

EAST CHAMBERS INDEPENDENT SCHOOL DISTRICT

EAST CHAMBERS ISD FINANCIAL HIGHLIGHTS

- The District's total combined net position was \$23,018,249 at August 31, 2015.
- During the year, the District's revenues were \$850,194 more than expenses.
- The general fund reported a fund balance this year of \$2,843,836, all of which is for unrestricted use by the District.
- The District received the highest rating (Superior Achievement) in the State's Financial Integrity Rating System of Texas once again.

The District's combined net position was \$23,018,249 at August 31, 2015. (See Table I)

Table I
East Chambers Independent School District
Net Position

	August 31, 2015	August 31, 2014
Current and Other Assets	\$ 5,066,429	\$ 5,219,385
Capital Assets	27,463,902	26,482,598
Total Assets	<u>32,530,331</u>	<u>31,701,983</u>
Long-term Liabilities	6,985,821	7,657,829
Other Liabilities	2,526,261	655,125
Total Liabilities	<u>9,512,082</u>	<u>8,312,954</u>
Net Assets:		
Invested in Capital Assets Net of Related Debt	19,903,337	18,791,427
Restricted	1,003,074	1,584,054
Unrestricted	2,111,838	3,013,548
Total Net Position	<u><u>\$ 23,018,249</u></u>	<u><u>\$ 23,389,029</u></u>

Approximately \$19.9 million of the District's net position represent investments in capital assets net of related debt. Restricted net position includes assets restricted for debt service, construction and federal and state programs.

Changes in net position. The District's total revenues were \$15.2 million. A significant portion, 71 percent, of the District's revenue comes from federal and state aid, 21 percent comes from property taxes, while only 2 percent relates to charges for services and 6 percent to investment and other miscellaneous revenue.

Total Cost of all programs and services was \$14.3 million; of this amount \$7.6 million of these costs relate to functions for instruction.

Net position of the District's governmental activities for the current year increased \$850,194 (see Table II of this report). This is an indication that the government's overall financial position has improved.

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Key elements of the governmental activities of the District are reflected in the following table.

Table II
East Chambers Independent School District
Changes in Net Position

	August 31, 2015	August 31, 2014
Revenues:		
Program Revenues:		
Charges for Services	\$ 341,886	\$ 313,213
Operating Grants and Contributions	1,717,197	1,615,019
General Revenues:		
Property Taxes	3,259,870	2,743,944
State Aid - Formula Grants		
Grants and Contributions - Not Restricted to		
Specific Functions	9,069,067	9,649,624
Investment Earnings	6,422	7,998
Miscellaneous	835,416	2,077,097
Total Revenues	<u>15,229,858</u>	<u>16,406,895</u>
Expenses:		
Instruction	7,612,208	6,819,130
Instructional Resources and Media Services	195,978	283,162
Curriculum/Instructional Development	74,174	34,429
Instructional Leadership	147,457	187,450
School Leadership	536,866	536,530
Guidance and Counseling Services	475,113	371,918
Health Services	94,831	93,068
Student (Pupil) Transportation	475,619	472,961
Food Services	817,574	757,683
Cocurricular/Extracurricular Activities	834,293	757,217
General Administration	573,075	493,759
Plant Maintenance and Operations	2,100,525	1,949,529
Security and Monitoring Services	30,911	36,828
Data Processing Services	93,569	92,161
Community Services	1,350	22,335
Debt Services - Interest on Long-Term Debt	272,980	287,363
Payments to Fiscal Agent/Member Districts of SSA	43,141	29,971
Total Expenses	<u>14,379,664</u>	<u>13,225,494</u>
Increase in Net Position	850,194	3,181,401
Net Position - September 1 (Beginning)	23,389,029	20,207,628
Prior Period Adjustment	(1,220,974)	-
Net Position - September 1 (Restated)	<u>22,168,055</u>	<u>20,207,628</u>
Net Position - August 31 (Ending)	<u><u>\$ 23,018,249</u></u>	<u><u>\$ 23,389,029</u></u>

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- Property tax rates were set at \$1.040000 per \$100 valuation for maintenance and operations and \$0.180050 for debt service. The rate for 2015 is set at \$1.04000 for maintenance and operations and \$0.180050 for principal and interest on debts.
- The District continues to pay down the \$6.945 million of general obligation bonds.

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

- The cost of all governmental activities this year was \$14.3 million.
- However, the amount that our taxpayers paid for these activities through property taxes was only \$3.2 million.
- Some of the cost was paid by those who directly benefited from the programs \$341,886, or by grants and contributions \$1.7 million.

Table III
Net Cost of Selected District Functions

	Total Cost of Services		Net Cost of Services	
	2015	2014	2015	2014
Instruction	\$ 7,612,208	\$ 6,819,130	\$ 6,681,007	\$ 5,952,771
School Administration	573,075	493,759	557,113	480,428
School Leadership	536,866	536,530	512,860	511,954
Plant Maintenance & Operations	2,100,525	1,949,529	2,068,801	1,920,548
Cocurricular/Extracurricular Activities	834,293	757,217	768,533	698,769
Food Service	817,574	757,683	(5,533)	50,021

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

East Chambers ISD continues its commitment to approach fiscal matters in a conservative manner. Student population increases continue at a consistent and predictable rate with total enrollment reaching 1450 students this year. This is a higher enrollment than budget estimates predicted and will result in additional state funding.

The District continues to invest in the physical plant. The conversion of the old cafeteria into a band hall has been completed and is now occupied. The construction of the on-site agriculture barn for student projects has also been completed and is now occupied. Funds from proceeds from the Chambers County Permanent School Fund were utilized to complete these projects. Additionally, the District remodeled the elementary cafeteria and completed a conversion of the flat mansard style roofs at the junior high to standing seam metal sloping roofs which extend the life of those buildings by decades.

Voters approved two propositions in November to construct a new elementary school for grades 3-5 and to add a building at the high school. The ten million dollars approved for the projects resulted in a net seven cent increase on the total tax rate. This was accomplished by the voters approving a thirteen cent increase on the

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FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS, CONTINUED

maintenance tax from \$1.04 to \$1.17, and the Board then decreased the debt service tax by six cents from 18 cents to 12 cents. This finance plan was designed to maximize state funding for maintenance and operations. Most of the additional state funds will be dedicated to debt service.

The District is planning to add boys and girls competitive soccer to its athletic program. Rather than constructing soccer fields, the plan involves conversion of the grass football stadium field to artificial turf so that it may be used year round by the football, band, drill team, and soccer programs. Plans are to pay for the \$900,000 project by dedicating athletic gate receipts, selling advertising rights at the stadium, and by cost savings from maintaining the grass fields. The District intends to finance the project through a ten year maintenance tax note.

ECISD continues to maintain a healthy fund balance and receive the highest rating on the state's Financial Integrity Rating System.

General Fund Budgetary Highlights:

There were few budget amendments for the 2014-2015 school year, and those were mostly related to capital project costs. Revenue and expenditure projections were realized as relatively expected. Revenue exceeded budgeted amounts due primarily to student growth, and expenditures were within budgeted targets.

CAPITAL ASSET AND LONG-TERM DEBT ACTIVITY

Capital Assets. At August 31, 2015 the District had \$27.5 million (net of depreciation) invested in a broad range of capital assets, including land, buildings, furniture and equipment used for instruction, transportation, athletics, administration, and maintenance. This amount represents a net increase (including additions and deductions) of \$981,305 over last year.

East Chambers Independent School District Capital Assets Governmental Activities

	August 31, 2015	August 31, 2014
Land	\$ 461,954	\$ 461,954
Construction in Progress	4,016,356	3,527,477
Buildings and Improvements	32,539,428	31,601,977
Equipment	2,173,870	1,790,936
Vehicles	1,959,856	1,829,537
Totals at Historical Cost	<u>41,151,464</u>	<u>39,211,881</u>
Less Accumulated Depreciation:		
Buildings and Improvements	(10,644,058)	(9,905,003)
Equipment	(1,563,698)	(1,467,667)
Vehicles	(1,479,806)	(1,356,613)
Total Accumulated Depreciation	<u>(13,687,562)</u>	<u>(12,729,283)</u>
Net Capital Assets	<u>\$ 27,463,902</u>	<u>\$ 26,482,598</u>

EAST CHAMBERS INDEPENDENT SCHOOL DISTRICT

CAPITAL ASSET AND LONG-TERM DEBT ACTIVITY, CONTINUED

Long-Term Debt. At year-end, the District had \$6.945 million in bonds and notes outstanding. More detailed information about the District's long-term liabilities is presented in the notes to the financial statements.

East Chambers Independent School District Outstanding Debt

	<u>August 31, 2015</u>	<u>August 31, 2014</u>
Governmental activities:		
Current Interest Bonds	\$ 6,945,000	\$ 7,385,000
Add: Premium on Bonds	221,065	239,486
Capital Leases Payable	261,333	-
Compensated absences	33,343	33,343
Notes Payable	66,481	
Total	<u>\$ 7,527,222</u>	<u>\$ 7,657,829</u>

ECONOMIC FACTORS AND NEW YEAR'S BUDGETS AND RATES

Appraised values continue to increase at a modest rate as well as student growth patterns which allows for additional state funding each year. This is expected to continue. The tax ratification election in November allowed the District to maximize state funding while retaining the 20% local optional homestead exemption. The District remains solidly within guidelines for student/teacher ratios and student/staff ratios. Administrative costs continue to be less than average for our size school district.

Spending per pupil continues to increase as funding from the state increases. The only unknown variable going forward is what the state Supreme Court might decide regarding the constitutionality of the school finance system; however, past experience shows that reform has come with more funding. Our funding is based on the current system remaining in place.

In adopting the budget for 2015-2016, the Board considered all of its options and attempted to forecast beyond the 2015-2016. In the end, the most conservative estimates of revenues and pupil growth were used as models in developing the budget. The District continues to give an average 3% raise to its employees to maintain a competitive advantage in our market and plans to continue this practice.

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 as well as demonstrate accountability for funds the District receives. Questions concerning any of the information provided in this report or requests for additional information should be addressed to the Business Services Department, 1955 State Hwy. 124 Winnie, Texas 77665.

Comparison of Revenue to Budget

As of: August

	Estimated Revenue (Budget)	Revenue Realized Current/Next	Revenue Realized To Date	Revenue Balance	Percent Realized
null					
863 / 6 - PAYROLL CLEARING FUND	.00	-2.90	-44.07	-44.07	.00%
	.00	-2.90	-44.07	-44.07	.00%
General Operating Funds					
162 / 6 - HOSPITAL DIST PARTNERSHIP FUND	120,000.00	-15,000.00	-120,000.00	.00	100.00%
199 / 6 - GENERAL FUND	13,027,305.00	39,118.06	-14,074,287.71	-1,046,982.71	108.04%
Total General Operating Funds	13,147,305.00	24,118.06	-14,194,287.71	-1,046,982.71	107.96%
Special Revenue Funds					
211 / 6 - TITLE I ESEA PART A	157,760.00	-7,713.42	-157,760.00	.00	100.00%
224 / 6 - IDEA PART B, FORMULA	256,584.00	-37,076.93	-240,635.26	15,948.74	93.78%
225 / 6 - IDEA PART B, PRESCHOOL	9,425.00	.00	-9,425.00	.00	100.00%
240 / 6 - NAT BREAKFAST & LUNCH PROGRAM	822,223.00	-43,136.01	-851,323.78	-29,100.78	103.54%
255 / 6 - PRINCIPAL/TEACHER TRAINING	46,147.00	-8,243.18	-46,147.00	.00	100.00%
263 / 6 - TITLE III / ENGLISH LANG INSTR	31,596.00	-3,203.61	-31,595.43	.57	100.00%
289 / 6 - FEDERAL SPECIAL REVENUE FUND	.00	.00	-2,226.00	-2,226.00	.00%
331 / 6 - SHARED SERVICES ARRANGEMENT	23,130.00	-12,763.63	-23,130.00	.00	100.00%
410 / 6 - STATE INSTRUCTIONAL MATERIALS	302,710.30	81,722.91	-54,699.54	248,010.76	18.07%
429 / 6 - DATE	.00	-2,100.00	-2,100.00	-2,100.00	.00%
Total Special Revenue Funds	1,649,575.30	-32,513.87	-1,419,042.01	230,533.29	86.02%
Interest and Sinking Funds					
599 / 6 - DEBT SERVICE FUND	635,200.00	9,450.45	-719,650.76	-84,450.76	113.30%
599 / 6 - 7000	158,856.00	.00	-158,855.69	.31	100.00%
Total Interest & Sinking	635,200.00	9,450.45	-719,650.76	-84,450.76	113.30%
7000	158,856.00	.00	-158,855.69	.31	100.00%
Construction Funds					
161 / 6 - TURF FUND	2,000.00	-54.20	-1,729.31	270.69	86.47%
161 / 6 - 7000	980,000.00	-20,000.00	-1,000,000.00	-20,000.00	102.04%
616 / 6 - PSF CAPITAL IMPROVEMENT FUND	100,000.00	-.03	-143,837.75	-43,837.75	143.84%
697 / 6 - 2015 BOND FUND	.00	-3,296.60	-19,291.02	-19,291.02	.00%
697 / 6 - 7000	10,000,000.00	-226,494.31	-10,226,494.31	-226,494.31	102.26%
Total Construction	102,000.00	-249,845.14	-164,858.08	-62,858.08	161.63%
7000	10,980,000.00	-246,494.31	-11,226,494.31	-246,494.31	102.24%
Grand Total Revenues 5000	15,534,080.30	-2,299.09	-16,497,882.63	-963,802.33	106.20%
7000	11,138,856.00	-246,494.31	-11,385,350.00	-246,494.00	102.21%

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Comparison of Expenditures and Encumbrances to Budget

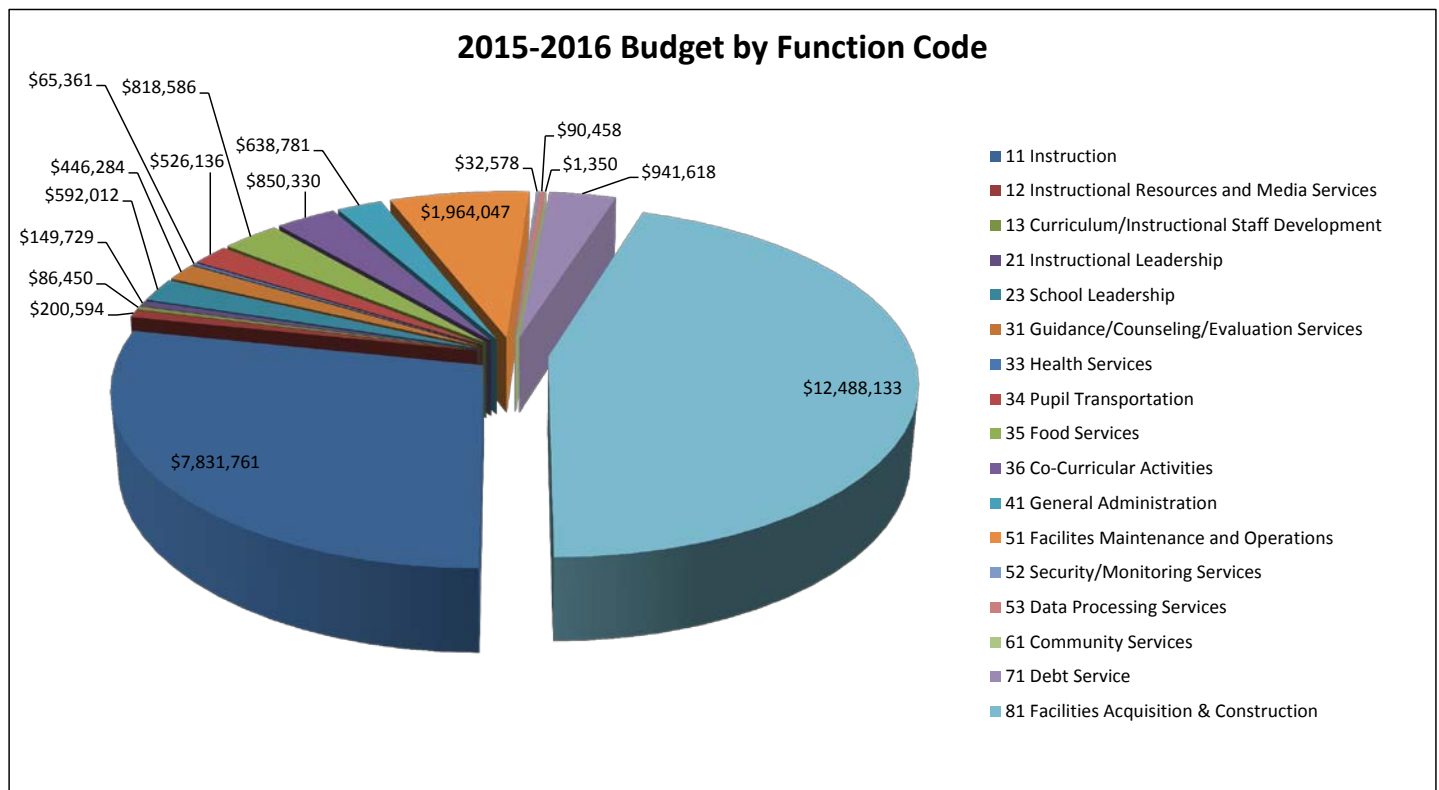
As of: August

	Budget	Encumbrance YTD	Expenditure YTD	Current NextExpenditur	Balance	Percent Expended
General Operating Funds						
162 / 6 - HOSPITAL DIST PARTNERSHIP FUND	-120,000.00	.00	119,450.63	55,786.72	-549.37	99.54%
199 / 6 - GENERAL FUND	-13,937,455.00	.00	13,582,791.19	1,234,233.08	-354,663.81	97.46%
199 / 7 - GENERAL FUND	.00	.00	.00	.00	.00	.00%
Total General Operating Funds	-14,057,455.00	.00	13,702,241.82	1,290,019.80	-355,213.18	97.47%
Special Revenue Funds						
211 / 6 - TITLE I ESEA PART A	-157,760.00	.00	157,760.00	-21,951.59	.00	100.00%
224 / 6 - IDEA PART B, FORMULA	-256,584.00	.00	240,635.26	18,270.34	-15,948.74	93.78%
225 / 6 - IDEA PART B, PRESCHOOL	-9,425.00	.00	9,425.00	-1,762.49	.00	100.00%
240 / 6 - NAT BREAKFAST & LUNCH PROGRAM	-800,586.00	.00	753,354.07	22,350.74	-47,231.93	94.10%
255 / 6 - PRINCIPAL/TEACHER TRAINING	-46,147.00	.00	46,147.00	3,514.68	.00	100.00%
263 / 6 - TITLE III / ENGLISH LANG INSTR	-31,596.00	.00	31,595.43	1,125.68	-.57	100.00%
289 / 6 - FEDERAL SPECIAL REVENUE FUND	.00	.00	2,226.00	2,226.00	2,226.00	.00%
331 / 6 - SHARED SERVICES ARRANGEMENT	-23,130.00	.00	23,130.00	354.28	.00	100.00%
410 / 6 - STATE INSTRUCTIONAL MATERIALS	-302,710.30	.00	54,699.54	-129,866.55	-248,010.76	18.07%
429 / 6 - DATE	.00	.00	2,100.00	2,100.00	2,100.00	.00%
Total Special Revenue Funds	-1,627,938.30	.00	1,321,072.30	-103,638.91	-306,866.00	81.15%
Interest and Sinking						
599 / 6 - DEBT SERVICE FUND	-906,918.00	.00	906,917.71	308,017.71	-.29	100.00%
Total Interest & Sinking	-906,918.00	.00	906,917.71	308,017.71	-.29	100.00%
Construction						
161 / 6 - TURF FUND	-980,000.00	.00	835,778.43	18,033.00	-144,221.57	85.28%
616 / 6 - PSF CAPITAL IMPROVEMENT FUND	-151,897.00	.00	139,477.80	-156,166.40	-12,419.20	91.82%
697 / 6 - 2015 BOND FUND	-10,000,000.00	.00	382,965.26	297,248.77	-9,617,034.74	3.83%
Total Construction	-11,131,897.00	.00	1,358,221.49	159,115.37	-9,773,675.51	12.20%
Grand Total Expenditures 6000	-27,724,208.30	.00	17,288,453.32	1,653,513.97	-10,435,754.98	62.36%
8000	.00	.00	.00	.00	.00	.00%

East Chambers ISD 2015-2016 Key Financial Factors

Function	Description	Appropriations
11	Instruction	\$7,831,761
12	Instructional Resources and Media Services	\$200,594
13	Curriculum/Instructional Staff Development	\$86,450
21	Instructional Leadership	\$149,729
23	School Leadership	\$592,012
31	Guidance/Counseling/Evaluation Services	\$446,284
33	Health Services	\$65,361
34	Pupil Transportation	\$526,136
35	Food Services	\$818,586
36	Co-Curricular Activities	\$850,330
41	General Administration	\$638,781
51	Facilities Maintenance and Operations	\$1,964,047
52	Security/Monitoring Services	\$32,578
53	Data Processing Services	\$90,458
61	Community Services	\$1,350
71	Debt Service	\$941,618
81	Facilities Acquisition & Construction	\$12,488,133

Total Budget: \$27,724,208



2015-2016 Budget

