



ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2015

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JUDSON INDEPENDENT SCHOOL DISTRICT
ANNUAL FINANCIAL REPORT
YEAR ENDED JUNE 30, 2015

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JUDSON INDEPENDENT SCHOOL DISTRICT
ANNUAL FINANCIAL REPORT
YEAR ENDED JUNE 30, 2015

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INTRODUCTORY SECTION

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CERTIFICATE OF BOARD

Judson Independent School District
Name of School District

Bexar
County

015-916
Co.- Dist. Number

We, the undersigned, certify that the attached annual financial reports of the above named School District were reviewed and approved for the year ended June 30, 2015, at a meeting of the board of trustees of such School District on the 19th day of November, 2015.


Signature of Board Secretary


Signature of Board President

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FINANCIAL SECTION

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Independent Auditor's Report

Board of Trustees
Judson Independent School District
Live Oak, Texas

Report on Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of Judson Independent School District (the District) as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund and the aggregate remaining fund information of Judson Independent School District as of June 30, 2015, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As described in Note I. F. to the financial statements, in 2015, the District adopted new accounting guidance, GASB Statement No. 68, Accounting and Reporting for Pensions. 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 and budgetary comparison information as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

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

Such information is the responsibility of management and was derived from and relates 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 other supplementary information and the schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole. The other schedules presented by the District, as listed in the table of contents, have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 19, 2015, on our consideration of Judson 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 the District's internal control over financial reporting and compliance.

ABIP, PC

Certified Public Accountants
San Antonio, Texas

November 19, 2015

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Judson Independent School District
Management's Discussion and Analysis
Year Ended June 30, 2015

This section of the annual financial report presents our discussion and analysis of the District's financial performance during the year ended June 30, 2015. Please read it in conjunction with the District's financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

- Governmental Accounting Standards Board Statement (GASB) No. 68, Accounting and Financial Reporting for Pensions, went into effect for the 2014-2015 fiscal year. The major effects of the implementation were as follows:
 - a decrease of Government-wide net position of \$29.2 million as a prior period restatement, reflecting the effect of the new standard to the District's June 30, 2014 net position;
 - an increase to noncurrent liabilities of \$25.4 million;
 - an increase to deferred outflow of resources of \$5.5 million;
 - an increase to deferred inflows of resources of \$7.8 million;
 - an increase to government-wide expenses of \$1.5 million.

More information regarding the change to pension reporting can be found in Note 11 to the financial statements.

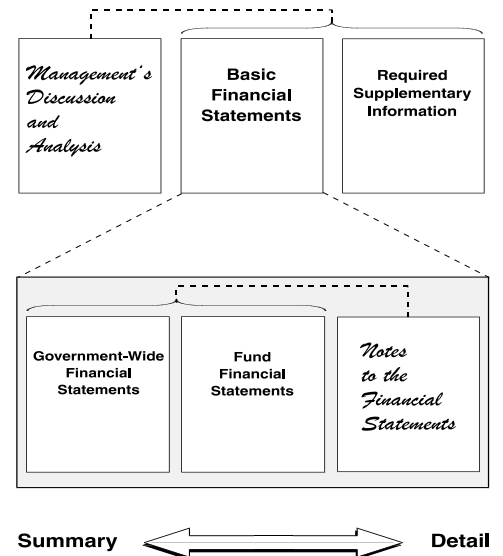
- The District's total combined net position was \$53.6 million at June 30, 2015. This was a decrease of \$25.3 million from the previous year, reflective of an increase of \$3.9 million from operations and the decrease of \$29.2 million from prior period restatement discussed above.
- During the year, the District's expenses were \$234,917,015, and the amount generated in taxes and other revenues for governmental activities were \$238,810,532.
- The total cost of the District's programs increased by \$12.8 million. The increase was primarily the result of salary increases for all of the District's employees and additional positions required to address increased student enrollment and the opening of a new elementary school. Additionally, expenditures related to the replacement of the track at Wagner High School significantly contributed to this increase.
- The general fund reported a total fund balance this year of \$51,968,373 at June 30, 2015. Of this fund balance, \$1,682,292 has been committed by the Board of Trustees for the acquisition of future school sites and an additional \$8,087,963 is reserved for other purposes.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

- The first two statements are *government-wide financial statements* that provide both *long-term* and *short-term* information about the District’s overall financial status.
- The remaining statements are *fund financial statements* that focus on *individual parts* of the government, reporting the District’s operations in more detail than the government-wide statements.
- *The governmental funds* statements tell how *general government* services were financed in the *short term* as well as what remains for future spending.
- *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.

Figure A-1, Required Components of the District’s Annual Financial Report



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 relate to one another.

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 and liabilities. All of the current year’s revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

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

- Over time, increases or decreases in the District’s net 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 kinds of funds:

- *Governmental funds*—Most of the District's basic services are included in governmental funds, which focus on (1) how *cash and other financial assets* that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental fund statements provide a detailed *short-term* view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. Because this information does not encompass the additional long-term focus of the government-wide statements, we provide additional information at the bottom of the governmental funds statement, or on the subsequent page, that explain the relationship (or differences) between them.
- *Fiduciary funds*—The District is the trustee, or *fiduciary*, for certain funds. It is also responsible for other assets that—because of a trust arrangement—can be used only for the trust beneficiaries. The District is responsible for ensuring that the assets reported in these funds are used for their intended purposes. All of the District's fiduciary activities are reported in a separate statement of fiduciary net assets and a statement of changes in fiduciary net assets. We exclude these activities from the District's government-wide financial statements because the District cannot use these assets to finance its operations.

The District formed the Judson Independent School District Public Facility Corporation ("the PFC"), which was incorporated on June 7, 2013, as a non-profit corporation formed under the Texas Public Facility Corporation Act. The PFC was formed for the purpose of assisting the District in financing, refinancing, providing, or otherwise assisting in the acquisition of district facilities. The PFC is reported as a blended component unit in the financial statements of the School District; therefore, its activities are blended with the activities of the District. Refer to Note 1 in the Notes to the Basic Financial Statements for more detail on the Judson ISD PFC.

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

Net position: The District's combined net position was \$53.6 million at June 30, 2015. (See Table A-1).

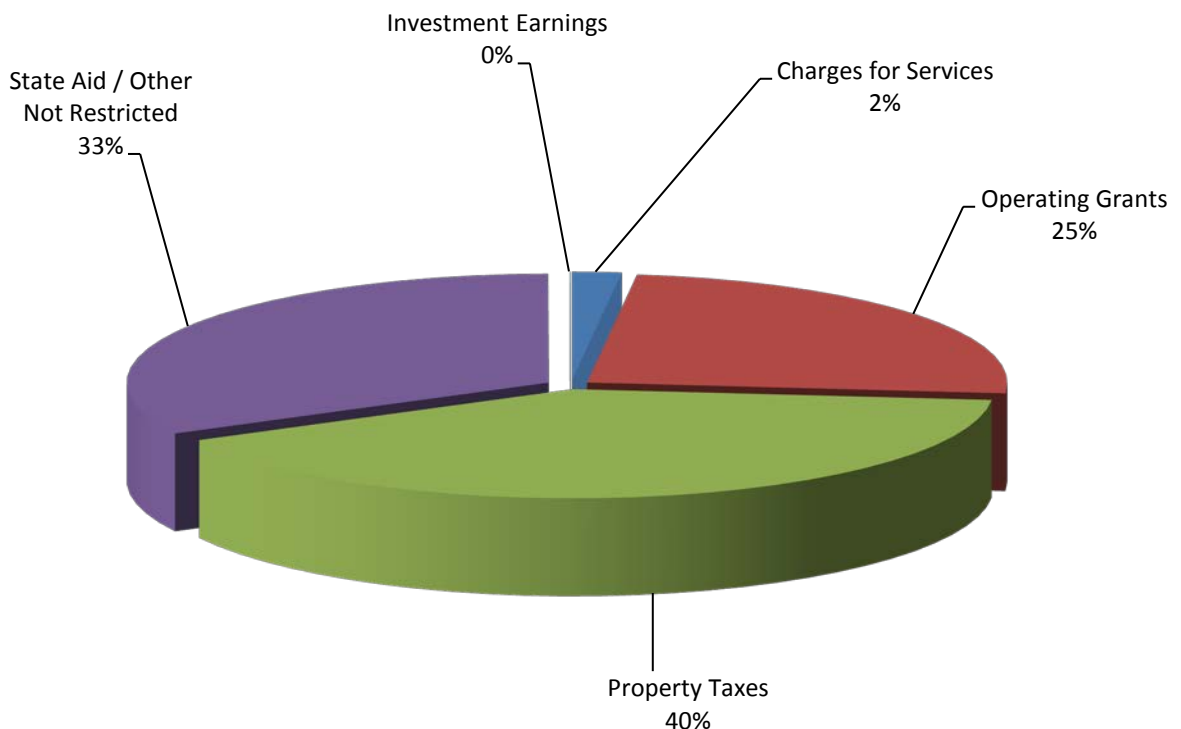
Table A-1
Judson Independent School District's Net Position
(In millions)

	GOVERNMENTAL ACTIVITIES		TOTAL PERCENTAGE CHANGE
	2015	2014	2015-2014
Current Assets:			
Cash and Cash Equivalents	\$ 104.0	\$ 139.2	(25.3%)
Property Taxes, Receivable	3.5	3.4	2.9%
Due from Other Governments	29.4	26.0	13.1%
Inventories – Supplies and Materials	0.6	0.6	0.0%
Deferred Expenditures	0.6	0.2	200.0%
Total Current Assets:	<u>138.1</u>	<u>169.4</u>	(18.5%)
Noncurrent Assets:			
Capital Assets	637.2	594.4	7.2%
Less Accumulated Depreciation	<u>(200.0)</u>	<u>(183.4)</u>	9.1%
Total Noncurrent Assets	<u>437.2</u>	<u>411</u>	6.4%
Total Assets	<u>575.3</u>	<u>580.4</u>	(0.9%)
Deferred Outflows of Resources:			
Unamortized Loss on Refunded Bonds	2.0	2.2	(9.1%)
Deferred Outflow Related to TRS	<u>5.5</u>	<u>-</u>	0.0%
Total Deferred Outflows of Resources	<u>7.5</u>	<u>2.2</u>	240.9%
Current Liabilities:			
Accounts Payable and Interest Payable	15.1	13.5	11.9%
Payroll Deductions/Withholdings	8.8	8.1	8.6%
Accrued Wages	20.3	18.6	9.1%
Deferred Revenue	0.4	-	0.0%
Bond Premium – Deferred	15.1	16.0	(5.6%)
Total Current Liabilities	<u>59.7</u>	<u>56.2</u>	6.2%
Long-Term Liabilities:			
Bonds and Lease Payable	436.3	447.4	(2.5%)
Net Pension Liability (District's Share)	<u>25.4</u>	<u>-</u>	0.0%
Total Long-Term Liabilities	<u>461.7</u>	<u>447.4</u>	3.2%
Total Liabilities	<u>521.4</u>	<u>503.6</u>	3.5%
Deferred Inflows of Resources:			
Deferred Inflow Related to TRS	<u>7.8</u>	<u>-</u>	0.0%
Total Deferred Inflows of Resources	<u>7.8</u>	<u>0.0</u>	0.0%
Net Position:			
Invested in Capital Assets	16.5	12.2	35.2%
Restricted for:			
State and Federal	10.1	11.5	(12.2%)
Debt	17.6	17.0	3.5%
Unrestricted	<u>9.4</u>	<u>38.3</u>	(75.5%)
Total Net Position	<u>\$ 53.6</u>	<u>\$ 79.0</u>	(32.2%)

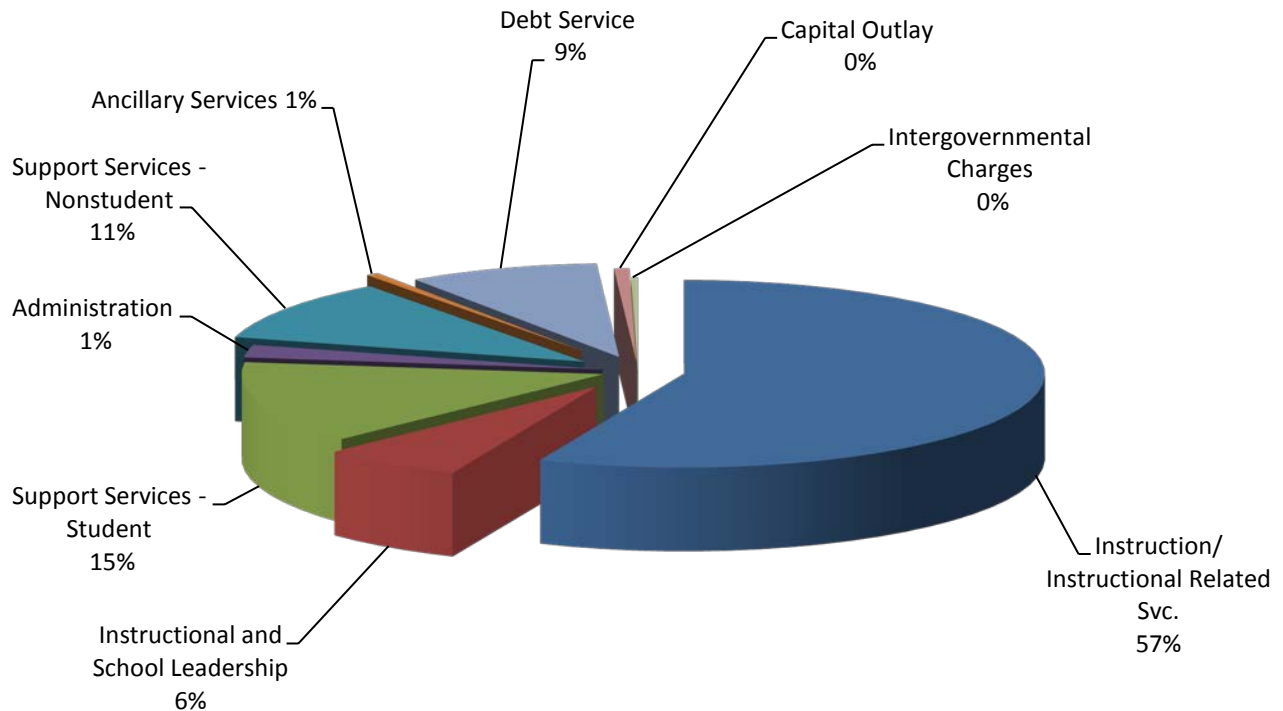
Approximately \$17.6 million of the District's restricted net position represent revenue from local taxes. These revenues are restricted for expenditures related to debt service payments. Approximately another \$10.1 million of the District's restricted net position represent funds provided by state or federal grants. These funds are restricted for expenditures of specific programs for which the grants are targeting. The \$9.4 million 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 \$238.8 million. A significant portion, 40 percent, of the District's revenue comes from taxes. (See Figure A-2). 33 percent comes from state aid and other non restricted contributions, 25 percent comes from restricted operating grants and contributions, while only 2 percent relates to charges for services. The total cost of all programs and services was \$234.9 million; 78 percent of these costs are for instructional, instructional leadership and student services. (See Figure A-3).

**Figure A-2 District
Sources of Revenue for Fiscal Year 2015**



**Figure A-3 District
Expenses for Fiscal Year 2015**



Governmental Activities

- Changes in Governmental Activities Net Position are presented in Table A-2. The District’s Governmental Activities revenues were \$238.8 million; an increase of 7% as compared to the prior year. The District’s two main sources of revenue are from local property taxes and State funding. The expenses for governmental activities totaled \$234.9 million which represents an increase of 6% or \$12.8 million from the prior fiscal year.
- Property tax rates were unchanged from the previous year. The tax rate was \$1.425 per \$100 of taxable assessed valuation. The taxable assessed values were \$6.8 billion during the current fiscal year and \$6.4 billion in the previous fiscal year. The change in taxable assessed values resulted in the combined tax levy increasing to \$97.4 million from \$91.2 million in the previous fiscal year.
- On May 11, 2013, the voters of the District approved an election to sell bonds in the amount of \$83 million. The bonds were approved as a single proposition with the proceeds being used for the construction of a new elementary and high

- school. The high school project is planned to be completed in two phases. The first phase will be constructed with the funds allocated for the high school from this election. The first phase will consist of constructing a core facility to accommodate 2,400 students, with classrooms being built for only 1,600 students. A future election will be held to ask for authorization from voters to sell bonds to complete the additional classrooms. The two phase approach was developed because the District wanted to present a proposition to the voters that, if authorized, would result in no increase to the tax rate to repay the new debt.
- During FY15 the new elementary school, Copperfield Elementary, was completed in time to begin the school year. The construction of the new high school was well underway and the school is scheduled to open for the 2016-2017 school year. The scope of the first phase of the new high school was increased to include several athletic facilities. The Board of Trustees approved transferring \$4.4 million from the general operating fund to the capital projects fund to provide funding for this change.

Table A-2
Judson Independent School District's Net Position
(In millions)

	GOVERNMENTAL ACTIVITIES		TOTAL PERCENTAGE CHANGE
	2015	2014	2015-2014
Program Revenues:			
Charges for Services	\$ 4.5	\$ 4.2	7.1%
Operating Grants and Contributions	59.0	37.6	56.9%
General Revenues:			
Property Taxes	97.1	89.5	8.5%
State Aid / Other Contributions Not Restricted	76.7	90.9	(15.6%)
Investment earnings	0.1	0.1	0.0%
Other	1.4	0.8	75.0%
Total Revenues	<u>238.80</u>	<u>223.10</u>	7.0%
Expenses:			
Instruction	124.5	118.3	5.2%
Instructional Resources & Media Services	2.5	2.3	8.7%
Curriculum Dev and Instructional Staff Dev.	5.8	5.2	11.5%
Instructional Leadership	4.0	3.9	2.6%
School Leadership	11.0	10.4	5.8%
Guidance, Counseling, & Evaluation Services	7.3	6.3	15.9%
Social Work Services	1.2	1.3	(7.7%)
Health Services	2.1	1.9	10.5%
Student (Pupil) Transportation	6.8	6.5	4.6%
Food Services	12.5	11.8	5.9%
Curricular/Extracurricular Activities	3.4	3.3	3.0%
General Administrative	5.1	4	27.5%
Plant Maintenance and Operations	19.6	18.2	7.7%
Security and Monitoring Services	1.9	1.8	5.6%
Data Processing Services	3.5	3.5	0.0%
Community Services	1.30	1.3	0.0%
Interest on Long-Term Debt	20.1	19.8	1.5%
Bond Issuance Costs and Fees	0	1.2	(100.0%)
Facilities Acquisition and Construction	1.6	0.4	300.0%
Payments Related to Shared Services Arrangements	0.2	0.2	0.0%
Other Intergovernmental Charges	0.5	0.5	0.0%
	<u>234.9</u>	<u>222.1</u>	5.8%
Increase in Net Position	<u>\$ 3.90</u>	<u>\$ 1.00</u>	290.0%

Table A-3 presents the cost of each of the District’s largest functions as well as each function’s net cost (total cost less fees generated by the activities and intergovernmental aid). The net cost reflects the expenditures less the amount funded by state revenues as well as other grants/contributions.

- The cost of all *governmental* activities this year was \$234.9 million.
- However, the amount that our taxpayers paid for these activities through property taxes was only \$97.1 million.
- Some of the cost was paid by those who directly benefited from the programs \$4.5 million, or
- By grants and contributions \$59 million.

TABLE A-3
Net Cost of Selected District Functions
(In Millions)

	TOTAL COST OF SERVICES			NET COST OF SERVICES		
	2015	2014	% OF CHANGE	2015	2014	% OF CHANGE
Instruction	\$ 124.5	\$ 118.3	5.2%	\$ 95.1	\$ 101.5	(6.3%)
School Leadership	11.0	10.4	5.8%	9.0	9.6	(6.3%)
Plant Maintenance & Operations	19.6	18.2	7.7%	15.8	16.5	(4.2%)
Debt Service -Interest and Fiscal Charges	20.1	19.8	1.5%	14.9	14.6	2.1%
Food Services	12.5	11.8	5.9%	1.5	0.8	87.5%

FINANCIAL ANALYSIS OF THE DISTRICT’S FUNDS

Revenues from governmental fund types totaled \$238.8 million, an increase of 7% or \$15.6 million, over the preceding year. The increase was primarily the result of additional state funding of approximately \$7.5 million, resulting from a significant growth in student enrollment. Additionally, approximately a \$7.5 million increase in property tax revenue which is the result of growth in the taxable values of the properties within the school district.

General Fund Budgetary Highlights

Over the course of the year, the District revised its budget to provide for changes in operations.

- Actual revenues for the general fund exceeded the final budget by approximately \$3.5 million. Of this positive variance, approximately, \$1.8 million, was primarily the result of an increase in state funding for larger than expected enrollment gains. Property tax revenue contributed another, approximately, \$.8 million.

- Actual expenditures for the general fund were \$5.2 million below final budget amounts. The most significant difference, \$1.7 million, occurred in Support Services - Student (Pupil). This positive variance was primarily a result of forecasting fuel at higher prices than actually incurred. Another significant difference, \$1.3 million, occurred in Instruction and Instructional Related Services. This positive variance was the result of budgeting for full employment of staff throughout the full year, not adjusting for vacant positions, and reclassifying the cost for eligible staff to other funding sources that became available throughout the fiscal year. Another difference, \$1.4 million, occurred in Support Services - Nonstudent Based. The difference was primarily the result of budgeting for small renovation projects and the purchase of a time management system that were not completed by the end of the fiscal year.
- Actual fund balance for the general fund decreased by \$.5 million from the preceding fiscal year. Total fund balance for the general fund was \$52 million at June 30, 2015 and it was \$52.5 million at June 30, 2014.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2015, the District had invested \$637.1 million in a broad range of capital assets, including land, equipment, buildings, and vehicles. (See Table A-4). This amount represents a net increase (including additions and deductions) of \$42.7 million or an increase of 39.5%, in net additions and deductions, as compared to the previous year.

	ACTIVITIES		CHANGE
	2015	2014	2015-2014
Land	\$ 21.3	\$ 20.0	6.5%
Construction in Progress	43.1	30.6	40.8%
Building and Improvements	532.0	505.6	5.2%
Furniture/Equipment/Vehicles	38.0	35.5	7.0%
Capital Lease - Equipment	2.7	2.7	0.0%
Totals	<u>637.1</u>	<u>594.4</u>	7.2%
Total Accumulated Depreciation	<u>199.9</u>	<u>183.4</u>	9.0%
NET CAPITAL ASSETS	<u>\$ 437.2</u>	<u>\$ 411.0</u>	6.4%

The District's fiscal year 2016 capital budget projects spending another \$23.4 million for capital assets, principally to continue the construction of a new high school. Several other smaller renovation projects are also planned. The District will primarily fund these projects with general fund monies. Other items that are included in the capital projects budget are equipment and vehicles. More detailed information about the District's capital assets is presented in the notes to the financial statements.

Bond Ratings

The District's bonds presently carry "AAA" ratings with underlying ratings as follows: Moody's Investor Services "Aa2" and Fitch "AA-".

Long Term Debt

At year-end, the District had \$436.3 million in bonds, tax notes, and accrued compensated absences outstanding as shown in Table A-5. This represents a decrease of \$11.1 million from the \$447.4 outstanding in the prior year. More detailed information about the District's debt is presented in the notes to the financial statements.

TABLE A-5
District's Long-Term Debt
(In millions)

	GOVERNMENTAL ACTIVITIES		TOTAL PERCENTAGE CHANGE
	2015	2014	2015-2014
Tax Notes	\$ 0.2	\$ 1.5	(86.7%)
Accrued Compensated Absences	1.1	1.0	10.0%
Bonds Payable	435.0	444.9	(2.2%)
TOTALS	\$ 436.3	\$ 447.4	(2.5%)

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

- Appraised taxable value used for the 2016 budget preparation increased to \$7.4 billion from \$6.7 billion in the previous fiscal year. This represents an increase of \$0.7 billion or 10.5%. The tax rate decreased to \$1.42 from \$1.425 per \$100 dollar of taxable property value in the previous fiscal year.
- As compared to the original expenditure budget adopted for the 2014 - 2015 fiscal year, the budget for the 2015 - 2016 fiscal year increased by \$9.8 million from \$219 million to \$228.8 million. This increase was the result of several factors.
- The most significant change, \$9.5 million, was in the payroll and benefits budgets. Of this increase approximately, \$6.2 million, was a result of employee salary increases and other adjustments to the compensation plan. Salary

- increases averaged 3%. These increases are based on salary midpoints established for each group of employees and not from their actual salary. Also approximately, \$2.1 million, was for additional staff to provide for projected increased student enrollment and new programs.
- The operating budget for the General Fund resulted in a net decrease of \$.1 million dollars. This decrease was the result of no longer needing to budget for principal and interest payments for a tax note which was paid off in the prior fiscal year. There were increases in budgets which are attributable to small capital projects, new instructional programs, the replacement of computer hardware and instructional materials to meet state mandates. The Interest & Sinking Fund also contributed \$.5 million towards the increase. This increase was a net result of debt service requirements.
- The final amended budget for the 2014 - 2015 fiscal year was \$235.9 million. The significant amendments to the 2014 - 2015 budget include: funds to replace several boiler and chiller systems, funds for new teaching positions and support staff added to accommodate student growth, funds transferred to the capital projects fund to enhance the athletic fields at the new high school that is under construction, and funds to replace equipment used in the preparation of student meals.
- The District's 2015 - 2016 projected refined average daily attendance for budget purposes was 21,800, which was an increase of 475 students from the projections used to prepare the budget for the 2014 - 2015. The final average daily attendance for the 2014-2015 fiscal year was 21,723. The District does not expect the enrollment to decline for the 2015 - 2016 fiscal year.

These indicators were taken into account when adopting the budget for fiscal year 2016. Total projected revenue available for appropriation in the budget was \$228.7 million, an increase of 5.9 percent over the original 2015 budget of \$216.1 million. Total revenue from property taxes increased by 10.8 percent from \$94.4 million in 2014-2015 to \$104.6 million in 2015-2016. State revenue estimates indicate an increase of \$2.4 million in the general operating fund, which is the result of anticipated increased enrollment and a change in the funding formulas authorized by the legislature for the 2016 & 2017 fiscal years.

If these estimates are realized, the District's budgetary general fund balance is expected to remain unchanged. This will result in an estimated unassigned fund balance of \$42 million, based on the ending fund balance at June 30, 2015. The District believes that this remains a safe level of fund balance for the general operating fund.

On May 11, 2013, the voters of the District authorized \$83 million in bonds to be sold for the purpose of building a new elementary school and a new high school. The bonds have been sold and are dated July 11, 2013. The new elementary school was completed and placed in service at the beginning of the 2014-2015 fiscal year. The new high school is planned to be completed for the beginning of the 2016-2017 school year.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional financial information, address requests to the Office of the Chief Financial Officer, Judson Independent School District, 8012 Shin Oak, Live Oak, Texas 78233.

BASIC FINANCIAL STATEMENTS

JUDSON INDEPENDENT SCHOOL DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2015

EXHIBIT A-1

<u>DATA CONTROL CODES</u>		<u>GOVERNMENTAL ACTIVITIES</u>
	<u>ASSETS</u>	
1110	Cash and Cash Equivalents	\$ 4,299,272
1120	Current Investments	99,656,083
1225	Property Taxes Receivable (Net)	3,544,350
1240	Due from Other Governments	29,394,217
1290	Other Receivables (Net)	10,120
1300	Inventories	623,046
1410	Deferred Expenses	598,774
	Capitalized Assets	
1510	Land	\$ 21,347,196
1520	Buildings and Improvements (Net)	366,458,865
1530	Furniture and Equipment (Net)	6,323,323
1580	Construction in Progress	<u>43,096,376</u>
	Total Capitalized Assets (Net)	<u>437,225,760</u>
1000	TOTAL ASSETS	<u>575,351,622</u>
	<u>DEFERRED OUTFLOWS OF RESOURCES</u>	
1701	Unamortized Loss on Refunded Bonds	1,990,204
1705	Deferred Outflow Related to TRS	<u>5,540,298</u>
1700	TOTAL DEFERRED OUTFLOWS OF RESOURCES	<u>7,530,502</u>
	<u>LIABILITIES</u>	
2110	Accounts Payable	7,184,052
2140	Interest Payable	7,956,166
2165	Accrued Liabilities	29,111,092
2300	Deferred Revenue	363,396
2400	Unamortized Premium on Issuance of Bonds	15,078,177
	<u>NONCURRENT LIABILITIES</u>	
2501	Due Within One Year	\$ 12,832,149
2502	Due in More than One Year	423,490,321
2540	Net Pension Liability (District's Share)	<u>25,440,377</u>
	Total Noncurrent Liabilities	<u>461,762,847</u>
2000	TOTAL LIABILITIES	<u>521,455,730</u>
	<u>DEFERRED INFLOWS OF RESOURCES</u>	
2605	Deferred Inflow Related to TRS	7,782,282
	<u>NET POSITION</u>	
3200	Net Investment in Capital Assets	16,452,617
3820	Restricted for State and Federal Programs	10,134,057
3850	Restricted for Debt Service	17,646,262
3900	Unrestricted	<u>9,411,176</u>
3000	TOTAL NET POSITION	<u>\$ 53,644,112</u>

(The Accompanying Notes are an Integral Part of these Financial Statements)

JUDSON INDEPENDENT SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2015

EXHIBIT B-1

DATA CONTROL CODES	FUNCTIONS/PROGRAMS	1 EXPENSES	3 PROGRAM REVENUES		4 NET (EXPENSE) REVENUE AND CHANGES IN NET POSITION
			CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	
			5 GOVERNMENTAL ACTIVITIES	6 GOVERNMENTAL ACTIVITIES	
	Governmental Activities				
11	Instruction	\$ 124,441,978	\$ 1,733,858	\$ 27,643,374	\$ (95,064,746)
12	Instructional Resources and Media Services	2,516,074	-	436,146	(2,079,928)
13	Curriculum and Staff Development	5,748,012	-	2,667,457	(3,080,555)
21	Instructional Leadership	3,952,397	-	1,461,301	(2,491,096)
23	School Leadership	10,996,661	-	1,954,913	(9,041,748)
31	Guidance, Counseling, and Evaluation Services	7,302,363	-	1,529,884	(5,772,479)
32	Social Work Services	1,233,001	-	309,609	(923,392)
33	Health Services	2,130,549	-	441,808	(1,688,741)
34	Student Transportation	6,807,875	-	1,372,134	(5,435,741)
35	Food Service	12,475,810	2,189,215	8,734,086	(1,552,509)
36	Extracurricular Activities	3,383,713	411,277	597,048	(2,375,388)
41	General Administration	5,086,162	-	880,802	(4,205,360)
51	Plant Maintenance and Operations	19,638,726	186,947	3,676,856	(15,774,923)
52	Security and Monitoring Services	1,912,550	-	346,633	(1,565,917)
53	Data Processing Services	3,546,674	-	677,767	(2,868,907)
61	Community Services	1,332,826	-	294,924	(1,037,902)
72	Interest on Long-Term Debt	20,071,279	-	5,209,891	(14,861,388)
73	Bond Issuance Costs and Fees	7,279	-	-	(7,279)
81	Capital Outlay	1,600,037	-	507,276	(1,092,761)
93	Payments Related to Shared Service Arrangements	229,311	-	133,010	(96,301)
95	Payments to Juvenile Justice Alternative Education Program	-	-	-	-
99	Other Intergovernmental Charges	503,738	-	94,369	(409,369)
TG	Total Governmental Activities	<u>234,917,015</u>	<u>4,521,297</u>	<u>58,969,288</u>	<u>(171,426,430)</u>
TP	TOTAL PRIMARY GOVERNMENT	<u>\$ 234,917,015</u>	<u>\$ 4,521,297</u>	<u>\$ 58,969,288</u>	<u>(171,426,430)</u>
	General Revenues				
MT	Property Taxes, Levied for General Purposes				70,928,738
DT	Property Taxes, Levied for Debt Service				26,216,463
IE	Investment Earnings				68,629
GC	Grants and Contributions not Restricted to Specific Programs				76,701,019
MI	Miscellaneous				<u>1,405,098</u>
TR	Total General Revenues				<u>175,319,947</u>
CN	Change in Net Position				3,893,517
NB	NET POSITION - BEGINNING				78,942,096
PA	PRIOR PERIOD ADJUSTMENT				<u>(29,191,501)</u>
NE	NET POSITION - ENDING				<u>\$ 53,644,112</u>

(The Accompanying Notes are an Integral Part of these Financial Statements)

**JUDSON INDEPENDENT SCHOOL DISTRICT
BALANCE SHEET – GOVERNMENTAL FUNDS**

JUNE 30, 2015

EXHIBIT C-1

DATA CONTROL CODES		10 GENERAL FUND	50 DEBT SERVICE FUND	60 CAPITAL PROJECTS FUND	485 JUDSON ISD PUBLIC FACILITY CORPORATION	OTHER GOVERNMENTAL FUNDS	98 TOTAL GOVERNMENTAL FUNDS
<u>ASSETS</u>							
1110	Cash and Cash Equivalents	\$ 3,991,884	\$ 81,685	\$ -	\$ -	\$ 225,703	\$ 4,299,272
1120	Current Investments	41,111,302	17,726,165	29,157,042	6,046,738	5,614,836	99,656,083
1225	Taxes Receivable, Net	2,666,600	877,750	-	-	-	3,544,350
1240	Due from Other Governments	27,729,098	-	-	-	1,665,119	29,394,217
1260	Due from Other Funds	6,456,217	-	184	269	-	6,456,670
1290	Other Receivables	9,687	-	-	-	433	10,120
1300	Inventories	535,000	-	-	-	88,046	623,046
1410	Prepaid Items	597,907	-	-	-	867	598,774
1000	TOTAL ASSETS	<u>\$ 83,097,695</u>	<u>\$ 18,685,600</u>	<u>\$ 29,157,226</u>	<u>\$ 6,047,007</u>	<u>\$ 7,595,004</u>	<u>\$ 144,582,532</u>
<u>LIABILITIES</u>							
2110	Accounts Payable	\$ 1,261,459	\$ -	\$ 5,712,021	\$ -	\$ 210,572	7,184,052
2150	Payroll Deductions and Withholdings	8,614,219	-	-	-	224,365	8,838,584
2160	Accrued Wages Payable	19,063,723	-	-	-	1,208,785	20,272,508
2170	Due to Other Funds	184	-	269	5,112,373	1,343,844	6,456,670
2300	Unearned Revenue	-	338,013	-	-	25,383	363,396
2000	Total Liabilities	<u>28,939,585</u>	<u>338,013</u>	<u>5,712,290</u>	<u>5,112,373</u>	<u>3,012,949</u>	<u>43,115,210</u>
<u>Deferred Inflows of Resources</u>							
2600	Unearned Revenue - Property Taxes	<u>2,189,737</u>	<u>701,325</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,891,062</u>
<u>FUND BALANCES</u>							
3410	Non-Spendable - Inventories	535,000	-	-	-	88,046	623,046
3430	Non-Spendable - Prepaid Items	597,907	-	-	-	867	598,774
3450	Restricted - Grant Funds	-	-	-	-	3,984,658	3,984,658
3470	Restricted - Capital Acquisitions and Contractual Obligations	-	-	482,745	934,634	-	1,417,379
3480	Restricted - Debt Service	-	17,646,262	-	-	-	17,646,262
3490	Restricted - Other	5,552,002	-	-	-	-	5,552,002
3545	Committed - Other	1,682,292	-	-	-	-	1,682,292
3590	Assigned - Encumbrances	1,403,054	-	22,962,191	-	508,484	24,873,729
3600	Unassigned	42,198,118	-	-	-	-	42,198,118
3000	Total Fund Balances	<u>51,968,373</u>	<u>17,646,262</u>	<u>23,444,936</u>	<u>934,634</u>	<u>4,582,055</u>	<u>98,576,260</u>
4000	TOTAL LIABILITIES, DEFERRED INFLOWS, AND FUND BALANCES	<u>\$ 83,097,695</u>	<u>\$ 18,685,600</u>	<u>\$ 29,157,226</u>	<u>\$ 6,047,007</u>	<u>\$ 7,595,004</u>	<u>\$ 144,582,532</u>

(The Accompanying Notes are an Integral Part of these Financial Statements)

JUDSON INDEPENDENT SCHOOL DISTRICT
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
YEAR ENDED JUNE 30, 2015

EXHIBIT C-1R

Total Fund Balances - Governmental Funds Balance Sheet		\$ 98,576,260
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets expensed in the governmental activities are not reported in the funds.		637,138,098
Accumulated depreciation used in governmental activities is not reported in the funds.		(199,912,338)
Property tax receivable unavailable to pay for current period expenditures is deferred in the funds.		2,891,062
Payables for bond principal which are not due in the current period are not reported in the funds.		(428,814,206)
Payables for loan proceeds which are not due in the current period are not reported in the funds.		(205,000)
Payables for accrued bond interest which are not due in the current period are not reported in the funds.		(7,956,166)
Bond premiums used in governmental activities are not reported in the funds.		(15,078,177)
Recognition of the District's proportionate share of net pension liability required by GASB 68 and the changes in deferred outflows and inflows of resources related to the TRS pension liability:		
Net Pension Liability	(25,440,377)	
Deferred Inflow of Resources - TRS	(7,782,282)	
Deferred Outflows of Resources - TRS	<u>5,540,298</u>	(27,682,361)
Capital appreciation bond accreted interest not due in the current year is not reported in the funds.		(6,167,519)
Bond refunding losses are amortized over the life of the bonds.		1,990,204
Payables for compensated absences which are not due in the current period are not reported in the funds.		<u>(1,135,745)</u>
NET POSITION OF GOVERNMENTAL ACTIVITIES - STATEMENT OF NET POSITION		<u>\$ 53,644,112</u>

JUDSON INDEPENDENT SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES – GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2015

EXHIBIT C-2

DATA CONTROL CODES		10 GENERAL FUND	50 DEBT SERVICE FUND	60 CAPITAL PROJECTS FUND	485 JUDSON ISD PUBLIC FACILITY CORPORATION	OTHER GOVERNMENTAL FUNDS	98 TOTAL GOVERNMENTAL FUNDS
REVENUES							
5700	Local and Intermediate Sources	\$ 74,609,843	\$ 26,260,454	\$ 18,036	\$ 324,445	\$ 2,191,230	\$ 103,404,008
5800	State Program Revenues	105,073,672	4,970,333	-	-	912,307	110,956,312
5900	Federal Program Revenues	<u>5,263,920</u>	-	-	-	<u>19,208,147</u>	<u>24,472,067</u>
5020	Total Revenues	<u>184,947,435</u>	<u>31,230,787</u>	<u>18,036</u>	<u>324,445</u>	<u>22,311,684</u>	<u>238,832,387</u>
EXPENDITURES							
Current							
0011	Instruction	107,841,233	-	-	-	7,441,061	115,282,294
0012	Instructional Resources and Media Service	2,327,705	-	-	-	80	2,327,785
0013	Curriculum and Staff Development	3,298,278	-	-	-	2,057,444	5,355,722
0021	Instructional Leadership	2,726,660	-	-	-	950,497	3,677,157
0023	School Leadership	10,166,790	-	-	-	50,296	10,217,086
0031	Guidance, Counseling, and Evaluation Services	6,458,550	-	-	-	319,958	6,778,508
0032	Social Work Services	1,026,798	-	-	-	117,252	1,144,050
0033	Health Services	1,883,113	-	-	-	89,031	1,972,144
0034	Student Transportation	7,324,410	-	-	-	-	7,324,410
0035	Food Service	-	-	-	-	12,367,643	12,367,643
0036	Cocurricular/Extracurricular Activities	3,131,458	-	-	-	10,410	3,141,868
0041	General Administration	4,701,693	-	-	-	-	4,701,693
0051	Plant Maintenance and Operations	18,730,864	-	16,988	-	235,311	18,983,163
0052	Security and Monitoring Services	1,850,316	-	3,462	-	-	1,853,778
0053	Data Processing Services	3,617,902	-	-	-	-	3,617,902
0061	Community Services	1,147,843	-	-	-	79,890	1,227,733
0071	Principal on Long-Term Debt	1,250,000	10,890,000	-	100,000	-	12,240,000
0072	Interest on Long-Term Debt	28,216	19,641,241	-	222,580	-	19,892,037
0073	Bond Issuance Costs and Fees	538	5,241	-	1,500	-	7,279
0081	Capital Outlay	2,707,826	-	38,806,811	173,372	-	41,688,009
0093	Payments Related to Shared Service Arrangements	118,500	-	-	-	110,811	229,311
0095	Payments to Juvenile Justice Alternative Education Programs	-	-	-	-	-	-
0099	Other Intergovernmental Charges	<u>503,738</u>	-	-	-	-	<u>503,738</u>
6030	Total Expenditures	<u>180,842,431</u>	<u>30,536,482</u>	<u>38,827,261</u>	<u>497,452</u>	<u>23,829,684</u>	<u>274,533,310</u>
1100	Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>4,105,004</u>	<u>694,305</u>	<u>(38,809,225)</u>	<u>(173,007)</u>	<u>(1,518,000)</u>	<u>(35,700,923)</u>
Other Financing Sources and (Uses)							
7912	Sale of Real or Personal Property	52,452	-	-	-	19,691	72,143
7915	Transfers In	-	-	4,665,921	-	-	4,665,921
8911	Transfers Out	<u>(4,665,921)</u>	-	-	-	-	<u>(4,665,921)</u>
7080	Total Other Financing Sources and (Uses)	<u>(4,613,469)</u>	-	<u>4,665,921</u>	-	<u>19,691</u>	<u>72,143</u>
1200	Net Change in Fund Balances	(508,465)	694,305	(34,143,304)	(173,007)	(1,498,309)	(35,628,780)
0100	Fund Balances - Beginning	<u>52,476,838</u>	<u>16,951,957</u>	<u>57,588,240</u>	<u>1,107,641</u>	<u>6,080,364</u>	<u>134,205,040</u>
3000	FUND BALANCES - ENDING	<u>\$ 51,968,373</u>	<u>\$ 17,646,262</u>	<u>\$ 23,444,936</u>	<u>\$ 934,634</u>	<u>\$ 4,582,055</u>	<u>\$ 98,576,260</u>

(The Accompanying Notes are an Integral Part of these Financial Statements)

JUDSON INDEPENDENT SCHOOL DISTRICT
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF
REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
TO THE STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2015

EXHIBIT C-3

Net Change in Fund Balances - Total Governmental Funds	\$ (35,628,780)
Amounts reported for governmental activities in the statement of activities are different because:	
Capital outlays are not reported as expenses in the statement of activities.	43,536,906
The depreciation of capital assets used in governmental activities is not reported in the funds.	(17,322,977)
Certain property tax revenues are deferred in the funds. This is the change in these amounts this year.	(93,998)
Repayment of bond principal is an expenditure in the funds but is not an expense in the statement of activities.	10,990,000
Repayment of tax notes is an expenditure in the funds but is not an expense in the statement of activities.	1,250,000
Net change in principal of capital appreciation bonds is an expense in the statement of activities but not in the funds.	(1,021,960)
Bond premiums are amortized in the statement of activities and not in the funds.	(177,352)
The change in net pension liability and deferred inflows and outflows related to the District's proportionate share of the TRS pension liability.	1,509,140
Amortization of bond premium is an expense in the statement of activities and not in the funds.	907,356
Compensated absences are reported as amounts expensed in the statement of activities but not in the funds.	(167,532)
Change in accrued interest payable for bonds.	<u>112,714</u>
 CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES - STATEMENT OF ACTIVITIES	 <u>\$ 3,893,517</u>

JUDSON INDEPENDENT SCHOOL DISTRICT
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
JUNE 30, 2015

EXHIBIT E-1

<u>DATA CONTROL CODES</u>		<u>AGENCY FUNDS</u>
	<u>ASSETS</u>	
1110	Cash and Cash Equivalents	<u>\$ 1,201,075</u>
1000	TOTAL ASSETS	<u>\$ 1,201,075</u>
	<u>LIABILITIES</u>	
2190	Due to Student Groups	<u>\$ 1,201,075</u>
2000	TOTAL LIABILITIES	<u>\$ 1,201,075</u>

JUDSON INDEPENDENT SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The basic financial statements of Judson 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. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

A. Reporting Entity

The Board of School Trustees, 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 of Trustees, 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.

Blended Component Unit

Using the criteria established by GASB Statement No. 14, *The Financial Reporting Entity*, GASB Statement No. 39, *Determining Whether Certain Organizations are Component Units - an amendment of GASB Statement No. 14*, and GASB Statement No. 61, *The Financial Reporting Entity: Omnibus - an amendment of GASB Statements No. 14 and No. 34*, the District's management has determined that the Judson Independent School District Public Facilities Corporation ("Judson ISD PFC") should be blended with the activities of the District because its sole purpose is to assist the District in financing or otherwise assisting in the acquisition of public facilities because the District's management has operational responsibility for Judson ISD PFC.

The PFC was incorporated on June 7, 2013, as a non-profit corporation under the Texas Public Facility Corporation Act. Judson ISD PFC was formed for the purpose of assisting the District in financing, refinancing, providing, or otherwise assisting in the acquisition of public facilities. Judson ISD PFC is governed by a seven-member Board of Directors that is the same seven-member Board of Trustees of the District. Judson ISD PFC does not have the authority to levy taxes. Although Judson ISD PFC is legally separate from the District, Judson ISD PFC is reported as if it were part of the District because its sole purpose is to assist the District in the acquisition of public facilities. That is, Judson ISD PFC is reported as a blended component unit in the basic financial statements of the District. Financial information for Judson ISD PFC may be obtained from the District's business office.

JUDSON INDEPENDENT SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2015

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Basis of Presentation, Basis of Accounting

Basis of Presentation

Government-wide 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 other governmental funds.

The District reports the following major governmental funds:

The *general fund* 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.

The *debt service fund* accounts for the resources accumulated and payments made for principal and interest on long-term general obligation debt of governmental funds.

The *capital projects fund* accounts for bond proceeds and expenditures for the construction of school facilities as approved by the District's voters.

The *Judson Independent School District Public Facility Corporation* (Judson ISD PFC) accounts for a nonprofit public facility corporation to act on behalf of the District and assist the District in financing, refinancing and providing public facilities for the District.

In addition, the District reports the following fund types:

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.

JUDSON INDEPENDENT SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2015

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Basis of Presentation, Basis of Accounting (Continued)

Basis of Presentation (Continued)

The *agency funds* (a fiduciary fund type) 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.

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 considers all revenues reported in the governmental funds to be available if the revenues are collected within sixty (60) days after year end. 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 long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. Capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of 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.

C. Budgetary Information

The board adopts an appropriated budget on a basis consistent with GAAP for the general fund, debt service fund, Judson Independent School District Public Facility Corporation, and food service fund (which is included in special revenue funds).

JUDSON INDEPENDENT SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2015

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Budgetary Information (Continued)

At a minimum, the District is required to present the original and the final amended budgets for revenues and expenditures compared to actual revenues and expenditures for these four (4) funds.

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

Prior to June 19, the District prepares a budget based on the modified zero-based budgeting concept for departmental budgets, and the programmatic budgeting concept for campuses, for the next succeeding fiscal year. The operating budget includes proposed expenditures and the means of financing them.

After one (1) or more budget workshops with the board, a meeting is called for the purpose of adopting the proposed budget. At least ten (10) days but not more than thirty (30) days public notice of the meeting is required.

Prior to June 30, the board of trustees legally adopts the budget for the general fund, debt service fund, and food service fund.

After the budget for the above listed funds is approved, any amendment that causes an increase or decrease in a fund or functional spending category or total revenue or other resources object category requires board approval prior to the fact. These amendments are presented to the board at its regular monthly meeting and are reflected in the official minutes. Because the District has a policy of careful budgetary control, several budgetary amendments were necessary throughout the year.

Expenditure budgets are controlled at the functional and object level by the appropriate budget manager (principal or department director). Budget managers may authorize transfers within functional and organizational categories that do not affect the total functional and organizational appropriation. All budget appropriations lapse at year end.

	<u>ORIGINAL BUDGET</u>	<u>NET CHANGE DURING YEAR</u>	<u>AMENDED BUDGET</u>
General Fund	\$ 175,912,851	\$ 10,082,262	\$ 185,995,113
Special Revenue Funds - Food Service	12,651,200	2,002,532	14,653,732
Debt Service	30,569,295	-	30,569,295
Judson ISD Public Facility Corporation	-	498,375	498,375

JUDSON INDEPENDENT SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2015

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Financial Statement Amounts

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 (1) when they become due or past due and receivable within the current period and (2) when they are expected to be collected during a sixty day period after the close of the fiscal year.

Allowances for uncollectible tax receivables within the general fund are \$231,878 and \$76,326 for the debt service fund and 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.

Deposit Accounting Policy

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.

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 (1) 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.

JUDSON INDEPENDENT SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2015

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Financial Statement Amounts (Continued)

Inventories and Prepaid Items

Inventories of supplies on the balance sheet are stated at weighted average cost, while inventories of food commodities are recorded at market values supplied by the Texas Department of Human Services. Inventory items are recorded as expenditures when they are consumed. Supplies are used for almost all functions of activity, while food commodities are used only in the food service program. Although commodities are received at no cost, their fair market value is supplied by the Texas Department of Human Services and recorded as inventory and deferred revenue when received. When requisitioned, inventory and deferred revenue are received, expenditures are charged, and revenue is recognized for an equal amount. Inventories also include plant maintenance and operation supplies as well as instructional supplies.

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

Encumbrance Accounting

Encumbrances for goods or purchased services are documented by purchase orders or contracts. Under Texas law, appropriations lapse at June 30, 2015, and encumbrances outstanding at that time are to be either canceled or appropriately provided for in the subsequent year's budget.

End-of-year outstanding encumbrances that were provided for in the subsequent year's budget are:

General Fund	\$ 1,403,054
National School Breakfast and Lunch Program	508,484
Other Special Revenue Funds	2,373,746
Capital Projects Fund	<u>22,962,191</u>
TOTAL	<u>\$ 27,247,475</u>

Capital Assets

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

JUDSON INDEPENDENT SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2015

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Financial Statement Amounts (Continued)

Capital Assets (Continued)

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

<u>ASSET CLASS</u>	<u>ESTIMATED USEFUL LIVES (YEARS)</u>
Buildings and Improvements	35
Portable Buildings	25
Buses and Heavy Equipment	7
Office and Computer Equipment	5
Vehicles and Other	5-10

Receivable and Payable Balances

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

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

Compensated Absences

On retirement, termination of employment, or death of employees, the District pays any accrued sick leave in a lump-sum payment to such employee or his/her beneficiary or estate – See Note 9: Accumulated Unpaid Sick Leave Benefit.

Deferred Inflows/Outflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expenditure) until then. The District has two items that qualifies for reporting in this category. They are the deferred charge on refunding reported in the government-wide statement of net position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

JUDSON INDEPENDENT SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2015

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Financial Statement Amounts (Continued)

Deferred Inflows/Outflows of Resources (Continued)

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's fiduciary net position. Benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

In addition to liabilities, the statement 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 a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The District has only one type of item, which arises only under a modified accrual basis of accounting that qualifies for reporting in this category. Accordingly, the item, unavailable revenue, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from property taxes. The amount is deferred and recognized as an inflow of resources in the period that the amounts become available.

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 transfer line on the government-wide statement of activities. Similarly, interfund receivables and payables are netted and presented as a single internal balances line on the government-wide statement of net position.

Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

JUDSON INDEPENDENT SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2015

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Financial Statement Amounts (Continued)

Data Control Codes

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

Cash and Cash Equivalents

Cash in bank, money market accounts, external investment pools, and securities with maturities of less than three (3) months from the date of purchase are reported as cash and cash equivalents in the financial statements.

E. Fund Balance

The District has implemented GASB Statement 54 "Fund Balance Reporting and Governmental Fund Type Definitions" which provides more clearly defined fund balance categories to make the nature and extent of the constraints placed on a government's fund balance more transparent. The following classifications describe the relative strength of the spending constraints placed on the purposes for which resources can be used:

- Nonspendable fund balance – amounts that are not in a spendable form (such as inventory) or are required to be maintained intact;
- Restricted fund balance – amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation;
- Committed fund balance – amounts constrained to specific purposes by a government itself, using its highest level of decision-making authority, to be reported as committed, amounts cannot be used for any other purpose unless the government takes the same highest level action to remove or change the constraint;
- Assigned fund balance – amounts a government intends to use for a specific purpose; intent can be expressed by the governing body or by an official or body to which the governing body delegates the authority;
- Unassigned fund balance – amounts that are available for any purpose, positive amounts are reported only in the general fund.

The Board of Trustees establishes (and modifies or rescinds) fund balance commitments by passage of an ordinance or resolution. Assigned fund balance is delegated by the Trustees to the superintendent or chief financial officer of the District.

In the general fund, the District strives to maintain an unassigned fund balance to be used for local and regional emergencies without borrowing.

JUDSON INDEPENDENT SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2015

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

F. GASB Implementation

During fiscal year 2015, the District changed accounting policies related to reporting of net pension liability, deferred outflows of resources, and deferred inflows of resources in a statement of net financial position by adopting GASB Statement No. 68 "Accounting and Financial Reporting for Pensions – an Amendment of GASB Statement No. 27." Accordingly, the effect of the accounting change is reported on the statement of net position, and the statement of activities for the current year.

NOTE 2: COMPLIANCE AND ACCOUNTABILITY

A. 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

NOTE 3: DEPOSITS AND INVESTMENTS

A. Cash Deposits

At June 30, 2015, the carrying amount of the District's deposits (cash, certificates of deposit, and interest-bearing savings accounts included in temporary investments) was \$5,500,347 and the bank balance was \$7,141,801. Of the bank balance, \$250,000 was covered by federal depository insurance, and the remainder was covered by collateral held in the pledging bank's trust department in the District's name. At June 30, 2015, the market value of pledged collateral was \$10,891,463.

B. 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.

JUDSON INDEPENDENT SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2015

NOTE 3: DEPOSITS AND INVESTMENTS (CONTINUED)

B. Investments (Continued)

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, certain U.S. agencies, and the State of Texas, (2) certificates of deposit, (3) certain municipal securities, (4) money market savings accounts, (5) repurchase agreements, (6) bankers acceptances, (7) mutual funds, (8) investment pools, (9) guaranteed investment contracts, and (10) common trust funds.

C. Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. Presented below is the minimum rating required by (where applicable) the District's investment policy and the Act and the actual rating as of June 30, 2015 for each investment:

DESCRIPTION	MINIMUM LEGAL RATING	INVESTMENT RATING	RATING ORGANIZATION	CARRYING VALUE	PERCENTAGE INVESTED
TexPool Investment Fund	AAA	AAAm	Standard & Poors	\$ 69,720,804	70%
Lone Star Pool Investment Fund	AAA	AAA	Standard & Poors	23,888,541	24%
U.S. Government Securities	AAA	AAAm	Standard & Poors	<u>6,046,738</u>	<u>6%</u>
TOTAL INVESTMENTS				<u>\$ 99,656,083</u>	<u>100%</u>

D. Public Funds Investment Pools

Public funds investment pools in Texas 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, 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 reported at share value.

JUDSON INDEPENDENT SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2015

NOTE 4: CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2015, was as follows:

	BEGINNING BALANCE JULY 1, 2014	ADDITIONS	DELETIONS	TRANSFERS	ENDING BALANCE JUNE 30, 2015
<u>Governmental Activities</u>					
Capital Assets Not Being Depreciated:					
Land	\$ 20,029,488	\$ 1,317,708	\$ -	\$ -	\$ 21,347,196
Construction in Progress	30,554,368	36,041,572	-	(23,499,564)	43,096,376
Total Capital Assets not being Depreciated	<u>50,583,856</u>	<u>37,359,280</u>	<u>-</u>	<u>(23,499,564)</u>	<u>64,443,572</u>
Capital Assets being Depreciated:					
Buildings and Improvements	505,587,925	26,424,893	-	-	532,012,818
Furniture, Equipment, and Vehicles	35,493,511	3,252,297	(773,168)	-	37,972,640
Capital Lease	2,709,068	-	-	-	2,709,068
Total Capital Assets, being Depreciated	<u>543,790,504</u>	<u>29,677,190</u>	<u>(773,168)</u>	<u>-</u>	<u>572,694,526</u>
Less Accumulated Depreciation for					
Buildings and Improvements	(150,941,795)	(14,612,158)	-	-	(165,553,953)
Furniture, Equipment, and Vehicles	(29,711,666)	(2,710,819)	773,168	-	(31,649,317)
Capital Lease	(2,709,068)	-	-	-	(2,709,068)
Total Accumulated Depreciation	<u>(183,362,529)</u>	<u>(17,322,977)</u>	<u>773,168</u>	<u>-</u>	<u>(199,912,338)</u>
Total Capital Assets being Depreciated, Net	<u>360,427,975</u>	<u>12,354,213</u>	<u>-</u>	<u>-</u>	<u>372,782,188</u>
GOVERNMENTAL ACTIVITIES CAPITAL ASSETS, NET	<u>\$ 411,011,831</u>	<u>\$ 49,713,493</u>	<u>\$ -</u>	<u>\$ (23,499,564)</u>	<u>\$ 437,225,760</u>

Depreciation was charged to functions as follows: (Depreciation was distributed as a percentage of aggregate expenditures.)

	<u>AMOUNT</u>
Instruction	\$ 9,986,514
Instruction Resources and Media Services	201,648
Curriculum and Staff Development	463,948
Instructional Leadership	318,540
School Leadership	885,072
Guidance, Counseling, and Evaluation Services	587,199
Social Work Services	99,105
Health Services	170,840
Student Transportation	634,489
Food Services	1,071,367
Extracurricular Activities	272,169
General Administration	407,292
Plant Maintenance and Operations	1,644,447
Security and Monitoring Services	160,586
Data Processing Services	313,407
Community Services	<u>106,354</u>
TOTAL DEPRECIATION EXPENSE	<u>\$ 17,322,977</u>

JUDSON INDEPENDENT SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2015

NOTE 5: LONG-TERM OBLIGATIONS

The District has entered into a continuing disclosure undertaking to provide annual reports and material event notices to the Municipal Securities Rule Making Board through the electronic municipal market access website. This information is required under SEC Rule 15c2-12 to enable investors to analyze the financial condition and operations of the District.

A. Long-Term Obligation Activity – Bonds

Bonded indebtedness of the District is reflected as governmental activities in the statement of net position. Effective interest rates range from 2.00% to 5.63%.

A summary of changes in long-term debt for the year ended June 30, 2015 is as follows:

DESCRIPTION	INTEREST RATE PAYABLE	AMOUNT ORIGINAL ISSUE	AMOUNT OUTSTANDING JULY 1, 2014	ISSUED	RETIRED	AMOUNT OUTSTANDING JUNE 30, 2015
School Building Bonds:						
School Building Bonds Series 2007 (2)	4.00% to 5.63%	\$ 240,779,223	\$ 230,324,223	\$ -	\$ 7,535,000	\$ 222,789,223
School Building Bonds Series 2008 (3)	2.65% to 5.00%	71,319,971	66,305,001	-	1,035,000	65,270,001
School Building Bonds Series 2010 (4)	3.00% to 5.00%	24,404,982	15,544,982	-	100,000	15,444,982
School Building Bonds Series 2012 (5)	2.00% to 3.50%	9,370,000	8,925,000	-	1,150,000	7,775,000
Refunding Bonds Series 2013 (6)	2.00% to 4.00%	17,700,000	17,090,000	-	675,000	16,415,000
Refunding Bonds Series 2013 A (7)	4.00% to 5.00%	11,760,000	11,760,000	-	-	11,760,000
School Building Bonds Series 2013 (8)	2.00% to 5.00%	78,245,000	78,060,000	-	-	78,060,000
Refunding Bonds Series 2014 (9)	2.00% to 3.00%	5,595,000	<u>5,595,000</u>	<u>-</u>	<u>395,000</u>	<u>5,200,000</u>
			<u>433,604,206</u>	<u>-</u>	<u>10,890,000</u>	<u>422,714,206</u>
Public Facilities Corp. Lease Revenue Bonds:						
Lease Revenue Bonds Series 2013 (10)	3.59% to 3.72%	\$ 6,200,000	<u>6,200,000</u>	<u>-</u>	<u>100,000</u>	<u>6,100,000</u>
Totals			<u>439,804,206</u>	<u>-</u>	<u>10,990,000</u>	<u>428,814,206</u>

JUDSON INDEPENDENT SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2015

NOTE 5: LONG-TERM OBLIGATIONS (CONTINUED)

A. Long-Term Obligation Activity – Bonds (Continued)

DESCRIPTION	AMOUNT ORIGINAL ISSUE	AMOUNT OUTSTANDING JULY 1, 2014	ISSUED	RETIRED	AMOUNT OUTSTANDING JUNE 30, 2015
C.A.B.'s - Accreted Interest					
Series 2007 (1), (2)	\$ 5,689,223	\$ 4,353,104	\$ 792,312	\$ -	\$ 5,145,416
C.A.B.'s - Accreted Interest					
Series 2010 (1), (4)	2,169,982	<u>792,455</u>	<u>229,648</u>	-	<u>1,022,103</u>
Total C.A.B.'s		<u>5,145,559</u>	<u>1,021,960</u>	-	<u>6,167,519</u>
TOTAL ALL BONDS		<u>\$ 444,949,765</u>	<u>\$ 1,021,960</u>	<u>\$ 10,990,000</u>	<u>\$ 434,981,725</u>

- (1) Additions are made up of interest accreted on capital appreciation bonds for the year ended June 30, 2015. The capital appreciation bonds were originally recorded at their face value and have only been reduced as principal payments were made. Since these bonds mature at different dates the bonds are now included in bonds payable at their accreted value, for principal amounts due as of June 30, 2015.
- (2) During the fiscal year ended June 30, 2007, the District issued bonds that were delivered on May 10, 2007. The District issued and received \$240,779,223 in bond proceeds including refunding \$9,400,000 of Unlimited Tax School Building Bonds Series 1999, \$28,950,000 of Unlimited Tax School Building Bonds Series 2002, and \$41,445,000 of Unlimited Tax School Building Bonds Series 2003. The bond issue consisted of \$95,330,000 current interest bonds and \$5,689,223 capital appreciation bonds. The purpose of the bonds are for the construction, renovation, and equipping of District facilities and to pay the costs associated with the issuance of the bonds. As a result, the refunded portions of the bonds are considered defeased. The purpose of the refunding was to restructure the overall debt service of the District to allow for additional debt to be issued and maintain a level debt service tax rate. The refunding resulted in a present value savings of \$3,249,804.
- (3) During the fiscal year ended June 30, 2008, the District issued bonds that were delivered on April 30, 2008. The District issued and received \$71,319,971 in bonds proceeds. The bond issue consisted of \$70,815,000 current interest bonds and \$504,971 capital appreciation bonds. The capital appreciation bonds have subsequently matured. The bonds are for the construction and equipping of District Schools and purchasing the necessary sites and to pay the costs associated with the issuance of the bonds.

JUDSON INDEPENDENT SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2015

NOTE 5: LONG-TERM OBLIGATIONS (CONTINUED)

A. Long-Term Obligation Activity – Bonds (Continued)

- (4) During the fiscal year ended June 30, 2010, the District issued Judson Independent School District Unlimited Tax Refunding Bonds, Series 2010 for \$24,404,982 to refund a portion of the Unlimited Tax School Building Bonds, Series 1999, Series 2002, and Series 2003 in the amount of \$4,800,000, \$4,980,000, and \$14,625,000, respectively, by placing the proceeds of the new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. The bond issue consisted of \$2,169,982 of capital appreciation bonds. Accordingly, the trust account assets and liabilities for the defeased bonds are not included in the District's financial statements. As a result of the advanced refunding, the District reduced its total debt service requirements by \$2,276,150 and resulted in an economic gain of \$1,419,768. Bonds outstanding that are considered defeased as a result of the refunding total \$0 at June 30, 2015.
- (5) During the fiscal year ended June 30, 2012, the District issued Judson Independent School District Unlimited Tax Refunding Bonds, Series 2012 for \$9,370,000 to refund the Unlimited Tax School Building Series 2002 and to refund a portion of the Unlimited Tax School Building and Refunding Bonds Series 2003 in the amount of \$3,170,000 and \$6,355,000, respectively, by placing the proceeds of the new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and liabilities for the defeased bonds are not included in the District's financial statements. As a result of the advanced refunding, the District reduced its total debt service requirements by \$2,218,728 and resulted in an economic gain of \$1,824,235. Bonds outstanding that are considered defeased as a result of the refunding total \$0 at June 30, 2015.
- (6) During the fiscal year ended June 30, 2013, the District issued Judson Independent School District Unlimited Tax Refunding Bonds, Series 2013 for \$17,700,000 to refund the Unlimited Tax School Building Bonds, Series 2004 in the amount of \$18,875,000 by placing the proceeds of the new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and liabilities for the defeased bonds are not included in the District's financial statements. As a result of the advanced refunding, the District reduced its total debt service requirements by \$4,347,913 which resulted in an economic gain of \$3,601,024. Bonds outstanding that are considered defeased as a result of the current year refunding total \$0 at June 30, 2015.

JUDSON INDEPENDENT SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2015

NOTE 5: LONG-TERM OBLIGATIONS (CONTINUED)

A. Long-Term Obligation Activity – Bonds (Continued)

- (7) During the fiscal year ended June 30, 2014, the District issued Judson Independent School District Unlimited Tax Refunding Bonds, Series 2013A for \$11,760,000 to refund the Unlimited Tax School Building Series 2005B in the amount of \$12,925,000 by placing the proceeds of the new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and liabilities for the defeased bonds are not included in the District's financial statements. As a result of the advanced refunding, the District reduced its total debt service requirements by \$1,331,788 and resulted in an economic gain of \$1,190,980. Bonds outstanding that are considered defeased as a result of the refunding total \$0 at June 30, 2015.
- (8) During the fiscal year ended June 30, 2014, the District issued bonds that were delivered on August 20, 2013. The District issued and received \$78,245,000 in bonds proceeds and \$5,540,763 in bond premiums. The bonds are for the construction and equipping of District Schools, purchasing the necessary sites and to pay the costs associated with the issuance of the bonds.
- (9) During the fiscal year ended June 30, 2014, the District issued Judson Independent School District Unlimited Tax Refunding Bonds, Series 2013 for \$5,595,000 to refund the Unlimited Tax School Building Series 2005B in the amount of \$5,770,000 by placing the proceeds of the new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and liabilities for the defeased bonds are not included in the District's financial statements. As a result of the advanced refunding, the District reduced its total debt service requirements by \$1,262,325 and resulted in an economic gain of \$964,148. Bonds outstanding that are considered defeased as a result of the refunding total \$0 at June 30, 2015.
- (10) On July 23, 2013 the Judson Independent School District Public Facility Corporation issued \$6,200,000 Public Facility Corporation School Facility Lease Revenue Bonds, Series 2013 to finance the costs of the construction, expansion, and equipping of school facilities for the benefit of the District. The District, pursuant to a lease agreement, will make lease payments to the Corporation payable from (1) any lawfully available funds appropriated by the Texas legislature, which under current law is limited to the basic allotment portion of tier one funds and chapter 46 funds (instructional facility allotment only), and (2) any unintended surplus maintenance tax revenues.

JUDSON INDEPENDENT SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2015

NOTE 5: LONG-TERM OBLIGATIONS (CONTINUED)

A. Long-Term Obligation Activity – Bonds (Continued)

Summary information on the capital appreciation bonds is as follows:

<u>SERIES</u>	<u>MATURITY DATE 2/1</u>	<u>ORIGINAL AMOUNT</u>	<u>ACCRETED VALUE JUNE 30, 2015</u>	<u>VALUE AT MATURITY</u>
2007	2026-2027	\$ 5,689,223	\$ 5,145,416	\$ 26,400,000
2010	2010-2019	2,169,982	1,022,103	4,015,000

Long-term obligations include debt and other long-term liabilities. Changes in long-term obligations for the year ended June 30, 2015 are as follows:

	<u>BEGINNING BALANCE</u>	<u>INCREASES</u>	<u>DECREASES</u>	<u>ENDING BALANCE</u>	<u>AMOUNTS DUE WITHIN ONE YEAR</u>
<u>Governmental Activities</u>					
General Obligation Bonds	\$ 433,604,206	\$ -	\$ 10,890,000	\$ 422,714,206	\$ 12,150,000
C.A.B.'s - Accreted Interest	5,145,559	1,021,960	-	6,167,519	-
Lease Revenue Bonds - PFC	6,200,000	-	100,000	6,100,000	250,000
Tax Notes	1,455,000	-	1,250,000	205,000	205,000
Compensated Absences	<u>968,213</u>	<u>385,534</u>	<u>218,002</u>	<u>1,135,745</u>	<u>227,149</u>
TOTAL GOVERNMENT ACTIVITIES	<u>\$ 447,372,978</u>	<u>\$ 1,407,494</u>	<u>\$ 12,458,002</u>	<u>\$ 436,322,470</u>	<u>\$ 12,832,149</u>

The general fund, the primary governmental activity fund type, is typically used to liquidate compensated absences.

B. Debt Service Requirements

Debt service requirements on long-term debt at June 30, 2015, are as follows:

<u>YEAR ENDING JUNE 30,</u>	<u>BONDS PAYABLE</u>		
	<u>PRINCIPAL</u>	<u>INTEREST</u>	<u>TOTAL</u>
2016	\$ 12,400,000	\$ 19,394,908	\$ 31,794,908
2017	11,400,000	18,872,233	30,272,233
2018	11,146,684	19,354,554	30,501,238
2019	11,673,298	18,960,209	30,633,507
2020	13,690,000	17,543,728	31,233,728
2021-2025	84,590,000	77,212,784	161,802,784
2026-2030	82,674,224	80,786,752	163,460,976
2031-2035	128,960,000	36,427,250	165,387,250
2036-2040	<u>72,280,000</u>	<u>7,677,000</u>	<u>79,957,000</u>
TOTALS	<u>\$ 428,814,206</u>	<u>\$ 296,229,418</u>	<u>\$ 725,043,624</u>

JUDSON INDEPENDENT SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2015

NOTE 5: LONG-TERM OBLIGATIONS (CONTINUED)

C. Tax Notes – Loan

The District has entered into limited maintenance tax notes to finance the acquisition of school buses.

The assets acquired with the tax notes are:

School Buses \$7,477,541

Debt service requirements on tax notes at June 30, 2015 are as follows:

<u>YEAR ENDING</u> <u>JUNE 30,</u>	<u>TAX NOTES PAYABLE</u>		
	<u>PRINCIPAL</u>	<u>INTEREST</u>	<u>TOTAL</u>
2016	\$ <u>205,000</u>	\$ <u>2,993</u>	\$ <u>207,993</u>
TOTALS	\$ <u>205,000</u>	\$ <u>2,993</u>	\$ <u>207,993</u>

The effective interest rates range from 0.750% to 2.190%.

NOTE 6: COMMITMENTS UNDER NONCAPITALIZED LEASES

There are no significant commitments under operating (noncapitalized) lease agreements for facilities and equipment. Rental expense for the fiscal year ended June 30, 2015 was \$1,004,875. Of this amount, the District paid \$324,080 to the Judson ISD PFC for the fiscal year ended June 30, 2015.

NOTE 7: 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 for which the District carries commercial insurance. During fiscal year 2015, the District purchased replacement value commercial property insurance with a \$100,000 deductible. There were no significant reductions in coverage in the past fiscal year.

JUDSON INDEPENDENT SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2015

NOTE 8: WORKER'S COMPENSATION SELF-INSURANCE

Judson Independent School District established a limited risk management program for worker's compensation effective September 1, 1991. During the year ended June 30, 2015, a total of \$598,095 was paid in benefits and \$202,321 in administrative costs. An excess coverage insurance policy covers individual claims in excess of \$400,000 for any one event up to a maximum limit of \$1,000,000. Accrued liabilities of \$510,544 represents the administrator's estimate of the aggregate liability for claims made.

	<u>BEGINNING OF FISCAL YEAR LIABILITY</u>	<u>CURRENT YEAR CLAIMS AND CHANGES IN ESTIMATES</u>	<u>CLAIM PAYMENTS</u>	<u>BALANCE AT FISCAL YEAR-END</u>
2013-2014	\$ 499,973	\$ 453,360	\$ (587,393)	\$ 365,940
2014-2015	365,940	742,699	(598,095)	510,544

NOTE 9: ACCUMULATED UNPAID SICK LEAVE BENEFIT

Upon resignation from the District, employees with at least ten consecutive years of service are entitled to reimbursement for any unused local sick leave earned at the District. Employees retiring from the District are entitled to reimbursement for unused state, personal, and sick leave.

At June 30, 2015, the District's liability for accrued sick leave is as follows:

	<u>SICK LEAVE</u>
Balance, July 1, 2014	\$ 968,213
Additions	385,534
Deletions	<u>(218,002)</u>
BALANCE AT JUNE 30, 2015	<u>\$ 1,135,745</u>

NOTE 10: HEALTH CARE COVERAGE

During the year ended June 30, 2015, employees of the District were covered by a health insurance plan. The District paid premiums of \$275 per month per employee to the plan during 2014 and paid premiums of \$300 per month per employee to the plan during 2015. Employees, at their option, authorized payroll withholdings to pay premiums for dependents. All premiums were paid to a 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 licensed insurer is renewable January 1st of each calendar year, and terms of coverage and premium costs are included in the contractual provisions. Latest financial statements for Blue Cross Blue Shield of Texas have been filed with the Texas State Board of Insurance, Austin, Texas, and are public records.

JUDSON INDEPENDENT SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2015

NOTE 11: PENSION PLAN

A. Plan Description

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

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

B. Pension Plan Fiduciary Net Position

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

C. 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 (A) above.

JUDSON INDEPENDENT SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2015

NOTE 11: PENSION PLAN (CONTINUED)

D. 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 thru 2017. It also added a 1.5% contribution for employers not paying Old Age Survivor and Disability Insurance (OASDI) on certain employees effective for fiscal year 2015 as discussed in Note 1 of the TRS 2014 CAFR. The 83rd Texas Legislature, General Appropriations Act (GAA) established the employer contribution rates for fiscal years 2014 and 2015.

	<u>Contribution Rates</u>	
	<u>2014</u>	<u>2015</u>
Member	6.4%	6.7%
Non-Employer Contributing Entity (State)	6.8%	6.8%
Employers	6.8%	6.8%
Judson ISD - 2014 Employer Contributions		\$ 2,860,651
Judson ISD - 2014 Member Contributions		\$ 2,414,642
Judson ISD - 2014 NECE On-behalf Contributions		\$ 5,952,566

Contributions shown above are for the plan year which runs from September 1st through August 31st and are shown for the year of the measurement date.

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).

JUDSON INDEPENDENT SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2015

NOTE 11: PENSION PLAN (CONTINUED)

D. Contributions (Continued)

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

- On the portion of the member's salary that exceeds the statutory minimum for members entitled to the statutory minimum under Section 21.402 of the Texas Education Code.
- During a new member's first 90 days of employment.
- When any part or all of an employee's salary is paid by federal funding sources, a privately sponsored source, from non-educational and general, or 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 Teacher Retirement System the employer shall pay both the member contribution and the state contribution as an employment after retirement surcharge.

E. Actuarial Assumptions

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

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

*Includes Inflation of 3%

JUDSON INDEPENDENT SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2015

NOTE 11: PENSION PLAN (CONTINUED)

E. Actuarial Assumptions (Continued)

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

F. Discount Rate

The discount rate used to measure the total pension liability was 8.0%. There was no change in the discount rate since the previous year. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and those of the contributing employers and the non-employer contributing entity are made at the statutorily required rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. The long-term rate of return on pension plan investments is 8%.

JUDSON INDEPENDENT SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2015

NOTE 11: PENSION PLAN (CONTINUED)

F. Discount Rate (Continued)

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

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Real Return Geometric Basis</u>	<u>Long-Term Expected Portfolio Real Rate of Return*</u>
<u>Global Equity</u>			
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%
<u>Stable Value</u>			
U.S. Treaties	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%
<u>Real Return</u>			
Global Inflation Linked Bonds	3%	3.1%	0.0%
Real Assets	16%	7.3%	1.5%
Energy and Natural Resources	3%	8.8%	0.3%
Commodities	0%	3.4%	0.0%
<u>Risk Parity</u>			
Risk Parity	5%	8.9%	0.4%
Alpha	0%		1.0%
TOTAL	<u>100%</u>	<u>82.6%</u>	<u>8.7%</u>

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

JUDSON INDEPENDENT SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2015

NOTE 11: PENSION PLAN (CONTINUED)

G. 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%)
\$ 45,460,407	\$25,440,377	\$ 10,469,118

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

At June 30, 2015, the District reported a liability of \$25,440,377 for its proportionate share of the TRS's net pension liability. This liability reflects a reduction for State pension support provided to the District. The amount recognized by the District as its proportionate share of the net pension liability, the related State support, and the total portion of the net pension liability that was associated with the District were as follows:

District's Proportionate share of the collective net pension liability	\$25,440,377
State's proportionate share that is associated with the District	<u>64,388,160</u>
Total	<u>\$89,828,537</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 thru August 31, 2014.

At August 31, 2014 the employer's proportion of the collective net pension liability was 0.000952417%. The change in proportion was immaterial and therefore disregarded this year.

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

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

There was a change in employer contribution requirements that occurred after the measurement date of the net pension liability and the employer's reporting date. A 1.5% contribution for employers not paying Old Age Survivor and Disability Insurance (OASDI) on certain employees went into law effective 09/01/2014. The amount of the expected resultant change in the employer's proportion cannot be determined at this time.

JUDSON INDEPENDENT SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2015

NOTE 11: PENSION PLAN (CONTINUED)

H. Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)

For the year ended June 30, 2015, the District recognized pension expense of \$7,934,822 and revenue of \$7,934,822 for support provided by the State.

At June 30, 2015, the District reported its proportionate share of the TRS's deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual economic experience	\$ 393,444	\$ -
Changes in actuarial assumptions	1,653,653	-
Difference between projected and actual investment earnings	-	7,775,618
Changes in proportion and difference between the employer's contributions and the proportionate share of contributions	-	6,664
Contributions paid to TRS subsequent to the measurement date	<u>3,493,201</u>	<u>-</u>
Total	<u>\$ 5,540,298</u>	<u>\$ 7,782,282</u>

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

<u>Year Ended June 30,</u>	<u>Pension Expense Amount</u>
2016	\$ (1,599,685)
2017	(1,599,685)
2018	(1,599,685)
2019	344,220
2020	319,330
Thereafter	-

NOTE 12: RETIREE HEALTH PLAN

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-Care provides health care coverage for certain persons (and their dependents) who retired under the Teacher Retirement System of Texas.

JUDSON INDEPENDENT SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2015

NOTE 12: RETIREE HEALTH PLAN (CONTINUED)

A. Plan Description (Continued):

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

B. Funding Policy

Contribution requirements are not actuarially determined but are legally established each biennium by the Texas Legislature. Texas Insurance Code, Sections 1575.202, 203, and 204 establish state, active employee, and public school contributions, respectively. Funding for free basic coverage is provided by the program based upon public school district payroll. Per Texas Insurance Code, Chapter 1575, the public school contribution may not be less than 0.25% or greater than 0.75% of the salary of each active employee of the public school. Funding for optional coverage is provided by those participants selecting the optional coverage. The State of Texas and active public school employee contribution rates were 1.0% and 0.65% of public school payroll, respectively, with school districts contributing a percentage of payroll set at 0.55% for fiscal years 2015, 2014, and 2013. For the years ended June 30, 2015, 2014, and 2013, the State's contribution TRS-Care were \$1,309,868, \$1,238,175, and \$1,137,271, respectively, the active member contributions were \$851,414, \$804,814, and \$739,226, respectively, and the school district's contributions were \$720,427, \$680,996, and \$625,499, respectively, which equal the required contributions each year.

C. Medicare Part D

Federal Legislation enacted in January 2006 established prescription drug coverage for Medicare beneficiaries known as Medicare Part D. One provision of the law allows TRS-Care to receive retiree drug subsidy payments from the federal government to offset certain prescription drug expenditures for eligible participants. These payments totaled \$559,781, \$348,502, and \$317,852, for fiscal years 2015, 2014, and 2013, respectively. Revenue and expenditures equal to the amount paid by the federal government were recognized during the 2015 fiscal year.

JUDSON INDEPENDENT SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2015

NOTE 13: COMMITMENTS AND CONTINGENCIES

A. 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 collectability 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.

B. Litigation

The District is a defendant in several lawsuits related to educating a diverse population. While the result of any litigation contains an element of uncertainty, the District's management believes that the amount of any liability and costs which might result would not have a material adverse effect on its operations or financial statements.

C. Construction Commitments

As of June 30, 2015, the District was obligated under the terms of agreements for the construction of the following projects:

<u>PROJECT NAME</u>	<u>CONTRACT AMOUNT</u>	<u>PAID TO DATE</u>	<u>COMMITMENT BALANCE REMAINING</u>	<u>RETAINAGE PAYABLE AMOUNT *</u>
General Construction -				
Evans Road High School	\$ 49,406,446	\$29,296,922	\$20,109,524	\$1,734,119
Wagner High School Track Replacement	<u>1,376,182</u>	<u>1,130,905</u>	<u>245,277</u>	<u>65,809</u>
 TOTAL CONSTRUCTION COMMITMENTS	 <u>\$ 50,782,628</u>	 <u>\$ 30,427,827</u>	 <u>\$ 20,354,801</u>	 <u>\$ 1,799,928</u>

* Amount has been accrued and is included in accounts payable.

NOTE 14: INTERFUND BALANCES AND ACTIVITIES

A. Due to and from Other Funds

Balances due to and due from other funds at June 30, 2015, consisted of the following:

<u>DUE TO FUND</u>	<u>DUE FROM FUND</u>	<u>AMOUNT</u>	<u>PURPOSE</u>
General Fund	Non-Major Funds	\$ 1,343,844	Short-Term Loans
General Fund	Judson ISD PFC	5,112,373	Short-Term Loans
Capital Projects	General Fund	184	Short-Term Loans
Judson ISD PFC	Capital Projects Fund	<u>269</u>	Short-Term Loans
General Fund	Capital Projects Fund	-	Short-Term Loans
Non-Major Funds	Non-Major Funds	<u>-</u>	Short-Term Loans
	TOTAL	<u>\$ 6,456,670</u>	

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

JUDSON INDEPENDENT SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2015

NOTE 14: INTERFUND BALANCES AND ACTIVITIES (CONTINUED)

B. Transfers to and from Other Funds

<u>TRANSFERS IN FUND</u>	<u>TRANSFERS OUT FUND</u>	<u>AMOUNT</u>	<u>PURPOSE</u>
Capital Projects Fund	General Fund	\$ 4,400,000	New High School Construction
Capital Projects Fund	General Fund	<u>265,921</u>	Kirby Middle School Construction
TOTAL		<u>\$ 4,665,921</u>	

NOTE 15: DEFERRED INFLOWS OF RESOURCES

Deferred inflows of resources at year end consisted of the following:

<u>REVENUE DESCRIPTION</u>	<u>GENERAL FUND</u>	<u>DEBT SERVICE FUND</u>	<u>TOTAL</u>
Deferred Inflow of Resources - Taxes Receivable	<u>\$ 2,189,737</u>	<u>\$ 701,325</u>	<u>\$ 2,891,062</u>

NOTE 16: DUE FROM OTHER GOVERNMENTS

The District participates in a variety of federal and state programs from which it receives grants to partially or fully finance certain activities. In addition, the District receives entitlements from the State through the School Foundation and per capita programs. Amounts due from federal and state governments as of June 30, 2015, are reported on the combined financial statements as due from other governments and are summarized below:

<u>FUND</u>	<u>STATE ENTITLEMENTS</u>	<u>FEDERAL GRANTS</u>	<u>TOTAL</u>
General Fund:			
School Foundation/Available	\$ 27,721,859	\$ -	\$ 27,721,859
JROTC	<u>7,239</u>	-	<u>7,239</u>
Total General Fund	<u>27,729,098</u>	-	<u>27,729,098</u>
Other Governmental Funds:			
ESEA Title III, Homeless Education	-	4,100	4,100
ESEA Title I, Part A Basic	-	758,812	758,812
IDEA, Part B - Preschool Grant	-	29,944	29,944
Summer Feeding Program	-	92,667	92,667
Title V - Vocational Education Basic Grant	-	23,856	23,856
Title II, Part A - Teacher and Principal Training	-	35,360	35,360
English Language Acquisition and Enhancement	-	54,355	54,355
Dept of Defense Education Activity	-	62,537	62,537
IDEA, Part B - Formula	-	596,043	596,043
Instructional Materials Allotment	<u>7,445</u>	-	<u>7,445</u>
Total Other Governmental Funds	<u>7,445</u>	<u>1,657,674</u>	<u>1,665,119</u>
TOTALS	<u>\$ 27,736,543</u>	<u>\$ 1,657,674</u>	<u>\$ 29,394,217</u>

JUDSON INDEPENDENT SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2015

NOTE 17: LOCAL AND INTERMEDIATE REVENUES

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

REVENUE DESCRIPTION	GENERAL FUND	DEBT SERVICE FUND	CAPITAL PROJECTS FUND	JUDSON ISD PUBLIC FACILITY CORPORATION	OTHER GOVERNMENTAL FUNDS	TOTAL REVENUE AMOUNT
Property Taxes:						
Current Year	\$ 69,976,859	\$ 25,891,126	\$ -	\$ -	\$ -	\$ 95,867,985
Prior Years	547,003	193,739	-	-	-	740,742
Penalty and Interest	<u>461,425</u>	<u>169,047</u>	-	-	-	<u>630,472</u>
Total Property Taxes	70,985,287	26,253,912	-	-	-	97,239,199
Investment Interest Revenue	41,670	6,542	18,036	365	2,016	68,629
Food Service Revenue	-	-	-	-	2,189,214	2,189,214
Athletic Revenue	413,498	-	-	-	-	413,498
Tuition Revenue	1,659,781	-	-	-	-	1,659,781
Rental Income	186,947	-	-	324,080	-	511,027
Gifts and Bequests	121,243	-	-	-	-	121,243
Other Revenue	<u>1,201,417</u>	-	-	-	-	<u>1,201,417</u>
 TOTALS	 <u>\$ 74,609,843</u>	 <u>\$ 26,260,454</u>	 <u>\$ 18,036</u>	 <u>\$ 324,445</u>	 <u>\$ 2,191,230</u>	 <u>\$ 103,404,008</u>

NOTE 18: GENERAL FUND FEDERAL REVENUE SOURCES

During the year, federal revenue recorded in the general fund consisted of the following:

PROGRAM OR SOURCE	REVENUE AMOUNT
Impact Aid (PL 81-874)	\$ 213,688
Air Force Junior Reserve Officer Training Corp (AFJROTC)	230,114
School Health and Related Services (SHARS)	3,692,898
Indirect Cost from Federal Programs	
ESEA Title I, Part A, Improving Basic Programs	57,647
IDEA-B, Formula	61,461
IDEA-B, Preschool	1,635
Child Nutrition	994,357
Title V, Vocational Education Basic Grant	3,176
Title III, Part A - Limited English Proficiency	3,192
Title II, Part A - Training and Recruiting	<u>5,752</u>
 TOTAL FEDERAL REVENUE IN GENERAL FUND	 <u>\$ 5,263,920</u>

JUDSON INDEPENDENT SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2015

NOTE 19: SHARED SERVICES ARRANGEMENTS

The District participates in a shared services arrangement (SSA) for a federal program with the following school districts:

Fort Sam Houston Independent School District
East Central Independent School District
Randolph Field Independent School District
North East Independent School District
San Antonio Independent School District

The District does not account for revenues or expenditures in this program and does not disclose them in these financial statements. The District does not have joint ownership interest in fixed assets purchased by the fiscal agent, North East Independent School District, nor does the District have a net equity interest in the fiscal agent. The fiscal agent does not accumulate significant financial resources nor fiscal exigencies that would give rise to a future additional benefit or burden to the District. The fiscal agent manager is responsible for all financial activities of the SSA.

NOTE 20: RESTATEMENT OF NET POSITION

During fiscal year 2015, the District adopted GASB Statement No. 68, Accounting and Reporting for Pensions. With the adoption of this standard, the District must assume their proportionate share of the Net Pension Liability of TRS. Adoption of GASB No. 68 required a prior period adjustment to report the effect of GASB 68 retroactively. The amount of the prior period adjustment is (\$29,191,501). The restated net position for the Governmental Activities is \$49,750,595.

NOTE 21: SUBSEQUENT EVENT

Subsequent to year end, the District issued Unlimited Tax Refunding Bonds, Series 2015 in the amount of \$61,270,000 and retired the Unlimited Tax School Building Bonds, Series 2008.

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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.

JUDSON INDEPENDENT SCHOOL DISTRICT
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
YEAR ENDED JUNE 30, 2015

EXHIBIT G-1

DATA CONTROL CODES		1	2	3	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
		BUDGETED AMOUNTS		ACTUAL	
		ORIGINAL	FINAL		
	REVENUES				
5700	Local and Intermediate Sources	\$ 71,390,099	\$ 73,362,455	\$ 74,609,843	\$ 1,247,388
5800	State Program Revenues	99,696,634	103,257,384	105,073,672	1,816,288
5900	Federal Program Revenues	<u>2,890,000</u>	<u>4,790,000</u>	<u>5,263,920</u>	<u>473,920</u>
5020	Total Revenues	<u>173,976,733</u>	<u>181,409,839</u>	<u>184,947,435</u>	<u>3,537,596</u>
	EXPENDITURES				
	Current				
	Instruction and Instructional Related Services				
0011	Instruction	105,705,852	109,071,279	107,841,233	1,230,046
0012	Instructional Resources and Media Services	2,168,198	2,383,283	2,327,705	55,578
0013	Curriculum and Staff Development	<u>3,142,944</u>	<u>3,347,386</u>	<u>3,298,278</u>	<u>49,108</u>
	Total Instruction and Instructional Related Services	<u>111,016,994</u>	<u>114,801,948</u>	<u>113,467,216</u>	<u>1,334,732</u>
	Instructional and School Leadership				
0021	Instructional Leadership	2,737,348	2,761,399	2,726,660	34,739
0023	School Leadership	<u>10,048,153</u>	<u>10,118,712</u>	<u>10,166,790</u>	<u>(48,078)</u>
	Total Instructional and School Leadership	<u>12,785,501</u>	<u>12,880,111</u>	<u>12,893,450</u>	<u>(13,339)</u>
	Support Services - Student (Pupil)				
0031	Guidance, Counseling, and Evaluation Services	6,418,987	6,882,375	6,458,550	423,825
0032	Social Work Services	1,099,589	1,100,200	1,026,798	73,402
0033	Health Services	1,894,177	2,041,889	1,883,113	158,776
0034	Student (Pupil) Transportation	7,667,392	8,328,392	7,324,410	1,003,982
0036	Cocurricular/Extracurricular Activities	<u>3,050,879</u>	<u>3,212,076</u>	<u>3,131,458</u>	<u>80,618</u>
	Total Support Services - Student (Pupil)	<u>20,131,024</u>	<u>21,564,932</u>	<u>19,824,329</u>	<u>1,740,603</u>
	Administrative Support Services				
0041	General Administrative	<u>4,135,933</u>	<u>5,077,011</u>	<u>4,701,693</u>	<u>375,318</u>
	Total Administrative Support Services	<u>4,135,933</u>	<u>5,077,011</u>	<u>4,701,693</u>	<u>375,318</u>
	Support Services - Nonstudent Based				
0051	Plant Maintenance and Operations	17,836,159	19,245,184	18,730,864	514,320
0052	Security and Monitoring Services	2,132,341	2,122,928	1,850,316	272,612
0053	Data Processing Services	<u>4,165,899</u>	<u>4,183,401</u>	<u>3,617,902</u>	<u>565,499</u>
	Total Support Services - Nonstudent Based	<u>24,134,399</u>	<u>25,551,513</u>	<u>24,199,082</u>	<u>1,352,431</u>
	Ancillary Services				
0061	Community Services	<u>1,123,204</u>	<u>1,203,656</u>	<u>1,147,843</u>	<u>55,813</u>
	Total Ancillary Services	<u>1,123,204</u>	<u>1,203,656</u>	<u>1,147,843</u>	<u>55,813</u>
	Debt Service				
0071	Principal on Long-Term Debt	1,350,000	1,250,000	1,250,000	-
0072	Interest on Long-Term Debt	250,796	28,216	28,216	-
0073	Bond Issuance Costs and Fees	<u>-</u>	<u>1,500</u>	<u>538</u>	<u>962</u>
	Total Debt Service	<u>1,600,796</u>	<u>1,279,716</u>	<u>1,278,754</u>	<u>962</u>

JUDSON INDEPENDENT SCHOOL DISTRICT
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE (CONTINUED)
YEAR ENDED JUNE 30, 2015

EXHIBIT G-1

DATA CONTROL CODES		1	2	3	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
		BUDGETED AMOUNTS		ACTUAL	
		ORIGINAL	FINAL		
	EXPENDITURES (CONTINUED)				
	Capital Outlay				
0081	Capital Outlay	\$ 450,000	\$ 2,998,326	\$ 2,707,826	\$ 290,500
	Total Capital Outlay	<u>450,000</u>	<u>2,998,326</u>	<u>2,707,826</u>	<u>290,500</u>
	Intergovernmental Charges				
0093	Payments Related to Shared Service Arrangements	-	118,500	118,500	-
0095	Payments to Juvenile Justice Alternative Education Programs	25,000	10,000	-	10,000
0099	Other Intergovernmental Charges	<u>510,000</u>	<u>509,400</u>	<u>503,738</u>	<u>5,662</u>
	Total Intergovernmental Charges	<u>535,000</u>	<u>637,900</u>	<u>622,238</u>	<u>15,662</u>
6030	Total Expenditures	<u>175,912,851</u>	<u>185,995,113</u>	<u>180,842,431</u>	<u>5,152,682</u>
1100	Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(1,936,118)</u>	<u>(4,585,274)</u>	<u>4,105,004</u>	<u>8,690,278</u>
	Other Financing Sources (Uses)				
7912	Sale of Real or Personal Property	-	50,000	52,452	2,452
7915	Transfers In	-	700,000	-	(700,000)
8911	Transfers Out	-	<u>(4,665,922)</u>	<u>(4,665,921)</u>	<u>1</u>
7080	Total Other Financing Sources (Uses)	<u>-</u>	<u>(3,915,922)</u>	<u>(4,613,469)</u>	<u>(697,547)</u>
1200	Net Change in Fund Balance	(1,936,118)	(8,501,196)	(508,465)	7,992,731
0100	FUND BALANCE - BEGINNING	<u>52,476,838</u>	<u>52,476,838</u>	<u>52,476,838</u>	<u>-</u>
3000	FUND BALANCE - ENDING	<u>\$ 50,540,720</u>	<u>\$ 43,975,642</u>	<u>\$ 51,968,373</u>	<u>\$ 7,992,731</u>

JUDSON INDEPENDENT SCHOOL DISTRICT
JUDSON INDEPENDENT SCHOOL DISTRICT PUBLIC FACILITY CORPORATION
BUDGETARY COMPARISON SCHEDULE
YEAR ENDED JUNE 30, 2015

EXHIBIT G-2

DATA CONTROL CODES		1	2	3	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
		BUDGETED AMOUNTS		ACTUAL	
		ORIGINAL	FINAL		
	REVENUES				
5700	Local and Intermediate Sources	\$ -	\$ 324,400	\$ 324,445	\$ 45
5800	State Program Revenues	-	-	-	-
5900	Federal Program Revenues	-	-	-	-
5020	Total Revenues	<u>-</u>	<u>324,400</u>	<u>324,445</u>	<u>45</u>
	EXPENDITURES				
	Debt Service				
0071	Principal on Long-Term Debt	-	100,000	100,000	-
0072	Interest on Long-Term Debt	-	223,500	222,580	920
0073	Bond Issuance Costs and Fees	-	1,500	1,500	-
	Total Debt Service	<u>-</u>	<u>325,000</u>	<u>324,080</u>	<u>920</u>
0081	Capital Outlay	-	173,375	173,372	3
6030	Total Expenditures	<u>-</u>	<u>498,375</u>	<u>497,452</u>	<u>923</u>
1100	Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>-</u>	<u>(173,975)</u>	<u>(173,007)</u>	<u>968</u>
	OTHER FINANCING SOURCES (USES)				
8911	Transfer Out	-	787,000	-	787,000
7080	Total Other Financing Sources and (Uses)	<u>-</u>	<u>787,000</u>	<u>-</u>	<u>787,000</u>
1200	Net Change in Fund Balance	-	613,025	(173,007)	(786,032)
0100	FUND BALANCE - BEGINNING	<u>1,107,641</u>	<u>1,107,641</u>	<u>1,107,641</u>	<u>-</u>
3000	FUND BALANCE - ENDING	<u>\$ 1,107,641</u>	<u>\$ 1,720,666</u>	<u>\$ 934,634</u>	<u>\$ (786,032)</u>

JUDSON INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE
OF THE NET PENSION LIABILITY
TEACHER RETIREMENT SYSTEM OF TEXAS
YEAR ENDED JUNE 30, 2015

EXHIBIT G-3

	2015
District's Proportion of the Net Pension Liability (Asset)	0.000952417%
District's Proportionate Share of Net Pension Liability (Asset)	\$ 25,440,377
State's Proportionate Share of the Net Pension Liability (Asset) Associated with the District.	64,388,160
Total	\$ 89,828,537
District's Covered-Employee Payroll	\$ 123,817,521
District's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered-Employee Payroll	20.55%
Plan Fiduciary Net Position as a Percentage of the Total Net Pension Liability	83.25%

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

Note: Only one year of data is presented in accordance with GASB68, 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."

JUDSON INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF DISTRICT CONTRIBUTIONS
TEACHER RETIREMENT SYSTEM OF TEXAS
YEAR ENDED JUNE 30, 2015

EXHIBIT G-4

		<u>2015</u>
Contractually Required Contribution	\$	3,860,651
Contribution in Relation to the Contractually Required Contribution		<u>(3,860,651)</u>
Contribution Deficiency (Excess)	\$	<u>-</u>
District's Covered-Employee Payroll	\$	129,590,774
Contribution as a Percentage of Covered-Employee Payroll		0.029791095

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

Note: Only one year of data is presented in accordance with GASB68, 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."

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.

JUDSON INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF DELINQUENT TAXES RECEIVABLE
FOR THE YEAR ENDED JUNE 30, 2015

<u>YEAR ENDED</u> <u>JUNE 30,</u>	TAX RATES		3 ASSESSSED/APPRaised VALUE FOR SCHOOL TAX PURPOSES
	1 <u>MAINTENANCE</u>	2 <u>DEBT SERVICE</u>	
2006 and Prior Years	\$ Various	\$ Various	\$ Various
2007	1.37	.2660	4,633,711,395
2008	1.04	.3700	5,406,886,452
2009	1.04	.4250	5,915,790,255
2010	1.04	.4230	5,949,171,839
2011	1.04	.4230	5,874,251,128
2012	1.04	.3900	6,021,977,133
2013	1.04	.3850	6,156,414,807
2014	1.04	.3850	6,398,463,860
2015 (School Year Under Audit)	1.04	.3850	6,833,285,053

1000 TOTALS

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

Note 1 – The Bexar County Appraisal District has established a levy for late rendition penalty for business personal property. The levy for this year was \$48,693 and collections during this year of \$37,064 are included in the amounts above.

EXHIBIT J-1

10 BEGINNING BALANCE JULY 1, 2014	20 CURRENT YEAR'S TOTAL LEVY	31 MAINTENANCE COLLECTIONS	32 DEBT SERVICE COLLECTIONS	40 ENTIRE YEAR'S ADJUSTMENTS	50 ENDING BALANCE JUNE 30, 2015
\$ 737,208	\$ -	\$ 36,889	\$ 7,207	\$ (5,486)	\$ 687,626
115,402	-	14,222	2,761	(695)	97,724
115,447	-	14,646	5,109	8,840	104,532
155,004	-	27,290	11,144	31,823	148,393
214,698	-	45,223	18,390	59,745	210,830
223,352	-	63,466	25,800	73,258	207,344
321,246	-	84,660	32,437	49,179	253,328
389,281	-	98,489	36,378	17,987	272,401
1,426,380	-	420,106	153,983	(416,719)	435,572
-	<u>97,374,312</u>	<u>69,666,329</u>	<u>25,776,218</u>	<u>(496,960)</u>	<u>1,434,805</u>
<u>\$ 3,698,018</u>	<u>\$ 97,374,312</u>	<u>\$ 70,471,320</u>	<u>\$ 26,069,427</u>	<u>\$ (679,028)</u>	<u>\$ 3,852,555</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

JUDSON INDEPENDENT SCHOOL DISTRICT
NATIONAL SCHOOL BREAKFAST AND LUNCH PROGRAM
BUDGETARY COMPARISON SCHEDULE
YEAR ENDED JUNE 30, 2015

EXHIBIT J-4

DATA CONTROL CODES		1	2	3	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
		BUDGETED AMOUNTS		ACTUAL	
		ORIGINAL	FINAL		
	REVENUES				
5700	Local and Intermediate Sources	\$ 2,192,500	\$ 2,166,750	\$ 2,191,230	\$ 24,480
5800	State Program Revenues	220,000	75,000	78,734	3,734
5900	Federal Program Revenues	<u>10,050,000</u>	<u>8,400,000</u>	<u>8,652,322</u>	<u>252,322</u>
5020	Total Revenues	<u>12,462,500</u>	<u>10,641,750</u>	<u>10,922,286</u>	<u>280,536</u>
	EXPENDITURES				
	Current				
	Support Services - Student (Pupil)				
0035	Food Services	<u>12,242,318</u>	<u>14,244,850</u>	<u>12,262,514</u>	<u>1,982,336</u>
	Support Services - Nonstudent Based				
0051	Plant Maintenance and Operations	<u>408,882</u>	<u>408,882</u>	<u>224,226</u>	<u>184,656</u>
	Total Support Services - Nonstudent Based	<u>408,882</u>	<u>408,882</u>	<u>224,226</u>	<u>184,656</u>
6030	Total Expenditures	<u>12,651,200</u>	<u>14,653,732</u>	<u>12,486,740</u>	<u>2,166,992</u>
1100	Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(188,700)</u>	<u>(4,011,982)</u>	<u>(1,564,454)</u>	<u>2,447,528</u>
	OTHER FINANCING SOURCES (USES)				
7912	Sale of Real or Personal Property	<u>7,500</u>	<u>7,500</u>	<u>19,691</u>	<u>12,191</u>
7080	Total Other Financing Sources (Uses)	<u>7,500</u>	<u>7,500</u>	<u>19,691</u>	<u>12,191</u>
1200	Net Change in Fund Balance	(181,200)	(4,004,482)	(1,544,763)	2,459,719
0100	FUND BALANCE - BEGINNING	<u>5,975,350</u>	<u>5,975,350</u>	<u>5,975,350</u>	<u>-</u>
3000	FUND BALANCE - ENDING	<u>\$ 5,794,150</u>	<u>\$ 1,970,868</u>	<u>\$ 4,430,587</u>	<u>\$ 2,459,719</u>

JUDSON INDEPENDENT SCHOOL DISTRICT
DEBT SERVICE FUND
BUDGETARY COMPARISON SCHEDULE
YEAR ENDED JUNE 30, 2015

EXHIBIT J-5

DATA CONTROL CODES	1		2	3	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	BUDGETED AMOUNTS				
	ORIGINAL	FINAL	ACTUAL		
REVENUES					
5700	Local and Intermediate Sources	\$ 25,380,709	\$ 25,956,209	\$ 26,260,454	\$ 304,245
5800	State Program Revenues	4,224,703	5,014,484	4,970,333	(44,151)
5900	Federal Program Revenues	-	-	-	-
5020	Total Revenues	<u>29,605,412</u>	<u>30,970,693</u>	<u>31,230,787</u>	<u>260,094</u>
EXPENDITURES					
Debt Service					
0071	Principal on Long-Term Debt	10,890,000	10,890,000	10,890,000	-
0072	Interest on Long-Term Debt	19,664,295	19,664,295	19,641,241	23,054
0073	Bond Issuance Costs and Fees	<u>15,000</u>	<u>15,000</u>	<u>5,241</u>	<u>9,759</u>
	Total Debt Service	<u>30,569,295</u>	<u>30,569,295</u>	<u>30,536,482</u>	<u>32,813</u>
6030	Total Expenditures	<u>30,569,295</u>	<u>30,569,295</u>	<u>30,536,482</u>	<u>32,813</u>
1100	Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(963,883)</u>	<u>401,398</u>	<u>694,305</u>	<u>292,907</u>
1200	Net Change in Fund Balance	(963,883)	401,398	694,305	292,907
0100	FUND BALANCE - BEGINNING	<u>16,951,957</u>	<u>16,951,957</u>	<u>16,951,957</u>	-
3000	FUND BALANCE - ENDING	<u>\$ 15,988,074</u>	<u>\$ 17,353,355</u>	<u>\$ 17,646,262</u>	<u>\$ 292,907</u>

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

Board of Trustees
Judson Independent School District
Live Oak, Texas

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 Judson Independent School District (the District) as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated November 19, 2015.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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

ABIP, PC

Certified Public Accountants
San Antonio, Texas

November 19, 2015

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
Judson Independent School District
Live Oak, Texas

Report on Compliance for Each Major Federal Program

We have audited Judson Independent School District's (the District) compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the year ended June 30, 2015. The District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the District's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Nonprofit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinions on Each Major Federal Program

In our opinion, the District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2015.

Report on Internal Control Over Compliance

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

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

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

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

ABIP, PC

Certified Public Accountants
San Antonio, Texas

November 19, 2015

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JUDSON INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2015

A. Summary of Auditor's Results

1. Financial Statements

Type of Auditor's Report Issued: Unmodified

Internal Control Over Financial Reporting:

Material Weakness(es) Identified? _____ Yes x No

Significant Deficiency(ies) Identified that are not Considered to be Material Weaknesses? _____ Yes x None Reported

Noncompliance Material to Financial Statements Noted? _____ Yes x No

2. Federal Awards

Internal Control Over Major Programs:

Material Weakness(es) Identified? _____ Yes x No

Significant Deficiency(ies) 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 Circular A-133? _____ Yes x No

Identification of Major Programs:

<u>CFDA NUMBER(S)</u>	<u>NAME OF FEDERAL PROGRAM OR CLUSTER</u>
84.010	ESEA Title I Part A - Improving Basic Programs
10.553/10.555/10.559	Child Nutrition Cluster

Dollar Threshold used to Distinguish between Type A and Type B Programs: \$ 623,375

Auditee Qualified as Low-Risk Auditee? _____ Yes x No

B. Financial Statement Findings

None

C. Federal Award Findings and Questioned Costs

None

JUDSON INDEPENDENT SCHOOL DISTRICT
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
YEAR ENDED JUNE 30, 2015

A. Financial Statement Findings

Compliance with Laws and Regulations

2014-1 Budgetary adoption for Judson Independent School District Public Facility Corporation (Judson ISD PFC)

Condition: A budget for the Judson ISD PFC was not adopted for the fiscal year 2014.

Criteria: A budget should be adopted in accordance with Judson ISD PFC's incorporating documents.

Cause: No budget was adopted for the Judson ISD PFC for the fiscal year 2014.

Effect: Unbudgeted revenues in the amount of \$6,307,258 were received and Unbudgeted expenditures were made in the amount of \$5,199,617 during 2014.

Recommendation: We recommend Judson ISD PFC Board of Directors adopt a budget to ensure accurate reporting and compliance with the incorporating documents.

Current Status: The District's Board of Trustees effectively approved an operating budget for the Judson ISD PFC for 2015 fiscal year.

B. Federal Award Findings and Questioned Costs

Department of Education

2014-2 ESEA Title I, School Improvement Program- CFDA No. 84.010A; Grant No. 13610104015916044; (Metzger Middle School) Grant Period: October 12, 2012 to September 30, 2013; ESEA Title I Part A - Improving Basic Programs- CFDA No. 84.010A; Grant No. 13610101015916 S010A130043; Grant Period: July 1, 2013 to September 30, 2014.

Condition: One vendor was paid in excess of \$50,000 in a fiscal period without being properly procured.

Criteria: Contracts in excess of \$50,000 during a fiscal period should be properly procured.

Cause: The District rolled forward encumbrances from the prior year that resulted in expenditures of the current year being in excess of the \$50,000 procurement requirement.

Effect: A test of Title I, Part A procurement resulted in known grant expenditures of \$52,500 that were not properly bid. The total amount of the grant expenditures during the 2014 fiscal year was \$3,683,486.

Recommendation: We recommend that contracts in excess of \$50,000 in a fiscal period are properly procured.

Current Status: The District has implemented procedures to ensure contracts in excess of \$50,000 are properly procured.

JUDSON INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2015

EXHIBIT K-1

(1)	(2)	(3)	(4)
FEDERAL GRANTOR/ PASS-THROUGH GRANTOR/ PROGRAM OR CLUSTER TITLE	FEDERAL CFDA NUMBER	PASS-THROUGH ENTITY IDENTIFYING NUMBER	EXPENDITURES INDIRECT COSTS OR AWARD AMOUNT
<u>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</u>			
Passed Through Texas Health and Human Services Commission:			
Medicaid Administration Claim Program (MAC)	93.778	015-916	\$ <u>76,157</u>
<u>U.S. DEPARTMENT OF EDUCATION</u>			
Passed Through Texas Education Agency:			
ESEA Title I Part A - Improving Basic Programs *	84.010A	14610101015916	475,471
ESEA Title I Part A - Improving Basic Programs *	84.010A	15610101015916	<u>3,758,410</u>
Total CFDA Number 84.010A			<u>4,233,881</u>
IDEA-B Formula *	84.027	146600010159166600	924,979
IDEA-B Formula *	84.027	156600010159166600	<u>3,777,421</u>
Total CFDA Number 84.027			<u>4,702,400</u>
Carl D Perkins, Basic Grant	84.048A	15420006015916	<u>267,650</u>
IDEA-B Preschool *	84.173	146610010159166610	4,851
IDEA-B Preschool *	84.173	156610010159166610	<u>114,621</u>
Total CFDA Number 84.173			<u>119,472</u>
21ST Century Community Learning Centers	84.287C	136950147110036	<u>7,438</u>
Title III, Part A - English Language Acquisition and Language Enhancement	84.365A	14671001015916	24,857
Title III, Part A - English Language Acquisition and Language Enhancement	84.365A	15671001015916	<u>208,483</u>
Total CFDA Number 84.365A			<u>233,340</u>
ESEA Title II Part A - Teacher & Principal Training & Recruiting	84.367A	14694501015916	98,914
ESEA Title II Part A - Teacher & Principal Training & Recruiting	84.367A	15694501015916	<u>321,546</u>
Total CFDA Number 84.367A			<u>420,460</u>
Summer School, LEP, Rider 16	84.369A	69551402	<u>6,639</u>

JUDSON INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2015

EXHIBIT K-1

(1)	(2)	(3)	(4)
FEDERAL GRANTOR/ PASS-THROUGH GRANTOR/ PROGRAM OR CLUSTER TITLE	FEDERAL CFDA NUMBER	PASS-THROUGH ENTITY IDENTIFYING NUMBER	EXPENDITURES INDIRECT COSTS OR AWARD AMOUNT
<u>U.S. DEPARTMENT OF EDUCATION (CONTINUED)</u>			
Passed Through Texas Education Agency (Continued):			
Total Passed Through Texas Education Agency			\$ 9,991,280
Passed Through Education Service Center Region 20: SSA ESEA Title X Part C - Ed for the Homeless Children	84.196	189233	<u>20,290</u>
Passed Through Direct Program: Impact Aid - P.L. 81-874	84.041	015-916	<u>213,688</u>
Total U.S. Department of Education			<u>10,225,258</u>
<u>U.S. DEPARTMENT OF DEFENSE</u>			
Direct Program:			
Air Force Junior Reserve Officers Training Corp (AFJROTC)	12.000	015-916	230,114
Department of Defense Education STEM Grant	12.556	HE1254-13-1-0031	<u>441,146</u>
Total U.S. Department of Defense			<u>671,260</u>
<u>U.S. DEPARTMENT OF AGRICULTURE</u>			
Passed Through Texas Department of Agriculture			
School Breakfast Program *	10.553	015-916	2,140,236
National School Lunch Program *	10.555	015-916	6,867,709
Non-Cash USDA Donated Commodities*	10.555	015-916	638,734
Summer Feeding*	10.559	015-916	<u>159,815</u>
Total Passed Through Texas Department of Agriculture			<u>9,806,494</u>
Total U.S. Department of Agriculture			<u>9,806,494</u>
Total Expenditures of Federal Awards			20,779,169
School Health and Related Services (SHARS)			<u>3,692,898</u>
TOTAL FEDERAL REVENUE PER EXHIBIT C-2			<u>\$ 24,472,067</u>

* Indicates Clustered Program under OMB Circular A-133 Compliance Supplement

JUDSON INDEPENDENT SCHOOL DISTRICT
NOTE TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2015

Basis of Presentation

The accompanying schedule of expenditures of federal awards includes the federal grant activity of Judson 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.

NOTE 1

A total of \$5,263,920 is included in the schedule of expenditures of federal awards is recorded in the general fund. See Note 18 in the notes to the financial statements section.

The District utilizes the fund types specified in the Texas Education Agency Resource Guide.

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

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. The governmental fund types and agency funds are accounted for using a current financial resources measurement focus. All federal grant funds were accounted for in the special revenue funds, a component of the governmental fund type. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. Operating statements of these funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in fund balances.

The modified accrual basis of accounting is used for the governmental fund types. This basis of accounting recognizes revenues in the accounting period, in which they become susceptible to accrual, i.e., both measurable and available, and expenditures in the accounting period in which the fund liability is incurred, if measurable, except for unmatured interest on long-term debt, which is recognized when due, and certain compensated absences and claims and judgments, which are recognized when the obligations are expected to be liquidated with expendable available financial resources.

Federal grant funds are considered to be earned to the extent of expenditures made under the provisions of the grant and, accordingly, when such funds are received, they are recorded as deferred revenues until earned.

JUDSON INDEPENDENT SCHOOL DISTRICT
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2015

NOTE 1 (CONTINUED)

Non-Cash USDA Donated Commodities received like-kind goods and no grant revenue received was reported on the schedule for the monetary value of these goods. The monetary value of these goods was \$638,734 for the year ended June 30, 2015.

The District participates in numerous state and federal grant programs that are governed by various rules and regulations of the grantor agencies. Costs charged to the respective grant programs are subject to audit and adjustment by the grantor agencies; therefore, to the extent that the District has not complied with the rules and regulations governing the grants, if any, refunds or any money received may be required and the collectability of any related receivable at June 30, 2015, may be impaired. In the opinion of the District, there are not significant contingent liabilities relating to compliance with the rules and regulations governing the respective grants; therefore, no provisions have been recorded in the accompanying combined financial statements for such contingencies.

JUDSON INDEPENDENT SCHOOL DISTRICT
COMBINING BALANCE SHEET
ALL SPECIAL REVENUE FUNDS
JUNE 30, 2015

<u>DATA CONTROL CODES</u>	<u>206 ESEA TITLE X, Part C HOMELESS EDUCATION</u>	<u>211 ESEA TITLE I IMPROVING BASIC PROGRAMS</u>	<u>224 IDEA-B FORMULA</u>	<u>225 IDEA-B PRESCHOOL GRANT</u>
ASSETS				
1110	Cash and Temporary Investments	\$ -	\$ -	\$ -
1240	Due from Other Governments	4,100	758,812	596,043
1260	Due from Other Funds	-	-	-
1290	Other Receivables	-	-	-
1310	Inventories, at Cost	-	-	-
1410	Prepaid Items	-	-	-
1000	TOTAL ASSETS	<u>\$ 4,100</u>	<u>\$ 758,812</u>	<u>\$ 596,043</u>
LIABILITIES				
Current Liabilities				
2110	Accounts Payable	\$ -	\$ 2,574	\$ 22,108
2150	Payroll Deduction and Withholdings	-	-	-
2160	Accrued Wages Payable	-	562,081	521,106
2170	Due to Other Funds	4,100	194,157	52,829
2180	Due to Other Governments	-	-	-
2300	Unearned Revenue	-	-	-
2000	Total Liabilities	<u>4,100</u>	<u>758,812</u>	<u>596,043</u>
FUND BALANCES				
3410	Non-Spendable - Inventories	-	-	-
3430	Non-Spendable - Prepaid Items	-	-	-
3450	Restricted - Grant Funds	-	-	-
3590	Assigned - Encumbrances	-	-	-
3600	Unassigned	-	-	-
3000	Total Fund Balances	<u>-</u>	<u>-</u>	<u>-</u>
4000	TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 4,100</u>	<u>\$ 758,812</u>	<u>\$ 596,043</u>

EXHIBIT O-1

240 NATIONAL SCHOOL BREAKFAST/LUNCH PROGRAM	242 SUMMER FEEDING PROGRAM	244 VOC ED BASIC GRANT	255 ESEA TITLE II TRAINING AND RECRUITING	263 ENGLISH LANGUAGE ACQUISITION AND ENHANCEMENT	265 21st CENTURY COMMUNITY LEARNING CENTERS
\$ 5,707,797	\$ 73,344	\$ -	\$ -	\$ -	\$ -
-	92,667	23,856	35,360	54,355	-
-	-	-	-	-	-
8	-	-	-	-	-
88,046	-	-	-	-	-
<u>682</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>\$ 5,796,533</u>	<u>\$ 166,011</u>	<u>\$ 23,856</u>	<u>\$ 35,360</u>	<u>\$ 54,355</u>	<u>\$ -</u>
\$ 143,401	\$ 20,338	\$ -	\$ 400	\$ 5,288	\$ -
221,790	2,575	-	-	-	-
1,258	17,622	11,358	25,403	30,797	-
999,497	-	12,498	9,557	18,270	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>1,365,946</u>	<u>40,535</u>	<u>23,856</u>	<u>35,360</u>	<u>54,355</u>	<u>-</u>
88,046	-	-	-	-	-
682	-	-	-	-	-
3,833,375	125,476	-	-	-	-
508,484	-	-	-	-	-
-	-	-	-	-	-
<u>4,430,587</u>	<u>125,476</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>\$ 5,796,533</u>	<u>\$ 166,011</u>	<u>\$ 23,856</u>	<u>\$ 35,360</u>	<u>\$ 54,355</u>	<u>\$ -</u>

JUDSON INDEPENDENT SCHOOL DISTRICT
COMBINING BALANCE SHEET
ALL SPECIAL REVENUE FUNDS (CONTINUED)
JUNE 30, 2015

<u>DATA CONTROL CODES</u>	<u>272 MEDICAID ADMIN CLAIMING PROGRAM</u>	<u>281 DEPARTMENT OF DEFENSE EDUCATION ACTIVITY</u>	<u>282 SUMMER SCHOOL LEP</u>	<u>385 STATE SUPPLEMENT VISUALLY IMPAIRED</u>
ASSETS				
1110	Cash and Temporary Investments	\$ -	\$ -	\$ -
1240	Due from Other Governments	-	62,537	-
1260	Due from Other Funds	-	-	-
1290	Other Receivables	-	-	-
1310	Inventories, at Cost	-	-	-
1410	Prepaid Items	-	-	-
1000	TOTAL ASSETS	<u>\$ -</u>	<u>\$ 62,537</u>	<u>\$ -</u>
LIABILITIES				
Current Liabilities				
2110	Accounts Payable	\$ -	\$ 385	\$ -
2150	Payroll Deduction and Withholdings	-	-	-
2160	Accrued Wages Payable	-	10,877	-
2170	Due to Other Funds	-	51,275	-
2180	Due to Other Governments	-	-	-
2300	Unearned Revenue	-	-	-
2000	Total Liabilities	<u>-</u>	<u>62,537</u>	<u>-</u>
FUND BALANCES				
3410	Non-Spendable - Inventories	-	-	-
3430	Non-Spendable - Prepaid Items	-	-	-
3450	Restricted - Grant Funds	-	-	-
3590	Assigned - Encumbrances	-	-	-
3600	Unassigned	-	-	-
3000	Total Fund Balances	<u>-</u>	<u>-</u>	<u>-</u>
4000	TOTAL LIABILITIES AND FUND BALANCES	<u>\$ -</u>	<u>\$ 62,537</u>	<u>\$ -</u>

EXHIBIT O-1

397	410	429	98	97
ADVANCED PLACEMENT INCENTIVES	INSTRUCTIONAL MATERIALS ALLOTMENT	READING TO SUCCEED LICENSE PLATE	TOTALS	
			JUNE 30, 2015	JUNE 30, 2014
\$ 25,354	\$ 26,611	\$ 7,433	\$ 5,840,539	\$ 7,027,513
-	7,445	-	1,665,119	1,968,613
-	-	-	-	146,698
425	-	-	433	125
-	-	-	88,046	98,144
<u>185</u>	<u>-</u>	<u>-</u>	<u>867</u>	<u>1,497</u>
<u>\$ 25,964</u>	<u>\$ 34,056</u>	<u>\$ 7,433</u>	<u>\$ 7,595,004</u>	<u>\$ 9,242,590</u>
\$ -	\$ 8,673	\$ 7,405	\$ 210,572	\$ 379,138
-	-	-	224,365	107,941
-	-	-	1,208,785	1,058,423
-	-	-	1,343,844	1,559,782
-	-	-	-	13,217
-	<u>25,383</u>	-	<u>25,383</u>	<u>43,725</u>
-	<u>34,056</u>	<u>7,405</u>	<u>3,012,949</u>	<u>3,162,226</u>
-	-	-	88,046	98,144
185	-	-	867	1,497
25,779	-	28	3,984,658	5,980,723
-	-	-	508,484	-
-	-	-	-	-
<u>25,964</u>	<u>-</u>	<u>28</u>	<u>4,582,055</u>	<u>6,080,364</u>
<u>\$ 25,964</u>	<u>\$ 34,056</u>	<u>\$ 7,433</u>	<u>\$ 7,595,004</u>	<u>\$ 9,242,590</u>

JUDSON INDEPENDENT SCHOOL DISTRICT
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES – ALL SPECIAL REVENUE FUNDS
YEAR ENDED JUNE 30, 2015

DATA CONTROL CODES		206 ESEA TITLE X, PART C HOMELESS EDUCATION	211 ESEA TITLE I IMPROVING BASIC PROGRAMS	224 IDEA-B FORMULA	225 IDEA-B PRESCHOOL GRANT
	REVENUES				
5700	Local and Intermediate Sources	\$ -	\$ -	\$ -	\$ -
5800	State Program Revenues	-	-	-	-
5900	Federal Program Revenues	<u>20,290</u>	<u>4,176,234</u>	<u>4,640,939</u>	<u>117,837</u>
5020	Total Revenues	<u>20,290</u>	<u>4,176,234</u>	<u>4,640,939</u>	<u>117,837</u>
	EXPENDITURES				
0011	Instruction	-	2,583,764	3,461,233	117,837
0012	Instructional Resources & Media Services	-	-	-	-
0013	Curriculum Development and Instructional Staff Development	-	1,205,424	298,987	-
0021	Instructional Leadership	-	209,282	538,562	-
0023	School Leadership	-	18,279	1,176	-
0031	Guidance, Counseling, & Evaluation Services	-	-	213,816	-
0032	Social Work Services	20,290	96,962	-	-
0033	Health Services	-	-	12,874	-
0034	Student (Pupil) Transportation	-	-	-	-
0035	Food Services	-	-	-	-
0036	Curricular/Extracurricular Activities	-	-	3,480	-
0041	General Administrative	-	-	-	-
0051	Plant Maintenance and Operations	-	-	-	-
0052	Security and Monitoring Services	-	-	-	-
0053	Data Processing Services	-	-	-	-
0061	Community Services	-	62,523	-	-
0072	Interest on Long-Term Debt	-	-	-	-
0073	Bond Issuance Costs and Fees	-	-	-	-
0081	Capital Outlay	-	-	-	-
0093	Payments Related to Shared Service Arrangements	-	-	110,811	-
6030	Total Expenditures	<u>20,290</u>	<u>4,176,234</u>	<u>4,640,939</u>	<u>117,837</u>
1100	Excess (Deficiency) Revenues Over (Under) Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	Other Financing Sources				
7912	Proceeds from Sale of Fixed Assets	-	-	-	-
7915	Transfers In	-	-	-	-
7020	Total Other Financing Sources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
7080	Total Other Financing Sources and (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
1200	Excess (Deficiency) of Revenues and Other Sources Over (Under) Expenditures and Other Uses	-	-	-	-
0100	Fund Balances - Beginning	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
3000	FUND BALANCES - ENDING	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

EXHIBIT O-2

240 NATIONAL SCHOOL BREAKFAST/LUNCH PROGRAM	242 SUMMER FEEDING PROGRAM	244 VOC ED BASIC GRANT	255 ESEA TITLE II TRAINING AND RECRUITING	263 ENGLISH LANGUAGE ACQUISITION AND ENHANCEMENT	265 21st CENTURY COMMUNITY LEARNING CENTERS
\$ 2,191,230	\$ -	\$ -	\$ -	\$ -	\$ -
78,734	-	-	-	-	-
<u>8,652,322</u>	<u>159,815</u>	<u>264,474</u>	<u>414,708</u>	<u>230,148</u>	<u>7,438</u>
<u>10,922,286</u>	<u>159,815</u>	<u>264,474</u>	<u>414,708</u>	<u>230,148</u>	<u>7,438</u>
-	-	90,041	-	100,560	-
-	-	-	-	-	-
-	-	27,237	385,630	122,390	-
-	-	42,116	-	2,870	-
-	-	-	29,078	1,763	-
-	-	105,080	-	-	1,062
-	-	-	-	-	-
-	-	-	-	-	-
12,262,514	105,129	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
224,226	-	-	-	256	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	2,309	6,376
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>12,486,740</u>	<u>105,129</u>	<u>264,474</u>	<u>414,708</u>	<u>230,148</u>	<u>7,438</u>
<u>(1,564,454)</u>	<u>54,686</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
19,691	-	-	-	-	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>19,691</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>19,691</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
(1,544,763)	54,686	-	-	-	-
<u>5,975,350</u>	<u>70,790</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>\$ 4,430,587</u>	<u>\$ 125,476</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

JUDSON INDEPENDENT SCHOOL DISTRICT
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES – ALL SPECIAL REVENUE FUNDS (CONTINUED)
YEAR ENDED JUNE 30, 2015

DATA CONTROL CODES	272 MEDICAID ADMIN CLAIMING PROGRAM	281 DEPT OF DEFENSE EDUCATION ACTIVITY	282 SUMMER SCHOOL LEP	385 STATE SUPPLEMENT VISUALLY IMPAIRED
REVENUES				
5700	\$ -	\$ -	\$ -	\$ -
5800	-	-	-	23,786
5900	<u>76,157</u>	<u>441,146</u>	<u>6,639</u>	<u>-</u>
5020	<u>76,157</u>	<u>441,146</u>	<u>6,639</u>	<u>23,786</u>
EXPENDITURES				
0011	-	258,857	6,639	23,786
0012	-	-	-	-
0013	-	9,010	-	-
0021	-	157,667	-	-
0023	-	-	-	-
0031	-	-	-	-
0032	-	-	-	-
0033	76,157	-	-	-
0034	-	-	-	-
0035	-	-	-	-
0036	-	6,930	-	-
0041	-	-	-	-
0051	-	-	-	-
0052	-	-	-	-
0053	-	-	-	-
0061	-	8,682	-	-
0072	-	-	-	-
0073	-	-	-	-
0081	-	-	-	-
0093	-	-	-	-
6030	<u>76,157</u>	<u>441,146</u>	<u>6,639</u>	<u>23,786</u>
1100	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Other Financing Sources				
7911	-	-	-	-
7912	-	-	-	-
7915	-	-	-	-
7020	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
7080	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
1200	-	-	-	-
0100	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
3000	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

EXHIBIT O-2

397	410	429	TOTALS	
ADVANCED PLACEMENT INCENTIVES	INSTRUCTIONAL MATERIALS ALLOTMENT	READING TO SUCCEED LICENSE PLATE	98 JUNE 30, 2015	97 JUNE 30, 2014
\$ -	\$ -	\$ -	\$ 2,191,230	\$ 2,195,779
930	808,777	80	912,307	678,097
-	-	-	19,208,147	19,723,595
<u>930</u>	<u>808,777</u>	<u>80</u>	<u>22,311,684</u>	<u>22,597,471</u>
396	797,948	-	7,441,061	7,903,730
-	-	80	80	130
8,766	-	-	2,057,444	1,901,367
-	-	-	950,497	938,055
-	-	-	50,296	54,571
-	-	-	319,958	253,692
-	-	-	117,252	14,503
-	-	-	89,031	67,748
-	-	-	-	-
-	-	-	12,367,643	11,169,479
-	-	-	10,410	32,825
-	-	-	-	295
-	10,829	-	235,311	204,912
-	-	-	-	-
-	-	-	-	-
-	-	-	79,890	85,150
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	110,811	174,264
<u>9,162</u>	<u>808,777</u>	<u>80</u>	<u>23,829,684</u>	<u>22,800,721</u>
<u>(8,232)</u>	<u>-</u>	<u>-</u>	<u>(1,518,000)</u>	<u>(203,250)</u>
-	-	-	-	-
-	-	-	19,691	7,053
-	-	-	-	-
-	-	-	19,691	7,053
-	-	-	19,691	7,053
(8,232)	-	-	(1,498,309)	(196,197)
<u>34,196</u>	<u>-</u>	<u>28</u>	<u>6,080,364</u>	<u>6,276,561</u>
<u>\$ 25,964</u>	<u>\$ -</u>	<u>\$ 28</u>	<u>\$ 4,582,055</u>	<u>\$ 6,080,364</u>

JUDSON INDEPENDENT SCHOOL DISTRICT
STATEMENT OF SCHOOL TAX ASSESSOR-COLLECTOR ACCOUNT (UNAUDITED)
YEAR ENDED JUNE 30, 2015

EXHIBIT S-1

CHARGES		
Original Roll as Approved (Certified by BCAD)	\$ 97,374,312	
Add: Supplemental Roll	114,921	
Add: Certificate of Error Roll	<u>(611,880)</u>	
Total Taxes to Account For		\$ 96,877,353
CREDITS		
Cash Collections	<u>95,442,548</u>	<u>95,442,548</u>
BALANCE CURRENT ROLL, JUNE 30, 2015		<u>\$ 1,434,805</u>
CASH ACCOUNT (Tax Year)		
Current Roll Collections	\$ 95,442,548	
Delinquent Taxes-2013	574,089	
Delinquent Taxes-2012	134,866	
Delinquent Taxes-2011	117,097	
Delinquent Taxes-2010	89,265	
Delinquent Taxes-2009	63,613	
Delinquent Taxes-2008	38,434	
Delinquent Taxes-2007	19,755	
Delinquent Taxes-2006	16,984	
Delinquent Taxes-2005 and Prior	44,097	\$ 96,540,748
Penalty and Interest		<u>525,115</u>
TOTAL CASH COLLECTED		<u>\$ 97,065,863</u>
TOTAL CASH REMITTED TO DISTRICT		<u>\$ 97,065,863</u>

NOTE: The delinquent tax collections above are net of tax refunds.

JUDSON INDEPENDENT SCHOOL DISTRICT
ATHLETIC FUND
STATEMENT OF REVENUES AND EXPENDITURES (UNAUDITED)
YEAR ENDED JUNE 30, 2015

EXHIBIT S-2

<u>REVENUES</u>		<u>\$ 500,493</u>
<u>EXPENDITURES</u>		
Payroll Costs:		
Salaries	\$ 161,310	
Group Health and Life Insurance	9,311	
Teacher's Retirement	1,331	
Worker's Compensation	4,593	
Payroll Taxes (FICA)	<u>2,564</u>	179,109
Purchased and Contracted Services:		
Equipment Maintenance and Repairs	40,515	
Continuing Education	640	
Game Officials and Security	210,178	
Electricity	2,483	
Rents	<u>22,700</u>	276,516
Supplies and Materials:		
Athletic Supplies	<u>258,922</u>	258,922
Other Operating Expenses:		
Travel and Subsistence	55,325	
Insurance and Bonding Expense	105,422	
Dues	4,850	
Miscellaneous Operating Fees	21,177	
Reclassified Transportation Expense	<u>105,877</u>	292,651
Total Expenditures		<u>1,007,198</u>
EXPENDITURES IN EXCESS OF REVENUES		<u>\$ (506,705)</u>

NOTE: This statement of revenues and expenditures is included in the Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds, General Fund, Exhibit C-2.

JUDSON INDEPENDENT SCHOOL DISTRICT
CHILD NUTRITION AND SUMMER FEEDING PROGRAM
BALANCE SHEET (UNAUDITED)
JUNE 30, 2015

EXHIBIT S-3

ASSETS

Cash and Cash Equivalents	\$ 166,304
Temporary Investments	5,614,836
Accounts Receivable	92,664
Inventory	88,046
Deferred Expenses	<u>682</u>
 TOTAL ASSETS	 <u>\$ 5,962,532</u>

LIABILITIES

Accounts Payable	\$ 163,739
Accrued Wages	18,880
Workmen's Compensation-Future Pay	224,367
Due to General Fund	<u>999,483</u>
Total Liabilities	1,406,469

FUND BALANCE

TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 5,962,532</u>
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NOTE: This balance sheet is included in the Balance Sheet – Governmental Fund, Other Governmental Funds, Exhibit C-1, as funds 240 and 242.

JUDSON INDEPENDENT SCHOOL DISTRICT
CHILD NUTRITION AND SUMMER FEEDING PROGRAM
STATEMENT OF REVENUES AND EXPENDITURES (UNAUDITED)
YEAR ENDED JUNE 30, 2015

EXHIBIT S-4

REVENUES

Food Service Revenues	\$ 2,189,215	
State Matching Funds	78,734	
Child Nutrition Programs*	8,013,588	
Commodities Receipts	638,734	
Other Resources	179,505	
Interest	<u>2,016</u>	
Total Revenues		\$ 11,101,792

EXPENDITURES

Payroll Costs		
Salaries - Food Service	3,348,659	
Uniform Allowance	1,770	
Group Health and Life Insurance	557,687	
Teacher's Retirement	300,910	
Employee Benefits	5,547	
Worker's Compensation	116,560	
Payroll Taxes (FICA)	<u>53,731</u>	4,384,864
Purchased and Contracted Services:		
Equipment Repair	94,196	
Water	22,518	
Electricity	60,566	
Gas	6,220	
Other Professional Services	<u>252,834</u>	436,334
Supplies and Materials:		
Vehicle - Supplies/Repairs and Gasoline	60,188	
Food and Milk	5,367,386	
Commodities	643,840	
Nonfood Consumed	456,893	
General Supplies	<u>356,941</u>	6,885,248
Other Operating Expenses		
Travel	9,644	
Dues	330	
Other	6,959	
Insurance and Bonding Expenses	<u>3,959</u>	20,892
Capital Outlay		
Equipment	<u>864,531</u>	<u>864,531</u>
Total Expenditures		<u>12,591,869</u>

EXPENDITURES IN EXCESS OF REVENUES

\$ (1,490,077)

*Child Nutrition Program revenues reduced by \$957,895 for indirect cost to the General Fund.

NOTE: This statement of revenues and expenditures is included in the Statement of Revenues, Expenditures, and Changes in Fund Balances, Other Governmental Funds, Exhibit C-2, as funds 240 and 242.

JUDSON INDEPENDENT SCHOOL DISTRICT
CHILD NUTRITION AND SUMMER FEEDING PROGRAM
STATEMENT OF CHANGES IN FUND BALANCE (UNAUDITED)
YEAR ENDED JUNE 30, 2015

EXHIBIT S-5

Fund Balance at July 1, 2014	\$ 6,046,140
Expenditures in Excess of Revenues - Year Ended June 30, 2015	<u>(1,490,077)</u>
 FUND BALANCE AT JUNE 30, 2015	 <u>\$ 4,556,063</u>

NOTE: Judson Independent School District maintains a separate group of accounts for control purposes for recording transactions in the Food Service Fund. At June 30, 2015 the accounts of this fund are reflected with the current fund accounts and this statement of changes in fund equity is included in the Statement of Revenues, Expenditures, and Changes in Fund Balances, Other Governmental Funds, Exhibit C-2, as funds 240 and 242.

JUDSON INDEPENDENT SCHOOL DISTRICT
STUDENT/CAMPUS ACTIVITY FUNDS
COMBINED BALANCE SHEET (UNAUDITED)
JUNE 30, 2015

EXHIBIT S-6

ASSETS

Cash in Bank, Twenty-Seven Accounts \$ 1,201,075

TOTAL ASSETS \$ 1,201,075

FUND BALANCE

Fund Balance at July 1, 2014 \$ 1,217,563

Revenues in Excess of Expenditures for
the Fiscal Year Ending June 30, 2015 (16,488)

TOTAL FUND BALANCE \$ 1,201,075

NOTE: This balance sheet is included in the statement of fiduciary net position on Exhibit E-1.

JUDSON INDEPENDENT SCHOOL DISTRICT
STUDENT/CAMPUS ACTIVITY FUNDS
COMBINED STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE (UNAUDITED)
YEAR ENDED JUNE 30, 2015

EXHIBIT S-7

	FUND BALANCE JULY 1, 2014	REVENUES	EXPENDITURES	NET INCREASE (DECREASE)	FUND BALANCE JUNE 30, 2015
Judson High School	\$ 241,003	\$ 745,237	\$ 722,717	\$ 22,520	\$ 263,523
Wagner High School	154,222	339,904	367,533	(27,629)	126,593
Judson Early College Academy	71,201	61,756	77,328	(15,572)	55,629
Kirby Middle School	46,361	107,269	95,143	12,126	58,487
Kitty Hawk Middle School	154,924	208,473	222,558	(14,085)	140,839
Woodlake Hills Middle School	47,909	122,705	124,537	(1,832)	46,077
Metzger Middle School	29,222	103,320	105,575	(2,255)	26,967
Judson Middle School	44,486	131,399	129,168	2,231	46,717
Converse Elementary	35,163	25,710	29,727	(4,017)	31,146
Hopkins Elementary	28,435	18,576	18,010	566	29,001
Franz Elementary	14,200	21,802	21,296	506	14,706
Coronado Village Elementary	19,888	45,040	38,978	6,062	25,950
Park Village Elementary	9,418	38,501	40,169	(1,668)	7,750
Crestview Elementary	40,084	40,463	44,038	(3,575)	36,509
Woodlake Elementary	9,064	63,768	61,012	2,756	11,820
Olympia Elementary	15,846	37,724	35,621	2,103	17,949
Spring Meadows Elementary	28,397	24,537	18,643	5,894	34,291
Miller's Point Elementary	26,135	32,024	39,372	(7,348)	18,787
Candlewood Elementary	9,915	22,001	20,485	1,516	11,431
Elolf Elementary	35,468	47,598	50,771	(3,173)	32,295
Paschall Elementary	27,763	14,038	13,509	529	28,292
Hartman Elementary	18,652	34,323	34,235	88	18,740
Salinas Elementary	37,393	19,429	21,339	(1,910)	35,483
Masters Elementary	16,461	50,014	45,171	4,843	21,304
Rolling Meadows Elementary	41,706	73,964	80,111	(6,147)	35,559
Copperfield Elementary	-	43,297	29,134	14,163	14,163
JISD Activity Fund	14,247	6,192	9,372	(3,180)	11,067
FUND TOTALS	\$ 1,217,563	\$ 2,479,064	\$ 2,495,552	\$ (16,488)	\$ 1,201,075