Tyler Independent School District

Comprehensive Annual Financial Report

For the Fiscal Year Ended August 31, 2015

Tyler, Texas

TYLER
INDEPENDENT SCHOOL DISTRICT

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED AUGUST 31, 2015

Marty Crawford, Ed.D.
Superintendent

Tosha L. Bjork, CPA, RTSBA
Chief Financial Officer

Prepared by
Department of Financial Services

Tyler Independent School District
1319 Earl Campbell Parkway, P.O. Box 2035
Tyler, Texas 75710

TYLER INDEPENDENT SCHOOL DISTRICT
COMPREHENSIVE ANNUAL FINANCIAL REPORT

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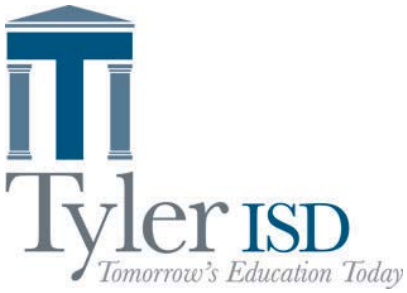

Tyler ISD
Tomorrow's Education Today

CERTIFICATE OF BOARD

Tyler Independent School District	Smith	212905
Name of School District	County	Co.-Dist. Number

We, the undersigned, certify that the attached annual financial reports of the above-named school district were reviewed and (check one) ___X___ approved _____ disapproved for the year ended August 31, 2015, at a meeting of the Board of Trustees of such school district on the 21st of January, 2016.

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)

Tyler ISD
Tomorrow's Education Today

Introductory Section

TYLER INDEPENDENT SCHOOL DISTRICT
PRINCIPAL OFFICIALS AND ADVISORS

Board of Trustees

Andy Bergfeld – President

Dr. Patricia Nation – Vice President

R. Wade Washmon – Trustee

Jean Washington – Trustee

Rev. Orenthia D. Mason – Trustee

Aaron Martinez – Trustee

Rev. Fritz Hager, Jr. – Trustee

Administration

Marty Crawford, Ed.D., Superintendent

Tosha L. Bjork, CPA, RTSBA, Chief Financial Officer

Dawn Parnell, Executive Director of Communications

Consultants and Advisors

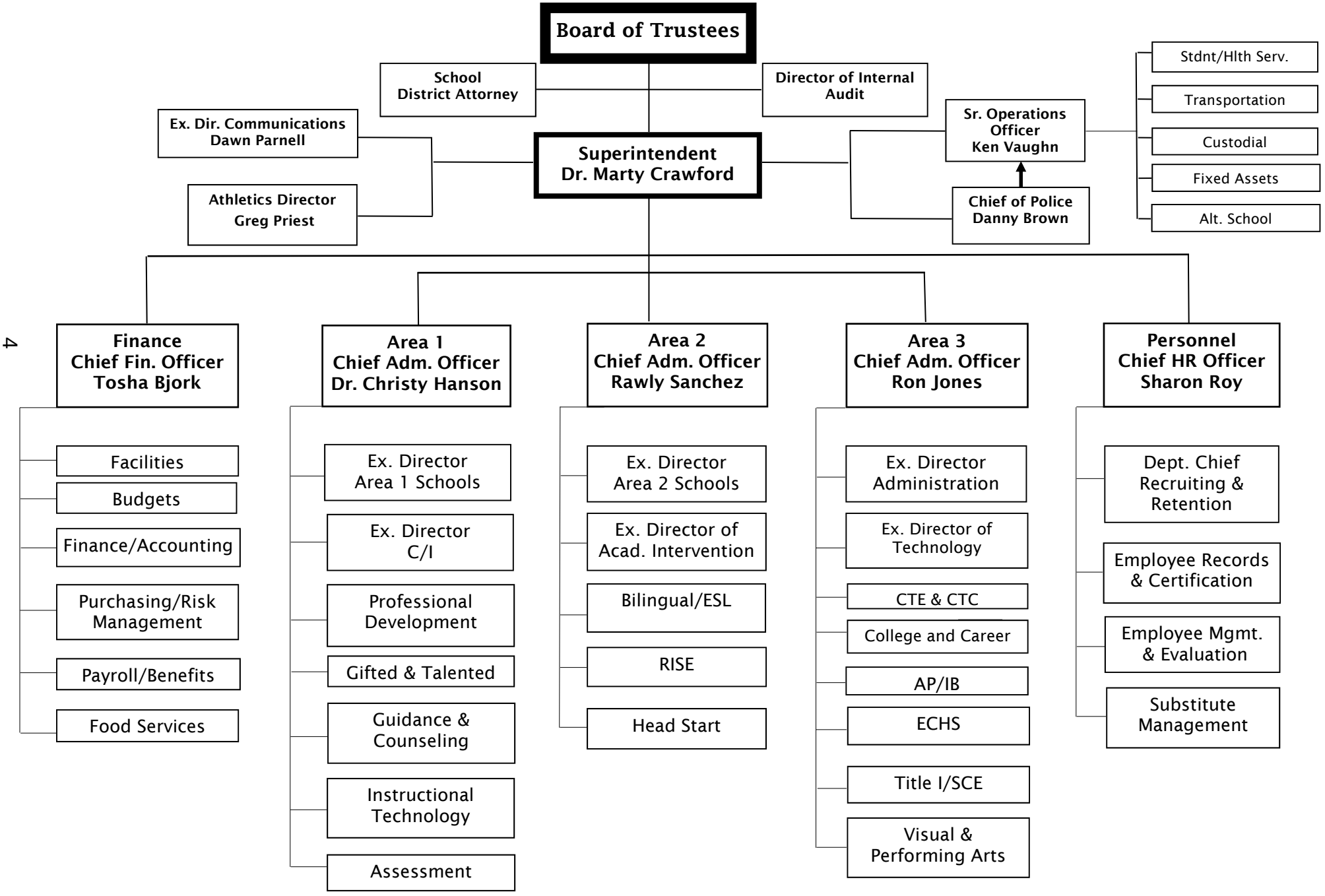
Prothro, Wilhelmi and Company, P.L.L.C.
Tyler, Texas – Auditors

RBC Dain Rauscher
Dallas, Texas – Financial Advisors

Hardy, Cook & Hardy, P.C.
Tyler, Texas – General Counsel

TYLER INDEPENDENT SCHOOL DISTRICT

2014-2015 Organizational Structure



January 8, 2016

To the Board of Trustees and Citizens of the Tyler Independent School District:

The Comprehensive Annual Financial Report (CAFR) of the Tyler Independent School District (the "District") for the fiscal year ended August 31, 2015 is hereby submitted. This report has been prepared to provide the Board of Trustees (the "Board"), representatives of financial institutions and rating agencies, the citizenry of the District, and other interested parties information concerning the financial condition of the District.

This report consists of management's representations concerning the finances of the District. Responsibility for the accuracy and fairness of the presentation, including all disclosures, rests with the District. To the best of our knowledge and belief, the enclosed data is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the various funds of the District. All disclosures necessary to enable the reader to gain an understanding of the District's financial activities have been included.

Report Format

The Comprehensive Annual Financial Report consists of four sections:

- Section I, the Introductory Section, includes this transmittal letter, which highlights significant aspects of financial operations during the year, and the District's organizational chart.

- Section II, the Financial Section, includes the independent auditors' report, Management's Discussion and Analysis (MD&A), the basic financial statements, notes to the financial statements, and detailed combining and individual statements and supporting schedules for the District's funds. The MD&A is a narrative introduction, overview, and analysis to accompany the basic financial statements and can be found immediately following the independent auditors' report. This transmittal letter is designed to complement MD&A and should be read in conjunction with it.

- Section III, the Statistical Section, includes unaudited data tables, which summarize the financial and statistical history of the District as well as demographic and other useful information.

- Section IV, the Federal Awards Section, includes the single audit reports prepared in conformity with the provisions of the Single Audit Act and U.S. Office of Management and Budget Circular A-133, Audits of State, Local Governments, and Non-Profit Organizations.

Profile of the District

The Tyler Independent School District was established as a political subdivision of the State of Texas and incorporated in 1882. The District is governed by a Board of Trustees comprised of seven elected members. The Board members elect a President and Vice President from the members. As the largest school district in Northeast

Texas, the District encompasses 209 square miles, maintains a total of 34 campus and auxiliary facilities, and serves an enrollment of 18,035 students. Enrollment is projected to continue to increase gradually as the population of the Tyler area grows. Projected enrollment for 2015-2016 was estimated to be 18,060. According to the 2010 Census, the city's population is 96,900. The District and the City of Tyler are governed independently of one another with individual taxing authority.

The Board of Trustees has adopted Core Belief Statements designed to fulfill the vision to be recognized as a premier school district in the state and the nation. The Board believes:

- All children can learn.

  It is the District's responsibility to ensure each student will reach his or her highest academic potential, graduate high school prepared for higher education and/or workforce in the global market while closing the achievement gap.

- All students deserve a safe and healthy learning environment.

  It is the District's responsibility to provide a safe, healthy learning environment designed to attract, engage and retain the students' attention.

- Quality teachers and staff are the key to academic excellence.

  It is the District's responsibility to establish academic excellence by hiring, training and retaining quality teachers and staff.

- Schools and communities have an enormous impact on students' lives.

  It is the District's responsibility to collaborate with the community to achieve and sustain excellence in the education of District students.

- Effective and responsible utilization of the community's resources is fundamental in educating children.

  It is the District's responsibility to allocate District resources to meet the needs of all students while maintaining the highest level of fiscal responsibility, efficacy and integrity.

The Board's Mission Statement: The mission of the District shall be to provide performance-based instruction to all students so that they reach their highest levels of knowledge use, utilize strategic problem-solving skills, cultivate an appreciation of multiple perspectives, and become citizens of character and integrity.

The District is made up of two high schools, six middle schools, seventeen elementary schools, two alternative schools, and one special education campus. In addition, in August, 2015, the District opened a brand new Career and Technology Center offering course sequences in the following areas:

Agriculture, Architecture, Audio/ Visual Technology, Automotive Collision Repair, Business, Construction, Cosmetology, Criminal Justice, Education & Training, Engineering, Health Science, Hospitality, Information Technology and Welding.

In August, 2015, the District opened three new middle school campuses and two remodeled elementary campuses. Campuses range in age from newly constructed to 86 years old. Details about campus buildings are listed in Table 21 in the statistical section of this report. The District's on-site management policy enables administrators and teachers at each campus to implement programs responsive to the particular needs of its individual student body. With academic achievement as its primary objective, the District takes strong measures to ensure a positive, safe

and orderly learning environment, to instill self-discipline, and to enforce standards of excellence throughout the system. The District offers education programs at the pre-kindergarten through grade 12 levels.

In addition to a rigorous district-wide curriculum, the District offers a wide array of specialized learning opportunities and programs for its diverse population. Programs include, but are not limited to: advanced studies, gifted and talented programs, IB Diploma Programme, advanced placement, career and technology education, dual credit, bilingual/English as a second language instructional program, special education services, cooperative education programs, internships, and a wide array of visual and performing arts programs.

The Tyler ISD Foundation (the "Foundation") was established in 1990 to support the students and teachers of the District. The TISD Foundation awards grants to teachers for innovative programs and for professional development. This organization has been considered as a potential component unit, but using the guidance of Statement No. 39 of the Governmental Accounting Standards Board, the District concluded that the financial statements of the Foundation were immaterial to the District and should not be included in this report.

Budgetary Control

State law requires that every local education agency in Texas prepare and file an annual budget of anticipated revenues and expenditures with the Texas Education Agency. The budget itself is prepared utilizing a detailed line item approach for all Government Fund types and is prepared in accordance with the budgeting requirements as outlined in TEA's Financial Accountability System Resource Guide (FASRG). It is the intent of the District that the budgetary process result in the most effective mix of the educational and financial resources available while attaining the goals and objectives of the District. This includes the identification and prioritization of as many separate educational and educational support components as reasonably possible. These components are initially identified and prioritized by the organizational manager most directly responsible and are later reviewed by a budget committee.

This priority budgeting approach allows the District to establish layers of expenditures that can be readily matched with anticipated revenues and desired levels of fund balances and ad valorem tax rates. The ultimate decision of the level of funding and components to be funded is the responsibility of the Board of Trustees. After considering all factors, the Board then sets an ad valorem tax rate that generates sufficient revenues to support the expenditure budget and maintain desired levels of fund balances. The budget may be amended during the year to address unanticipated changing needs of the District. Changes to functional expenditure categories, revenue objects or other changes which may impact fund balance accounts require Board of Trustee approval.

Factors Affecting Financial Condition

The information presented in the financial statements is perhaps best understood when it is considered within the broader perspective of the environment in which the District operates.

Introduction. Located midway between Dallas, Texas and Shreveport, Louisiana, Tyler is a garden city of about 100,000 known for its roses and scenic beauty. Community assets such as Caldwell Zoo, the East Texas Symphony Orchestra, Discovery Science Place, Camp Tyler, the Tyler Museum of Art, and Hudnall Planetarium afford opportunities for field trips that expand learning beyond the normal classroom experience. In addition, the District offers students access to nationally recognized higher education programs through partnerships with the University of Texas at Tyler and Tyler Junior College.

Local Economy. Tyler's economy is broad based enough to weather the drop in oil prices experienced recently in world markets. The city is projected to gain employment in the services industry, wholesale and retail trade, along with other areas. Tyler's unemployment rate continues to trend downward, from 5.2% in August, 2014, to 4.5% in August, 2015, according to the U. S. Bureau of Labor Statistics. It remains the East Texas region's center for healthcare and education, with three major medical centers and three post-secondary institutions.

Long-Term Financial Planning. The state funding formula increased the District's funding for the 2016 and 2017 fiscal years; beyond that, funding is dependent upon legislative action. The District funded pay raises for the 2015-16 school year to stay competitive with surrounding school districts.

Financial Policies With Significant Impact on Financial Statements. It is the practice of the District to project conservatively for budget purposes both in revenues and expenditures. This practice continues to help the District maintain a healthy financial condition. The District also pursues an active management role in construction projects, which has helped to generate savings.

Internal Control. To provide a reasonable basis for making the representations in these financial statements, management of the District has established a comprehensive internal control framework that is designed both to protect the District's assets from loss, misuse or theft, and to compile sufficient reliable information for the preparation of the District's financial statements in conformity with GAAP. Because the cost of internal controls should not exceed the benefits, the District's comprehensive framework of internal controls has been designed to provide reasonable assurance rather than absolute assurance that the financial statements will be free from material misstatement. The District has an Internal Auditor who reports directly to the Board of Trustees.

Independent Audit

Prothro, Wilhelmi and Company, P.L.L.C., a firm of licensed certified public accountants, audited the District's financial statements. The goal of the independent audit is to provide reasonable assurance that the financial statements of the District for the fiscal year ended August 31, 2015, are free of material misstatement. The independent audit involves examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unmodified opinion that the District's financial statements for the fiscal year ended August 31, 2015, are fairly presented in conformity with GAAP. The independent auditors' report is presented as the first component of the financial section of this report.

The independent audit of the financial statements is part of a broader, federally mandated "Single Audit" designed to meet the special need of federal grantor agencies. The standards governing Single Audit engagements require the independent auditor to report not only on the fair presentation of the financial statements, but also on the audited government's internal controls and compliance with legal requirements, with special emphasis on internal controls and legal requirements involving the administration of federal awards. These reports may be found in the Federal Awards section of this report.

Awards and Acknowledgements

Financial Integrity Rating System of Texas (FIRST). Beginning with the 2002-2003 school year, the State implemented a new financial accountability rating system for Texas public school districts. Districts are rated based on overall performance on certain financial measurements, ratios, and other indicators. The current rating system utilizes 7 indicators to determine the rating for school districts statewide. The system is designed to encourage districts to improve the management of their financial resources to maximize the funds allocated for direct instructional purposes. For the thirteenth year, the District received a rating of **Superior, the State's highest possible rating for financial accountability.** The rating was based on budgetary and financial data for the 2014 fiscal year.

Government Finance Officers Association of the United States and Canada (GFOA). The GFOA has awarded a **Certificate of Achievement for Excellence in Financial Reporting** to the District for its CAFR for the fiscal year ended August 31, 2014. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

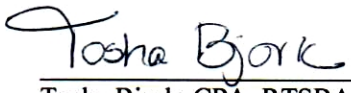
A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

Association of School Business Officials International (ASBO). Additionally, ASBO has awarded a **Certificate of Excellence in Financial Reporting by School Systems** to the District for the fiscal year ended August 31, 2014. The Certificate of Excellence in Financial Reporting for School Systems Program is a voluntary program sponsored by ASBO to foster excellence in the preparation and issuance of school system financial reports. A Certificate of Excellence is awarded to those school systems that have voluntarily submitted their CAFR for review by an ASBO Panel of Review. Upon completion of a vigorous technical review, the panel of review members concluded that the District's financial report met the criteria for excellence in financial reporting. We believe that our current CAFR continues to meet the requirements of the Certificate of Excellence in Financial Reporting by School Systems Program, and we are submitting it to ASBO to determine its eligibility for another certificate.

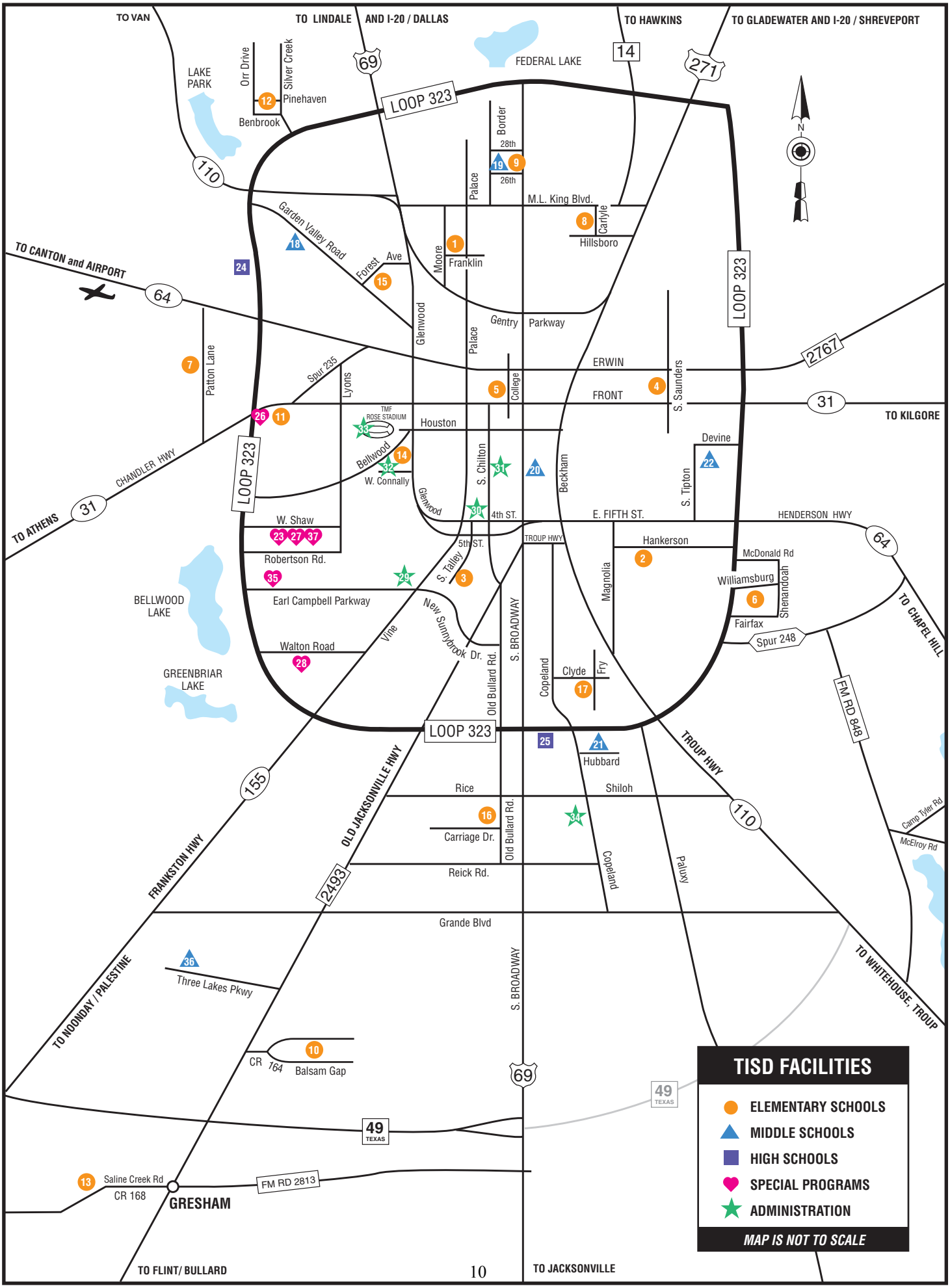
Texas Comptroller Leadership Circle. The State Comptroller of Public Accounts launched the Texas Comptroller Leadership Circle program in December 2009 to recognize local governments across Texas that are striving to meet a high standard for financial transparency online. This program spotlights local governments across Texas that are opening their books to the public, providing clear, consistent pictures of spending, and sharing information in a user-friendly format that lets taxpayers easily drill down for more information. During the 2014-2015 school year, Tyler ISD was awarded its sixth annual recognition, the Leadership Circle Platinum Member Award, which indicates entities that are setting the bar with their transparency efforts.

The preparation of this report on a timely basis would not have been possible without the dedicated services of the Financial Services staff. We would like to express our appreciation for their contributions to its presentation. We also appreciate the assistance of Prothro, Wilhelmi and Company, P.L.L.C. in the production of this report. Finally, we would like to thank the Board of Trustees for their continual support in the pursuit of excellence in all aspects of financial management.

Marty Crawford, Ed. D.
Superintendent of Schools



Tosha Bjork, CPA, RTSBA
Chief Financial Officer


TO VAN
TO LINDALE AND I-20 / DALLAS
TO HAWKINS
TO GLADEWATER AND I-20 / SHREVEPORT
FEDERAL LAKE
LAKE PARK
Orr Drive
Silver Creek
Pinehaven
Benbrook
LOOP 323
Border
28th
26th
Palace
M.L. King Blvd.
Carlyle
Hillsboro
Garden Valley Road
Forest Ave
Moore
Franklin
TO CANTON and AIRPORT
Glenwood
Gentry Parkway
Patton Lane
Spur 235
Lyons
College
ERWIN
FRONT
S. Saunders
TO KILGORE
TMF ROSE STADIUM
Houston
Bellwood
W. Connally
S. Chilton
Beckham
Devine
S. Tipton
CHANDLER HWY
TO ATHENS
W. Shaw
4th ST.
E. FIFTH ST.
HENDERSON HWY
5th ST.
TROUP HWY
Hankerson
McDonald Rd
Robertson Rd.
S. Talley
Magnolia
Williamsburg
Shenandoah
Fairfax
Spur 248
TO CHAPEL HILL
BELLWOOD LAKE
Earl Campbell Parkway
New Sunnybrook Dr.
Vine
S. BROADWAY
Walton Road
GREENBRIAR LAKE
Old Bullard Rd.
Copeland
Clyde
Fry
FM RD 848
Hubbard
Rice
Shiloh
OLD JACKSONVILLE HWY
Carriage Dr.
Camp Tyler Rd
McElroy Rd
FRANKSTON HWY
Reick Rd.
Paluxy
Grande Blvd
TO WHITEHOUSE, TROUP
Three Lakes Pkwy
TO NOONDAY / PALESTINE
CR 164
Balsam Gap
49 TEXAS
Saline Creek Rd
CR 168
FM RD 2813
GRESHAM
TO FLINT/ BULLARD
TO JACKSONVILLE
TISD FACILITIES
ELEMENTARY SCHOOLS
MIDDLE SCHOOLS
HIGH SCHOOLS
SPECIAL PROGRAMS
ADMINISTRATION
MAP IS NOT TO SCALE

TYLER ISD FACILITIES LOCATION (LEGEND TO MAP)

P. O. Box 2035 Tyler, TX 75710

ELEMENTARY SCHOOL CAMPUSES

1. **AUSTIN ELEMENTARY SCHOOL**
   1105 West Franklin Street, 75702
   903-262-1765
2. **BELL ELEMENTARY GLOBAL COMMUNICATIONS ACADEMY**
   1409 Hankerson Street, 75701
   903-262-1820
3. **BIRDWELL ELEMENTARY SCHOOL**
   2010 South Talley Avenue, 75701
   903-262-1870
4. **BONNER ELEMENTARY SCHOOL**
   235 South Saunders, 75702
   903-262-1920
5. **CALDWELL ELEMENTARY ARTS ACADEMY**
   331 South College Street, 75702
   903-262-2250
6. **CLARKSTON ELEMENTARY SCHOOL**
   2915 Williamsburg Drive, 75701
   903-262-1980
7. **DIXIE ELEMENTARY SCHOOL**
   213 Patton Lane, 75704
   903-262-2040
8. **DOUGLAS ELEMENTARY SCHOOL**
   1525 North Carlyle Avenue, 75702
   903-262-2100
9. **GRIFFIN ELEMENTARY SCHOOL**
   2650 North Broadway Avenue, 75702
   903-262-2310
10. **JACK ELEMENTARY SCHOOL**
    1900 Balsam Gap Lane, 75703
    903-262-3260
11. **JONES ELEMENTARY SCHOOL**
    3450 Chandler Hwy, 75702
    903-262-2360
12. **ORR ELEMENTARY SCHOOL**
    3350 Pinehaven Road, 75702
    903-262-2400
13. **OWENS ELEMENTARY SCHOOL**
    11780 County Road 168 (Saline Creek Rd), 75703
    903-262-2175
14. **PEETE ELEMENTARY SCHOOL**
    1511 Bellwood Drive, 75701
    903-262-2460
15. **RAMEY ELEMENTARY SCHOOL**
    2000 North Forest Avenue, 75702
    903-262-2505
16. **RICE ELEMENTARY SCHOOL**
    5201 Old Bullard Road, 75703
    903-262-2555
17. **WOODS ELEMENTARY SCHOOL**
    3131 Fry Avenue, 75701
    903-262-1280

MIDDLE SCHOOL CAMPUSES

18. **BOULTER MIDDLE SCHOOL**
    2926 Garden Valley Road, 75702
    903-262-1390
19. **DOGAN MIDDLE SCHOOL**
    2621 North Border Avenue, 75702
    903-262-1450
20. **HOGG MIDDLE SCHOOL**
    920 South Broadway Avenue, 75702
    903-262-1500
21. **HUBBARD MIDDLE SCHOOL**
    1300 Hubbard Drive, 75703
    903-262-1560
22. **MOORE MST MAGNET SCHOOL**
    2101 Devine Street, 75701
    903-262-1640
36. **THREE LAKES MIDDLE SCHOOL**
    2445 Three Lakes Parkway, 75703
    903-952-4400

HIGH SCHOOL CAMPUSES

24. **JOHN TYLER HIGH SCHOOL**
    1120 North Northwest Loop 323, 75702
    903-262-2850
25. **ROBERT E. LEE HIGH SCHOOL**
    411 East Loop 323, 75701
    903-262-2625

SPECIAL PROGRAMS

26. **WAYNE D. BOSHEARS CENTER FOR EXCEPTIONAL PROGRAMS**
    3450 Chandler Hwy, 75702
    903-262-1350
23. **A.T. STEWART ACADEMY OF EXCELLENCE**
    2800 West Shaw, 75701
    27 **Early College High School** 903-262-3098
    37 **RISE** 903-262-3040
28. **ST. LOUIS EARLY CHILDHOOD CENTER**
    2800 Walton Road, 75701
    903-262-1180
35. **CAREER & TECHNOLOGY CENTER**
    3013 Earl Campbell Parkway, 75701
    903-262-1024

ADMINISTRATION

29. **ADMINISTRATION COMPLEX**
    1319 Earl Campbell Parkway, 75701
    903-262-1000
30. **JIM PLYLER INSTRUCTIONAL COMPLEX**
    807 West Glenwood Boulevard, 75701
    903-262-3070
31. **GARY ADMINISTRATIVE COMPLEX**
    730 South Chilton Avenue, 75701
    903-262-3498
32. **PROFESSIONAL DEVELOPMENT CENTER**
    1501 West Connally Street, , 75701
    903-952-4000
33. **TRINITY MOTHER FRANCES ROSE STADIUM/ MIKE CARTER BASEBALL FIELD**
    609 Fair Park Drive, 75702
    903-262-3226
34. **AQUATICS CENTER**
    5201 New Copeland Road, 75703
    903-262-3220

Government Finance Officers Association

Certificate of Achievement for Excellence in Financial Reporting

Presented to

Tyler Independent School District

Texas

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

August 31, 2014

Executive Director/CEO

Association of School Business Officials International

The Certificate of Excellence in Financial Reporting Award
is presented to

Tyler Independent School District

For Its Comprehensive Annual Financial Report (CAFR)
For the Fiscal Year Ended August 31, 2014

The CAFR has been reviewed and met or exceeded
ASBO International's Certificate of Excellence standards

Mark C. Pepera, MBA, RSBO, SFO
President

John D. Musso, CAE, RSBA
Executive Director

Tyler ISD
Tomorrow's Education Today

Financial Section

INDEPENDENT AUDITORS' REPORT

Board of Trustees
Tyler Independent School District
Tyler, Texas

Members of the Board:

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

Management's Responsibility for the Financial Statements
Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the 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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material 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.

Opinion
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 the District as of August 31, 2015, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter
As discussed in Note 1 to the financial statements, in 2015, the District adopted new accounting guidance prescribed by Government Accounting Standards Board (GASB) 68 for its pension plan – a multiple-employer, cost sharing, defined benefit pension plan that has a special funding situation. Because GASB 68 implements new measurement criteria and reporting provisions, significant information has been added to the Government Wide Statements. Exhibit A-1 discloses the District's Net Position Liability, deferred resource outflows, and deferred resource inflows related to the District's pension plan. Exhibit B-1 discloses the adjustment to the District's Beginning Net Position. Our opinion is not modified with respect to the matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and the Teacher's Retirement Schedules be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The introductory section, combining and individual fund financial statements, and the unaudited statistical section are presented for purposes of additional analysis, and are not a required part 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 combining and individual fund statements and supporting schedules, 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 procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual fund statements and supporting schedules, and the schedule of expenditures of federal awards are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

The introductory section and the unaudited statistical section have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards,* we have also issued our report dated January 5, 2016, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Prothro, Wilhelmi & Co., PLLC

PROTHRO, WILHELMI AND COMPANY, PLLC

Tyler, Texas
January 5, 2016

MANAGEMENT'S DISCUSSION AND ANALYSIS

In this section of the Comprehensive Annual Financial Report, we, the managers of Tyler Independent School District ("District"), discuss and analyze the District's financial performance for the fiscal year ended August 31, 2015. We encourage readers to consider the information presented here in conjunction with additional information furnished in our transmittal letter on pages 5-9, the independent auditors' report on pages 15 and 16, and the District's basic financial statements which begin on page 29.

FINANCIAL HIGHLIGHTS

- The assets and deferred outflows of resources of the District exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by $99.5 million (net position). Of this amount, $8.9 million (unrestricted net position) may be used to meet the District's ongoing obligations.

- The District's total net position decreased by $2.6 million for the current year activities. In addition, to implement GASB Statement Number 68, a prior period adjustment for the District's portion of pension liability further decreased net position by $21.8 million.

- At the close of the current fiscal year, the District's governmental funds reported combined ending fund balances of $81.7 million, which is a decrease of $83.1 million from the previous year. This decrease is due, for the most part, to the District's building program, with the Capital Projects Fund Balance decreasing by $81.6 million. The General Fund and Debt Service Fund each had small increases. $23.8 million (29 percent) of the combined fund balance is unassigned fund balance.

- At the end of the current fiscal year, the unassigned fund balance for the General Fund represents 17.4 percent of the total General Fund expenditures. The District was able to maintain a healthy fund balance, and the District's overall financial position has improved during the year ended August 31, 2015.

USING THIS ANNUAL REPORT

This annual report consists of a series of financial statements, notes to those statements, and other supplementary information. The government-wide financial statements include the Statement of Net Position and the Statement of Activities (on pages 30 and 31). These provide information about the activities of the District as a whole and present a long-term view of the District's finances. They reflect the flow of total economic resources in a manner similar to the financial reports of a business enterprise.

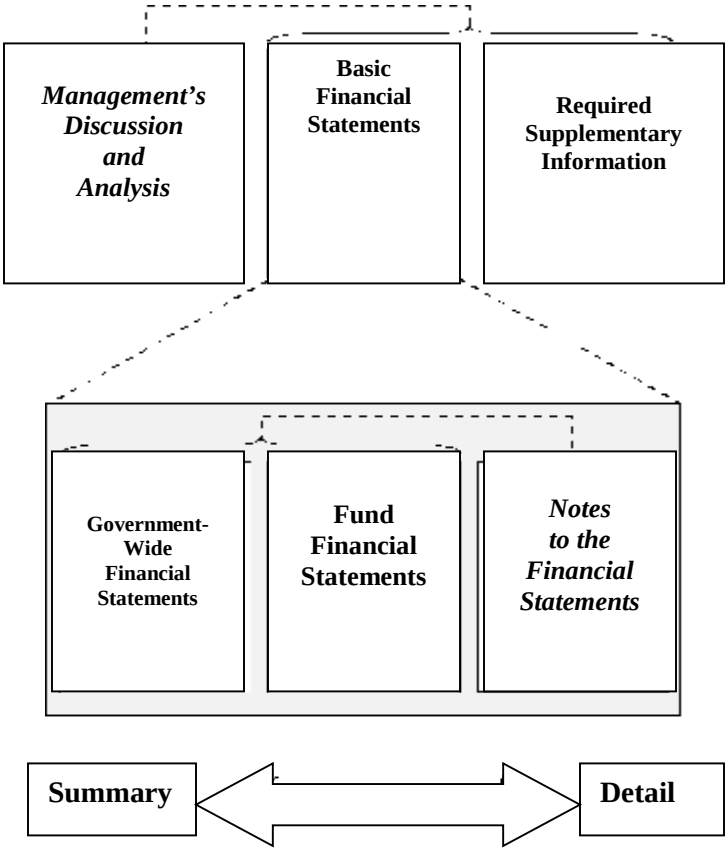
Fund financial statements (starting on page 32) report the District's operations in more detail than the government-wide statements by providing information about the District's most significant funds. For governmental activities, these statements tell how services were financed in the short term as 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. For proprietary activities, fund financial statements account for the District's internal service funds,

Health Insurance and Workers' Compensation, in which revenues and expenses related to services provided to organizations inside the District are accounted for on a cost reimbursement basis. 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 45) provide narrative explanations or additional data needed for full disclosure in the government-wide statements or the fund financial statements.

The combining statements for non-major funds contain more detailed information about the District's individual funds. The sections labeled Compliance 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 the grants. The Unaudited Statistical Section, which is unaudited, includes selected financial and demographic information, generally presented on a multi-year basis.

Figure A-1. Required Components of the District's Financial Report



Reporting the District as a Whole

Government-Wide Financial Statements

All of the District's services are reported in the government-wide financial statements, including instruction, student support services, student transportation, general administration, school leadership, facilities acquisition and construction, and food services. Property taxes, state and federal aid, and investment earnings finance most of the activities. Additionally, all capital and debt financing activities are reported here.

The government-wide financial statements are designed to provide readers a broad overview of the District's finances in a manner similar to a private-sector business.

The Statement of Net Position presents information on all of the District's assets and liabilities, with the difference between assets plus deferred outflows of resources and liabilities plus deferred inflows of resources reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the District's financial position is improving or deteriorating.

The Statement of Activities details how the District's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Therefore, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the District that are principally supported by taxes and intergovernmental revenues (governmental activities) from business-type activities that are intended to recover all or a significant portion of their costs through user fees and charges.

Because the focus and measurement methods of the government-wide and fund financial statements are different, there may be some significant differences between the totals presented in these statements. For this reason, several reconciliations are presented to account for the differences between the government-wide statements and the fund financial statements.

Reporting the District's Most Significant Funds

Fund Financial Statements

The fund financial statements begin on page 32 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 Health Insurance and Workers' Compensation funds.

The District as Trustee

Reporting the District's Fiduciary Responsibilities

The District is the trustee, or fiduciary, for money raised by student activities, Tyler Independent School District Foundation teacher grants, campus courtesy accounts, and scholarship programs. All of the District's fiduciary activities are reported in separate Statements of Fiduciary Net Position and Changes in Fiduciary Fund Net Position on pages 43 and 44. 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

The net position of the District's governmental activities decreased from $124 million to $99.5 million. Table I summarizes the District's net position and Table II summarizes revenues, expenses, and the changes in net position.

Table I
Tyler Independent School District
NET POSITION
(In Thousands)

	August 31, 2015		August 31, 2014	Increase (Decrease)	Percent Change
Current & Other Assets	$ 102,418		$ 188,026	$ (85,608)	-45.53%
Capital Assets	350,000		280,732	69,268	24.67%
Total Assets	452,418		468,758	(16,340)	-3.49%
Deferred Charge for Refunding	8,445		1,926	6,519	338.47%
Deferred Outflow Related to TRS	4,696		-	4,696	n/a
Total Deferred Outflows of Resources	13,141		1,926	11,215	582.29%
Long-Term Liabilities	311,735		317,484	(5,749)	-1.81%
Net Pension Liability	19,278		-	19,278	n/a
Other Liabilities	29,144		29,204	(60)	-0.21%
Total Liabilities	360,157		346,688	13,469	3.89%
Deferred Inflow Related to TRS	5,897		-	5,897	n/a
Total Deferred Inflows of Resources	5,897		-	5,897	n/a
Net Position:					
Net Investment in Capital Assets	70,473		72,424	(1,951)	-2.69%
Restricted	20,166		21,265	(1,099)	-5.17%
Unrestricted	8,866		30,307	(21,441)	-70.75%
Total Net Position	$ 99,505		$ 123,996	$ (24,491)	-19.75%

A large portion of the District's net position reflects its investment in capital assets (70.8 percent), less any related debt used to acquire those assets that is still outstanding. The District uses these capital assets to provide a quality learning environment for its students; consequently, these assets are not available for future spending. Although the District's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the District's net position (20.3 percent) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position, which decreased from $30.3 million to $8.9 million, may be used to meet the government's ongoing obligations. This decrease is due, for the most part, to the prior period adjustment made for implementation of GASB Statement Number 68 ($21.8 million), related to the District's portion of pension liability in the state's teacher retirement system.

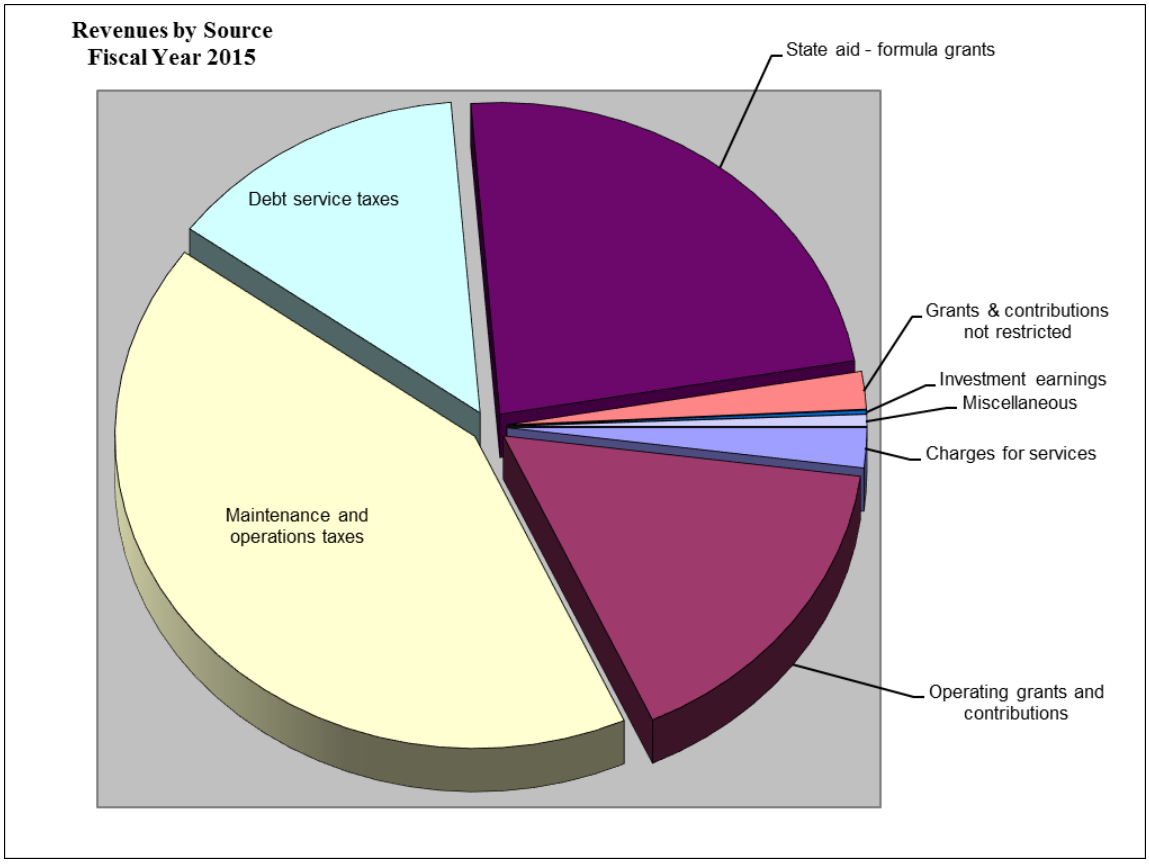
The following table compares Exhibit B-1 to the prior year statement. There were no significant changes in Program Revenues from the prior year. In General Revenues, the District had a significant increase in Grants & Contributions, not restricted ($1.6 million), comprised of increased School Health and Related Services (SHARS) revenue ($0.5 million) and a one time state funding of extra Medicare paid by TEA ($1.1 million). Investment earnings decreased as capital projects funds were drawn down for ongoing building projects. Miscellaneous revenues decreased in several categories, none individually significant.

Food Service expenses were increased due, for the most part, to new equipment and supplies for several new kitchens in the new or remodeled campuses. Extracurricular expense increased due to some athletic facility and equipment updates, including for new campuses. General Administration increases include an increase in legal fees, additional positions, and raises. The Debt Service increase is due to amortization of deferred charges for refunded bonds and bond issuance costs.

Table II
Tyler Independent School District
For the Year Ended August 31,
CHANGES IN NET POSITION
(In Thousands)

	2015	2014	Increase (Decrease)	Percent Change
Revenues:				
Program Revenues:				
Charges for Services	$ 3,969	$ 3,946	$ 23	0.58%
Operating Grants and Contributions	30,963	32,370	(1,407)	-4.35%
General Revenues:				
Maintenance & Operations Taxes	80,317	77,895	2,422	3.11%
Debt Service Taxes	26,193	25,394	799	3.15%
State Aid Formula Grants	45,179	45,481	(302)	-0.66%
Grants & Contributions not Restricted	3,729	2,053	1,676	81.64%
Investment Earnings	373	468	(95)	-20.30%
Miscellaneous	1,173	1,591	(418)	-26.27%
Total Revenues	191,896	189,198	2,698	1.43%
Expenses:				
Instruction, Curriculum, & Media Services	110,824	108,831	1,993	1.83%
Instructional & School Leadership	13,513	13,520	(7)	-0.05%
Student Support Services	12,536	12,673	(137)	-1.08%
Food Services	9,697	8,927	770	8.63%
Extracurricular Activities	5,511	4,809	702	14.60%
General Administration	5,349	4,694	655	13.95%
Facilities Maintenance, Security & Data Processing	19,724	18,957	767	4.05%
Community Services	739	707	32	4.53%
Debt Services	16,652	14,353	2,299	16.02%
Total Expenses	194,545	187,471	7,074	3.77%
Increase (Decrease) in Net Position	(2,649)	1,727	(4,376)	-253.39%
Net Position at September 1	123,996	122,269	1,727	1.41%
Reclassification - Prior Period GASB 68 Implementation	(21,842)	-	(21,842)	n/a
Net Position at August 31	$ 99,505	$ 123,996	$ (24,491)	-19.75%

The District's total general revenues were $157 million. Property taxes make up a significant portion of this revenue. The tax levy for the 2014-2015 school year was $106.7 million compared to $103.5 million for 2013-2014. Property tax rates remained the same as the prior year at $1.375 per one hundred dollar valuation. The District's tax base increased from $6.8 billion to $7 billion.

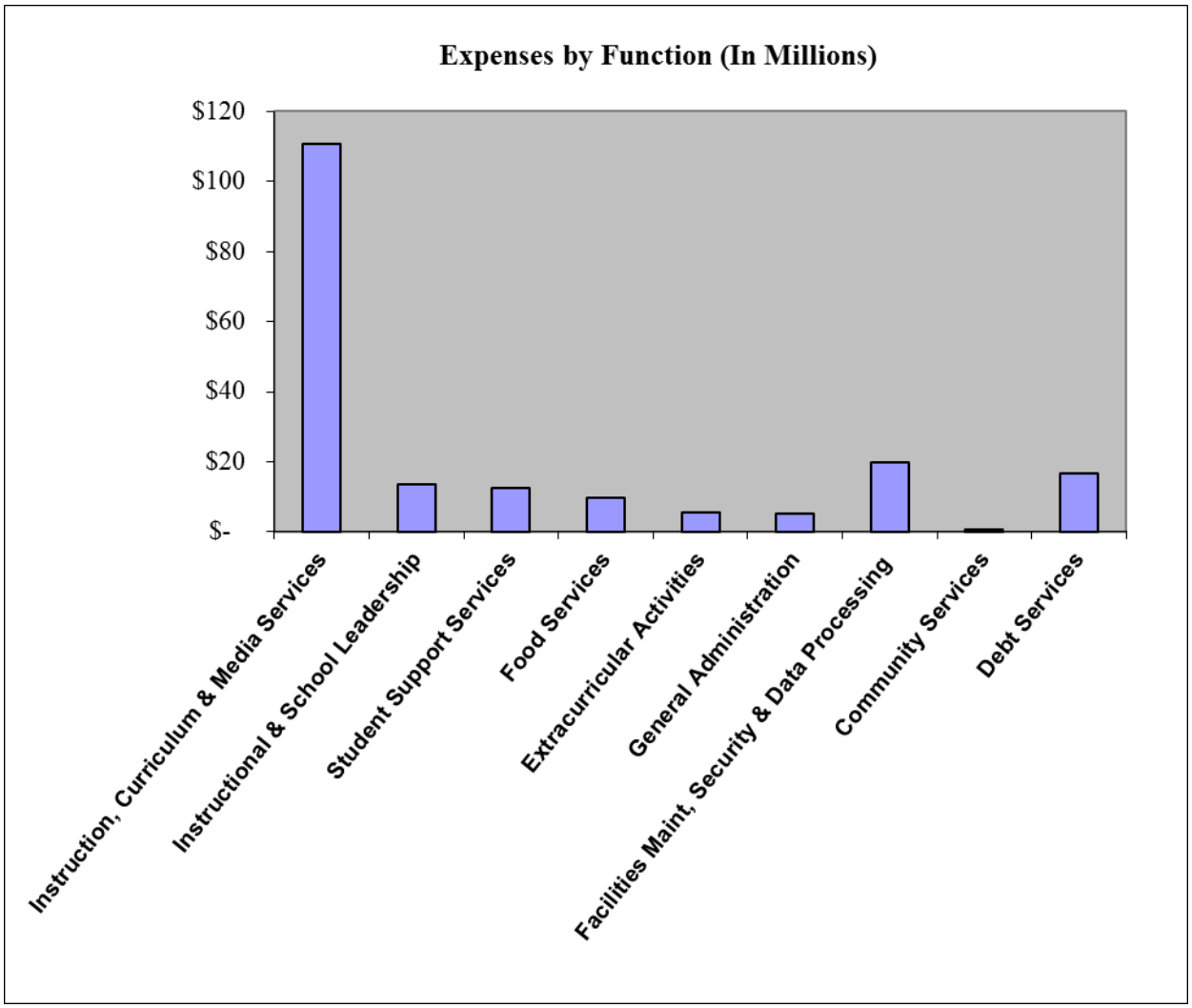


The cost of all governmental activities this year was $194.5 million. However, the amount that our taxpayers paid for these activities through property taxes was $106.5 million. Some of the cost was paid by those who directly benefited from the programs ($3.9 million), or by grants and contributions ($30.9 million), by state funding ($45.2 million), by grants and contributions not restricted ($3.7 million), or by investment earnings ($0.4 million) and miscellaneous revenue ($1.2 million).

The following table illustrates that 57 percent of the District’s expenses were due to instruction, curriculum, and media services, followed by 10.1 percent due to plant maintenance, security, and data processing. All other categories of expenses individually total less than 10 percent of total expenses.

The following schedule of expenses indicates percentages by function (in thousands):

Function	Amount	Percent of Total
Instruction, Curriculum & Media Services	$ 110,824	56.97%
Instructional & School Leadership	13,513	6.95%
Student Support Services	12,536	6.44%
Food Services	9,697	4.98%
Extracurricular Activities	5,511	2.83%
General Administration	5,349	2.75%
Facilities Maint, Security & Data Processing	19,724	10.14%
Community Services	739	0.38%
Debt Services	16,652	8.56%
Total Expenses	$ 194,545	100.00%



THE DISTRICT'S FUNDS

As noted earlier, the District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

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

As the District completed the year, its governmental funds (as presented in the balance sheet on pages 32 and 33) reported a combined fund balance of $81.7 million, which is a decrease of $83.1 million from last year's total of $164.8 million.

Changes in fund balances for the year ended August 31, 2015 are as follows (in thousands):

Fund	Balance at August 31, 2015	Balance at August 31, 2014	Increase (Decrease)
General	$ 35,296	$ 35,227	$ 69
Debt Service	9,525	9,415	110
Capital Projects	27,631	109,205	(81,574)
Other Governmental Funds	9,234	10,988	(1,754)
	$ 81,686	$ 164,835	$ (83,149)

The District continues to maintain a healthy financial position, as illustrated by the table above. The General fund balance of $35.3 million as of August 31, 2015 represents no significant change from the prior year. The Debt Service fund balance also was not significantly changed.

The decrease of $81.6 million in the Capital Projects Fund Balance is due, for the most part, to the ongoing building program (see Note IV, E).

Details on the increase in Other Governmental Funds fund balances can be seen in the revenues and expenditures on Exhibit H-2.

Budget Variances

Over the course of the year, the Board of Trustees (the "Board") revised the District's budget several times. Detail about these amendments is provided in Note III in the notes to the financial statements. Significant General Fund expenditure budget amendments include $1.2 million for campus and department encumbrances rolled forward from the prior year, and $1.2 million for prior year prepaid items.

Exhibit C-5 provides detail about the original and final budgets and variances between the final budget and actual amounts for the General Fund. Expenditures had a positive variance of $4.4 million. The majority of this variance is in the instructional function ($1 million). Much of this variance is due to salaries. The District budgets for teachers with several years of experience; teachers hired often have less experience and that results in a positive budget variance. In addition, some vacancies were not filled.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At the end of 2015, the District had $350 million invested in a broad range of capital assets, including facilities and equipment for instruction, transportation, athletics, administration, and maintenance. This amount represents a net increase of $69 million from the prior year.

This year's net changes included (in thousands):

Land	$	2,519
Buildings & Improvements		20,760
Furniture & Equipment		(733)
Capital Leases		1,362
Construction in Process		45,360
Total	$	69,268

The District has remaining commitments of $11.2 million on multiple active construction projects. Additional detailed information about the District's capital assets is presented in the notes to the financial statements, Note IV, E.

Debt

At year-end, the District had $296.9 million in bonds outstanding versus $311.7 million last year. Detail on the District's debt is available in Notes IV, F and G. The District's bonds are currently rated "AAA" with an underlying rating of "AA" by Standard & Poors.

Other obligations include accrued vacation pay and sick leave. A summary of the District's long-term liabilities is presented in Note IV, F to the financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

- Appraised value used for the 2016 budget preparation was projected to increase $105.7 million or 1.5 percent from 2015. The homestead exemption was increased from $15,000 to $25,000, but values still rose.

- Student enrollment was projected to increase only slightly.

- The District was able to increase the General Fund budget by $4.2 million, due mainly to state funding changes.

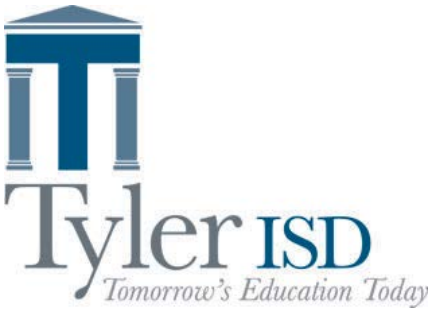
- A general pay increase was funded, resulting in pay raises for teachers of $1,500 each, and all other employees received 3% of salary midpoint.

- The District retained the same tax rate of $1.375, $1.04 maintenance and operations and $0.335 debt service. The tax rate for maintenance and operations of $1.04 is now at the legal cap.

If these estimates are realized, the District's budgetary General Fund balance is not expected to change significantly by the close of 2016. More importantly, this will have been accomplished in spite of unfunded mandates.

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 Tyler Independent School District, P. O. Box 2035, 1319 Earl Campbell Parkway, Tyler, Texas 75710.


Tyler ISD
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BASIC FINANCIAL STATEMENTS

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

Data Control Codes		Primary Government: Governmental Activities
	ASSETS	
1110	Cash and Cash Equivalents	$ 93,732,292
1220	Property Taxes - Delinquent	5,220,568
1230	Allowance for Uncollectible Taxes	(661,301)
1240	Due from Other Governments	3,147,169
1290	Other Receivables, net	290,868
1300	Inventories	210,443
1410	Prepaid Items	478,161
	Capital Assets:	
1510	Land	11,896,268
1520	Buildings, Net	226,311,243
1530	Furniture and Equipment, Net	6,291,052
1550	Leased Property Under Capital Leases, Net	1,362,553
1580	Construction in Progress	104,138,751
1000	Total Assets	452,418,067
	DEFERRED OUTFLOWS OF RESOURCES	
1701	Deferred Charge for Refunding	8,445,369
1705	Deferred Outflow Related to TRS	4,695,807
1700	Total Deferred Outflows of Resources	13,141,176
	LIABILITIES	
2110	Accounts Payable	7,306,911
2140	Interest Payable	578,097
2160	Accrued Wages Payable	5,462,341
2180	Due to Other Governments	75,826
2200	Accrued Expenses	999,620
2300	Unearned Revenue	1,709,220
	Noncurrent Liabilities	
2501	Due Within One Year	13,011,001
2502	Due in More Than One Year	311,735,551
2540	Net Pension Liability (District's Share)	19,278,380
2000	Total Liabilities	360,156,947
	DEFERRED INFLOWS OF RESOURCES	
2605	Deferred Inflow Related to TRS	5,897,313
2600	Total Deferred Inflows of Resources	5,897,313
	NET POSITION	
3200	Net Investment in Capital Assets	70,473,345
3820	Restricted for Federal and State Programs	3,572,884
3850	Restricted for Debt Service	10,420,143
3870	Restricted for Campus Activities	728,994
3890	Restricted for Other Purposes	5,443,541
3900	Unrestricted	8,866,076
3000	Total Net Position	$ 99,504,983

The notes to the financial statements are an integral part of this statement.

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

Data Control Codes		1	Program Revenues 3	Program Revenues 4	Net (Expense) Revenue and Changes in Net Position 6
		Expenses	Charges for Services	Operating Grants and Contributions	Primary Gov. Governmental Activities
Primary Government:					
	GOVERNMENTAL ACTIVITIES:				
11	Instruction	$ 100,393,892	$ 395,063	$ 13,279,880	$ (86,718,949)
12	Instructional Resources and Media Services	2,842,840	-	245,460	(2,597,380)
13	Curriculum and Staff Development	7,586,734	-	3,278,521	(4,308,213)
21	Instructional Leadership	3,343,754	-	554,445	(2,789,309)
23	School Leadership	10,168,841	-	880,608	(9,288,233)
31	Guidance, Counseling and Evaluation Services	5,894,210	-	1,645,966	(4,248,244)
32	Social Work Services	537,036	-	261,265	(275,771)
33	Health Services	1,914,252	-	222,661	(1,691,591)
34	Student (Pupil) Transportation	4,191,572	26,573	289,122	(3,875,877)
35	Food Services	9,696,521	1,133,248	8,033,101	(530,172)
36	Extracurricular Activities	5,511,213	2,387,880	236,463	(2,886,870)
41	General Administration	5,348,683	-	385,181	(4,963,502)
51	Facilities Maintenance and Operations	15,462,037	26,573	830,477	(14,604,987)
52	Security and Monitoring Services	2,052,215	-	103,837	(1,948,378)
53	Data Processing Services	2,210,039	-	74,767	(2,135,272)
61	Community Services	738,608	-	641,751	(96,857)
72	Debt Service - Interest on Long Term Debt	15,772,174	-	-	(15,772,174)
73	Debt Service - Bond Issuance Cost and Fees	880,445	-	-	(880,445)
[TP]	TOTAL PRIMARY GOVERNMENT:	$ 194,545,066	$ 3,969,337	$ 30,963,505	(159,612,224)

Data Control Codes		
	General Revenues:	
	Taxes:	
MT	Property Taxes, Levied for General Purposes	80,316,658
DT	Property Taxes, Levied for Debt Service	26,193,044
SF	State Aid - Formula Grants	45,179,263
GC	Grants and Contributions not Restricted	3,728,626
IE	Investment Earnings	373,225
MI	Miscellaneous Local and Intermediate Revenue	1,172,860
TR	Total General Revenues	156,963,676
CN	Change in Net Position	(2,648,548)
NB	Net Position - Beginning	123,996,017
PA	Prior Period Adjustment	(21,842,486)
NE	Net Position--Ending	$ 99,504,983

The notes to the financial statements are an integral part of this statement.

TYLER INDEPENDENT SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
AUGUST 31, 2015

Data Control Codes		10 General Fund	50 Debt Service Fund	60 Capital Projects
	ASSETS			
1110	Cash and Cash Equivalents	$ 38,074,528	$ 9,518,596	$ 31,706,344
1220	Property Taxes - Delinquent	4,164,051	1,056,517	-
1230	Allowance for Uncollectible Taxes (Credit)	(500,184)	(161,117)	-
1240	Due from Other Governments	691,419	-	-
1260	Due from Other Funds	3,516,237	-	-
1290	Other Receivables	145,395	6,147	9,389
1300	Inventories	210,443	-	-
1410	Prepaid Items	478,161	-	-
1000	Total Assets	$ 46,780,050	$ 10,420,143	$ 31,715,733
	LIABILITIES			
2110	Accounts Payable	$ 1,352,215	$ -	$ 4,084,720
2160	Accrued Wages Payable	4,771,623	-	-
2170	Due to Other Funds	-	-	-
2180	Due to Other Governments	5	-	-
2300	Unearned Revenues	1,695,537	-	-
2000	Total Liabilities	7,819,380	-	4,084,720
	DEFERRED INFLOWS OF RESOURCES			
2601	Unavailable Revenue - Property Taxes	3,663,867	895,400	-
2600	Total Deferred Inflows of Resources	3,663,867	895,400	-
	FUND BALANCES			
	Nonspendable Fund Balance:			
3410	Inventories	210,443	-	-
3430	Prepaid Items	478,161	-	-
	Restricted Fund Balance:			
3450	Federal or State Funds Grant Restriction	511,523	-	-
3470	Capital Acquisition and Contractural Obligation	-	-	27,631,013
3480	Retirement of Long-Term Debt	-	9,524,743	-
3490	Other Restricted Fund Balance	-	-	-
	Committed Fund Balance:			
3510	Preventive Maintenance Fund	-	-	-
3545	District Incentive Program	1,000,000	-	-
	Assigned Fund Balance:			
3590	Other Assigned Fund Balance	9,277,842	-	-
3600	Unassigned Fund Balance	23,818,834	-	-
3000	Total Fund Balances	35,296,803	9,524,743	27,631,013
4000	Total Liabilities, Deferred Inflows & Fund Balances	$ 46,780,050	$ 10,420,143	$ 31,715,733

The notes to the financial statements are an integral part of this statement.

Other Funds	Total Governmental Funds
$ 12,806,874	$ 92,106,342
-	5,220,568
-	(661,301)
2,455,750	3,147,169
-	3,516,237
58,902	219,833
-	210,443
-	478,161
$ 15,321,526	$ 104,237,452
$ 1,869,976	$ 7,306,911
690,718	5,462,341
3,513,253	3,513,253
-	5
13,683	1,709,220
6,087,630	17,991,730
-	4,559,267
-	4,559,267
-	210,443
-	478,161
3,061,361	3,572,884
-	27,631,013
-	9,524,743
1,047,636	1,047,636
5,124,899	5,124,899
-	1,000,000
-	9,277,842
-	23,818,834
9,233,896	81,686,455
$ 15,321,526	$ 104,237,452

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TYLER INDEPENDENT SCHOOL DISTRICT
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF NET POSITION
AUGUST 31, 2015

	Total Fund Balances - Governmental Funds	$	81,686,455
1	The District uses internal service funds to charge the costs of certain activities, such as self-insurance and printing, to appropriate functions in other funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net position. The net effect of this consolidation is to increase net position.		618,560
2	Capital assets used in governmental activities are not financial resources and therefore are not reported in governmental funds. The net effect of including capital assets (net of depreciation) is to increase net position. Detail can be seen in Note IV, E of the Notes to the Financial Statements.		349,999,867
3	Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the governmental funds balance sheet. The net effect of including long-term liabilities is to decrease net position. Detail can be seen in Note IV, F of the Notes to the Financial Statements.		(324,746,552)
4	Net position includes the deferred charge on defeased debt which is not reflected in the fund financial statements.		8,445,369
5	Interest payable on long-term debt does not require current financial resources; therefore, it is not reported as a liability in the governmental funds balance sheet. The net effect of including interest payable is to decrease net position.		(578,097)
6	Net position includes the deferred resource outflow for pension payments made after the measurement date, as well as current year pension expenses. The net effect is to increase net position.		1,362,600
7	The prior period adjustment for the District's net pension liability decreased net position.		(21,842,486)
8	Taxes from current and prior year levies assumed to be collectible are reclassified from Unavailable Revenue - Property Taxes and increase net position. The net effect of reclassifying this Deferred Inflow of Resources is to increase net position.		4,559,267
19	**Net Position of Governmental Activities**	$	99,504,983

The notes to the financial statements are an integral part of this statement.

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

Data Control Codes		10 General Fund	50 Debt Service Fund	60 Capital Projects
	REVENUES:			
5700	Total Local and Intermediate Sources	$ 82,153,761	$ 26,186,927	$ 103,552
5800	State Program Revenues	52,942,314	-	-
5900	Federal Program Revenues	3,234,214	-	-
5020	Total Revenues	138,330,289	26,186,927	103,552
	EXPENDITURES:			
	Current:			
0011	Instruction	81,136,759	-	5,585,460
0012	Instructional Resources and Media Services	2,561,925	-	-
0013	Curriculum and Instructional Staff Development	4,186,748	-	-
0021	Instructional Leadership	2,772,479	-	-
0023	School Leadership	9,183,157	-	-
0031	Guidance, Counseling and Evaluation Services	4,249,177	-	-
0032	Social Work Services	269,178	-	-
0033	Health Services	1,715,637	-	-
0034	Student (Pupil) Transportation	3,989,731	-	-
0035	Food Services	-	-	-
0036	Extracurricular Activities	4,201,580	-	-
0041	General Administration	3,603,558	-	-
0051	Facilities Maintenance and Operations	12,784,277	-	294,348
0052	Security and Monitoring Services	1,859,383	-	47,862
0053	Data Processing Services	1,930,732	-	-
0061	Community Services	62,254	-	-
	Debt Service:			
0071	Principal on Long Term Debt	157,978	12,480,000	-
0072	Interest on Long Term Debt	-	13,588,514	-
0073	Bond Issuance Cost and Fees	-	880,445	-
	Capital Outlay:			
0081	Facilities Acquisition and Construction	159,174	-	75,750,129
	Intergovernmental:			
0093	Payments to Fiscal Agent/Member Districts of SSA	306,240	-	-
0099	Other Intergovernmental Charges	1,526,972	-	-
6030	Total Expenditures	136,656,939	26,948,959	81,677,799
1100	Excess (Deficiency) of Revenues Over (Under) Expenditures	1,673,350	(762,032)	(81,574,247)
	OTHER FINANCING SOURCES (USES):			
7901	Refunding Bonds Issued	-	82,095,000	-
7912	Sale of Real and Personal Property	43,090	-	-
7915	Transfers In	464,492	-	-
7916	Premium or Discount on Issuance of Bonds	-	13,124,299	-
8911	Transfers Out (Use)	(2,111,529)	-	-
8940	Payment to Bond Refunding Escrow Agent (Use)	-	(94,347,037)	-
7080	Total Other Financing Sources (Uses)	(1,603,947)	872,262	-
1200	Net Change in Fund Balances	69,403	110,230	(81,574,247)
0100	Fund Balance - September 1 (Beginning)	35,227,400	9,414,513	109,205,260
3000	Fund Balance - August 31 (Ending)	$ 35,296,803	$ 9,524,743	$ 27,631,013

The notes to the financial statements are an integral part of this statement.

Other Funds	Total Governmental Funds
$ 3,993,459	$ 112,437,699
2,326,261	55,268,575
21,167,833	24,402,047
27,487,553	192,108,321
9,521,289	96,243,508
154,365	2,716,290
3,120,341	7,307,089
455,254	3,227,733
570,349	9,753,506
1,432,790	5,681,967
248,343	517,521
130,476	1,846,113
148,887	4,138,618
9,620,695	9,620,695
1,086,632	5,288,212
66,149	3,669,707
1,634,008	14,712,633
58,719	1,965,964
-	1,930,732
645,774	708,028
-	12,637,978
-	13,588,514
-	880,445
2,003,371	77,912,674
-	306,240
-	1,526,972
30,897,442	276,181,139
(3,409,889)	(84,072,818)
-	82,095,000
9,020	52,110
2,111,529	2,576,021
-	13,124,299
(464,492)	(2,576,021)
-	(94,347,037)
1,656,057	924,372
(1,753,832)	(83,148,446)
10,987,728	164,834,901
$ 9,233,896	$ 81,686,455

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

Total Net Change in Fund Balances - Governmental Funds	$	(83,148,446)
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlay exceeded depreciation in the current period.		70,584,882
The net effect of retirements of capital assets is to decrease net assets.		(1,316,869)
Tax revenue is reported in the government-wide statement of activities and changes in net assets, but a portion of the revenue does not provide current financial resources. The current adjustment reflects a net decrease in the deferral of the revenue.		47,471
Repayment of principal consumes the current financial resources of governmental funds. This adjustment includes principal payments and other debt related adjustments such as amoritization of bond premium/discount and amortization of the deferred charge on refunded bonds. The net impact of these debt related adjustments is to increase net position.		10,413,448
The District refunded some bonds; detail can be seen in Notes II, B and IV, G. The net impact of those refundings is to decrease net position.		(872,262)
Some expenses in the statement of activities do not require the use of current financial resources; therefore, they are not reported as expenditures in the governmental funds. This amount reflects the change in accrued liability for compensated absences.		(3,023)
Accrued interest expense on long-term debt is reported in the government-wide statement of activities but does not require the use of current financial resources. Therefore, accrued interest is not reported as an expenditure in the governmental funds. Including the change at year end in this accrued interest increases net position.		40,870
Internal services funds are used by the District to charge the costs of certain activities, such as self-insurance, to appropriate functions in other funds. Including the net income of the internal service funds increases net position.		242,781
The implementation of GASB 68 required that certain expenditures be de-expended and recorded as deferred resource outflows. These contributions made after the measurement date of 8/31/2014 caused the change in the ending net position to increase in the amount of $3,144,545. The District recorded their proportionate share of the pension expense during the measurement period as part of the net pension liability. The amounts expensed for FY2015 were $2,994,732 for pension expense columns 6 - 12 from TRS data and the amounts de-expended for the net deferred resouce inflow recognized by TRS in the measurement period were $1,212,787. This caused a net decrease in the change in net position of $1,781,945. The impact of all of these is to increase the change in net position by $1,362,600.		1,362,600
Change in Net Position of Governmental Activities	$	(2,648,548)

The notes to the financial statements are an integral part of this statement.

TYLER INDEPENDENT SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED AUGUST 31, 2015

Data Control Codes		Budgeted Amounts Original	Budgeted Amounts Final	Actual Amounts (GAAP BASIS)	Variance With Final Budget Positive or (Negative)
	REVENUES:				
5700	Total Local and Intermediate Sources	$ 81,892,357	$ 82,407,907	$ 82,153,761	$ (254,146)
5800	State Program Revenues	53,251,617	52,214,450	52,942,314	727,864
5900	Federal Program Revenues	2,795,000	3,157,858	3,234,214	76,356
5020	Total Revenues	137,938,974	137,780,215	138,330,289	550,074
	EXPENDITURES:				
	Current:				
0011	Instruction	82,523,920	82,171,017	81,136,759	1,034,258
0012	Instructional Resources and Media Services	2,531,000	2,693,618	2,561,925	131,693
0013	Curriculum and Instructional Staff Development	4,306,203	4,354,170	4,186,748	167,422
0021	Instructional Leadership	2,812,240	3,003,447	2,772,479	230,968
0023	School Leadership	9,412,866	9,345,078	9,183,157	161,921
0031	Guidance, Counseling and Evaluation Services	4,503,175	4,414,052	4,249,177	164,875
0032	Social Work Services	271,956	305,574	269,178	36,396
0033	Health Services	1,785,501	2,165,111	1,715,637	449,474
0034	Student (Pupil) Transportation	2,866,872	4,777,060	3,989,731	787,329
0036	Extracurricular Activities	3,680,175	4,401,149	4,201,580	199,569
0041	General Administration	2,955,719	3,693,432	3,603,558	89,874
0051	Facilities Maintenance and Operations	12,763,524	13,372,568	12,784,277	588,291
0052	Security and Monitoring Services	2,086,386	2,089,811	1,859,383	230,428
0053	Data Processing Services	1,989,942	2,057,329	1,930,732	126,597
0061	Community Services	64,253	74,960	62,254	12,706
	Debt Service:				
0071	Principal on Long Term Debt	157,979	157,979	157,978	1
	Capital Outlay:				
0081	Facilities Acquisition and Construction	15,000	176,776	159,174	17,602
	Intergovernmental:				
0093	Payments to Fiscal Agent/Member Districts of SSA	343,762	306,740	306,240	500
0099	Other Intergovernmental Charges	1,526,972	1,526,972	1,526,972	-
6030	Total Expenditures	136,597,445	141,086,843	136,656,939	4,429,904
1100	Excess (Deficiency) of Revenues Over (Under) Expenditures	1,341,529	(3,306,628)	1,673,350	4,979,978
	OTHER FINANCING SOURCES (USES):				
7912	Sale of Real and Personal Property	-	43,090	43,090	-
7915	Transfers In	770,000	470,000	464,492	(5,508)
8911	Transfers Out (Use)	(2,111,529)	(2,111,529)	(2,111,529)	-
7080	Total Other Financing Sources (Uses)	(1,341,529)	(1,598,439)	(1,603,947)	(5,508)
1200	Net Change in Fund Balances	-	(4,905,067)	69,403	4,974,470
0100	Fund Balance - September 1 (Beginning)	35,227,400	35,227,400	35,227,400	-
3000	Fund Balance - August 31 (Ending)	$ 35,227,400	$ 30,322,333	$ 35,296,803	$ 4,974,470

The notes to the financial statements are an integral part of this statement.

EXHIBIT D-1

TYLER INDEPENDENT SCHOOL DISTRICT
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
AUGUST 31, 2015

	Governmental Activities - Internal Service Fund
ASSETS	
Current Assets:	
Cash and Cash Equivalents	$ 1,625,950
Other Receivables	71,035
Total Assets	1,696,985
LIABILITIES	
Current Liabilities:	
Due to Other Funds	2,984
Due to Other Governments	75,821
Accrued Expenses	999,620
Total Liabilities	1,078,425
NET POSITION	
Unrestricted Net Position	618,560
Total Net Position	$ 618,560

The notes to the financial statements are an integral part of this statement.

TYLER INDEPENDENT SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED AUGUST 31, 2015

	Governmental Activities - Internal Service Fund
OPERATING REVENUES:	
Local and Intermediate Sources	$ 13,284,827
Total Operating Revenues	13,284,827
OPERATING EXPENSES:	
Payroll Costs	11,328,460
Professional and Contracted Services	58
Supplies and Materials	102
Other Operating Costs	1,718,819
Total Operating Expenses	13,047,439
Operating Income	237,388
NONOPERATING REVENUES (EXPENSES):	
Earnings from Temporary Deposits & Investments	5,393
Total Nonoperating Revenues (Expenses)	5,393
Change in Net Position	242,781
Total Net Position - September 1 (Beginning)	375,779
Total Net Position - August 31 (Ending)	$ 618,560

The notes to the financial statements are an integral part of this statement.

TYLER INDEPENDENT SCHOOL DISTRICT
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED AUGUST 31, 2015

	Governmental Activities - Internal Service Fund
Cash Flows from Operating Activities:	
Cash Received from User Charges	$ 13,284,802
Cash Payments for Insurance Claims	(11,259,434)
Cash Payments for Other Operating Expenses	(1,711,760)
Net Cash Provided by Operating Activities	313,608
Cash Flows from Investing Activities:	
Interest and Dividends on Investments	5,393
Net Increase in Cash and Cash Equivalents	319,001
Cash and Cash Equivalents at Beginning of Year	1,306,949
Cash and Cash Equivalents at End of Year	$ 1,625,950
Reconciliation of Operating Income to Net Cash Provided by Operating Activities:	
Operating Income:	$ 237,388
Effect of Increases and Decreases in Current Assets and Liabilities:	
Decrease (Increase) in Other Receivables	103,944
Increase (Decrease) in Accounts Payable	(25)
Increase (Decrease) in Due to Other Funds	(1,665)
Increase (Decrease) in Due to Other Governments	7,219
Increase (Decrease) in Accrued Expenses	(33,253)
Net Cash Provided by Operating Activities	$ 313,608

The notes to the financial statements are an integral part of this statement.

TYLER INDEPENDENT SCHOOL DISTRICT
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
AUGUST 31, 2015

	Private Purpose Trust Fund	Agency Funds
ASSETS		
Cash and Cash Equivalents	$ 23,284	$ 158,571
Restricted Assets	-	13,395
Total Assets	23,284	$ 171,966
LIABILITIES		
Accounts Payable	-	$ 8,131
Accrued Wages Payable	-	2,900
Due to Student Groups	-	147,540
Payable from Restricted Assets	-	13,395
Total Liabilities	-	$ 171,966
NET POSITION		
Held in Trust	23,284	
Total Net Position	$ 23,284	

The notes to the financial statements are an integral part of this statement.

TYLER INDEPENDENT SCHOOL DISTRICT
STATEMENT OF CHANGES IN FIDUCIARY FUND NET POSITION
FIDUCIARY FUNDS
FOR THE YEAR ENDED AUGUST 31, 2015

	Private Purpose Trust Fund
ADDITIONS:	
Local and Intermediate Sources	$ 20,855
Total Additions	20,855
DEDUCTIONS:	
Other Operating Costs	15,900
Total Deductions	15,900
Change in Net Position	4,955
Total Net Position - September 1 (Beginning)	18,329
Total Net Position - August 31 (Ending)	$ 23,284

The notes to the financial statements are an integral part of this statement.

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Tyler Independent School District (the "District") is a public educational agency operating under the applicable laws and regulations of the State of Texas. It is governed by a seven member Board of Trustees (the "Board") elected by registered voters of the District. The District prepares its basic financial statements in conformity with United States generally accepted accounting principles promulgated by the Governmental Accounting Standards Board and other authoritative sources identified in **GASB Statement No. 56**, and it complies with the requirements of the appropriate version of Texas Education Agency's ***Financial Accountability System Resource Guide*** (the "Resource Guide") and the requirements of contracts and grants of agencies from which it receives funds.

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

A. REPORTING ENTITY

The Board is elected by the public and it has the authority to make decisions, appoint administrators and managers, and significantly influence operations. It also has the primary accountability for fiscal matters. Therefore, the District is a financial reporting entity as defined by the Governmental Accounting Standards Board ("GASB") in its Statement No. 14, "The Financial Reporting Entity." There are no component units that are material to the reporting entity, and none are included in the financial statements.

B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

The Statement of Net Position and the Statement of Activities are government-wide financial statements. They report information on all of the Tyler Independent School District nonfiduciary activities with most of the interfund activities removed. *Governmental activities* include programs supported primarily by taxes, State foundation funds, grants and other intergovernmental revenues.

The Statement of Activities demonstrates how other people or entities that participate in programs the District operates have shared in the payment of the direct costs. Program revenues include "charges for services" and "grants and contributions." The "charges for services" column includes payments made by parties that purchase, use, or directly benefit from goods or services provided by a given function or segment of the District. Examples include tuition paid by students not residing in the district, school lunch charges, etc. The "grants and contributions" column includes amounts paid by organizations outside the District to help meet the operational or capital requirements of a given function. Examples include grants under the Elementary and Secondary Education Act. If revenue is not program revenue, it is general revenue used to support all of the District's functions. Taxes are always general revenues. In the government-wide statements, indirect expenses (like depreciation) are allocated to functions based on the character of the expense.

Interfund activities between governmental funds and between governmental funds and proprietary funds appear as due to/due from on the Governmental Fund Balance Sheet and Proprietary Fund Statement of Net Position and as other resources and other uses on the Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balances and on the Proprietary Fund Statement of Revenues, Expenses, and Changes in Fund Net Position. For the most part, the effect of interfund activity has been removed from the government-wide statements, although interfund services provided and used are not eliminated in the process of consolidation.

The fund financial statements provide reports on the financial condition and results of operations for three fund categories - governmental, proprietary, and fiduciary. Since the resources in the fiduciary funds cannot be used for District operations, they are not included in the government-wide statements. The District considers some governmental funds major and reports their financial condition and results of operations in a separate column.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. All other revenues and expenses are nonoperating.

C. MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND FINANCIAL STATEMENT PRESENTATION

The government-wide financial statements use the economic resources measurement focus and the accrual basis of accounting, as do the proprietary fund and fiduciary fund financial statements. Agency funds, however, are unlike all types of other funds, reporting only assets and liabilities. Therefore, agency funds cannot be said to have a measurement focus. They do, however, use the accrual basis of accounting to recognize receivables and payables. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements use the current financial resources measurement focus and the modified accrual basis of accounting. With this measurement focus, only current assets, current liabilities and fund balances are included on the balance sheet. Operating statements of these funds present net increases and decreases in current assets (i.e., revenues and other financing sources and expenditures and other financing uses).

The modified accrual basis of accounting recognizes revenues in the accounting period in which they become both measurable and available, and it recognizes expenditures in the accounting period in which the fund liability is incurred, if measurable, except for unmatured interest and principal on long-term debt, which is recognized when due. The expenditures related to certain compensated absences and claims and judgments are recognized when amounts are due and payable. The District considers all revenues available if they are collectible within 60 days of the current fiscal period after year end.

Revenues from local sources consist primarily of property taxes. Property tax revenues and revenues received from the State are recognized under the susceptible-to-accrual concept, that is, when they are both measurable and available. 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.

Grant funds are considered to be earned to the extent of expenditures made under the provisions of the grant. Accordingly, when such funds are received, they are recorded as deferred revenues until related and authorized expenditures have been made. If balances have not been expended by the end of the project period, grantors sometimes require the District to refund all or part of the unused amount.

The Proprietary Fund Types are accounted for on a flow of economic resources measurement focus and utilize the accrual basis of accounting. This basis of accounting recognizes revenues in the accounting period in which they are earned and become measurable and expenses in the accounting period in which they are incurred and become measurable. With this measurement focus, all assets and all liabilities associated with the operation of these funds are included on the fund Statement of Net Position. The fund equity is segregated into net investment in capital assets, restricted net position, and unrestricted net position.

Agency Funds utilize the accrual basis of accounting but do not have a measurement focus as they report only assets and liabilities.

D. FUND ACCOUNTING

The District reports the following major governmental funds:

The General Fund – The general fund is the District's primary operating fund. It accounts for all financial resources except those required to be accounted for in another fund. Major revenue sources include local property taxes, state funding under the Foundation School Program and interest earnings. Expenditures include all costs associated with the daily operations of the District except for specific programs funded by the federal or state government, food service, debt service and capital projects. The General Fund is a budgeted fund, and any fund balances are considered resources available for current operations.

Debt Service Funds – The District accounts for resources accumulated and payments made for principal and interest on long-term general obligation debt of governmental funds in a debt service fund, which is a budgeted fund. Revenues include collections on property taxes and earnings on investments of the fund. The fund balance represents amounts that will be used for retirement of bonds and payment of interest in the future.

Capital Projects Funds – The proceeds from long-term debt financing and revenues and expenditures related to authorized construction and other capital asset acquisitions are accounted for in a capital projects fund. Furniture, supplies, and equipment needed at new schools are also included.

Additionally, the District reports the following fund types:

Governmental Funds:

Special Revenue Funds – The District accounts for resources restricted to, or designated for, specific purposes by the District or a grantor in a special revenue fund. Most Federal and some State financial assistance is accounted for in a Special Revenue Fund, and sometimes unused balances must be returned to the grantor at the close of specified project periods.

Proprietary Funds:

Internal Service Funds – Revenues and expenses related to services provided to organizations inside the District on a cost reimbursement basis are accounted for in an internal service fund. The District's Internal Service Funds are Health Insurance and Workers' Compensation. These are not budgeted funds.

Fiduciary Funds:

Private Purpose Trust Funds – The District accounts for donations for which the donor has stipulated that both the principal and the income may be used for purposes that benefit parties outside the District. The District's Private Purpose Trust Fund is a Scholarship fund.

Agency Funds – The District accounts for resources held for others in a custodial capacity in agency funds. The District's Agency Funds are Student Activity funds and TISD Foundation awards.

E. OTHER ACCOUNTING POLICIES

1. **Cash and Cash Equivalents** - The District considers highly liquid investments to be cash equivalents if they have a maturity of three months or less when purchased.

2. **Inventories** - The consumption method is used to account for inventories of supplies. Under this method, these items are carried in an inventory account of the respective fund at cost, using the weighted-average method of accounting and are subsequently charged to expenditures when consumed. Inventories of food commodities are recorded at market values supplied by the Texas Department of Human Services. Although commodities are received at no cost, their fair market value is supplied by the Texas Department of Human Services and recorded as inventory and unearned revenue when received. When requisitioned, inventory and unearned revenue are relieved, expenditures are charged, and revenue is recognized for an equal amount. In the General Fund, reported inventories are offset by a fund balance reserve indicating that they are unavailable as current expendable financial resources. Supplies are used for almost all functions of activity. Inventories also include plant maintenance and operation supplies.

3. **Prepaid Items** – The consumption method is used to account for prepaid items. Thus, the expenditure is recognized proportionately over the periods that service is provided.

4. **Bond Premiums and Discounts** - In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, or proprietary fund type Statement of Net Position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount.

   In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

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5. **Compensated Absences** - It is the District's policy to permit some employees to accumulate earned but unused sick pay benefits. There is no liability for unpaid accumulated vacation leave since the District does not have a policy to pay any amounts when employees separate from service with the District. All sick pay is accrued when incurred in the government-wide financial statements. A liability for these amounts is reported in the general fund only if they have matured, for example, as a result of employee resignations and retirements.

6. **Capital Assets** - Capital assets, which include land, buildings, furniture and equipment, are reported in the governmental column in the government-wide financial statements. Capital assets are defined by the District as assets with an initial, individual cost of more than $5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

   The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed.

Buildings, furniture and equipment of the District are depreciated using the straight line method over the following estimated useful lives:

Assets	Years
Buildings	50
Building Improvements	10-20
Vehicles	5-10
Office Equipment	3-15
Computer Equipment	5

Land and construction in progress are not depreciated.

7. **Internal Service Funds** - Since Internal Service Funds support the operations of governmental funds, they are consolidated with the governmental funds in the government-wide financial statements. The expenditures of governmental funds that create the revenues of internal service funds are eliminated to avoid "grossing up" the revenues and expenses of the District as a whole.

8. **Grant Revenue** - The District has reported restricted assets in the instance of grants received from a foundation to be used for restricted purposes.

9. **Self-Funded Health Insurance Plan** - The District sponsors a self-insurance plan to provide health care benefits to staff members and their dependents. Transactions related to the plan are accounted for in an internal service fund.

10. **Fund Balance Classifications** - The District implemented GASB Statement No. 54, "Fund Balance Reporting and Governmental Fund Type Definitions." This Statement provides more clearly defined fund balance categories to make the nature and extent of the constraints placed on a government's fund balances more transparent. The following classifications describe the relative strength of the spending constraints:

    - **Nonspendable fund balance** – amounts that are not in spendable form (such as inventory) or are required to be maintained intact.

    - **Restricted fund balance** - amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation.

    - **Committed fund balance** - amounts constrained to specific purposes by the Board, using its highest level of decision-making authority. To be reported as committed, amounts cannot be used for any other purpose unless the Board takes the same highest level action to remove or change the constraint.

- **Assigned fund balance** – amounts the Board intends to use for a specific purpose. Intent can be expressed by the Superintendent or Chief Financial Officer, through which the Board has delegated the authority. Fund balance assignments in the General Fund as of August 31, 2015 were:

Instructional sustainment	$ 1,000,000
Capital expenditures	447,876
Aquatic Center/Mike Carter Field Projects	5,000,000
Attorney fees	750,000
Health insurance fund contingency	500,000
Enrollment growth expenditures	50,000
Campus/Department rollover funds	718,160
Technology projects	601,806
School improvement programs	210,000
	$ 9,277,842

- **Unassigned fund balance** – amounts that are available for any purpose. Positive amounts are reported only in the general fund.

The Board establishes (and modifies or rescinds) fund balance commitments by passage of a resolution. This is typically done through adoption and amendment of the budget. A fund balance commitment is further indicated in the budget document as a designation or commitment of the fund (such as for special incentives). When it is appropriate for fund balance to be assigned, the Board delegates authority to the Superintendent or the Chief Financial Officer (such as the purchase of fixed assets, construction, debt service, or for other purposes).

In the general fund, the District strives to maintain an unassigned fund balance to be used for working capital and a margin of safety to address local and regional emergencies of approximately two months of operating expenses.

In circumstances where an expenditure is to be made for a purpose for which amounts are available in multiple fund balance classifications, the order in which resources will be expended is as follows: restricted fund balance, followed by committed fund balance, assigned fund balance, and lastly, unassigned fund balance.

11. **Encumbrance Accounting** - The District employs encumbrance accounting, whereby encumbrances for goods or purchased services are documented by purchase orders and contracts. An encumbrance represents a commitment of Board appropriation related to unperformed contracts for goods and services. The issuance of a purchase order or the signing of a contract creates an encumbrance but does not represent an expenditure for the period, only a commitment to expend resources. Appropriations lapse at August 31 and encumbrances outstanding at that time are either canceled or appropriately provided for in the subsequent year's budget.

12. **Restricted and Unrestricted Assets** - When the District incurs an expense for which it may use either restricted or unrestricted assets, it uses the restricted assets first whenever restricted assets will have to be returned because they were not used.

13. **Data Control Codes** - The Data Control Codes refer to the account code structure prescribed by TEA in the ***Financial Accountability System Resource Guide***. Texas Education Agency requires school districts to display these codes in the financial statements filed with the Agency in order to insure accuracy in building a statewide database for policy development and funding plans.

14. **Interfund Transactions** - During the course of operations, transactions occur between individual funds for specified purposes. These receivables and payables are classified as "due from other funds" or "due to other funds" on the combined Governmental Fund Balance Sheet.

15. **Deferred Outflows and Inflows of Resources** – The District adopted GASB Statement No. 63, Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position, which provides guidance for reporting the financial statement elements of deferred outflows of resources, which represent the consumption of the District's net position that is applicable to a future reporting period, and deferred inflows of resources, which represent the District's acquisition of net position applicable to a future reporting period. The District adopted GASB Statement No. 65, Items Previously Reported as Assets and Liabilities, which established accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities.

II. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

A. EXPLANATION OF CERTAIN DIFFERENCES BETWEEN THE GOVERNMENTAL FUND BALANCE SHEET AND THE GOVERNMENT-WIDE STATEMENT OF NET POSITION

Exhibit C-2 includes a reconciliation of *Total Fund Balances – Governmental Funds* to *Net Position of Governmental Activities* as reported in the Government Wide Statement of Net Position.

The first item on the reconciliation explains that the "assets and liabilities of the internal service funds are included in governmental activities in the Statement of Net Position." The details of this can be seen on Exhibit D-1.

The second item on the reconciliation describes the effect on net position of capital asset activities that are not reported in the governmental funds balance sheet. The details of the $349,999,867 (total capital assets, net of depreciation) can be seen in greater detail in Note IV, E. Details on the long-term liabilities of $324,746,552, the next item, can be seen in Note IV, F and G.

The adjustment of net position for tax revenue includes $1,347,373 from the current year levy and $3,211,894 from prior year levies, for a total adjustment of $4,559,267.

B. EXPLANATION OF CERTAIN DIFFERENCES BETWEEN THE GOVERNMENTAL FUND STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES AND THE GOVERNMENT-WIDE STATEMENT OF ACTIVITIES

Exhibit C-4 includes a reconciliation between *Total Net Change in Fund Balances – Governmental Funds* and C*hange in Net Position of Governmental Activities* as reported in the Government Wide Statement of Activities.

Detail for the first item on that reconciliation, capital asset additions and depreciation, can be seen in the Additions columns in Note IV, E. Detail for the next item on that reconciliation, retirement of capital assets, can be seen in the Retirements column in Note IV, E.

In the conversion to full accrual for revenues, taxes receivable are analyzed and reclassified, resulting in a change in recognized revenue on the government-wide financial statements. The current year adjustment reflects an increase in revenue:

Prior Year Taxes Collected Removed from Revenue, added to Beginning Net Position	$ (1,530,673)
Reclassifed Collectible Current Year Taxes to Revenue	1,347,373
Adjustment for Prior Year Estimations of Collections of Prior Year Taxes	230,771
	$ 47,471

Adjustments for long-term debt of $10,413,448 include the following:

Current Year payments on General Obligation Bonds	$ 12,480,000
Current Year Payments on Capital Lease	157,978
Accretion on Capital Appreciation Bonds	(8,143)
Current Year Amortization of Premium/Discount	1,166,383
Current Year Amortization of Deferred Charge for Refunding	(3,382,770)
	$ 10,413,448

Adjustments for refunded debt of $(872,262) include the following:

Refunded Bonds - Amount Paid to Escrow	$ 94,347,037
Face Amount of Issued Bonds	(82,095,000)
Premium on Issued Bonds	(13,124,299)
	$ (872,262)

Net income from the Internal Service Fund is included in this reconciliation. Detail on that $242,781 can be seen on Exhibit D-2.

III. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

BUDGETARY DATA

The Board adopts an "appropriated budget" for the General Fund, Debt Service Fund and the National School Breakfast & Lunch Program Special Revenue Fund using the same method of accounting as for financial reporting, as required by law. The District is required to present the adopted and final amended budgeted revenues and expenditures for each of these funds. The District compares the final amended budget to actual revenues and expenditures. The General Fund Budget report appears in Exhibit C-5, and the other two reports are in Exhibits H-3 and H-4.

The following procedures are followed in establishing the budgetary data reflected in the general-purpose financial statements:

1. Prior to August 20, the District prepares a budget for the next succeeding fiscal year beginning September 1. The operating budget includes proposed expenditures and the means of financing them.

2. A meeting of the Board is then called for the purpose of adopting the proposed budget. At least ten days public notice of the meeting must be given.

3. Prior to September 1, the budget is legally enacted through passage of a resolution by the Board. Once a budget is approved, it can only be amended at the function and fund level 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. As required by law, such amendments are made before the fact, reflected in the official minutes of the Board, and are not made after fiscal year end. Because the District has a policy of careful budgetary control, several amendments were necessary during the year. The following amendments were significant:

a)	Increase in General Fund expenditures for school bus purchases/vehicles	$ 700,000
b)	Increase in General Fund expenditures for Organizational Health Program/Strategic Plan	152,557
c)	Increase in General Fund expenditures for rollover of campus/department expenditures	1,213,722
d)	Increase in General Fund expenditures for recognition of prior year prepaid items	1,245,997
e)	Increase in General Fund expenditures for E-Rate technology projects	488,267
f)	Increase in General Fund expenditures for school improvement consultants	190,000
g)	Increase in General Fund expenditures for maintenance projects from designated funds	459,712
h)	Increase in General Fund revenue for tax collections	485,000
i)	Increase in General Fund revenue for School Health and Related Services (SHARS)	200,000
j)	Increase in General Fund revenue for E-Rate	172,853
k)	Decrease in General Fund revenue for State Foundation Revenue	992,167
l)	Decrease in General Fund other sources for transfer from other funds	300,000

4. Each budget 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. A reconciliation of fund balances for both appropriated budget and nonappropriated budget special revenue funds is as follows:

	August 31, 2015 Fund Balance
Appropriated Budget Funds - Food Service Special Revenue Fund	$ 2,891,705
Nonappropriated Budget Funds	6,342,191
All Special Revenue Funds	$ 9,233,896

Outstanding encumbrances at August 31, 2015, that were subsequently provided for in the 2015-16 budget are presented below:

General Fund	$ 718,160	(assigned fund balance)
Special Revenue Fund	166,567	(restricted fund balance)
Capital Projects Fund	12,122,793	(restricted fund balance)
	$ 13,007,520	

IV. DETAILED NOTES ON ALL FUNDS

A. DEPOSITS AND INVESTMENTS

District Policies and Legal and Contractual Provisions Governing Deposits

Custodial Credit Risk for Deposits State law requires governmental entities to contract with financial institutions in which funds will be deposited to secure those deposits with insurance or pledged securities with a fair value equaling or exceeding the amount on deposit at the end of each business day. The pledged securities must be in the name of the governmental entity and held by the entity or its agent. Since the District complies with this law, it has no custodial credit risk for deposits.

Foreign Currency Risk The District does not have any deposits denominated in a foreign currency.

District Policies and Legal and Contractual Provisions Governing Investments

Compliance with the Public Funds Investment Act

The **Public Funds Investment Act** (Government Code Chapter 2256) contains specific provisions in the areas of investment practices, management reports, and establishment of appropriate policies. Among other things, it requires the District 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, (9) and bid solicitation preferences for certificates of deposit.

Statutes authorize the District to invest in (1) obligations of the U.S. Treasury, certain U.S. agencies, and the State of Texas; (2) certificates of deposit, (3) certain municipal securities, (4) money market savings accounts, (5) repurchase agreements, (6) bankers acceptances, (7) mutual funds, (8) investment pools, (9) guaranteed investment contracts, (10) and common trust funds. The Act also requires the District to have independent auditors perform test procedures related to investment practices as provided by the Act. The District is in substantial compliance with the requirements of the Act and with local policies.

As of August 31, 2015, Tyler Independent School District had the following investments:

		Carrying Value - Investment Maturities (in years)			
	Fair	Less			More
Investment Type	Value	than 1	1 - 5	6 - 10	than 10
Money Market Savings Accounts	$ 58,985,233	$ 58,985,233	$ -	$ -	$ -
Investment Pools	26,855,346	26,855,346	-	-	-
Total	$ 85,840,579	$ 85,840,579	$ -	$ -	$ -

The District's investments in public funds investment pools include those with the Lone Star Investment Pool ("LSIP"), both the Government Overnight and Corporate Overnight Plus funds, TexPool, and TexasTERM. The fair value of the District's position in the above pools is the same as the value of the pool shares.

LSIP is a public funds investment pool created pursuant to the Interlocal Cooperation Act of the State of Texas, Article 4413(32c), Vernon's Texas Civil Statutes, as amended. LSIP is sponsored by the Texas Association of School Boards (TASB). Investment advisory services are provided by American Beacon Advisors and Standish. First Public LLC provides administrative and distribution services to the pool and State Street Bank is the custodian for all pool assets.

TexPool is a public funds investment pool operated by the Texas Treasury Safekeeping Trust Company, an entity of which the Texas Comptroller of Public Accounts is the sole officer, director, and shareholder. Administrative and investment services are provided by Federated Investors, Inc., and the assets are kept in a separate custodial account at the State Street Bank in the name of TexPool.

TexasTERM is organized in conformity with Interlocal Cooperation Act, Chapter 791 of the Texas Government Code. TexasTERM's investment advisor is PFM Asset Management LLC. The custodial account is managed by U.S. Bank N.A.

Additional policies and contractual provisions governing deposits and investments for Tyler Independent School District are specified below:

Credit Risk To limit the risk that an issuer or other counterparty to an investment will not fulfill its obligations the District limits investments to those covered by the Public Funds Investment Act. As of August 31, 2015, the District's investments were rated by Standard & Poor's as follows:

Lone Star Investment Pool – Government Overnight Fund	AAAm
Lone Star Investment Pool – Corporate Overnight Plus Fund	AAAm
TexPool	AAAm
TexasTERM	AAAm

Custodial Credit Risk for Investments To limit the risk that, in the event of the failure of the counterparty to a transaction, a government will not be able to recover the value of investment or collateral securities that are in possession of an outside party the District requires counterparties to register the securities in the name of the district and hand them over to the district or its designated agent. This includes securities in securities lending transactions. All of the securities are in the District's name and are held by the District or its agent.

Concentration of Credit Risk To limit the risk of loss attributed to the magnitude of a government's investment in a single issuer, the District requires investments to be made in a manner that ensures the preservation of capital in the overall portfolio, and offsets during the 12-month period any market price losses resulting from interest-rate fluctuations by income received from the balance of the portfolio.

Interest Rate Risk To limit the risk that changes in interest rates will adversely affect the fair value of investments, the District requires any internally created pool fund group of the District to have a maximum dollar weighted maturity of 180 days. The maximum allowable stated maturity of any other individual investment owned by the District may not exceed one year from the time of purchase. All of the District's investments at August 31, 2015 had a maturity of one year or less.

Foreign Currency Risk for Investments The District does not have any investments denominated in a foreign currency.

B. 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 located in the District 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 31 of each year, a tax lien attaches to property to secure the payment of all taxes, penalties, and interest ultimately imposed. Property tax revenues are considered available (1) when they become due or past due and receivable within the current period and (2) when they are expected to be collected during a 60-day period after the close of the school fiscal year. However, amounts collected during the 60 day period after year-end are not considered material to the financial statements and are not reported.

C. DELINQUENT TAXES RECEIVABLE

Delinquent taxes are prorated between maintenance and debt service based on rates adopted for the year of the levy. Allowances for uncollectible tax receivables within the General and Debt Service Funds are based on 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.

D. INTERFUND BALANCES AND TRANSFERS

Interfund balances at August 31, 2015 consisted of the following amounts. All interfund balances are expected to be repaid within one year.

Due to General Fund from:		
	Nonmajor Governmental Funds (Special Revenue)	$ 3,513,253
	Internal Service Fund	2,984
Total		$ 3,516,237

These interfund balances resulted from the time lag between the dates that interfund goods and services are provided or reimbursable expenditures occur, transactions are recorded in the accounting system, and/or payments between funds are made.

Interfund transfers are defined as flows of assets without equivalent flows of assets in return and without a requirement for repayment. Interfund transfers for the year ended August 31, 2015, consisted of the following individual amounts:

Transfer to General Fund from:		
	Nonmajor Governmental Funds (Special Revenue)	$ 464,492
Transfer to Nonmajor Governmental Funds (Special Revenue)		
	General Fund	2,111,529
Total		$ 2,576,021

The transfer from the nonmajor governmental funds to the General Fund was a transfer for classroom usage from a UT Tyler grant of $42,000, a transfer from athletics activity fund for $95,000 for the Rose Stadium scoreboard, and a transfer from the Food Service Fund for indirect costs of $327,492.

The transfer from the General Fund to the nonmajor governmental funds was $2,111,529 for preventive maintenance projects.

E. CAPITAL ASSET ACTIVITY

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

	Primary Government				
	Beginning Balance	Additions	Reclassi-fications	Retirements	Ending Balance
Governmental Activities:					
Capital Assets, not being depreciated					
Land	$ 9,377,019	$ 2,519,249	$ -	$ -	$ 11,896,268
Construction in Progress	58,778,966	65,217,374	(19,857,589)	-	104,138,751
Total Capital Assets, not being depreciated	68,155,985	67,736,623	(19,857,589)	-	116,035,019
Capital Assets, being depreciated					
Buildings and Improvements	313,158,311	10,176,051	19,857,589	(11,950,005)	331,241,946
Furniture and Equipment	29,142,886	1,967,384	-	(1,680,702)	29,429,568
Capital Leases	-	1,603,003	-	-	1,603,003
Total Capital Assets being depreciated	342,301,197	13,746,438	19,857,589	(13,630,707)	362,274,517
Less Accumulated Depreciation					
Buildings and Improvements	(107,606,758)	(8,481,446)	-	11,157,501	(104,930,703)
Furniture and Equipment	(22,118,570)	(2,176,283)	-	1,156,337	(23,138,516)
Capital Leases	-	(240,450)	-	-	(240,450)
Total Accumulated Depreciation	(129,725,328)	(10,898,179)	-	12,313,838	(128,309,669)
Total Capital Assets Being Depreciated, Net	212,575,869	2,848,259	19,857,589	(1,316,869)	233,964,848
Governmental Activities Capital Assets, Net	$ 280,731,854	$ 70,584,882	$ -	$ (1,316,869)	$ 349,999,867

Depreciation expense was charged to governmental functions as follows:

Instruction	$ 5,839,750
Instructional Resources and Media Services	152,941
Curriculum and Staff Development	346,534
Instructional Leadership	150,105
School Leadership	519,650
Guidance, Counseling and Evaluation Services	274,490
Social Work Services	25,275
Health Services	86,387
Student (Pupil) Transportation	986,280
Food Services	611,192
Extracurricular Activities	269,093
General Administration	205,803
Facilities Maintenance and Operations	991,049
Security and Monitoring Services	152,587
Data Processing Services	251,492
Community Services	35,551
	$ 10,898,179

Construction Commitments

The District has active construction projects as of August 31, 2015. The projects include repairs and improvement of school locations. At year end, the District's commitments with contractors are as follows:

	Total Contract Spent to Date	Remaining Commitment
Project		
Stewart Academy/Renovations	$ 2,104,040	$ 831,935
Rice/Renovations & Construction	11,226,277	729,843
Dixie/Renovations & Construction	10,747,593	728,034
Moore/New School Construction	23,988,995	4,175,300
Boulter/New School Construction	23,642,496	3,278,060
Three Lakes/New School Construction	24,436,165	1,427,561
	$ 96,145,566	$ 11,170,733

F. CHANGES IN LONG-TERM LIABILITIES

Long-term liability activity for the year ended August 31, 2015, was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental Activities:					
Bonds Payable:					
General Obligation Bonds	$ 311,693,780	$ 82,103,143	$ (96,925,000)	$296,871,923	$ 12,780,000
Bond Premium (Discount)	14,700,073	13,124,299	(1,166,383)	26,657,989	-
Total Bonds Payable	326,393,853	95,227,442	(98,091,383)	323,529,912	12,780,000
Other Liabilities:					
Capital Leases	789,891	-	(157,978)	631,913	157,978
Compensated Absences	581,704	80,014	(76,991)	584,727	73,023
Total Other Liabilities	1,371,595	80,014	(234,969)	1,216,640	231,001
Total Governmental Activities					
Long-Term Liabilities	$ 327,765,448	$ 95,307,456	$ (98,326,352)	$324,746,552	$ 13,011,001

The additions to General Obligation Bonds above include accreted interest on capital appreciation bonds of $8,143. The premium on Capital Appreciation Bonds is included in the accreted value of the bonds.

G. BONDS PAYABLE

Bonded indebtedness of the District is reflected in the Statement of Net Position. Current requirements for principal and interest expenditures are accounted for in the Debt Service Fund.

Tyler Independent School District has entered into a continuing disclosure undertaking to provide Annual Reports and Material Event Notices to the State Information Depository of Texas (SID), 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.

A summary of changes in bonds payable for the year ended August 31, 2015 is as follows:

Description Issue Date/Final Maturity Date	Interest Rate Payable	Original Issue Amount	Interest Current Year	Payable Amounts Outstanding 9/1/2014	Amount Issued / Accreted	Amount Refunded / Retired	Outstanding 8/31/2015
School Building Unlimited Tax Bonds - Series 2005	3% to 5%	$34,170,000	$218,575	$5,820,000	$ -	$2,600,000	$3,220,000
1/19/2005 to 2/15/2030							
Unlimited Tax Refunding Bonds - Series 2005A	2.5% to 4.375%	14,285,000	216,769	5,760,000	-	1,085,000	4,675,000
4/19/2005 to 2/15/2020							
School Building Unlimited Tax Bonds - Series 2006	4.5% to 5.25%	17,000,000	-	5,890,000	-	5,890,000	-
8/24/2006 to 2/15/2031							
School Building Unlimited Tax Bonds - Series 2007	4% to 5%	18,355,000	405,500	10,375,000	-	2,765,000	7,610,000
6/14/2007 to 2/15/2025							
School Building Unlimited Tax Bonds - Series 2009	3% to 5%	123,140,000	3,454,619	110,975,000	-	80,165,000	30,810,000
2/12/2009 to 2/15/34							
Unlimited Tax Refunding Bonds - Series 2010	3% to 4%	7,660,000	219,750	6,175,000	-	1,000,000	5,175,000
6/30/2010 to 2/15/2021							
Unlimited Tax Refunding Bonds - Series 2012	2.5% to 5%	16,220,000	675,712	16,130,000	-	45,000	16,085,000
Capital Appreciation Bonds		130,000		480,000	-	-	480,000
Less Discount				(21,220)	8,143	-	(13,077)
5/16/2012 to 2/15/2028							
School Building Unlimited Tax Bonds - Series 2013	2% to 5%	152,020,000	7,140,494	150,110,000	-	2,445,000	147,665,000
7/11/2013 to 2/15/2043							
Unlimited Tax Refunding Bonds - Series 2014	4% to 5%	7,125,000	305,591	-	7,125,000	-	7,125,000
8/1/2014 to 2/15/2031							
Unlimited Tax Refunding Bonds - Series 2015	2% to 5%	74,970,000	951,504	-	74,970,000	930,000	74,040,000
4/1/2015 to 2/15/2032							
			$13,588,514	$311,693,780	$82,103,143	$96,925,000	$296,871,923
NOTE: All bonds were issued for the purpose of building or renovating school buildings.							

Debt Service Requirements are as follows:

Year Ending August 31,	General Obligations Principal	Interest	Total Requirements
2016	$ 12,780,000	$ 13,576,118	$ 26,356,118
2017	9,536,923	13,084,190	22,621,113
2018	9,905,000	12,631,163	22,536,163
2019	10,725,000	12,145,269	22,870,269
2020	10,550,000	11,634,091	22,184,091
2021 to 2025	54,140,000	50,486,256	104,626,256
2026 to 2030	66,195,000	36,488,550	102,683,550
2031 to 2035	59,835,000	22,168,784	82,003,784
2036 to 2040	36,500,000	11,421,250	47,921,250
2041 to 2043	26,705,000	2,047,375	28,752,375
Total	$ 296,871,923	$ 185,683,046	$ 482,554,969

There are a number of limitations and restrictions contained in the general obligation bond indenture. Management has indicated that the District is in compliance with all significant limitations and restrictions at August 31, 2015.

Capital Appreciation Bonds

A portion of the Series 2012 Unlimited Tax Refunding Bonds consists of capital appreciation bonds which pay no interest currently. The District is not currently systematically funding the retirement of this debt. The amounts due at maturity will be funded in the year payment is due. The maturity date of these capital appreciation bonds is February 15, 2017, with a payment at maturity of $480,000.

Refunding and Defeasance of Debt

In May 2012, the District refunded a portion of the bonds from the Series 2005 School Building Unlimited Tax Bonds. The amount refunded was $16,350,000. The advance refunding was entered into in order to take advantage of lower interest rates. The aggregate difference in debt service between the refunding debt and the refunded debt was $1,256,381. The economic gain on the transaction was $1,002,294.

As a part of the refunding, the District placed $18,531,252 in an irrevocable trust account. Income received by the trust will be used solely for the purpose of making required interest payments on the Series 2005 School Building Unlimited Tax Bonds. As trust assets mature, the proceeds will be used to retire these bonds. The remaining amount of these bonds outstanding as of August 31, 2015 is $0; as the escrow account made the final debt service payment of $16,350,000 on February 15, 2015. Accordingly, these refunded bonds are considered to be extinguished in FY 2012 and do not appear as a liability on the accompanying Statement of Net Position.

In August 2014, the District refunded a portion of the bonds from the Series 2006 and 2007 School Building Unlimited Tax Bonds. The amount refunded was $5,890,000 from Series 2006 and $1,765,000 from Series 2007. The advance refunding was entered into in order to take advantage of lower interest rates. The aggregate difference in debt service between the refunding debt and the refunded debt was $1,213,878. The economic gain on the transaction was $968,786. The Deferred Charge for Refunding is $236,245 at year end.

As a part of the refunding, the District placed $8,253,363 in an irrevocable trust account. Income received by the trust will be used solely for the purpose of making required interest payments on the Series 2006 and 2007 School Building Unlimited Tax Bonds. As trust assets mature, the proceeds will be used to retire these bonds. The remaining amount of the Series 2006 bonds outstanding as of August 31, 2015 is $5,890,000; these bonds will be called February 15, 2016. The remaining amount of the Series 2007 bonds outstanding as of August 31, 2015 is $1,765,000; these bonds will be called February 2017. Accordingly, these refunded bonds are considered to be extinguished in FY 2015 and do not appear as a liability on the accompanying Statement of Net Position.

In April 2015, the District refunded a portion of the bonds from the Series 2009 School Building Unlimited Tax Bonds. The amount refunded was $76,790,000. The advance refunding was entered into in order to take advantage of lower interest rates. The aggregate difference in debt service between the refunding debt and the refunded debt was $8,177,733. The economic gain on the transaction was $6,587,295. The Deferred Charge for Refunding is $8,209,124 at year end.

As a part of the refunding, the District placed $86,093,674 in an irrevocable trust account. Income received by the trust will be used solely for the purpose of making required interest payments on the Series 2009 School Building Unlimited Tax Bonds. As trust assets mature, the proceeds will be used to retire these bonds. The remaining amount of the Series 2009 bonds outstanding as of August 31, 2015 is $76,790,000; these bonds will be called February 15, 2018. Accordingly, these refunded bonds are considered to be extinguished in FY 2015 and do not appear as a liability on the accompanying Statement of Net Position.

H. COMMITMENTS UNDER LEASES

The District has multiple 60 month operating leases with Xerox for copiers. Additional leases are entered into as needed. The lease terms expire at varying times. The Board approved the lease initially. Any renewals are done on the state contracts. Commitments under operating (noncapitalized) lease agreements for copiers provide for minimum future rental payments as of August 31, 2015, as follows:

Year Ending August 31,	
2016	$ 932,567
2017	922,556
2018	660,390
2019	351,723
2020	38,660
Total Minimum Rental	$ 2,905,896

Total current year rental expenditures for operating leases were $922,485.

Capital Leases

On August 1, 2014, the District entered into a lease for equipment that is considered a capital lease. The majority of the purchase is capitalized equipment; however, there are some items that are below the capitalization threshold that will be recorded as an expenditure. The lease was approved by the Board. The lease is with Key Government Finance, Inc. for $1,539,891 with no interest rate and a principal payment due in August 2014 of $750,000 and minimum annual principal payments of $157,978 until October 2018.

Year Ending August 31,	
2016	$ 157,978
2017	157,978
2018	157,978
2019	157,979
Net Present Value of Lease Payments	$ 631,913

The obligation under this capital lease is funded from the General Fund.

I. ACCUMULATED UNPAID SICK LEAVE BENEFITS

Upon retirement, termination or death of certain employees, the District pays any accrued sick leave in a lump cash payment to such employee or his/her estate. The sick leave policy was revised in 1997 to decrease the years of service required to be eligible for these benefits. The policy was revised again in 2000 to require that the years of service be continuous. Employees with 15 years or more of continuous service are now eligible to receive a lump sum payment for accrued local sick leave equal to the number of accrued local sick days at the date of separation times the current substitute daily rate.

A summary of changes in the accumulated sick leave liability follows:

	Sick Leave
Balance September 1, 2014	$ 581,704
Additions – New Entrants	9,962
Increase (Decrease) Due to Sick Leave Earned/Used	70,052
Deductions – Payments to Participants	(76,991)
Balance August 31, 2015	$ 584,727

Benefits are paid from the General Fund. The balance due within the next fiscal year has been estimated as $73,023.

J. DEFINED BENEFIT PENSION PLAN

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

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

Pension Plan Fiduciary Net Position. Detailed information about the Teacher Retirement System's fiduciary net position is available in a separately-issued Comprehensive Annual Financial Report that includes financial statements and required supplementary information. That report may be obtained on the Internet at http://www.trs.state.tx.us/about/documents/cafr.pdf#CAFR; by writing to TRS at 1000 Red River Street, Austin, TX, 78701-2698; or by calling (512) 542-6592. The information provided in the Notes to the Financial Statements in the 2014 Comprehensive Annual Financial Report for TRS provides the following information regarding the Pension Plan fiduciary net position as of August 31, 2014.

Net Pension Liability	Total
Total Pension Liability	$ 159,496,075,886
Less: Plan Fiduciary Net Position	(132,779,243,085)
Net Pension Liability	$ 26,716,832,801

Net Position as percentage of Total Pension Liability 83.25%

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 above.

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

Employee contribution rates are set in state statute, Texas Government Code 825.402. Senate Bill 1458 of the 83rd Texas Legislature amended Texas Government Code 825.402 for member contributions and established employee contribution rates for fiscal years 2014 thru 2017. It also added a 1.5% contribution for employers not paying Old Age Survivor and Disability Insurance (OASDI) on certain employees effective for fiscal year 2015 as discussed in Note 1 of the TRS 2014 CAFR. The 83rd Texas Legislature, General Appropriations Act (GAA) established the employer contribution rates for fiscal years 2014 and 2015.

Contribution Rates	2014	2015
Member	6.4%	6.7%
Non-Employer Contributing Entity (State)	6.8%	6.8%
Employers	6.8%	6.8%

District's 2014 Employer Contributions	$	1,826,783
District's 2014 Member Contributions	$	1,438,297
District's 2014 NECE On-Behalf Contributions	$	5,205,556

Contributors to the plan include members, employers and the State of Texas as the only non-employer contributing entity. 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, the State of Texas contributes to the retirement system an amount equal to the current employer contribution rate times the aggregate annual compensation of all participating members of the pension trust fund during that fiscal year reduced by the amounts described below which are paid by the employers. Employers including public 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 a federal funding source or a privately sponsored source.

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

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

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

**Includes Inflation of 3%*

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

Discount Rate. The discount rate used to measure the total pension liability was 8.0%. There was no change in the discount rate since the previous year. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and those of the contributing employers and the non-employer contributing entity are made at the statutorily required rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. The long-term rate of return on pension plan investments is 8%. 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 Inflation Linked Bonds	3%	3.1%	0.0%
Real Assets	16%	7.3%	1.5%
Energy and Natural Resources	3%	8.8%	0.3%
Commodities	0%	3.4%	0.0%
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.*

Discount Rate Sensitivity Analysis. The following schedule shows the impact of the Net Pension Liability if the discount rate used was 1% less than and 1% greater than the discount rate that was used (8%) in measuring the 2014 Net Pension Liability.

	1% Decrease in Discount Rate (7.0%)	Discount Rate (8.0%)	1% Increase in Discount Rate (9.0%)
Tyler ISD's proportionate share of the net pension liability:	$ 34,449,296	$ 19,278,380	$ 7,933,360

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions. At August 31, 2015, Tyler Independent School District reported a liability of $19,278,380 for its proportionate share of the TRS's net pension liability. This liability reflects a reduction for State pension support provided to Tyler Independent School District. The amount recognized by Tyler Independent School 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 Tyler Independent School District were as follows:

District's Proportionate share of the collective net pension liability	$ 19,278,380
State's proportionate share that is associated with the District	54,962,101
Total	$74,240,481

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 employer's proportion of the net pension liability was based on the employer's contributions to the pension plan relative to the contributions of all employers to the plan for the period September 1, 2013 thru August 31, 2014.

At August 31, 2014 the employer's proportion of the collective net pension liability was .000721729%. Since this is the first year of implementation, the District does not have the proportion measured as of August 31, 2013. The

Notes to the Financial Statements for August 31, 2014 for TRS stated that the change in proportion was immaterial and therefore disregarded this year.

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

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

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

For the measurement period August 31, 2014, Tyler Independent School District recognized pension expense of $5,081,144 and revenue of $5,081,144 for support provided by the State.

At August 31, 2014, Tyler Independent School District reported its proportionate share of the TRS's deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	$ 298,146.00	$ -
Changes in actuarial assumptions	1,253,116.00	-
Difference between projected and actual investment earnings	-	5,892,260.00
Changes in proportion and difference between the employer's contributions and the proportionate share of contributions	-	5,053.00
Contributions paid to TRS subsequent to the measurement date [to be calculated by employer]	3,144,545.00	-
Total	$4,695,807.00	$5,897,313.00

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

Year ended August 31:	Pension Expense Amount
2016	$ (1,212,220)
2017	(1,212,220)
2018	(1,212,220)
2019	260,845
2020	241,984
Thereafter	0

At August 31, 2015, the District reported Deferred Resource Outflows and Deferred Resource Inflows for the TRS pension plan as follows:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Total net amounts as of August 31, 2014 Measurement Date	$ 1,551,262	$ 5,897,313
Contributions made subsequent to the Measurement Date	3,144,545	
Reported by District as of August 31, 2015	$ 4,695,807	$ 5,897,313

K. ON-BEHALF PAYMENTS FOR FRINGE BENEFITS AND SALARIES

In accordance with GASB Statement Number 24, the District has recognized as revenues and expenditures, contributions made by the State of Texas to the Teacher Retirement System of Texas on behalf of the District's employees. For the year ended August 31, 2015, the State made contributions of $6,278,323 related to on-behalf retirement contributions and $299,349 related to Medicare part D payments and the Early Retiree Reinsurance Program. These equal revenues and expenditures are reflected in the fund financial statements for the General Fund.

L. RISK FINANCING AND OTHER COVERAGE

Property Casualty Insurance

The District is exposed to various risks of loss related to torts, theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During fiscal year 2015, the District purchased all-lines aggregate 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.

Health Insurance

The District sponsors a modified self-insurance plan to provide health care benefits to staff members and their dependents. Transactions related to the plan are accounted for in the Health Insurance Fund (the "Fund"), an internal service fund of the District. Partial staff member contributions are required for personal coverage and total staff member contributions are required for coverage of dependents. The District obtained excess loss insurance which limited annual claims paid from the Fund for the year ended August 31, 2015, to $150,000 for any individual participant and an aggregate limit equal to $15,914,243.

Estimates of claims payable and of claims incurred, but not reported at August 31, 2015**,** are reflected as accounts and claims payable of the Fund. These estimates are based on past experience of claims payments. The plan is funded to discharge liabilities of the Fund as they become due.

Changes in the balances of claims liabilities during the past two years are as follows:

	Year Ending August 31, 2015	Year Ending August 31, 2014
Unpaid Claims, Beginning of the Year	$ 1,032,873	$ 767,624
Reimbursements on Claims Over Stop Loss	168,122	842,081
Incurred Claims (including IBNR's)	11,509,411	12,252,608
Claim Payments	(11,712,880)	(12,829,440)
Unpaid Claims, End of Fiscal Year	$ 997,526	$ 1,032,873

Workers' Compensation

During the year ended August 31, 2015, employees of the District were covered by a Workers' Compensation Self-Insurance Joint Fund. This plan is established pursuant to Texas Labor Code Annotated Ch. 504 (Workers' Compensation Insurance Coverage for Employees of Political Subdivisions) and Texas Government Code Ch. 791 (the Interlocal Cooperation Act).

The contract between the Tyler Independent School District and the third party administrator is renewable September 1, 2015, and terms, coverage and contribution costs are included in the contractual provisions. Under the terms of the contract, all risk is assumed by the third party administrator. The District is only required to pay fixed costs of $791,511 for administration of claims, loss control, record keeping, and the cost of excess insurance.

The unpaid claims at the end of the fiscal year are a result of claims made prior to September 1, 2000, the effective date of the contract. Since the District is only required to pay fixed costs as noted above, no additional claims are recorded on the District's books. Because of this change, all revenue and changes in claims estimated for prior years are not material and are shown in the General Fund.

Estimates of claims payable and of claims incurred, but not reported at August 31, 2015**,** are reflected as accounts and claims payable. This liability reported in the fund at August 31, 2015, is based on the requirements of Governmental Accounting Standards Board Statement No. 10, which requires that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred as of the date of the financial statements, and the amount of loss can be reasonably estimated. Because actual claim liabilities depend on such complex factors as inflation, changes in legal doctrines, and damage awards, the process used in computing the liability does not result necessarily in an exact amount. The plan is funded to discharge liabilities as they become due.

Changes in the balances of claims liabilities during the past two years are as follows:

	Year Ending August 31, 2015	**Year Ending August 31, 2014**
Unpaid Claims, Beginning of the Year	$ 3,974	$ 19,016
Change in Estimate	1,692	(12,521)
Claim Payments	(3,572)	(2,521)
Unpaid Claims, End of Fiscal Year	$ 2,094	$ 3,974

M. UNEARNED REVENUE

Unearned revenue at year end consisted of the following:

	General Fund	Nonmajor Governmental Funds	Total
State Revenue			
Overpaid FY 2015	$ 3,366,196	$ 4,918	$ 3,371,114
Earned for Instructional Days in August	(1,698,130)	-	(1,698,130)
Net State Revenue	1,668,066	4,918	1,672,984
Rental Income	3,550	-	3,550
Athletic Receipts	23,921	8,765	32,686
Total Unearned Revenue	$ 1,695,537	$ 13,683	$ 1,709,220

Unearned state revenue is comprised of the net amount currently estimated to be over-funded by the state. The amount of revenue earned for days of instruction in August 2015 has been netted against the overpayment. All payments are made based on estimates and are subject to adjustment following the close of a fiscal year.

N. DUE FROM OTHER GOVERNMENTS

The District participates in a variety of federal and state programs from which it receives grants to partially or fully finance certain activities. In addition, the District receives entitlements from the State through the School Foundation and Per Capita Programs. Amounts due from federal and state governments as of August 31, 2015, are summarized below. Federal grants shown below are passed through the TEA or are received directly from a federal agency and are reported on the combined financial statements as Due from Other Governments.

	State Entitlements	Federal Grants	Total
General Fund	$ 691,419	$ -	$ 691,419
Nonmajor Governmental Funds	4,950	2,450,800	2,455,750
Total	$ 696,369	$ 2,450,800	$ 3,147,169

O. REVENUE FROM LOCAL AND INTERMEDIATE SOURCES

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

	General Fund	Debt Service Fund	Capital Projects Fund	Nonmajor Governmental Funds	Total
Property Taxes	$ 80,533,799	$ 25,928,432	$ -	$ -	$ 106,462,231
Penalties, Interest and Other Tax-Related Income	943,711	210,865	-	-	1,154,576
Interest Income	216,651	47,630	103,552	42,527	410,360
Tuition and Services to Other Districts	44,253	-	-	-	44,253
SSA - Revenue Member Districts	-	-	-	614,730	614,730
Food Sales	-	-	-	1,133,248	1,133,248
Rental Income	148,198	-	-	33,188	181,386
Co-Curricular Student Activities	-	-	-	1,552,038	1,552,038
Gifts and Bequests	133	-	-	158,243	158,376
Athletic Activity	238,435	-	-	196,409	434,844
Other	28,581	-	-	263,076	291,657
Total	$ 82,153,761	$ 26,186,927	$ 103,552	$ 3,993,459	$ 112,437,699

P. LITIGATION

The District is a party to various legal actions none of which is believed by administration to have a material effect on the financial condition of the District. Accordingly, no provision for losses has been recorded in the accompanying combined financial statements for such contingencies.

The District participates in numerous state and Federal grant programs that are governed by various rules and regulations of the grantor agencies. Costs charged to the respective grant programs are subject to audit and adjustment by the grantor agencies; therefore, to the extent that the District has not complied with the rules and regulations governing the grants, if any, refunds of any money received may be required and the collectability of any related receivable at August 31, 2015 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 financial statements for such contingencies.

Q. JOINT VENTURE-SHARED SERVICE ARRANGEMENTS

The District is the fiscal agent for a Shared Services Arrangement ("SSA") which provides for special education to deaf students of member districts. All services are provided by the fiscal agent to whom the member districts pay tuition. The fiscal agent also receives state grant funds to subsidize the program. In fiscal year 2014-2015, the fiscal agent received $713,891 from the state to provide for program activities. According to guidance provided in TEA's Resource Guide, the District has accounted for the fiscal agent's activities of the SSA in Special Revenue Fund 435, Shared Services Arrangements - Regional Day School for the Deaf using Model 3 in the SSA section of the Resource Guide.

Tuition paid by member districts to the SSA for services in fiscal year 2014-2015 is as follows:

Tyler ISD	$ 209,072
Anderson County SSA	29,250
Arp/Troup SSA	12,038
Athens ISD	15,925
Brownsboro ISD	24,275
Chapel Hill ISD	42,375
Cherokee County SSA	13,925
Jacksonville ISD	44,274
Lindale ISD	18,012
Palestine ISD	36,400
Sabine ISD	5,020
Van ISD	19,900
Van Zandt SSA	12,925
Whitehouse ISD	33,737
Wood County SSA	24,062
Total	$ 541,190

Expenditures exceeded revenue for the year; this decrease in fund balance will be reflected in the calculation of member district tuition in Fiscal Year 2016.

Total Expenditures for Regional Day School for the Deaf	$ (1,380,041)
State Program Revenues	713,891
Member District Tuition	541,190
Net Change in Fund Balance	$ (124,960)

The District also serves as the fiscal agent for a Shared Services Arrangement ("SSA") which provides an alternative education program known as the Smith County Juvenile Attention Center.

Tuition paid by member districts to the SSA for services in fiscal year 2014-2015 is as follows:

Tyler ISD	$	34,857
Azleway		88
Bullard ISD		418
Chapel Hill ISD		4,684
Lindale ISD		4,244
Premier		3,144
Troup ISD		616
Whitehouse ISD		3,607
Winona ISD		1,144
Other		20,738
Total	$	73,540

Revenue exceeded expenditures for 2014-2015 slightly.

Total Expenditures for Smith County JJAEP	$	(72,743)
Member District Tuition		73,540
Net Change in Fund Balance	$	797

R. 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 its proportionate share of the Net Pension Liability of the Teachers Retirement System of Texas. Adoption of GASB 68 required a prior period adjustment to report the effect retroactively. The amount of the prior period adjustment is $(21,842,486). The restated beginning net position for the Governmental Activities is $102,153,531.

REQUIRED SUPPLEMENTARY INFORMATION

EXHIBIT F-1

TYLER INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
TEACHER RETIREMENT SYSTEM OF TEXAS
FOR THE YEAR ENDED AUGUST 31, 2015

	2015
District's Proportion of the Net Pension Liability (Asset)	0.000721729%
District's Proportionate Share of Net Pension Liability (Asset)	$ 19,278,380
State's Proportionate Share of the Net Pension Liability (Asset) associated with the District	54,962,101
Total	$ 74,240,481
District's Covered-Employee Payroll	$ 101,451,697
District's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered-Employee Payroll	19.00%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	83.25%

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

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

TYLER INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF DISTRICT CONTRIBUTIONS
TEACHER RETIREMENT SYSTEM OF TEXAS
FOR FISCAL YEAR 2015

	2015
Contractually Required Contribution	$ 2,885,196
Contribution in Relation to the Contractually Required Contribution	(2,885,196)
Contribution Deficiency (Excess)	$ -0-
District's Covered-Employee Payroll	$ 101,846,167
Contributions as a Percentage of Covered-Employee Payroll	2.83%

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

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

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 AND INDIVIDUAL FUND STATEMENTS AND SUPPORTING SCHEDULES

GENERAL FUND

The General Fund is used to account for all financial transactions not properly included in other funds. The principal sources of revenues include local property taxes, state reimbursement for professional salaries and other operating expenditures, interest on fund investments, and indirect cost revenues from federal grants. Expenditures include all costs associated with the daily operations of the schools.

EXHIBIT G-1

TYLER INDEPENDENT SCHOOL DISTRICT
GENERAL FUND
COMPARATIVE BALANCE SHEETS
AUGUST 31, 2015 and 2014

Data Control Codes		2015	2014
	ASSETS:		
1110	Cash and Cash Equivalents	$ 38,074,528	$ 37,263,543
	Receivables:		
1220	Property Taxes-Delinquent	4,164,051	4,157,779
1230	Allowance for Uncollectible Taxes (Credit)	(500,184)	(508,758)
1240	Due from Other Governments	691,419	700,215
1260	Due from Other Funds	3,516,237	2,497,642
1290	Other Receivables	145,395	225,123
1300	Inventories	210,443	219,223
1410	Prepaid Items	478,161	1,747,960
1000	Total Assets	$ 46,780,050	$ 46,302,727
	LIABILITIES:		
	Current Liabilities:		
2110	Accounts Payable	$ 1,352,215	$ 1,228,157
2160	Accrued Wages Payable	4,771,623	4,366,955
2180	Due to Other Governments	5	16
2300	Unearned Revenues	1,695,537	1,831,178
2000	Total Liabilities	7,819,380	7,426,306
	DEFERRED INFLOWS OF RESOURCES:		
2601	Unavailable Revenue - Property Taxes	3,663,867	3,649,021
2600	Total Deferred Inflows of Resources	3,663,867	3,649,021
	FUND BALANCES:		
	Nonspendable Fund Balance:		
3410	Inventory	210,443	219,223
3430	Prepaid Items	478,161	1,747,960
	Total Nonspendable Fund Balance	688,604	1,967,183
	Restricted Fund Balance:		
3450	State Funds Grant Restriction	511,523	385,345
	Committed Fund Balance:		
3545	District Incentive Program	1,000,000	618,000
	Assigned Fund Balance:		
3590	Other Assigned Fund Balance	9,277,842	9,138,710
3600	Unassigned Fund Balance	23,818,834	23,118,162
3000	Total Fund Balances	35,296,803	35,227,400
4000	**Total Liabilities, Deferred Inflows and Fund Balances**	$ 46,780,050	$ 46,302,727

NONMAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS

The Special Revenue Funds are used to account for federal, state and locally funded grants, as well as locally defined activity accounts. The grants are awarded to the District with the purpose of accomplishing specific educational tasks as defined in the individual grant awards. Fund numbers corresponding to the Combining Statements are included in the description below. Grants accounted for in the Special Revenue Funds include:

Federal Programs

- 205 - Head Start – This federal program helps address the educational, health, social and psychological needs of disadvantaged preschool children ages 3 through 5 years.

- 211 - ESEA, Title I, Part A, Improving Basic Programs – This federal program provides supplemental funding for resources to help schools with high concentrations of students from low-income families provide a high-quality education that will enable all children to meet the state's student performance standards.

- 224 - IDEA, Part B, Formula – These federal funds are used to ensure that all students with disabilities have available a free, appropriate public education which includes special education and related services to meet their unique needs.

- 225 - IDEA, Part B, Preschool – This federal program is to provide an equitable education to all students with disabilities ages three through five.

- 240 - National School Lunch Program/School Breakfast Program - The goal of these federal programs, NSLP and SBP, is to safeguard the health and well being of school children by establishing good eating habits through the availability of adequate food.

- 244 - Title I, Part C Carl D. Perkins Career and Technical Education Grant – These federal funds provide career and technology education to develop new and/or improve career and technology education programs for paid and unpaid employment.

- 255 - ESEA, Title II, Part A, Teacher and Principal Training and Recruiting – These federal funds are used to increase student academic achievement through increasing the number of qualified teachers, assistant principals, and principals.

- 263 - ESEA, Title III, Part A, English Language Acquisition and Language Enhancement – These federal funds are used to increase the English proficiency of limited English proficient children by providing high-quality language instruction educational programs that are based on scientifically based research demonstrating the effectiveness of the programs in increasing English proficiency, and student academic achievement in the core academic subjects.

- 265 – Title IV, Part B – 21st Century Community Learning Centers – This federal program focuses on providing opportunities for communities to establish or expand activities in community learning centers for academic enrichment and additional services to students and literary and related educational development for families of students. The University of Texas at Tyler is the fiscal agent.

- 272 - Medicaid Administrative Claiming Program – This program accounts for funds allocated to local education agencies for reimbursement of eligible administrative costs for activities attributed to the implementation of the Medicaid state plan.

- 289 - Other Federal Special Revenue Funds – These federal funds include a program to support LEP summer school and the Junior Reserve Officers' Training Corps program at John Tyler High School.

- 315 - SSA – IDEA, Part B, Discretionary – These federal funds are distributed to approved fiscal agent Local Education Agencies (LEAs) based on the number of eligible Regional Day School Program for the Deaf students, ages three through twenty-one.

- 316 - SSA - IDEA, Part B, Formula Deaf – These federal funds are dedicated to cover excess costs of special education programs according to priority areas approved by the State Board of Education for students with hearing disabilities.

- 317 - SSA - IDEA, Part B, Preschool Deaf – This federal program is to provide an equitable education to all students with hearing disabilities ages three through five.

- 340 - SSA – IDEA, Part C, Early Intervention (Deaf) – These federal funds provide direct services to hearing impaired infants to toddlers, ages birth through two years of age.

State Programs

- 385 - Visually Impaired – These are state supplemental funds to provide services to visually impaired students.

- 392 – Noneducational Community Based Support – This state program provides support services to students with disabilities who would remain or have to be placed in residential facilities for educational reason without the provision of these services.

- 397 - Advanced Placement Incentives – This state program provides funds awarded to school districts under the Texas Advanced Placement Award Incentive Program, Chapter 28, Subchapter C, TEC.

- 410 – State Textbook Fund – These state funds are awarded to school districts to purchase textbooks and other technological software or equipment that contributes to student learning.

- 429 - Other State Special Revenue Funds - This fund includes the Read to Succeed License Program.

- 435 - SSA Regional Day School Deaf – This fund classification is to be used by the fiscal agent of a shared services arrangement to account, on a project basis, for funds allocated for

staff and activities of the Regional Day School Program for the Deaf (RDSPD). Both state and local funds are included in these funds.

- 459 - SSA Smith County Juvenile Attention Center – This fund classification is to be used by the fiscal agent of a shared services arrangement to account for a state or locally funded SSA. The District is the fiscal agent for the Smith County JAC which provides continued education for students who are incarcerated.

Local Programs

- 461 - Campus Activity Funds – This Special Revenue Fund is used to account for campus based revenues that are restricted for use on individual campuses where collected.

- 497 – Preventive Maintenance Fund – This locally defined Special Revenue Fund accounts for funds committed by the Board of Trustees for the purpose of preventive maintenance on existing facilities.

- 499 - Other Local Special Revenue Funds - This fund accounts for numerous specific activity accounts for various departments and campuses.

Tyler ISD
Tomorrow's Education Today

TYLER INDEPENDENT SCHOOL DISTRICT
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
AUGUST 31, 2015

Data Control Codes		205 Head Start	211 ESEA I, A Improving Basic Program	224 IDEA - Part B Formula	225 IDEA - Part B Preschool
	ASSETS				
1110	Cash and Cash Equivalents	$ -	$ 600,941	$ -	$ -
1240	Due from Other Governments	552,650	778,293	486,471	18,013
1290	Other Receivables	-	-	-	-
1000	Total Assets	$ 552,650	$ 1,379,234	$ 486,471	$ 18,013
	LIABILITIES				
2110	Accounts Payable	$ 186,954	$ 81,437	$ -	$ -
2160	Accrued Wages Payable	107,015	125,475	171,850	4,130
2170	Due to Other Funds	258,681	1,172,322	314,621	13,883
2300	Unearned Revenues	-	-	-	-
2000	Total Liabilities	552,650	1,379,234	486,471	18,013
	FUND BALANCES				
	Restricted Fund Balance:				
3450	Federal or State Funds Grant Restriction	-	-	-	-
3490	Other Restricted Fund Balance	-	-	-	-
	Committed Fund Balance:				
3510	Preventive Maintenance Fund	-	-	-	-
3000	Total Fund Balances	-	-	-	-
4000	Total Liabilities and Fund Balances	$ 552,650	$ 1,379,234	$ 486,471	$ 18,013

240 National Breakfast and Lunch Program	244 Career and Technical - Basic Grant	255 ESEA II,A Training and Recruiting	263 Title III, A English Lang. Acquisition	265 Title IV, B Community Learning	272 Medicaid Admin. Claim MAC	289 Other Federal Special Revenue Funds	315 SSA IDEA, Part B Discretionary
$ 4,199,292	$ -	$ -	$ -	$ -	$ -	$ -	$ -
425,982	19,609	88,458	62,515	-	-	5,069	10,628
-	2,318	-	-	36,413	-	-	-
$ 4,625,274	$ 21,927	$ 88,458	$ 62,515	$ 36,413	$ -	$ 5,069	$ 10,628
$ 330,697	$ -	$ 1,318	$ 7,568	$ -	$ -	$ -	$ -
151,422	-	12,885	16,855	-	-	2,460	-
1,251,450	21,927	74,255	38,092	36,413	-	2,609	10,628
-	-	-	-	-	-	-	-
1,733,569	21,927	88,458	62,515	36,413	-	5,069	10,628
2,891,705	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
2,891,705	-	-	-	-	-	-	-
$ 4,625,274	$ 21,927	$ 88,458	$ 62,515	$ 36,413	$ -	$ 5,069	$ 10,628

TYLER INDEPENDENT SCHOOL DISTRICT
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
AUGUST 31, 2015

Data Control Codes		316 SSA IDEA, Part B Deaf	317 SSA - IDEA, B Preschool Deaf	340 SSA - IDEA C Deaf - Early Intervention	385 Visually Impaired SSVI
	ASSETS				
1110	Cash and Cash Equivalents	$ -	$ -	$ -	$ 5,735
1240	Due from Other Governments	1,050	1,333	729	-
1290	Other Receivables	-	-	-	2,199
1000	Total Assets	$ 1,050	$ 1,333	$ 729	$ 7,934
	LIABILITIES				
2110	Accounts Payable	$ -	$ 557	$ -	$ 817
2160	Accrued Wages Payable	1,050	-	-	2,199
2170	Due to Other Funds	-	776	729	-
2300	Unearned Revenues	-	-	-	4,918
2000	Total Liabilities	1,050	1,333	729	7,934
	FUND BALANCES				
	Restricted Fund Balance:				
3450	Federal or State Funds Grant Restriction	-	-	-	-
3490	Other Restricted Fund Balance	-	-	-	-
	Committed Fund Balance:				
3510	Preventive Maintenance Fund	-	-	-	-
3000	Total Fund Balances	-	-	-	-
4000	Total Liabilities and Fund Balances	$ 1,050	$ 1,333	$ 729	$ 7,934

392 Non-Ed. Community Based Support	397 Advanced Placement Incentives	410 State Textbook Fund	429 Other State Special Revenue Funds	435 SSA Regional Day School - Deaf	459 SSA - Smith County Juv Attn Ctr	461 Campus Activity Funds	497 Preventive Maintenance Fund
$ -	$ 6,921	$ 6,473	$ 226	$ 240,075	$ -	$ 999,896	$ 6,401,152
-	4,950	-	-	-	-	-	-
-	-	-	-	-	17,945	27	-
$ -	$ 11,871	$ 6,473	$ 226	$ 240,075	$ 17,945	$ 999,923	$ 6,401,152
$ -	$ -	$ 6,473	$ -	$ 1,640	$ -	$ 49,505	$ 1,186,790
-	-	-	-	78,626	4,085	5,088	2,161
-	2,250	-	-	-	8,645	216,336	87,302
-	-	-	-	-	-	-	-
-	2,250	6,473	-	80,266	12,730	270,929	1,276,253
-	9,621	-	226	159,809	-	-	-
-	-	-	-	-	5,215	728,994	-
-	-	-	-	-	-	-	5,124,899
-	9,621	-	226	159,809	5,215	728,994	5,124,899
$ -	$ 11,871	$ 6,473	$ 226	$ 240,075	$ 17,945	$ 999,923	$ 6,401,152

TYLER INDEPENDENT SCHOOL DISTRICT
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
AUGUST 31, 2015

Data Control Codes		499 Other Local Special Revenue Funds	Total Nonmajor Governmental Funds
	ASSETS		
1110	Cash and Cash Equivalents	$ 346,163	$ 12,806,874
1240	Due from Other Governments	-	2,455,750
1290	Other Receivables	-	58,902
1000	Total Assets	$ 346,163	$ 15,321,526
	LIABILITIES		
2110	Accounts Payable	$ 16,220	$ 1,869,976
2160	Accrued Wages Payable	5,417	690,718
2170	Due to Other Funds	2,334	3,513,253
2300	Unearned Revenues	8,765	13,683
2000	Total Liabilities	32,736	6,087,630
	FUND BALANCES		
	Restricted Fund Balance:		
3450	Federal or State Funds Grant Restriction	-	3,061,361
3490	Other Restricted Fund Balance	313,427	1,047,636
	Committed Fund Balance:		
3510	Preventive Maintenance Fund	-	5,124,899
3000	Total Fund Balances	313,427	9,233,896
4000	Total Liabilities and Fund Balances	$ 346,163	$ 15,321,526

Tyler ISD
Tomorrow's Education Today

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

Data Control Codes		205 Head Start	211 ESEA I, A Improving Basic Program	224 IDEA - Part B Formula	225 IDEA - Part B Preschool
	REVENUES:				
5700	Total Local and Intermediate Sources	$ -	$ -	$ -	$ -
5800	State Program Revenues	-	-	-	-
5900	Federal Program Revenues	2,908,378	5,012,524	3,139,947	68,490
5020	Total Revenues	2,908,378	5,012,524	3,139,947	68,490
	EXPENDITURES:				
	Current:				
0011	Instruction	1,910,781	2,263,822	1,703,482	68,490
0012	Instructional Resources and Media Services	-	109,446	-	-
0013	Curriculum and Instructional Staff Development	96,936	1,686,953	119,566	-
0021	Instructional Leadership	196,454	147,350	-	-
0023	School Leadership	-	328,483	-	-
0031	Guidance, Counseling and Evaluation Services	57,801	49,558	1,273,163	-
0032	Social Work Services	49,261	155,200	43,736	-
0033	Health Services	73,925	-	-	-
0034	Student (Pupil) Transportation	146,645	-	-	-
0035	Food Services	-	-	-	-
0036	Extracurricular Activities	-	-	-	-
0041	General Administration	-	3,822	-	-
0051	Facilities Maintenance and Operations	4,423	-	-	-
0052	Security and Monitoring Services	-	-	-	-
0061	Community Services	372,152	267,890	-	-
	Capital Outlay:				
0081	Facilities Acquisition and Construction	-	-	-	-
6030	Total Expenditures	2,908,378	5,012,524	3,139,947	68,490
1100	Excess (Deficiency) of Revenues Over (Under) Expenditures	-	-	-	-
	OTHER FINANCING SOURCES (USES):				
7912	Sale of Real and Personal Property	-	-	-	-
7915	Transfers In	-	-	-	-
8911	Transfers Out (Use)	-	-	-	-
7080	Total Other Financing Sources (Uses)	-	-	-	-
1200	Net Change in Fund Balance	-	-	-	-
0100	Fund Balance - September 1 (Beginning)	-	-	-	-
3000	Fund Balance - August 31 (Ending)	$ -	$ -	$ -	$ -

240 National Breakfast and Lunch Program	244 Career and Technical - Basic Grant	255 ESEA II,A Training and Recruiting	263 Title III, A English Lang. Acquisition	265 Title IV, B Community Learning	272 Medicaid Admin. Claim MAC	289 Other Federal Special Revenue Funds	315 SSA IDEA, Part B Discretionary
$ 1,142,641	$ -	$ -	$ -	$ -	$ -	$ -	$ -
61,351	-	-	-	-	-	-	-
8,312,688	260,731	724,647	349,297	184,356	56,339	53,557	60,989
9,516,680	260,731	724,647	349,297	184,356	56,339	53,557	60,989
-	124,921	2,138	38,465	142,356	-	53,557	40,000
-	-	-	-	-	-	-	-
-	135,810	720,309	306,075	-	-	-	1,855
-	-	1,830	2,934	-	-	-	-
-	-	270	375	-	-	-	-
-	-	80	-	-	-	-	3,640
-	-	20	-	-	-	-	-
-	-	-	-	-	56,339	-	-
-	-	-	-	-	-	-	-
9,620,695	-	-	-	-	-	-	-
-	-	-	-	-	-	-	15,494
-	-	-	-	-	-	-	-
384,927	-	-	-	-	-	-	-
32,794	-	-	-	-	-	-	-
-	-	-	1,448	-	-	-	-
-	-	-	-	-	-	-	-
10,038,416	260,731	724,647	349,297	142,356	56,339	53,557	60,989
(521,736)	-	-	-	42,000	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
(327,492)	-	-	-	(42,000)	-	-	-
(327,492)	-	-	-	(42,000)	-	-	-
(849,228)	-	-	-	-	-	-	-
3,740,933	-	-	-	-	-	-	-
$ 2,891,705	$ -	$ -	$ -	$ -	$ -	$ -	$ -

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

Data Control Codes		316 SSA IDEA, Part B Deaf	317 SSA - IDEA, B Preschool Deaf	340 SSA - IDEA C Deaf - Early Intervention	385 Visually Impaired SSVI
	REVENUES:				
5700	Total Local and Intermediate Sources	$ -	$ -	$ -	$ -
5800	State Program Revenues	-	-	-	28,895
5900	Federal Program Revenues	28,857	2,745	2,878	-
5020	Total Revenues	28,857	2,745	2,878	28,895
	EXPENDITURES:				
	Current:				
0011	Instruction	12,625	2,470	2,878	27,983
0012	Instructional Resources and Media Services	-	-	-	-
0013	Curriculum and Instructional Staff Development	140	-	-	912
0021	Instructional Leadership	-	-	-	-
0023	School Leadership	-	-	-	-
0031	Guidance, Counseling and Evaluation Services	16,092	275	-	-
0032	Social Work Services	-	-	-	-
0033	Health Services	-	-	-	-
0034	Student (Pupil) Transportation	-	-	-	-
0035	Food Services	-	-	-	-
0036	Extracurricular Activities	-	-	-	-
0041	General Administration	-	-	-	-
0051	Facilities Maintenance and Operations	-	-	-	-
0052	Security and Monitoring Services	-	-	-	-
0061	Community Services	-	-	-	-
	Capital Outlay:				
0081	Facilities Acquisition and Construction	-	-	-	-
6030	Total Expenditures	28,857	2,745	2,878	28,895
1100	Excess (Deficiency) of Revenues Over (Under) Expenditures	-	-	-	-
	OTHER FINANCING SOURCES (USES):				
7912	Sale of Real and Personal Property	-	-	-	-
7915	Transfers In	-	-	-	-
8911	Transfers Out (Use)	-	-	-	-
7080	Total Other Financing Sources (Uses)	-	-	-	-
1200	Net Change in Fund Balance	-	-	-	-
0100	Fund Balance - September 1 (Beginning)	-	-	-	-
3000	Fund Balance - August 31 (Ending)	$ -	$ -	$ -	$ -

392 Non-Ed. Community Based Support	397 Advanced Placement Incentives	410 State Textbook Fund	429 Other State Special Revenue Funds	435 SSA Regional Day School - Deaf	459 SSA - Smith County Juv Attn Ctr	461 Campus Activity Funds	497 Preventive Maintenance Fund
$ -	$ -	$ -	$ -	$ 541,190	$ 73,540	$ 1,538,668	$ 198,233
3,360	4,950	1,513,710	104	713,891	-	-	-
-	1,410	-	-	-	-	-	-
3,360	6,360	1,513,710	104	1,255,081	73,540	1,538,668	198,233
3,360	-	1,513,710	-	1,234,459	72,743	287,487	-
-	-	-	20	-	-	42,518	-
-	4,950	-	-	4,626	-	21,764	-
-	-	-	-	104,323	-	135	-
-	-	-	-	-	-	234,431	-
-	-	-	-	30,319	-	1,372	-
-	-	-	-	-	-	-	-
-	-	-	-	160	-	52	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	6,154	-	900,292	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	18,280	1,189,822
-	-	-	-	-	-	700	-
-	-	-	-	-	-	4,284	-
-	-	-	-	-	-	11,419	1,991,952
3,360	4,950	1,513,710	20	1,380,041	72,743	1,522,734	3,181,774
-	1,410	-	84	(124,960)	797	15,934	(2,983,541)
-	-	-	-	-	-	9,020	-
-	-	-	-	-	-	-	2,111,529
-	-	-	-	-	-	-	-
-	-	-	-	-	-	9,020	2,111,529
-	1,410	-	84	(124,960)	797	24,954	(872,012)
-	8,211	-	142	284,769	4,418	704,040	5,996,911
$ -	$ 9,621	$ -	$ 226	$ 159,809	$ 5,215	$ 728,994	$ 5,124,899

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

Data Control Codes		499 Other Local Special Revenue Funds	Total Nonmajor Governmental Funds
	REVENUES:		
5700	Total Local and Intermediate Sources	$ 499,187	$ 3,993,459
5800	State Program Revenues	-	2,326,261
5900	Federal Program Revenues	-	21,167,833
5020	Total Revenues	499,187	27,487,553
	EXPENDITURES:		
	Current:		
0011	Instruction	15,562	9,521,289
0012	Instructional Resources and Media Services	2,381	154,365
0013	Curriculum and Instructional Staff Development	20,445	3,120,341
0021	Instructional Leadership	2,228	455,254
0023	School Leadership	6,790	570,349
0031	Guidance, Counseling and Evaluation Services	490	1,432,790
0032	Social Work Services	126	248,343
0033	Health Services	-	130,476
0034	Student (Pupil) Transportation	2,242	148,887
0035	Food Services	-	9,620,695
0036	Extracurricular Activities	164,692	1,086,632
0041	General Administration	62,327	66,149
0051	Facilities Maintenance and Operations	36,556	1,634,008
0052	Security and Monitoring Services	25,225	58,719
0061	Community Services	-	645,774
	Capital Outlay:		
0081	Facilities Acquisition and Construction	-	2,003,371
6030	Total Expenditures	339,064	30,897,442
1100	Excess (Deficiency) of Revenues Over (Under) Expenditures	160,123	(3,409,889)
	OTHER FINANCING SOURCES (USES):		
7912	Sale of Real and Personal Property	-	9,020
7915	Transfers In	-	2,111,529
8911	Transfers Out (Use)	(95,000)	(464,492)
7080	Total Other Financing Sources (Uses)	(95,000)	1,656,057
1200	Net Change in Fund Balance	65,123	(1,753,832)
0100	Fund Balance - September 1 (Beginning)	248,304	10,987,728
3000	Fund Balance - August 31 (Ending)	$ 313,427	$ 9,233,896

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

Data Control Codes		Budgeted Amounts Original	Budgeted Amounts Final	Actual Amounts (GAAP BASIS)	Variance With Final Budget Positive or (Negative)
	REVENUES:				
5700	Total Local and Intermediate Sources	$ 1,287,500	$ 1,149,900	$ 1,142,641	$ (7,259)
5800	State Program Revenues	61,500	61,351	61,351	-
5900	Federal Program Revenues	8,355,000	8,279,402	8,312,688	33,286
5020	Total Revenues	9,704,000	9,490,653	9,516,680	26,027
	EXPENDITURES:				
0035	Food Services	8,431,131	9,702,467	9,620,695	81,772
0051	Facilities Maintenance and Operations	552,869	500,300	384,927	115,373
0052	Security and Monitoring Services	45,000	34,796	32,794	2,002
6030	Total Expenditures	9,029,000	10,237,563	10,038,416	199,147
1100	Excess (Deficiency) of Revenues Over (Under) Expenditures	675,000	(746,910)	(521,736)	225,174
	OTHER FINANCING SOURCES (USES):				
7961	Transfers Out (Use)	(675,000)	(325,000)	(327,492)	(2,492)
1200	Net Change in Fund Balances	-	(1,071,910)	(849,228)	222,682
0100	Fund Balance - September 1 (Beginning)	3,740,933	3,740,933	3,740,933	-
3000	Fund Balance - August 31 (Ending)	$ 3,740,933	$ 2,669,023	$ 2,891,705	$ 222,682

TYLER INDEPENDENT SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
DEBT SERVICE FUND
FOR THE YEAR ENDED AUGUST 31, 2015

Data Control Codes		Budgeted Amounts Original	Budgeted Amounts Final	Actual Amounts (GAAP BASIS)	Variance With Final Budget Positive or (Negative)
	REVENUES:				
5700	Total Local and Intermediate Sources	$ 26,061,522	$ 26,232,522	$ 26,186,927	$ (45,595)
5020	Total Revenues	26,061,522	26,232,522	26,186,927	(45,595)
	EXPENDITURES:				
	Debt Service:				
0071	Principal on Long Term Debt	11,350,000	12,480,000	12,480,000	-
0072	Interest on Long Term Debt	14,636,522	13,588,514	13,588,514	-
0073	Bond Issuance Cost and Fees	75,000	941,495	880,445	61,050
6030	Total Expenditures	26,061,522	27,010,009	26,948,959	61,050
1100	Excess (Deficiency) of Revenues Over (Under) Expenditures	-	(777,487)	(762,032)	15,455
	OTHER FINANCING SOURCES (USES):				
7901	Refunding Bonds Issued	-	82,095,000	82,095,000	-
7916	Premium or Discount on Issuance of Bonds	-	13,124,299	13,124,299	-
8940	Payment to Bond Refunding Escrow Agent (Use)	-	(94,347,037)	(94,347,037)	-
7080	Total Other Financing Sources (Uses)	-	872,262	872,262	-
1200	Net Change in Fund Balances	-	94,775	110,230	15,455
0100	Fund Balance - September 1 (Beginning)	9,414,513	9,414,513	9,414,513	-
3000	Fund Balance - August 31 (Ending)	$ 9,414,513	$ 9,509,288	$ 9,524,743	$ 15,455

INTERNAL SERVICE FUNDS

The internal service funds account for revenues and expenses related to services provided to organizations inside the District on a cost reimbursement basis. The District's internal service funds are Health Insurance and Workers' Compensation.

TYLER INDEPENDENT SCHOOL DISTRICT
COMBINING STATEMENT OF NET POSITION
INTERNAL SERVICE FUNDS
AUGUST 31, 2015

	753	775	
	Health Insurance	Workers' Compensation	Internal Service Fund
ASSETS			
Current Assets:			
Cash and Cash Equivalents	$ 1,620,872	$ 5,078	$ 1,625,950
Other Receivables	71,035	-	71,035
Total Assets	1,691,907	5,078	1,696,985
LIABILITIES			
Current Liabilities:			
Due to Other Funds	-	2,984	2,984
Due to Other Governments	75,821	-	75,821
Accrued Expenses	997,526	2,094	999,620
Total Liabilities	1,073,347	5,078	1,078,425
NET POSITION			
Unrestricted Net Position	618,560	-	618,560
Total Net Position	$ 618,560	$ -	$ 618,560

TYLER INDEPENDENT SCHOOL DISTRICT
COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED AUGUST 31, 2015

	753	775	
	Health Insurance	Workers' Compensation	Internal Service Fund
OPERATING REVENUES:			
Local and Intermediate Sources	$ 13,284,827	$ -	$ 13,284,827
Total Operating Revenues	13,284,827	-	13,284,827
OPERATING EXPENSES:			
Payroll Costs	11,328,460	-	11,328,460
Professional and Contracted Services	58	-	58
Supplies and Materials	102	-	102
Other Operating Costs	1,718,819	-	1,718,819
Total Operating Expenses	13,047,439	-	13,047,439
Operating Income	237,388	-	237,388
NONOPERATING REVENUES (EXPENSES):			
Earnings from Temporary Deposits & Investments	5,393	-	5,393
Total Nonoperating Revenues (Expenses)	5,393	-	5,393
Change in Net Position	242,781	-	242,781
Total Net Position - September 1 (Beginning)	375,779	-	375,779
Total Net Position August 31 (Ending)	$ 618,560	$ -	$ 618,560

TYLER INDEPENDENT SCHOOL DISTRICT
COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED AUGUST 31, 2015

	753 Health Insurance	775 Workers' Compensation	Internal Service Fund
Cash Flows from Operating Activities:			
Cash Received from User Charges	$ 13,284,802	$ -	$ 13,284,802
Cash Payments for Insurance Claims	(11,255,889)	(3,545)	(11,259,434)
Cash Payments for Other Operating Expenses	(1,711,760)	-	(1,711,760)
Net Cash Provided by (Used for) Operating Activities	317,153	(3,545)	313,608
Cash Flows from Investing Activities:			
Interest and Dividends on Investments	5,393	-	5,393
Net Increase (Decrease) in Cash and Cash Equivalents	322,546	(3,545)	319,001
Cash and Cash Equivalents at Beginning of Year	1,298,326	8,623	1,306,949
Cash and Cash Equivalents at End of Year	$ 1,620,872	$ 5,078	$ 1,625,950
Reconciliation of Operating Income to Net Cash Provided by (Used for) Operating Activities:			
Operating Income:	$ 237,388	$ -	$ 237,388
Effect of Increases and Decreases in Current Assets and Liabilities:			
Decrease (Increase) in Other Receivables	103,944	-	103,944
Increase (Decrease) in Accounts Payable	(25)	-	(25)
Increase (Decrease) in Due to Other Funds	-	(1,665)	(1,665)
Increase (Decrease) in Due to Other Governments	7,219	-	7,219
Increase (Decrease) in Accrued Expenses	(31,373)	(1,880)	(33,253)
Net Cash Provided by (Used for) Operating Activities	$ 317,153	$ (3,545)	$ 313,608

AGENCY FUNDS

The agency funds account for resources held in a custodial capacity by the District, and consists of funds that are the property of students or others.

TYLER INDEPENDENT SCHOOL DISTRICT
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
ALL AGENCY FUNDS
FOR THE YEAR ENDED AUGUST 31, 2015

	BALANCE SEPTEMBER 1 2014	ADDITIONS	DEDUCTIONS	BALANCE AUGUST 31 2015
STUDENT ACTIVITY ACCOUNT				
Assets:				
Cash and Temporary Investments	$ 198,921	$ 395,101	$ 435,451	$ 158,571
Liabilities:				
Accounts Payable	$ 41,746	$ 333,386	$ 367,001	$ 8,131
Accrued Wages Payable	600	2,900	600	2,900
Due to Other Funds	-	373,769	373,769	-
Due to Student Groups	156,575	365,085	374,120	147,540
Total Liabilities	$ 198,921	$ 1,075,140	$ 1,115,490	$ 158,571
LOCALLY DEFINED AGENCY FUNDS				
Assets:				
Restricted Assets	$ 6,495	$ 80,042	$ 73,142	$ 13,395
Liabilities:				
Payable From Restricted Assets	$ 6,495	$ 155,798	$ 148,898	$ 13,395
TOTAL AGENCY FUNDS				
Assets:				
Cash and Temporary Investments	$ 198,921	$ 395,101	$ 435,451	$ 158,571
Restricted Assets	6,495	80,042	73,142	13,395
Total Assets	$ 205,416	$ 475,143	$ 508,593	$ 171,966
Liabilities:				
Accounts Payable	$ 41,746	$ 333,386	$ 367,001	$ 8,131
Accrued Wages Payable	600	2,900	600	2,900
Due to Other Funds	-	373,769	373,769	-
Due to Student Groups	156,575	365,085	374,120	147,540
Payable From Restricted Assets	6,495	155,798	148,898	13,395
Total Liabilities	$ 205,416	$ 1,230,938	$ 1,264,388	$ 171,966

COMPLIANCE SCHEDULES

Section 21.256, Texas Education Code, requires an annual audit and authorizes the State Board of Education, with the approval of the State Auditor, to prescribe minimum regulations and report forms for the annual audit. The *Financial Accountability System Resource Guide* of the Texas Education Agency prescribes the forms and formats to be filed with the Texas Education Agency. This section fulfills the requirements for certain forms and formats required to be filed with the Texas Education Agency.

TYLER INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF DELINQUENT TAXES RECEIVABLE
FISCAL YEAR ENDED AUGUST 31, 2015

Last 10 Years Ended August 31		(1) Tax Rates	(2)	(3) Assessed/Appraised Value for School Tax Purposes
		Maintenance	Debt Service	
2006	and prior years	Various	Various	$ 5,099,915,186
2007		1.303000	0.185000	5,571,534,442
2008		1.029700	0.185300	6,113,958,093
2009		1.024700	0.185300	6,515,239,614
2010		1.040000	0.335000	6,582,484,952
2011		1.040000	0.335000	6,500,989,338
2012		1.040000	0.335000	6,551,426,042
2013		1.040000	0.335000	6,689,227,812
2014		1.040000	0.335000	6,836,308,266
2015	(School year under audit)	1.040000	0.335000	7,038,430,153
1000	TOTALS			

(10) Beginning Balance 9/1/2014	(20) Current Year's Total Levy	(31) Maintenance Collections	(32) Debt Service Collections	(40) Entire Year's Adjustments	(50) Ending Balance 8/31/2015
$ 957,347	$ -	$ 29,955	$ 2,112	$ (53,388)	$ 871,892
170,934	-	7,329	1,040	(3,423)	159,142
161,553	-	12,490	2,248	(3,093)	143,722
194,149	-	15,100	2,731	(3,323)	172,995
282,058	-	34,137	10,996	(4,254)	232,671
377,621	-	66,626	21,461	27,225	316,759
503,693	-	102,842	33,127	35,155	402,879
793,049	-	208,872	67,281	43,188	560,084
1,744,029	-	690,050	222,276	(14,082)	817,621
-	106,661,341	79,366,398	25,565,160	(186,980)	1,542,803
$ 5,184,433	$ 106,661,341	$ 80,533,799	$ 25,928,432	$ (162,975)	$ 5,220,568

Tyler ISD
Tomorrow's Education Today

Unaudited
Statistical Section

UNAUDITED STATISTICAL SECTION

This part of the District's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements and note disclosures says about the District's overall financial health.

Contents **Page**

Financial Trends 107

These schedules contain trend information to help the reader understand how the District's financial performance has changed over time.

Revenue Capacity 114

These schedules contain information to help the reader assess the District's most significant local revenue source, the property tax.

Debt Capacity 118

These schedules present information to help the reader assess the affordability of the District's current levels of outstanding debt and the ability to issue additional debt in the future.

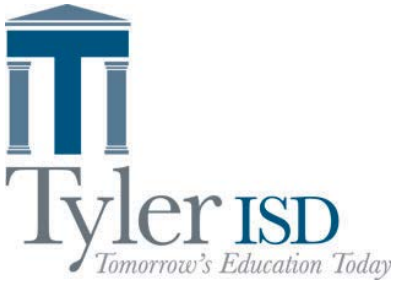
Demographic and Economic Information 123

These schedules offer demographic and economic indicators to help the reader understand the environment within which the District's financial activities take place.

Operating Information 126

These schedules contain service and infrastructure data to help the reader understand how the information in the District's financial report relates to the services and the activities it performs.

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year.


Tyler ISD
Tomorrow's Education Today

TYLER INDEPENDENT SCHOOL DISTRICT

Table 1

Net Position by Component

Last Ten Fiscal Years (Unaudited)

(accrual basis of accounting)

	Fiscal Year									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Governmental Activities										
Net Investment in Capital Assets	$ 36,951,729	$ 39,929,677	$ 36,338,809	$ 48,598,316	$ 53,466,997	$ 55,475,818	$ 57,036,665	$ 66,428,823	$ 72,424,484	$ 70,473,345
Restricted for Federal and State Programs	2,499,306	2,647,396	2,491,172	2,619,503	2,413,952	3,046,773	3,600,083	4,160,077	4,034,055	3,572,884
Restricted for Debt Service	982,406	2,160,194	3,701,613	4,787,367	6,009,935	7,128,747	7,221,148	8,566,520	10,277,288	10,420,143
Restricted for Campus Activities	660,882	728,156	757,721	704,072	684,477	706,396	712,585	628,540	704,040	728,994
Restricted for Other Purposes	182,008	291,074	390,113	372,655	424,221	394,636	406,376	271,279	6,249,633	5,443,541
Unrestricted	23,330,290	25,563,667	37,376,865	31,369,581	28,237,604	39,474,530	49,233,568	42,213,977	30,306,517	8,866,076
Total Net Position	$ 64,606,621	$ 71,320,164	$ 81,056,293	$ 88,451,494	$ 91,237,186	$ 106,226,900	$ 118,210,425	$ 122,269,216	$ 123,996,017	$ 99,504,983

TYLER INDEPENDENT SCHOOL DISTRICT

Table 2

Expenses, Program Revenues, and Net (Expense)/Revenue

Last Ten Fiscal Years (Unaudited)

(accrual basis of accounting)

	Fiscal Year									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Expenses										
Governmental Activities:										
Instruction	$ 82,007,583	$ 87,614,555	$ 94,233,572	$ 96,702,337	$ 104,961,614	$ 103,099,586	$ 98,085,689	$ 96,602,185	$ 98,198,878	$ 100,393,892
Instructional Resources & Media Services	2,253,906	3,033,506	2,842,585	2,664,487	2,761,412	2,706,911	2,354,429	2,497,217	2,738,768	2,842,840
Curriculum and Staff Development	3,447,030	3,941,005	4,153,488	6,277,642	6,291,275	7,092,057	6,175,987	6,229,903	7,893,300	7,586,734
Instructional Leadership	2,255,849	2,324,360	2,454,376	2,511,375	2,829,393	2,565,656	2,330,726	3,001,863	3,339,261	3,343,754
School Leadership	7,934,998	9,096,021	9,715,307	9,322,498	9,467,078	9,150,586	9,240,353	9,827,768	10,181,473	10,168,841
Guidance, Counseling & Evaluation Services	4,941,095	4,743,468	4,934,261	5,289,456	5,939,766	5,702,669	5,444,876	5,404,774	6,188,967	5,894,210
Social Work Services	501,906	521,123	605,172	667,775	749,598	601,633	476,973	525,618	478,373	537,036
Health Services	1,866,488	1,797,592	2,023,247	2,027,085	2,024,104	2,022,871	1,915,003	1,881,591	1,844,017	1,914,252
Student (Pupil) Transportation	2,985,157	2,732,026	3,467,085	3,715,478	3,705,387	3,680,658	3,770,432	4,144,809	4,161,545	4,191,572
Food Services	6,738,208	6,841,650	7,619,256	7,570,863	7,740,872	7,510,205	7,814,430	8,163,564	8,927,003	9,696,521
Extracurricular Activities	3,128,958	3,586,352	4,220,544	4,258,591	4,368,211	4,291,338	4,561,306	4,733,864	4,808,528	5,511,213
General Administration	3,551,287	3,877,415	4,027,701	4,175,055	4,450,465	4,540,296	4,627,075	4,701,537	4,694,217	5,348,683
Plant Maintenance and Operations	13,907,066	15,474,565	15,631,573	15,197,292	15,701,236	15,745,960	14,327,330	14,706,018	14,562,983	15,462,037
Security and Monitoring Services	920,742	1,399,501	1,596,735	1,841,649	1,886,903	1,850,585	1,736,572	2,097,992	2,059,520	2,052,215
Data Processing Services	1,572,161	1,221,055	1,296,037	1,632,650	2,053,469	1,980,790	2,272,255	2,359,393	2,335,349	2,210,039
Community Services	1,027,019	879,139	872,281	826,941	889,151	864,010	769,180	754,640	707,120	738,608
Debt Service - Interest on Long Term Debt	3,677,157	4,692,908	4,608,763	4,408,594	11,760,257	8,833,558	8,146,167	8,485,005	14,352,609	15,772,174
Debt Service - Bond Issuance Costs & Fees	50,375	77,292	155,901	215,744	209,407	201,300	222,601	1,230,850	-	880,445
Total Primary Government Expenses	142,766,985	153,853,533	164,457,884	169,305,512	187,789,598	182,440,669	174,271,384	177,348,591	187,471,911	194,545,066
Program Revenues										
Governmental Activities										
Charges for Services - Food Service	1,658,011	1,649,488	1,643,093	1,659,026	1,533,916	1,469,747	1,421,963	1,385,453	1,295,615	1,133,248
Charges for Services - Activity Funds	984,066	1,069,190	1,102,605	1,109,842	1,128,809	1,209,403	1,234,097	1,301,711	1,370,746	1,552,039
Charges for Services - Athletics	284,989	302,002	571,339	342,604	563,464	450,678	481,711	449,406	516,384	434,844
Charges for Services - Other	1,699,311	1,299,851	1,103,625	922,682	1,005,611	989,799	829,461	974,168	763,394	849,206
Operating Grants & Contributions	29,791,436	28,376,658	31,794,500	33,950,894	39,620,861	44,517,846	33,897,617	31,687,997	32,370,430	30,963,505
Total Primary Government Program Revenues	34,417,813	32,697,189	36,215,162	37,985,048	43,852,661	48,637,473	37,864,849	35,798,735	36,316,569	34,932,842
Net (Expense)/Revenue										
Total Primary Government Net Expense	$ (108,349,172)	$ (121,156,344)	$ (128,242,722)	$ (131,320,464)	$ (143,936,937)	$ (133,803,196)	$ (136,406,535)	$ (141,549,856)	$ (151,155,342)	$ (159,612,224)

TYLER INDEPENDENT SCHOOL DISTRICT

Table 3

General Revenues and Total Change in Net Position

Last Ten Fiscal Years (Unaudited)

(accrual basis of accounting)

	Fiscal Year									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Net (Expense)/Revenue										
Total Primary Government Net Expense	$ (108,349,172)	$ (121,156,344)	$ (128,242,722)	$ (131,320,464)	$ (143,936,937)	$ (133,803,196)	$ (136,406,535)	$ (141,549,856)	$ (151,155,342)	$ (159,612,224)
General Revenues and Other Changes in Net Position										
Governmental Activities:										
Taxes:										
Property Taxes, Levied for General Purposes	77,837,835	78,315,416	67,703,502	72,444,557	73,377,051	73,632,937	74,567,104	76,240,904	77,894,759	80,316,658
Property Taxes, Levied for Debt Service	6,264,840	10,977,592	12,028,393	12,876,584	23,363,968	23,447,096	23,794,387	24,358,088	25,393,984	26,193,044
State Aid - Formula Grants	23,186,148	33,189,401	54,208,549	48,732,430	48,370,037	48,459,744	46,272,718	43,436,588	45,481,026	45,179,263
Grants and Contributions not Restricted	3,051,899	383,811	761,720	1,674,534	979,903	1,554,238	2,227,215	2,216,149	2,053,028	3,728,626
Investment Earnings	2,798,087	3,629,054	2,167,517	1,693,687	1,054,624	454,796	340,191	303,612	468,346	373,225
Miscellaneous Local and Intermediate Revenue	3,042,984	1,262,777	1,109,170	1,293,873	1,239,777	1,244,099	1,188,445	1,060,711	1,591,000	1,172,860
Extraordinary Item - Restitution	-	111,836	-	-	-	-	-	-	-	-
Loss on Disposal of Buildings	(1,205,973)	-	-	-	(1,662,731)	-	-	-	-	-
Total Primary Government	114,975,820	127,869,887	137,978,851	138,715,665	146,722,629	148,792,910	148,390,060	147,616,052	152,882,143	156,963,676
Total Primary Government	$ 6,626,648	$ 6,713,543	$ 9,736,129	$ 7,395,201	$ 2,785,692	$ 14,989,714	$ 11,983,525	$ 6,066,196	$ 1,726,801	$ (2,648,548)

TYLER INDEPENDENT SCHOOL DISTRICT

Table 4

Fund Balances - Governmental Funds

Last Ten Fiscal Years (Unaudited)

(modified accrual basis of accounting)

	Fiscal Year									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
General Fund										
Reserved	$ 917,248	$ 1,357,134	$ 1,579,307	$ 574,846	$ 463,737	$ -	$ -	$ -	$ -	$ -
Unreserved	23,123,379	23,345,919	32,510,659	32,197,997	31,072,948	-	-	-	-	-
Nonspendable	-	-	-	-	-	892,768	866,298	624,631	1,967,183	688,604
Restricted	-	-	-	-	-	392,170	447,371	323,650	385,345	511,523
Committed	-	-	-	-	-	6,280,502	7,171,941	7,068,502	618,000	1,000,000
Assigned	-	-	-	-	-	8,668,000	13,659,938	10,262,266	9,138,710	9,277,842
Unassigned	-	-	-	-	-	21,651,267	21,294,181	22,474,529	23,118,162	23,818,834
Total General Fund	$ 24,040,627	$ 24,703,053	$ 34,089,966	$ 32,772,843	$ 31,536,685	$ 37,884,707	$ 43,439,729	$ 40,753,578	$ 35,227,400	$ 35,296,803
Reserved	$ 13,727,988	$ 13,465,478	$ 6,885,109	$ 55,680,464	$ 31,344,608	$ -	$ -	$ -	$ -	$ -
Unreserved, Reported In:										
Capital Projects Funds	-	3,562,191	4,566,983	54,878,263	14,217,192	-	-	-	-	-
Special Revenue Funds	402,950	441,524	522,065	754,316	192,763	-	-	-	-	-
Nonspendable	-	-	-	-	-	-	-	92,723	-	-
Restricted	-	-	-	-	-	30,805,653	29,101,491	181,762,182	123,610,590	41,264,753
Committed	-	-	-	-	-	-	-	-	5,996,911	5,124,899
Total All Other Governmental Funds	$ 14,130,938	$ 17,469,193	$ 11,974,157	$ 111,313,043	$ 45,754,563	$ 30,805,653	$ 29,101,491	$ 181,854,905	$ 129,607,501	$ 46,389,652

Note: For Fiscal Year 2011, GASB 54 was implemented, which requires different designations for fund balance.

TYLER INDEPENDENT SCHOOL DISTRICT

Table 5

Governmental Funds Revenues

Last Ten Fiscal Years (Unaudited)

(modified accrual basis of accounting)

	Fiscal Year									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Total Federal Sources	$ 24,808,347	$ 19,762,826	$ 21,826,184	$ 25,064,082	$ 31,371,668	$ 36,920,667	$ 25,960,225	$ 26,464,912	$ 25,110,362	$ 24,402,047
Total State Sources	30,818,365	41,606,318	64,368,926	59,068,628	57,326,725	57,215,071	56,208,463	50,778,750	54,656,095	55,268,575
Local and Intermediate Sources										
Property Taxes	84,006,783	89,315,555	79,776,498	84,740,505	96,435,955	97,034,330	98,570,277	100,264,683	103,096,066	106,462,231
Penalties/Interest/Other Tax Related	1,138,029	1,293,893	1,184,667	1,396,779	1,266,514	1,272,223	1,188,445	1,060,712	1,078,306	1,154,576
Interest Income	2,850,284	3,686,375	2,193,596	1,700,199	1,076,750	461,153	345,246	307,445	510,351	410,360
Tuition & Services to Other Districts	305,598	251,804	257,902	187,254	148,378	134,387	57,541	51,410	39,628	44,253
SSA - Revenue from Member Districts	598,542	571,160	574,400	626,474	663,749	708,661	687,303	761,087	499,646	614,730
Food Sales	1,658,011	1,649,488	1,643,093	1,659,026	1,533,916	1,469,747	1,421,963	1,385,453	1,295,615	1,133,248
Rental Income	88,856	95,085	93,503	112,285	119,839	109,474	125,784	126,397	136,974	181,386
Co-curricular Student Activities	984,066	1,069,190	1,102,605	1,109,842	1,128,809	1,209,403	1,234,097	1,301,711	1,374,547	1,552,038
Gifts & Bequests	2,306,711	489,198	495,770	173,360	236,877	355,182	219,286	89,564	194,853	158,376
Athletic Activity	471,215	458,209	571,339	342,604	563,463	450,678	481,710	449,406	516,384	434,844
Other	771,403	474,736	415,421	304,140	374,853	334,623	247,275	333,972	305,518	291,657
	95,179,498	99,354,693	88,308,794	92,352,468	103,549,103	103,539,861	104,578,927	106,131,840	109,047,888	112,437,699
Total Revenues	$ 150,806,210	$ 160,723,837	$ 174,503,904	$ 176,485,178	$ 192,247,496	$ 197,675,599	$ 186,747,615	$ 183,375,502	$ 188,814,345	$ 192,108,321

Note: State revenue increased as a result of changes in the state's funding formula in 2008.

TYLER INDEPENDENT SCHOOL DISTRICT

Table 6

Governmental Funds Expenditures and Debt Service Ratio

Last Ten Fiscal Years (Unaudited)

(modified accrual basis of accounting)

	Fiscal Year									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Instruction	$ 79,262,421	$ 84,608,390	$ 88,892,302	$ 92,712,980	$ 99,487,702	$ 97,488,846	$ 91,076,449	$ 90,209,523	$ 92,126,220	$ 96,243,508
Instructional Resources & Media Services	2,186,443	3,020,398	2,712,000	2,537,975	2,648,250	2,545,687	2,192,037	2,349,053	2,610,575	2,716,290
Curriculum and Staff Development	3,356,650	3,828,058	3,992,909	6,070,697	6,036,531	6,963,531	5,984,818	6,059,372	7,506,525	7,307,089
Instructional Leadership	2,195,062	2,247,008	2,362,317	2,421,292	2,715,808	2,459,987	2,219,519	2,861,355	3,179,726	3,227,733
School Leadership	8,230,271	8,686,728	9,220,789	8,872,662	8,974,427	8,765,501	8,617,867	9,219,530	9,625,375	9,753,506
Guidance, Counseling & Evaluation Services	4,819,783	4,590,298	4,757,859	5,109,340	5,695,192	5,437,050	5,137,960	5,158,018	5,938,737	5,681,967
Social Work Services	488,807	503,519	591,078	641,778	717,170	577,642	455,544	507,150	454,320	517,521
Health Services	1,819,989	1,744,095	1,946,466	1,953,549	1,941,481	1,918,506	1,804,518	1,778,391	1,755,469	1,846,113
Student (Pupil) Transportation	3,637,928	2,252,599	3,705,689	4,477,225	3,424,862	2,890,021	3,181,309	4,994,111	3,284,200	4,138,618
Food Services	6,458,280	6,722,270	7,360,633	7,406,732	7,443,789	7,414,550	7,698,829	8,171,955	8,517,635	9,620,695
Extracurricular Activities	3,036,053	3,483,673	4,048,520	4,148,585	4,180,532	4,118,462	4,318,840	4,514,154	4,573,191	5,288,212
General Administration	3,413,305	3,711,706	2,566,129	2,935,488	2,988,361	2,922,239	3,057,232	3,115,252	3,040,887	3,669,707
Facilities Maintenance and Operations	14,224,765	15,172,739	15,300,283	14,310,333	14,803,019	14,911,169	13,246,718	13,963,117	13,656,256	14,712,633
Security and Monitoring Services	884,391	1,343,876	1,563,168	1,773,989	1,816,964	1,752,939	1,632,554	2,263,598	1,931,557	1,965,964
Data Processing Services	1,230,442	1,174,417	1,246,659	1,630,789	1,906,918	1,733,637	2,012,267	2,473,084	2,117,624	1,930,732
Community Services	986,585	846,262	839,484	797,144	812,648	813,735	754,645	742,592	670,027	708,028
Debt Service:										
Debt Service - Principal on Long Term Debt	4,455,999	7,740,418	7,859,168	9,595,000	11,700,000	16,055,000	14,575,000	14,780,000	10,220,000	12,637,978
Debt Service - Interest on Long Term Debt	3,668,425	4,511,910	4,799,180	4,359,168	12,322,939	9,140,100	8,467,172	8,492,045	15,032,000	13,588,514
Debt Service - Bond Issuance Cost & Fees	264,159	476,420	122,264	1,074,438	218,067	57,575	298,869	1,230,850	6,950	880,445
Capital Outlay										
Facilities Acquisition and Construction	42,489,086	43,680,677	9,104,123	29,209,497	66,927,026	16,005,670	3,768,869	10,189,008	60,640,163	77,912,674
Payments to Fiscal Agent/Member Districts of SSA	273,247	258,890	247,629	317,159	311,102	308,817	299,926	310,921	218,372	306,240
Payments to Juvenile Justice Alternative Ed Prog	176,621	124,477	64,584	-	-	-	-	-	-	-
Payments to Tax Increment Fund	457,286	486,123	501,840	632,365	644,776	595,452	606,378	266,334	-	-
Other Intergovernmental Charges	-	-	1,325,646	1,304,284	1,287,594	1,400,371	1,393,970	1,392,760	1,455,990	1,526,972
Total Expenditures	$ 188,015,998	$ 201,214,951	$ 175,130,719	$ 204,292,469	$ 259,005,158	$ 206,276,487	$ 182,801,290	$ 195,042,173	$ 248,561,799	$ 276,181,139
Debt Service as a percentage of noncapital expenditures	5.9%	8.2%	7.8%	8.8%	12.7%	13.4%	13.1%	12.8%	13.5%	13.5%

TYLER INDEPENDENT SCHOOL DISTRICT

Table 7

Other Financing Sources and Uses, Special Items, and Net Change in Fund Balances

Governmental Funds

Last Ten Fiscal Years (Unaudited)

(modified accrual basis of accounting)

	Fiscal Year									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Excess of Revenues Over (Under) Expenditures	$ (37,209,788)	$ (40,491,114)	$ (626,815)	$ (27,807,291)	$ (66,757,662)	$ (8,600,888)	$ 3,946,325	$ (11,666,671)	$ (59,747,454)	$ (84,072,818)
Other Financing Sources (Uses)										
Proceeds from Capital Leases	-	-	-	-	-	-	-	-	1,539,891	-
Proceeds from Sale of Real and Personal Property	-	-	-	-	-	-	-	-	433,981	52,110
Non-Current Loan Proceeds	3,525,000	-	4,518,692	-	-	-	-	-	-	-
Refunding Bonds Issued	-	-	-	-	7,660,000	-	29,850,000	-	-	82,095,000
Capital Related Debt Issued (Regular Bonds)	17,000,000	43,355,000	-	123,140,000	-	-	-	152,020,000	-	-
Transfers In	465,072	212,142	397,397	472,694	846,773	490,145	765,971	855,661	9,347,641	2,576,021
Premium or Discount on Issuance of Bonds	247,891	1,092,448	-	2,741,640	583,099	-	2,177,842	9,713,934	-	13,124,299
Transfers Out	(465,072)	(212,142)	(397,397)	(472,694)	(846,773)	(490,145)	(765,971)	(855,661)	(9,347,641)	(2,576,021)
Other	-	(67,489)	-	(52,586)	(14,896)	-	-	-	-	-
Payment to Bond Refunding Escrow Agent	-	-	-	-	(8,265,179)	-	(32,123,307)	-	-	(94,347,037)
Total Other Financing Sources (Uses)	20,772,891	44,379,959	4,518,692	125,829,054	(36,976)	-	(95,465)	161,733,934	1,973,872	924,372
Extraordinary Items:										
Recovery on Lawsuit	-	111,836	-	-	-	-	-	-	-	-
Net Change in Fund Balances	$ (16,436,897)	$ 4,000,681	$ 3,891,877	$ 98,021,763	$ (66,794,638)	$ (8,600,888)	$ 3,850,860	$ 150,067,263	$ (57,773,582)	$ (83,148,446)

Note: See discussion of changes in fund balances on page 25 of Management's Discussion and Analysis.

TYLER INDEPENDENT SCHOOL DISTRICT

Table 8

Assessed Value and Estimated Actual Value of Taxable Property

Last Ten Fiscal Years (Unaudited)

Fiscal Year	Assessed Value: Real Property	Assessed Value: Personal Property	Assessed Value: Mineral Property	Less: Exemptions	Total Estimated Actual Taxable Value	Total Direct Rate (a)
2006	$ 4,650,878,030	$ 1,096,276,707	$ 24,470,820	$ 671,710,371	$ 5,099,915,186	$ 1.54020
2007	5,133,911,393	1,155,156,288	34,999,820	752,536,059	5,571,531,442	1.48800
2008	5,674,894,787	1,217,177,118	28,722,350	806,836,162	6,113,958,093	1.21500
2009	6,146,187,825	1,196,278,286	38,843,300	866,069,797	6,515,239,614	1.21000
2010	6,273,977,656	1,161,967,919	39,052,930	892,513,553	6,582,484,952	1.37500
2011	6,270,964,571	1,131,082,044	45,266,460	946,323,737	6,500,989,338	1.37500
2012	6,350,431,106	1,109,217,197	56,477,800	964,700,061	6,551,426,042	1.37500
2013	6,481,390,899	1,120,369,704	59,472,266	972,005,057	6,689,227,812	1.37500
2014	6,654,205,401	1,126,496,012	61,559,653	1,005,952,800	6,836,308,266	1.37500
2015	6,879,365,509	1,140,870,717	71,045,717	1,052,851,790	7,038,430,153	1.37500

Source: Smith County Appraisal District (certified values)

Notes: Property is assessed at full market value.

(a) Per $100 of assessed value.

TYLER INDEPENDENT SCHOOL DISTRICT Table 9

Direct and Overlapping Property Tax Rates

Last Ten Fiscal Years (Unaudited)

(rate per $100 of assessed value)

	District Direct Rates			Overlapping Rates*		
Fiscal Year	Maintenance & Operations	Debt Service	Total	City of Tyler	Smith County	Tyler Junior College
2006	$ 1.42450	$ 0.11570	$ 1.54020	$ 0.23838	$ 0.25447	$ 0.12717
2007	1.30300	0.18500	1.48800	0.22366	0.26820	0.12717
2008	1.02970	0.18530	1.21500	0.19900	0.28890	0.12717
2009	1.02470	0.18530	1.21000	0.20400	0.28894	0.12717
2010	1.04000	0.33500	1.37500	0.20400	0.28894	0.13695
2011	1.04000	0.33500	1.37500	0.20887	0.31394	0.18293
2012	1.04000	0.33500	1.37500	0.20887	0.32390	0.18218
2013	1.04000	0.33500	1.37500	0.20771	0.32356	0.19993
2014	1.04000	0.33500	1.37500	0.22000	0.32356	0.19993
2015	1.04000	0.33500	1.37500	0.22000	0.33000	0.19993

Source: District records, City of Tyler, Smith County Appraisal District, and Tyler Junior College District

* Includes levies for operating and debt service costs

TYLER INDEPENDENT SCHOOL DISTRICT Table 10

Principal Property Tax Payers

Current Year and Nine Years Ago (Unaudited)

	2015			2006		
Taxpayer	Taxable Value	Rank	Percentage of Total Taxable Value	Taxable Value	Rank	Percentage of Total Taxable Value
Delek Refining/LaGloria	$ 301,825,490	1	4.29%	$ 46,468,961	6	0.91%
Brookshire Grocery Co.	129,898,236	2	1.85%	100,185,684	1	1.96%
Genecov Investments, Ltd.	83,090,006	3	1.18%	42,989,269	8	0.84%
TXU/Oncor	73,076,475	4	1.04%	60,286,710	5	1.18%
Wal-Mart/Sam's East INC	59,900,071	5	0.85%	69,145,699	3	1.36%
Texas SJH Hold/Tyler Spine	43,647,241	6	0.62%			
Simon Property Group	42,815,000	7	0.61%	44,440,521	7	0.87%
Cebridge Acquisitions LP	39,639,782	8	0.56%			
Ascension Resorts LTD	28,530,681	9	0.41%			
BRE MF Cascades 1 LLC	24,256,185	10	0.34%			
Ransom Industries	-			81,193,817	2	1.59%
Kelly-Springfield Tire	-			69,120,330	4	1.36%
Southwestern Bell	-			42,416,046	9	0.83%
Carrier Corporation				41,778,817	10	0.82%
Principal Taxpayers	$ 826,679,167		11.75%	$ 598,025,854		11.72%

Source: *Smith County Appraisal District*

TYLER INDEPENDENT SCHOOL DISTRICT Table 11

Property Tax Levies and Collections

Last Ten Fiscal Years (Unaudited)

Fiscal Year	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2006	$ 84,410,383	$ 82,719,181	98.00%	$ 1,547,881	$ 84,267,062	99.83%
2007	89,300,231	87,701,248	98.21%	1,439,841	89,141,089	99.82%
2008	79,858,826	78,233,445	97.96%	1,481,659	79,715,104	99.82%
2009	85,022,393	83,211,765	97.87%	1,637,633	84,849,398	99.80%
2010	97,230,137	95,016,629	97.72%	1,980,837	96,997,466	99.76%
2011	97,080,555	95,233,881	98.10%	1,529,915	96,763,796	99.67%
2012	98,366,287	96,770,675	98.38%	1,192,733	97,963,408	99.59%
2013	100,658,255	99,124,784	98.48%	973,387	100,098,171	99.44%
2014	103,482,590	101,704,693	98.28%	960,276	102,664,969	99.21%
2015	106,661,341	104,931,558	98.38%	-	104,931,558	98.38%

Source: *Smith County Tax Collector and district records*

TYLER INDEPENDENT SCHOOL DISTRICT

Ratio of Net Bonded Debt to Assessed Value and
Net Bonded Debt Per Capita and Average Daily Attendance
Last Ten Fiscal Years (Unaudited)

Fiscal Year Ended August 31,	Gross Bonded Debt	Less Debt Service Fund Balance	Net Bonded Debt	Assessed Value	Ratio (%) Net Bonded Debt to Assessed Value
2006	$ 75,839,357	$ 982,406	$ 74,856,951	$ 5,771,625,557	1.30%
2007	113,284,933	2,160,194	111,124,739	6,324,067,501	1.76%
2008	107,241,412	3,701,613	103,539,799	6,920,794,255	1.50%
2009	222,500,000	4,787,367	217,712,633	7,381,309,411	2.95%
2010	212,325,000	6,009,935	206,315,065	7,474,998,505	2.76%
2011	198,170,000	6,462,852	191,707,148	7,447,313,075	2.57%
2012	183,907,190	7,221,148	176,686,042	7,516,126,103	2.35%
2013	336,673,283	8,566,520	328,106,763	7,661,232,869	4.28%
2014	326,393,853	9,414,513	316,979,340	7,842,261,066	4.04%
2015	323,529,912	9,524,743	314,005,169	8,091,281,943	3.88%

Source of data - Smith County Appraisal District, Tyler Area Chamber of Commerce and
District Records

Table 12

Estimated Population	Net Bonded Debt per Capita	Average Daily Attendance (ADA)	Net Bonded Debt Per ADA
101,106	$ 740	16,639	$ 4,499
101,106	1,099	16,749	6,635
101,106	1,024	16,813	6,158
101,106	2,153	16,919	12,868
96,900	2,129	17,185	12,006
96,900	1,978	17,328	11,063
96,900	1,823	17,225	10,258
96,900	3,386	17,139	19,144
100,223	3,163	16,890	18,767
100,223	3,133	16,843	18,643

TYLER INDEPENDENT SCHOOL DISTRICT Table 13

Outstanding Debt by Type

Last Ten Fiscal Years (Unaudited)

(dollars in thousands except per capita)

Fiscal Year	Governmental Activities				Total Primary Government	Percentage of Personal Income*	Per Capita*
	Maintenance Tax Notes	Personal Property Notes	General Obligation Bonds	Capital Leases			
2006	$ 3,886	$ 578	$ 75,839	$ 130	$ 80,433	1.24%	$ 796
2007	2,430	292	113,285	67	116,074	1.66%	1,148
2008	5,435	-	107,241	-	112,676	1.54%	1,114
2009	3,735	-	222,500	-	226,235	3.13%	2,238
2010	1,900	-	212,325	-	214,225	2.73%	2,211
2011	-	-	198,170	-	198,170	2.32%	2,045
2012	-	-	183,907	-	183,907	2.07%	1,898
2013	-	-	336,673	-	336,673	3.66%	3,474
2014	-	-	326,394	790	327,184	3.46%	3,265
2015	-	-	323,530	632	324,162	N/A	3,234

* See Table 16 for personal income and population data. These ratios are calculated using personal income and population for the prior calendar year.

TYLER INDEPENDENT SCHOOL DISTRICT Table 14

Direct and Overlapping Governmental Activities Debt

August 31, 2015 (Unaudited)

(dollars in thousands)

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable	Estimated Share of Direct and Overlapping Debt
City of Tyler	$ -	83.50%	$ -
Tyler Junior College District	126,585	68.90%	87,217
Smith County	26,905	55.60%	14,959
Total Overlapping Debt			102,176
Tyler Independent School District Direct Debt			324,162
Total Direct and Overlapping Debt			$ 426,338

Sources: Municipal Advisory Council of Texas and the Smith County Appraisal District
Debt outstanding data provided by each governmental unit. Percentage overlapping provided by Smith County Appraisal District.

The estimated percentage applicable is calculated by the Smith County Appraisal District by comparing the taxable value of that portion of Tyler ISD within the other district to the total taxable value for that district. For example, the taxable value of Tyler ISD located within the City of Tyler is divided by the total taxable value for the City of Tyler.

TYLER INDEPENDENT SCHOOL DISTRICT

Table 15

Legal Debt Margin Information

Last Ten Fiscal Years (Unaudited)

(dollars in thousands)

	Fiscal Year									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Assessed Valuation	$5,771,626	$6,324,068	$6,920,794	$7,381,309	$7,474,999	$7,447,313	$ 7,516,126	$ 7,661,233	$ 7,842,261	$ 8,091,282
Debt Limit (7% of assessed value)	404,014	442,685	484,456	516,692	523,250	521,312	526,129	536,286	548,958	566,390
Total Net Debt Applicable to Limit	80,433	116,074	112,676	226,235	214,225	198,170	183,907	336,673	327,184	324,162
Legal Debt Margin	$323,581	$326,611	$371,780	$290,457	$309,025	$323,142	$342,222	$199,613	$221,774	$242,228
Total net debt applicable to the limit as a percentage of debt limit	19.91%	26.22%	23.26%	43.79%	40.94%	38.01%	34.95%	62.78%	59.60%	57.23%

Note: See Notes F and G in the Notes to the Financial Statements for detail on the District's debt. There have been several recent bond issues for construction.
Assessed valuation is from Smith County Appraisal District.

TYLER INDEPENDENT SCHOOL DISTRICT Table 16

Demographic and Economic Statistics

Last Ten Calendar Years (Unaudited)

Calendar Year	Population	Personal Income	Per Capita Personal Income	Unemployment Rate
2006	101,106	$6,467,000,000	$ 33,284	4.40%
2007	101,106	6,996,000,000	35,329	3.90%
2008	101,106	7,333,000,000	36,456	4.90%
2009	101,106	7,228,000,000	35,316	7.70%
2010	96,900	7,861,000,000	37,363	7.30%
2011	96,900	8,554,000,000	40,095	8.20%
2012	96,900	8,889,000,000	41,924	7.40%
2013	96,900	9,199,000,000	42,573	6.70%
2014	100,223	9,464,715,000	43,249	5.50%
2015	100,223	N/A	N/A	4.20%

Sources: Personal Income and Per Capita Income - US Dept of Commerce, Bureau of Economic Analysis.
Unemployment Rate - Texas Workforce Commission and Tyler Economic Development Council, Inc.
Population - City of Tyler

N/A = Not Available

TYLER INDEPENDENT SCHOOL DISTRICT

Table 17

Principal Employers

Current Year and Nine Years Ago (Unaudited)

	2015			2006		
Employer	Employees	Rank	Percentage of Total Employment	Employees	Rank	Percentage of Total Employment
Trinity Mother Frances	4,030	1	3.93%	3,657	1	3.77%
East Texas Medical Center	3,194	2	3.11%	3,217	2	3.32%
Brookshire Grocery Company	2,565	3	2.50%	2,591	3	2.67%
Tyler Independent School District	2,115	4	2.06%	2,424	4	2.50%
Wal-Mart	1,600	5	1.56%	1,795	6	1.85%
The University of Texas at Tyler	1,557	6	1.52%			
Trane Company	1,538	7	1.50%	2,169	5	2.24%
Suddenlink	1,500	8	1.46%			
The University of Texas Health Northeast	1,130	9	1.10%	1,100	8	1.14%
City of Tyler	853	10	0.83%			
Carrier Corporation				1,300	7	1.34%
Goodyear				1,053	9	1.09%
CBI				1,000	10	1.03%
	20,082		19.57%	20,306		20.95%

Source: Tyler Economic Development Council Community Profile for Tyler ISD

TYLER INDEPENDENT SCHOOL DISTR

Table 18

Full Time District Employees by Type

Last Ten Fiscal Years (Unaudited)

	Fiscal Year									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Professional										
Teachers	1,254.30	1,258.10	1,266.60	1,309.00	1,360.20	1,370.30	1,285.10	1,278.50	1,272.60	1,262.60
Professional Support	248.10	236.50	264.50	298.00	304.10	322.00	306.30	302.50	317.60	331.20
Campus Administration	62.60	75.10	81.00	77.00	80.00	80.90	73.00	73.30	78.00	81.00
Central Administration	16.00	14.80	12.00	12.00	14.00	10.00	10.00	16.00	17.00	21.00
Educational Aides	304.00	281.40	259.80	248.00	244.00	247.10	238.10	226.60	239.60	214.70
Auxiliary	537.90	545.40	586.40	579.00	580.30	603.40	576.80	571.00	608.50	599.90
Total	2,422.90	2,411.30	2,470.30	2,523.00	2,582.60	2,633.70	2,489.30	2,467.90	2,533.30	2,510.40

Source of Data - District Records and PEIMS

TYLER INDEPENDENT SCHOOL DISTRICT

Table 19

Operating Statistics

Last Ten Fiscal Years (Unaudited)

Fiscal Year	Total Refined Average Daily Attendance	Operating Expenditures	Cost Per Pupil	Percentage Change	Expenses	Cost Per Pupil	Percentage Change	Teaching Staff	Pupil-Teacher Ratio	% of Students Receiving Free/ Reduced Price Meals
2006	16,639	$ 133,258,940	$ 8,009	4.31%	$ 142,766,985	$ 8,580	5.43%	1254.30	14.30	57.6%
2007	16,749	141,735,154	8,462	5.66%	153,853,533	9,186	7.06%	1258.10	14.30	61.0%
2008	16,813	150,347,096	8,942	5.67%	164,457,884	9,782	6.49%	1266.60	14.20	62.3%
2009	16,919	156,423,445	9,245	3.39%	169,305,512	10,007	2.30%	1309.00	13.82	63.5%
2010	17,185	166,277,940	9,676	4.65%	187,789,598	10,928	9.20%	1360.20	13.49	65.4%
2011	17,328	163,507,047	9,436	-2.48%	182,440,669	10,529	-3.65%	1370.30	13.49	67.0%
2012	17,225	154,419,606	8,965	-4.99%	174,271,384	10,117	-3.91%	1285.10	14.30	69.6%
2013	17,139	156,898,089	9,154	2.11%	177,348,591	10,348	2.28%	1278.50	14.20	70.8%
2014	16,890	161,777,761	9,578	4.63%	187,471,911	11,100	7.27%	1272.60	15.40	71.8%
2015	16,843	167,591,141	9,950	3.88%	194,545,066	11,550	4.06%	1262.60	14.30	71.3%

Source: Nonfinancial information from district records, TEA Summary of Finance, AEIS, TAPR

Notes: N/A = not available. Operating expenditures are total expenditures less debt service and capital outlays.

TYLER INDEPENDENT SCHOOL DISTRICT Table 20

Teacher Base Salaries

Last Ten Fiscal Years (Unaudited)

Fiscal Year	Minimum Salary *	Maximum Salary *	ESC Region VII Average Salary **	Statewide Average Salary ***
2006	$ 33,500	$ 55,633	$ 37,354	$ 41,744
2007	37,000	57,633	38,830	44,897
2008	38,000	58,621	40,729	46,179
2009	39,500	59,608	41,537	47,159
2010	40,000	61,908	42,850	48,263
2011	40,000	61,908	43,471	48,638
2012	40,000	60,000	44,234	48,666
2013	40,000	60,000	43,239	49,139
2014	41,000	61,000	43,583	49,692
2015	41,000	61,000	43,828	50,715

Sources:

* District records

** Teacher Salary Report - TASB/TASA

*** TEA Texas Academic Performance Report

TYLER INDEPENDENT SCHOOL DISTRICT

Table 21

School Building Information

Last Ten Fiscal Years (Unaudited)

	Fiscal Year									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Elementary Schools										
T.J. Austin (New Building 2007)										
Square Feet	51,918	67,703	67,703	67,703	67,703	67,703	67,703	67,703	67,703	67,703
Capacity	629	534	534	531	531	531	531	531	531	531
Enrollment	488	474	528	535	544	515	506	475	474	469
Bell (New Building 2006)										
Square Feet	76,476	76,476	76,476	76,476	76,476	76,476	76,476	76,476	76,476	76,476
Capacity	508	590	590	592	592	592	592	592	592	592
Enrollment	461	528	519	551	546	511	501	453	455	454
Birdwell (New Building 2012)										
Square Feet	61,533	61,533	61,533	61,533	61,533	61,533	73,271	73,271	73,271	73,271
Capacity	561	570	570	569	569	569	713	713	713	713
Enrollment	578	507	449	433	468	445	463	481	503	485
Bonner (New Building 2007)										
Square Feet	43,193	70,368	70,368	70,368	70,368	70,368	70,368	70,368	70,368	70,368
Capacity	542	569	569	569	569	569	569	569	569	569
Enrollment	502	453	467	457	467	505	473	443	420	437
Clarkston (New Building 2010)										
Square Feet	53,551	55,711	55,711	55,711	74,544	74,544	74,544	74,544	74,544	74,544
Capacity	615	664	664	662	600	600	600	600	600	600
Enrollment	401	382	388	398	407	392	380	363	365	373
Dixie (Renovated 2015)										
Square Feet	61,956	65,556	65,556	65,556	65,556	65,556	65,556	65,556	65,556	87,334
Capacity	736	762	762	758	758	758	758	758	758	800
Enrollment	540	541	574	565	555	550	558	575	605	589

Douglas (New Building 2007)										
Square Feet	67,812	82,262	82,262	82,262	82,262	82,262	82,262	82,262	82,262	82,262
Capacity	772	723	723	723	723	723	723	723	723	723
Enrollment	679	657	683	689	718	726	701	727	696	646
Owens (New Building 2012)										
Square Feet	70,639	65,599	65,599	65,599	65,599	65,599	85,590	85,590	85,590	85,590
Capacity	991	894	894	889	889	889	936	936	936	936
Enrollment	930	901	635	631	688	626	640	651	635	650
Caldwell (Renovated 2001)										
Square Feet	73,463	73,463	73,463	73,463	73,463	73,463	73,463	73,463	73,463	73,463
Capacity	688	758	758	758	758	758	758	758	758	758
Enrollment	503	600	599	617	648	675	667	664	674	692
Griffin (New Building 2011)										
Square Feet	61,820	63,260	63,260	63,260	63,260	93,008	93,008	93,008	93,008	93,008
Capacity	792	819	819	814	814	936	936	936	936	936
Enrollment	566	601	581	632	649	684	680	675	640	668
Jack (New Campus 2007)										
Square Feet		86,460	86,460	86,460	86,460	86,460	86,460	86,460	86,460	86,460
Capacity		793	793	796	796	796	796	796	796	796
Enrollment			532	559	629	688	728	687	715	742
Jones-Boshears (New Building 2010)										
Square Feet	34,367	35,087	35,087	35,087	132,061	132,061	132,061	132,061	132,061	132,061
Capacity	435	457	457	454	500	500	500	500	500	500
Enrollment-Jones	322	296	287	287	312	325	335	349	348	360
Enrollment-Boshears	84	92	89	92	85	78	75	78	86	****
Orr (New Building 2010)										
Square Feet	60,848	62,288	62,288	62,288	87,126	87,126	87,126	87,126	87,126	87,126
Capacity	720	842	842	833	800	800	800	800	800	800
Enrollment	700	696	670	685	639	644	632	596	664	651

Table 21
(continued)

	Fiscal Year									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Peete (New Building 2007)										
Square Feet	47,238	47,238	63,216	63,216	63,216	63,216	63,216	63,216	63,216	63,216
Capacity	462	590	419	419	419	419	419	419	419	419
Enrollment	414	380	372	430	417	383	383	381	357	343
Ramey (New Building 2006)										
Square Feet	72,644	72,644	72,644	72,644	72,644	72,644	72,644	72,644	72,644	72,644
Capacity	549	590	590	590	590	590	590	590	590	590
Enrollment	420	523	526	564	571	539	539	555	534	528
Rice(Renovated 2015)										
Square Feet	77,168	77,168	77,168	77,168	77,168	77,168	77,168	77,168	77,168	86,465
Capacity	779	897	897	892	892	892	892	892	892	800
Enrollment	946	950	793	739	778	834	764	685	643	633
Woods (New Building 2010)										
Square Feet	67,526	67,526	68,246	68,246	87,126	87,126	87,126	87,126	87,126	87,126
Capacity	834	839	864	854	800	800	800	800	800	800
Enrollment	735	745	727	724	674	692	685	632	637	664
Middle Schools										
Boulter (New Building 2015-16)										
Square Feet	90,357	93,957	93,957	93,957	93,957	93,957	93,957	93,957	93,957	155,383
Capacity	854	829	829	829	829	829	829	829	829	1,000
Enrollment	551	619	600	607	535	500	487	560	604	632
Dogan (1962)										
Square Feet	66,640	66,640	66,640	66,640	66,640	66,640	66,640	66,640	66,640	66,640
Capacity	678	680	680	680	680	680	680	680	680	680
Enrollment	501	463	444	430	466	449	494	530	542	575

Hogg (1930)										
Square Feet	59,097	62,697	62,697	62,697	62,697	62,697	62,697	62,697	62,697	62,697
Capacity	818	850	850	850	850	850	850	850	850	850
Enrollment	559	574	538	544	505	650	627	628	554	482
Hubbard(1964)										
Square Feet	118,964	121,844	121,844	121,844	121,844	121,844	121,844	121,844	121,844	121,844
Capacity	1,273	1,169	1,169	1,169	1,169	1,169	1,169	1,169	1,169	1,169
Enrollment	955	937	917	926	993	991	940	869	762	787
Moore (New Building 2015-16)										
Square Feet	71,156	76,196	77,636	77,636	77,636	77,636	77,636	77,636	77,636	157,957
Capacity	1,136	1,190	1,215	1,211	1,211	1,211	1,211	1,211	1,211	1,000
Enrollment	819	867	843	873	959	947	962	942	864	795
Stewart (1963)										
Square Feet	81,382	88,432	88,432	88,432	88,432	88,432	88,432	88,432	88,432	73,123
Capacity	802	701	701	701	701	701	701	701	701	701
Enrollment	444	424	423	446	408	409	445	530	539	520
Three Lakes (new campus 2015-16)										
Square Feet										150,045
Capacity										1,000
Enrollment										N/A
High Schools										
Robert E. Lee (1958)										
Square Feet	388,030	394,510	394,510	394,510	394,510	394,510	394,510	394,510	394,510	394,510
Capacity	2,873	2,932	2,932	2,933	2,933	2,933	2,933	2,933	2,933	2,933
Enrollment	2,582	2,596	2,661	2,591	2,637	2,762	2,657	2,666	2561	2590
John Tyler (1965)										
Square Feet	327,744	331,344	331,344	331,344	331,344	331,344	331,344	331,344	331,344	331,344
Capacity	2,328	2,401	2,401	2,401	2,401	2,401	2,401	2,401	2,401	2,401
Enrollment	2,101	2,114	2,170	2,085	2,041	1,825	1,878	1,886	2,015	2,153
Other Schools										
Pace Alternative (1960)										
Square Feet	11,568	11,568	11,568	11,568	11,568	11,568	11,568	11,568	11,568	11,568
Capacity	170	170	170	170	170	170	170	170	170	170
Enrollment	118	85	*	*	*	*	*	*	*	*

Table 21
(continued)

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
St. Louis Early Childhood (1961)										
Square Feet	37,574	39,014	39,014	39,014	39,014	39,014	39,014	39,014	39,014	39,014
Capacity	318	356	356	356	356	356	356	356	356	356
Enrollment						135	134	135	137	117
Plyler Instructional Complex (1974)										
Square Feet	36,571	36,571	36,571	36,571	36,571	36,571	36,571	36,571	36,571	36,571
Capacity	455	455	455	455	455	455	455	455	455	455
Enrollment	100	**	**	**	**	**	**	**	**	**
Career and Tech Center (New Campus 2015)										
Square Feet										3,129,925
Capacity										166,088
Enrollment										***
Totals										
Square Feet	2,271,235	2,453,115	2,471,253	2,471,253	2,630,778	2,660,526	2,692,255	2,692,255	2,692,255	2,849,768
Capacity	22,318	23,624	23,503	23,458	23,355	23,477	23,668	23,668	23,668	23,578
Enrollment	17,999	18,005	18,015	18,090	18,339	18,480	18,334	18,216	18,029	18,035

Note: Data is not available before 2004 on square footage for each campus. Square feet and capacity are from district records.

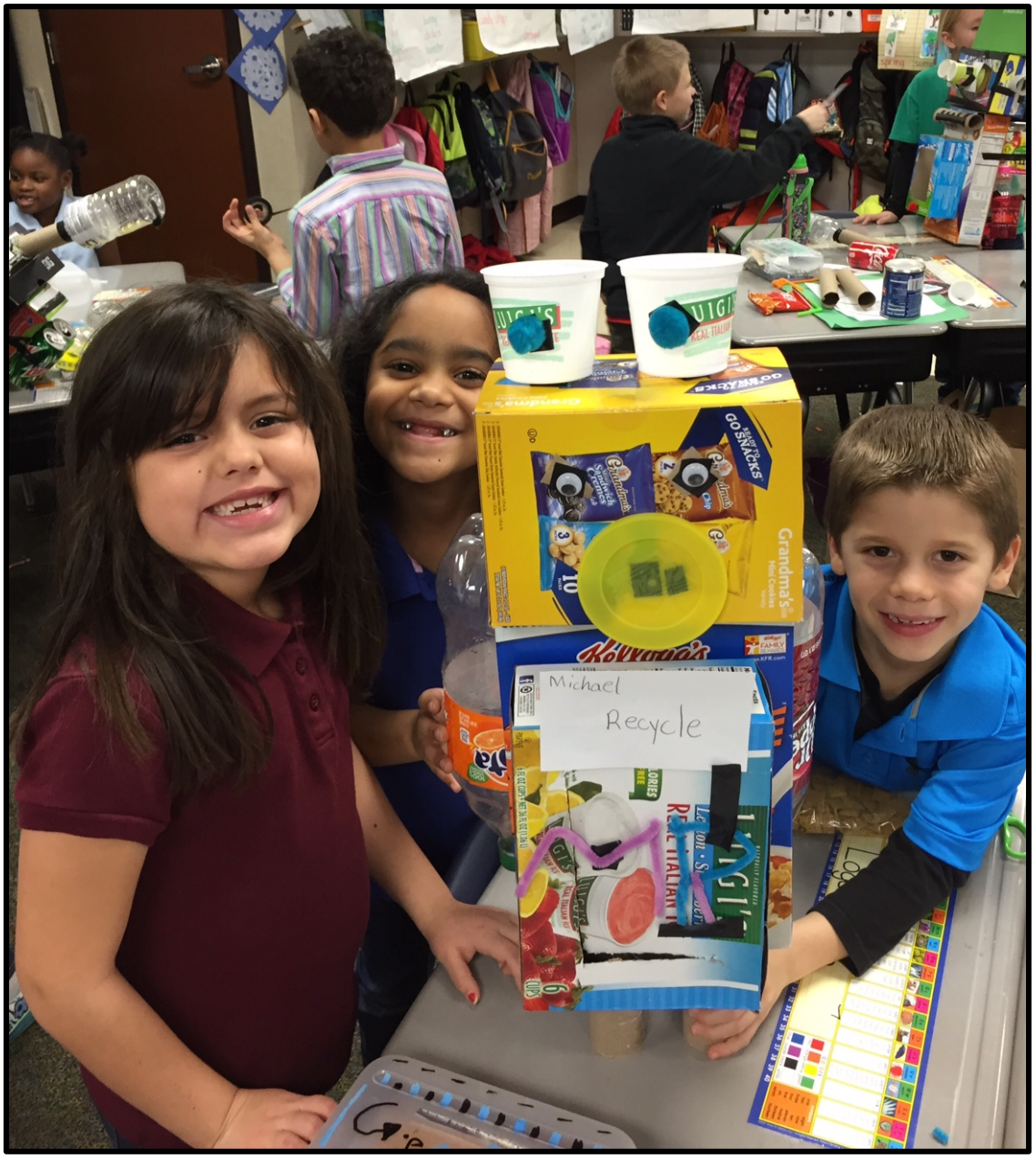
* Beginning in 2007-08, students at Pace are included in the enrollment of their home campus.

** Beginning in 2006-07, students at Plyler are included in the enrollment of their home campus.

*** Students at the Career & Technology Center are included in the enrollment of their home campus.

**** Beginning in 2014-15, students at Boshears are included in the enrollment of their home campus.

Federal Awards Section



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
Tyler Independent School District
Tyler, Texas

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the District, as of and for the year ended August 31, 2015, and the related notes to the financial statements, which collectively comprise the District's basis financial statements, and have issued our report thereon dated January 5, 2016.

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

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

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

Compliance and Other Matters

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion of the effectiveness of the District'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.

Prothro, Wilhelmi & Co., PLLC

PROTHRO, WILHELMI AND COMPANY, PLLC

Tyler, Texas
January 5, 2016

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133

Board of Trustees
Tyler Independent School District
Tyler, Texas

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

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

Auditors' Responsibility
Our responsibility is to express an opinion on compliance for each of the District's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and 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 District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on each Major Federal Program
In our opinion, the District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended August 31, 2015.

Report on Internal Control over Compliance

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

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

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

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

Prothro, Wilhelmi & Co., PLLC

PROTHRO, WILHELMI AND COMPANY, PLLC

Tyler, Texas
January 5, 2016

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

Section I – Summary of Auditors' Results

Financial Statements

Type of auditor's report issued:	*Unmodified*
Internal control over financial reporting:	
• Material weakness(es) identified?	No
• Significant deficiency(s) identified that are not considered to be material weaknesses?	None reported
Noncompliance material to financial statements noted?	No

Federal Awards

Internal Control over major programs:	
• Material weakness(es) identified?	No
• Significant deficiency(s) identified that are not considered to be material weaknesses?	None reported
Type of auditors' 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?	No

Identification of major programs:

FEDERAL

CFDA Numbers	Name of Federal Program or Cluster
84.027	IDEA – Part B, Formula
84.027	SSA – IDEA – Part B, Discretionary
84.027	SSA – IDEA – Part B, Deaf
84.173	IDEA – Part B, Preschool
84.173	SSA – IDEA – Part B, Preschool Deaf
84.367	ESEA, Title II, Part A, Teacher/Principal Training
93.600	Head Start

Dollar threshold used to distinguish between Type A and Type B programs: $ 641,189

The District was classified as a low-risk auditee in accordance with OMB Circular A-133.

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

Section II – Financial Statement Findings
None.

Section III – Federal Award Findings and Questioned Costs
None.

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

None.

TYLER INDEPENDENT SCHOOL DISTRICT
CORRECTIVE ACTION PLAN
FOR THE YEAR ENDED AUGUST 31, 2015

There were no audit findings.

Tyler ISD
Tomorrow's Education Today

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

(1) FEDERAL GRANTOR/ PASS-THROUGH GRANTOR/ PROGRAM or CLUSTER TITLE	(2) Federal CFDA Number	(3) Pass-Through Entity Identifying Number	(4) Federal Expenditures
U.S. DEPARTMENT OF DEFENSE			
Direct Programs			
Junior ROTC Program	12.000	none	$ 53,557
Total Direct Programs			$ 53,557
TOTAL U.S. DEPARTMENT OF DEFENSE			$ 53,557
U.S. DEPARTMENT OF EDUCATION			
Passed Through the University of Texas at Tyler			
Title IV, Pt B 21st Century Community Learning Ctr	84.287C	156950167110040	$ 121,935
Title IV, Pt B 21st Century Community Learning Ctr	84.287C	156950197110017	62,421
Total CFDA Number 84.287C			184,356
Total Passed Through the University of Texas at Tyler			$ 184,356
Passed Through State Department of Education			
ESEA, Title I, Part A - Improving Basic Programs	84.010A	14610101212905	$ 46,782
ESEA, Title I, Part A - Improving Basic Programs	84.010A	15610101212905	4,658,284
ESEA, Title I, Part A - Improving Basic Programs	84.010A	16610101212905	298,434
ESEA, Title I, Part A - Focus & Priority School	84.010A	15610112212905041	16,418
ESEA, Title I, Part A - Focus & Priority School	84.010A	15610112212905042	19,020
ESEA, Title I, Part A - Focus & Priority School	84.010A	15610112212905108	20,231
ESEA, Title I, Part A - Focus & Priority School	84.010A	15610112212905112	17,322
ESEA, Title I, Part A - Focus & Priority School	84.010A	15610112212905114	10,171
ESEA, Title I, Part A - Focus & Priority School	84.010A	15610112212905115	10,153
ESEA, Title I, Part A - Focus & Priority School	84.010A	16610112212905000	1,040
ESEA, Title I, Part A - Focus & Priority School	84.010A	14610112212905042	60
Total CFDA Number 84.010A			5,097,915
*IDEA - Part B, Formula	84.027	146600012129056600	2,095
*IDEA - Part B, Formula	84.027	156600012129056600	3,002,729
*IDEA - Part B, Formula	84.027	166600012129056600	188,123
*SSA - IDEA - Part B, Discretionary	84.027	156600022129056673	60,989
*SSA - IDEA - Part B, Deaf	84.027	156600012129056601	27,807
*SSA - IDEA - Part B, Deaf	84.027	166600012129056601	1,050
Total CFDA Number 84.027			3,282,793
*IDEA - Part B, Preschool	84.173	156610012129056610	64,360
*IDEA - Part B, Preschool	84.173	166610012129056610	4,130
*SSA - IDEA - Part B, Preschool Deaf	84.173	156610012129056611	2,820
Total CFDA Number 84.173			71,310
Total Special Education Cluster (IDEA)			3,354,103
Career and Technical - Basic Grant	84.048	15420006212905	245,112
Career and Technical - Basic Grant	84.048	16420006212905	19,609
Total CFDA Number 84.048			264,721
SSA - IDEA, Part C - Early Intervention (Deaf)	84.181A	153911012129053911	2,878
Title III, Part A - English Language Acquisition	84.365A	14671001212905	6,631
Title III, Part A - English Language Acquisition	84.365A	15671001212905	330,281
Title III, Part A - English Language Acquisition	84.365A	16671001212905	16,460
Total CFDA Number 84.365A			353,372
ESEA, Title II, Part A, Teacher/Principal Training	84.367A	14694501212905	885

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

(1) FEDERAL GRANTOR/ PASS-THROUGH GRANTOR/ PROGRAM or CLUSTER TITLE	(2) Federal CFDA Number	(3) Pass-Through Entity Identifying Number	(4) Federal Expenditures
ESEA, Title II, Part A, Teacher/Principal Training	84.367A	15694501212905	665,088
ESEA, Title II, Part A, Teacher/Principal Training	84.367A	16694501212905	72,343
Total CFDA Number 84.367A			738,316
Texas Advanced Placement Initiative	84.330	02501401	1,410
Total Passed Through State Department of Education			$ 9,812,715
TOTAL U.S. DEPARTMENT OF EDUCATION			$ 9,997,071
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			
Direct Programs			
Head Start	93.600	06CH5314/48	$ 44,316
Head Start	93.600	06CH7138/01	2,908,991
Total CFDA Number 93.600			2,953,307
Total Direct Programs			$ 2,953,307
Passed Through Texas Dept of Health & Human Serv			
Medicaid Administrative Claiming Program - MAC	93.778	none	$ 56,339
Total Passed Through Texas Dept of Health & Human Serv			$ 56,339
TOTAL U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			$ 3,009,646
U.S. DEPARTMENT OF AGRICULTURE			
Passed Through the State Department of Agriculture			
*School Breakfast Program	10.553	none	$ 1,641,069
*National School Lunch Program - Cash Assistance	10.555	none	5,960,293
Total Child Nutrition Cluster			7,601,362
Commodity Supplemental Food Pr. - Cash Assistance	10.565	none	711,326
Total Passed Through the State Department of Agriculture			$ 8,312,688
TOTAL U.S. DEPARTMENT OF AGRICULTURE			$ 8,312,688
TOTAL EXPENDITURES OF FEDERAL AWARDS			$ 21,372,962

*Clustered Programs

TYLER INDEPENDENT SCHOOL DISTRICT
NOTES ON ACCOUNTING POLICIES FOR FEDERAL AWARDS
YEAR ENDED AUGUST 31, 2015

- For all Federal programs, the District uses the fund types specified in Texas Education Agency's ***Financial Accountability System Resource Guide***. Special revenue funds are used to account for resources restricted to, or designated for, specific purposes by a grantor. Federal and state financial assistance generally is accounted for in a Special Revenue Fund.

- The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. The Governmental Fund types and Expendable Trust Funds are accounted for using a current financial resources measurement focus. All Federal grant funds were accounted for in a Special Revenue Fund which is a Governmental Fund type.

  With this measurement focus, only current assets and current liabilities and the fund balance are included on the balance sheet. Operating statements of these funds present increases and decreases in net current assets. The modified accrual basis of accounting is used for the Governmental Fund types. This basis of accounting recognizes revenues in the accounting period in which they become susceptible to accrual, i.e., both measurable and available, and expenditures in the accounting period in which the fund liability is incurred, if measurable, except for unmatured interest on General Long-Term Debt, which is recognized when due, and certain compensated absences and claims and judgments, which are recognized when the obligations are expected to be liquidated with expendable available financial resources.

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

- The period of availability for federal grant funds for the purpose of liquidation of outstanding obligations made on or before the ending date of the federal project period extended 30 days beyond the federal project period ending date, in accordance with provisions in Section H, Period of Availability of Federal Funds, Part 3, OMB Circular A-133 Compliance Statement - Provisional 6/97.

- CFDA number 10.550 pertains to food commodities distributed by USDA under the following categorical programs (as applicable): the National School Lunch Program (CFDA 10.555), the Child and Adult Care Food Program (CFDA 10.558), the Summer Food Service Program (CFDA 10.559), the Commodity Supplemental Food Program (CFDA 10.565), and the Food Distribution Program on Indian Reservations (CFDA 10.567). USDA deleted this number from the CFDA on May 6, 2008. The audit covering Tyler Independent School District fiscal year beginning September 1 2014, and future audits, will therefore identify commodity assistance by the CFDA numbers of the programs under which USDA donated the commodities.