,378
6420	Ins. and Bonding Costs	--	--	71	--	--	--	71
6430	Election Costs	3,876	--	--	--	--	--	3,876
6490	Miscellaneous Operating	--	--	20,554	--	--	11,827	32,381
6500	Debt Service	--	--	--	--	--	--	--
6600	Capital Outlay	--	--	--	--	--	--	--

Total \$ 11,284 \$ 106,466 \$ 218,333 \$ 120,422 \$ -- \$ 12,842 \$ 469,347

Total Expenditures for General and Special Revenue Funds (9) \$ 11,616,870

LESS: Deductions of Unallowable Costs

FISCAL YEAR

Total Capital Outlay (6600)	(10)	\$ 424,644
Total Debt & Lease (6500)	(11)	\$ 214,169
Plant Maintenance (Function 51, 6100-6400)	(12)	\$ 1,114,791
Food (Function 35, 6341 and 6499)	(13)	\$ 372,664
Stipends (6413)	(14)	\$ --
Column 4 (above) - Total Indirect Cost		\$ 120,422

Subtotal 2,246,690

Net Allowed Direct Cost \$ 9,370,180

CUMULATIVE

Total Cost of Buildings Before Depreciation (1520)	(15)	\$ 28,195,195
Historical Cost of Buildings over 50 years old	(16)	--
Amount of Federal Money in Building Cost (Net of #16)	(17)	--
Total Cost of Furniture & Equipment Before Depreciation (1530 & 1540)	(18)	2,526,087
Historical Cost of Furniture & Equipment over 16 years old	(19)	--
Amount of Federal Money in Furniture & Equipment (Net of #19)	(20)	\$ 86,856

(8) Note A - No Function 53 expenditures and \$106,466 in Function 99 expenditures are included in this report on administrative costs.

COMANCHE INDEPENDENT SCHOOL DISTRICT
FUND BALANCE AND CASH FLOW CALCULATION WORKSHEET (UNAUDITED)
GENERAL FUND
AS OF AUGUST 31, 2012

EXHIBIT J-3

Data Control Codes	Explanation	Amount
1	Total General Fund Fund Balance as of August 31, 2012 (Exhibit C-1 object 3000 for the General Fund only)	\$ 7,216,715
2	Total General Fund Nonspendable Fund Balance (from Exhibit C-1 - total of object 341X-344X for the General Fund only)	--
3	Total General Fund Restricted Fund Balance (from Exhibit C-1 - total of object 345X-349X for the General Fund only)	--
4	Total General Fund Committed Fund Balance (from Exhibit C-1 - total of object 351X-354X for the General Fund only)	4,083,423
5	Total General Fund Assigned Fund Balance (from Exhibit C-1 - total of object 355X-359X for the General Fund only)	--
6	Estimated amount needed to cover fall cash flow deficits in the General Fund (net of borrowed funds and funds representing deferred revenues)	--
7	Estimate of two months' average cash disbursements during the fiscal year	2,005,595
8	Estimate of delayed payments from state sources (58XX)	320,000
9	Estimate of underpayment from state sources equal to variance between Legislative Payment Estimate (LPE) and District Planning Estimate (DPE) or District's calculated earned state aid amount	--
10	Estimate of delayed payments from federal sources (59XX)	82,000
11	Estimate of expenditures to be reimbursed to General Fund from Capital Projects Fund (uses of General Fund cash after bond referendum and prior to issuance of bonds)	--
12	General Fund Optimum Fund Balance and Cash Flow (Lines 2+3+4+5+6+7+8+9+10+11)	6,491,018
13	Excess (Deficit) Unassigned General Fund Fund Balance (1-12)	\$ 725,697

If Item 11 is a Positive Number

Explanation of need for and/or projected use of net positive Unassigned General Fund Fund Balance:

COMANCHE INDEPENDENT SCHOOL DISTRICT
NATIONAL SCHOOL BREAKFAST AND LUNCH PROGRAM
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED AUGUST 31, 2012

EXHIBIT J-4

Data Control Codes	1	2	3
	Budget	Actual	Variance Positive (Negative)
REVENUES:			
5700 <i>Local and Intermediate Sources</i>	\$ 245,000	\$ 236,369	\$ (8,631)
5800 <i>State Program Revenues</i>	4,500	4,355	(145)
5900 <i>Federal Program Revenues</i>	523,983	489,236	(34,747)
5020 Total Revenues	<u>773,483</u>	<u>729,960</u>	<u>(43,523)</u>
EXPENDITURES:			
Current:			
Support Services - Student (Pupil):			
0035 <i>Food Services</i>	741,724	722,849	18,875
Total Support Services - Student (Pupil)	<u>741,724</u>	<u>722,849</u>	<u>18,875</u>
6030 Total Expenditures	<u>741,724</u>	<u>722,849</u>	<u>18,875</u>
1100 Excess (Deficiency) of Revenues Over (Under)			
1100 Expenditures	31,759	7,111	(24,648)
1200 Net Change in Fund Balance	<u>31,759</u>	<u>7,111</u>	<u>(24,648)</u>
0100 Fund Balance - Beginning	1,668	1,668	--
3000 Fund Balance - Ending	<u>\$ 33,427</u>	<u>\$ 8,779</u>	<u>\$ (24,648)</u>

COMANCHE INDEPENDENT SCHOOL DISTRICT

EXHIBIT J-5

DEBT SERVICE FUND
 BUDGETARY COMPARISON SCHEDULE
 FOR THE YEAR ENDED AUGUST 31, 2012

Data Control Codes	1	2	3
	Budget	Actual	Variance Positive (Negative)
REVENUES:			
5700 <i>Local and Intermediate Sources</i>	\$ 259,266	\$ 265,173	\$ 5,907
5800 <i>State Program Revenues</i>	95,617	110,181	14,564
5020 Total Revenues	<u>354,883</u>	<u>375,354</u>	<u>20,471</u>
EXPENDITURES:			
Debt Service:			
0071 <i>Principal on Long-Term Debt</i>	250,000	250,000	--
0072 <i>Interest on Long-Term Debt</i>	166,200	166,200	--
0073 <i>Bond Issuance Costs and Fees</i>	2,000	500	1,500
Total Debt Service	<u>418,200</u>	<u>416,700</u>	<u>1,500</u>
6030 Total Expenditures	<u>418,200</u>	<u>416,700</u>	<u>1,500</u>
1100 Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(63,317)</u>	<u>(41,346)</u>	<u>21,971</u>
Other Financing Sources (Uses):			
7915 <i>Transfers In</i>	63,317	--	(63,317)
7080 Total Other Financing Sources and (Uses)	<u>63,317</u>	<u>--</u>	<u>(63,317)</u>
1200 Net Change in Fund Balance	<u>--</u>	<u>(41,346)</u>	<u>(41,346)</u>
0100 Fund Balance - Beginning	116,748	116,748	--
3000 Fund Balance - Ending	<u>\$ 116,748</u>	<u>\$ 75,402</u>	<u>\$ (41,346)</u>

BURL D. LOWERY CPA

311 Center Avenue
Brownwood, TX 76801

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 Government Auditing Standards

Board of Trustees
Comanche Independent School District
1414 North Austin
Comanche, Texas 76442

Members of the Board of Trustees:

I have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Comanche Independent School District as of and for the year ended August 31, 2012, which collectively comprise the Comanche Independent School District's basic financial statements and have issued my report thereon dated October 3, 2012. 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.

Internal Control Over Financial Reporting

Management of Comanche Independent School District is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing my audit, I considered Comanche Independent School District's internal control over financial reporting as a basis for designing my auditing procedures 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 Comanche Independent School District's internal control over financial reporting. Accordingly, I do not express an opinion on the effectiveness of the Comanche Independent School District's internal control over financial reporting.

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

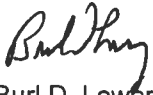
My consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. I did not identify any deficiencies in internal control over financial reporting that I consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Comanche 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 no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of management, others within the entity, the Board of Trustees, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Burl D. Lowery".

Burl D. Lowery
Certified Public Accountant

October 3, 2012

BURL D. LOWERY CPA

311 Center Avenue
Brownwood, TX 76801

Independent Auditor's Report

Report on Compliance with Requirements That Could Have a Direct and Material Effect on each Major Program and on Internal Control Over Compliance In Accordance With OMB Circular A-133

Board of Trustees
Comanche Independent School District
1414 North Austin
Comanche, Texas 76442

Members of the Board of Trustees:

Compliance

I have audited Comanche Independent School District's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of Comanche Independent School District's major federal programs for the year ended August 31, 2012. Comanche Independent School District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of Comanche Independent School District's management. My responsibility is to express an opinion on Comanche Independent School District's compliance based on my audit.

I conducted my audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that I plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Comanche Independent School District's compliance with those requirements and performing such other procedures as I considered necessary in the circumstances. I believe that my audit provides a reasonable basis for my opinion. My audit does not provide a legal determination of Comanche Independent School District's compliance with those requirements.

In my opinion, Comanche Independent School District complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended August 31, 2012.

Internal Control Over Compliance

Management of Comanche Independent School District is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing my audit, I considered Comanche Independent School District's internal control over compliance with the requirements that could have a direct and material effect on a major federal program to determine the auditing procedures for the purpose of expressing my opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, I do not express an opinion on the effectiveness of Comanche Independent School District's internal control over compliance.

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

My consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies, or material weaknesses. I did not identify any deficiencies in internal control over compliance that I considered to be material weaknesses, as defined above.

This report is intended solely for the information and use of management, others within the entity, the Board of Trustees, federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Respectfully submitted,



Burl D. Lowery
Certified Public Accountant

October 3, 2012

COMANCHE INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED AUGUST 31, 2012

A. Summary of Auditor's Results

1. Financial Statements

Type of auditor's report issued: Unqualified

Internal control over financial reporting:

One or more material weaknesses identified? Yes X No

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

Noncompliance material to financial statements noted? Yes X No

2. Federal Awards

Internal control over major programs:

One or more material weaknesses identified? Yes X No

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

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

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

Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
84.010a	ESEA Title 1 Part A
84.389	ESEA Title 1 Part A ARRA

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

Auditee qualified as low-risk auditee? X Yes No

B. Financial Statement Findings

NONE

C. Federal Award Findings and Questioned Costs

NONE

COMANCHE INDEPENDENT SCHOOL DISTRICT
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED AUGUST 31, 2012

<u>Finding/Recommendation</u>	<u>Current Status</u>	<u>Management's Explanation If Not Implemented</u>
The prior audit had no findings or questioned costs.		

COMANCHE INDEPENDENT SCHOOL DISTRICT
CORRECTIVE ACTION PLAN
FOR THE YEAR ENDED AUGUST 31, 2012

No corrective action plan is required as the audit has no findings or questioned costs.

COMANCHE INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED AUGUST 31, 2012

EXHIBIT K-1

(1)	(2)	(2A)	(3)
Federal Grantor/ Pass-Through Grantor/ Program Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
U. S. DEPARTMENT OF EDUCATION			
Passed Through State Department of Education De Leon ISD:			
<i>IDEA-B Formula *</i>	84.027	1266000104790	\$ 22,572
<i>ARRA - IDEA-Part B Formula *</i>	84.391	10554001047902	8,004
<i>ARRA - IDEA Part B, Preschool *</i>	84.392	10555001047902	--
Total Passed Through State Department of Education De Leon ISD			<u>30,576</u>
Passed Through State Department of Education:			
<i>ESEA Title I Part A - Improving Basic Programs *</i>	84.010a	12610101047901	322,575
<i>ESEA Title I Part A - Improving Basic Programs *</i>	84.010a	13610101047901	16,204
Total CFDA Number 84.010a			<u>338,779</u>
<i>ESEA Title I Part C - Education of Migratory Children</i>	84.011	12615001047901	72,785
<i>ESEA Title I Part C - Education of Migratory Children</i>	84.011	13615001047901	1,331
Total CFDA Number 84.011			<u>74,116</u>
<i>ESEA, Title VI, Part B, Subpart 2 - Rural and Low Income School</i>	84.358	12696001047901	28,404
<i>Summer School LEP</i>	84.369A	69551102	1,110
<i>ARRA - ESEA, Title I, Part A - Improving Basic Programs *</i>	84.389	10551001047901	6,221
<i>ARRA of 2009 Title XIV State Fiscal Stabilization Fund *</i>	84.394	11557001047901	--
<i>Education Jobs Fund</i>	84.410	11550101047901	148,799
Total Passed Through State Department of Education			<u>597,429</u>
Passed Through Education Service Center Region 14:			
<i>ESEA Title II Part A - Teacher & Principal Training & Recruiting</i>	84.367a	12694501221950	55,009
<i>ESEA Title II Part A - Teacher & Principal Training & Recruiting</i>	84.367a	136944501221950	1,453
Total CFDA Number 84.367a			<u>56,462</u>
Total Passed Through Education Service Center Region 14			<u>56,462</u>
Total U. S. Department of Education			<u>684,467</u>
U. S. DEPARTMENT OF AGRICULTURE			
Passed Through State Department of Education:			
School Breakfast Program *	10.553	714012	109,503
National School Lunch Program *	10.555	713012	338,542
National School Lunch Program (Non-cash) *	10.555	713012	41,191
Total CFDA Number 10.555			<u>379,733</u>
Total Passed Through State Department of Education			<u>489,235</u>
Total U. S. Department of Agriculture			<u>489,235</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS			<u>\$ 1,173,702</u>

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

The accompanying notes are an integral part of this schedule.

COMANCHE INDEPENDENT SCHOOL DISTRICT
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED AUGUST 31, 2012

Basis of Presentation

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

COMANCHE INDEPENDENT SCHOOL DISTRICT

SCHEDULE OF REQUIRED RESPONSES TO SELECTED SCHOOL FIRST INDICATORS
AS OF AUGUST 31, 2012

<u>Data Control Codes</u>		<u>Responses</u>
SF2	Were there any disclosures in the Annual Financial Report and/or other sources of information concerning default on bonded indebtedness obligations?	No
SF4	Did the district receive a clean audit? - Was there an unqualified opinion in the Annual Financial Report?	Yes
SF5	Did the Annual Financial Report disclose any instances of material weaknesses in internal controls?	No
SF9	Was there any disclosure in the Annual Financial Report of material noncompliance?	No
SF10	What was the total accumulated accretion on capital appreciation bonds included in the government-wide financial statements at fiscal year-end?	\$ 297,003