

ALTO INDEPENDENT SCHOOL DISTRICT  
Alto, Texas

ANNUAL FINANCIAL REPORT

For the Year Ended August 31, 2016

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INTRODUCTORY SECTION

ALTO INDEPENDENT SCHOOL DISTRICT  
CERTIFICATE OF BOARD  
August 31, 2016

Alto Independent School District  
Name of School District

Cherokee  
County

037-901  
Co.-Dist. Number

We, the undersigned, certify that the attached annual financial reports of the above-named school district were reviewed and (check one)  approved  disapproved for the year ended August 31, 2016, at a meeting of the Board of Trustees of such school district on the 14 day of November.

  
Signature of Board Secretary

  
Signature of Board President

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

FINANCIAL SECTION

INDEPENDENT AUDITORS' REPORT

Board of Trustees  
Alto Independent School District  
Alto, Texas

**Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Alto Independent School District ("the District"), as of and for the year ended August 31, 2016, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

***Management's Responsibility for the Financial Statements***

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

***Auditor's Responsibility***

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

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

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

***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the District as of August 31, 2016, and the respective changes in financial position, thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 8-12 and 36 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 nonmajor fund financial statements, and other supplementary information, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements are fairly stated in all material respects in relation to the basic financial statements as a whole.

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

## **Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated November 14, 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 on page 50-51 is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering District's internal control over financial reporting and compliance.

  
CERTIFIED PUBLIC ACCOUNTANTS

Lufkin, Texas  
November 14, 2016

ALTO INDEPENDENT SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS

This section of Alto Independent School District's annual financial report presents our discussion and analysis of the District's financial performance during the fiscal year ended August 31, 2016. Please read it in conjunction with the District's financial statements, which follow this section.

**FINANCIAL HIGHLIGHTS**

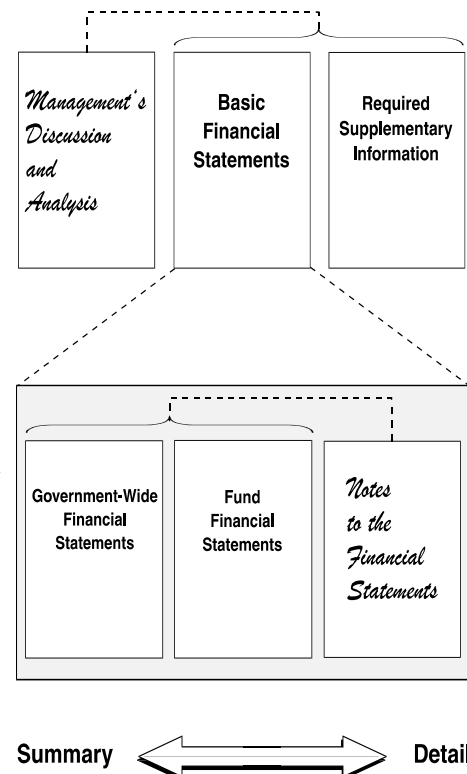
- The District's total combined net position was \$5,089,723 at August 31, 2016.
- During the year, the District's expenses were \$215,960 less than the \$7,608,464 generated in taxes and other revenues for governmental activities.
- The fund balance of the general fund is \$1,973,030 which increased \$364,163 from the prior year.

**OVERVIEW OF THE FINANCIAL STATEMENTS**

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

- The first two statements are *government-wide financial statements* that provide both *long-term* and *short-term* information about the District's overall financial status.
- The remaining statements are *fund financial statements* that focus on *individual parts* of the government, reporting the District's operations in more detail than the government-wide statements.
- *The governmental funds* statements tell how *general government* services were financed in the *short term* as well as what remains for future spending.
- *Fiduciary fund* statements provide information about the financial relationships in which the District acts solely as a *trustee or agent* for the benefit of others, to whom the resources in question belong.

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



The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data. The statements are followed by a section of *required supplementary information* that further explains and supports the information in the financial statements. Figure A-1 shows how the required parts of this annual report are arranged and related to one another.



## Government-wide Statements

The government-wide statements report information about the District as a whole using accounting methods similar to those used by private-sector companies. The statement of net position includes all of the government's assets and liabilities. All of the current year's revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid. The two government-wide statements report the District's net position and how they have changed. Net position - the difference between the District's assets and liabilities - is one way to measure the District's financial health or position.

- Over time, increases or decreases in the District's net position are an indicator of whether its financial health is improving or deteriorating, respectively.
- To assess the overall health of the District, one needs to consider additional non-financial factors such as changes in the District's tax base.

The government-wide financial statements of the District include the governmental activities of the District. These are the basic services such as instruction, extracurricular activities, curriculum and staff development, health services, and administration. Property taxes, state aid, and federal grants finance most of these activities.

## Fund Financial Statements

The fund financial statements provide more detailed information about the District's most significant *funds* - not the District as a whole. Funds are accounting devices that the District uses to keep track of specific sources of funding and spending for particular purposes.

- Some funds are required by State law and by bond covenants.
- The Board of Trustees establishes other funds to control and manage money for particular purposes or to show that it is properly using certain taxes and grants.

The District has two kinds of funds:

**Governmental funds** - Most of the District's basic services are included in governmental funds, which focus on (1) how *cash and other financial assets* that can be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental fund statements provide a detailed *short-term* view that helps determine whether there are more or fewer financial resources that can be spent in the future to finance the District's programs. Because this information does not encompass the additional long-term focus of the government-wide statements, we provide additional information at the bottom of the governmental fund statement, or on the subsequent page, that explains the relationship (or differences) between them.

**Fiduciary funds** - The District is the trustee, or *fiduciary*, for money raised by student activities. The District is responsible for ensuring that the assets reported in these funds are used for their intended purposes. All of the District's fiduciary activities are reported in a separate statement of fiduciary net assets. We exclude these activities from the District's government-wide financial statements because the District cannot use these assets to finance operations.

**FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE**

**Net Position.** The District's combined net position was \$5,089,423 as of August 31. (See Table A-1).

**Table A-1**  
Alto Independent School District's Net Position

	GOVERNMENTAL ACTIVITIES		TOTAL PERCENTAGE CHANGE
	2016	2015	
Current Assets:			
Cash and investments	\$ 2 357 764	\$ 2 021 205	16.65%
Taxes receivable	22 576	19 267	17.17%
Due from other governments	221 235	286 911	(22.89)%
Prepaid expenses	-	83	(100.00)%
TOTAL CURRENT ASSETS	<u>2 601 575</u>	<u>2 327 466</u>	11.78%
Noncurrent Assets:			
Land	221 081	195 396	13.15%
Buildings and improvements, net	6 538 506	6 889 724	(5.10)%
Furniture, vehicles and equipment, net	634 662	519 541	22.16%
TOTAL NONCURRENT ASSETS	<u>7 394 249</u>	<u>7 604 661</u>	(2.77)%
Deferred Outflows:			
Deferred outflows - pension	<u>956 781</u>	<u>314 207</u>	204.5%
TOTAL ASSETS AND DEFERRED OUTFLOWS	<u>10 952 605</u>	<u>10 246 334</u>	6.89%
Current Liabilities:			
Accounts payable and accrued liabilities	583 715	377 242	54.73%
Due within one year	<u>465 000</u>	<u>445 000</u>	4.49%
TOTAL CURRENT LIABILITIES	<u>1 048 715</u>	<u>822 242</u>	66.55%
Long-Term Liabilities:			
Due in more than one year	<u>4 590 306</u>	<u>4 377 132</u>	4.87%
TOTAL LIABILITIES	<u>5 639 021</u>	<u>5 199 374</u>	8.79%
Deferred Inflows:			
Deferred inflows - Pension	<u>224 161</u>	<u>173 497</u>	29.2%
TOTAL LIABILITIES AND DEFERRED INFLOWS	<u>5 863 182</u>	<u>5 372 871</u>	8.46%
Net Position:			
Invested in capital assets	3 356 330	3 246 347	3.39%
Restricted	271 369	429 856	(36.87)%
Unrestricted	<u>1 461 724</u>	<u>1 197 260</u>	22.09%
TOTAL NET POSITION	<u>\$ 5 089 423</u>	<u>\$ 4 873 463</u>	4.43%

**Changes in Net Position.** The District's total revenues were \$7,608,464. A significant portion, 22 percent, of the District's revenue comes from taxes. (See Figure A-3) 69 percent comes from state aid - formula grants, while only 10 percent relates to operating grants.

The total cost of all programs and services was \$7,392,504; 58 percent of these costs are for instructional and student services.

**Table A-2**  
Changes in Alto School District's Net Position

	GOVERNMENTAL ACTIVITIES		TOTAL PERCENTAGE CHANGE
	2016	2015	
Program Revenues:			
Charges for services	\$ 42 153	\$ 47 380	(11.03)%
Operating grants and contributions	617 028	710 057	(13.10)%
General Revenues:			
Property taxes	1 639 577	1 645 957	(0.39)%
State aid - Formula	5 220 797	4 843 392	7.79%
Investment earnings	6 872	1 409	387.72%
Other	82 037	59 487	37.91%
TOTAL REVENUES	<u>7 608 464</u>	<u>7 307 682</u>	4.12%
Instruction	4 296 564	3 947 014	8.86%
Instructional resources and media services	80 360	71 633	12.18%
Curriculum development and instructional staff development	16 745	28 736	(41.73)%
Instructional leadership	20 264	20 375	(0.54)%
School leadership	416 604	382 195	9.00%
Guidance, counseling and evaluation	110 701	106 147	4.29%
Health services	56 326	46 746	20.49%
Student transportation	224 222	252 566	(11.22)%
Food services	432 662	348 299	24.22%
Curricular/extracurricular activities	472 643	460 074	2.73%
General administration	365 985	353 437	3.55%
Plant maintenance and operations	486 284	559 163	(13.03)%
Security and monitoring services	22 321	42 409	(47.37)%
Data processing	23 757	21 261	11.74%
Interest and fees on long term debt	108 740	159 182	(31.69)%
Bond issuance costs and fees	125 452	749	16 649.27%
Payments to related SSA's	95 884	82 821	15.77%
Other intergovernmental charges	36 990	36 395	1.63%
TOTAL EXPENSES	<u>7 392 504</u>	<u>6 919 202</u>	6.84%
INCREASE IN NET POSITION	\$ <u>215 960</u>	\$ <u>388 480</u>	(44.41)%

- The cost of all *governmental* activities this year was \$7,392,504.
- However, the amount that our taxpayers paid for these activities through property taxes was \$1,639,577.
- Some of the cost was paid by those who directly benefited from the programs \$42,153 or by grants and contributions of \$617,028.

**General Fund Budgetary Highlights**

The District's budget compared to actual expenditures was \$135,940 under final budget amounts. The District expects no significant changes to the budget for the 2016-17 year.

## CAPITAL ASSETS AND DEBT ADMINISTRATION

### Capital Assets

At the end of 2016, the District had invested \$7,394,249 in a broad range of capital assets, including land, equipment, buildings, and vehicles (See Table A-3). This amount represents a net decrease (including additions and deductions, and depreciation) of \$210,412 over last year.

**Table A-3**  
District's Capital Assets

	GOVERNMENTAL ACTIVITIES		TOTAL PERCENTAGE CHANGE
	2016	2015	
Land	\$ 221 081	\$ 195 396	13.15%
Buildings and improvements	12 536 065	12 522 905	0.11%
Vehicles and equipment	1 724 071	1 494 407	15.37%
TOTALS AT HISTORICAL COST	14 481 217	14 212 708	%
TOTAL ACCUMULATED DEPRECIATION	(7 086 968)	(6 608 047)	7.25%
NET CAPITAL ASSETS	\$ 7 394 249	\$ 7 604 661	(2.77)%

More detailed information about the District's capital assets is presented in the notes to the financial statements.

### Long-term Liabilities

At year-end the District had \$3,790,000 in general obligation bonds outstanding and \$1,265,306 in net pension liability as shown in Table A-4. More detailed information about the District's long-term liabilities is presented in the notes to the financial statements.

**Table A-4**  
District's Long-term Liabilities

	GOVERNMENTAL ACTIVITIES		TOTAL PERCENTAGE CHANGE
	2016	2015	
General obligation bonds	\$ 3 790 000	\$ 4 255 000	(10.93)%
Net pension liability	1 265 306	567 132	123.11%
TOTAL LONG-TERM LIABILITIES	\$ 5 055 306	\$ 4 822 132	4.84%

## ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

- General operating fund spending per student is not expected to change significantly in the 2016-2017 school year.
- The District does not expect any significant change in the 2016 refined average daily attendance.

These indicators were taken into account when adopting the general fund budget for 2016. The District will use current resources to finance programs we currently offer.

The District has added no major new programs or initiatives to the 2016-2017 budget.

## CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the District's Business Office.

BASIC FINANCIAL STATEMENTS

ALTO INDEPENDENT SCHOOL DISTRICT  
STATEMENT OF NET POSITION  
August 31, 2016

EXHIBIT A-1

DATA CONTROL CODES		1 GOVERNMENTAL ACTIVITIES
	ASSETS	
1110	Cash and cash equivalents	\$ 2 077 358
1120	Investments	280 406
1225	Property taxes receivable (net allowance of \$90,303)	22 576
1240	Due from other governments	221 235
	Capital Assets:	
1510	Land	221 081
1520	Buildings and improvements, net	6 538 506
1530	Furniture and equipment, net	<u>634 662</u>
1000	TOTAL ASSETS	<u>9 995 824</u>
	Deferred Outflows:	
1705	Deferred outflows - Pension	<u>956 781</u>
	TOTAL DEFERRED OUTFLOWS	<u>956 781</u>
	TOTAL ASSETS AND DEFERRED OUTFLOWS	<u>10 952 605</u>
	LIABILITIES	
	Current Liabilities:	
2110	Accounts payable	33 692
2140	Interest payable	3 893
2150	Payroll and withholding payable	70 114
2165	Accrued liabilities	228 097
2501	Due within one year	465 000
2516	Premium on issuance of bond	247 919
	Noncurrent Liabilities:	
2502	Due in more than one year	3 325 000
2540	Net pension liability	<u>1 265 306</u>
2000	TOTAL LIABILITIES	<u>5 639 021</u>
	Deferred Inflows:	
2300	Deferred inflows - Pension	<u>224 161</u>
	TOTAL LIABILITIES AND DEFERRED INFLOWS	<u>5 863 182</u>
	NET POSITION	
3200	Investment in capital assets, net of related debt	3 356 330
	Restricted for:	
3820	Federal and state programs	199 168
3850	Debt service	72 201
3900	Unrestricted	<u>1 461 724</u>
3000	TOTAL NET POSITION	<u>\$ 5 089 423</u>

The accompanying notes are an integral part of this statement.

ALTO INDEPENDENT SCHOOL DISTRICT  
STATEMENT OF ACTIVITIES  
For the Year Ended August 31, 2016

EXHIBIT B-1

DATA CONTROL CODES	FUNCTIONS/PROGRAMS	1 EXPENSES	PROGRAM REVENUES		NET (EXPENSE) REVENUE AND CHANGES IN NET POSITION GOVERNMENTAL ACTIVITIES
			3 CHARGES FOR SERVICES	4 OPERATING GRANTS AND CONTRIBUTIONS	
	Governmental Activities:				
11	Instruction	\$ 4 296 564	\$ -	\$ 298 527	\$ (3 998 037)
12	Instruction resources and media services	80 360	-	-	(80 360)
13	Curriculum and staff development	16 745	-	16 020	(725)
21	Instructional leadership	20 264	-	7 355	(12 909)
23	School leadership	416 604	-	-	(416 604)
31	Guidance, counseling, and evaluation services	110 701	-	-	(110 701)
33	Health services	56 326	-	-	(56 326)
34	Student transportation	224 222	-	5 049	(219 173)
35	Food services	432 662	9 619	288 777	(134 266)
36	Cocurricular/extracurricular activities	472 643	32 534	-	(440 109)
41	General administration	365 985	-	1 300	(364 685)
51	Plant maintenance and operations	486 284	-	-	(486 284)
52	Security and monitoring services	22 321	-	-	(22 321)
53	Data processing services	23 757	-	-	(23 757)
72	Interest on long-term debt	108 740	-	-	(108 740)
73	Bond issuance costs and fees	125 452	-	-	(125 452)
93	Payments related to shared services arrangements	95 884	-	-	(95 884)
99	Other intergovernmental charges	36 990	-	-	(36 990)
TG	TOTAL GOVERNMENTAL ACTIVITIES	<u>7 392 504</u>	<u>42 153</u>	<u>617 028</u>	<u>(6 733 323)</u>
TP	TOTAL PRIMARY GOVERNMENT	<u>\$ 7 392 504</u>	<u>\$ 42 153</u>	<u>\$ 617 028</u>	<u>(6 733 323)</u>
	General Revenues:				
MT	Property taxes, levied for general purposes				1 298 948
DT	Property taxes, levied for debt service				340 629
IE	Investment earnings				6 872
GC	Grants and contributions not restricted to specific programs				5 220 797
MI	Miscellaneous				82 037
TR	TOTAL GENERAL REVENUES				<u>6 949 283</u>
CN	CHANGE IN NET POSITION				215 960
NB	Net position - Beginning				<u>4 873 463</u>
NE	NET POSITION - ENDING				<u>\$ 5 089 423</u>

The accompanying notes are an integral part of this statement.

ALTO INDEPENDENT SCHOOL DISTRICT  
BALANCE SHEET - GOVERNMENTAL FUNDS  
August 31, 2016

EXHIBIT C-1

DATA CONTROL CODES		10 GENERAL FUND	OTHER GOVERNMENTAL FUNDS	98 TOTAL FUNDS
	ASSETS			
1110	Cash and cash investments	\$ 2 073 266	\$ 4 092	\$ 2 077 358
1120	Investments	-	280 406	280 406
1225	Taxes receivable, net	17 875	4 701	22 576
1240	Due from other governments	202 343	18 892	221 235
1000	TOTAL ASSETS	2 293 484	308 091	2 601 575
	DEFERRED OUTFLOWS			
1705	Deferred outflows	-	-	-
	TOTAL ASSETS AND DEFERRED OUTFLOWS	\$ 2 293 484	\$ 308 091	\$ 2 601 575
	LIABILITIES AND FUND BALANCE			
	Current Liabilities:			
2110	Accounts payable	\$ 27 428	\$ 6 264	\$ 33 692
2150	Payroll and withholding payable	70 114	-	70 114
2160	Accrued wages payable	205 036	21 072	226 108
2210	Accrued expenses	-	1 989	1 989
2000	TOTAL LIABILITIES	302 578	29 325	331 903
	DEFERRED INFLOWS			
2300	Unearned revenue	17 876	4 701	22 577
	TOTAL LIABILITIES AND DEFERRED INFLOWS	320 454	34 026	354 480
	Fund Balances:			
	Restricted:			
3450	State/Federal grants	-	199 168	199 168
3480	Retirement of long-term debt	-	72 201	72 201
3490	Capital projects	-	2 696	2 696
3550	Assigned - Construction	435 000	-	435 000
3600	Unassigned	1 538 030	-	1 538 030
3000	TOTAL FUND BALANCE	1 973 030	274 065	2 247 095
4000	TOTAL LIABILITIES DEFERRED INFLOWS AND FUND BALANCE	\$ 2 293 484	\$ 308 091	\$ 2 601 575

The accompanying notes are an integral part of this statement.



ALTO INDEPENDENT SCHOOL DISTRICT  
RECONCILIATION OF THE GOVERNMENTAL FUNDS  
BALANCE SHEET TO THE STATEMENT OF NET POSITION  
August 31, 2016

EXHIBIT C-1R

TOTAL FUND BALANCES - GOVERNMENTAL FUNDS BALANCE SHEET	\$ 2 247 095
Amounts Reported for Governmental Activities in the Statement of Net Position are Different Because:	
Capital assets used in governmental activities are not reported in the funds.	7 394 249
Property taxes receivable unavailable to pay for current period expenditures are deferred in the funds.	22 577
Payables for bond principal which are not due in the current period are not reported in the funds.	(4 037 919)
Payables for bond interest which are not due in the current period are not reported in the funds.	(3 893)
Some Liabilities, Including Net Pension Obligations, are not Due and Payable in the Current Period and, therefore, are not reported in the Funds:	
Net pension liability (from pension schedule)	(1 265 306)
Deferred Outflows and Inflows or Resources Related to Pensions are Applicable to Future Periods and therefore, are not Reported in the Funds:	
Deferred outflows of resources related to pensions	956 781
Deferred inflows of resources related to pensions (from pension schedule)	<u>(224 161)</u>
NET ASSETS OF GOVERNMENTAL ACTIVITIES - STATEMENT OF NET POSITION	<u>\$ 5 089 423</u>

The accompanying notes are an integral part of this statement.

ALTO INDEPENDENT SCHOOL DISTRICT  
STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES -  
GOVERNMENTAL FUNDS  
For the Year Ended August 31, 2016

EXHIBIT C-2

DATA CONTROL CODES		10  GENERAL FUND	OTHER GOVERN- MENTAL FUNDS	98  TOTAL GOVERN- MENTAL FUNDS
	Revenues:			
5700	Local and intermediate sources	\$ 1 408 140	\$ 359 190	\$ 1 767 330
5800	State program revenues	4 892 969	339 061	5 232 030
5900	Federal program revenues	81 592	524 203	605 795
5020	TOTAL REVENUES	6 382 701	1 222 454	7 605 155
	Expenditures:			
	Current:			
0011	Instruction	3 646 941	296 646	3 943 587
0012	Instructional resources and media services	75 583	-	75 583
0013	Curriculum and staff development	725	16 020	16 745
0021	Instructional leadership	12 909	7 355	20 264
0023	School leadership	402 658	-	402 658
0031	Guidance, counseling and evaluation services	107 184	-	107 184
0033	Health services	55 994	-	55 994
0034	Student transportation	256 193	5 049	261 242
0035	Food services	-	497 343	497 343
0036	Cocurricular/extracurricular activities	423 402	-	423 402
0041	General administration	347 936	1 300	349 236
0051	Plant maintenance and operations	487 076	-	487 076
0052	Security and monitoring services	20 717	1 604	22 321
0053	Data processing services	20 442	-	20 442
0071	Principal on long-term debt	-	445 000	445 000
0072	Interest on long-term debt	-	111 996	111 996
0073	Bond issuance costs and fees	-	120 654	120 654
0081	Capital outlay	25 685	-	25 685
0093	Payments to SSA	95 884	-	95 884
0099	Other intergovernmental charges	36 990	-	36 990
6030	TOTAL EXPENDITURES	6 016 319	1 502 967	7 519 286
1100	EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	366 382	(280 513)	85 869
	Other Financing Sources:			
7911	Proceeds from bond issue	-	3 325 000	3 325 000
7916	Premium on bond issue	-	247 919	247 919
8949	Payment to escrow	-	(3 453 111)	(3 453 111)
7915	Transfers in	20 085	22 304	42 389
8911	Transfers out	(22 304)	(20 085)	(42 389)
	TOTAL OTHER FINANCING SOURCES	(2 219)	(20 085)	119 808
1200	NET CHANGE IN FUND BALANCES	364 163	(158 486)	205 677
0100	Fund balance - Beginning	1 608 867	432 551	2 041 418
3000	FUND BALANCE - ENDING	\$ 1 973 030	\$ 274 065	\$ 2 247 095

The accompanying notes are an integral part of this statement.

ALTO INDEPENDENT SCHOOL DISTRICT  
RECONCILIATION OF THE STATEMENT OF REVENUES,  
EXPENDITURES, AND CHANGES IN FUND BALANCES OF  
GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES  
For the Year Ended August 31, 2016

EXHIBIT C-3

NET CHANGE IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS	\$	205 677
Amounts Reported for Governmental Activities in the Statement of Activities ("SOA") are Different Because:		
The depreciation of capital assets used in governmental activities is not reported in the funds.		(478 921)
Capital outlays are not reported as expenses in the SOA.		268 509
Certain property tax revenues are deferred in the funds. This is the change in these amounts this year.		3 309
Repayment of bond principal is an expenditure in the funds but is not an expense in the SOA.		445 000
(Increase) decrease in accrued interest, issue cost and premium from beginning of period to end of period.		(121 349)
Governmental funds report District pension contributions as expenditures in the government wide statements the cost of pension benefits earned net of employee contributions is reported as pension expense.		(106 264)
Rounding		<u>(1)</u>
CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES - STATEMENT OF ACTIVITIES	\$	<u><u>215 960</u></u>

The accompanying notes are an integral part of this statement.

ALTO INDEPENDENT SCHOOL DISTRICT  
STATEMENT OF FIDUCIARY NET POSITION  
FIDUCIARY FUNDS  
August 31, 2016

EXHIBIT E-1

DATA CONTROL CODES		AGENCY FUNDS
	ASSETS	
1110	Cash and cash equivalents	\$ 48 257
1000	TOTAL ASSETS	<u>\$ 48 257</u>
	LIABILITIES	
	Current Liabilities:	
2190	Due to student groups	\$ 48 257
2000	TOTAL LIABILITIES	<u>\$ 48 257</u>

The accompanying notes are an integral part of this statement.

ALTO INDEPENDENT SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
August 31, 2016

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Reporting Entity

The Board of School Trustees ("Board"), a seven-member group, has governance responsibilities over all activities related to public elementary and secondary education within the jurisdiction of the District. The Board is elected by the public and has the exclusive power and duty to govern and oversee the management of the public schools of the District. All powers and duties not specifically delegated by statute to the Texas Education Agency ("TEA") or to the State Board of Education are reserved for the Board, and the TEA may not substitute its judgment for the lawful exercise of those powers and duties by the Board. The District receives funding from local, state and federal government sources and must comply with the requirements of those funding entities. However, the District is not included in any other governmental "reporting entity" as defined by the GASB in its Statement No. 14, "The Financial Reporting Entity" and there are no component units included within the reporting entity.

B. Basis of Presentation, Basis of Accounting

Basis of Presentation:

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

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

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

The District reports the following major governmental funds:

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

In addition, the District reports the following fund types:

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

ALTO INDEPENDENT SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED  
August 31, 2016

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Measurement Focus, Basis of Accounting:

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

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

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

Fund Balance:

GASB Statement No. 54, "Fund Balance Reporting and Governmental Fund Type Definitions" 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 and prepaid expense) 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 District itself, using its highest level of decision-making authority (i.e., School Board). To be reported as committed, amounts cannot be used for any other purpose unless the District takes the same highest level action to remove or change the constraint.
- Assigned fund balance - amounts the District intends to use for a specific purpose. Intent can be expressed by the School Board or by an official or body to which the School Board delegates the authority.
- Unassigned fund balance - amounts that are available for any purpose. Positive amounts are reported only in the general fund.

ALTO INDEPENDENT SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED  
August 31, 2016

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

The School Board establishes (and modifies or rescinds) fund balance commitments by passage of an ordinance or 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). Assigned fund balance is established by School Board through adoption or amendment of the budget as intended for specific purpose (such as the purchase of fixed assets, construction, debt service, or for other purposes).

Deferred Outflows/Inflows of Resources:

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position or fund balance that applies to a future period(s) and thus, will not be recognized as an outflow of resources (expense/expenditure) until then.

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

C. Financial Statement Amounts

Property Taxes:

Property taxes are levied by October 1 on the assessed value listed as of the prior January 1 for all real and business personal property in conformity with Subtitle E, Texas Property Tax Code. Taxes are due on receipt of the tax bill and are delinquent if not paid before February 1 of the year following the year in which imposed. On January 1 of each year, a tax lien attaches to property to secure the payment of all taxes penalties, and interest ultimately imposed. Property tax revenues are considered available (1) when they become due or past due and receivable within the current period and (2) when they are expected to be collected during a 60-day period after the close of the fiscal year.

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

Inventories and Prepaid Items:

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

Capital Assets:

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

ALTO INDEPENDENT SCHOOL DISTRICT  
 NOTES TO THE FINANCIAL STATEMENTS - CONTINUED  
 August 31, 2016

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

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

ASSET CLASS	ESTIMATED USEFUL LIVES
Buildings	15-30
Improvements (including infrastructure)	15-30
Transportation equipment	5-10
Furniture, fixtures and equipment	5-10

Receivable and Payable Balances:

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

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

Interfund Activity:

Interfund activity results from loans, services provided, reimbursements or transfers between funds. Loans are reported as interfund receivables and payables as appropriate and are subject to elimination upon consolidation. Services provided, deemed to be at market or near market rates, are treated as revenues and expenditures or expenses. Reimbursements occur when one fund incurs a cost, charges the appropriate benefiting fund and reduces its related cost as a reimbursement. All other interfund transactions are treated as transfers. Transfers In and Transfers Out are netted and presented as a single "Transfers" line on the government-wide statement of activities. Similarly, interfund receivables and payables are netted and presented as a single "Internal Balances" line of the government-wide statement of net position.

Use of Estimates:

The preparation of financial statements in conformity with GAAP requires the use of management's estimates, that affect certain reported amounts and disclosures. Actual results could differ from those estimates.

Data Control Codes:

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

Budgetary Data:

The Board of Trustees adopts an annual budget consistent with generally accepted accounting principles for the General Fund, Debt Service Fund, and the Child Nutrition Fund (which is included in the Special Revenue Funds). The District is required to present the adopted and final budgeted revenues and expenditures for each of these funds.

The following procedures are followed in establishing the budgetary data reflected in the budgetary comparison schedules.

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.



ALTO INDEPENDENT SCHOOL DISTRICT  
 NOTES TO THE FINANCIAL STATEMENTS - CONTINUED  
 August 31, 2016

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

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 meeting. Each amendment must have Board approval. As required by law, such amendments are made before the fact, are reflected in the official minutes of the Board, and are not made after the fiscal year end. During the fiscal year ended August 31, 2016, the District did not make any significant budget amendments that increased overall appropriations over the original budget.
4. Each budget is monitored by the business manager at the revenue and expenditure function/object level. Budgeted amounts are amended by the Board. All budget appropriations lapse at year end. At year end, the District exceeded the budget by function as indicated:

	DEBT SERVICE FUND		EXCEEDED BY
0073	Bond issuance costs and fees	\$	119 654
	CHILD NUTRITION FUND		
0051	Plant maintenance and operations	\$	1 604

5. Encumbrances for goods or purchased services are documented by the purchase order or contracts. Under Texas law, appropriations lapse at August 31, and encumbrances outstanding at that time are to be either canceled or appropriately provided for in the subsequent year's budget. The District did not have any outstanding encumbrances as of August 31, 2016 that were to be provided for in the 2016-2016 budget.

Subsequent Events:

Management has evaluated subsequent events through November 14, 2016, the date the financial statements were available to be issued.

NOTE 2 - DEPOSITS AND INVESTMENTS

A. Deposits and Investments

Legal and Contractual Provisions Governing Deposits and Investments

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

At August 31, the bank amount of the District's deposits (cash, certificates of deposit, and interest-bearing savings accounts included in temporary investments) was \$213,264.

ALTO INDEPENDENT SCHOOL DISTRICT  
 NOTES TO THE FINANCIAL STATEMENTS - CONTINUED  
 August 31, 2016

NOTE 2 - DEPOSITS AND INVESTMENTS - CONTINUED

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 deposits. 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, the District had the following investments:

NAME	CARRYING AMOUNT	MARKET VALUE
Lone Star Investment Pool	\$ <u>2 205 762</u>	\$ <u>2 205 762</u>

Local government investment pools operate in a manner consistent with the SEC's Rule 2a7 of the Investment Company Act of 1940. Local government investment pools use amortized cost rather than market value to report net assets to compute share prices. Accordingly, the fair value of the position in these pools is the same as the value of the shares in each pool.

Lone Star Investment Pool was organized in 1991 in conformity with the Interlocal Cooperation Act, Chapter 791 of the Texas Government Code, and the Public Funds Investment Act, Chapter 2256 of the Texas Government Code. The Pool is administered by First Public, formerly known as Texas Association of School Boards Financial Services. Lone Star investment Pool is governed by an 11-member board, all of whom are participants in the Pool. An independent, third-party investment consultant reports directly to the Board of Trustees. The independent consultant, RBC Dain Rauscher, Inc., Dallas, Texas, reviews the daily operations of the Pool, analyzes all investment transactions for compliance with the Investment Policy, monitors activities of the custodian bank, and compares the investment advisor's performance with benchmarks and a peer group of similarly managed funds. The Pool also employs an independent, third-party bank, The Bank of New York, headquartered in New York, New York, to perform custody and valuation services. The Lone Star Investment Pool is subject to annual review by an independent auditor consistent with the Public Funds Investment Act. Ernst & Young, 700 Lavaca Street, Suite 1400, Austin, Texas 78701, performs the annual audit.

Policies Governing Deposits and Investments

In compliance with the Public Funds Investment Act, the District has adopted a deposit and investment policy. That policy does address the following risks:

**Custodial Credit Risk - Deposits:** This is the risk that in the event of bank failure, the District's deposits may not be returned to it. The District was not exposed to custodial credit risk since its deposits at year-end were covered by depository insurance or by pledged collateral held by the District's agent bank in the District's name.

**Custodial Credit Risk - Investments:** This is the risk that, in the event of the failure of the counterparty, the District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. Investments are subject to custodial credit risk only if they are evidenced by securities that exist in physical or book entry form; thus, positions in external investment pools are not subject to custodial credit risk because they are not evidenced by securities that exist in physical or book entry form.

ALTO INDEPENDENT SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED  
August 31, 2016

NOTE 2 - DEPOSITS AND INVESTMENTS - CONTINUED

Other Credit Risk - There is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. To minimize credit risk, Lone Star Investment Pool only invests in investments authorized under the Public Funds Investment Act. As of August 31, Lone Star Investment Pool's investment credit quality rating was AAA (Standard & Poor's).

NOTE 3 - CAPITAL ASSETS

Capital asset activity for the period ended August 31, was as follows:

	BEGINNING BALANCES	INCREASES	DECREASES	ENDING BALANCES
Governmental Activities:				
Capital Assets Not Being Depreciated:				
Land	\$ 195 396	\$ 25 685	\$ -	\$ 221 081
TOTAL CAPITAL ASSETS NOT BEING DEPRECIATED	<u>195 396</u>	<u>25 685</u>	<u>-</u>	<u>221 081</u>
Capital Assets Being Depreciated:				
Buildings and improvements	12 522 905	13 160	-	12 536 065
Vehicles and equipment	1 494 407	229 664	-	1 724 071
TOTAL CAPITAL ASSETS BEING DEPRECIATED	<u>14 017 312</u>	<u>242 824</u>	<u>-</u>	<u>14 260 136</u>
Less Accumulated Depreciation for:				
Buildings and improvements	(5 633 181)	(364 378)	-	(5 997 559)
Vehicles and equipment	(974 866)	(114 543)	-	(1 089 409)
TOTAL ACCUMULATED DEPRECIATION DEPRECIATED, NET	<u>(6 608 047)</u>	<u>(478 921)</u>	<u>-</u>	<u>(7 086 968)</u>
TOTAL CAPITAL ASSETS BEING DEPRECIATED, NET	<u>7 409 265</u>	<u>(236 097)</u>	<u>-</u>	<u>7 173 168</u>
GOVERNMENTAL ACTIVITIES CAPITAL ASSETS, NET	<u>\$ 7 604 661</u>	<u>\$ (210 412)</u>	<u>\$ -</u>	<u>\$ 7 394 249</u>

Depreciation was charged to functions as follows:

Instruction	\$ 277 319
Instructional resources and media services	3 785
School leadership	6 228
Guidance, counseling and evaluation services	1 013
Health services	260
Student transportation	65 402
Food services	52 748
Extracurricular activities	45 824
General administration	11 547
Plant maintenance and operations	11 480
Data processing services	3 315
	<u>\$ 478 921</u>

NOTE 4 - LONG-TERM OBLIGATIONS

Long-Term Obligation Activity:

Long-term obligations include debt and other long-term liabilities. Changes in long-term obligations for the period ended August 31 are as follows:

	BEGINNING BALANCE	INCREASES	DECREASES	ENDING BALANCE	AMOUNTS DUE WITHIN ONE YEAR
Governmental Activities:					
General obligation bonds	\$ 4 255 000	\$ -	\$ 465 000	\$ 3 790 000	\$ 465 000
Premium on bond	103 314	144 605	-	247 919	-
TOTAL GOVERNMENTAL ACTIVITIES	<u>\$ 4 358 314</u>	<u>\$ 144 605</u>	<u>\$ 465 000</u>	<u>\$ 4 037 919</u>	<u>\$ 465 000</u>

ALTO INDEPENDENT SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED  
August 31, 2016

NOTE 4 - LONG-TERM OBLIGATIONS - CONTINUED

Debt Service Requirements:

Debt service requirements on long-term debt at August 31 are as follows:

YEAR ENDING AUGUST 31,	GOVERNMENTAL ACTIVITIES		
	PRINCIPAL	INTEREST	TOTAL
2017	\$ 465 000	\$ 89 550	\$ 554 550
2018	500 000	84 550	584 550
2019	520 000	74 350	594 350
2020	535 000	61 125	596 125
2021	565 000	44 625	609 625
2022-2023	1 205 000	36 525	1 241 525
TOTALS	\$ 3 790 000	\$ 390 725	\$ 4 180 725

The refunding bonds payable have an interest rate from 2.0% to 3.0%.

Advanced Refunding:

The District issued \$3,325,000 of unlimited tax refunding bonds to provide resources to purchase U.S. Government State and Local Government Series securities that were placed in an irrevocable trust for the purpose of generating resources for all future debt service payment on the refunded bonds. The net proceeds of \$3,453,973 (after issuance costs of \$115,946, plus premium of \$247,919) were used to advance refund the Unlimited Tax School Building Series 2008 bond with a total principal amount of \$3,345,000 and interest ranging from 3.5% to 5.00%. As a result, the refunded bonds are considered to be defeased and the liability has been removed from the government-wide financial statements.

This advance refunding was undertaken to reduce total debt service payments over the next ten years by \$172,761 and resulted in an economic gain of \$171,560.

EXCERPT FROM GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES

Other Financing Sources (Uses):		
Proceeds of refunding bonds	\$	3 325 000
Payment to refunded bond escrow agent	\$	(3 453 111)

NOTE 5 - RISK MANAGEMENT

The District is exposed to various risks of loss related to torts, theft, damage or destruction of assets, errors and omissions, injuries to employees, and natural disasters. During the fiscal year 2016, the District purchased commercial insurance to cover general liabilities. There were no significant reductions in coverage in the past fiscal year and there were no settlement exceeding insurance coverage for each of the past three fiscal years.

NOTE 6 - PENSION PLAN

A. Plan Description

The District participates in a cost-sharing multiple-employer defined benefit pension plan that has a special funding situation. The plan is administered by the Teacher Retirement System of Texas (TRS). TRS'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.

ALTO INDEPENDENT SCHOOL DISTRICT  
 NOTES TO THE FINANCIAL STATEMENTS - CONTINUED  
 August 31, 2016

NOTE 6 - PENSION PLAN - CONTINUED

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

B. Pension Plan Fiduciary Net Position

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

C. Benefits Provided

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

D. Contributions

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

Employee contribution rates are set in state statute, Texas Government Code 825.402. Senate Bill 1458 of the 83rd Texas Legislature amended Texas Government Code 825.402 for member contributions and established employee contribution rates for fiscal years 2015 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 2016 as discussed in Note 1 of the TRS 2015 CAFR. The 83rd Texas Legislature, General Appropriations Act (GAA) established the employer contribution rates for fiscal years 2015 and 2016.

	CONTRIBUTION RATES	
	2015	2016
Member	6.70%	6.70%
Non-Employer Contributing Entity (State)	6.80%	6.80%
Employers	6.80%	6.80%
 Employer Contributions		\$ 105 990
Member Contributions		\$ 92 909
NECE On-behalf Contributions		\$ 216 218

ALTO INDEPENDENT SCHOOL DISTRICT  
 NOTES TO THE FINANCIAL STATEMENTS - CONTINUED  
 August 31, 2016

NOTE 6 - PENSION PLAN - CONTINUED

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

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

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

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

E. Actuarial Assumptions

The total pension liability in the August 31, 2015 actuarial valuation was determined using the following actuarial assumptions:

Valuation Date	August 31, 2015
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%

ALTO INDEPENDENT SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED  
August 31, 2016

**NOTE 6 - PENSION PLAN - CONTINUED**

The actuarial methods and assumptions are primarily based on a study of actual experience for the four year period ending August 31, 2010 and adopted on April 8, 2011. With the exception of the post-retirement mortality rates for healthy lives and a minor change to the expected retirement age for inactive vested members stemming from the actuarial audit performed in the Summer of 2015, the assumptions and methods are the same as used in the prior valuation. When the mortality assumptions were adopted in 2011 they contained a significant margin for possible future mortality improvement. As of the date of the valuation there has been a significant erosion of this margin to the point that the margin has been eliminated. Therefore, the post-retirement mortality rates for current and future retirees was decreased to add additional margin for future improvement in mortality in accordance with the Actuarial Standards of Practice No. 35.

**F. Discount Rate**

The discount rate used to measure the total pension liability was 8.0%. There was no change in the discount rate since the previous year. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and those of the contributing employers and the non-employer contributing entity are made at the statutorily required rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. The long-term rate of return on pension plan investments is 8.0%. 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, 2015 are summarized below:

ASSET CLASS	TARGET ALLOCATION	REAL RETURN GEOMETRIC BASIS	LONG-TERM EXPECTED PORTFOLIO REAL RATE OF RETURN*
<b>Global Equity</b>			
U.S.	18.0%	7.0%	1.4%
Non-U.S. Developed	13.0%	7.3%	1.1%
Emerging Markets	9.0%	8.1%	0.9%
Directional Hedge Funds	4.0%	5.4%	0.2%
Private Equity	13.0%	9.2%	1.4%
<b>Stable Value</b>			
U.S. Treasuries	11.0%	2.9%	0.3%
Absolute Return	0.0%	4.0%	0.0%
Stable Value Hedge Funds	4.0%	5.2%	0.2%
Cash	1.0%	2.0%	0.0%
<b>Real Return</b>			
Global Inflation Linked Bonds	3.0%	3.1%	0.0%
Real Assets	16.0%	7.3%	1.5%
Energy and Natural Resources	3.0%	8.8%	0.3%
Commodities	0.0%	3.4%	0.0%
<b>Risk Parity</b>			
Risk Parity	5.0%	8.9%	0.4%
Alpha	0.0%		1.0%
<b>Total</b>	<u>100%</u>		<u>8.7%</u>

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

ALTO INDEPENDENT SCHOOL DISTRICT  
 NOTES TO THE FINANCIAL STATEMENTS - CONTINUED  
 August 31, 2016

NOTE 6 - PENSION PLAN - CONTINUED

G. Discount Rate Sensitivity Analysis

The following schedule shows the impact of the Net Pension Liability if the discount rate used was 1% less than and 1% greater than the discount rate that was used (8%) in measuring the 2015 Net Pension Liability.

	1% DECREASE IN DISCOUNT RATE (7.0%)	DISCOUNT RATE (8.0%)	1% INCREASE IN DISCOUNT RATE (9.0%)
District share of the net pension liability	\$ 1 982 495	\$ 1 265 306	\$ 667 931

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

At August 31, 2015, the District reported a liability of \$1,265,306 for its proportionate share of the TRS's net pension liability. This liability reflects a reduction for State pension support provided to the District. The amount recognized by the District as its proportionate share of the net pension liability, the related State support, and the total portion of the net pension liability that was associated with the District were as follows:

District proportionate share of the net pension liability	\$ 1 265 306
State's proportionate share that is associated with the District	858 657
TOTAL	\$ 2 123 963

The net pension liability was measured as of August 31, 2015 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportion of the net pension liability was based on the District's contributions to the pension plan relative to the contributions of all employers to the plan for the period September 1, 2014 thru August 31, 2015.

At August 31, 2015 the District's proportion of the collective net pension liability was 0.0036% which was an increase of 0.0015% from its proportion measured as of August 31, 2014. 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 District'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 September 1, 2014. The amount of the expected resultant change in the District's proportion cannot be determined at this time.

For the year ended August 31, 2016, the District recognized pension expense of \$106,234 and revenue of \$216,218 for support provided by the State.



ALTO INDEPENDENT SCHOOL DISTRICT  
 NOTES TO THE FINANCIAL STATEMENTS - CONTINUED  
 August 31, 2016

NOTE 6 - PENSION PLAN - CONTINUED

At August 31, 2016, the District reported its proportionate share of the TRS's deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	DEFERRED OUTFLOWS OF RESOURCES	DEFERRED INFLOWS OF RESOURCES
Differences between expected and actual economic experience	\$ 7 294	\$ 48 627
Changes in actuarial assumptions	30 660	45 141
Difference between projected and actual investment earnings	311 617	130 011
Changes in proportion and difference between the employer's contributions and the proportionate share of contributions	332 790	382
Contributions paid to TRS subsequent to the measurement date (to be calculated by employer)	274 420	-
TOTAL	\$ 956 781	\$ 224 161

The net amounts of the District'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
2017	\$ 82 673
2018	\$ 82 673
2019	\$ 82 673
2020	\$ 126 010
2021	\$ 47 651
Thereafter	\$ 36 519

NOTE 7 - HEALTH CARE COVERAGE

Plan Description - The Alto School District contributes to the Texas Public School Retired Employees Group Insurance Program (TRS-Care), a cost-sharing multiple-employer defined benefit postemployment health care plan administered by the Teacher Retirement System of Texas. TRS-Care Retired Plan provides health care coverage for certain persons (and their dependents) who retired under the Teacher Retirement System of Texas. The statutory authority for the program is Texas Insurance Code, Chapter 1575. Section 1575.052 grants the TRS Board of Trustees the authority to establish and amend basic and optional group insurance coverage for participants. The TRS issues a publicly available financial report that includes financial statements and required supplementary information for TRS-Care. That report may be obtained by visiting the TRS Website at [www.trs.state.tx.us](http://www.trs.state.tx.us), by writing to the Communications Department of the Teacher Retirement System of Texas at 1000 Red River Street, Austin, Texas 78701, or by calling 1.800.223.8778.

ALTO INDEPENDENT SCHOOL DISTRICT  
 NOTES TO THE FINANCIAL STATEMENTS - CONTINUED  
 August 31, 2016

NOTE 7 - HEALTH CARE COVERAGE - CONTINUED

Funding Policy - Contribution requirements are not actuarially determined, but are legally established each biennium by the Texas Legislature. Texas Insurance Code, Sections 1575.202, 203 and 204 establish state, active employee, and public school contributions, respectively. The State of Texas and active public school employee contribution rates were 1.0% and 0.65% of public school payroll, respectively, with school districts contributing a percentage of payroll set at 0.55% for fiscal years 2016, 2015 and 2014. Per Texas Insurance Code, Chapter 1575, the public school contribution may not be less than 0.25% or greater than 0.75% of the salary of each active employee of the public school. The contribution rates and amounts for fiscal years 2016-2014 are shown below:

CONTRIBUTION RATES AND AMOUNTS						
YEAR	MEMBER		STATE		SCHOOL DISTRICT	
	RATE	AMOUNT	RATE	AMOUNT	RATE	AMOUNT
2016	0.65%	\$ 26 231	1.00%	\$ 40 356	0.55%	\$ 22 196
2015	0.65%	\$ 25 672	1.00%	\$ 39 496	0.55%	\$ 21 723
2014	0.65%	\$ 25 273	1.00%	\$ 38 881	0.55%	\$ 21 385

Medicare Prescription Drug, Improvement and Modernization Act of 2003, which was effective January 1, 2006 established prescription drug coverage for Medicare beneficiaries known as Medicare Part D. One of the provisions of Medicare Part D allows for Texas Public School Retiree Employee Group Insurance Program (TRS-Care) to receive retiree drug subsidy payments from the federal government to offset certain prescription drug expenditures for eligible TRS-Care participants. For the fiscal years ended August 31, 2016, 2015 and 2014, the subsidy payments received by TRS-Care on behalf of the District were:

YEAR	AMOUNT
2016	\$ 11 455
2015	\$ 15 787
2014	\$ 10 053

NOTE 8 - COMMITMENTS AND CONTINGENCIES

Contingencies:

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

Litigation:

No reportable litigation was pending against the District at August 31.

Workers Compensation Fund:

The District has joined together with other area districts to form a self-insurance workers' compensation risk pool. Claims administration and processing for the Pool is provided by Claim Administrative Services, Inc. The agreement for the formation of the Pool provides that the Pool will be self sustaining through member premiums and will reinsure through commercial insurance companies for claims in excess of \$225,000 for each insured event, with unlimited aggregate. The Pool contracts with Safety National Casualty Corporation for reinsurance.

The District maintains a bank account that is administered by Claims Administrative Services, Inc. for the payment of claims. The balance of the account at August 31 was \$854. This is less than the claims unpaid at year end.

#### REQUIRED SUPPLEMENTARY INFORMATION

Required supplementary information includes financial information and disclosures required by the Governmental Accounting Standards Board, but not considered a part of the basic financial statements.

ALTO INDEPENDENT SCHOOL DISTRICT  
GENERAL FUND  
BUDGETARY COMPARISON SCHEDULE  
For the Year Ended August 31, 2016

EXHIBIT G-1

DATA CONTROL CODES		BUDGETED AMOUNTS		ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
		ORIGINAL	FINAL		
		BUDGET	BUDGET		
	Revenues:				
5700	Local and intermediate sources	\$ 1 511 996	\$ 1 331 996	\$ 1 408 140	\$ 76 144
5800	State program revenues	4 768 913	4 768 913	4 892 969	124 056
5900	Federal program revenues	68 365	68 365	81 592	13 227
5020	TOTAL REVENUES	<u>6 349 274</u>	<u>6 169 274</u>	<u>6 382 701</u>	<u>213 427</u>
	Expenditures:				
	Current:				
0011	Instruction	3 646 137	3 674 300	3 664 119	10 181
0012	Instructional resources and media services	75 367	75 587	75 583	4
0013	Curriculum and staff development	3 000	3 000	725	2 275
0021	Instructional leadership	15 000	15 000	12 909	2 091
0023	School leadership	403 788	403 788	402 658	1 130
0031	Guidance, counseling and evaluation services	123 556	113 336	107 184	6 152
0033	Health services	51 832	56 032	55 994	38
0034	Student (pupil) transportation	289 277	274 277	256 193	18 084
0036	Cocurricular/extracurricular activities	445 775	445 775	423 402	22 373
0041	General administration	371 343	362 643	347 936	14 707
0051	Plant maintenance and operations	553 464	529 264	487 076	42 188
0052	Security and monitoring services	21 500	21 500	20 717	783
0053	Data processing	21 350	21 350	20 442	908
0081	Capital outlay	-	25 700	25 685	15
0093	Shared service arrangements	95 885	95 885	95 884	1
0099	Other intergovernmental charges	52 000	52 000	36 990	15 010
6030	TOTAL EXPENDITURES	<u>6 169 274</u>	<u>6 169 437</u>	<u>6 033 497</u>	<u>135 940</u>
1100	EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>180 000</u>	<u>(163)</u>	<u>349 204</u>	<u>349 367</u>
	Other Financing Sources (Uses):				
7915	Transfer in	-	-	20 085	20 085
8911	Transfer out	-	-	(22 304)	(22 304)
	TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>-</u>	<u>(2 219)</u>	<u>(2 219)</u>
1200	NET CHANGE IN FUND BALANCES	180 000	(163)	346 985	347 148
0100	Fund balance - Beginning	<u>1 608 867</u>	<u>1 608 867</u>	<u>1 608 867</u>	<u>-</u>
3000	FUND BALANCE - ENDING	<u>\$ 1 788 867</u>	<u>\$ 1 608 704</u>	<u>\$ 1 955 852</u>	<u>\$ 347 148</u>

See independent auditors' report.

ALTO INDEPENDENT SCHOOL DISTRICT  
 SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY  
 TEACHER RETIREMENT SYSTEM  
 LAST TEN FISCAL YEARS\*

EXHIBIT G-2

	2015	2014
District's proportion of the net pension liability (asset)	0.0036%	0.0021%
District's proportionate share of the net pension liability (asset)	\$ 1 265 306	\$ 567 132
State's proportionate share of the net pension liability (asset) associated with the District	858 657	438 793
TOTAL	\$ 2 123 963	\$ 1 005 925
District's covered-employee payroll	\$ 4 035 591	\$ 3 949 563
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	31.40%	14.40%
Plan fiduciary net position as a percentage of the total pension liability	78.43%	83.30%

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

ALTO INDEPENDENT SCHOOL DISTRICT  
 SCHEDULE OF THE DISTRICT CONTRIBUTIONS  
 TEACHER RETIREMENT SYSTEM  
 LAST TEN FISCAL YEARS\*

EXHIBIT G-3

	2015	2014
Contractually required contribution	\$ 106 234	\$ 53 532
Contributions in relation to the contractually required contribution	106 234	53 532
CONTRIBUTION DEFICIENCY (EXCESS)	\$ -	\$ -
District's covered-employee payroll	\$ 4 035 591	\$ 3 949 563
Contributions as a percentage of covered-employee payroll	2.6%	1.4%

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

COMBINING STATEMENTS  
AS SUPPLEMENTARY INFORMATION

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

ALTO INDEPENDENT SCHOOL DISTRICT  
 COMBINING BALANCE SHEET  
 NONMAJOR GOVERNMENTAL FUNDS  
 August 31, 2016

EXHIBIT H-1

DATA CONTROL CODES		SPECIAL REVENUE FUNDS	DEBT SERVICE FUND	CAPITAL PROJECTS FUND	TOTAL NONMAJOR GOVERNMENTAL FUNDS (SEE EXHIBIT C-1)
	ASSETS				
1110	Cash	\$ -	\$ 4 092	\$ -	\$ 4 092
1120	Investments	209 601	68 109	2 696	280 406
1225	Taxes receivable, net	-	4 701	-	4 701
1240	Due from other governments	18 892	-	-	18 892
1000	TOTAL ASSETS	<u>\$ 228 493</u>	<u>\$ 76 902</u>	<u>\$ 2 696</u>	<u>\$ 308 091</u>
	LIABILITIES				
	Current Liabilities:				
2110	Accounts payable	\$ 6 264	\$ -	\$ -	\$ 6 264
2160	Accrued wages payable	21 072	-	-	21 072
2210	Other accrued expenses	1 989	-	-	1 989
2000	TOTAL LIABILITIES	<u>29 325</u>	<u>-</u>	<u>-</u>	<u>29 325</u>
	DEFERRED INFLOWS				
2300	Unearned revenue	-	4 701	-	4 701
	TOTAL LIABILITIES AND DEFERRED INFLOWS	<u>29 325</u>	<u>4 701</u>	<u>-</u>	<u>34 026</u>
	FUND BALANCES				
	Restricted Fund Balances:				
3490	Other restricted of fund balance	199 168	72 201	2 696	274 065
3000	TOTAL FUND BALANCES	<u>199 168</u>	<u>72 201</u>	<u>2 696</u>	<u>274 065</u>
4000	TOTAL LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES	<u>\$ 228 493</u>	<u>\$ 76 902</u>	<u>\$ 2 696</u>	<u>\$ 308 091</u>

See independent auditors' report.



ALTO INDEPENDENT SCHOOL DISTRICT  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND  
 CHANGES IN FUND BALANCES  
 NONMAJOR GOVERNMENTAL FUNDS  
 For the Year Ended August 31, 2016

EXHIBIT H-2

DATA CONTROL CODES		SPECIAL REVENUE FUNDS	DEBT SERVICE FUND	CAPITAL PROJECTS FUND	TOTAL NONMAJOR GOVERNMENTAL FUNDS (SEE EXHIBIT C-2)
Revenues:					
5700	Local and intermediate sources	\$ 9 619	\$ 349 571	\$ -	\$ 359 190
5800	State program revenues	92 825	246 236	-	339 061
5900	Federal program revenues	524 203	-	-	524 203
5020	TOTAL REVENUES	<u>626 647</u>	<u>595 807</u>	<u>-</u>	<u>1 222 454</u>
Expenditures:					
Current:					
0011	Instruction	296 646	-	-	296 646
0013	Curriculum and staff development	16 020	-	-	16 020
0021	Instructional leadership	7 355	-	-	7 355
0034	Student transportation	5 049	-	-	5 049
0035	Food service	497 343	-	-	497 343
0041	General administration	1 300	-	-	1 300
0051	Plant maintenance and operations	1 604	-	-	1 604
0071	Principal on long-term debt	-	445 000	-	445 000
0072	Interest on long-term debt	-	111 996	-	111 996
0073	Bond issuance cost and fees	-	120 654	-	120 654
6030	TOTAL EXPENDITURES	<u>825 317</u>	<u>677 650</u>	<u>-</u>	<u>1 502 967</u>
1100	EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(198 670)</u>	<u>(81 843)</u>	<u>-</u>	<u>(280 513)</u>
Other Financing Sources:					
7911	Proceeds from bond issue	-	3 325 000	-	3 325 000
7916	Premium on bond issue	-	247 919	-	247 919
8949	Payment to escrow	-	(3 453 111)	-	(3 453 111)
7915	Transfers in	22 304	-	-	22 304
8911	Transfers out	(20 085)	-	-	(20 085)
	TOTAL OTHER FINANCING SOURCES	<u>2 219</u>	<u>119 808</u>	<u>-</u>	<u>122 027</u>
1200	NET CHANGE IN FUND BALANCES	(196 451)	37 965	-	(158 486)
0100	Fund balances - Beginning	<u>395 619</u>	<u>34 236</u>	<u>2 696</u>	<u>432 551</u>
3000	FUND BALANCES - ENDING	<u>\$ 199 168</u>	<u>\$ 72 201</u>	<u>\$ 2 696</u>	<u>\$ 274 065</u>

See independent auditors' report.

ALTO INDEPENDENT SCHOOL DISTRICT  
 COMBINING BALANCE SHEET  
 NONMAJOR SPECIAL REVENUE FUNDS  
 August 31, 2016

DATA CONTROL CODES	ASSETS	211 ESEA TITLE I IMPROVING BASIC PROGRAMS	224 IDEA B FORMULA	225 IDEA B PRESCHOOL	240 NATIONAL SCHOOL BREAKFAST/ LUNCH PROGRAM
1120	Investments	\$ 12 251	\$ (17 446)	\$ -	\$ 82 658
1242	Due from other governments	-	18 892	-	-
1000	TOTAL ASSETS	<u>\$ 12 251</u>	<u>\$ 1 446</u>	<u>\$ -</u>	<u>\$ 82 658</u>
LIABILITIES					
Current Liabilities:					
2110	Accounts payable	\$ -	\$ -	\$ -	\$ 4 077
2160	Accrued wages payable	10 301	1 429	-	6 431
2210	Other accrued expenses	1 950	17	-	7
2000	TOTAL LIABILITIES	<u>12 251</u>	<u>1 446</u>	<u>-</u>	<u>10 515</u>
FUND BALANCES					
Restricted Fund Balances:					
3490	Other restricted fund balance	-	-	-	72 143
3000	TOTAL FUND BALANCES	<u>-</u>	<u>-</u>	<u>-</u>	<u>72 143</u>
4000	TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 12 251</u>	<u>\$ 1 446</u>	<u>\$ -</u>	<u>\$ 82 658</u>

See independent auditor's report.

242	255	270	410	429	TOTAL
SUMMER FEEDING PROGRAM	ESEA TITLE II TRAINING AND RECRUITING	TITLE VI, PART B RURAL AND LOW INCOME SCHOOL	TEXTBOOK FUND	MATH ACHIEVEMENT ACADEMICS	NONMAJOR SPECIAL REVENUE FUNDS (SEE EXHIBIT H-1)
\$ 5 471	\$ 116 462	\$ 2 731	\$ 6 424	\$ 1 050	\$ 209 601
-	-	-	-	-	18 892
<u>\$ 5 471</u>	<u>\$ 116 462</u>	<u>\$ 2 731</u>	<u>\$ 6 424</u>	<u>\$ 1 050</u>	<u>\$ 228 493</u>
\$ -	\$ -	\$ -	\$ 2 187	\$ -	\$ 6 264
-	2 911	-	-	-	21 072
-	15	-	-	-	1 989
<u>-</u>	<u>2 926</u>	<u>-</u>	<u>2 187</u>	<u>-</u>	<u>29 325</u>
<u>5 471</u>	<u>113 536</u>	<u>2 731</u>	<u>4 237</u>	<u>1 050</u>	<u>199 168</u>
<u>5 471</u>	<u>113 536</u>	<u>2 731</u>	<u>4 237</u>	<u>1 050</u>	<u>199 168</u>
<u>\$ 5 471</u>	<u>\$ 116 462</u>	<u>\$ 2 731</u>	<u>\$ 6 424</u>	<u>\$ 1 050</u>	<u>\$ 228 493</u>

ALTO INDEPENDENT SCHOOL DISTRICT  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN  
 FUND BALANCES - NONMAJOR SPECIAL REVENUE FUNDS  
 For the Year Ended August 31, 2016

DATA CONTROL CODES	211 ESEA TITLE I IMPROVING BASIC PROGRAMS	224 IDEA B FORMULA	225 IDEA B PRESCHOOL	240 NATIONAL SCHOOL BREAKFAST/ LUNCH PROGRAM	
Revenues:					
5700	Local and intermediate services	\$ -	\$ -	\$ -	\$ 9 619
5800	State program revenues	-	-	-	10 334
5900	Federal program revenues	<u>188 080</u>	<u>18 892</u>	<u>336</u>	<u>270 588</u>
5020	TOTAL REVENUES	<u>188 080</u>	<u>18 892</u>	<u>336</u>	<u>290 541</u>
Expenditures:					
Current:					
0011	Instruction	163 109	21 248	336	-
0013	Curriculum and staff development	15 837	-	-	-
0021	Instructional leadership	6 564	-	-	-
0034	Student transportation	5 049	-	-	-
0035	Food service	-	-	-	488 899
0041	General administration	-	-	-	-
0051	Plant maintenance and operations	-	-	-	1 604
6030	TOTAL EXPENDITURES	<u>190 559</u>	<u>21 248</u>	<u>336</u>	<u>490 503</u>
1100	EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(2 479)</u>	<u>(2 356)</u>	<u>-</u>	<u>(199 962)</u>
Other Financing Sources:					
7915	Transfer in	19 948	2 356	-	-
8911	Transfer out	<u>(17 469)</u>	<u>-</u>	<u>-</u>	<u>-</u>
	TOTAL OTHER FINANCING SOURCES	<u>2 479</u>	<u>2 356</u>	<u>-</u>	<u>-</u>
1200	NET CHANGE IN FUND BALANCES	-	-	-	(199 962)
0100	Fund balances - Beginning	<u>-</u>	<u>-</u>	<u>-</u>	<u>272 105</u>
3000	FUND BALANCES ENDING	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 72 143</u>

See independent auditor's report.

242	255	270	410	429	TOTAL
SUMMER FEEDING PROGRAM	ESEA TITLE II TRAINING AND RECRUITING	TITLE VI, PART B RURAL AND LOW INCOME SCHOOL	TEXTBOOK FUND	MATH ACHIEVEMENT ACADEMICS	NONMAJOR SPECIAL REVENUE FUNDS (SEE EXHIBIT H-2)
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 9 619
-	-	-	81 441	1 050	92 825
<u>7 855</u>	<u>38 452</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>524 203</u>
<u>7 855</u>	<u>38 452</u>	<u>-</u>	<u>81 441</u>	<u>1 050</u>	<u>626 647</u>
-	37 365	-	74 588	-	296 646
-	183	-	-	-	16 020
-	791	-	-	-	7 355
-	-	-	-	-	5 049
8 444	-	-	-	-	497 343
-	1 300	-	-	-	1 300
-	-	-	-	-	1 604
<u>8 444</u>	<u>39 639</u>	<u>-</u>	<u>74 588</u>	<u>-</u>	<u>825 317</u>
<u>(589)</u>	<u>(1 187)</u>	<u>-</u>	<u>6 853</u>	<u>1 050</u>	<u>(198 670)</u>
-	-	-	-	-	22 304
-	-	-	<u>(2 616)</u>	-	<u>(20 085)</u>
-	-	-	<u>(2 616)</u>	-	<u>2 219</u>
(589)	(1 187)	-	4 237	1 050	(196 451)
<u>6 060</u>	<u>114 723</u>	<u>2 731</u>	<u>-</u>	<u>-</u>	<u>395 619</u>
\$ <u>5 471</u>	\$ <u>113 536</u>	\$ <u>2 731</u>	\$ <u>4 237</u>	\$ <u>1 050</u>	\$ <u>199 168</u>

#### OTHER SUPPLEMENTARY INFORMATION

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

ALTO INDEPENDENT SCHOOL DISTRICT  
 SCHEDULE OF DELINQUENT TAXES RECEIVABLE  
 For the Year Ended August 31, 2016

YEAR ENDED AUGUST 31,	(1) TAX RATES (2)		(3)
	MAINTENANCE	DEBT SERVICE	ASSESSED/APPRaisal VALUE FOR SCHOOL TAX PURPOSES
2007 and prior years	Various	Various	Various
2008	1.338	0.0500	\$ 126 472 942
2009	1.040	0.0543	\$ 147 664 316
2010	1.040	0.2365	\$ 159 541 571
2011	1.040	0.2444	\$ 145 401 223
2012	1.040	0.2735	\$ 137 104 301
2013	1.040	0.2735	\$ 136 509 937
2014	1.040	0.2735	\$ 125 403 850
2015	1.040	0.2735	\$ 129 502 943
2016 (School year under audit)	1.040	0.2735	\$ 128 950 011
TOTALS			

See independent auditors' report.

EXHIBIT J-1

(10) BEGINNING BALANCE 09/01/2015	(20) CURRENT YEAR'S TOTAL LEVY	(31) MAINTENANCE COLLECTIONS	(32) DEBT SERVICE COLLECTIONS	(40) ENTIRE YEAR'S ADJUSTMENTS	(50) ENDING BALANCE 08/31/2016
\$ 13 499	\$ -	\$ 105	\$ 14	\$ (1)	\$ 13 379
1 518	-	7	-	-	1 511
2 439	-	215	49	-	2 175
4 391	-	375	88	-	3 928
4 857	-	250	66	-	4 541
7 092	-	761	200	(8)	6 123
12 675	-	3 826	1 006	(8)	7 835
15 839	-	5 363	1 410	(9)	9 057
34 035	-	13 407	3 526	(1 202)	15 900
-	1 624 992	1 246 500	327 806	(2 256)	48 430
<u>\$ 96 345</u>	<u>\$ 1 624 992</u>	<u>\$ 1 270 809</u>	<u>\$ 334 165</u>	<u>\$ (3 484)</u>	<u>\$ 112 879</u>



ALTO INDEPENDENT SCHOOL DISTRICT  
CHILD NUTRITION PROGRAM  
BUDGETARY COMPARISON SCHEDULE  
For the Year Ended August 31, 2016

EXHIBIT J-3

DATA CONTROL CODES	1 BUDGETED AMOUNTS		ACTUAL AMOUNTS	3 VARIANCE	
	ORIGINAL			POSITIVE	
	BUDGET	FINAL		(NEGATIVE)	
Revenues:					
5700	Local and intermediate sources	\$ 25 000	\$ 25 000	\$ 9 619	\$ (15 381)
5800	State program revenues	9 196	9 284	10 334	1 050
5900	Federal program revenues	<u>305 934</u>	<u>305 934</u>	<u>270 588</u>	<u>(35 346)</u>
5020	TOTAL REVENUES	<u>340 130</u>	<u>340 218</u>	<u>290 541</u>	<u>(49 677)</u>
Expenditures:					
Current:					
Support Services - Student:					
0035	Food services	340 130	533 451	488 899	44 552
0051	Plant maintenance and operations	<u>-</u>	<u>-</u>	<u>1 604</u>	<u>(1 604)</u>
6030	TOTAL EXPENDITURES	<u>340 130</u>	<u>533 451</u>	<u>490 503</u>	<u>42 948</u>
1200	NET CHANGE IN FUND BALANCE	-	(193 233)	(199 962)	(6 729)
0100	Fund balance - Beginning	<u>272 105</u>	<u>272 105</u>	<u>272 105</u>	<u>-</u>
3000	FUND BALANCE - ENDING	<u>\$ 272 105</u>	<u>\$ 78 872</u>	<u>\$ 72 143</u>	<u>\$ (6 729)</u>

See independent auditors' report.

ALTO INDEPENDENT SCHOOL DISTRICT  
DEBT SERVICE FUND  
BUDGETARY COMPARISON SCHEDULE  
For the Year Ended August 31, 2016

EXHIBIT J-4

DATA CONTROL CODES	1		2	3	
	BUDGETED AMOUNTS		ACTUAL AMOUNTS	VARIANCE POSITIVE (NEGATIVE)	
	ORIGINAL BUDGET	FINAL BUDGET			
Revenues:					
5700	Local and intermediate sources	\$ 368 602	\$ 366 055	\$ 349 571	\$ (16 484)
5800	State program revenues	<u>225 223</u>	<u>233 245</u>	<u>246 236</u>	<u>12 991</u>
5020	TOTAL REVENUES	<u>593 825</u>	<u>599 300</u>	<u>595 807</u>	<u>(3 493)</u>
Expenditures:					
Debt Service:					
0071	Principal on long-term debt	420 000	445 000	445 000	-
0072	Interest on long-term debt	172 825	153 300	111 996	41 304
0073	Bond issuance costs and fees	<u>1 000</u>	<u>1 000</u>	<u>120 654</u>	<u>(119 654)</u>
6030	TOTAL EXPENDITURES	<u>593 825</u>	<u>599 300</u>	<u>677 650</u>	<u>(78 350)</u>
1100	EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>-</u>	<u>-</u>	<u>(81 843)</u>	<u>(81 843)</u>
Other Financing Sources and (Uses):					
7911	Proceeds from bond use	-	-	3 325 000	3 325 000
7916	Premium on bond issue	-	-	247 919	247 919
8949	Payment to escrow	<u>-</u>	<u>-</u>	<u>(3 453 111)</u>	<u>(3 453 111)</u>
	TOTAL OTHER FINANCING SOURCES	<u>-</u>	<u>-</u>	<u>119 808</u>	<u>119 808</u>
1200	NET CHANGE IN FUND BALANCE	-	-	37 965	37 965
0100	Fund balance - Beginning	<u>34 236</u>	<u>34 236</u>	<u>34 236</u>	<u>-</u>
3000	FUND BALANCE - ENDING	<u>\$ 34 236</u>	<u>\$ 34 236</u>	<u>\$ 72 201</u>	<u>\$ 37 965</u>

See independent auditor's report.

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  
Alto Independent School District  
Alto, Texas

Members of the Board of Trustees:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Alto Independent School District as of and for the year ended August 31, 2016, and the related notes to the financial statements, which collectively comprise the basic financial statements and have issued our report thereon dated November 14, 2016.

**Internal Control Over Financial Reporting**

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We noted an instance described in the accompanying schedule of findings and questioned costs as items 2016-01 and 2016-02.

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

## **Purpose of this Report**

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

Lufkin, Texas  
November 14, 2016

  
CERTIFIED PUBLIC ACCOUNTANTS

ALTO INDEPENDENT SCHOOL DISTRICT  
SCHEDULE OF FINDINGS, QUESTIONED COSTS AND CORRECTIVE ACTION  
For the Year Ended August 31, 2016

B. Financial Statement Findings

2016-01 - Segregation of Duties

*Condition:* Due to the limited number of personnel, a total segregation of certain accounting functions is not possible.

*Criteria:* The district should have procedures in place that would ensure proper segregation of certain accounting functions, especially, but not limited to the functions of recording, authorizing and custody.

*Effect:* As a result, the design or operation of procedures might 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.

*Cause:* The Board of Trustees has determined it would not be economically feasible to employ additional staff.

*Recommendation:* We recommend that the Board of Trustees continue to monitor the internal accounting control procedures in use to assure that compensating controls are being utilized to provide assurance that assets are safeguarded and transactions are proper and recorded in a timely manner. These actions would mitigate, but not eliminate the risk of misstatement or misappropriation.

*Contact:* Superintendent Kerry Birdwell

*Timeframe:* Ongoing

2016-02 - Expenditures Exceeding Budgetary Amounts

*Condition:* The District exceeded budgeted expenditures in two functions.

*Criteria:* Budgetary controls at the District are established at the function level for each fund. Expenditures over budgeted amounts require board approved budget amendments.

*Effect:* Actual expenditures exceeded budgeted amounts for these functions.

*Cause:* Expenditures in excess of the final budgeted amounts were caused by the refunding of debt. Debt issue cost is expensed in the year incurred, as well as plant maintenance and operations charge to child nutrition.

*Recommendation:* We recommend that the District determine the amount of non-cash issuance costs prior to year-end. This will enable the District to better determine if budget amendments will be needed before the final deadline.

*Contact:* Superintendent Kerry Birdwell

*Timeframe:* By August 31, 2017

ALTO INDEPENDENT SCHOOL DISTRICT  
SCHEDULE OF FINDINGS, QUESTIONED COSTS AND CORRECTIVE ACTION - CONTINUED  
For the Year Ended August 31, 2016

**Corrective Action Plan**

2016-01 - Segregation of Duties

District management will continue to monitor the internal accounting control procedures in use to assure that compensating controls are being utilized to provide assurance that assets are safeguarded and transactions are proper and recorded in a timely manner.

2016-02 - Expenditures Exceeding Budgetary Amounts

District management will evaluate non-cash expenditures in relation to budgeted amounts to determine whether budget amendments are necessary.

ALTO INDEPENDENT SCHOOL DISTRICT  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
For the Year Ended August 31, 2016

<u>Findings/Recommendation</u>	<u>Current Status</u>	<u>Management's Explanation if Not Implemented</u>
2015-01 - Segregation of Duties	Continuing	
<p>The Board of Trustees has determined that it would not be economically feasible to employ additional staff. As a result, the Board of Trustees will continue to monitor the internal accounting control procedures in use to assure that compensating controls are being utilized to provide assurance that assets are safeguarded and transactions are proper and recorded in a timely manner. These actions by the Board would mitigate, but not eliminate the risk for the District.</p>		

ALTO INDEPENDENT SCHOOL DISTRICT  
SCHEDULE OF REQUIRED RESPONSES TO SELECTED  
SCHOOL FIRST INDICATORS  
As of August 31, 2016

Exhibit L-1

<u>DATA CONTROL CODES</u>		<u>RESPONSES</u>
SF2	Were there any disclosures in the Annual Financial Report and/or other sources of information concerning nonpayment of any terms of any debt agreement at fiscal year-end?	No
SF4	Was there an unmodified opinion in the Annual Financial Report on the financial statements as a whole?	Yes
SF5	Did the Annual Financial Report disclose any instances of material weaknesses in internal controls over financial reporting and compliance for local, state, or federal funds?	No
SF6	Was there any disclosure in the Annual Financial Report of material noncompliance for grants, contracts, and laws related to local, state, or federal funds?	No
SF7	Did the school district make timely payments to the Teachers Retirement System (TRS), Texas Workforce Commission (TWC), Internal Revenue Service (IRS), and other government agencies?	Yes
SF8	Did the school district not receive an adjusted repayment schedule for more than one fiscal year for an over allocation of Foundation School Program (FSP) funds as a result of a financial hardship?	Yes
SF10	Total accumulated accretion on CABs included in government-wide financial statements at fiscal year-end.	\$ -
SF11	Net Pension Assets (1920) at fiscal year-end.	\$ -
SF12	Net Pension Liabilities (2540) at fiscal year-end.	\$ 1 265 306
SF13	Pension Expense (6147) at fiscal year-end.	\$ 106 234