

COMANCHE INDEPENDENT SCHOOL DISTRICT

ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED AUGUST 31, 2011

Introductory Section

Comanche Independent School District
Annual Financial Report
For The Year Ended August 31, 2011

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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, 2011, at a meeting of the board of trustees of such school district on the 12th day of December, 2011.



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 CPA
311 Center Avenue
Brownwood, TX 76801

Independent Auditor's Report on Financial Statements

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

Members of the Board of Trustees:

I have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Comanche Independent School District as of and for the year ended August 31, 2011, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Comanche Independent School District's management. My responsibility is to express opinions on these financial statements based on my audit.

I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audit provides a reasonable basis for my opinions.

In my opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Comanche Independent School District as of August 31, 2011, and the respective changes in financial position, and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, I have also issued my report dated November 28, 2011, on my consideration of Comanche Independent School District's internal control over financial reporting and on my tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of my testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of my audit.

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

procedures do not provide me with sufficient evidence to express an opinion or provide any assurance.

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

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Burl D. Lowery". The signature is fluid and cursive, with a horizontal line extending from the end.

Burl D. Lowery
Certified Public Accountant

November 28, 2011

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, 2011. Please read it in conjunction with the District's financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

- The District's total combined net assets were \$18,848,454 at August 31, 2011.
- During the year, the District's expenses were \$710,863, less than the \$12,903,790 generated in taxes and other revenues for governmental activities.
- The total cost of the District's programs decreased by \$184,367 and its revenues decreased by \$65,618 during the current year.
- The general fund reported a fund balance this year of \$6,311,690.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

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

Government-wide Statements

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

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

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

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

Fund Financial Statements

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

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

The District has the following kinds of funds:

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

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

Net assets. The District's combined net assets were \$ 18,848,454 at August 31,2011 and \$18,137,591 at August 31, 2010.

The District has restricted net assets of \$118,416, which are restricted to future debt payments and federal programs, which leaves \$6,387,009 of unrestricted net assets at August 31, 2011. The \$6,387,009 of unrestricted net assets represents resources available to fund the programs of the District next year.

Changes in net assets. The District's total revenues were \$12,903,790. A significant portion, 22%, of the District's revenue comes from taxes. 59% comes from state available and foundation grants, while only 2% relates to charges for services.

The total cost of all programs and services was \$12,192,927; 61% of these costs are for instruction and instructional related services. (Expenditure Functions 11 and 12).

Governmental Activities

- Property tax rates increased slightly in the current year. Property values increased generating tax revenues of \$2,933,134.

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

Revenues from governmental fund types in the individual funds totaled \$12,919,429, a decrease of 0.2% over the preceding year. State foundation revenue fluctuates with student enrollment. The District's average daily attendance in 2010-2011 was approximately the same as 2009-2010.

General Fund Budgetary Highlights

Over the course of the year, the District revised its budget several times. Even with these adjustments, actual expenditures were \$682,402 below final budget amounts of the General Fund.

On the other hand, resources available were \$705,250 less than the final budgeted amount.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At the end of 2011, the District had invested \$30,756,254 in a broad range of capital assets, including land, equipment buildings, and vehicles. This amount represents a net increase (including additions and deductions) of \$321,873 or 1.06% over last year.

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

Long Term Debt

At year-end the District had \$1,431,000 in notes outstanding and \$4,634,998 of bonds outstanding. More detailed information about the District's debt is presented in the notes to the financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

- Appraised value used for the 2011-2012 budget preparation is approximately the same as the prior year.
- General operating fund spending decreases in the 2011-2012 budget from \$10,558,148 to \$10,193,980. This is a 3.6% decrease.
- The District's 2011-2012 refined average daily attendance is expected to be approximately the same as 2010-2011 refined average daily attendance.

These indicators were taken into account when adopting the general fund budget for 2011-2012. Amounts available for appropriation in the general fund budget are \$10,209,412, a decrease of 10 percent over the final 2010-2011 budget of \$11,350,000. State revenue will increase or decrease as the student population changes in size.

General fund expenditures are budgeted to decrease nearly 3.6% to \$10,193,980 in the 2011-2012 budget. The District has added no major new programs or initiatives to the 2011-2012 budget.

If these estimates are realized, the District's budgetary general fund balance is not expected to change appreciably by the close of 2011-2012.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

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

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

Net assets. The District's combined net assets were \$18,848,454 at August 31, 2011. (See Table 1)

Table 1
Comanche Independent School District's Net Assets

	Governmental Activities	
	2011	2010
Current Assets:		
Cash and cash equivalents	\$7,037,808	\$5,313,353
Due from other governments	\$503,508	\$1,075,951
Property taxes receivable net of uncollectible Inventories	\$125,035	\$140,678
Other receivables	\$0	\$0
Capitalized bond issuance costs	\$60,925	\$63,366
Total Current Assets	\$7,727,276	\$6,593,348
Noncurrent Assets:		
Land	\$316,408	\$316,408
Buildings	\$28,086,104	\$27,961,177
Equipment and vehicles	\$2,353,742	\$2,156,796
Less accumulated depreciation	(\$12,186,141)	(\$11,474,435)
Total Noncurrent Assets	\$18,570,113	\$18,959,946
Total Assets	\$26,297,389	\$25,553,294
Current Liabilities:		
Accounts payable and accrued expenses	\$456,688	\$390,181
Due to other governments	\$505,923	
Due to other funds		
Deferred revenue	\$27,743	\$238,048
Total Current Liabilities	\$990,354	\$628,229
Long-term Liabilities:		
Bonds Payable	\$4,634,998	\$4,869,998
Notes Payable	\$1,431,000	\$1,548,000
Unamortized premium on bonds	\$118,363	\$121,746
Accumulated accretion of capital appreciation bond	\$274,220	\$247,730
Total Long-term Liabilities	\$6,458,581	\$6,787,474
Total Liabilities	\$7,448,935	\$7,415,703
Net Assets:		
Invested in capital assets	\$12,111,530	\$12,172,472
Restricted for state and federal programs	\$1,668	\$137
Restricted for debt service	\$116,748	\$112,446
Unrestricted	\$6,618,508	\$5,852,536
Total Net Assets	\$18,848,454	\$18,137,591

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

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

	<u>Governmental Activities</u>	
	<u>2011</u>	<u>2010</u>
Program Revenues:		
Charges for services	\$253,582	\$259,965
Operating grants and contributions	\$1,803,638	\$1,614,411
Capital grants and contributions		
General Revenues:		
Property taxes	\$2,933,134	\$2,826,234
State aid - formula	\$7,597,885	\$8,055,776
Investment earnings	\$65,308	\$67,625
Other revenues	\$250,243	\$117,397
Special items in	\$0	\$28,000
Total Revenues	<u>\$12,903,790</u>	<u>\$12,969,408</u>
Expenditures:		
Instruction	\$7,247,534	\$7,467,935
Instructional resources and media services	\$139,875	\$121,724
Curriculum development and staff development	\$0	\$40,917
Instructional leadership	\$0	\$0
School leadership	\$485,585	\$545,716
Guidance and counseling services	\$263,775	\$182,542
Social work services	\$0	\$0
Health services	\$82,991	\$76,889
Student (pupil) transportation	\$433,244	\$331,075
Food services	\$779,467	\$837,811
Curricular/extracurricular activities	\$694,558	\$607,428
General administration	\$358,526	\$351,126
Plant maintenance & operation	\$1,033,397	\$1,157,152
Security and monitoring services	\$10,440	
Data processing services	\$161,226	\$135,779
Community Services		
Debt services	\$268,487	\$293,924
Payments to fiscal agent/member districts SSA	\$114,981	\$117,368
Other intergovernmental charges	\$118,841	\$109,908
Total Expenditures	<u>\$12,192,927</u>	<u>\$12,377,294</u>
Excess (Deficiency) Before Other Resources, Uses, and Transfers	\$710,863	\$592,114
Other Resources (Uses)		
Transfers In (Out)	<u>\$0</u>	<u>\$0</u>
Increase (Decrease) in Net Assets	\$710,863	\$592,114
Net Assets - Beginning	\$18,137,591	\$17,545,479
Rounding		<u>(\$2)</u>
Net Assets - Ending	<u>\$18,848,454</u>	<u>\$18,137,591</u>

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

Table 3
 Comanche Independent School District's Capital Assets

	<u>Governmental Activities</u>	
	<u>2011</u>	<u>2010</u>
Land	\$316,408	\$316,408
Buildings and improvements	\$28,086,104	\$27,961,177
Equipment and vehicles	\$2,353,742	\$2,156,796
Total Capital Assets	\$30,756,254	\$30,434,381
Total Accumulated Depreciation	\$12,186,141	\$11,474,435
Net Capital Assets	\$18,570,113	\$18,959,946

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

	<u>Governmental Activities</u>	
	<u>2011</u>	<u>2010</u>
Bonds payable	\$4,634,998	\$4,869,998
Accumulated accretion on capital appreciation bond	\$274,220	\$247,730
Unamortized premiums on bonds	\$118,363	\$121,746
Notes Payable	\$1,431,000	\$1,548,000
Total Long-term Debt	\$6,458,581	\$6,787,474

Basic Financial Statements

COMANCHE INDEPENDENT SCHOOL DISTRICT

STATEMENT OF NET ASSETS

AUGUST 31, 2011

1

Data Control Codes	Governmental Activities
ASSETS:	
1110 Cash and Cash Equivalents	\$ 212,378
1120 Current Investments	6,825,431
1225 Property Taxes Receivable (Net)	125,035
1240 Due from Other Governments	503,508
1420 Capitalized Bond and Other Debt Issuance Costs	60,925
Capital Assets:	
1510 Land	316,408
1520 Buildings and Improvements, Net	17,382,695
1530 Furniture and Equipment, Net	871,009
1000 Total Assets	<u>26,297,389</u>
LIABILITIES:	
2110 Accounts Payable	71,923
2165 Accrued Liabilities	384,764
2180 Due to Other Governments	505,923
2300 Unearned Revenue	27,743
Noncurrent Liabilities:	
2501 Due Within One Year	375,000
2502 Due in More Than One Year	6,083,582
2000 Total Liabilities	<u>7,448,935</u>
NET ASSETS	
3200 Invested in Capital Assets, Net of Related Debt	12,111,530
Restricted For:	
3820 State and Federal Programs	1,668
3850 Debt Service	116,748
3900 Unrestricted	6,618,508
3000 Total Net Assets	<u>\$ 18,848,454</u>

The accompanying notes are an integral part of this statement.

COMANCHE INDEPENDENT SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED AUGUST 31, 2011

EXHIBIT B-1

Data Control Codes	Functions/Programs	1 Expenses	Program Revenues		4 Operating Grants and Contributions	Net (Expense) Revenue and Changes in Net Assets
			3 Charges for Services	Governmental Activities		
	<i>Governmental Activities:</i>					
11	<i>Instruction</i>	\$ 7,247,534	\$ 15,530	\$ 744,972	\$ (6,487,032)	
12	<i>Instructional Resources and Media Services</i>	139,875	--	--	(139,875)	
23	<i>School Leadership</i>	485,585	--	--	(485,585)	
31	<i>Guidance, Counseling, & Evaluation Services</i>	263,775	--	16,989	(246,786)	
33	<i>Health Services</i>	82,991	--	1,960	(81,031)	
34	<i>Student Transportation</i>	433,244	--	--	(433,244)	
35	<i>Food Service</i>	779,467	199,584	508,824	(71,059)	
36	<i>Cocurricular/Extracurricular Activities</i>	694,558	38,468	--	(656,090)	
41	<i>General Administration</i>	358,526	--	--	(358,526)	
51	<i>Plant Maintenance and Operations</i>	1,033,397	--	380,153	(653,244)	
52	<i>Security and Monitoring Services</i>	10,440	--	6,695	(3,745)	
53	<i>Data Processing Services</i>	161,226	--	--	(161,226)	
72	<i>Interest on Long-term Debt</i>	264,895	--	144,045	(120,850)	
73	<i>Bond Issuance Costs and Fees</i>	3,592	--	--	(3,592)	
93	<i>Payments Related to Shared Services Arrangements</i>	114,981	--	--	(114,981)	
99	<i>Other Intergovernmental Charges</i>	118,841	--	--	(118,841)	
TG	Total Governmental Activities	12,192,927	253,582	1,803,638	(10,135,707)	
TP	Total Primary Government	\$ 12,192,927	\$ 253,582	\$ 1,803,638	(10,135,707)	
	<i>General Revenues:</i>					
MT	<i>Property Taxes, Levied for General Purposes</i>				2,664,271	
DT	<i>Property Taxes, Levied for Debt Service</i>				268,863	
IE	<i>Investment Earnings</i>				65,308	
GC	<i>Grants and Contributions Not Restricted to Specific Programs</i>				7,597,885	
MI	<i>Miscellaneous</i>				250,243	
TR	Total General Revenues				10,846,570	
CN	Change in Net Assets				710,863	
NB	Net Assets - Beginning				18,137,591	
NE	Net Assets - Ending				\$ 18,848,454	

The accompanying notes are an integral part of this statement.

COMANCHE INDEPENDENT SCHOOL DISTRICT

BALANCE SHEET - GOVERNMENTAL FUNDS

AUGUST 31, 2011

Data Control Codes	10 General Fund	Other Governmental Funds	98 Total Governmental Funds
ASSETS:			
1110	\$ 197,799	\$ (32,123)	\$ 165,676
1120	6,686,349	(229)	6,686,120
1225	114,348	10,687	125,035
1240	297,815	205,693	503,508
1260	--	30,000	30,000
1000	<u>\$ 7,296,311</u>	<u>\$ 214,028</u>	<u>\$ 7,510,339</u>
LIABILITIES:			
Current Liabilities:			
2150	\$ 6,396	\$ --	\$ 6,396
2160	322,107	47,528	369,635
2170	30,000	--	30,000
2180	505,923	--	505,923
2200	5,848	2,885	8,733
2300	114,347	38,431	152,778
2000	<u>984,621</u>	<u>88,844</u>	<u>1,073,465</u>
FUND BALANCES:			
Restricted Fund Balances:			
3450	--	1,668	1,668
3480	--	116,748	116,748
3490	--	6,768	6,768
Committed Fund Balances:			
3510	3,933,423	--	3,933,423
3530	150,000	--	150,000
3600	2,228,267	--	2,228,267
3000	<u>6,311,690</u>	<u>125,184</u>	<u>6,436,874</u>
4000	<u>\$ 7,296,311</u>	<u>\$ 214,028</u>	<u>\$ 7,510,339</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 ASSETS*
 AUGUST 31, 2011

Total fund balances - governmental funds balance sheet	\$ 6,436,874
Amounts reported for governmental activities in the Statement of Net Assets ("SNA") are different because:	
Capital assets used in governmental activities are not reported in the funds.	18,570,112
Property taxes receivable unavailable to pay for current period expenditures are deferred in the funds.	125,035
The assets and liabilities of internal service funds are included in governmental activities in the SNA.	114,090
Payables for bond principal which are not due in the current period are not reported in the funds.	(4,634,998)
Accretion of interest on capital appreciation bonds in not recorded in the funds.	(274,221)
Payables for notes which are not due in the current period are not reported in the funds.	(1,431,000)
Bond premiums are amortized in the government-wide financial statements.	(118,364)
Bond issuance costs are capitalized and amortized in the government-wide financial statements.	60,925
Rounding difference	1
Net assets of governmental activities - Statement of Net Assets	<u>\$ 18,848,454</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, 2011

Data Control Codes	10	Other	98
	General Fund	Governmental Funds	Total Governmental Funds
REVENUES:			
5700 <i>Local and Intermediate Sources</i>	\$ 3,046,865	\$ 476,041	\$ 3,522,906
5800 <i>State Program Revenues</i>	7,426,989	288,746	7,715,735
5900 <i>Federal Program Revenues</i>	170,896	1,509,892	1,680,788
5020 <i>Total Revenues</i>	<u>10,644,750</u>	<u>2,274,679</u>	<u>12,919,429</u>
EXPENDITURES:			
Current:			
0011 <i>Instruction</i>	6,099,977	744,972	6,844,949
0012 <i>Instructional Resources and Media Services</i>	131,595	--	131,595
0023 <i>School Leadership</i>	456,840	--	456,840
0031 <i>Guidance, Counseling, & Evaluation Services</i>	231,171	16,989	248,160
0033 <i>Health Services</i>	76,118	1,960	78,078
0034 <i>Student Transportation</i>	579,274	--	579,274
0035 <i>Food Service</i>	14,447	718,878	733,325
0036 <i>Cocurricular/Extracurricular Activities</i>	667,053	--	667,053
0041 <i>General Administration</i>	337,302	--	337,302
0051 <i>Plant Maintenance and Operations</i>	709,601	380,153	1,089,754
0052 <i>Security and Monitoring Services</i>	3,127	6,695	9,822
0053 <i>Data Processing Services</i>	151,682	--	151,682
0071 <i>Principal on Long-term Debt</i>	117,000	235,000	352,000
0072 <i>Interest on Long-term Debt</i>	65,887	175,900	241,787
0073 <i>Bond Issuance Costs and Fees</i>	850	300	1,150
0093 <i>Payments to Shared Service Arrangements</i>	114,981	--	114,981
0099 <i>Other Intergovernmental Charges</i>	118,841	--	118,841
6030 <i>Total Expenditures</i>	<u>9,875,746</u>	<u>2,280,847</u>	<u>12,156,593</u>
1100 <i>Excess (Deficiency) of Revenues Over (Under)</i>			
1100 <i>Expenditures</i>	<u>769,004</u>	<u>(6,168)</u>	<u>762,836</u>
Other Financing Sources and (Uses):			
7915 <i>Transfers In</i>	--	12,000	12,000
8911 <i>Transfers Out</i>	(12,000)	--	(12,000)
7080 <i>Total Other Financing Sources and (Uses)</i>	<u>(12,000)</u>	<u>12,000</u>	<u>--</u>
1200 <i>Net Change in Fund Balances</i>	<u>757,004</u>	<u>5,832</u>	<u>762,836</u>
0100 <i>Fund Balances - Beginning</i>	5,554,686	119,352	5,674,038
3000 <i>Fund Balances - Ending</i>	<u>\$ 6,311,690</u>	<u>\$ 125,184</u>	<u>\$ 6,436,874</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, 2011*

Net change in fund balances - total governmental funds	\$ 762,836
Amounts reported for governmental activities in the Statement of Activities ("SOA") are different because:	
Capital outlays are not reported as expenses in the SOA.	321,873
The depreciation of capital assets used in governmental activities is not reported in the funds.	(711,707)
Certain property tax revenues are deferred in the funds. This is the change in these amounts this year.	(15,639)
Repayment of bond principal is an expenditure in the funds but is not an expense in the SOA.	235,000
Repayment of loan principal is an expenditure in the funds but is not an expense in the SOA.	117,000
Bond issuance costs and similar items are amortized in the SOA but not in the funds.	(2,442)
The accretion of interest on capital appreciation bonds is not reported in the funds.	(26,490)
The net revenue (expense) of internal service funds is reported with governmental activities.	27,050
Bond premiums amortization is not reported in the funds.	3,382
Change in net assets of governmental activities - Statement of Activities	<u>\$ 710,863</u>

The accompanying notes are an integral part of this statement.

COMANCHE INDEPENDENT SCHOOL DISTRICT

STATEMENT OF NET ASSETS

INTERNAL SERVICE FUND

AUGUST 31, 2011

Data Control Codes		Nonmajor Internal Service Fund
		Insurance Fund
	ASSETS:	
	Current Assets:	
1110	Cash and Cash Equivalents	\$ 46,702
1120	Investments	139,311
	Total Current Assets	<u>186,013</u>
1000	Total Assets	<u>\$ 186,013</u>
	LIABILITIES:	
	Current Liabilities:	
2110	Accounts Payable	\$ 71,923
	Total Current Liabilities	<u>71,923</u>
2000	Total Liabilities	<u>71,923</u>
	NET ASSETS:	
3900	Unrestricted Net Assets	114,090
3000	Total Net Assets	<u>\$ 114,090</u>

The accompanying notes are an integral part of this statement.

COMANCHE INDEPENDENT SCHOOL DISTRICT

STATEMENT OF REVENUES, EXPENSES, AND CHANGES
 IN FUND NET ASSETS - INTERNAL SERVICE FUND
 FOR THE YEAR ENDED AUGUST 31, 2011

Data Control Codes		Nonmajor Internal Service Fund
		Insurance Fund
	OPERATING REVENUES:	
5700	<i>Local and Intermediate Sources</i>	\$ 27,050
5020	Total Revenues	<u>27,050</u>
1300	Change in Net Assets	27,050
0100	Total Net Assets - Beginning	87,040
3300	Total Net Assets - Ending	\$ <u>114,090</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, 2011

	Internal Service Funds
Cash Flows from Operating Activities:	
Cash Received from Customers	\$ --
Cash Received from Grants	--
Cash Receipts (Payments) for Quasi-external Operating Transactions with Other Funds	25,447
Cash Payments to Employees for Services	(25,451)
Cash Payments to Other Suppliers for Goods and Services	--
Cash Payments for Grants to Other Organizations	--
Other Operating Cash Receipts (Payments)	--
Net Cash Provided (Used) by Operating Activities	<u>(4)</u>
Cash Flows from Non-capital Financing Activities:	
Proceeds (Payments) from (for) Borrowings	--
Operating Grants Received	--
Transfers From (To) Primary Government	--
Transfers From (To) Other Funds	--
Net Cash Provided (Used) by Non-capital Financing Activities	<u>--</u>
Cash Flows from Capital and Related Financing Activities:	
Proceeds from Issuance of Long-term Debt	--
Principal and Interest Paid	--
Acquisition or Construction of Capital Assets	--
Proceeds from Sale of Capital Assets	--
Contributed Capital	--
Net Cash Provided (Used) for Capital & Related Financing Activities	<u>--</u>
Cash Flows from Investing Activities:	
Purchase of Investment Securities	--
Proceeds from Sale and Maturities of Securities	--
Interest and Dividends on Investments	1,602
Net Cash Provided (Used) for Investing Activities	<u>1,602</u>
Net Increase (Decrease) in Cash and Cash Equivalents	1,598
Cash and Cash Equivalents at Beginning of Year	184,414
Cash and Cash Equivalents at End of Year	<u>\$ 186,012</u>
Reconciliation of Operating Income to Net Cash Provided by Operating Activities:	
Operating Income (Loss)	\$ 27,050
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities	
Depreciation	--
Provision for Uncollectible Accounts	--
Change in Assets and Liabilities:	
Interest and Dividends on Investments	(1,602)
Decrease (Increase) in Prepaid Expenses	--
Increase (Decrease) in Accounts Payable	(25,452)
Increase (Decrease) in Unearned Revenue	--
Total Adjustments	<u>(27,054)</u>
Net Cash Provided (Used) by Operating Activities	<u>\$ (4)</u>

The accompanying notes are an integral part of this statement.

COMANCHE INDEPENDENT SCHOOL DISTRICT

STATEMENT OF FIDUCIARY NET ASSETS

FIDUCIARY FUNDS

AUGUST 31, 2011

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>	\$ --	\$ 60,014
1120 <i>Current Investments</i>	1,202,555	--
1000 Total Assets	<u>\$ 1,202,555</u>	<u>\$ 60,014</u>
 LIABILITIES:		
Current Liabilities:		
2190 <i>Due to Student Groups</i>	\$ --	\$ 60,014
2000 Total Liabilities	<u>--</u>	<u>60,014</u>
 NET ASSETS		
3800 <i>Held in Trust</i>	1,202,555	--
3000 Total Net Assets	<u>\$ 1,202,555</u>	<u>\$ --</u>

The accompanying notes are an integral part of this statement.

COMANCHE INDEPENDENT SCHOOL DISTRICT*STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS**FIDUCIARY FUNDS**FOR THE YEAR ENDED AUGUST 31, 2011*

	Private- Purpose Trusts
Additions:	
Investment Income	\$ 21,556
Net (Decrease) in Fair Value of Investments	--
Employer Contributions	--
Plan Member Contributions	--
Total Additions	<u>21,556</u>
Deductions:	
Scholarship Awards	28,250
Benefits	--
Refunds of Contributions	--
Administrative Expenses	--
Total Deductions	<u>28,250</u>
Change in Net Assets	(6,694)
Net Assets-Beginning of the Year	<u>1,209,249</u>
Net Assets-End of the Year	<u>\$ 1,202,555</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, 2011

A. Summary of Significant Accounting Policies

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

1. Reporting Entity

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

2. Basis of Presentation, Basis of Accounting

a. Basis of Presentation

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

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

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

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

The District reports the following major governmental funds:

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

In addition, the District reports the following fund types:

COMANCHE INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED AUGUST 31, 2011

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

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

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

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

b. Measurement Focus, Basis of Accounting

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

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

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

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

3. Financial Statement Amounts

a. Cash and Cash Equivalents

COMANCHE INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED AUGUST 31, 2011

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

b. Property Taxes

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

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

c. Inventories and Prepaid Items

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

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

d. Capital Assets

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

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

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

e. Receivable and Payable Balances

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

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

f. Interfund Activity

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

COMANCHE INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED AUGUST 31, 2011

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

g. Use of Estimates

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

h. Data Control Codes

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

i. Fund Balances - Governmental Funds

Fund balances of the governmental funds are classified as follows:

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

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

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

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

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

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

COMANCHE INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2011

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 Assets of Individual Funds

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

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

C. Deposits and Investments

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

1. Cash Deposits:

At August 31, 2011, the carrying amount of the District's deposits (cash, certificates of deposit, and interest-bearing savings accounts included in temporary investments) was \$8,300,378 and the bank balance was \$8,579,338. The District's cash deposits at August 31, 2011 and during the year ended August 31, 2011, were entirely covered by FDIC insurance or by pledged collateral held by the District's agent bank in the District's name. Agency and Trust Funds are included in total cash.

2. Investments:

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

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

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

COMANCHE INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2011

The District's investment at August 31, 2011 are shown below.

Investment or Investment Type	Maturity	Fair Value
Certificates of Deposit ERR	Less Than One Year	\$ 8,027,966
Total Investments		\$ <u>8,027,966</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, 2011, the District's investments, other than those which are obligations of or guaranteed by the U. S. Government, are rated as to credit quality as follows:

b. Custodial Credit Risk

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

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

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

c. Concentration of Credit Risk

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

d. Interest Rate Risk

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

e. Foreign Currency Risk

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

Investment Accounting Policy

The District's general policy is to report money market investments and short-term participating interest-earning investment contracts at amortized cost and to report nonparticipating interest-earning investment contracts using a cost-based measure. However, if the fair value of an investment is significantly affected by the impairment of the credit standing of the issuer or by other factors, it is reported at fair value. All other investments are reported at fair value unless a legal contract exists which guarantees a higher value. The term "short-term" refers to investments which have a remaining term of one year or less at time of purchase. The term "nonparticipating" means that the investment's value does not vary

COMANCHE INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2011

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, 2011, was as follows:

	Beginning Balances	Increases	Decreases	Ending Balances
Governmental activities:				
<i>Capital assets not being depreciated:</i>				
Land	\$ 316,408	\$ --	\$ --	\$ 316,408
Construction in progress	--	--	--	--
Total capital assets not being depreciated	<u>316,408</u>	<u>--</u>	<u>--</u>	<u>316,408</u>
<i>Capital assets being depreciated:</i>				
Buildings and improvements	27,961,177	124,927	--	28,086,104
Equipment	--	--	--	--
Vehicles	2,156,796	196,946	--	2,353,742
Total capital assets being depreciated	<u>30,117,973</u>	<u>321,873</u>	<u>--</u>	<u>30,439,846</u>
Less accumulated depreciation for:				
Buildings and improvements	(10,128,722)	--	574,687	(10,703,409)
Equipment	--	--	--	--
Vehicles	(1,345,713)	--	137,020	(1,482,732)
Total accumulated depreciation	<u>(11,474,434)</u>	<u>--</u>	<u>711,707</u>	<u>(12,186,141)</u>
Total capital assets being depreciated, net	<u>18,643,539</u>	<u>321,873</u>	<u>711,707</u>	<u>18,253,705</u>
Governmental activities capital assets, net	<u>\$ 18,959,947</u>	<u>\$ 321,873</u>	<u>\$ 711,707</u>	<u>\$ 18,570,113</u>

Depreciation was charged to functions as follows:

Instruction	\$ 429,635
Instructional Resources and Media Services	8,280
School Leadership	28,745
Guidance, Counseling, & Evaluation Services	15,615
Health Services	4,913
Student Transportation	36,449
Food Services	46,142
Extracurricular Activities	41,972
General Administration	21,224
Plant Maintenance and Operations	68,570
Security and Monitoring Services	618
Data Processing Services	9,544
	<u>\$ 711,707</u>

E. Interfund Balances and Activities

1. Due To and From Other Funds

COMANCHE INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2011

Balances due to and due from other funds at August 31, 2011, consisted of the following:

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

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

2. Transfers To and From Other Funds

Transfers to and from other funds at August 31, 2011, consisted of the following:

Transfers From	Transfers To	Amount	Reason
General fund	Debt service fund	\$ --	Provide resources for repayment of certificates of participation
General fund	Other Governmental Funds	12,000	Supplement other funds sources
Major fund (specify fund name)	General Fund	--	Reimburse expenditures
Other Governmental Funds	Other Governmental Funds	--	Supplement other funds sources
	Total	\$ 12,000	

F. Short-Term Debt Activity

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

G. Long-Term Obligations

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

1. Long-Term Obligation Activity

Long-term obligations include debt and other long-term liabilities. Changes in long-term obligations for the year ended August 31, 2011, are as follows:

	Beginning Balance	Increases	Decreases	Ending Balance	Amounts Due Within One Year
Governmental activities:					
General obligation bonds	\$ 4,869,998	\$ --	\$ 235,000	\$ 4,634,998	\$ 250,000
Accum Accretion on Capital Appreciation Bonds	247,730	26,490		274,220	--
Unamortized Premium on Bonds	121,745		3,382	118,363	--
Capital leases	--	--	--	--	--
Notes	1,548,000	--	117,000	1,431,000	125,000
Compensated absences *	--	--	--	--	--
Claims and judgments *	--	--	--	--	--
Total governmental activities	\$ 6,787,473	\$ 26,490	\$ 355,382	\$ 6,458,581	\$ 375,000

COMANCHE INDEPENDENT SCHOOL DISTRICT

*NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2011*

The interest rates on general obligation bonds range from 3.88% to 4.0%.
The interest rates on the tax anticipation notes are 4% and 4.55%.

* 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
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, 2011, are as follows:

Year Ending August 31,	Governmental Activities		
	Principal	Interest	Total
2012	\$ 375,000	\$ 227,019	\$ 602,019
2013	285,414	319,198	604,611
2014	274,643	326,062	600,705
2015	270,941	331,760	602,701
2016	411,000	191,849	602,849
2017-2021	2,019,000	699,448	2,718,448
2022-2026	2,025,000	280,400	2,305,400
2027-2031	405,000	8,100	413,100
2032-2036			--
2037-2041			--
Totals	\$ 6,065,998	\$ 2,383,836	\$ 8,449,834

3. Capital Leases

The District has no capital leases.

H. Commitments Under Noncapitalized Leases

The District has no noncapitalized leases.

I. Risk Management

The District is exposed to various risks of loss related to torts, theft, damage or destruction of assets, errors and omissions, injuries to employees, and natural disasters. During fiscal year 2011, the District purchased commercial insurance to cover general liabilities. There were no significant reductions in coverage in the past fiscal year and there were no settlements exceeding insurance coverage for each of the past three fiscal years.

J. Pension Plan

1. Plan Description

The District contributes to the Teacher Retirement System of Texas (TRS), a cost-sharing multiple employer defined benefit pension plan. TRS administers retirement and disability annuities, and death and survivor benefits to employees and beneficiaries of employees of the public school systems of Texas. It operates primarily under the provisions of the Texas Constitution, Article XVI, Sec. 67, and Texas Government Code,

COMANCHE INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED AUGUST 31, 2011

Title 8, Subtitle C. TRS also administers proportional retirement benefits and service credit transfer under Texas Government Code, Title 8, Chapters 803 and 805, respectively. The Texas state legislature has the authority to establish and amend benefit provisions of the pension plan and may, under certain circumstances, grant special authority to the TRS Board of Trustees. TRS issues a publicly available financial report that includes financial statements and required supplementary information for the defined benefit pension plan. That report may be obtained by downloading the report from the TRS internet website, www.trs.state.tx.us, under the TRS Publications heading, by calling the TRS Communications Department at 1-800-223-8778, or by writing to the TRS Communications Department, 1000 Red River Street, Austin, Texas 78701.

2. Funding Policy

Contribution requirements are not actuarially determined but are established and amended by the Texas state legislature. The state funding policy is as follows: (1) The state constitution requires the legislature to establish a member contribution rate of not less than 6.0% of the member's annual compensation and a state contribution rate of not less than 6.0% and not more than 10% of the aggregate annual compensation of all members of the system. (2) A state statute prohibits benefit improvements or contribution reductions if, as a result of a particular action, the time required to amortize TRS' unfunded actuarial liabilities would be increased to a period that exceeds 31 years, or, if the amortization period already exceeds 31 years, the period would be increased by such action. State law provides for a member contribution rate of 6.4% for fiscal years 2011, 2010, and 2009, and a state contribution rate of 6.644% for fiscal years 2011-2010 and 6.58% for fiscal year 2009. In certain instances the reporting district is required to make all or a portion of the state's 6.644% contribution, limited to 6.4% for the period of September through December 2009 and increased to 6.644% for the period of January 2010 through August 2011. State contributions to TRS made on behalf of the District's employees for the years ending August 31, 2011, 2010 and 2009 were \$437,284, \$443,353 and \$388,788, respectively. The District paid additional state contributions for the years ending August 31, 2011, 2010 and 2009 in the amount of \$111,439, \$106,140 and \$116,269, respectively, on portion of the employees' salaries that exceeded the statutory minimum.

K. Retiree Health Care Plan

1. Plan Description

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

2. 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. The State of Texas and active public school employee contribution rates were 1.0% and 0.65% of public school payroll, respectively, with school districts contributing a percentage of payroll set at 0.55% for fiscal years 2011, 2010 and 2009. 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. For the years ended August 31, 2011, 2010, and 2009, the State's contributions to TRS-Care were \$68,325, \$68,274, and \$65,434, respectively, the active member contributions were \$44,412, \$45,025, and \$42,530, respectively, and the District's contributions were \$37,579, \$38,099, and \$35,988, respectively, which equaled the required contributions each year.

The Medicare Prescription Drug, Improvement, and Modernization Act of 2003, which was effective January 1,

COMANCHE INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED AUGUST 31, 2011

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, 2011, 2010, and 2009, the subsidy payments received by TRS-Care on behalf of the District were \$16,906, \$17,446, and \$15,178, respectively.

L. Employee Health Care Coverage

During the year ended August 31, 2011, employees of the District were covered the TRS Health Care Plan. The District paid total premiums of approximately \$405,143 to this plan during the 2010-2011 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, 2011.

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.

COMANCHE INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED AUGUST 31, 2011

O. Subsequent Events

Management has reviewed all transactions from August 31, 2011 to November 28, 2011 and has determined that there are no material subsequent events that require reporting.

P. Workers Compensation Insurance

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

The interlocal agreement between the Comanche Independent School District and the North Texas Educational Insurance Association Workers Compensation Self-Insurance Fund is for a term beginning September 1, 2010 and terminating on September 1, 2011. 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 2010-2011 year is \$26,014, which is recorded in the District's records as insurance expense. The District has recorded a liability for estimated claims of \$71,923 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 \$71,923 at August 31, 2011.

Q. Property/Casualty Insurance

During the year ended August 31, 2011, the District provided its property and casualty insurance coverage through participation in the Texas Association of Public Schools Property and Liability Fund (the Fund). The Fund was created and operated under the provisions of the Interlocal Cooperation Act, Chapter 2259 of the Texas Government Code. The Fund provides property and liability coverage to its members.

The Fund and its members are protected against higher than expected claims costs through the purchase of specific excess and aggregate (stop loss) coverage. The Fund has a retention of \$250,000 for property and casualty coverages.

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 each year. The Fund's audited financial statements as of August 31, 2010, are available at the Texas Association of Public Schools Property and Liability Fund and have been filed with the Texas Department of Insurance.

COMANCHE INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2011

R. Due from Other Governments

The following is a summary of amounts due from other governmental entities as of August 31, 2011:

	State Revenue Sources	Federal Revenue Sources	Total
General Fund	\$297,815		\$297,815
Special Revenue Funds	\$3,963	\$201,729	\$205,692
Total Due from Other Governmental Entities	<u>\$301,778</u>	<u>\$291,729</u>	<u>\$503,507</u>

S. Deferred Revenue in Individual Funds

The District had deferred revenue as follows in its individual funds as of August 31, 2011:

General Fund:		
Property tax revenue		\$114,347
Special Revenue Funds:		
Federal and state grants and entitlements		\$27,743
Debt Service Fund		
Property tax revenue		<u>\$10,688</u>
Total Deferred Revenue		<u>\$152,778</u>

In addition to the above deferred revenue the District has \$505,923 of overpaid 2010-2011 overpaid state foundation revenue reflected in the financial statements as amounts due to other governments.

T. Committed Fund Balances

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

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

Required Supplementary Information

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

COMANCHE INDEPENDENT SCHOOL DISTRICT

GENERAL FUND

BUDGETARY COMPARISON SCHEDULE

FOR THE YEAR ENDED AUGUST 31, 2011

EXHIBIT G-1

Page 1 of 2

Data Control Codes	Budgeted Amounts			Variance with Final Budget Positive (Negative)	
	1	2	3		
	Original	Final	Actual		
REVENUES:					
5700	Local and Intermediate Sources	\$ 2,760,984	\$ 3,090,000	\$ 3,046,865	\$ (43,135)
5800	State Program Revenues	7,375,797	8,000,000	7,426,989	(573,011)
5900	Federal Program Revenues	--	260,000	170,896	(89,104)
5020	Total Revenues	10,136,781	11,350,000	10,644,750	(705,250)
EXPENDITURES:					
Current:					
Instruction & Instructional Related Services:					
0011	Instruction	6,275,761	6,407,264	6,099,977	307,287
0012	Instructional Resources and Media Services	136,729	136,729	131,595	5,134
	Total Instruction & Instr. Related Services	6,412,490	6,543,993	6,231,572	312,421
Instructional and School Leadership:					
0023	School Leadership	460,724	462,000	456,840	5,160
	Total Instructional & School Leadership	460,724	462,000	456,840	5,160
Support Services - Student (Pupil):					
0031	Guidance, Counseling and Evaluation Services	234,363	234,363	231,171	3,192
0033	Health Services	74,988	78,000	76,118	1,882
0034	Student (Pupil) Transportation	378,765	585,000	579,274	5,726
0035	Food Services	15,596	15,596	14,447	1,149
0036	Cocurricular/Extracurricular Activities	649,767	675,000	667,053	7,947
	Total Support Services - Student (Pupil)	1,353,479	1,587,959	1,568,063	19,896
Administrative Support Services:					
0041	General Administration	388,411	388,411	337,302	51,109
	Total Administrative Support Services	388,411	388,411	337,302	51,109
Support Services - Nonstudent Based:					
0051	Plant Maintenance and Operations	898,916	961,916	709,601	252,315
0052	Security and Monitoring Services	--	12,000	3,127	8,873
0053	Data Processing Services	143,266	155,000	151,682	3,318
	Total Support Services - Nonstudent Based	1,042,182	1,128,916	864,410	264,506
Debt Service:					
0071	Principal on Long-Term Debt	183,887	117,000	117,000	--
0072	Interest on Long-Term Debt	--	65,887	65,887	--
0073	Bond Issuance Costs and Fees	--	1,000	850	150
	Total Debt Service	183,887	183,887	183,737	150
Intergovernmental Charges:					
0093	Payments to Fiscal Agent/Member Dist.-SSA	114,982	114,982	114,981	1
0099	Other Intergovernmental Charges	148,000	148,000	118,841	29,159
	Total Intergovernmental Charges	262,982	262,982	233,822	29,160
6030	Total Expenditures	10,104,155	10,558,148	9,875,746	682,402
1100	Excess (Deficiency) of Revenues Over (Under)				
1100	Expenditures	32,626	791,852	769,004	(22,848)
Other Financing Sources (Uses):					
8911	Transfers Out	--	--	(12,000)	(12,000)

COMANCHE INDEPENDENT SCHOOL DISTRICT

GENERAL FUND

BUDGETARY COMPARISON SCHEDULE

FOR THE YEAR ENDED AUGUST 31, 2011

EXHIBIT G-1

Page 2 of 2

Data Control Codes		1	2	3	Variance with Final Budget Positive (Negative)
		Budgeted Amounts		Actual	
		Original	Final		
7080	Total Other Financing Sources and (Uses)	--	--	(12,000)	(12,000)
1200	Net Change in Fund Balance	32,626	791,852	757,004	(34,848)
0100	Fund Balance - Beginning	5,554,686	5,554,686	5,554,686	--
3000	Fund Balance - Ending	\$ 5,587,312	\$ 6,346,538	\$ 6,311,690	\$ (34,848)

*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, 2011

Data Control Codes	Special Revenue Funds	Debt Service Fund	Total Nonmajor Governmental Funds (See Exhibit C-1)	
ASSETS:				
1110	Cash and Cash Equivalents	\$ (119,101)	\$ 86,978	\$ (32,123)
1120	Current Investments	--	(229)	(229)
1225	Taxes Receivable, Net	--	10,687	10,687
1240	Due from Other Governments	205,693	--	205,693
1260	Due from Other Funds	--	30,000	30,000
1000	Total Assets	\$ 86,592	\$ 127,436	\$ 214,028
LIABILITIES:				
Current Liabilities:				
2160	Accrued Wages Payable	\$ 47,528	\$ --	\$ 47,528
2200	Accrued Expenditures	2,885	--	2,885
2300	Deferred Revenue	27,743	10,688	38,431
2000	Total Liabilities	78,156	10,688	88,844
FUND BALANCES:				
Restricted Fund Balances:				
3450	Federal/State Funds Grant Restrictions	1,668	--	1,668
3480	Retirement of Long-Term Debt	--	116,748	116,748
3490	Other Restrictions of Fund Balance	6,768	--	6,768
3000	Total Fund Balances	8,436	116,748	125,184
4000	Total Liabilities and Fund Balances	\$ 86,592	\$ 127,436	\$ 214,028

COMANCHE INDEPENDENT SCHOOL DISTRICT

COMBINING STATEMENT OF REVENUES, EXPENDITURES,

AND CHANGES IN FUND BALANCES

NONMAJOR GOVERNMENTAL FUNDS

FOR THE YEAR ENDED AUGUST 31, 2011

Data Control Codes	Special Revenue Funds	Debt Service Fund	Total Nonmajor Governmental Funds (See Exhibit C-2)
REVENUES:			
5700 <i>Local and Intermediate Sources</i>	\$ 204,584	\$ 271,457	\$ 476,041
5800 <i>State Program Revenues</i>	144,701	144,045	288,746
5900 <i>Federal Program Revenues</i>	1,509,892	--	1,509,892
5020 Total Revenues	<u>1,859,177</u>	<u>415,502</u>	<u>2,274,679</u>
EXPENDITURES:			
Current:			
0011 <i>Instruction</i>	744,972	--	744,972
0031 <i>Guidance, Counseling, & Evaluation Services</i>	16,989	--	16,989
0033 <i>Health Services</i>	1,960	--	1,960
0035 <i>Food Service</i>	718,878	--	718,878
0051 <i>Plant Maintenance and Operations</i>	380,153	--	380,153
0052 <i>Security and Monitoring Services</i>	6,695	--	6,695
0071 <i>Principal on Long-term Debt</i>	--	235,000	235,000
0072 <i>Interest on Long-term Debt</i>	--	175,900	175,900
0073 <i>Bond Issuance Costs and Fees</i>	--	300	300
6030 Total Expenditures	<u>1,869,647</u>	<u>411,200</u>	<u>2,280,847</u>
1100 Excess (Deficiency) of Revenues Over (Under)			
1100 Expenditures	<u>(10,470)</u>	<u>4,302</u>	<u>(6,168)</u>
Other Financing Sources and (Uses):			
7915 <i>Transfers In</i>	12,000	--	12,000
7080 Total Other Financing Sources and (Uses)	<u>12,000</u>	<u>--</u>	<u>12,000</u>
1200 Net Change in Fund Balances	<u>1,530</u>	<u>4,302</u>	<u>5,832</u>
0100 Fund Balances - Beginning	<u>6,906</u>	<u>112,446</u>	<u>119,352</u>
3000 Fund Balances - Ending	<u>\$ 8,436</u>	<u>\$ 116,748</u>	<u>\$ 125,184</u>

COMANCHE INDEPENDENT SCHOOL DISTRICT

COMBINING BALANCE SHEET

NONMAJOR SPECIAL REVENUE FUNDS

AUGUST 31, 2011

Data Control Codes	211 ESEA Title I Improving Basic Programs	212 ESEA Title I, Part C Migrant Children	224 IDEA-B Formula	240 National School Breakfast/Lunch Program	
ASSETS:					
1110	Cash and Cash Equivalents	\$ 5,135	\$ (43,791)	\$ --	\$ 9,031
1240	Due from Other Governments	13,496	45,301	--	18,044
1000	Total Assets	<u>\$ 18,631</u>	<u>\$ 1,510</u>	<u>\$ --</u>	<u>\$ 27,075</u>
LIABILITIES:					
Current Liabilities:					
2160	Accrued Wages Payable	\$ 17,008	\$ 1,377	\$ --	\$ 24,429
2200	Accrued Expenditures	1,623	133	--	978
2300	Deferred Revenue	--	--	--	--
2000	Total Liabilities	<u>18,631</u>	<u>1,510</u>	<u>--</u>	<u>25,407</u>
FUND BALANCES:					
Restricted Fund Balances:					
3450	Federal/State Funds Grant Restrictions	--	--	--	1,668
3490	Other Restrictions of Fund Balance	--	--	--	--
3000	Total Fund Balances	<u>--</u>	<u>--</u>	<u>--</u>	<u>1,668</u>
4000	Total Liabilities and Fund Balances	<u>\$ 18,631</u>	<u>\$ 1,510</u>	<u>\$ --</u>	<u>\$ 27,075</u>

244 Career and Tech Basic Grant	255 ESEA Title II Training & Recruiting	266 ARRA of 2009 Title XIV State Fiscal Stabilization	270 ESEA, Title VI Part B, Subpart 2 Rural School	283 IDEA - Part B Formula - ARRA
\$ -- -- <u> </u> <u> </u> \$ --	\$ -- 915 <u> </u> <u> </u> \$ 915	\$ (95,832) 95,832 <u> </u> <u> </u> \$ --	\$ -- -- <u> </u> <u> </u> \$ --	\$ (10,648) 10,648 <u> </u> <u> </u> \$ --
\$ -- -- -- <u> </u> <u> </u> --	\$ 835 80 -- <u> </u> <u> </u> 915	\$ -- -- -- <u> </u> <u> </u> --	\$ -- -- -- <u> </u> <u> </u> --	\$ -- -- -- <u> </u> <u> </u> --
-- -- -- <u> </u> <u> </u> \$ --	-- -- -- <u> </u> <u> </u> \$ 915	-- -- -- <u> </u> <u> </u> \$ --	-- -- -- <u> </u> <u> </u> \$ --	-- -- -- <u> </u> <u> </u> \$ --

COMANCHE INDEPENDENT SCHOOL DISTRICT

COMBINING BALANCE SHEET

NONMAJOR SPECIAL REVENUE FUNDS

AUGUST 31, 2011

Data Control Codes	285 ESEA Title 1 Part A Improving Basic Programs - ARRA	287 Education Jobs Fund	289 Other Federal Programs
ASSETS:			
1110	Cash and Cash Equivalents	\$ (13,544)	\$ --
1240	Due from Other Governments	13,544	--
1000	Total Assets	<u>\$ 3,950</u>	<u>\$ --</u>
LIABILITIES:			
Current Liabilities:			
2160	Accrued Wages Payable	\$ --	\$ --
2200	Accrued Expenditures	71	--
2300	Deferred Revenue	--	--
2000	Total Liabilities	<u>3,950</u>	<u>--</u>
FUND BALANCES:			
Restricted Fund Balances:			
3450	Federal/State Funds Grant Restrictions	--	--
3490	Other Restrictions of Fund Balance	--	--
3000	Total Fund Balances	<u>--</u>	<u>--</u>
4000	Total Liabilities and Fund Balances	<u>\$ 3,950</u>	<u>\$ --</u>

393 Texas Successful Schools	397 Advanced Placement Incentives	404 Student Success Initiative	411 Technology Allotment
\$ 7,741	\$ 20,002	\$ (660)	\$ 5,484
--	--	660	--
<u>\$ 7,741</u>	<u>\$ 20,002</u>	<u>\$ --</u>	<u>\$ 5,484</u>
\$ --	\$ --	\$ --	\$ --
--	--	--	--
7,741	20,002	--	--
<u>7,741</u>	<u>20,002</u>	<u>--</u>	<u>--</u>
--	--	--	--
--	--	--	5,484
--	--	--	5,484
<u>\$ 7,741</u>	<u>\$ 20,002</u>	<u>\$ --</u>	<u>\$ 5,484</u>

COMANCHE INDEPENDENT SCHOOL DISTRICT

COMBINING BALANCE SHEET

NONMAJOR SPECIAL REVENUE FUNDS

AUGUST 31, 2011

Data Control Codes	429 State Funded Special Revenue Fund	499 J.R. Beadel Foundation	Total Nonmajor Special Revenue Funds (See Exhibit H-1)	
ASSETS:				
1110	Cash and Cash Equivalents	\$ (3,303)	\$ 1,284	\$ (119,101)
1240	Due from Other Governments	3,303	--	205,693
1000	Total Assets	\$ --	\$ 1,284	\$ 86,592
LIABILITIES:				
Current Liabilities:				
2160	Accrued Wages Payable	\$ --	\$ --	\$ 47,528
2200	Accrued Expenditures	--	--	2,885
2300	Deferred Revenue	--	--	27,743
2000	Total Liabilities	--	--	78,156
FUND BALANCES:				
Restricted Fund Balances:				
3450	Federal/State Funds Grant Restrictions	--	--	1,668
3490	Other Restrictions of Fund Balance	--	1,284	6,768
3000	Total Fund Balances	--	1,284	8,436
4000	Total Liabilities and Fund Balances	\$ --	\$ 1,284	\$ 86,592

COMANCHE INDEPENDENT SCHOOL DISTRICT

COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES

NONMAJOR SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED AUGUST 31, 2011

Data Control Codes	211 ESEA Title I Improving Basic Programs	212 ESEA Title I, Part C Migrant Children	224 IDEA-B Formula	240 National School Breakfast/Lunch Program
REVENUES:				
5700 Local and Intermediate Sources	\$ --	\$ --	\$ --	\$ 199,584
5800 State Program Revenues	--	--	--	4,309
5900 Federal Program Revenues	303,975	73,291	83,160	504,515
5020 Total Revenues	<u>303,975</u>	<u>73,291</u>	<u>83,160</u>	<u>708,408</u>
EXPENDITURES:				
Current:				
0011 Instruction	303,975	73,291	83,160	--
0031 Guidance, Counseling, & Evaluation Services	--	--	--	--
0033 Health Services	--	--	--	--
0035 Food Service	--	--	--	718,878
0051 Plant Maintenance and Operations	--	--	--	--
0052 Security and Monitoring Services	--	--	--	--
6030 Total Expenditures	<u>303,975</u>	<u>73,291</u>	<u>83,160</u>	<u>718,878</u>
1100 Excess (Deficiency) of Revenues Over (Under)				
1100 Expenditures	--	--	--	(10,470)
Other Financing Sources and (Uses):				
7915 Transfers In	--	--	--	12,000
7080 Total Other Financing Sources and (Uses)	--	--	--	12,000
1200 Net Change in Fund Balances	--	--	--	1,530
0100 Fund Balances - Beginning	--	--	--	138
3000 Fund Balances - Ending	\$ --	\$ --	\$ --	\$ <u>1,668</u>

244 Career and Tech Basic Grant	255 ESEA Title II Training & Recruiting	266 ARRA of 2009 Title XIV State Fiscal Stabilization	270 ESEA, Title VI Part B, Subpart 2 Rural School	285 ESEA Title 1 Part Improving Basic Programs - ARRA
\$ --	\$ --	\$ --	\$ --	\$ --
--	--	--	--	--
16,989	45,648	380,153	26,988	71,223
16,989	45,648	380,153	26,988	71,223
--	45,648	--	20,293	71,223
16,989	--	--	--	--
--	--	--	--	--
--	--	380,153	--	--
--	--	--	6,695	--
16,989	45,648	380,153	26,988	71,223
--	--	--	--	--
--	--	--	--	--
--	--	--	--	--
\$ --	\$ --	\$ --	\$ --	\$ --

COMANCHE INDEPENDENT SCHOOL DISTRICT

COMBINING STATEMENT OF REVENUES, EXPENDITURES,

AND CHANGES IN FUND BALANCES

NONMAJOR SPECIAL REVENUE FUNDS

FOR THE YEAR ENDED AUGUST 31, 2011

Data Control Codes	287 Education Jobs Fund	404 Student Success Initiative
REVENUES:		
5700 <i>Local and Intermediate Sources</i>	\$ --	\$ --
5800 <i>State Program Revenues</i>	--	6,601
5900 <i>Federal Program Revenues</i>	3,950	--
5020 Total Revenues	<u>3,950</u>	<u>6,601</u>
EXPENDITURES:		
Current:		
0011 <i>Instruction</i>	3,950	6,601
0031 <i>Guidance, Counseling, & Evaluation Services</i>	--	--
0033 <i>Health Services</i>	--	--
0035 <i>Food Service</i>	--	--
0051 <i>Plant Maintenance and Operations</i>	--	--
0052 <i>Security and Monitoring Services</i>	--	--
6030 Total Expenditures	<u>3,950</u>	<u>6,601</u>
1100 Excess (Deficiency) of Revenues Over (Under)	--	--
1100 Expenditures	--	--
Other Financing Sources and (Uses):		
7915 <i>Transfers In</i>	--	--
7080 Total Other Financing Sources and (Uses)	--	--
1200 Net Change in Fund Balances	--	--
0100 Fund Balances - Beginning	--	--
3000 Fund Balances - Ending	<u>\$ --</u>	<u>\$ --</u>

411 Technology Allotment	429 State Funded Special Revenue Fund	499 J.R. Beadel Foundation	Total Nonmajor Special Revenue Funds (See Exhibit H-2)
\$ -- 33,380 -- <u>33,380</u>	\$ -- 100,411 -- <u>100,411</u>	\$ 5,000 -- -- <u>5,000</u>	\$ 204,584 144,701 1,509,892 <u>1,859,177</u>
33,380 -- -- -- -- <u>33,380</u>	100,411 -- -- -- -- <u>100,411</u>	3,040 -- 1,960 -- -- <u>5,000</u>	744,972 16,989 1,960 718,878 380,153 6,695 <u>1,869,647</u>
--	--	--	<u>(10,470)</u>
-- -- --	-- -- --	-- -- --	12,000 12,000 1,530
\$ 5,484 <u>5,484</u>	\$ -- <u>--</u>	\$ 1,284 <u>1,284</u>	\$ 6,906 <u>8,436</u>

Other Supplementary Information

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

COMANCHE INDEPENDENT SCHOOL DISTRICT

SCHEDULE OF DELINQUENT TAXES RECEIVABLE

FOR THE YEAR ENDED AUGUST 31, 2011

Year Ended August 31	1		2		3
	Tax Rates				Assessed/Appraised Value For School Tax Purposes
	Maintenance	Debt Service			
2002 and Prior Years	\$ Various	\$ Various			\$ Various
2003	1.02	.09			177,174,490
2004	1.08	--			179,773,300
2005	1.11	--			215,829,005
2006	1.23	--			224,009,097
2007	1.13	--			240,816,396
2008	.88	.18			259,426,996
2009	.90	.13			280,341,343
2010	.93	.10			286,807,067
2011 (School Year Under Audit)	.9883	.10			283,279,307

1000 Totals

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

10 Beginning Balance 9/1/10	20 Current Year's Total Levy	31 Maintenance Collections	32 Debt Service Collections	40 Entire Year's Adjustments	50 Ending Balance 8/31/11
\$ 54,661	\$ --	\$ 887	\$ --	\$ (29,806)	\$ 23,968
6,324	--	444	--	--	5,880
5,584	--	277	--	--	5,306
9,043	--	931	--	--	8,112
12,893	--	1,753	--	(570)	10,570
13,351	--	2,602	--	(778)	9,971
22,546	--	6,353	1,300	(1,077)	13,817
38,399	--	14,385	2,078	(1,477)	20,459
121,013	--	65,495	7,042	(11,337)	37,138
--	2,907,038	2,524,884	255,485	(11,820)	114,848
<u>\$ 283,813</u>	<u>\$ 2,907,038</u>	<u>\$ 2,618,011</u>	<u>\$ 265,905</u>	<u>\$ (56,864)</u>	<u>\$ 250,070</u>
\$ --	\$ --	\$ --	\$ --	\$ --	\$ --

COMANCHE INDEPENDENT SCHOOL DISTRICT

SCHEDULE OF EXPENDITURES FOR COMPUTATION OF INDIRECT COST FOR 2012-2013
 GENERAL AND SPECIAL REVENUE FUNDS
 FOR THE YEAR ENDED AUGUST 31, 2011

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

Account Number	Account Name	1 (702) School Board	2 (703) Tax Collection	3 (701) Supt's Office	4 (750) Indirect Cost	5 (720) Direct Cost	6 (Other) Misc.	7 Total
611X-6146	Payroll Costs	\$ --	\$ --	\$ 146,749	\$ 88,935	\$ --	\$ --	\$ 235,684
6149	Fringe Benefits (Unused Leave for Separating Employees in Function 41 and Related 53)	--	--	--	--	--	--	--
6149	Fringe Benefits (Unused Leave for Separating Employees in all Functions except Function 41 and Related 53)	--	--	--	--	--	--	--
6211	Legal Services	--	--	4,363	--	--	--	4,363
6212	Audit Services	--	--	--	13,600	--	--	13,600
6213	Tax Appraisal and Collection	--	118,841	--	--	--	--	118,841
621X	Other Prof. Services	--	--	17,444	--	--	--	17,444
6220	Tuition and Transfer Payments	--	--	--	--	--	--	--
6230	Education Service Centers	--	--	--	--	--	3,069	3,069
6240	Contr. Maint. and Repair	--	--	--	--	119	--	119
6250	Utilities	--	--	--	--	--	--	--
6260	Rentals	--	--	6,193	--	--	--	6,193
6290	Miscellaneous Contr.	--	--	--	--	--	--	--
6310	Operational Supplies, Materials	--	--	--	--	--	--	--
6320	Textbooks and Reading	--	--	--	--	--	--	--
6330	Testing Materials	--	--	--	--	--	--	--
63XX	Other Supplies, Materials	--	--	9,501	--	--	--	9,501
6410	Travel, Subsistence, Stipends	7,909	--	3,947	--	--	--	11,856
6420	Ins. and Bonding Costs	--	--	2,750	--	--	--	2,750
6430	Election Costs	3,413	--	--	--	--	--	3,413
6490	Miscellaneous Operating	--	--	17,639	--	--	11,671	29,310
6500	Debt Service	--	--	--	--	--	--	--
6600	Capital Outlay	--	--	--	--	--	--	--

Total \$ 11,322 \$ 118,841 \$ 208,586 \$ 102,535 \$ 119 \$ 14,740 \$ 456,143

Total Expenditures for General and Special Revenue Funds (9) \$ 11,745,393

LESS: Deductions of Unallowable Costs

FISCAL YEAR

Total Capital Outlay (6600)	(10)	\$ 357,264
Total Debt & Lease (6500)	(11)	\$ 183,737
Plant Maintenance (Function 51, 6100-6400)	(12)	\$ 964,827
Food (Function 35, 6341 and 6499)	(13)	\$ 356,703
Stipends (6413)	(14)	\$ --
Column 4 (above) - Total Indirect Cost		\$ 102,535

Subtotal 1,965,066

Net Allowed Direct Cost \$ 9,780,327

CUMULATIVE

Total Cost of Buildings Before Depreciation (1520)	(15)	\$ 28,086,104
Historical Cost of Buildings over 50 years old	(16)	--
Amount of Federal Money in Building Cost (Net of #16)	(17)	--
Total Cost of Furniture & Equipment Before Depreciation (1530 & 1540)	(18)	2,353,742
Historical Cost of Furniture & Equipment over 16 years old	(19)	--
Amount of Federal Money in Furniture & Equipment (Net of #19)	(20)	\$ 86,856

(8) Note A - No Function 53 expenditures and \$118,841 in Function 99 expenditures are included in this report on administrative costs.

COMANCHE INDEPENDENT SCHOOL DISTRICT

FUND BALANCE AND CASH FLOW CALCULATION WORKSHEET (UNAUDITED)

GENERAL FUND

AS OF AUGUST 31, 2011

EXHIBIT J-3

Data Control Codes	Explanation	Amount
1	Total General Fund Fund Balance as of August 31, 2011 (Exhibit C-1 object 3000 for the General Fund only)	\$ 6,311,690
2	Total General Fund Nonspendable Fund Balance (from Exhibit C-1 - total of object 341X-344X for the General Fund only)	--
3	Total General Fund Restricted Fund Balance (from Exhibit C-1 - total of object 345X-349X for the General Fund only)	--
4	Total General Fund Committed Fund Balance (from Exhibit C-1 - total of object 351X-354X for the General Fund only)	4,083,423
5	Total General Fund Assigned Fund Balance (from Exhibit C-1 - total of object 355X-359X for the General Fund only)	--
6	Estimated amount needed to cover fall cash flow deficits in the General Fund (net of borrowed funds and funds representing deferred revenues)	--
7	Estimate of two months' average cash disbursements during the fiscal year	2,023,281
8	Estimate of delayed payments from state sources (58XX)	150,000
9	Estimate of underpayment from state sources equal to variance between Legislative Payment Estimate (LPE) and District Planning Estimate (DPE) or District's calculated earned state aid amount	--
10	Estimate of delayed payments from federal sources (59XX)	60,000
11	Estimate of expenditures to be reimbursed to General Fund from Capital Projects Fund (uses of General Fund cash after bond referendum and prior to issuance of bonds)	--
12	General Fund Optimum Fund Balance and Cash Flow (Lines 2+3+4+5+6+7+8+9+10+11)	6,316,704
13	Excess (Deficit) Undesignated General Fund Fund Balance (1-12)	\$ (5,014)

If Item 11 is a Positive Number

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

COMANCHE INDEPENDENT SCHOOL DISTRICT
NATIONAL SCHOOL BREAKFAST AND LUNCH PROGRAM
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED AUGUST 31, 2011

EXHIBIT J-4

Data Control Codes	1	2	3
	Budget	Actual	Variance Positive (Negative)
REVENUES:			
5700 Local and Intermediate Sources	\$ 199,300	\$ 199,584	\$ 284
5800 State Program Revenues	4,700	4,309	(391)
5900 Federal Program Revenues	546,000	504,515	(41,485)
5020 Total Revenues	<u>750,000</u>	<u>708,408</u>	<u>(41,592)</u>
EXPENDITURES:			
Current:			
Support Services - Student (Pupil):			
0035 Food Services	750,000	718,878	31,122
Total Support Services - Student (Pupil)	<u>750,000</u>	<u>718,878</u>	<u>31,122</u>
6030 Total Expenditures	<u>750,000</u>	<u>718,878</u>	<u>31,122</u>
1100 Excess (Deficiency) of Revenues Over (Under)			
1100 Expenditures	--	(10,470)	(10,470)
Other Financing Sources (Uses):			
7915 Transfers In	--	12,000	12,000
7080 Total Other Financing Sources and (Uses)	--	12,000	12,000
1200 Net Change in Fund Balance	--	1,530	1,530
0100 Fund Balance - Beginning	137	138	1
3000 Fund Balance - Ending	<u>\$ 137</u>	<u>\$ 1,668</u>	<u>\$ 1,531</u>

COMANCHE INDEPENDENT SCHOOL DISTRICT

DEBT SERVICE FUND

BUDGETARY COMPARISON SCHEDULE

FOR THE YEAR ENDED AUGUST 31, 2011

EXHIBIT J-5

Data Control Codes	1	2	3
	Budget	Actual	Variance Positive (Negative)
REVENUES:			
5700 Local and Intermediate Sources	\$ 272,382	\$ 271,457	\$ (925)
5800 State Program Revenues	109,947	144,045	34,098
5020 Total Revenues	<u>382,329</u>	<u>415,502</u>	<u>33,173</u>
EXPENDITURES:			
Debt Service:			
0071 Principal on Long-Term Debt	235,000	235,000	--
0072 Interest on Long-Term Debt	175,900	175,900	--
0073 Bond Issuance Costs and Fees	2,000	300	1,700
Total Debt Service	<u>412,900</u>	<u>411,200</u>	<u>1,700</u>
6030 Total Expenditures	<u>412,900</u>	<u>411,200</u>	<u>1,700</u>
1100 Excess (Deficiency) of Revenues Over (Under)			
1100 Expenditures	<u>(30,571)</u>	<u>4,302</u>	<u>34,873</u>
Other Financing Sources (Uses):			
7915 Transfers In	37,671	--	(37,671)
7080 Total Other Financing Sources and (Uses)	<u>37,671</u>	<u>--</u>	<u>(37,671)</u>
1200 Net Change in Fund Balance	7,100	4,302	(2,798)
0100 Fund Balance - Beginning	112,446	112,446	--
3000 Fund Balance - Ending	<u>\$ 119,546</u>	<u>\$ 116,748</u>	<u>\$ (2,798)</u>

BURL D. LOWERY CPA

311 Center Avenue
Brownwood, TX 76801

Independent Auditor's Report

Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards

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

Members of the Board of Trustees:

I have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Comanche Independent School District as of and for the year ended August 31, 2011, which collectively comprise the Comanche Independent School District's basic financial statements and have issued my report thereon dated November 28, 2011. I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing my audit, I considered Comanche Independent School District's internal control over financial reporting as a basis for designing my auditing procedures for the purpose of expressing my opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Comanche Independent School District's internal control over financial reporting. Accordingly, I do not express an opinion on the effectiveness of the Comanche Independent School District's internal control over financial reporting.

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Comanche Independent School District's financial statements are free of material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit, and accordingly, I do not express such an opinion. The results of my tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of management, others within the entity, the Board

of Trustees, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Burl D. Lowery". The signature is written in a cursive, flowing style.

Burl D. Lowery
Certified Public Accountant

November 28, 2011

BURL D. LOWERY CPA

311 Center Avenue
Brownwood, TX 76801

Independent Auditor's Report

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

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

Members of the Board of Trustees:

Compliance

I have audited Comanche Independent School District's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of Comanche Independent School District's major federal programs for the year ended August 31, 2011. Comanche Independent School District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of Comanche Independent School District's management. My responsibility is to express an opinion on Comanche Independent School District's compliance based on my audit.

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

In my opinion, Comanche Independent School District complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended August 31, 2011.

Internal Control Over Compliance

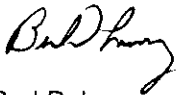
Management of Comanche Independent School District is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing my audit, I considered Comanche Independent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

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

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

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

Respectfully submitted,



Burl D. Lowery
Certified Public Accountant

November 28, 2011

COMANCHE INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED AUGUST 31, 2011

A. Summary of Auditor's Results

1. Financial Statements

Type of auditor's report issued: Unqualified

Internal control over financial reporting:

One or more material weaknesses identified? Yes X No

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

Noncompliance material to financial statements noted? Yes X No

2. Federal Awards

Internal control over major programs:

One or more material weaknesses identified? Yes X No

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

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

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

Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
ESEA Title 1 Part a Cluster	
84.011	ESEA Title 1 Part A
84.389	ESEA Title 1 Part A ARRA
84.394	ARRA of 2009 Title XIV State Fiscal Stabilization Fund
School Lunch & Breakfast Cluster	
10.553	School Breakfast Program
10.555	National School Lunch Program
10.555	National School Lunch Program (Noncash)

COMANCHE INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED AUGUST 31, 2011

Dollar threshold used to distinguish between
type A and type B programs:

\$300,000

Auditee qualified as low-risk auditee?

Yes

No

B. Financial Statement Findings

NONE

C. Federal Award Findings and Questioned Costs

NONE

COMANCHE INDEPENDENT SCHOOL DISTRICT
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED AUGUST 31, 2011

<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, 2011

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

COMANCHE INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED AUGUST 31, 2011

EXHIBIT K-1

(1) Federal Grantor/ Pass-Through Grantor/ Program Title	(2) Federal CFDA Number	(2A) Pass-Through Entity Identifying Number	(3) Federal Expenditures
U. S. DEPARTMENT OF EDUCATION			
Passed Through State Department of Education:			
<i>ESEA Title I Part A - Improving Basic Programs *</i>	84.010a	1161010104790	\$ 303,975
<i>ESEA Title I Part C - Education of Migratory Children</i>	84.011	11615001047901	73,291
<i>Career and Technical - Basic Grant</i>	84.048	11420006047901	16,989
<i>ESEA, Title VI, Part B, Subpart 2 - Rural and Low Income School</i>	84.358	11696001047901	26,988
<i>ARRA - ESEA, Title I, Part A - Improving Basic Programs *</i>	84.389	10551001047901	71,223
<i>ARRA - IDEA-Part B Formula *</i>	84.391	10554001047902	--
<i>ARRA of 2009 Title XIV State Fiscal Stabilization Fund *</i>	84.394	11557001047901	380,153
<i>Education Jobs Fund</i>	84.410	11550101047901	3,950
Total Passed Through State Department of Education			<u>876,569</u>
Passed Through Education Service Center Region 14:			
<i>ESEA Title II Part A - Teacher & Principal Training & Recruiting</i>	84.367a	11694501221950	44,733
<i>ESEA Title II Part A - Teacher & Principal Training & Recruiting</i>	84.367a	12694501221950	915
Total CFDA Number 84.367a			<u>45,648</u>
Total Passed Through Education Service Center Region 14			<u>45,648</u>
Passed Through De Leon ISD:			
<i>IDEA-B Formula *</i>	84.027	116600110479026600	83,160
Total U. S. Department of Education			<u>1,005,377</u>
U. S. DEPARTMENT OF AGRICULTURE			
Passed Through State Department of Education:			
School Breakfast Program *	10.553	714010	139,644
National School Lunch Program *	10.555	713010	342,495
National School Lunch Program (Non-cash) *	10.555	713010	22,376
Total CFDA Number 10.555			<u>364,871</u>
Total Passed Through State Department of Education			<u>504,515</u>
Total U. S. Department of Agriculture			<u>504,515</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS			<u>\$ 1,509,892</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, 2011

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, 2011*

<u>Data Control Codes</u>		<u>Responses</u>
SF2	Were there any disclosures in the Annual Financial Report and/or other sources of information concerning default on bonded indebtedness obligations?	No
SF4	Did the district receive a clean audit? - Was there an unqualified opinion in the Annual Financial Report?	Yes
SF5	Did the Annual Financial Report disclose any instances of material weaknesses in internal controls?	No
SF9	Was there any disclosure in the Annual Financial Report of material noncompliance?	No
SF10	What was the total accumulated accretion on capital appreciation bonds included in the government-wide financial statements at fiscal year-end?	\$ 274,221