

COMANCHE INDEPENDENT SCHOOL DISTRICT

ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED AUGUST 31, 2013

Introductory Section

Comanche Independent School District
Annual Financial Report
For The Year Ended August 31, 2013

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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, 2013, at a meeting of the board of trustees of such school district on the 11th day of November, 2011.

Shuld Stephens
Signature of Board Secretary

[Signature]
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)

Financial Section

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

Independent Auditor's Report

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

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

Opinions

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

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis and budgetary comparison 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.

Other Information

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

The introductory section has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, I do not express an opinion or provide any assurance on it.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, I have also issued my report dated November 7, 2013 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* in considering Comanche Independent School District's internal control over financial reporting and compliance.

Respectfully submitted,



Burl D. Lowery
Certified Public Accountant

Brownwood, Texas
November 7, 2013

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, 2013. 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 \$19,132,973 at August 31, 2013.
- During the year, the District's expenses were \$296,577, more than the \$12,354,797 generated in taxes and other revenues for governmental activities.
- The total cost of the District's programs increased by \$541,750 and its revenues decreased by \$397,709 during the current year.
- The general fund reported a fund balance this year of \$6,787,476.

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 \$ 19,132,973 at August 31,2013 and \$19,491,336 at August 31, 2012.

The District has restricted net assets of \$6,044,217, which are restricted to construction, future debt payments and federal programs, which leaves \$6,927,212 of unrestricted net assets at August 31, 2013. The \$6,927,212 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 \$12,354,797. A significant portion, 24.3%, 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 \$12,651,374; 59.6% of these costs are for instruction and instructional related services. (Expenditure Functions 11 and 12).

Governmental Activities

- Property tax rates did not increase in the current year. Property values increased generating tax revenues of \$2,999,864.

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

Revenues from governmental fund types in the individual funds totaled \$12,372,223, a decrease of 2.3% over the preceding year. State foundation revenue fluctuates with student enrollment. The District's average daily attendance in 2012-2013 was approximately the same as 2011-2012.

General Fund Budgetary Highlights

Over the course of the year, the District revised its budget several times. Even with these adjustments, actual expenditures were \$459,728 below final budget amounts of the General Fund.

On the other hand, resources available were \$213,935 less than the final budgeted amount.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At the end of 2013, the District had invested \$32,077,871 in a broad range of capital assets, including land, equipment buildings, and vehicles. This amount represents a net increase (including additions and deductions) of \$1,040,181 or 3.3% over last year.

The District has \$6,000,000 of construction budgeted in its capital projects fund for 2013-2014. The construction is funded with bonds sold in the 2012-2013 fiscal 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 \$1,237,135 in notes outstanding, \$10,187,584 of bonds outstanding, and \$337,964 of capital leases outstanding. The District issued new bonds in the amount of \$5,955,000 and capital leases of \$337,964 in the current year to finance construction and technology equipment. 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 2013-2014 budget preparation is approximately the same as the prior year.
- General operating fund spending decreases in the 2013-2014 budget from \$11,732,877 to \$10,529,391. This is a 10.2% decrease.
- The District's 2013-2014 refined average daily attendance is expected to be approximately the same as 2012-2013 refined average daily attendance.

These indicators were taken into account when adopting the general fund budget for 2013-2014. Amounts available for appropriation in the general fund budget are \$10,529,391, a decrease of 1.8 percent over the final 2012-2013 budget of \$10,720,692. State revenue will increase or decrease as the student population changes in size.

General fund expenditures are budgeted to decrease nearly 10.2% to \$10,529,391 in the 2013-2014 budget. The District has added no major new programs or initiatives to the 2013-2014 general fund budget.

If these estimates are realized, the District's budgetary general fund balance is not expected to change appreciably by the close of 2013-2014.

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 \$19,132,973 at August 31, 2013. (See Table 1)

Table 1
Comanche Independent School District's Net Assets

	Governmental Activities	
	2013	2012
Current Assets:		
Cash and cash equivalents	\$12,958,610	\$7,361,309
Due from other governments	\$377,637	\$408,714
Property taxes receivable net of uncollectible Inventories	\$126,535	\$144,060
Other receivables	\$0	\$0
Capitalized bond issuance costs	\$0	\$58,483
Total Current Assets	\$13,462,782	\$7,972,566
Noncurrent Assets:		
Land	\$355,614	\$316,408
Buildings	\$28,931,614	\$28,195,195
Equipment and vehicles	\$2,676,989	\$2,526,087
Construction in progress	\$113,654	\$0
Less accumulated depreciation	(\$13,685,974)	(\$12,921,509)
Total Noncurrent Assets	\$18,391,897	\$18,116,181
Total Assets	\$31,854,679	\$26,088,747
Current Liabilities:		
Accounts payable and accrued expenses	\$388,496	\$347,661
Due to other governments		
Due to other funds		
Unearned revenue	\$27,743	\$27,743
Total Current Liabilities	\$416,239	\$375,404
Long-term Liabilities:		
Bonds Payable	\$10,187,584	\$4,384,998
Notes Payable	\$1,237,135	\$1,425,023
Capital leases payable	\$337,964	
Unamortized premium on bonds	\$300,368	\$114,982
Accumulated accretion of capital appreciation bond	\$242,416	\$297,003
Total Long-term Liabilities	\$12,305,467	\$6,222,006
Total Liabilities	\$12,721,706	\$6,597,410
Net Assets:		
Invested in capital assets	\$6,161,544	\$11,894,174
Restricted for state and federal programs	\$39,009	\$8,779
Restricted for debt service	\$60,094	\$75,402
Restricted for construction	\$5,945,114	
Unrestricted	\$6,927,212	\$7,512,981
Total Net Assets	\$19,132,973	\$19,491,336

COMANCHE INDEPENDENT SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS - TABLES

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

	Governmental Activities	
	2013	2012
Program Revenues:		
Charges for services	\$341,475	\$345,751
Operating grants and contributions	\$1,366,289	\$1,457,385
Capital grants and contributions		
General Revenues:		
Property taxes	\$2,999,864	\$3,027,454
State aid - formula	\$7,438,807	\$7,692,973
Investment earnings	\$75,091	\$114,140
Other revenues	\$133,271	\$113,383
Special items in	\$0	\$1,420
	<u>\$12,354,797</u>	<u>\$12,752,506</u>
Total Revenues		
Expenditures:		
Instruction	\$7,405,521	\$7,059,174
Instructional resources and media services	\$129,431	\$124,662
Curriculum development and staff development	\$38,303	\$27,299
Instructional leadership	\$0	\$0
School leadership	\$478,404	\$492,478
Guidance and counseling services	\$332,568	\$237,880
Social work services	\$0	\$0
Health services	\$81,057	\$76,533
Student (pupil) transportation	\$435,325	\$446,053
Food services	\$804,585	\$786,322
Curricular/extracurricular activities	\$599,481	\$626,573
General administration	\$459,797	\$386,975
Plant maintenance & operation	\$1,116,534	\$1,196,052
Security and monitoring services	\$22,026	\$15,768
Data processing services	\$151,025	\$163,636
Community Services		
Debt services	\$344,489	\$250,866
Payments to fiscal agent/member districts SSA	\$114,456	\$112,887
Other intergovernmental charges	\$138,372	\$106,466
	<u>\$12,651,374</u>	<u>\$12,109,624</u>
Total Expenditures		
Excess (Deficiency) Before Other Resources, Uses, and Transfers	(\$296,577)	\$642,882
Other Resources (Uses)		
Transfers In (Out)	<u>\$0</u>	<u>\$0</u>
Increase (Decrease) in Net Assets	(\$296,577)	\$642,882
Net Assets - Beginning	\$19,491,336	\$18,848,454
Prior period adjustments	<u>(\$61,786)</u>	<u></u>
Net Assets - Ending	<u>\$19,132,973</u>	<u>\$19,491,336</u>

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

Table 3
 Comanche Independent School District's Capital Assets

	Governmental Activities	
	2013	2012
Land	\$355,614	\$316,408
Construction in progress	\$113,654	\$0
Buildings and improvements	\$28,931,614	\$28,195,195
Equipment and vehicles	\$2,676,989	\$2,526,087
Total Capital Assets	\$32,077,871	\$31,037,690
Total Accumulated Depreciation	\$13,685,974	\$12,921,509
Net Capital Assets	\$18,391,897	\$18,116,181

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

	Governmental Activities	
	2013	2012
Bonds payable	\$10,187,584	\$4,384,998
Accumulated accretion on capital appreciation bond	\$242,416	\$297,003
Unamortized premiums on bonds	\$300,368	\$114,982
Capital leases payable	\$337,964	
Notes Payable	\$1,237,135	\$1,425,023
Total Long-term Debt	\$12,305,467	\$6,222,006

Basic Financial Statements

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

Data Control Codes	1	Governmental Activities
ASSETS:		
1110	<i>Cash and Cash Equivalents</i>	\$ 5,956,134
1120	<i>Current Investments</i>	7,002,476
1225	<i>Property Taxes Receivable (Net)</i>	126,535
1240	<i>Due from Other Governments</i>	377,637
1260	<i>Internal Balances</i>	--
Capital Assets:		
1510	<i>Land</i>	355,614
1520	<i>Buildings and Improvements, Net</i>	17,056,898
1530	<i>Furniture and Equipment, Net</i>	865,731
1580	<i>Construction in Progress</i>	113,654
1000	Total Assets	<u>31,854,679</u>
LIABILITIES:		
2110	<i>Accounts Payable</i>	107,184
2165	<i>Accrued Liabilities</i>	281,312
2300	<i>Unearned Revenue</i>	27,743
Noncurrent Liabilities:		
2501	<i>Due Within One Year</i>	420,386
2502	<i>Due in More Than One Year</i>	11,885,081
2000	Total Liabilities	<u>12,721,706</u>
NET POSITION		
3200	Net Investment in Capital Assets	6,161,544
Restricted For:		
3820	State and Federal Programs	39,009
3850	Debt Service	60,094
3860	Capital Projects	5,945,114
3900	Unrestricted	6,927,212
3000	Total Net Position	<u>\$ 19,132,973</u>

The accompanying notes are an integral part of this statement.

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

Data Control Codes	Functions/Programs	1	3	4	Net (Expense) Revenue and Changes in Net Position
		Expenses	Charges for Services	Operating Grants and Contributions	Governmental Activities
	Governmental Activities:				
11	<i>Instruction</i>	\$ 7,405,521	\$ 64,541	\$ 619,977	\$ (6,721,003)
12	<i>Instructional Resources and Media Services</i>	129,431	--	--	(129,431)
13	<i>Curriculum and Staff Development</i>	38,303	--	28,554	(9,749)
23	<i>School Leadership</i>	478,404	--	2,156	(476,248)
31	<i>Guidance, Counseling, & Evaluation Services</i>	332,568	--	17,738	(314,830)
33	<i>Health Services</i>	81,057	--	--	(81,057)
34	<i>Student Transportation</i>	435,325	--	1,437	(433,888)
35	<i>Food Service</i>	804,585	233,035	538,701	(32,849)
36	<i>Cocurricular/Extracurricular Activities</i>	599,481	43,899	--	(555,582)
41	<i>General Administration</i>	459,797	--	995	(458,802)
51	<i>Plant Maintenance and Operations</i>	1,116,534	--	2,786	(1,113,748)
52	<i>Security and Monitoring Services</i>	22,026	--	9,364	(12,662)
53	<i>Data Processing Services</i>	151,025	--	--	(151,025)
72	<i>Interest on Long-term Debt</i>	257,939	--	144,581	(113,358)
73	<i>Bond Issuance Costs and Fees</i>	86,550	--	--	(86,550)
93	<i>Payments Related to Shared Services Arrangements</i>	114,456	--	--	(114,456)
99	<i>Other Intergovernmental Charges</i>	138,372	--	--	(138,372)
TG	Total Governmental Activities	<u>12,651,374</u>	<u>341,475</u>	<u>1,366,289</u>	<u>(10,943,610)</u>
TP	Total Primary Government	<u>\$ 12,651,374</u>	<u>\$ 341,475</u>	<u>\$ 1,366,289</u>	<u>(10,943,610)</u>
	General Revenues:				
MT	<i>Property Taxes, Levied for General Purposes</i>				2,736,329
DT	<i>Property Taxes, Levied for Debt Service</i>				263,535
IE	<i>Investment Earnings</i>				75,091
GC	<i>Grants and Contributions Not Restricted to Specific Programs</i>				7,438,807
MI	<i>Miscellaneous</i>				133,271
					--
FR	<i>Transfers</i>				--
TR	Total General Revenues and Transfers				<u>10,647,033</u>
CN	Change in Net Position				<u>(296,577)</u>
NB	Net Position - Beginning				19,491,336
PA	Prior Period Adjustment				(61,786)
	Net Position - Beginning, as Restated				<u>19,429,550</u>
NE	Net Position - Ending				<u>\$ 19,132,973</u>

The accompanying notes are an integral part of this statement.

COMANCHE INDEPENDENT SCHOOL DISTRICT

BALANCE SHEET - GOVERNMENTAL FUNDS

AUGUST 31, 2013

Data Control Codes	10 General Fund	60 Capital Projects Fund	Other Governmental Funds	98 Total Governmental Funds	
ASSETS:					
1110	Cash and Cash Equivalents	\$ (117,808)	\$ 5,945,114	\$ 44,395	\$ 5,871,701
1120	Current Investments	6,868,939	--	29,226	6,898,165
1225	Taxes Receivable, Net	116,022	--	10,513	126,535
1240	Due from Other Governments	323,093	--	54,544	377,637
1260	Due from Other Funds	--	--	30,000	30,000
1000	Total Assets	<u>7,190,246</u>	<u>5,945,114</u>	<u>168,678</u>	<u>13,304,038</u>
LIABILITIES:					
Current Liabilities:					
2150	Payroll Deductions & Withholdings	\$ 10,864	\$ --	\$ --	\$ 10,864
2160	Accrued Wages Payable	241,458	--	23,149	264,607
2170	Due to Other Funds	30,000	--	--	30,000
2200	Accrued Expenditures	4,427	--	1,414	5,841
2300	Unearned Revenue	116,021	--	38,256	154,277
2000	Total Liabilities	<u>402,770</u>	<u>--</u>	<u>62,819</u>	<u>465,589</u>
FUND BALANCES:					
Restricted Fund Balances:					
3450	Federal/State Funds Grant Restrictions	--	--	39,009	39,009
3480	Retirement of Long-Term Debt	--	--	60,094	60,094
3490	Other Restrictions of Fund Balance	--	5,945,114	6,756	5,951,870
Committed Fund Balances:					
3510	Construction	3,933,423	--	--	3,933,423
3530	Capital Expenditures for Equipment	150,000	--	--	150,000
3600	Unassigned	2,704,053	--	--	2,704,053
3000	Total Fund Balances	<u>6,787,476</u>	<u>5,945,114</u>	<u>105,859</u>	<u>12,838,449</u>
4000	Total Liabilities and Fund Balances	<u>\$ 7,190,246</u>	<u>\$ 5,945,114</u>	<u>\$ 168,678</u>	<u>\$ 13,304,038</u>

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 POSITION
 AUGUST 31, 2013*

Total fund balances - governmental funds balance sheet	\$ 12,838,449
Amounts reported for governmental activities in the Statement of Net Position are different because:	
Capital assets used in governmental activities are not reported in the funds.	18,391,897
Property taxes receivable unavailable to pay for current period expenditures are deferred in the funds.	126,535
The assets and liabilities of internal service funds are included in governmental activities in the SNP.	81,559
Payables for bond principal which are not due in the current period are not reported in the funds.	(10,187,584)
Payables for capital leases which are not due in the current period are not reported in the funds.	(337,964)
Payables for bond interest which are not due in the current period are not reported in the funds.	(242,416)
Payables for notes which are not due in the current period are not reported in the funds.	(1,237,135)
Bond issuance premiums are amortized in the government-wide financial statements.	<u>(300,368)</u>
Net position of governmental activities - Statement of Net Position	<u>\$ 19,132,973</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, 2013

Data Control Codes	10 General Fund	60 Capital Projects Fund	Other Governmental Funds	98 Total Governmental Funds
REVENUES:				
5700 Local and Intermediate Sources	\$ 3,067,950	\$ --	\$ 504,277	\$ 3,572,227
5800 State Program Revenues	7,310,584	--	227,946	7,538,530
5900 Federal Program Revenues	128,223	--	1,133,343	1,261,566
5020 Total Revenues	<u>10,506,757</u>	<u>--</u>	<u>1,865,566</u>	<u>12,372,323</u>
EXPENDITURES:				
Current:				
0011 Instruction	6,346,620	--	619,989	6,966,609
0012 Instructional Resources and Media Services	121,005	--	--	121,005
0013 Curriculum and Staff Development	7,252	--	28,554	35,806
0023 School Leadership	445,104	--	2,156	447,260
0031 Guidance, Counseling, & Evaluation Services	293,180	--	17,738	310,918
0033 Health Services	75,780	--	--	75,780
0034 Student Transportation	556,231	--	1,437	557,668
0035 Food Service	10,701	--	741,505	752,206
0036 Cocurricular/Extracurricular Activities	579,930	--	--	579,930
0041 General Administration	428,869	--	995	429,864
0051 Plant Maintenance and Operations	1,041,028	--	2,786	1,043,814
0052 Security and Monitoring Services	11,228	--	9,364	20,592
0053 Data Processing Services	151,025	--	--	151,025
0071 Principal on Long-term Debt	133,000	--	152,414	285,414
0072 Interest on Long-term Debt	42,692	--	273,216	315,908
0073 Bond Issuance Costs and Fees	1,050	--	85,500	86,550
0081 Capital Outlay	775,626	113,654	--	889,280
0093 Payments to Shared Service Arrangements	114,456	--	--	114,456
0099 Other Intergovernmental Charges	138,372	--	--	138,372
6030 Total Expenditures	<u>11,273,149</u>	<u>113,654</u>	<u>1,935,654</u>	<u>13,322,457</u>
1100 Excess (Deficiency) of Revenues Over (Under)				
1100 Expenditures	<u>(766,392)</u>	<u>(113,654)</u>	<u>(70,088)</u>	<u>(950,134)</u>
Other Financing Sources and (Uses):				
7911 Capital-Related Debt Issued (Regular Bonds)	--	5,870,000	85,000	5,955,000
7913 Issuance of Capital Leases	337,964	--	--	337,964
7915 Transfers In	2,491	--	--	2,491
7916 Premium or Discount on Issuance of Bonds	--	188,768	--	188,768
8911 Transfers Out	--	--	(2,491)	(2,491)
7080 Total Other Financing Sources and (Uses)	<u>340,455</u>	<u>6,058,768</u>	<u>82,509</u>	<u>6,481,732</u>
1200 Net Change in Fund Balances	<u>(425,937)</u>	<u>5,945,114</u>	<u>12,421</u>	<u>5,531,598</u>
0100 Fund Balances - Beginning	7,216,716	--	93,438	7,310,154
1300 Prior Period Adjustment	(3,303)	--	--	(3,303)
Fund Balances - Beginning, as Restated	7,213,413	--	93,438	7,306,851
3000 Fund Balances - Ending	<u>\$ 6,787,476</u>	<u>\$ 5,945,114</u>	<u>\$ 105,859</u>	<u>\$ 12,838,449</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, 2013*

Net change in fund balances - total governmental funds	\$ 5,531,598
Amounts reported for governmental activities in the Statement of Activities ("SOA") are different because:	
Capital outlays are not reported as expenses in the SOA.	1,040,182
The depreciation of capital assets used in governmental activities is not reported in the funds.	(764,465)
Certain property tax revenues are deferred in the funds. This is the change in these amounts this year.	(17,526)
Repayment of bond principal is an expenditure in the funds but is not an expense in the SOA.	152,414
Repayment of loan principal is an expenditure in the funds but is not an expense in the SOA.	187,888
The accretion of interest on capital appreciation bonds is not reported in the funds.	54,587
The net revenue (expense) of internal service funds is reported with governmental activities.	(2,905)
Proceeds of bonds do not provide revenue in the SOA, but are reported as current resources in the funds.	(5,955,000)
Bond premiums are reported in the funds but not in the SOA.	(188,768)
Bond premiums are amortized in the government-wide financial statements.	3,382
Proceeds of leases do not provide revenue in the SOA, but are reported as current resources in the funds.	(337,964)
Rounding difference	1
Change in net position of governmental activities - Statement of Activities	<u>\$ (296,577)</u>

The accompanying notes are an integral part of this statement.

COMANCHE INDEPENDENT SCHOOL DISTRICT

STATEMENT OF NET POSITION

INTERNAL SERVICE FUND

AUGUST 31, 2013

Data Control Codes	Nonmajor Internal Service Fund	Insurance Fund
ASSETS:		
Current Assets:		
1110	Cash and Cash Equivalents	\$ 84,432
1120	Investments	104,311
	Total Current Assets	<u>188,743</u>
1000	Total Assets	<u>188,743</u>
LIABILITIES:		
Current Liabilities:		
2110	Accounts Payable	\$ 107,184
	Total Current Liabilities	<u>107,184</u>
2000	Total Liabilities	<u>107,184</u>
NET POSITION:		
3900	Unrestricted	81,559
3000	Total Net Position	<u>\$ 81,559</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, 2013

Data Control Codes		Nonmajor Internal Service Fund
		Insurance Fund
	OPERATING REVENUES:	
5700	<i>Local and Intermediate Sources</i>	\$ 57,823
5020	Total Revenues	<u>57,823</u>
	OPERATING EXPENSES:	
6400	<i>Other Operating Costs</i>	60,728
6030	Total Expenses	<u>60,728</u>
1300	Change in Net Position	(2,905)
0100	Total Net Position - Beginning	84,464
3300	Total Net Position - Ending	<u>\$ 81,559</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, 2013

	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	56,528
Cash Payments to Employees for Services	(56,528)
Cash Payments to Other Suppliers for Goods and Services	--
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	1,295
Net Cash Provided (Used) for Investing Activities	<u> 1,295</u>
Net Increase (Decrease) in Cash and Cash Equivalents	1,295
Cash and Cash Equivalents at Beginning of Year	187,448
Cash and Cash Equivalents at End of Year	<u>\$ 188,743</u>
Reconciliation of Operating Income to Net Cash Provided by Operating Activities:	
Operating Income (Loss)	\$ (2,905)
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	--
Decrease (Increase) in Inventories	--
Interest on Investments	(1,295)
Increase (Decrease) in Accounts Payable	4,200
Increase (Decrease) in Unearned Revenue	--
Total Adjustments	<u> 2,905</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 POSITION

FIDUCIARY FUNDS

AUGUST 31, 2013

Data Control Codes	Private-purpose Trust Fund	Agency Fund
<u>ASSETS:</u>	<u>Private-Purpose Trust Fund</u>	<u>Student Activity</u>
1110 <i>Cash and Cash Equivalents</i>	\$ --	\$ 83,652
1120 <i>Current Investments</i>	1,167,280	--
1000 Total Assets	<u>1,167,280</u>	<u>83,652</u>
<u>LIABILITIES:</u>		
Current Liabilities:		
2190 <i>Due to Student Groups</i>	\$ --	\$ 83,652
2000 Total Liabilities	<u>--</u>	<u>83,652</u>
<u>NET POSITION:</u>		
3800 <i>Held in Trust</i>	1,167,280	--
3000 Total Net Position	<u>\$ 1,167,280</u>	<u>\$ --</u>

The accompanying notes are an integral part of this statement.

COMANCHE INDEPENDENT SCHOOL DISTRICT*STATEMENT OF CHANGES IN FIDUCIARY NET POSITION**FIDUCIARY FUNDS**FOR THE YEAR ENDED AUGUST 31, 2013*

	Private- Purpose Trusts
Additions:	
Investment Income	\$ 13,196
Net (Decrease) in Fair Value of Investments	--
Employer Contributions	--
Plan Member Contributions	--
Total Additions	<u>13,196</u>
Deductions:	
Scholarship Awards	30,000
Benefits	--
Refunds of Contributions	--
Administrative Expenses	--
Total Deductions	<u>30,000</u>
Change in Net Position	(16,804)
Net Position-Beginning of the Year	1,184,084
Net Position-End of the Year	<u>\$ 1,167,280</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, 2013

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 position 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.

Construction Fund: This is the District's capital projects fund. The proceeds from general obligation bonds and the related construction costs are accounted for in this fund.

COMANCHE INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2013

In addition, the District reports the following fund types:

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.

COMANCHE INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2013

3. Financial Statement Amounts

a. Cash and Cash Equivalents

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. Deferred Outflows and Inflows of Resources

In addition to assets, the statements of financial position (the government-wide Statement of Net Position and governmental funds balance sheet will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, [deferred] [outflows] [of] [resources], represents a consumption of net position and/or fund balance that applies to one or more future periods and so will not be recognized as an outflow of resources (expense/expenditure) until then.

COMANCHE INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED AUGUST 31, 2013

In addition to liabilities, the statements of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, [deferred] [inflows] [of] [resources], represents an acquisition of net position that applies to one or more future periods and so will not be recognized as an inflow of resources (revenue) until that time.

f. 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.

g. Interfund Activity

Interfund activity results from loans, services provided, reimbursements or transfers between funds. Loans are reported as interfund receivables and payables as appropriate and are subject to elimination upon consolidation. Services provided, deemed to be at market or near market rates, are treated as revenues and expenditures or expenses. Reimbursements occur when one fund incurs a cost, charges the appropriate benefiting fund and reduces its related cost as a reimbursement. All other interfund transactions are treated as transfers. Transfers In and Transfers Out are netted and presented as a single "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 positions.

h. Use of Estimates

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

i. 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.

j. 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.

COMANCHE INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2013

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.

k. Net Position Flow Assumption

Sometimes the District will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted-net position and unrestricted-net position in the government-wide and proprietary fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the District's policy to consider restricted-net position to have been depleted before unrestricted-net position is applied.

l. Fund Balance Flow Assumptions

Sometimes the District will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the District's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

B. Compliance and Accountability

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 Position of Individual Funds

Following are funds having deficit fund balances or fund net position 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

COMANCHE INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED AUGUST 31, 2013

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, 2013, the carrying amount of the District's deposits (cash, certificates of deposit, and interest-bearing savings accounts included in temporary investments) was \$14,208,534 and the bank balance was \$14,453,669. The District's cash deposits at August 31, 2013 and during the year ended August 31, 2013, 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.

The District's investment at August 31, 2013 are shown below.

<u>Investment or Investment Type</u>	<u>Maturity</u>	<u>Fair Value</u>
Certificates of Deposit	Less Than One Year	\$ 8,169,757
Total Investments		\$ <u>8,169,757</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.

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At August 31, 2013, 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:

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 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, 2013, was as follows:

	Beginning Balances	Increases	Decreases	Ending Balances
<u>Governmental activities:</u>				
<i>Capital assets not being depreciated:</i>				
Land	\$ 316,408	\$ 39,207	\$ --	\$ 355,614
Construction in progress	--	113,654	--	113,654
Total capital assets not being depreciated	<u>316,408</u>	<u>152,861</u>	<u>--</u>	<u>469,268</u>

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FOR THE YEAR ENDED AUGUST 31, 2013

<i>Capital assets being depreciated:</i>				
Buildings and improvements	28,195,195	736,419	--	28,931,614
Equipment	--	--	--	--
Vehicles	2,526,087	150,902	--	2,676,989
Total capital assets being depreciated	<u>30,721,282</u>	<u>887,321</u>	<u>--</u>	<u>31,608,604</u>
Less accumulated depreciation for:				
Buildings and improvements	(11,281,021)	--	593,695	(11,874,716)
Equipment	--	--	--	--
Vehicles	(1,640,488)	--	170,770	(1,811,258)
Total accumulated depreciation	<u>(12,921,510)</u>	<u>--</u>	<u>764,465</u>	<u>(13,685,975)</u>
Total capital assets being depreciated, net	<u>17,799,773</u>	<u>887,321</u>	<u>764,465</u>	<u>17,922,629</u>
Governmental activities capital assets, net	<u>\$ 18,116,180</u>	<u>\$ 1,040,182</u>	<u>\$ 764,465</u>	<u>\$ 18,391,897</u>

Depreciation was charged to functions as follows:

Instruction	\$ 459,786
Instructional Resources and Media Services	8,426
Curriculum and Staff Development	2,497
School Leadership	31,144
Guidance, Counseling, & Evaluation Services	21,650
Health Services	5,277
Student Transportation	38,832
Food Services	52,379
Extracurricular Activities	40,386
General Administration	29,933
Plant Maintenance and Operations	72,720
Security and Monitoring Services	1,434
	<u>\$ 764,465</u>

E. Interfund Balances and Activities

1. Due To and From Other Funds

Balances due to and due from other funds at August 31, 2013, consisted of the following:

<u>Due To Fund</u>	<u>Due From Fund</u>	<u>Amount</u>	<u>Purpose</u>
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	<u>\$ 30,000</u>	

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

COMANCHE INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
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2. Transfers To and From Other Funds

Transfers to and from other funds at August 31, 2013, 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	General Fund	2,491	Supplement other funds sources
	Total	\$ 2,491	

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 debt.

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, 2013, are as follows:

	Beginning Balance	Increases	Decreases	Ending Balance	Amounts Due Within One Year
Governmental activities:					
General obligation bonds	\$ 4,384,998	\$ 5,955,000	\$ 152,414	\$ 10,187,584	\$ 139,643
Capital leases	--	337,964	--	337,964	89,498
Notes	1,425,023	--	187,888	1,237,135	175,060
Accretion on Capital Appreciation Bonds	297,003	--	54,587	242,416	--
Unamortized Premium on Bonds	114,982	188,768	3,382	300,368	--
Compensated absences *	--	--	--	--	--
Claims and judgments *	--	--	--	--	--
Total governmental activities	\$ 6,222,006	\$ 6,481,732	\$ 398,271	\$ 12,305,467	\$ 404,202

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

Interest rates on tax anticipation notes are 4% and 4.55%.

Interest rates on school bus notes are 2.75%.

The District issued \$5,955,000 of School Building Bonds in the current year. Interest rates on the new issue range from 2% to 4.25%.

* Other long-term liabilities

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

COMANCHE INDEPENDENT SCHOOL DISTRICT
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<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, 2013, are as follows:

<u>Year Ending August 31.</u>	<u>Governmental Activities</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2014	\$ 404,202	\$ 536,536	\$ 940,738
2015	374,628	568,625	943,253
2016	628,780	423,529	1,052,309
2017	655,074	398,836	1,053,909
2018	510,000	374,063	884,063
2019-2023	2,860,000	1,570,040	4,430,040
2024-2028	2,845,000	1,016,000	3,861,000
2029-2033	3,485,000	379,081	3,864,081
2034-2038			--
2039-2043			--
Totals	<u>\$ 11,762,683</u>	<u>\$ 5,266,710</u>	<u>\$ 17,029,393</u>

3. Capital Leases

Commitments under capitalized lease agreements for facilities and equipment provide for minimum future lease payments as of August 31, 2013, as follows:

<u>Year Ending August 31:</u>	
2014	\$ 89,498
2015	89,498
2016	89,498
2017	89,498
2018	--
2019-2023	--
2024-2028	--
2029-2033	--
Total Minimum Rentals	<u>\$ 357,993</u>
Rental Expenditures in 2013	<u>\$ --</u>

The effective interest rate on capital leases is 3.910%.

Capital lease payments are included in long-term debt requirements as shown above.

H. Commitments Under Noncapitalized Leases

The District has no noncapitalized leases.

I. Risk Management

The District is exposed to various risks of loss related to torts, theft, damage or destruction of assets, errors and

COMANCHE INDEPENDENT SCHOOL DISTRICT
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FOR THE YEAR ENDED AUGUST 31, 2013

omissions, injuries to employees, and natural disasters. During fiscal year 2013, the District purchased commercial insurance to cover general liabilities. There were no significant reductions in coverage in the past fiscal year and there were no settlements exceeding insurance coverage for each of the past three fiscal years.

J. Pension Plan

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 2013, 2012 and 2011, and a state contribution rate of 6.4% for fiscal year 2013, 6.0 % for fiscal year 2012, and 6.644% for fiscal year 2011. In certain instances the reporting district is required to make all or a portion of the state's contribution. State contributions to TRS made on behalf of the District's employees for the years ending August 31, 2013, 2012 and 2011 were \$441,611, \$428,433 and \$437,284, respectively. The District paid additional state contributions for the years ending August 31, 2013, 2012 and 2011 in the amount of \$132,575, \$107,466 and \$111,439, 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.

COMANCHE INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2013

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 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 2013, 2012 and 2011. For the years ended August 31, 2013, 2012, and 2011, the State's contributions to TRS-Care were \$68,965, \$66,942, and \$68,235, respectively, the active member contributions were \$44,828, \$43,513, and \$44,412, respectively, and the District's contributions were \$37,932, \$36,818, and \$37,579, 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, 2013, 2012, and 2011, the subsidy payments received by TRS-Care on behalf of the District were \$25,796, \$18,661, and \$16,906, 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, 2013, the amount received by TRS-Care on behalf of the District was \$.

L. Employee Health Care Coverage

During the year ended August 31, 2013, employees of the District were covered the TRS Health Care Plan. The District paid total premiums of approximately \$365,013 to this plan during the 2012-2013 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.

COMANCHE INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED AUGUST 31, 2013

2. Litigation

No reportable litigation was pending against the District at August 31, 2013.

N. Shared Services Arrangements

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 transactions and events from August 31, 2013 to November 7, 2013. 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, 2012 and terminating on September 1, 2013. 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 2012-2013 year is \$33,147, which is recorded in the District's records as insurance expense. The District has recorded a liability for estimated claims of \$107,184 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

COMANCHE INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2013

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 contractor employed by the Fund. The District had estimated unpaid claims of \$107,184 at August 31, 2013.

Q. Property/Casualty Insurance

During the year ended August 31, 2013, 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, 2013, 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, 2013, 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, 2012, 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, 2013

S. Due from Other Governments

The following is a summary of amounts due from other governmental entities as of August 31, 2013:

	State Revenue Sources	Federal Revenue Sources	Total
General Fund	\$323,093		\$323,093
Special Revenue Funds	\$14,569	\$39,976	\$54,545
Total Due from Other Governmental Entities	<u>\$337,662</u>	<u>\$39,976</u>	<u>\$377,638</u>

T. Unearned Revenue in Individual Funds

The District had deferred revenue as follows in its individual funds as of August 31, 2013:

General Fund:		
Property tax revenue		\$116,021
Special Revenue Funds:		
Federal and state grants and entitlements		\$27,743
Debt Service Fund		
Property tax revenue		<u>\$10,513</u>
Total Deferred Revenue		<u>\$154,277</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

V. Prior Period Adjustments

Government-Wide Adjustment

The Governmental Accounting Standards Board redefined the treatment on issuance costs in relation to bonds and other long-term debt and issued new accounting principles for the treatment of these costs. Issuance costs were capitalized and amortized over the term of the debt in prior years. The change in accounting principles requires that these costs be recognized in the year of issuance. Gorman ISD had unamortized issuance costs in the amount of \$58,483.

These unamortized costs are reported as a prior period adjustment in the government-wide financial statements due to this change in accounting principles.

The net effect of the prior period adjustments reduced net assets by \$58,483 in the government-wide financial statements.

General Fund

The prior period adjustment in the general fund to prior period revenue in the amount of \$3,303. This adjustment reduced fund balance by \$3,303.

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, 2013

EXHIBIT G-1

Page 1 of 2

Data Control Codes	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	1	2	3	
	Original	Final	Actual	
REVENUES:				
5700	\$ 2,868,299	\$ 3,220,299	\$ 3,067,950	\$ (152,349)
5800	7,235,393	7,350,393	7,310,584	(39,809)
5900	80,000	150,000	128,223	(21,777)
5020	<u>10,183,692</u>	<u>10,720,692</u>	<u>10,506,757</u>	<u>(213,935)</u>
EXPENDITURES:				
Current:				
Instruction & Instructional Related Services:				
0011	6,080,656	6,440,920	6,346,620	94,300
0012	122,611	127,611	121,005	6,606
0013	10,000	10,000	7,252	2,748
	<u>6,213,267</u>	<u>6,578,531</u>	<u>6,474,877</u>	<u>103,654</u>
Instructional and School Leadership:				
0023	461,026	461,026	445,104	15,922
	<u>461,026</u>	<u>461,026</u>	<u>445,104</u>	<u>15,922</u>
Support Services - Student (Pupil):				
0031	298,289	298,289	293,180	5,109
0033	75,596	77,596	75,780	1,816
0034	439,059	575,059	556,231	18,828
0035	13,867	13,867	10,701	3,166
0036	488,215	583,215	579,930	3,285
	<u>1,315,026</u>	<u>1,548,026</u>	<u>1,515,822</u>	<u>32,204</u>
Administrative Support Services:				
0041	399,486	449,486	428,869	20,617
	<u>399,486</u>	<u>449,486</u>	<u>428,869</u>	<u>20,617</u>
Support Services - Nonstudent Based:				
0051	1,206,040	1,228,040	1,041,028	187,012
0052	15,000	15,000	11,228	3,772
0053	136,525	152,525	151,025	1,500
	<u>1,357,565</u>	<u>1,395,565</u>	<u>1,203,281</u>	<u>192,284</u>
Debt Service:				
0071	133,000	133,000	133,000	--
0072	55,412	55,412	42,692	12,720
0073	1,000	1,000	1,050	(50)
	<u>189,412</u>	<u>189,412</u>	<u>176,742</u>	<u>12,670</u>
Capital Outlay:				
0081	--	855,500	775,626	79,874
	<u>--</u>	<u>855,500</u>	<u>775,626</u>	<u>79,874</u>
Intergovernmental Charges:				
0093	114,455	114,500	114,456	44
0099	127,831	140,831	138,372	2,459
	<u>242,286</u>	<u>255,331</u>	<u>252,828</u>	<u>2,503</u>
6030	<u>10,178,068</u>	<u>11,732,877</u>	<u>11,273,149</u>	<u>459,728</u>

COMANCHE INDEPENDENT SCHOOL DISTRICT

GENERAL FUND

BUDGETARY COMPARISON SCHEDULE

FOR THE YEAR ENDED AUGUST 31, 2013

EXHIBIT G-1

Page 2 of 2

Data Control Codes		1	2	3	Variance with Final Budget Positive (Negative)
		Budgeted Amounts		Actual	
		Original	Final		
1100	Excess (Deficiency) of Revenues Over (Under)				
1100	Expenditures	5,624	(1,012,185)	(766,392)	245,793
	Other Financing Sources (Uses):				
7913	Issuance of Capital Leases	--	360,264	337,964	(22,300)
7915	Transfers In	--	890,500	2,491	(888,009)
7080	Total Other Financing Sources and (Uses)	--	1,250,764	340,455	(910,309)
1200	Net Change in Fund Balance	5,624	238,579	(425,937)	(664,516)
0100	Fund Balance - Beginning	7,216,715	7,216,715	7,216,716	1
1300	Prior Period Adjustment	--	--	(3,303)	(3,303)
0100	Fund Balance - Beginning, as Restated	7,216,715	7,216,715	7,213,413	(3,302)
3000	Fund Balance - Ending	<u>\$ 7,222,339</u>	<u>\$ 7,455,294</u>	<u>\$ 6,787,476</u>	<u>\$ (667,818)</u>

*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, 2013

Data Control Codes	Special Revenue Funds	Debt Service Fund	Total Nonmajor Governmental Funds (See Exhibit C-1)	
ASSETS:				
1110	Cash and Cash Equivalents	\$ 43,527	\$ 868	\$ 44,395
1120	Current Investments	--	29,226	29,226
1225	Taxes Receivable, Net	--	10,513	10,513
1240	Due from Other Governments	54,544	--	54,544
1260	Due from Other Funds	--	30,000	30,000
1000	Total Assets	<u>98,071</u>	<u>70,607</u>	<u>168,678</u>
LIABILITIES:				
Current Liabilities:				
2160	Accrued Wages Payable	\$ 23,149	\$ --	\$ 23,149
2200	Accrued Expenditures	1,414	--	1,414
2300	Unearned Revenue	27,743	10,513	38,256
2000	Total Liabilities	<u>52,306</u>	<u>10,513</u>	<u>62,819</u>
FUND BALANCES:				
Restricted Fund Balances:				
3450	Federal/State Funds Grant Restrictions	39,009	--	39,009
3480	Retirement of Long-Term Debt	--	60,094	60,094
3490	Other Restrictions of Fund Balance	6,756	--	6,756
3000	Total Fund Balances	<u>45,765</u>	<u>60,094</u>	<u>105,859</u>
4000	Total Liabilities and Fund Balances	<u>\$ 98,071</u>	<u>\$ 70,607</u>	<u>\$ 168,678</u>

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

Data Control Codes	Special Revenue Funds	Debt Service Fund	Total Nonmajor Governmental Funds (See Exhibit C-2)
REVENUES:			
5700 <i>Local and Intermediate Sources</i>	\$ 238,035	\$ 266,242	\$ 504,277
5800 <i>State Program Revenues</i>	83,365	144,581	227,946
5900 <i>Federal Program Revenues</i>	1,133,343	--	1,133,343
5020 Total Revenues	<u>1,454,743</u>	<u>410,823</u>	<u>1,865,566</u>
EXPENDITURES:			
Current:			
0011 <i>Instruction</i>	619,989	--	619,989
0013 <i>Curriculum and Staff Development</i>	28,554	--	28,554
0023 <i>School Leadership</i>	2,156	--	2,156
0031 <i>Guidance, Counseling, & Evaluation Services</i>	17,738	--	17,738
0034 <i>Student Transportation</i>	1,437	--	1,437
0035 <i>Food Service</i>	741,505	--	741,505
0041 <i>General Administration</i>	995	--	995
0051 <i>Plant Maintenance and Operations</i>	2,786	--	2,786
0052 <i>Security and Monitoring Services</i>	9,364	--	9,364
0071 <i>Principal on Long-term Debt</i>	--	152,414	152,414
0072 <i>Interest on Long-term Debt</i>	--	273,216	273,216
0073 <i>Bond Issuance Costs and Fees</i>	--	85,500	85,500
6030 Total Expenditures	<u>1,424,524</u>	<u>511,130</u>	<u>1,935,654</u>
1100 Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>30,219</u>	<u>(100,307)</u>	<u>(70,088)</u>
Other Financing Sources and (Uses):			
7911 <i>Capital-Related Debt Issued (Regular Bonds)</i>	--	85,000	85,000
8911 <i>Transfers Out</i>	(2,491)	--	(2,491)
7080 Total Other Financing Sources and (Uses)	<u>(2,491)</u>	<u>85,000</u>	<u>82,509</u>
1200 Net Change in Fund Balances	<u>27,728</u>	<u>(15,307)</u>	<u>12,421</u>
0100 Fund Balances - Beginning	<u>18,037</u>	<u>75,401</u>	<u>93,438</u>
3000 Fund Balances - Ending	<u>\$ 45,765</u>	<u>\$ 60,094</u>	<u>\$ 105,859</u>

COMANCHE INDEPENDENT SCHOOL DISTRICT

COMBINING BALANCE SHEET

NONMAJOR SPECIAL REVENUE FUNDS

AUGUST 31, 2013

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	\$ 13,964	\$ 1,633	\$ --	\$ 34,027
1240	Due from Other Governments	--	--	--	13,948
1000	Total Assets	<u>13,964</u>	<u>1,633</u>	<u>--</u>	<u>47,975</u>
LIABILITIES:					
Current Liabilities:					
2160	Accrued Wages Payable	\$ 12,837	\$ 1,500	\$ --	\$ 8,812
2200	Accrued Expenditures	1,127	133	--	154
2300	Unearned Revenue	--	--	--	--
2000	Total Liabilities	<u>13,964</u>	<u>1,633</u>	<u>--</u>	<u>8,966</u>
FUND BALANCES:					
Restricted Fund Balances:					
3450	Federal/State Funds Grant Restrictions	--	--	--	39,009
3490	Other Restrictions of Fund Balance	--	--	--	--
3000	Total Fund Balances	<u>--</u>	<u>--</u>	<u>--</u>	<u>39,009</u>
4000	Total Liabilities and Fund Balances	<u>\$ 13,964</u>	<u>\$ 1,633</u>	<u>\$ --</u>	<u>\$ 47,975</u>

244 Career and Tech Basic Grant	255 ESEA Title II Training & Recruiting	270 ESEA, Title VI Part B, Subpart 2 Rural School	287 Education Jobs Fund	289 Summer School LEP
\$ -- -- --	\$ (17,940) 17,940 --	\$ -- -- --	\$ (8,087) 8,087 --	\$ -- -- --
\$ -- -- --	\$ -- -- --	\$ -- -- --	\$ -- -- --	\$ -- -- --
-- -- --	-- -- --	-- -- --	-- -- --	-- -- --
\$ --	\$ --	\$ --	\$ --	\$ --

COMANCHE INDEPENDENT SCHOOL DISTRICT

COMBINING BALANCE SHEET

NONMAJOR SPECIAL REVENUE FUNDS

AUGUST 31, 2013

Data Control Codes	393 Texas Successful Schools	397 Advanced Placement Incentives	404 Student Success Initiative
ASSETS:			
1110 Cash and Cash Equivalents	\$ 7,741	\$ 20,002	\$ --
1240 Due from Other Governments	--	--	--
1000 Total Assets	<u>7,741</u>	<u>20,002</u>	<u>--</u>
LIABILITIES:			
Current Liabilities:			
2160 Accrued Wages Payable	\$ --	\$ --	\$ --
2200 Accrued Expenditures	--	--	--
2300 Unearned Revenue	7,741	20,002	--
2000 Total Liabilities	<u>7,741</u>	<u>20,002</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>\$ 7,741</u>	<u>\$ 20,002</u>	<u>\$ --</u>

410 State Textbook Fund	411 Technology Allotment	429 State Funded Special Revenue Fund	499 J.R. Beadel Foundation	Total Nonmajor Special Revenue Funds (See Exhibit H-1)
\$ (14,569) 14,569	\$ 5,484 --	\$ -- --	\$ 1,272 --	\$ 43,527 54,544
<u> </u> <u> </u>	<u> </u> <u>5,484</u>	<u> </u> <u> </u>	<u> </u> <u>1,272</u>	<u> </u> <u>98,071</u>
\$ -- -- --	\$ -- -- --	\$ -- -- --	\$ -- -- --	\$ 23,149 1,414 27,743
<u> </u> <u> </u>	<u> </u> <u> </u>	<u> </u> <u> </u>	<u> </u> <u> </u>	<u> </u> <u>52,306</u>
<u> </u> <u> </u> <u> </u>	<u> </u> <u>5,484</u> <u>5,484</u>	<u> </u> <u> </u> <u> </u>	<u> </u> <u>1,272</u> <u>1,272</u>	<u> </u> <u>39,009</u> <u>6,756</u> <u>45,765</u>
<u>\$ --</u>	<u>\$ 5,484</u>	<u>\$ --</u>	<u>\$ 1,272</u>	<u>\$ 98,071</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, 2013

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	\$ --	\$ --	\$ --	\$ 233,035
5800 State Program Revenues	--	--	--	4,213
5900 Federal Program Revenues	336,139	55,984	15,480	532,223
5020 Total Revenues	<u>336,139</u>	<u>55,984</u>	<u>15,480</u>	<u>769,471</u>
EXPENDITURES:				
Current:				
0011 Instruction	336,139	44,947	15,480	--
0013 Curriculum and Staff Development	--	11,037	--	--
0023 School Leadership	--	--	--	--
0031 Guidance, Counseling, & Evaluation Services	--	--	--	--
0034 Student Transportation	--	--	--	--
0035 Food Service	--	--	--	739,240
0041 General Administration	--	--	--	--
0051 Plant Maintenance and Operations	--	--	--	--
0052 Security and Monitoring Services	--	--	--	--
6030 Total Expenditures	<u>336,139</u>	<u>55,984</u>	<u>15,480</u>	<u>739,240</u>
1100 Excess (Deficiency) of Revenues Over (Under)				
1100 Expenditures	<u>--</u>	<u>--</u>	<u>--</u>	<u>30,231</u>
Other Financing Sources and (Uses):				
8911 Transfers Out	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>
7080 Total Other Financing Sources and (Uses)	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>
1200 Net Change in Fund Balances	<u>--</u>	<u>--</u>	<u>--</u>	<u>30,231</u>
0100 Fund Balances - Beginning	<u>--</u>	<u>--</u>	<u>--</u>	<u>8,778</u>
3000 Fund Balances - Ending	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ 39,009</u>

244 Career and Tech Basic Grant	255 ESEA Title II Training & Recruiting	270 ESEA, Title VI Part B, Subpart 2 Rural School	287 Education Jobs Fund	289 Summer School LEP
\$ --	\$ --	\$ --	\$ --	\$ --
--	--	--	--	--
18,135	53,838	24,554	95,875	1,115
<u>18,135</u>	<u>53,838</u>	<u>24,554</u>	<u>95,875</u>	<u>1,115</u>
397	43,921	7,590	86,236	1,115
--	9,917	7,600	--	--
--	--	--	2,156	--
17,738	--	--	--	--
--	--	--	1,437	--
--	--	--	2,265	--
--	--	--	995	--
--	--	--	2,786	--
--	--	9,364	--	--
<u>18,135</u>	<u>53,838</u>	<u>24,554</u>	<u>95,875</u>	<u>1,115</u>
--	--	--	--	--
--	--	--	--	--
--	--	--	--	--
--	--	--	--	--
<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</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, 2013

Data Control Codes	404 Student Success Initiative	410 State Textbook Fund
REVENUES:		
5700 <i>Local and Intermediate Sources</i>	\$ --	\$ --
5800 <i>State Program Revenues</i>	5,374	73,778
5900 <i>Federal Program Revenues</i>	--	--
5020 Total Revenues	<u>5,374</u>	<u>73,778</u>
EXPENDITURES:		
Current:		
0011 <i>Instruction</i>	5,374	73,778
0013 <i>Curriculum and Staff Development</i>	--	--
0023 <i>School Leadership</i>	--	--
0031 <i>Guidance, Counseling, & Evaluation Services</i>	--	--
0034 <i>Student Transportation</i>	--	--
0035 <i>Food Service</i>	--	--
0041 <i>General Administration</i>	--	--
0051 <i>Plant Maintenance and Operations</i>	--	--
0052 <i>Security and Monitoring Services</i>	--	--
6030 Total Expenditures	<u>5,374</u>	<u>73,778</u>
1100 Excess (Deficiency) of Revenues Over (Under)		
1100 Expenditures	<u>--</u>	<u>--</u>
Other Financing Sources and (Uses):		
8911 <i>Transfers Out</i>	--	--
7080 Total Other Financing Sources and (Uses)	<u>--</u>	<u>--</u>
1200 Net Change in Fund Balances	--	--
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)
\$ --	\$ --	\$ 5,000	\$ 238,035
--	--	--	83,365
--	--	--	1,133,343
<u> </u>	<u> </u>	<u> </u>	<u> </u>
--	--	5,000	1,454,743
--	--	5,012	619,989
--	--	--	28,554
--	--	--	2,156
--	--	--	17,738
--	--	--	1,437
--	--	--	741,505
--	--	--	995
--	--	--	2,786
--	--	--	9,364
<u> </u>	<u> </u>	<u> </u>	<u> </u>
--	--	5,012	1,424,524
--	--	(12)	30,219
--	(2,491)	--	(2,491)
<u> </u>	<u> </u>	<u> </u>	<u> </u>
--	(2,491)	--	(2,491)
<u> </u>	<u> </u>	<u> </u>	<u> </u>
--	(2,491)	(12)	27,728
5,484	2,491	1,284	18,037
<u>\$ 5,484</u>	<u>\$ --</u>	<u>\$ 1,272</u>	<u>\$ 45,765</u>

COMANCHE INDEPENDENT SCHOOL DISTRICT

EXHIBIT H-5

CAPITAL PROJECTS FUND

BUDGETARY COMPARISON SCHEDULE

FOR THE YEAR ENDED AUGUST 31, 2013

Data Control Codes	1	2	3
	Budget	Actual	Variance Positive (Negative)
REVENUES:			
5020 Total Revenues	\$ --	\$ --	\$ --
EXPENDITURES:			
Capital Outlay:			
0081 Capital Outlay	150,000	113,654	36,346
Total Capital Outlay	150,000	113,654	36,346
6030 Total Expenditures	150,000	113,654	36,346
1100 Excess (Deficiency) of Revenues Over (Under)			
1100 Expenditures	(150,000)	(113,654)	36,346
Other Financing Sources (Uses):			
7911 Capital-Related Debt Issued (Regular Bonds)	6,060,000	5,870,000	(190,000)
7916 Premium or Discount on Issuance of Bonds	--	188,768	188,768
7080 Total Other Financing Sources and (Uses)	6,060,000	6,058,768	(1,232)
1200 Net Change in Fund Balance	5,910,000	5,945,114	35,114
0100 Fund Balance - Beginning	--	--	--
3000 Fund Balance - Ending	\$ 5,910,000	\$ 5,945,114	\$ 35,114

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, 2013

Year Ended August 31	1		2		3
	Tax Rates				Assessed/Appraised Value For School Tax Purposes
	Maintenance		Debt Service		
2004 and Prior Years	\$	Various	\$	Various	\$ Various
2005		1.11		--	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		1.04		.10	261,223,363
2013 (School Year Under Audit)		1.04		.10	258,015,454

1000 Totals

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

10 Beginning Balance 9/1/12	20 Current Year's Total Levy	31 Maintenance Collections	32 Debt Service Collections	40 Entire Year's Adjustments	50 Ending Balance 8/31/13
\$ 32,414	\$ --	\$ --	\$ --	\$ (5,898)	\$ 26,515
7,938	--	133	--	(50)	7,755
9,847	--	279	--	(28)	9,540
8,856	--	534	--	(225)	8,096
12,006	--	1,298	265	(146)	10,297
15,353	--	2,549	368	(57)	12,378
22,976	--	5,163	555	(57)	17,201
50,912	--	21,798	2,206	170	27,079
127,820	--	73,941	7,110	(6,058)	40,711
--	2,941,376	2,583,871	248,449	(15,559)	93,496
<u>\$ 288,120</u>	<u>\$ 2,941,376</u>	<u>\$ 2,689,566</u>	<u>\$ 258,953</u>	<u>\$ (27,908)</u>	<u>\$ 253,069</u>
\$ --	\$ --	\$ --	\$ --	\$ --	\$ --

COMANCHE INDEPENDENT SCHOOL DISTRICT

*SCHEDULE OF EXPENDITURES FOR COMPUTATION OF INDIRECT COST FOR 2014-2015
GENERAL AND SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED AUGUST 31, 2013*

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	\$ --	\$ --	\$ 188,808	\$ 122,026	\$ --	\$ --	\$ 310,834
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	--	--	31,765	--	--	--	31,765
6212	Audit Services	--	--	--	13,600	--	--	13,600
6213	Tax Appraisal and Collection	--	138,372	--	--	--	--	138,372
621X	Other Prof. Services	--	--	14,796	--	--	--	14,796
6220	Tuition and Transfer Payments	--	--	--	--	--	--	--
6230	Education Service Centers	--	--	--	--	--	676	676
6240	Contr. Maint. and Repair	--	--	--	--	--	--	--
6250	Utilities	--	--	--	--	--	--	--
6260	Rentals	--	--	4,473	--	--	--	4,473
6290	Miscellaneous Contr.	--	--	--	--	--	--	--
6310	Operational Supplies, Materials	--	--	--	--	--	--	--
6320	Textbooks and Reading	--	--	--	--	--	--	--
6330	Testing Materials	--	--	--	--	--	--	--
63XX	Other Supplies, Materials	--	--	6,495	--	--	--	6,495
6410	Travel, Subsistence, Stipends	8,506	--	5,012	--	--	--	13,518
6420	Ins. and Bonding Costs	--	--	4,483	--	--	--	4,483
6430	Election Costs	4,646	--	--	--	--	--	4,646
6490	Miscellaneous Operating	--	--	17,284	--	--	7,294	24,578
6500	Debt Service	--	--	--	--	--	--	--
6600	Capital Outlay	--	--	--	--	--	--	--

Total \$ 13,152 \$ 138,372 \$ 273,116 \$ 135,626 \$ -- \$ 7,970 \$ 568,236

Total Expenditures for General and Special Revenue Funds (9) \$ 12,697,673

LESS: Deductions of Unallowable Costs

FISCAL YEAR

Total Capital Outlay (6600)	(10)	\$ 1,246,173
Total Debt & Lease (6500)	(11)	\$ 234,742
Plant Maintenance (Function 51, 6100-6400)	(12)	\$ 1,043,814
Food (Function 35, 6341 and 6499)	(13)	\$ 376,082
Stipends (6413)	(14)	\$ --
Column 4 (above) - Total Indirect Cost		\$ 135,626

Subtotal 3,036,437

Net Allowed Direct Cost \$ 9,661,236

CUMULATIVE

Total Cost of Buildings Before Depreciation (1520)	(15)	\$ 28,931,614
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)	2,676,989
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 \$138,372 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, 2013

EXHIBIT J-3

Data Control Codes	Explanation	Amount
1	Total General Fund Fund Balance as of August 31, 2013 (Exhibit C-1 object 3000 for the General Fund only)	\$ 6,787,476
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	2,336,000
8	Estimate of delayed payments from state sources (58XX)	220,000
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)	60,000
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)	6,699,423
13	Excess (Deficit) Unassigned General Fund Fund Balance (1-12)	\$ 88,053

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, 2013

EXHIBIT J-4

Data Control Codes	1	2	3
	Budget	Actual	Variance Positive (Negative)
REVENUES:			
5700 <i>Local and Intermediate Sources</i>	\$ 225,000	\$ 233,035	\$ 8,035
5800 <i>State Program Revenues</i>	4,400	4,213	(187)
5900 <i>Federal Program Revenues</i>	560,600	532,223	(28,377)
5020 Total Revenues	<u>790,000</u>	<u>769,471</u>	<u>(20,529)</u>
EXPENDITURES:			
Current:			
Support Services - Student (Pupil):			
0035 <i>Food Services</i>	758,024	739,240	18,784
Total Support Services - Student (Pupil)	<u>758,024</u>	<u>739,240</u>	<u>18,784</u>
6030 Total Expenditures	<u>758,024</u>	<u>739,240</u>	<u>18,784</u>
1100 Excess (Deficiency) of Revenues Over (Under)			
1100 Expenditures	31,976	30,231	(1,745)
1200 Net Change in Fund Balance	31,976	30,231	(1,745)
0100 Fund Balance - Beginning	8,779	8,778	(1)
3000 Fund Balance - Ending	<u>\$ 40,755</u>	<u>\$ 39,009</u>	<u>\$ (1,746)</u>

COMANCHE INDEPENDENT SCHOOL DISTRICT

EXHIBIT J-5

DEBT SERVICE FUND

BUDGETARY COMPARISON SCHEDULE

FOR THE YEAR ENDED AUGUST 31, 2013

Data Control Codes	1	2	3
	Budget	Actual	Variance Positive (Negative)
REVENUES:			
5700 <i>Local and Intermediate Sources</i>	\$ 251,883	\$ 266,242	\$ 14,359
5800 <i>State Program Revenues</i>	117,722	144,581	26,859
5020 Total Revenues	<u>369,605</u>	<u>410,823</u>	<u>41,218</u>
EXPENDITURES:			
Debt Service:			
0071 <i>Principal on Long-Term Debt</i>	152,414	152,414	--
0072 <i>Interest on Long-Term Debt</i>	263,787	273,216	(9,429)
0073 <i>Bond Issuance Costs and Fees</i>	2,000	85,500	(83,500)
Total Debt Service	<u>418,201</u>	<u>511,130</u>	<u>(92,929)</u>
6030 Total Expenditures	<u>418,201</u>	<u>511,130</u>	<u>(92,929)</u>
1100 Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(48,596)</u>	<u>(100,307)</u>	<u>(51,711)</u>
Other Financing Sources (Uses):			
7911 <i>Capital-Related Debt Issued (Regular Bonds)</i>	--	85,000	85,000
7917 <i>Prepaid Interest</i>	48,596	--	(48,596)
7080 Total Other Financing Sources and (Uses)	<u>48,596</u>	<u>85,000</u>	<u>36,404</u>
1200 Net Change in Fund Balance	<u>--</u>	<u>(15,307)</u>	<u>(15,307)</u>
0100 Fund Balance - Beginning	<u>75,402</u>	<u>75,401</u>	<u>(1)</u>
3000 Fund Balance - Ending	<u>\$ 75,402</u>	<u>\$ 60,094</u>	<u>\$ (15,308)</u>

BURL D. LOWERY CPA

311 Center Avenue
Brownwood, TX 76801

Independent Auditor's Report on Internal Control over Financial Reporting and
On Compliance and Other Matters Based on an Audit of Financial Statements
Performed In Accordance With *Government Auditing Standards*

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

Members of the Board of Trustees:

I have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Comanche Independent School District, as of and for the year ended August 31, 2013, and the related notes to the financial statements, which collectively comprise Comanche Independent School District's basic financial statements, and have issued my report thereon dated November 7, 2013.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Comanche Independent School District's financial statements are free from 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*.

Purpose of this Report

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

Respectfully submitted,



Burl D. Lowery
Certified Public Accountant

Brownwood, Texas
November 7, 2013

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

Independent Auditor's Report on Compliance for Each Major Program and
on Internal Control Over Compliance Required by OMB Circular A-133

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

Members of the Board of Trustees:

Report on Compliance for Each Major Federal Program

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, 2013. 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.

Management's Responsibility

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

Auditor's Responsibility

My responsibility is to express an opinion on compliance for each of Comanche Independent School District's major federal programs based on my audit of the types of compliance requirements referred to above. 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 on compliance for each major federal program. However, my audit does not provide a legal determination of Comanche Independent School District's compliance.

Opinion on Each Major Federal Program

In my opinion, Comanche Independent School District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs for the year ended August 31, 2013.

Report on Internal Control Over Compliance

Management of Comanche Independent School District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing my audit of compliance, I considered Comanche Independent School District's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, 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. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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 material weaknesses or significant deficiencies. I did not identify any deficiencies in internal control over compliance that I considered to be material weaknesses. However, material weaknesses may exist that have not been identified.

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

Respectfully submitted,



Burl D. Lowery
Certified Public Accountant

Brownwood, Texas
November 7, 2013

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

A. Summary of Auditor's Results

1. Financial Statements

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

One or more material weaknesses identified? Yes No

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

Noncompliance material to financial statements noted? Yes No

2. Federal Awards

Internal control over major programs:

One or more material weaknesses identified? Yes No

One or more significant deficiencies identified that are not considered to be material weaknesses? Yes 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 No

Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
10.553	School Breakfast Program
10.555	National School Lunch Program

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

Auditee qualified as low-risk auditee? 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, 2013

<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, 2013

No corrective action 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, 2013

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:			
<i>ESEA Title I Part A - Improving Basic Programs *</i>	84.010a	1361010104790	\$ 336,139
<i>ESEA Title I Part C - Education of Migratory Children</i>	84.011	13615001047901	55,984
<i>Career and Technical - Basic Grant</i>	84.048	13420006047901	18,135
<i>ESEA, Title VI, Part B, Subpart 2 - Rural and Low Income School</i>	84.358	13696001047901	24,554
<i>Summer School LEP</i>	84.369A	69551202	1,115
<i>Education Jobs Fund</i>	84.410	11550101047901	95,875
Total Passed Through State Department of Education			<u>531,802</u>
Passed Through Education Service Center Region 14:			
<i>ESEA Title II Part A - Teacher & Principal Training & Recruiting</i>	84.367a	136944501221950	53,838
Passed Through De Leon ISD :			
<i>IDEA-B Formula *</i>	84.027	13660001047902660C	15,480
Total U. S. Department of Education			<u>601,120</u>
U. S. DEPARTMENT OF AGRICULTURE			
Passed Through State Department of Education:			
School Breakfast Program *	10.553	71401201	127,246
National School Lunch Program *	10.555	71301201	362,458
National School Lunch Program (Non-cash) *	10.555	71301201	42,519
Total CFDA Number 10.555			<u>404,977</u>
Total Passed Through State Department of Education			<u>532,223</u>
Total U. S. Department of Agriculture			<u>532,223</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS			<u><u>\$ 1,133,343</u></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, 2013

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, 2013

<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 unmodified 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?	\$ 242,416