

MARBLE FALLS
INDEPENDENT SCHOOL DISTRICT

ANNUAL FINANCIAL REPORT

FOR THE TEN MONTHS ENDED JUNE 30, 2015

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Marble Falls Independent School District
Annual Financial Report
For The Ten Months Ended June 30, 2015

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Introductory Section

CERTIFICATE OF BOARD

Marble Falls Independent School District
Name of School District

Burnet
County

027-904
Co.-Dist. Number

We, the undersigned, certify that the attached annual financial reports of the above named school district were reviewed and (check one) ☒ approved ☐ disapproved for the period ended June 30, 2015, at a meeting of the board of trustees of such school district on the 16th day of November, 2015


Signature of Board Secretary


Signature of Board President

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

Financial Section

WEST, DAVIS & COMPANY, LLP
11824 Jollyville Road, Suite 100
Austin, Texas 78759

Independent Auditors' Report

To the Board of Trustees
Marble Falls Independent School District
Marble Falls, Texas

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Marble Falls Independent School District ("the District") as of and for the ten months 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.

Auditors' Responsibility

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

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

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

Opinions

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

Emphasis of Matter

Change in Accounting Principle

As described in Note A to the financial statements, in 2015, Marble Falls Independent School District adopted new accounting guidance, Government Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions*, and GASB Statement No. 71, *Pension Transition for contributions made Subsequent to the Measurement Date -- an amendment of GASB Statement No. 68*. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, budgetary comparison information, schedule of the District's proportionate share of the net pension liability and schedule of District pension contributions identified as Required Supplementary Information in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. 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 Marble Falls Independent School District's basic financial statements. The introductory section and combining and individual nonmajor fund financial statements are presented for purposes of additional analysis and are not required parts of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U. S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the basic financial statements. The accompanying other supplementary information is presented for purposes of additional analysis and is also not a required part of the basic financial statements.

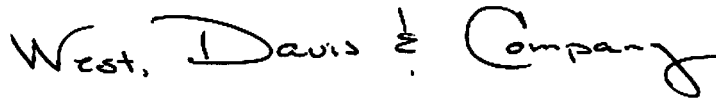
The combining and individual nonmajor fund financial statements and other supplementary information and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements and 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 introductory section has 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 it.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 11, 2015 on our consideration of Marble Falls 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 Marble Falls Independent School District's internal control over financial reporting and compliance.

Respectfully submitted,

A handwritten signature in black ink that reads "West, Davis & Company". The signature is written in a cursive, flowing style.

West, Davis & Company, LLP
Austin, Texas
November 11, 2015

Marble Falls Independent School District

MANAGEMENT'S DISCUSSION AND ANALYSIS

MANAGEMENT'S DISCUSSION AND ANALYSIS

In this section of the Annual Financial and Compliance Report, we, the managers of Marble Falls Independent School District (the District), discuss and analyze the District's financial performance for the ten months ended June 30, 2015. Please read it in conjunction with the independent auditors' report on page 2, and the District's Basic Financial Statements, which begin on page 10. All amounts, unless otherwise indicated, are expressed in thousands of dollars.

During the ten months ended June 30, 2015, the District elected to change its fiscal year end from August 31st to June 30th. This resulted in the current year presentation of the ten months ended June 30, 2015 and the prior year presentation of the year ended August 31, 2014. Normal comparisons of the government-wide financial information must be performed with the knowledge of these changes. However, since these comparisons remain relevant in many instances, the prior period has been presented.

USING THIS ANNUAL REPORT

This annual report consists of a series of financial statements. The government-wide financial statements include the Statement of Net Position and the Statement of Activities (on pages 10 and 11). These provide information about the activities of the District as a whole and present a longer-term view of the District's property and debt obligations and other financial matters. They reflect the flow of total economic resources in a manner similar to the financial reports of a business enterprise. Fund financial statements (starting on page 12) report the District's operations in more detail than the government-wide statements by providing information about the District's most significant funds. For governmental activities, these statements tell how services were financed in the short term as well as what resources remain for future spending. They reflect the flow of current financial resources, and supply the basis for tax levies and the appropriations budget. The remaining statements, fiduciary statements, provide financial information about activities for which the District acts solely as a trustee or agent for the benefit of those outside of the district.

The notes to the financial statements (starting on page 18) provide narrative explanations or additional data needed for full disclosure in the government-wide statements or the fund financial statements.

The sections labeled TEA Required Schedules and Federal Awards Section contain data used by monitoring or regulatory agencies for assurance that the District is using funds supplied in compliance with the terms of grants.

Reporting the District as a Whole

The Statement of Net Position and the Statement of Activities

The analysis of the District's overall financial condition and operations begins on page 10. Its primary purpose is to show whether the District is better off or worse off as a result of the ten month's activities. The Statement of Net Position includes all the District's assets and liabilities at the end of the year while the Statement of Activities includes all the revenues and expenses generated by the District's operations during the ten months. These apply the accrual basis of accounting which is the basis used by private sector companies.

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

These two statements report the District's net position and changes in it. The District's net position (the difference between assets and liabilities) provide one measure of the District's financial health, or financial position. Over time, increases or decreases in the District's net position is one indicator of whether its financial health is improving or deteriorating. To fully assess the overall health of the District, however, you should consider nonfinancial factors as well, such as changes in the District's average daily attendance or its property tax base and the condition of the District's facilities.

In the Statement of Net Position and the Statement of Activities, we classify the District's activities as Governmental activities:

- Governmental activities—Most of the District's basic services are reported here, including the instruction, counseling, co-curricular activities, food services, transportation, maintenance, community services, and general administration. Property taxes, tuition, fees, and state and federal grants finance most of these activities.

Reporting the District's Most Significant Funds

Fund Financial Statements

The fund financial statements begin on page 12 and provide detailed information about the most significant funds—not the District as a whole. Laws and contracts require the District to establish some funds, such as grants received under the No Child Left Behind Act from the U.S. Department of Education. The District's administration establishes many other funds to help it control and manage money for particular purposes (like campus activities). The District's two kinds of funds—governmental and proprietary—use different accounting approaches.

- Governmental funds—Most of the District's basic services are reported in governmental funds. These use modified accrual accounting (a method that measures the receipt and disbursement of cash and all other financial assets that can be readily converted to cash) and report balances that are available for future spending. The governmental fund statements provide a detailed short-term view of the District's general operations and the basic services it provides. We describe the differences between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds in reconciliation schedules following each of the fund financial statements.
- Proprietary funds—The District reports the activities for which it charges users (whether outside customers or other units of the District) in proprietary funds using the same accounting methods employed in the Statement of Net Position and the Statement of Activities. The internal service funds report activities that provide supplies and services for the District's other programs and activities—such as the District's self-insurance programs. The District, at present, maintains no proprietary funds.

The District as Trustee

Reporting the District's Fiduciary Responsibilities

The District is the trustee, or fiduciary, for money raised by student activities and scholarship programs. All of the District's fiduciary activities are reported in separate Statements of Fiduciary Net Position and Changes in Fiduciary Net Position on pages 16 and 17. We exclude these resources from the District's other financial statements because the District cannot use these assets to finance its operations. The District is only responsible for ensuring that the assets reported in these funds are used for their intended purposes.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Our analysis focuses on the net position (Table I) and changes in net position (Table II) of the District's governmental and business-type activities.

Net position of the District's governmental activities decreased from \$34.8 million to \$33.3 million. Unrestricted net position – the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation, or other legal requirements – were \$4.7 million at June 30, 2015. This decrease in governmental net position was the result of the prior period adjustment that implemented GASB 68 and resulted in a reduction of \$5.5 million net of an operational increase of \$4 million.

Table I
Marble Falls Independent School District

NET POSITION		
in thousands		
	Governmental Activities	
	2015	2014
Current and other assets	31,008	23,773
Capital assets	94,124	93,500
Total assets	125,132	117,273
Deferred Outflow Related to Pensions	1,012	0
Long-term liabilities	85,754	80,321
Other liabilities	5,634	2,182
Total liabilities	91,388	82,503
Deferred Inflow Related to Pensions	1,456	0
Net position:		
Invested in capital assets, net of related debt	16,960	19,526
Restricted	11,612	8,962
Unrestricted	4,728	6,282
Total net position	33,300	34,770

Table II
Marble Falls Independent School District

CHANGES IN NET POSITION

in thousands

	Governmental Activities	
	2015	2014
Revenues:		
Program revenues:		
Charges for services	766	800
Operating grants and contributions	5,161	8,204
General revenues:		
Maintenance and operations taxes	32,082	31,366
Debt service taxes	6,903	6,798
State aid - formula grants	4,551	4,205
Investment earnings	66	116
Miscellaneous	1,804	3,336
Total Revenues	<u>51,333</u>	<u>54,825</u>
Expenses:		
Instruction, curriculum and media services	22,789	24,279
Instructional and school leadership	2,801	3,241
Student support services	3,083	3,663
Child nutrition	2,188	2,290
Extra curricular activities	1,404	1,581
General administration	1,175	1,370
Plant maintenance, security and data processing	6,278	5,847
Community services	98	98
Debt services	2,987	3,702
Contracted Inst. Services between School	3,237	2,863
Payments related to SSA	667	727
Other intergovernmental charges	637	646
Total Expenses	<u>47,344</u>	<u>50,307</u>
Change in Net Position	<u>3,989</u>	<u>4,518</u>

NET PENSION LIABILITY (GASB 68)

During fiscal year 2015, the District adopted GASB Statement No. 68 for Accounting and Reporting for Pensions. With GASB 68, the District must assume their proportionate share of the Net Pension Liability of the Teacher Retirement System. The District's net pension liability at year end totaled \$4.8 million

Adoption of GASB 68 required a prior period adjustment to report the effect of GASB 68 retroactively. The amount of the prior period adjustment is \$(5.5) million. The restated beginning net position is \$29.3 million.

THE DISTRICT'S FUNDS

As the District completed this ten month period, its governmental funds (as presented in the balance sheet on page 12) reported a combined fund balance of \$24.4 million, which is \$4.5 million more than last year's total of \$19.9 million. Included in this year's total change in fund balance is an increase of \$1.9 million in the District's General Fund, \$5.5 million in the Debt Service Fund and a decrease of \$2.9 million in Other Governmental Funds (primarily Capital Projects Funds). The primary reason for this increase was the District's change in fiscal year end that resulted in ten months of financial activity.

Over the course of the year, the Board of Trustees revised the District's budget several times. These budget amendments fall into two categories. The first category includes amendments and supplemental appropriations that were approved shortly after the beginning of the year and reflect the actual beginning balances (versus the amounts we estimated in August 2014). The second category involved amendments moving funds from programs that did not need all the resources originally appropriated to them to programs with resource needs.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At the end of 2015, the District had \$94.1 million invested in a broad range of capital assets, including facilities and equipment for instruction, transportation, athletics, administration, and maintenance.

The District added some \$4.7 million in capital assets during the year. More detailed information about the District's capital assets is presented in Note D to the financial statements.

Debt

At year-end, the District had \$70.9 million in bonds outstanding versus \$71.3 million last year. More detailed information about the District's long-term liabilities is presented in Note F to the financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

During the 2015-16 budget cycle, the District is in a revenue-neutral financial position and does not anticipate additional funding from the State. As a result, the District is maintaining the current staffing ratio and operating budget structure. The District continues to explore methods to decrease cost and increase revenues in such a way that the impact on education is minimal.

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 show the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the District's business office, at Marble Falls Independent School District, 1800 Colt Circle, Marble Falls, Texas 78654.

Basic Financial Statements

MARBLE FALLS INDEPENDENT SCHOOL DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2015

1

Data Control Codes		Governmental Activities
ASSETS:		
1110	Cash and Cash Equivalents	\$ 27,017,212
1120	Current Investments	21,506
1225	Property Taxes Receivable (Net)	1,977,958
1240	Due from Other Governments	1,852,496
1290	Other Receivables (Net)	7,182
1300	Inventories	76,357
1410	Unrealized Expenses	55,096
Capital Assets:		
1510	Land	3,525,687
1520	Buildings and Improvements, Net	87,156,564
1530	Furniture and Equipment, Net	3,441,669
1000	Total Assets	<u>125,131,727</u>
DEFERRED OUTFLOWS OF RESOURCES:		
1705	Deferred Outflow Related to Pensions	1,011,813
1700	Total Deferred Outflows of Resources	<u>1,011,813</u>
LIABILITIES:		
2110	Accounts Payable	405,942
2140	Interest Payable	1,016,944
2165	Accrued Liabilities	3,022,381
2180	Due to Other Governments	1,157,432
2300	Unearned Revenue	31,166
Noncurrent Liabilities:		
2501	Due Within One Year	3,356,853
2502	Due in More Than One Year	77,637,755
2540	Net Pension Liability	4,759,648
2000	Total Liabilities	<u>91,388,121</u>
DEFERRED INFLOWS OF RESOURCES:		
2605	Deferred Inflow Related to Pensions	1,455,991
2600	Total Deferred Inflows of Resources	<u>1,455,991</u>
NET POSITION:		
3200	Net Investment in Capital Assets	16,959,593
Restricted For:		
3820	Federal and State Programs	692,305
3850	Debt Service	8,189,961
3860	Capital Projects	2,509,098
3870	Campus Activities	218,696
3890	Other Purposes	2,247
3900	Unrestricted	4,727,528
3000	Total Net Position	<u>\$ 33,299,428</u>

The accompanying notes are an integral part of this statement.

MARBLE FALLS INDEPENDENT SCHOOL DISTRICT

STATEMENT OF ACTIVITIES

FOR THE TEN MONTHS ENDED JUNE 30, 2015

Data Control Codes	Functions/Programs	1	3	4	Net (Expense) Revenue and Changes in Net Position
		Expenses	Charges for Services	Program Revenues Operating Grants and Contributions	Governmental Activities
	Governmental Activities:				
11	Instruction	\$ 21,652,072	\$ 48,812	\$ 2,284,290	\$ (19,318,970)
12	Instructional Resources and Media Services	472,076	--	--	(472,076)
13	Curriculum and Staff Development	664,740	--	263,134	(401,606)
21	Instructional Leadership	885,908	--	214,949	(670,959)
23	School Leadership	1,915,267	--	13,588	(1,901,679)
31	Guidance, Counseling, & Evaluation Services	964,511	--	72	(964,439)
32	Social Work Services	37,275	--	--	(37,275)
33	Health Services	356,537	--	--	(356,537)
34	Student Transportation	1,724,787	--	93,828	(1,630,959)
35	Food Service	2,188,413	566,592	1,595,236	(26,585)
36	Cocurricular/Extracurricular Activities	1,404,200	118,946	14,089	(1,271,165)
41	General Administration	1,174,727	--	2,779	(1,171,948)
51	Facilities Maintenance and Operations	4,119,110	31,528	--	(4,087,582)
52	Security and Monitoring Services	121,614	--	--	(121,614)
53	Data Processing Services	2,037,303	--	--	(2,037,303)
61	Community Services	97,728	--	12,330	(85,398)
72	Interest on Long-term Debt	2,885,922	--	--	(2,885,922)
73	Bond Issuance Costs and Fees	101,084	--	--	(101,084)
91	Contracted Instructional Services between Schools	3,237,440	--	--	(3,237,440)
93	Payments Related to Shared Services Arrangements	666,853	--	666,858	5
99	Other Intergovernmental Charges	636,922	--	--	(636,922)
TG	Total Governmental Activities	47,344,489	765,878	5,161,153	(41,417,458)
TP	Total Primary Government	\$ 47,344,489	\$ 765,878	\$ 5,161,153	(41,417,458)
General Revenues:					
MT	Property Taxes, Levied for General Purposes				32,082,330
DT	Property Taxes, Levied for Debt Service				6,903,570
IE	Investment Earnings				65,701
GC	Grants and Contributions Not Restricted to Specific Programs				4,550,583
MI	Miscellaneous				1,804,467
TR	Total General Revenues				45,406,651
CN	Change in Net Position				3,989,193
NB	Net Position - Beginning				34,770,040
PA	Prior Period Adjustment				(5,459,805)
	Net Position - Beginning, as Restated				29,310,235
NE	Net Position - Ending				\$ 33,299,428

The accompanying notes are an integral part of this statement.

MARBLE FALLS INDEPENDENT SCHOOL DISTRICT**BALANCE SHEET - GOVERNMENTAL FUNDS**

JUNE 30, 2015

Data Control Codes	10 General Fund	50 Debt Service Fund	Other Governmental Funds	98 Total Governmental Funds
ASSETS:				
1110 <i>Cash and Cash Equivalents</i>	\$ 15,556,909	\$ 8,151,120	\$ 3,309,183	\$ 27,017,212
1120 <i>Current Investments</i>	10,638	10,868	--	21,506
1225 <i>Taxes Receivable, Net</i>	1,642,126	335,832	--	1,977,958
1240 <i>Due from Other Governments</i>	1,095,293	25,174	732,029	1,852,496
1260 <i>Due from Other Funds</i>	52,426	--	76,367	128,793
1290 <i>Other Receivables</i>	--	--	7,181	7,181
1300 <i>Inventories</i>	55,642	--	20,715	76,357
1410 <i>Unrealized Expenditures</i>	55,118	--	(22)	55,096
1000 Total Assets	<u>18,468,152</u>	<u>8,522,994</u>	<u>4,145,453</u>	<u>31,136,599</u>
LIABILITIES:				
Current Liabilities:				
2110 <i>Accounts Payable</i>	\$ 86,212	\$ --	\$ 319,730	\$ 405,942
2150 <i>Payroll Deductions & Withholdings</i>	15,954	--	1,613	17,567
2160 <i>Accrued Wages Payable</i>	2,747,212	--	257,602	3,004,814
2170 <i>Due to Other Funds</i>	6,241	--	122,551	128,792
2180 <i>Due to Other Governments</i>	1,156,560	--	872	1,157,432
2300 <i>Unearned Revenue</i>	1,642,126	366,975	24	2,009,125
2000 Total Liabilities	<u>5,654,305</u>	<u>366,975</u>	<u>702,392</u>	<u>6,723,672</u>
FUND BALANCES:				
Nonspendable Fund Balances:				
3410 <i>Inventories</i>	55,641	--	20,715	76,356
3430 <i>Prepaid Items</i>	60,507	--	--	60,507
Restricted Fund Balances:				
3450 <i>Federal/State Funds Grant Restrictions</i>	--	--	677,944	677,944
3470 <i>Capital Acquisitions & Contractual Obligations</i>	--	--	2,509,098	2,509,098
3480 <i>Retirement of Long-Term Debt</i>	--	8,156,019	--	8,156,019
3490 <i>Other Restrictions of Fund Balance</i>	--	--	235,304	235,304
3600 <i>Unassigned</i>	12,697,699	--	--	12,697,699
3000 Total Fund Balances	<u>12,813,847</u>	<u>8,156,019</u>	<u>3,443,061</u>	<u>24,412,927</u>
4000 Total Liabilities and Fund Balances	<u>\$ 18,468,152</u>	<u>\$ 8,522,994</u>	<u>\$ 4,145,453</u>	<u>\$ 31,136,599</u>

The accompanying notes are an integral part of this statement.

MARBLE FALLS INDEPENDENT SCHOOL DISTRICT
*RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
 TO THE STATEMENT OF NET POSITION
 JUNE 30, 2015*

Total fund balances - governmental funds balance sheet	\$ 24,412,927
Amounts reported for governmental activities in the Statement of Net Position ("SNP") are different because:	
Capital assets used in governmental activities are not reported in the funds.	94,123,920
Property taxes receivable unavailable to pay for current period expenditures are deferred in the funds.	1,977,959
Payables for bond principal which are not due in the current period are not reported in the funds.	(70,881,595)
The accumulated accretion on capital appreciation bonds is reported in the SNA but not in the funds.	(8,791,830)
Payables for bond interest which are not due in the current period are not reported in the funds.	(1,016,944)
Bond premiums are amortized in the SNA but not in the funds.	(2,108,434)
The accounting loss on refunding is amortized in the SNA but not in the funds.	787,251
Recognition of the District's proportionate share of the net pension liability is not reported in the funds.	(4,759,648)
Deferred Resource Inflows related to TRS are not reported in the funds.	(1,455,991)
Deferred Resource Outflows related to TRS are not reported in the funds.	1,011,813
Net position of governmental activities - Statement of Net Position	<u>\$ 33,299,428</u>

The accompanying notes are an integral part of this statement.

MARBLE FALLS INDEPENDENT SCHOOL DISTRICT**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES****IN FUND BALANCES - GOVERNMENTAL FUNDS****FOR THE TEN MONTHS ENDED JUNE 30, 2015**

Data Control Codes	10 General Fund	50 Debt Service Fund	Other Governmental Funds	98 Total Governmental Funds
REVENUES:				
5700 <i>Local and Intermediate Sources</i>	\$ 33,775,554	\$ 6,883,749	\$ 794,686	\$ 41,453,989
5800 <i>State Program Revenues</i>	3,449,032	--	342,385	3,791,417
5900 <i>Federal Program Revenues</i>	756,249	--	5,164,070	5,920,319
5020 Total Revenues	<u>37,980,835</u>	<u>6,883,749</u>	<u>6,301,141</u>	<u>51,165,725</u>
EXPENDITURES:				
Current:				
0011 <i>Instruction</i>	16,772,830	--	3,140,783	19,913,613
0012 <i>Instructional Resources and Media Services</i>	396,531	--	36,191	432,722
0013 <i>Curriculum and Staff Development</i>	394,191	--	263,891	658,082
0021 <i>Instructional Leadership</i>	614,071	--	215,701	829,772
0023 <i>School Leadership</i>	1,711,376	--	40,575	1,751,951
0031 <i>Guidance, Counseling, & Evaluation Services</i>	839,362	--	11,961	851,323
0032 <i>Social Work Services</i>	37,646	--	--	37,646
0033 <i>Health Services</i>	309,080	--	12,722	321,802
0034 <i>Student Transportation</i>	1,514,629	--	284,354	1,798,983
0035 <i>Food Service</i>	--	--	2,163,896	2,163,896
0036 <i>Cocurricular/Extracurricular Activities</i>	1,281,185	--	164,646	1,445,831
0041 <i>General Administration</i>	1,030,966	--	10,872	1,041,838
0051 <i>Facilities Maintenance and Operations</i>	3,780,226	--	12,945	3,793,171
0052 <i>Security and Monitoring Services</i>	120,377	--	--	120,377
0053 <i>Data Processing Services</i>	1,451,096	--	825,679	2,276,775
0061 <i>Community Services</i>	54,234	--	15,084	69,318
0072 <i>Interest on Long-term Debt</i>	--	1,420,372	--	1,420,372
0073 <i>Bond Issuance Costs and Fees</i>	--	101,084	--	101,084
0081 <i>Capital Outlay</i>	1,854,324	--	1,334,826	3,189,150
0091 <i>Contracted Instructional Services</i>				
0091 <i>Between Public Schools</i>	3,237,440	--	--	3,237,440
0093 <i>Payments to Shared Service Arrangements</i>	--	--	666,853	666,853
0099 <i>Other Intergovernmental Charges</i>	636,922	--	--	636,922
6030 Total Expenditures	<u>36,036,486</u>	<u>1,521,456</u>	<u>9,200,979</u>	<u>46,758,921</u>
1100 Excess (Deficiency) of Revenues Over (Under)				
1100 Expenditures	<u>1,944,349</u>	<u>5,362,293</u>	<u>(2,899,838)</u>	<u>4,406,804</u>
Other Financing Sources and (Uses):				
7901 <i>Refunding Bonds Issued</i>	--	8,685,000	--	8,685,000
7916 <i>Premium or Discount on Issuance of Bonds</i>	--	1,032,371	--	1,032,371
8940 <i>Payment to Bond Refunding Escrow Agent</i>	--	(9,617,037)	--	(9,617,037)
7080 Total Other Financing Sources and (Uses)	<u>--</u>	<u>100,334</u>	<u>--</u>	<u>100,334</u>
1200 Net Change in Fund Balances	<u>1,944,349</u>	<u>5,462,627</u>	<u>(2,899,838)</u>	<u>4,507,138</u>
0100 Fund Balances - Beginning	<u>10,869,498</u>	<u>2,693,392</u>	<u>6,342,899</u>	<u>19,905,789</u>
3000 Fund Balances - Ending	<u>\$ 12,813,847</u>	<u>\$ 8,156,019</u>	<u>\$ 3,443,061</u>	<u>\$ 24,412,927</u>

The accompanying notes are an integral part of this statement.

MARBLE FALLS INDEPENDENT SCHOOL DISTRICT

*RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE TEN MONTHS ENDED JUNE 30, 2015*

Net change in fund balances - total governmental funds	\$ 4,507,138
Amounts reported for governmental activities in the Statement of Activities ("SOA") are different because:	
Capital outlays are not reported as expenses in the SOA.	4,291,369
The depreciation of capital assets used in governmental activities is not reported in the funds.	(3,605,232)
Trade-in or disposal of capital assets decrease net position in the SOA but not in the funds.	(62,134)
Certain property tax revenues are deferred in the funds. This is the change in these amounts this year.	167,957
The accretion of interest on capital appreciation bonds is not reported in the funds.	(654,749)
(Increase) decrease in accrued interest from beginning of period to end of period.	(892,758)
Bond premiums are reported in the funds but not in the SOA.	(1,032,371)
Proceeds of refunding bonds are recognized as other financial resources in the funds but not in the SOA.	(8,685,000)
Transfers to the bond refunding agent are reported as other uses in the funds but not in the SOA.	9,617,037
Contributions to TRS before the measurement date reduce pension liability in the SOA.	67,102
The amortization of the accounting loss on refunding is recording in the SOA but not in the funds.	(37,645)
Bond premiums are reported in the funds but not in the SOA.	119,602
The proportionate share of pension plan expense is not recorded in the funds.	(739,371)
Pension contributions made after the measurement date but in current FY were de-expended and reduced NP	628,822
The District's share of the unrecognized deferred inflows and outflows for TRS had to be amortized.	299,426
Change in net position of governmental activities - Statement of Activities	\$ <u>3,989,193</u>

The accompanying notes are an integral part of this statement.

MARBLE FALLS INDEPENDENT SCHOOL DISTRICT*STATEMENT OF FIDUCIARY NET POSITION**FIDUCIARY FUNDS**JUNE 30, 2015*

		Agency Funds	
Data Control Codes		Private-purpose Trust Funds	Student Activity
ASSETS:			
1110	Cash and Cash Equivalents	\$ 25,895	\$ 193,583
1800	Restricted Assets	18,488	--
1000	Total Assets	44,383	193,583
LIABILITIES:			
Current Liabilities:			
2110	Accounts Payable	\$ --	\$ 986
2190	Due to Student Groups	--	192,597
2000	Total Liabilities	--	193,583
NET POSITION:			
3800	Held in Trust	44,383	--
3000	Total Net Position	\$ 44,383	\$ --

The accompanying notes are an integral part of this statement.

MARBLE FALLS INDEPENDENT SCHOOL DISTRICT*STATEMENT OF CHANGES IN FIDUCIARY NET POSITION**FIDUCIARY FUNDS**FOR THE YEAR ENDED JUNE 30, 2015*

	Private- Purpose Trusts
Additions:	
Investment Income	\$ 145
Contributions	--
Total Additions	<u>145</u>
Deductions:	
Scholarship Awards	500
Other Expenses	782
Total Deductions	<u>1,282</u>
Change in Net Position	(1,137)
Net Position-Beginning of the Year	45,520
Net Position-End of the Year	<u>\$ 44,383</u>

The accompanying notes are an integral part of this statement.

MARBLE FALLS INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

FOR THE TEN MONTHS ENDED JUNE 30, 2015

A. Summary of Significant Accounting Policies

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

1. Reporting Entity

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

2. Basis of Presentation, Basis of Accounting

a. Basis of Presentation

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

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

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

The District reports the following major governmental funds:

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

Debt Service Fund: This fund accounts for payments of principal and interest on outstanding bonded debt and the resultant tax levy required to service that debt.

MARBLE FALLS INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE TEN MONTHS ENDED JUNE 30, 2015

In addition, the District reports the following fund types:

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

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

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

b. **Measurement Focus, Basis of Accounting**

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

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

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

3. **Financial Statement Amounts**

a. **Property Taxes**

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

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

MARBLE FALLS INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

FOR THE TEN MONTHS ENDED JUNE 30, 2015

b. Inventories and Prepaid Items

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

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

c. Capital Assets

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

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

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

d. Deferred Outflows and Inflows of Resources

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

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

e. Receivable and Payable Balances

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

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

f. Interfund Activity

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

MARBLE FALLS INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

FOR THE TEN MONTHS ENDED JUNE 30, 2015

reduces its related cost as a reimbursement. All other interfund transactions are treated as transfers. Transfers In and Transfers Out are netted and presented as a single "Transfers" line on the government-wide statement of activities. Similarly, interfund receivables and payables are netted and presented as a single "Internal Balances" line of the government-wide statement of net positions.

g. Use of Estimates

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

h. Data Control Codes

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

i. Fund Balances - Governmental Funds

Fund balances of the governmental funds are classified as follows:

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

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

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

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

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

j. Net Position Flow Assumption

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

MARBLE FALLS INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

FOR THE TEN MONTHS ENDED JUNE 30, 2015

k. Fund Balance Flow Assumptions

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

4. Pensions

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

At June 30, 2015 the District reported the following:

Net Pension Asset	\$	--
Net Pension Liability	\$	4,759,648

5. New Accounting Standards Adopted

In fiscal year 2015, the District adopted five new statements of financial accounting standards issued by the Governmental Accounting Standards Board (GASB):

- Statement No. 67, *Financial Reporting for Pension Plans - an amendment of GASB Statement No. 25*
- Statement No. 68, *Accounting and Financial Reporting for Pensions - an amendment of GASB Statement No. 27ea*
- Statement No. 69, *Government Combinations and Disposals of Governmental Operations*
- Statement No. 70, *Accounting and Financial Reporting for Nonexchange Financial Guarantees*
- Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date - an amendment of GASB Statement No. 68.*

- a. Statement No. 67 establishes financial reporting standards, but not funding or budgetary standards, for state and local government defined benefit pension plans and defined contribution pension plans that are administered through trusts or equivalent arrangements (Pension Trusts) in which:

- 1) Contributions from employers and nonemployer contributing entities to the pension plan and earnings on those contributions are irrevocable.
- 2) Pension plan assets are dedicated to providing pensions to plan members in accordance with the benefit terms.
- 3) Pension plan assets are legally protected from the creditors of employers, nonemployer contributing entities, and the pension plan administrator. If the plan is a defined benefit pension plan, plan assets also are legally protected from creditors of the plan members.

MARBLE FALLS INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

FOR THE TEN MONTHS ENDED JUNE 30, 2015

For defined benefit pension plans, this Statement establishes standards of financial reporting for separately issued financial reports and presentation as pension trust funds in the financial statements of another government, and specifies the required approach to measuring the pension liability of employers and any nonemployer contributing entities for benefits provided through the pension plan (the net pension liability), about which certain information is required to be presented. Distinctions are made regarding the particular presentation requirements depending upon the type of pension plan administered. For defined contribution plans, the Statement provides specific note disclosure requirements.

The adoption of Statement No. 67 has no impact on the District's financial statements.

- b. Statement No. 68 establishes standards of accounting and financial reporting, but not funding or budgetary standards, for defined benefit pensions and defined contribution pensions provided to the employees of state and local government employers through pension plans that are administered through trusts or equivalent arrangements criteria detailed above in the description of Statement No. 67. This Statement replaces the requirements of Statement No. 27, *Accounting for Pensions by State and Local Governmental Employers*, as well as the requirements of Statement No. 50, *Pension Disclosures*, as they relate to pensions that are provided through pension plans within the scope of the Statement.

The requirements of Statement No. 68 apply to the financial statements of all state and local governmental employers whose employees are provided with pensions through pension plans that are administered through trusts or equivalent arrangements as described above, and to the financial statements of state and local governmental nonemployer contributing entities that have a legal obligation to make contributions directly to such pension plans. This Statement establishes standards for measuring and recognizing liabilities, deferred outflows of resources, and deferred inflows of resources, and expense/expenditures related to pensions. Note disclosure and RSI requirements about pensions also are addressed. For defined benefit pension plans, this Statement identifies the methods and assumptions that should be used to project benefit payments, discount projected benefit payments to their actuarial present value, and attribute that present value to periods of employee service.

The adoption of Statement No. 68 has no impact on the District's governmental fund financial statements, which continue to report expenditures in the contribution amount determined legislatively for the TRS plan. The calculation of pension contributions is unaffected by the change. However, the adoption has resulted in the restatement of the District's beginning net position for the fiscal year 2014 government-wide financial statements to reflect the reporting of net pension liability and deferred inflows of resources and deferred outflows of resources for its qualified pension plan and the recognition of pension expense in accordance with the provisions of the Statement.

- c. Statement No. 69 improves financial reporting by addressing accounting and financial reporting for government combinations and disposals of government operation. The term "government combinations" is used to refer to a variety of arrangements including mergers and acquisitions. Mergers include combinations of legally separate entities without the exchange of significant consideration. Government acquisitions are transactions in which a government acquires another entity, or its operations, in exchange for significant consideration. Government combinations also include transfers of operations that do not constitute entire legally separate entities in which no significant consideration is exchanged. Transfers of operations may be present in shared service arrangements, reorganizations, redistricting, annexations, and arrangements in which an operation is transferred to a new government created to provide those services.

There was no impact on the District's financial statements as a result of the implementation of Statement No. 69.

MARBLE FALLS INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

FOR THE TEN MONTHS ENDED JUNE 30, 2015

- d, Statement No. 70 was issued to improve accounting and financial reporting by state and local governments that extend and receive nonexchange financial guarantees.

The Statement requires a government that extends a nonexchange financial guarantee to recognize a liability when qualitative factors and historical data indicate that it is more likely than not that the government will be required to make a payment on the guarantee. The Statement requires a government that has issued an obligation guaranteed in a nonexchange transaction to recognize revenue to the extent of the reduction in its guaranteed liabilities. The Statement requires a government that is required to repay a guarantor for making a payment on a guaranteed obligation or legally assuming the guaranteed obligation to continue to recognize a liability until legally released as an obligor. When a government is released as an obligor, the government should recognize revenue as a result of being relieved of the obligation. This Statement also provides additional guidance for intra-entity nonexchange financial guarantees involving blended component units.

There was no impact on the District's financial statements as a result of the implementation of Statement No. 70.

- e. Statement No. 71 amends Statement No. 68 to require that, at transition, a government recognize a beginning deferred outflow of resources for its pension contributions, if any, made subsequent to the measurement date of the beginning net pension liability. Since the measurement date of the pension plan was different than the District's final year-end, the effects from the District's reported contributions to the plan subsequent to the respective measurement date of the plan as an increase in deferred outflow of resources and a decrease in net position.

B. Compliance and Accountability

1. Finance-Related Legal and Contractual Provisions

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

<u>Violation</u>	<u>Action Taken</u>	<u>Action Taken</u>
General Fund- #0091 Contracted Instr. Services Between Public Schools	\$ 23,576	Closely monitor costs

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

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

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

C. Deposits and Investments

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

MARBLE FALLS INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

FOR THE TEN MONTHS ENDED JUNE 30, 2015

1. 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 \$27,017,212 and the bank balance was \$27,364,336. The District's cash deposits at June 30, 2015 and during the period ended June 30, 2015, were entirely covered by FDIC insurance or by pledged collateral held by the District's agent bank in the District's name.

2. Investments:

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

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

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

The District's investment at June 30, 2015 are shown below.

<u>Investment or Investment Type</u>	<u>Maturity</u>	<u>Fair Value</u>
Lone Star Investment Pool	27 days average	\$ 21,506
Total Investments		<u>\$ 21,506</u>

3. Analysis of Specific Deposit and Investment Risks

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

a. Credit Risk

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

At June 30, 2015, the District's investments, other than those which are obligations of or guaranteed by the U. S. Government, are rated as to credit quality as follows:

b. Custodial Credit Risk

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

MARBLE FALLS INDEPENDENT SCHOOL DISTRICT

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

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

c. Concentration of Credit Risk

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

d. Interest Rate Risk

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

e. Foreign Currency Risk

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

Investment Accounting Policy

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

Lone Star

The Lone Star Investment Pool (Lone Star) is a public funds investment pool created pursuant to the Interlocal Cooperation Act, Texas Government Code, Chapter 791, and the Public Funds Investment Act, Texas Government Code, Chapter 2256. Lone Star is administered by First Public, a subsidiary of the Texas Association of School Boards (TASB), with Standish and American Beacon Advisors managing the investment and reinvestment of Lone Star's assets. State Street Bank provides custody and valuation services to Lone Star. All of the board of trustees' eleven members are Lone Star participants by either being employees or elected officials of a participant. Lone Star has established an advisory board composed of both pool members and non-members. Lone Star is rated AAA by Standard and Poor's and operated in a manner consistent with the SEC's Rule 2a7 of the Investment Company Act of 1940. The District is invested in the Government Overnight Fund of Lone Star which seeks to maintain a net asset value of one dollar. Lone Star has 3 different funds: Government Overnight, Corporate Overnight and Corporate Overnight Plus. Government and Corporate Overnight maintain a net asset value of one dollar and the Corporate Overnight Plus maintains a net asset value of 50 cents.

MARBLE FALLS INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

FOR THE TEN MONTHS ENDED JUNE 30, 2015

D. Capital Assets

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

	Beginning Balances	Increases	Decreases	Ending Balances
Governmental activities:				
<i>Capital assets not being depreciated:</i>				
Land	\$ 3,356,465	\$ 169,222	\$ --	\$ 3,525,687
Construction in progress	411,266	--	411,266	--
Total capital assets not being depreciated	<u>3,767,731</u>	<u>169,222</u>	<u>411,266</u>	<u>3,525,687</u>
<i>Capital assets being depreciated:</i>				
Buildings and improvements	115,706,297	3,591,017	--	119,297,314
Equipment	7,502,169	942,397	103,465	8,341,101
Total capital assets being depreciated	<u>123,208,466</u>	<u>4,533,414</u>	<u>103,465</u>	<u>127,638,415</u>
Less accumulated depreciation for:				
Buildings and improvements	(29,248,134)	(2,892,616)	--	(32,140,750)
Equipment	(4,228,148)	(712,616)	(41,331)	(4,899,433)
Total accumulated depreciation	<u>(33,476,282)</u>	<u>(3,605,232)</u>	<u>(41,331)</u>	<u>(37,040,183)</u>
Total capital assets being depreciated, net	89,732,184	928,182	62,134	90,598,232
Governmental activities capital assets, net	<u>\$ 93,499,915</u>	<u>\$ 1,097,404</u>	<u>\$ 473,400</u>	<u>\$ 94,123,919</u>

Depreciation was charged to functions as follows:

Instruction	\$ 2,013,771
Instructional Resources and Media Services	41,573
Curriculum and Staff Development	13,442
Instructional Leadership	65,993
School Leadership	177,441
Guidance, Counseling, & Evaluation Services	120,173
Health Services	37,371
Student Transportation	301,843
Food Services	189,123
Extracurricular Activities	99,269
General Administration	140,579
Plant Maintenance and Operations	324,243
Security and Monitoring Services	1,608
Data Processing Services	50,178
Community Services	28,625
	<u>\$ 3,605,232</u>

MARBLE FALLS INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

FOR THE TEN MONTHS ENDED JUNE 30, 2015

E. Interfund Balances and Activities

1. Due To and From Other Funds

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

Due To Fund	Due From Fund	Amount	Purpose
General Fund	Other Governmental Funds	\$ 52,426	Short-term loans
Other Governmental Funds	Other Governmental Funds	76,367	For payroll clearing
	Total	<u>\$ 128,793</u>	

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

2. Transfers To and From Other Funds

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

Transfers From	Transfers To	Amount	Reason
None	None	\$ --	Not applicable
	Total	<u>\$ --</u>	

F. Long-Term Obligations

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

1. Long-Term Obligation Activity

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

	Beginning Balance	Increases	Decreases	Ending Balance	Amounts Due Within One Year
Governmental activities:					
General obligation bonds	\$ 71,261,595	\$ 8,685,000	\$ 9,065,000	\$ 70,881,595	\$ 3,356,853
Premium on bonds	1,195,666	1,032,371	119,602	2,108,435	--
Accretion on CAB's	8,137,080	654,749	--	8,791,829	--
Loss on refunding	(272,859)	(552,037)	(37,645)	(787,251)	--
	<u>80,321,482</u>	<u>9,820,083</u>	<u>9,146,957</u>	<u>80,994,608</u>	<u>3,356,853</u>
Net Pension Liability *	--	5,459,805	700,157	4,759,648	--
Total governmental activities	<u>\$ 160,642,964</u>	<u>\$ 25,099,971</u>	<u>\$ 18,994,071</u>	<u>\$ 166,748,864</u>	<u>\$ 6,713,706</u>
		Due Within One Year		\$ 3,356,853	
		Due in More Than One Year		77,637,755	
				<u>\$ 80,994,608</u>	

* Other long-term liabilities

The funds typically used to liquidate other long-term liabilities in the past are as follows:

Liability	Activity Type	Fund
Net Pension Liability *	Governmental	General

MARBLE FALLS INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

FOR THE TEN MONTHS ENDED JUNE 30, 2015

The following table displays total principal debt outstanding by issuance at year end.

Date of Issue	Description	Interest Rates	Original Issue	Final Maturity Date	Debt Principal	CAB Accretion
7/15/2002	Series 2002A	5.0%	\$ 8,940,000	8/15/2026	\$ 2,495,000	\$ --
6/1/2006	Series 2006	4.2 to 4.61	6,966,778	8/15/2022	6,911,778	7,792,686
3/1/2007	Series 2007A	4.0 to 5.0	25,000,000	8/15/2037	10,310,000	--
6/1/2008	Series 2008	3.50 to 5.00	27,995,443	8/15/2038	24,695,443	478,427
7/1/2009	Series 2009A	4.00 to 5.00	9,341,617	8/15/2039	8,494,374	349,102
7/15/2014	Series 2014	2.00 to 4.00	9,290,000	8/15/2034	9,290,000	171,615
2/15/2015	Series 2015	4.00 to 5	8,685,000	8/15/2037	8,685,000	--
					<u>\$ 70,881,595</u>	<u>\$ 8,791,830</u>

2. Debt Service Requirements

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

Year Ending June 30,	Governmental Activities		
	Principal	Interest	Total
2016	\$ 3,356,853	\$ 3,433,819	\$ 6,790,672
2017	2,898,390	3,894,708	6,793,098
2018	2,944,620	3,864,290	6,808,910
2019	2,931,789	3,874,508	6,806,297
2020	2,929,370	3,874,428	6,803,798
2021-2025	17,125,573	15,348,298	32,473,871
2026-2030	11,235,000	7,919,846	19,154,846
2031-2035	14,350,000	4,727,931	19,077,931
2036-2040	13,110,000	1,239,013	14,349,013
Totals	<u>\$ 70,881,595</u>	<u>\$ 48,176,841</u>	<u>\$ 119,058,436</u>

3. Advance Refunding of Debt

GASB Statement No. 7, "Advance Refundings Resulting in Defeasance of Debt," provides that refunded debt and assets placed in escrow for the payment of related debt service be excluded from the financial statements. As of June 30, 2015, outstanding balances of bond issues that have been refunded and defeased in-substance by placing existing assets and the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments are as follows.

Bond Issue	Amount
Series 1996	\$ 350,000
Series 2002	6,519,744
Series 2007A	3,000,000
Series 2007A	9,065,000
Total	<u>\$ 18,934,744</u>

G. Risk Management

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

MARBLE FALLS INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

FOR THE TEN MONTHS ENDED JUNE 30, 2015

H. Pension Plan

1. Plan Description

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

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

2. Pension Plan Fiduciary Net Position

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

3. Benefits Provided

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

4. Contributions

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

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

MARBLE FALLS INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

FOR THE TEN MONTHS ENDED JUNE 30, 2015

Contribution Rates		
	2014	2015
Member	6.4%	6.7%
Non-Employer Contributing Entity (NECE - State)	6.8%	6.8%
Employers	6.8%	6.8%
District's 2014 Employer Contributions	\$ 451,756	
District's 2014 Member Contributions	\$ 1,620,483	
NECE 2014 On-Behalf Contributions to District	\$ 1,283,361	

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

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

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

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

5. Actuarial Assumptions

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

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

* Includes inflation of 3%

MARBLE FALLS INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

FOR THE TEN MONTHS ENDED JUNE 30, 2015

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

6. Discount Rate

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

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

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

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

MARBLE FALLS INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

FOR THE TEN MONTHS ENDED JUNE 30, 2015

7. Discount Rate Sensitivity Analysis

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

	1% Decrease 7%	Current Discount Rate 8%	1% Increase 9%
District's proportionate share of the net pension liability	\$ 8,505,202	\$ 4,759,648	\$ 1,958,671
Plan net pension liability (in millions from TRS CAFR)	\$ 47,737	\$ 26,717	\$ 10,998

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

At June 30, 2015, the District reported a liability of \$4,759,648 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	\$ 4,759,648
State's proportionate share of the net pension liability associated with the District	13,550,181
Total	<u>\$ 18,309,829</u>

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

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

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

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

For the year ended June 30, 2015, the District recognized pension expense of \$1,252,689 and revenue of \$1,252,689 for support provided by the State.

MARBLE FALLS INDEPENDENT SCHOOL DISTRICT

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FOR THE TEN MONTHS ENDED JUNE 30, 2015

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

	Deferred Outflows	Deferred Inflows
Differences between expected and actual economic experience	\$ 73,609	\$ --
Changes in actuarial assumptions	309,382	--
Difference between projected and actual investment earnings	--	1,454,743
Changes in proportion and differences between the District's contributions and the proportionate share of contributions	--	1,248
District contributions paid to TRS subsequent to the measurement date	<u>628,822</u>	
Total	<u>\$ 1,011,813</u>	<u>\$ 1,455,991</u>

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

Year Ended June 30	
2016	\$ (299,286)
2017	\$ (299,286)
2018	\$ (299,286)
2019	\$ (299,286)
2020	\$ 64,400
Thereafter	\$ 59,744

I. Retiree Health Care Plans

1. TRS-Care

a. Plan Description

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

MARBLE FALLS INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

FOR THE TEN MONTHS ENDED JUNE 30, 2015

b. Funding Policy

Contribution requirements are not actuarially determined but are legally established each biennium by the Texas Legislature. Texas Insurance Code, Sections 1575.202, 203, and 204 establish state, active employee, and public school contributions, respectively. Funding for free basic coverage is provided by the program based upon public school district payroll. Per Texas Insurance Code, Chapter 1575, the public school contribution may not be less than 0.25% or greater than 0.75% of the salary of each active employee of the public school. Funding for optional coverage is provided by those participants selecting the optional coverage. The State of Texas contribution rate was 1% for fiscal years 2015 and 2014 and 0.5% for fiscal year 2013 and the active public school employee contributions rates were 0.65% of public school payroll, 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 contributions to TRS-Care were \$214,255, \$229,988, and \$111,403, respectively, the active member contributions were \$117,841, \$149,492, and \$144,823, respectively, and the District's contributions were \$117,730, \$126,494, and \$122,543, respectively, which equaled the required contributions each year.

2. Medicare Part D Subsidies

The Medicare Prescription Drug, Improvement, and Modernization Act of 2003, which was effective January 1, 2006, established prescription drug coverage for Medicare beneficiaries known as Medicare Part D. One of the provisions of Medicare Part D allows for the Texas Public School Retired Employee Group Insurance Program (TRS-Care) to receive retiree drug subsidy payments from the federal government to offset certain prescription drug expenditures for eligible TRS-Care participants. For the fiscal years ended June 30, 2015, 2014, and 2013, the subsidy payments received by TRS-Care on behalf of the District were \$76,608, \$70,084, and \$68,584, respectively.

J. Employee Health Care Coverage

During the current fiscal period, employees of the District were covered by a statewide health insurance plan, TRS Active Care. The District paid premiums of \$175 per month per employee to the Plan with the State providing an additional \$75. Employees at their option, authorize payroll withholdings to pay premiums for dependent coverage. The Teacher Retirement System of Texas (TRS) manages TRS Active Care. The Plan is administered by Aetna.

The latest financial information on the statewide plan is available from TRS (see note on pension plan).

K. Commitments and Contingencies

1. Contingencies

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

2. Litigation

No reportable litigation was pending against the District at June 30, 2015.

MARBLE FALLS INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

FOR THE TEN MONTHS ENDED JUNE 30, 2015

L. Shared Services Arrangements

Shared Services Arrangement - Fiscal Agent

The District is the fiscal agent for a Shared Services Arrangement ("SSA") which provides services to the member districts listed below. All services are provided by the fiscal agent. The member districts provide the funds to the fiscal agent. According to guidance provided in TEA's Resource Guide, the District has accounted for the fiscal agent's activities of the SSA in a special revenue fund and will be accounted for using Model 3 in the SSA section of the Resource Guide. Expenditures of the SSA are summarized below:

<u>Member Districts</u>	<u>Expenditures</u>
Burnet CISD	\$ 666,853
Total	\$ <u>666,853</u>

M. Prior Period Adjustment

During fiscal year 2015, the District adopted GASB Statement No. 68 for Accounting and Reporting for Pensions, With GASB 68, the District must assume their proportionate share of the Net Pension Liability of the Teacher Retirement System of Texas. Adoption of GASB 68 required a prior period adjustment to report the effect of GASB 68 retroactively. The amount of the prior period adjustment is \$(5,459,805). The restated beginning net position is \$29,310,235.

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.

MARBLE FALLS INDEPENDENT SCHOOL DISTRICT

GENERAL FUND

BUDGETARY COMPARISON SCHEDULE

FOR THE TEN MONTHS ENDED JUNE 30, 2015

EXHIBIT G-1

Page 1 of 2

Data Control Codes		1	2	3	Variance with Final Budget Positive (Negative)
		Budgeted Amounts		Actual	
		Original	Final		
REVENUES:					
5700	Local and Intermediate Sources	\$ 32,488,531	\$ 34,324,225	\$ 33,775,554	\$ (548,671)
5800	State Program Revenues	4,146,097	4,146,097	3,449,032	(697,065)
5900	Federal Program Revenues	590,000	740,000	756,249	16,249
5020	Total Revenues	37,224,628	39,210,322	37,980,835	(1,229,487)
EXPENDITURES:					
Current:					
Instruction & Instructional Related Services:					
0011	Instruction	18,792,171	18,665,704	16,772,830	1,892,874
0012	Instructional Resources and Media Services	436,627	436,984	396,531	40,453
0013	Curriculum and Staff Development	397,663	452,402	394,191	58,211
	Total Instruction & Instr. Related Services	19,626,461	19,555,090	17,563,552	1,991,538
Instructional and School Leadership:					
0021	Instructional Leadership	641,772	721,398	614,071	107,327
0023	School Leadership	2,009,218	2,096,273	1,711,376	384,897
	Total Instructional & School Leadership	2,650,990	2,817,671	2,325,447	492,224
Support Services - Student (Pupil):					
0031	Guidance, Counseling and Evaluation Services	1,129,334	1,136,102	839,362	296,740
0032	Social Work Services	47,020	49,350	37,646	11,704
0033	Health Services	380,178	380,227	309,080	71,147
0034	Student (Pupil) Transportation	1,776,565	1,823,515	1,514,629	308,886
0036	Cocurricular/Extracurricular Activities	1,455,863	1,473,540	1,281,185	192,355
	Total Support Services - Student (Pupil)	4,788,960	4,862,734	3,981,902	880,832
Administrative Support Services:					
0041	General Administration	1,253,702	1,255,816	1,030,966	224,850
	Total Administrative Support Services	1,253,702	1,255,816	1,030,966	224,850
Support Services - Nonstudent Based:					
0051	Plant Maintenance and Operations	4,238,621	4,238,621	3,780,226	458,395
0052	Security and Monitoring Services	113,020	138,708	120,377	18,331
0053	Data Processing Services	1,108,232	2,116,101	1,451,096	665,005
	Total Support Services - Nonstudent Based	5,459,873	6,493,430	5,351,699	1,141,731
Ancillary Services:					
0061	Community Services	56,689	60,689	54,234	6,455
	Total Ancillary Services	56,689	60,689	54,234	6,455
Capital Outlay:					
0081	Capital Outlay	--	2,318,034	1,854,324	463,710
	Total Capital Outlay	--	2,318,034	1,854,324	463,710
Intergovernmental Charges:					
0091	Contracted Instr. Services Between Public Schools	2,737,864	3,213,864	3,237,440	(23,576)
0099	Other Intergovernmental Charges	650,090	650,090	636,922	13,168
	Total Intergovernmental Charges	3,387,954	3,863,954	3,874,362	(10,408)
6030	Total Expenditures	37,224,629	41,227,417	36,036,486	5,190,931

MARBLE FALLS INDEPENDENT SCHOOL DISTRICT

GENERAL FUND

BUDGETARY COMPARISON SCHEDULE

FOR THE TEN MONTHS ENDED JUNE 30, 2015

EXHIBIT G-1

Page 2 of 2

Data Control Codes		1	2	3	Variance with Final Budget
		Budgeted Amounts		Actual	Positive
		Original	Final		(Negative)
1100	Excess (Deficiency) of Revenues Over (Under)				
1100	Expenditures	(1)	(2,017,095)	1,944,349	3,961,444
1200	Net Change in Fund Balance	(1)	(2,017,095)	1,944,349	3,961,444
0100	Fund Balance - Beginning	10,869,498	10,869,498	10,869,498	--
3000	Fund Balance - Ending	\$ 10,869,497	\$ 8,852,403	\$ 12,813,847	\$ 3,961,444

MARBLE FALLS INDEPENDENT SCHOOL DISTRICT

SCHEDULE OF THE DISTRICT'S PROPORTIONATE

SHARE OF THE NET PENSION LIABILITY

TEACHER RETIREMENT SYSTEM of TEXAS

LAST TEN FISCAL YEARS *

	Fiscal Year				
	2015	2014	2013	2012	2011
District's proportion of the net pension liability (asset)	0.0178188%	--	--	--	--
District's proportionate share of the net pension liability (asset)	\$ 4,759,648	\$ --	\$ --	\$ --	\$ --
State's proportionate share of the net pension liability (asset) associated with the District	13,550,181	--	--	--	--
Total	<u>\$ 18,309,829</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>
District's covered-employee payroll	\$ 25,320,041	\$ --	\$ --	\$ --	\$ --
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	18.80%	--	--	--	--
Plan fiduciary net position as a percentage of the total pension liability	83.25%	--	--	--	--

* This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, this schedule provides the information only for those years for which information is available.

Fiscal Year				
2010	2009	2008	2007	2006
--	--	--	--	--
\$ --	\$ --	\$ --	\$ --	\$ --
--	--	--	--	--
<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>
\$ --	\$ --	\$ --	\$ --	\$ --
--	--	--	--	--
--	--	--	--	--

MARBLE FALLS INDEPENDENT SCHOOL DISTRICT

SCHEDULE OF DISTRICT CONTRIBUTIONS TEACHER RETIREMENT SYSTEM OF TEXAS LAST TEN FISCAL YEARS *

	Fiscal Year				
	2015	2014	2013	2012	2011
Contractually required contribution	\$ 695,924	\$ --	\$ --	\$ --	\$ --
Contributions in relation to the contractually required contribution	(695,924)	--	--	--	--
Contribution deficiency (excess)	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>
District's covered-employee payroll	\$ 25,618,009	\$ --	\$ --	\$ --	\$ --
Contributions as a percentage of covered-employee payroll	2.72%	--	--	--	--

* This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, this schedule provides the information for those years for which information is available.

EXHIBIT G-3

Fiscal Year				
2010	2009	2008	2007	2006
\$ --	\$ --	\$ --	\$ --	\$ --
--	--	--	--	--
<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>
\$ --	\$ --	\$ --	\$ --	\$ --
--	--	--	--	--

MARBLE FALLS INDEPENDENT SCHOOL DISTRICT

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

YEAR ENDED JUNE 30, 2015

Budget

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

- a. Prior to June 19 of the preceding fiscal year, the District prepares a budget for the next succeeding fiscal year beginning July 1. The operating budget includes proposed expenditures and the means of financing them.
- b. A meeting of the Board is then called for the purpose of adopting the proposed budget after ten days' public notice of the meeting has been given.
- c. Prior to July 1, the budget is legally enacted through passage of a resolution by the Board.

Once a budget is approved, it can be amended at function and fund level only by approval of a majority of the members of the Board. Amendments are presented to the Board at its regular meetings.

Each amendment must have Board approval. Such amendments are made before the fact, are reflected in the official minutes of the Board and are not made after fiscal year end as required by law.

Each amendment is controlled by the budget coordinator at the revenue and expenditure function/object level. Budgeted amounts are as amended by the Board. All budget appropriations lapse at year end.

Encumbrances for goods or purchased services are documented by purchase orders or contracts. Under Texas law, appropriations lapse at year end, and encumbrances outstanding at that time are to be either cancelled or appropriately provided for in the subsequent year's budget. There were no end-of-year outstanding encumbrances that were provided for in the subsequent year's budget.

Defined Benefit Pension Plan

Changes of benefit terms

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

Changes of assumptions

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

*Combining Statements and Budget Comparisons
as Supplementary Information*

This supplementary information includes financial statements and schedules not required by the Governmental Accounting Standards Board, nor a part of the basic financial statements, but are presented for purposes of additional analysis.

MARBLE FALLS INDEPENDENT SCHOOL DISTRICT**COMBINING BALANCE SHEET****NONMAJOR GOVERNMENTAL FUNDS**

JUNE 30, 2015

Data Control Codes		Special Revenue Funds	Capital Projects Funds	Total Nonmajor Governmental Funds (See Exhibit C-1)
ASSETS:				
1110	Cash and Cash Equivalents	\$ 798,172	\$ 2,511,011	\$ 3,309,183
1240	Due from Other Governments	732,029	--	732,029
1260	Due from Other Funds	76,367	--	76,367
1290	Other Receivables	5,123	2,058	7,181
1300	Inventories	20,715	--	20,715
1410	Unrealized Expenditures	(22)	--	(22)
1000	Total Assets	<u>1,632,384</u>	<u>2,513,069</u>	<u>4,145,453</u>
LIABILITIES:				
Current Liabilities:				
2110	Accounts Payable	\$ 315,759	\$ 3,971	\$ 319,730
2150	Payroll Deductions & Withholdings	1,613	--	1,613
2160	Accrued Wages Payable	257,602	--	257,602
2170	Due to Other Funds	122,551	--	122,551
2180	Due to Other Governments	872	--	872
2300	Unearned Revenue	24	--	24
2000	Total Liabilities	<u>698,421</u>	<u>3,971</u>	<u>702,392</u>
FUND BALANCES:				
Nonspendable Fund Balances:				
3410	Inventories	20,715	--	20,715
Restricted Fund Balances:				
3450	Federal/State Funds Grant Restrictions	677,944	--	677,944
3470	Capital Acquisitions & Contractual Obligations	--	2,509,098	2,509,098
3490	Other Restrictions of Fund Balance	235,304	--	235,304
3000	Total Fund Balances	<u>933,963</u>	<u>2,509,098</u>	<u>3,443,061</u>
4000	Total Liabilities and Fund Balances	<u>\$ 1,632,384</u>	<u>\$ 2,513,069</u>	<u>\$ 4,145,453</u>

MARBLE FALLS INDEPENDENT SCHOOL DISTRICT

COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE TEN MONTHS ENDED JUNE 30, 2015

Data Control Codes		Special Revenue Funds	Capital Projects Funds	Total Nonmajor Governmental Funds (See Exhibit C-2)
REVENUES:				
5700	Local and Intermediate Sources	\$ 784,186	\$ 10,500	\$ 794,686
5800	State Program Revenues	342,385	--	342,385
5900	Federal Program Revenues	5,164,070	--	5,164,070
5020	Total Revenues	6,290,641	10,500	6,301,141
EXPENDITURES:				
Current:				
0011	Instruction	2,713,137	427,646	3,140,783
0012	Instructional Resources and Media Services	36,191	--	36,191
0013	Curriculum and Staff Development	263,891	--	263,891
0021	Instructional Leadership	215,701	--	215,701
0023	School Leadership	39,699	876	40,575
0031	Guidance, Counseling, & Evaluation Services	11,961	--	11,961
0033	Health Services	12,722	--	12,722
0034	Student Transportation	94,142	190,212	284,354
0035	Food Service	2,163,896	--	2,163,896
0036	Cocurricular/Extracurricular Activities	30,524	134,122	164,646
0041	General Administration	10,872	--	10,872
0051	Facilities Maintenance and Operations	--	12,945	12,945
0053	Data Processing Services	--	825,679	825,679
0061	Community Services	15,084	--	15,084
0081	Capital Outlay	--	1,334,826	1,334,826
0093	Payments to Shared Service Arrangements	666,853	--	666,853
6030	Total Expenditures	6,274,673	2,926,306	9,200,979
1100	Excess (Deficiency) of Revenues Over (Under)			
1100	Expenditures	15,968	(2,915,806)	(2,899,838)
1200	Net Change in Fund Balances	15,968	(2,915,806)	(2,899,838)
0100	Fund Balances - Beginning	917,995	5,424,904	6,342,899
3000	Fund Balances - Ending	\$ 933,963	\$ 2,509,098	\$ 3,443,061

MARBLE FALLS INDEPENDENT SCHOOL DISTRICT

COMBINING BALANCE SHEET

NONMAJOR SPECIAL REVENUE FUNDS

JUNE 30, 2015

Data Control Codes		206 ESEA Title X Part C Homeless	211 ESEA Title I Improving Basic Programs	224 IDEA-B Formula	225 IDEA-B Preschool Grant
ASSETS:					
1110	Cash and Cash Equivalents	\$ --	\$ (66,162)	\$ (17,303)	\$ (4,691)
1240	Due from Other Governments	--	192,914	79,263	602
1260	Due from Other Funds	--	1,200	21,398	8,574
1290	Other Receivables	--	--	--	--
1300	Inventories	--	--	--	--
1410	Unrealized Expenditures	--	--	(22)	--
1000	Total Assets	<u>--</u>	<u>127,952</u>	<u>83,336</u>	<u>4,485</u>
LIABILITIES:					
Current Liabilities:					
2110	Accounts Payable	\$ --	\$ 1,696	\$ --	\$ --
2150	Payroll Deductions & Withholdings	--	717	659	23
2160	Accrued Wages Payable	--	115,183	79,109	3,044
2170	Due to Other Funds	--	10,356	3,568	1,418
2180	Due to Other Governments	--	--	--	--
2300	Unearned Revenue	--	--	--	--
2000	Total Liabilities	<u>--</u>	<u>127,952</u>	<u>83,336</u>	<u>4,485</u>
FUND BALANCES:					
Nonspendable Fund Balances:					
3410	Inventories	--	--	--	--
Restricted Fund Balances:					
3450	Federal/State Funds Grant Restrictions	--	--	--	--
3490	Other Restrictions of Fund Balance	--	--	--	--
3000	Total Fund Balances	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>
4000	Total Liabilities and Fund Balances	<u>\$ --</u>	<u>\$ 127,952</u>	<u>\$ 83,336</u>	<u>\$ 4,485</u>

226	240	242	244	255
IDEA-B	National School	Summer	Career and Tech	ESEA Title II
Discretionary	Breakfast/Lunch	Feeding	Basic	Training &
	Program	Program	Grant	Recruiting
\$ (114,361)	\$ 718,721	\$ 44,483	\$ (5,458)	\$ (2,784)
114,361	73,007	--	6,859	14,807
--	39,894	4,985	49	--
--	5,123	--	--	--
--	20,715	--	--	--
--	--	--	--	--
<u>--</u>	<u>857,460</u>	<u>49,468</u>	<u>1,450</u>	<u>12,023</u>
\$ --	\$ 130,827	\$ 2,042	\$ 26	\$ --
--	--	--	--	44
--	24,298	7,532	--	12,436
--	5,031	39,894	552	(457)
--	--	--	872	--
--	--	--	--	--
<u>--</u>	<u>160,156</u>	<u>49,468</u>	<u>1,450</u>	<u>12,023</u>
--	20,715	--	--	--
--	676,589	--	--	--
--	--	--	--	--
<u>--</u>	<u>697,304</u>	<u>--</u>	<u>--</u>	<u>--</u>
\$ <u>--</u>	\$ <u>857,460</u>	\$ <u>49,468</u>	\$ <u>1,450</u>	\$ <u>12,023</u>

MARBLE FALLS INDEPENDENT SCHOOL DISTRICT

COMBINING BALANCE SHEET

NONMAJOR SPECIAL REVENUE FUNDS

JUNE 30, 2015

Data Control Codes		263 English Language Acquisition and Enhancement	270 ESEA, Title VI Part B, Subpart 2 Rural School	272 MAC Program	289 Summer School LEP
ASSETS:					
1110	Cash and Cash Equivalents	\$ 6,402	\$ 17,579	\$ 19,878	\$ 6,749
1240	Due from Other Governments	1,114	16,697	--	--
1260	Due from Other Funds	893	--	--	--
1290	Other Receivables	--	--	--	--
1300	Inventories	--	--	--	--
1410	Unrealized Expenditures	--	--	--	--
1000	Total Assets	<u>8,409</u>	<u>34,276</u>	<u>19,878</u>	<u>6,749</u>
LIABILITIES:					
Current Liabilities:					
2110	Accounts Payable	\$ --	\$ --	\$ --	\$ --
2150	Payroll Deductions & Withholdings	--	--	--	--
2160	Accrued Wages Payable	4,084	10,088	--	--
2170	Due to Other Funds	4,379	24,188	19,878	--
2180	Due to Other Governments	--	--	--	--
2300	Unearned Revenue	--	--	--	--
2000	Total Liabilities	<u>8,463</u>	<u>34,276</u>	<u>19,878</u>	<u>--</u>
FUND BALANCES:					
Nonspendable Fund Balances:					
3410	Inventories	--	--	--	--
Restricted Fund Balances:					
3450	Federal/State Funds Grant Restrictions	(54)	--	--	6,749
3490	Other Restrictions of Fund Balance	--	--	--	--
3000	Total Fund Balances	<u>(54)</u>	<u>--</u>	<u>--</u>	<u>6,749</u>
4000	Total Liabilities and Fund Balances	<u>\$ 8,409</u>	<u>\$ 34,276</u>	<u>\$ 19,878</u>	<u>\$ 6,749</u>

352 21st Century Community Learning Centers	397 Advanced Placement Incentives	410 State Textbook Fund	429 State Funded Special Revenue Fund	461 Campus Activity Funds
\$ (168,383)	\$ 6,028	\$ 132,593	\$ 925	\$ 221,346
232,405	--	--	--	--
--	--	--	--	(626)
--	--	--	--	--
--	--	--	--	--
--	--	--	--	--
<u>64,022</u>	<u>6,028</u>	<u>132,593</u>	<u>925</u>	<u>220,720</u>
\$ 50,103	\$ --	\$ 130,501	\$ --	\$ 564
170	--	--	--	--
1,828	--	--	--	--
11,921	--	--	--	1,823
--	--	--	--	--
--	--	--	24	--
<u>64,022</u>	<u>--</u>	<u>130,501</u>	<u>24</u>	<u>2,387</u>
--	--	--	--	--
--	6,028	(12,269)	901	--
--	--	14,361	--	218,333
<u>--</u>	<u>6,028</u>	<u>2,092</u>	<u>901</u>	<u>218,333</u>
\$ <u>64,022</u>	\$ <u>6,028</u>	\$ <u>132,593</u>	\$ <u>925</u>	\$ <u>220,720</u>

MARBLE FALLS INDEPENDENT SCHOOL DISTRICT**COMBINING BALANCE SHEET****NONMAJOR SPECIAL REVENUE FUNDS**

JUNE 30, 2015

Data Control Codes	472 Central Office Activity Fund	482 City of Marble Falls Grant	Total Nonmajor Special Revenue Funds (See Exhibit H-1)
ASSETS:			
1110 <i>Cash and Cash Equivalents</i>	\$ 2,610	\$ --	\$ 798,172
1240 <i>Due from Other Governments</i>	--	--	732,029
1260 <i>Due from Other Funds</i>	--	--	76,367
1290 <i>Other Receivables</i>	--	--	5,123
1300 <i>Inventories</i>	--	--	20,715
1410 <i>Unrealized Expenditures</i>	--	--	(22)
1000 Total Assets	<u>2,610</u>	<u>--</u>	<u>1,632,384</u>
LIABILITIES:			
Current Liabilities:			
2110 <i>Accounts Payable</i>	\$ --	\$ --	\$ 315,759
2150 <i>Payroll Deductions & Withholdings</i>	--	--	1,613
2160 <i>Accrued Wages Payable</i>	--	--	257,602
2170 <i>Due to Other Funds</i>	--	--	122,551
2180 <i>Due to Other Governments</i>	--	--	872
2300 <i>Unearned Revenue</i>	--	--	24
2000 Total Liabilities	<u>--</u>	<u>--</u>	<u>698,421</u>
FUND BALANCES:			
Nonspendable Fund Balances:			
3410 <i>Inventories</i>	--	--	20,715
Restricted Fund Balances:			
3450 <i>Federal/State Funds Grant Restrictions</i>	--	--	677,944
3490 <i>Other Restrictions of Fund Balance</i>	2,610	--	235,304
3000 Total Fund Balances	<u>2,610</u>	<u>--</u>	<u>933,963</u>
4000 Total Liabilities and Fund Balances	<u>\$ 2,610</u>	<u>\$ --</u>	<u>\$ 1,632,384</u>

MARBLE FALLS INDEPENDENT SCHOOL DISTRICT

COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS
FOR THE TEN MONTHS ENDED JUNE 30, 2015

Data Control Codes		206 ESEA Title X Part C Homeless	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	1,000	888,078	718,845	12,399
5020	Total Revenues	1,000	888,078	718,845	12,399
EXPENDITURES:					
Current:					
0011	Instruction	1,000	792,622	690,586	12,399
0012	Instructional Resources and Media Services	--	--	--	--
0013	Curriculum and Staff Development	--	68,966	--	--
0021	Instructional Leadership	--	12,904	14,050	--
0023	School Leadership	--	13,586	--	--
0031	Guidance, Counseling, & Evaluation Services	--	--	105	--
0033	Health Services	--	--	--	--
0034	Student Transportation	--	--	--	--
0035	Food Service	--	--	--	--
0036	Cocurricular/Extracurricular Activities	--	--	14,104	--
0041	General Administration	--	--	--	--
0061	Community Services	--	--	--	--
0093	Payments to Shared Service Arrangements	--	--	--	--
6030	Total Expenditures	1,000	888,078	718,845	12,399
1100	Excess (Deficiency) of Revenues Over (Under)				
1100	Expenditures	--	--	--	--
1200	Net Change in Fund Balances	--	--	--	--
0100	Fund Balances - Beginning	--	--	--	--
3000	Fund Balances - Ending	\$ --	\$ --	\$ --	\$ --

226 IDEA-B Discretionary	240 National School Breakfast/Lunch Program	242 Summer Feeding Program	244 Career and Tech Basic Grant	255 ESEA Title II Training & Recruiting
\$ --	\$ 568,231	\$ --	\$ --	\$ --
--	11,736	--	--	--
197,761	1,571,201	12,299	47,506	120,093
<u>197,761</u>	<u>2,151,168</u>	<u>12,299</u>	<u>47,506</u>	<u>120,093</u>
173,942	--	--	46,253	58,360
--	--	--	--	--
--	--	--	--	--
--	--	--	--	60,210
--	--	--	--	--
--	--	--	--	--
23,819	--	--	--	--
--	2,151,597	12,299	--	--
--	--	--	--	--
--	--	--	1,253	1,523
--	--	--	--	--
--	--	--	--	--
<u>197,761</u>	<u>2,151,597</u>	<u>12,299</u>	<u>47,506</u>	<u>120,093</u>
--	(429)	--	--	--
--	(429)	--	--	--
--	697,733	--	--	--
\$ --	\$ 697,304	\$ --	\$ --	\$ --

MARBLE FALLS INDEPENDENT SCHOOL DISTRICT

COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS
FOR THE TEN MONTHS ENDED JUNE 30, 2015

Data Control Codes		263 English Language Acquisition and Enhancement	270 ESEA, Title VI Part B, Subpart 2 Rural School	272 MAC Program	289 Summer School LEP
REVENUES:					
5700	Local and Intermediate Sources	\$ --	\$ --	\$ --	\$ --
5800	State Program Revenues	--	--	--	--
5900	Federal Program Revenues	42,049	71,306	12,546	1,107
5020	Total Revenues	42,049	71,306	12,546	1,107
EXPENDITURES:					
Current:					
0011	Instruction	41,974	71,306	--	--
0012	Instructional Resources and Media Services	--	--	--	--
0013	Curriculum and Staff Development	75	--	--	--
0021	Instructional Leadership	--	--	--	--
0023	School Leadership	--	--	--	--
0031	Guidance, Counseling, & Evaluation Services	--	--	--	--
0033	Health Services	--	--	12,546	--
0034	Student Transportation	--	--	--	--
0035	Food Service	--	--	--	--
0036	Cocurricular/Extracurricular Activities	--	--	--	--
0041	General Administration	--	--	--	--
0061	Community Services	--	--	--	--
0093	Payments to Shared Service Arrangements	--	--	--	--
6030	Total Expenditures	42,049	71,306	12,546	--
1100	Excess (Deficiency) of Revenues Over (Under)				
1100	Expenditures	--	--	--	1,107
1200	Net Change in Fund Balances	--	--	--	1,107
0100	Fund Balances - Beginning	(54)	--	--	5,642
3000	Fund Balances - Ending	\$ (54)	\$ --	\$ --	\$ 6,749

352 21st Century Community Learning Centers	397 Advanced Placement Incentives	410 State Textbook Fund	429 State Funded Special Revenue Fund	461 Campus Activity Funds
\$ --	\$ --	\$ --	\$ --	\$ 207,217
--	--	329,724	925	--
1,467,880	--	--	--	--
<u>1,467,880</u>	<u>--</u>	<u>329,724</u>	<u>925</u>	<u>207,217</u>
396,829	--	341,343	--	86,216
--	--	--	24	36,167
194,001	499	--	--	350
127,887	--	650	--	--
--	--	--	--	26,113
--	--	--	--	11,856
--	--	--	--	176
70,044	--	--	--	--
--	--	--	--	--
--	--	--	--	16,420
--	--	--	--	--
12,266	--	--	--	--
666,853	--	--	--	--
<u>1,467,880</u>	<u>499</u>	<u>341,993</u>	<u>24</u>	<u>177,298</u>
--	(499)	(12,269)	901	29,919
--	(499)	(12,269)	901	29,919
--	6,527	14,361	--	188,414
\$ <u>--</u>	\$ <u>6,028</u>	\$ <u>2,092</u>	\$ <u>901</u>	\$ <u>218,333</u>

MARBLE FALLS INDEPENDENT SCHOOL DISTRICT

COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS
FOR THE TEN MONTHS ENDED JUNE 30, 2015

Data Control Codes	472 Central Office Activity Fund	482 City of Marble Falls Grant	Total Nonmajor Special Revenue Funds (See Exhibit H-2)
REVENUES:			
5700 <i>Local and Intermediate Sources</i>	\$ 8,738	\$ --	\$ 784,186
5800 <i>State Program Revenues</i>	--	--	342,385
5900 <i>Federal Program Revenues</i>	--	--	5,164,070
5020 Total Revenues	<u>8,738</u>	<u>--</u>	<u>6,290,641</u>
EXPENDITURES:			
Current:			
0011 <i>Instruction</i>	--	307	2,713,137
0012 <i>Instructional Resources and Media Services</i>	--	--	36,191
0013 <i>Curriculum and Staff Development</i>	--	--	263,891
0021 <i>Instructional Leadership</i>	--	--	215,701
0023 <i>School Leadership</i>	--	--	39,699
0031 <i>Guidance, Counseling, & Evaluation Services</i>	--	--	11,961
0033 <i>Health Services</i>	--	--	12,722
0034 <i>Student Transportation</i>	279	--	94,142
0035 <i>Food Service</i>	--	--	2,163,896
0036 <i>Cocurricular/Extracurricular Activities</i>	--	--	30,524
0041 <i>General Administration</i>	8,096	--	10,872
0061 <i>Community Services</i>	--	2,818	15,084
0093 <i>Payments to Shared Service Arrangements</i>	--	--	666,853
6030 Total Expenditures	<u>8,375</u>	<u>3,125</u>	<u>6,274,673</u>
1100 Excess (Deficiency) of Revenues Over (Under)			
1100 Expenditures	363	(3,125)	15,968
1200 Net Change in Fund Balances	<u>363</u>	<u>(3,125)</u>	<u>15,968</u>
0100 Fund Balances - Beginning	2,247	3,125	917,995
3000 Fund Balances - Ending	<u>\$ 2,610</u>	<u>\$ --</u>	<u>\$ 933,963</u>

MARBLE FALLS INDEPENDENT SCHOOL DISTRICT

COMBINING BALANCE SHEET

NONMAJOR CAPITAL PROJECTS FUNDS

JUNE 30, 2015

Data Control Codes		622 Capital Projects Fund-CATE	634 Capital Projects Fund- Transportation	636 Capital Projects Fund-Band
ASSETS:				
1110	<i>Cash and Cash Equivalents</i>	\$ 509,918	\$ 309,788	\$ 306,848
1290	<i>Other Receivables</i>	2,058	--	--
1000	Total Assets	<u>511,976</u>	<u>309,788</u>	<u>306,848</u>
LIABILITIES:				
Current Liabilities:				
2110	<i>Accounts Payable</i>	\$ 3,643	\$ --	\$ --
2000	Total Liabilities	<u>3,643</u>	<u>--</u>	<u>--</u>
FUND BALANCES:				
Restricted Fund Balances:				
3470	<i>Capital Acquisitions & Contractual Obligations</i>	508,333	309,788	306,848
3000	Total Fund Balances	<u>508,333</u>	<u>309,788</u>	<u>306,848</u>
4000	Total Liabilities and Fund Balances	<u>\$ 511,976</u>	<u>\$ 309,788</u>	<u>\$ 306,848</u>

651 Capital Projects Fund Maintenance	653 Capital Projects Fund Technology	699 Capital Projects Fund	Total Nonmajor Capital Projects Funds (See Exhibit H-1)
\$ 1,308,604	\$ 64,743	\$ 11,110	\$ 2,511,011
--	--	--	2,058
<u>1,308,604</u>	<u>64,743</u>	<u>11,110</u>	<u>2,513,069</u>
\$ 328	\$ --	\$ --	\$ 3,971
<u>328</u>	<u>--</u>	<u>--</u>	<u>3,971</u>
1,308,276	64,743	11,110	2,509,098
<u>1,308,276</u>	<u>64,743</u>	<u>11,110</u>	<u>2,509,098</u>
\$ <u>1,308,604</u>	\$ <u>64,743</u>	\$ <u>11,110</u>	\$ <u>2,513,069</u>

MARBLE FALLS INDEPENDENT SCHOOL DISTRICT

COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NONMAJOR CAPITAL PROJECTS FUNDS
FOR THE TEN MONTHS ENDED JUNE 30, 2015

Data Control Codes		622 Capital Projects Fund-CATE	634 Capital Projects Fund- Transportation	636 Capital Projects Fund-Band
REVENUES:				
5700	Local and Intermediate Sources	\$ --	\$ --	\$ --
5020	Total Revenues	--	--	--
EXPENDITURES:				
Current:				
0011	Instruction	298,985	--	42,176
0023	School Leadership	--	--	--
0034	Student Transportation	--	190,212	--
0036	Cocurricular/Extracurricular Activities	--	--	134,122
0051	Facilities Maintenance and Operations	--	--	--
0053	Data Processing Services	--	--	--
0081	Capital Outlay	1,178,776	--	32,054
6030	Total Expenditures	1,477,761	190,212	208,352
1100	Excess (Deficiency) of Revenues Over (Under)			
1100	Expenditures	(1,477,761)	(190,212)	(208,352)
1200	Net Change in Fund Balances	(1,477,761)	(190,212)	(208,352)
0100	Fund Balances - Beginning	1,986,094	500,000	515,200
3000	Fund Balances - Ending	\$ 508,333	\$ 309,788	\$ 306,848

651 Capital Projects Fund Maintenance	653 Capital Projects Fund Technology	699 Capital Projects Fund	Total Nonmajor Capital Projects Funds (See Exhibit H-2)
\$ --	\$ --	\$ 10,500	\$ 10,500
--	--	10,500	10,500
54,783	31,702	--	427,646
--	876	--	876
--	--	--	190,212
--	--	--	134,122
12,945	--	--	12,945
--	825,679	--	825,679
123,996	--	--	1,334,826
191,724	858,257	--	2,926,306
(191,724)	(858,257)	10,500	(2,915,806)
(191,724)	(858,257)	10,500	(2,915,806)
1,500,000	923,000	610	5,424,904
\$ 1,308,276	\$ 64,743	\$ 11,110	\$ 2,509,098

MARBLE FALLS INDEPENDENT SCHOOL DISTRICT

COMBINING STATEMENT OF FIDUCIARY NET POSITION

PRIVATE-PURPOSE TRUST FUNDS

JUNE 30, 2015

Data Control Codes		806 Harold Horne Scholarship	821 Designated Gifts & Bequests
ASSETS:			
1110	Cash and Cash Equivalents	\$ --	\$ 25,895
1800	Restricted Assets	18,488	--
1000	Total Assets	18,488	25,895
LIABILITIES:			
2000	Total Liabilities	--	--
NET POSITION:			
3800	Held in Trust	\$ 18,488	\$ 25,895
3000	Total Net Position	\$ 18,488	\$ 25,895

824	825	876	Total
DEIC	Technology Gifts	Ebbie Neptune Memorial	Private- Purpose Trust Funds (See Exhibit E-1)
\$ --	\$ --	\$ --	\$ 25,895
--	--	--	18,488
--	--	--	44,383
--	--	--	--
\$ --	\$ --	\$ --	\$ 44,383
\$ --	\$ --	\$ --	\$ 44,383

MARBLE FALLS INDEPENDENT SCHOOL DISTRICT
COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
ALL PRIVATE-PURPOSE TRUST FUNDS
FOR THE YEAR ENDED AUGUST 31, 2014

	806 Harold Horne Scholarship	821 Designated Gifts & Bequests	824 DEIC
Additions:			
Investment Income	\$ 145	\$ --	\$ --
Net (Decrease) in Fair Value of Investments	--	--	--
Contributions	--	--	--
Plan Member Contributions	--	--	--
Total Additions	<u>145</u>	<u>--</u>	<u>--</u>
Deductions:			
Scholarship Awards	--	500	--
Benefits	--	--	--
Refunds of Contributions	--	--	--
Administrative Expenses	--	114	293
Total Deductions	<u>--</u>	<u>614</u>	<u>293</u>
Change in Net Position	145	(614)	(293)
Net Position-Beginning of the Year	18,343	26,509	293
Net Position-End of the Year	<u>\$ 18,488</u>	<u>\$ 25,895</u>	<u>\$ --</u>

EXHIBIT H-8

825 Technology Gifts	876 Ebbie Neptune Memorial	Total Private-Purpose Trust Funds (See Exhibit E-2)
\$ --	\$ --	\$ 145
--	--	--
--	--	--
--	--	--
<u>--</u>	<u>--</u>	<u>145</u>
--	--	--
--	--	500
--	--	--
--	--	--
150	225	782
<u>150</u>	<u>225</u>	<u>1,282</u>
(150)	(225)	(1,137)
150	225	45,520
<u>\$ --</u>	<u>\$ --</u>	<u>\$ 44,383</u>

Other Supplementary Information

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

MARBLE FALLS INDEPENDENT SCHOOL DISTRICT

*SCHEDULE OF DELINQUENT TAXES RECEIVABLE
FOR THE TEN MONTHS ENDED JUNE 30, 2015*

Year Ended August 31 *	1		2		3	
	Tax Rates				Assessed/Appraised Value For School Tax Purposes	
	Maintenance		Debt Service			
2006 and Prior Years	\$	Various	\$	Various	\$	Various
2007		1.341		.1306		2,010,430,891
2008		1.04		.195		2,215,553,847
2009		1.04		.215		2,643,333,785
2010		1.04		.245		2,865,855,749
2011		1.04		.25		2,855,639,845
2012		1.04		.25		2,857,119,070
2013		1.0533		.2267		2,940,462,613
2014		1.0533		.2267		2,945,172,530
2015 (School Year Under Audit)		1.0533		.2267		3,026,438,979

1000 Totals

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

* Although the District's fiscal year ended June 30, 2015, the information provided in this schedule for 2015 is for the twelve month period ended August 31, 2015, as required by the Texas Education Agency.

10 Beginning Balance 9/1/14	20 Current Year's Total Levy	31 Maintenance Collections	32 Debt Service Collections	40 Entire Year's Adjustments	50 Ending Balance 8/31/15
\$ 284,908	\$ --	\$ 12,238	\$ 1,923	\$ (70,340)	\$ 200,407
50,868	--	4,673	455	(626)	45,114
60,746	--	7,739	1,432	(430)	51,145
109,221	--	19,694	4,071	(1,130)	84,326
150,347	--	24,926	5,872	(262)	119,287
197,254	--	51,110	12,257	4,393	138,280
262,464	--	76,366	18,328	4,644	172,414
368,820	--	110,961	23,875	4,535	238,519
549,082	--	254,595	53,896	9,203	249,794
--	38,738,419	31,365,777	6,748,661	(81,685)	542,296
<u>\$ 2,033,710</u>	<u>\$ 38,738,419</u>	<u>\$ 31,928,079</u>	<u>\$ 6,870,770</u>	<u>\$ (131,698)</u>	<u>\$ 1,841,582</u>
\$ --	\$ --	\$ --	\$ --	\$ --	\$ --

MARBLE FALLS INDEPENDENT SCHOOL DISTRICT

EXHIBIT J-2

NATIONAL SCHOOL BREAKFAST AND LUNCH PROGRAM

BUDGETARY COMPARISON SCHEDULE

FOR THE TEN MONTHS ENDED JUNE 30, 2015

Data Control Codes		1	2	3
		Budget	Actual	Variance Positive (Negative)
REVENUES:				
5700	Local and Intermediate Sources	\$ 640,886	\$ 568,231	\$ (72,655)
5800	State Program Revenues	12,110	11,736	(374)
5900	Federal Program Revenues	1,540,075	1,571,201	31,126
5020	Total Revenues	2,193,071	2,151,168	(41,903)
EXPENDITURES:				
Current:				
Support Services - Student (Pupil):				
0035	Food Services	2,542,777	2,151,597	391,180
	Total Support Services - Student (Pupil)	2,542,777	2,151,597	391,180
6030	Total Expenditures	2,542,777	2,151,597	391,180
1100	Excess (Deficiency) of Revenues Over (Under)			
1100	Expenditures	(349,706)	(429)	349,277
1200	Net Change in Fund Balance	(349,706)	(429)	349,277
0100	Fund Balance - Beginning	697,733	697,733	--
3000	Fund Balance - Ending	\$ 348,027	\$ 697,304	\$ 349,277

MARBLE FALLS INDEPENDENT SCHOOL DISTRICT

EXHIBIT J-3

DEBT SERVICE FUND

BUDGETARY COMPARISON SCHEDULE

FOR THE TEN MONTHS ENDED JUNE 30, 2015

Data Control Codes		1	2	3 Variance Positive (Negative)
		Budget	Actual	
REVENUES:				
5700	Local and Intermediate Sources	\$ 6,986,932	\$ 6,883,749	\$ (103,183)
5020	Total Revenues	6,986,932	6,883,749	(103,183)
EXPENDITURES:				
Debt Service:				
0071	Principal on Long-Term Debt	4,125,000	--	4,125,000
0072	Interest on Long-Term Debt	2,781,615	1,420,372	1,361,243
0073	Bond Issuance Costs and Fees	5,000	101,084	(96,084)
	Total Debt Service	6,911,615	1,521,456	5,390,159
6030	Total Expenditures	6,911,615	1,521,456	5,390,159
1100	Excess (Deficiency) of Revenues Over (Under)			
1100	Expenditures	75,317	5,362,293	5,286,976
Other Financing Sources (Uses):				
7901	Refunding Bonds Issued	--	8,685,000	8,685,000
7916	Premium or Discount on Issuance of Bonds	--	1,032,371	1,032,371
8940	Payment to Bond Refunding Escrow Agent	--	(9,617,037)	(9,617,037)
7080	Total Other Financing Sources and (Uses)	--	100,334	100,334
1200	Net Change in Fund Balance	75,317	5,462,627	5,387,310
0100	Fund Balance - Beginning	2,693,392	2,693,392	--
3000	Fund Balance - Ending	\$ 2,768,709	\$ 8,156,019	\$ 5,387,310

WEST, DAVIS & COMPANY, LLP
11824 Jollyville Road, Suite 100
Austin, Texas 78759

Independent Auditors' 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
Marble Falls Independent School District
Marble Falls, Texas

Members of the Board of Trustees:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Marble Falls Independent School District, as of and for the ten months ended June 30, 2015, and the related notes to the financial statements, which collectively comprise Marble Falls Independent School District's basic financial statements, and have issued our report thereon dated November 11, 2015.

Internal Control Over Financial Reporting

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

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

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

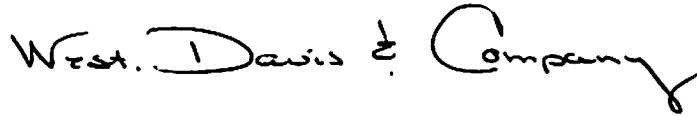
Compliance and Other Matters

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

Purpose of this Report

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

Respectfully submitted,

A handwritten signature in black ink that reads "West, Davis & Company". The signature is written in a cursive, flowing style.

West, Davis & Company, LLP
Austin, Texas
November 11, 2015

WEST, DAVIS & COMPANY, LLP
11824 Jollyville Road, Suite 100
Austin, Texas 78759

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

Board of Trustees
Marble Falls Independent School District
Marble Falls, Texas

Members of the Board of Trustees:

Report on Compliance for Each Major Federal Program

We have audited the Marble Falls Independent School District's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on Marble Falls Independent School District's major federal program for the ten months ended June 30, 2015. Marble Falls Independent School District's major federal program is 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 Marble Falls Independent School District's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Marble Falls Independent School District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on Each Major Federal Program

In our opinion, the Marble Falls Independent School District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs for the year ended June 30, 2015.

Report on Internal Control Over Compliance

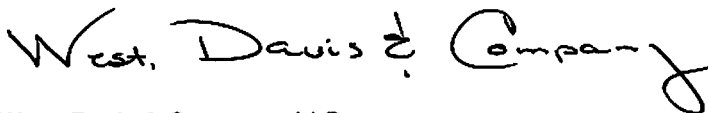
Management of the Marble Falls Independent School District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Marble Falls Independent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

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

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

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

Respectfully submitted,

A handwritten signature in black ink that reads "West, Davis & Company". The signature is written in a cursive, flowing style.

West, Davis & Company, LLP
Austin, Texas
November 11, 2015

MARBLE FALLS INDEPENDENT SCHOOL DISTRICT

SCHEDULE OF FINDINGS AND QUESTIONED COSTS FOR THE 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:

One or more material weaknesses identified? Yes X No

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

Noncompliance material to financial statements noted? Yes X No

2. Federal Awards

Internal control over major programs:

One or more material weaknesses identified? Yes X No

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

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

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

Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
10.553	School Breakfast Program
10.555	National School Lunch Program

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

Auditee qualified as low-risk auditee? X Yes No

B. Financial Statement Findings

NONE

C. Federal Award Findings and Questioned Costs

NONE

MARBLE FALLS INDEPENDENT SCHOOL DISTRICT

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE TEN MONTHS ENDED JUNE 30, 2015

EXHIBIT K-1

(1)	(2)	(2A)	(3)
Federal Grantor/ Pass-Through Grantor/ Program Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
U. S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			
Direct Programs:			
<i>Medicaid Administrative Claiming Program - MAC *</i>	93.778	027-904	12,546
Total Direct Programs			12,546
Total U. S. Department of Health and Human Services			12,546
U. S. DEPARTMENT OF EDUCATION			
Direct Program:			
<i>ESEA Title X Part C - Education for Homeless Children and Youth</i>	84.196	027-904	1,000
Passed Through State Department of Education:			
<i>ESEA Title I Part A - Improving Basic Programs *</i>	84.010A	1510101027904	888,078
<i>IDEA-B Formula *</i>	84.027A	156600010279046600	718,845
<i>IDEA-B Discretionary *</i>	84.027A	156600120279046677	197,761
Total CFDA Number 84.027A			916,606
<i>Career and Technical - Basic Grant</i>	84.048A	15420006027904	48,759
<i>IDEA-B Preschool *</i>	84.173A	156610010279046610	12,399
<i>SSA Title IV Part B 21st Century Community Learning Centers</i>	84.287C	156950197110013	1,467,880
<i>ESEA, Title VI, Part B, Subpart 2 - Rural and Low Income School</i>	84.358B	15696001027904	71,306
<i>Title III Part A English Language Acquisition and Language Enhancement</i>	84.365A	15671001027904	42,049
<i>ESEA Title II Part A - Teacher & Principal Training & Recruiting</i>	84.367A	15694501027904	120,093
Total Passed Through State Department of Education			3,567,170
Total U. S. Department of Education			\$ 3,568,170
U. S. DEPARTMENT OF AGRICULTURE			
Passed Through State Department of Education:			
School Breakfast Program *	10.553	714015	\$ 353,071
National School Lunch Program *	10.555	713015	1,105,540
National School Lunch Program (Non-cash) *	10.555	027-904	112,590
Total CFDA Number 10.555			1,218,130
Total Passed Through State Department of Education			1,571,201
Total U. S. Department of Agriculture			1,571,201
TOTAL EXPENDITURES OF FEDERAL AWARDS			\$ 5,151,917

* Indicates clustered program under OMB Circular A-133 Compliance Supplement

The accompanying notes are an integral part of this schedule.

MARBLE FALLS INDEPENDENT SCHOOL DISTRICT
*NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE TEN MONTHS ENDED JUNE 30, 2015*

Basis of Presentation

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

MARBLE FALLS INDEPENDENT SCHOOL DISTRICT

*SCHEDULE OF REQUIRED RESPONSES TO SELECTED SCHOOL FIRST INDICATORS
AS OF JUNE 30, 2015*

<u>Data Control Codes</u>		<u>Responses</u>
SF2	Were there any disclosures in the Annual Financial Report and/or other sources of information concerning nonpayment of any terms of any debt agreement at fiscal year end?	No
SF4	Was there an unmodified opinion in the Annual Financial Report?	Yes
SF5	Did the Annual Financial Report disclose any instances of material weaknesses in internal controls over financial reporting and compliance for local, state or federal funds?	No
SF6	Was there any disclosure in the Annual Financial Report of material noncompliance for grants, contracts and laws related to local, state or federal funds?	No
SF7	Did the school district make timely payments to the Teachers Retirement System (TRS), Texas Workforce Commission (TWC), Internal Revenue Service (IRS), and other governmental agencies?	Yes
SF8	Did the school district <u>not</u> receive an adjusted repayment schedule for more than one fiscal year for an over allocation of Foundation School Program (FSP) funds as a result of a financial hardship?	Yes
SF10	What was the total accumulated accretion on capital appreciation bonds (CABs) included in government-wide financial statements at fiscal year-end?	\$ 8,791,830
SF11	Net Pension Assets (object 1920) at fiscal year-end.	\$ --
SF12	Net Pension Liabilities (object 2540) at fiscal year-end.	\$ 4,759,648
SF13	Pension Expense (object 6147) at fiscal year-end.	\$ 439,945