

**WASKOM INDEPENDENT SCHOOL DISTRICT  
ANNUAL FINANCIAL REPORT FOR THE  
YEAR ENDED AUGUST 31, 2015**

**DRAFT**  
**For Discussion Purposes Only**

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**WASKOM INDEPENDENT SCHOOL DISTRICT  
Annual Financial Report for the  
Year Ended August 31, 2015**

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**the Year Ended August 31, 2015**

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**WASKOM INDEPENDENT SCHOOL DISTRICT  
CERTIFICATE OF BOARD**

<u>Waskom Independent School District</u>	<u>Harrison</u>	<u>102-903</u>
Name of School District	County	County-District 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 \_\_\_\_\_, 2015.

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

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

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

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**FINANCIAL SECTION**

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## Independent Auditor's Report

Members of the Board of Trustees  
Waskom Independent School District  
Waskom, Texas

Members of the Board of Trustees:

### 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 Waskom Independent School District (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.

## **Independent Auditor's Report**

Members of the Board of Trustees  
November 13, 2015  
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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 Waskom Independent School District, as of August 31, 2015, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Emphasis of Matter***

As discussed in the Notes to the financial statements, in 2015, the District adopted new accounting guidance prescribed by 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 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 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 on pages 5 through 11, budgetary comparison information on page 44, and the Teacher's Retirement System pension schedules on pages 45-46, 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. 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.

## **Independent Auditor's Report**

Members of the Board of Trustees

November 13, 2015

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

### **Other Reporting Required by Government Auditing Standards**

In accordance with Government Auditing Standards, we have also issued our report dated November 13, 2015, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering Districts' internal control over financial reporting and compliance.

*Goff & Herrington, P.C.*

GOFF & HERRINGTON, P.C.

Certified Public Accountants

November 13, 2015

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## WASKOM INDEPENDENT SCHOOL DISTRICT

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### MANAGEMENT'S DISCUSSION AND ANALYSIS

This section of the Waskom Independent School District's annual financial report presents our discussion and analysis of the District's financial performance during the year ended August 31, 2015. Please read it in conjunction with the District's financial statements, which immediately follow this section.

#### FINANCIAL HIGHLIGHTS

- ▶ The District's total combined net position was \$5,858,632 as of August 31, 2015.
- ▶ During the year ended August 31, 2015, the District's net position decreased by \$636,719. The District generated \$8,986,158 in taxes and other revenues from governmental activities.
- ▶ The total cost of the District's programs was \$9,622,877.
- ▶ The general fund reported a total fund balance this year of \$2,056,773.
- ▶ The general fund unassigned fund balance is \$1,955,820.

#### OVERVIEW OF THE FINANCIAL STATEMENTS

This annual financial report consists of three parts - **management's discussion and analysis** (this section), the **basic financial statements**, and **required supplementary information**. The basic financial statements include: (1) government-wide financial statements, (2) fund financial statements, and (3) notes to the financial statements. The required supplementary information further explains and supports the information in the financial statements.

#### Government-wide Financial Statements

The District's annual financial report includes two government-wide financial statements. These statements provide both long-term and short-term information about the District's finances. Financial reporting at this level uses a perspective similar to that found in the private sector.

The first of these government-wide financial statements is the **Statement of Net Position**. This is the District wide statement of financial position presenting information that includes all of the District's asset, liabilities, and deferred outflows and inflows, with the difference reported as **net position**. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District as a whole is improving or deteriorating. Evaluation of the overall health of the District would extend to other non financial factors such as changes to the District's tax base.

The second government-wide financial statement is the **Statement of Activities**, which reports how the District's net position changed during the current year. All current revenues and expenses are included regardless of when the cash is received or paid.

The government-wide financial statements of the District include the governmental activities of the District. These are the basic services such as instruction, extracurricular activities, curriculum and staff

## WASKOM INDEPENDENT SCHOOL DISTRICT

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development, health services, and administration. Property taxes, state aid, and federal grants finance most of these activities.

### **Fund Financial Statements**

The fund financial statements focus on individual parts of the government, reporting the District's operations in more detail than the government-wide statements.

- ▶ The governmental funds statements tell how general government services were financed in the short term as well as what remains for future spending.
- ▶ The fiduciary fund statements provide information about the financial relationships in which the District acts solely as a trustee or agent for the benefit of others, to whom the resources in question belong.

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

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

The District has two kinds of funds:

**Governmental funds** - Most of the District's basic services are included in governmental funds, which focus on (1) how cash and other financial assets that can be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental fund statements provide a detailed short term view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's program's. Because this information does not encompass the additional long term focus of the government-wide statements, we provide additional information at the bottom of the governmental fund statement, or on the subsequent page, that explains the relationship (or differences) between them.

**Fiduciary funds** - The District is the trustee, or fiduciary, for money raised by student activities and a scholarship program. The District is responsible for ensuring that the assets reported in these funds are used for their intended purposes. All of the District's fiduciary activities are reported in a separate statement of fiduciary net position and a statement of changes in fiduciary net position. We exclude these activities from the District's government-wide financial statements because the District cannot use these assets to finance its operations.

The accompanying notes to the financial statements provide essential information to a full understanding of the government-wide and fund financial statements.

**WASKOM INDEPENDENT SCHOOL DISTRICT**

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**FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE**

**Net Position.** The District’s combined net position was \$5,858,632 as of August 31, 2015. The following table provides a summary of the District’s net position.

**The District’s Net Position**

	Governmental Activities		
	2015	2014	% Change
Current and Other Assets	2,657,869	3,132,870	(15.2)%
Capital and Non-Current Assets	11,570,038	12,008,198	(3.6)%
<b>Total Assets</b>	<b>14,227,907</b>	<b>15,141,068</b>	<b>(6.0)%</b>
Deferred Outflows of Resources	447,794	-	100.0%
<b>Total Deferred Outflows of Resources</b>	<b>447,794</b>	<b>-</b>	<b>100.0%</b>
Other Liabilities	381,460	402,472	(5.2)%
Long Term Liabilities	8,280,489	7,668,711	8.0%
<b>Total Liabilities</b>	<b>8,661,949</b>	<b>8,071,183</b>	<b>7.3%</b>
Deferred Inflows of Resources	155,120	-	100.0%
<b>Total Deferred Inflows of Resources</b>	<b>155,120</b>	<b>-</b>	<b>100.0%</b>
Net Position:			
Net Investment in Capital Assets	3,796,638	4,339,487	(12.5)%
Restricted	116,695	248,822	(53.1)%
Unrestricted	1,945,299	2,481,576	(21.6)%
<b>Total Net Position</b>	<b>5,858,632</b>	<b>7,069,885</b>	<b>(17.1)%</b>

The \$116,695 of restricted net position represents amounts to be spent on retirement of debt and grant programs.

**Changes in net position.** The District’s total revenues were \$8,986,158. A portion, 30.11 percent, of the District’s revenue comes from state aid-formula grants. Property taxes represent 54.76 percent of the District’s revenue. The rest of the District’s revenue comes from federal operating grants, charges for services, investment earnings, and other local sources.

The total cost of all programs and services was \$9,622,877; 76.63 percent of these costs are for instructional and student services.

**WASKOM INDEPENDENT SCHOOL DISTRICT**

**Governmental Activities**

The following table provides a summary of the District’s changes in net position.

**Changes in the District’s Net Position**

	Governmental Activities		% Change
	2015	2014	
<b>Revenues:</b>			
Program Revenues:			
Charges for services	163,215	123,254	32.4%
Operating grants	1,053,241	964,956	9.1%
General Revenues:			
Property taxes	4,920,914	5,423,974	(9.3)%
State aid - formula	2,705,453	2,401,567	12.7%
Investment earnings	3,296	3,727	(11.6)%
Other general revenues	140,039	118,190	18.5%
<b>Total revenues</b>	<b>8,986,158</b>	<b>9,035,668</b>	<b>(0.5)%</b>
<b>Expenses:</b>			
Instructional and instructional related	5,542,597	5,257,158	5.4%
Instructional and school leadership	396,239	390,718	1.4%
Counseling, health, transportation, and extracurricular	1,126,985	1,127,349	0.0%
Food services	587,350	487,803	20.4%
General administration	342,861	330,347	3.8%
Plant maintenance and security	1,126,950	1,084,308	3.9%
Data processing services	139,052	130,796	6.3%
Debt services	243,367	269,504	(9.7)%
Payments to fiscal agent/member districts	117,476	105,586	11.3%
<b>Total expenses</b>	<b>9,622,877</b>	<b>9,183,569</b>	<b>4.8%</b>
Increase (Decrease) in Net Position	(636,719)	(147,901)	330.5%
Beginning Net Position	7,069,885	7,217,786	(2.0)%
Prior Period Adjustment (GASB 68)	(574,534)	-	100.0%
Ending Net Position	<b>5,858,632</b>	<b>7,069,885</b>	<b>(17.1)%</b>



**WASKOM INDEPENDENT SCHOOL DISTRICT**

The District’s maintenance property tax rate of \$1.04 is unchanged from last year. Property tax revenues decreased by 9.27 percent from the prior year as appraised valuation decreased.

The cost of governmental activities may be summarized as follows:

- ▶ The cost of all governmental activities this year was \$9,622,877.
- ▶ The amount that taxpayers paid for these activities through property taxes was \$4,920,914.
- ▶ Some of the cost was paid by those who directly benefitted from the programs (\$163,215), or
- ▶ By operating grants (\$1,053,241).

The following table presents the cost of each of the District’s largest functions as well as each functions net cost (total cost less fees generated by activities and intergovernmental aid). The net cost reflects what was funded by state revenues as well as local tax dollars.

	<b>Net Cost of Selected District Functions</b>					
	Total cost of services			Net cost of services		
	2015	2014	%	2015	2014	%
			Change			Change
Instruction	5,321,189	5,036,312	5.7%	4,689,872	4,594,658	2.1%
Maintenance & operations	1,052,267	1,020,390	3.1%	1,037,657	1,002,661	3.5%
Cocurricular/extracurricular	749,049	695,909	7.6%	722,082	671,179	7.6%
School Leadership	387,567	383,632	1.0%	371,636	365,182	1.8%
Food service	587,350	487,803	20.4%	149,979	(13,678)	(1196.5)

**FINANCIAL ANALYSIS OF THE DISTRICT’S FUNDS**

Revenues from governmental fund types totaled \$8,984,910, a decrease of 1.10 percent from the preceding year, attributable to decreased local and intermediate revenues.

The District’s governmental funds ended the year with a reported combined fund balance of \$2,173,468, a decrease of \$475,729 from last years ending balance of \$2,649,197. The decrease is primarily attributable to decreased local and intermediate revenues during the year.

**General Fund Budgetary Highlights**

Over the course of the year the District revised the operating budget as actual results were analyzed. Actual expenditures were \$115,015 below final budget amounts. The most significant positive variance results were in the instructional and plant maintenance and operations functions as the final expenditures were less than expected.

**WASKOM INDEPENDENT SCHOOL DISTRICT**

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Additionally, reported total revenues were \$13,770 below the final budgeted amounts as local and intermediate revenues were less than anticipated.

**CAPITAL ASSETS AND DEBT ADMINISTRATION**

**Capital Assets**

At the end of 2015, the District had invested \$23,134,638, less depreciation of \$11,564,600, in a broad range of capital assets, including land, school buildings, athletic facilities, instructional equipment, and school buses. The following table provides a summary of the District’s capital assets.

**District’s Capital Assets**  
(Net of depreciation)

	Governmental Activities		% Change
	2015	2014	
Land	155,135	155,135	0.0%
Buildings & improvements	10,880,064	10,735,591	1.3%
Equipment & vehicles	489,839	544,033	(10.0)%
Construction in Progress	45,000	573,439	100.0%
Net capital assets	11,570,038	12,008,198	(3.6)%

Significant capital asset expenditures include major roof repairs to the elementary and middle school buildings. Subsequent to year end, District voters approved a \$13.4 million bond that will pay for classroom renovations and additions, specifically for the CATE program, and restroom renovations district-wide.

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

**Long-term Debt**

The following table provides a summary of the District’s long-term debt.

**District’s Long-term Debt**

	Governmental Activities		% Change
	2015	2014	
School Building Bonds - 2005 Series	-	200,000	(100.0)%
School Building Bonds - 2013 Series	7,030,000	7,055,000	(0.4)%
Total long term debt	7,030,000	7,255,000	(3.1)%

## **WASKOM INDEPENDENT SCHOOL DISTRICT**

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At year end the District had \$7,030,000 in school building bonds outstanding as shown above. The District's bonds presently carry favorable ratings of "AA" with Standard and Poors. Subsequent to year end, District voters approved a \$13.4 million bond for major capital improvements.

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

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

- ▶ Appraised values used for the 2016 budget preparation were \$383,834,696, a 9.73 percent decrease from 2015.
- ▶ The District's average daily attendance is expected to be 860 which is a 2.62 percent increase from 2015.

These indicators were taken into account when adopting the general fund budget for 2016. Amounts available for expenditure in the general fund budget are \$7,903,529, an increase of 3.51 percent from the final 2015 budget of \$7,635,414. The District will use these revenues to finance programs we currently offer.

Expenditures are budgeted to decrease 1.49 percent to \$7,943,529. If the budgeted estimates are realized, the District's budgetary general fund balance is expected to decrease by the close of 2016.

### **CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT**

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

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**Government-Wide Financial Statements**

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

Data Control Codes	Primary Government			
	Governmental Activities	Business-type Activities	Total	
<b>ASSETS</b>				
1110	Cash and cash equivalents	774,478	-	774,478
1120	Investments - current	1,056,650	-	1,056,650
1220	Property taxes receivable - delinquent	575,952	-	575,952
1230	Allowance for uncollectible taxes (credit)	(460,761)	-	(460,761)
1240	Due from other governments	711,550	-	711,550
	Capital Assets:			
1510	Land	155,135	-	155,135
1520	Buildings, net	10,880,064	-	10,880,064
1530	Furniture and equipment, net	489,839	-	489,839
1580	Construction in Progress	45,000	-	45,000
1000	Total assets	14,227,907	-	14,227,907
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
1702	Deferred charge on refunding	355,255	-	355,255
1705	Deferred outflows related to TRS	92,539	-	92,539
1700	Total deferred outflows of resources	447,794	-	447,794
<b>LIABILITIES</b>				
2140	Interest payable	12,250	-	12,250
2160	Accrued wages payable	364,175	-	364,175
2300	Unearned revenue	5,035	-	5,035
	Long Term Liabilities:			
2501	Due within one year	230,000	-	230,000
2502	Due after one year	7,543,400	-	7,543,400
2540	Net pension liability	507,089	-	507,089
2000	Total liabilities	8,661,949	-	8,661,949
<b>DEFERRED INFLOWS OF RESOURCES</b>				
2605	Deferred inflows related to TRS	155,120	-	155,120
2600	Total deferred inflows of resources	155,120	-	155,120
<b>NET POSITION</b>				
3200	Net investment in capital assets	3,796,638	-	3,796,638
3820	Restricted for federal and state programs	34,507	-	34,507
3850	Restricted for debt service	82,188	-	82,188
3900	Unrestricted	1,945,299	-	1,945,299
3000	Total net position	5,858,632	-	5,858,632

The accompanying notes are an integral part of this statement

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

Data Control Codes	1	Program Revenues	
		3	4
	Expenses	Charges for Services	Operating Grants and Contributions
Governmental activities:			
11 Instruction	5,321,189	16,053	615,264
12 Instructional resources and media services	85,418	-	2,484
13 Curriculum and staff development	135,990	-	49,645
21 Instructional leadership	8,672	-	8,672
23 School leadership	387,567	-	15,931
31 Guidance, counseling, and evaluation services	127,674	-	5,892
33 Health services	57,871	-	2,589
34 Student transportation	192,391	-	5,840
35 Food service	587,350	130,710	306,661
36 Extracurricular activities	749,049	16,452	10,515
41 General administration	342,861	-	7,371
51 Plant maintenance and operations	1,052,267	-	14,610
52 Security and monitoring services	74,683	-	2,959
53 Data processing services	139,052	-	4,808
72 Interest on long-term debt	242,364	-	-
73 Bond issuance costs and fees	1,003	-	-
93 Payments related to shared services arrangements	117,476	-	-
TP Total primary government	9,622,877	163,215	1,053,241

Data Control Codes	General revenues:
MT	Taxes:
DT	Property taxes, levied for general purposes
SF	Property taxes, levied for debt service
GC	State aid formula grants
IE	Grants and contributions, not restricted to specific programs
MI	Investment earnings
TR	Miscellaneous
CN	Total general revenues
NB	Change in net position
PA	Net position, beginning
NE	Prior period adjustment required by GASB 68
	Net position, ending

The accompanying notes are an integral part of this statement



Program Revenues	Net (Expense) Revenues and Changes in Net Position		
	5 Capital Grants and Contributions	Governmental Activities	Business Activities
-	(4,689,872)	-	(4,689,872)
-	(82,934)	-	(82,934)
-	(86,345)	-	(86,345)
-	-	-	-
-	(371,636)	-	(371,636)
-	(121,782)	-	(121,782)
-	(55,282)	-	(55,282)
-	(186,551)	-	(186,551)
-	(149,979)	-	(149,979)
-	(722,082)	-	(722,082)
-	(335,490)	-	(335,490)
-	(1,037,657)	-	(1,037,657)
-	(71,724)	-	(71,724)
-	(134,244)	-	(134,244)
-	(242,364)	-	(242,364)
-	(1,003)	-	(1,003)
-	(117,476)	-	(117,476)
-	(8,406,421)	-	(8,406,421)
	4,428,649	-	4,428,649
	492,265	-	492,265
	2,705,453	-	2,705,453
	91,617	-	91,617
	3,296	-	3,296
	48,422	-	48,422
	7,769,702	-	7,769,702
	(636,719)	-	(636,719)
	7,069,885	-	7,069,885
	(574,534)	-	(574,534)
	5,858,632	-	5,858,632

The accompanying notes are an integral part of this statement

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**Governmental Fund Financial Statements**

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

Data Control Codes		General Fund	Other Governmental Funds	Total Governmental Funds
	<b>ASSETS</b>			
1110	Cash and cash equivalents	648,388	126,090	774,478
1120	Investments - current	1,056,650	-	1,056,650
1220	Property taxes receivable - delinquent	515,229	60,723	575,952
1230	Allowance for uncollectible taxes (credit)	(412,183)	(48,578)	(460,761)
1240	Due from other governments	711,550	-	711,550
1000	Total Assets	<u>2,519,634</u>	<u>138,235</u>	<u>2,657,869</u>
	<b>LIABILITIES</b>			
2160	Accrued wages payable	354,926	9,249	364,175
2200	Accrued expenditures	4,889	146	5,035
2000	Total Liabilities	<u>359,815</u>	<u>9,395</u>	<u>369,210</u>
	<b>DEFERRED INFLOWS OF RESOURCES</b>			
2601	Unavailable revenue - property taxes	103,046	12,145	115,191
2600	Total Deferred Inflows of Resources	<u>103,046</u>	<u>12,145</u>	<u>115,191</u>
	<b>FUND BALANCES</b>			
	Restricted fund balance:			
3450	Federal or State grants	-	34,507	34,507
3480	Retirement of long term debt	-	82,188	82,188
	Committed fund balance:			
3540	Self insurance	48,953	-	48,953
	Assigned fund balance:			
3550	Construction	52,000	-	52,000
3600	Unassigned fund balance	1,955,820	-	1,955,820
3000	Total fund balances	<u>2,056,773</u>	<u>116,695</u>	<u>2,173,468</u>
4000	Total Liabilities, Deferred Inflows & Fund Balances	<u>2,519,634</u>	<u>138,235</u>	<u>2,657,869</u>

The accompanying notes are an integral part of this statement

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

	Total fund balances - governmental funds	2,173,468
1	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 were \$22,891,868 and the accumulated depreciation was \$10,883,670. 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 governmental funds. The net effect of including beginning balances for capital assets (net of depreciation) and long-term debt in the governmental activities is to increase (decrease) net position.	4,338,228
2	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 current year capital outlays and debt principal payments is to increase net position.	567,745
3	The current depreciation expense increases accumulated depreciation. The net effect of the current year's depreciation is to decrease net position.	(734,847)
4	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 \$507,089, a Deferred Resource Inflow related to TRS in the amount of \$155,120, and a Deferred Resource Outflow related to TRS in the amount of \$40,803. This amounted to a decrease in Net Position in the amount of \$621,406.	(621,406)
5	Various other reclassifications and eliminations are necessary to convert from the modified accrual basis of accounting to the accrual basis of accounting. These include recognizing deferred revenue as revenue, eliminating interfund transactions, reclassifying debt proceeds, and recognizing the liabilities associated with maturing long-term debt and interest. The net effect of these reclassifications is to increase (decrease) net position.	135,444
19	Net position of governmental activities	5,858,632

The accompanying notes are an integral part of this statement

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

Data Control Codes		General Fund	Other Governmental Funds	Total Governmental Funds
<b>REVENUES</b>				
5700	Total local and intermediate sources	4,484,321	650,278	5,134,599
5800	State program revenues	3,039,498	157,523	3,197,021
5900	Federal program revenues	97,825	555,465	653,290
5020	Total revenues	7,621,644	1,363,266	8,984,910
<b>EXPENDITURES</b>				
0011	Instruction	4,591,239	403,645	4,994,884
0012	Instructional resources and media services	75,572	-	75,572
0013	Curriculum and staff development	88,938	45,629	134,567
0021	Instructional leadership	-	8,672	8,672
0023	School leadership	372,949	-	372,949
0031	Guidance, counseling, evaluation services	122,864	-	122,864
0033	Health services	56,193	-	56,193
0034	Student transportation	144,285	2,590	146,875
0035	Food service	-	540,732	540,732
0036	Extracurricular activities	620,392	-	620,392
0041	General administration	341,690	-	341,690
0051	Plant maintenance and operations	1,031,495	-	1,031,495
0052	Security and monitoring services	66,805	-	66,805
0053	Data processing services	127,223	-	127,223
0071	Principal on long-term debt	-	225,000	225,000
0072	Interest on long-term debt	-	284,969	284,969
0073	Bond issuance costs and fees	-	1,003	1,003
0081	Capital outlay	191,278	-	191,278
0093	Payments related to shared services	117,476	-	117,476
6030	Total expenditures	7,948,399	1,512,240	9,460,639
1100	Excess (deficiency) of revenues over expenditures	(326,755)	(148,974)	(475,729)
<b>OTHER FINANCING SOURCES (USES)</b>				
7915	Transfers in	-	16,847	16,847
8911	Transfers out	(16,847)	-	(16,847)
7080	Total other financing sources and uses	(16,847)	16,847	-
1200	Net change in fund balances	(343,602)	(132,127)	(475,729)
0100	Fund balance - September 1 (beginning)	2,400,375	248,822	2,649,197
3000	Fund balance - August 31 (ending)	2,056,773	116,695	2,173,468

The accompanying notes are an integral part of this statement

**WASKOM 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**

Net change in fund balances - governmental funds	(475,729)
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 current year capital outlays and debt principal payments is to increase net position.	567,745
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.	(734,847)
The District recorded their proportionate share of the pension expense during the measurement as part of the net pension liability. The amounts expensed for FY 2015 were \$78,772 for 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 \$51,736. This caused a net decrease in the change in net position of \$26,986.	(26,986)
Various other reclassifications and eliminations are necessary to convert from the modified accrual basis of accounting to the accrual basis of accounting. These include recognizing deferred revenue as revenue, adjusting current year revenue to show the revenue earned from the current year's tax levy, eliminating interfund transactions, reclassifying debt proceeds, and recognizing the liabilities associated with maturing long-term debt and interest. The net effect of these reclassifications is to increase (decrease) net position.	<u>33,098</u>
Change in net position of governmental activities	<u><u>(636,719)</u></u>

The accompanying notes are an integral part of this statement



**Fiduciary Fund Financial Statements**

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

	<b>Private Purpose Trust Funds</b>	<b>Agency Funds</b>
<b>ASSETS</b>		
Cash and cash equivalents	2,658	84,067
Investments - current	341,594	-
Total Assets	344,252	84,067
 <b>LIABILITIES</b>		
Due to student groups	-	84,067
Total Liabilities	-	84,067
 <b>NET POSITION</b>		
Restricted for scholarships	344,252	
Total Net Position	344,252	

The accompanying notes are an integral part of this statement

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

	<u>Private Purpose Trust Funds</u>
<b>ADDITIONS:</b>	
Local and intermediate sources	404
Total additions	<u>404</u>
<b>DEDUCTIONS:</b>	
Scholarships awarded	394
Total deductions	<u>394</u>
Change in Net Position	10
Total Net Position - September 1 (Beginning)	<u>344,242</u>
Total Net Position - August 31 (Ending)	<u><u>344,252</u></u>

The accompanying notes are an integral part of this statement

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

**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. FINANCIAL REPORTING ENTITY**

Waskom Independent School District (District) is a public educational agency operating under the applicable laws and regulations of the State of Texas. It is governed by a seven member Board of Trustees (Board) elected by registered voters of the District. The District prepares its basic financial statements in conformity with generally accepted accounting and financial reporting principles promulgated by the Governmental Accounting Standards Board; and it complies with the requirements of the appropriate version of Texas Education Agency's Financial Accountability System Resource Guide (Resource Guide) and the requirements of contracts and grants of agencies from which it receives funds.

Because the Board is elected by the public; has the authority to make decisions, appoint administrators and managers, and significantly influence operations; and has the primary accountability for fiscal matters; the District is not included in any other governmental "reporting entity" as defined by the Governmental Accounting Standards Board (GASB) in its statement No. 14, "The Financial Reporting Entity," including subsequent revisions. There are no component units included within the reporting entity.

**B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS**

**Government-wide Financial Statements**

The government-wide financial statements include the statement of net position and the statement of activities. These statements report financial information for the District as a whole excluding fiduciary activities. Individual funds are not displayed but the statements present Governmental Activities which include programs supported by ad valorem taxes, state aid formula grants, and federal grants.

The statement of activities reports the expenses of the District's functions offset by program revenues directly connected with the function. A function is a general operational area in the District that groups together similar activities and may include portions of a fund or summarize more than one fund to capture the expenses and program revenues associated with the function. Program revenues include: (1) charges for services which report charges to users of the District's services such as tuition paid by students not residing in the District, athletic gate receipts and school lunch charges; and (2) operating grants and contributions which finance annual operating activities of the District such as the Elementary and Secondary Education Act. Taxes, state aid formula grants, and other revenue sources not properly included with program revenues are reported as general revenues.

All interfund transactions between governmental funds are eliminated on the government-wide financial statements. Interfund activities between governmental funds and fiduciary funds remain as due to/from on the government-wide statement of net position.

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

**Fund Financial Statements**

Fund financial statements provide reports on the financial condition and results of operations for governmental and fiduciary funds. Major individual governmental funds are reported in separate columns with composite columns for non-major funds. Interfund activity between governmental funds appear as due to/from on the governmental fund balance sheet and as other resources and other uses on the governmental fund statement of revenues, expenditures and changes in fund balance.

**C. MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND FINANCIAL STATEMENT PRESENTATION**

The financial statements of the District are prepared in accordance with generally accepted accounting principles (GAAP). The District applies all relevant Governmental Accounting Standards Board (GASB) pronouncements.

The government-wide financial statements report using the economic resources measurement focus and the accrual basis of accounting generally including the reclassification or elimination of internal activity (between or within funds). Fiduciary fund financial statements also report using this same focus and basis of accounting. Revenues are recorded when earned and expenses are recorded when the liability is incurred, regardless of the timing of related cash flows. Property tax revenues are recognized in the year for which they are levied while grant revenues are recognized when allowable expenditures are made under the provisions of the grant.

Governmental fund financial statements report using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized when they are both measurable and available. Available means collectible within the current period or soon enough thereafter to pay current liabilities. The District considers revenues to be available if they are collected within 60 days of the end of the fiscal year. Expenditures are recorded when the related fund liability is incurred, except for unmatured bond principal and interest on long-term debt, which are reported as expenditures in the year due.

Major revenue sources susceptible to accrual include: property taxes, state aid formula grants, and investment income. In general, other revenues are recognized when cash is received.

When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first, then unrestricted resources as needed.

The District does not allocate general administration or support services expenses to other functions. Depreciation expense for buildings that house District staff serving different functions is included in the direct expenses of the appropriate functions.

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

**D. FUND TYPES AND MAJOR FUNDS**

The District accounts are organized on the basis of funds, each of which is considered a separate accounting entity. The District has established several individual funds that are organized within a separate set of self-balancing accounts comprised of assets, liabilities, deferred outflows and inflows, fund balance, revenues, and expenditures or expenses as appropriate. Governmental resources allocated to individual funds are recorded for the purpose of carrying on specific activities in accordance with laws, regulations, or other appropriate requirements. District accounts are organized into funds as described below:

**Major Governmental Funds:**

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

**Non Major Governmental Funds:**

**Special Revenue Funds** - The District accounts for resources restricted to, or designated for, specific purposes by the District or a grantor in a special revenue fund. Most federal and some State financial assistance is accounted for in a special revenue fund. Sometimes any unused balances must be returned to the grantor at the close of the specified project periods.

**Debt Service Fund** - The District accounts for resources accumulated and payments made for principal and interest on long-term general obligation debt.

**Other Fund Types:**

**Private Purpose Trust Fund** - The District accounts for a donation for which the donor has stipulated that the income generated by the donation be used for an annual cash scholarship to the valedictorian and salutatorian of each graduating senior class.

**Agency Fund** - The District accounts for resources held for others in a custodial capacity in the agency fund. The District's agency fund is used to account for the activities of student groups and other organizational activities.

**E. OTHER ACCOUNTING POLICIES**

**Capital Assets and Depreciation** - The District's property, plant, equipment, and infrastructure with useful lives of more than one year are stated at historical cost and reported in the government-wide

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

financial statements. Donated assets are stated at fair value on the date donated. The District generally capitalizes assets with a cost of \$5,000 or more as purchases or construction occurs. The cost of normal maintenance and repairs that do not add to the asset value or materially extend useful lives are not capitalized. Capital assets are depreciated using the straight line method. The District has elected not to report major general infrastructure assets retroactively. When capital assets are disposed, the cost and applicable accumulated depreciation are removed from the respective accounts, and the resulting gain or loss is recorded. Estimated useful lives, in years, for capital assets are as follows:

Buildings	15-30
Improvements	15-30
Transportation equipment	5-10
Furniture, fixtures, and equipment	5-10

The governmental fund financial statements recognize capital outlay as an expense of the current period. Proceeds from the sale of capital assets are reported as miscellaneous revenues when received.

**Long-Term Debt** - In the government-wide financial statements, outstanding debt is reported as liabilities. Bond premiums are deferred and amortized over the life of the bonds using the straight line method. Bonds payable are reported net of applicable bond premiums. The governmental fund financial statements recognize the proceeds of debt and premiums received as other financing sources of the current period and principal and interest payments as expense and issuance costs paid with bond proceeds as other uses of the current period.

**Pensions** - The fiduciary net position of the Teachers Retirement System of Texas (TRS) has been determined using the flow of economic resources measurement focus and full accrual basis of accounting. This includes, for the 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.

**Net Position and Fund Balance** - Net position in the statement of net position include components that are restricted for use in a federal or state program and to pay debt service on capital related debt.

Unassigned fund balance in the governmental funds financial statements represents that portion of fund balance that is available for budgeting in future operations. The assigned fund balance represents fund balance that has been implicitly assigned as it is accounted for in particular funds, other than the general fund. Committed fund balance represents amounts approved by the Board of Trustees. Restricted fund balance is that portion of fund balance which is not available for appropriation or which has been legally separated for specific purposes. The General Fund commits \$48,953 for self insurance and assigns



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

\$52,000 for construction. The Special Revenue Fund restricts \$34,507 for state grant programs. The Debt Service Fund restricts \$82,188 for retirement of indebtedness.

**Compensated Absences** - The District does not pay any employees accrued sick leave or vacation time upon termination or retirement. Therefore, no liability for accrued sick leave or vacation time is recorded in the government-wide or governmental fund financial statements.

**Fund Balance Policy** - The District reports fund balances for governmental funds in classifications based primarily on the extent to which the entity is bound to honor constraints on the specific purposes for which amounts in those funds can be spent. The nonspendable classification represents assets that will be consumed or maintained intact; and, therefore will never convert to cash, such as inventories of supplies and endowments. Provisions of laws, contracts, and grants specify how fund resources can be used in the restricted classification. The nature of these two classifications precludes a need for a policy from the Board. However, the Board has adopted fund balance policies for the three unrestricted classifications-committed, assigned, and unassigned.

The District's restricted fund balances represent amounts for retirement of long term debt and for operation of the food service program.

When the District incurs expenditures that can be made from either restricted or unrestricted balances, the expenditures are charged to restricted balances. When the District incurs expenditures that can be made from either committed, assigned, or unassigned balances, the expenditures are charged to committed, assigned and then unassigned.

**Data Control Codes** - These codes refer to the account code structure prescribed by the Texas Education Agency (TEA) in the Resource Guide. TEA requires school districts to display these codes in the financial statements filed with the Agency in order to insure accuracy in building a Statewide data base for policy development and funding plans.

**F. BUDGETARY DATA**

The Board of Trustees adopts an annual budget consistent with generally accepted accounting principles for the General Fund, Debt Service Fund, and the Food Service Fund (which is included in the Special Revenue Funds.) The District is required to present the adopted and final budgeted revenues and expenditures for each of these funds.

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

The following procedures are followed in establishing the budgetary data reflected in the budgetary comparison schedules.

1. Prior to August 20 the District prepares a budget for the next succeeding fiscal year beginning September 1. The operating budget includes proposed expenditures and the means of financing them.
2. A meeting of the Board is then called for the purpose of adopting the proposed budget. At least ten days' public notice of the meeting must be given.
3. Prior to September 1, the budget is legally enacted through passage of a resolution by the board. Once a budget is approved, it can only be amended at the function and fund level by approval of a majority of the members of the Board. Amendments are presented to the Board at its regular meeting. Each amendment must have Board approval. As required by law, such amendments are made before the fact, are reflected in the official minutes of the Board, and are not made after the fiscal year end. During the fiscal year ended August 31, 2015, the District amended the cocurricular/extracurricular function, plant maintenance and operations, and capital outlay, which increased overall appropriations over the original budget.
4. Each budget is monitored by the business manager at the revenue and expenditure function/object level. Budgeted amounts are as amended by the Board. All budget appropriations lapse at year end.

**DETAILED NOTES ON ALL FUNDS**

**A. DEPOSITS AND INVESTMENTS**

**Legal and Contractual Provisions Governing Deposits and Investments.** 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 stated maturity date for the portfolio, (8) investment staff quality and capabilities, (9) and bid solicitation preferences for certificates of deposit. Statutes authorize the District to invest in (1) obligations of the U.S. Treasury, certain U.S. agencies, and the State of Texas; (2) certificates of deposit, (3) certain municipal securities, (4) money market saving accounts, (5) repurchase agreements, (6) bankers acceptances, (7) Mutual Funds, (8) Investment pools, (9) guaranteed investment contracts, and (10) common trust funds. 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.

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

**Policies Governing Deposits and Investments.** In compliance with the Public Funds Investment Act, the District has adopted a deposit and investment policy. The policy addresses the following risks:

**Deposits**

**Custodial Credit Risk - Deposits.** In the case of deposits, this is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District's policy regarding types of deposits allowed and collateral requirements is that the funds of the District must be deposited under the terms of a contract, contents of which are set out in the Depository Contract Law. 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 District's cash deposits at August 31, 2015 and during the year ended August 31, 2015 were entirely covered by FDIC insurance or by pledged collateral held by the District's agent bank in the District's name.

The District was not exposed to custodial credit risk as all deposits are covered by depository insurance or by pledged collateral as follows:

1. Depository: Citizen's National Bank, Waskom, Texas
2. The market value of securities pledged as of the date of the highest combined balance on deposit was \$5,153,731.
3. The highest combined balances of cash, savings, and time deposit accounts amounted to \$4,551,786 and occurred during the month of January 2015.
4. Total amount of FDIC coverage at the time of the highest combined balance was \$500,000.

**Investments**

**Credit Risk** - This is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The ratings of securities by nationally recognized rating agencies are designed to give an indication of credit risk. The District was not exposed to credit risk at August 31, 2015.

**Custodial Credit Risk** - Investment securities are exposed to custodial credit risk if the securities are uninsured, are not registered in the name of the government, and are held by either the counterparty or the counterparty's trust department or agent but not in the name of the District. The District was not exposed to custodial credit risk at August 31, 2015.

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

**Interest Rate Risk** - This is the risk that changes in interest rates will adversely affect the fair value of an investment. The District was not exposed to interest rate risk at August 31, 2015.

**Concentration of Credit Risk** - This is the risk of loss attributed to the magnitude of the government's investment in a single issuer. The District was not exposed to concentration of credit risk at August 31, 2015.

**Foreign Currency Risk** - This is the risk that exchange rates will adversely affect the fair value of an investment. The District was not exposed to foreign currency risk at August 31, 2015.

The District's temporary investments as of August 31, 2015 were in a certificates of deposit at Citizen's National Bank in the amount of \$1,398,244. Of this amount, \$1,056,650 is reported as current investments of the General Fund on the District's statement of net position, and \$341,594 is reported as current investments of the Private Purpose Trust Funds on the District's statement of fiduciary net position.

The District's deposits with investment pools are included in cash and cash equivalents. This amounted to \$102,988 with Lone Star (First Public) Investment Pool as of August 31, 2015.

The investment pool used by the District is organized under the authority of the Interlocal Cooperation Act, Chapter 791, Texas Government Code, and the Public Funds Investment Act, Chapter 2256, Texas Government Code. The investment pools are public funds investment pools created to provide a safe environment for the placement of the Districts funds in authorized short-term investments.

The investment in the Pool is based on contractual agreements and not the individual security itself, therefore, the District's investment in the Pool is not categorized as to credit risk. The market value of the Pool is based on quoted market values of underlying investments of the Pool. Authorized investments include obligations of the United States, or its agencies and instrumentalities; other obligations, the principal and interest of which are unconditionally guaranteed or insured by, or backed by the full faith and credit of, the United States or its agencies and instrumentalities; and other investments authorized by statutes governing public funds investment pools.

The Pool uses amortized cost rather than market value to report net position to compute share prices. Accordingly, the fair value of the position in the pool is the same as the value of the shares in the pool. The purpose of the Pool is to allow for the pooling of public funds to provide a higher yield on the pooled investments than would be possible with the investment of the individual public entity's funds. The investments in the Pool and any accrued interest may be redeemed at the District's discretion.

Financial reports issued by Lone Star Investment Pool may be obtained by contacting First Public, LLC, a subsidiary of the Texas Association of School Boards (TASB), 7620 Guadalupe, Austin, Texas 78752. The Pool is not registered with the SEC, however TASB, through First Public maintains oversight of the Pool.

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

**B. RECEIVABLES, UNCOLLECTIBLE ACCOUNTS, AND UNEARNED REVENUE**

**Property Tax Calender, Property Tax Receivables, and Unearned Revenue**

Property taxes are levied by October 1 on the assessed value listed as of the prior January 1 for all real and business personal property located in the District in conformity with Subtitle E, Texas Property Tax Code. Taxes are due upon 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 31 of each year, a tax lien attaches to property to secure the payment of all taxes, penalties, and interest ultimately imposed. In the governmental fund financial statements, property tax revenues are considered available (1) when they become due or past due and receivable within the current period and (2) when they are expected to be collected during a 60-day period after the close of the school fiscal year.

Delinquent tax collections are prorated between maintenance and debt service based on rates adopted for year of the levy. Delinquent taxes receivable not paid within 60 days of year end, are recorded as deferred inflows of resources, net of an estimated allowance for uncollectible taxes. Allowances for uncollectible tax receivables within the General Fund are based on historical experience in collecting property taxes. Uncollectible personal property taxes are periodically reviewed and written off, but the District is prohibited from writing off real property taxes without specific statutory authority from the Texas Legislature.

In the government-wide financial statements, property taxes receivable, net of an allowance for uncollectible taxes, and related revenue include all amounts due the District regardless of when the cash is received.

**Due From/To Other Governments and Unavailable Revenues**

The District participates in a variety of federal and state programs from which it receives grants to partially or fully finance certain activities. In addition, the District receives entitlements from the State through the School Foundation and Per Capita Programs. Amounts due from and to federal and state governments as of August 31, 2015 are summarized below. These amounts are reported on the governmental fund financial statements as Due from and to Other Governments.

Due from other governments at year-end consisted of the following:

Fund	State Foundation	State Entitlements	Total
General Fund	711,550	-	711,550

**WASKOM INDEPENDENT SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
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Deferred inflows of resources at year end consisted of the following:

	General Fund	Debt Service Fund	Total
Unavailable revenue - property taxes	103,046	12,145	115,191

**C. INTERFUND BALANCES AND TRANSFERS**

Interfund transfers for the year ended August 31, 2015 consisted of the following amounts:

Transfers to Special Revenue Fund from:	
General Fund	16,847

Transfers are periodically used to move revenues from the fund that the budget requires to collect them to the fund that the budget requires to expend them or to use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

**D. DISAGGREGATION OF RECEIVABLES AND PAYABLES**

The District disaggregates significant components of receivables and payables in the financial statements. The only receivables not expected to be collected within one year is \$460,761 of delinquent property taxes.

**E. CAPITAL ASSETS**

Capital asset activity for the year ended August 31, 2015 was as follows:

	Beginning Balance	Additions	Retirements/ Adjustments	Ending Balance
Governmental Activities:				
Land	155,135	-	-	155,135
Buildings and improvements	20,232,487	167,192	573,439	20,973,118
Vehicles and equipment	1,930,807	87,948	(57,370)	1,961,385
Construction in Progress	573,439	45,000	(573,439)	45,000
Totals at cost	22,891,868	300,140	(57,370)	23,134,638
Less accumulated depreciation:				
Buildings and improvements	9,496,897	596,157	-	10,093,054
Vehicles and equipment	1,386,773	138,691	(53,918)	1,471,546
Total accumulated depreciation	10,883,670	734,848	(53,918)	11,564,600
Governmental activities capital assets, net	12,008,198	(434,708)	(3,452)	11,570,038

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

Depreciation was charged to governmental functions as follows:

Instruction	329,743
Instructional Resources	9,885
Curriculum Development	1,501
School Leadership	14,938
Counseling and Health Services	6,652
Student Transportation	59,988
Food Services	46,618
Cocurricular/Extracurricular	223,231
General Administration	1,371
Plant Maintenance	21,093
Security	7,933
Data Processing	11,895
Total depreciation expense	<u><u>734,848</u></u>

**F. LONG-TERM DEBT**

In prior years, the District as authorized by Texas Education Code Section 45.003, authorized the issuance of Unlimited Tax School Building Bonds for construction of school facilities and purchase of equipment and vehicles.

In 2013, the District issued \$7,080,000 of unlimited tax refunding bonds plus premium to provide the resources to current refund \$7,140,000 of prior years bonds, leaving a balance of \$395,000 due on prior years bonds. The reacquisition price exceeded the net carrying amount of the old debt by \$402,520. This amount is amortized over the new debt's life. Unlimited tax refunding bonds currently outstanding are as follows:

- ▶ Series 2013 issued in the original amount of \$7,080,000. Interest rates range from 2.00% to 5.00%. The bonds final maturity is February 15, 2035.

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

Long term liability activity for the year ended August 31, 2015 is as follows:

	<b>Beginning Balance</b>	<b>Additions</b>	<b>Reductions and Refunds</b>	<b>Ending Balance</b>	<b>Amounts due within one year</b>
Governmental Activities:					
Bonds Payable					
2005 Series	200,000	-	200,000	0	-
2013 Series	7,055,000	-	25,000	7,030,000	230,000
Total loans and bonds payable	7,255,000	0	225,000	7,030,000	230,000
Unamortized bond premium	787,263	-	43,863	743,400	-
Total long term debt	8,042,263	0	268,863	7,773,400	230,000

The sale of the Series 2013 bond issues resulted in a premium received, which is being amortized over 30 years, the life of the bonds.

Subsequent to year end August 31, 2015, the District voters approved a \$13.4 million bond to pay for more academic classroom renovations and additions, specifically for Career and Technology Education (CATE) program and for restrooms at the elementary, middle and high schools. The bond election is expected to raise the district's tax rate of \$1.15 to \$1.415, an increase of 26.5 cents per \$100 taxable property value.

Annual debt service requirements to maturity for the District's long term debt are as follows:

<b>Year Ending August 31,</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2016	230,000	275,619	505,619
2017	240,000	265,019	505,019
2018	250,000	252,769	502,769
2019	265,000	239,894	504,894
2020	275,000	227,769	502,769
2021-2025	1,555,000	960,844	2,515,844
2026-2030	1,900,000	616,344	2,516,344
2031-2035	2,315,000	203,909	2,518,909
Totals	7,030,000	3,042,167	10,072,167



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

**G. REVENUES FROM LOCAL AND INTERMEDIATE SOURCES**

For the year ended August 31, 2015, revenues from local and intermediate sources reported in the governmental funds consisted of the following:

	<b>General Fund</b>	<b>Special Revenue Fund</b>	<b>Debt Service Fund</b>	<b>Total</b>
Property Taxes	4,350,690	-	479,981	4,830,671
Food Sales	-	130,710	-	130,710
Investment Income	3,190	-	106	3,296
Penalties, interest, and other tax related	83,388	-	8,328	91,716
Tuition	16,053	-	-	16,053
Co-curricular student activities	16,452	-	-	16,452
Other	14,548	31,153	-	45,701
Total	<u>4,484,321</u>	<u>161,863</u>	<u>488,415</u>	<u>5,134,599</u>

**H. PENSION PLAN AND RETIREE HEALTH PLAN**

**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.

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

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.

<u>Net Pension Liability</u>	<u>Total</u>
Total Pension Liability	\$ 159,496,075,886
Less: Plan Fiduciary Net Position	<u>(132,779,243,085)</u>
	<u>\$ 26,716,832,801</u>
 Net Position as a 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 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.

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

The 83<sup>rd</sup> Texas Legislature, General Appropriations Act (GAA) established the employer contribution rates for fiscal years 2014 and 2015 as follows:

	2014	2015
Member	6.40%	6.70%
Non-Employer Contribution Rate (State)	6.80%	6.80%
Employers	6.80%	6.80%
District's 2014 Employer Contributions	\$ 48,129	
District's 2014 Member Contributions	\$ 282,292	
District's 2014 NECE On-Behalf Contributions	\$ 265,125	

Contributions to the plan include members, employers and the State of Texas as the only non-employer contributing entity. The State contributes to the plan in accordance with state statutes and the General Appropriations Act (GAA). State contributions to TRS made on behalf of the District's employees for the years ended August 31, 2013, 2014 and 2015 were \$263,577, \$280,822, and \$292,396, respectively. The District paid the additional state pension contributions for the years ended August 31, 2013, 2014 and 2015 in the amounts of \$26,417, \$27,730, and \$31,368, respectively, on the portion of the employees' salaries that exceeded the statutory minimum.

As the non-employer contributing entity for public education, 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 including public 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.

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.

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

**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 actuarial methods and assumptions are primarily based on a study of actual experience for the four year period ending August 31, 2010 and adopted on April 8, 2011. With the exception of the post-retirement mortality rates for healthy lives and a minor change to the expected retirement age for inactive vested members stemming from the actuarial audit performed in the Summer of 2014, the assumptions and methods are the same as used in the prior valuation. When the mortality assumptions were adopted in 2011 they contained 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

**WASKOM INDEPENDENT SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
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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>	<b><u>100%</u></b>		<b><u>8.7%</u></b>

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

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

**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%)
TISD's proportionate share of the net pension liability:	\$906,137	\$507,089	\$208,675

**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions.** At August 31, 2015, the District reported a liability of \$507,089 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	\$507,089
State's proportionate share that is associated with the District	2,799,288
Total	\$3,306,377

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.

August 31, 2014 the employer's proportion of the collective net pension liability was .000018984%. 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.

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

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 09/01/2013. 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 \$258,789 and revenue of \$265,125 for support provided by the State.

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	\$7,842	\$ -
Changes in actuarial assumptions	32,961	-
Difference between projected and actual investment earnings	-	154,987
Changes in proportion and difference between the employer's contribution and the proportionate share of contributions	-	133
Contributions paid to TRS subsequent to the measurement date	51,736	-
Total	<u>\$92,539</u>	<u>\$155,120</u>

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

Year Ended August 31:	Pension Expense Amount
2016	\$19,850
2017	(31,886)
2018	(31,886)
2019	(31,886)
2020	6,861
Thereafter	6,366

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

**Retiree Health Plan**

**Plan Description.** The District contributes to the Texas Public Retired Employees Group Insurance Program (TRS-Care), a cost-sharing multiple-employer defined postemployment health care plan administered by TRS. TRS-Care provides health care coverage for certain persons (and their dependents) who retire under TRS. The statutory authority for the program is Texas Insurance Code, Chapter 1575. Section 1575.052 grants the TRS Board of Trustees the authority to establish and amend basic and optional group insurance coverage for participants. TRS issues a publicly available financial report that includes financial statements and required supplementary information for TRS-Care. That report may be obtained from the same source as the pension plan.

**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 employee contributions, respectively. The State of Texas and active District employee contribution rates were 1.00% and 0.65% of District payroll, respectively, with the District contributing a percentage of payroll of 0.55% for fiscal years 2015, 2014, and 2013. Per Texas Insurance Code, Chapter 1575, the District contribution may not be less than 0.25% or greater than 0.75% of the salary of each active employee of the District. For the years ended August 31, 2013, 2014 and 2015, the State's contribution to TRS-Care were \$21,543, 44,656, and \$47,858, respectively, the active members contributions were \$28,670, \$29,682, and \$31,737, respectively, and the District's contributions to TRS-Care were \$24,259, \$25,116 and \$26,855, respectively, which equaled the required contributions each year.

In addition to the pension plan and TRS-Care state contributions on behalf of the District, the District is allocated a portion of the Medicare Part D retiree drug subsidy. The allocated on a behalf for the years ended August 31, 2013, 2014 and 2015, respectively, is estimated by TRS at \$11,571, \$12,241 and \$14,135 for Medicare Part D.

**I. HEALTH CARE COVERAGE**

During the year ended August 31, 2015, employees of the District were covered by a state wide health care program known as TRS-Active Care. TRS-Active Care is administered by the Teacher Retirement System of Texas. The District contributed \$225 per month per employee to TRS, and employees, at their option, authorized payroll withholdings to fund contributions for dependents.



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

**J. SELF-FUNDED WORKERS' COMPENSATION**

The District has joined together with other area district's to form a self-insurance workers' compensation risk pool (Pool.) Claims administration and processing for the Pool is provided by Claim Administrative Services, Inc. The agreement for the formation of the Pool provides that the Pool will be self sustaining through member premiums and will reinsure through commercial insurance companies for claims in excess of \$500,000 for each insured event, with an unlimited aggregate. The Pool contracts with Midwest Employers Casualty Company for reinsurance.

The District's administrative expenses for the years ended August 31, 2015 and 2014 were \$23,738 and \$22,395, respectively. The claims administrator estimates the District's annual loss maximum at \$77,993 for the year ended August 31, 2015. Estimated total claims liability for the years ended August 31, 2015 and 2014, including estimated claims incurred but not reported, amounted to \$48,953 and \$43,902. The estimated total liability for workers' compensation claims incurred but not reported claims amounted to \$26,584 and \$23,090 for 2015 and 2014, respectively.

	2015	2014
Claims liability, beginning of year	43,902	33,260
Incurred claims:		
Provision for insured events of current year	23,629	22,377
Increase (Decrease) in provision for insured events of prior years	(8,133)	(839)
Total incurred claims	15,496	21,538
Payments:		
Claims expenses attributable to insured events of current year	4,683	4,253
Claims expenses attributable to insured events of prior years	5,762	6,643
Total payments	10,445	10,896
Total unpaid claims at the end of the year	48,953	43,902

**K. LITIGATION AND CONTINGENCIES**

The District participates in numerous state and Federal grant programs which are governed by various rules and regulations of the grantor agencies. Costs charged to the respective grant programs are subject to audit and adjustment by the grantor agencies; therefore, to the extent that the District has not complied with the rules and regulations governing the grants, if any, refunds of any money received may be required and the ability to collect any related receivable at August 31, 2015 may be impaired. In the opinion of the District, there are no significant contingent liabilities relating to compliance with the rules and regulations governing the respective grants; therefore, no provision has been recorded in the accompanying financial statements for such contingencies.

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

**L. JOINT VENTURE - SHARED SERVICE ARRANGEMENTS**

**Special Education Programs:**

The District participates in a shared services arrangement for special education programs with area school districts. The District does not account for the revenues or expenditures in this program and does not disclose them in these financial statements. The District neither has a joint ownership interest in fixed assets purchased by the fiscal agent, Hallsville ISD, nor does the District have a net equity interest in the fiscal agent. The fiscal agent is neither accumulating significant financial resources nor liabilities that would give rise to future additional benefit or burden to the District. The fiscal manager is responsible for all financial activities of the shared services arrangement. The District's support of the shared service arrangement is included in intergovernmental charges in these financial statements.

**M. RISK MANAGEMENT**

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During the year ended August 31, 2015, the District purchased commercial insurance to cover general liabilities. There were no significant reductions in coverage in the past fiscal year, and there were no settlements exceeding insurance coverage for each of the past three fiscal years.

**N. UNEMPLOYMENT COMPENSATION POOL**

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

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

The Fund engages the services of an independent auditor to conduct a financial audit after the close of each plan year on August 31. The audit is accepted by the Fund's Board of Trustees in February of the following year. The Fund's audited financial statements as of August 31, 2014, are available at the TASB offices and have been filed with the Texas Department of Insurance in Austin.

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

**O. PRIOR PERIOD ADJUSTMENT**

During the fiscal year 2015, The District adopted GASB Statement No. 68 for Accounting and Reporting for Pensions. With GASB 68, the District must Assume their proportionate share of the Net Pension Liability of the Teachers Retirement System of Texas. Adoption of GASB 68 required a prior period adjustment to report the effect of GASB 68 retroactively. The amount of the prior period adjustment is (\$574,534). The restated beginning net position is \$6,495,351.

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**Required Supplementary Information**

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**WASKOM INDEPENDENT SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE YEAR ENDED AUGUST 31, 2015**

Data Control Codes		Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance With Final Budget Positive (Negative)
		Original	Final		
	<b>REVENUES:</b>				
5700	Local and intermediate sources	4,673,559	4,673,559	4,484,321	(189,238)
5800	State program revenues	2,864,030	2,864,030	3,039,498	175,468
5900	Federal program revenues	97,825	97,825	97,825	-
5020	Total revenues	7,635,414	7,635,414	7,621,644	(13,770)
	<b>EXPENDITURES:</b>				
0011	Instruction	4,676,089	4,626,089	4,591,239	34,850
0012	Instructional resources and media services	84,408	78,408	75,572	2,836
0013	Curriculum and staff development	90,028	96,028	88,938	7,090
0023	School leadership	380,191	395,191	372,949	22,242
0031	Guidance, counseling, and evaluation services	122,564	127,564	122,864	4,700
0033	Health services	59,534	58,534	56,193	2,341
0034	Student transportation	193,127	163,127	144,285	18,842
0036	Cocurricular/Extracurricular activities	425,260	605,260	620,392	(15,132)
0041	General administration	331,412	343,412	341,690	1,722
0051	Plant maintenance and operations	945,175	1,065,175	1,031,495	33,680
0052	Security and monitoring services	58,619	67,619	66,805	814
0053	Data processing services	126,531	127,531	127,223	308
0081	Capital outlay	65,000	192,000	191,278	722
0093	Payments related to shared services arrangements	117,476	117,476	117,476	-
6030	Total expenditures	7,675,414	8,063,414	7,948,399	115,015
1100	Excess (deficiency) of revenues over expenditures	(40,000)	(428,000)	(326,755)	101,245
	<b>OTHER FINANCING SOURCES (USES):</b>				
7912	Sale of property	40,000	40,000	-	(40,000)
7915	Transfers in	-	-	-	-
8911	Transfers out	-	-	(16,847)	(16,847)
7080	Total other financing sources (uses)	40,000	40,000	(16,847)	(56,847)
1200	Net change in fund balances	-	(388,000)	(343,602)	44,398
0100	Fund balance - September 1 (beginning)	2,400,375	2,400,375	2,400,375	-
3000	Fund balance - August 31 (ending)	2,400,375	2,012,375	2,056,773	44,398

The accompanying notes are an integral part of this statement

**WASKOM INDEPENDENT SCHOOL DISTRICT**  
**SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY**  
**TEACHERS RETIREMENT SYSTEM**  
**FOR THE YEAR ENDED AUGUST 31, 2015**

	2015
District's Proportion of the Net Pension Liability (Asset)	0.000018984
District's Proportionate share of the Net Pension Liability (Asset)	\$ 507,089
State's Proportionate share of the Net Pension Liability (Asset) associated with the District	2,799,288
<b>TOTAL</b>	<b>\$ 3,306,377</b>
District's Covered Employee Payroll	\$ 4,308,667
District's Proportionate Share of the Net Pension Liability (Asset) as a percentage of its Covered-employee Payroll	11.77%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	83.25%

The accompanying notes are an integral part of this statement



**WASKOM INDEPENDENT SCHOOL DISTRICT  
SCHEDULE OF DISTRICT CONTRIBUTIONS  
TEACHERS RETIREMENT SYSTEM  
FOR FISCAL YEAR 2015**

	2015
Contractually Required Contribution	\$ 51,736
Contribution in Relation to Contractually Required Contribution	(51,736)
Contribution Deficiency (Excess)	\$ -
District's Covered-Employee Payroll	\$ 4,785,756
Contributions as a Percentage of Covered-Employee Payroll	1.08%

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The accompanying notes are an integral part of this statement

**WASKOM INDEPENDENT SCHOOL DISTRICT  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
YEAR ENDED AUGUST 31, 2015**

**Changes of benefit terms.**

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

**Changes of assumptions.**

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

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**Combining Schedules**

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

Data Control Codes	Special Revenue Funds				
	211 ESEA Title I Part A	240 School Lunch & Breakfast Program	244 Vocational Education Basic	255 Title II A Principal Training	
<b>ASSETS</b>					
1110	Cash and cash equivalents	-	43,902	-	-
1220	Property taxes - delinquent	-	-	-	-
1230	Allowance for uncollectible (credit)	-	-	-	-
1240	Due from other governments	-	-	-	-
1000	Total Assets	-	43,902	-	-
<b>LIABILITIES</b>					
2160	Accrued wages payable	-	9,249	-	-
2200	Accrued expenditures	-	146	-	-
2000	Total Liabilities	-	9,395	-	-
<b>DEFERRED INFLOWS OF RESOURCES</b>					
2601	Unavailable revenue - property taxes	-	-	-	-
2600	Total Inflows of Resources	-	-	-	-
<b>FUND BALANCES</b>					
Restricted fund balance:					
3450	Federal or State grants	-	34,507	-	-
3480	Retirement of long term debt	-	-	-	-
3000	Total fund balances	-	34,507	-	-
4000	Total Liabilities, Deferred inflows and Fund Balances	-	43,902	-	-

270 Title VI, Part B Rural & Low Income	Special Revenue Funds			Total Special Revenue Funds	Other Governmental	Total Nonmajor Governmental Funds
	410 State Textbook Fund	419 Headstart Ready to Read	599 Debt Service Fund			
-	-	-	43,902	82,188	126,090	
-	-	-	-	60,723	60,723	
-	-	-	-	(48,578)	(48,578)	
-	-	-	-	-	-	
-	-	-	43,902	94,333	138,235	
-	-	-	9,249	-	9,249	
-	-	-	146	-	146	
-	-	-	9,395	-	9,395	
-	-	-	-	12,145	12,145	
-	-	-	-	12,145	12,145	
-	-	-	34,507	-	34,507	
-	-	-	-	82,188	82,188	
-	-	-	34,507	82,188	116,695	
-	-	-	43,902	94,333	138,235	

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

		Special Revenue Funds			
		211 ESEA Title I Part A	240 School Lunch & Breakfast Program	244 Vocational Education Basic	255 Title II A Principal Training
Data Control Codes					
<b>REVENUES</b>					
5700	Total local and intermediate sources	-	130,710	-	-
5800	State program revenues	-	9,076	-	-
5900	Federal program revenues	193,101	291,376	5,812	41,868
5020	Total Revenues	193,101	431,162	5,812	41,868
<b>EXPENDITURES</b>					
0011	Instruction	178,078	-	5,812	-
0013	Curriculum and staff development	3,761	-	-	41,868
0021	Instructional leadership	8,672	-	-	-
0034	Student transportation	2,590	-	-	-
0035	Food service	-	540,732	-	-
0071	Principal on long-term debt	-	-	-	-
0072	Interest on long-term debt	-	-	-	-
0073	Bond issuance cost & fees	-	-	-	-
6030	Total Expenditures	193,101	540,732	5,812	41,868
1100	Excess (Deficiency) of Revenues Over Expenditures	-	(109,570)	-	-
<b>OTHER FINANCING SOURCES (USES)</b>					
7911	Capital related debt issued	-	-	-	-
7915	Transfers in	-	-	-	-
7916	Premium or discount on issuance of bonds	-	-	-	-
8949	Other uses	-	-	-	-
7080	Total other financing sources and uses	-	-	-	-
1200	Net change in fund balances	-	(109,570)	-	-
0100	Fund balances, beginning	-	144,077	-	-
3000	Fund balances, ending	-	34,507	-	-

Special Revenue Funds			Total Special Revenue Funds	Other Governmental	Total Nonmajor Governmental Funds
270 Title VI, Part B Rural & Low Income	410 State Textbook Fund	419 Headstart Ready to Read		599 Debt Service Fund	
-	-	31,153	161,863	488,415	650,278
-	148,447	-	157,523	-	157,523
23,308	-	-	555,465	-	555,465
23,308	148,447	31,153	874,851	488,415	1,363,266
23,308	148,447	48,000	403,645	-	403,645
-	-	-	45,629	-	45,629
-	-	-	8,672	-	8,672
-	-	-	2,590	-	2,590
-	-	-	540,732	-	540,732
-	-	-	-	225,000	225,000
-	-	-	-	284,969	284,969
-	-	-	-	1,003	1,003
23,308	148,447	48,000	1,001,268	510,972	1,512,240
-	-	(16,847)	(126,417)	(22,557)	(148,974)
-	-	-	-	-	-
-	-	16,847	16,847	-	16,847
-	-	-	-	-	-
-	-	-	-	-	-
-	-	16,847	16,847	-	16,847
-	-	-	(109,570)	(22,557)	(132,127)
-	-	-	144,077	104,745	248,822
-	-	-	34,507	82,188	116,695

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**Required TEA Schedules**

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**WASKOM INDEPENDENT SCHOOL DISTRICT  
SCHEDULE OF DELINQUENT TAXES RECEIVABLE  
AUGUST 31, 2015**

Last Ten Years Ended August 31,	1	2	3	10	20	31	32	40	50
	Tax Rates		Assessed or Appraised Valuation	Beginning Balance September 1	Current Year's Total Levy	Maintenance Collections	Debt Service Collections	Entire Year's Adjustments	Ending Balance August 31
	Maint- enance	Debt Service							
2006 & Prior	Various	Various	-	72,587	-	8,492	1,273	(9,489)	53,333
2007	1.3700	0.1800	321,306,054	19,172	-	1,244	163	(1,031)	16,734
2008	1.0400	0.1500	362,235,378	17,304	-	1,539	222	(802)	14,741
2009	1.0400	0.1300	437,903,140	23,133	-	2,022	253	(1,020)	19,838
2010	1.0400	0.1300	443,127,510	33,310	-	2,722	340	(1,193)	29,055
2011	1.0400	0.1300	444,114,265	46,523	-	5,187	648	(1,039)	39,649
2012	1.0400	0.1250	454,511,674	66,933	-	9,994	1,201	(1,260)	54,478
2013	1.0400	0.1300	507,732,951	103,567	-	19,420	2,428	(1,089)	80,630
2014	1.0400	0.1000	489,105,040	169,919	-	52,086	5,008	(2,425)	110,400
2015 (Current)	1.0400	0.1150	427,231,210	-	4,870,436	4,244,049	469,293	-	157,094
1000	Totals			552,448	4,870,436	4,346,755	480,829	(19,348)	575,952

**WASKOM INDEPENDENT SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
CHILD NUTRITION FUND  
FOR THE YEAR ENDED AUGUST 31, 2015**

Data Control Codes	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance With Final Budget Positive (Negative)	
	Original	Final			
<b>REVENUES:</b>					
5700	Local and intermediate sources	129,500	129,500	130,710	1,210
5800	State program revenues	3,000	3,000	9,076	6,076
5900	Federal program revenues	317,000	317,500	291,376	(26,124)
5020	Total revenues	449,500	450,000	431,162	(18,838)
<b>EXPENDITURES:</b>					
0035	Food service	450,000	545,000	540,732	4,268
6030	Total expenditures	450,000	545,000	540,732	4,268
1100	Excess (deficiency) of revenues over expenditures	(500)	(95,000)	(109,570)	(14,570)
<b>OTHER FINANCING SOURCES (USES):</b>					
7915	Transfers in	-	-	-	-
8911	Transfers out (use)	-	-	-	-
7080	Total other financing sources (uses)	-	-	-	-
1200	Net change in fund balances	(500)	(95,000)	(109,570)	(14,570)
0100	Fund balance - September 1 (beginning)	144,077	144,077	144,077	-
3000	Fund balance - August 31 (ending)	143,577	49,077	34,507	(14,570)

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

Data Control Codes	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance With Final Budget Positive (Negative)	
	Original	Final			
<b>REVENUES:</b>					
5700	Local and intermediate sources	506,719	510,969	488,415	(22,554)
5020	Total revenues	506,719	510,969	488,415	(22,554)
<b>EXPENDITURES:</b>					
0071	Debt service - principal on long-term debt	225,000	225,000	225,000	-
0072	Debt service - interest on long-term debt	284,969	284,969	284,969	-
0073	Debt service - bond issuance cost & fees	1,000	1,003	1,003	-
6030	Total expenditures	510,969	510,972	510,972	-
1100	Excess (deficiency) of revenues over expenditures	(4,250)	(3)	(22,557)	(22,554)
<b>OTHER FINANCING SOURCES (USES):</b>					
7911	Capital related debt issued	-	-	-	-
7916	Premium or discount on issuance of bonds	-	-	-	-
8949	Other uses	-	-	-	-
7080	Total other financing sources (uses)	-	-	-	-
1200	Net change in fund balances	(4,250)	(3)	(22,557)	(22,554)
0100	Fund balance - September 1 (beginning)	104,745	104,745	104,745	-
3000	Fund balance - August 31 (ending)	100,495	104,742	82,188	(22,554)

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**FEDERAL AWARDS SECTION**

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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**

Members of the Board of Trustees of  
Waskom Independent School District  
Waskom, Texas

Members of the Board:

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 Waskom Independent School District (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 November 13, 2015.

**Internal Control Over Financial Reporting**

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 opinions 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 entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

**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**

Members of the Board of Trustees

November 13, 2015

Page 2

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during 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 from 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 of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Goff & Herrington, P.C.*

GOFF & HERRINGTON, P.C.

Certified Public Accountants

November 13, 2015



**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM  
AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133**

Members of the Board of Trustees of  
Waskom Independent School District  
Waskom, Texas

**Report on Compliance for Each Major Federal Program**

We have audited Waskom Independent School District's (District) compliance with the types of compliance requirements described in the OMB Circular A-133 Compliance Supplement that could have a direct and material effect on each of the 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 Circular 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 compliance for each major federal program. However, our audit does not provide a legal determination of the District's compliance

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

In our opinion, the District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended August 31, 2015.

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM  
AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133**

Members of the Board of Trustees

November 13, 2015

Page 2

**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 an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, 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 over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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 over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

*Goff & Herrington, P.C.*

GOFF & HERRINGTON, P.C.

Certified Public Accountants

November 13, 2015

**WASKOM 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?	___yes <u>X</u> no
Significant deficiencies identified that are not considered to be material weaknesses?	___yes <u>X</u> none reported
Noncompliance material to financial statements noted?	___yes <u>X</u> no

*Federal Awards*

Internal control over major programs:	
Type of auditor's report on compliance for major programs	Unmodified
Material weaknesses identified?	___yes <u>X</u> no
Significant deficiencies identified that are not considered to be material weaknesses?	___yes <u>X</u> none reported
Any audit findings disclosed that are required to be reported in compliance with section 510(a) of OMB Circular A-133?	___yes <u>X</u> no

*Identification of Major Programs*

CFDA 10.550, 10.553, 10.555	Child Nutrition Cluster
-----------------------------	-------------------------

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

Auditee qualified as a low risk auditee?	<u>X</u> yes    ___no
--	-----------------------

**Section II - Financial Statement Findings**

None

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

None

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

There were no findings reported for the prior year.

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

None required.

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**For Discussion Purposes Only**

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

(1) Federal Grantor/ Pass-Through Grantor/ Program title	(2) Federal CFDA Number	(3) Pass-Through Entity Identifying Number	(4) Federal Expenditures
<b>U.S. Department of Education</b>			
<i>Passed through Texas Education Agency:</i>			
ESEA Title I, Part A	84.010A	15610101102903	193,101
Title II Part A	84.367A	15694501102903	41,868
Title VI, Part B	84.358B	15696001102903	23,308
 <i>Passed through Harrison Co-op</i>			
IDEA B Formula	84.027A	156600011029047	97,825
<i>Passed through Union Grove ISD</i>			
Career and Technology	84.048A	15420006230908	5,812
<b>Total Department of Education</b>			<u>361,914</u>
 <b>U.S. Department of Agriculture</b>			
<i>Passed through Texas Education Agency:</i>			
National School Breakfast Program	10.553	71401501	62,813
National School Lunch Program	10.555	71301501	206,420
Commodities	10.550	210002A	22,143
<b>Total child nutrition cluster</b>			<u>291,376</u>
<b>Total expenditures of federal awards</b>			<u><u>653,290</u></u>

\$97,825 of federal revenues are in the General Fund.



**WASKOM INDEPENDENT SCHOOL DISTRICT  
NOTES TO THE SCHEDULE OF  
EXPENDITURES OF FEDERAL AWARDS  
YEAR ENDED AUGUST 31, 2015**

**Basis of Presentation:**

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

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