

**Comal Independent School District**  
**Schools FIRST**  
**October 27, 2011**

**RESPONSES TO BASE INDICATORS**

**The following are the responses to the questions used to assess the District's financial management system.**

**1. Was the total fund balance less reserved fund balance greater than zero in the general fund?**

Yes. Total unreserved fund balance at 08/31/10 was \$56,276,478. This represents a 6% increase over 08/09.

**2. Was the total unrestricted net asset balance (net of accretion of interest on capital appreciation bonds) in the governmental activities column in the statement of net assets greater than zero? (If the district's 5 year % change in students was 10% more)**

Yes. Total unrestricted net asset balance at 8/31/10 was \$34,256,835. The 5 year % change in students was a 23.95% increase.

**3. Were there NO disclosures in the annual financial report and/or other sources of information concerning default on bonded indebtedness obligations?**

Yes. The district has a relatively large debt portfolio due to the rapid growth it has experienced. Debt service requirement for this fiscal year was \$32,611,963. The district has a longstanding commitment to maintain its credit worthiness and has never defaulted on any debt payments.

**4. Was the annual financial report filed within one month after November 27 or January 28 deadline depending upon the district's fiscal year end date (June 30 or August 31)?**

Yes. The audit report was filed with TEA on 01/26/11.

**5. Was there an unqualified opinion in the annual financial report?**

Yes. When the financial statements of the district are audited by independent auditors, they issue an opinion stating that the financial statements are fairly presented and free of material misstatements. The affirmation of this process is indicated by issuance of an unqualified opinion by the auditors. A qualified opinion from the independent auditors generally means

that we need to take some type of corrective action on reporting of the district assets or its internal controls. The district has enjoyed unqualified opinions from its independent auditors for many years.

**6. Did the annual financial report NOT disclose any instance(s) of material weakness in internal controls?**

Yes. Material weaknesses in internal controls are conditions in which the design or operation of the internal control system does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements may occur and not be detected in a timely period by employers in the normal course of performing their duties. We are happy to report no such instance in our annual financial report.

**7. Did the district's academic rating exceed Academically Unacceptable?**

Five of a possible five total points received for this indicator. The district's 2010 academic rating was Recognized.

**8. Was the three-year average percent of total tax collections (including delinquent) greater than 98%?**

Five of a possible five total points received for this indicator. The district's three-year average % of total tax collections was 99.55%.

**9. Did the comparison of PEIMS data to like information in the annual financial report result in an aggregate variance of less than 3 percent of expenditures per fund type (Data Quality Measure)?**

Five of a possible five total points received for this indicator. The comparison of data submitted to the Texas Education Agency through its Public Education Information Management System (PEIMS) resulted in a 0% variance from the annual financial report.

**10. Were debt-related expenditures (net of IFA and/or EDA allotment) less than \$350 per student? (If the district's five year percent change in students was a 7 percent increase or more, or if property taxes collected per penny of tax effort were more than \$200,000, then answer this indicator YES).**

Five of a possible five total points received for this indicator. The five year percent change in students was 23.95 percent. The District's debt service expenditures net of Existing Debt Allotment and Instructional Facilities Allotment were \$1,996 per student. This was higher than the \$350 per student, but this was due to increased debt necessary because of fast paced growth. Also, property taxes collected per penny tax effort were \$943,919.

**11. Was there NO disclosure in the annual audit report of material noncompliance?**

Five of a possible five total points received for this indicator. Material noncompliance reported in an annual audit of financial statements pertains to noncompliance with provisions of laws, regulations, contracts, and grants whose impact could have a direct and material effect on the determination of financial statement amounts. Our report disclosed no instances of material noncompliance.

**12. Did the district have full accreditation status in relations to financial management practices? (e.g. no conservator or monitor assigned)**

Five of a possible five total points received for this indicator. The District is fully accredited in relation to financial management practices, meaning no conservator or monitor has been assigned to oversee our financial management practices.

**13. Was the aggregate of budgeted expenditures and other uses less than the aggregate of total revenues, other resources and fund balance in the general fund?**

Five of a possible five total points were received for this indicator. Budgeted expenditures and other uses were \$131,944,764. Total revenues, other resources and fund balance were \$186,143,152.

**14. If the district's aggregate fund balance in the general fund and capital projects fund was less than zero, were construction projects adequately financed? (To avoid creating or adding to the fund balance deficit situation)**

Five of a possible five total points were received for this indicator. The district's aggregate fund balance in the General Fund and Capital Projects Fund was NOT less than zero. Major construction projects are financed with general obligation bonds, the proceeds of which are accounted for and reported in the Capital Projects Fund. Capital Projects ending fund balance was \$65,512,135.

**15. Was the ratio of cash and investments to deferred revenues (excluding amount equal to net delinquent taxes receivables) in the general fund equal to or greater than 1:1? (If deferred revenues are less than net delinquent taxes receivable, then answer this indicator Yes)**

Five of a possible five total points were received for this indicator. The ratio of cash and investments to deferred revenue was 3,019:1.

**16. Was the administrative cost ratio less than the threshold ratio?**

Five of a possible five total points were received for this indicator. The Texas Education Agency and state law sets a cap of 11.05 % on the percentage of budget Texas School

Districts can spend on administrative costs for a district of our size. The District's administrative cost ratio was 6.30%.

**17. Was the ratio of students to teachers within the ranges shown below according to district size?**

Five of a possible five total points were received for this indicator. The District's student to teacher ratio was 15.13, which was within the required range of 13.5 to 22.

**18. Was the ratio of students to total staff within the ranges shown below according to district size?**

Five of a possible five total points were received for this indicator. The District's student to total staff ratio was 7.43, which was within the required range of 7.0 to 14.

**19. Was the total fund balance in the general fund more than 50 percent and less than 150% of optimum according to the fund balance and cash flow calculation worksheet in the annual financial report?**

Five of a possible five total points were received for this indicator. The Total fund balance in the General Fund was \$56,276,478. This number falls between the required range of \$22,463,156 and \$67,389,468.

**20. Was the decrease in undesignated unreserved fund balance less than 20 percent over two fiscal years? (If 1.5 times optimum fund balance in general fund < total fund balance in general fund or if total revenues > operating expenditures in the general fund, then district receives 5 points)**

Five of a possible five total points were received for this indicator. Over the last two years, Undesignated Fund Balance has increased by \$4,535,377.

**21. Was the aggregate total of cash and investments in general fund more than \$0?**

Five of a possible five total points were received for this indicator. The District's General Fund Cash & Investments at August 31, 2010 was \$61,971,484.

**22. Were investment earnings in all funds more than \$15 per student?**

Zero of a possible five total points were received for this indicator. Investment earnings for all funds were \$9.35 per student. Interest rates for 09/10 were at historic low rates (08/09 average rate of return .7638% - 09/10 average rate of return was .1554%).