

COMANCHE INDEPENDENT SCHOOL DISTRICT

*ANNUAL FINANCIAL REPORT*

*FOR THE YEAR ENDED AUGUST 31, 2015*

*Introductory Section*

Comanche Independent School District  
Annual Financial Report  
For The Year Ended August 31, 2015

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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, 2015, at a meeting of the board of trustees of such school district on the 9<sup>th</sup> day of November, 2015.

  
\_\_\_\_\_  
Signature of Board Secretary

  
\_\_\_\_\_  
Signature of Board President

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

*Financial Section*

**Burl D. Lowery**  
Certified Public Accountant  
311 Center Avenue  
Brownwood, Texas 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 the Comanche Independent School District ("the District") as of and for the year ended August 31, 2015, 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, 2015, 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.

## **Emphasis of Matter**

### *Change in Accounting Principle*

As described in Note A to the financial statements, in 2015, Comanche Independent School District adopted new accounting guidance, Government Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions*, and GASB Statement No. 71, *Pension Transition for contributions made Subsequent to the Measurement Date -- an amendment of GASB Statement No. 68*. Our opinion is not modified with respect to this matter.

## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, budgetary comparison information, schedule of the District's proportionate share of the net pension liability and schedule of District pension contributions 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 October 26, 2015 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  
October 26, 2015

## 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, 2015. Please read it in conjunction with the District's financial statements, which follow this section.

### FINANCIAL HIGHLIGHTS

- The District's total combined net position was \$19,589,500 at August 31, 2015.
- During the year, the District's expenses were \$733,341, less than the 13,601,044 generated in taxes and other revenues for governmental activities.
- The total cost of the District's programs increased by \$427,111 and its revenues increased by \$787,067 during the current year.
- The general fund reported a fund balance this year of \$6,639,490.

### 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 positions were \$ 19,589,500 at August 31, 2015 and \$19,836,235 at August 31, 2014.

The District has restricted net assets of \$198,862, which are restricted to future debt payments, which leaves \$6,274,851 of unrestricted net assets at August 31, 2015. The \$6,274,851 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 \$13,601,044. A significant portion, 24.6%, of the District's revenue comes from taxes. 60% comes from state available and foundation grants, while only 2% relates to charges for services.

The total cost of all programs and services was \$12,867,703; .58% of these costs are for instruction and instructional related services. (Expenditure Functions 11 and 12).

### **Governmental Activities**

- Property tax rates increased in the current year for debt service. Property values increased generating tax revenues of \$3,341,129.

## **FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS**

Revenues from governmental fund types in the individual funds totaled \$13,588,897, an increase of 6.3% over the preceding year. State foundation revenue fluctuates with student enrollment. The District's average daily attendance in 2014-2015 was approximately the same as 2013-2014.

### **General Fund Budgetary Highlights**

Over the course of the year, the District revised its budget several times. Even with these adjustments, actual expenditures were \$723,345 below final budget amounts of the General Fund.

On the other hand, resources available were \$1,255 less than the final budgeted amount.

## **CAPITAL ASSETS AND DEBT ADMINISTRATION**

### **Capital Assets**

At the end of 2015, the District had invested \$39,706,670 in a broad range of capital assets, including land, equipment buildings, and vehicles. This amount represents a net increase (including additions and deductions) of \$7,061,320 or 21.6% over last year.

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

## **Long Term Debt**

At year-end the District had \$895,000 in notes outstanding and \$9,835,000 of bonds outstanding. More detailed information about the District's debt is presented in the notes to the financial statements.

During the 2014-2015 fiscal year the District issued refunding bonds to defease a portion of bonds issued in prior years. These refunding bonds will generate future estimated savings of approximately \$200,000.

The District also adopted GASB 68 in the 2014-2015 fiscal year, which resulted in the District recording a net pension liability of \$849,182 at August 31, 2015.

## **ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES**

- Appraised value used for the 2015-2016 budget preparation is approximately the same as the prior year.
- General operating fund spending increases in the 2015-2016 budget from \$11,168,941 to \$12,229,233. This is a 9.5% increase.
- The District's 2015-2016 refined average daily attendance is expected to be approximately the same as 2014-2015 refined average daily attendance.

These indicators were taken into account when adopting the general fund budget for 2015-2016. Amounts available for appropriation in the general fund budget are \$12,229,233, an increase of 8.7 percent over the final 2014-2015 budget of \$11,252,401. State revenue will increase or decrease as the student population changes in size.

General fund expenditures are budgeted to increase nearly 9.5% to \$12,229,233 in the 2015-2016 budget. The District has added no major new programs or initiatives to the 2015-2016 general fund budget.

If these estimates are realized, the District's budgetary general fund balance is not expected to change in the 2015-2016 fiscal year.

## **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 OF THE DISTRICT AS A WHOLE**

**TABLE 1**

	Governmental Activities	
	2015	2014
<b>Current Assets:</b>		
Cash and cash equivalents	\$7,177,590	\$13,053,429
Due from other governments	\$548,400	\$332,962
Property taxes receivable net of incollectible	\$138,147	\$126,001
Other receivables	\$3,000	\$3,000
<b>Total Current Assets</b>	<b>\$7,867,137</b>	<b>\$13,515,392</b>
<b>Noncurrent Assets:</b>		
Land	\$355,614	\$355,614
Buildings	\$28,975,478	\$28,931,614
Equipment and vehicles	\$2,912,121	\$2,721,774
Construction in progress	\$7,463,457	\$636,348
	<u>\$39,706,670</u>	<u>\$32,645,350</u>
Less accumulated depreciation	\$15,267,613	\$14,475,571
<b>Total Noncurrent Assets</b>	<b>\$24,439,057</b>	<b>\$18,169,779</b>
<b>Deferred Outflows of Resources</b>	<b>\$453,391</b>	
<b>Total Assets</b>	<b>\$32,759,585</b>	<b>\$31,685,171</b>
<b>Current Liabilities:</b>		
Accounts payable and accrued expenses	\$710,122	\$325,621
Due to other governments		
Due to other funds		
<b>Total Current Liabilities</b>	<b>\$710,122</b>	<b>\$325,621</b>
<b>Long-term Liabilities:</b>		
Bonds payable	\$9,835,000	\$10,047,941
Notes payable	\$895,000	\$1,038,000
Unamortized premium on bonds	\$593,270	\$287,548
Net pension liability	\$849,182	\$122,083
<b>Total Long-term Liabilities</b>	<b>\$12,172,452</b>	<b>\$11,495,572</b>
<b>Total Liabilities</b>	<b>\$12,882,574</b>	<b>\$11,821,193</b>
<b>Deferred Inflows of Resources</b>	<b>\$287,511</b>	<b>\$27,743</b>
<b>Net Assets:</b>		
Invested in capital assets	\$13,115,787	\$6,674,207
Restricted for state and federal programs	\$0	\$85,612
Restricted for debt service	\$198,862	\$123,071
Restricted for construction	\$0	\$5,429,950
Unrestricted	\$6,274,851	\$7,523,395
<b>Total Net Position</b>	<b>\$19,589,500</b>	<b>\$19,836,235</b>

**COMANCHE INDEPENDENT SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS - TABLES  
TABLE 2**

CHANGES IN NET ASSETS

	Governmental Activities	
	2015	2014
Program Revenues:		
Charges for services	\$270,913	\$293,775
Operating grants and contributions	\$1,552,538	\$1,190,494
Capital grants and contributions		
General Revenues:		
Property taxes	\$3,341,129	\$3,298,393
State aid	\$8,101,880	\$7,751,543
Investment earnings	\$117,893	\$124,641
Other revenues	\$216,691	\$123,569
Special item in	\$0	\$31,562
<b>Total Revenues</b>	<b>\$13,601,044</b>	<b>\$12,813,977</b>
Expenditures:		
Instruction	\$7,434,573	\$7,086,280
Instructional resources and media services	\$72,201	\$84,461
Curriculum and staff development	\$40,184	\$67,909
Instructional leadership	\$0	\$0
School leadership	\$514,251	\$457,179
Guidance and counseling services	\$363,388	\$356,680
Social work services	\$0	\$0
Health services	\$82,253	\$83,408
Student transportation	\$422,722	\$449,065
Food services	\$845,104	\$801,762
Cocurricular/Extracurricular activities	\$560,800	\$561,205
General administration	\$386,764	\$373,751
Plant maintenance & operation	\$1,279,941	\$1,307,966
Security and monitoring services	\$29,704	\$26,670
Data processing services	\$150,877	\$159,585
Community services		\$0
Debt services	\$424,354	\$393,076
Payments to fiscal agent/member districts SSA	\$126,554	\$120,266
Other intergovernmental charges	\$134,033	\$111,329
<b>Total Expenditures</b>	<b>\$12,867,703</b>	<b>\$12,440,592</b>
Excess (Deficiency) Before Other Resources, Uses, and Transfers	\$733,341	\$373,385
Other Resources (Uses)		
Transfers In (Out)	\$0	\$0
Increase (Decrease) in Net Assets	\$733,341	\$373,385
Net Position - Beginning	\$19,836,235	\$19,132,973
Prior period adjustments	(\$980,076)	\$329,877
<b>Net Position - Ending</b>	<b>\$19,589,500</b>	<b>\$19,836,235</b>

**COMANCHE INDEPENDENT SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS - TABLES  
TABLE 3**

**CAPITAL ASSETS**

	Governmental Activities	
	2015	2014
Land	\$355,614	\$355,614
Construction in progress	\$7,463,457	\$636,348
Buildings and improvements	\$28,975,478	\$28,931,614
Equipment and vehicles	\$2,912,121	\$2,721,774
<b>Total Capital Assets</b>	<b>\$39,706,670</b>	<b>\$32,645,350</b>
<b>Total Accumulated Depreciation</b>	<b>\$15,267,613</b>	<b>\$14,475,571</b>
<b>Net Capital Assets</b>	<b>\$24,439,057</b>	<b>\$18,169,779</b>

**TABLE 4**

**LONG-TERM DEBT**

	Governmental Activities	
	2015	2014
Bonds payable	\$9,835,000	\$10,047,941
Accumulated accretion on capital appreciation bonds	\$0	\$122,083
Unamortized bond premiums	\$593,270	\$287,548
Notes payable	\$895,000	\$1,038,000
Net pension liability	\$849,182	\$0
<b>Total Long-term Debt</b>	<b>\$12,172,452</b>	<b>\$11,495,572</b>



*Basic Financial Statements*

**COMANCHE INDEPENDENT SCHOOL DISTRICT**  
**STATEMENT OF NET POSITION**  
**AUGUST 31, 2015**

Data Control Codes	1	Governmental Activities
<b>ASSETS:</b>		
1110	<i>Cash and Cash Equivalents</i>	\$ 259,887
1120	<i>Current Investments</i>	6,917,703
1225	<i>Property Taxes Receivable (Net)</i>	138,147
1240	<i>Due from Other Governments</i>	548,400
1290	<i>Other Receivables (Net)</i>	3,000
Capital Assets:		
1510	<i>Land</i>	355,614
1520	<i>Buildings and Improvements, Net</i>	15,878,419
1530	<i>Furniture and Equipment, Net</i>	741,567
1580	<i>Construction in Progress</i>	7,463,457
1000	Total Assets	<u>32,306,194</u>
<b>DEFERRED OUTFLOWS OF RESOURCES:</b>		
	<i>Deferred Outflow of Resources</i>	216,453
1705	<i>Deferred Outflow Related to Pensions</i>	236,938
1700	Total Deferred Outflows of Resources	<u>453,391</u>
<b>LIABILITIES:</b>		
2110	<i>Accounts Payable</i>	370,742
2165	<i>Accrued Liabilities</i>	339,380
Noncurrent Liabilities:		
2501	<i>Due Within One Year</i>	546,000
2502	<i>Due in More Than One Year</i>	10,777,270
2540	<i>Net Pension Liability</i>	849,182
2000	Total Liabilities	<u>12,882,574</u>
<b>DEFERRED INFLOWS OF RESOURCES:</b>		
	<i>Deferred Revenue</i>	27,743
2605	<i>Deferred Inflow Related to Pensions</i>	259,768
2600	Total Deferred Inflows of Resources	<u>287,511</u>
<b>NET POSITION:</b>		
3200	Net Investment in Capital Assets	13,115,787
Restricted For:		
3850	Debt Service	198,862
3900	Unrestricted	6,274,851
3000	Total Net Position	<u>\$ 19,589,500</u>

The accompanying notes are an integral part of this statement.

**COMANCHE INDEPENDENT SCHOOL DISTRICT**  
**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED AUGUST 31, 2015**

Data Control Codes	Functions/Programs	1 Expenses	Program Revenues		4 Operating Grants and Contributions	Net (Expense) Revenue and Changes in Net Position
			3 Charges for Services	Governmental Activities		
	Governmental Activities:					
11	Instruction	\$ 7,434,573	\$ --		\$ 770,372	\$ (6,664,201)
12	Instructional Resources and Media Services	72,201	--		--	(72,201)
13	Curriculum and Staff Development	40,184	--		29,045	(11,139)
23	School Leadership	514,251	--		--	(514,251)
31	Guidance, Counseling, & Evaluation Services	363,388	--		--	(363,388)
33	Health Services	82,253	--		1,490	(80,763)
34	Student Transportation	422,722	--		--	(422,722)
35	Food Service	845,104	228,220		562,789	(54,095)
36	Cocurricular/Extracurricular Activities	560,800	42,693		--	(518,107)
41	General Administration	386,764	--		--	(386,764)
51	Facilities Maintenance and Operations	1,279,941	--		15,293	(1,264,648)
52	Security and Monitoring Services	29,704	--		21,410	(8,294)
53	Data Processing Services	150,877	--		--	(150,877)
72	Interest on Long-term Debt	318,871	--		152,139	(166,732)
73	Bond Issuance Costs and Fees	105,483	--		--	(105,483)
93	Payments Related to Shared Services Arrangements	126,554	--		--	(126,554)
99	Other Intergovernmental Charges	134,032	--		--	(134,032)
TG	Total Governmental Activities	<u>12,867,702</u>	<u>270,913</u>		<u>1,552,538</u>	<u>(11,044,251)</u>
TP	Total Primary Government	<u>\$ 12,867,703</u>	<u>\$ 270,913</u>		<u>\$ 1,552,538</u>	<u>(11,044,252)</u>
	General Revenues:					
MT	Property Taxes, Levied for General Purposes					2,789,222
DT	Property Taxes, Levied for Debt Service					551,907
IE	Investment Earnings					117,893
GC	Grants and Contributions Not Restricted to Specific Programs					8,101,880
MI	Miscellaneous					216,691
TR	Total General Revenues					<u>11,777,593</u>
CN	Change in Net Position					733,341
NB	Net Position - Beginning					19,836,235
PA	Prior Period Adjustment					(980,076)
	Net Position - Beginning, as Restated					18,856,159
NE	Net Position - Ending					<u>\$ 19,589,500</u>

The accompanying notes are an integral part of this statement.

**COMANCHE INDEPENDENT SCHOOL DISTRICT**  
**BALANCE SHEET - GOVERNMENTAL FUNDS**  
**AUGUST 31, 2015**

Data Control Codes	10 General Fund	60 Capital Projects Fund	Other Governmental Funds	98 Total Governmental Funds	
<b>ASSETS:</b>					
1110	Cash and Cash Equivalents	\$ (45,315)	\$ 330,008	\$ (37,203)	\$ 247,490
1120	Current Investments	6,570,757	--	167,135	6,737,892
1225	Taxes Receivable, Net	126,523	--	11,624	138,147
1240	Due from Other Governments	428,249	--	120,151	548,400
1260	Due from Other Funds	--	--	30,000	30,000
1290	Other Receivables	3,000	--	--	3,000
1000	Total Assets	<u>7,083,214</u>	<u>330,008</u>	<u>291,707</u>	<u>7,704,929</u>
<b>LIABILITIES:</b>					
Current Liabilities:					
2110	Accounts Payable	\$ --	\$ 330,008	\$ --	\$ 330,008
2150	Payroll Deductions & Withholdings	15,615	--	--	15,615
2160	Accrued Wages Payable	266,533	--	48,550	315,083
2170	Due to Other Funds	30,000	--	--	30,000
2200	Accrued Expenditures	5,052	--	3,630	8,682
2000	Total Liabilities	<u>317,200</u>	<u>330,008</u>	<u>52,180</u>	<u>699,388</u>
<b>DEFERRED INFLOWS OF RESOURCES:</b>					
	Deferred Revenue	126,522	--	39,367	165,889
2600	Total Deferred Inflows of Resources	<u>126,522</u>	<u>--</u>	<u>39,367</u>	<u>165,889</u>
<b>FUND BALANCES:</b>					
Restricted Fund Balances:					
3480	Retirement of Long-Term Debt	--	--	198,862	198,862
3490	Other Restrictions of Fund Balance	--	--	1,298	1,298
Committed Fund Balances:					
3510	Construction	3,933,423	--	--	3,933,423
3530	Capital Expenditures for Equipment	150,000	--	--	150,000
3600	Unassigned	2,556,069	--	--	2,556,069
3000	Total Fund Balances	<u>6,639,492</u>	<u>--</u>	<u>200,160</u>	<u>6,839,652</u>
4000	Total Liabilities, Deferred Inflow of Resources and Fund Balances	<u>\$ 7,083,214</u>	<u>\$ 330,008</u>	<u>\$ 291,707</u>	<u>\$ 7,704,929</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, 2015**

Total fund balances - governmental funds balance sheet	\$ 6,839,652
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.	24,439,066
Property taxes receivable unavailable to pay for current period expenditures are deferred in the funds.	138,146
The assets and liabilities of internal service funds are included in governmental activities in the SNP.	151,474
Payables for bond principal which are not due in the current period are not reported in the funds.	(9,835,000)
Payables for notes which are not due in the current period are not reported in the funds.	(895,000)
Bond premiums are capitalized and amortized in the government-wide financial statements.	(593,270)
Payments to the refunding escrow account in excess of bonds defeased is a deferred outflow in te SNA.	216,453
Recognition of the District's proportionate share of the net pension liability is not reported in the funds.	(849,182)
Deferred Resource Inflows related to TRS are not reported in the funds.	(259,768)
Deferred Resource Outflows related to TRS are not reported in the funds.	236,938
Rounding items	(9)
Net position of governmental activities - Statement of Net Position	<u>\$ 19,589,500</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, 2015**

Data Control Codes	10 General Fund	60 Capital Projects Fund	Other Governmental Funds	98 Total Governmental Funds
<b>REVENUES:</b>				
5700 Local and Intermediate Sources	\$ 3,149,332	\$ --	\$ 791,147	\$ 3,940,479
5800 State Program Revenues	8,003,530	--	264,376	8,267,906
5900 Federal Program Revenues	98,324	--	1,282,188	1,380,512
5020 Total Revenues	<u>11,251,186</u>	<u>--</u>	<u>2,337,711</u>	<u>13,588,897</u>
<b>EXPENDITURES:</b>				
Current:				
0011 Instruction	6,257,567	--	768,119	7,025,686
0012 Instructional Resources and Media Services	67,919	--	--	67,919
0013 Curriculum and Staff Development	6,595	--	31,297	37,892
0023 School Leadership	486,678	--	--	486,678
0031 Guidance, Counseling, & Evaluation Services	342,420	--	--	342,420
0033 Health Services	76,028	--	1,490	77,518
0034 Student Transportation	465,655	--	--	465,655
0035 Food Service	16,046	--	880,847	896,893
0036 Cocurricular/Extracurricular Activities	538,596	--	--	538,596
0041 General Administration	371,862	--	--	371,862
0051 Facilities Maintenance and Operations	1,227,576	--	15,294	1,242,870
0052 Security and Monitoring Services	6,414	--	21,410	27,824
0053 Data Processing Services	141,910	--	--	141,910
0071 Principal on Long-term Debt	143,000	--	197,941	340,941
0072 Interest on Long-term Debt	35,556	--	444,765	480,321
0073 Bond Issuance Costs and Fees	1,288	--	104,195	105,483
0081 Capital Outlay	--	6,827,109	--	6,827,109
0093 Payments to Shared Service Arrangements	126,554	--	--	126,554
0099 Other Intergovernmental Charges	134,032	--	--	134,032
6030 Total Expenditures	<u>10,445,696</u>	<u>6,827,109</u>	<u>2,465,358</u>	<u>19,738,163</u>
1100 Excess (Deficiency) of Revenues Over (Under)				
1100 Expenditures	<u>805,490</u>	<u>(6,827,109)</u>	<u>(127,647)</u>	<u>(6,149,266)</u>
Other Financing Sources and (Uses):				
7911 Capital-Related Debt Issued (Regular Bonds)	--	--	3,690,000	3,690,000
7915 Transfers In	--	1,397,159	4,217	1,401,376
7916 Premium or Discount on Issuance of Bonds	--	--	345,088	345,088
8911 Transfers Out	(1,401,376)	--	--	(1,401,376)
8949 Other Uses	--	--	(3,921,453)	(3,921,453)
7080 Total Other Financing Sources and (Uses)	<u>(1,401,376)</u>	<u>1,397,159</u>	<u>117,852</u>	<u>113,635</u>
1200 Net Change in Fund Balances	<u>(595,886)</u>	<u>(5,429,950)</u>	<u>(9,795)</u>	<u>(6,035,631)</u>
0100 Fund Balances - Beginning	7,253,318	5,429,950	209,955	12,893,223
1300 Prior Period Adjustment	(17,940)	--	--	(17,940)
Fund Balances - Beginning, as Restated	7,235,378	5,429,950	209,955	12,875,283
3000 Fund Balances - Ending	<u>\$ 6,639,492</u>	<u>\$ --</u>	<u>\$ 200,160</u>	<u>\$ 6,839,652</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, 2015**

Net change in fund balances - total governmental funds	\$ (6,035,631)
Amounts reported for governmental activities in the Statement of Activities ("SOA") are different because:	
Capital outlays are not reported as expenses in the SOA.	7,061,329
The depreciation of capital assets used in governmental activities is not reported in the funds.	(792,042)
Certain property tax revenues are deferred in the funds. This is the change in these amounts this year.	12,146
Payments to the refunding bond escrow account are not expenditures in SOA.	3,921,453
Repayment of bond principal is an expenditure in the funds but is not an expense in the SOA.	197,941
Repayment of loan principal is an expenditure in the funds but is not an expense in the SOA.	143,000
(Increase) decrease in accrued interest from beginning of period to end of period.	122,083
The net revenue (expense) of internal service funds is reported with governmental activities.	8,669
Amortization of bond premiums are recognized in the SOA.	39,365
Proceeds of bonds do not provide revenue in the SOA, but are reported as current resources in the funds.	(3,690,000)
Bond premiums are reported in the funds but not in the SOA.	(345,088)
Pension contributions made after the measurement date but in current FY were de-expended and reduced NP	90,115
Rounding difference	1
Change in net position of governmental activities - Statement of Activities	<u>\$ 733,341</u>

The accompanying notes are an integral part of this statement.

**COMANCHE INDEPENDENT SCHOOL DISTRICT**  
**STATEMENT OF NET POSITION**  
**INTERNAL SERVICE FUND**  
**AUGUST 31, 2015**

Data Control Codes		Nonmajor Internal Service Fund
		Insurance Fund
	<b>ASSETS:</b>	
	Current Assets:	
1110	<i>Cash and Cash Equivalents</i>	\$ 12,397
1120	<i>Investments</i>	179,811
	Total Current Assets	<u>192,208</u>
1000	Total Assets	<u>192,208</u>
	<b>LIABILITIES:</b>	
	Current Liabilities:	
2110	<i>Accounts Payable</i>	\$ 40,734
	Total Current Liabilities	<u>40,734</u>
2000	Total Liabilities	<u>40,734</u>
	<b>NET POSITION:</b>	
3900	<i>Unrestricted</i>	151,474
3000	Total Net Position	<u>\$ 151,474</u>

The accompanying notes are an integral part of this statement.



**COMANCHE INDEPENDENT SCHOOL DISTRICT**  
 STATEMENT OF REVENUES, EXPENSES, AND CHANGES  
 IN FUND NET POSITION - INTERNAL SERVICE FUND  
 FOR THE YEAR ENDED AUGUST 31, 2015

Data Control Codes		Nonmajor Internal Service Fund
		Insurance Fund
	<b>OPERATING REVENUES:</b>	
5700	<i>Local and Intermediate Sources</i>	\$ 8,669
5020	Total Revenues	<u>8,669</u>
1300	Change in Net Position	8,669
0100	Total Net Position - Beginning	142,805
3300	Total Net Position - Ending	<u>\$ 151,474</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, 2015**

	Internal Service Funds
<b>Cash Flows from Operating Activities:</b>	
<i>Cash Received from Customers</i>	\$ --
<i>Cash Received from Grants</i>	--
<i>Cash Receipts (Payments) for Quasi-external     Operating Transactions with Other Funds</i>	6,880
<i>Cash Payments to Employees for Services</i>	(6,880)
<i>Cash Payments to Other Suppliers for Goods and Services</i>	--
<i>Cash Payments for Grants to Other Organizations</i>	--
<i>Other Operating Cash Receipts (Payments)</i>	--
Net Cash Provided (Used) by Operating Activities	<u>--</u>
<b>Cash Flows from Non-capital Financing Activities:</b>	
<i>Proceeds (Payments) from (for) Borrowings</i>	--
<i>Operating Grants Received</i>	--
<i>Transfers From (To) Primary Government</i>	--
<i>Transfers From (To) Other Funds</i>	--
Net Cash Provided (Used) by Non-capital Financing Activities	<u>--</u>
<b>Cash Flows from Capital and Related Financing Activities:</b>	
<i>Proceeds from Issuance of Long-term Debt</i>	--
<i>Principal and Interest Paid</i>	--
<i>Acquisition or Construction of Capital Assets</i>	--
<i>Proceeds from Sale of Capital Assets</i>	--
<i>Contributed Capital</i>	--
Net Cash Provided (Used) for Capital & Related Financing Activities	<u>--</u>
<b>Cash Flows from Investing Activities:</b>	
<i>Purchase of Investment Securities</i>	--
<i>Proceeds from Sale and Maturities of Securities</i>	--
<i>Interest and Dividends on Investments</i>	1,789
Net Cash Provided (Used) for Investing Activities	<u>1,789</u>
Net Increase (Decrease) in Cash and Cash Equivalents	1,789
Cash and Cash Equivalents at Beginning of Year	190,419
Cash and Cash Equivalents at End of Year	<u>\$ 192,208</u>
<b>Reconciliation of Operating Income to Net Cash     Provided by Operating Activities:</b>	
Operating Income (Loss)	\$ 8,669
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities	
<i>Depreciation</i>	--
<i>Provision for Uncollectible Accounts</i>	--
Change in Assets and Liabilities:	
<i>Decrease (Increase) in Receivables</i>	--
<i>Earnings from Investments</i>	(1,789)
<i>Decrease (Increase) in Prepaid Expenses</i>	--
<i>Increase (Decrease) in Accounts Payable</i>	(6,880)
<i>Increase (Decrease) in Unearned Revenue</i>	--
Total Adjustments	<u>(8,669)</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, 2015**

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>	\$ --	\$ 68,176
1120 <i>Current Investments</i>	<u>1,162,454</u>	<u>--</u>
1000 Total Assets	<u>1,162,454</u>	<u>68,176</u>
 <b>LIABILITIES:</b>		
Current Liabilities:		
2190 <i>Due to Student Groups</i>	\$ --	\$ 68,176
2000 Total Liabilities	<u>--</u>	<u>68,176</u>
 <b>NET POSITION:</b>		
3800 <i>Held in Trust</i>	<u>1,162,454</u>	<u>--</u>
3000 Total Net Position	<u>\$ 1,162,454</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, 2015**

	Private- Purpose Trusts
<b>Additions:</b>	
Investment Income	\$ 11,820
Net (Decrease) in Fair Value of Investments	--
Employer Contributions	--
Plan Member Contributions	--
Total Additions	<u>11,820</u>
<b>Deductions:</b>	
Scholarship Awards	10,000
Benefits	--
Refunds of Contributions	--
Administrative Expenses	--
Total Deductions	<u>10,000</u>
<b>Change in Net Position</b>	1,820
Net Position-Beginning of the Year	1,160,634
Net Position-End of the Year	<u>\$ 1,162,454</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, 2015**

**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 and there are no component units included within the District's 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.

**Capital Projects Fund:** This fund accounts for the District's construction project financed with bonds.

In addition, the District reports the following fund types:

**COMANCHE INDEPENDENT SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED AUGUST 31, 2015**

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.

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

**COMANCHE INDEPENDENT SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED AUGUST 31, 2015**

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.

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.

**COMANCHE INDEPENDENT SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED AUGUST 31, 2015**

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 position.

**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 ensure 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. 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.



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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.

4. Pensions

The fiduciary net position of the Teacher Retirement System of Texas (TRS) has been determined using the flow of economic resources measurement focus and full accrual basis of accounting. This includes for purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, pension expense, and information about assets, liabilities and additions to/deductions from TRS' fiduciary net position. Benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

At August 31, 2015 the District reported the following:

Net Pension Asset	\$	--
Net Pension Liability	\$	849,182

5. New Accounting Standards Adopted

In fiscal year 2015, the District adopted five new statements of financial accounting standards issued by the Governmental Accounting Standards Board (GASB):

- Statement No. 67, *Financial Reporting for Pension Plans - an amendment of GASB Statement No. 25*
- Statement No. 68, *Accounting and Financial Reporting for Pensions - an amendment of GASB Statement No. 27*
- Statement No. 69, *Government Combinations and Disposals of Governmental Operations*
- Statement No. 70, *Accounting and Financial Reporting for Nonexchange Financial Guarantees*
- Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date - an amendment of GASB Statement No. 68.*

a. Statement No. 67 establishes financial reporting standards, but not funding or budgetary standards, for state and local government defined benefit pension plans and defined contribution pension plans that are administered through trusts or equivalent arrangements (Pension Trusts) in which:

- 1) Contributions from employers and nonemployer contributing entities to the pension plan and earnings on those contributions are irrevocable.
- 2) Pension plan assets are dedicated to providing pensions to plan members in accordance with the benefit terms.

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- 3) Pension plan assets are legally protected from the creditors of employers, nonemployer contributing entities, and the pension plan administrator. If the plan is a defined benefit pension plan, plan assets also are legally protected from creditors of the plan members.

For defined benefit pension plans, this Statement establishes standards of financial reporting for separately issued financial reports and presentation as pension trust funds in the financial statements of another government, and specifies the required approach to measuring the pension liability of employers and any nonemployer contributing entities for benefits provided through the pension plan (the net pension liability), about which certain information is required to be presented. Distinctions are made regarding the particular presentation requirements depending upon the type of pension plan administered. For defined contribution plans, the Statement provides specific note disclosure requirements.

The adoption of Statement No. 67 has no impact on the District's financial statements.

- b. Statement No. 68 establishes standards of accounting and financial reporting, but not funding or budgetary standards, for defined benefit pensions and defined contribution pensions provided to the employees of state and local government employers through pension plans that are administered through trusts or equivalent arrangements criteria detailed above in the description of Statement No. 67. This Statement replaces the requirements of Statement No. 27, *Accounting for Pensions by State and Local Governmental Employers*, as well as the requirements of Statement No. 50, *Pension Disclosures*, as they relate to pensions that are provided through pension plans within the scope of the Statement.

The requirements of Statement No. 68 apply to the financial statements of all state and local governmental employers whose employees are provided with pensions through pension plans that are administered through trusts or equivalent arrangements as described above, and to the financial statements of state and local governmental nonemployer contributing entities that have a legal obligation to make contributions directly to such pension plans. This Statement establishes standards for measuring and recognizing liabilities, deferred outflows of resources, and deferred inflows of resources, and expense/expenditures related to pensions. Note disclosure and RSI requirements about pensions also are addressed. For defined benefit pension plans, this Statement identifies the methods and assumptions that should be used to project benefit payments, discount projected benefit payments to their actuarial present value, and attribute that present value to periods of employee service.

The adoption of Statement No. 68 has no impact on the District's governmental fund financial statements, which continue to report expenditures in the contribution amount determined legislatively for the TRS plan. The calculation of pension contributions is unaffected by the change. However, the adoption has resulted in the restatement of the District's beginning net position for the fiscal year 2014 government-wide financial statements to reflect the reporting of net pension liability and deferred inflows of resources and deferred outflows of resources for its qualified pension plan and the recognition of pension expense in accordance with the provisions of the Statement.

- c. Statement No. 69 improves financial reporting by addressing accounting and financial reporting for government combinations and disposals of government operation. The term "government combinations" is used to refer to a variety of arrangements including mergers and acquisitions. Mergers include combinations of legally separate entities without the exchange of significant consideration. Government acquisitions are transactions in which a government acquires another entity, or its operations, in exchange for significant consideration. Government combinations also include transfers of operations that do not constitute entire legally separate entities in which no significant consideration is exchanged. Transfers of operations may be present in shared service arrangements, reorganizations, redistricting, annexations, and arrangements in which an operation is transferred to a new government created to provide those services.

There was no impact on the District's financial statements as a result of the implementation of Statement No. 69.

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- d. Statement No. 70 was issued to improve accounting and financial reporting by state and local governments that extend and receive nonexchange financial guarantees.

The Statement requires a government that extends a nonexchange financial guarantee to recognize a liability when qualitative factors and historical data indicate that it is more likely than not that the government will be required to make a payment on the guarantee. The Statement requires a government that has issued an obligation guaranteed in a nonexchange transaction to recognize revenue to the extent of the reduction in its guaranteed liabilities. The Statement requires a government that is required to repay a guarantor for making a payment on a guaranteed obligation or legally assuming the guaranteed obligation to continue to recognize a liability until legally released as an obligor. When a government is released as an obligor, the government should recognize revenue as a result of being relieved of the obligation. This Statement also provides additional guidance for intra-entity nonexchange financial guarantees involving blended component units.

There was no impact on the District's financial statements as a result of the implementation of Statement No. 70.

- e. Statement No. 71 amends Statement No. 68 to require that, at transition, a government recognize a beginning deferred outflow of resources for its pension contributions, if any, made subsequent to the measurement date of the beginning net pension liability. Since the measurement date of the pension plan was different than the District's final year-end, the effects from the District's reported contributions to the plan subsequent to the respective measurement date of the plan as an increase in deferred outflow of resources and a decrease in net position.

**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

**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, 2015, the carrying amount of the District's deposits (cash, certificates of deposit, and interest-bearing savings accounts included in temporary investments) was \$8,408,219 and the bank balance was

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\$9,301,555. The District's cash deposits at August 31, 2015 and during the year ended August 31, 2015, 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, 2015 are shown below.

<u>Investment or Investment Type</u>	<u>Maturity</u>	<u>Fair Value</u>
Certificates of Deposit	Less than One Year	\$ 8,080,156
Total Investments		<u>\$ 8,080,156</u>

3. Analysis of Specific Deposit and Investment Risks

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

a. Credit Risk

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

At August 31, 2015, the District's investments, other than those which are obligations of or guaranteed by the U. S. Government, are rated as to credit quality as follows:

Certificates of Deposit	\$8,080,156	Secured by Pledged Securities
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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

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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, 2015, was as follows:

	Beginning Balances	Increases	Decreases	Ending Balances
<b>Governmental activities:</b>				
<i>Capital assets not being depreciated:</i>				
Land	\$ 355,614	\$ --	\$ --	\$ 355,614
Construction in progress	636,348	6,827,109	--	7,463,457
Total capital assets not being depreciated	<u>991,962</u>	<u>6,827,109</u>	<u>--</u>	<u>7,819,071</u>
<i>Capital assets being depreciated:</i>				
Buildings and improvements	28,931,614	43,864	--	28,975,478
Equipment	--	--	--	--
Vehicles	2,721,774	190,347	--	2,912,121
Total capital assets being depreciated	<u>31,653,388</u>	<u>234,211</u>	<u>--</u>	<u>31,887,599</u>
Less accumulated depreciation for:				
Buildings and improvements	(12,486,486)	--	610,573	(13,097,059)
Equipment	--	--	--	--
Vehicles	(1,989,085)	--	181,469	(2,170,554)
Total accumulated depreciation	<u>(14,475,571)</u>	<u>--</u>	<u>792,042</u>	<u>(15,267,613)</u>
Total capital assets being depreciated, net	<u>17,177,817</u>	<u>234,211</u>	<u>792,042</u>	<u>16,619,986</u>
Governmental activities capital assets, net	<u>\$ 18,169,779</u>	<u>\$ 7,061,320</u>	<u>\$ 792,042</u>	<u>\$ 24,439,057</u>

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Depreciation was charged to functions as follows:

Instruction	\$ 474,655
Instructional Resources and Media Services	4,589
Curriculum and Staff Development	2,560
School Leadership	32,880
Guidance, Counseling, & Evaluation Services	23,122
Health Services	5,237
Student Transportation	31,460
Food Services	60,594
Extracurricular Activities	36,388
General Administration	25,123
Plant Maintenance and Operations	83,968
Security and Monitoring Services	1,880
Data Processing Services	9,587
	<u>\$ 792,042</u>

**E. Interfund Balances and Activities**

1. Due To and From Other Funds

Balances due to and due from other funds at August 31, 2015, consisted of the following:

<u>Due To Fund</u>	<u>Due From Fund</u>	<u>Amount</u>	<u>Purpose</u>
Debt Service Fund	General Fund	\$ 30,000	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	--	Specify purpose here
	Other Balances	--	
	Total	<u>\$ 30,000</u>	

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

2. Transfers To and From Other Funds

Transfers to and from other funds at August 31, 2015, consisted of the following:

<u>Transfers From</u>	<u>Transfers To</u>	<u>Amount</u>	<u>Reason</u>
General fund	Capital Projects Fund	\$ 1,397,159	Provide resources to supplement construction costs.
General fund	Other Governmental Funds	4,217	To cover food service deficit
General fund	Other Governmental Funds	--	Supplement other funds sources
Major fund (specify fund name)	General Fund	--	Reimburse expenditures
Other Governmental Funds	Other Governmental Funds	--	Supplement other funds sources
	Total	<u>\$ 1,401,376</u>	

**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.

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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, 2015, are as follows:

	Beginning Balance	Increases	Decreases	Ending Balance	Amounts Due Within One Year
<u>Governmental activities:</u>					
General obligation bonds	\$ 10,047,941	\$ 3,690,000	\$ 3,902,941	\$ 9,835,000	\$ 395,000
Premiums on bonds	287,548	305,722	--	593,270	--
Notes	1,038,000	--	143,000	895,000	151,000
Compensated absences *	--	--	--	--	--
Claims and judgments *	--	--	--	--	--
Net Pension Liability *	962,586	--	113,404	849,182	--
Total governmental activities	\$ 12,458,158	\$ 3,995,722	\$ 4,281,428	\$ 12,172,452	\$ 546,000

Interest rates on bonds range from 2.0% to 4.25%.

Interest rates on tax anticipation notes are 4% and 4.5%.

\* Other long-term liabilities

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

Liability	Activity Type	Fund
Compensated absences	Governmental	N/A
Claims and judgments	Governmental	General
Net Pension Liability *	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, 2015, are as follows:

Year Ending August 31,	Governmental Activities		
	Principal	Interest	Total
2016	\$ 546,000	\$ 377,553	\$ 923,553
2017	584,000	361,401	945,401
2018	515,000	348,213	863,213
2019	530,000	335,413	865,413
2020	545,000	320,313	865,313
2021-2025	2,790,000	1,320,350	4,110,350
2026-2030	3,045,000	779,088	3,824,088
2031-2035	2,175,000	285,576	2,460,576
2036-2040	--	--	--
2041-2045	--	--	--
Totals	\$ 10,730,000	\$ 4,127,904	\$ 14,857,904

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3. Advance Refunding of Debt

GASB Statement No. 7, "Advance Refundings Resulting in Defeasance of Debt," provides that refunded debt and assets placed in escrow for the payment of related debt service be excluded from the financial statements. As of August 31, 2015, outstanding balances of bond issues that have been refunded and defeased in-substance by placing existing assets and the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments are as follows.

<u>Bond Issue</u>	<u>Amount</u>
School Building 2007	\$3,705,000
 Total	 <u>\$3,705,000</u>

These refunding bonds of \$3,690,000 generated funds to deposit \$3,921,453 into a refund escrow account which is adequate to defease the bonds of \$3,705,000. The refunding issue generates an estimated value savings of \$247,479 or a present value savings of \$211,598.

4. Capital Leases

The District does not have any capital leases.

H. Commitments Under Noncapitalized Leases

Commitments under noncapitalized lease agreements for equipment provide for minimum future rental payments as of August 31, 2015, as follows:

<u>Year Ending August 31,</u>	
2016	\$ 89,498
2017	89,498
2018	89,498
 Total Minimum Rentals	 <u>\$ 268,494</u>
 Rental Expenditures in 2015	 <u>\$ 89,498</u>

The imputed interest rate on leases was . 3.91%

I. Risk Management

The District is exposed to various risks of loss related to torts, theft, damage or destruction of assets, errors and omissions, injuries to employees, and natural disasters. During fiscal year 2015, 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 participates in a cost-sharing multiple employer defined benefit pension plan that has a special funding situation. The plan is administered by the Teacher Retirement System of Texas (TRS). TRS' defined benefit pension plan is established and administered in accordance with the Texas Constitution, Article XVI, Sec. 67, and Texas Government Code, Title 8, Subtitle C. The TRS pension trust fund is a qualified pension trust under section 401(a) of the Internal Revenue Code. The Texas Legislature establishes benefits and contribution rates within the guidelines of the Texas Constitution. The pension's Board of Trustees does not have the authority to establish or amend benefit terms.



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All employees of public, state-supported educational institutions in Texas who are employed for one-half or more of the standard work load and who are not exempted from membership under Texas Government Code, Title 8, Section 822.002 are covered by the system.

2. Pension Plan Fiduciary Net Position

Detailed information about the TRS' fiduciary net position is available in a separately-issued Comprehensive Annual Financial Report that includes financial statements and required supplementary information. That report may be obtained on the Internet at [www.trs.state.tx.us/about/documents/cafr.pdf#CAFR](http://www.trs.state.tx.us/about/documents/cafr.pdf#CAFR); by writing to TRS at 1000 Red River Street, Austin, TX 78701-2698; or by calling (512) 542-6592.

3. Benefits Provided

TRS provides service and disability retirement, as well as death and survivor benefits, to eligible employees (and their beneficiaries) of public and higher education in Texas. The pension formula is calculated using 2.3 percent (multiplier) times the average of the five highest annual creditable salaries times years of credited service to arrive at the annual standard annuity except for members who are grandfathered, the three highest annual salaries are used. The normal service retirement is at age 65 with 5 years of credited service or when the sum of the member's age and years of credited service equals 80 or more years. Early retirement is at age 55 with 5 years of service credit or earlier than 55 with 30 years of service credit. There are additional provisions for early retirement if the sum of the member's age and years of service credit total at least 80, but the member is less than age 60 or 62 depending on date of employment, or if the member was grandfathered in under a previous rule. There are no automatic post-employment benefit changes, including automatic COLAs. Ad hoc post-employment benefit changes, including ad hoc COLAs, can be granted by the Texas Legislature, as noted in the plan description in (1.) above.

4. Contributions

Contribution requirements are established or amended pursuant to Article 16, section 67 of the Texas Constitution, which requires the Texas legislature to establish a member contribution rate of not less than 6% of the member's annual compensation and a state contribution rate of not less than 6% and not more than 10% of the aggregate annual compensation paid to members of the system during the fiscal year. Texas Government Code section 821.006 prohibits benefit improvements, if as a result of the particular action, the time required to amortize TRS' unfunded actuarial liabilities would be increased to a period that exceeds 31 years, or if the amortization period already exceeds 31 years, the period would be increased by such action.

Employee contribution rates are set in state statute, Texas Government Code 825.402. Senate Bill 1458 of the 83rd Texas Legislature amended Texas Government Code 825.402 for member contributions and established employee contribution rates for fiscal years 2014 through 2017. It also added a 1.5% contribution for employers not paying Old Age Survivor and Disability Insurance (OASDI) on certain employees effective Appropriations Act (GAA) established the employer contribution rates for fiscal years 2014 and 2015.

	<u>Contribution Rates</u>	
	<u>2014</u>	<u>2015</u>
Member	6.4%	6.7%
Non-Employer Contributing Entity (NECE - State)	6.8%	6.8%
Employers	6.8%	6.8%
District's 2014 Employer Contributions	\$ 80,599	
District's 2014 Member Contributions	\$ 464,982	
NECE 2014 On-Behalf Contributions to District	\$ 399,368	

Contributors to the plan include members, employers and the State of Texas as the only non-employer contributing entity. The State is the employer for senior colleges, medical schools and state agencies including TRS. In each respective role, the State contributes to the plan in accordance with state statutes and the General

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Appropriations Act (GAA).

As the non-employer contributing entity for public education and junior colleges, the State of Texas contributes to the retirement system an amount equal to the current employer contribution rate times the aggregate annual compensation of all participating members of the TRS pension trust fund during that fiscal year reduced by the amounts described below which are paid by the employers. Employers (public school, junior college, other entities or the State of Texas as the employer for senior universities and medical schools) are required to pay the employer contribution rate in the following instances:

- On the portion of the member's salary that exceeds the statutory minimum for members entitled to the statutory minimum under Section 21.402 of the Texas Education Code.
- During a new member's first 90 days of employment.
- When any part or all of an employee's salary is paid by federal funding sources, a privately sponsored source, from non-educational and general, or local funds.
- When the employing district is a public junior college or junior college district, the employer shall contribute to the retirement system an amount equal to 50% of the state contribution rate for certain instructional or administrative employees; and 100% of the state contribution rate for all other employees.

In addition to the employer contributions listed above, when employing a retiree of the TRS the employer shall pay both the member contribution and the state contribution as an employment after retirement surcharge.

5. Actuarial Assumptions

The total pension liability in the August 31, 2014 actuarial evaluation was determined using the following actuarial assumptions:

Valuation Date	August 31, 2014
Actuarial Cost Method	Individual Entry Age Normal
Amortization Method	Level Percentage of Payroll, Open
Remaining Amortization Period	30 Years
Asset Valuation Method	5 Year Market Value
Discount Rate	8%
Long-term Expected Rate of Return*	8%
Salary Increases*	4.25% to 7.25%
Weighted-Average at Valuation Date	5.55%
Payroll Growth Rate	3.5%

\* Includes inflation of 3%

The actuarial methods and assumptions are primarily based on a study of actual experience for the four year period ending August 31, 2010 and adopted on April 8, 2011. With the exception of the post-retirement mortality rates for healthy lives and a minor change to the expected retirement age for inactive vested members stemming from the actuarial audit performed in the Summer of 2014, the assumptions and methods are the same as used in the prior valuation. When the mortality assumptions were adopted in 2011, they contained significant margin for possible future mortality improvements. As of the date of the valuation there has been a significant erosion of this margin to the point that the margin has been eliminated. Therefore, the post-retirement mortality rates for current and future retirees was decreased to add additional margin for future improvement in mortality in accordance with the Actuarial Standards Practice No. 35.

6. Discount Rate

The discount rate used to measure the total pension liability was 8%. There was no change in the discount rate since the previous fiscal year. The projection of cash flows used to determine the discount rate assumed that

**COMANCHE INDEPENDENT SCHOOL DISTRICT**  
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**FOR THE YEAR ENDED AUGUST 31, 2015**

contributions from plan members and those of the contributing employers and the non-employer contributing entity are made at the statutorily required rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

The long-term expected rate of return on pension plan investments is 8%. The long-term expected rate of return on pension plan investments was determined using a building block method in which best estimates ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of geometric real rates of return for each major asset class included in the Systems target asset allocation as of August 31, 2014 are summarized below:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Real Return Geometric Basis</u>	<u>Long-term Expected Portfolio Real Rate of Return *</u>
<b>Global Equity</b>			
U.S.	18%	7.0%	1.4%
Non-U.S. Developed	13%	7.3%	1.1%
Emerging Markets	9%	8.1%	0.9%
Directional Hedge Funds	4%	5.4%	0.2%
Private Equity	13%	9.2%	1.4%
<b>Stable Value</b>			
U.S. Treasuries	11%	2.9%	0.3%
Absolute Return	0%	4.0%	0.0%
Stable Value Hedge Funds	4%	5.2%	0.2%
Cash	1%	2.0%	0.0%
<b>Real Return</b>			
Global Inflat. Linked Bonds	3%	3.1%	0.0%
Real Assets	16%	7.3%	1.5%
Energy & Natural Resources	3%	8.8%	0.3%
Commodities	0%	3.4%	0.0%
<b>Risk Parity</b>			
Risk Parity	5%	8.9%	0.4%
Alpha			1.0%
<b>Total</b>	<u>100%</u>		<u>8.7%</u>

\* The expected contribution to returns incorporates the volatility drag resulting from the conversion between arithmetic and geometric mean returns.

7. Discount Rate Sensitivity Analysis

The following schedule shows the impact of the net pension liability if the discount rate used was 1 percentage point less and 1 percentage point greater than the discount rate that was used (8%) in measuring the 2014 net pension liability.

	<u>1% Decrease 7%</u>	<u>Current Discount Rate 8%</u>	<u>1% Increase 9%</u>
District's proportionate share of the net pension liability	\$ 1,517,436	\$ 849,182	\$ 349,452

**COMANCHE INDEPENDENT SCHOOL DISTRICT**  
*NOTES TO THE FINANCIAL STATEMENTS*  
 FOR THE YEAR ENDED AUGUST 31, 2015

Plan net pension liability (in millions from TRS CAFR)	\$	47,737	\$	26,717	\$	10,998
--	----	--------	----	--------	----	--------

8. Pension Liabilities, Pension Expense and Deferred Outflows and Inflows of Resources Related to Pensions

At August 31, 2015, the District reported a liability of \$849,182 for its proportionate share of the TRS's net pension liability. This liability reflects a reduction for State pension support provided to the District. The amount recognized by the District as its proportionate share of the net pension liability, the related state support and the total portion of the net pension liability that was associated with the District were as follows:

District's proportionate share of the collective net pension liability	\$	849,182
State's proportionate share of the net pension liability associated with the District		<u>4,216,673</u>
Total	\$	<u><u>5,065,855</u></u>

The net pension liability was measured as of August 31, 2014 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportion of the net pension liability was based on the District's contributions to the pension plan relative to the contributions of all employers to the plan for the period September 1, 2013 through August 31, 2014.

There were no changes of assumptions or other inputs that affected measurement of the total pension liability during the measurement period.

There were no changes of benefit terms that affected measurement of the total pension liability during the measurement period.

There was a change in employer contribution requirements that occurred after the measurement date of the net pension liability and the employer's measurement date. A 1.5% contribution for employers not paying Old Age Survivor and Disability Insurance (OASDI) on certain employees went into law effective September 1, 2014. The amount of the expected resultant change in the employer's proportion cannot be determined at this time.

For the year ended August 31, 2015, the District recognized pension expense of \$389,824 and revenue of \$389,824 for support provided by the State.

At August 31, 2015, the District reported its proportionate share of the TRS' deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred</u> <u>Outflows</u>	<u>Deferred</u> <u>Inflows</u>
Differences between expected and actual economic experience	\$ 13,133	\$ --
Changes in actuarial assumptions	55,198	--
Difference between projected and actual investment earnings	--	259,545
Changes in proportion and differences between the District's contributions and the proportionate share of contributions	--	223
District contributions paid to TRS subsequent to the measurement date	<u>168,607</u>	
Total	<u>\$ 236,938</u>	<u>\$ 259,768</u>

**COMANCHE INDEPENDENT SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED AUGUST 31, 2015**

The net amounts of the District's balances of deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended August 31		
2016	\$	(53,396)
2017	\$	(53,396)
2018	\$	(53,396)
2019	\$	(53,396)
2020	\$	11,490
Thereafter	\$	10,657

**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.trstate.tx.us](http://www.trstate.tx.us) under the TRS Publications heading, by writing to the Communications Department of the Teacher Retirement System of Texas at 1000 Red River Street, Austin, Texas 78701, or by calling the TRS Communications Department at 1-800-223-8778.

**b. Funding Policy**

Contribution requirements are not actuarially determined but are legally established each biennium by the Texas Legislature. Texas Insurance Code, Sections 1575.202, 203, and 204 establish state, active employee, and public school contributions, respectively. Funding for free basic coverage is provided by the program based upon public school district payroll. Per Texas Insurance Code, Chapter 1575, the 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 contribution rate was 1% for fiscal years 2015 and 2014, and 0.5% for fiscal year 2013. The active public school employee contributions rates were 0.65% of public school payroll, with school districts contributing a percentage of payroll set at 0.55% for fiscal years 2015, 2014 and 2013. For the years ended August 31, 2015, 2014, and 2013, the State's contributions to TRS-Care were \$69,400, \$68,042, and \$68,965, respectively, the active member contributions were \$45,111, \$44,227, and \$37,932, respectively, and the District's contributions were \$38,170, \$37,424, and \$37,932, 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, 2015, 2014, and 2013, the subsidy payments received by TRS-Care on behalf of the District were \$20,603, \$17,615, and \$25,796, respectively.

**COMANCHE INDEPENDENT SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED AUGUST 31, 2015**

L. Employee Health Care Coverage

During the year ended August 31, 2014, employees of the District were covered the TRS Health Care Plan. The District paid total premiums of approximately \$361,336 to this plan during the 2014-2015 fiscal year.

M. Commitments and Contingencies

1. Contingencies

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

2. Litigation

No reportable litigation was pending against the District at August 31, 2015.

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, 2015 to October 26, 2015. There were no items noted that are required to be disclosed as 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'

**COMANCHE INDEPENDENT SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED AUGUST 31, 2015**

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, 2014 and terminating on September 1, 2015. 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 2014-2015 year is \$22,567, which is recorded in the District's records as insurance expense. The District has recorded a liability for estimated claims of \$40,734 as a liability in its self-insurance fund.

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

The Board reserved the right in the interlocal agreement to adjust this stop loss provision in the event that the fiscal soundness of the fund would justify such an adjustment and/or result in savings to fund members. All Claims are processed and paid by the pool through a servicing contractor employed by the Fund. The District had estimated unpaid claims of \$40,734 at August 31, 2015.

**Q. Property/Casualty Insurance**

During the year ended August 31, 2015, 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, 2014, 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, 2014, are available at the TASB website and have been filed with the Texas Department of Insurance in Austin.

**R. Unemployment Compensation**

During the year ended August 31, 2015, 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

**COMANCHE INDEPENDENT SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED AUGUST 31, 2015**

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. For the year ended August 31, 2014, the Fund anticipates that the Comanche ISD has no additional liability beyond the contractual obligation for payment of contribution.

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, 2014, are available at the TASB offices and have been filed with the Texas Department of Insurance in Austin.

S. Due from Other Governments

The following is a summary of amounts due from other governmental entities as of August 31, 2015:

	State Revenue Sources	Federal Revenue Sources	Total
General Fund	\$428,249		\$428,249
Special Revenue Funds	\$26,431	\$93,720	\$120,151
Total Due from Other Governmental Entities	<u>\$454,680</u>	<u>\$93,720</u>	<u>\$548,400</u>

T. Unearned Revenue in Individual Funds

The District had deferred revenue as follows in its individual funds as of August 31, 2015:

General Fund:		
Property tax revenue		\$126,522
Special Revenue Funds:		
Federal and state grants and entitlements		\$27,743
Debt Service Fund		
Property tax revenue		<u>\$11,624</u>
Total Deferred Revenue		<u>\$165,889</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



**COMANCHE INDEPENDENT SCHOOL DISTRICT**  
*NOTES TO THE FINANCIAL STATEMENTS*  
*FOR THE YEAR ENDED AUGUST 31, 2015*

V. Prior Period Adjustments

The District has the following prior period adjustments recorded in the 2014-2015 fiscal year:

Government Wide Financial Statements

the District adopted GASB 68 during the current year. The District's beginning share of the pension liability was recorded as a prior period adjustment. The prior period adjustment of \$962,586 reduced the beginning net assets in the government-wide financial statements.

Special Revenue Fund

The District has an adjustment of prior period revenue of \$17,490 in its special revenue fund for the 2014-2015 fiscal year which reduces prior year revenue.

### *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, 2015**

**EXHIBIT G-1**  
**Page 1 of 2**

Data Control Codes		1	2	3	Variance with Final Budget Positive (Negative)
		Budgeted Amounts			
		Original	Final	Actual	
<b>REVENUES:</b>					
5700	Local and Intermediate Sources	\$ 2,095,784	\$ 3,149,784	\$ 3,149,332	\$ (452)
5800	State Program Revenues	7,786,591	8,003,591	8,003,530	(61)
5900	Federal Program Revenues	78,066	99,066	98,324	(742)
5020	Total Revenues	<u>9,960,441</u>	<u>11,252,441</u>	<u>11,251,186</u>	<u>(1,255)</u>
<b>EXPENDITURES:</b>					
Current:					
Instruction & Instructional Related Services:					
0011	Instruction	6,616,533	6,650,033	6,257,567	392,466
0012	Instructional Resources and Media Services	72,068	72,068	67,919	4,149
0013	Curriculum and Staff Development	25,352	25,352	6,595	18,757
	Total Instruction & Instr. Related Services	<u>6,713,953</u>	<u>6,747,453</u>	<u>6,332,081</u>	<u>415,372</u>
Instructional and School Leadership:					
0023	School Leadership	494,709	494,709	486,678	8,031
	Total Instructional & School Leadership	<u>494,709</u>	<u>494,709</u>	<u>486,678</u>	<u>8,031</u>
Support Services - Student (Pupil):					
0031	Guidance, Counseling and Evaluation Services	349,296	352,296	342,420	9,876
0033	Health Services	77,644	77,644	76,028	1,616
0034	Student (Pupil) Transportation	479,743	479,743	465,655	14,088
0035	Food Services	15,561	17,561	16,046	1,515
0036	Cocurricular/Extracurricular Activities	580,078	580,078	538,596	41,482
	Total Support Services - Student (Pupil)	<u>1,502,322</u>	<u>1,507,322</u>	<u>1,438,745</u>	<u>68,577</u>
Administrative Support Services:					
0041	General Administration	388,844	388,844	371,862	16,982
	Total Administrative Support Services	<u>388,844</u>	<u>388,844</u>	<u>371,862</u>	<u>16,982</u>
Support Services - Nonstudent Based:					
0051	Plant Maintenance and Operations	1,397,387	1,397,387	1,227,576	169,811
0052	Security and Monitoring Services	--	38,000	6,414	31,586
0053	Data Processing Services	139,124	143,124	141,910	1,214
	Total Support Services - Nonstudent Based	<u>1,536,511</u>	<u>1,578,511</u>	<u>1,375,900</u>	<u>202,611</u>
Debt Service:					
0071	Principal on Long-Term Debt	189,591	143,000	143,000	--
0072	Interest on Long-Term Debt	--	43,591	35,556	8,035
0073	Bond Issuance Costs and Fees	--	3,000	1,288	1,712
	Total Debt Service	<u>189,591</u>	<u>189,591</u>	<u>179,844</u>	<u>9,747</u>
Intergovernmental Charges:					
0093	Payments to Fiscal Agent/Member Dist.-SSA	125,000	127,000	126,554	446
0099	Other Intergovernmental Charges	130,511	135,511	134,032	1,479
	Total Intergovernmental Charges	<u>255,511</u>	<u>262,511</u>	<u>260,586</u>	<u>1,925</u>
6030	Total Expenditures	<u>11,081,441</u>	<u>11,168,941</u>	<u>10,445,696</u>	<u>723,245</u>
1100	Excess (Deficiency) of Revenues Over (Under)				
1100	Expenditures	<u>(1,121,000)</u>	<u>83,500</u>	<u>805,490</u>	<u>721,990</u>
Other Financing Sources (Uses):					

**COMANCHE INDEPENDENT SCHOOL DISTRICT**

GENERAL FUND

BUDGETARY COMPARISON SCHEDULE

FOR THE YEAR ENDED AUGUST 31, 2015

EXHIBIT G-1

Page 2 of 2

Data Control Codes		1		2	3	Variance with Final Budget Positive (Negative)
		Original	Final	Actual		
7915	Transfers In	349,000	250,500	--	--	(250,500)
8911	Transfers Out	--	--	(1,401,376)	(1,401,376)	(1,401,376)
7080	Total Other Financing Sources and (Uses)	349,000	250,500	(1,401,376)	(1,401,376)	(1,651,876)
1200	Net Change in Fund Balance	(772,000)	334,000	(595,886)	(595,886)	(929,886)
0100	Fund Balance - Beginning	7,253,317	7,253,317	7,253,318	7,253,318	1
1300	Prior Period Adjustment	--	--	(17,940)	(17,940)	(17,940)
0100	Fund Balance - Beginning, as Restated	7,253,317	7,253,317	7,235,378	7,235,378	(17,939)
3000	Fund Balance - Ending	<u>\$ 6,481,317</u>	<u>\$ 7,587,317</u>	<u>\$ 6,639,492</u>	<u>\$ 6,639,492</u>	<u>\$ (947,825)</u>

**COMANCHE INDEPENDENT SCHOOL DISTRICT**

*SCHEDULE OF THE DISTRICT'S PROPORTIONATE*

*SHARE OF THE NET PENSION LIABILITY*

*Texas Teacher Retirement*

*LAST TEN FISCAL YEARS \**

	<u>Fiscal Year</u> <u>2015</u>
District's proportion of the net pension liability (asset)	0.003179100%
District's proportionate share of the net pension liability (asset)	\$ 849,182
State's proportionate share of the net pension liability (asset) associated with the District	4,216,673
Total	<u>\$ 5,065,855</u>
District's covered-employee payroll	\$ 6,804,258
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	12.48%
Plan fiduciary net position as a percentage of the total pension liability	83.25%

\* This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, this schedule provides the information only for those years for which information is available.

**COMANCHE INDEPENDENT SCHOOL DISTRICT**  
**SCHEDULE OF DISTRICT CONTRIBUTIONS**  
*Texas Teacher Retirement*  
**LAST TEN FISCAL YEARS \***

	—	<u>Fiscal Year</u> <u>2015</u>
Contractually required contribution	\$	\$ 168,607
Contributions in relation to the contractually required contribution		(168,607)
Contribution deficiency (excess)	\$	<u>\$ --</u>
District's covered-employee payroll	\$	\$ 6,940,018
Contributions as a percentage of covered-employee payroll		2.43%

\* This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, this schedule provides the information for those years for which information is available.

## **COMANCHE INDEPENDENT SCHOOL DISTRICT**

*NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
FOR THE YEAR ENDED AUGUST 31, 2015*

### **Budget**

The official budget was prepared for adoption for all Governmental Fund Types. The budget was prepared in accordance with accounting practices generally accepted in the United States of America. The following procedures are followed in establishing the budgetary data.:

- a. Prior to August 21 of the preceding fiscal year, the District prepares a budget for the next succeeding fiscal year. The operating budget includes proposed expenditures and the means of financing them.
- b. A meeting of the Board is then called for the purpose of adopting the proposed budget after ten days' public notice of the meeting has been given.
- c. Prior to the beginning of the fiscal year, the budget is legally enacted through passage of a resolution by the Board.

Once a budget is approved, it can be amended at function and fund level only by approval of a majority of the members of the Board. Amendments are presented to the Board at its regular meetings.

Each amendment must have Board approval. Such amendments are made before the fact, are reflected in the official minutes of the Board and are not made after fiscal year end as required by law.

Each amendment is controlled by the budget coordinator at the revenue and expenditure function/object level. Budgeted amounts are as amended by the Board. All budget appropriations lapse at year end.

Encumbrances for goods or purchased services are documented by purchase orders or contracts. Under Texas law, appropriations lapse at August 31, and encumbrances outstanding at that time are to be either cancelled or appropriately provided for in the subsequent year's budget. There were no end-of-year outstanding encumbrances that were provided for in the subsequent year's budget.

### **Defined Benefit Pension Plan**

#### *Changes of benefit terms*

There were no changes of benefit terms that affected measurement of the total pension liability during the measurement period.

#### *Changes of assumptions*

There were no changes of assumptions or other inputs that affected measurement of the total pension liability during the measurement period.

*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, 2015

Data Control Codes	Special Revenue Funds	Debt Service Fund	Total Nonmajor Governmental Funds (See Exhibit C-1)
<b>ASSETS:</b>			
1110 <i>Cash and Cash Equivalents</i>	\$ (38,930)	\$ 1,727	\$ (37,203)
1120 <i>Current Investments</i>	--	167,135	167,135
1225 <i>Taxes Receivable, Net</i>	--	11,624	11,624
1240 <i>Due from Other Governments</i>	120,151	--	120,151
1260 <i>Due from Other Funds</i>	--	30,000	30,000
1000 Total Assets	<u>81,221</u>	<u>210,486</u>	<u>291,707</u>
<b>LIABILITIES:</b>			
Current Liabilities:			
2160 <i>Accrued Wages Payable</i>	\$ 48,550	\$ --	\$ 48,550
2200 <i>Accrued Expenditures</i>	3,630	--	3,630
2000 Total Liabilities	<u>52,180</u>	<u>--</u>	<u>52,180</u>
<b>DEFERRED INFLOWS OF RESOURCES:</b>			
	<i>Deferred Revenue</i>		
	27,743	11,624	39,367
2600 Total Deferred Inflows of Resources	<u>27,743</u>	<u>11,624</u>	<u>39,367</u>
<b>FUND BALANCES:</b>			
Restricted Fund Balances:			
3480 <i>Retirement of Long-Term Debt</i>	--	198,862	198,862
3490 <i>Other Restrictions of Fund Balance</i>	1,298	--	1,298
3000 Total Fund Balances	<u>1,298</u>	<u>198,862</u>	<u>200,160</u>
4000 Total Liabilities, Deferred Inflow of Resources and Fund Balances	<u>\$ 81,221</u>	<u>\$ 210,486</u>	<u>\$ 291,707</u>

**COMANCHE INDEPENDENT SCHOOL DISTRICT**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES,**  
**AND CHANGES IN FUND BALANCES**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED AUGUST 31, 2015**

Data Control Codes	Special Revenue Funds	Debt Service Fund	Total Nonmajor Governmental Funds (See Exhibit C-2)
<b>REVENUES:</b>			
5700 <i>Local and Intermediate Sources</i>	\$ 234,229	\$ 556,918	\$ 791,147
5800 <i>State Program Revenues</i>	112,237	152,139	264,376
5900 <i>Federal Program Revenues</i>	1,282,188	--	1,282,188
5020 <b>Total Revenues</b>	<u>1,628,654</u>	<u>709,057</u>	<u>2,337,711</u>
<b>EXPENDITURES:</b>			
Current:			
0011 <i>Instruction</i>	768,119	--	768,119
0013 <i>Curriculum and Staff Development</i>	31,297	--	31,297
0033 <i>Health Services</i>	1,490	--	1,490
0035 <i>Food Service</i>	880,847	--	880,847
0051 <i>Facilities Maintenance and Operations</i>	15,294	--	15,294
0052 <i>Security and Monitoring Services</i>	21,410	--	21,410
0071 <i>Principal on Long-term Debt</i>	--	197,941	197,941
0072 <i>Interest on Long-term Debt</i>	--	444,765	444,765
0073 <i>Bond Issuance Costs and Fees</i>	--	104,195	104,195
6030 <b>Total Expenditures</b>	<u>1,718,457</u>	<u>746,901</u>	<u>2,465,358</u>
1100 Excess (Deficiency) of Revenues Over (Under)			
1100 Expenditures	<u>(89,803)</u>	<u>(37,844)</u>	<u>(127,647)</u>
Other Financing Sources and (Uses):			
7911 <i>Capital-Related Debt Issued (Regular Bonds)</i>	--	3,690,000	3,690,000
7915 <i>Transfers In</i>	4,217	--	4,217
7916 <i>Premium or Discount on Issuance of Bonds</i>	--	345,088	345,088
8949 <i>Other Uses</i>	--	(3,921,453)	(3,921,453)
7080 <b>Total Other Financing Sources and (Uses)</b>	<u>4,217</u>	<u>113,635</u>	<u>117,852</u>
1200 <b>Net Change in Fund Balances</b>	<u>(85,586)</u>	<u>75,791</u>	<u>(9,795)</u>
0100 <b>Fund Balances - Beginning</b>	<u>86,884</u>	<u>123,071</u>	<u>209,955</u>
3000 <b>Fund Balances - Ending</b>	<u>\$ 1,298</u>	<u>\$ 198,862</u>	<u>\$ 200,160</u>

**COMANCHE INDEPENDENT SCHOOL DISTRICT**  
**COMBINING BALANCE SHEET**  
**NONMAJOR SPECIAL REVENUE FUNDS**  
**AUGUST 31, 2015**

Data Control Codes	205 Head Start	211 ESEA Title I Improving Basic Programs	212 ESEA Title I, Part C Migrant Children	240 National School Breakfast/Lunch Program
<b>ASSETS:</b>				
1110 <i>Cash and Cash Equivalents</i>	\$ (18,143)	\$ (17,364)	\$ --	\$ (6,033)
1240 <i>Due from Other Governments</i>	37,453	35,663	2,277	18,327
1000 <b>Total Assets</b>	<u>19,310</u>	<u>18,299</u>	<u>2,277</u>	<u>12,294</u>
<b>LIABILITIES:</b>				
Current Liabilities:				
2160 <i>Accrued Wages Payable</i>	\$ 17,725	\$ 16,671	\$ 2,076	\$ 12,078
2200 <i>Accrued Expenditures</i>	1,585	1,628	201	216
2000 <b>Total Liabilities</b>	<u>19,310</u>	<u>18,299</u>	<u>2,277</u>	<u>12,294</u>
<b>DEFERRED INFLOWS OF RESOURCES:</b>				
<i>Deferred Revenue</i>				
2600 <b>Total Deferred Inflows of Resources</b>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>
<b>FUND BALANCES:</b>				
Restricted Fund Balances:				
3490 <i>Other Restrictions of Fund Balance</i>	--	--	--	--
3000 <b>Total Fund Balances</b>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>
4000 <b>Total Liabilities, Deferred Inflow of Resources and Fund Balances</b>	<u>\$ 19,310</u>	<u>\$ 18,299</u>	<u>\$ 2,277</u>	<u>\$ 12,294</u>

255 ESEA Title II Training & Recruiting	270 ESEA, Title VI Part B, Subpart 2 Rural School	289 Summer School LEP	393 Texas Successful Schools	397 Advanced Placement Incentives
\$ --	\$ --	\$ --	\$ 7,741	\$ 20,002
--	--	--	--	--
--	--	--	7,741	20,002
\$ --	\$ --	\$ --	\$ --	\$ --
--	--	--	--	--
--	--	--	7,741	20,002
--	--	--	7,741	20,002
--	--	--	--	--
--	--	--	--	--
\$ --	\$ --	\$ --	\$ 7,741	\$ 20,002

**COMANCHE INDEPENDENT SCHOOL DISTRICT**  
**COMBINING BALANCE SHEET**  
**NONMAJOR SPECIAL REVENUE FUNDS**  
**AUGUST 31, 2015**

Data Control Codes	410 State Textbook Fund	429 State Funded Special Revenue Fund	499 J.R. Beadel Foundation	Total Nonmajor Special Revenue Funds (See Exhibit H-1)
<b>ASSETS:</b>				
1110 <i>Cash and Cash Equivalents</i>	\$ (26,431)	\$ 26	\$ 1,272	\$ (38,930)
1240 <i>Due from Other Governments</i>	26,431	--	--	120,151
1000 <b>Total Assets</b>	<u>--</u>	<u>26</u>	<u>1,272</u>	<u>81,221</u>
<b>LIABILITIES:</b>				
Current Liabilities:				
2160 <i>Accrued Wages Payable</i>	\$ --	\$ --	\$ --	\$ 48,550
2200 <i>Accrued Expenditures</i>	--	--	--	3,630
2000 <b>Total Liabilities</b>	<u>--</u>	<u>--</u>	<u>--</u>	<u>52,180</u>
<b>DEFERRED INFLOWS OF RESOURCES:</b>				
2600 <i>Deferred Revenue</i>	--	--	--	27,743
2600 <b>Total Deferred Inflows of Resources</b>	<u>--</u>	<u>--</u>	<u>--</u>	<u>27,743</u>
<b>FUND BALANCES:</b>				
Restricted Fund Balances:				
3490 <i>Other Restrictions of Fund Balance</i>	--	26	1,272	1,298
3000 <b>Total Fund Balances</b>	<u>--</u>	<u>26</u>	<u>1,272</u>	<u>1,298</u>
4000 <b>Total Liabilities, Deferred Inflow of Resources and Fund Balances</b>	<u>\$ --</u>	<u>\$ 26</u>	<u>\$ 1,272</u>	<u>\$ 81,221</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, 2015**

Data Control Codes	205 Head Start	211 ESEA Title I Improving Basic Programs	212 ESEA Title I, Part C Migrant Children
<b>REVENUES:</b>			
5700 <i>Local and Intermediate Sources</i>	\$ --	\$ --	\$ --
5800 <i>State Program Revenues</i>	--	--	--
5900 <i>Federal Program Revenues</i>	160,540	388,167	100,403
5020 <b>Total Revenues</b>	<u>160,540</u>	<u>388,167</u>	<u>100,403</u>
<b>EXPENDITURES:</b>			
Current:			
0011 <i>Instruction</i>	145,246	385,917	100,403
0013 <i>Curriculum and Staff Development</i>	--	2,250	--
0033 <i>Health Services</i>	--	--	--
0035 <i>Food Service</i>	--	--	--
0051 <i>Facilities Maintenance and Operations</i>	15,294	--	--
0052 <i>Security and Monitoring Services</i>	--	--	--
6030 <b>Total Expenditures</b>	<u>160,540</u>	<u>388,167</u>	<u>100,403</u>
1100 Excess (Deficiency) of Revenues Over (Under)	--	--	--
1100 Expenditures	--	--	--
Other Financing Sources and (Uses):			
7915 <i>Transfers In</i>	--	--	--
7080 <b>Total Other Financing Sources and (Uses)</b>	<u>--</u>	<u>--</u>	<u>--</u>
1200 <b>Net Change in Fund Balances</b>	<u>--</u>	<u>--</u>	<u>--</u>
0100 <b>Fund Balances - Beginning</b>	<u>--</u>	<u>--</u>	<u>--</u>
3000 <b>Fund Balances - Ending</b>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>

240 National School Breakfast/Lunch Program	255 ESEA Title II Training & Recruiting	270 ESEA, Title VI Part B, Subpart 2 Rural School	289 Summer School LEP	410 State Textbook Fund
\$ 228,229	\$ --	\$ --	\$ --	\$ --
4,309	--	--	--	107,902
558,480	50,095	23,396	1,107	--
<u>791,018</u>	<u>50,095</u>	<u>23,396</u>	<u>1,107</u>	<u>107,902</u>
--	21,961	1,073	1,107	107,902
--	28,134	913	--	--
--	--	--	--	--
880,847	--	--	--	--
--	--	21,410	--	--
<u>880,847</u>	<u>50,095</u>	<u>23,396</u>	<u>1,107</u>	<u>107,902</u>
<u>(89,829)</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>
4,217	--	--	--	--
<u>4,217</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>
(85,612)	--	--	--	--
<u>85,612</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</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, 2015

Data Control Codes	429 State Funded Special Revenue Fund	499 J.R. Beadel Foundation	Total Nonmajor Special Revenue Funds (See Exhibit H-2)
<b>REVENUES:</b>			
5700 <i>Local and Intermediate Sources</i>	\$ --	\$ 6,000	\$ 234,229
5800 <i>State Program Revenues</i>	26	--	112,237
5900 <i>Federal Program Revenues</i>	--	--	1,282,188
5020 <b>Total Revenues</b>	<u>26</u>	<u>6,000</u>	<u>1,628,654</u>
<b>EXPENDITURES:</b>			
Current:			
0011 <i>Instruction</i>	--	4,510	768,119
0013 <i>Curriculum and Staff Development</i>	--	--	31,297
0033 <i>Health Services</i>	--	1,490	1,490
0035 <i>Food Service</i>	--	--	880,847
0051 <i>Facilities Maintenance and Operations</i>	--	--	15,294
0052 <i>Security and Monitoring Services</i>	--	--	21,410
6030 <b>Total Expenditures</b>	<u>--</u>	<u>6,000</u>	<u>1,718,457</u>
1100 Excess (Deficiency) of Revenues Over (Under)			
1100 Expenditures	<u>26</u>	<u>--</u>	<u>(89,803)</u>
Other Financing Sources and (Uses):			
7915 <i>Transfers In</i>	--	--	4,217
7080 Total Other Financing Sources and (Uses)	<u>--</u>	<u>--</u>	<u>4,217</u>
1200 Net Change in Fund Balances	<u>26</u>	<u>--</u>	<u>(85,586)</u>
0100 Fund Balances - Beginning	--	1,272	86,884
3000 Fund Balances - Ending	<u>\$ 26</u>	<u>\$ 1,272</u>	<u>\$ 1,298</u>



**COMANCHE INDEPENDENT SCHOOL DISTRICT**  
**CAPITAL PROJECTS FUND**  
**BUDGETARY COMPARISON SCHEDULE**  
**FOR THE YEAR ENDED AUGUST 31, 2015**

**EXHIBIT H-5**

Data Control Codes	1	2	3
	Budget	Actual	Variance Positive (Negative)
<b>REVENUES:</b>			
5020 Total Revenues	\$ --	\$ --	\$ --
<b>EXPENDITURES:</b>			
Capital Outlay:			
0081 Capital Outlay	8,516,529	6,827,109	1,689,420
Total Capital Outlay	8,516,529	6,827,109	1,689,420
6030 Total Expenditures	8,516,529	6,827,109	1,689,420
1100 Excess (Deficiency) of Revenues Over (Under)			
1100 Expenditures	(8,516,529)	(6,827,109)	1,689,420
Other Financing Sources (Uses):			
7915 Transfers In	8,516,529	1,397,159	(7,119,370)
7080 Total Other Financing Sources and (Uses)	8,516,529	1,397,159	(7,119,370)
1200 Net Change in Fund Balance	--	(5,429,950)	(5,429,950)
0100 Fund Balance - Beginning	5,429,950	5,429,950	--
3000 Fund Balance - Ending	\$ 5,429,950	\$ --	\$ (5,429,950)

### *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, 2015**

Year Ended August 31	1		2		3	
	Tax Rates				Assessed/Appraised Value For School Tax Purposes	
	Maintenance		Debt Service			
2006 and Prior Years	\$	Various	\$	Various	\$	Various
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		1.04		.10		258,015,454
2014		1.04		.2097		258,319,868
2015 (School Year Under Audit)		1.04		.2097		264,778,875

1000 Totals

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

EXHIBIT J-1

10 Beginning Balance 9/1/14	20 Current Year's Total Levy	31 Maintenance Collections	32 Debt Service Collections	40 Entire Year's Adjustments	50 Ending Balance 8/31/15
\$ 40,571	\$ --	\$ 1,080	\$ --	\$ (3,954)	\$ 35,537
6,760	--	576	--	(68)	6,116
8,786	--	1,139	233	(47)	7,366
10,689	--	271	39	(46)	10,333
14,251	--	1,132	122	(46)	12,952
19,708	--	3,400	344	(39)	15,925
24,918	--	4,588	441	(58)	19,831
29,966	--	5,516	530	8	23,927
96,353	--	43,147	8,701	(3,250)	41,254
--	3,309,021	2,650,284	534,465	(21,221)	103,051
<u>\$ 252,002</u>	<u>\$ 3,309,021</u>	<u>\$ 2,711,133</u>	<u>\$ 544,876</u>	<u>\$ (28,722)</u>	<u>\$ 276,292</u>
\$ --	\$ --	\$ --	\$ --	\$ --	\$ --

**COMANCHE INDEPENDENT SCHOOL DISTRICT**  
**NATIONAL SCHOOL BREAKFAST AND LUNCH PROGRAM**  
**BUDGETARY COMPARISON SCHEDULE**  
**FOR THE YEAR ENDED AUGUST 31, 2015**

**EXHIBIT J-2**

Data Control Codes	1	2	3
	Budget	Actual	Variance Positive (Negative)
<b>REVENUES:</b>			
5700 <i>Local and Intermediate Sources</i>	\$ 228,534	\$ 228,229	\$ (305)
5800 <i>State Program Revenues</i>	4,400	4,309	(91)
5900 <i>Federal Program Revenues</i>	575,000	558,480	(16,520)
5020 <b>Total Revenues</b>	<u>807,934</u>	<u>791,018</u>	<u>(16,916)</u>
<b>EXPENDITURES:</b>			
Current:			
Support Services - Student (Pupil):			
0035 <i>Food Services</i>	887,934	880,847	7,087
<b>Total Support Services - Student (Pupil)</b>	<u>887,934</u>	<u>880,847</u>	<u>7,087</u>
6030 <b>Total Expenditures</b>	<u>887,934</u>	<u>880,847</u>	<u>7,087</u>
1100 <b>Excess (Deficiency) of Revenues Over (Under)</b>			
1100 <b>Expenditures</b>	<u>(80,000)</u>	<u>(89,829)</u>	<u>(9,829)</u>
Other Financing Sources (Uses):			
7915 <i>Transfers In</i>	--	4,217	4,217
7080 <b>Total Other Financing Sources and (Uses)</b>	<u>--</u>	<u>4,217</u>	<u>4,217</u>
1200 <b>Net Change in Fund Balance</b>	<u>(80,000)</u>	<u>(85,612)</u>	<u>(5,612)</u>
0100 <b>Fund Balance - Beginning</b>	85,612	85,612	--
3000 <b>Fund Balance - Ending</b>	<u>\$ 5,612</u>	<u>\$ --</u>	<u>\$ (5,612)</u>

**COMANCHE INDEPENDENT SCHOOL DISTRICT**  
**DEBT SERVICE FUND**  
**BUDGETARY COMPARISON SCHEDULE**  
**FOR THE YEAR ENDED AUGUST 31, 2015**

**EXHIBIT J-3**

Data Control Codes	1	2	3
	Budget	Actual	Variance Positive (Negative)
<b>REVENUES:</b>			
5700 <i>Local and Intermediate Sources</i>	\$ 558,322	\$ 556,918	\$ (1,404)
5800 <i>State Program Revenues</i>	153,191	152,139	(1,052)
5020 <b>Total Revenues</b>	<u>711,513</u>	<u>709,057</u>	<u>(2,456)</u>
<b>EXPENDITURES:</b>			
Debt Service:			
0071 <i>Principal on Long-Term Debt</i>	127,941	197,941	(70,000)
0072 <i>Interest on Long-Term Debt</i>	514,572	444,765	69,807
0073 <i>Bond Issuance Costs and Fees</i>	5,000	104,195	(99,195)
<b>Total Debt Service</b>	<u>647,513</u>	<u>746,901</u>	<u>(99,388)</u>
6030 <b>Total Expenditures</b>	<u>647,513</u>	<u>746,901</u>	<u>(99,388)</u>
1100 <b>Excess (Deficiency) of Revenues Over (Under)</b>			
1100 <b>Expenditures</b>	<u>64,000</u>	<u>(37,844)</u>	<u>(101,844)</u>
Other Financing Sources (Uses):			
7911 <i>Capital-Related Debt Issued (Regular Bonds)</i>	--	3,690,000	3,690,000
7916 <i>Premium or Discount on Issuance of Bonds</i>	15,000	345,088	330,088
8949 <i>Other Uses</i>	--	(3,921,453)	(3,921,453)
7080 <b>Total Other Financing Sources and (Uses)</b>	<u>15,000</u>	<u>113,635</u>	<u>98,635</u>
1200 <b>Net Change in Fund Balance</b>	<u>79,000</u>	<u>75,791</u>	<u>(3,209)</u>
0100 <b>Fund Balance - Beginning</b>	123,071	123,071	--
3000 <b>Fund Balance - Ending</b>	<u>\$ 202,071</u>	<u>\$ 198,862</u>	<u>\$ (3,209)</u>

**Burl D. Lowery**  
Certified Public Accountant  
311 Center Avenue  
Brownwood, Texas 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, 2015, 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 October 26, 2015.

**Internal Control Over Financial Reporting**

In planning and performing my audit of the financial statements, I considered the 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 the Comanche Independent School District's internal control. Accordingly, I do not express an opinion on the effectiveness of the 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. 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 the 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,

A handwritten signature in black ink that reads "Burl D. Lowery". The signature is written in a cursive style with a long horizontal flourish at the end.

Burl D. Lowery  
Certified Public Accountant

Brownwood, Texas  
October 26, 2015



**Burl D. Lowery**  
Certified Public Accountant  
311 Center Avenue  
Brownwood, Texas 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 the 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 the Comanche Independent School District's major federal programs for the year ended August 31, 2015. 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 the 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 the Comanche Independent School District's compliance.

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

In my opinion, the 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, 2015.

## Report on Internal Control Over Compliance

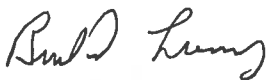
Management of the Comanche Independent School District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing my audit of compliance, I considered the Comanche Independent School 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 the 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  
October 26, 2015

**COMANCHE INDEPENDENT SCHOOL DISTRICT**  
*SCHEDULE OF FINDINGS AND QUESTIONED COSTS*  
*FOR THE YEAR ENDED AUGUST 31, 2015*

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   X   No

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

Noncompliance material to financial statements noted?        Yes   X   No

2. Federal Awards

Internal control over major programs:

One or more material weaknesses identified?        Yes   X   No

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

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

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

Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
CFDA 84.011	ESEA Title 1 Part A

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

Auditee qualified as low-risk auditee?   X   Yes        No

B. Financial Statement Findings

NONE

C. Federal Award Findings and Questioned Costs

NONE

**COMANCHE INDEPENDENT SCHOOL DISTRICT**  
*SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS*  
*FOR THE YEAR ENDED AUGUST 31, 2015*

<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, 2015*

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

**COMANCHE INDEPENDENT SCHOOL DISTRICT**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**FOR THE YEAR ENDED AUGUST 31, 2015**

**EXHIBIT K-1**

(1)	(2)	(2A)	(3)
Federal Grantor/ Pass-Through Grantor/ Program Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
<b>U. S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</b>			
Passed Through Education Service Center Region 14: <i>Head Start</i>	93.600	06CH7152/01	\$ 35,209
Passed Through Education Service Center Region 14: <i>Head Start</i>	93.600	06CH7152/01	125,331
Total U. S. Department of Health and Human Services			<u>160,540</u>
<b>U. S. DEPARTMENT OF EDUCATION</b>			
Passed Through State Department of Education: <i>ESEA Title I Part A - Improving Basic Programs *</i>	84.010a	15610101047901	388,167
<i>ESEA Title I Part C - Education of Migratory Children</i>	84.011	15615001047901	98,126
<i>ESEA Title I Part C - Education of Migratory Children</i>	84.011	16615001047901	2,277
Total CFDA Number 84.011			<u>100,403</u>
<i>ESEA, Title VI, Part B, Subpart 2 - Rural and Low Income School</i>	84.358	15696001047901	23,396
<i>Summer School LEP</i>	84.369a	69551402	1,107
Total Passed Through State Department of Education			<u>513,073</u>
Passed Through Education Service Center Region 14: <i>ESEA Title II Part A - Teacher &amp; Principal Training &amp; Recruiting</i>	84.367a	15694501221950	50,095
Total U. S. Department of Education			<u>563,168</u>
<b>U. S. DEPARTMENT OF AGRICULTURE</b>			
Passed Through State Department of Education: School Breakfast Program *	10.553	71401501	126,125
National School Lunch Program *	10.555	71301501	381,733
National School Lunch Program (Non-cash) *	10.555	71301501	50,622
Total CFDA Number 10.555			<u>432,355</u>
Total Passed Through State Department of Education			<u>558,480</u>
Total U. S. Department of Agriculture			<u>558,480</u>
<b>TOTAL EXPENDITURES OF FEDERAL AWARDS</b>			<u><u>\$ 1,282,188</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, 2015*

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, 2015**

Data Control Codes		Responses
SF2	Were there any disclosures in the Annual Financial Report and/or other sources of information concerning nonpayment of any terms of any debt agreement at fiscal year end?	No
SF4	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 over financial reporting and compliance for local, state or federal funds?	No
SF6	Was there any disclosure in the Annual Financial Report of material noncompliance for grants, contracts and laws related to local, state or federal funds?	No
SF7	Did the school district make timely payments to the Teachers Retirement System (TRS), Texas Workforce Commission (TWC), Internal Revenue Service (IRS), and other governmental agencies?	Yes
SF8	Did the school district <u>not</u> receive an adjusted repayment schedule for more than one fiscal year for an over allocation of Foundation School Program (FSP) funds as a result of a financial hardship?	Yes
SF10	What was the total accumulated accretion on capital appreciation bonds (CABs) included in government-wide financial statements at fiscal year-end?	\$ --
SF11	Net Pension Assets (object 1920) at fiscal year-end.	\$ --
SF12	Net Pension Liabilities (object 2540) at fiscal year-end.	\$ 849,182
SF13	Pension Expense (object 6147) at fiscal year-end.	\$ 78,492