# PHARR-SAN JUAN-ALAMO

#### **ANNUAL FINANCIAL REPORT**

FOR THE YEAR ENDED AUGUST 31, 2019



**INTRODUCTORY SECTION** 

#### PHARR-SAN JUAN-ALAMO INDEPENDENT SCHOOL DISTRICT Table of Contents August 31, 2019

1	1 2 5 9
	2 5
FINANCIAL SECTION	
	9
Management's Discussion and Analysis	
Basic Financial Statements:	
Government-wide Financial Statements:	
Statement of Net Position	1
Statement of ActivitiesB-1 22	2
Fund Financial Statements:	
Balance Sheet – Governmental Funds	4
Reconciliation of the Governmental Funds	_
Balance Sheet to the Statement of Net Position	/
Statement of Revenues, Expenditures, and Changes in	0
Fund Balances – Governmental Funds	ð
Reconciliation of Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances to the Statement of Activities	Δ
Statement of Net Position – Proprietary Funds	
Statement of Revenues, Expenses, and Changes in	1
Fund Net Position – Proprietary Funds	2
Statement of Cash Flows – Proprietary Funds	
Statement of Fiduciary Net Position – Fiduciary Funds	
Notes to the Financial Statements	
Required Supplementary Information:	
Schedule of Revenues, Expenditures, and Changes in Fund Balance	
Budget and Actual – General Fund	9
Schedule of the District's Proportionate Share of the Net Pension	
Liability – Teacher Retirement System of Texas	0
Schedule of District's Contributions for Pensions –	
Teacher Retirement System of Texas	2
Schedule of the District's Proportionate Share of the Net OPEB	
Liability – Teacher Retirement System of Texas	3
Schedule of the District's Contributions for OPEB –	
Teacher Retirement System of Texas84	4
Notes to Required Supplementary Information	5

### PHARR-SAN JUAN-ALAMO INDEPENDENT SCHOOL DISTRICT **Table of Contents** August 31, 2019

EXHIBIT	PAGE <u>NO.</u>
Combining Fund Statements:	
Combining Balance Sheet –	
Nonmajor Governmental FundsH-1	88
Combining Statement of Revenues, Expenditures and Changes	
in Fund Balances – Nonmajor Governmental Funds	92
Combining Statement of Net Position –	
Internal Service Funds	97
Combining Statement of Revenues, Expenses and Changes	00
in Fund Net Position – Internal Service Funds	98
Combining Statement of Cash Flows – Internal Service Funds	99
Combining Statement of Net Position – Nonmajor Enterprise Funds	100
Combining Statement of Revenues, Expenses and Changes in	
Fund Net Position – Nonmajor Enterprise Funds	102
Combining Statement of Cash Flows – Nonmajor Enterprise Funds	104
Combining Statement of Changes in Assets and Liabilities –	
All Agency Funds	106
Other Supplementary Information:	
Schedule of Delinquent Taxes Receivable	108
Schedule of Revenues, Expenditures, and Changes in Fund Balance	
Budget and Actual – Debt Service Fund J-2	110
SINGLE AUDIT SECTION	

Independent Auditors' Report on Internal Control Over Financial Reporting and	
on Compliance and Other Matters Based on an Audit of Financial Statements	
Performed in Accordance with Government Auditing Standards	113
Independent Auditors' Report on Compliance for Each Major Program	
and on Internal Control Over Compliance Required by the Uniform Guidance	115
Schedule of Findings and Questioned Costs	117
Corrective Action Plan	120
Status of Prior Year Findings	121
Schedule of Expenditures of Federal AwardsK-1	122
Notes to Schedule of Expenditures of Federal Awards	124
Schools First QuestionnaireK-2	125

### PHARR-SAN JUAN-ALAMO INDEPENDENT SCHOOL DISTRICT List of Principal Officials August 31, 2019

November 2018 - November 2019

**Elected Officials** 

Name	Office
Mr. Jesus "Jesse" A. Zambrano	President
Mr. Jorge "George" Palacios	Vice – President
Mr. Jorge L. Zambrano	Secretary – Treasurer
Mr. Ricardo "Rick" Pedraza	Assistant Secretary – Treasurer
Mr. Victor Perez	Member
Mr. Jesus "Jesse" Vela, Jr.	Member
Mr. Carlos G. Villegas, Jr.	Member

November 2019 – November 2020

**Elected Officials** 

Name	Office
Mr. Jorge "George" Palacios	President
Mr. Jorge L. Zambrano	Vice – President
Mr. Jesus "Jesse" Vela, Jr.	Secretary – Treasurer
Mr. Ricardo "Rick" Pedraza	Assistant Secretary – Treasurer
Mr. Victor Perez	Member
Mr. Carlos G. Villegas, Jr.	Member
Mr. Jesus "Jesse" A. Zambrano	Member
Appointed Officials	
Name	Position
Dr. Daniel P. King	Superintendent of Schools

#### CERTIFICATE OF THE BOARD

#### PHARR-SAN JUAN-ALAMO INDEPENDENT SCHOOL DISTRICT, HIDALGO COUNTY

County Number 108, District Number 909, Region Number 1

We the undersigned, do hereby certify that the audit report above named local education agency for the year August 31, 2019 was reviewed and  $\underline{X}$  approved \_\_\_\_\_\_ disapproved at a meeting of the Board of such local education agency on the <u>20th</u> day of January, 2020.

Signature of Board President Jorge "George" Palacios

Signature of Board Secretary-Treasurer Jesus "Jesse" Vela, Jr.

### **FINANCIAL SECTION**

This page intentionally left blank.



Carr, Riggs & Ingram, LLC 4100 N. 23rd St. McAllen, TX 78504

(956) 686-3701 (956) 686-6830 (fax) CRlcpa.com

#### INDEPENDENT AUDITORS' REPORT

To the Board of Trustees Pharr-San Juan-Alamo Independent School District

#### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Pharr-San Juan-Alamo Independent School District (the "District") as of and for the year ended August 31, 2019, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

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

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

#### Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free 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 auditors' 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, the business-type activities, each major fund, and the aggregate remaining fund information of the District as of August 31, 2019, and the respective changes in financial position, where applicable, cash flows 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, the Schedule of Revenues, Expenditures, and Changes in Fund Balance Budget and Actual – General Fund, the Schedule of the District's Proportionate Share of the Net Pension Liability – Teacher Retirement System of Texas, the Schedule of District's Contributions – Teacher Retirement System of Texas, the Schedule of the District's Proportionate Share of the Net OPEB Liability – Teacher Retirement System of Texas, Schedule of District's OPEB Contributions – Teacher Retirement System of Texas and Notes to Required Supplementary Information as listed in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

#### Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The introductory section, combining fund statements, and other supplementary information, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards,* and is also not a required part of the basic financial statements. The Schedule of Delinquent Taxes Receivable (Exhibit J-1), the Schedule of Revenues, Expenditures, and Changes in Fund Balance Budget and Actual – Debt Service Fund (Exhibit J-2), and the Schools First Questionnaire (Exhibit K-2) are presented for purposes of additional analysis as required by the Texas Education Agency, and are also not a required part of the basic financial statements.

The combining fund statements, the Schedule of Expenditures of Federal Awards, Exhibits J-1, J-2, and K-2, 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 fund statements, the Schedule of Expenditures of Federal Awards, and Exhibit J-1, J-2, and K-2, as listed in the table of contents, are fairly stated in all material respects, in relation to the basic financial statements as a whole.

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

#### Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated January 21, 2020, 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 solely 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 the effectiveness of the District's internal control over financial report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Can, Riggs & Ingram, L.L.C.

McAllen, Texas January 21, 2020 This page intentionally left blank.

#### PHARR-SAN JUAN-ALAMO INDEPENDENT SCHOOL DISTRICT MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED AUGUST 31, 2019

This section of Pharr-San Juan-Alamo 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, 2019. 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 \$284,942,550 for fiscal year ending August 31, 2019. This amounted to an increase of \$13,848,761, with a prior period adjustment that resulted in a increase of \$8,583,409 from last year's total of \$262,510,381 (Refer to Exhibit B-1).
- During the year, the District's expenses were \$8,322,630 less than the revenue generated in taxes and other revenues for governmental activities and business-type. The prior year expenses were \$65,786,512 less than revenues.
- The general fund reported a fund balance this year of \$102,258,415, with \$40,252,189 of this amount unassigned.

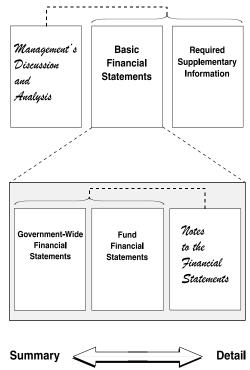
#### OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of four parts—management's discussion and analysis (this section), the basic financial statements, required supplementary information and another schedules section that presents various Texas Education Agency required schedules.

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.
- Proprietary fund statements offer short and long-term financial information about the activities the government operates like businesses, such as College for All Conference, Digital Billboard, Su and ACT/RGV.

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



• *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.

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.

Figure A-2 summarizes the major features of the District's financial statements, including the portion of the District government they cover and the types of information they contain. The remainder of this overview section of management's discussion and analysis explains the structure and contents of each of the statements.

			Fund Statements			
Type of Statements	Government-wide	Governmental Funds	Proprietary Funds	Fiduciary Funds		
	Entire Agency's government	The activities of the district	Activities the district	Instances in which the		
	(except fiduciary funds)	that are not proprietary or	operates similar to private	district is the trustee or		
Scope	and the Agency's component units	fiduciary	businesses: self insurance	agent for someone else's resources		
	Statement of net position	Balance sheet	• Statement of net position	Statement of fiduciary		
				net position		
Required financial	<ul> <li>Statement of activities</li> </ul>	<ul> <li>Statement of revenues,</li> </ul>	<ul> <li>Statement of revenues,</li> </ul>	<ul> <li>Statement of changes</li> </ul>		
statements		expenditures and changes	expenses and changes in	in fiduciary net position		
		in fund balances	fund net position			
			<ul> <li>Statement of cash flows</li> </ul>			
Accounting basis	Accrual accounting and	Modified accrual	Accrual accounting and	Accrual accounting and		
and measurement	economic resources focus	accounting and current	economic resources focus	economic resources focus		
focus		financial resources focus				
	All assets and liabilities,	Only assets expected to	All assets and liabilities,	All assets and liabilities,		
Type of	· · ·	be used up and liabilities	both financial and capital,	both short-term and long-		
asset/liability	short-term and long-term	that come due during the	and short-term and long-	term; the Agency's funds d		
information		year or soon thereafter;	term	not currently contain		
5		no capital assets included		capital assets, although they can		
	All revenues and	Revenues for which cash	All revenues and expenses	All revenues and		
	expenses during year,	is received during or soon	during year, regardless of	expenses during year,		
	regardless of when cash	after the end of the year;	when cash is received or	regardless of when cash		
Type of	is received or paid	expenditures when goods	paid	is received or paid		
inflow/outflow		or services have been	Â	÷		
information		received and payment is				
		due during the year or				
		soon thereafter				

Figure A-2. Major Features of the District's Government-wide and Fund Financial Statements

#### **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 assets 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, you need to consider additional non-financial factors such as changes in the District's tax base.

The government-wide financial statements of the District are divided into two categories:

- Governmental activities Most of the District's basic services are included here, such as instruction, extracurricular activities, curriculum staff development, health services and general administration. Property taxes and grants finance most of these activities.
- *Business-type activities* The District charges fees to customers to help cover the cost of certain services it provides. The ACT/RGV program and the District Billboard are examples of programs included here.

#### **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 the following 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 readily 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 you determine whether there are more or fewer financial resources that can be spent in the near 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 funds statement, or on the subsequent page, that explain the relationship (or differences) between them.
- Proprietary funds—Services for which the District charges customers a fee are generally reported in
  proprietary funds. Proprietary funds, like the government-wide statements, provide both long-term and
  short-term financial information. In fact, the District's enterprise funds (one type of proprietary fund)
  are the same as business type activities but provide more detail and information, such as cash flows.
  The district has College for All, Billboard Sign, and ACT/RGV Program. We use *internal service funds* to
  report activities that provide supplies and services for the District's other programs and activities such
  as the district's Self Insurance Funds and the Print Shop.
- Fiduciary funds—The District is the trustee, or fiduciary, for certain funds. It is also responsible for other assets that—because of a trust arrangement—can be used only for the trust beneficiaries. 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 position and a statement of changes in fiduciary net position. We exclude these activities from the District's government-wide financial statements because the District cannot use these assets to finance its operations. Student activity funds are included here.

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

Net position. The District's combined net position was \$284,704,002 on August 31, 2019. (See Table A-1).

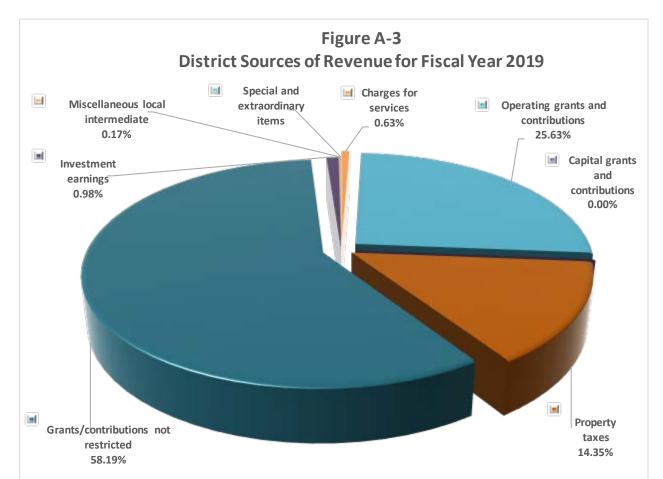
### Table A-1District's Net Position

	Government	Governmental Activities		pe Activities	Total		
	2019	2018 (Restated)	2019 2018		2019	2018	
Current and Other Assets Capital and Non-	\$ 170,085,277	\$ 165,739,435	\$ 579,355	\$ 339,752	\$ 170,664,632	\$ 166,079,187	
Current Assets	723,698,560	721,960,426	-	-	723,698,560	721,960,426	
Total Assets	893,783,837	887,699,861	579,355	339,752	894,363,192	888,039,613	
Deferred Outflows of							
Resources	88,165,945	40,269,388		-	88,165,945	40,269,388	
Current Liabilities	33,088,580	35,901,271	8,584	7,529	33,097,164	35,908,800	
Long Term Liabilities	611,979,486	560,973,496	-	-	611,979,486	560,973,496	
Total Liabilities	645,068,066	596,874,767	8,584	7,529	645,076,650	596,882,296	
Deferred Inflows of Resources	52,509,937	60,332,918		_	52,509,937	60,332,918	
Net Position: Net Investment in							
Capital Assets	373,880,352	359,508,814	-	-	373,880,352	359,508,814	
Restricted	29,960,633	33,939,607	-	331,761	29,960,633	34,271,368	
Unresticted	(119,469,206)	(122,686,857)	570,771	462	(118,898,435)	(122,686,395)	
Total Net Position	\$ 284,371,779	\$ 270,761,564	\$ 570,771	\$ 332,223	\$ 284,942,550	\$ 271,093,787	

Net position of the District's Governmental activities is \$284,371,779. However, the majority of the net position is either invested in capital assets or is restricted as to the purposes they can be used for. The unrestricted net position is (\$119,469,206) at the end of this year as a result of the prior year implementation of GASB Statement No. 75, which left the District in a negative balance.

The net position of the District's business-type activities is \$570,771. These resources cannot be used in governmental activities. The District generally can only use these funds to finance the continuing operation for programs such as the College for All Conference, the District Billboard, and the ACT/RGV program.

**Changes in net position**. The District's total general revenues were \$326,646,247. A significant portion, (84%), of the District's revenue comes from grants and contributions (See Figure A-3.).



The total cost of all governmental programs and services was \$427,560,144; of these costs 76% are for instruction and instructional related services and student services.

#### **Governmental Activities**

- Investment earnings increased by 84% from \$2.3 million to \$4.3 million due to the increases in interest rates.
- The total tax rate for 2018-19 was \$1.3792. For 2019-20, the tax rate will be reduced to \$1.2735. This reduction in 2019-20 is partially due to legislative action that compressed Texas school district tax rates. The maintenance and operations tax rate was \$1.17 in 2018-19 and will be reduced to \$1.0683 in 2019-20. The debt service tax rate was \$.2092 in 2018-19 and will be \$.2042 for 2019-20. The district had a successful Tax Ratification Election in August of 2011 at that time the debt service rate was .3192. Taxes, state funds, balances in the debt service fund and transfers from the general operating budget will continue to pay on debt service payments for 2019-20. Since the District is required by the provisions of TEC 45.001(2) to levy and collect annual ad valorem taxes sufficient to pay the principal and interest on the bonds that will come due during the 2019-20 fiscal year, surplus funds will be transferred from the General Fund to the Debt Service Fund to meet 2019-20 principal and interest requirements on bonded debt.

	Govermental Activities		Business-ty	pe Activities	Total		
	2019	2018	2019	2018	2019	2018	
Program revenues:							
Charges for services	\$ 2,766,811	\$ 778,383	\$ 814,471	\$ 125,713	\$ 3,581,282	\$ 904,096	
Operating grants and contributions	111,757,298	48,586,949	-	-	111,757,298	48,586,949	
Capital grants and contributions	-	18,657,938	-	-	-	18,657,938	
General revenues:							
Property taxes	62,571,630	61,736,803	-	-	62,571,630	61,736,803	
Grants/contributions not restricted	253,720,680	242,622,579	-	-	253,720,680	242,622,579	
Investment earnings	4,262,103	2,317,429	-	-	4,262,103	2,317,429	
Miscellaneous local intermediate	735,703	2,565,299	-	398,826	735,703	2,964,125	
Special and extraordinary items	(170,000)	(1,055,962)			(170,000)	(1,055,962)	
Total Revenues	435,644,225	376,209,418	814,471	524,539	436,458,696	376,733,957	
Function							
Expenses Instruction	230,865,531	154,026,614	_	-	230,865,531	154,026,614	
Instructional Resources And Media	230,003,331	134,020,014			230,003,331	134,020,014	
Services	7,020,223	3,882,104	-	-	7,020,223	3,882,104	
Curriculum And Staff Development	13,826,307	7,091,674	-	-	13,826,307	7,091,674	
Instructional Leadership	10,488,490	8,216,221	-	_	10,488,490	8,216,221	
School Leadership	21,130,589	14,530,889	-	-	21,130,589	14,530,889	
Guidance, Counseling And Evaluation	21,100,000	1,000,000			21,100,000	1,000,000	
Services	14,858,497	10,133,127	-	-	14,858,497	10,133,127	
Social Services	2,785,829	2,396,797	-	-	2,785,829	2,396,797	
Health Services	4,488,177	3,585,698	-	-	4,488,177	3,585,698	
Student (Pupil) Transportation	9,900,675	9,083,130	-	-	9,900,675	9,083,130	
Food Services	25,410,739	23,824,906	-	-	25,410,739	23,824,906	
Extracurricular Activities	15,734,101	9,540,594	-	-	15,734,101	9,540,594	
General Administration	8,824,434	6,299,896	-	-	8,824,434	6,299,896	
Facilities Maintenance and Operations	37,323,264	36,108,099	-	-	37,323,264	36,108,099	
Security And Monitoring Services	5,616,389	3,627,323	-	-	5,616,389	3,627,323	
Data Processing Services	3,414,243	2,822,168	-	-	3,414,243	2,822,168	
Community Services	2,196,445	1,976,433	-	-	2,196,445	1,976,433	
Interest On Long Term Debt	12,624,187	10,878,199	-	-	12,624,187	10,878,199	
Bond Issuance Cost And Fees	18,945	1,333,522	-	-	18,945	1,333,522	
Capital Outlay	-	197,029	-	-	-	197,029	
Payments Related To Shared Services							
Arrangement	198,675	143,842	-	-	198,675	143,842	
Payments To Juvenile Justice Alternative							
Ed. Program	62,658	62,658	-	-	62,658	62,658	
Other Intergovernmental Charges	771,746	761,327	-	-	771,746	761,327	
PSJA Enterprise Fund	-	-	197,245	112,879	197,245	112,879	
Digital Billboard Fund	-	-	5,280	6,920	5,280	6,920	
ACT RGV	-	-	373,397	296,284	373,397	296,284	
Swimming USA	-			9,112		9,112	
Total Expenses	427,560,144	310,522,250	575,922	425,195	428,136,066	310,947,445	
Increase (Decrease) in Net Position	8,084,081	65,687,168	238,549	99,344	8,322,630	65,786,512	
Transfer In (Out)	5,526,131		-		5,526,131		
Total Increase (Decrease)	13,610,212	65,687,168	238,549	99,344	13,848,761	65,786,512	
Net Position – Beginning	262,178,158	410,353,781	332,223	232,879	262,510,381	410,586,660	
Prior Year Adjustment	8,583,409	(213,862,791)	-	-	8,583,409	(213,862,791)	
Net Position - Ending	\$ 284,371,779	\$ 262,178,158	\$ 570,772	\$ 332,223	\$ 284,942,551	\$ 262,510,381	
5					. ,	. ,	

Table A-2Changes in District's Net Position

• The net cost of all *governmental* activities this year was \$313,036,035. Those who directly benefited from program activities paid some of the cost. Other programs and services activities were paid by grants and contributions.

Table A-3 presents the cost of each of the District's largest functions.

			Table A	-3					
	Net Cos	t of	District's Gove	ernmental	Ac	tivities			
	Co	ost				Net	Cos	st	
				%					%
	 2019		2018	Change		2019		2018	Change
Instruction	\$ 230,865,531	\$	154,026,614	49.9%	\$	183,867,816	\$	140,015,210	31.3%
School Leadership	21,130,589		14,530,889	45.4%		19,272,963		14,957,872	28.8%
Guidance, Counseling									
and Evaluation Services	14,858,497		10,133,127	46.6%		11,283,416		8,356,556	35.0%
Food Services	25,410,739		23,824,906	6.7%		492,874		1,142,673	-56.9%
Extracurricular Activities	15,734,101		9,540,594	64.9%		12,620,092		9,711,136	30.0%
Facilities Maintenance									
and Operations	\$ 37,323,264	\$	36,108,099	3.4%	\$	36,650,437	\$	35,396,019	3.5%

#### FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

Revenues from all governmental funds totaled \$421,788,358. The increase in local revenues is a result of increased property values. The increase in state revenues is a result of increased state aid due to increased students and formula changes. The increase in the federal program revenues was due to various increases in most grants to include Title 1 SIP Academy Grant.

The General Fund is the chief operating fund of the district. As of August 31, 2019, the fund balance of the general fund was \$102,258,415. The unassigned balance of \$40,252,189 or 39.36% of this total amount is available for spending at the government's discretion. Of the current ending fund balances, the following categories are recorded and for the primary use noted in accordance with GASB No. 54:

- \$2,439,629 is recorded as nonspendable for inventories and deferred expenditures;
- \$2,403,212 is recorded as a prepaid item
- \$4,561,858 is recorded as Restricted; \$96,660 in Food Service and \$4,465,198 in other State programs;
- \$36,290,000 is recorded as committed for Construction;
- \$5,000,000 is recorded as committed for capital expenditures for equipment for new schools and buses;
- \$9,436,527 is recorded as committed for sick leave payoff;
- \$1,875,000 is recorded as assigned for E-Rate and other items;
- \$40,252,189 is the remaining fund balance and is recorded as unassigned.

#### **General Fund Budgetary Highlights**

Over the course of the year, the District revised its budget several times. In addition, the school board approved several increases in appropriations to prevent budget overruns. Even with these adjustments, actual expenditures were over budget slightly in three functions.

#### **CAPITAL ASSETS**

At the end of fiscal year 2019, the District had invested \$708,795,964 in a broad range of capital assets, including land, equipment, buildings, and vehicles. (See Table A-4.)

Table A-4							
Dis	trict's	Capital Assets					
	Govermental Activities % Change						
		2019	20	18 (Restated)	2019-18		
Land	\$	30,021,582	\$	30,021,582	0.0%		
Buildings and improvements		748,397,175		720,618,135	3.9%		
Furniture and Equipment		44,668,493		46,751,816	-4.5%		
Vehicles		17,096,540		16,098,542	6.2%		
Library Books		358,671		358,671	0.0%		
Construction in Progress		40,988,882		51,439,562	-20.3%		
Infrastructure		19,585,033		19,135,204	2.4%		
Total Capital Assets at Historical Cost		901,116,376		884,423,512	1.9%		
Less: Accumulated Depreciation	192,320,412 175,212,881 9.8%						
Net Capital Assets	\$	708,795,964	\$	709,210,631	-0.1%		

More detailed information about the District's capital assets is presented in Note 5 – Capital Assets.

#### LONG TERM OBLIGATION ACTIVITY

Long-term obligations include debt and other long-term liabilities. Changes in long-term obligations for the period ending August 31, 2019, are as follows:

District's Long-Term Debt										
	Beginning							Amounts Due		
	Balance					E	nding Balance	Within One		
	9/1/2018		Increase		Decrease		8/31/2019	Year		
Total Bonds Payable	\$ 282,630,000	\$	-	\$	11,140,000	\$	271,490,000	\$ 11,660,000		
Total Notes Payable	43,055,000		-		1,305,000		41,750,000	1,310,000		
Premium and Discount	41,759,192		-		2,428,011		39,331,181	-		
Sick and Vacation Leave	9,795,092		468,316		826,881		9,436,527	736,000		
Net Pension Liability	62,274,261		49,557,466		6,449,670		105,382,057	-		
Net OPEB Liability	121,459,951		25,127,455		1,997,685		144,589,721	-		
Total Long-Term Liabilities	\$ 560,973,496	\$	75,153,237	\$	24,147,247	\$	611,979,486	\$ 13,706,000		

## Table A-5

**General Obligation Debt Ratings.** The District's unlimited tax long-term debt obligations presently carry "AAA" ratings by Moody's Investor Services and Standard & Poor's by virtue of the guarantee of the corpus of the Permanent School Fund of the State of Texas and the following ratings without regard to credit enhancement: Moody's Investor Services "A1" and Standard & Poor's "A+".

**Maintenance Tax Notes Ratings.** The District's Qualified School Construction Notes, Taxable Series 2011 presently carry a Moody's Investor Services "A1" rating without regard to credit enhancement. The District's Limited Maintenance Tax Notes, Series 2015 and 2017 presently carry a "AA" rating by Standard & Poor's by virtue of a municipal bond insurance policy issued by Build America Mutual Assurance Company and a Moody's Investor Services "A1" rating without regard to credit enhancement.

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

- Appraised value used for the 2020 budget preparation is \$4.7 billion up \$156 million or 6.67%. The state formulas changed, and school districts are now required to estimate their current year tax values for funding purposes. There is no longer a lag in tax values used.
- The District's 2020 refined average daily attendance is expected to be 32,400. Growth was projected to have a slight 200 student decrease due to charter competition.

These indicators were taken into account when adopting the general fund budget for 2020. Amounts available for appropriation in the general fund budget are \$375 million. Property values continue to rise, but at a slower pace. The district will examine the budget for 2020 to take into account both the federal and state fiscal concerns.

Expenditures are budgeted to rise to \$375 million in the general fund. The district anticipates using the remainder of the debt service fund balance to pay bonds. The largest increments are increased staffing and teacher/staff salary schedule adjustments, salary increases and an additional \$7 million allocation for construction. Increased wage and cost of living adjustments were made to this year's salary schedules. These competitive salary schedule adjustments allowed the District to open the 2020 school year with few teacher vacancies. The District has continued our highly successful College, Career and Technology Academy, Thomas Jefferson T-Stem Early College High School and our partnership with the county Head Start program.

If these estimates are realized, the District's budgetary fund balance for the general fund is not expected to change appreciably by the close of 2020.

#### CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, 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.

This page intentionally left blank.

### **BASIC FINANCIAL STATEMENTS**

This page intentionally left blank.

#### PSJA ISD STATEMENT OF NET POSITION AUGUST 31, 2019

		AUGUST 31,	2019			
			1	Drime	2 ary Government	3
Data						
Contro	bl		C 1		Business	
Codes			Governmental		Туре	T ( 1
			Activities	1	Activities	Total
ASSE						
1110	Cash and Cash Equivalents	\$	30,802,880	\$	286,221	\$ 31,089,101
120	Current Investments		103,875,136		-	103,875,136
225	Property Taxes Receivable, Net		6,813,248		-	6,813,248
240	Due from Other Governments		22,909,944		-	22,909,944
260	Internal Balances		(293,134)		293,134	
290	Other Receivables, Net		1,134,361		-	1,134,361
300	Inventories		2,439,629		-	2,439,629
410	Prepayments		2,403,213		-	2,403,213
	Capital Assets:					
510	Land		30,021,582		-	30,021,582
520	Buildings, Net		622,674,438		-	622,674,438
530	Furniture and Equipment, Net		11,476,770		-	11,476,770
560	Library Books and Media, Net		2,291		-	2,291
580	Construction in Progress		40,988,882		-	40,988,882
1590	Infrastructure, Net		3,632,001		-	3,632,001
800	Restricted Assets	_	14,902,596		-	 14,902,596
000	Total Assets		893,783,837		579,355	 894,363,192
EFE	RRED OUTFLOWS OF RESOURCES					
701	Deferred Charge for Refunding		17,664,371		-	17,664,371
705	Deferred Outflow Related to TRS Pension		52,639,927		-	52,639,927
1706	Deferred Outflow Related to TRS OPEB		17,861,647		-	 17,861,647
1700	Total Deferred Outflows of Resources		88,165,945		-	 88,165,945
LIAB	LITIES					
2110	Accounts Payable		5,695,388		801	5,696,189
2140	Interest Payable		1,124,849		-	1,124,849
2177	Due to Fiduciary Funds		135,844		-	135,844
2180	Due to Other Governments		186,119		-	186,119
2190	Due to Student Groups		250		-	250
2200	Accrued Expenses		24,732,582		7,783	24,740,365
2300	Unearned Revenue		1,213,548		-	1,213,548
2501	Noncurrent Liabilities:		12 706 000			12 706 000
2501	Due Within One Year		13,706,000		-	13,706,000
2502	Due in More Than One Year		348,301,708		-	348,301,708
2540	Net Pension Liability (District's Share)		105,382,057		-	105,382,057
2545	Net OPEB Liability (District's Share)	_	144,589,721		-	 144,589,721
2000	Total Liabilities	_	645,068,066		8,584	 645,076,650
	RRED INFLOWS OF RESOURCES					
2605	Deferred Inflow Related to TRS Pension		6,787,184		-	6,787,184
2606	Deferred Inflow Related to TRS OPEB		45,722,753		-	 45,722,753
2600	Total Deferred Inflows of Resources		52,509,937		-	 52,509,937
	OSITION					
3200	Net Investment in Capital Assets Restricted:		373,880,352		-	373,880,352
3820	Restricted for Federal and State Programs		9,463,074		-	9,463,074
3850	Restricted for Debt Service		20,497,559		-	20,497,559
3900	Unrestricted		(119,469,206)		570,771	(118,898,435
3000	Total Net Position	\$	284,371,779	\$	570,771	\$ 284,942,550
		-	- , , , , , >		, . , .	 ,

#### PSJA ISD STATEMENT OF ACTIVITIES FOR THE YEAR ENDED AUGUST 31, 2019

		Program Revenues			
Data	1		3		4
Control					Operating
Codes			Charges for		Grants and
	Expenses		Services		Contributions
Primary Government:					
GOVERNMENTAL ACTIVITIES:					
11 Instruction	\$ 230,865,531	\$	235,626	\$	46,762,089
12 Instructional Resources and Media Services	7,020,223		-		747,001
13 Curriculum and Instructional Staff Development	13,826,307		-		7,470,483
21 Instructional Leadership	10,488,490		-		3,989,879
23 School Leadership	21,130,589		-		1,857,626
31 Guidance, Counseling and Evaluation Services	14,858,497		-		3,575,081
32 Social Work Services	2,785,829		-		277,758
33 Health Services	4,488,177		-		330,669
34 Student (Pupil) Transportation	9,900,675		-		187,964
35 Food Services	25,410,739		256,968		24,660,897
36 Extracurricular Activities	15,734,101		2,274,217		839,792
41 General Administration	8,824,434		-		2,066,049
51 Facilities Maintenance and Operations	37,323,264		-		672,827
52 Security and Monitoring Services	5,616,389		-		679,200
53 Data Processing Services	3,414,243		-		59,647
61 Community Services	2,196,445		-		1,768,564
72 Debt Service - Interest on Long-Term Debt	12,624,187		-		15,811,772
73 Debt Service - Bond Issuance Cost and Fees	18,945		-		- ,- ,- ,- ,-
93 Payments Related to Shared Services Arrangements	198,675		-		-
95 Payments to Juvenile Justice Alternative Ed. Prg.	62,658		-		-
99 Other Intergovernmental Charges	771,746		-		-
[TG] Total Governmental Activities:	427,560,144		2,766,811		111,757,298
BUSINESS-TYPE ACTIVITIES:					
01 PSJA Enterprise Fund	197,245		52,992		-
02 Digital Billboard Fund	5,280		86,620		-
03 ACT RGV	373,397		674,192		-
04 Swimming USA	-		666		-
[TB] Total Business-Type Activities:	575,922	_	814,470	_	-
[TP] TOTAL PRIMARY GOVERNMENT:	\$ 428,136,066	\$	3,581,281	\$	111,757,298

Control General Revenues:

Codes Taxes:

MT

DT

CN

Property Taxes, Levied for General Purposes

Property Taxes, Levied for Debt Service

- GC Grants and Contributions not Restricted
- IE Investment Earnings
- MI Miscellaneous Local and Intermediate Revenue
- S2 Special Item Lawsuit settlement
- TR Total General Revenues & Special Items
  - Change in Net Position
- NB Net Position Beginning
- PA Prior Period Adjustment
- NE Net Position Ending

EXHIBIT B-1

Net (Expense) Revenue and

Changes in Net Position						
6 7 8						
		Primary Government				
G	overnmental	Business Type				
	Activities	Activities		Total		
\$	(183,867,816)	\$ -	\$	(183,867,816)		
	(6,273,222)	-		(6,273,222)		
	(6,355,824)	-		(6,355,824)		
	(6,498,611)	-		(6,498,611)		
	(19,272,963)	-		(19,272,963)		
	(11,283,416)	-		(11,283,416)		
	(2,508,071)	-		(2,508,071)		
	(4,157,508)	-		(4,157,508)		
	(9,712,711)	-		(9,712,711)		
	(492,874)	-		(492,874)		
	(12,620,092)	-		(12,620,092)		
	(6,758,385)	-		(6,758,385)		
	(36,650,437)	-		(36,650,437)		
	(4,937,189)	-		(4,937,189)		
	(3,354,596)	-		(3,354,596)		
	(427,881)	-		(427,881)		
	3,187,585	-		3,187,585		
	(18,945)	-		(18,945)		
	(198,675)	-		(198,675)		
	(62,658)	-		(62,658)		
	(771,746)	-		(771,746)		
	(313,036,035)	-	_	(313,036,035)		
	_	(144,253)		(144,253)		
	-	81,340		81,340		
	_	300,795		300,795		
	-	666		666		
	-	238,548		238,548		
	(313,036,035)	238,548		(312,797,487)		
	53,055,023	-		53,055,023		
	9,516,607	-		9,516,607		
	253,720,680	-		253,720,680		
	4,262,103	-		4,262,103		
	735,703	-		735,703		
	5,356,131		_	5,356,131		
	326,646,247	-	_	326,646,247		
	13,610,212	238,548		13,848,760		
	262,178,158	332,223		262,510,381		
	8,583,409	-		8,583,409		
\$		\$ 570.771	¢			
Φ	284,371,779	\$ 570,771	\$	284,942,550		

#### PSJA ISD BALANCE SHEET GOVERNMENTAL FUNDS AUGUST 31, 2019

Data Control	10 General	50 Debt Service		60 Capital
Codes	Fund	Fund		Projects
ASSETS				
1110 Cash and Cash Equivalents	\$ 9,679,478	\$ 252,255	\$	8,201,556
1120 Investments	95,032,627	5,347,582		-
1220 Property Taxes - Delinquent	5,778,725	1,034,523		-
1240 Due from Other Governments	12,577,120	357,010		-
1250 Accrued Interest	383,405	-		-
1260 Due from Other Funds	11,009,475	1,369,227		3,364
1290 Other Receivables, Net	750,277	-		-
1300 Inventories	2,439,629	-		-
1410 Prepayments	2,403,213	-		-
1800 Restricted Assets	-	14,902,596		-
1000 Total Assets	\$ 140,053,949	\$ 23,263,193	\$	8,204,920
LIABILITIES	 			
2110 Accounts Payable	\$ 2,967,264	\$ -	\$	1,997,934
2150 Payroll Deductions and Withholdings Payable	2,489,154	-		-
2160 Accrued Wages Payable	18,145,346	-		-
2170 Due to Other Funds	2,879,983	1,636,038		9,976
2180 Due to Other Governments	48,930	4,744		-
2190 Due to Student Groups	250	-		-
2300 Unearned Revenue	322,631	-		-
2000 Total Liabilities	 26,853,558	1,640,782		2,007,910
DEFERRED INFLOWS OF RESOURCES				
2601 Deferred Inflows of Resources - Property Taxes	5,778,725	1,034,523		-
2602 Deferred Inflow of Resources - SHARS	4,891,681	-		-
2603 Deferred Inflow of Resources - ERATE	271,570	-		-
2600 Total Deferred Inflows of Resources	 10,941,976	1,034,523		-
FUND BALANCES	 			
Nonspendable Fund Balance:				
3410 Inventories	2,439,629	-		-
3430 Prepaid Items	2,403,212	-		-
Restricted Fund Balance:				
3450 Federal or State Funds Grant Restriction	4,561,858	-		-
3480 Retirement of Long-Term Debt	-	20,587,888		-
3490 Other Restricted Fund Balance	-	-		6,197,010
Committed Fund Balance:				
3510 Construction	36,290,000	-		-
3530 Capital Expenditures for Equipment	5,000,000	-		-
3545 Other Committed Fund Balance	9,436,527	-		-
Assigned Fund Balance:				
3590 Other Assigned Fund Balance	1,875,000	-		-
3600 Unassigned Fund Balance	40,252,189	-		-
3000 Total Fund Balances	 102,258,415	20,587,888	·	6,197,010
4000 Total Liabilities, Deferred Inflows & Fund Balances	\$ 140,053,949	\$ 23,263,193	<u> </u>	8,204,920

			Total
	Other		Governmental
	Funds		Funds
¢	<b>. . . . . . . . .</b>	<b>•</b>	
\$	2,504,665	\$	20,637,954
	-		100,380,209
	-		6,813,248
	9,975,814		22,909,944
	-		383,405
	4,230		12,386,296
	677		750,954
	-		2,439,629
	_		2,403,213
	-		14,902,596
\$	12,485,386	\$	184,007,448
	,,	-	
¢	502 822	¢	5 4(0 021
\$	502,833	\$	5,468,031
	-		2,489,154
	1,422,810		19,568,156
	8,385,027		12,911,024
	132,441		186,115
	-		250
	890,917		1,213,548
	11,334,028		41,836,278
		_	
	-		6,813,248
	-		4,891,681
	-		271,570
			· · · · · · · · · · · · · · · · · · ·
			11,976,499
	-		2,439,629
	_		2,403,212
			_,,_
	58,375		4,620,233
	-		20,587,888
	-		6,197,010
	-		36,290,000
	-		5,000,000
	1,092,983		10,529,510
			1 975 000
	-		1,875,000
	-		40,252,189
	1,151,358	_	130,194,671
¢	12 495 296	¢	194 007 449
\$	12,485,386	\$	184,007,448

This page intentionally left blank.

PSJA ISD RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF NET POSITION

#### AUGUST 31, 2019

	Total Fund Balances - Governmental Funds	\$ 130,194,671
1	The District uses internal service funds to charge the costs of certain activities, such as self- insurance and printing, to appropriate functions in other funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net position. The net effect of this consolidation is to increase net position.	10,861,977
2	Capital assets used in governmental activities are not financial resources and therefore are not reported in governmental funds. At the beginning of the year, the cost of these assets was \$883,431,579 and the accumulated depreciation was (\$173,129,540). In addition, long-term liabilities, including bonds payable, are not due and payable in the current period, and, therefore are not reported as liabilities in the funds. The net effect of including the beginning balances for capital assets (net of depreciation) and long-term debt in the governmental activities is to increase net position. Note: Beginning balances related to TRS are not included in this amount.	350,613,517
3	Current year capital outlays and long-term debt principal payments are expenditures in the fund financial statements, but they should be shown as increases in capital assets and reductions in long-term debt in the government-wide financial statements. The net effect of including the 2019 capital outlays and debt principal payments is to increase net position.	33,661,306
4	Included in the items related to debt is the recognition of the District's proportionate share of the net pension liability required by GASB 68. The net position related to TRS included a deferred resource outflow in the amount of \$52,639,927, a deferred resource inflow in the amount of (\$6,787,184), and a net pension liability of (\$105,382,057). This resulted in a decrease in net position.	(59,529,314)
5	Included in the items related to debt is the recognition of the District's proportionate share of the net OPEB liability required by GASB 75. The net position related to OPEB included a deferred resource outflow in the amount of \$17,861,647, a deferred resource inflow in the amount of (\$45,722,753), and a net OPEB liability in the amount of (\$144,589,721). This resulted in a decrease in net position.	(172,450,827)
6	The 2019 depreciation expense increases accumulated depreciation. The net effect of the current year's depreciation is to decrease net position.	(20,956,050)
7	Various other reclassifications and eliminations are necessary to convert from the modified accrual basis of accounting to accrual basis of accounting. These include recognizing unavailable revenue from property taxes as revenue, and certain due from ohter government. The net effect of these reclassifications and recognitions is to increase net position.	11,976,499
19	Net Position of Governmental Activities	\$ 284,371,779

#### PSJA ISD STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES GOVERNMENTAL FUNDS 9

FOR THE YEAR ENDED	AUGUST 31, 2019
--------------------	-----------------

Data Cont Code			10 General Fund	50 Debt Service Fund	60 Capital Projects
	REVENUES:				
5700 5800	Total Local and Intermediate Sources State Program Revenues	\$	58,419,223 257,825,185	14,464,107	\$ 21,555
5900	Federal Program Revenues		31,189,141	1,347,665	-
5020	Total Revenues		347,433,549	26,345,285	21,555
	EXPENDITURES:				
	Current:				
0011	Instruction		180,745,446	-	-
0012	Instructional Resources and Media Services		5,611,659	-	-
0013	Curriculum and Instructional Staff Development		5,553,826	-	-
0021	Instructional Leadership		6,043,292	-	-
0023	School Leadership		19,211,690	-	-
0031	Guidance, Counseling and Evaluation Services		11,037,400	-	-
0032	Social Work Services		2,553,413	-	-
0033	Health Services		4,111,168	-	-
0034	Student (Pupil) Transportation		10,057,306	-	-
0035	Food Services		23,755,673	-	-
0036	Extracurricular Activities		12,606,190	-	-
0041	General Administration		8,604,710	-	-
0051	Facilities Maintenance and Operations		35,448,466	-	-
0052	Security and Monitoring Services		4,613,119	-	-
0053	Data Processing Services		3,433,993	-	-
0061	Community Services		269,624	-	-
	Debt Service:				
0071	Principal on Long-Term Debt		-	12,442,874	-
0072	Interest on Long-Term Debt		-	14,043,084	-
0073	Bond Issuance Cost and Fees		-	18,945	-
	Capital Outlay:				
0081	Facilities Acquisition and Construction		669,566	-	17,089,367
	Intergovernmental:				
0093	Payments to Fiscal Agent/Member Districts of SSA		198,675	-	-
0095	Payments to Juvenile Justice Alternative Ed. Prg.		62,658	-	-
0099	Other Intergovernmental Charges		771,746	-	-
6030	Total Expenditures		335,359,620	26,504,903	17,089,367
1100	Excess (Deficiency) of Revenues Over (Under) Expenditures		12,073,929	(159,618)	(17,067,812)
	OTHER FINANCING SOURCES (USES):				
7912	Sale of Real and Personal Property		2,687	-	-
7915	Transfers In		-	3,335,663	10,000,000
7949	Other Resources		33,685	-	5,492,446
8911	Transfers Out (Use)		(13,335,663)	-	-
7080	Total Other Financing Sources (Uses)		(13,299,291)	3,335,663	15,492,446
	SPECIAL ITEM S:				
8912	Special Item - (Use)		(170,000)	-	-
1200	Net Change in Fund Balances		(1,395,362)	3,176,045	(1,575,366)
0100	Fund Balance - September 1 (Beginning)		94,980,272	17,930,521	7,772,376
1300	Prior Period Adjustment		8,673,505	(518,678)	,,,,2,,,,0
		*			-
3000	Fund Balance - August 31 (Ending)	\$	102,258,415	\$ 20,587,888	\$ 6,197,010

	Total
Other	Governmental
Funds	Funds
\$ 2,153,022	2 \$ 71,127,313
5,366,525	
40,468,422	2 73,005,228
47,987,969	
29,299,868	210.045.214
359,168	· · ·
7,022,294	
3,581,370	
238,083	· · ·
2,502,001	- , - ,
194,332	
138,754	_,,
-	10,057,306
103,700	
1,995,075	- , ,
70,453	· · ·
150,109	
545,320	
680	
1,764,954	4 2,034,578
-	12,442,874
-	14,043,084
-	18,945
21,986	5 17,780,919
-	198,675
-	62,658
-	771,746
47,988,147	
(178	3) (5,153,679)
-	2,687
-	13,335,663
-	5,526,131
-	(13,335,663)
-	5,528,818
	(170,000) 3) 205,139
(178	3) 205,139
5,799	9 120,688,968
1,145,737	9,300,564
\$ 1,151,358	3 \$ 130,194,671

#### PSJA ISD RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES FOR THE YEAR ENDED AUGUST 31, 2019

Total Net Change in Fund Balances - Governmental Funds	\$ 205,139
The District uses internal service funds to charge the costs of certain activities, such as self- insurance and printing, to appropriate functions in other funds. The net income (loss) of internal service funds are reported with governmental activities. The net effect of this consolidation is to increase net position.	3,944,713
Current year capital outlays and long-term debt principal payments are expenditures in the fund financial statements, but they should be shown as increases in capital assets and reductions in long-term debt in the government-wide financial statements. The net effect of removing the 2019 capital outlays and debt principal payments is to increase net position.	34,760,828
Depreciation is not recognized as an expense in governmental funds since it does not require the use of current financial resources. The net effect of the current year's depreciation is to decrease net position.	(20,956,050)
Various other reclassifications and eliminations are necessary to convert from the modified accrual basis of accounting to accrual basis of accounting. These include recognizing unavailable revenue from property taxes as revenue, adjusting current year revenue to show the revenue earned from the current year's tax levy, and recognizing the liabilities associated with maturing long-term debt and interest. The net effect of these reclassifications and recognitions is to increase net position.	4,972,299
Current year changes due to GASB 68 increased revenues in the amount of \$5,598,290 and increased expenditures in the amount of \$12,601,984. The net effect on the change in the ending net position was a decrease.	(7,003,694)
Current year changes due to GASB 75 increased revenues in the amount \$3,757,090 and increased expenditures in the amount of \$6,070,113. The net effect on the change in the ending net position was a decrease.	(2,313,023)
Change in Net Position of Governmental Activities	\$ 13,610,212

## PSJA ISD STATEMENT OF NET POSITION PROPRIETARY FUNDS AUGUST 31, 2019

	Business-Type Activities -	Governmental Activities -
	Total	Total
	Enterprise	Internal
	Funds	Service Funds
ASSETS		
Current Assets:		
Cash and Cash Equivalents	\$ 286,221	\$ 10,164,926
Investments - Current	-	3,494,927
Due from Other Funds	300,795	4,102,221
Other Receivables		2
Total Current Assets	587,016	17,762,076
Noncurrent Assets:		
Capital Assets:		
Furniture and Equipment	-	89,057
Accumulated Depreciation Furniture and Equipment	-	(80,053)
Total Noncurrent Assets		9,004
Total Assets	587,016	17,771,080
LIABILITIES		
Current Liabilities:		
Accounts Payable	801	227,361
Accrued Wages Payable	7,783	
Due to Other Funds	7,661	4,006,494
Accrued Expenses	-	2,671,476
Total Liabilities	16,245	6,909,104
NET POSITION		
Unrestricted Net Position	570,771	10,861,977
Total Net Position	\$ 570,771	\$ 10,861,977

#### PSJA ISD STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION PROPRIETARY FUNDS FOR THE YEAR ENDED AUGUST 31, 2019

	Business-Type Activities -		Governmental Activities -	
	Total	Total		
	Enterprise Funds		Internal Service Funds	
OPERATING REVENUES:				
Local and Intermediate Sources	\$ 814,471	\$	46,302,153	
Total Operating Revenues	814,471		46,302,153	
OPERATING EXPENSES:				
Payroll Costs	389,702		158,063	
Professional and Contracted Services	132,633		42,079,653	
Supplies and Materials	13,374		100,884	
Other Operating Costs	 40,213		18,840	
Total Operating Expenses	 575,922		42,357,440	
Transfer In	-		2,000,000	
Transfers Out	-		(2,000,000)	
Operating Income	238,549		3,944,713	
Total Net Position - September 1 (Beginning)	332,222		6,534,897	
Prior Period Adjustment	 -		382,367	
Total Net Position - August 31 (Ending)	\$ 570,771	\$	10,861,977	

### PSJA ISD STATEMENT OF CASH FLOWS PROPRIETARY FUNDS FOR THE YEAR ENDED AUGUST 31, 2019

	Business-Type Activities	
	Total	Total
	Enterprise	Internal
	Funds	Service Funds
Cash Flows from Operating Activities:		
Cash Received from Fund and Customers	\$ 814,47	46,202,371
Cash Payments to Employees for Services	(386,75	(157,395)
Cash Payments for Claims and Admin Costs	-	(42,140,369)
Cash Payments for Suppliers for Goods and Services	(147,90	(221,031)
Other Operating Cash Receipts (Payments)	(40,21	3) (18,840)
Net Cash Provided by Operating Activities	239,60	3 3,664,736
Cash Flows from Non-Capital Financing Activities:	(202.12	
Inerfund Loan or Loan Repayments Received	(293,13	(4) 78
Cash Flows from Investing Activities:		
Purchase of Investment Securities	-	(39,099,605)
Proceeds from Sale and Maturities of Securities		37,347,000
Net Cash Provided by (Used for) Investing Activities		(1,752,605)
Net Increase (Decrease) in Cash and Cash Equivalents	(53,53	1) 1,912,209
Cash and Cash Equivalents at Beginning of Year	339,75	
Cash and Cash Equivalents at End of Year	\$ 286,22	1 \$ 10,164,926
Reconciliation of Operating Income to Net Cash		
Provided by Operating Activities:		
Operating Income:	\$ 238,54	\$ 3,944,713
Effect of Increases and Decreases in Current Assets and Liabilities:		
Increase (decrease) in Accounts Payable	(1,89	(61,606)
Increase (decrease) in Accrued Expenses	(-,-,-	(122,388)
Increase (decrease) in Accrued Wages Payable	2,95	
Increase (decrease) in Interfund Payables	-,	(99,782)
Increase (decrease) in Due to Other		3,799
Net Cash Provided by Operating Activities	\$ 239,60	3 \$ 3,664,736

### PSJA ISD STATEMENT OF FIDUCIARY NET POSITION FIDUCIARY FUNDS AUGUST 31, 2019

	A gency Funds
ASSETS	
Cash and Cash Equivalents	\$ 1,020,892
Investments - Current	27,382
Due from Other Funds	146,288
Other Receivables	6,106
Total Assets	\$ 1,200,668
LIABILITIES	
Due to Other Funds	\$ 10,423
Due to Other Governments	93,560
Due to Student Groups	1,096,685
Total Liabilities	\$ 1,200,668

### Note 1 - Summary of Significant Accounting Policies

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

### 1. Reporting Entity

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

### 2. Basis of Presentation, Basis of Accounting

### a. Basis of Presentation

Government-wide Financial Statements: The statement of net position and the statement of activities include the financial activities of the overall government, except for fiduciary activities. Eliminations have been made to minimize the double-counting of internal activities. These statements distinguish between the governmental and business-type activities of the District. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties.

The statement of activities presents a comparison between direct expenses and program revenues for the different business-type activities of the District and 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 and enterprise funds, each displayed in a separate column. All remaining governmental and enterprise funds are aggregated and reported

### Note 1 - Summary of Significant Accounting Policies (Continued)

as nonmajor funds.

Proprietary fund operating revenues, such as charges for services, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. Nonoperating revenues, such as subsidies and investment earnings, result from nonexchange transactions or ancillary activities.

The District reports the following major governmental funds:

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

**Debt Service Funds**: This fund is used by the District to account for resources accumulated and payments made for principal and interest on long -term debt of governmental funds.

**Capital Projects Funds**: This fund is used by the District to account for the financial resources used to acquire and/or construct a major capital asset.

In addition, the District reports the following fund types:

**Enterprise Funds**: These funds are used to account for goods and services provided to the public for a fee that makes them self- supporting.

**Internal Service Funds**: These funds are used to account for revenues and expenses related to services provided to parties inside the District. These funds facilitate distribution of support costs to the users of support services on a cost-reimbursement basis. Because the principal users of the internal services are the District's governmental activities, this fund type is included in the "Governmental Activities" column of the government-wide financial statements.

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

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

b. Measurement Focus, Basis of Accounting

Government-wide, Proprietary, and Fiduciary Fund Financial Statements: These financial statements are reported using the economic resources measurement focus. The government-wide and proprietary fund financial statements 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

### Note 1 - Summary of Significant Accounting Policies (Continued)

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. 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.

### c. Fair Value Measurements

GASB Statement No. 72, *Fair Value Measurement and Application* defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction. Fair value accounting requires characterization of the inputs used to measure fair value into a three-level fair value hierarchy as follows:

- Level 1 inputs are based on unadjusted quoted market prices for identical assets or liabilities in an active market the entity has the ability to access.
- Level 2 inputs are observable inputs that reflect the assumptions market participants would use in pricing the asset or liability developed based on market data obtained from sources independent from the entity.
- Level 3 are unobservable inputs that reflect the entity's own assumptions about the assumptions market participants would use in pricing the asset or liability developed based on the best information available.

There are three general valuation techniques that may be used to measure fair value.

- The market approach uses prices generated by market transactions involving identical or comparable assets or liabilities.
- The cost approach uses the amount that currently would be required to replace the service capacity of an asset (replacement cost).
- The income approach uses valuation techniques to convert future amounts to present amounts based on current market expectations.

## Note 1 - Summary of Significant Accounting Policies (Continued)

- 3. Financial Statement Amounts
  - a. Cash and Cash Equivalents

For purposes of the statement of cash flows, highly liquid investments are considered to be cash equivalents if they have a maturity of three months or less from the date of aquisition.

### b. Investments

Money market investments which are short-term, highly liquid debt instruments including commercial paper, bankers acceptances and U.S. Treasury and agency obligations that have a remaining maturity at time of purchase of one year or less are reported at amortized cost. Investments in entities (such as investment pools) that calculate Net Asset Value per Share and follow the requirements of GASB Statement No. 79 are also reported at amortized cost. Nonparticipating interest-earning investment contracts, including repurchase agreements, are reported using a cost-based measure. The term nonparticipating means that the investment's value does not vary with market interest rate changes. All other investments are reported at fair value.

### c. Inventories and Prepaid Items

Inventories of supplies on the balance sheet are stated at weighted average cost, while inventories of food commodities are recorded at market values supplied by the Texas Department of Agriculture. Inventory items are recorded as expenditures when they are consumed. Supplies are used for almost all functions of activity, while food commodities are used only in the food service program. Although commodities are received at no cost, their fair market value is supplied by the Texas Department of Agriculture and recorded as inventory and deferred revenue when received. When requisitioned, inventory and deferred revenue are relieved, expenditures are charged, and revenue is recognized for an equal amount. Inventories also include plant maintenance and operation supplies as well as instructional supplies. Reported inventories are equally offset by a fund balance reserve, which indicates that they do not constitute "available spendable resources" even though they are a component of net current assets.

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

### d. Capital Assets

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

## Note 1 - Summary of Significant Accounting Policies (Continued)

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

	Estimated
Asset class	useful lives
Infrastructure	30
Buildings	50
Buildings and Improvements	20
Vehicles	2-15
Office Equipment	3-15
Computer Equipment	3-15

### e. Deferred Outflows and Inflows of Resources

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

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

### Deferred Outflows of Resources

In the government-wide financial statements, insurance costs arising from the issuance of debt are reported as deferred outflows and amortized over the term of the related debt. Deferred amounts from a refunding of debt (debits) are reported as deferred outflows of resources and are amortized over the lesser of the life of the refunded bonds or refunding debt.

Deferred outflows of resources for pension and OPEB are reported in the government-wide financial statement of net position. Deferred outflows result from pension and OPEB plan contributions made after the measurement date of the net pension and net OPEB liabilities.

Deferred outflows also include the District's proportionate share of the deferred outflows of resources of the TRS plan. These deferred outflows include the differences between expected and actual economic experience and changes in actuarial assumptions. The deferred outflows of resources related to the District's contributions which are subsequent to the measurement date will be recognized as a reduction of the net pension and net OPEB liabilities in the next fiscal year.

The other pension and OPEB related deferred outflows will be amortized over the expected remaining service lives of all employees (active and inactive employees) that are provided with

## Note 1 - Summary of Significant Accounting Policies (Continued)

pensions and OPEB through the pension and OPEB plans which is currently between 5.00 to 9.04 years.

## Deferred Inflows of Resources

Grant amounts received in advance of meeting timing requirements and advances of revenue from imposed nonexchange transactions such as property taxes or transactions recorded as a receivable prior to the period when resources are required to be used or are available, are reported as deferred inflows of resources at the fund level and are recognized as revenues at the government-wide level. Deferred amounts from refunding debt (credits) are reported as deferred inflows of resources and are amortized over the lesser life of the refunded bonds or refunding debt.

Deferred inflows of resources for pension and OPEB are reported in the government-wide financial statement of net position. These deferred inflows result primarily from differences between projected and actual earnings on pension and OPEB plan investments. These amounts will be amortized between 5.00 to 9.04 years.

### f. 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.

### g. Compensated Absences

On retirement or death of certain employees, the District pays any accrued leave in a lump sum payment to such employee or his/her estate. Individuals employed after October 1, 1985 are not eligible to receive the lump sum payments.

### h. 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.

### Note 1 - Summary of Significant Accounting Policies (Continued)

### i. Use of Estimates

The preparation of financial statements in conformity with GAAP requires the use of management's estimates. Such estimates primarily relate to unsettled transactions and events as of the date of the financial statements. Accordingly, upon settlement actual results may differ from actual amounts.

### j. Long-term Obligations

In government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities. Bond premiums and discounts are recorded and amortized over the term of the related debt using the effective interest method. Bond issuance costs are expensed in the current period.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. Premiums received and OID discounts incurred on debt issuances are reported as other financing sources and uses. Issuance costs, whether or not withheld from debt proceeds, and underwriter's discounts are reported as debt service expenditures.

### k. 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 ensure accuracy in building a statewide database for policy development and funding plans.

I. Fund Balances - Governmental Funds

Fund balances of the governmental funds are classified as follows:

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

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

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

**Assigned Fund Balance** - represents amounts which the District intends to use for a specific purpose, but that do not meet the criteria to be classified as restricted or committed. Intent may be

### Note 1 - Summary of Significant Accounting Policies (Continued)

stipulated by the Board of Trustees or by an official or body to which the Board of Trustees delegates the authority. Specific amounts that are not restricted or committed in a special revenue, capital projects, debt service or permanent fund are assigned for purposes in accordance with the nature of their fund type or the fund's primary purpose. Assignments within the general fund convey that the intended use of those amounts is for a specific purpose that is narrower than the general purposes of the District itself.

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

### m. Net Position Flow Assumption

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

### n. Fund Balance Flow Assumptions

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

4. Accounting System

In accordance with the Resource Guide, the District has adopted and installed an accounting system, which meets at least the minimmn requirements prescribed by the State Board of Education and approved by the State Auditor. Specifically, the District's accounting system uses codes and the code structure prescribed by TEA in the Resource Guide. Mandatory codes are recorded in the order provided in that section.

### 5. Pensions

The fiduciary net position of the Teacher Retirement System of Texas (TRS) has been determined using the flow of economic resources measurement focus and full accrual basis of accounting. This includes for purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, pension expense, and information about assets, liabilities and additions to/deductions from TRS' fiduciary net position. Benefit payments (including

### Note 1 - Summary of Significant Accounting Policies (Continued)

refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

6. Other Post-Employment Benefits

The fiduciary net position of the Teacher Retirement System of Texas (TRS) TRS Care Plan has been determined using the flow of economic resources measurement focus and full accrual basis of accounting. This includes for purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to other post-employment benefits, OPEB expense, and information about assets, liabilities and additions to/deductions from TRS Care's fiduciary net position. Benefit payments are recognized when due and payable in accordance with the benefit terms. There are no investments as this is a pay-as you-go plan and all cash is held in a cash account.

7. New Accounting Standards Adopted

In fiscal year 2019, the District implemented GASB Statement No. 88, *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements.* Statement No. 88 improves the information that is disclosed in notes to government financial statements related to debt, including direct borrowings and direct placements. It also clarifies which liabilities governments should include when disclosing information related to debt. This Statement defines debt for purposes of disclosure in notes to financial statements as a liability that arises from a contractual obligation to pay cash (or other assets that may be used in lieu of cash) in one or more payments to settle an amount that is fixed at the date the contractual obligation is established. This Statement requires that additional essential information related to debt be disclosed in notes to financial statements, including unused lines of credit; assets pledged as collateral for the debt; and terms specified in debt agreements related to significant events of default with finance-related consequences, significant termination events with finance-related consequences, and significant subjective acceleration clauses. For notes to financial statements related to debt, this Statement also requires that existing and additional information be provided for direct borrowings and direct placements of debt separately from other debt.

Future accounting standards possibly applicable to the District that have been issued by the Governmental Accounting Standards Board are:

- Statement No. 84, Fiduciary Activities
- Statement No. 87, *Leases*

Statement No. 84 establishes criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities. An activity meeting the criteria should be reported in a fiduciary fund in the basic financial statements. Governments with activities meeting the criteria should present a statement of fiduciary net position and a statement of changes in fiduciary net position. The requirements of this Statement are effective for reporting periods beginning after December 15, 2018.

### Note 1 - Summary of Significant Accounting Policies (Continued)

Statement No. 87 improves the accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lesse is required to recognize a lease liability and an intangible right-to- use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. The requirements of this Statement are effective for reporting periods beginning after December 15, 2019.

### Note 2 - Compliance and Accountability

### Finance-Related Legal and Contractual Provisions

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

Violations None reported Action Taken Not applicable

### Expenditures Exceeding Appropriations

During the year ended August 31, 2019, the District had expenditures exceeding budgets of \$770,279 in Function 11, \$735,170 in Function 13, and \$2,133,851 in Function 35 in the General Fund.

## Deficit Fund Balance or Fund Net Position of Individual Funds

The District does not have funds with a deficit balance at year-end. The district has a negative unrestricted net position in the Governmental Activities of \$119,469,206 at year-end. The result of this negative balance is due to the effect of GASB No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions implemented in the previous year (Refer to Note 19).

### Note 3 - Deposits and Investments

The following is a reconciliation of the District's total cash, investments, and restricted assets with the statement of Net Position:

	Balance as of agust 31, 2019
Deposits	\$ 31,409,993
Cash with Paying Agent	700,000
Money Market	14,902,596
Investments	103,902,518
Total	\$ 150,915,107
Exhibit A-1	
Cash and Cash Equivalents	\$ 31,089,101
Current Investments	103,875,136
Restricted Assets	14,902,596
Total Exhibit A-1	\$ 149,866,833
Exhibit E-1	
Cash and Cash Equivalents	\$ 1,020,892
Current Investments	27,382
Total Exhibit E-1	\$ 1,048,274

### Deposits

The District's funds are required to be deposited and invested under the terms of a depository contract pursuant to the School Depository Act. During the year, the depository bank maintained letters of credit with the District's agent bank to cover the bank deposits as authorized by Chapter 2257 Collateral for Public Funds of the Government Code, 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, 2019, the carrying amount of the District's deposits (cash and money market) was \$47,012,589 and the bank balance was \$49,763,750.

## Custodial Credit Risk – Deposits

Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be covered by depository insurance and the deposits are uncollateralized, collateralized with securities held by the pledging financial institution, or collateralized with securities held by the pledging financial institution's trust department or agent but not in the District's name. The District's cash deposits at August 31, 2019 and during the year ended August 31, 2019 were entirely covered by letters of credit and FDIC insurance held by the District's agent bank in the District's name.

## Note 3 - Deposits and Investments (Continued)

In addition, the following is disclosed regarding coverage of combined balances on the date of highest deposit:

- a) Depository Institution: BBVA Compass
- b) Amount of letters of credit pledged as of the date of the highest combined balance on deposit was \$58,000,000.
- c) The highest combined balances of cash, savings and time deposit accounts amounted to \$50,489,739 and occurred during the month of August 2019.
- d) Total amount of FDIC coverage at the time of the largest combined balance was \$250,000.

Additionally, a cumulative sinking fund money market account is held by BNY Mellon to provide for the payment of the Qualified School Construction Loan, Series 2011. The highest cash balance of \$14,902,596 occurred during the month of August 2019 in this money market account. The money market account is held and fully collaterized by BNY Mellon.

### Investments

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

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

The Act determines the types of investments which are allowable for the District:

- 1. Obligations of, or guaranteed by, governmental entities as permitted by Government Code 2256.009
- 2. Certificates of deposit and share certificates as permitted by Government Code 2256.010
- 3. Fully collateralized repurchase agreements as permitted by Government Code 2256.011
- 4. A securities lending program as permitted by Government Code 2256.0115
- 5. Banker's acceptances as permitted by Government Code 2256.012
- 6. Commercial paper as permitted by Government Code 2256.013

## Note 3 - Deposits and Investments (Continued)

- 7. No-load money market mutual funds and no-load mutual funds as permitted by Government Code 2256.014
- 8. A guaranteed investment contract as an investment vehicle for bond proceeds, provided it meets the criteria and eligibility requirements as established by Government Code 2256.015
- 9. Public funds investment pools as permitted by Government Code 2256.016

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The ratings of securities by nationally recognized rating agencies are designed to give an indication of credit risk. Information on the credit rating and credit risk associated with debt securities (excluding U.S. government obligations and obligations guaranteed by the full faith and credit of the U.S. government), external investment pools, money market funds, bond mutual funds and other pooled investments of fixed-income securities at year-end is required.

State law and the District's Investment Policy restrict depository time and demand deposits to those fully collateralized or FDIC insured from eligible depositories (banks) doing business in Texas. By policy, depository CDs are limited to maturities not exceeding two (2) years and require collateralization to 102% with pledged securities (and 110% if collateral is a mortgage backed security). All collateral is to be held by an independent custodian. The pledging bank is contractually responsible for monitoring and maintaining the collateral margins daily. Brokered CD securities must be FDIC insured and delivered versus payment to the District's depository. The maximum maturity for brokered CDs is one year and FDIC insurance must be verified before purchase. The policy requires that FDIC status of the brokered CD banks be monitored weekly and any mergers exposing the District to non-FDIC coverage requires immediate liquidation.

State law and the District's adopted Investment Policy limit repurchase agreements to primary dealers or banks doing business in Texas. The policy requires independent safekeeping of collateral, and a 102% margin on collateral. Repurchase agreements are limited to a maximum maturity of three (3) years executed under a Master Repurchase Agreement.

Constant dollar, local-government investment pools, as allowed by state law (2256.016) and approved by the adopted Policy are authorized. By state law, all local government pools are rated AAA or equivalent by at least one NRSRO (Nationally Recognized Securities Ratings Organization). All pools by Policy must strive to maintain a \$1 NAV.

Debt issued by states, local governments and other political subdivisions must be general obligations of the issuer and be rated A or better by at least one NRSRO and are restricted to two (2) years to maturity

AAA rated, SEC registered money market mutual funds are authorized if they strive to maintain a \$1 NAV.

The Qualified School Construction Note Funds are defined as a separate sub-portfolio which has a maximum stated maturity and weighted average maturity of five (5) years. The policy restricts all other investments to a maximum stated maturity of two (2) years and also restricts the portfolio to a weighted average maturity of 180 days.

Interest rate risk exists in an interest-bearing asset, such as a loan or a bond, due to the possibility of a

## Note 3 - Deposits and Investments (Continued)

change in the asset's value resulting from the variability of interest rates. Interest-rate risk management reduces the exposure to changes in interest rates that could adversely affect the value of investments. The District shall use final and weighted-average maturity data. In order to limit interest and market rate risk from changes in interest rates, the District's adopted Investment Policy sets a maximum maturity of two (2) years. The total portfolio has a dollar weighted average maturity (WAM) limit of 180 days. The investment in the QSCN Reserve Fund has a maturity of 667 days in keeping with its specific policy and goals. The District's investment in Texpool and Texas Term are available daily.

Concentration of Credit Risk - The investment policy of the District contains no limitations on the amount that can be invested in any one issuer beyond that stipulated by the Public Funds Investment Act.

### Public Funds Investment Pools

Public funds investment pools in Texas ("Pools") are established under the authority of the interlocal Cooperation Act, Chapter 79 of the Texas Government Code, and are subject to the provisions of the Public Funds Investment Act (the "Act"). Chapter 2256 of the Texas Government Code, in addition to other provisions of the Act designed to promote liquidity and safety of principal, the Act requires Pools to: 1) have an advisory board composed of participants in the pool and other persons who do not have a business relationship with the pool and are qualified to advise the pool; 2) maintain a continuous rating of no lower than AAA or AAA-m or an equivalent rating by at least one nationally recognized rating service; and 3) maintain the market value of its underlying investment portfolio within one half of one percent of the value of its shares.

All of the investment pools that the District is invested in meet the criteria established under GASB Statement No. 79 to report their value at amortized cost. All of the investment pools strive to maintain a \$1 per share net asset value. Additionally, the pools do not have any limitations or restrictions on withdrawals such as notice periods or maximum transaction amounts. The pools do not impose any liquidity or redemption gates.

				Weighted		
			Reported	Average	Standard &	Concentration
Reported At	Description		Amount	Maturity (days)	Poor Rating	of Credit Risk
Amortized Cost	Texas Term Dec 20	\$	8,580,335	117/356	AAAf / AAAkf	8.26%
Amortized Cost	Texas Term Dec 19		18,037,570	55/365	AAAf / AAAkf	17.36%
Amortized Cost	Texas Term Daily		12,583	29/60	AAAm	0.01%
Amortized Cost	Texpool Investment Fund		47,157,331	31	AAAm	45.39%
Amortized Cost	Texpool Investment Fund		5,116,874	31	AAAm	4.92%
Market Value	Certificate of Deposit		24,997,825	N/A	N/A	24.06%
		\$1	L03,902,518	-		100.00%

The District's investments at August 31, 2019 are shown below:

## Note 3 - Deposits and Investments (Continued)

### Investment Accounting Policy

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

## **Restricted Assets**

As of August 31, 2019, restricted assets of the General Fund total \$14,902,596, including interest earnings, held in a money market account for the future payment of the Qualified School Construction Loan, Series 2011.

### Note 4 – Property Tax

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

Delinquent taxes are prorated between maintenance and debt service based on rates adopted for the year of the levy. The District's 2018 tax rate was \$1.17 for maintenance and \$.2092 for debt service per \$100 assessed valuation. The 2018 assessed valuation was \$4,549,434,603. 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.

Taxes Receivable at August 31, 2019, was as follows:

			Less:	Allowance for			
	Tota	Total Receivable		Uncollectible		Net Receivable	
General Fund	\$	6,736,257	\$	957,532	\$	5,778,725	
Debt Service Fund		1,169,637		135,114		1,034,523	
	\$	7,905,894	\$	1,092,646	\$	6,813,248	

## Note 5 - Capital Assets

Capital asset activity for the year ended August 31, 2019 was as follows:

			Restated			
	Beginning		Beginning			Ending
	Balances	Restatements	Balance	Increases	Decreases	Balances
Governmental activities:						
Capital assets, not being						
depreciated:						
Land	\$ 30,021,582	\$-	\$ 30,021,582	\$-	\$-	\$ 30,021,582
Construction in progress	90,601,547	(39,161,985)	51,439,562	17,778,192	28,228,872	40,988,882
Total capital assets, not						
being depreciated	120,623,129	(39,161,985)	81,461,144	17,778,192	28,228,872	71,010,464
Capital assets, being						
depreciated:						
Land improvements	19,135,204	-	19,135,204	449,829	-	19,585,033
Buildings	526,955,546	40,065,751	567,021,297	18,477,439	-	585,498,736
Buildings and improvements	153,596,838	-	153,596,838	9,301,601	-	162,898,439
Furniture and equipment	46,751,815	-	46,751,815	1,492,957	3,576,279	44,668,493
Vehicles	16,098,542	-	16,098,542	1,303,169	305,171	17,096,540
Library Books	358,671	-	358,671	-	-	358,671
Total capital assets, being						
depreciated	762,896,616	40,065,751	802,962,367	31,024,995	3,881,450	830,105,912
Less accumulated						
depreciation for:						
Land improvements	15,387,361	-	15,387,361	565,671	-	15,953,032
Buildings	79,506,254	2,003,288	81,509,542	10,989,631	-	92,499,173
Buildings and improvements		-	28,346,766	4,876,798	-	33,223,564
Furniture and equipment	37,534,226	-	37,534,226	3,617,538	3,543,350	37,608,414
Vehicles	12,121,737	-	12,121,737	863,283	305,171	12,679,849
Library Books	313,249	-	313,249	43,131	-	356,380
Total accumulated						· · · ·
depreciation	173,209,593	2,003,288	175,212,881	20,956,052	3,848,521	192,320,412
Total capital assets,						
being depreciated, net	589,687,023	38,062,463	627,749,486	10,068,943	32,929	637,785,500
Governmental activities,	565,007,025	30,002,403	527,745,400	10,000,040	52,525	037,703,300
capital assets, net	\$ 710,310,152	\$ (1,099,522)	\$ 709,210,630	\$27,847,135	\$28,261,801	\$ 708,795,964

## Note 5 - Capital Assets (Continued)

Internal Service Fund capital assets detailed below are included with the Governmental Activities in the Statement of Net Position and are included in the previous recap of governmental activities' capital assets.

	Interr	nal Service Fund
Furniture and Equipment	\$	89,057
Accumulated Depreciation		80,053
Net Capital Assets	\$	9,004
Depreciation was charged to functions as follows:		
11 - Instruction	\$	11,174,306
12 - Instructional Resources and Media Services		1,121,811
13 - Curriculum and Instructional Staff Development		555,650
21 - Instructional Leadership		471,659
23 - School Leadership		807,442
31 - Guidance, Counseling, and Evaluation Services		559,904
32 - Social Work Services		184,514
33 - Health Services (Pupil)		1,052,198
34 - Student Transportation		1,276,254
35 - Food Services		669,016
36 - Extracurricular Activities		367,568
41 - General Administration		879
51 - Facilities Maintenance and Operations		1,938,136
52 - Security and Monitoring Services		430,886
53 - Data Processing Services		255,911
61 - Community Services		89,918
Total depreciation expense	\$	20,956,052

### Note 6 - Due To and From Other Governments and Agencies

Amounts due to and from other governments and agencies are as follows:

	Due From	Due To
<u>General Fund</u>		
Texas Education Agency:	4	
Foundation Revenues	\$ 6,537,593	\$ 36,976
National School Breakfast and Lunch Program	852,450	-
Medicaid Program (SHARS)	4,913,893	-
Federal Communications Commision (E-Rate)	271,570	-
Other	1,614	11,954
	12,577,120	48,930
Debt Service Fund		
Texas Education Agency:		
Instructional Facilities Allotment	357,010	4,748
	357,010	4,748
Other Govermental Funds		
Texas Education Agency:	2 046 164	204
ESEA, Title I, Part A - Improving Basic Programs	2,946,164	204
ESEA, Title I, Part C - Migratory Children	253,606	-
IDEA - Part B, Formula	977,618	-
IDEA - Part B, Preschool	25,797	-
Career and Technical - Basic Grant	140,546	-
ESEA, Title II, Part A, Teacher Principal Training	627,098	-
Title III, Part A - English Language Acquisition	219,668	-
Gaining Early Awareness and Readiness for Undergraduate Programs	139,665	-
Title I SIP Academy Grant	545,990	-
Title I Migrant Interstate	204,609	-
Other	135,847	132,237
UT-RGV (Early Head Start)	1,409,392	-
Region 18	2,032,914	-
Texas Workforce Commission (Jet-TX Workforce)	293,836	-
U.S. Department of Health & Human Services (TANF)	20,330	-
Other	2,734	-
	9,975,814	132,441
Exibit C-1 Totals	\$ 22,909,944	\$ 186,119
	, , , ,	
Total Due To/From Other Goverments and Agencies - Exhibit A-1	\$ 22,909,944	\$ 186,119

### **Note 7 - Interfund Balances and Activities**

### Due To and From Other Funds

	Due From		Due To
General Fund General Fund	\$ 2,179,5	529 \$	2,179,529
Special Revenue Fund	\$		4,230
Debt Service Fund	420,4		156,222
Capital Projects Fund		39	764
Internal Service Fund		16	102,185
Enterprise Funds		507	300,795
Fiduciary Fund	10,4		136,259
Total General Fund	11,009,4		2,879,984
Special Revenue Fund			
General Fund	4,2	30	8,375,228
Fiduciary Fund		-	9,797
Total Special Revenue Fund	4,2	30	8,385,025
Debt Service Fund			
General Fund	156,2	22	420,434
Debt Service Fund	1,213,0		1,213,004
Capital Projects Fund		-	2,600
Total Debt Service Fund	1,369,2	26	1,636,038
Capital Projects Fund			
General Fund	7	'64	9,939
Debt Service Fund	2,6	500	-
Internal Service Fund			36
Total Capital Projects Fund	3,3	64	9,975
Internal Service Fund			
General Fund	102,1	.85	6,416
Capital Projects Fund		36	-
Internal Service Fund	4,000,0	000	4,000,000
Fiduciary Fund		<u> </u>	78
Total Internal Service Fund	4,102,2	21	4,006,494
Enterprise Fund			
General Fund	300,7	'95	7,507
Fiduciary Fund		<u> </u>	155
Total Enterprise Fund	300,7	'95	7,662
Fiduciary Fund			
General Fund	136,2	259	10,423
Special Revenue Fund	9,7	'97	-
Internal Service Fund		78	-
Enterprise Funds	1	.55	-
Total Fiduciary Fund	146,2	.89	10,423
Total	\$ 16,935,6	501 <u>\$</u>	16,935,601

## Note 7 - Interfund Balances and Activities (Continued)

The balances resulted from a routine lag between the dates that transactions are recorded in the accounting system and in which payments between the funds are made. All amounts are scheduled to be repaid within one year.

Transfers To and From Other Funds

Transfer From	Transfer To	Amount	Reason
General Fund	Capital Projects Fund	\$ 10,000,000	Transfers for Construction
			Transfers for QSCN, QZAN and
General Fund	Debt Service Fund	3,335,663	QZA Bond
Workers Compensation Fur	nd Health Insurance Fund	2,000,000	Transfers for Health Insurance
	Tot	al \$15,335,663	-

### Note 8 - Long-Term Obligations

Bonds payable will be paid by the Debt Service Fund. The tax notes are direct obligations of the District, payable as to both principal and interest from available funds of the District which include the maintenance tax. The District has pledged to levy a tax from the District's maintenance and operation taxing authority for the maintenance tax notes.

A federal subsidy is available to the District to reimburse the District the majority of the interest requirement for the Maintenance Tax Qualified Construction Notes. For the 2018-2019 fiscal year, the District received \$1,347,665 from this federal assistance. The District is required to make annual deposits into a cumulative sinking fund deposit account in order to pay the principal on these notes when they mature. The sinking fund deposits are recorded in the Debt Service Fund and restricted for that purpose.

## Note 8 - Long-Term Obligations (Continued)

Long-term obligations include debt and other long-term liabilities. Changes in long-term obligations for the year ended August 31, 2019 are as follows:

	Beginning Balance				Ending Balance	A	mounts Due
Description	9/1/2018	Ir	ncrease	Decrease	8/31/2019		hin One Year
Bonds Payable							
Unlimited Tax Building Bonds,							
Series 2010	\$ 46,345,000	\$	-	\$ 2,355,000	\$ 43,990,000	\$	2,455,000
Unlimited Tax Refunding							
Bonds, Series 2014	43,370,000		-	3,885,000	39,485,000		4,085,000
Unlimited Tax Refunding							
Bonds, Series 2015	88,440,000		-	155,000	88,285,000		2,780,000
Unlimited Tax Refunding				4 745 000	00.070.000		2 2 4 2 2 2 2
Bonds, Series 2016	95,715,000		-	4,745,000	90,970,000		2,340,000
Unlimited Tax Refunding Bonds, Series 2017	8,760,000		-	-	8,760,000		_
Total Bonds Payable	282,630,000		_	11,140,000	271,490,000		11,660,000
				11)1 10)000	2,2,100,000		11,000,000
Notes Payable							
Qualified School Construction							
Note, Series 2011	26,755,000			-	26,755,000		-
Limited Maintenance Tax Note							
Payable, Series 2015	13,410,000			1,095,000	12,315,000		1,100,000
Limited Maintenance Tax Note							
Payable, Series 2017	2,890,000			210,000	2,680,000		210,000
Total Notes Payable	43,055,000		-	1,305,000	41,750,000		1,310,000
Premium & Discount	41,759,192		-	2,428,011	39,331,181		-
Total Payables, Net	367,444,192		-	14,873,011	352,571,181		12,970,000
Other Long-Term Liabilities							
Sick and Vacation Leave	9,795,092		468,316	826,881	9,436,527		736,000
Total Other Long-Term Liabilities	0 705 002		460.246	000 001	0 426 527		720.000
Liabilities	9,795,092		468,316	826,881	9,436,527		736,000
Total Governmental Activities	\$377,239,284	\$	468,316	\$ 15,699,892	\$362,007,708	\$	13,706,000

# Note 8 - Long-Term Obligations (Continued)

Bonds payable at August 31, 2019 are comprised of the following individual issues:

	- · · · ·	Final		- · · · ·	Ending Balance
Description	Original Issue	Maturity	Coupon Rate	Original Issue	8/31/2019
Unlimited Tax Building Bonds,					
Series 2010	2/1/2011	8/31/2040	1.50-5.00%	\$ 104,475,000	\$ 43,990,000
Unlimited Tax Refunding					
Bonds, Series 2014	2/19/2014	2/1/2029	3.00-5.00%	46,395,000	39,485,000
Unlimited Tax Refunding					
Bonds, Series 2015	2/27/2015	2/1/2037	2.00-5.00%	88,895,000	88,285,000
Unlimited Tax Refunding					
Bonds, Series 2016	3/15/2017	2/1/2026	1.00-5.00%	107,785,000	90,970,000
Unlimited Tax Refunding					
Bonds, Series 2017	10/31/2017	2/1/2033	2.00-4.00%	8,860,000	8,760,000
				\$ 356,410,000	\$ 271,490,000
Interest paid on bonded indebtedness during the current year was					\$ 12,445,037

Notes payable at August 31, 2019 are comprised of the following individual issues:

		Final			Ending Balance
Description	<b>Original Issue</b>	Maturity	Coupon Rate	<b>Original Issue</b>	8/31/2019
Qualified School Construction			5.497%-		
Note, Series 2011	2/2/2011	2/1/2026	6.247%	\$ 26,755,000	\$ 26,755,000
Limited Maintenance Tax					
Note Payable, Series 2015	6/23/2015	2/1/2030	0.39%	16,660,000	12,315,000
Limited Maintenance Tax					
Note Payable, Series 2017	8/30/2017	2/1/2032	0.00%	3,100,000	2,680,000
				\$ 46,515,000	\$ 41,750,000
Interest paid on notes indebtedness during the current year was					\$ 1,591,643

### Note 8 - Long-Term Obligations (Continued)

Debt Service Requirements

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

# **Bonds** Payable

Year ending				Total
August 31	F	Principal	 Interest	 Requirement
2020	\$	11,660,000	\$ 11,936,837	\$ 23,596,837
2021		12,205,000	11,389,112	23,594,112
2022		12,800,000	10,788,912	23,588,912
2023		13,455,000	10,132,537	23,587,537
2024		14,165,000	9,442,037	23,607,037
2025-2029		63,345,000	37,588,685	100,933,685
2030-2034		75,020,000	22,991,630	98,011,630
2035-2039		62,805,000	6,808,108	69,613,108
2040-2044		6,035,000	 120,700	 6,155,700
Subtotal	\$	271,490,000	\$ 121,198,558	\$ 392,688,558

## Notes Payable

Year Ending							Total
August 31	No	otes Principal	Interest	Q	SCB Subsidy	R	equirement
2020	\$	1,310,000	\$ 1,591,643	\$	(1,347,715)	\$	1,553,928
2021		18,060,000	1,126,979		(921,864)		18,265,115
2022		1,310,000	662,306		(501,810)		1,470,496
2023		1,315,000	657,987		(501,810)		1,471,177
2024		1,320,000	653,648		(501,810)		1,471,838
2025-2029		16,675,000	1,014,948		(752,715)		16,937,233
2030-2034		1,760,000	 2,221		-		1,762,221
	\$	41,750,000	\$ 5,709,732	\$	(4,527,724)	\$	42,932,008

## Note 9 - Revenues From Local and Intermediate Sources

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

						Total
		Debt Service	C	Capital		Governmental
	General Fund	Fund	Pi	rojects	Other Funds	Funds
Property Taxes	\$51,907,276	\$ 9,293,325	\$	-	\$-	\$61,200,601
Food Sales	225,567	-		-	-	225,567
Investment Income	3,257,583	1,003,070		9,556	-	4,270,209
Penalties and Interest on Taxes	1,324,863	237,118		-	-	1,561,981
Co-curricular Student Activities	361,865	-		-	1,926,522	2,288,387
Insurance	-	-		-	-	-
Other	1,342,069	-		11,999	226,500	1,580,568
	\$58,419,223	\$10,533,513	\$	21,555	\$ 2,153,022	\$71,127,313

	Total Ent	erprise Funds Total In	ternal Service Funds
Investment Income	\$	- \$	86,500.00
Insurance		43,670	46,203,605
Other		770,801	12,048
	\$	814,471 \$	46,302,153

## Note 10 - Unearned Revenue

Governmental funds report unearned revenue in connection with resources that have been received, but not yet earned. As of August 31, 2019, unearned revenue reported in the governmental funds consisted of \$1,213,548 for state and local grants. Unearned revenues for state and local grants represent revenues received in excess of expenditures incurred for those programs for which the project period has not yet ended.

## Note 11 - Deferred Outflows and Inflows of Resources

Governmental funds report deferred inflows of resources in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. As of August 31, 2019, the governmental funds reported deferred inflows of resources for unavailable property taxes, unavailable SHARS revenues and unavailable ERATE revenues in the amounts of \$6,813,248, \$4,891,681 and \$271,570, respectively, for a total of \$11,976,499.

Deferred outflows of resources reported at the government-wide financial statement level include deferred charges on refunding of bonds, deferred outflows related to pensions and deferred outflows related to OPEB. As of August 31, 2019, the amount of deferred charges on refunding of bonds reported as deferred outflows of resources was \$17,664,371 net of cumulative amortization of \$4,927,942. Deferred outflows of resources related to pensions and OPEB are \$52,639,927 and \$17,861,647, respectively. Deferred inflows of resources related to pensions and OPEB are \$6,787,184 and \$45,722,753, respectively.

### Note 12 - General Fund Federal Source Revenues

Programs or Source	<u>CFDA Number</u>	<u>Amount</u>
School Breakfast Program	10.553	\$ 7,171,524
National School Lunch Program	10.555	13,972,498
U.S.D.A. Donated Commodities	10.555	1,595,466
Child and Adult Care Food Program	10.558	931,652
Fresh Fruit and Vegetable Program	10.582	218,225
Summer Food Service Program	10.559	559,443
School Health And Related Services (SHARS)	N/A	4,862,547
Junior Reserve Officer Training Corps (JROTC)	12.357	253,556
Federal Surplus	39.003	12,403
National Wildlife Refuge System Enhancements	15.654	22,212
Other	N/A	10
Indirect Costs	Various	 1,589,605
		\$ 31,189,141

### Note 13 - Risk Management

The District is exposed to various risks of loss related to torts, theft, damage or destruction of assets, errors and omissions, injuries to employees, and natural disasters. During fiscal year 2019, the District purchased commercial insurance to cover general liabilities. There were no significant reductions in coverage in the past fiscal year and there were no settlements exceeding insurance coverage for each of the past three fiscal years.

## Workers' Compensation Insurance

During the year ended August 31, 2019, the District met its statutory workers compensation obligations by participating as a self-funded member of the TASB Risk Management Fund (the Fund). The Fund was created and is operated under the provisions of the Interlocal Cooperation Act, Chapter 791 of the Texas Government Code and Chapter 504, Texas Labor Code. All members participating in the Fund execute Interlocal Agreements that define the responsibilities of the parties.

As a self-funded member of the TASB Risk Management Fund, the District is solely responsible for all claim costs, both reported and unreported. The Fund provides administrative services to its self-funded members including claims administration and customer service.

The Fund engages the services of an independent auditor to conduct a financial audit after the close of each plan year on August 31. The audit is accepted by the Fund's Board of Trustees in February the following year. The Fund's audited financial statements as of August 31, 2018, are available at the TASB offices and have been filed with the Texas Department of Insurance in Austin.

## Health Insurance

The District sponsors a self-insurance plan to provide health care benefits to staff members and their

# Note 13 - Risk Management (Continued)

dependents. Transactions related to the plan are accounted for in the Health Insurance Fund (the "Fund"), an internal service fund of the District. During the fiscal year, the District contributed \$618 per month, per employee to the plan. The total contribution during the current period was \$36,068,379. The employees, at their option, authorized payroll withholdings to pay contributions or premiums for dependents' health insurance. Health claim payments were processed by a third party administrator acting on behalf of the District.

In accordance with State statute, the District was protected against unanticipated catastrophic individual or aggregate loss by stop-loss coverage carried through a third party insurer licensed or eligible to do business in Texas in accordance with the Texas Insurance Code. Stop-loss coverage was in effect for aggregate loss in excess of \$500,000 individual claim limit and \$10,000,000 maximum aggregate claim limit. Settled claims have not exceeded the commercial coverage during the current year.

### **Claims Liabilities**

The claims liabilities at August 31, 2019 for workers compensation insurance and health insurance of \$499,878 and \$2,171,598 reported in the internal service fund are based on the requirements of Governmental Accounting Standards Board Statement No. 10, which requires that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred as of the date of the financial statements and the amount of the loss can be reasonably estimated.

Changes in claims liabilities reported in the internal service fund during the past fiscal year is as follows:

	Workers Compensation		Неа	alth Insurance
	Year Ended 8/31/2019		Year E	inded 8/31/2019
Claims liability at beginning of year Incurred claims (including IBNRs)	\$	843,815	\$	1,950,718
and adjustments		978,850		36,337,194
Claims payments		(1,322,787)		(36,116,314)
Claims liability at end of year	\$	499,878	\$	2,171,598

Medicare Part D - On Behalf Payments for Reporting Entities

The Medicare Prescription Drug, Improvement, and Modernization Act of 2003, which was effective January 1, 2006, established prescription drug coverage for Medicare beneficiaries known as Medicare Part D. One of the provisions of Medicare Part D allows for 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, 2019, 2018 and 2017, the subsidy payments received by TRSCare on behalf of the District for Medicare Part D were \$839,015, \$652,164, and \$701,752 respectively.

### Note 14 - Pension Plan

### Plan Description

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

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

### Pension Plan Fiduciary Net Position

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

### **Benefits Provided**

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

## Contributions

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

# Note 14 - Pension Plan (Continued)

Employee contribution rates are set in state statute, Texas Government Code 825.402. Senate Bill 1458 of the 83rd Texas Legislature amended Texas Government Code 825.402 for member contributions and established employee contribution rates for fiscal years 2014 thru 2017. The 85th Texas Legislature, General Appropriations Act (GAA) affirmed that the employer contribution rates for fiscal years 2018 and 2019 would remain the same.

Current Fiscal Year Employer Contributions	\$ 6,829,233
Current Fiscal Year Member Contributions	\$ 17,590,933
2018 Measurement Year NECE On-behalf Contributions	\$ 9,886,515

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, including public schools, are required to pay the employer contribution rate in the following instances:

- On the portion of the member's salary that exceeds the statutory minimum for members entitled to the statutory minimum under Section 21.402 of the Texas Education Code.
- During a new member's first 90 days of employment.
- When any part or all of an employee's salary is paid by federal funding sources, a privately sponsored source, from non-educational and general, or local funds.

In addition to the employer contributions listed above, there are two additional surcharges an employer is subject to:

- 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.
- When a school district or charter school does not contribute to the Federal Old-Age, Survivors and Disability Insurance (OASDI) Program for certain employees, they must contribute 1.5% of the state contribution rate for certain instructional or administrative employees; and 100% of the state contribution rate for all other employees.

### Note 14 - Pension Plan (Continued)

### Actuarial Assumptions

The total pension liability in the August 31, 2017 actuarial evaluation rolled forward to August 31, 2018 was determined using the following actuarial assumptions:

Valuation Date	August 31, 2017 rolled forward to August 31, 2018
Actuarial Cost Method	Individual Entry Age Normal
Asset Valuation Method	Market Value
Single Discount Rate	6.907%
Long-term Expected Investment Rate of Return	7.25%
Inflation	2.3%
Salary Increases Including Inflation	3.05% to 9.05%
Ad hoc Post-Employment Benefit Changes	None

The actuarial methods and assumptions are primarily based on a study of actual experience for the threeyear period ending August 31, 2017 and adopted in July 2018.

### Discount Rate

The single discount rate used to measure the total pension liability was 6.907%. The single discount rate was based on the expected rate of return on pension plan investments of 7.25% and a municipal bond rate of 3.69%. 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 sufficient to finance the benefit payments until the year 2069. As a result, the long-term expected rate of return on pension plan investments was applied to projected benefit payments through the year 2069, and the municipal bond rate was applied to all benefit payments after that date.

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, 2018 are summarized below:

## Note 14 - Pension Plan (Continued)

		Long Term Expected	Expected Contribution to Long-	
	Target	Arithmetic Real	term Portfolio	
Asset Class	Allocation*	Rate of Return **	Returns	
Global Equity				
U.S.	18%	5.7%	1.0%	
Non-U.S. Developed	13%	6.9%	0.9%	
Emerging Markets	9%	8.9%	0.8%	
Directional Hedge Funds	4%	3.5%	0.1%	
Private Equity	13%	10.2%	1.3%	
Stable Value				
U.S. Treasuries	11%	1.1%	0.1%	
Absolute Return	0%	0.0%	0.0%	
Stable Value Hedge Funds	4%	3.1%	0.1%	
Cash	1%	-0.3%	0.0%	
Real Return				
Global Inflation Linked Bonds	3%	0.7%	0.0%	
Real Assets	16%	5.2%	0.7%	
Energy and Natural Resources	3%	7.5%	0.4%	
Commodities	0%	0.0%	0.0%	
Risk Parity				
Risk Parity	5%	3.7%	0.2%	
Inflation Expectation			2.3%	
Volatility Drag***			-0.8%	
Total	100%	%	7.1%	

\* Target allocations are based on FY 2016 policy model.

\*\* Capital market assumptions come from Aon Hewitt (2017 Q4)

\*\*\* The volatility drag results from the conversion between arithmetic and geometric mean returns.

## Discount Rate Sensitivity Analysis

The following schedule shows the impact of the Net Pension Liability if the discount rate used was 1% less than and 1% greater than the discount rate that was used (6.907%) in measuring the Net Pension Liability.

	1% Decrese in	1% Increase in		
	Discount Rate	Discount Rate	Discount Rate	
	(5.907%)	(6.907%)	(7.907%)	
District's proportionate share of the net				
pension liability	\$ 159,046,794	\$ 105,382,057	\$ 61,937,270	

### Note 14 - Pension Plan (Continued)

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

At August 31, 2019, the District reported a liability of \$105,382,057 for its proportionate share of the TRS's net pension liability. This liability reflects a reduction for State pension support provided to the District. The amount recognized by the District as its proportionate share of the net pension liability, the related State support, and the total portion of the net pension liability that was associated with the District were as follows:

District's proportionate share of the collective net pension liability	\$	105,382,057
State's proportionate share that is associated with the District	_	161,637,767
Total	\$	267,019,824

The net pension liability was measured as of August 31, 2018 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, 2017 through August 31, 2018.

At August 31, 2018, the employer's proportion of the collective net pension liability was 0.1914560513% which was a decrease of 0.0033055284% from its proportion measured as of August 31, 2017.

Changes Since the Prior Actuarial Valuation - There were changes to the actuarial assumptions of other inputs that affected measurement of the total pension liability since the prior measurement period:

- The total pension liability as of August 31, 2018 was developed using a roll-forward method from the August 31, 2017 valuation.
- Demographic assumptions including post-retirement mortality, termination rates, and rates of retirement were updated based on the experience study performed for TRS for the period ending August 31, 2017.
- Economic assumptions including rates of salary increase for individual participants were updated based on the same experience study.
- The discount rate changed from 8.0 percent as of August 31, 2017 to 6.907 percent as of August 31, 2018.
- The long term assumed rate of return changed from 8.0 percent to 7.25 percent.
- The change in the long-term assumed rate of return combined with the change in the single discount rate was the primary reason for the increase in the net pension liability.

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

For the year ended August 31, 2019, the District recognized pension expense of \$29,830,758 and revenue of \$15,997,831 for support provided by the State.

### Note 14 - Pension Plan (Continued)

At August 31, 2019, the District reported its proportionate share of the TRS' deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

		erred Outflow f Resources	D	eferred Inflow of Resources
Differences between expected and actual economic				
experience	\$	656,865	\$	2,585,660
Changes in actuarial assumptions		37,995,308		1,187,354
Difference between projected and actual investment				
earnings		-		1,999,550
Changes in proportion and difference between the				
District's contributions and the proportionate share of				
contributions		7,158,521		1,014,620
Total as of August 31, 2018 measurement date		45,810,694		6,787,184
Contributions paid to TRS subsequent to the measurement				
date		6,829,233		-
Total as of fiscal year-end		52,639,927	\$	6,787,184

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:

					I	Pension Expense			
Year ended August 31,	31, Amount			Amount					
2020					\$		10,236,430		
2021							6,028,547		
2022							4,978,112		
2023							7,067,158		
2024							6,662,469		
Thereafter							4,050,794		
	Beginning Balance				Ending Balanc				
		9/1/2018		Additions	Retirements		8/31/2019		
Net Pension Liability	\$	62,274,261	\$	49,557,466	\$ 6,449,670	\$	105,382,057		

## Note 15 - Other Post-Employment Benefit Plans

### Plan Description

The District participates in the Texas Public School Retired Employees Group Insurance Program (TRS-Care). It is a multiple-employer, cost-sharing defined Other Post-Employment Benefit (OPEB) plan that has a special funding situation. The plan is administered through a trust by the Teacher Retirement System of

#### Note 15 - Other Post-Employment Benefit Plans (Continued)

Texas (TRS) Board of Trustees. It is established and administered in accordance with the Texas Insurance Code, Chapter 1575.

#### **OPEB Plan Fiduciary Net Position**

Detail information about the TRS-Care's fiduciary net position is available in the separately issued TRS Comprehensive Annual Financial Report that includes financial statements and required supplementary information. That report may be obtained on the Internet at http://www.trs.texas.gov; by writing to TRS at 1000 Red River Street, Austin, TX, 78701- 2698; or by calling (512) 542-6592.

Components of the net OPEB liability of the TRS-Care plan as of August 31, 2018 are as follows:

Net OPEB Liability	<u>Total</u>
Total OPEB Liability	\$ 50,729,490,103
Less: Plan Fiduciary Net Position	 798,574,633
Net OPEB Liability	\$ 49,930,915,470
Net Position as a percentage	
of total OPEB Liability	1.57%

#### Benefits Provided

TRS-Care provides a basic health insurance coverage (TRS-Care 1), at no cost to all retirees from public schools, charter schools, regional education service centers and other educational districts who are members of the TRS pension plan. Optional dependent coverage is available for an additional fee.

Eligible non-Medicare retirees and their dependents may pay premiums to participate in the highdeductible health plans. Eligible retirees and their dependents may pay premiums to participate in the Medicare Advantage health plans. To qualify for TRS-Care coverage, a retiree must have at least 10 years of service credit in the TRS pension system. The Board of Trustees is granted the authority to establish basic and optional group insurance coverage for participants as well as to amend benefit terms as needed under Chapter 1575.052. There are no automatic post-employment benefit changes; including automatic COLAs.

The 85th Legislature, Regular Session, passed the following statutory changes in HB 3976 which became effective on September 1, 2017. These are described below under the section "Changes in Benefit Terms".

The premium rates for the optional health insurance are based on years of service of the member. The schedule below shows the monthly rates for the retiree with and without Medicare coverage. These new premium rates for retirees with Medicare Part A and Part B became effective January 1, 2018 (See the TRS CAFR page 70 for plan rates effective from September 1, 2016- December 31, 2017).

## Note 15 - Other Post-Employment Benefit Plans (Continued)

TRS Care Plan Premium Rates						
Effective January 1, 2018	- Decembe	er 31, 2018				
Medicare <u>Non-Medicare</u>						
Retiree or Surviving Spouse	\$	135	\$	200		
Retiree and Spouse		529		689		
Retiree or Surviving Spouse and Children		468		408		
Retiree and Family		1,020		999		

#### Contributions

Contribution rates for the TRS-Care plan are established in state statute by the Texas Legislature, and there is no continuing obligation to provide benefits beyond each fiscal year.

The TRS-Care plan is currently funded on a pay-as-you-go basis and is subject to change based on available funding. Funding for TRS-Care is provided by retiree premium contributions and contributions from the state, active employees, and school districts based upon public school district payroll. The TRS Board of trustees does not have the authority to set or amend contribution rates.

Texas Insurance Code, section 1575.202 establishes the state's contribution rate, which is 1.25% of the employee's salary. Section 1575.203 establishes the active employee's rate, which is .65% of pay. Section 1575.204 establishes an employer contribution rate of not less than 0.25 percent or not more than 0.75 percent of the salary of each active employee of the public. The actual employer contribution rate is prescribed by the Legislature in the General Appropriations Act, which is 0.75% of each active employee's pay for fiscal year 2018. The following table shows contributions to the TRS-Care plan by type of contributor.

## **Contribution Rates**

	<u>2018</u>	<u>2019</u>
Active Employee	0.65%	0.65%
Non-Employer Contributing Entity (State)	1.25%	1.25%
Employers	0.75%	0.75%
Federal/Private Funding Remitted by Employers	1.25%	1.25%
District's 2018 FY Employer Contributions	\$	2,120,503
District's 2018 FY Member Contributions	\$	1,485,023
2018 Measurement Year NECE On-Behalf Contributions	\$	2,363,528

In addition to the employer contributions listed above, there is an additional surcharge all TRS employers are subject to (regardless of whether or not they participate in the TRS Care OPEB program). When employers hire a TRS retiree, they are required to pay to TRS Care, a monthly surcharge of \$535 per retiree.

With Senate Bill 1, 85th Legislature, Regular Session, TRS-Care received supplemental appropriations from the State of Texas as the Non-Employer Contributing Entity in the amount of \$182.6 million in fiscal year

### Note 15 - Other Post-Employment Benefit Plans (Continued)

2018. House Bill 30 of the 85th Legislature provided an additional \$212 million in a one-time supplemental funding for the FY 2018-2019 biennium. One-time supplemental contributions during fiscal 2018 totaled \$394.6 million.

#### Actuarial Assumptions

The total OPEB liability in the August 31, 2017 actuarial valuation was rolled forward to August 31, 2018. The actuarial valuation was determined using the following actuarial assumptions:

The following assumptions and other inputs used for members of TRS-Care are identical to the assumptions used in the August 31, 2017 TRS pension actuarial valuation that was rolled forward to August 31, 2018:

Rates of Mortality	General Inflation
Rates of Retirement	Wage Inflation
Rates of Termination	Expected Payroll Growth
Rates of Disability Incidence	

Additional Actuarial Methods and Assumptions:

Valuation Date Actuarial Cost Method Inflation	August 31, 2017 rolled forward to August 31, 2018 Individual Entry Age Normal 2.30%
Single Discount Rate	3.69% Sourced from fixed income municipal bonds with 20 years to maturity that include only federal tax-exempt municipal bonds as reported in Fidelity Index's "20-Year Municipal FO AA Index" as of August 31, 2018
Aging Factors	Based on Plan Specific Experience
Expenses	Third-party administrative expenses related to the delivery of health care benefits are included in the age-adjusted claims cost
Election Rates	Normal Retirement: 70% participation prior to age 65 and 75% participation after age 65
Projected Salary Increases	3.05% to 9.05%
Ad hoc Post-Employment Benefit Changes	None

In this valuation, the impact of the Cadillac Tax has been calculated as a portion of the trend assumption. Assumptions and methods used to determine the impact of the Cadillac Tax include:

- 2018 thresholds of \$850/\$2,292 were indexed annually by 2.50 percent.
- Premium data submitted was not adjusted for permissible exclusions to the Cadillac Tax.
- There were no special adjustments to the dollar limit other than those permissible for non-Medicare retirees over 55.

#### Note 15 - Other Post-Employment Benefit Plans (Continued)

Results indicate that the value of the excise tax would be reasonably represented by a 25 basis point addition to the long-term trend rate assumption.

#### Discount Rate

A single discount rate of 3.69% was used to measure the total OPEB liability. There was a change of .27 percent in the discount rate since the previous year. Because the plan is essentially a "pay-as-you-go" plan, the single discount rate is equal to the prevailing municipal bond rate. The projection of cash flows used to determine the discount rate assumed that contributions from active 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 OPEB plan's fiduciary net position was projected to not be able to make all future benefit payments of current plan members. Therefore, the municipal bond rate was applied to all periods of projected benefit payments to determine the total OPEB liability.

#### Sensitivity of Net OPEB Liability

Discount Rate Sensitivity Analysis:

The following schedule shows the impact on the net OPEB liability if the discount rate used was 1% less than and 1% greater than the discount rate that was used (3.69%) in measuring the Net OPEB liability.

	1%	Decrease in	Current Single	1% Increase in
	Di	scount Rate	Discount Rate	Discount Rate
		(2.69%)	(3.69%)	(4.69%)
District's proportionate share of the				
Net O PEB Liability	\$	172,111,445	\$ 144,589,721	\$ 122,818,263

Healthcare Cost Trend Rates Sensitivity Analysis

The following presents the net OPEB liability of the plan using the assumed healthcare cost trend rate, as well as what the net OPEB liability would be if it were calculated using a trend rate that is one-percentage point lower or one-percentage point higher than the assumed healthcare cost trend rate.

	Current Healthcare					
		1% Decrease		Cost Trend Rate		1% Increase
District's proportionate share of the						
Net OPEB Liability	\$	120,084,118	\$	144,589,721	\$	176,864,130

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEBs

At August 31, 2019, the District reported a liability of \$144,589,721 for its proportionate share of the TRS's net OPEB liability. This liability reflects a reduction for State OPEB support provided to the District. The amount recognized by the District as its proportionate share of the net OPEB liability, the

### Note 15 - Other Post-Employment Benefit Plans (Continued)

related State support, and the total portion of the net OPEB liability that was associated with the District were as follows:

District's proportionate share of the collective net OPEB liability	\$ 144,589,721
State's proportionate share that is associated with the District	 171,313,095
Total	\$ 315,902,816

The net OPEB liability was measured as of August 31, 2018 and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date. The District's portion of the net OPEB liability was based on the District's contributions to their OPEB plan relative to the contributions of all employers to the plan for the period September 1, 2017 through August 31, 2018.

At August 31, 2018 the District's proportion of the collective net OPEB liability was 0.2895795510% which was an increase of 0.0102729766% from its proportion measured as of August 31, 2017.

Changes in Actuarial Assumptions Since the Prior Actuarial Valuation – The following were changes to the actuarial assumptions or other inputs that affected measurement of the Total OPEB liability since the prior measurement period:

- Adjustments were made for retirees that were known to have discontinued their health care coverage in fiscal year 2018. This change increased the Total OPEB Liability.
- The health care trend rate assumption was updated to reflect the anticipated return of the Health Insurer Fee (HIF) in 2020. This change increased the Total OPEB Liability.
- Demographic and economic assumptions were updated based on the experience study performed for TRS for the period ending August 31, 2017. This change increased the Total OPEB Liability.
- The discount rate changed from 3.42 percent as of August 31, 2017 to 3.69 percent, as of August 31, 2018. This change lowered the Total OPEB Liability \$2.3 billion.

Changes in Benefit Terms: The 85th Legislature, Regular Session passed the following statutory changes which became effective on September 1, 2017:

- Created a high-deductible health plan that provides a zero cost for generic prescriptions for certain preventive drugs and provides a zero premium for disability retirees who retired as a disability retiree on or before January 1, 2017 and are not eligible to enroll in Medicare.
- Created a single Medicare Advantage plan and Medicare prescription drug plan for all Medicareeligible participants.
- Allowed the System to provide other, appropriate health benefit plans to address the needs of enrollees eligible for Medicare.
- Allowed eligible retirees and their eligible dependents to enroll in TRS-Care when the retiree reaches 65 years of age, rather than waiting for the next enrollment period.
- Eliminated free coverage under TRS-Care, except for certain disability retirees enrolled during Plan Years 2018 through 2021, requiring members to contribute \$200 per month toward their health insurance premiums.

#### Note 15 - Other Post-Employment Benefit Plans (Continued)

For the year ended August 31, 2019, the District recognized OPEB expense of \$10,664,868 and revenue of \$6,231,342 for support provided by the State.

At August 31, 2019, the District reported its proportionate share of the TRS's deferred outflows of resources and deferred inflows of resources related to other post-employment benefits from the following sources:

	De	Deferred Outflows of Resources		Deferred Inflows of Resources
Differences between expected and actual actuarial				
experiences	\$	7,672,839	\$	2,281,838
Changes in actuarial assumptions		2,412,811		43,440,915
Difference between projected and actual investment				
earnings		25,287		-
Changes in proportion and difference between the employer's contributions and the proportionate share of				
contributions		5,630,207		-
Total as of August 31, 2018 measurement date Contributions paid to TRS subsequent to the		15,741,144		45,722,753
measurement date		2,120,503		-
Total as of fiscal year-end	\$	17,861,647	\$	45,722,753

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

Year ended Augu	st 31,		0	OPEB Expense Amount	
2020			\$	(4,990,310)	
2021				(4,990,310)	
2022				(4,990,310)	
2023				(4,995,093)	
2024				(4,997,828)	
Thereafter				(5,017,758)	
	Beginning Balance	Additions	Potiromonto	Ending Balance	

	Bea	ginning Balance			E	nding Balance
		9/1/2018	Additions	Retirements		8/31/2019
Net OPEB Liability	\$	121,459,951	\$ 25,127,455	\$ 1,997,685	\$	144,589,721

## Note 16 - Operating Lease Commitments

The District leases office equipment under operating (noncapitalized) lease agreements. Total costs for such leases were \$1,046,811 for the year ended August 31, 2019. The future minimum payments for these leases are as follows:

Year Ended August 31	 Amount		
2020	\$ 1,820,033		
2021	1,077,632		
2022	 463,783		
Total Minimum Rentals	\$ 3,361,449		

#### Note 17 - Shared Services Arrangements

The District is a participant in a shared service arrangement with McAllen ISD which provides deaf education services to students who are enrolled in the Regional Day School Program for the Deaf. As of August 31, 2019, McAllen ISD allocated expenditures to the amount of \$198,675.

#### Note 18 - 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

The District is involved in various legal proceedings arising from its operations. The District believes that the outcome of these proceedings, individually and in the aggregate will have no material effect on the District's financial position.

#### Note 18 - Commitments and Contingencies (Continued)

#### Construction Commitments

	Contract	Amount	Remaining
Project Name	Amount	Expended	Commitment
Ag Farm	\$ 3,905,774	\$ 2,510,587	\$ 1,395,187
Balew / CCTA Parking Lot And Renovations	1,102,647	204,194	898,453
Baseball And Softball Turf	259,647	93,225	166,422
Walk-In Freezer	299,868	57,913	241,955
Carman Elem And Santos Livas Elem Parks	150,496	72,670	77,826
Collegiate Academy	30,234,296	28,957,650	1,276,646
Garcia Elem and Santos Livas Elem Parking Lots	557,796	493,887	63,909
HVAC Controls 5 Elem	384,489	183,913	200,576
HVAC Upgrade To Gym Buell, Franklin, Carnahan	832,602	180,034	652,568
Kelly-Pharr Elementary Fire Alarm Upgrade	149,645	100,490	49,155
Kennedy MS Athletic Additions	3,102,322	2,927,253	175,069
Liberty MS Fire Alarm Upgrade	194,050	8,122	185,928
Memorial High School Swimming Pool	6,380,803	657,085	5,723,718
PSJA High School Swimming Pool	6,382,555	595,553	5,787,002
PSJA North Courtyard Drainage	1,732,648	929,849	802,799
Re-Roofing Memorial and PSJA High ECHS Gym	3,257,303	1,969,771	1,287,532
Re-Roofing Reed & Mock	1,019,720	774,321	245,399
Re-Roofing Buell Central	43,020	32,265	10,755
Re-Roofing Cover Elementary	43,020	32,265	10,755
	\$ 60,032,701	\$ 40,781,047	\$ 19,251,654

# Note 19 - Increase (Decrease) in Net Position

For the fiscal year ended August 31, 2019 the fund balance for prior period was adjusted as follows:

Fund Level	Go	vernmental Funds
General Fund Refund from E-Rate	\$	366,320
Land Prepaid for STC Classrooms		370,532
Prepaid Expense Adjustment		921,095
Foundation Revenue Adjustment		7,218,048
In-Kind to Fund 205		(269,779)
CNP Grant		67,289
Total General Fund		8,673,505
Debt Service Fund		
EDA and IFA Adjustment		(518,678)
Total Other Funds		(518,678)
Other Funds		
Campus Activity Fund		1,151,536
Other		(5,799)
Total Other Funds		1,145,737
Net Increase (Decrease) in Fund Balance	\$	9,300,564
Internal Service Funds		
Health Insurance Fund to reflect cash held by third party administrator	\$	654,000
DHR Invoices		(271,633)
Total Internal Service Funds	\$	382,367
	Gove	ernment-Wide
Government Wide Level		Funds
Adjustment for CIP		903,766
Adjustment for Building Depreciation		(2,003,288)
Total Net Increase (Decrease) in Net Assets	\$	8,583,409

### Note 20 - Fund Balances

The District's governmental fund balance designations can be identified as follows:

			Construction	Other	Total Governmental
Fund Balance Description	General	Debt Service	Fund	Funds	Funds
Nonspendable					
Inventories	\$ 2,439,629	\$-	\$-	\$-	\$ 2,439,629
Prepaid Items	2,403,212		-	-	2,403,212
Restricted					
Federal/State Funds Grant	4,561,858	-	-	58,375	4,620,233
Retirement of Long-Term Debt	-	20,587,888	-	-	20,587,888
Construction Projects	-	-	6,197,010	-	6,197,010
Committed					
Construction Projects	36,290,000	-	-	-	36,290,000
Equipment for New Schools	5,000,000	-	-	-	5,000,000
Sick Leave Payoff	9,436,527	-	-	-	9,436,527
Campus Activities Fund	-	-	-	1,092,983	1,092,983
Assigned					
E-Rate and Other Items	1,875,000	-	-	-	1,875,000
Unassigned Fund Balance					
Other Unassigned Fund Balance	40,252,189	-	-	-	40,252,189
Total Nonspendable, Restricted,					
Committed and Assigned					
Governmental Fund Balances	\$102,258,415	\$ 20,587,888	\$ 6,197,010	\$ 1,151,358	\$130,194,671
Total Nonspendable, Restricted,					
Committed and Assigned					
Governmental Fund Balances	\$ 62,006,226	=			

#### Note 21 - Subsequent Events

On December 9, 2019, the District issued \$40,595,000 in Unlimited Tax Refunding Bonds, Series 2019, which refunded the 2010 bond issuance.

The District has evaluated subsequent events through January 21, 2020, which is the date these financial statements were available to be issued.

# **REQUIRED SUPPLEMENTARY INFORMATION**

This page intentionally left blank.

## PSJA ISD SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE BUDGET AND ACTUAL - GENERAL FUND FOR THE YEAR ENDED AUGUST 31, 2019

Data Control	<b>D</b> <sub>11</sub>	dgeted Am	ounts	Actual Amounts (GAAP BASIS)	Variance With Final Budget
Codes	Origina	-	Final		Positive or (Negative)
	Origine	1	1 mai		(Negative)
REVENUES: 5700 Total Local and Intermediate Sources	\$ 55,43	32,831 \$	68,417,824	\$ 58,419,223	\$ (9,998,601)
5800 State Program Revenues	259,20		262,110,002	257,825,185	(4,284,817)
5900 Federal Program Revenues		17,138	29,567,893	31,189,141	1,621,248
-		7,960	360,095,718		
			360,095,718	347,433,549	(12,662,169)
EXPENDITURES:					
Current: 0011 Instruction	191 74	57,034	179,975,168	180,745,446	(770,278)
0012 Instructional Resources and Media Services		73,771	5,749,240	5,611,659	137,581
0013 Curriculum and Instructional Staff Development		59,879	4,818,656	5,553,826	(735,170)
0021 Instructional Leadership		76,290	6,180,534	6,043,292	137,242
1					
•		79,141	19,466,595	19,211,690	254,905
0031 Guidance, Counseling and Evaluation Services 0032 Social Work Services		39,577	11,050,073	11,037,400	12,673
		59,724	2,642,302	2,553,413	88,889
0033 Health Services		38,079	4,473,453	4,111,168	362,285
0034         Student (Pupil) Transportation		15,767	11,800,747	10,057,306	1,743,441
0035 Food Services		06,041	21,621,822	23,755,673	(2,133,851)
0036 Extracurricular Activities		02,502	12,621,578	12,606,190	15,388
0041 General Administration		71,829	8,722,585	8,604,710	117,875
0051Facilities Maintenance and Operations		50,100	35,570,317	35,448,466	121,851
Security and Monitoring Services		14,185	4,615,948	4,613,119	2,829
D053 Data Processing Services		54,783	3,643,488	3,433,993	209,495
0061 Community Services	48	37,700	488,600	269,624	218,976
Debt Service:					
0071 Principal on Long-Term Debt		12,000	12,000	-	12,000
Capital Outlay:					
0081 Facilities Acquisition and Construction	10,72	28,653	1,133,664	669,566	464,098
Intergovernmental:					
0093 Payments to Fiscal Agent/Member Districts of SSA	17	70,000	198,675	198,675	-
0095 Payments to Juvenile Justice Alternative Ed. Prg.	10	00,000	100,000	62,658	37,342
0099 Other Intergovernmental Charges	7	50,000	800,000	771,746	28,254
6030 Total Expenditures	340,77	77,055	335,685,445	335,359,620	325,825
1100 Excess of Revenues Over Expenditures	3,34	40,905	24,410,273	12,073,929	(12,336,344)
OTHER FINANCING SOURCES (USES):					
7912 Sale of Real and Personal Property		-	-	2,687	2,687
7915 Transfers In	56,70	56,528	56,766,528	-	(56,766,528)
7949 Other Resources		-	-	33,685	33,685
8911 Transfers Out (Use)	(60,10	07,433)	(60,107,433)	(13,335,663)	46,771,770
Total Other Financing Sources (Uses)	(3,34	10,905)	(3,340,905)	(13,299,291)	(9,958,386)
SPECIAL ITEMS:					
8912 Special Item - (Use)			-	(170,000)	(170,000)
1200 Net Change in Fund Balances		-	21,069,368	(1,395,362)	(22,464,730)
0100 Fund Balance - September 1 (Beginning)	94,98	30,272	94,980,272	94,980,272	-
1300 Prior Period Adjustment	8,6	73,505	8,673,505	8,673,505	-
3000 Fund Balance - August 31 (Ending)		53,777 \$	124,723,145	·	\$ (22,464,730)
Soov Fund Balance - August 51 (Ending)	φ 105,0.	,,,,, ¢	127,123,143	φ 102,230,713	Ф (22,тот,730)

# PSJA ISD SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY TEACHER RETIREMENT SYSTEM OF TEXAS FOR THE YEAR ENDED AUGUST 31, 2019

	I	FY 2019 Plan Year 2018	Р	FY 2018 Plan Year 2017	I	FY 2017 Plan Year 2016
District's Proportion of the Net Pension Liability (Asset)		0.191456051%		0.19476158%		0.180818169%
District's Proportionate Share of Net Pension Liability (Asset)	\$	105,382,057	\$	62,274,261	\$	68,328,497
State's Proportionate Share of the Net Pension Liability (Asset) Associated with the District		161,637,767		93,127,611		116,712,800
Total	\$	267,019,824	\$	155,401,872	\$	185,041,297
District's Covered Payroll	\$	216,648,731	\$	208,433,068	\$	201,147,880
District's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll		48.64%		29.88%		33.97%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability		73.74%		82.17%		78.00%

Note: GASB Codification, Vol. 2, P20.183 requires that the information on this schedule be data from the period corresponding with the periods covered as of the measurement dates of August 31, 2018 for year 2019, August 31, 2017 for year 2018, August 31, 2016 for year 2017, August 31, 2015 for year 2016 and August 31, 2014 for year 2015.

This schedule shows only the years for which this information is available. Additional information will be added until 10 years of data are available and reported.

## EXHIBIT G-2

Pl	FY 2016 an Year 2015	FY 2015 Plan Year 2014	4
	0.1847826%	0.1520838	3%
\$	65,318,190	\$ 40,623,68	35
	111,329,915	96,703,24	41
\$	176,648,105	\$ 137,326,92	26
\$	201,147,880	\$ 192,095,26	53
	32.47%	21.15	5%
	78.43%	83.25	5%

# PSJA ISD SCHEDULE OF DISTRICT'S CONTRIBUTIONS FOR PENSIONS TEACHER RETIREMENT SYSTEM OF TEXAS FOR FISCAL YEAR 2019

	 2019	2018	2017	2016	
Contractually Required Contribution	\$ 6,829,233 \$	6,383,148 \$	5,722,877 \$	5,221,984	
Contribution in Relation to the Contractually Required Contribution	(6,829,233)	(6,383,148)	(5,722,877)	(5,221,984)	
Contribution Deficiency (Excess)	\$ - \$	- \$	- \$	-	
District's Covered Payroll	\$ 226,002,041 \$	208,433,068 \$	201,147,880 \$	192,095,263	
Contributions as a Percentage of Covered Payroll	3.02%	3.06%	2.85%	2.72%	

Note: GASB 68, Paragraph 81 requires that the data in this schedule be presented as of the District's respective fiscal years as opposed to the time periods covered by the measurement dates ending August 31 of the preceding year.

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

# PSJA ISD SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET OPEB LIABILITY TEACHER RETIREMENT SYSTEM OF TEXAS FOR THE YEAR ENDED AUGUST 31, 2019

	<u> </u>	FY 2019 Plan Year 2018	I	FY 2018 Plan Year 2017
District's Proportion of the Net Liability (Asset) for Other Postemployment Benefits		0.289579551%		0.279306574%
District's Proportionate Share of Net OPEB Liability (Asset)	\$	144,589,721	\$	121,459,951
State's Proportionate Share of the Net OPEB Liability (Asset) Associated with the District		171,313,095		150,452,524
Total	\$	315,902,816	\$	271,912,475
District's Covered Payroll	\$	216,648,731	\$	208,433,068
District's Proportionate Share of the Net OPEB Liability (Asset) as a Percentage of its Covered Payroll		66.74%		58.27%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability		1.57%		0.91%

Note: GASB Codification, Vol. 2, P50.238 states that the information on this schedule should be determined as of the measurement date. Therefore the amounts reported for FY 2019 are for the measurement date August 31, 2018. The amounts for FY 2018 are based on the August 31, 2017 measurement date.

This schedule shows only the years for which this information is available. Additional information will be added until 10 years of data are available and reported.

#### PSJA ISD

# SCHEDULE OF DISTRICT'S CONTRIBUTIONS FOR OTHER POSTEMPLOYMENT BENEFITS (OPEB) TEACHER RETIREMENT SYSTEM OF TEXAS FOR FISCAL YEAR 2019

	 2019	2018
Contractually Required Contribution	\$ 2,120,503 \$	6,383,148
Contribution in Relation to the Contractually Required Contribution	(2,120,503)	(6,383,148)
Contribution Deficiency (Excess)	\$ - \$	-
District's Covered Payroll	\$ 288,465,040 \$	208,433,068
Contributions as a Percentage of Covered Payroll	0.93%	3.06%

Note: GASB Codification, Vol. 2, P50.238 requires that the data in this schedule be presented as of the District's respective fiscal years as opposed to the time periods covered by the measurement dates ending August 31 of the preceding year.

Information in this schedule should be provided only for the years where data is available. Eventually 10 years of data should be presented.

## PHARR-SAN JUAN-ALAMO INDEPENDENT SCHOOL DISTRICT NOTES TO REQUIRED SUPPLEMENTARY INFORMATION FOR THE YEAR ENDED AUGUST 31, 2019

## A. Budgets

The official school original budget was prepared for adoption for required Governmental Fund Types. The budget was prepared in accordance with accounting practices generally accepted in the United States of America. The following procedures are followed in establishing the budgetary data:

- a. Prior to August 21 of the preceding fiscal year, the District prepares a budget for the next succeeding fiscal year. The operating budget includes proposed expenditures and the means of financing them.
- b. A meeting of the Board is then called for the purpose of adopting the proposed budget after ten days' public notice of the meeting has been given.
- c. Prior to the beginning of the fiscal year, the budget is legally enacted through passage of a resolution by the Board.

Once a budget is approved, it can be amended at function and fund level only by approval of a majority of the members of the Board. Amendments are presented to the Board at its regular meetings. Each amendment must have Board approval. Such amendments are made before the fact, are reflected in the official minutes of the Board and are not made after fiscal year end as required by law. Each amendment is controlled by the budget coordinator at the revenue and expenditure function/object level. Budgeted amounts are as amended by the Board. All budget appropriations lapse at year end.

## B. Encumbrances

Encumbrances for goods or purchased services are documented by purchase orders or contracts. Under Texas law, appropriations lapse at August 31, and encumbrances outstanding at the time are to be either cancelled or appropriately provided for in the subsequent year's budget.

## C. TRS Pension

## Changes of Benefit Terms.

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

## Changes in Assumptions

Assumptions, methods, and plan changes which are specific to the Pension Trust Fund were updated from the prior year's report. The Net Pension Liability increased significantly since the prior measurement date due to a change in the following actuarial assumptions:

- The total pension liability as of August 31, 2018 was developed using a roll-forward method from the August 31, 2017 valuation.
- Demographic assumptions including post-retirement mortality, termination rates, and rates of retirement were updated based on the experience study performed for TRS for the period ending August 31, 2017.
- Economic assumptions including rates of salary increase for individual participants were updated based on the same experience study.
- The discount rate changed from 8.0 percent as of August 31, 2017 to 6.907 percent as of August 31, 2018.
- The long term assumed rate of return changed from 8.0 percent to 7.25 percent.
- The change in the long-term assumed rate of return combined with the change in the single discount rate was the primary reason for the increase in the net pension liability.

# D. TRS OPEB Plan

## Changes of Benefit Terms.

The 85th Legislature, Regular Session passed the following statutory changes which became effective on September 1, 2017:

- Created a high-deductible health plan that provides a zero cost for generic prescriptions for certain preventive drugs and provides a zero premium for disability retirees who retired as a disability retiree on or before January 1, 2017 and are not eligible to enroll in Medicare.
- Created a single Medicare Advantage plan and Medicare prescription drug plan for all Medicare eligible participants.
- Allowed the System to provide other, appropriate health benefit plans to address the needs of enrollees eligible for Medicare.
- Allowed eligible retirees and their eligible dependents to enroll in TRS-Care when the retiree reaches 65 years of age, rather than waiting for their enrollment period.
- Eliminated free coverage under TRS-Care, except for certain disability retirees enrolled during Plan Years 2018 through 2021, requiring members to contribute \$200 per month toward their health insurance premiums.

## Changes in Assumptions

The following were changes to the actuarial assumptions or other inputs that affected measurement of Total OPEB liability since the prior measurement period:

- Adjustments were made for retirees that were known to have discontinued their health care coverage in fiscal year 2018. This change increased the Total OPEB Liability.
- The health care trend rate assumption was updated to reflect the anticipated return of the Health Insurer Fee (HIF) in 2020. This change increased the Total OPEB Liability.
- Demographic and economic assumptions were updated based on the experience study performed for TRS for the period ending August 31, 2017. This change increased the Total OPEB Liability.
- The discount rate changed from 3.42 percent as of August 31, 2017 to 3.69 percent, as of August 31, 2018. This change lowered the Total OPEB Liability \$2.3 billion.

In this valuation the impact of the Cadillac Tax has been calculated as a portion of the trend assumption. Assumptions and methods used to determine the impact of the Cadillac Tax include:

- 2018 thresholds of \$850/\$2,292 were indexed annually by 2.50 percent.
- Premium data submitted was not adjusted for permissible exclusions to the Cadillac Tax.
- There were no special adjustments to the dollar limit other than those permissible for non-Medicare retirees over 55.

Results indicate that the value of the excise tax would be reasonably represented by a 25 basis point addition to the long term trend rate assumption.

# **COMBINING FUND STATEMENTS**

#### PSJA ISD COMBINING BALANCE SHEET NONMAJOR GOVERNMENTAL FUNDS AUGUST 31, 2019

110	0051 51, 201	/							
_	2	03		205		211		212	
Data	Child	l Care			ESEA I, A			SEA Title I	
Control	Devel	opment			]	Improving	Part C		
Codes	Block	Grant	ł	Head Start	Ba	asic Program		Migrant	
ASSETS									
1110 Cash and Cash Equivalents	\$	-	\$	-	\$	79,411	\$	-	
1240 Due from Other Governments		-		1,409,392		2,946,164		253,606	
1260 Due from Other Funds		-		-		-		-	
1290 Other Receivables		-		-		440		-	
1000 Total Assets	\$	-	\$	1,409,392	\$	3,026,015	\$	253,606	
LIABILITIES									
2110 Accounts Payable	\$	-	\$	61,006	\$	340,731	\$	5,985	
2160 Accrued Wages Payable		-		150,507		587,563		109,163	
2170 Due to Other Funds		-		1,197,879		2,097,517		138,458	
2180 Due to Other Governments		-		-		204		-	
2300 Unearned Revenue		-		-		-		-	
2000 Total Liabilities		-		1,409,392	_	3,026,015		253,606	
FUND BALANCES									
Restricted Fund Balance:									
3450 Federal or State Funds Grant Restriction		-		-		-		-	
Committed Fund Balance:									
3545 Other Committed Fund Balance		-		-		-		-	
3000 Total Fund Balances		-			_	-		-	
4000 Total Liabilities and Fund Balances	\$	_	\$	1,409,392	\$	3,026,015	\$	253,606	

	223		224		225		244		255		263		272		274
]	ANF	IDE	A - Part B	IDE	A - Part B	C	areer and	ES	EA II,A	Ti	tle III, A		M edicaid	Gl	EAR UP
F	amily	F	Formula	Pr	reschool	Т	echnical -	Tra	ining and	Eng	dish Lang.	Ac	lmin. Claim		
As	sistance					Ba	sic Grant	R	ecruiting	Ac	equisition		MAC		
\$	-	\$	-	\$	_	\$	932	\$	1,709	\$	2,065	\$	596,281	\$	2,666
-	20,330	Ŧ	977,618	Ŧ	25,798	Ŧ	140,546	+	627,098	+	219,668	Ŧ	-	Ŧ	139,665
	-		-		-		-		-				-		1,462
	-		-		-		-		-		-		-		-
\$	20,330	\$	977,618	\$	25,798	\$	141,478	\$	628,807	\$	221,733	\$	596,281	\$	143,793
\$	31	\$	-	\$	-	\$	294	\$	6,132	\$	542	\$	2,980	\$	3,428
	9,976		360,929		5,036		8,229		7,889		105,395		-		34,936
	10,323		616,689		20,762		132,955		614,786		115,796		-		105,429
	-		-		-		-		-		-		-		-
	-		-		-		-		-		-		593,301		-
	20,330		977,618		25,798		141,478		628,807		221,733		596,281		143,793
	-		-		-		-		-		-		-		-
	-		-		-		-		-		-		-		-
	-		-		-		-		-		-				-
\$	20,330	\$	977,618	\$	25,798	\$	141,478	\$	628,807	\$	221,733	\$	596,281	\$	143,793

#### PSJA ISD COMBINING BALANCE SHEET NONMAJOR GOVERNMENTAL FUNDS AUGUST 31, 2019

AU	0031 51, 2	019							
		276		280		288		289	
Data	Tit	tle I - SIP	SIP Title I			Teacher	Other Federal		
Control	А	cademy		Migrant		Incentive	Special		
Codes		Grant	I	nterstate		Fund	Rev	enue Funds	
ASSETS									
1110 Cash and Cash Equivalents	\$	-	\$	159,307	\$	-	\$	-	
1240 Due from Other Governments		545,990		204,609		2,032,914		93,987	
1260 Due from Other Funds		-		-		2,768		-	
1290 Other Receivables		-		-		-		-	
1000 Total Assets	\$	545,990	\$	363,916	\$	2,035,682	\$	93,987	
LIABILITIES									
2110 Accounts Payable	\$	-	\$	23,682	\$	516	\$	10,689	
2160 Accrued Wages Payable		39,435		-		-		1,035	
2170 Due to Other Funds		506,555		340,234		2,035,166		82,263	
2180 Due to Other Governments		-		-		-		-	
2300 Unearned Revenue		-		-		-		-	
2000 Total Liabilities		545,990		363,916	_	2,035,682		93,987	
FUND BALANCES									
Restricted Fund Balance:									
3450 Federal or State Funds Grant Restriction		-		-		-		-	
Committed Fund Balance:									
3545 Other Committed Fund Balance		-		-		-		-	
3000 Total Fund Balances		-		-		-		-	
4000 Total Liabilities and Fund Balances	\$	545,990	\$	363,916	\$	2,035,682	\$	93,987	

	397		410		429		461		484		499		Total	
Ad	vanced		State	Ot	her State	Campus				Oth	ner Local	Nonmajor		
Pla	cement	Ins	tructional	5	Special		Activity	W	orkforce	S	pecial	G	overnmental	
Inc	entives	Ν	l aterials	Reve	nue Funds		Funds	Co	nmission	Reve	nue Funds	Funds		
\$	5,801	\$	472,924	\$	26,926	\$	1,092,983	\$	13,459	\$	50,201	\$	2,504,665	
	-		-		44,593		-		293,836		-		9,975,814	
	-		-		-		-		-		-		4,230	
	-		-		237		-		-		-		677	
\$	5,801	\$	472,924	\$	71,756	\$	1,092,983	\$	307,295	\$	50,201	\$	12,485,386	
												_		
\$	-	\$	39,698	\$	410	\$	-	\$	6,709	\$	-	\$	502,833	
	-		-		2,717		-		-		-		1,422,810	
	-		-		69,629		-		300,586		-		8,385,027	
	-		132,237		-		-		-		-		132,441	
	-		295,715		-		-		-		1,901		890,917	
	-		467,650		72,756		-		307,295		1,901		11,334,028	
	5,801		5,274		(1,000)		-		-		48,300		58,375	
	-		-		-		1,092,983		-		-		1,092,983	
	5,801		5,274		(1,000)		1,092,983		-		48,300	_	1,151,358	
\$	5,801	\$	472,924	\$	71,756	\$	1,092,983	\$	307,295	\$	50,201	\$	12,485,386	

#### PSJA ISD COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS FOR THE YEAR ENDED AUGUST 31, 2019

Data Control Codes	Chi Deve	203 ld Care lop ment k Grant	205 Head Start	211 ESEA I, A Improving Basic Program	212 ESEA Title I Part C Migrant
REVENUES: 5700 Total Local and Intermediate Sources 5800 State Program Revenues 5900 Federal Program Revenues	\$	- 5	\$	\$ <u>-</u> 16,945,067	\$-
5020 Total Revenues		2,994	4,527,427	16,945,067	1,908,035
EXPENDITURES:					
Current: 0011 Instruction		2,994	4,171,938	11,022,901	427,692
0012 Instructional Resources and Media Services		-	-	289,156	-
0013 Curriculum and Instructional Staff Development		-	-	1,378,666	-
0021 Instructional Leadership		-	87,118	1,972,255	332,256
0023 School Leadership		-	41	29,870	-
0031 Guidance, Counseling and Evaluation Services		-	-	672,078	1,122,684
0032 Social Work Services		-	-	-	20,712
0033 Health Services		-	1,494	-	-
0035 Food Services		-	103,700	-	-
0036 Extracurricular Activities		-	-	-	-
0041 General Administration		-	-	-	-
0051 Facilities Maintenance and Operations		-	141,150	-	-
0052 Security and Monitoring Services		-	-	-	-
0053 Data Processing Services		-	-	-	-
0061 Community Services		-	-	1,580,141	4,691
Capital Outlay:					
0081 Facilities Acquisition and Construction		-	21,986	-	-
6030 Total Expenditures		2,994	4,527,427	16,945,067	1,908,035
1200 Net Change in Fund Balance		-	-	-	-
0100 Fund Balance - September 1 (Beginning)		-	-	-	-
1300 Prior Period Adjustment		-	-	-	-
3000 Fund Balance - August 31 (Ending)	\$		\$-	\$ -	\$ -

223 TANF Family Assistance	TANFIDEA - Part BIDEA - Part BFamilyFormulaPreschool		244 Career and Technical - Basic Grant	255 ESEA II,A Training and Recruiting	263 Title III, A English Lang. Acquisition	272 Medicaid Admin. Claim MAC	274 GEAR UP	
\$ -	\$-	\$ - \$	5 - 5	-	\$-	\$ - \$	-	
- 119,124	- 5,765,066	- 130,579	- 434,257	- 1,233,784	- 1,337,488	- 229,480	- 369,565	
119,124	5,765,066	130,579	434,257	1,233,784	1,337,488	229,480	369,565	
4,658	5,538,925	130,579	157,505	-	556,016	-	84,761	
-	-	-	70,012	-	-	-	-	
-	13,516 196,199	-	- 4,936	1,233,784	612,065 161,903	-	9,420	
-	- 190,199	-	4,930	-	101,905	-	- 1,288	
-	16,426	-	201,804	-	-	92,220	274,096	
94,110	10,420	-	201,004	-	-	-	274,090	
94,110	-	-	-	-	-	137,260	-	
-	_	-	-	-	_	-	-	
-	-	_	-	_	-	_	_	
-	-	-	-	-	-	-	-	
-	-	-	-	-	-	-	-	
-	-	-	-	-	-	-	-	
-	-	-	-	-	-	-	-	
20,356	-	-	-	-	7,504	-	-	
-	-			-	-		-	
119,124	5,765,066	130,579	434,257	1,233,784	1,337,488	229,480	369,565	
-	-	-	-	-	-	-	-	
-	-	-	-	-	-	-	-	
	-			-	-		-	
\$ -	\$ -	\$ - \$	- 9	- 5	\$ -	\$ - \$	-	

#### PSJA ISD COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS FOR THE YEAR ENDED AUGUST 31, 2019

Data Control Codes	276 Title I - SIP Academy Grant	280 Title I Migrant Interstate	288 Teacher Incentive Fund	289 Other Federal Special Revenue Funds
REVENUES: 5700 Total Local and Intermediate Sources 5800 State Program Revenues 5900 Federal Program Revenues	\$ - \$ - 1,180,736	- \$ 621,308	4,714,017	\$
5020 Total Revenues EXPENDITURES:	 1,180,736	621,308	4,714,017	949,495
Current: 0011 Instruction 0012 Instructional Resources and Media Services	523,953	-	1,476,131	352,331
<ul><li>0013 Curriculum and Instructional Staff Development</li><li>0021 Instructional Leadership</li><li>0023 School Leadership</li></ul>	191,717 161,622	- 612,349	3,007,562 29,765	13,630
<ul><li>0023 School Leadership</li><li>0031 Guidance, Counseling and Evaluation Services</li><li>0032 Social Work Services</li></ul>	8,979 84,479 79,510	-	140,597 - -	38,214
0033 Health Services 0035 Food Services	-	-	-	-
<ul><li>0036 Extracurricular Activities</li><li>0041 General Administration</li><li>0051 Facilities Maintenance and Operations</li></ul>	3,158	- - 8,959	- 59,962 -	-
<ul><li>0052 Security and Monitoring Services</li><li>0053 Data Processing Services</li></ul>	- -	-	-	545,320
0061 Community Services Capital Outlay:	127,318	-	-	-
0081Facilities Acquisition and Construction6030Total Expenditures	 - 1,180,736	621,308	4,714,017	949,495
1200 Net Change in Fund Balance	-	-	-	-
0100 Fund Balance - September 1 (Beginning) 1300 Prior Period Adjustment	-	-	-	-
3000 Fund Balance - August 31 (Ending)	\$ - \$	- \$	-	\$ -

 397 Advanced Placement Incentives	410 State Instructional Materials	429 Other State Special Revenue Funds	461 Campus Activity Funds	484 Workforce Commission	499 Other Local Special Revenue Funds	Total Nonmajor Governmental Funds
\$ - \$ 5,801	4,516,843	\$ - \$ 550,045	1,926,522 \$	- 293,836	\$ 226,500 \$	5 2,153,022 5,366,525
-	-	-	-	-	-	40,468,422
 5,801	4,516,843	550,045	1,926,522	293,836	226,500	47,987,969
_	4,511,569	46,079	_	291,836	_	29,299,868
-	-	-	-	-	-	359,168
-	-	391,734	-	2,000	168,200	7,022,294
-	-	22,967	-	-	-	3,581,370
-	-	57,308	-	-	-	238,083
-	-	-	-	-	-	2,502,001
-	-	-	-	-	-	194,332
-	-	-	-	-	-	138,754
-	-	-	-	-	-	103,700
-	-	-	1,985,075	-	10,000	1,995,075
-	-	7,333	-	-	-	70,453
-	-	-	-	-	-	150,109
-	-	-	-	-	-	545,320
-	-	680	-	-	-	680
-	-	24,944	-	-	-	1,764,954
 -	-		-	-		21,986
 	4,511,569	551,045	1,985,075	293,836	178,200	47,988,147
5,801	5,274	(1,000)	(58,553)	-	48,300	(178)
-	-	-	-	-	5,799	5,799
 -	-	-	1,151,536	-	(5,799)	1,145,737
\$ 5,801 \$	5,274	\$ (1,000)\$	1,092,983 \$	-	\$ 48,300 \$	6 1,151,358

This page intentionally left blank.

#### PSJA ISD COMBINING STATEMENT OF NET POSITION INTERNAL SERVICE FUNDS AUGUST 31, 2019

		752	753	771		772		
								Total
	P	rint Shop	Insurance	Copier	1	Workmen's		Internal
					Co	ompensation	S	ervice Funds
ASSETS								
Current Assets:								
Cash and Cash Equivalents	\$	210,222	\$ 704,552	\$ 223,718	\$	9,026,434	\$	10,164,926
Investments - Current		-	3,494,927	-		-		3,494,927
Due from Other Funds		-	4,000,036	-		102,185		4,102,221
Other Receivables		-	-	2		-		2
Total Current Assets		210,222	 8,199,515	 223,720		9,128,619		17,762,076
Noncurrent Assets:								
Capital Assets:								
Furniture and Equipment		62,048	-	27,009		-		89,057
Depreciation on Furniture and Equipment		(62,049)	-	(18,004)		-		(80,053)
Total Noncurrent Assets		(1)	 -	 9,005		-		9,004
Total Assets		210,221	8,199,515	232,725		9,128,619		17,771,080
LIABILITIES								
Current Liabilities:								
Accounts Payable		11,970	210,615	4,776		-		227,361
Accrued Wages Payable		3,773	-	-		-		3,773
Due to Other Funds		78	737	-		4,005,679		4,006,494
Accrued Expenses		-	 2,171,598	 -		499,878		2,671,476
Total Liabilities		15,821	 2,382,950	 4,776		4,505,557		6,909,104
NET POSITION								
Unrestricted Net Position		194,400	 5,816,566	 227,949		4,623,062	_	10,861,977
Total Net Position	\$	194,400	\$ 5,816,566	\$ 227,949	\$	4,623,062	\$	10,861,977

#### PSJA ISD COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION INTERNAL SERVICE FUNDS FOR THE YEAR ENDED AUGUST 31, 2019

		752	753	771	772		
	Pr	int Shop	Insurance	Copier	Workmen's Compensation	S	Total Internal ervice Funds
OPERATING REVENUES:					-		
Local and Intermediate Sources	\$	358,137	\$ 42,685,989	\$ 31,997	\$ 3,226,030	\$	46,302,153
Total Operating Revenues		358,137	 42,685,989	 31,997	3,226,030		46,302,153
OPERATING EXPENSES:							
Payroll Costs Professional and Contracted Services Supplies and Materials Other Operating Costs		158,063 90,427 80,117	- 41,056,863 - 18,840	29,131 20,767	903,232 - -		158,063 42,079,653 100,884 18,840
Total Operating Expenses		328,607	 41,075,703	49,898	903,232		42,357,440
Income (Loss) Before Transfers		29,530	 1,610,286	 (17,901)	2,322,798		3,944,713
Transfer In Transfers Out		-	2,000,000	-	- (2,000,000)	1	2,000,000 (2,000,000)
Change in Net Position		29,530	 3,610,286	 (17,901)	322,798		3,944,713
Total Net Position - September 1 (Beginning)		164,870	1,823,913	245,850	4,300,264		6,534,897
Prior Period Adjustment		-	 382,367	 -			382,367
Total Net Position - August 31 (Ending)	\$	194,400	\$ 5,816,566	\$ 227,949	\$ 4,623,062	\$	10,861,977

### PSJA ISD COMBINING STATEMENT OF CASH FLOWS INTERNAL SERVICE FUNDS FOR THE YEAR ENDED AUGUST 31, 2019

		752		753	771	772	
	]	Print Shop	]	Insurance	Copier	Workmen's Compensation	Total Internal Service Funds
Cash Flows from Operating Activities:							
Cash Received from Fund and Customers Cash Payments to Employees for Services Cash Payments for Claims and Admin Costs Cash Payments for Suppliers for Goods and Other Operating Cash Receipts (Payments) Net Cash Provided by (Used for) Operating	\$	358,137 (157,395) - (171,403) -		42,685,989 \$ - 40,896,999) - (18,840)	31,997 5 - - (49,628) -	\$ 3,126,248 (1,243,370) -	\$ 46,202,371 (157,395) (42,140,369) (221,031) (18,840)
Activities		29,339		1,770,150	(17,631)	1,882,878	3,664,736
Cash Flows from Non-Capital Financing Activities:							
Inerfund Loan or Loan Repayments Received		78	(	(2,000,000)	-	2,000,000	78
Cash Flows from Investing Activities:							
Purchase of Investment Securities Proceeds from Sale and Maturities of Securities		-		39,099,605) 37,347,000	-	-	(39,099,605) 37,347,000
Net Cash Used For Investing Activities		-		(1,752,605)	-	-	(1,752,605)
Net Increase (Decrease) in Cash and Cash Equivalent Cash and Cash Equivalents at Beginning of Year	s	29,417 180,805		17,545 687,007	(17,631) 241,349	1,882,878 7,143,556	1,912,209 8,252,717
Cash and Cash Equivalents at End of Year	\$	210,222	\$	704,552 \$	223,718	\$ 9,026,434	\$ 10,164,926
Reconciliation of Operating Income (Loss) to Net Cas <u>Provided by (Used for) Operating Activities:</u> Operating Income (Loss):	<u>sh</u> \$	29,530	\$	1,610,286 \$	(17,901) \$	\$ 2,322,798	\$ 3,944,713
Effect of Increases and Decreases in Current Assets and Liabilities: Increase (decrease) in Accounts Payable Increase (decrease) in Accrued Expenses Increase (decrease) in Interfund Payables Increase (decrease) in Due to Other		(858) 667 -		(61,018) 220,882 -	270	(343,937) (99,782) 3,799	(61,606) (122,388) (99,782) 3,799
Net Cash Provided by (Used for) Operating Activities	\$	29,339	\$	1,770,150 \$	(17,631) \$	\$ 1,882,878	\$ 3,664,736
operating reaction	-	,,		,	(,	,,.,.,.	,,

### PSJA ISD COMBINING STATEMENT OF NET POSITION NONMAJOR ENTERPRISE FUNDS AUGUST 31, 2019

	711	712	
	College	Digital	
ASSETS	for All	 Billboard	
Current Assets:			
Cash and Cash Equivalents Due from Other Funds	\$ 34,714	\$ 239,180	
Total Assets	34,714	239,180	
LIABILITIES			
Current Liabilities:			
Accounts Payable	67	-	
Accrued Wages Payable	4,895	-	
Due to Other Funds	85	 -	
Total Liabilities	5,047	 -	
NET POSITION			
Unrestricted Net Position	29,667	 239,180	
Total Net Position	\$ 29,667	\$ 239,180	

A	713 ACT-RGV		714 imming	715 fect ED	Total Nonmajor Enterprise Funds			
\$	4,820 300,795 305,615	\$	7,507 - 7,507	\$ -	\$	286,221 300,795 587,016		
	734 2,888 69 3,691		7,507	 - - -		801 7,783 7,661 16,245		
\$	301,924 301,924	\$	-	\$ -	\$	570,771 570,771		

## PSJA ISD COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION NONMAJOR ENTERPRISE FUNDS FOR THE YEAR ENDED AUGUST 31, 2019

	711		712		
	College for All	]	Digital Billboard		
OPERATING REVENUES:					
Local and Intermediate Sources	\$ 52,992	\$	86,620		
Total Operating Revenues	52,992		86,620		
OPERATING EXPENSES:					
Payroll Costs	157,217		-		
Professional and Contracted Services	8,617		5,280		
Supplies and Materials	5,813		-		
Other Operating Costs	25,598		-		
Total Operating Expenses	197,245		5,280		
Operating Income (Loss)	(144,253)		81,340		
Total Net Position - September 1 (Beginning)	173,920		157,840		
Total Net Position - August 31 (Ending)	\$ 29,667	\$	239,180		

713 ACT-RGV		714 Swimming	715 Profect ED	Total Nonmajor Enterprise Funds		
\$	674,192	\$ 667	\$ -	\$ 814,471		
	674,192	667	-	 814,471		
	232,485 118,736 7,561 14,615 373,397 300,795	- - - - - 667		 389,702 132,633 13,374 40,213 575,922 238,549		
	1,129	(667)	-	332,222		
\$	301,924	\$ -	\$	\$ 570,771		

#### PSJA ISD COMBINING STATEMENT OF CASH FLOWS NONMAJOR ENTERPRISE FUNDS FOR THE YEAR ENDED AUGUST 31, 2019

	711		712		
	Colle for A	-	Digital Billboard		
Cash Flows from Operating Activities:					
Cash Received from Fund and Customers Cash Payments to Employees for Services Cash Payments for Suppliers for Goods and Services Other Operating Cash Receipts (Payments)	(150 (14	2,992 \$ 6,465) 4,458) 5,598)	86,620 - (5,280) -		
Net Cash Provided by (Used for) Operating Activities	(14)	3,529)	81,340		
Cash Flows from Non-Capital Financing Activities:					
Inerfund Loan or Loan Repayments Received		85	-		
Net Increase (Decrease) in Cash and Cash Equivalents Cash and Cash Equivalents at Beginning of Year		3,444) 8,158	81,340 157,840		
Cash and Cash Equivalents at End of Year	\$ 3	4,714 \$	239,180		
Reconciliation of Operating Income (Loss) to Net Cash <u>Provided By (Used For) Operating Activities:</u> Operating Income (Loss):	\$ (14	4,253) \$	81,340		
Effect of Increases and Decreases in Current Assets and Liabilities:					
Increase (decrease) in Accounts Payable Increase (decrease) in Accrued Wages Payable		(28) 752	-		
Net Cash Provided by (Used for) Operating Activities	\$ (14)	3,529) \$	81,340		

 713 ACT-RGV	Sv	714 Swimming		715 ofect ED	Total Nonmajor Enterprise Funds		
\$ 674,192	\$	667	\$	-	\$	814,471	
(230,286) (128,166)		-		-		(386,751) (147,904)	
(128,100) (14,615)		-		-		(40,213)	
 301,125		667		-		239,603	
 (300,726)		7,507		-		(293,134)	
399		8,174		-		(53,531)	
 4,421		(667)		-		339,752	
\$ 4,820	\$	7,507	\$	-	\$	286,221	
\$ 300,795	\$	667	\$	-	\$	238,549	
 (1,869) 2,199		-		-		(1,897) 2,951	
\$ 301,125	\$	667	\$	-	\$	239,603	

### PSJA ISD COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES ALL AGENCY FUNDS FOR THE YEAR ENDED AUGUST 31, 2019

	BALANCE SEPTEMBER 1				BALANCE AUGUST 31			
		2018	AI	DITIONS	DEDUCTIONS		2019	
GENERAL AGENCY & TRUST								
Assets:								
Cash and Temporary Investments	\$	831,612	\$	686,833	\$	470,171	\$	1,048,27
Liabilities:								
Due to Student Groups	\$	831,612	\$	686,833	\$	470,171	\$	1,048,2
TOTAL AGENCY FUNDS								
Assets:								
Cash and Temporary Investments	\$	831,612	\$	686,833	\$	470,171	\$	1,048,2
Liabilities:								
Due to Student Groups	\$	831,612	\$	686,833	\$	470,171	\$	1,048,2

# **OTHER SUPPLEMENTARY INFORMATION**

### PSJA ISD SCHEDULE OF DELINQUENT TAXES RECEIVABLE FISCAL YEAR ENDED AUGUST 31, 2019

	(1)	(2)	(3) Assessed/Appraised		
Last 10 Years Ended	Tax F	Tax Rates			
August 31	Maintenance	Debt Service	Tax Purposes		
2010 and prior years	Various	Various	\$ Various		
2011	1.040000	0.319200	3,428,758,885		
2012	1.170000	0.189200	3,454,074,798		
2013	1.170000	0.189200	3,470,999,451		
2014	1.170000	0.189200	3,594,699,916		
2015	1.170000	0.189200	3,840,693,698		
2016	1.170000	0.229200	3,913,771,066		
2017	1.170000	0.229200	4,095,443,046		
2018	1.170000	0.219200	4,397,907,616		
2019 (School year under audit)	1.170000	0.209200	4,549,434,603		

1000 TOTALS

 (10) Beginning Balance 9/1/2018	(20) Current Year's Total Levy	(31) Maintenance Collections	(32) Debt Service Collections		(40) Entire Year's Adjustments		(50) Ending Balance 8/31/2019	
\$ 1,970,101 \$	-	\$ 98,213	\$	14,125	\$	(24,694)	\$ 1,833,069	
248,575	-	16,489		5,060		(1,968)	225,059	
264,876	-	21,042		3,403		(1,780)	238,651	
262,883	-	29,644		4,794		(1,810)	226,636	
317,000	-	55,611		8,993		5,398	257,794	
504,541	-	115,665		18,704		30,817	400,990	
686,710	-	159,871		31,317		97,871	593,393	
997,248	-	317,497		62,193		49,057	666,616	
2,279,465	-	969,464		181,645		(143,718)	984,639	
-	61,817,366	50,123,394		8,963,479		(251,443)	2,479,050	
\$ 7,531,400 \$	61,817,366	\$ 51,906,890	\$	9,293,711	\$	(242,269)	\$ 7,905,896	

### PSJA ISD SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE BUDGET AND ACTUAL - DEBT SERVICE FUND FOR THE YEAR ENDED AUGUST 31, 2019

Data Control Codes		Budgeted Amounts				Actual Amounts (GAAP BASIS)		Variance With Final Budget Positive or	
		Original Final					(Negative)		
REVENUES: 5700 Total Local and Intermediate Sources 5800 State Program Revenues 5900 Federal Program Revenues	\$	9,446,367 14,145,271 -	\$	17,946,367 14,145,271 -	\$	10,533,513 14,464,107 1,347,665	\$	(7,412,854) 318,836 1,347,665	
5020 Total Revenues		23,591,638		32,091,638		26,345,285		(5,746,353)	
EXPENDITURES: Debt Service: 0071 Principal on Long-Term Debt 0072 Interest on Long-Term Debt 0073 Bond Issuance Cost and Fees		14,221,500 12,699,043 12,000		14,221,500 12,699,043 12,000		12,442,874 14,043,085 18,945		1,778,626 (1,344,042) (6,945)	
6030 Total Expenditures		26,932,543		26,932,543		26,504,904		427,639	
1100 Excess (Deficiency) of Revenues Over (Under)		(3,340,905)		5,159,095		(159,619)		(5,318,714)	
Expenditures OTHER FINANCING SOURCES (USES): 7915 Transfers In 8911 Transfers Out (Use)		3,340,905		3,340,905 (8,500,000)		3,335,663		(5,242) 8,500,000	
Total Other Financing Sources (Uses)		3,340,905		(5,159,095)		3,335,663		8,494,758	
1200 Net Change in Fund Balances 0100 Fund Balance - September 1 (Beginning) 1300 Prior Period Adjustment		- 17,411,843 (518,678)		- 17,411,843 (518,678)		3,176,044 17,411,843 (518,678)		3,176,044	
3000 Fund Balance - August 31 (Ending)	\$	16,893,165	\$	16,893,165	\$	20,069,209	\$	3,176,044	

# SINGLE AUDIT SECTION

This page intentionally left blank.



Carr, Riggs & Ingram, LLC 4100 N. 23rd St. McAllen, TX 78504

(956) 686-3701 (956) 686-6830 (fax) CRlcpa.com

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* 

To the Board of Trustees Pharr-San Juan-Alamo Independent School District

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, the business-type activities, each major fund, and the aggregate remaining fund information of the Pharr-San Juan-Alamo Independent District (the "District") as of and for the year ended August 31, 2019, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated January 21, 2020.

### **Internal Control over Financial Reporting**

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

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. However, as described in the accompanying schedule of findings and questioned costs, we identified certain deficiencies in internal control that we consider to be significant deficiencies.

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 consider the deficiency described in the accompanying schedule of findings and questioned costs as item 2019-001 to be a significant deficiency.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and questioned costs as item 2019-002.

### **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.

Can, Rigge & Ingram, L.L.C.

McAllen, Texas January 21, 2020



Carr, Riggs & Ingram, LLC 4100 N. 23rd St. McAllen, TX 78504

(956) 686-3701 (956) 686-6830 (fax) CRlcpa.com

### INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

To the Board of Trustees Pharr-San Juan-Alamo Independent School District

### **Report on Compliance for Each Major Federal Program**

We have audited Pharr-San Juan-Alamo Independent School District's (the "District") compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the year ended August 31, 2019. The District's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

### Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

### Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of the District's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and, the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

### **Opinion on Each Major Federal Program**

In our opinion, Pharr-San Juan-Alamo Independent School District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended August 31, 2019.

### **Report on Internal Control over Compliance**

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

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

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

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

Can, Rigge & Ingram, L.L.C.

McAllen, Texas January 21, 2020

# Pharr-San Juan-Alamo Independent School District Schedule of Findings and Questioned Costs For the Year Ended August 31, 2019

Section I - Summary of Aud	litors' Results
<i>Financial Statements</i> Type of auditor's report issued:	Unmodified
<ul> <li>Internal control over financial reporting:</li> <li>Material weakness (es) identified?</li> </ul>	yes <u>X</u> no
<ul> <li>Significant deficiency (ies) identified that are not considered to be material weaknesses?</li> </ul>	<u>X</u> yes none reported
Noncompliance material to financial statements noted?	yes <u>X</u> no
Federal Awards Internal control over major programs:	
Material weakness (es) identified?	yes_Xno
<ul> <li>Significant deficiency (ies) identified that are not considered to be material weaknesses?</li> </ul>	yes <u>X</u> none reported
Any audit findings disclosed that are required to be reported in accordance with 2 CFR section 200.516(a)?	yes <u>X</u> no
Type of auditors' report issued on compliance for major programs:	Unmodified

Identification of major programs: <u>CFDA Number(s)</u>	Name of Federal Program or Cluster
84.424	Student Support and Academic Enrichment
	Program
93.600	Head Start
84.374	Teacher and School Leader Incentive Grants
84.011	Migrant Education State Grant Program
84.365	Supporting Effective Instruction State Grants
Dollar threshold used to distinguish between type A and type B programs:	\$ 2,003,850

Auditee qualified as low-risk auditee?

<u>X</u> yes \_\_\_\_ no

# Pharr-San Juan-Alamo Independent School District Schedule of Findings and Questioned Costs For the Year Ended August 31, 2019

	DESCRIPTION
Reference No.: 2019-001	General Ledger Year-End Maintenance for Annual Financial Statement Requirements
Criteria:	All transactions occurring in the course of business should be entered timely in the general ledger and should be recorded in accordance with provisions of Texas Education Agency's (TEA) Financial Accountability System Resource Guide. Preparation of year-end adjusting journal entries, reconciliation and review of these amounts and other general ledger amounts for reasonableness, and agreement to underlying journals, statements, third parties, etc., must be performed in readiness for the annual audit and for preparation of the District's annual financial statements required by the TEA.
Context:	While performing audit procedures, we noted several balances that were not properly adjusted at year end.
Condition:	The general ledger presented for audit contained items requiring reclassification and/or adjustment to both current and prior period balances, specifically, adjustments to foundation revenue, health insurance, construction in progress, campus activities, escrow fund has not been recorded, capital assets balances not properly adjusted and some other entries.
Cause:	Year-end closing procedures were delay and/or not properly performed due to several factors.
Effect:	Management assessments and financial decisions, and internal and external financial reporting might be inaccurate. In addition, these conditions not only delay the audit process, but more importantly may delay an assessment of other potential control weaknesses.
Auditor's Recommendation:	The District should improve the year-end adjusting entry, review, and reconciliation processes so that the general ledger properly reflects the current status of finances of the District.

# Section II – Financial Statement Findings

# Pharr-San Juan-Alamo Independent School District Schedule of Findings and Questioned Costs For the Year Ended August 31, 2019

# Section II – Financial Statement Findings

	DESCRIPTION
Reference No.: 2019-002	Compliance Finding- Excess Expenditures Over Appropriations
Criteria:	State law requires budget amendments to be made prior to exceeding a function total.
Condition:	As indicated in Exhibit G-1, we noted three instances in which the District's budget had been exceeded on a functional level in the general fund.
Context:	During the review of budget compliance, amendments and comparison with actual balances, the District had excess of expenditures over budget in some functions.
Cause:	District did not amend the budget to allow for expenditures in those functions.
Effect:	The District incurred expenditures that are not budgeted in advance by the Board of Trustees.
Recommendation:	We recommend the District continue to closely monitor the budget on a monthly basis.

# Schedule of Findings and Questioned Costs Corrective Action Plan For the Year Ended August 31, 2019

# **Financial Statement Findings:**

PROGRAM	DESCRIPTION
Reference No.: 2019-001	General Ledger Year-End Maintenance for Annual Financial Statement Requirements
	The District will ensure that all reclassifications and adjustments are reviewed and reconciled before year end. District is implementing the corrective action plan for the fiscal year 2019-2020. <u>Contact information</u> Janet Robles, Chief Financial Officer at (956) 354-2000

PROGRAM	DESCRIPTION
Reference No.: 2019-002	Compliance Finding – Excess Expenditures Over Appropriations
	The District will continue to closely monitor the budget so that functions are not exceeded. District is implementing the corrective action plan for the fiscal year 2019-2020. <u>Contact information</u> Janet Robles, Chief Financial Officer at (956) 354-2000

Pharr-San Juan-Alamo Independent School District Schedule of Findings and Questioned Costs Status of Prior Year Findings For the Year Ended August 31, 2019

# Financial Statement Findings:

None.

### Federal Award Findings:

None.

#### PHARR-SAN JUAN-ALAMO INDEPENDENT SCHOOL DISTRICT SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS FOR THE YEAR ENDED AUGUST 31, 2018

(1) FEDERAL GRANTER/	(2) Federal	(3) Pass-Through	(4) Passed	(5) Federal	
PASS-THROUGH GRANTOR/	CFDA	Entity Identifying	Through to	Expenditures	
PROGRAM or CLUSTER TITLE	Number	Number	Subrecipients		
U. S. DEPARTMENT OF AGRICULTURE					
Passed Through Texas Education Agency	10 552	00571	ć	¢ 7 171 52/	
*School Breakfast Program	10.553	00571	\$ -	\$ 7,171,524	
*National School Lunch Program - Cash Assistance	10.555	00571	-	104,884	
*National School Lunch Program - Non-Cash Assistance	10.555	00571	-	13,867,614	
*USDA Donated Commodities	10.555	00571	-	1,595,466	
Total CFDA Number 10.555			-	15,567,964	
Total Passed Through Texas Education Agency			-	22,739,488	
Passed Through Texas Department of Agriculture					
*Summer Food Service Program	10.559	00571	-	559,443	
Total Child Nutrition Cluster	201000	00071	-	23,298,93	
Child and Adult Care Food Program	10.558	571	-	1,881,729	
Fresh Fruit & Vegetable Program	10.582	108-909		211,87	
Total Passed Through Texas Department of Agriculture			-	2,653,04	
Direct Programs					
Farm to School Planning Grant	10.575	CN-F25-PLN-17-TX-4	-	6,35	
Total Direct Programs			-	6,35	
TOTAL U.S. DEPARTMENT OF AGRICULTURE			-	25,398,88	
J.S. DEPARTMENT OF DEFENSE					
Direct Programs					
Junior Reserve Officer Training Corps	12.U01	108909	-	253,55	
Total Direct Programs			-	253,55	
TOTAL U.S. DEPARTMENT OF DEFENSE			-	253,556	
U.S. DEPARTMENT OF THE INTERIOR: NATIONAL FISH & WILDLIFE FOUNDATION					
Direct Programs					
National Wildlife Refuge System Enhancements	15.654	1301.17.055503	-	22,212	
Total Direct Programs			-	22,212	
TOTAL U.S. DEPARTMENT OF THE INTERIOR: NATIONAL FISH & WILDLIFE FOUNDATION				22,212	
U.S. GENERAL SERVICES ADMINISTRATION Passed Through Texas Facilities Commission/Federal Surplus Property					
Donation of Federal Surplus Personal Property	39.003	13490	-	12,403	
Total Passed Through Texas Facilities Commission/Federal Surplus Property			-	12,403	
TOTAL U.S. GENERAL SERVICES ADMINISTRATION			-	12,403	
J.S. DEPARTMENT OF EDUCATION Passed Through Region One ESC					
Education Innovation and Research	84.411C	U411C160117	-	121,034	
	84.334A	P334A180025	-	308,18	
Gaining Early Awareness and Readiness for Undergradutate Programs		P334A110180-17	-	61,380	
Gaining Early Awareness and Readiness for Undergradutate Programs	84.334A	F 334A110180-17			
Gaining Early Awareness and Readiness for Undergradutate Programs Total CFDA Number 84.334A	84.334A	1334A110180-17	-	369,565	
Gaining Early Awareness and Readiness for Undergradutate Programs	84.334A	1224410100-17	-	369,565	
Gaining Early Awareness and Readiness for Undergradutate Programs Total CFDA Number 84.334A	84.334A	13344110180-17	-	369,565	
Gaining Early Awareness and Readiness for Undergradutate Programs Total CFDA Number 84.334A Total Passed Through Region One ESC				369,56 490,599	
Gaining Early Awareness and Readiness for Undergradutate Programs Total CFDA Number 84.334A Total Passed Through Region One ESC Passed Through Region 18 ESC	84.334A 84.374A	U374A170083-17A	- - -	369,565 490,595 4,714,017 4,714,017	
Gaining Early Awareness and Readiness for Undergradutate Programs Total CFDA Number 84.334A Total Passed Through Region One ESC <u>Passed Through Region 18 ESC</u> Teacher and School Leader Incentive Fund Total Passed Through Region 18 ESC			- - -	369,56 490,59 4,714,01	
Gaining Early Awareness and Readiness for Undergradutate Programs Total CFDA Number 84.334A Total Passed Through Region One ESC <u>Passed Through Region 18 ESC</u> Teacher and School Leader Incentive Fund Total Passed Through Region 18 ESC <u>Passed Through Texas Education Agency</u>	84.374A	U374A170083-17A	- - -	369,56 490,59 4,714,01 4,714,01	
Gaining Early Awareness and Readiness for Undergradutate Programs Total CFDA Number 84.334A Total Passed Through Region One ESC Passed Through Region 18 ESC Teacher and School Leader Incentive Fund Total Passed Through Region 18 ESC Passed Through Texas Education Agency *Special Education - Grants to States	84.374A 84.027A	U374A170083-17A 186600011089096000	- - - - -	369,56 490,59 4,714,01 4,714,01 798,88	
Gaining Early Awareness and Readiness for Undergradutate Programs Total CFDA Number 84.334A Total Passed Through Region One ESC Passed Through Region 18 ESC Teacher and School Leader Incentive Fund Total Passed Through Region 18 ESC Passed Through Texas Education Agency *Special Education - Grants to States *Special Education - Grants to States	84.374A 84.027A 84.027A	U374A170083-17A 186600011089096000 196600011089096000	- - - - - - -	369,56 490,59 4,714,01 4,714,01 798,88 4,718,97	
Gaining Early Awareness and Readiness for Undergradutate Programs Total CFDA Number 84.334A Total Passed Through Region One ESC Passed Through Region 18 ESC Teacher and School Leader Incentive Fund Total Passed Through Region 18 ESC Passed Through Texas Education Agency *Special Education - Grants to States *Special Education - Grants to States *Special Education - Grants to States	84.374A 84.027A	U374A170083-17A 186600011089096000	- - - - - - - - - - - -	369,56 490,59 4,714,01 4,714,01 798,88 4,718,97 363,18	
Gaining Early Awareness and Readiness for Undergradutate Programs Total CFDA Number 84.334A Total Passed Through Region One ESC Passed Through Region 18 ESC Teacher and School Leader Incentive Fund Total Passed Through Region 18 ESC Passed Through Texas Education Agency *Special Education - Grants to States *Special Education - Grants to States	84.374A 84.027A 84.027A	U374A170083-17A 186600011089096000 196600011089096000	- - - - - - - - - - - - - - - - - - -	369,56 490,59 4,714,01 4,714,01 798,88 4,718,97	
Gaining Early Awareness and Readiness for Undergradutate Programs Total CFDA Number 84.334A Total Passed Through Region One ESC Passed Through Region 18 ESC Teacher and School Leader Incentive Fund Total Passed Through Region 18 ESC Passed Through Texas Education Agency *Special Education - Grants to States *Special Education - Grants to States *Special Education - Grants to States	84.374A 84.027A 84.027A	U374A170083-17A 186600011089096000 196600011089096000	- - - - - - - - - - - - - - - - -	369,56 490,59 4,714,01 4,714,01 798,88 4,718,97 363,18	

*Special Education - Preschool Grants	84.173A	206610011089096610	·	5,068
Total CFDA Number 84.173A Total Special Education (IDEA) Cluster				133,495 6,014,536
			·	0,011,000
Title I Grants to Local Education Agencies	84.010A	186101207110007	-	1,049,370
Title I Grants to Local Education Agencies	84.010A	186101207110008	-	1,128,911
Title I Grants to Local Education Agencies	84.010A	18610101108909	-	236,905
Title I Grants to Local Education Agencies	84.010A	19610101108909	-	14,343,594
Title I Grants to Local Education Agencies	84.010A	20610101108909		511,766
Total CFDA Number 84.010A				17,270,546
Migrant Education State Grant Program	84.011A	18615001108909	-	51,386
Migrant Education State Grant Program	84.011A	19615001108909	-	1,798,111
Migrant Education State Grant Program	84.011A	20615001108909	-	109,924
Texas Migrant Interstate Program	84.011A	196150147110001		640,000
Total CFDA Number 84.011A				2,599,421
Career and Technical Education - Basic Grants to States	84.048A	184200557110031		944
Career and Technical Education - Basic Grants to States	84.048A	184200567110008	-	4,189
Career and Technical Education - Basic Grants to States	84.048A	19420006108909	-	436,124
Career and Technical Education - Basic Grants to States	84.048A	20420006108909	-	7,425
Total CFDA Number 84.048A			-	448,683
English Language Acquisition State Grants	84.365A	18671001108909	-	26,281
English Language Acquisition State Grants	84.365A	19671001108909	-	1,233,479
English Language Acquisition State Grants	84.365A	20671001108909	-	103,964
English Language Acquisition State Grants	84.365A	18671003108909		3,710
Total CFDA Number 84.365A				1,367,434
Supporting Effective Instruction State Grants	84.367A	18694501108909		35,224
Supporting Effective Instruction State Grants	84.367A	19694501108909	-	1,226,332
Supporting Effective Instruction State Grants	84.367A	20694501108909	-	6,403
Total CFDA Number 84.367A			-	1,267,958
School Improvement Grants	84.377A	166107317110009	-	1,174,476
School Improvement Grants	84.377A	176107327110009	-	47,944
Total CFDA Number 84.377A			-	1,222,421
Student Support and Academic Enrichment Program	84.424A	18680101108909	-	4,867
Student Support and Academic Enrichment Program	84.424A	19680101108909	-	780,882
Total CFDA Number 84.424A			-	785,750
Grant For State Assessments and Related Activities	84.369A	69551902	-	47,562
Total Passed Through Texas Education Agency			-	31,024,310
TOTAL U.S. DEPARTMENT OF EDUCATION			-	36,228,925
U. S. DEPARTMENT OF HEALTH AND HUMAN SERVICES				
Passed Through Texas Workforce Commission	02 550	2247740000		110 124
*Temporary Assistance for Needy Families (TANF) Total Temporary Assistance for Needy Families (TANF) Cluster	93.558	2317TAN003		<u> </u>
Total Passed Through Texas Workforce Commission				119,124
				113,124
Passed Through University of Texas - Rio Grande Valley				
Head Start	93.600	06HP0020-04-01	-	4,527,427
Total CFDA Number 93.600				4,527,427
Total Passed Through University of Texas - Rio Grande Valley				4,527,427
Decod Through Toyac Education Agancy				
Passed Through Texas Education Agency *Child Care Development Block Grant	93.575	173921027110016	_	3,003
Total Child Care Development Block Cluster	55.575	1/392102/110010		3,003
Total Passed Through Texas Education Agency			-	3,003
				-,
Passed Through Texas Health and Human Services				
*Medical Assistance Program	93.778	529-07-0157-00226		229,480
Total Medicaid Cluster				229,480
Total Passed Through Texas Health and Human Services			<u> </u>	229,480
TOTAL U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES				4,879,034
TOTAL EXPENDITURES OF FEDERAL AWARDS			\$ -	\$ 66,795,016
			<u>-</u>	- 00,733,010

\*Clustered Programs

### PHARR-SAN JUAN-ALAMO INDEPENDENT SCHOOL DISTRICT

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS FOR THE YEAR ENDED AUGUST 31, 2019

### Note 1 - Basis of Presentation

The accompanying schedule of expenditures of federal awards ("the Schedule") includes the federal grant activity of Pharr-San Juan-Alamo Independent School District. The information in the Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200 *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance"). Therefore, some amounts may differ from amounts presented in, or used in the preparation of, the basic financial statements.

### Note 2 – <u>Summary of Significant Accounting Policies</u>

Expenditures reported on the Schedule are reported on the modified accrual basis of accounting. These expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the Schedule, if any, represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years.

### Note 3 – Indirect Cost Rate

Pharr-San Juan-Alamo Independent School District has elected not to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance for the Child Nutrition Program.

Note 4 – <u>Sub-recipients</u>

During the year ended August 31, 2019, the District had no sub-recipients.

### Note 5 – Federal Loans and Loan Guarantees

During the year ended August 31, 2019, the District had no outstanding federal loans payable or loan guarantee.

### Note 6 – Federal Funded Insurance

During the year ended August 31, 2019, the District had no outstanding federally funded insurance.

### Note 7 – <u>Noncash awards</u>

During the year ended August 31, 2019, the District received \$13,880,017 of non-cash assistance.

CFDA	Program Name	Grant Awards
10.555	National School Lunch Program	\$13,867,614
39.003	Donation of Federal Surplus Personal Property	12,403
	Total	<u>\$13,880,017</u>

#### Note 8 – <u>Reconciliation from the Schedule of Expenditures of Federal Awards to the Exhibit C-2:</u>

	Schedule of	
		Federal Awards
Total Federal Awards Expended	\$	66,795,016
SHARS		4,862,547
Qualified School Construction Notes Program Subsidy		1,347,665
Exhibit C-2	<u>\$</u>	73,005,228

## SCHOOLS FIRST QUESTIONNAIRE

PSJA	ISD	Fiscal Year 2019
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.	105,382,056

SF13 Pension Expense (6147) at fiscal year-end.