

LUFKIN INDEPENDENT SCHOOL DISTRICT

ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED AUGUST 31, 2015

Introductory Section

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

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 Annual Financial Report
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CERTIFICATE OF BOARD

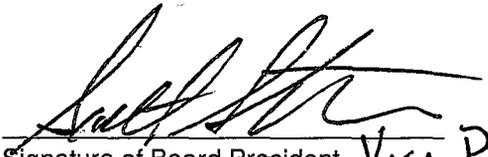
Lufkin Independent School District
Name of School District

Angelina
County

003-903
Co.-Dist. Number

We, the undersigned, certify that the attached annual financial reports of the above named school district were reviewed and (check one) approved disapproved for the year ended August 31, 2015, at a meeting of the board of trustees of such school district on the 21 day of January, 2016


Signature of Board Secretary


Signature of Board ~~President~~ Vice 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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Ted A. Lankford, CPA
Glenda J. Hiers, CPA
Richard A. Rudel, CPA

AL&H ALEXANDER LANKFORD & HIERS, INC.

Yvette Sidnell, CPA
Jennifer L. Webster, CPA
Kimber R. Jones, CPA
Susan L. Murrell, CPA

Wilbur E. Alexander, CPA
(1940 - 2009)

Certified Public Accountants, A Professional Corporation
4000 S. Medford Dr., Lufkin, Texas 75901-5500
(936) 632-7771, FAX (936) 637-2448
E-mail: alh@consolidated.net Website: www.alhcpa.com

Independent Auditor's Report

To the Board of Trustees
Lufkin Independent School District
101 Cotton Square
Lufkin, Texas 75901

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 Lufkin Independent School District ("the District") as of and for the year ended August 31, 2015, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Lufkin Independent School District as of August 31, 2015, and the respective changes in financial position, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Independent Auditor's Report - Continued

Emphasis of Matter

Change in Accounting Principle

As described in Note N to the financial statements, in 2015, Lufkin Independent School District adopted new accounting guidance, Government Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions -- An Amendment of GASB Statement No. 27*, and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date -- An Amendment of GASB Statement No. 68*. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, budgetary comparison information, schedule of the District's proportionate share of the net pension liability and schedule of District pension contributions on pages 5 - 12 and 40 - 44 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.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Lufkin Independent School District's basic financial statements. The introductory section and other supplementary section, which includes the schedule of expenditures of federal awards as required by U. S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, are presented for purposes of additional analysis and are not required parts of the basic financial statements.

The introductory section and other supplementary information section, including 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 introductory section and other supplementary information section, including the schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Independent Auditor's Report - Continued

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated January 12, 2016 on our consideration of Lufkin Independent School 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 Lufkin Independent School District's internal control over financial reporting and compliance.

Respectfully submitted,

Alexander, Lankford + Hiers, Inc.

Alexander, Lankford & Hiers, Inc.

Lufkin, Texas
January 12, 2016

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MANAGEMENT'S DISCUSSION AND ANALYSIS

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

FINANCIAL HIGHLIGHTS

The District's total combined net position was \$41,272,846 at August 31, 2015.

During the year, the District's expenses were \$2,311,296 less than the \$77,605,934 generated in taxes and other revenues for governmental activities. The total cost of the District's programs was \$2,047,205 less than last year; however, no programs were added this year.

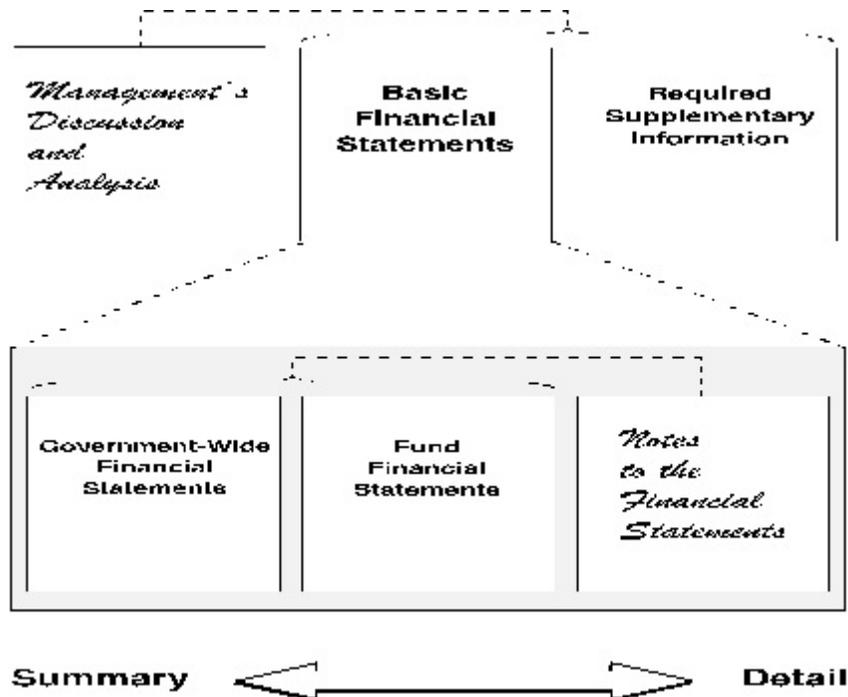
As of the close of the current fiscal year, the District's general fund reported a fund balance of \$21,961,596, an increase of \$1,993,714 in comparison with the prior year.

The District's total debt decreased by \$1,583,633 (three percent) during the fiscal year. The key factor in this decrease was the retirement and refunding of bonds payable and the issuance of bonds and capital leases.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

Figure A-1



MANAGEMENT’S DISCUSSION AND ANALYSIS - CONTINUED

OVERVIEW OF THE FINANCIAL STATEMENTS - CONTINUED

The first two statements are government-wide financial statements that provide both long-term and short-term information about the District’s overall financial status.

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

The governmental funds statements tell how general government services were financed in the short-term as well as what remains for future spending.

Fiduciary fund statements provide information about the financial relationships in which the District acts solely as a trustee or agent for the benefit of others, to whom the resources in question belong.

The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data. The statements are followed by a section of required supplementary information that further explains and supports the information in the financial statements. Figure A-1 shows how the required parts of this annual report are arranged and related to one another.

Figure A-2

Major Features of the District’s Government-Wide and Fund Financial Statements

Type of Statements	Fund Statements		
	Government-Wide	Governmental Funds	Fiduciary Funds
Scope	Entire government (except fiduciary funds) and its component units	The activities of the District that are not proprietary or fiduciary	Instances in which the District is the trustee or agent for someone else’s resources
Required Financial Statements	Statement of Net Position	Balance Sheet	Statement of Fiduciary Net Position
	Statement of Activities	Statement of Revenues, Expenditures and Changes in Fund Balances	Statement of Changes in Fiduciary Net Position
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus
Type of asset/deferred outflows of resources and liability/deferred inflows of resources information	All assets, deferred outflows of resources, liabilities and deferred inflows of resources, both financial and capital, short-term and long-term	Only assets and deferred outflows of resources expected to be used up and only liabilities and deferred inflows of resources that come due during the year or soon thereafter; no capital assets included	All assets and liabilities, both financial and capital, short-term and long-term
Type of inflow/outflow information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and payment is due during the year or soon thereafter	All revenues and expenses during year, regardless of when cash is received or paid

Figure A-2 summarizes the major features of the District’s financial statements, including the portion of the District government they cover and the types of information they contain. The remainder of this overview section of management’s discussion and analysis explains the structure and contents of each of the statements.

GOVERNMENT-WIDE STATEMENTS

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

MANAGEMENT'S DISCUSSION AND ANALYSIS - CONTINUED

GOVERNMENT-WIDE STATEMENTS - CONTINUED

The two government-wide statements report the District's net position and how they have changed. Net position - the difference between the District's assets plus deferred outflows of resources less liabilities and deferred inflows of resources - is one way to measure the District's financial health.

Over time, increases or decreases in the District's net position is an indicator of whether its financial health is improving or deteriorating, respectively.

To assess the overall health of the District, one needs to consider additional nonfinancial factors such as changes in the District's tax base.

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

FUND FINANCIAL STATEMENTS

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

Some funds are required by State law and by bond covenants.

The Board of Trustees establishes other funds to control and manage money for particular purposes or to show that it is properly using certain taxes and grants.

The District has the following types of funds:

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

Fiduciary Funds - The District is the trustee, or *fiduciary*, for certain funds. It is also responsible for other assets that - because of a trust arrangement - can be used only for the trust beneficiaries. The District is responsible for ensuring that the assets reported in these funds are used for their intended purposes. All of the District's fiduciary activities are reported in a separate statement of fiduciary net position. We exclude these activities from the District's government-wide financial statements because the District cannot use these assets to finance its operations.

MANAGEMENT'S DISCUSSION AND ANALYSIS - CONTINUED

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

Net position. The District's combined net position was \$41,272,846 at August 31, 2015. (See Table A-1)

Table A-1

	2015	2014
Current and other assets	\$ 30,408,418	\$ 30,199,147
Capital and non-current assets	76,148,859	77,319,982
Total assets	106,557,277	107,519,129
Deferred outflows	2,569,703	32,930
Total deferred outflows	2,569,703	32,930
Total assets and deferred outflows	109,126,980	107,552,059
Other liabilities	6,913,326	8,319,481
Long term liabilities	58,791,206	50,099,625
Total liabilities	65,704,532	58,419,106
Deferred inflows	2,149,602	3,464,941
Total deferred inflows	2,149,602	3,464,941
Total liabilities and deferred inflows	67,854,134	61,884,047
Net position:		
Net investment in capital assets	25,864,871	22,062,450
Restricted	2,388,720	3,830,057
Unrestricted	13,019,255	19,775,505
Total net position	\$ 41,272,846	\$ 45,668,012

The restricted net position reflects balances of \$817,539, \$810,324, \$502,779, and \$140,693 for grant programs, debt service, capital projects, and campus activities, respectively. The remaining \$117,385 is restricted for other purposes. The \$13,019,255 of unrestricted net position represents resources available to fund the programs of the District next year.

Changes in net position. The District's total revenues were \$77,605,934. A significant portion, thirty-five percent, of the District's revenue comes from taxes. Forty-four percent comes from state aid, while only two percent relates to charges for services.

The total cost of all programs and services was \$75,294,638, and fifty-four percent of these costs are for instruction, instructional resources and media services.

MANAGEMENT'S DISCUSSION AND ANALYSIS - CONTINUED

GOVERNMENTAL ACTIVITIES

The \$235,157 net decrease in revenues is primarily the difference in the increase in foundation payments, state aid, and the decrease in delinquent property tax collections. There was a taxpayer who was delinquent and in the 2014 year they paid almost a million dollars. This year the collection was back to normal and significantly less.

	2015	2014
Program revenues:		
Charges for services	\$ 1,285,313	\$ 1,125,174
Operating grants and contributions	13,431,755	10,330,537
General revenues:		
Property taxes	27,531,057	27,617,611
State aid	34,370,424	38,091,135
Investment earnings	131,431	108,766
Miscellaneous revenues	855,954	567,868
 Total revenues	 <u>77,605,934</u>	 <u>77,841,091</u>
Expenses:		
Instruction, instructional resources and media services	40,854,557	40,997,289
Curriculum and staff development	2,374,707	1,930,831
Instructional leadership	1,713,893	1,685,323
School leadership	3,954,835	3,794,587
Guidance, counseling and evaluation services	2,208,611	2,249,285
Social work services	131,039	111,867
Health services	782,601	666,714
Student transportation	2,615,178	3,223,417
Food service	4,768,619	5,054,677
Cocurricular/extracurricular activities	1,984,610	1,768,584
General administration	2,011,888	1,927,753
Facilities maintenance and operations	7,219,292	7,867,677
Security and monitoring services	623,217	647,423
Data processing services	1,200,269	2,080,888
Community services	45,823	36,823
Debt service	2,088,971	2,618,670
Payments to shared service arrangements	242,624	242,624
Other intergovernmental charges	473,904	437,411
 Total expenses	 <u>75,294,638</u>	 <u>77,341,843</u>
Change in net position	2,311,296	499,248
Net position, beginning of year	45,668,012	45,710,337
Cumulative effect of change in accounting principle	(7,961,701)	(541,573)
Correction of an error	1,255,239	
Net position, beginning - as restated	<u>38,961,550</u>	<u>45,168,764</u>
Net position, ending	<u>\$ 41,272,846</u>	<u>\$ 45,668,012</u>

MANAGEMENT'S DISCUSSION AND ANALYSIS - CONTINUED

GOVERNMENTAL ACTIVITIES - CONTINUED

The decrease of \$2,047,205 in expenses from the prior year is primarily due to an increase in curriculum and staff development and decreases in student transportation, facilities maintenance and operations, data processing services, and debt service of \$608,239, \$648,385, \$880,619, and \$529,699, respectively. The increase of \$443,876 in curriculum and staff development is primarily due to employee changes, payroll reclassifications and staff training. The decrease in student transportation of \$608,239 is primarily due to savings in payroll and fuel costs, while the \$648,385 decrease in facilities maintenance and operations is due to salary and overtime reductions in custodial services and also electricity and supply expense savings. Data processing services decreased by \$880,619 as a result of bond monies spent in the prior year. The decrease in debt service of \$529,699 is primarily due to the refunding of bonds in fiscal year 2015.

The cost of all governmental activities this year was \$75,294,638. However, the amount that our taxpayers paid for these activities through property taxes was only \$27,531,057. Those who directly benefitted from the programs paid \$1,285,313 and grants and contributions paid \$13,431,755.

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

Governmental funds. The focus of the District's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the District's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources at the end of the fiscal year.

At the end of the current fiscal year, the District's governmental funds reported combined ending fund balances of \$24,350,316. Less than one percent of the total or \$100,223 is considered nonspendable because it is not in spendable form. Nine percent or \$2,310,563 of this total is restricted due to external limitations on its use. These uses include federal and state programs of \$739,080, capital acquisitions of \$502,779, retirement of debt of \$810,324 and other purposes of \$258,380. Seven percent or \$1,800,000 has been assigned, meaning there are limitations resulting from its intended use. The assigned uses include \$50,000 for capital expenditures and \$1,750,000 for payment of debt service resulting from the tax ratification election. The remaining eighty-three percent or \$20,139,530 is unassigned.

The District's governmental funds total fund balance increased by \$600,725 from the preceding year. This increase is primarily due to the refunding of debt.

The general fund is the main operating fund of the District. At the end of the current fiscal year, unassigned fund balance of the general fund was \$20,139,530, while total fund balance was \$21,961,596. As a measure of the general fund's liquidity, it may be useful to compare the unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents thirty-three percent of total general fund expenditures, while total fund balance represents thirty-six percent of that same amount.

Revenues from governmental fund types totaled \$77,677,654, a decrease of \$651,820 or one percent over the preceding year. This decrease is primarily due to decreases in state program revenues and federal program revenues of \$385,180 and \$227,248. The decrease in state program revenues is primarily due to a reduction in textbook revenue as this was not a large adoption year for textbooks, while the decrease in federal program revenues is due to reduced participation in the food service program and also a reduction in revenue in the Title I and Special Ed federal programs.

MANAGEMENT'S DISCUSSION AND ANALYSIS - CONTINUED

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS - CONTINUED

General Fund Budgetary Highlights

Over the course of the year, the District revised its budget thirteen times. Differences between the original and final amended budgets were significant for revenues and expenditures (\$1,315,585 increase in projected revenues and \$1,510,103 increase in projected expenditures). The increase in projected revenues was primarily due to increases in local revenues of \$612,541 and state program revenues of \$500,000. The increase in projected expenditures was the result of increases in cocurricular/extracurricular activities of \$560,013, general administration of \$203,699, and facilities maintenance and operations of \$377,033.

Differences between actual results and the final amended budget were significant for expenditures (\$1,635,214 decrease in actual expenditures). The decrease in actual expenditures is primarily due to decreases in instruction, student transportation, and facilities maintenance and operations expenditures of \$280,764, \$216,085, and \$706,164, respectively. The estimated expenses were not as much as anticipated. Therefore, the budget was greater than actual expenses.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At the end of 2015, the District had invested \$76,148,859 in a broad range of capital assets, including land, buildings, vehicles, and equipment. (See Table A-3). This amount represents a net decrease (including additions and deductions) of \$234,077 or less than one percent over last year.

Table A-3

DISTRICT'S CAPITAL ASSETS

	<u>2015</u>	<u>2014</u>
Land	\$ 1,956,778	\$ 1,956,778
Buildings and improvements	118,558,541	117,828,904
Furniture and equipment	6,455,693	6,319,441
Vehicles	<u>7,777,710</u>	<u>6,826,035</u>
Totals at historical cost	134,748,722	132,931,158
Total accumulated depreciation	<u>(58,599,863)</u>	<u>(55,611,176)</u>
Net capital assets	<u>\$ 76,148,859</u>	<u>\$ 77,319,982</u>

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

MANAGEMENT’S DISCUSSION AND ANALYSIS - CONTINUED

CAPITAL ASSETS AND DEBT ADMINISTRATION - CONTINUED

Long Term Debt

At year end the District had \$54,050,634 of bonds and capital leases outstanding as shown in Table A-4. More detailed information about the District’s debt is presented in the notes to the financial statements.

Table A-4 **DISTRICT’S LONG-TERM DEBT**

	<u>2015</u>	<u>2014</u>
Leases payable	\$ 438,693	\$ 157,414
Bonds payable	<u>53,611,941</u>	<u>52,502,969</u>
Total bonds payable	<u>\$ 54,050,634</u>	<u>\$ 52,660,383</u>

ECONOMIC FACTORS AND NEXT YEAR’S BUDGET AND RATES

Appraised value used for the 2016 budget preparation is up .79 percent from 2015.

General operating fund spending per student increased in the 2016 budget from \$8,030 to \$8,235. This is an increase of 2.5 percent from 2015.

The District’s 2016 refined average daily attendance is expected to remain basically the same as 2015. The student population has shown no significant growth for the past few years.

These indicators were taken into account when adopting the general fund budget for 2016. Amounts available for appropriation in the General Fund budget are \$63,327,649, an increase of one percent over the final 2015 budget of \$62,817,082.

If these estimates are realized, the District’s budgetary general fund balance is expected to not change at the close of 2016.

CONTACTING THE DISTRICT’S FINANCIAL MANAGEMENT

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

Basic Financial Statements

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

1

Data Control Codes	Governmental Activities
ASSETS:	
1110 <i>Cash and Cash Equivalents</i>	\$ 25,517,820
1225 <i>Property Taxes Receivable (Net)</i>	1,509,962
1240 <i>Due from Other Governments</i>	2,963,714
1290 <i>Other Receivables (Net)</i>	316,699
1300 <i>Inventories</i>	100,223
Capital Assets:	
1510 <i>Land</i>	1,956,778
1520 <i>Buildings and Improvements, Net</i>	69,510,209
1530 <i>Furniture and Equipment, Net</i>	4,681,872
1000 <i>Total Assets</i>	<u>106,557,277</u>
DEFERRED OUTFLOWS OF RESOURCES:	
1701 <i>Deferred Charge on Refunding</i>	791,160
1705 <i>Deferred Outflows Related to Pensions</i>	1,778,543
1700 <i>Total Deferred Outflows of Resources</i>	<u>2,569,703</u>
LIABILITIES:	
2110 <i>Accounts Payable</i>	591,217
2140 <i>Interest Payable</i>	78,688
2165 <i>Accrued Liabilities</i>	2,487,681
2180 <i>Due to Other Governments</i>	1,397,586
2300 <i>Unearned Revenue</i>	71,656
Noncurrent Liabilities:	
2501 <i>Due Within One Year</i>	2,286,498
2502 <i>Due in More Than One Year</i>	51,764,136
2540 <i>Net Pension Liability</i>	7,027,070
2000 <i>Total Liabilities</i>	<u>65,704,532</u>
DEFERRED INFLOWS OF RESOURCES:	
2605 <i>Deferred Inflows Related to Pensions</i>	2,149,602
2600 <i>Total Deferred Inflows of Resources</i>	<u>2,149,602</u>
NET POSITION:	
3200 <i>Net Investment in Capital Assets</i>	25,864,871
Restricted For:	
3820 <i>State and Federal Programs</i>	817,539
3850 <i>Debt Service</i>	810,324
3860 <i>Capital Projects</i>	502,779
3870 <i>Campus Activities</i>	140,693
3890 <i>Other Purposes</i>	117,385
3900 <i>Unrestricted</i>	13,019,255
3000 <i>Total Net Position</i>	<u>\$ 41,272,846</u>

The accompanying notes are an integral part of this statement.

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

Data Control Codes	Functions/Programs	1	3	4	Net (Expense) Revenue and Changes in Net Position
		Expenses	Program Revenues		Governmental Activities
			Charges for Services	Operating Grants and Contributions	
	Governmental Activities:				
11	Instruction	\$ 40,012,943	\$ 446,406	\$ 5,696,373	\$ (33,870,164)
12	Instructional Resources and Media Services	841,614	64,198	39,021	(738,395)
13	Curriculum and Staff Development	2,374,707	8,790	1,338,960	(1,026,957)
21	Instructional Leadership	1,713,893	10,675	372,386	(1,330,832)
23	School Leadership	3,954,835	37,869	230,935	(3,686,031)
31	Guidance, Counseling, & Evaluation Services	2,208,611	14,965	267,808	(1,925,838)
32	Social Work Services	131,039	516	72,575	(57,948)
33	Health Services	782,601	5,035	66,754	(710,812)
34	Student Transportation	2,615,178	20,232	84,034	(2,510,912)
35	Food Service	4,768,619	533,423	4,325,957	90,761
36	Cocurricular/Extracurricular Activities	1,984,610	62,027	65,633	(1,856,950)
41	General Administration	2,011,888	14,331	92,398	(1,905,159)
51	Facilities Maintenance and Operations	7,219,292	51,913	177,443	(6,989,936)
52	Security and Monitoring Services	623,217	4,433	21,446	(597,338)
53	Data Processing Services	1,200,269	8,564	38,870	(1,152,835)
61	Community Services	45,823	215	12,616	(32,992)
72	Interest on Long-term Debt	1,938,050	--	525,303	(1,412,747)
73	Bond Issuance Costs and Fees	150,921	--	--	(150,921)
93	Payments Related to Shared Services Arrangements	242,624	1,721	3,243	(237,660)
99	Other Intergovernmental Charges	473,904	--	--	(473,904)
TG	Total Governmental Activities	<u>75,294,638</u>	<u>1,285,313</u>	<u>13,431,755</u>	<u>(60,577,570)</u>
TP	Total Primary Government	<u>\$ 75,294,638</u>	<u>\$ 1,285,313</u>	<u>\$ 13,431,755</u>	<u>(60,577,570)</u>
	General Revenues:				
MT	Property Taxes, Levied for General Purposes				23,617,132
DT	Property Taxes, Levied for Debt Service				3,913,925
IE	Investment Earnings				131,431
GC	Grants and Contributions Not Restricted to Specific Programs				34,370,424
MI	Miscellaneous				855,954
TR	Total General Revenues				<u>62,888,866</u>
CN	Change in Net Position				2,311,296
NB	Net Position - Beginning				45,668,012
PA	Cumulative Effect of Change in Accounting Principle				(7,961,701)
PA	Correction of an Error				1,255,239
	Net Position - Beginning, as Restated				38,961,550
NE	Net Position - Ending				<u>\$ 41,272,846</u>

The accompanying notes are an integral part of this statement.

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LUFKIN INDEPENDENT SCHOOL DISTRICT

BALANCE SHEET - GOVERNMENTAL FUNDS

AUGUST 31, 2015

Data Control Codes	10 General Fund	Other Governmental Funds	98 Total Governmental Funds	
ASSETS:				
1110	Cash and Cash Equivalents	\$ 23,613,406	\$ 1,904,414	\$ 25,517,820
1225	Taxes Receivable, Net	1,325,785	184,177	1,509,962
1240	Due from Other Governments	1,382,982	1,580,732	2,963,714
1260	Due from Other Funds	1,089,734	276,051	1,365,785
1290	Other Receivables	307,166	9,533	316,699
1300	Inventories	22,066	78,157	100,223
1000	Total Assets	<u>27,741,139</u>	<u>4,033,064</u>	<u>31,774,203</u>
LIABILITIES:				
Current Liabilities:				
2110	Accounts Payable	\$ 482,301	\$ 108,916	\$ 591,217
2150	Payroll Deductions & Withholdings	1,725	--	1,725
2160	Accrued Wages Payable	2,224,439	261,517	2,485,956
2170	Due to Other Funds	276,051	1,089,734	1,365,785
2180	Due to Other Governments	1,397,586	--	1,397,586
2300	Unearned Revenue	71,656	--	71,656
2000	Total Liabilities	<u>4,453,758</u>	<u>1,460,167</u>	<u>5,913,925</u>
DEFERRED INFLOWS OF RESOURCES:				
2601	Unavailable Property Tax Revenue	1,325,785	184,177	1,509,962
2600	Total Deferred Inflows of Resources	<u>1,325,785</u>	<u>184,177</u>	<u>1,509,962</u>
FUND BALANCES:				
Nonspendable Fund Balances:				
3410	Inventories	22,066	78,157	100,223
Restricted Fund Balances:				
3450	Federal/State Funds Grant Restrictions	--	739,080	739,080
3470	Capital Acquisitions & Contractual Obligations	--	502,779	502,779
3480	Retirement of Long-Term Debt	--	810,324	810,324
3490	Other Restrictions of Fund Balance	--	258,380	258,380
Assigned Fund Balances:				
3570	Capital Expenditures for Equipment	50,000	--	50,000
3590	Other Assigned Fund Balance	1,750,000	--	1,750,000
3600	Unassigned	20,139,530	--	20,139,530
3000	Total Fund Balances	<u>21,961,596</u>	<u>2,388,720</u>	<u>24,350,316</u>
4000	Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 27,741,139</u>	<u>\$ 4,033,064</u>	<u>\$ 31,774,203</u>

The accompanying notes are an integral part of this statement.

LUFKIN INDEPENDENT SCHOOL DISTRICT

RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
AUGUST 31, 2015

Total fund balances - governmental funds balance sheet	\$ 24,350,316
Amounts reported for governmental activities in the Statement of Net Position ("SNP") are different because:	
Capital assets used in governmental activities are not reported in the funds.	76,148,859
Property taxes receivable unavailable to pay for current period expenditures are deferred inflows of resources in the funds.	1,509,962
Payables for bond principal which are not due in the current period are not reported in the funds.	(49,845,295)
Payables for capital leases which are not due in the current period are not reported in the funds.	(438,693)
Payables for bond interest which are not due in the current period are not reported in the funds.	(78,688)
The deferred charge for refunding is not recorded in the funds.	791,160
The District's proportionate share of TRS' collective net pension liability is not reported in the funds.	(7,027,070)
The District's proportionate share of TRS' collective deferred inflows of resources related to pension plans is not reported in the funds.	(2,149,602)
The District's proportionate share of TRS' collective deferred outflows of resources related to pension plans is not reported in the funds.	1,778,543
The accumulated accretion of interest on capital appreciation bonds is not reported in the funds.	(1,238,910)
Bond premiums are amortized in the SNA but not in the funds.	<u>(2,527,736)</u>
Net position of governmental activities - Statement of Net Position	<u>\$ 41,272,846</u>

The accompanying notes are an integral part of this statement.

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

Data Control Codes	10 General Fund	Other Governmental Funds	98 Total Governmental Funds
REVENUES:			
5700 <i>Local and Intermediate Sources</i>	\$ 24,710,361	\$ 5,158,049	\$ 29,868,410
5800 <i>State Program Revenues</i>	37,348,165	1,099,421	38,447,586
5900 <i>Federal Program Revenues</i>	757,690	8,603,968	9,361,658
5020 Total Revenues	<u>62,816,216</u>	<u>14,861,438</u>	<u>77,677,654</u>
EXPENDITURES:			
Current:			
0011 <i>Instruction</i>	35,056,484	3,692,920	38,749,404
0012 <i>Instructional Resources and Media Services</i>	746,051	75,697	821,748
0013 <i>Curriculum and Staff Development</i>	1,081,820	1,160,602	2,242,422
0021 <i>Instructional Leadership</i>	1,389,646	271,645	1,661,291
0023 <i>School Leadership</i>	3,843,271	11,128	3,854,399
0031 <i>Guidance, Counseling, & Evaluation Services</i>	2,014,449	120,835	2,135,284
0032 <i>Social Work Services</i>	63,437	59,557	122,994
0033 <i>Health Services</i>	682,247	79,663	761,910
0034 <i>Student Transportation</i>	2,517,888	904,626	3,422,514
0035 <i>Food Service</i>	4,365	4,538,683	4,543,048
0036 <i>Cocurricular/Extracurricular Activities</i>	2,098,555	193,485	2,292,040
0041 <i>General Administration</i>	1,944,571	4,069	1,948,640
0051 <i>Facilities Maintenance and Operations</i>	7,121,168	8,147	7,129,315
0052 <i>Security and Monitoring Services</i>	638,823	645	639,468
0053 <i>Data Processing Services</i>	1,156,475	89,990	1,246,465
0061 <i>Community Services</i>	25,500	18,463	43,963
0071 <i>Principal on Long-term Debt</i>	78,087	2,657,671	2,735,758
0072 <i>Interest on Long-term Debt</i>	2,503	2,086,534	2,089,037
0073 <i>Bond Issuance Costs and Fees</i>	--	150,921	150,921
0081 <i>Facilities Acquisition and Construction</i>	--	273,749	273,749
0093 <i>Payments to Shared Service Arrangements</i>	242,624	--	242,624
0099 <i>Other Intergovernmental Charges</i>	473,904	--	473,904
6030 Total Expenditures	<u>61,181,868</u>	<u>16,399,030</u>	<u>77,580,898</u>
1100 Excess (Deficiency) of Revenues Over (Under)			
1100 Expenditures	<u>1,634,348</u>	<u>(1,537,592)</u>	<u>96,756</u>
Other Financing Sources and (Uses):			
7911 <i>Issuance of Refunding Bonds</i>	--	8,859,997	8,859,997
7913 <i>Issuance of Capital Leases</i>	359,366	--	359,366
7916 <i>Premium on Issuance of Bonds</i>	--	1,046,536	1,046,536
8949 <i>Payment to Refunded Bonds Escrow Agent</i>	--	(9,761,930)	(9,761,930)
7080 Total Other Financing Sources and (Uses)	<u>359,366</u>	<u>144,603</u>	<u>503,969</u>
1200 Net Change in Fund Balances	<u>1,993,714</u>	<u>(1,392,989)</u>	<u>600,725</u>
0100 Fund Balances - Beginning	<u>19,967,882</u>	<u>3,781,709</u>	<u>23,749,591</u>
3000 Fund Balances - Ending	<u>\$ 21,961,596</u>	<u>\$ 2,388,720</u>	<u>\$ 24,350,316</u>

The accompanying notes are an integral part of this statement.

LUFKIN INDEPENDENT SCHOOL DISTRICT

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

Net change in fund balances - total governmental funds	\$ 600,725
Amounts reported for governmental activities in the Statement of Activities ("SOA") are different because:	
Capital outlays are not reported as expenses in the SOA.	1,817,564
The depreciation of capital assets used in governmental activities is not reported in the funds.	(2,988,687)
Certain property tax revenues are unavailable; therefore, they are deferred inflows of resources in the funds. This is the change in these amounts this year.	(64,654)
Repayment of bond principal is an expenditure in the funds but is not an expense in the SOA.	2,657,671
Repayment of capital lease principal is an expenditure in the funds but is not an expense in the SOA.	78,087
Bond premiums are amortized in the SOA but not in the funds.	126,675
The accretion of interest on capital appreciation bonds is not reported in the funds.	16,329
Amount represents the (increase) decrease in accrued interest from beginning of period to end of period.	7,983
The District's recognition of its proportionate share of TRS' collective pension plan expense is not reported in the funds.	(1,091,595)
Proceeds of bonds do not provide revenue in the SOA, but are reported as an other financing source in the funds.	(8,859,997)
Bond premiums are reported in the funds but not in the SOA.	(1,046,536)
Other uses for payments to refunded bonds escrow agent are reported in the funds but not in the SOA.	9,761,930
Proceeds of capital leases do not provide revenue in the SOA, but are reported as an other financing source in the funds.	(359,366)
Contributions to TRS made after the measurement date, August 31, 2014, are required to be reported as deferred outflows of resources in the SOA.	1,213,100
The District's proportionate share of the amortization of deferred outflows and inflows for TRS is included in pension expense of the SOA, but not in the funds.	442,067
	<u>442,067</u>
Change in net position of governmental activities - Statement of Activities	\$ <u><u>2,311,296</u></u>

The accompanying notes are an integral part of this statement.

LUFKIN INDEPENDENT SCHOOL DISTRICT

STATEMENT OF FIDUCIARY NET POSITION

FIDUCIARY FUNDS

AUGUST 31, 2015

Data Control Codes		Agency Funds
	ASSETS:	
1110	<i>Cash and Cash Equivalents</i>	\$ 321,564
1000	Total Assets	<u>321,564</u>
	LIABILITIES:	
	Current Liabilities:	
2190	<i>Due to Student Groups</i>	321,564
2000	Total Liabilities	<u>321,564</u>
	NET POSITION:	
3000	Total Net Position	<u>\$ --</u>

The accompanying notes are an integral part of this statement.

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LUFKIN INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED AUGUST 31, 2015

A. Summary of Significant Accounting Policies

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

1. Reporting Entity

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

2. Basis of Presentation, Basis of Accounting

a. Basis of Presentation

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

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

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

The District reports the following major governmental funds:

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

In addition, the District reports the following fund types:

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

LUFKIN INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED AUGUST 31, 2015

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

b. Measurement Focus, Basis of Accounting

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

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

When the District incurs an expenditure or expense for which both restricted and unrestricted resources may be used, it is the District's policy to use restricted resources first, then unrestricted resources. The determination of whether resources should be classified as restricted in the government-wide statement of net position begins at the fund level.

3. Financial Statement Amounts

a. Property Taxes

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

Allowances for uncollectible tax receivables within the General and Debt Service Funds are based upon historical experience in collecting property taxes. Uncollectible personal property taxes are periodically reviewed and written off, but the District is prohibited from writing off real property taxes without specific statutory authority from the Texas Legislature. The allowance for uncollectible property taxes was \$647,126 at August 31, 2015.

b. Inventories and Prepaid Items

Inventories of supplies and food on the balance sheet are stated at cost using the first-in, first-out method. Inventory items are recorded as expenditures when they are consumed. Supplies are used for almost all functions of activity, while food is used only in the food service program.

LUFKIN INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED AUGUST 31, 2015

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

c. Capital Assets

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

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

<u>Asset Class</u>	<u>Estimated Useful Lives</u>
Buildings and improvements	20 - 50
Furniture and equipment	5 - 20
Capital leases	5 - 10

d. Deferred Outflows and Inflows of Resources

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

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

For the year ended August 31, 2015, the District has items that qualify for reporting as deferred outflows of resources and deferred inflows of resources. The District reports the deferred outflows and inflows related to the TRS net pension liability only on the government-wide Statement of Net Position. Those items are detailed in Note I. Also, on the government-wide Statement of Net Position, the District reports the deferred charge on refunding as a deferred outflow of resources. This deferred charge is the result of the difference in the carrying value of the refunded debt and its reacquisition price. The charge is amortized over the shorter of the life of the refunded or refunding debt. On the governmental funds balance sheet, the unavailable property tax revenue is reported as a deferred inflow of resources. This revenue is recognized in the period in which the revenue becomes available.

e. Receivable and Payable Balances

The District believes that additional detail of certain receivable and payable balances is needed to avoid the obscuring of significant components by aggregation. Therefore, disclosure is provided to disaggregate significant balances in footnote F.

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

LUFKIN INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED AUGUST 31, 2015

f. Interfund Activity

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

g. Use of Estimates

The preparation of financial statements in conformity with GAAP requires the use of management's estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of revenue and expenses during the period. Actual results could differ from those estimates.

h. Data Control Codes

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

i. Fund Balances - Governmental Funds

Fund balances of the governmental funds are classified as follows:

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

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

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

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

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

LUFKIN INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED AUGUST 31, 2015

j. Net Position Flow Assumption

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

k. Fund Balance Flow Assumptions

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

4. Pensions

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

5. New Accounting Standards Adopted

The District implemented two GASB statements in fiscal year 2015, GASB Statement No. 68, "Accounting and Financial Reporting for Pensions -- an Amendment of GASB Statement No. 27" and GASB Statement No. 71, "Pension Transition for Contributions Made Subsequent to the Measurement Date -- an Amendment of GASB Statement No. 68". These statements were issued in June 2012 and November 2013, respectively. Both statements were effective for fiscal years beginning after June 15, 2014. The District has implemented the provisions of these statements for the year ended August 31, 2015. See Note N for more information.

B. Compliance and Accountability

1. Finance-Related Legal and Contractual Provisions

In accordance with GASB Statement No. 38, "Certain Financial Statement Note Disclosures," violations of finance-related legal and contractual provisions, if any, are reported below, along with actions taken to address such violations:

<u>Violation</u>	<u>Action Taken</u>
None reported	Not applicable

2. Deficit Fund Balance or Fund Net Position of Individual Funds

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

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

LUFKIN INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED AUGUST 31, 2015

C. Deposits and Investments

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

1. Cash Deposits:

At August 31, 2015, the carrying amount of the District's deposits (cash, certificates of deposit, and interest-bearing savings accounts included in temporary investments) was \$25,817,371 and the bank balance was \$26,381,961. The District's cash deposits at August 31, 2015 were entirely covered by FDIC insurance or by pledged collateral held by the pledging financial institution's agent bank in the District's name.

2. Investments:

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

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

The District's investments at August 31, 2015 are shown below.

<u>Investment or Investment Type</u>	<u>Maturity</u>	<u>Fair Value</u>
<u>Cash Equivalents - Money Market Mutual Funds</u>		
TexPool	41 days	\$ <u>18,822</u>
Total Investments		\$ <u>18,822</u>

3. Analysis of Specific Deposit and Investment Risks

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

a. Credit Risk

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

The District's investment policy does not limit its investment in public funds investment pools based on credit ratings. At August 31, 2015, the District's investment in TexPool was rated AAAM as to credit quality by Standard and Poor's.

LUFKIN INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED AUGUST 31, 2015

b. Interest Rate Risk

This is the risk that changes in interest rates will adversely affect the fair value of an investment. The District's investment policy limits the maturities in pool fund groups to a maximum dollar weighted maturity of 180 days. Other investments are limited to a maximum maturity of one year unless specifically authorized by the Board of Trustees. Investment maturities are noted in the table above.

Investment Accounting Policy

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

Public Funds Investment Pools

Public funds investment pools in Texas ("Pools") are established under the authority of the Interlocal Cooperation Act, Chapter 79 of the Texas Government Code, and are subject to the provisions of the Public Funds Investment Act (the "Act"), Chapter 2256 of the Texas Government Code. In addition to other provisions of the Act designed to promote liquidity and safety of principal, the Act requires Pools to: 1) have an advisory board composed of participants in the pool and other persons who do not have a business relationship with the pool and are qualified to advise the pool; 2) maintain a continuous rating of no lower than AAA or AAA-m or an equivalent rating by at least one nationally recognized rating service; and 3) maintain the market value of its underlying investment portfolio within one half of one percent of the value of its shares.

The District's investments in Pools are reported at an amount determined by the fair value per share of the pool's underlying portfolio, unless the pool is 2a7-like, in which case they are reported at share value. A 2a7-like pool is one which is not registered with the Securities and Exchange Commission ("SEC") as an investment company, but nevertheless has a policy that it will, and does, operate in a manner consistent with the SEC's Rule 2a7 of the Investment Company Act of 1940.

The District invests in the Texas Local Government Investment Pool (TexPool), which is a local government investment pool. The Texas State Comptroller of Public Accounts oversees TexPool. Federated Investors, Inc. is the administrator and investment manager of TexPool under a contract with the State Comptroller. In accordance with the Public Funds Investment Act, the State Comptroller has appointed the TexPool Investment Advisory Board to advise with respect to TexPool. The board is composed equally of participants in TexPool Portfolios and other persons who do not have a business relationship with TexPool Portfolios and are qualified to advise in respect to TexPool Portfolios. The Advisory Board members review the investment policy and management fee structure. TexPool operates in a manner consistent with the Act and the SEC's Rule 2a7 of the Investment Company Act of 1940. All investments are stated at amortized cost, which usually approximates the market value of the securities. The stated objective of TexPool is to maintain a stable average \$1.00 per unit net asset value; however, the \$1.00 net asset value is not guaranteed or insured. The financial statements can be obtained from the Texas Trust Safekeeping Trust Company website at www.ttstc.org.

LUFKIN INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED AUGUST 31, 2015

D. Capital Assets

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

	Beginning Balances	Increases	Decreases	Ending Balances
<i>Governmental activities:</i>				
<i>Capital assets not being depreciated:</i>				
Land	\$ 1,956,778	\$ --	\$ --	\$ 1,956,778
Total capital assets not being depreciated	<u>1,956,778</u>	<u>--</u>	<u>--</u>	<u>1,956,778</u>
<i>Capital assets being depreciated:</i>				
Buildings and improvements	117,828,904	729,637	--	118,558,541
Furniture and equipment	6,319,441	136,252	--	6,455,693
Vehicles	6,826,035	951,675	--	7,777,710
Total capital assets being depreciated	<u>130,974,380</u>	<u>1,817,564</u>	<u>--</u>	<u>132,791,944</u>
Less accumulated depreciation for:				
Buildings and improvements	(46,797,519)	(2,250,813)	--	(49,048,332)
Furniture and equipment	(3,590,627)	(383,643)	--	(3,974,270)
Vehicles	(5,223,030)	(354,231)	--	(5,577,261)
Total accumulated depreciation	<u>(55,611,176)</u>	<u>(2,988,687)</u>	<u>--</u>	<u>(58,599,863)</u>
Total capital assets being depreciated, net	<u>75,363,204</u>	<u>(1,171,123)</u>	<u>--</u>	<u>74,192,081</u>
Governmental activities capital assets, net	<u>\$ 77,319,982</u>	<u>\$ (1,171,123)</u>	<u>\$ --</u>	<u>\$ 76,148,859</u>

Depreciation was charged to functions as follows:

Instruction	\$ 1,623,668
Instructional Resources and Media Services	34,486
Curriculum and Staff Development	94,029
Instructional Leadership	69,618
School Leadership	161,418
Guidance, Counseling, & Evaluation Services	89,441
Social Work Services	5,151
Health Services	31,935
Student Transportation	144,093
Food Services	190,083
Extracurricular Activities	81,480
General Administration	81,879
Plant Maintenance and Operations	300,201
Security and Monitoring Services	26,823
Data Processing Services	52,522
Community Services	1,860
	<u>\$ 2,988,687</u>

LUFKIN INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2015

E. Interfund Balances and Activities

1. Due To and From Other Funds

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

<u>Due To Fund</u>	<u>Due From Fund</u>	<u>Amount</u>	<u>Purpose</u>
General Fund	Other Governmental Funds	\$ 1,089,734	Short-term advances
Other Governmental Funds	General Fund	276,051	Short-term advances
	Total	\$ 1,365,785	

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

2. Transfers To and From Other Funds

There were no transfers to or from other funds at August 31, 2015.

F. Due to/Due From Other Governments

Due from other governments consists of the following at August 31, 2015:

	<u>General Fund</u>	<u>Other Governmental Funds</u>	<u>Total</u>
Due from State - Days of instruction	\$ 1,170,803	\$ --	\$ 1,170,803
Due from State - Foundation revenue - prior year payments	212,179	--	212,179
Due from State - Grant programs	--	1,429,789	1,429,789
Due from State - Foundation revenue - EDA		150,943	150,943
Total	\$ 1,382,982	\$ 1,580,732	\$ 2,963,714

Due to other governments consists of the following at August 31, 2015:

	<u>General Fund</u>	<u>Other Governmental Funds</u>	<u>Total</u>
Due to State - Foundation revenue	\$ 1,397,586	\$ --	\$ 1,397,586
Total	\$ 1,397,586	\$ --	\$ 1,397,586

LUFKIN INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED AUGUST 31, 2015

G. Long-Term Obligations

1. Long-Term Obligation Activity

Long-term obligations include debt and other long-term liabilities. Changes in long-term obligations for the year ended August 31, 2015, are as follows:

	Beginning Balance	Increases	Decreases	Ending Balance	Amounts Due Within One Year
Governmental activities:					
Series 2008 Bonds	\$ 12,894,999	\$ --	\$ (8,947,671)	\$ 3,947,328	\$ 72,328
Premium	168,227	--	(117,780)	50,447	3,603
Capital Appreciation Bonds - Accretion	445,678	70,461	(267,329)	248,810	--
Series 2009 Bonds	23,227,970	--	(645,000)	22,582,970	65,283
Premium	666,760	--	(26,670)	640,090	26,670
Capital Appreciation Bonds - Accretion	809,561	146,701	--	956,262	--
Series 2012 Bonds	5,880,000	--	--	5,880,000	--
Premium	185,142	--	(23,143)	161,999	23,143
Series 2014 Bonds	10,500,000	--	(1,750,000)	8,750,000	1,790,000
Premium	698,516	--	(69,852)	628,664	69,852
Series 2015 Bonds	--	8,859,997	(175,000)	8,684,997	65,000
Premium	--	1,046,536	--	1,046,536	45,502
Capital Appreciation Bonds - Accretion	--	33,838	--	33,838	--
Capital leases	157,414	359,366	(78,087)	438,693	125,117
Total governmental activities	\$ 55,634,267	\$ 10,516,899	\$ (12,100,532)	\$ 54,050,634	\$ 2,286,498

2. Bonds Payable

The Series 2008 Unlimited Tax School Building Bonds were issued in an original amount of \$14,499,999, which included \$159,999 of capital appreciation bonds. The original premium associated with the bonds was \$358,951. Interest rates range from 3.25% to 5.00%.

The Series 2009 Unlimited Tax School Building Bonds were issued for \$25,497,970. Of that amount, \$112,970 were capital appreciation bonds. The bonds were issued at a premium of \$948,416. Interest rates range from 2.50% to 4.75%.

The Series 2012 Unlimited Tax School Building Bonds were issued for \$5,880,000. These bonds were issued at a premium of \$231,428. Interest rates range from 1.00% to 1.80%.

The Series 2014 Unlimited Tax School Building and Refunding Bonds were issued for \$10,630,000. The bonds were issued at a premium of \$698,516. Interest rates range from 2.00% to 4.00%.

LUFKIN INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED AUGUST 31, 2015

The District issued \$8,859,997 of Unlimited Tax Refunding Bonds, Series 2015 on July 1, 2015. which includes capital appreciation bonds of \$114,997. The net proceeds of \$9,761,930 (after issuance costs of \$141,996, plus premium of \$1,046,536) were used to advance refund a portion of the Unlimited Tax School Building Bonds, Series 2008 with a total principal balance of \$8,860,000. Interest rates range from 1.50% to 4.25%. As a result, the refunded bonds are considered to be defeased and the liability has been removed from the government-wide financial statements. This refunding was undertaken to reduce total debt service payments over the next twenty-three years by \$1,581,171 and resulted in an economic gain of \$1,154,077. At August 31, 2015, \$8,860,000 of the defeased debt was still outstanding.

Debt service requirements on long-term debt at August 31, 2015, are as follows:

Year Ending August 31,	Governmental Activities		
	Principal	Interest	Total
2016	\$ 1,992,611	\$ 2,692,209	\$ 4,684,820
2017	2,317,687	2,370,833	4,688,520
2018	2,653,453	2,015,155	4,668,608
2019	2,776,544	1,939,751	4,716,295
2020	3,220,000	1,501,770	4,721,770
2021-2025	11,295,000	6,354,875	17,649,875
2026-2030	7,790,000	4,768,008	12,558,008
2031-2035	9,535,000	2,998,375	12,533,375
2036-2039	8,265,000	881,216	9,146,216
Totals	\$ 49,845,295	\$ 25,522,192	\$ 75,367,487

3. Capital Leases

In a prior fiscal year, the District entered into a capital lease with Suntrust Equipment Finance & Leasing Corp. to finance the purchase of four school buses. The interest rate on this lease is 1.59%. In fiscal year 2015, the District entered into a capital lease with Regions Commercial Equipment Finance, LLC for the purchase of a scoreboard. The interest rate on this lease is 3.79%.

The assets acquired through capital leases are as follows:

Asset	Governmental Activities
Furniture and equipment	\$ 775,727
Less: accumulated depreciation	(101,381)
Total	\$ 674,346

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

Year Ending August 31:	
2016	\$ 139,998
2017	59,410
2018	59,410
2019	59,410
2020	59,410
2021-2022	118,820
Total Minimum Rentals	496,458
Less amount representing interest	(57,765)
Present value of minimum lease payments	\$ 438,693

LUFKIN INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED AUGUST 31, 2015

H. Risk Management

The District is exposed to various risks of loss related to torts, theft, damage or destruction of assets, errors and omissions, injuries to employees, and natural disasters. During fiscal year 2015, the District participated in the Texas Association of Public Schools Property and Liability Fund (TAPS), a public entity risk pool, 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.

TAPS was created in accordance with the Interlocal Cooperation Act, Chapters 791 and 2259 of the Texas Government Code. Members execute Interlocal Participation Agreements that define the responsibilities of the parties. The District pays an annual premium to TAPS for its property, automobile, and liability coverages. Members of TAPS have no known premium liability for coverages in excess of the annual premium. However, if the assets of TAPS were to be exhausted, members would be liable for their portion of TAPS' liabilities. This would indicate that members would be contingently liable for the portion of the liability applicable to their entity. Independent auditors conduct a financial audit at the close of the plan year. As of the most recent audit, TAPS has adequate assets to more than cover 100% of all liabilities.

The District is also a member of the TASB Risk Management Fund (the Fund). The Fund was created and is operated under the provision of the Interlocal Cooperation Act, Chapter 791 of the Texas Government Code. All members participating in the Fund execute Interlocal Agreements that define the responsibilities of the parties. The District participates in the Workers' Compensation Program.

The Workers' Compensation program is authorized by Chapter 504 of the Texas Labor Code. The Fund provides statutory workers' compensation benefits to its members' injured employees. The District participates in the Fund's reimbursable aggregate deductible program. As such, the District is responsible for a certain amount of claims liability as outlined on the District's Contribution and Coverage Summary document. After the District's deductible has been met, the Fund is responsible for additional claims liability. The Fund and its members are protected against higher than expected claims costs through the purchase of stop-loss coverage for any claim in excess of \$1,500,000 million. The Fund uses the services of an independent actuary to determine the reserve adequacy and fully funds those reserves. As of August 31, 2014, the Fund carries a discounted reserve of \$56,905,750 for future development on reported claims and claims that have been incurred but not yet reported. For the year ended August 31, 2015 the Fund anticipates that the District has no additional liability beyond the contractual obligations for payments of contributions.

The Fund engages the services of an independent auditor to conduct a financial audit after the close of each 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 on the TASB Risk Management Fund website and have been filed with the Texas Department of Insurance.

I. Pension Plan

1. Plan Description

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

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.

LUFKIN INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED AUGUST 31, 2015

2. Pension Plan Fiduciary Net Position

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

3. Benefits Provided

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

4. Contributions

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

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

	<u>Contribution Rates</u>	
	2014	2015
Member	6.4%	6.7%
Non-Employer Contributing Entity (NECE - State)	6.8%	6.8%
Employers	6.8%	6.8%
District's 2014 Employer Contributions	\$ 666,966	
District's 2014 Member Contributions	\$ 2,923,691	
NECE 2014 On-Behalf Contributions to District	\$ 2,464,867	

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

LUFKIN INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED AUGUST 31, 2015

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

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

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

5. Actuarial Assumptions

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

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

* Includes inflation of 3%

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

LUFKIN INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED AUGUST 31, 2015

6. Discount Rate

The discount rate used to measure the total pension liability was 8%. There was no change in the discount rate since the previous fiscal year. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and those of the contributing employers and the non-employer contributing entity are made at the statutorily required rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

Asset Class	Target Allocation	Real Return Geometric Basis	Long-term Expected Portfolio Real Rate of Return *
Global Equity			
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%
Stable Value			
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%
Real Return			
Global Inflat. Linked Bonds	3%	3.1%	0.0%
Real Assets	16%	7.3%	1.5%
Energy & Natural Resources	3%	8.8%	0.3%
Commodities	0%	3.4%	0.0%
Risk Parity			
Risk Parity	5%	8.9%	0.4%
Alpha			1.0%
Total	<u>100%</u>		<u>8.7%</u>

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

LUFKIN INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED AUGUST 31, 2015

7. Discount Rate Sensitivity Analysis

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

	1% Decrease in Discount Rate (7.0%)	Discount Rate (8.0%)	1% Increase in Discount Rate (9.0%)
District's proportionate share of the net pension liability	\$ 12,556,949	\$ 7,027,070	\$ 2,891,751

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

At August 31, 2015, the District reported a liability of \$7,027,070 for its proportionate share of the TRS 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	\$ 7,027,070
State's proportionate share of the net pension liability associated with the District	<u>26,024,935</u>
Total	<u>\$ 33,052,005</u>

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

At the measurement date, August 31, 2014, the employer's proportion of the collective net pension liability was 0.0263074%. Since this is the first year of implementation, the District does not have the proportion measured as of August 31, 2013. The Notes to the Financial Statements for August 31, 2014 for TRS stated that the change in proportion was immaterial, and therefore, disregarded this year.

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

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

For the year ended August 31, 2015, the District recognized pension expense of \$2,405,957 and revenue of \$2,405,957 for support provided by the State. The District also recognized their proportionate share of pension expense of \$649,528.

LUFKIN INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED AUGUST 31, 2015

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ 108,676	\$ --
Changes in actuarial assumptions	456,767	--
Difference between projected and actual investment earnings	--	2,147,760
Changes in proportion and differences between the District's contributions and the proportionate share of contributions	--	1,842
District contributions paid to TRS subsequent to the measurement date	<u>1,213,100</u>	<u> </u>
Total	<u>\$ 1,778,543</u>	<u>\$ 2,149,602</u>

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

Plan (Fiscal) Year Ended August 31,	Pension Expense Amount
2015 (2016)	\$ (441,861)
2016 (2017)	(441,861)
2017 (2018)	(441,861)
2018 (2019)	(441,861)
2019 (2020)	95,079
Thereafter	88,206

J. Other Postemployment Benefits - Retiree Health Care Plan

1. TRS-Care

a. Plan Description

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

LUFKIN INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED AUGUST 31, 2015

b. Funding Policy

Contribution requirements are not actuarially determined but are legally established each biennium by the Texas Legislature. Texas Insurance Code, Sections 1575.202, 203, and 204 establish state, active employee, and public school contributions, respectively. Funding for free basic coverage is provided by the program based upon public school district payroll. Per Texas Insurance Code, Chapter 1575, the public school contribution may not be less than 0.25% or greater than 0.75% of the salary of each active employee of the public school. Funding for optional coverage is provided by those participants selecting the optional coverage. Contribution rates and amounts for fiscal years 2015 - 2013 are shown in the table below.

Year	Active Member		State		School District	
	Rate	Amount	Rate	Amount	Rate	Amount
2015	0.65%	\$ 302,339	1.00%	\$ 465,144	0.55%	\$ 255,822
2014	0.65%	296,938	1.00%	456,827	0.55%	251,255
2013	0.65%	324,180	0.50%	498,738	0.55%	274,306

For the year ended August 31, 2015, the District paid the state contributions for salaries paid by federal grant funds which amounted to \$41,569. For the fiscal year ended August 31, 2015, the amount received by TRS-Care on behalf of the District was \$423,575.

2. Medicare Part D Subsidies

The Medicare Prescription Drug, Improvement, and Modernization Act of 2003, which was effective January 1, 2006, established prescription drug coverage for Medicare beneficiaries known as Medicare Part D. One of the provisions of Medicare Part D allows for TRS-Care to receive retiree drug subsidy payments from the federal government to offset certain prescription drug expenditures for eligible TRS-Care participants. For the fiscal years ended August 31, 2015, 2014, and 2013, the subsidy payments received by TRS-Care on behalf of the District were \$207,758, \$125,271, and \$125,048, respectively.

K. Employee Health Care Coverage

During the year ended August 31, 2015, employees of the District were covered by a health insurance plan (the Plan). The District is a member of TRS-ActiveCare, a statewide health coverage plan for public school employees. It was established by Chapter 1579, "Texas School Employees Uniform Group Health Coverage Act," of the Texas Insurance Code. Employees can choose from PPO plans administered by Aetna and Caremark.

The District paid premiums of \$225 - \$314 per month per employee to the Plan. Employees, at their option, authorized payroll withholdings to pay premiums for dependents. All premiums were paid to a third party administrator, acting on behalf of the licensed insurer. The Plan was authorized by Article 3.51-2, Texas Insurance Code and was documented by contractual agreement.

The contract between the District and the third party administrator is renewable September 1, and terms of coverage and premium costs are included in the contractual provisions.

LUFKIN INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED AUGUST 31, 2015

L. Commitments and Contingencies

1. Lease Commitment

The District accounted for a non-cancelable lease agreement for copiers as an operating lease. Future minimum lease payments as of August 31, 2015 are as follows:

<u>Year Ending August 31:</u>	
2016	\$ 152,915
2017	<u>101,943</u>
Total Minimum Rentals	\$ <u>254,858</u>

Rental expenditures for the District's copier lease totaled \$152,312.

2. Contingencies

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

3. Litigation

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

M. Shared Services Arrangements

Shared Services Arrangement - Fiscal Agent

The District is the fiscal agent for a Shared Services Arrangement ("SSA") which provides a Regional Day School program for the Deaf, to Model 2 SSA other local member districts. All services are provided by the fiscal agent. Funding for this SSA comes from federal and state grant programs directly to the fiscal agent. According to guidance provided in TEA's Resource Guide, the District has accounted for the fiscal agent's activities of the SSA in a special revenue fund.

Shared Services Arrangement - Membership

The District participates in SSAs for Non-educational Community Based Support and an Alternative School for at-risk students.

The District does not account for revenues or expenditures in this program and does not disclose them in these financial statements. The District neither has a joint ownership interest in fixed assets purchased by the fiscal agents, the Region VII Service Center and Hudson ISD, nor does the District have a net equity interest in the fiscal agents. The fiscal agents are neither accumulating significant financial resources nor fiscal exigencies that would give rise to a future additional benefit or burden to the District. The fiscal agent managers are responsible for all financial activities of the SSAs.

LUFKIN INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED AUGUST 31, 2015

N. Accounting Changes

1. Change in Accounting Principle

Effective September 1, 2014, the District implemented GASB Statement Nos. 68 and 71, as discussed in Note A. These statements require numerous new pension disclosures and two new schedules in required supplementary information. Also, the District is required to report deferred outflows of resources, deferred inflows of resources, and a net pension liability as well as recognize pension expense. The District amounts reported and recognized are the District's proportionate share of the collective deferred outflows of resources, deferred inflows of resources, net pension liability, and pension expense of TRS. These items are only included on the government-wide financial statements. The District reported a cumulative effect of a change in accounting principle as a result of the implementation of these statements. The effect of the change was a reduction in net position at September 1, 2014 of \$7,961,701.

2. Correction of an Error

During fiscal year 2015, it was determined that capital appreciation bond interest accretion had been overstated in the prior year. To correct this error, beginning net position for governmental activities was increased by \$1,255,239. This adjustment had no impact on the current year change in net position; however, the change in net position of the prior year increased from \$499,248 to \$1,754,487.

O. Authoritative Pronouncements Not Yet Effective

GASB Statement No. 73, Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB 68, and Amendments to Certain Provisions of GASB Statements 67 and 68 (issued June 2015)

The primary objective of this statement is to improve the usefulness of information about pensions included in the external financial report of state and local governments. It establishes requirements for pension plans not within the scope of GASB 68. It also amends certain provisions of GASB 67 and 68. For the requirements for pension plans not within the scope of GASB 68, the effective date of this statement is for fiscal years beginning after June 15, 2016, while the effective date for the portion of this statement that amends GASB 67 and 68 is fiscal years beginning after June 15, 2015.

GASB Statement No. 75, Accounting and Financial Reporting for Postemployment Other than Pensions (issued June 2015)

This statement's primary objective is to improve the accounting and financial reporting by state and local governments for postemployment benefits other than pensions (OPEB). It also improves information provided by state and local governments about financial support for OPEB that is provided by other entities. The effective date of this statement is for fiscal years beginning after June 15, 2017.

Required Supplementary Information

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

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LUFKIN INDEPENDENT SCHOOL DISTRICT

GENERAL FUND

BUDGETARY COMPARISON SCHEDULE

FOR THE YEAR ENDED AUGUST 31, 2015

EXHIBIT G-1

Page 1 of 2

Data Control Codes		1	2	3	Variance with Final Budget Positive (Negative)
		Budgeted Amounts			
		Original	Final	Actual	
REVENUES:					
5700	Local and Intermediate Sources	\$ 24,060,465	\$ 24,673,006	\$ 24,710,361	\$ 37,355
5800	State Program Revenues	36,819,532	37,319,532	37,348,165	28,633
5900	Federal Program Revenues	621,500	824,544	757,690	(66,854)
5020	Total Revenues	61,501,497	62,817,082	62,816,216	(866)
EXPENDITURES:					
Current:					
Instruction & Instructional Related Services:					
0011	Instruction	35,419,899	35,337,248	35,056,484	280,764
0012	Instructional Resources and Media Services	756,758	786,828	746,051	40,777
0013	Curriculum and Staff Development	1,007,819	1,095,024	1,081,820	13,204
	Total Instruction & Instr. Related Services	37,184,476	37,219,100	36,884,355	334,745
Instructional and School Leadership:					
0021	Instructional Leadership	1,410,379	1,401,442	1,389,646	11,796
0023	School Leadership	3,756,045	3,844,320	3,843,271	1,049
	Total Instructional & School Leadership	5,166,424	5,245,762	5,232,917	12,845
Support Services - Student:					
0031	Guidance, Counseling and Evaluation Services	2,066,059	2,104,696	2,014,449	90,247
0032	Social Work Services	61,326	71,326	63,437	7,889
0033	Health Services	682,803	692,298	682,247	10,051
0034	Student Transportation	2,757,973	2,733,973	2,517,888	216,085
0035	Food Service	--	--	4,365	(4,365)
0036	Cocurricular/Extracurricular Activities	1,581,626	2,141,639	2,098,555	43,084
	Total Support Services - Student	7,149,787	7,743,932	7,380,941	362,991
Administrative Support Services:					
0041	General Administration	1,773,578	1,977,277	1,944,571	32,706
	Total Administrative Support Services	1,773,578	1,977,277	1,944,571	32,706
Support Services - Nonstudent Based:					
0051	Facilities Maintenance and Operations	7,450,299	7,827,332	7,121,168	706,164
0052	Security and Monitoring Services	634,492	701,296	638,823	62,473
0053	Data Processing Services	1,121,458	1,251,268	1,156,475	94,793
	Total Support Services - Nonstudent Based	9,206,249	9,779,896	8,916,466	863,430
Ancillary Services:					
0061	Community Services	40,000	34,650	25,500	9,150
	Total Ancillary Services	40,000	34,650	25,500	9,150
Debt Service:					
0071	Principal on Long-Term Debt	80,715	80,715	78,087	2,628
0072	Interest on Long-Term Debt	--	2,000	2,503	(503)
	Total Debt Service	80,715	82,715	80,590	2,125
Facilities Acquisition and Construction:					
0081	Facilities Acquisition and Construction	--	8,000	--	8,000
	Total Facilities Acquisition and Construction	--	8,000	--	8,000

LUFKIN INDEPENDENT SCHOOL DISTRICT

GENERAL FUND

BUDGETARY COMPARISON SCHEDULE

FOR THE YEAR ENDED AUGUST 31, 2015

EXHIBIT G-1

Page 2 of 2

Data Control Codes		1	2	3	Variance with Final Budget Positive (Negative)
		Budgeted Amounts			
		Original	Final	Actual	
	Intergovernmental Charges:				
0093	<i>Payments to Shared Service Arrangements</i>	246,800	248,800	242,624	6,176
0099	<i>Other Intergovernmental Charges</i>	458,950	476,950	473,904	3,046
	Total Intergovernmental Charges	<u>705,750</u>	<u>725,750</u>	<u>716,528</u>	<u>9,222</u>
6030	Total Expenditures	<u>61,306,979</u>	<u>62,817,082</u>	<u>61,181,868</u>	<u>1,635,214</u>
1100	Excess (Deficiency) of Revenues Over (Under)				
1100	Expenditures	<u>194,518</u>	<u>--</u>	<u>1,634,348</u>	<u>1,634,348</u>
	Other Financing Sources (Uses):				
7913	<i>Issuance of Capital Leases</i>	<u>--</u>	<u>--</u>	<u>359,366</u>	<u>359,366</u>
7080	Total Other Financing Sources and (Uses)	<u>--</u>	<u>--</u>	<u>359,366</u>	<u>359,366</u>
1200	Net Change in Fund Balance	<u>194,518</u>	<u>--</u>	<u>1,993,714</u>	<u>1,993,714</u>
0100	Fund Balance - Beginning	<u>19,967,882</u>	<u>19,967,882</u>	<u>19,967,882</u>	<u>--</u>
3000	Fund Balance - Ending	<u>\$ 20,162,400</u>	<u>\$ 19,967,882</u>	<u>\$ 21,961,596</u>	<u>\$ 1,993,714</u>

LUFKIN INDEPENDENT SCHOOL DISTRICT
*SCHEDULE OF THE DISTRICT'S PROPORTIONATE
 SHARE OF THE NET PENSION LIABILITY
 TEACHER RETIREMENT SYSTEM OF TEXAS
 LAST TEN FISCAL YEARS*

Exhibit G-2

	<u>2015</u>
District's proportion of the net pension liability (asset)	0.0263074%
District's proportionate share of the net pension liability (asset)	\$ 7,027,070
State's proportionate share of the net pension liability (asset) associated with the District	<u>26,024,935</u>
Total	<u>\$ 33,052,005</u>
District's covered-employee payroll	\$ 45,682,704
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	15.38%
Plan fiduciary net position as a percentage of the total pension liability	83.25%

The amounts presented for each fiscal year were determined as of the measurement date which is August 31 of the prior fiscal year.

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

LUFKIN INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF DISTRICT CONTRIBUTIONS
TEACHER RETIREMENT SYSTEM OF TEXAS
LAST TEN FISCAL YEARS

Exhibit G-3

	<u>2015</u>
Contractually required contribution	\$ 1,213,100
Contributions in relation to the contractually required contribution	<u>(1,213,100)</u>
Contribution deficiency (excess)	<u>\$ --</u>
District's covered-employee payroll	\$ 46,514,382
Contributions as a percentage of covered-employee payroll	2.61%

Note: GASB 68, Paragraph 81.2.b requires that the data in this schedule be presented as of the District's current fiscal year as opposed to the time period covered by the measurement date of September 1, 2013 - August 31, 2014.

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

LUFKIN INDEPENDENT SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED AUGUST 31, 2015

Budget

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

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

Once a budget is approved, it can be amended at function and fund level only by approval of a majority of the members of the Board. Amendments are presented to the Board at its regular meetings. Such amendments are made before the fact, are reflected in the official minutes of the Board and are not made after fiscal year end as required by law. All budget appropriations lapse at year end.

Defined Benefit Pension Plan

Changes of benefit terms

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

Changes of assumptions

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

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Other Supplementary Information

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

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LUFKIN INDEPENDENT SCHOOL DISTRICT

COMBINING BALANCE SHEET

NONMAJOR GOVERNMENTAL FUNDS

AUGUST 31, 2015

Data Control Codes	Special Revenue Funds	Debt Service Fund	Capital Projects Fund	Total Nonmajor Governmental Funds (See Exhibit C-1)	
ASSETS:					
1110	Cash and Cash Equivalents	\$ 745,369	\$ 656,266	\$ 502,779	\$ 1,904,414
1225	Taxes Receivable, Net	--	184,177	--	184,177
1240	Due from Other Governments	1,429,789	150,943	--	1,580,732
1260	Due from Other Funds	276,051	--	--	276,051
1290	Other Receivables	6,418	3,115	--	9,533
1300	Inventories	78,157	--	--	78,157
1000	Total Assets	<u>2,535,784</u>	<u>994,501</u>	<u>502,779</u>	<u>4,033,064</u>
LIABILITIES:					
Current Liabilities:					
2110	Accounts Payable	\$ 108,916	\$ --	\$ --	\$ 108,916
2160	Accrued Wages Payable	261,517	--	--	261,517
2170	Due to Other Funds	1,089,734	--	--	1,089,734
2000	Total Liabilities	<u>1,460,167</u>	<u>--</u>	<u>--</u>	<u>1,460,167</u>
DEFERRED INFLOWS OF RESOURCES:					
	Unavailable Property Tax Revenue	--	184,177	--	184,177
2600	Total Deferred Inflows of Resources	<u>--</u>	<u>184,177</u>	<u>--</u>	<u>184,177</u>
FUND BALANCES:					
Nonspendable Fund Balances:					
3410	Inventories	78,157	--	--	78,157
Restricted Fund Balances:					
3450	Federal/State Funds Grant Restrictions	739,080	--	--	739,080
3470	Capital Acquisitions & Contractual Obligations	--	--	502,779	502,779
3480	Retirement of Long-Term Debt	--	810,324	--	810,324
3490	Other Restrictions of Fund Balance	258,380	--	--	258,380
3000	Total Fund Balances	<u>1,075,617</u>	<u>810,324</u>	<u>502,779</u>	<u>2,388,720</u>
4000	Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 2,535,784</u>	<u>\$ 994,501</u>	<u>\$ 502,779</u>	<u>\$ 4,033,064</u>

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

Data Control Codes	Special Revenue Funds	Debt Service Fund	Capital Projects Fund	Total Nonmajor Governmental Funds (See Exhibit C-2)
REVENUES:				
5700 <i>Local and Intermediate Sources</i>	\$ 1,214,773	\$ 3,939,465	\$ 3,811	\$ 5,158,049
5800 <i>State Program Revenues</i>	574,118	525,303	--	1,099,421
5900 <i>Federal Program Revenues</i>	8,603,968	--	--	8,603,968
5020 Total Revenues	<u>10,392,859</u>	<u>4,464,768</u>	<u>3,811</u>	<u>14,861,438</u>
EXPENDITURES:				
Current:				
0011 <i>Instruction</i>	3,692,920	--	--	3,692,920
0012 <i>Instructional Resources and Media Services</i>	75,697	--	--	75,697
0013 <i>Curriculum and Staff Development</i>	1,160,602	--	--	1,160,602
0021 <i>Instructional Leadership</i>	271,645	--	--	271,645
0023 <i>School Leadership</i>	11,128	--	--	11,128
0031 <i>Guidance, Counseling, & Evaluation Services</i>	120,835	--	--	120,835
0032 <i>Social Work Services</i>	59,557	--	--	59,557
0033 <i>Health Services</i>	79,663	--	--	79,663
0034 <i>Student Transportation</i>	1,712	--	902,914	904,626
0035 <i>Food Service</i>	4,538,683	--	--	4,538,683
0036 <i>Cocurricular/Extracurricular Activities</i>	193,485	--	--	193,485
0041 <i>General Administration</i>	4,069	--	--	4,069
0051 <i>Facilities Maintenance and Operations</i>	8,147	--	--	8,147
0052 <i>Security and Monitoring Services</i>	645	--	--	645
0053 <i>Data Processing Services</i>	--	--	89,990	89,990
0061 <i>Community Services</i>	18,463	--	--	18,463
0071 <i>Principal on Long-term Debt</i>	--	2,657,671	--	2,657,671
0072 <i>Interest on Long-term Debt</i>	--	2,086,534	--	2,086,534
0073 <i>Bond Issuance Costs and Fees</i>	--	150,921	--	150,921
0081 <i>Facilities Acquisition and Construction</i>	11,840	--	261,909	273,749
6030 Total Expenditures	<u>10,249,091</u>	<u>4,895,126</u>	<u>1,254,813</u>	<u>16,399,030</u>
1100 Excess (Deficiency) of Revenues Over (Under)				
1100 Expenditures	<u>143,768</u>	<u>(430,358)</u>	<u>(1,251,002)</u>	<u>(1,537,592)</u>
Other Financing Sources and (Uses):				
7911 <i>Issuance of Refunding Bonds</i>	--	8,859,997	--	8,859,997
7916 <i>Premium on Issuance of Bonds</i>	--	1,046,536	--	1,046,536
8949 <i>Payment to Refunded Bond Escrow Agent</i>	--	(9,761,930)	--	(9,761,930)
7080 Total Other Financing Sources and (Uses)	<u>--</u>	<u>144,603</u>	<u>--</u>	<u>144,603</u>
1200 Net Change in Fund Balances	<u>143,768</u>	<u>(285,755)</u>	<u>(1,251,002)</u>	<u>(1,392,989)</u>
0100 Fund Balances - Beginning	<u>931,849</u>	<u>1,096,079</u>	<u>1,753,781</u>	<u>3,781,709</u>
3000 Fund Balances - Ending	<u>\$ 1,075,617</u>	<u>\$ 810,324</u>	<u>\$ 502,779</u>	<u>\$ 2,388,720</u>

LUFKIN INDEPENDENT SCHOOL DISTRICT

COMBINING BALANCE SHEET

NONMAJOR SPECIAL REVENUE FUNDS

AUGUST 31, 2015

Data Control Codes	211 Title I, Part A - Improving Basic Programs	217 Title I, Priority and FOC	219 Title I, Part D	224 IDEA - Part B, Formula
ASSETS:				
1110	Cash and Cash Equivalents	\$ --	\$ --	\$ --
1240	Due from Other Governments	509,276	4,547	254
1260	Due from Other Funds	--	--	--
1290	Other Receivables	--	--	--
1300	Inventories	--	--	--
1000	Total Assets	<u>509,276</u>	<u>4,547</u>	<u>254</u>
LIABILITIES:				
Current Liabilities:				
2110	Accounts Payable	\$ 11,503	\$ --	\$ 50
2160	Accrued Wages Payable	102,263	--	--
2170	Due to Other Funds	395,510	4,547	204
2000	Total Liabilities	<u>509,276</u>	<u>4,547</u>	<u>254</u>
FUND BALANCES:				
Nonspendable Fund Balances:				
3410	Inventories	--	--	--
Restricted Fund Balances:				
3450	Federal/State Funds Grant Restrictions	--	--	--
3490	Other Restrictions of Fund Balance	--	--	--
3000	Total Fund Balances	<u>--</u>	<u>--</u>	<u>--</u>
4000	Total Liabilities and Fund Balances	<u>\$ 509,276</u>	<u>\$ 4,547</u>	<u>\$ 254</u>

225 IDEA - Part B, Preschool	240 National School Breakfast/Lunch Program	242 Summer Feeding Program	244 Career and Technical - Basic Grant	255 Title II, Part A - Teacher & Principal Training & Recruiting
\$ --	\$ 692,735	\$ 52,630	\$ --	\$ --
1,962	120,751	--	--	118,906
--	--	--	454	--
--	6,418	--	--	--
--	78,157	--	--	--
<u>1,962</u>	<u>898,061</u>	<u>52,630</u>	<u>454</u>	<u>118,906</u>
\$ --	\$ 61,590	\$ 159	\$ 454	\$ 5,010
--	71,705	--	--	13,420
1,962	--	--	--	100,476
<u>1,962</u>	<u>133,295</u>	<u>159</u>	<u>454</u>	<u>118,906</u>
--	78,157	--	--	--
--	686,609	52,471	--	--
--	--	--	--	--
<u>--</u>	<u>764,766</u>	<u>52,471</u>	<u>--</u>	<u>--</u>
\$ <u>1,962</u>	\$ <u>898,061</u>	\$ <u>52,630</u>	\$ <u>454</u>	\$ <u>118,906</u>

LUFKIN INDEPENDENT SCHOOL DISTRICT

COMBINING BALANCE SHEET

NONMAJOR SPECIAL REVENUE FUNDS

AUGUST 31, 2015

Data Control Codes	263 English Language Acquisition and Enhancement	267 Improving Academic Achievement	274 GEAR UP	315 IDEA - Part B, Discretionary
ASSETS:				
1110	Cash and Cash Equivalents	\$ --	\$ --	\$ --
1240	Due from Other Governments	35,695	36,370	5,032
1260	Due from Other Funds	--	104	--
1290	Other Receivables	--	--	--
1300	Inventories	--	--	--
1000	Total Assets	<u>35,695</u>	<u>104</u>	<u>5,032</u>
LIABILITIES:				
Current Liabilities:				
2110	Accounts Payable	\$ 919	\$ 104	\$ 82
2160	Accrued Wages Payable	--	--	--
2170	Due to Other Funds	34,776	35,199	4,950
2000	Total Liabilities	<u>35,695</u>	<u>104</u>	<u>5,032</u>
FUND BALANCES:				
Nonspendable Fund Balances:				
3410	Inventories	--	--	--
Restricted Fund Balances:				
3450	Federal/State Funds Grant Restrictions	--	--	--
3490	Other Restrictions of Fund Balance	--	--	--
3000	Total Fund Balances	<u>--</u>	<u>--</u>	<u>--</u>
4000	Total Liabilities and Fund Balances	<u>\$ 35,695</u>	<u>\$ 104</u>	<u>\$ 5,032</u>

316 IDEA - Part B, Deaf	317 IDEA - Part B, Preschool Deaf	392 Non-Educational Community Based Support	410 State Textbook Fund	429 Read To Succeed
\$ --	\$ --	\$ --	\$ --	\$ --
2,572	482	5,568	195,547	--
--	--	--	--	99
--	--	--	--	--
--	--	--	--	--
<u>2,572</u>	<u>482</u>	<u>5,568</u>	<u>195,547</u>	<u>99</u>
\$ --	\$ --	\$ --	\$ --	\$ --
--	--	--	--	--
2,572	482	5,568	195,344	--
<u>2,572</u>	<u>482</u>	<u>5,568</u>	<u>195,344</u>	<u>--</u>
--	--	--	--	--
--	--	--	--	--
--	--	--	203	99
--	--	--	<u>203</u>	<u>99</u>
<u>2,572</u>	<u>482</u>	<u>5,568</u>	<u>195,547</u>	<u>99</u>

LUFKIN INDEPENDENT SCHOOL DISTRICT

COMBINING BALANCE SHEET

NONMAJOR SPECIAL REVENUE FUNDS

AUGUST 31, 2015

Data Control Codes	435 Regional Day School for the Deaf	461 Campus Activity Funds	499 Other Special Revenue	Total Nonmajor Special Revenue Funds (See Exhibit H-1)	
ASSETS:					
1110	Cash and Cash Equivalents	\$ --	\$ 4	\$ --	\$ 745,369
1240	Due from Other Governments	55,217	--	--	1,429,789
1260	Due from Other Funds	--	148,653	126,741	276,051
1290	Other Receivables	--	--	--	6,418
1300	Inventories	--	--	--	78,157
1000	Total Assets	<u>55,217</u>	<u>148,657</u>	<u>126,741</u>	<u>2,535,784</u>
LIABILITIES:					
Current Liabilities:					
2110	Accounts Payable	\$ 1,286	\$ 7,964	\$ 9,356	\$ 108,916
2160	Accrued Wages Payable	--	--	--	261,517
2170	Due to Other Funds	53,931	--	--	1,089,734
2000	Total Liabilities	<u>55,217</u>	<u>7,964</u>	<u>9,356</u>	<u>1,460,167</u>
FUND BALANCES:					
Nonspendable Fund Balances:					
3410	Inventories	--	--	--	78,157
Restricted Fund Balances:					
3450	Federal/State Funds Grant Restrictions	--	--	--	739,080
3490	Other Restrictions of Fund Balance	--	140,693	117,385	258,380
3000	Total Fund Balances	<u>--</u>	<u>140,693</u>	<u>117,385</u>	<u>1,075,617</u>
4000	Total Liabilities and Fund Balances	<u>\$ 55,217</u>	<u>\$ 148,657</u>	<u>\$ 126,741</u>	<u>\$ 2,535,784</u>

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LUFKIN INDEPENDENT SCHOOL DISTRICT
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED AUGUST 31, 2015

Data Control Codes	203 Child Care and Development Block Grant	211 Title I, Part A - Improving Basic Programs	212 Title I, Part C - Migrant Children	217 Title I, Priority and FOC
REVENUES:				
5700 <i>Local and Intermediate Sources</i>	\$ --	\$ --	\$ --	\$ --
5800 <i>State Program Revenues</i>	--	--	--	--
5900 <i>Federal Program Revenues</i>	652	2,083,421	206	16,276
5020 Total Revenues	<u>652</u>	<u>2,083,421</u>	<u>206</u>	<u>16,276</u>
EXPENDITURES:				
Current:				
0011 <i>Instruction</i>	652	1,031,412	206	5,591
0012 <i>Instructional Resources and Media Services</i>	--	2,921	--	--
0013 <i>Curriculum and Staff Development</i>	--	839,236	--	10,685
0021 <i>Instructional Leadership</i>	--	90,519	--	--
0023 <i>School Leadership</i>	--	--	--	--
0031 <i>Guidance, Counseling, & Evaluation Services</i>	--	52,604	--	--
0032 <i>Social Work Services</i>	--	59,557	--	--
0033 <i>Health Services</i>	--	--	--	--
0034 <i>Student Transportation</i>	--	--	--	--
0035 <i>Food Service</i>	--	--	--	--
0036 <i>Cocurricular/Extracurricular Activities</i>	--	1,000	--	--
0041 <i>General Administration</i>	--	--	--	--
0051 <i>Facilities Maintenance and Operations</i>	--	--	--	--
0052 <i>Security and Monitoring Services</i>	--	--	--	--
0061 <i>Community Services</i>	--	6,172	--	--
0081 <i>Facilities Acquisition and Construction</i>	--	--	--	--
6030 Total Expenditures	<u>652</u>	<u>2,083,421</u>	<u>206</u>	<u>16,276</u>
1100 <i>Excess (Deficiency) of Revenues Over (Under)</i>	--	--	--	--
1100 <i>Expenditures</i>	--	--	--	--
1200 <i>Net Change in Fund Balances</i>	--	--	--	--
0100 <i>Fund Balances - Beginning</i>	--	--	--	--
3000 <i>Fund Balances - Ending</i>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>

219	224	225	240	242
Title I, Part D	IDEA - Part B, Formula	IDEA - Part B, Preschool	National School Breakfast/Lunch Program	Summer Feeding Program
\$ --	\$ --	\$ --	\$ 533,976	\$ --
--	--	--	98,888	--
<u>10,382</u>	<u>1,385,972</u>	<u>16,607</u>	<u>3,977,157</u>	<u>130,608</u>
<u>10,382</u>	<u>1,385,972</u>	<u>16,607</u>	<u>4,610,021</u>	<u>130,608</u>
10,382	1,335,253	16,607	--	--
--	--	--	--	--
--	19,996	--	--	--
--	--	--	--	--
--	--	--	--	--
--	26,640	--	--	--
--	--	--	--	--
--	--	--	4,449,606	89,030
--	--	--	--	--
--	4,083	--	--	--
--	--	--	--	--
--	--	--	--	--
<u>10,382</u>	<u>1,385,972</u>	<u>16,607</u>	<u>4,449,606</u>	<u>89,030</u>
--	--	--	160,415	41,578
--	--	--	160,415	41,578
--	--	--	604,351	10,893
<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ 764,766</u>	<u>\$ 52,471</u>

LUFKIN INDEPENDENT SCHOOL DISTRICT
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED AUGUST 31, 2015

Data Control Codes	244 Career and Technical - Basic Grant	255 Title II, Part A - Teacher & Principal Training & Recruiting	263 English Language Acquisition and Enhancement	267 Improving Academic Achievement
REVENUES:				
5700 <i>Local and Intermediate Sources</i>	\$ --	\$ --	\$ --	\$ --
5800 <i>State Program Revenues</i>	--	--	--	--
5900 <i>Federal Program Revenues</i>	119,882	385,800	174,961	6,639
5020 Total Revenues	<u>119,882</u>	<u>385,800</u>	<u>174,961</u>	<u>6,639</u>
EXPENDITURES:				
Current:				
0011 <i>Instruction</i>	52,542	143,628	115,453	6,639
0012 <i>Instructional Resources and Media Services</i>	--	--	921	--
0013 <i>Curriculum and Staff Development</i>	--	242,172	32,725	--
0021 <i>Instructional Leadership</i>	--	--	24,708	--
0023 <i>School Leadership</i>	--	--	--	--
0031 <i>Guidance, Counseling, & Evaluation Services</i>	67,340	--	--	--
0032 <i>Social Work Services</i>	--	--	--	--
0033 <i>Health Services</i>	--	--	--	--
0034 <i>Student Transportation</i>	--	--	--	--
0035 <i>Food Service</i>	--	--	--	--
0036 <i>Cocurricular/Extracurricular Activities</i>	--	--	820	--
0041 <i>General Administration</i>	--	--	--	--
0051 <i>Facilities Maintenance and Operations</i>	--	--	--	--
0052 <i>Security and Monitoring Services</i>	--	--	--	--
0061 <i>Community Services</i>	--	--	334	--
0081 <i>Facilities Acquisition and Construction</i>	--	--	--	--
6030 Total Expenditures	<u>119,882</u>	<u>385,800</u>	<u>174,961</u>	<u>6,639</u>
1100 Excess (Deficiency) of Revenues Over (Under)	--	--	--	--
1100 Expenditures	--	--	--	--
1200 Net Change in Fund Balances	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>
0100 Fund Balances - Beginning	--	--	--	--
3000 Fund Balances - Ending	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>

274	315	316	317	340
GEAR UP	IDEA - Part B, Discretionary	IDEA - Part B, Deaf	IDEA - Part B, Preschool Deaf	IDEA - Part C, Deaf
\$ --	\$ --	\$ --	\$ --	\$ --
--	--	--	--	--
250,722	23,584	19,441	1,611	47
<u>250,722</u>	<u>23,584</u>	<u>19,441</u>	<u>1,611</u>	<u>47</u>
156,226	23,584	19,441	1,611	47
--	--	--	--	--
16,374	--	--	--	--
77,005	--	--	--	--
93	--	--	--	--
855	--	--	--	--
--	--	--	--	--
--	--	--	--	--
--	--	--	--	--
--	--	--	--	--
--	--	--	--	--
--	--	--	--	--
--	--	--	--	--
169	--	--	--	--
--	--	--	--	--
<u>250,722</u>	<u>23,584</u>	<u>19,441</u>	<u>1,611</u>	<u>47</u>
--	--	--	--	--
--	--	--	--	--
--	--	--	--	--
\$ --	\$ --	\$ --	\$ --	\$ --

LUFKIN INDEPENDENT SCHOOL DISTRICT
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED AUGUST 31, 2015

Data Control Codes	385 Supplemental Visually Impaired	392 Non-Educational Community Based Support	410 State Textbook Fund
REVENUES:			
5700 <i>Local and Intermediate Sources</i>	\$ --	\$ --	\$ --
5800 <i>State Program Revenues</i>	6,900	5,568	210,434
5900 <i>Federal Program Revenues</i>	--	--	--
5020 Total Revenues	<u>6,900</u>	<u>5,568</u>	<u>210,434</u>
EXPENDITURES:			
Current:			
0011 <i>Instruction</i>	6,900	--	210,434
0012 <i>Instructional Resources and Media Services</i>	--	--	--
0013 <i>Curriculum and Staff Development</i>	--	--	--
0021 <i>Instructional Leadership</i>	--	--	--
0023 <i>School Leadership</i>	--	--	--
0031 <i>Guidance, Counseling, & Evaluation Services</i>	--	--	--
0032 <i>Social Work Services</i>	--	--	--
0033 <i>Health Services</i>	--	--	--
0034 <i>Student Transportation</i>	--	--	--
0035 <i>Food Service</i>	--	--	--
0036 <i>Cocurricular/Extracurricular Activities</i>	--	--	--
0041 <i>General Administration</i>	--	--	--
0051 <i>Facilities Maintenance and Operations</i>	--	--	--
0052 <i>Security and Monitoring Services</i>	--	--	--
0061 <i>Community Services</i>	--	5,568	--
0081 <i>Facilities Acquisition and Construction</i>	--	--	--
6030 Total Expenditures	<u>6,900</u>	<u>5,568</u>	<u>210,434</u>
1100 Excess (Deficiency) of Revenues Over (Under)			
1100 Expenditures	--	--	--
1200 Net Change in Fund Balances	--	--	--
0100 Fund Balances - Beginning	--	--	203
3000 Fund Balances - Ending	<u>\$ --</u>	<u>\$ --</u>	<u>\$ 203</u>

429 Read To Succeed	435 Regional Day School for the Deaf	461 Campus Activity Funds	499 Other Special Revenue	Total Nonmajor Special Revenue Funds (See Exhibit H-2)
\$ --	\$ --	\$ 323,770	\$ 357,027	\$ 1,214,773
52	252,276	--	--	574,118
--	--	--	--	8,603,968
<u>52</u>	<u>252,276</u>	<u>323,770</u>	<u>357,027</u>	<u>10,392,859</u>
--	193,299	222,234	140,779	3,692,920
--	--	64,070	7,785	75,697
--	--	92	19,318	1,160,602
--	58,977	440	--	271,645
--	--	10,559	476	11,128
--	--	36	--	120,835
--	--	--	--	59,557
--	--	--	53,023	79,663
--	--	1,712	--	1,712
--	--	--	47	4,538,683
--	--	53,739	137,926	193,485
--	--	(14)	--	4,069
--	--	7,638	509	8,147
--	--	--	645	645
--	--	--	6,220	18,463
--	--	--	11,840	11,840
<u>--</u>	<u>252,276</u>	<u>360,506</u>	<u>378,568</u>	<u>10,249,091</u>
52	--	(36,736)	(21,541)	143,768
<u>52</u>	<u>--</u>	<u>(36,736)</u>	<u>(21,541)</u>	<u>143,768</u>
47	--	177,429	138,926	931,849
<u>\$ 99</u>	<u>\$ --</u>	<u>\$ 140,693</u>	<u>\$ 117,385</u>	<u>\$ 1,075,617</u>

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LUFKIN INDEPENDENT SCHOOL DISTRICT
 COMBINING STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
 AGENCY FUNDS
 AUGUST 31, 2015

Data Control Codes	865 Student Activity	Total Agency Funds (See Exhibit E-1)
	<u> </u>	<u> </u>
ASSETS:		
1110 <i>Cash and Cash Equivalents</i>	\$ 321,564	\$ 321,564
1000 Total Assets	<u>321,564</u>	<u>321,564</u>
LIABILITIES:		
Current Liabilities:		
2190 <i>Due to Student Groups</i>	321,564	321,564
2000 Total Liabilities	<u>321,564</u>	<u>321,564</u>
NET POSITION:		
3000 Total Net Position	<u>\$ --</u>	<u>\$ --</u>

LUFKIN INDEPENDENT SCHOOL DISTRICT

*SCHEDULE OF DELINQUENT TAXES RECEIVABLE
FOR THE YEAR ENDED AUGUST 31, 2015*

Year Ended August 31	Tax Rates		3 Assessed/Appraised Value For School Tax Purposes
	1 Maintenance	2 Debt Service	
2006 and Prior Years	\$ Various	\$ Various	\$ Various
2007	1.04	.07	1,836,150,217
2008	1.04	.07	1,910,367,297
2009	1.04	.113	2,350,252,286
2010	1.04	.172	2,057,448,119
2011	1.04	.16	2,085,170,500
2012	1.04	.165	2,123,601,212
2013	1.04	.17	2,142,161,488
2014	1.04	.167	2,253,455,551
2015 (School Year Under Audit)	1.04	.173	2,260,211,707

1000 Totals

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

10 Beginning Balance 9/1/14	20 Current Year's Total Levy	31 Maintenance Collections	32 Debt Service Collections	40 Entire Year's Adjustments	50 Ending Balance 8/31/15
\$ 487,256	\$ --	\$ 35,695	\$ 2,838	\$ (68,049)	\$ 380,674
90,196	--	4,458	252	(3,122)	82,364
71,606	--	4,775	321	(2,205)	64,305
81,527	--	6,340	684	(1,979)	72,524
123,292	--	16,061	2,647	(2,747)	101,837
137,199	--	25,899	3,975	25,680	133,005
205,077	--	41,894	6,639	(4,756)	151,788
311,504	--	75,872	12,366	(14,958)	208,308
712,928	--	238,314	37,919	(116,236)	320,459
--	<u>27,416,368</u>	<u>22,829,001</u>	<u>3,795,446</u>	<u>(150,097)</u>	<u>641,824</u>
<u>\$ 2,220,585</u>	<u>\$ 27,416,368</u>	<u>\$ 23,278,309</u>	<u>\$ 3,863,087</u>	<u>\$ (338,469)</u>	<u>\$ 2,157,088</u>
\$ --	\$ --	\$ --	\$ --	\$ --	\$ --

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

EXHIBIT J-2

Data Control Codes	1	2	3
	Budget	Actual	Variance Positive (Negative)
REVENUES:			
5700 <i>Local and Intermediate Sources</i>	\$ 606,904	\$ 533,976	\$ (72,928)
5800 <i>State Program Revenues</i>	48,553	98,888	50,335
5900 <i>Federal Program Revenues</i>	<u>4,115,101</u>	<u>3,977,157</u>	<u>(137,944)</u>
5020 Total Revenues	<u>4,770,558</u>	<u>4,610,021</u>	<u>(160,537)</u>
EXPENDITURES:			
Current:			
Support Services - Student:			
0035 <i>Food Service</i>	4,770,558	4,449,606	320,952
Total Support Services - Student	<u>4,770,558</u>	<u>4,449,606</u>	<u>320,952</u>
6030 Total Expenditures	<u>4,770,558</u>	<u>4,449,606</u>	<u>320,952</u>
1100 Excess (Deficiency) of Revenues Over (Under)			
1100 Expenditures	<u>--</u>	<u>160,415</u>	<u>160,415</u>
1200 Net Change in Fund Balance	<u>--</u>	<u>160,415</u>	<u>160,415</u>
0100 Fund Balance - Beginning	604,351	604,351	--
3000 Fund Balance - Ending	<u>\$ 604,351</u>	<u>\$ 764,766</u>	<u>\$ 160,415</u>

LUFKIN INDEPENDENT SCHOOL DISTRICT

EXHIBIT J-3

DEBT SERVICE FUND

BUDGETARY COMPARISON SCHEDULE

FOR THE YEAR ENDED AUGUST 31, 2015

Data Control Codes	1	2	3
	Budget	Actual	Variance Positive (Negative)
REVENUES:			
5700 <i>Local and Intermediate Sources</i>	\$ 4,006,584	\$ 3,939,465	\$ (67,119)
5800 <i>State Program Revenues</i>	<u>716,664</u>	<u>525,303</u>	<u>(191,361)</u>
5020 Total Revenues	<u>4,723,248</u>	<u>4,464,768</u>	<u>(258,480)</u>
EXPENDITURES:			
Debt Service:			
0071 <i>Principal on Long-Term Debt</i>	2,657,670	2,657,671	(1)
0072 <i>Interest on Long-Term Debt</i>	2,086,535	2,086,534	1
0073 <i>Bond Issuance Costs and Fees</i>	405,198	150,921	254,277
Total Debt Service	<u>5,149,403</u>	<u>4,895,126</u>	<u>254,277</u>
6030 Total Expenditures	<u>5,149,403</u>	<u>4,895,126</u>	<u>254,277</u>
1100 Excess (Deficiency) of Revenues Over (Under)			
1100 Expenditures	<u>(426,155)</u>	<u>(430,358)</u>	<u>(4,203)</u>
Other Financing Sources (Uses):			
7911 <i>Issuance of Refunding Bonds</i>	--	8,859,997	8,859,997
7916 <i>Premium on Issuance of Bonds</i>	--	1,046,536	1,046,536
8949 <i>Payment to Refunded Bond Escrow Agent</i>	--	(9,761,930)	(9,761,930)
7080 Total Other Financing Sources and (Uses)	<u>--</u>	<u>144,603</u>	<u>144,603</u>
1200 Net Change in Fund Balance	<u>(426,155)</u>	<u>(285,755)</u>	<u>140,400</u>
0100 Fund Balance - Beginning	1,096,079	1,096,079	--
3000 Fund Balance - Ending	<u>\$ 669,924</u>	<u>\$ 810,324</u>	<u>\$ 140,400</u>

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Ted A. Lankford, CPA
Glenda J. Hiers, CPA
Richard A. Rudel, CPA

AL&H ALEXANDER LANKFORD & HIERS, INC.

Yvette Sidnell, CPA
Jennifer L. Webster, CPA
Kimber R. Jones, CPA
Susan L. Murrell, CPA

Wilbur E. Alexander, CPA
(1940 - 2009)

Certified Public Accountants, A Professional Corporation

4000 S. Medford Dr., Lufkin, Texas 75901-5500

(936) 632-7771, FAX (936) 637-2448

E-mail: alh@consolidated.net Website: www.alhcpa.com

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

Board of Trustees
Lufkin Independent School District
101 Cotton Square
Lufkin, Texas 75901

Members of the Board of Trustees:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Lufkin Independent School District, as of and for the year ended August 31, 2015, and the related notes to the financial statements, which collectively comprise Lufkin Independent School District's basic financial statements, and have issued our report thereon dated January 12, 2016.

Internal Control Over Financial Reporting

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

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

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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. 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. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as item(s) 2015-1 and 2015-2, that we consider to be significant deficiencies.

**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* - Continued**

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Lufkin Independent School 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*.

Lufkin Independent School District's Response to Findings

Lufkin Independent School District's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. Lufkin Independent School District's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

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.

Respectfully submitted,



Alexander, Lankford & Hiers, Inc.

Lufkin, Texas
January 12, 2016

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

Board of Trustees
Lufkin Independent School District
101 Cotton Square
Lufkin, Texas 75901

Members of the Board of Trustees:

Report on Compliance for Each Major Federal Program

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

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Lufkin Independent School 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 Lufkin Independent School 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 Lufkin Independent School District's compliance.

Opinion on Each Major Federal Program

In our opinion, Lufkin Independent School District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs 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 - Continued**

Report on Internal Control Over Compliance

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

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

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 considered to be material weaknesses. However, material weaknesses may exist that have not been identified.

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

Respectfully submitted,

Alexander, Lankford & Hiers, Inc.

Alexander, Lankford & Hiers, Inc.

Lufkin, Texas
January 12, 2016

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

A. Summary of Auditor's Results

1. Financial Statements

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

One or more material weaknesses identified? Yes X No

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

Noncompliance material to financial statements noted? Yes X No

2. Federal Awards

Internal control over major programs:

One or more material weaknesses identified? Yes X No

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

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

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

Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
	Child Nutrition Cluster:
10.553	School Breakfast Program
10.555	National School Lunch Program
10.559	Summer Food Service Program for Children

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

Auditee qualified as low-risk auditee? X Yes No

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

B. Financial Statement Findings

Findings related to the financial statements required to be reported under *Government Auditing Standards*:

2015-1 Foundation Receivable/Revenue - August days of instruction

Condition: The general ledger Foundation receivable balance for days of instruction in August 2015 did not agree to the District's computation.

Criteria: Internal control procedures should include a reconciliation of the general ledger Foundation receivable balance for August days of instruction to the amount calculated.

Cause: The prior year Foundation receivable for August 2014 days of instruction was still included in the general ledger Foundation receivable account balance at August 31, 2015. A reconciliation of the general ledger account balance at August 31, 2015 was not prepared.

Effect: The Foundation receivable and revenue accounts were overstated by \$938,730. We proposed an audit adjustment to correct these accounts.

Recommendation: We recommend that a reconciliation of the general ledger balance to the August days of instruction computation be prepared and reviewed.

Views of Responsible Officials and Planned Corrective Action: This receivable for revenue for days of instruction was not reversed. This was a mistake. Management will add this to year end checklist and it has already been reversed for the 2016 audit for 2015 days of instruction.

2015-2 On-behalf Revenues and Expenditures

Condition: The District did not record on-behalf revenues and expenditures for state contributions to TRS-Care or Medicare Part D federal subsidies.

Criteria: TEA's FASRG and GASB Statement No. 24, Accounting and Financial Reporting for Certain Grants and other Financial Assistance, require that reporting entities recognize on-behalf revenues and expenditures for fringe benefits paid by another entity directly to a third-party recipient.

Cause: On-behalf revenues and expenditures were recorded for the state contributions to TRS for the pension plan. However, the District did not record the state contributions to TRS-Care or Medicare Part D federal subsidies.

Effect: On-behalf revenues and expenditures were each understated by \$627,783. We proposed an audit adjustment to correct these accounts.

Recommendation: We recommend that the District properly record on-behalf revenues and expenditures for all state contributions and federal subsidies paid on the District's behalf.

Views of Responsible Officials and Planned Corrective Action: The District has calculated on-behalf payments this way for years. We now realize there is an additional component to this that we were not aware of. We have a spreadsheet that we are currently using throughout the year so that we will calculate this correctly in the future.

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

C. Federal Award Findings and Questioned Costs

NONE

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

<u>Finding/Recommendation</u>	<u>Current Status</u>	<u>Management's Explanation If Not Implemented</u>
There were no prior audit findings relative to federal awards; therefore, the summary schedule of prior audit findings is not required.		

LUFKIN INDEPENDENT SCHOOL DISTRICT

CORRECTIVE ACTION PLAN

FOR THE YEAR ENDED AUGUST 31, 2015

There were no current year audit findings relative to federal awards; therefore, a corrective action plan is not required.

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

(1) Federal Grantor/ Pass-Through Grantor/ Program Title	(2) Federal CFDA Number	(2A) Pass-Through Entity Identifying Number	(3) Federal Expenditures
U. S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			
Passed Through Texas Health and Human Services Commission: Medicaid Administrative Claim Program *	93.778	529-09-0032-00083	\$ 36,032
Passed Through Deep East Texas Local Workforce Development Board: <i>Child Care and Development Block Grant *</i>	93.575	1714CCF000	652
Total U. S. Department of Health and Human Services			<u>36,684</u>
U. S. DEPARTMENT OF EDUCATION			
Passed Through Texas Education Agency:			
<i>ESEA, Title I, Part A - Improving Basic Programs</i>	84.010	15610101003903	2,020,108
<i>ESEA, Title I, Part A - Improving Basic Programs</i>	84.010	16610101003903	102,263
<i>ESEA, Title I, Part A - Improving Basic Programs</i>	84.010	15610112003903123	16,276
<i>ESEA, Title I, Part A - Improving Basic Programs</i>	84.010	15610103003903	10,587
Total CFDA Number 84.010			<u>2,149,234</u>
<i>IDEA - Part B, Formula *</i>	84.027	156600010039036600	1,337,634
<i>IDEA - Part B, Formula *</i>	84.027	16660010039036600	74,129
<i>SSA IDEA - Part B, Discretionary *</i>	84.027	156600010039036601	23,584
<i>SSA IDEA - Part B, Deaf *</i>	84.027	156600110039036673	19,823
Total CFDA Number 84.027			<u>1,455,170</u>
<i>Career and Technical - Basic Grant</i>	84.048	15420006003903	122,239
<i>IDEA - Part B, Preschool *</i>	84.173	156610010039036610	16,934
<i>SSA IDEA - Part B, Preschool Deaf *</i>	84.173	156610010039036611	1,643
Total CFDA Number 84.173			<u>18,576</u>
<i>SSA IDEA - Part C, Early Intervention (Deaf)</i>	84.181	153911010039033000	47
<i>Title III, Part A - English Language Acquisition & Language Enhancement</i>	84.365	15671001003903	178,349
<i>ESEA, Title II, Part A - Teacher & Principal Training & Recruiting</i>	84.367	15694501003903	393,385
<i>Grants for State Assessments and Related Activities</i>	84.369	69551402	6,639
Passed Through Stephen F. Austin State University:			
<i>GEAR UP</i>	84.334	P334A110173-13	8,818
<i>GEAR UP</i>	84.334	P334A110173-14	241,904
Total CFDA Number 84.334			<u>250,722</u>
Passed Through Region 7 Education Service Center:			
<i>ESEA, Title I, Part C - Education of Migratory Children</i>	84.011	15615001092950	206
Total U. S. Department of Education			<u>4,574,566</u>
U. S. DEPARTMENT OF AGRICULTURE			
Passed Through Texas Education Agency:			
<i>School Breakfast Program *</i>	10.553	714015	838,526
<i>School Breakfast Program *</i>	10.553	714014	121,384
Total CFDA Number 10.553			<u>959,910</u>

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

(1) Federal Grantor/ Pass-Through Grantor/ Program Title	(2) Federal CFDA Number	(2A) Pass-Through Entity Identifying Number	(3) Federal Expenditures
<i>National School Lunch Program</i> *	10.555	713015	2,397,851
<i>National School Lunch Program</i> *	10.555	713014	325,753
Passed Through Texas Department of Agriculture:			
<i>Food Distribution (Non-cash)</i> *	10.555	00011	293,643
Total CFDA Number 10.555			<u>3,017,247</u>
 <i>Summer Food Service Program</i> *	 10.559	 00011	 <u>130,608</u>
Passed Through Angelina County:			
<i>Schools and Roads - Grants to Counties</i> *	10.666	003-903	23,204
Total U. S. Department of Agriculture			<u>4,130,969</u>
 TOTAL EXPENDITURES OF FEDERAL AWARDS			 <u>\$ 8,742,219</u>
* Indicates clustered program under OMB Circular A-133 Compliance Supplement			
 <u>Reconciliation to Exhibit C-2</u>			
Total per Exhibit K-1			\$ 8,742,219
Other Federal Revenue:			
School Health and Related Services (SHARS)			<u>619,439</u>
Total Federal Revenue per Exhibit C-2			<u>\$ 9,361,658</u>

The accompanying notes are an integral part of this schedule.

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

Basis of Presentation

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

LUFKIN INDEPENDENT SCHOOL DISTRICT

SCHEDULE OF REQUIRED RESPONSES TO SELECTED SCHOOL FIRST INDICATORS
AS OF AUGUST 31, 2015

Data Control Codes		Responses
SF2	Were there any disclosures in the Annual Financial Report and/or other sources of information concerning nonpayment of any terms of any debt agreement at fiscal year end?	No
SF4	Was there an unmodified opinion in the Annual Financial Report?	Yes
SF5	Did the Annual Financial Report disclose any instances of material weaknesses in internal controls over financial reporting and compliance for local, state or federal funds?	No
SF6	Was there any disclosure in the Annual Financial Report of material noncompliance for grants, contracts and laws related to local, state or federal funds?	No
SF7	Did the school district make timely payments to the Teachers Retirement System (TRS), Texas Workforce Commission (TWC), Internal Revenue Service (IRS), and other governmental agencies?	Yes
SF8	Did the school district <u>not</u> receive an adjusted repayment schedule for more than one fiscal year for an over allocation of Foundation School Program (FSP) funds as a result of a financial hardship?	Yes
SF10	What was the total accumulated accretion on capital appreciation bonds (CABs) included in government-wide financial statements at fiscal year-end?	\$ 1,238,910
SF11	Net Pension Assets (object 1920) at fiscal year-end.	\$ --
SF12	Net Pension Liabilities (object 2540) at fiscal year-end.	\$ 7,027,070
SF13	Pension Expense (object 6147) at fiscal year-end.	\$ 649,528