

**CLEBURNE INDEPENDENT SCHOOL  
DISTRICT**

**ANNUAL FINANCIAL REPORT FOR THE  
YEAR ENDED**

**AUGUST 31, 2015**

**CLEBURNE INDEPENDENT SCHOOL DISTRICT**  
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**Year Ended August 31, 2015**

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**CERTIFICATE OF THE BOARD**

Cleburne Independent School District  
Name of School District

Johnson  
County

126-903  
Co. – Dist. Number

We, the undersigned, certify that the attached annual financial reports of the above named school district were reviewed and (check one) \_\_\_\_\_ approved \_\_\_\_\_ disapproved for the year ended August 31, 2015, at a meeting of the board of trustees of such school district on the \_\_\_\_\_ day of \_\_\_\_\_, 2016.

\_\_\_\_\_  
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)

# KIRK, RICHARDSON & POOLE, P. C.

## Certified Public Accountants

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<b>Tom Kirk, CPA</b>	<b>Don Richardson, CPA</b>	<b>Cindy Poole, CPA</b>
<b>7559 John T. White Road</b>	<b>P. O. Box 8342</b>	<b>Fort Worth, Texas 76124</b>
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### INDEPENDENT AUDITOR'S REPORT

Board of Trustees  
Cleburne Independent School District  
505 N. Ridgeway, Suite 100  
Cleburne, Texas 76033

#### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Cleburne Independent School District (the "District") as of and for the year ended August 31, 2015, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

#### **Management's Responsibility for the Financial Statements**

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

#### **Auditor's Responsibility**

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

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

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

## **Opinions**

In our 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 the District, as of August 31, 2015, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Emphasis-of-Matter**

As discussed in Note I to the financial statements, during fiscal year 2015, the District adopted new accounting guidance prescribed by GASB 68 – Accounting and Financial Reporting for Pensions (“GASB 68”) for its pension plan – a multiple-employer, cost-sharing, defined benefit pension plan that has a special funding situation. Because GASB 68 implements new measurement criteria and reporting provisions, significant information has been added to the Government-wide Statements. Exhibit A-1 Statement of Net Position discloses the District’s net pension liability and some deferred resource outflows and deferred resource inflows related to the District’s pension plan. Exhibit B-1 Statement of Activities discloses the adjustment to the District’s beginning net position. Our opinion is not modified with respect to the matter.

## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management’s discussion and analysis and budgetary comparison information on pages 7-14 and 54 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. Also included as required supplementary information are the schedule of the District’s proportionate share of the net pension liability – Teacher Retirement System of Texas and schedule of District contributions – Teacher Retirement System of Texas on pages 55 and 56 respectively. We 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 our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District’s basic financial statements. The combining fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the basic financial statements.

The combining fund financial statements, the schedule of expenditures of federal awards, and the required Texas Education Agency schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining fund financial statements, the schedule of expenditures of federal awards, and the required Texas Education Agency schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The Texas Education Agency requires school districts to include certain information in the Annual Financial and Compliance Report in conformity with laws and regulations of the State of Texas. This information is in Exhibits identified in the Table of Contents as J-1, J-4 and J-5.

**Other Reporting Required By Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated January 14, 2016 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of law, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing on internal control over financial reports and compliance with the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

*Kirk, Richardson & Poole, P.C.*

Kirk, Richardson & Poole P.C.  
Fort Worth, Texas  
January 14, 2016

CLEBURNE INDEPENDENT SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED AUGUST 31, 2015  
UNAUDITED

In this section of the Annual Financial and Compliance Report, we, the managers of Cleburne Independent School District (the "District"), discuss and analyze the District's financial performance for the fiscal year ended August 31, 2015. Please read it in conjunction with the independent auditor's report and the District's Basic Financial Statements.

**FINANCIAL HIGHLIGHTS**

The District implemented GASB 68 –Accounting and Financial Reporting for Pensions during the current fiscal year. More detailed information concerning the effect of implementation can be found in Note 1 in the Notes to the Financial Statements. A prior period adjustment of (\$7,817,099) to the government-wide financial statement of activities resulted from implementing GASB 68. In addition, a prior period adjustment of (\$54,789) was also made to this statement and to the General Fund, to correct prior year TRS-Care contributions related to new members added during the 2007/08 and 2008/09 school years. The combined adjustment equals (\$7,871,888) and is reflected on the government-wide financial statement of activities.

The District's net position had a net decrease of \$5,212,889 (or 9.6%) as a result of previously mentioned prior period adjustments offset by an increase from operations of \$2,658,999. The District is required by Governmental Accounting Standards Board (GASB) Statement No. 34 *Basic Financial Statements and Management Discussion and Analysis for State and Local Governments* (GASB 34), to make adjustments to its financial statements. These adjustments, as shown in Exhibit C-4 – Reconciliation of the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances to the Statement of Activities, require the District to add back expenditures made for capital projects and debt issues deducted as an operating expense as shown in Exhibit C-3 – Statement of Revenues, Expenditures, and Changes in Fund Balance Governmental Funds. Additional information regarding these adjustments can be found in the section Government-wide Financial Analysis of this discussion and analysis.

During the year, the District's expenses were \$2,658,999 less than the \$65,884,255 generated in tax and other revenues for governmental programs. This compares to last year when expenses were more than revenues by \$1,800,908.

Total cost of all District programs was \$63,225,256 a decrease of \$554,325 from last year.

The General Fund ended the year with a fund balance of \$15,564,072, a net increase of \$739,896 over last year. Current year operations contributed \$809,860 of this increase. This amount was offset by a transfer of \$40,000 to the Capital Projects Fund, proceeds from sales of property for \$20,222, remaining recovery for prior year tornado damage of \$4,603, and the prior period adjustment of (\$54,789). The ending fund balance represents 30.3% of the District's total 2015 expenditures of \$51,436,770.

The District issued \$12,740,000 in Unlimited Tax Refunding Bonds, Series 2015, with an average interest rate of 2.728%, to advance refund a portion of the District's Unlimited Tax School Building Bonds, Series 2005 and Unlimited Tax School Building Bonds, Series 2006, with average interest rates of 4.264% and 4.556%, respectively, and to pay the costs associated with sale of the Bonds. The net proceeds of \$15,145,023, after paying underwriter's discount on issuance of bonds of \$77,535, were used to purchase U.S government securities. Additional information concerning these debt issues can be found in Exhibit F-1 Notes to the Financial Statements.



CLEBURNE INDEPENDENT SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED AUGUST 31, 2015  
UNAUDITED

**USING THIS ANNUAL REPORT**

This annual report consists of a series of financial statements. The government-wide financial statements include the Statement of Net Position and the Statement of Activities. These provide information about the activities of the District as a whole and present a long-term view of the District's property and debt obligations and other financial matters. They reflect the flow of total economic resources in a manner similar to the financial reports of a business enterprise.

Fund financial statements report the District's operations in more detail than the government-wide statements by providing information about the District's most significant funds. For governmental activities, these statements tell how services were financed in the short-term as well as what resources remain for future spending. They reflect the flow of current financial resources, and supply the basis for tax levies and the appropriations budget. The remaining statements, fiduciary statements, provide financial information about activities for which the District acts solely as trustee or agent for the benefit of those outside of the District.

The notes to the financial statements provide narrative explanations or additional data needed for full disclosure in the government-wide statements or the fund financial statements.

The combining statements for nonmajor funds contain even more information about the District's individual funds. These are not required by the Texas Education Agency. The section labeled "Texas Education Agency Required Schedules" and "Report on Internal Controls, Compliance and Federal Awards Section" contains data used by monitoring or regulatory agencies for assurance that the District is using funds supplied in compliance with the terms of grants.

**Reporting the District as a Whole**

***The Statement of Net Position and the Statement of Activities***

The analysis of the District's overall financial condition and operations primary purpose is to show whether the District is better off or worse off as a result of the year's activities. The statement of net position includes all the District's assets, deferred outflows of resources, liabilities, and deferred inflows of resources at the end of the year while the statement of activities includes all the revenues and expenses generated by the District's operations during the year. These apply the same basis of accounting which is the basis used by most private sector companies.

All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid. The District's revenues are divided into those provided by outside parties who share the costs of some programs, such as tuition received from students outside the District and grants provided by the U.S. Department of Education to assist students with disabilities or from disadvantaged backgrounds, and revenues provided by the taxpayers or by Texas Education Agency in equalization funding processes (general revenues). All the District's assets are reported whether they serve the current year or future years. Liabilities are considered regardless of whether they must be paid in the current or future years.

These two statements report the District's net position and changes in them. The District's net position (the difference between assets, deferred outflows of resources, liabilities, and deferred inflows of resources) provides one measure of the District's financial health, or financial position. Over time, increases or decreases in the District's net position are one indicator of whether its financial health is improving or deteriorating. To fully assess the overall health of the District, however, you should consider non-financial

CLEBURNE INDEPENDENT SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED AUGUST 31, 2015  
UNAUDITED

factors as well, such as changes in the District's average daily attendance or its property tax base and the condition of the District's facilities.

In the Statement of Net Position and the Statement of Activities, we show:

Governmental activities – Most of the District's basic services are reported here, including instruction, counseling, co-curricular activities, food services, transportation, maintenance, community services, and general administration. Property taxes, tuition, fees, and state and federal grants finance most of these activities. The District has no discretely presented component units.

### **Reporting the District's Most Significant Funds**

#### ***Fund Financial Statements***

The fund financial statements provide detailed information about the most significant funds – not the District as a whole. Laws and contracts require the District to establish some funds, such as grants received under the No Child Left Behind Act from the U.S. Department of Education. The District's administration establishes many other funds to help it control and manage money for particular purposes (like campus activities.) The District funds (all governmental) use the following approach:

Most of the District's basic services are reported in governmental funds. These use the modified accrual accounting (a method that measures the receipt and disbursement of cash and all other financial assets that can be readily converted to cash) and report balances that are available for future spending. The governmental fund statements provide a detailed short-term view of the District's general operations and the basic services it provides. We describe the differences between governmental activities (reported in the statement of net position and the statement of activities) and governmental funds in reconciliation schedules following each of the fund financial statements.

### **The District as Trustee**

#### ***Reporting the District's Fiduciary Responsibilities***

The District is the trustee, or fiduciary, for money raised by student activities and alumni scholarship programs. All of the District's fiduciary activities are reported in the separate Statements of Fiduciary Net Position. We exclude these resources from the District's other financial statements because the District cannot use these assets to finance its operations. The District is only responsible for ensuring that the assets reported in these funds are used for their intended purposes.

### **GOVERNMENT-WIDE FINANCIAL ANALYSIS**

Our analysis focuses on the net position (Table 1) and the changes in net position (Table 2) of the District's governmental activities. Net position of the District's governmental activities decreased from \$54,178,423 \$48,965,534. Unrestricted net position – the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation, or other legal requirements was \$8,179,165 as of August 31, 2015.

CLEBURNE INDEPENDENT SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED AUGUST 31, 2015  
UNAUDITED

**Table 1**  
**Cleburne Independent School District**  
**Net Position (in thousands)**

	Governmental Activities	
	2015	2014
Current and other assets	\$ 25,040	\$ 25,754
Capital assets	75,575	77,221
Total assets	100,615	102,975
Deferred outflows of resources		
Deferred charge for refunding	2,299	1,977
Deferred outflow related to TRS	1,705	0
Total deferred outflows of resources	4,004	1,977
Long-term liabilities	49,827	47,822
Other liabilities	3,715	2,952
Total liabilities	53,542	50,774
Deferred inflows of resources		
Deferred inflow related to TRS	2,111	0
Net position		
Net investment in capital assets	36,423	33,692
Restricted	4,364	6,646
Unrestricted	8,179	13,840
Total net position	\$ 48,966	\$ 54,178

CLEBURNE INDEPENDENT SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED AUGUST 31, 2015  
UNAUDITED

**Table 2**  
**Cleburne Independent School District**  
**Changes in Net Position (in thousands)**

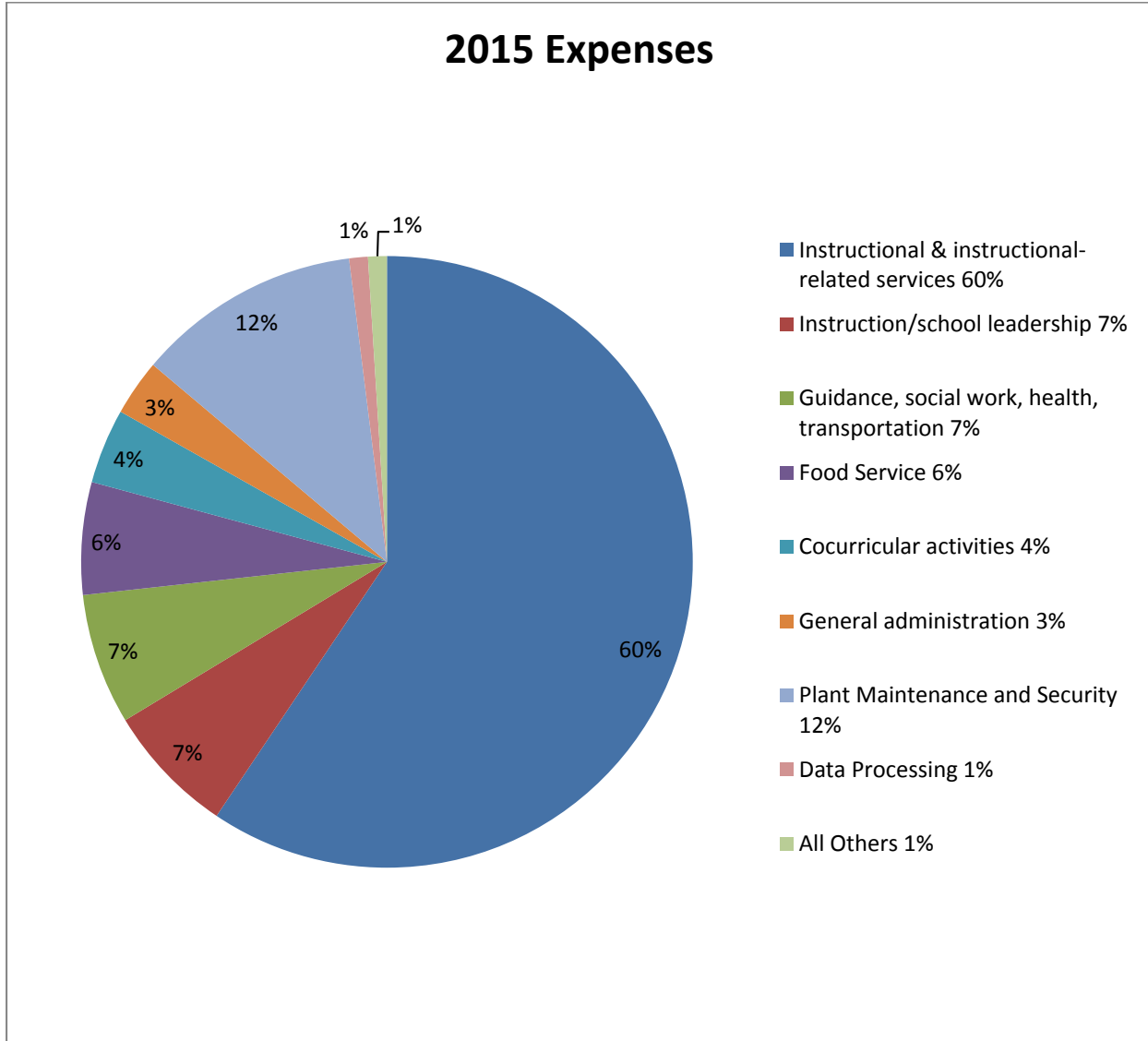
	Governmental Activities		
	2015	2014	Difference
Revenues			
Program revenues			
Charges for services	\$ 2,260	\$ 2,621	\$ (361)
Operating grants and contributions	9,124	9,672	(548)
General revenues:			
Maintenance and operations taxes	30,178	27,451	2,727
Debt service taxes	5,070	5,189	(119)
State aid – formula grants	17,680	16,186	1,494
Grants & contributions not restricted	1,086	408	678
Other	486	452	34
Total revenues	<u>65,884</u>	<u>61,979</u>	<u>3,905</u>
Expenses:			
Instruction and instructional-related services	37,931	36,100	1,831
Instructional and school leadership	4,112	4,059	53
Guidance, social work, health, transportation	4,467	4,256	211
Food Services	3,526	3,207	319
Co-curricular activities	2,244	2,154	90
General administration	1,664	1,721	(57)
Plant maintenance and security	7,402	8,100	(698)
Data processing	845	612	233
Community services	52	66	(14)
Debt service	382	2,804	(2,422)
Capital outlay	0	147	(147)
Intergovernmental charges	600	554	46
Total expenses	<u>63,225</u>	<u>63,780</u>	<u>(555)</u>
Increase in net position	2,659	(1,801)	4,460
Net position beginning	54,178	56,010	(1,832)
Prior period adjustment	(7,871)	(31)	(7,840)
Net position at August 31,	<u>\$48,966</u>	<u>\$54,178</u>	<u>\$(5,212)</u>

Total revenues of the District increased 6.3% or \$3.9 million. In the fiscal year 2015, the District saw a decrease in property value of \$35.9 million or 1.4%, when compared to fiscal year 2014. The District also receives funds from the state through the state equalized funding system to fund operations. The District saw an increase of \$1.4 million in funds received from the state in fiscal year 2015.

The District's expenses decreased by \$0.6 million or 0.9%. This decrease in cost of operations mainly resulted from a decreased debt service and plant maintenance and security expenses offset by decreases in other governmental activities.

CLEBURNE INDEPENDENT SCHOOL DISTRICT  
 MANAGEMENT'S DISCUSSION AND ANALYSIS  
 FOR THE FISCAL YEAR ENDED AUGUST 31, 2015  
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The expense breakdown for 2014/15 is as follows:



The cost of all governmental activities this year was \$63.2 million, a decrease of \$0.6 million from last year. As shown in the Statement of Activities, the amount that our taxpayers financed for these activities through District taxes was \$35.2 million because some of the costs were paid by those who directly benefited from the programs (\$2.3 million), by other governments and organizations that subsidized certain programs with grants and contributions (\$9.1 million), by State Aid – Formula Grants funding (\$17.7 million), Grants and Contributions not Restricted (\$1.1) or other revenues (\$0.5 million).

CLEBURNE INDEPENDENT SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED AUGUST 31, 2015  
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THE DISTRICT'S FUNDS

As the District completed the year, its governmental funds reported a combined fund balance of \$20.0 million, which is less than last year's total of \$21.5 million. Most of this decrease is within the Capital Projects Fund that decreased by \$1.3 million.

Over the course of the year, the Board of Trustees revised the District's general fund budget several times to reflect changes in District's operations that were not reflected in the original budget. The most significant changes in the General Fund were in Instruction, Facilities Maintenance and Operations.

The District's General Fund actual fund balance of \$15.6 million differs from the General Fund's budgetary fund balance of \$13.8 million. This is principally due to actual expenditures being less than budgeted expenditures by \$1.3 million and net local, state and federal revenues being \$0.4 million more than expected.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At August 31, 2015, the District had \$75.6 million net of accumulated depreciation, invested in a broad range of capital assets, including instructional facilities and equipment, transportation facilities and equipment, athletic facilities, and administrative and maintenance buildings and equipment.

Debt

At year-end, the District had \$49.8 million in long-term debt outstanding versus \$49.7 million last year. The District recorded \$6.9 million in current fiscal year for their share of TEA's net pension liability. District bond rating, based upon the PSF Guarantee provided by the State, is AAA.

More detailed information about the District's capital assets and long-term liabilities is presented in Exhibit F-1 Notes to the Financial Statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

For fiscal year 2016, the District experienced an increase in the tax base of approximately .7 percent, which is generally a result of increased industrial property values. The current year funding will provide enough economic resources necessary to adopt a budget in which budgeted revenue exceeds budgeted expenditures due to the increased maintenance and operations tax increase discussed below.

Next Year's Budget and Rates

The District's elected and appointed officials considered many factors when setting the fiscal-year 2016 budget and tax rate. In preparing the 2016 budget, the goal of the Board of Trustees was to adopt a budget that meets the educational goals of the District for the successful education of its students, provide for a marketable salary for district employees, and to provide additional resources to address aging facilities.

CLEBURNE INDEPENDENT SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED AUGUST 31, 2015  
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For 2016, the District's budgeted revenue is projected to increase approximately \$1.3 million dollars as a result of the legislative activity in the 84<sup>th</sup> annual legislature. Budgeted expenditures included increases in salaries for teachers, para-professionals and auxiliary staff. Enrollment projections used in calculating revenue for the 2015-2016 operating budget did not anticipate any increase in enrollment.

For 2016 the District adopted a general fund budget surplus in which the District plans to increase fund balance for future facility needs, as well as provide for flexibility in adding staffing and educational programs that have not received enough economic resources as a result of previous years cuts in state funding. Total budgeted expenses will be \$52.6 million. The District will continue to monitor expenditures, and ensure meeting the ongoing accountability standards established by the State of Texas.

If these estimates of revenue and expenses are realized, the District's budgetary General Fund balance is expected to increase in 2016 by approximately \$750 thousand dollars.

#### CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

The 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 show the District's accountability for the money it receives. If you have questions about this report or need additional information, contact the Superintendent's Office, at Cleburne Independent School District, 505 N. Ridgeway, Suite 100, Cleburne, Texas 76033.

## **BASIC FINANCIAL STATEMENTS**



CLEBURNE INDEPENDENT SCHOOL DISTRICT  
STATEMENT OF NET POSITION  
AUGUST 31, 2015

EXHIBIT A-1

Data Control Codes	Primary Government
	Governmental Activities
<b>ASSETS</b>	
1110 Cash and Cash Equivalents	\$ 17,738,993
1120 Current Investments	996,614
1220 Property Taxes Receivable (Delinquent)	2,547,167
1230 Allowance for Uncollectible Taxes	(1,150,507)
1240 Due from Other Governments	4,408,895
1267 Due from Fiduciary Funds	85
1290 Other Receivables, net	33,686
1300 Inventories	160,962
1410 Prepayments	304,041
Capital Assets:	
1510 Land	2,868,886
1520 Buildings, Net	67,603,028
1530 Furniture and Equipment, Net	5,077,172
1580 Construction in Progress	25,830
1000 Total Assets	100,614,852
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	
1701 Deferred Charge for Refunding	2,298,688
1705 Deferred Outflow Related to TRS	1,705,065
1700 Total Deferred Outflows of Resources	4,003,753
<b>LIABILITIES</b>	
2110 Accounts Payable	880,073
2140 Interest Payable	50,168
2150 Payroll Deductions & Withholdings	364,840
2160 Accrued Wages Payable	2,247,820
2177 Due to Fiduciary Funds	542
2180 Due to Other Governments	17,292
2300 Unearned Revenue	154,491
Noncurrent Liabilities	
2501 Due Within One Year	4,340,000
2502 Due in More Than One Year	38,587,841
2540 Net Pension Liability (District's Share)	6,899,443
2000 Total Liabilities	53,542,510
<b>DEFERRED INFLOWS OF RESOURCES</b>	
2605 Deferred Inflow Related to TRS	2,110,561
2600 Total Deferred Inflows of Resources	2,110,561
<b>NET POSITION</b>	
3200 Net Investment in Capital Assets	36,422,391
3820 Restricted for Federal and State Programs	771,552
3850 Restricted for Debt Service	2,526,108
3860 Restricted for Capital Projects	528,530
3870 Restricted for Campus Activities	537,788
3900 Unrestricted	8,179,165
3000 Total Net Position	\$ 48,965,534

The notes to the financial statements are an integral part of this statement.

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

EXHIBIT B-1

Data	Program Revenues			Net (Expense)
Control	1	3	4	Revenue and
Codes	Expenses	Charges for	Operating	Changes in Net
		Services	Grants and	Position
			Contributions	Primary Gov.
				Governmental
				Activities

**Primary Government:**

GOVERNMENTAL ACTIVITIES:

11 Instruction	\$ 36,535,338	\$ 552,662	\$ 4,606,535	\$ (31,376,141)
12 Instructional Resources and Media Services	535,449	-	28,653	(506,796)
13 Curriculum and Staff Development	859,675	-	233,540	(626,135)
21 Instructional Leadership	861,923	-	206,749	(655,174)
23 School Leadership	3,250,404	-	202,326	(3,048,078)
31 Guidance, Counseling and Evaluation Services	1,737,068	-	600,262	(1,136,806)
32 Social Work Services	4,012	-	1,552	(2,460)
33 Health Services	570,908	-	32,500	(538,408)
34 Student (Pupil) Transportation	2,154,946	-	93,010	(2,061,936)
35 Food Services	3,525,731	799,331	2,709,579	(16,821)
36 Extracurricular Activities	2,243,766	743,888	44,249	(1,455,629)
41 General Administration	1,663,816	-	66,221	(1,597,595)
51 Facilities Maintenance and Operations	6,834,868	163,718	156,686	(6,514,464)
52 Security and Monitoring Services	567,411	-	13	(567,398)
53 Data Processing Services	845,544	-	29,500	(816,044)
61 Community Services	51,823	-	12,452	(39,371)
72 Debt Service - Interest on Long Term Debt	187,879	-	-	(187,879)
73 Debt Service - Bond Issuance Cost and Fees	194,508	-	-	(194,508)
93 Payments related to Shared Services Arrangements	99,695	-	99,695	-
95 Payments to Juvenile Justice Alternative Ed. Prg.	1,580	-	-	(1,580)
99 Other Intergovernmental Charges	498,912	-	-	(498,912)
<b>[TP] TOTAL PRIMARY GOVERNMENT:</b>	<b>\$ 63,225,256</b>	<b>\$ 2,259,599</b>	<b>\$ 9,123,522</b>	<b>(51,842,135)</b>

Data	General Revenues:		
Control			
Codes			
	Taxes:		
MT	Property Taxes, Levied for General Purposes		30,178,162
DT	Property Taxes, Levied for Debt Service		5,069,973
SF	State Aid - Formula Grants		17,679,944
GC	Grants and Contributions not Restricted		1,085,553
IE	Investment Earnings		23,796
MI	Miscellaneous Local and Intermediate Revenue		459,103
E1	Extraordinary Item - Remaining Tornado Recovery		4,603
TR	Total General Revenues & Extraordinary Items		54,501,134
CN	Change in Net Position		2,658,999
NB	Net Position - Beginning		54,178,423
PA	Prior Period Adjustment		(7,871,888)
NE	Net Position--Ending		\$ 48,965,534

The notes to the financial statements are an integral part of this statement.

CLEBURNE INDEPENDENT SCHOOL DISTRICT  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
AUGUST 31, 2015

Data Control Codes	10 General Fund	20 ESEA I, A Improv Basic	50 Debt Service Fund
<b>ASSETS</b>			
1110 Cash and Cash Equivalents	\$ 13,092,789	\$ 643,207	\$ 2,537,793
1120 Investments - Current	996,614	-	-
1220 Property Taxes - Delinquent	2,178,387	-	368,780
1230 Allowance for Uncollectible Taxes (Credit)	(993,101)	-	(157,406)
1240 Receivables from Other Governments	3,008,240	376,304	-
1260 Due from Other Funds	1,893,924	282,720	4,815
1290 Other Receivables	-	18	33,668
1300 Inventories	60,370	-	-
1410 Prepayments	304,041	-	-
1000 Total Assets	<u>\$ 20,541,264</u>	<u>\$ 1,302,249</u>	<u>\$ 2,787,650</u>
<b>LIABILITIES</b>			
2110 Accounts Payable	\$ 788,996	\$ -	\$ -
2150 Payroll Deductions and Withholdings Payable	324,637	6,539	-
2160 Accrued Wages Payable	2,055,654	58,349	-
2170 Due to Other Funds	578,095	1,237,361	-
2180 Due to Other Governments	10,959	-	-
2300 Unearned Revenues	33,565	-	-
2000 Total Liabilities	<u>3,791,906</u>	<u>1,302,249</u>	<u>-</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
2601 Unavailable Revenue - Property Taxes	<u>1,185,286</u>	<u>-</u>	<u>211,374</u>
2600 Total Deferred Inflows of Resources	<u>1,185,286</u>	<u>-</u>	<u>211,374</u>
<b>FUND BALANCES</b>			
Nonspendable Fund Balance:			
3410 Inventories	60,370	-	-
3430 Prepaid Items	304,041	-	-
Restricted Fund Balance:			
3450 Federal or State Funds Grant Restriction	-	-	-
3470 Capital Acquisition and Contractual Obligation	-	-	-
3480 Retirement of Long-Term Debt	-	-	2,576,276
Committed Fund Balance:			
3545 Other Committed Fund Balance	-	-	-
3600 Unassigned Fund Balance	15,199,661	-	-
3000 Total Fund Balances	<u>15,564,072</u>	<u>-</u>	<u>2,576,276</u>
4000 Total Liabilities, Deferred Inflows & Fund Balances	<u>\$ 20,541,264</u>	<u>\$ 1,302,249</u>	<u>\$ 2,787,650</u>

The notes to the financial statements are an integral part of this statement.

Other Funds	Total Governmental Funds
\$ 1,465,204	\$ 17,738,993
-	996,614
-	2,547,167
-	(1,150,507)
1,024,351	4,408,895
296,160	2,477,619
-	33,686
100,592	160,962
-	304,041
<u>\$ 2,886,307</u>	<u>\$ 27,517,470</u>
\$ 91,077	\$ 880,073
33,664	364,840
133,817	2,247,820
662,620	2,478,076
6,333	17,292
120,926	154,491
<u>1,048,437</u>	<u>6,142,592</u>
-	1,396,660
<u>-</u>	<u>1,396,660</u>
62,810	123,180
-	304,041
708,742	708,742
528,530	528,530
-	2,576,276
537,788	537,788
-	15,199,661
<u>1,837,870</u>	<u>19,978,218</u>
<u>\$ 2,886,307</u>	<u>\$ 27,517,470</u>

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CLEBURNE INDEPENDENT SCHOOL DISTRICT  
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE  
STATEMENT OF NET POSITION  
AUGUST 31, 2015

<b>Total Fund Balances - Governmental Funds</b>	\$	19,978,218
<b>1</b> Capital assets used in governmental activities are not financial resources and therefore are not reported in governmental funds. At the beginning of the year, the cost of these assets was \$133,025,960 and the accumulated depreciation was \$55,804,247. In addition, long-term liabilities, including bonds payable, are not due and payable in the current period, and, therefore are not reported as liabilities in the funds. The net effect of including the beginning balances for capital assets (net of depreciation) and long-term debt in the governmental activities is to increase net position.		31,317,181
<b>2</b> Current year capital outlays and long-term debt principal payments are expenditures in the fund financial statements, but they should be shown as increases in capital assets and reductions in long-term debt in the government-wide financial statements. The net effect of including the 2015 capital outlays and debt principal payments is to increase net position.		7,185,528
<b>3</b> Included in the items related to debt is the recognition of the District's proportionate share of the net pension liability required by GASB 68 in the amount of \$6,899,443, a Deferred Resource Inflow related to TRS in the amount of \$2,110,561 and a Deferred Resource Outflow related to TRS in the amount of \$1,705,065. The net effect of the GASB 68 entries is to decrease net position.		(7,304,939)
<b>4</b> The 2015 depreciation expense increases accumulated depreciation. The net effect of the current year's depreciation is to decrease net position.		(3,836,300)
<b>5</b> Various other reclassifications and eliminations are necessary to convert from the modified accrual basis of accounting to accrual basis of accounting. These include recognizing unavailable revenue from property taxes as revenue, eliminating interfund transactions, reclassifying the proceeds of bond sales as an increase in bonds payable, and recognizing the liabilities associated with maturing long-term debt and interest. The net effect of these reclassifications and recognitions is to increase net position.		1,625,846
<b>19 Net Position of Governmental Activities</b>	\$	48,965,534

The notes to the financial statements are an integral part of this statement.

CLEBURNE INDEPENDENT SCHOOL DISTRICT  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED AUGUST 31, 2015

Data Control Codes	10 General Fund	20 ESEA I, A Improv Basic	50 Debt Service Fund
<b>REVENUES:</b>			
5700 Total Local and Intermediate Sources	\$ 31,117,537	\$ -	\$ 5,185,191
5800 State Program Revenues	20,483,266	-	-
5900 Federal Program Revenues	645,827	1,309,657	-
5020 Total Revenues	<u>52,246,630</u>	<u>1,309,657</u>	<u>5,185,191</u>
<b>EXPENDITURES:</b>			
<b>Current:</b>			
0011 Instruction	31,007,107	1,161,916	-
0012 Instructional Resources and Media Services	465,123	3,456	-
0013 Curriculum and Instructional Staff Development	675,830	69,176	-
0021 Instructional Leadership	702,626	11,117	-
0023 School Leadership	3,036,822	32,113	-
0031 Guidance, Counseling and Evaluation Services	1,126,131	5,138	-
0032 Social Work Services	2,901	-	-
0033 Health Services	573,158	2,671	-
0034 Student (Pupil) Transportation	1,892,629	14,216	-
0035 Food Services	669	-	-
0036 Extracurricular Activities	1,624,704	-	-
0041 General Administration	1,602,811	-	-
0051 Facilities Maintenance and Operations	6,753,552	-	-
0052 Security and Monitoring Services	345,030	-	-
0053 Data Processing Services	878,452	-	-
0061 Community Services	41,969	9,854	-
<b>Debt Service:</b>			
0071 Principal on Long Term Debt	-	-	4,390,000
0072 Interest on Long Term Debt	-	-	1,216,330
0073 Bond Issuance Cost and Fees	-	-	194,508
<b>Capital Outlay:</b>			
0081 Facilities Acquisition and Construction	206,764	-	-
<b>Intergovernmental:</b>			
0093 Payments to Fiscal Agent/Member Districts of SSA	-	-	-
0095 Payments to Juvenile Justice Alternative Ed. Prg.	1,580	-	-
0099 Other Intergovernmental Charges	498,912	-	-
6030 Total Expenditures	<u>51,436,770</u>	<u>1,309,657</u>	<u>5,800,838</u>
1100 Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>809,860</u>	<u>-</u>	<u>(615,647)</u>
<b>OTHER FINANCING SOURCES (USES):</b>			
7901 Refunding Bonds Issued	-	-	12,740,000
7912 Sale of Real and Personal Property	20,222	-	-
7915 Transfers In	-	-	-
7916 Premium or Discount on Issuance of Bonds	-	-	2,482,561
8911 Transfers Out (Use)	(40,000)	-	-
8940 Payment to Bond Refunding Escrow Agent (Use)	-	-	(15,029,311)
7080 Total Other Financing Sources (Uses)	<u>(19,778)</u>	<u>-</u>	<u>193,250</u>
<b>EXTRAORDINARY ITEMS:</b>			
7919 Extraordinary Item - Remaining Tornado Recovery	4,603	-	-
1200 Net Change in Fund Balances	794,685	-	(422,397)
0100 Fund Balance - September 1 (Beginning)	14,824,176	-	2,998,673
1300 Prior Period Adjustment	(54,789)	-	-
3000 Fund Balance - August 31 (Ending)	<u>\$ 15,564,072</u>	<u>\$ -</u>	<u>\$ 2,576,276</u>

The notes to the financial statements are an integral part of this statement.

	Other Funds	Total Governmental Funds
\$	1,614,600	\$ 37,917,328
	608,902	21,092,168
	4,839,522	6,795,006
	<u>7,063,024</u>	<u>65,804,502</u>
	2,240,426	34,409,449
	14,617	483,196
	140,687	885,693
	158,424	872,167
	24,837	3,093,772
	537,726	1,668,995
	1,111	4,012
	200	576,029
	116,020	2,022,865
	3,700,891	3,701,560
	609,865	2,234,569
	10,283	1,613,094
	22,264	6,775,816
	71,065	416,095
	753,601	1,632,053
	-	51,823
	-	4,390,000
	-	1,216,330
	-	194,508
	473,853	680,617
	99,695	99,695
	-	1,580
	-	498,912
	<u>8,975,565</u>	<u>67,522,830</u>
	<u>(1,912,541)</u>	<u>(1,718,328)</u>
	-	12,740,000
	4,090	24,312
	40,000	40,000
	-	2,482,561
	-	(40,000)
	-	(15,029,311)
	<u>44,090</u>	<u>217,562</u>
	-	4,603
	<u>(1,868,451)</u>	<u>(1,496,163)</u>
	3,706,321	21,529,170
	-	(54,789)
\$	<u>1,837,870</u>	<u>\$ 19,978,218</u>



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CLEBURNE INDEPENDENT SCHOOL DISTRICT  
 RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES,  
 AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES  
 FOR THE YEAR ENDED AUGUST 31, 2015

<b>Total Net Change in Fund Balances - Governmental Funds</b>	\$	(1,496,163)
Current year capital outlays and long-term debt principal payments are expenditures in the fund financial statements, but they should be shown as increases in capital assets and reductions in long-term debt in the government-wide financial statements. The net effect of removing the 2015 capital outlays and debt principal payments is to increase net position.		7,185,528
Depreciation is not recognized as an expense in governmental funds since it does not require the use of current financial resources. The net effect of the current year's depreciation is to decrease net position.		(3,836,300)
The implementation of GASB 68 required that certain expenditures be de-expended and recorded as deferred resource outflows. These contributions made after the measurement date of 8/31/2014 caused the change in the ending net position to increase in the amount of \$1,149,892. The District recorded their proportionate share of the pension expense during the measurement period as part of the net pension liability. The amounts expensed for fiscal year 2015 were \$1,071,770 for pension expense columns 6 - 12 from TRS data and the amounts de-expended for the net deferred resource inflow recognized by TRS in the measurement period were \$434,038. The impact of all of these is to increase net position.		512,160
Various other reclassifications and eliminations are necessary to convert from the modified accrual basis of accounting to accrual basis of accounting. These include recognizing unavailable revenue from property taxes as revenue, adjusting current year revenue to show the revenue earned from the current year's tax levy, eliminating interfund transactions, reclassifying the proceeds of bond sales, and recognizing the liabilities associated with maturing long-term debt and interest. The net effect of these reclassifications and recognitions is to increase net position.		293,774
<b>Change in Net Position of Governmental Activities</b>	<u>\$</u>	<u>2,658,999</u>

The notes to the financial statements are an integral part of this statement.

CLEBURNE INDEPENDENT SCHOOL DISTRICT  
STATEMENT OF FIDUCIARY NET POSITION  
FIDUCIARY FUNDS  
AUGUST 31, 2015

	Private Purpose Trust Funds	Agency Fund
<b>ASSETS</b>		
Cash and Cash Equivalents	\$ 1,442,837	\$ 173,830
Investments - Current	1,742,329	-
Due from Other Funds	1,647	-
Other Receivables	10,850	-
Prepayments	-	118
Total Assets	<u>3,197,663</u>	<u>\$ 173,948</u>
<b>LIABILITIES</b>		
Accounts Payable	400	\$ -
Short Term Debt Payable	-	124,530
Due to Other Funds	1,105	85
Due to Student Groups	16,250	49,333
Total Liabilities	<u>17,755</u>	<u>\$ 173,948</u>
<b>NET POSITION</b>		
Restricted for Scholarships	<u>3,179,908</u>	
Total Net Position	<u>\$ 3,179,908</u>	

The notes to the financial statements are an integral part of this statement.

CLEBURNE INDEPENDENT SCHOOL DISTRICT  
STATEMENT OF CHANGES IN FIDUCIARY FUND NET POSITION  
FIDUCIARY FUNDS  
FOR THE YEAR ENDED AUGUST 31, 2015

	Private Purpose Trust Funds
ADDITIONS:	
Local and Intermediate Sources	\$ 747,663
Mineral Interest	220,000
Total Additions	<u>967,663</u>
DEDUCTIONS:	
Scholarships Awarded	<u>35,774</u>
Total Deductions	<u>35,774</u>
Change in Net Position	931,889
Total Net Position - September 1 (Beginning)	<u>2,248,019</u>
Total Net Position - August 31 (Ending)	<u><u>\$ 3,179,908</u></u>

The notes to the financial statements are an integral part of this statement.

## I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Cleburne Independent School District (“District”) is a public education agency operating under the applicable laws and regulations of the State of Texas. The District prepares its basic financial statements in conformity with generally accepted accounting principles promulgated by the Governmental Accounting Standards Board (“GASB”) and other authoritative sources identified by the American Institute of Certified Public Accountants and it complies with the requirements of the appropriate version of the *Financial Accountability System Resource Guide*, issued by the Texas Education Agency (“TEA”), and the requirements of contracts and grants of agencies from which it receives funds.

**Pensions** – The District adopted new accounting guidance prescribed by GASB 68 – Accounting and Financial Reporting for Pensions for its pension plan – a multiple-employer, cost-sharing, defined benefit pension plan that has a special funding situation as related to the Teacher Retirement System of Texas (TRS). The fiduciary net position of the TRS has been determined using the flow of economic resources measurement focus and full accrual basis of accounting. This includes for purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, pension expense, and information about assets, liabilities and additions to/deductions from TRS’s fiduciary net position. Benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

### A. Reporting Entity

The Board of Trustees (“Board”), a seven member group, has governance responsibilities over all activities related to public elementary and secondary education of the District. Because members of the Board are elected by the public, they have the authority to make decisions, appoint administrators and managers, and significantly influence operations; and they have primary accountability for fiscal matters. The District is not included in any other governmental “reporting entity” as defined by GASB Statement No. 61, “*The Financial Reporting Entity: Omnibus; an amendment of GASB Statements No. 14 and No. 34.*” The District is not financially accountable for any other organizations; therefore, no component units are included within the reporting entity. The District receives funding from local, state, and federal government sources and must comply with the requirements of these funding entities.

### B. Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the District. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes, state foundation funds, grants and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. The District does not have business-type activities.

The statement of activities demonstrates the degree to which the direct expenses of a given function or given segment are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function. *Program revenues* include 1) charges to customers who purchase, use or directly benefit from goods, services, or privileges provided by a given function and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes and other items not properly included among program revenues are reported instead as general revenues.

The fund financial statements provide reports on financial condition and results of operations for two fund categories – governmental and fiduciary. Since resources in the fiduciary funds cannot be used for District operations, they are not included in the government-wide financial statements. The emphasis on fund financial

statements are on major governmental funds, each displayed in a separate column. All remaining governmental funds are aggregated and reported as other funds.

### **Major Governmental Funds**

General Fund - The General Fund is the District's general operating fund. It is used to account for all financial transactions except those required to be accounted for in another fund. Major revenue sources include local property taxes and state funding under the Foundation School Program. Expenditures include all costs associated with the daily operations of the schools except for costs incurred by programs accounted for in the Special Revenue Funds and Debt Service Fund. The General Fund is a budgeted fund, and any fund balances are considered resources available for current operations.

ESEA, Title I, Part A – Improving Basic Programs – This fund is used to account for all financial transactions associated with this program which provides opportunities for children served to acquire the knowledge and skills contained in the State content standards and to meet the State performance standards developed for all children.

Debt Service Fund - The Debt Service Fund, which is a budgeted fund, accounts for the resources accumulated and payments made on long-term general obligation debt of government funds. Revenues include collections on general property taxes, state funding under the Instructional Facilities and Existing Debt Allotments, and earnings on investments of the fund. Expenditures of the fund are for retirement of bond principal and payment of interest on bonded debt. The fund balance represents amounts that will be used for retirement of bonds and payment of interest in the future.

### **Non-major Governmental Funds**

Special Revenue Funds – These funds are used to account for resources restricted to, or designated for, specific purposes by the District or a grantor. Federal and state financial assistance is generally accounted for in a special revenue fund. Generally, unused balances are returned to the grantor at the close of specified project periods.

Capital Projects Fund – This fund is used to account for proceeds from sales of bonds and other revenues to be used for authorized construction and technology projects/enhancements.

### **Fiduciary Funds**

Private-purpose Trust Fund – This fund is used to account for all trust agreements under which the principal and income benefit a specific school or group of students.

Fiduciary Funds - Agency Fund - The Agency Fund accounts for the activities of student groups. The student activity funds account for monies collected principally through fund-raising efforts of the students and District-sponsored student groups. Collections and disbursements of these funds are generally controlled by the student group itself under the supervision of a member of the professional staff. These funds have no equity, assets are equal to liabilities, and the funds do not include revenues and expenditures for general operations of the District. The District's main involvement with these funds is to provide stewardship by accounting for the funds.

### **C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation**

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability

is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

The governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Revenues susceptible to accrual are principally certain inter-governmental revenues, property taxes and investment income. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Funds received from federal, state and other grants designated for payment of specific District expenditures are considered to be earned to the extent of expenditures made under the provisions of the grant. Accordingly, when such funds are received, they are recorded as unearned revenues until related and authorized expenditures have been made. If balances have not been expended by the end of the project period, grantors sometimes require the District to refund all or part of the unused amount.

### **Management Use of Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimations and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

The amount of state foundation revenue a district earns for a year can and does vary until the time when final values for each of the factors in the formula become available. Availability can be as late as into the next fiscal year. It is at least reasonably possible that the foundation revenue for fiscal 2015 will ultimately change from the amount calculated as of August 31, 2015 because of the factors that TEA uses in its calculations.

## **D. Assets, Liabilities, and Net Position or Fund Balances**

### **1. Cash and cash equivalents**

The District's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from date of acquisition. Investments for the District are reported at fair value.

### **2. Receivables and payables**

Interfund activity results from loans, services provided, reimbursements or transfers between funds. Loans are reported as interfund receivables and payables as appropriate and are subject to elimination upon consolidation. Services provided, deemed to be at market or near market rates, are treated as revenues and expenditures or expenses. Reimbursements occur when one fund incurs a cost, charges the appropriate benefiting fund and reduces its related cost as a reimbursement. All other interfund transactions are treated as transfers. Transfers in and transfers out are netted and presented as a single "transfers" line on the government-wide statement of activities. Similarly, interfund receivables and payables are netted and presented as a single "internal balances" line of the government-wide statement of net position.

**3. Property taxes**

Property taxes are levied each year by October 1 based upon property valuations as of January 1. 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.

Tax collections are prorated between the General Fund and Debt Service Fund based on the tax rate adopted by the Board. The District is permitted under the Texas Education Code to levy taxes up to \$1.17 per \$100 of assessed valuation for general governmental services other than debt service on general obligation bonds. The tax rate which may be levied to service general obligation bonds is limited to \$0.50, except under certain conditions. For the current fiscal year, the Board of Trustees set tax rates applicable to general governmental services and to debt service of \$1.1700 per \$100 valuation and \$0.1966 per \$100 valuation, respectively, based on a net assessed valuation of \$2,608,578,516.

Delinquent property tax receivables are prorated between the General Fund and Debt Service Fund based on rates adopted for the year of the levy. Allowance for uncollectible tax receivables is based on historical experience in collecting property taxes. Management periodically reviews outstanding property taxes and establishes an allowance adequate to reflect the anticipated net collectible balance. The District is prohibited from writing off property taxes without specific statutory authority from the Texas Legislature.

Delinquent taxes receivables and the related allowance for uncollectible taxes in the governmental fund financial statements as of August 31, 2015 are as follows:

	Gross Delinquent Taxes Receivable	Allowance for Uncollectible Taxes	Net Delinquent Taxes Receivables
General Fund	\$2,178,387	\$ 993,101	\$1,185,286
Debt Service Fund	368,780	157,406	211,374
Totals	<u>\$2,547,167</u>	<u>\$1,150,507</u>	<u>\$1,396,660</u>

Current tax collections for the levy year ended August 31, 2015 were 98.1% of the year-end adjusted tax levy.

**4. Inventories and prepaid items**

The District uses the consumption method to account for inventories of food products, school supplies, and athletic equipment. Under this method, these items are carried in an inventory account of the respective fund at cost, using the first-in, first-out method of accounting and are subsequently charged to expenditures when consumed. In the General Fund, reported inventories are offset by a fund balance reserve. Inventories of food commodities used in the food service program are recorded at fair market values supplied by the Texas Department of Human Services. Although commodities are received at no cost, their fair market value is recorded as inventory and deferred revenue when received. When requisitioned, inventory and deferred revenues are relieved, expenditures are charged, and revenue is recognized for an equal amount.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepayment in both government-wide and fund financial statements.

**5. Interfund transactions and receivables and payables**

Interfund receivables and payables arise from interfund transactions in the normal course of operations and are recorded in all affected funds in the period in which transactions are executed. All legally authorized transfers are appropriately treated as transfers and are included in the results of operations.



**6. Encumbrances**

Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of funds are recorded in the accounting system in order to reserve a portion of the applicable appropriation, is employed in the Governmental Fund Types on the governmental fund financial statements. Encumbrances are liquidated at year end.

**7. Capital assets**

Capital assets, which include property, plant, and equipment, are reported in the applicable governmental columns in the government-wide financial statements. The District does not have any public domain (“infrastructure”) capital assets. Capital assets are defined by the District as assets with an initial, individual cost of more than \$5,000 and an estimated useful life of one year or more. Such assets are recorded at historical or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair value at the date of donation. Land and construction-in-progress are not depreciable.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed.

Capital assets are depreciated over the estimated useful lives of the assets on a straight-line basis over the following estimated useful lives:

Asset Classification	Useful Life
Land	Not depreciated
Construction in progress	Not depreciated
Buildings	40
Building improvement	40
Vehicles	5-10
Equipment	5-15

**8. Long-term obligations**

In the government-wide financial statements long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities. Bond premiums and discounts are deferred and amortized over the life of the bonds using the appropriate effective interest and straight-line methods.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as issuance costs, during the current period. The face amount of debt issued is reported as other financing sources.

Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

**9. Unearned revenues**

Unearned revenues at year end represents revenues received by the District but not yet earned and are not available for use by the District to liquidate current year liabilities. A summary of unearned revenues by fund follows:

	State Revenues	Advance Payments
General Fund	\$ 0	\$33,565
Special Revenue Fund – National Breakfast & Lunch Program	37,782	0
Special Revenue Fund – High School Allotment	83,144	0

### 10. Deferred outflows/inflows of resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expense/ expenditure) until then. The District reported \$2,298,688 in the government-wide statement of net position as deferred outflows the amortized balance of the deferred charge for refunding as a result of current year and prior year refunding issues. The District also recorded in the government-wide statement of net position a total of \$1,705,065 as deferred outflow of resources related to implementing GASB 68. This amount consisted of \$555,173 for total net amounts per TRS August 31, 2014 measurement date and \$1,149,892 for contributions paid to TRS subsequent to the measurement date.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time. The District recorded in the government-wide statement of net position \$2,110,561 for total net amounts per TRS August 31, 2014 measurement date as a result of implementing GASB 68. The District also recorded in the governmental fund balance sheet as *deferred inflows of resources* \$1,185,286 and \$211,374 as unavailable revenues - property taxes within the General Fund and Debt Service Fund respectively. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

### 11. Net position and fund balances

Net position on the Statement of Net Position include the following:

*Net investment in capital assets* – the component of net position that reports capital assets less both the accumulated depreciation and the outstanding balance of debt that is directly attributable to the acquisition, construction, or improvement of these capital assets.

*Restricted for federal and state programs* - the component of net position that reports the difference between assets and liabilities related to federal and state programs that consist of assets with constraints placed on their use by granting agencies.

*Restricted for debt service* – the component of net position that reports the difference between assets and liabilities adjusted on a government-wide basis that consists of assets with constraints placed on their use by the bond covenants.

*Restricted for capital projects* – funds that have been restricted for future capital expenditures.

*Restricted for campus activities* – funds that have been committed solely for the use by various campuses within the District.

*Unrestricted net position* – the difference between the assets and liabilities that are not reported in net position net investment in capital assets or other restricted net position.

*Net position flow assumption* - Sometimes the District will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted net position and unrestricted net position in the government-wide financial statements, a flow assumption must be made about the order in which the resources are considered to be applied.

It is the District's policy to consider restricted net position to have been depleted before unrestricted net position is applied.

In the fund financial statements, governmental funds report fund balances as either a non-spendable fund balance or a spendable fund balance.

*Non-spendable fund balance*

Non-spendable fund balance is that portion of fund balance that is not expendable. Examples of non-spendable fund balance include inventories and prepaid items.

*Spendable fund balance*

Spendable fund balance includes restricted, committed, assigned, and unassigned components. These components can be described as follows:

*Restricted fund balance* – the component of the spendable fund balance constrained to a specific purpose by a provider, such as a creditor, grantor, contributor, or law or regulation of other governments. Restricted fund balance includes funds for debt service, construction programs, and resources from other granting agencies.

*Committed fund balance* – the component of the spendable fund balance constrained to a specific purpose by Board. A Board resolution is required to establish, modify, or rescind a fund balance commitment. Only the action that constitutes the most binding constraint of the Board can be considered a commitment for fund balance classification purposes.

*Assigned fund balance* – the component of the spendable fund balance constrained to a specific purpose by Board. Intent can be expressed by the Board or by an official or body to which the Board delegates authority. The District does not have any funds identified as assigned fund balance.

*Unassigned fund balance* – the component of the spendable fund balance which may be spent for any legal purpose. This portion of the total fund balance in the general fund is available to finance operating expenditures.

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

The District does not have a minimum fund balance policy.

Disclosure of Fund Balances Reported on Balance Sheet – Governmental Funds  
 For Fiscal Year Ending August 31, 2015

	General Fund	Debt Service Fund	Other Funds	Total Governmental Funds
Nonspendable:				
Inventories	\$ 60,370	\$ 0	\$ 62,810	\$ 123,180
Prepaid items	304,041	0	0	304,041
Restricted:				
National breakfast & lunch program	0	0	708,046	708,046
Other state special revenue funds	0	0	696	696
Capital expenditures for equipment	0	0	528,530	528,530
Retirement of long-term debt	0	2,576,276	0	2,576,276
Committed:				
Campus activity funds	0	0	537,788	537,788
Unassigned:	15,199,661	0	0	15,199,661
Total fund balance:	<u>\$15,564,072</u>	<u>\$2,576,276</u>	<u>\$1,837,870</u>	<u>\$19,978,218</u>

**12. Data control codes**

The data control codes refer to the account code structure prescribed by the TEA. The TEA requires school districts to display these codes in the financial statements filed with the agency in order to ensure accuracy in building a statewide database for policy development and funding plans.

**II. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS**

Exhibit C-2 “Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position” provides the reconciliation between the fund balance for total governmental funds on the governmental fund balance sheet and the net position as reported in the government-wide statement of net position. One element of that reconciliation explains that capital assets are not financial resources and are therefore not reported in governmental funds. In addition, long-term liabilities, including bonds payable, are not due and payable in the current period and are not reported as liabilities in the funds. Also, the property taxes receivable which is included as unavailable revenue in the fund financial statements are adjusted based on when the tax levy was made and adjusted for uncollectible amounts. Also included are all of the adjustments required by GASB 68.

Exhibit C-4 “Reconciliation of the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances to the Statement of Activities” provides a reconciliation between the net changes in fund balance as shown on the governmental fund statement of revenues, expenditures, and changes in fund balances and the changes in net position of governmental activities as reported on the government-wide statement of activities. One element of that reconciliation explains that current year capital outlays and debt principal payments are expenditures in the fund financial statements, but should be shown as increases in capital assets and decreases in long-term debt in the government-wide statements. This adjustment affects both the net asset balance and the change in net position. The debt payments on retirement of debt are recorded as expenditures for fund basis financial statements but are a reduction of debt in the government-wide financial statements. The capital asset additions are expenditures in the fund basis financial statements but capitalized in the government-wide financial statements. The fund-basis financial statements do not include depreciation expense. The depreciation expense is a deduction to reconcile to the government-wide statement of activities. New debt issues are treated as sources of revenue for fund-basis financial statements, but for the government-wide statements, those amounts are recorded as a liability. Property taxes are adjusted for the accrual basis and the unavailable revenues are adjusted based on prior year levies and current year uncollectable amounts. Also included are all of the adjustments required by GASB 68.

**III. STEWARDSHIP COMPLIANCE AND ACCOUNTABILITY**

**A. Budgets and Budgetary Accounting**

The District is legally required to adopt budgets for the General Fund, Debt Service Fund and the Child Nutrition Program. The District is required to present the adopted and final amended budgeted revenues and expenditures for each of these funds. The District compares the final amended budget to actual revenues and expenditures. The general fund budget report appears in Exhibit G-1 and the other two reports are in Exhibit J-4 and J-5.

The following procedures are followed in establishing the budgetary data reflected in the financial statements:

1. The superintendent or the designee prepares a budget covering all estimated revenues and proposed expenditures of the District for the next succeeding fiscal year. The budget is prepared by generic fund type and function.
2. Ten days after public notice of the meeting has been given, a public hearing is held, allowing the public to comment on the proposed budget.
3. A public meeting of the Board of Trustees is called for the purpose of adopting the budget. The State Board of Education requires that the budget be prepared no later than August 20th of each year.
4. Budget data must be received by the Texas Education Agency on or before December 15 each year. The legal level of budgetary control is at the function level within each generic fund type. Budget amounts are as originally adopted, or as amended by the Board. Once a budget is approved, it can be amended at the function and fund level only by approval of a majority of the members of the Board of Trustees. Changes can be made to the budget at any detail within the function level without an amendment approved by the Board. During the year, several budget amendments were made with Board approval. The most significant amendments were for year-end adjustments to revise estimates of revenues and expenditures based on the latest information on student attendance, interest earnings, and operating costs. All budget appropriations lapse at year-end.

	Original Budget Appropriations	Increase (Decrease)	Amended Budget Appropriations
General Fund	\$49,928,087	\$2,845,267	\$52,773,354
Child Nutrition Program	3,193,631	1,141,750	4,335,381
Debt Service Fund	5,617,234	194,000	5,811,234

Significant budget amendments within the General Fund was to increase Function 0011 – Instruction by \$1,052,745, Function 0051 - Facilities maintenance and operations by \$925,000, Function 0053 – Data processing services by \$325,870 and to include Function 0081 – Facilities acquisition and construction and Function 0091 – Contracted instructional services between schools by \$220,000 and \$125,000 respectively, which were not included in the original budget.

Child Nutrition Program Function 0035 – Food services was increased by \$444,200 for unanticipated operating cost, Function 0051 – Facilities maintenance and operations was increased by \$212,550 for unanticipated maintenance expenditures. An amendment was also made for \$485,000 in Function 0081 – Facilities acquisition and construction which was not included in the original budget.

Debt Service Fund was amended \$194,000 for bond issuance cost and fees associated with a new bond issue.

A reconciliation of fund balances for both appropriated budget and non-appropriated budget special revenue funds is as follows:

	August 31, 2015 Fund Balance
Child Nutrition Program	\$ 770,856
Non-appropriated Budgeted Funds	538,484
All Special Revenue Funds	<u>\$1,309,340</u>

**B. Excess of Expenditures over Appropriations**

The Child Nutrition Program Function 0035 – Food Services was over-expended by \$113,060, or 3.2%, as of the end of the fiscal year. The Board of Trustees approve all expenditures and this amount is considered immaterial. Total expenditures within this program were under budget by \$236,396.

**C. Deficit Fund Equity**

There were no deficit fund equities for the year ended August 31, 2015.

**IV. DETAILED NOTES ON ALL FUNDS**

**A. Deposits and Investments**

The District’s funds are required to be deposited and invested under the terms of a depository contract pursuant to the School Depository Act. The depository bank places approved pledged securities for safekeeping and trust with the District’s agent bank 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.

The Public Funds Investment Act (Government Code Chapter 2256) contains specific provisions in the areas of investment practices, management reports and establishment of appropriate policies. Among other things, it requires the District 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, (9) and bid solicitation preferences for certificates of deposit. The District maintains an investment policy which authorizes the District to invest in obligations of the U.S. Treasury and U.S. agencies, municipal securities and repurchase agreements and the State Treasurer’s investment pool or similar public fund investment pools. The Act also requires the District to have independent auditors perform test procedures related to investment practices as provided by the Act. The District is in substantial compliance with the requirements of the Act and with local policies.

In compliance with the Public Funds Investment Act, the District has adopted a deposit and investment policy.

At August 31, 2015, the carrying value of the District’s deposits was \$1,228,196, excluding \$16,509,687 of investments considered as cash equivalents and petty cash of \$1,110, and the bank balance was \$1,436,847. The District’s cash deposits at August 31, 2015, and during the year then ended, were entirely covered by FDIC insurance or by pledged collateral held by the District’s agent bank in the District’s name.

CLEBURNE INDEPENDENT SCHOOL DISTRICT  
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Exhibit F-1

Petty cash	\$ 1,110
Cash in bank	1,228,196
Investments considered as cash equivalents	16,509,687
Total cash and cash equivalents	<u>\$17,738,993</u>

The following investments are considered as cash equivalents:

<u>Investments</u>	<u>Carrying Amount</u>	<u>Fair Value</u>	<u>Percentage of Investments</u>	<u>Weighted Average Maturity (Days)</u>
TexSTAR - AAAM	\$16,489,072	\$16,489,072	99.9%	On demand
TexPool – AAAM	20,615	20,615	0.1%	On demand
	<u>\$16,509,687</u>	<u>\$16,509,687</u>	<u>100.0%</u>	

**Custodial Credit Risk – Deposits** – In the case of deposits, this is the risk that in the event of a bank failure, the government’s deposits may not be returned to it. The collateral shall always be held by an independent third party with whom the District has a current custodial agreement. The District is not exposed to custodial credit risk for its deposits as all are covered by depository insurance or securities pledged to the District and held by a third-party custodian.

**Custodial Credit Risk – Investments** – For an investment, this is the risk that, in the event of the failure of the counterparty, the government will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The District’s investments in the external investment pools TexSTAR and Texas Local Government Investment Pool (“TexPool”) are not exposed to custodial risk. External investment pools are not subject to custodial risk because investments are not evidenced by securities that exist in physical or book entry form. State law limits investments in public funds investment pools to those rated no lower than AAA or AAAM or an equivalent rating by at least one nationally recognized rating service.

**Credit Risk** – This is the risk that a security issuer may default on an interest or principal payment. State law limits investments in local government pools to those that are rated AAA or equivalent by at least one Nationally Recognized Statistical Rating Organization (NRSRO). The District’s does not have any investment credit risk.

**Interest-rate Risk** – This type of risk occurs when potential purchasers of debt securities do not agree to pay face value for those securities if interest rates rise. The District’s investment policy does not allow the purchase of investments that would expose the District to interest-rate risk.

**Concentration Risk** – This type of risk is defined as positions of 5 percent or more in the securities of a single issuer. The District is not exposed to concentration risk.

**Foreign Currency Risk** – The District does not engage in any deposits or investment transactions involving foreign currency.

The fair value of investments in external investment pools is the same as the value of the pool shares. The District reports investment at amortized cost. GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*, state that investments should be reported at fair value, but provides an exception which applies to all investments of the District. Investments with a remaining maturity at time of purchase of one year or less and investments in an external pool that operates as a “2a7-like” pool may be reported at amortized cost. The external investment pools are not registered with the SEC, but are under the regulatory oversight of the Public Funds Investment Act, Chapter 2256 of the Texas Government Code.

**B. Receivables and Payables**

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 August 31, 2015.

**C. Due from Other Governments**

Receivables due from other governments, as of August 31, 2015, for the District's major and nonmajor funds in the aggregate are as follows:

Fund	Due From State
General Fund	\$3,008,240
ESEA, Title I, Part A – Improving Basic Programs	376,304
ESEA Title X, Part C – Homeless Children	9,839
Adult Education – Federal	207,389
Temporary Assistance for Needy Families (TANF)	8,514
IDEA – Part B, Formula	343,384
IDEA – Part B, Preschool	1,490
National Breakfast & Lunch Program	83,052
Career & Technical – Basic Grant	1,633
ESEA, Title II, Part A, Training and Recruiting	71,765
Title III, Part A – English Language Acquisition	16,245
Adult Basic Education – State	54,181
Advanced Placement Incentives	14,400
State Textbook Fund	212,459
Total	<u>\$4,408,895</u>

**D. Interfund Receivables and Payables**

Interfund balances at August 31, 2015, consisted of the following individual fund receivables and payables:

Due to General Fund from:	
ESEA, Title I, Part A – Improving Basic Programs	\$1,233,543
Other Funds	660,376
Trust & Agency Funds	5
Total General Fund	<u>\$1,893,924</u>
Due to ESEA I, Part A – Improving Basic Programs from:	
General Fund	\$280,827
Other Funds	1,893
Total ESEA I, Part A – Improving Basic Programs	<u>\$282,720</u>
Due to Debt Service Fund from:	
General Fund	<u>\$4,815</u>
Due to Other Funds from:	
General Fund	\$291,911
ESEA I, Part A – Improving Basic Programs	3,818
Other Funds	351
Trust & Agency Funds	80
Total Other Funds	<u>\$296,160</u>



CLEBURNE INDEPENDENT SCHOOL DISTRICT  
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Exhibit F-1

Due to Fiduciary Funds – Private Purpose Funds	
Other Private Purpose Fund	\$1,105
General Fund	542
Total Fiduciary Funds – Private Purpose Funds	<u>\$1,647</u>

These interfund balances resulted from the time lag between the dates that interfund goods and services are provided or reimbursable expenditures occur, transactions are recorded in the accounting system, and/or payments between funds are made. All interfund balances are expected to be repaid within one year.

**E. Other Financing Sources (Uses)**

The General Fund had other financing sources from the sale of personal property (various idle equipment) for \$20,222.

The Debt Service Fund had the following other financing sources and other financing uses as follows:

Other Financing Sources:	
Refunding Bonds Issued	\$12,740,000
Premiums or Discount on Issuance of Bonds	2,482,561
Other Financing Uses:	
Payment to Bond Refunding Escrow Agent	(15,029,311)

The General Fund transferred \$40,000 to the Capital Projects Fund to subsidize the fund.

**F. Special and Extraordinary Items**

The District recorded \$4,603 as an Extraordinary Item – Remaining Tornado Recovery as a result of tornado damages incurred during the prior year.

**G. Operating Leases**

The District leases office equipment under noncancelable operating leases. Total costs for such leases were \$128,328 for the year. The future minimum lease payments for active operating leases are summarized below:

Year Ending August 31	Amount
2016	\$128,625
2017	128,625
2018	91,463
2019	14,649
2020	0

**H. Capital Assets**

A summary of changes in governmental activities capital assets for the year ended August 31, 2015 is as follows:

	Beginning Balance	Increases/ Adjustments	Decreases/ Adjustments	Ending Balance
<b>Governmental activities:</b>				
Capital assets, not being depreciated:				
Land	\$ 2,924,456	\$ 0	\$ 55,570	\$ 2,868,886
Construction in progress	241,065	0	215,235	25,830
Total capital assets, not being depreciated	3,165,521	0	270,805	2,894,716
Capital assets, being depreciated:				
Buildings and improvements	118,213,424	874,837	1,366,442	117,721,819
Furniture and equipment	11,647,015	2,135,926	665,848	13,117,093
Total capital assets, being depreciated	129,860,439	3,010,763	2,032,290	130,838,912
Less accumulated depreciation for:				
Buildings and improvements	48,212,607	2,729,819	823,635	50,118,791
Furniture and equipment	7,591,650	1,106,481	658,210	8,039,921
Total accumulated depreciation	55,804,257	3,836,300	1,481,845	58,158,712
Total capital assets, being depreciated, net	74,056,182	(825,537)	550,445	72,680,200
Governmental capital assets	\$77,221,703	\$(825,537)	\$ 821,250	\$ 75,574,916

On April 20, 2015, the Board of Trustees approved a resolution to transfer property, valued at \$1,422,012, including buildings and land, that was no longer in use by the District to the City of Cleburne. The District also disposed of various equipment during the year.

Depreciation expense was charged to governmental functions of the District as follows:

<b>Governmental activities:</b>	
11 – Instruction	\$2,537,218
12 – Instruction Resources & Media Services	51,452
23 – School Leadership	151,826
31 – Guidance, Counseling & Evaluation Services	75,913
34 – Student Transportation	291,230
35 – Food Services	241,097
36 – Extracurricular Activities	81,883
41 – General Administration	60,966
51 – Plant Maintenance & Operations	125,508
52 – Security & Monitoring Services	219,207
Total Depreciation Expense	<u>\$3,836,300</u>

**Construction Commitments**

The District has active construction projects as of August 31, 2015. Construction in progress and remaining commitments as of August 31, 2015, are as follows:

Project	Approved Construction Project	Construction in Progress	Estimated Remaining Commitment
Wheat MS Concession	<u>\$248,490</u>	<u>\$25,830</u>	<u>\$0</u>

**I. Long-Term Debt**

Long-term debt of the District is comprised of bonds payable, accreted interest, unamortized premium/discount on bonds, and net pension liability. Debt service requirements for general obligation bonds are payable from fund balance and future revenues of the Debt Service Fund which consists principally of property taxes collected by the District, state funding under the Instructional Facilities and Existing Debt Allotments and interest earnings.

The following is a summary of changes in long-term debt for governmental activities for the year ended August 31, 2015:

	Beginning Balance	Additions	Retirements	Ending Balance	Due Within One Year
Bonds payable	\$43,182,081	\$12,740,000	\$18,925,000	\$36,997,081	\$4,340,000
Accreted interest	2,315,917	288,870	1,128,159	1,476,628	0
Unamortized premium on bonds	2,324,267	2,482,561	352,696	4,454,132	0
Net pension liability	0	6,899,443	0	6,899,443	0
Totals	<u>\$47,822,265</u>	<u>\$22,410,874</u>	<u>\$20,405,855</u>	<u>\$49,827,284</u>	<u>\$4,340,000</u>

**Bonds Payable**

During the current year the District issued \$12,740,00 in Series 2015 Unlimited Tax Refunding Bonds, with an average interest rate of 2.728%, to advance refund a portion of the District's Series 2005 Unlimited Tax Refunding Bonds, with an average interest rate of 4.264%, and a portion of the District's Series 2006 Unlimited Tax School Building Bonds, with an average interest rate of 4.556%, and to pay the costs associated with sale of the Bonds. The net proceeds of \$15,145,023, after paying underwriter's discount and cost of issuance of \$77,535, were used to purchase U.S. government securities. These securities were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments of the refunded bonds. As a result, the previously identified refunded bonds are considered defeased and the liability for those bonds has been removed from the statement of net position. The District in effect reduced its aggregate debt service payments by \$2.38 million over 17 years and obtained an economic gain (the difference between the present values of the old and new debt service payments) of \$1.87 million.

Debt service requirements for general obligation bonds are payable from fund balance and future revenues of the Debt Service Fund which consists principally of property taxes collected by the District, state funding under the Instructional Facilities and Existing Debt Allotments and interest earnings.

Bonded indebtedness of the District is reflected in the statement of net position. Current principal and interest expenditures are accounted for in the Debt Service Fund in the fund financial statements.

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Exhibit F-1

A summary of changes in general obligation bonds for the year ended August 31, 2015, follows:

Issue/ Maturity Date	Interest Rates Payable	Amounts Original Issue	Beginning Balance	Issued	Retired	Ending Balance	Amounts Due Within One Year
Series 2005 USB Bonds/2029	3.5%/5.21%	\$24,707,105	\$ 4,770,000	\$ 0	\$4,770,000	\$ 0	\$ 0
Series 2006 USB Bonds/2031	4.0%/4.75%	10,999,998	10,859,998	0	10,815,000	44,998	0
Series 2008 UR Bonds/2020	3.875%/5.25%	7,210,006	3,895,000	0	605,000	3,290,000	635,000
Series 2013 UR Bonds/2031	1.4%/3.0%	8,659,995	7,155,000	0	0	7,155,000	0
Series 2013 USB Bonds/2018	1.38%	10,000,000	7,965,000	0	2,060,000	5,905,000	2,070,000
Series 2014 UR Bonds/2029	2.0%/3.69%	8,622,083	8,537,083	0	600,000	7,937,083	615,000
Series 2015 URB Bonds/2031	1.0%/5.0%	12,740,000	0	12,740,000	75,000	12,665,000	1,020,000
Sub-total			<u>\$43,182,081</u>	<u>\$12,740,000</u>	<u>\$18,925,000</u>	<u>\$36,997,081</u>	<u>\$4,340,000</u>

The annual debt service for retirement of bond principal and interest are as follows:

Year Ended August 31	Principal	Interest	Total Requirements
2016	\$ 4,340,000	\$ 1,110,531	\$ 5,450,531
2017	4,381,000	1,162,709	5,543,709
2018	4,423,998	1,126,575	5,550,573
2019	2,635,000	828,625	3,463,625
2020	2,530,000	747,075	3,277,075
2021-2025	8,705,000	2,880,688	11,585,688
2026-2030	8,447,083	4,117,042	12,564,125
2031-2035	1,535,000	38,375	1,573,375
Totals	<u>\$36,997,081</u>	<u>\$12,011,620</u>	<u>\$49,008,701</u>

In the current and in prior years, the District issued refunding bonds for the purpose of restructuring debt cash flow requirements. Proceeds from the refunding bonds were placed in an irrevocable trust to provide for all future debt service payments on the old bonds. The old bonds are considered defeased, and accordingly, the trust account assets and liabilities are not included in the District's financial statements. On August 31, 2015, \$37,735,000 of bonds considered defeased are still outstanding.

**J. Revenue from Local and Intermediate Sources**

During the current year local and intermediate revenues consisted of the following:

	General Fund	Debt Service Fund	Other Funds	Fund Totals
Property Taxes	\$30,116,027	\$5,134,401	\$ 0	\$35,250,428
Food Sales	0	0	799,331	799,331
Investment Income	20,217	2,740	2,686	25,643
Penalties, interest & other tax related income	284,209	48,050	0	332,259
Extracurricular activities	145,333	0	811,771	957,104
Other	551,751	0	812	552,563
Total	<u>\$31,117,537</u>	<u>\$5,185,191</u>	<u>\$1,614,600</u>	<u>\$37,917,328</u>

**K. State Aid Revenue**

The District receives state revenues from TEA based upon application of formula allocations, on behalf allocations, and other state miscellaneous programs. The components of state program revenues as shown in the governmental fund financial statements are as follows:

Revenues	General Fund	Other Funds	Totals
Per Capita Apportionment	\$ 1,605,863	\$ 0	\$ 1,605,863
Foundation School Prg. Act Entitlements	16,074,081	0	16,074,081
State Program Revenues	439,742	574,809	1,014,551
TRS On-behalf Payments	2,208,364	34,093	2,242,457
TRS Medicare Part-D	155,216	0	155,216
Totals	<u>\$20,483,266</u>	<u>\$608,902</u>	<u>\$21,092,168</u>

**L. Federal Program Revenues**

The District receives federal program revenues for various programs as follows:

Revenues	General Fund	Other Funds	Totals
School Health & Related Services (SHARS)	\$480,916	\$ 0	\$ 480,916
E-rate	104,894	0	104,894
Indirect costs	60,017	0	60,017
U. S. Department of Education – Passed through TEA	0	3,484,462	3,484,462
U. S. Department of Health & Human Services – Passed through TEA	0	11,069	11,069
U. S. Department of Agriculture – Passed through TEA	0	2,653,648	2,653,648
Totals	<u>\$645,827</u>	<u>\$6,149,179</u>	<u>\$6,795,006</u>

**M. Employee Benefits**

The following is a summary of the various insurance, reimbursement and retirement programs provided by the District for the benefit of District employees and their dependents:

**1. Compensated absences**

Employees of the District are entitled to personal leave based on category/class of employment. Personal leave is allowed to accumulate but does not vest. Therefore, a liability for unused personal leave has not been recorded in the financial statements.

**2. Defined Benefit Pension Plan**

**Plan Description** - The District participates in a cost-sharing multiple-employer defined benefit pension that has a special funding situation. The plan is administered by the Teacher Retirement System of Texas (TRS). TRS's defined benefit pension plan is established and administered in accordance with the Texas Constitution, Article XVI, Section 67 and Texas Government Code, Title 8, Subtitle C. The pension trust fund is a qualified pension trust under Section 401(a) of the Internal Revenue Code. The Texas Legislature establishes benefits and contribution rates within the guidelines of the Texas Constitution. The pension's Board of Trustees does not have the authority to establish or amend benefit terms.

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

**Pension Plan Fiduciary Net Position** - Detailed information about the Teacher Retirement System’s fiduciary net position is available in a separately-issued Comprehensive Annual Financial Report that includes financial statements and required supplementary information. That report may be obtained on the Internet at <http://www.trs.state.tx.us/about/documents/cafr.pdf#CAFR>; by writing to TRS at 1000 Red River Street, Austin, TX, 78701-2698; or by calling (512) 542-6592. The information provided in the Notes to the Financial Statements in the 2014 Comprehensive Annual Financial Report for TRS provides the following information regarding the Pension Plan fiduciary net position as of August 31, 2014.

Net Pension Liability	Total
Total Pension Liability	\$159,496,075,886
Less: Plan Fiduciary Net Position	(132,779,075,085)
Net Pension Liability	<u>\$ 26,716,832,801</u>
Net Position as percentage of Total Pension Liability	83.25%

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

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

Employee contribution rates are set in state statute, Texas Government Code 825.402. Senate Bill 1458 of the 83<sup>rd</sup> Texas Legislature amended Texas Government Code 825.402 for member contributions and established employee contribution rates for fiscal years 2014 thru 2017. It also added a 1.5% contribution for employers not paying Old

Age Survivor and Disability Insurance (OASDI) on certain employees effective for fiscal year 2015 as discussed in Note 1 of the TRS 2014 CAFR. The 83<sup>rd</sup> Texas Legislature, General Appropriations Act (GAA) established the employer contribution rates for fiscal years 2014 and 2015.

	<u>Contribution Rates</u>	
	<u>2014</u>	<u>2015</u>
Member	6.4%	6.7%
Non-Employer Contributing Entity (State)	6.8%	6.8%
Employers	6.8%	6.8%
District - 2014 Employer Contributions	\$ 654,852	
District - 2014 Member Contributions	\$2,289,831	
District - 2014 NECE On-behalf Contributions	\$1,816,043	

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

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

- On the portion of the member's salary that exceeds the statutory minimum for members entitled to the statutory minimum under Section 21.402 of the Texas Education Code.
- During a new member's first 90 days of employment.
- When any part or all of an employee's salary is paid by federal funding sources, a privately sponsored source, from non-educational and general, or actuarial methods and assumptions are primarily based on a study of actual experience for the four-year period ending August 31, 2010 and adopted on April 8, 2011. With the exception of the post-retirement local funds.

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

**Actuarial Assumptions** - The total pension liability in the August 31, 2014 actuarial valuation was determined using the following actuarial assumptions:

Valuation Date	August 31, 2014
Actuarial Cost Method	Individual Entry Age Normal
Amortization Method	Level Percentage of Payroll, Open
Remaining Amortization Period	30 years
Asset Valuation Method	5 year Market Value
Discount Rate	8.00%
Long-term expected Investment Rate of Return*	8.00%
Salary Increases*	4.25% to 7.25%
Weighted-Average at Valuation Date	5.55%
Payroll Growth Rate	3.50%

\*Includes Inflation of 3%

The mortality rates for healthy lives and a minor change to the expected retirement age for inactive vested members stemming from the actuarial audit performed in the Summer of 2014, the assumptions and methods are the same as used in the prior valuation. When the mortality assumptions were adopted in 2011 they contained a significant margin for possible future mortality improvement. As of the date of the valuation there has been a significant

erosion of this margin to the point that the margin has been eliminated. Therefore, the post-retirement mortality rates for current and future retirees was decreased to add additional margin for future improvement in mortality in accordance with the Actuarial Standards of Practice No. 35.

**Discount Rate** - The discount rate used to measure the total pension liability was 8.0%. There was no change in the discount rate since the previous year. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and those of the contributing employers and the non-employer contributing entity are made at the statutorily required rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. The long-term rate of return on pension plan investments is 8%. The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimates ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of geometric real rates of return for each major asset class included in the Systems target asset allocation as of August 31, 2014 are summarized below:

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

\* The Expected Contribution to Returns incorporates the volatility drag resulting from the conversion between Arithmetic and Geometric mean returns.

**Discount Rate Sensitivity Analysis** - The following schedule shows the impact of the Net Pension Liability if the discount rate used was 1% less than and 1% greater than the discount rate that was used (8%) in measuring the 2014 net pension liability.

	1% Decrease in Discount Rate (7.0%)	Discount Rate (8.0%)	1% Increase in Discount Rate (9.0%)
District's proportionate share of the net pension liability:	\$12,328,887	\$6,899,443	\$2,839,231



**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions** – As of the August 31, 2014 TRS measurement date, the District reported a liability of \$6,899,443 for its proportionate share of the TRS’s net pension liability. This liability reflects a reduction for State pension support provided to the District. The amount recognized by the District as its proportionate share of the net pension liability, the related State support, and the total portion of the net pension liability that was associated with the District were as follows:

District’s Proportionate share of the collective net pension liability	\$ 6,899,443
State’s proportionate share that is associated with the District	<u>19,174,424</u>
Total	<u>\$26,073,867</u>

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

At August 31, 2014 the employer’s proportion of the collective net pension liability was 0.000528296%. Since this is the first year of implementation, the District does not have the proportion measured as of August 31, 2013. The Notes to the Financial Statements for August 31, 2014 for TRS stated that the change in proportion was immaterial and therefore disregarded this year.

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

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

There was a change in employer contribution requirements that occurred after the measurement date of the net pension liability and the employer’s reporting date. A 1.5% contribution for employers not paying Old Age Survivor and Disability Insurance (OASDI) on certain employees went into law effective September 1, 2013. The amount of the expected resultant change in the employer’s proportion cannot be determined at this time.

For the year ended August 31, 2015, the District recognized pension expense of \$1,772,640 and revenue of \$1,816,043 for support provided by the State.

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ 106,702	\$ 0
Changes in actuarial assumptions	448,471	0
Difference between projected and actual investment earnings	0	2,108,752
Changes in proportion and difference between the employer’s contributions and the proportionate share of contributions	0	1,809
Contributions paid to TRS subsequent to the measurement date	<u>1,149,892</u>	<u>0</u>
Total	<u>\$1,705,065</u>	<u>\$2,110,561</u>

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

Year ended August 31:	Pension Expense Amount
2016	\$(433,835)
2017	(433,835)
2018	(433,835)
2019	93,353
2020	86,599

### 3. Retiree Health Plan

**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-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 to 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 under the TRS Publication heading, by calling the TRS Communications Department at 1-800-223-8778, or by writing to the Communications Department of the Teacher Retirement System of Texas at 1000 Red River Street, Austin, Texas 78701.

**Funding Policy** – Contribution requirements are not actuarially determined but are legally established each biennium by the Texas Legislature. Texas Insurance Code, Sections 1575.202, 203, and 204 establish state, active employee, and public school contributions, respectively.

Funding for free basic coverage is provided by the program based upon public school district payroll. Per Texas Insurance Code, Chapter 1575, the public school contribution may not be less than 0.25% or greater than 0.75% of the salary of each active employee of the public school. Funding for optional coverage is provided by those participants selecting the optional coverage. Contribution rates and amounts are shown in the table below for fiscal years 2015-2013.

Year	Contribution Rates and Contribution Amounts					
	Active Member		State		School District	
	Rate	Amount	Rate	Amount	Rate	Amount
2015	.65%	\$248,282	1.0%	\$381,974	.55%	\$210,088
2014	.65%	232,563	1.0%	357,786	.55%	196,782
2013	.65%	229,023	0.5%	176,170	.55%	193,790

The Medicare Prescription Drug, Improvement, and Modernization Act of 2003, which was effective January 1, 2006, established prescription drug coverage for Medicare beneficiaries known as Medicare Part D. One of the provisions of Medicare 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. These on-behalf payments must be recognized as equal revenues and expenditures/expenses by each reporting entity. For the fiscal years ended August 31, 2015, August 31, 2014, and August 31, 2013, the contributions made on behalf of the District were \$155,216, \$92,814, and \$92,363, respectively.

**4. Health Care Coverage**

Employees of the District are covered by TRS ActiveCare. TRS ActiveCare is a statewide health coverage program for public education employees established by the 77<sup>th</sup> Texas Legislature. The District contributed approximately \$225 per month per participant to the plan, and employees, at their option, authorized payroll withholdings to pay employee contributions and additional premiums for dependents. The TRS issues a publicly available financial report that includes financial statements and required supplementary information for TRS ActiveCare. That report may be obtained by visiting the TRS Web site at [www.trs.state.tx.us](http://www.trs.state.tx.us), by writing the Communications Department of the Texas Retirement System of Texas at 1000 Red River Street, Austin, Texas 78701, or by calling (800) 223-8778.

**5. Workers' Compensation Program**

The District participates in the TASB Risk Management Fund Workers' Program. Projected discounted liability as of August 31, 2015 is \$127,213. The District does not purchase aggregate excess insurance.

The accrued liability of Workers' Compensation self-insurance of \$127,213 includes incurred but not reported claims. This liability is based on the requirements of Governmental Accounting Standards Board Statement No. 10, which requires that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it's probable that a liability has incurred as of the date of the financial statements, and the amount of loss can be reasonably estimated. Because actual claim liabilities depend on such complex factors as inflation, changes in legal doctrines, and damage awards, the process used in computing the liability does not result necessarily in an exact amount. The liability booked was the discounted estimate of the actuary at the mean funding level.

Changes in the workers' compensation claims liability amounts are represented below:

Fund Year	Claim Count	Aggregate Deductible	Estimated Paid Loss & ALAE	Selected Ultimate Loss & ALAE	District Net Retained Outstanding Loss & ALAE
2011	85	\$265,327	\$380,013	\$265,327	\$ 0
2012	75	242,343	316,880	242,343	0
2013	67	283,333	289,858	283,333	0
2014	53	240,203	54,740	148,737	93,997
2015	59	240,204	133,360	240,204	127,213

**N. Commitments and Contingencies**

**State and Federal Grants**

The District receives monies under various state and federal grant project awards. These grants are subject to audit by the individual grantors and any disallowed costs arising from these audits would have to be refunded by the District. Management believes that the District has substantially complied with the terms and provisions of these grants, and any refunds, which might arise from these audits, would not be material.

**Litigation**

The District is a party in a litigation which it is believed by the administration to have no material effect on the financial condition of the District. Accordingly, no provision for losses has been recorded in the accompanying financial statements of such contingencies.

**O. Risk Management**

The District purchases 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.

**P. Prior Period Adjustment**

A net prior period adjustment of (\$7,871,888) was made to the government-wide financial statement of activities. Implementing GASB 68 accounted for (\$7,817,099) of this amount and a prior period adjustment of (\$54,789) was made to the General Fund to account for payments made to Teacher Retirement System related to new members added during the 2007/08 and 2008/09 school years.

**Q. Evaluation of Subsequent Events**

The Texas Workforce Commission (“TWC”) issued a draft monitoring report to the District in December, 2015, discussing findings resulting from TWC’s monitoring visit during the year. The following Special Revenue Funds were monitored by TWC: Fund 220 – Adult Education Federal, Fund 223 – TANF Family Assistance, and Fund 381 – Adult Basic Education - State. Findings included the following: 1) strengthen eligibility documentation process, 2) ensure all professional staff qualifications are supported, 3) strengthen student enrollment process, 4) ensure orientation requirements are met, 5) ensure program information is entered into TEAMS, and 6) ensure class sign-sheets contain required elements. The District did not concur with findings 1 and 2. Final resolution of TWC’s monitoring visit have not been completed by the audit report date.

The District has evaluated subsequent events through January 14, 2015, the date which the financial statements were available.

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**REQUIRED SUPPLEMENTARY INFORMATION**

CLEBURNE INDEPENDENT SCHOOL DISTRICT  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL - GENERAL FUND  
FOR THE YEAR ENDED AUGUST 31, 2015

Data Control Codes	Budgeted Amounts		Actual Amounts (GAAP BASIS)	Variance With Final Budget Positive or (Negative)	
	Original	Final			
<b>REVENUES:</b>					
5700	Total Local and Intermediate Sources	\$ 30,395,932	\$ 30,395,932	\$ 31,117,537	\$ 721,605
5800	State Program Revenues	21,086,290	21,086,290	20,483,266	(603,024)
5900	Federal Program Revenues	410,000	410,000	645,827	235,827
5020	Total Revenues	51,892,222	51,892,222	52,246,630	354,408
<b>EXPENDITURES:</b>					
Current:					
0011	Instruction	30,244,745	31,297,490	31,007,107	290,383
0012	Instructional Resources and Media Services	483,481	483,910	465,123	18,787
0013	Curriculum and Instructional Staff Development	485,933	700,005	675,830	24,175
0021	Instructional Leadership	922,031	746,724	702,626	44,098
0023	School Leadership	3,020,019	3,071,710	3,036,822	34,888
0031	Guidance, Counseling and Evaluation Services	1,133,440	1,136,946	1,126,131	10,815
0032	Social Work Services	52,250	4,500	2,901	1,599
0033	Health Services	603,162	612,935	573,158	39,777
0034	Student (Pupil) Transportation	2,009,756	2,007,006	1,892,629	114,377
0035	Food Services	-	1,000	669	331
0036	Extracurricular Activities	1,628,482	1,710,195	1,624,704	85,491
0041	General Administration	1,626,839	1,689,339	1,602,811	86,528
0051	Facilities Maintenance and Operations	6,086,660	7,011,660	6,753,552	258,108
0052	Security and Monitoring Services	380,475	378,560	345,030	33,530
0053	Data Processing Services	681,598	1,007,468	878,452	129,016
0061	Community Services	56,576	56,266	41,969	14,297
Capital Outlay:					
0081	Facilities Acquisition and Construction	-	220,000	206,764	13,236
Intergovernmental:					
0091	Contracted Instructional Services Between Schools	-	125,000	-	125,000
0095	Payments to Juvenile Justice Alternative Ed. Prg.	12,640	12,640	1,580	11,060
0099	Other Intergovernmental Charges	500,000	500,000	498,912	1,088
6030	Total Expenditures	49,928,087	52,773,354	51,436,770	1,336,584
1100	Excess (Deficiency) of Revenues Over (Under) Expenditures	1,964,135	(881,132)	809,860	1,690,992
<b>OTHER FINANCING SOURCES (USES):</b>					
7912	Sale of Real and Personal Property	-	-	20,222	20,222
8911	Transfers Out (Use)	-	(40,000)	(40,000)	-
7080	Total Other Financing Sources (Uses)	-	(40,000)	(19,778)	20,222
<b>EXTRAORDINARY ITEMS:</b>					
7919	Extraordinary Item - Remaining Tornado Recovery	-	-	4,603	4,603
1200	Net Change in Fund Balances	1,964,135	(921,132)	794,685	1,715,817
0100	Fund Balance - September 1 (Beginning)	14,824,176	14,824,176	14,824,176	-
1300	Prior Period Adjustment	(54,789)	(54,789)	(54,789)	-
3000	Fund Balance - August 31 (Ending)	\$ 16,733,522	\$ 13,848,255	\$ 15,564,072	\$ 1,715,817

CLEBURNE INDEPENDENT SCHOOL DISTRICT  
 SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY  
 TEACHER RETIREMENT SYSTEM OF TEXAS  
 FOR THE YEAR ENDED AUGUST 31, 2015

EXHIBIT G-6

	2015
District's Proportion of the Net Pension Liability (Asset)	0.000528296%
District's Proportionate Share of Net Pension Liability (Asset)	\$ 6,899,443
State's Proportionate Share of the Net Pension Liability (Asset) associated with the District	19,174,424
Total	\$ 26,073,867
District's Covered-Employee Payroll	\$ 35,778,661
District's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered-Employee Payroll	19.28%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	83.25%

Note: GASB 68, Paragraph 81 requires that the information on this schedule be data from the period corresponding with the period covered as of the measurement date of August 31, 2014 - the period from September 1, 2013 - August 31, 2014.

Note: Only one year of data is presented in accordance with GASB 68, Paragraph 138. "The information for all periods for the 10-year schedules that are required to be presented as required supplementary information may not be available initially. In these cases, during the transition period, that information should be presented for as many years as are available. The schedules should not include information that is not measured in accordance with the requirements of this Statement."



CLEBURNE INDEPENDENT SCHOOL DISTRICT  
SCHEDULE OF DISTRICT CONTRIBUTIONS  
TEACHER RETIREMENT SYSTEM OF TEXAS  
FOR FISCAL YEAR 2015

EXHIBIT G-7

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		2015
Contractually Required Contribution	\$	1,149,892
Contribution in Relation to the Contractually Required Contribution		(1,149,892)
		-
Contribution Deficiency (Excess)	\$	-0-
District's Covered-Employee Payroll	\$	38,197,429
Contributions as a Percentage of Covered-Employee Payroll		3.01%

Note: GASB 68, Paragraph 81 requires that the data in this schedule be presented as of the District's current fiscal year as opposed to the time period covered by the measurement date of September 1, 2013 - August 31, 2014.

Note: Only one year of data is presented in accordance with GASB 68, Paragraph 138. "The information for all periods for the 10-year schedules that are required to be presented as required supplementary information may not be available initially. In these cases, during the transition period, that information should be presented for as many years as are available. The schedules should not include information that is not measured in accordance with the requirements of this Statement."

## **COMBINING SCHEDULES**

CLEBURNE INDEPENDENT SCHOOL DISTRICT  
 COMBINING BALANCE SHEET  
 NONMAJOR GOVERNMENTAL FUNDS  
 AUGUST 31, 2015

Data Control Codes	206 ESEA Title X, Pt.C Homeless	220 Adult Education Federal	223 TANF Family Assistance	224 IDEA - Part B Formula	
<b>ASSETS</b>					
1110	Cash and Cash Equivalents	\$ (8,416)	\$ (381,332)	\$ (12,165)	\$ 302,440
1240	Receivables from Other Governments	9,839	207,389	8,514	343,384
1260	Due from Other Funds	611	180,198	4,130	5,867
1300	Inventories	-	-	-	-
1000	<b>Total Assets</b>	<u>\$ 2,034</u>	<u>\$ 6,255</u>	<u>\$ 479</u>	<u>\$ 651,691</u>
<b>LIABILITIES</b>					
2110	Accounts Payable	\$ -	\$ -	\$ -	\$ -
2150	Payroll Deductions and Withholdings Payable	171	494	10	8,200
2160	Accrued Wages Payable	1,598	243	370	59,078
2170	Due to Other Funds	265	5,518	99	584,413
2180	Due to Other Governments	-	-	-	-
2300	Unearned Revenues	-	-	-	-
2000	<b>Total Liabilities</b>	<u>2,034</u>	<u>6,255</u>	<u>479</u>	<u>651,691</u>
<b>FUND BALANCES</b>					
Nonspendable Fund Balance:					
3410	Inventories	-	-	-	-
Restricted Fund Balance:					
3450	Federal or State Funds Grant Restriction	-	-	-	-
3470	Capital Acquisition and Contractual Obligation	-	-	-	-
Committed Fund Balance:					
3545	Other Committed Fund Balance	-	-	-	-
3000	<b>Total Fund Balances</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
4000	<b>Total Liabilities and Fund Balances</b>	<u>\$ 2,034</u>	<u>\$ 6,255</u>	<u>\$ 479</u>	<u>\$ 651,691</u>

225 IDEA - Part B Preschool	240 National Breakfast and Lunch Program	244 Career and Technical - Basic Grant	255 ESEA II,A Training and Recruiting	263 Title III, A English Lang Acquisition	381 Adult Basic Education State	397 Advanced Placement Incentives	404 Student Success Initiative
\$ (1,490)	\$ 841,972	\$ (3,577)	\$ (56,887)	\$ (20,581)	\$ (91,863)	\$ (14,400)	\$ -
1,490	83,052	1,633	71,765	16,245	54,181	14,400	-
-	1,104	1,944	4,296	15,910	38,660	-	-
-	100,592	-	-	-	-	-	-
<u>\$ -</u>	<u>\$ 1,026,720</u>	<u>\$ -</u>	<u>\$ 19,174</u>	<u>\$ 11,574</u>	<u>\$ 978</u>	<u>\$ -</u>	<u>\$ -</u>
\$ -	\$ 80,166	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	23,286	-	1,509	-	-	-	-
-	58,182	-	13,669	-	671	-	-
-	56,448	-	3,996	11,574	307	-	-
-	-	-	-	-	-	-	-
-	37,782	-	-	-	-	-	-
<u>-</u>	<u>255,864</u>	<u>-</u>	<u>19,174</u>	<u>11,574</u>	<u>978</u>	<u>-</u>	<u>-</u>
-	62,810	-	-	-	-	-	-
-	708,046	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>-</u>	<u>770,856</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>\$ -</u>	<u>\$ 1,026,720</u>	<u>\$ -</u>	<u>\$ 19,174</u>	<u>\$ 11,574</u>	<u>\$ 978</u>	<u>\$ -</u>	<u>\$ -</u>

CLEBURNE INDEPENDENT SCHOOL DISTRICT  
 COMBINING BALANCE SHEET  
 NONMAJOR GOVERNMENTAL FUNDS  
 AUGUST 31, 2015

Data Control Codes	410 State Textbook Fund	428 High School Allotment	429 Other State Special Revenue Funds	461 Campus Activity Funds	
<b>ASSETS</b>					
1110	Cash and Cash Equivalents	\$ (206,126)	\$ 83,144	\$ 696	\$ 543,497
1240	Receivables from Other Governments	212,459	-	-	-
1260	Due from Other Funds	-	-	-	3,440
1300	Inventories	-	-	-	-
1000	Total Assets	<u>\$ 6,333</u>	<u>\$ 83,144</u>	<u>\$ 696</u>	<u>\$ 546,937</u>
<b>LIABILITIES</b>					
2110	Accounts Payable	\$ -	\$ -	\$ -	\$ 9,149
2150	Payroll Deductions and Withholdings Payable	-	-	-	-
2160	Accrued Wages Payable	-	-	-	-
2170	Due to Other Funds	-	-	-	-
2180	Due to Other Governments	6,333	-	-	-
2300	Unearned Revenues	-	83,144	-	-
2000	Total Liabilities	<u>6,333</u>	<u>83,144</u>	<u>-</u>	<u>9,149</u>
<b>FUND BALANCES</b>					
Nonspendable Fund Balance:					
3410	Inventories	-	-	-	-
Restricted Fund Balance:					
3450	Federal or State Funds Grant Restriction	-	-	696	-
3470	Capital Acquisition and Contractual Obligation	-	-	-	-
Committed Fund Balance:					
3545	Other Committed Fund Balance	-	-	-	537,788
3000	Total Fund Balances	<u>-</u>	<u>-</u>	<u>696</u>	<u>537,788</u>
4000	Total Liabilities and Fund Balances	<u>\$ 6,333</u>	<u>\$ 83,144</u>	<u>\$ 696</u>	<u>\$ 546,937</u>

Total Nonmajor Special Revenue Funds	616 Capital Projects Fund	Total Nonmajor Governmental Funds
\$ 974,912	\$ 490,292	\$ 1,465,204
1,024,351	-	1,024,351
256,160	40,000	296,160
100,592	-	100,592
<u>\$ 2,356,015</u>	<u>\$ 530,292</u>	<u>\$ 2,886,307</u>
\$ 89,315	\$ 1,762	\$ 91,077
33,670	-	33,670
133,811	-	133,811
662,620	-	662,620
6,333	-	6,333
120,926	-	120,926
<u>1,046,675</u>	<u>1,762</u>	<u>1,048,437</u>
62,810	-	62,810
708,742	-	708,742
-	528,530	528,530
537,788	-	537,788
<u>1,309,340</u>	<u>528,530</u>	<u>1,837,870</u>
<u>\$ 2,356,015</u>	<u>\$ 530,292</u>	<u>\$ 2,886,307</u>

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

Data Control Codes	206 ESEA Title X, Pt.C Homeless	220 Adult Education Federal	223 TANF Family Assistance	224 IDEA - Part B Formula
<b>REVENUES:</b>				
5700	Total Local and Intermediate Sources	\$ -	\$ -	\$ -
5800	State Program Revenues	-	-	-
5900	Federal Program Revenues	31,927	379,724	11,069
5020	Total Revenues	<u>31,927</u>	<u>379,724</u>	<u>11,069</u>
<b>EXPENDITURES:</b>				
Current:				
0011	Instruction	30,816	246,429	4,308
0012	Instructional Resources and Media Services	-	-	-
0013	Curriculum and Instructional Staff Development	-	25,029	5,006
0021	Instructional Leadership	-	108,266	6,761
0023	School Leadership	-	-	-
0031	Guidance, Counseling and Evaluation Services	-	-	534,875
0032	Social Work Services	1,111	-	-
0033	Health Services	-	-	-
0034	Student (Pupil) Transportation	-	-	-
0035	Food Services	-	-	-
0036	Extracurricular Activities	-	-	-
0041	General Administration	-	-	-
0051	Facilities Maintenance and Operations	-	-	-
0052	Security and Monitoring Services	-	-	-
0053	Data Processing Services	-	-	-
Capital Outlay:				
0081	Facilities Acquisition and Construction	-	-	-
Intergovernmental:				
0093	Payments to Fiscal Agent/Member Districts of SSA	-	-	67,695
6030	Total Expenditures	<u>31,927</u>	<u>379,724</u>	<u>11,069</u>
1100	Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>-</u>	<u>-</u>	<u>-</u>
<b>OTHER FINANCING SOURCES (USES):</b>				
7912	Sale of Real and Personal Property	-	-	-
7915	Transfers In	-	-	-
7080	Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>
1200	Net Change in Fund Balance	-	-	-
0100	Fund Balance - September 1 (Beginning)	<u>-</u>	<u>-</u>	<u>-</u>
3000	Fund Balance - August 31 (Ending)	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

225 IDEA - Part B Preschool	240 National Breakfast and Lunch Program	244 Career and Technical - Basic Grant	255 ESEA II,A Training and Recruiting	263 Title III, A English Lang. Acquisition	381 Adult Basic Education State	397 Advanced Placement Incentives	404 Student Success Initiative
\$ -	\$ 801,988	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	54,087	-	-	-	85,980	12,825	-
47,406	2,653,647	81,723	252,651	96,198	-	-	-
47,406	3,509,722	81,723	252,651	96,198	85,980	12,825	-
14,819	-	78,241	209,609	38,120	46,061	-	-
-	-	-	-	-	-	-	-
125	-	3,002	33,187	58,078	-	13,684	-
-	-	480	2,595	-	39,919	-	-
-	-	-	7,260	-	-	-	-
462	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	3,700,891	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	398,094	-	-	-	-	-	-
32,000	-	-	-	-	-	-	-
47,406	4,098,985	81,723	252,651	96,198	85,980	13,684	-
-	(589,263)	-	-	-	-	(859)	-
-	4,090	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	4,090	-	-	-	-	-	-
-	(585,173)	-	-	-	-	(859)	-
-	1,356,029	-	-	-	-	859	-
\$ -	\$ 770,856	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -



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

Data Control Codes	410 State Textbook Fund	428 High School Allotment	429 Other State Special Revenue Funds	461 Campus Activity Funds
<b>REVENUES:</b>				
5700 Total Local and Intermediate Sources	\$ -	\$ -	\$ -	\$ 811,773
5800 State Program Revenues	374,434	80,623	132	821
5900 Federal Program Revenues	-	-	-	-
5020 Total Revenues	<u>374,434</u>	<u>80,623</u>	<u>132</u>	<u>812,594</u>
<b>EXPENDITURES:</b>				
Current:				
0011 Instruction	374,434	80,623	-	204,917
0012 Instructional Resources and Media Services	-	-	27	14,590
0013 Curriculum and Instructional Staff Development	-	-	-	2,576
0021 Instructional Leadership	-	-	-	403
0023 School Leadership	-	-	-	17,577
0031 Guidance, Counseling and Evaluation Services	-	-	-	2,389
0032 Social Work Services	-	-	-	-
0033 Health Services	-	-	-	200
0034 Student (Pupil) Transportation	-	-	-	-
0035 Food Services	-	-	-	-
0036 Extracurricular Activities	-	-	-	562,037
0041 General Administration	-	-	-	-
0051 Facilities Maintenance and Operations	-	-	-	7,427
0052 Security and Monitoring Services	-	-	-	3,174
0053 Data Processing Services	-	-	-	-
Capital Outlay:				
0081 Facilities Acquisition and Construction	-	-	-	-
Intergovernmental:				
0093 Payments to Fiscal Agent/Member Districts of SSA	-	-	-	-
6030 Total Expenditures	<u>374,434</u>	<u>80,623</u>	<u>27</u>	<u>815,290</u>
1100 Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>-</u>	<u>-</u>	<u>105</u>	<u>(2,696)</u>
<b>OTHER FINANCING SOURCES (USES):</b>				
7912 Sale of Real and Personal Property	-	-	-	-
7915 Transfers In	-	-	-	-
7080 Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
1200 Net Change in Fund Balance	-	-	105	(2,696)
0100 Fund Balance - September 1 (Beginning)	<u>-</u>	<u>-</u>	<u>591</u>	<u>540,484</u>
3000 Fund Balance - August 31 (Ending)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 696</u>	<u>\$ 537,788</u>

Total Nonmajor Special Revenue Funds	616 Capital Projects Fund	Total Nonmajor Governmental Funds
\$ 1,613,761	\$ 839	\$ 1,614,600
608,902	-	608,902
4,839,522	-	4,839,522
<u>7,062,185</u>	<u>839</u>	<u>7,063,024</u>
2,005,978	234,448	2,240,426
14,617	-	14,617
140,687	-	140,687
158,424	-	158,424
24,837	-	24,837
537,726	-	537,726
1,111	-	1,111
200	-	200
-	116,020	116,020
3,700,891	-	3,700,891
562,037	47,828	609,865
-	10,283	10,283
7,427	14,837	22,264
3,174	67,891	71,065
-	753,601	753,601
398,094	75,759	473,853
99,695	-	99,695
<u>7,654,898</u>	<u>1,320,667</u>	<u>8,975,565</u>
<u>(592,713)</u>	<u>(1,319,828)</u>	<u>(1,912,541)</u>
4,090	-	4,090
-	40,000	40,000
<u>4,090</u>	<u>40,000</u>	<u>44,090</u>
(588,623)	(1,279,828)	(1,868,451)
<u>1,897,963</u>	<u>1,808,358</u>	<u>3,706,321</u>
<u>\$ 1,309,340</u>	<u>\$ 528,530</u>	<u>\$ 1,837,870</u>

CLEBURNE INDEPENDENT SCHOOL DISTRICT  
 COMBINING STATEMENT OF NET POSITION  
 PRIVATE PURPOSE TRUST FUNDS  
 AUGUST 31, 2015

	816 Miscellaneous Scholarships Fund	817 Roy Mae Williams Scholarship	818 Ball Snavely Scholarship Fund	819 Pete Kendall Memorial Scholarship
<b>ASSETS</b>				
Cash and Cash Equivalents	\$ 10,357	\$ -	\$ 28,803	\$ 19,737
Investments - Current	-	-	83,183	-
Due from Other Funds	-	-	60	-
Other Receivables	10,850	-	-	-
Total Assets	<u>21,207</u>	<u>-</u>	<u>112,046</u>	<u>19,737</u>
<b>LIABILITIES</b>				
Accounts Payable	400	-	-	-
Due to Other Funds	-	-	-	-
Due to Student Groups	4,150	-	-	-
Total Liabilities	<u>4,550</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>NET POSITION</b>				
Restricted for Scholarships	<u>16,657</u>	<u>-</u>	<u>112,046</u>	<u>19,737</u>
Total Net Position	<u>\$ 16,657</u>	<u>\$ -</u>	<u>\$ 112,046</u>	<u>\$ 19,737</u>

820 Matt Calder Scholarship Fund	821 Lynn Palmer Scholarship Fund	822 Class of 42 Scholarship Fund	823 Johnnie Hyde Scholarship Fund	824 Alumni Scholarship Fund	825 Gerard Scholarship Fund	826 Green & Davis Scholarship Fund	827 Lucile Ball Scholarship Fund
\$ 18,747	\$ 1,690	\$ 6,107	\$ 3,391	\$ 512,359	\$ 56,383	\$ 722,734	\$ 50,062
-	-	-	-	897,236	435,393	208,023	118,494
-	-	-	-	646	314	542	85
-	-	-	-	-	-	-	-
<u>18,747</u>	<u>1,690</u>	<u>6,107</u>	<u>3,391</u>	<u>1,410,241</u>	<u>492,090</u>	<u>931,299</u>	<u>168,641</u>
-	-	-	-	-	-	-	-
-	-	-	-	-	-	1,105	-
-	-	-	-	150	10,750	700	500
-	-	-	-	150	10,750	1,805	500
<u>18,747</u>	<u>1,690</u>	<u>6,107</u>	<u>3,391</u>	<u>1,410,091</u>	<u>481,340</u>	<u>929,494</u>	<u>168,141</u>
<u>\$ 18,747</u>	<u>\$ 1,690</u>	<u>\$ 6,107</u>	<u>\$ 3,391</u>	<u>\$ 1,410,091</u>	<u>\$ 481,340</u>	<u>\$ 929,494</u>	<u>\$ 168,141</u>

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CLEBURNE INDEPENDENT SCHOOL DISTRICT  
 COMBINING STATEMENT OF NET POSITION  
 PRIVATE PURPOSE TRUST FUNDS  
 AUGUST 31, 2015

	828 F. Nooner Scholarship Fund	Total Private Purpose Trust Funds
<b>ASSETS</b>		
Cash and Cash Equivalents	\$ 12,467	\$ 1,442,837
Investments - Current	-	1,742,329
Due from Other Funds	-	1,647
Other Receivables	-	10,850
Total Assets	12,467	3,197,663
<b>LIABILITIES</b>		
Accounts Payable	-	400
Due to Other Funds	-	1,105
Due to Student Groups	-	16,250
Total Liabilities	-	17,755
<b>NET POSITION</b>		
Restricted for Scholarships	12,467	3,179,908
Total Net Position	\$ 12,467	\$ 3,179,908

CLEBURNE INDEPENDENT SCHOOL DISTRICT  
 COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION  
 PRIVATE PURPOSE TRUST FUNDS  
 FOR THE YEAR ENDED AUGUST 31, 2015

	816 Miscellaneous Scholarships Fund	817 Roy Mae Williams Scholarship	818 Ball Snavelly Scholarship Fund	819 Pete Kendall Memorial Scholarship
<b>ADDITIONS:</b>				
Local and Intermediate Sources	\$ 9,650	\$ -	\$ 4,285	\$ -
Mineral Interest	-	-	-	-
Total Additions	<u>9,650</u>	<u>-</u>	<u>4,285</u>	<u>-</u>
<b>DEDUCTIONS:</b>				
Scholarships Awarded	<u>10,725</u>	<u>125</u>	<u>1,000</u>	<u>-</u>
Total Deductions	<u>10,725</u>	<u>125</u>	<u>1,000</u>	<u>-</u>
Change in Net Position	(1,075)	(125)	3,285	-
Total Net Position - September 1 (Beginning)	<u>17,732</u>	<u>125</u>	<u>108,761</u>	<u>19,737</u>
Total Net Position - August 31 (Ending)	<u><u>\$ 16,657</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 112,046</u></u>	<u><u>\$ 19,737</u></u>

820 Matt Calder Scholarship Fund	821 Lynn Palmer Scholarship Fund	822 Class of 42 Scholarship Fund	823 Johnnie Hyde Scholarship Fund	824 Alumni Scholarship Fund	825 Gerard Scholarship Fund	826 Green & Davis Scholarship Fund	827 Lucile Ball Scholarship Fund
\$ 250	\$ -	\$ -	\$ -	\$ 21,406	\$ 4,266	\$ 703,217	\$ 4,589
-	-	-	-	220,000	-	-	-
<u>250</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>241,406</u>	<u>4,266</u>	<u>703,217</u>	<u>4,589</u>
100	-	1,000	250	16,421	3,800	-	353
<u>100</u>	<u>-</u>	<u>1,000</u>	<u>250</u>	<u>16,421</u>	<u>3,800</u>	<u>-</u>	<u>353</u>
150	-	(1,000)	(250)	224,985	466	703,217	4,236
<u>18,597</u>	<u>1,690</u>	<u>7,107</u>	<u>3,641</u>	<u>1,185,106</u>	<u>480,874</u>	<u>226,277</u>	<u>163,905</u>
<u>\$ 18,747</u>	<u>\$ 1,690</u>	<u>\$ 6,107</u>	<u>\$ 3,391</u>	<u>\$ 1,410,091</u>	<u>\$ 481,340</u>	<u>\$ 929,494</u>	<u>\$ 168,141</u>



CLEBURNE INDEPENDENT SCHOOL DISTRICT  
 COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION  
 PRIVATE PURPOSE TRUST FUNDS  
 FOR THE YEAR ENDED AUGUST 31, 2015

Data Control Codes	828 F. Nooner Scholarship Fund	Total Private Purpose Trust Funds
ADDITIONS:		
Local and Intermediate Sources	\$ -	\$ 747,663
Mineral Interest	-	220,000
Total Additions	-	967,663
DEDUCTIONS:		
Scholarships Awarded	2,000	35,774
Total Deductions	2,000	35,774
Change in Net Position	(2,000)	931,889
 Total Net Assets - September 1 (Beginning)	 14,467	 2,248,019
 Total Net Assets - August 31 (Ending)	 \$ 12,467	 \$ 3,179,908

**REQUIRED TEXAS EDUCATION AGENCY SCHEDULES**

CLEBURNE INDEPENDENT SCHOOL DISTRICT  
SCHEDULE OF DELINQUENT TAXES RECEIVABLE  
FISCAL YEAR ENDED AUGUST 31, 2015

Last 10 Years Ended August 31	(1)	(2)	(3)
	Tax Rates		Assessed/Appraised Value for School Tax Purposes
	Maintenance	Debt Service	
2006 and prior years	Various	Various	\$ 1,689,597,544
2007	1.370000	0.196800	2,077,638,611
2008	1.040000	0.196800	2,503,814,976
2009	1.040000	0.196600	3,229,320,314
2010	1.040000	0.196600	3,379,047,550
2011	1.040000	0.196600	2,957,824,842
2012	1.040000	0.196600	2,900,378,134
2013	1.040000	0.196600	2,815,894,307
2014	1.040000	0.196600	2,644,490,296
2015 (School year under audit)	1.170000	0.196600	2,608,578,516
1000 TOTALS			

(10) Beginning Balance 9/1/2014	(20) Current Year's Total Levy	(31) Maintenance Collections	(32) Debt Service Collections	(40) Entire Year's Adjustments	(50) Ending Balance 8/31/2015
\$ 555,178	\$ -	\$ 5,589	\$ 721	\$ (10,242)	\$ 538,626
76,806	-	3,678	528	(1,898)	70,702
117,141	-	3,046	577	(1,103)	112,415
121,697	-	4,927	931	(1,080)	114,759
281,588	-	13,268	2,508	123	265,935
156,890	-	11,619	2,196	(421)	142,654
139,094	-	19,114	3,613	(4,456)	111,911
271,318	-	31,353	5,927	(28,181)	205,857
664,380	-	239,933	45,357	(39,147)	339,943
-	35,648,834	29,783,941	5,004,721	(215,807)	644,365
<u>\$ 2,384,092</u>	<u>\$ 35,648,834</u>	<u>\$ 30,116,468</u>	<u>\$ 5,067,079</u>	<u>\$ (302,212)</u>	<u>\$ 2,547,167</u>

CLEBURNE INDEPENDENT SCHOOL DISTRICT  
 FUND BALANCE AND CASH FLOW CALCULATION WORKSHEET  
 GENERAL FUND AS OF AUGUST 31, 2015

EXHIBIT J-3

**UNAUDITED**

1	Total General Fund Balance as of 8/31/15 (Exhibit C-1 object 3000 for the General Fund Only)		\$ 15,564,072
2	Total Non-Spendable Fund Balance (from Exhibit C-1 - for the General Fund Only)	\$ 364,411	
3	Total Restricted Fund Balance (from Exhibit C-1 - for the General Fund Only)	-	
4	Total Committed Fund Balance (from Exhibit C-1 - for the General Fund Only)	-	
5	Total Assigned Fund Balance (from Exhibit C-1 - 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.)	1,954,596	
7	Estimate of two month's average cash disbursements during the fiscal year.	8,983,436	
8	Estimate of delayed payments from state sources (58xx).	-	
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.	2,955,259	
10	Estimate of delayed payments from federal sources (59xx)	-	
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	Optimum Fund Balance and Cash Flow (Lines 2+3+4+5+6+7+8+9+10+11)		<u>14,257,702</u>
13	Excess (Deficit) Unassigned Fund Balance (Line 1 minus Line 12)		<u><u>\$ 1,306,370</u></u>

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

The District will utilize the positive fund balance to address maintenance needs for aging facilities.

CLEBURNE INDEPENDENT SCHOOL DISTRICT  
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
 BUDGET AND ACTUAL - CHILD NUTRITION PROGRAM  
 FOR THE YEAR ENDED AUGUST 31, 2015

Data Control Codes	Budgeted Amounts		Actual Amounts (GAAP BASIS)	Variance With Final Budget Positive or (Negative)
	Original	Final		
<b>REVENUES:</b>				
5700 Total Local and Intermediate Sources	\$ 889,255	\$ 889,255	\$ 801,988	\$ (87,267)
5800 State Program Revenues	20,819	20,819	54,087	33,268
5900 Federal Program Revenues	2,651,950	2,651,950	2,653,647	1,697
5020 Total Revenues	3,562,024	3,562,024	3,509,722	(52,302)
<b>EXPENDITURES:</b>				
0035 Food Services	3,143,631	3,587,831	3,700,891	(113,060)
0051 Facilities Maintenance and Operations	50,000	262,550	-	262,550
Capital Outlay:				
0081 Facilities Acquisition and Construction	-	485,000	398,094	86,906
6030 Total Expenditures	3,193,631	4,335,381	4,098,985	236,396
1100 Excess (Deficiency) of Revenues Over (Under) Expenditures	368,393	(773,357)	(589,263)	184,094
<b>OTHER FINANCING SOURCES (USES):</b>				
7912 Sale of Real and Personal Property	-	-	4,090	4,090
1200 Net Change in Fund Balances	368,393	(773,357)	(585,173)	188,184
0100 Fund Balance - September 1 (Beginning)	1,356,029	1,356,029	1,356,029	-
3000 Fund Balance - August 31 (Ending)	\$ 1,724,422	\$ 582,672	\$ 770,856	\$ 188,184

CLEBURNE INDEPENDENT SCHOOL DISTRICT  
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
 BUDGET AND ACTUAL - DEBT SERVICE FUND  
 FOR THE YEAR ENDED AUGUST 31, 2015

Data Control Codes	Budgeted Amounts		Actual Amounts (GAAP BASIS)	Variance With Final Budget Positive or (Negative)	
	Original	Final			
<b>REVENUES:</b>					
5700	Total Local and Intermediate Sources	\$ 5,176,380	\$ 5,176,380	\$ 5,185,191	\$ 8,811
5020	Total Revenues	5,176,380	5,176,380	5,185,191	8,811
<b>EXPENDITURES:</b>					
Debt Service:					
0071	Principal on Long Term Debt	4,315,000	4,315,000	4,390,000	(75,000)
0072	Interest on Long Term Debt	1,299,234	1,299,234	1,216,330	82,904
0073	Bond Issuance Cost and Fees	3,000	197,000	194,508	2,492
6030	Total Expenditures	5,617,234	5,811,234	5,800,838	10,396
1100	Excess (Deficiency) of Revenues Over (Under) Expenditures	(440,854)	(634,854)	(615,647)	19,207
<b>OTHER FINANCING SOURCES (USES):</b>					
7901	Refunding Bonds Issued	-	12,740,000	12,740,000	-
7916	Premium or Discount on Issuance of Bonds	-	2,483,000	2,482,561	(439)
8940	Payment to Bond Refunding Escrow Agent (Use)	-	(15,030,000)	(15,029,311)	689
7080	Total Other Financing Sources (Uses)	-	193,000	193,250	250
1200	Net Change in Fund Balances	(440,854)	(441,854)	(422,397)	19,457
0100	Fund Balance - September 1 (Beginning)	2,998,673	2,998,673	2,998,673	-
3000	Fund Balance - August 31 (Ending)	\$ 2,557,819	\$ 2,556,819	\$ 2,576,276	\$ 19,457

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# KIRK, RICHARDSON & POOLE, P. C.

## Certified Public Accountants

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<b>Tom Kirk, CPA</b>	<b>Don Richardson, CPA</b>	<b>Cindy Poole, CPA</b>
<b>7559 John T. White Road</b>	<b>P. O. Box 8342</b>	<b>Fort Worth, Texas 76124</b>
<b>(817) 451-7406</b>		<b>Fax (817) 451-7597</b>

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INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

Board of Trustees  
Cleburne Independent School District  
505 N. Ridgeway, Suite 100  
Cleburne, Texas 76033

Members of the Board of Trustees:

We have audited in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Cleburne Independent School District (the "District") as of and for the year ended August 31, 2015, and the related notes to the financial statements which collectively comprise the District's basic financial statements and have issued our report thereon dated January 14, 2016.

### **Internal Control over Financial Reports**

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

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

Our consideration of the internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses, or significant deficiencies. Given these limitations,

during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we 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 our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

### **Purpose of this Report**

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

*Kirk, Richardson & Poole, P.C.*

Kirk, Richardson & Poole, P. C.  
Fort Worth, Texas  
January 14, 2016

# KIRK, RICHARDSON & POOLE, P. C.

## Certified Public Accountants

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<b>Tom Kirk, CPA</b>	<b>Don Richardson, CPA</b>	<b>Cindy Poole, CPA</b>
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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR  
PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE  
REQUIRED BY *OMB CIRCULAR A-133*

Board of Trustees  
Cleburne Independent School District  
505 N. Ridgeway, Suite 100  
Cleburne, Texas 76033

Members of the Board of Trustees:

### Report on Compliance for Each Major Federal Program

We have audited the Cleburne Independent School District (the "District") compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the year ended August 31, 2015. The District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

### Management's Responsibility

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

### Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the District's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our 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 A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on the compliance for each major federal program. However, our audit does not provide a legal determination on the District's compliance with those requirements.

### Opinion on Each Major Federal Program

In our opinion, the 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, 2015.

## Report on Internal Control over Compliance

Management of the District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the District's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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

*Kirk, Richardson & Poole, P.C.*

Kirk, Richardson & Poole, P.C.  
Fort Worth, Texas  
January 14, 2016

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

**Section I - Summary of Auditor's Results**

*Financial Statements*

Type of auditor's report issued:	Unmodified
Internal control over financial reporting:	
Material weaknesses identified?	No
Significant deficiency(ies) identified that are not considered to be material weakness?	No
Noncompliance material to financial statements noted?	No

*Federal Awards*

Internal control over major programs:	
Material weaknesses identified?	No
Significant deficiency(ies) identified that are not considered to be material weakness?	No
Type of auditor's report issued on compliance for major programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of OMB Circular A-133?	No

Identification of major programs:

CFDA Number(s)	Name of Federal Program or Cluster
84.002	Adult Education (ABE) – Federal
10.553	School Breakfast Program
10.555	National School Lunch Program – Cash Assistance
10.555	National School Lunch Program – Non-cash Assistance

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

Auditee qualified as low risk auditee?: Yes

**Section II – Financial Statement Findings**

N/A – None.

**Section III – Federal Award Findings and Questioned Costs**

N/A – None.

CLEBURNE INDEPENDENT SCHOOL DISTRICT  
SCHEDULE OF STATUS OF PRIOR FINDINGS  
FOR THE YEAR ENDED AUGUST 31, 2015

**STATUS OF PRIOR YEAR'S FINDING/NONCOMPLIANCE:**

2014-01 - Fund 240 National Breakfast and Lunch Program Excess Fund Balance

The District has made necessary corrections and this item is no longer considered a finding.

CLEBURNE INDEPENDENT SCHOOL DISTRICT  
CORRECTIVE ACTION PLAN  
FOR THE YEAR ENDED AUGUST 31, 2015

Contact: David Johnson, Chief Financial Officer  
505 N. Ridgeway, Suite 100  
Cleburne, Texas 76033  
(817) 202-1100

N/A – None required.

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

(1)	(2)	(3)	(4)
FEDERAL GRANTOR/ PASS-THROUGH GRANTOR/ PROGRAM or CLUSTER TITLE	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
<b>U.S. DEPARTMENT OF EDUCATION</b>			
<u>Passed Through State Department of Education</u>			
Adult Education (ABE) - Federal	84.002	0414AELA00	\$ 343,103
Adult Education (ABE) - Federal	84.002	0414AELB00	21,862
Adult Education (ABE) - Federal	84.002	0414ELC000	13,459
Adult Education (ABE) - Federal	84.002	0414ELC100	1,301
Total CFDA Number 84.002			379,725
ESEA, Title I, Part A - Improving Basic Programs	84.010A	15610101126903	1,266,526
ESEA, Title I, Part A - Improving Basic Programs	84.010A	16610101126903	68,866
Total CFDA Number 84.010A			1,335,392
*IDEA - Part B, Formula	84.027	15660001126903	1,222,521
*IDEA - Part B, Formula	84.027	16660001126903	81,617
Total CFDA Number 84.027			1,304,138
*IDEA - Part B, Preschool	84.173	15661001126903	48,044
Total Special Education Cluster (IDEA)			1,352,182
Career and Technical - Basic Grant	84.048	15420006126903	81,591
Career and Technical - Basic Grant	84.048	16420006126903	1,633
Total CFDA Number 84.048			83,224
ESEA, Title X, Part C -Homeless Children	84.196	15-009	32,550
Title III, Part A - English Language Acquisition	84.365A	15671001126903	98,413
ESEA, Title II, Part A, Teacher/Principal Training	84.367A	15694501126903	239,186
ESEA, Title II, Part A, Teacher/Principal Training	84.367A	16694501126903	18,274
Total CFDA Number 84.367A			257,460
Summer School LEP	84.369	69551402	5,533
Total Passed Through State Department of Education			\$ 3,544,479
<b>TOTAL U.S. DEPARTMENT OF EDUCATION</b>			<b>\$ 3,544,479</b>
<b>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</b>			
<u>Passed Through State Department of Education</u>			
Temporary Assistance for Needy Families (TANF)	93.558		\$ 11,069
Total Passed Through State Department of Education			\$ 11,069
<b>TOTAL U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</b>			<b>\$ 11,069</b>
<b>U.S. DEPARTMENT OF AGRICULTURE</b>			
<u>Passed Through the State Department of Agriculture</u>			
*School Breakfast Program	10.553		\$ 559,675
*National School Lunch Program - Cash Assistance	10.555		1,851,886
*National School Lunch Prog. - Non-Cash Assistance	10.555		242,087
Total CFDA Number 10.555			2,093,973
Total Child Nutrition Cluster			2,653,648
Total Passed Through the State Department of Agriculture			\$ 2,653,648
<b>TOTAL U.S. DEPARTMENT OF AGRICULTURE</b>			<b>\$ 2,653,648</b>
<b>TOTAL EXPENDITURES OF FEDERAL AWARDS</b>			<b>\$ 6,209,196</b>

\*Clustered Programs



CLEBURNE INDEPENDENT SCHOOL DISTRICT  
*NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS*  
 AUGUST 31, 2015

**Note 1 – Basis of Presentation**

The District accounts for all awards under federal programs in the General and Certain Special Revenue Funds in accordance with the Texas Education Agency’s *Financial Accountability System Resource Guide*. These programs are accounted for using a current financial resources measurement focus.

The modified accrual basis of accounting is used for the General and Special Revenue funds. This basis of accounting recognizes revenues in the accounting period in which they become susceptible to accrual, i.e., both measurable and available, and expenditures in the accounting period in which the liability is incurred, if measurable, except for certain compensated absences and claims and judgments, which are recognized when the obligations are expected to be liquidated with expendable available financial resources.

Federal grant revenues are considered to be earned to the extent of expenditures made under the provisions of the grant, and accordingly, when such amounts are received, they are recorded as unearned revenues until earned. Generally, unused balances are returned to the grantor at the close of specified project periods.

**Note 2 – Period of Availability**

Federal awards may specify a time period during which the District may use the Federal funds. Where a funding period is specified, the District may charge to the award only costs resulting from obligations incurred during the funding period and any pre-award costs authorized by the Federal awarding agency. Also, if authorized by the Federal program, unobligated balances may be carried over and charged for obligations of a subsequent funding period. Obligations means the amounts of orders placed, contracts and subgrants awarded, goods and services received, and similar transactions during a given period that will require payment by the District during the same or future period.

The District shall liquidate all obligations incurred under the award not later than 90 days after the end of the funding period (or as specified in a program regulation). The Federal agency may extend this deadline upon request. Section H, Period of Availability of Federal Funds, Part 3, OMB Circular A-133 Compliance Supplement 2015.

**Note 3 – Reconciliation of Basic Financial Statements**

The following is a reconciliation of expenditures of federal awards program per the Schedule of Expenditures of Federal Awards and expenditures reported in the financial statements as follows:

Total federal sources per financial statements for Governmental Funds	\$6,795,006
Less: School Health & Related services (SHARS)	(480,916)
E-rate	(104,894)
Total federal expenditures on Schedule of Expenditures of Federal Awards	<u>\$6,209,196</u>