

**Pharr-San Juan-Alamo  
Independent School District**



**Annual Financial Report  
For the Fiscal Year Ending  
August 31, 2018**

**Oscar R. Gonzalez, CPA & Associates P.L.L.C.  
Certified Public Accountants  
Pharr, Texas**

PHARR-SAN JUAN-ALAMO  
INDEPENDENT SCHOOL DISTRICT

*ANNUAL FINANCIAL REPORT*

*FOR THE YEAR ENDED AUGUST 31, 2018*

## *Introductory Section*

Pharr-San Juan-Alamo Independent School District  
Annual Financial Report  
For The Year Ended August 31, 2018

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# PHARR-SAN JUAN-ALAMO INDEPENDENT SCHOOL DISTRICT

## LIST OF PRINCIPAL OFFICIALS

AUGUST 31, 2018

### November 2017 - November 2018 Elected Officials

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<u>Name</u>	<u>Office</u>
Mr. Ronaldo "Ronnie" Cantu	President
Mr. Jesus "Jesse" A. Zambrano	Vice-President
Mr. Jesus "Jesse" Vela, Jr.	Secretary-Treasurer
Mr. Jorge L. Zambrano	Assistant Secretary-Treasurer
Mr. Ben Garza, Jr.	Member
Mr. Reymundo Gonzalez	Member
Mr. Victor Perez	Member

### November 2018 - November 2019 Elected Officials

---

<u>Name</u>	<u>Office</u>
Mr. Jesus "Jesse" A. Zambrano	President
Mr. Jorge 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

### Appointed Officials

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<u>Name</u>	<u>Position</u>
Dr. Daniel P. King	Superintendent of Schools

CERTIFICATE OF BOARD

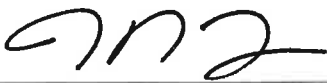
Pharr-San Juan-Alamo Independent School District  
Name of School District

Hidalgo  
County

108-909  
Co.-Dist. Number

We, the undersigned, certify that the attached annual financial reports of the above named school district were reviewed and (check one) ✓ approved \_\_\_\_\_disapproved for the year ended August 31, 2018, at a meeting of the board of trustees of such school district on the 20<sup>th</sup> day of December, 2018

  
\_\_\_\_\_  
Signature of Board Secretary  
Jorge L. Zambrano

  
\_\_\_\_\_  
Signature of Board President  
Jesus A. Zambrano

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

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## *Financial Section*

## **INDEPENDENT AUDITOR'S REPORT**

To the Board of Trustees  
Pharr-San Juan- Alamo Independent School District  
P.O. Box 769  
Pharr, Texas 78577

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, 2018, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

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

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

### **Auditor's Responsibility**

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

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

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

### **Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Pharr-San Juan-Alamo Independent School District as of August 31, 2018, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### **Change in Accounting Principle**

As discussed in Note A to the financial statements, in 2018 the District adopted new accounting guidance, *GASB Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. Our opinion is not modified with respect to this matter.

## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information and the District's proportionate share of the net pension liability and schedule of District pension contributions, and schedule of the District's proportionate share of the net OPEB liability and schedule of District OPEB contributions identified as Required Supplementary Information on 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*

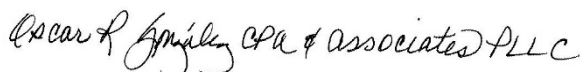
Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Pharr-San Juan-Alamo Independent School District's basic financial statements. The introductory section and the combining financial statements are presented for purposes of additional 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 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 accompanying other supplementary information is presented for purposes of additional analysis and is also not a required part of the basic financial statements.

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

The introductory 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 December 10, 2018, on our consideration of the Pharr-San Juan- Alamo Independent School 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 Pharr-San Juan- Alamo Independent School District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Pharr-San Juan- Alamo Independent School District's internal control over financial reporting and compliance.



Oscar R. Gonzalez, CPA & Associates, PLLC  
Certified Public Accountants

Pharr, Texas  
December 10, 2018

## *Management's Discussion and Analysis*

## MANAGEMENT'S DISCUSSION AND ANALYSIS

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, 2018. 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 \$262,510,378 for fiscal year ending August 31, 2018. This amounted to an increase of \$65,786,512, with a prior period adjustment that resulted in a decrease of \$213,862,791 from last year's total of \$410,586,657 (Refer to Exhibit B-1). The prior period adjustment is primarily due to the implementation of GASB Statement No. 75 *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* (Refer to Note N).
- During the year, the District's expenses were \$65,687,168 less than the revenue generated in taxes and other revenues for governmental activities and business-type activities due to the implementation of GASB Statement No. 75. The prior year expenses were \$18,112,230 less than revenues.
- The general fund reported a fund balance this year of \$94,980,272, with \$32,302,862 of this amount unassigned.

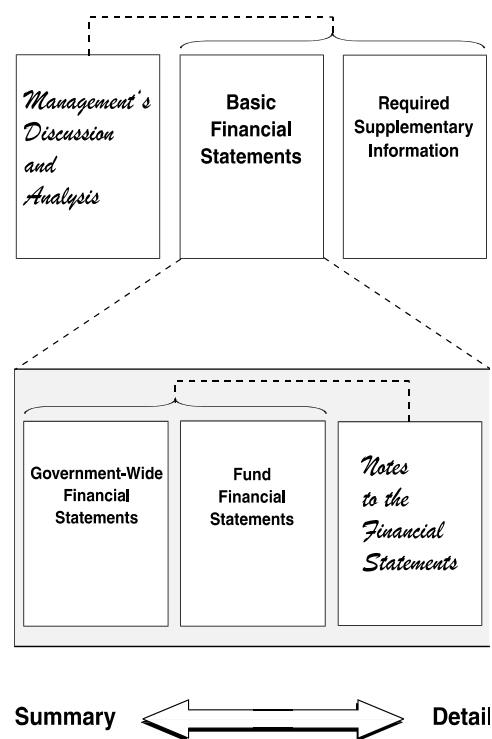
### OVERVIEW OF THE FINANCIAL STATEMENTS

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, and ACT/RGV.
- *Fiduciary fund* statements provide information about the financial relationships in which the District acts solely as a *trustee or agent* for the benefit of others, to whom the resources in question belong.

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



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

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.

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

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

#### 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.

The five classifications of fund balance of the governmental types are defined as follows:

1. Nonspendable fund balance shall mean the portion of the gross fund balance that is not expendable (such as inventories) or is legally earmarked for a specific use. Examples of nonspendable fund balance reserves for which fund balance shall not be available for general operating expenditures include:
  - Inventories
  - Prepaid items
  - Deferred expenditures
  - Long-term receivables
  - Outstanding encumbrances
2. Restricted fund balance shall include amounts constrained to a specific purpose by the provider, such as a grantor.  
Examples of restricted fund balances include:
  - Child nutrition program
  - Technology program
  - Construction Program
  - Resources from TEA for specific programs
3. Committed fund balance shall mean that portion of the fund balance that is constrained to a specific purpose by the Board or Superintendent.  
Examples include:
  - Potential litigation, claims, and judgments
  - Construction
  - Capital expenditures for equipment
  - Student activity funds
4. Assigned fund balance shall mean that portion of the fund balance that is spendable or available for appropriation but has been tentatively earmarked for some specific purpose by the Superintendent. In current practice such plans or intent may change and may never be budgeted, or may result in expenditures in future periods of time.  
Examples include:
  - Program Start-Up Costs
  - Other Legal Uses
5. Unassigned fund balance shall include amounts available for any legal purpose. This portion of the total fund balance in the general fund is available to finance operating expenditures. The unassigned fund balance shall be the difference between the total fund balance and the total of the nonspendable fund balance, restricted fund balance, committed fund balance and assigned fund balance.

In fiscal year 2018, the District adopted a new statements of financial accounting standards issued by the Governmental Accounting Standards Board:

- Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits other than Pensions*

Statement No. 75 improves accounting and financial reporting by state and local governments by establishing standards for recognizing and measuring liabilities, deferred outflows of resources, deferred inflows of resources and expense/expenditures for postemployment benefits other than pensions.

## FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

**Net position.** The District's combined net position was \$262,510,378 on August 31, 2018. (See Table A-1).

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

	Governmental Activities		Business-Type Activities		Total	
	2017	2018	2017	2018	2017	2018
Current and Other Assets (Restated)	\$151,432,781	\$155,514,203	\$255,311	\$339,752	\$151,688,092	\$155,853,955
Capital and Non-Current Assets	700,721,981	723,060,837	-	-	700,721,981	722,909,504
Total Assets	852,154,752	878,575,040	176,722	339,752	852,331,474	1,730,906,514
Deferred Outflows of Resources (Restated)	41,106,929	40,269,388	-	-	41,106,929	40,269,388
Current Liabilities	35,776,836	36,664,859	22,433	7,529	35,799,269	36,672,388
Long Term Liabilities (Restated)	400,080,773	517,909,304	-	-	400,080,773	517,909,304
Total Liabilities	435,857,609	554,574,163	22,433	7,529	435,880,042	554,581,692
Deferred Inflows of Resources	47,050,283	102,092,110	-	-	47,050,283	102,092,110
Net Position						
Net Investment in Capital Assets	362,074,008	359,508,814	-	-	362,074,008	359,508,814
Restricted	25,036,275	33,939,607	232,878	331,761	25,269,153	34,271,368
Unrestricted	23,243,506	(131,270,266)	-	462	23,243,506	(131,269,804)
Total Net Position	\$410,353,789	\$262,178,155	\$232,878	\$332,223	\$410,586,667	\$262,510,378

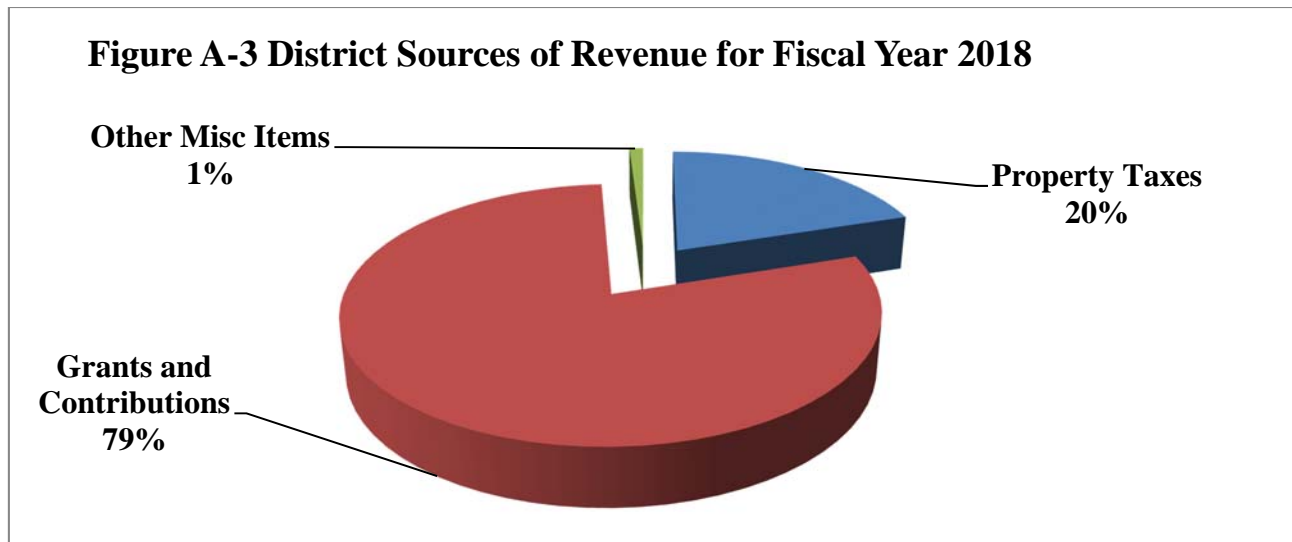
Net position of the District's Governmental activities is \$262,178,155. However, the majority of the net position is either invested in capital assets or is restricted as to the purposes they can be used for. The unrestricted net position is (\$131,270,266) at the end of this year as a result of the implementation of GASB Statement No. 75.

The net position of the District's business-type activities increased to \$332,223 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 of the College for All Conference the District Billboard, and ACT/RGV program.

**Changes in net position.** The District's total general revenues were \$308,186,148. A significant portion, (79%), of the District's revenue comes from grants and contributions (See Figure A-3.).



The total cost of all governmental programs and services was \$310,522,250; of these costs 79% are for instruction and instructional related services and student services.



#### Governmental Activities

- Investment earnings increased by 95% from \$1.2 million to \$2.3 million due to the increases in interest rates.
- The total tax rate for 2017-18 was \$1.3892. For 2018-19, the tax rate will be reduced to \$1.3892. The maintenance and operations tax rate was 1.17 in 2017-18 and will remain the same in 2018-19. The debt service tax rate was .2192 in 2017-18 and will be .2092 for 2018-19. 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 2018-19. 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 2018-19 fiscal year, surplus funds will be transferred from the General Fund to the Debt Service Fund to meet 2018-19 principal and interest requirements on bonded debt.

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

	<u>Governmental Activities 2017</u>	<u>Governmental Activities 2018</u>
<b>Program Revenues:</b>		
Charges for Services	\$807,838	\$778,383
Operating Grants and Contributions	84,688,439	48,586,949
Capital Grants and Contributions	13,116,520	18,657,938
<b>General Revenues:</b>		
Property Taxes	57,324,204	61,736,803
Grants and Contributions not Restricted	227,620,609	242,622,579
Investment Earnings	1,187,480	2,317,429
Miscellaneous Revenue	963,362	2,565,299
Special and Extraordinary Items	2,358,962	(1,055,962)
Total Revenues	<u>388,067,414</u>	<u>376,209,418</u>

Program Expense		
11 Instruction	196,618,045	154,020,024
12 Instructional resources media services	5,223,698	3,882,104
13 Curriculum Development and instructional staff development	8,235,724	7,091,674
21 Instructional Leadership	9,161,795	8,216,221
23 School Leadership	18,145,419	14,530,889
31 Guidance, counseling and evaluation services	13,720,781	10,133,127
32 Social work services	2,939,529	2,396,797
33 Health services	4,114,495	3,585,698
34 Transportation	7,394,295	9,083,130
35 Food Service	23,108,706	23,824,906
36 Curricular/Extracurricular activities	11,665,791	9,540,594
41 General Administration	8,592,142	6,299,896
51 Plant maintenance and operations	36,519,124	36,108,099
52 Security and monitoring	3,287,025	3,627,323
53 Data processing	3,157,357	2,822,168
61 Community services	2,073,9398	1,976,433
72 Interest on Long Term Debt	13,678,417	10,989,199
73 Bond Issuance Cost and Fees	1,347,093	1,333,522
81 Capital Outlay	39,079	197,029
93 Payments related to Shared Services Arrangements	305,072	143,842
95 Payments to Juvenile Justice Alternative Ed Programs	-	62,658
99 Other Intergovernmental Charges	682,639	761,327
Total Expenses	370,010,165	310,522,250
Increase (Decrease) in Net Position	\$18,055,194	\$65,687,168

- The net cost of all *governmental* activities this year was \$242,498,980. 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. Refer to Note N for effects on the Statement of Activities as a result of GASB 75.

**Table A-3**  
Cost of Selected District's Functions

	<b><u>Total Cost of Services 2017</u></b>	<b><u>Total Cost of Services 2018</u></b>	<b><u>% Change</u></b>
Instruction	\$ 196,618,045	\$ 154,020,024	-21.7%
Plant, Maintenance & Operations	36,519,124	36,108,099	-1.1%
Food Service	23,108,706	23,824,905	3.1%
School Leadership	18,145,419	14,530,889	-19.9%

## FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

Revenues from all governmental funds totaled \$409,577,464. 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 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, 2018, the fund balance of the general fund was \$94,980,272. The unassigned balance of \$32,302,862 or 34.01% 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:

- \$2,787,747 is recorded as nonspendable for inventories and deferred expenditures;
- \$6,929,570 is recorded as Restricted; \$1,407,752 in Food Service and \$5,521,818 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;
- \$9,795,093 is recorded as committed for sick leave payoff;
- \$1,875,000 is recorded as assigned for E-Rate and other items;
- \$32,302,862 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. With these adjustments, actual expenditures were below final budget amounts.

### CAPITAL ASSETS

At the end of fiscal year 2018, the District had invested \$710,302,042 in a broad range of capital assets, including land, equipment, buildings, and vehicles. (See Table A-4.)

**Table A-4**

	<b>Restated 2017</b>	<b>2018</b>
Land	\$ 29,691,090	\$ 30,021,581
Buildings & Improvements	637,721,477	680,552,384
Furniture & Equipment	45,318,513	46,663,655
Vehicles	15,245,286	16,098,541
Library Books	358,671	358,671
Construction in Progress	116,740,855	90,601,547
Infrastructure	19,517,908	19,135,204
Total Capital Assets at Historical Cost	864,593,800	883,431,583
Less: Accumulated Depreciation	(163,729,495)	(173,129,541)
Net Capital Assets	\$ 700,864,305	\$ 710,302,042

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

## 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, 2018, are as follows:

Table A-5

<b>Governmental Activities</b>	<b>Beginning Balance</b>	<b>Increases</b>	<b>Decreases</b>	<b>Ending Balance</b>	<b>Amt Due in One Year</b>	<b>Rating</b>
General Obligation Bonds	\$ 293,395,000	\$ 8,860,000	\$ 19,625,000	\$ 282,630,000	\$ 11,140,000	AAA
Accretion	375,000	-	375,000	-	-	
QSCB Notes Payable Restated	26,755,000	-	-	26,755,000	-	
QZAN-Tax Note Payable	14,500,000	-	1,090,000	13,410,000	1,095,000	
QZAN-Tax Note Payable 2017	3,100,000	-	210,000	2,890,000	210,000	
Sick Leave	10,212,277	236,177	653,362	9,795,092	-	
Total Governmental Activities	\$ 348,337,277	\$ 9,096,177	\$ 21,953,362	\$ 335,480,092	\$ 12,445,000	
Deferred on Refunding of Bonds	\$ 19,473,292	\$ 593,701	\$ 1,201,311	\$ 18,865,682	\$ 1,207,908	
Premium & Discount	\$ 43,108,797	\$ 1,066,560	\$ 2,416,364	\$ 41,758,993	\$ 2,428,013	
Net Pension Liability	\$ 68,328,497	\$ 328,912	\$ 6,388,148	\$ 62,269,261	\$ -	
Net OPEB Liability	\$ 214,431,409	\$ (91,519,340)	\$ 1,452,118	\$ 121,459,951	\$ -	

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

- Appraised value used for the 2018 budget preparation is \$4.3 billion up \$156 million or 3.7%.
- The District's 2018 refined average daily attendance is expected to be 32,400. Growth was projected to reflect increases due to district's attendance program and our new Pre-K 3 year old program..

These indicators were taken into account when adopting the general fund budget for 2018. Amounts available for appropriation in the general fund budget are \$336 million. Property values continue to rise, but at a slower pace. The district will examine the budget for 2018 to take into account both the federal and state fiscal concerns.

Expenditures are budgeted to rise to \$378 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, and 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 2019 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 general fund's fund balance is not expected to change appreciably by the close of 2019.

## 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.

## *Basic Financial Statements*

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

## STATEMENT OF NET POSITION

AUGUST 31, 2018

Data Control Codes	1	2	3
	Governmental Activities	Business-type Activities	Total
<b>ASSETS:</b>			
1110 Cash and Cash Equivalents	\$ 121,362,028	\$ 339,752	\$ 121,701,780
1120 Current Investments	8,665	--	8,665
1225 Property Taxes Receivable (Net)	7,004,201	--	7,004,201
1240 Due from Other Governments	23,512,040	--	23,512,040
1250 Accrued Interest	128,743	--	128,743
1290 Other Receivables (Net)	710,778	--	710,778
1300 Inventories	2,077,747	--	2,077,747
1410 Unrealized Expenses	710,001	--	710,001
Capital Assets:			
1510 Land	30,021,582	--	30,021,582
1520 Buildings and Improvements, Net	572,699,361	--	572,699,361
1530 Furniture and Equipment, Net	13,195,289	--	13,195,289
1560 Library Books and Media, Net	45,420	--	45,420
1580 Construction in Progress	90,601,547	--	90,601,547
1590 Infrastructure, Net	3,747,843	--	3,747,843
1800 Restricted Assets	12,749,795	--	12,749,795
1000 Total Assets	878,575,040	339,752	878,914,792
<b>DEFERRED OUTFLOWS OF RESOURCES:</b>			
Deferred Outflow of Resources - Refunding Bonds	18,865,682	--	18,865,682
Deferred Outflow Related to Pensions	19,274,632	--	19,274,632
Deferred Outflow Related to OPEB	2,129,074	--	2,129,074
1700 Total Deferred Outflows of Resources	40,269,388	--	40,269,388
<b>LIABILITIES:</b>			
2110 Accounts Payable	5,860,591	2,696	5,863,287
2120 Short-Term Debt Payable	1,305,000	--	1,305,000
2140 Interest Payable	1,314,920	--	1,314,920
2165 Accrued Liabilities	23,582,224	4,833	23,587,057
2180 Due to Other Governments	1,222,860	--	1,222,860
2190 Due to Student Groups	1,591,000	--	1,591,000
2300 Unearned Revenue	1,788,264	--	1,788,264
Noncurrent Liabilities:			
2501 Due Within One Year	11,140,000	--	11,140,000
2502 Due in More Than One Year	323,035,092	--	323,035,092
2540 Net Pension Liability	62,274,261	--	62,274,261
2545 Net OPEB Liability	121,459,951	--	121,459,951
2000 Total Liabilities	554,574,163	7,529	554,581,692
<b>DEFERRED INFLOWS OF RESOURCES:</b>			
Deferred Revenue	41,759,192	--	41,759,192
Deferred Inflow Related to Pensions	9,525,991	--	9,525,991
Deferred Inflow Related to OPEB	50,806,927	--	50,806,927
2600 Total Deferred Inflows of Resources	102,092,110	--	102,092,110
<b>NET POSITION:</b>			
3200 Net Investment in Capital Assets	359,508,814	--	359,508,814
Restricted For:			
3820 State and Federal Programs	3,372,532	--	3,372,532
3850 Debt Service	13,731,518	--	13,731,518
3890 Other Purposes	16,835,557	331,761	17,167,318
3900 Unrestricted	(131,270,266)	462	(131,269,804)
3000 Total Net Position	\$ 262,178,155	\$ 332,223	\$ 262,510,378

The accompanying notes are an integral part of this statement.

# PHARR-SAN JUAN-ALAMO INDEPENDENT SCHOOL DISTRICT

## STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED AUGUST 31, 2018

		1	3	4	5
				Program Revenues	
Data Control Codes	Functions/Programs	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
	Governmental Activities:				
11	Instruction	\$ 154,026,614	\$ 101,363	\$ 13,656,378	\$ 253,663
12	Instructional Resources and Media Services	3,882,104	3,425	171,717	1,179
13	Curriculum and Staff Development	7,091,674	2,494	4,413,806	794
21	Instructional Leadership	8,216,221	4,625	2,954,598	1,454
23	School Leadership	14,530,889	13,332	(444,901)	4,586
31	Guidance, Counseling, & Evaluation Services	10,133,127	5,493	1,769,188	1,890
32	Social Work Services	2,396,797	1,434	350,500	493
33	Health Services	3,585,698	3,035	125,766	1,044
34	Student Transportation	9,083,130	7,579	43,125	2,607
35	Food Service	23,824,906	225,020	24,742,559	--
36	Cocurricular/Extracurricular Activities	9,540,594	366,937	(538,789)	1,307
41	General Administration	6,299,896	6,312	(98,204)	75,415
51	Facilities Maintenance and Operations	36,108,099	29,936	671,947	10,197
52	Security and Monitoring Services	3,627,323	4,474	33,197	986
53	Data Processing Services	2,822,168	2,570	(57,378)	5,634
61	Community Services	1,976,433	298	1,765,412	102
72	Interest on Long-term Debt	10,878,199	--	(978,148)	18,296,568
73	Bond Issuance Costs and Fees	1,333,522	--	--	--
81	Capital Outlay	197,029	--	4,584	--
93	Payments Related to Shared Services Arrangement	143,842	--	--	--
95	Payments to Juvenile Justice Alternative Ed. Progra	62,658	56	1,592	19
99	Other Intergovernmental Charges	761,327	--	--	--
TG	Total Governmental Activities	<u>310,522,250</u>	<u>778,383</u>	<u>48,586,949</u>	<u>18,657,938</u>
	Business-type Activities:				
01	College for All	112,879	91,563	--	--
02	Digital Billboard	6,920	34,150	--	--
03	ACT-RGV	296,284	--	--	--
04	Swimming	9,112	--	--	--
TB	Total Business-type Activities	<u>425,195</u>	<u>125,713</u>	<u>--</u>	<u>--</u>
TP	Total Primary Government	<u>\$ 310,947,445</u>	<u>\$ 904,096</u>	<u>\$ 48,586,949</u>	<u>\$ 18,657,938</u>
	General Revenues:				
MT	Property Taxes, Levied for General Purposes				
DT	Property Taxes, Levied for Debt Service				
IE	Investment Earnings				
GC	Grants and Contributions Not Restricted to Specific Programs				
MI	Miscellaneous				
	Special and Extraordinary Items:				
S1	Lawsuit Settlement				
S2	Disposal of Obsolete Assets				
TR	Total General Revenues				
CN	Change in Net Position				
NB	Net Position - Beginning				
PA	Prior Period Adjustment				
	Net Position - Beginning, as Restated				
NE	Net Position - Ending				

The accompanying notes are an integral part of this statement.

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Net (Expense) Revenue and Changes in Net Position

<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
\$ (140,015,210)		\$ (140,015,210)
(3,705,783)		(3,705,783)
(2,674,580)		(2,674,580)
(5,255,544)		(5,255,544)
(14,957,872)		(14,957,872)
(8,356,556)		(8,356,556)
(2,044,370)		(2,044,370)
(3,455,853)		(3,455,853)
(9,029,819)		(9,029,819)
1,142,673		1,142,673
(9,711,139)		(9,711,139)
(6,316,373)		(6,316,373)
(35,396,019)		(35,396,019)
(3,588,666)		(3,588,666)
(2,871,342)		(2,871,342)
(210,621)		(210,621)
6,440,221		6,440,221
(1,333,522)		(1,333,522)
(192,445)		(192,445)
(143,842)		(143,842)
(60,991)		(60,991)
(761,327)		(761,327)
<u>(242,498,980)</u>		<u>(242,498,980)</u>
--	\$ (21,316)	(21,316)
--	27,230	27,230
--	(296,284)	(296,284)
--	(9,112)	(9,112)
--	<u>(299,482)</u>	<u>(299,482)</u>
<u>(242,498,980)</u>	<u>(299,482)</u>	<u>(242,798,462)</u>
51,966,676	--	51,966,676
9,770,127	--	9,770,127
2,317,429	--	2,317,429
242,622,579	--	242,622,579
2,565,299	398,826	2,964,125
5,019,234	--	5,019,234
(6,075,196)	--	(6,075,196)
<u>308,186,148</u>	<u>398,826</u>	<u>308,584,974</u>
<u>65,687,168</u>	<u>99,344</u>	<u>65,786,512</u>
410,353,778	232,879	410,586,657
(213,862,791)	--	(213,862,791)
196,490,987	232,879	196,723,866
<u>\$ 262,178,155</u>	<u>\$ 332,223</u>	<u>\$ 262,510,378</u>



# PHARR-SAN JUAN-ALAMO INDEPENDENT SCHOOL DISTRICT

## BALANCE SHEET - GOVERNMENTAL FUNDS

AUGUST 31, 2018

Data Control Codes	10 General Fund	50 Debt Service Fund
<b>ASSETS:</b>		
1110 <i>Cash and Cash Equivalents</i>	\$ 109,491,544	\$ 9,493,804
1120 <i>Current Investments</i>	8,665	--
1225 <i>Taxes Receivable, Net</i>	5,955,841	1,048,360
1240 <i>Due from Other Governments</i>	11,137,703	--
1250 <i>Accrued Interest</i>	128,743	--
1260 <i>Due from Other Funds</i>	6,535,106	2,900,754
1290 <i>Other Receivables</i>	703,993	--
1300 <i>Inventories</i>	2,077,747	--
1410 <i>Unrealized Expenditures</i>	710,001	--
1800 <i>Restricted Assets</i>	--	12,749,795
1000 <b>Total Assets</b>	<b>136,749,343</b>	<b>26,192,713</b>
<b>LIABILITIES:</b>		
Current Liabilities:		
2110 <i>Accounts Payable</i>	\$ 3,202,463	\$ --
2150 <i>Payroll Deductions &amp; Withholdings</i>	2,859,192	--
2160 <i>Accrued Wages Payable</i>	15,828,245	--
2170 <i>Due to Other Funds</i>	12,704,799	6,889,038
2180 <i>Due to Other Governments</i>	1,127,442	--
2190 <i>Due to Student Groups</i>	250	--
2300 <i>Unearned Revenue</i>	90,839	324,795
2000 <b>Total Liabilities</b>	<b>35,813,230</b>	<b>7,213,833</b>
<b>DEFERRED INFLOWS OF RESOURCES:</b>		
<i>Deferred Revenue</i>	5,955,841	1,048,359
2600 <b>Total Deferred Inflows of Resources</b>	<b>5,955,841</b>	<b>1,048,359</b>
<b>FUND BALANCES:</b>		
Nonspendable Fund Balances:		
3410 <i>Inventories</i>	2,077,747	--
3430 <i>Prepaid Items</i>	710,000	--
Restricted Fund Balances:		
3450 <i>Federal/State Funds Grant Restrictions</i>	6,929,570	--
3480 <i>Retirement of Long-Term Debt</i>	--	17,930,521
3490 <i>Other Restrictions of Fund Balance</i>	--	--
Committed Fund Balances:		
3510 <i>Construction</i>	36,290,000	--
3530 <i>Capital Expenditures for Equipment</i>	5,000,000	--
3545 <i>Other Committed Fund Balance</i>	9,795,093	--
Assigned Fund Balances:		
3590 <i>Other Assigned Fund Balance</i>	1,875,000	--
3600 <b>Unassigned</b>	<b>32,302,862</b>	<b>--</b>
3000 <b>Total Fund Balances</b>	<b>94,980,272</b>	<b>17,930,521</b>
<b>Total Liabilities, Deferred Inflow</b>		
4000 <b>of Resources and Fund Balances</b>	<b>\$ 136,749,343</b>	<b>\$ 26,192,713</b>

The accompanying notes are an integral part of this statement.

60 Capital Projects Fund	Other Governmental Funds	98 Total Governmental Funds
\$ 8,719	\$ (6,973,081)	\$ 112,020,986
--	--	8,665
--	--	7,004,201
--	12,374,337	23,512,040
--	--	128,743
10,002,919	163,874	19,602,653
--	6,783	710,776
--	--	2,077,747
--	--	710,001
--	--	12,749,795
<u>10,011,638</u>	<u>5,571,913</u>	<u>178,525,607</u>
\$ 2,232,387	\$ 408,402	\$ 5,843,252
--	--	2,859,192
--	2,097,149	17,925,394
6,874	1,765	19,602,476
--	95,418	1,222,860
--	1,590,750	1,591,000
--	1,372,630	1,788,264
<u>2,239,261</u>	<u>5,566,114</u>	<u>50,832,438</u>
--	--	7,004,200
--	--	7,004,200
--	--	2,077,747
--	--	710,000
--	--	6,929,570
--	--	17,930,521
--	5,799	5,799
7,772,377	--	44,062,377
--	--	5,000,000
--	--	9,795,093
--	--	1,875,000
--	--	32,302,862
<u>7,772,377</u>	<u>5,799</u>	<u>120,688,969</u>
<u>\$ 10,011,638</u>	<u>\$ 5,571,913</u>	<u>\$ 178,525,607</u>

## *Financial Section*

**PHARR-SAN JUAN-ALAMO INDEPENDENT SCHOOL DISTRICT***RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET**TO THE STATEMENT OF NET POSITION**AUGUST 31, 2018*

Total fund balances - governmental funds balance sheet	\$ 120,688,969
--	----------------

Amounts reported for governmental activities in the Statement of Net Position  
are different because:

Capital assets used in governmental activities are not reported in the funds.	710,302,036
Property taxes receivable unavailable to pay for current period expenditures are deferred in the funds.	7,004,200
The assets and liabilities of internal service funds are included in governmental activities in the SNP.	6,534,896
Payables for bond interest which are not due in the current period are not reported in the funds.	(283,944,920)
Payables for notes which are not due in the current period are not reported in the funds.	(43,055,000)
Payables for compensated absences which are not due in the current period are not reported in the funds.	(9,795,092)
Other long-term assets are not available to pay for current period expenditures and are deferred in the funds.	(22,893,510)
Recognition of the District's proportionate share of the net pension liability is not reported in the funds.	(62,274,261)
Deferred Resource Inflows related to the pension plan are not reported in the funds.	(9,525,991)
Deferred Resource Outflows related to the pension plan are not reported in the funds.	19,274,632
Recognition of the District's proportionate share of the net OPEB liability is not reported in the funds.	(121,459,951)
Deferred Resource Inflows related to the OPEB plan are not reported in the funds.	(50,806,927)
Deferred Resource Outflows related to the OPEB plan are not reported in the funds.	2,129,074

Net position of governmental activities - Statement of Net Position	\$ <u>262,178,155</u>
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The accompanying notes are an integral part of this statement.

# PHARR-SAN JUAN-ALAMO INDEPENDENT SCHOOL DISTRICT

## STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES

### IN FUND BALANCES - GOVERNMENTAL FUNDS

FOR THE YEAR ENDED AUGUST 31, 2018

Data Control Codes	10 General Fund	50 Debt Service Fund
<b>REVENUES:</b>		
5700 <i>Local and Intermediate Sources</i>	\$ 56,782,075	\$ 9,950,066
5800 <i>State Program Revenues</i>	254,050,810	17,318,420
5900 <i>Federal Program Revenues</i>	30,867,033	--
5020 <b>Total Revenues</b>	<u>341,699,918</u>	<u>27,268,486</u>
<b>EXPENDITURES:</b>		
Current:		
0011 <i>Instruction</i>	172,288,416	--
0012 <i>Instructional Resources and Media Services</i>	4,872,421	--
0013 <i>Curriculum and Staff Development</i>	3,710,932	--
0021 <i>Instructional Leadership</i>	6,883,104	--
0023 <i>School Leadership</i>	17,582,313	--
0031 <i>Guidance, Counseling, &amp; Evaluation Services</i>	10,420,485	--
0032 <i>Social Work Services</i>	2,309,280	--
0033 <i>Health Services</i>	3,808,760	--
0034 <i>Student Transportation</i>	10,062,248	--
0035 <i>Food Service</i>	24,471,677	--
0036 <i>Cocurricular/Extracurricular Activities</i>	11,466,007	--
0041 <i>General Administration</i>	7,756,376	--
0051 <i>Facilities Maintenance and Operations</i>	35,789,798	--
0052 <i>Security and Monitoring Services</i>	3,622,056	--
0053 <i>Data Processing Services</i>	3,157,762	--
0061 <i>Community Services</i>	367,297	--
0071 <i>Principal on Long-term Debt</i>	--	11,710,000
0072 <i>Interest on Long-term Debt</i>	--	13,453,182
0073 <i>Bond Issuance Costs and Fees</i>	--	132,211
0081 <i>Capital Outlay</i>	110,833	--
0093 <i>Payments to Shared Service Arrangements</i>	143,842	--
0095 <i>Payments to Juvenile Justice Alternative</i>		
0095 <i>Education Programs</i>	62,658	--
0099 <i>Other Intergovernmental Charges</i>	761,327	--
6030 <b>Total Expenditures</b>	<u>319,647,592</u>	<u>25,295,393</u>
1100 <b>Excess (Deficiency) of Revenues Over (Under)</b>		
1100 <b>Expenditures</b>	<u>22,052,326</u>	<u>1,973,093</u>
Other Financing Sources and (Uses):		
7911 <i>Capital-Related Debt Issued (Regular Bonds)</i>	--	8,860,000
7912 <i>Sale of Real or Personal Property</i>	3,896	--
7915 <i>Transfers In</i>	37,623,095	3,338,066
7916 <i>Premium or Discount on Issuance of Bonds</i>	--	1,066,560
7949 <i>Other Resources</i>	145,000	--
8911 <i>Transfers Out</i>	(55,499,475)	--
8949 <i>Other Uses</i>	--	(9,808,701)
7080 <b>Total Other Financing Sources and (Uses)</b>	<u>(17,727,484)</u>	<u>3,455,925</u>
1200 <b>Net Change in Fund Balances</b>	<u>4,324,842</u>	<u>5,429,018</u>
0100 <b>Fund Balances - Beginning</b>	90,233,059	1,851,503
1300 <b>Prior Period Adjustment</b>	422,371	10,650,000
<b>Fund Balances - Beginning, as Restated</b>	90,655,430	12,501,503
3000 <b>Fund Balances - Ending</b>	<u>\$ 94,980,272</u>	<u>\$ 17,930,521</u>

The accompanying notes are an integral part of this statement.

EXHIBIT C-2

60 Capital Projects Fund	Other Governmental Funds	98 Total Governmental Funds
\$ 714,767	\$ 78,597	\$ 67,525,505
--	1,208,882	272,578,112
--	38,606,814	69,473,847
<u>714,767</u>	<u>39,894,293</u>	<u>409,577,464</u>
--	23,168,698	195,457,114
--	347,758	5,220,179
--	4,867,227	8,578,159
--	3,425,968	10,309,072
--	298,849	17,881,162
--	2,638,024	13,058,509
--	456,698	2,765,978
--	224,349	4,033,109
--	--	10,062,248
--	128,968	24,600,645
--	--	11,466,007
--	78,515	7,834,891
--	171,952	35,961,750
--	--	3,622,056
--	4,751	3,162,513
--	1,837,198	2,204,495
--	--	11,710,000
--	--	13,453,182
--	--	132,211
28,186,554	2,245,338	30,542,725
--	--	143,842
--	--	62,658
--	--	761,327
<u>28,186,554</u>	<u>39,894,293</u>	<u>413,023,832</u>
<u>(27,471,787)</u>	<u>--</u>	<u>(3,446,368)</u>
--	--	8,860,000
15,087	--	18,983
14,855,523	--	55,816,684
--	--	1,066,560
5,019,234	--	5,164,234
(317,209)	--	(55,816,684)
--	--	(9,808,701)
<u>19,572,635</u>	<u>--</u>	<u>5,301,076</u>
(7,899,152)	--	1,854,708
15,671,529	6,671	107,762,762
--	(872)	11,071,499
15,671,529	5,799	118,834,261
<u>\$ 7,772,377</u>	<u>\$ 5,799</u>	<u>\$ 120,688,969</u>

## *Financial Section*

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

*RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS  
TO THE STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED AUGUST 31, 2018*

Net change in fund balances - total governmental funds	\$ 1,854,708
Amounts reported for governmental activities in the Statement of Activities ("SOA") are different because:	
Capital outlays are not reported as expenses in the SOA.	33,468,476
The depreciation of capital assets used in governmental activities is not reported in the funds.	(17,955,533)
The gain or loss on the sale of capital assets is not reported in the funds.	(6,075,196)
Certain property tax revenues are deferred in the funds. This is the change in these amounts this year.	(149,528)
Revenues in the SOA not providing current financial resources are not reported as revenues in the funds.	0
Expenses not requiring the use of current financial resources are not reported as expenditures in the funds.	9,808,701
Repayment of bond principal is an expenditure in the funds but is not an expense in the SOA.	11,710,000
Bond issuance costs and similar items are amortized in the SOA but not in the funds.	(1,201,311)
The accretion of interest on capital appreciation bonds is not reported in the funds.	374,999
(Increase) decrease in accrued interest from beginning of period to end of period.	(216,379)
The net revenue (expense) of internal service funds is reported with governmental activities.	903,288
Compensated absences are reported as the amount earned in the SOA but as the amount paid in the funds.	417,185
Certain assessment revenues are deferred in the funds. This is the change in these amounts this year.	2,416,364
Proceeds of bonds do not provide revenue in the SOA, but are reported as current resources in the funds.	(8,860,000)
Bond discounts are reported in the funds but not in the SOA.	(1,066,560)
Pension contributions made after the measurement date but in current FY were de-expended & reduced NPL.	6,353,205
The District's share of the unrecognized deferred inflows and outflows for the pension plan was amortized.	(7,926,086)
Pension expense relating to GASB 68 is recorded in the SOA but not in the funds.	(316,592)
Implementing GASB 75 required certain expenditures to be de-expended and recorded as deferred resource c	(2,146,178)
OPEB contributions made after the measurement date but in current FY were de-expended & reduced NPL.	3,560,636
The District's share of the unrecognized deferred inflows and outflows for the OPEB plan was amortized.	(50,787,914)
OPEB expense relating to GASB 75 is recorded in the SOA but not in the funds.	91,520,883
Change in net position of governmental activities - Statement of Activities	\$ <u>65,687,168</u>

The accompanying notes are an integral part of this statement.



**PHARR-SAN JUAN-ALAMO INDEPENDENT SCHOOL DISTRICT****STATEMENT OF NET POSITION****PROPRIETARY FUNDS****AUGUST 31, 2018**

Data Control Codes		Nonmajor Enterprise Funds	Internal Service Funds
<b>ASSETS:</b>			
Current Assets:			
1110	Cash and Cash Equivalents	\$ 339,752	\$ 9,341,040
Receivables:			
1260	Due from Other Funds	--	2,002,439
1290	Other Receivables (net)	--	2
	Total Current Assets	<u>339,752</u>	<u>11,343,481</u>
Noncurrent Assets:			
Capital Assets:			
1530	Furniture and Equipment	--	89,058
1570	Accumulated Depreciation	--	(80,053)
	Total Noncurrent Assets	<u>--</u>	<u>9,005</u>
1000	Total Assets	<u>339,752</u>	<u>11,352,486</u>
<b>LIABILITIES:</b>			
Current Liabilities:			
2110	Accounts Payable	\$ 2,696	\$ 17,335
2160	Accrued Wages Payable	4,833	3,105
2170	Due to Other Funds	--	2,002,617
2200	Accrued Expenses	--	2,794,533
	Total Current Liabilities	<u>7,529</u>	<u>4,817,590</u>
2000	Total Liabilities	<u>7,529</u>	<u>4,817,590</u>
<b>NET POSITION:</b>			
3800	Restricted	331,761	6,534,896
3900	Unrestricted	462	--
3000	Total Net Position	<u>\$ 332,223</u>	<u>\$ 6,534,896</u>

The accompanying notes are an integral part of this statement.

**PHARR-SAN JUAN-ALAMO INDEPENDENT SCHOOL DISTRICT****STATEMENT OF REVENUES, EXPENSES, AND CHANGES****IN FUND NET POSITION - PROPRIETARY FUNDS****FOR THE YEAR ENDED AUGUST 31, 2018**

Data Control Codes		Nonmajor Enterprise Funds	Internal Service Funds
	<b>OPERATING REVENUES:</b>		
5700	<i>Local and Intermediate Sources</i>	\$ 524,539	\$ 41,075,871
5020	Total Revenues	<u>524,539</u>	<u>41,075,871</u>
	<b>OPERATING EXPENSES:</b>		
6100	<i>Payroll Costs</i>	166,171	143,309
6200	<i>Professional and Contracted Services</i>	214,851	39,901,954
6300	<i>Supplies and Materials</i>	17,558	68,549
6400	<i>Other Operating Costs</i>	26,615	58,771
6030	Total Expenses	<u>425,195</u>	<u>40,172,583</u>
	Income (Loss) before Contributions and Transfers	99,344	903,288
7915	<i>Transfers In</i>	--	2,000,000
8911	<i>Transfers Out</i>	--	(2,000,000)
1300	Change in Net Position	<u>99,344</u>	<u>903,288</u>
1300	Change in Net Position	99,344	903,288
0100	Total Net Position - Beginning	232,879	7,782,001
	Prior Period Adjustment	--	(2,150,393)
	Total Net Position - Beginning, as Restated	232,879	5,631,608
3300	Total Net Position - Ending	<u>\$ 332,223</u>	<u>\$ 6,534,896</u>

The accompanying notes are an integral part of this statement.

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

## STATEMENT OF CASH FLOWS

## PROPRIETARY FUNDS

FOR THE YEAR ENDED AUGUST 31, 2018

	Non Major Enterprise Funds	Internal Service Funds	Totals
<b>Cash Flows from Operating Activities:</b>			
<i>Cash Received from Customers</i>	\$ 546,781	\$ 41,225,783	\$ 41,772,564
<i>Cash Received from Grants</i>	--	--	--
<i>Cash Receipts (Payments) for Quasi-external Operating Transactions with Other Funds</i>	--	--	--
<i>Cash Payments to Employees for Services</i>	(163,443)	(144,431)	(307,874)
<i>Cash Payments to Other Suppliers for Goods and Services</i>	(276,613)	(39,372,064)	(39,648,677)
<i>Cash Payments for Grants to Other Organizations</i>	--	--	--
<i>Other Operating Cash Receipts (Payments)</i>	--	--	--
Net Cash Provided (Used) by Operating Activities	<u>106,725</u>	<u>1,709,288</u>	<u>1,816,013</u>
<b>Cash Flows from Non-capital Financing Activities:</b>			
<i>Operating Grants Received</i>	--	--	--
<i>Transfers From (To) Primary Government</i>	(43)	(87)	(130)
<i>Transfers From (To) Other Funds</i>	--	--	--
Net Cash Provided (Used) by Non-capital Financing Activities	<u>(43)</u>	<u>(87)</u>	<u>(130)</u>
<b>Cash Flows from Capital and Related Financing Activities:</b>			
<i>Proceeds from Issuance of Long-term Debt</i>	--	--	--
<i>Principal and Interest Paid</i>	--	--	--
<i>Acquisition or Construction of Capital Assets</i>	--	--	--
<i>Proceeds from Sale of Capital Assets</i>	--	--	--
Net Cash Provided (Used) for Capital & Related Financing Activities	<u>--</u>	<u>--</u>	<u>--</u>
<b>Cash Flows from Investing Activities:</b>			
<i>Purchase of Investment Securities</i>	--	--	--
<i>Interest and Dividends on Investments</i>	--	--	--
Net Cash Provided (Used) for Investing Activities	<u>--</u>	<u>--</u>	<u>--</u>
Net Increase (Decrease) in Cash and Cash Equivalents	106,682	1,709,201	1,815,883
Cash and Cash Equivalents at Beginning of Year	233,069	7,631,839	7,864,908
Cash and Cash Equivalents at End of Year	<u>\$ 339,751</u>	<u>\$ 9,341,040</u>	<u>\$ 9,680,791</u>
<b>Reconciliation of Operating Income to Net Cash Provided by Operating Activities:</b>			
Operating Income (Loss)	\$ 99,344	\$ 903,288	\$ 1,002,632
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities			
<i>Depreciation</i>	--	--	--
Change in Assets and Liabilities:			
<i>Decrease (Increase) in Receivables</i>	22,242	(1,850,088)	(1,827,846)
<i>Decrease (Increase) in Inventories</i>	--	--	--
<i>Decrease (Increase) in Prepaid Expenses</i>	--	--	--
<i>Increase (Decrease) in Accounts Payable</i>	(17,589)	11,819	(5,770)
<i>Increase (Decrease) in Payroll Deductions</i>	--	--	--
<i>Increase (Decrease) in Accrued Wages Payable</i>	2,728	(1,122)	1,606
<i>Increase (Decrease) in Interfund Payables</i>	--	2,001,374	2,001,374
<i>Increase (Decrease) in Due to Other Governments</i>	--	--	--
<i>Increase (Decrease) in Accrued Expenses</i>	--	644,017	644,017
Total Adjustments	<u>7,381</u>	<u>806,000</u>	<u>813,381</u>
Net Cash Provided (Used) by Operating Activities	<u>\$ 106,725</u>	<u>\$ 1,709,288</u>	<u>\$ 1,816,013</u>

The accompanying notes are an integral part of this statement.

**PHARR-SAN JUAN-ALAMO INDEPENDENT SCHOOL DISTRICT***STATEMENT OF FIDUCIARY NET POSITION**FIDUCIARY FUNDS**AUGUST 31, 2018*

Data Control Codes		Agency Funds
<b>ASSETS:</b>		
1110	<i>Cash and Cash Equivalents</i>	\$ 831,612
1000	Total Assets	<u>831,612</u>
<b>LIABILITIES:</b>		
Current Liabilities:		
2190	<i>Due to Student Groups</i>	\$ 831,612
2000	Total Liabilities	<u>831,612</u>
<b>NET POSITION:</b>		
3000	Total Net Position	<u>\$ --</u>

The accompanying notes are an integral part of this statement.

# PHARR-SAN JUAN-ALAMO INDEPENDENT SCHOOL DISTRICT

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED AUGUST 31, 2018

### A. 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 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.

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

### **NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED AUGUST 31, 2018**

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 District used this fund 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 on 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 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 exchange, include property taxes, grants, entitlements, and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

Governmental Fund Financial Statements: Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The District does not consider revenues collected after its year-end to be available in the current period. 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.

# PHARR-SAN JUAN-ALAMO INDEPENDENT SCHOOL DISTRICT

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED AUGUST 31, 2018

### c. Fair Value Measurements

GASB Statement No. 72 requires the District to use valuation techniques which are appropriate under the circumstances and are either a market approach, a cost approach or an income approach. GASB Statement No. 72 establishes a hierarchy of inputs used to measure fair value consisting of three levels. Level 1 inputs are quoted prices in active markets for identical assets or liabilities. Level 2 inputs, are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly. Level 3 inputs are unobservable inputs, such as management's assumption of the default rate among underlying mortgages of a mortgage-backed security.

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.

### 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 when purchased.

#### b. Property Taxes

Property taxes are levied by October 1 on the assessed value listed as of the prior January 1 for all real and business personal property 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.

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.

#### 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 Human Services. 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 Human Services 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.

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

# PHARR-SAN JUAN-ALAMO INDEPENDENT SCHOOL DISTRICT

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED AUGUST 31, 2018

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.

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

<u>Asset Class</u>	<u>Estimated Useful Lives</u>
Infrastructure	30
Buildings	50
Building 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.

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 sick leave in a lump sum case 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.

i. Use of Estimates

The preparation of financial statements in conformity with GAAP requires the use of management's estimates.



# PHARR-SAN JUAN-ALAMO INDEPENDENT SCHOOL DISTRICT

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED AUGUST 31, 2018

j. 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.

k. 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 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.

l. 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.

m. 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 to have been depleted before using any of the components of unrestricted fund balance. Further, when the components

# PHARR-SAN JUAN-ALAMO INDEPENDENT SCHOOL DISTRICT

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED AUGUST 31, 2018

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.

### n. Negative Operating Grants and Contributions - Statement of Activities

Expense activity is required to be recorded by districts who are participants in cost-sharing pension and OPEB benefit plans with a special funding situation where non-employer contributing entities (NECE) also participate in contributions to the plans. TRS-retirement and TRS-care benefit plans are both cost-sharing plans with special funding situations. Therefore, on-behalf expense activity of the NECE must be recorded at the government-wide level of reporting on the Statement of Activities in accordance with GASB 68 and 75.

During the year under audit, the NECE expense was negative due to changes in benefits within the TRS-care plan. The accrual for the proportionate share of that expense was a negative on-behalf revenue

and negative on-behalf expense. This resulted in negative revenue for operating grants and contributions on the Statement of Activities.

Following are the effects on the Statement of Activities as a result of the negative on-behalf accruals recorded:

	Operating Grants and Contributions As Reported	Negative On-Behalf Accruals	Operating Grants and Contributions (Excluding On- Behalf Accruals)
11 - Instruction	\$ 13,652,025	\$ (36,180,537)	\$ 49,832,562
12 - Instructional Resources and Media Services	171,717	(760,288)	932,005
13 - Curriculum and Instructional Staff Development	4,415,257	(852,757)	5,268,014
21 - Instructional Leadership	2,955,505	(1,442,027)	4,397,532
23 - School Leadership	(444,720)	(3,322,151)	2,877,431
31 - Guidance, Counseling and Evaluation Services	1,769,732	(2,407,129)	4,176,861
32 - Social Work Services	350,863	(271,357)	622,220
33 - Health Services	125,766	(385,878)	511,644
34 - Student (Pupil) Transportation	43,125	(359,705)	402,830
35 - Food Services	24,742,559	--	24,742,559
36 - Extracurricular Activities	(538,789)	(1,902,262)	1,363,473
41 - General Administration	(98,204)	(824,027)	725,823
51 - Facilities Maintenance and Operations	671,947	(1,113,786)	1,785,733
52 - Security and Monitoring Services	33,197	(124,354)	157,551
53 - Data Processing Services	(57,378)	(370,861)	313,483
61 - Community Services	1,766,319	(28,296)	1,794,615
62 - School District Administrative Support Services	(978,148)	--	(978,148)
	<u>\$ 48,580,773</u>	<u>\$ (50,345,415)</u>	<u>\$ 98,926,188</u>

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

# PHARR-SAN JUAN-ALAMO INDEPENDENT SCHOOL DISTRICT

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED AUGUST 31, 2018

### 5. New Accounting Standards Adopted

In fiscal year 2018, the District adopted a new statement of financial accounting standards issued by the Governmental Accounting Standards Board (GASB):

*Statement No. 75, Accounting and Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*

The primary objective of this Statement is to improve accounting and financial reporting by state and local governments for postemployment benefits other than pensions (other postemployment benefits or OPEB). It also improves information provided by state and local governmental employers about support for OPEB that is provided by other entities.

This Statement replaces the requirements of Statements No. 45, Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions, as amended, and No. 57, OPEB measurements by Agent Employers and Agent Multiple-Employer Plans, for OPEB.

The financial statements and note disclosures have been updated for the affects of the adoption of GASB Statement No. 75.

### B. Compliance and Accountability

#### 1. 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:

<u>Violation</u>	<u>Action Taken</u>
None reported	Not applicable

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

Following are funds having deficit fund balances or fund net position at year end, if any, along with remarks which address such deficits:

<u>Fund Name</u>	<u>Deficit Amount</u>	<u>Remarks</u>
Enterprise Fund - Swimming	(667)	The District has a reserve in general fund balance for the amount.

### C. Deposits and Investments

The District's funds are required to be deposited and invested under the terms of a depository contract. The depository bank deposits for safekeeping and trust with the District's agent bank approved pledged securities 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.

#### 1. Cash Deposits:

At August 31, 2018, the carrying amount of the District's deposits (cash, certificates of deposit, and interest-bearing savings accounts included in temporary investments) was \$122,682,207 and the bank balance was \$125,580,327. The District's cash deposits at August 31, 2018 and during the year ended August 31, 2018, were not entirely covered by FDIC insurance or by pledged collateral held by the District's agent bank in the District's name.

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

### **NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED AUGUST 31, 2018**

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

- a. Depository: BBVA Compass
- b. The market value of securities pledged as of the date of the highest combined balance on deposit was \$45,500,000.
- c. The highest combined balances of cash, savings and time deposit accounts amounted to \$41,221,001 and occurred during the month of March, 2018.
- d. Total amount of FDIC coverage at the time of the largest combined balance was \$250,000.

#### **2. 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. These include, with certain restrictions, 1) obligations of the U.S. Treasury, U.S. agencies, and the State of Texas, 2) certificates of deposit, 3) certain municipal securities, 4) securities lending program, 5) repurchase agreements, 6) bankers acceptances, 7) mutual funds, 8) investment pools, 9) guaranteed investment contracts, and 10) commercial paper.

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 Investment Act ("Act") requires an annual audit of investment practices. The District has adopted a deposit and investment policy. 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.

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

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

### **NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED AUGUST 31, 2018**

6) Commercial paper as permitted by Government Code 2256.013

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 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.

As of August 31, 2018:

Holdings in local government investment pools rates AAA-m and AAA-f represent 99.95% of the total portfolio.

Holdings in commercial paper or certificates of deposit represent 74.8% of the total portfolio.

Holdings in U.S government agency obligations represented 9.0% of the total portfolio.

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

### **NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED AUGUST 31, 2018**

Holdings in municipal obligations represented 3.3% of the portfolio.

Holdings in U.S. Treasury obligations represented 0.7% of the total portfolio.

Holdings in Commercial Paper obligations represented 69.7% of the total portfolio.

Holdings in Cash Repossessions obligations represented 9.6% of the total portfolio.

Holdings from repurchase agreements represented 7.7% of the total portfolio.

**Interest-rate Risk** - Interest-rate risk 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 First Public Lone Star 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.

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 the 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.

#### 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.

The District's investment in Pools are reported at an amount determined by the fair value per share of the pool's underlying portfolio, unless the pool is 2a7-like, in which case they are reported at amortized cost. A 2a7-like pool is one which is not registered with the Securities and Exchange Commission ("SEC") as an investment company, but nevertheless has a policy that it will, and does, operate in a manner consistent with the SEC's Rule 2a7 of the Investment Company Act of 1940.

#### TexPool

The District invests in the Texas Local Government Investment Pool (TexPool), which is a local government investment pool that was established in conformity with Interlocal Cooperation Act, Chapter 791 of the Texas Government Code, and operates under the Public Funds Investment Act, Chapter 2256 of the Texas Government Code. The State Comptroller of Public Accounts oversees TexPool. Federated Investors, Inc. is the administrator and investment manager of TexPool under a contract with the State Comptroller. In accordance

# PHARR-SAN JUAN-ALAMO INDEPENDENT SCHOOL DISTRICT

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED AUGUST 31, 2018

with the Public Funds Investment Act, the State Comptroller has appointed the TexPool Investment Advisory Board to advise with respect to TexPool. The board is composed equally of participants in TexPool Portfolios and are qualified to advise in respect to TexPool Portfolios. The business relationship with TexPool Portfolios and are qualified to advise in respect to TexPool Portfolios. The Advisory Board members review the investment policy and management fee structure. TexPool is rated AAAM by Standard & Poor's and operates in a manner consistent with the SEC's Rule 2a7 of the Investment Company Act of 1940. All investments are stated at amortized cost, which usually approximates the market value of the securities. The stated objective of TexPool is to maintain a stable average \$1.00 per unit net asset value; however, the \$1.00 net asset value is not guaranteed or insured. The financial statements can be obtained from the Texas Trust Safekeeping Trust Company website at [www.ttstc.org](http://www.ttstc.org).

### Texas TERM

The Texas Term Local Government Investment Pool (TexasTERM) is a local government investment pool organized under the authority of the Interlocal Cooperation Act, Chapter 791, Texas Government Code, and the Public Funds Investment Act, Chapter 2256, Texas Government Code. TexasTERM is administered by PFM Asset Management LLC, which also serves as the investment advisor. The reported value of the pool is the same as the fair value of the pool shares. Investment options include TexasDAILY, a money market portfolio, is rated AAAM by Standard & Poor's, and TexasTERM CD Purchase Program, a fixed rate, fixed-term investment option enabling investors to invest in FDIC insured CD's from banks throughout the United States.

The District's investments at August 31, 2018 are shown below:

Reported At	Description	Reported Amount	Weighted Average Maturity (days)	Standard & Poor Rating	Concentration of Credit Risk
Amortized Cost	Texas Term Dec 19 \$	31,011,822	157/365	AAAf/AAAKf	28.67%
Amortized Cost	Texas Term Dec 18	14,000,000	48/365	AAAf/AAAKf	12.94%
Amortized Cost	Texas Term Daily	9,062	29/60	AAAM	0.01%
Amortized Cost	Texpool Investment Fu	63,090,493	27	AAAM	58.35%
Market Value(Level 2)	Certificate of Deposit	57,297	N/A	N/A	0.05%
		<u>\$ 108,168,674</u>			<u>100%</u>

### 3. Analysis of Specific Deposit and Investment Risks

GASB Statement No. 40 requires a determination as to whether the District was exposed to the following specific investment risks at year end and if so, the reporting of certain related disclosures:

#### a. Credit Risk

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. At year end, the District was not significantly exposed to credit risk.

#### b. Custodial Credit Risk

Deposits are exposed to custodial credit risk if they are not 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.

Investment securities are exposed to custodial credit risk if the securities are uninsured, are not registered in the name of the government, and are held by either the counterparty or the counterparty's trust department or agent but not in the District's name.

At year end, the District was not exposed to custodial credit risk.

## PHARR-SAN JUAN-ALAMO INDEPENDENT SCHOOL DISTRICT

### NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED AUGUST 31, 2018

c. Concentration of Credit Risk

This risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. At year end, the District was not exposed to concentration of credit risk.

d. Interest Rate Risk

This is the risk that changes in interest rates will adversely affect the fair value of an investment. At year end, the District was not exposed to interest rate risk.

e. Foreign Currency Risk

This is the risk that exchange rates will adversely affect the fair value of an investment. At year end, the District was not exposed to foreign currency risk.

#### 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.

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The District's investments in Pools are reported at an amount determined by the fair value per share of the pool's underlying portfolio, unless the pool is 2a7-like, in which case they are reported at share value. A 2a7-like pool is one which is not registered with the Securities and Exchange Commission ("SEC") as an investment company, but nevertheless has a policy that it will, and does, operate in a manner consistent with the SEC's Rule 2a7 of the Investment Company Act of 1940.

#### TexPool

The District invests in the Texas Local Government Investment Pool (TexPool), which is a local government investment pool that was established in conformity with the Interlocal Cooperation Act, Chapter 791 of the Texas Government Code, and operates under the Public Funds Investment Act, Chapter 2256 of the Texas Government Code. The State Comptroller of Public Accounts oversees TexPool. Federated Investors, Inc. is the administrator and investment manager of TexPool under a contract with the State Comptroller. In accordance with the Public Funds Investment Act, the State Comptroller has appointed the TexPool Investment Advisory Board to advise with respect to TexPool. The board is composed equally of participants in TexPool Portfolios and other persons who do not have a business relationship with TexPool Portfolios and are qualified to advise in respect to TexPool Portfolios. The Advisory Board members review the investment policy and management fee structure. TexPool is rated AAAM by Standard & Poor's and operates in a manner consistent with the SEC's Rule 2a7 of the Investment Company Act of 1940. All investments are stated at amortized cost, which usually approximates the market value of the securities. The stated objective of TexPool is to maintain a stable average \$1.00 per unit net asset value; however, the \$1.00 net asset value is not guaranteed or insured. The financial statements can be obtained from the Texas Trust Safekeeping Trust Company website at [www.ttsc.org](http://www.ttsc.org).



# PHARR-SAN JUAN-ALAMO INDEPENDENT SCHOOL DISTRICT

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED AUGUST 31, 2018

### TexasTERM

The Texas Term Local Government Investment Pool (TexasTERM) is a local government investment pool organized under the authority of the Interlocal Cooperation Act, Chapter 791, Texas Government Code, and the Public Funds Investment Act, Chapter 2256, Texas Government Code. TexasTERM is administered by PFM Asset Management LLC, which also serves as the investment advisor. The reported value of the pool is the same as the fair value of the pool shares. Investment options include TexasDAILY, a money market portfolio, is rated AAAm by Standard & Poor's, and TexasTERM CD Purchase Program, a fixed rate, fixed-term investment option enabling investors to invest in FDIC insured CD's from banks throughout the United States.

### D. Capital Assets

Capital asset activity for the year ended August 31, 2018, was as follows:

	Restated Beginning Balances	Increases	Decreases	Ending Balances
<b>Governmental activities:</b>				
<i>Capital assets not being depreciated:</i>				
Land	\$ 29,691,090	\$ 330,491	\$ --	\$ 30,021,581
Construction in progress	116,740,855	30,015,205	56,154,513	90,601,547
Total capital assets not being depreciated	146,431,945	30,345,696	56,154,513	120,623,128
<i>Capital assets being depreciated:</i>				
Land Improvements	19,517,908	289,908	672,612	19,135,204
Buildings	521,167,436	13,735,221	7,947,111	526,955,546
Buildings and improvements	116,554,041	42,266,445	5,223,648	153,596,838
Furniture & Equipment	45,318,513	2,046,621	701,480	46,663,654
Vehicles	15,245,286	939,089	85,833	16,098,542
Library Books	358,671	--	--	358,671
Total capital assets being depreciated	718,161,855	59,277,283	14,630,683	762,808,455
Less accumulated depreciation for:				
Land Improvements	(15,221,951)	(747,084)	(581,674)	(15,387,361)
Buildings	(75,029,228)	(10,025,965)	(5,548,939)	(79,506,254)
Buildings and improvements	(27,153,109)	(2,857,395)	(1,663,738)	(28,346,766)
Furniture & Equipment	(34,743,035)	(3,386,561)	(675,423)	(37,454,173)
Vehicles	(11,334,257)	(873,194)	(85,714)	(12,121,737)
Library Books	(247,915)	(65,334)	--	(313,249)
Total accumulated depreciation	(163,729,495)	(17,955,533)	(8,555,488)	(173,129,541)
Total capital assets being depreciated, net	554,432,360	41,321,750	6,075,196	589,678,914
Governmental activities capital assets, net	\$ 700,864,305	\$ 71,667,446	\$ 62,229,709	\$ 710,302,042

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.

	Internal Service Fund
Furniture & Equipment	\$ 89,058
Accumulated Depreciation	(80,053)
Net Capital Assets	\$ 9,005

Depreciation was charged to functions as follows:

Instruction	\$ 9,852,219
Instructional Resources and Media Services	263,129
Curriculum and Staff Development	432,391
Instructional Leadership	519,639
School Leadership	901,319
Guidance, Counseling, & Evaluation Services	658,228
Social Work Services	139,422

# PHARR-SAN JUAN-ALAMO INDEPENDENT SCHOOL DISTRICT

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED AUGUST 31, 2018

Health Services	203,293
Student Transportation	507,198
Food Services	1,240,021
Extracurricular Activities	577,956
General Administration	394,926
Plant Maintenance and Operations	1,812,689
Security and Monitoring Services	182,573
Data Processing Services	159,410
Community Services	111,120
	<u>\$ 17,955,533</u>

### E. Interfund Balances and Activities

#### 1. Due To and From Other Funds

Fund	Receivable	Payable
General Fund:		
General Fund	\$ 852,634	\$ 852,634
Special Revenue Fund	854	16,538
Debt Service Fund	5,673,434	1,687,749
Capital Projects Fund	6,537	10,000,319
Internal Service Fund	737	2,403
Permanent Fund	911	145,156
Total General Fund	<u>6,535,106</u>	<u>12,704,799</u>
Special Revenue Fund:		
General Fund	--	--
Permanent Fund	16,538	854
Total Special Revenue Fund	<u>16,538</u>	<u>854</u>
Debt Service Fund:		
General Fund	1,687,749	5,673,434
Debt Service Fund	1,213,004	1,213,004
Capital Projects Fund	--	2,600
Permanent Fund	--	--
Total Debt Service Fund	<u>2,900,753</u>	<u>6,889,038</u>
Capital Projects Fund:		
General Fund	10,000,319	6,537
Debt Service Fund	2,600	--
Internal Service Fund	--	36
Permanent Fund	--	300
Total Capital Projects Fund	<u>10,002,919</u>	<u>6,873</u>
Internal Service Fund:		
General Fund	2,403	737
Capital Projects Fund	36	--
Permanent Fund	--	1,880
Total Internal Service Fund	<u>2,439</u>	<u>2,617</u>
Permanent Fund:		
General Fund	145,156	911
Capital Projects Fund	300	--
Internal Service Fund	1,880	--
Total Permanent Fund	<u>147,336</u>	<u>911</u>
Total	<u>\$ 19,605,091</u>	<u>\$ 19,605,091</u>

All amounts due are scheduled to be repaid within one year.

# PHARR-SAN JUAN-ALAMO INDEPENDENT SCHOOL DISTRICT

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED AUGUST 31, 2018

### 2. Transfers To and From Other Funds

Transfers to and from other funds at August 31, 2018, consisted of the following:

Transfers From	Transfers To	Amount	Reason
General Fund	General Fund	\$ 1,648,850	Unrestricted indirect cost charges from Child Nutrition Program
Worker's Compensation	Health Insurance Fund	2,000,000	Transfers to Health Insurance Fund
General Fund	Debt Service Fund	3,338,066	Transfers for QSCN and QZAN Bonds
General Fund	Capital Projects Fund	14,538,315	Transfers for Construction
	Total	\$ 21,525,231	

### F. Long-Term Obligations

#### 1. Long-Term Obligation Activity

Long-term obligations include debt and other long-term liabilities. Changes in long-term obligations for the year ended

August 31, 2018, are as follows:

Unlimited Tax Refunding Bonds (UTRB)

Unlimited Tax Building Bonds (UTBB)

Description	Original Issue	Final Maturity	Coupon Rate %	Original Issue	Outstanding Balance 09/01/2017
UTBB, Series 2007	07/15/07	02/02/37	4.55-5.500%	5,190,000	515,000
UTBB, Series 2007/ Accretion	07/15/07	08/01/18	4.55-5.500%	724,972	375,000
UTBB, Series 2008	09/08/08	02/01/38	3.50-5.000%	104,725,000	2,370,000
UTBB, Series 2010	02/01/11	08/31/40	1.50-5.000%	104,475,000	57,825,000
UTRB Series 2014	02/19/14	02/01/29	3.00-5.000%	46,395,000	46,195,000
UTRB Series 2015	02/27/15	02/01/37	3.00-5.000%	88,895,000	88,595,000
UTRB Series 2016	03/15/15	02/01/26	1.00-5.000%	107,785,000	97,895,000
Total Bonds Payable				\$ 458,189,972	\$ 293,770,000

Interest paid on bonded indebtedness during the current year was \$ 13,453,182

Description	Outstanding Balance 09/01/2017	Issued (Defeased) Current	Accretion Current	Retired Current	Outstanding Balance 08/31/2018	Amounts Due Within One Year
UTBB, Series 2007	515,000	\$ --	\$ --	\$ 515,000	\$ --	\$ --
UTBB, Series 2007/Accr	375,000	--	--	375,000	--	--
UTBB, Series 2008	2,370,000	--	--	2,370,000	--	--
UTBB, Series 2010	57,825,000	(9,215,000)	--	2,265,000	46,345,000	2,355,000
UTRB Series 2014	46,195,000	--	--	2,825,000	43,370,000	3,885,000
UTRB Series 2015	88,595,000	--	--	155,000	88,440,000	155,000
UTRB Series 2016	97,895,000	--	--	2,180,000	95,715,000	4,745,000
UTRB Series 2017	--	8,860,000	--	100,000	8,760,000	--
Total Bonds Payable	\$293,770,000	\$ (\$355,000)	\$ --	\$ 10,785,000	\$ 282,630,000	\$ 11,140,000

Governmental Activities	Beginning Balance	Increases	Decreases	Ending Balance	Amount Due Within One Year
General Obligation Bonds	\$ 293,395,000	\$ 8,860,000	\$ 19,625,000	\$ 282,630,000	\$ 11,140,000
Accretion	375,000	--	375,000	--	--
QSCB Construction Notes Payable 2011 Restated	26,755,000	--	--	26,755,000	--
QZAN Tax Maintenance Note Payable 2015	14,500,000	--	1,090,000	13,410,000	1,095,000
QZAN Tax Maintenance Note Payable 2017	3,100,000	--	210,000	2,890,000	210,000
Sick and Vacation Leave	10,212,277	236,177	653,362	9,795,092	--
Total Governmental Activities	\$ 347,962,277	\$ 9,096,177	\$ 21,953,362	\$ 335,480,092	\$ 12,445,000

# PHARR-SAN JUAN-ALAMO INDEPENDENT SCHOOL DISTRICT

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED AUGUST 31, 2018

Deferred on Refunding of Bonds	\$ 19,473,292	\$ 593,701	\$ 1,201,311	\$ 18,865,682	\$ 1,207,908
Premium & Discount	\$ 43,108,797	\$ 1,066,560	\$ 2,416,364	\$ 41,758,993	\$ 2,428,013
Net Pension Liability	\$ 68,328,497	\$ 328,912	\$ 6,388,148	\$ 62,269,261	--
Net Opeb Liability **	\$ 214,431,409	\$ (91,519,340)	\$ 1,452,118	\$ 121,459,951	--

\*\* Per GASB 75, beginning balance for Net OPEB Liability includes the restatement of net OPEB liability at September 1, 2017.

### 2. Debt Service Requirements

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

Year Ending August 31,	Principal CIB	CAB	Interest	Accretion	Total
2019	\$ 11,140,000	\$ --	\$ 12,445,037	\$ --	\$ 23,585,037
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
2024-2028	64,555,000	--	40,655,060	--	105,210,060
2029-2033	71,610,000	--	26,027,392	--	97,637,392
2034-2038	73,370,000	--	9,790,608	--	83,160,608
2039-2042	11,835,000	--	478,100	--	12,313,100
Subtotal	\$ 282,630,000	\$ --	\$ 133,643,595	\$ --	\$ 416,273,595

Year Ending August 31,	Notes Principal	Interest	QSCB Subsidy	Total Debt Service
2019	\$ 1,305,000	\$ 1,595,924	\$ (1,341,918)	\$ 1,559,006
2020	1,310,000	1,591,643	(1,341,918)	1,559,725
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	--	(501,810)	813,190
2024-2028	16,655,000	2,308,838	(1,254,525)	17,709,313
2029-2033	3,100,000	19,966	--	3,119,966
	\$ 43,055,000	\$ 7,305,656	\$ (5,863,845)	\$ 44,496,811

The effective interest rate on capital leases is 5.500%.

### 3. Advance Refunding of Debt

On October 10, 2017, \$8,860,000 in Unlimited Tax Refunding Bonds with a blended interest rate of 3.04% were issued to advance refund \$9,215,000 Unlimited Tax School Building Bonds, Series 2010 with an interest rate of 4.00%. The net proceeds of \$9,926,559.88 (principal amount of \$8,860,000.00, plus premium of \$1,131,063.35, less underwriters' discount of \$64,503.47) were wire transferred to the escrow agent to be dispersed. The cash deposit and certificates will be transferred into an "Escrow Fund" to be applied in accordance with the terms of the escrow agreement for the defeasance of the Series 2010 bonds. As a result, the bonds are considered to be defeased and the liability for those bonds has been removed from the financial statements. This refunding decreases total debt service payments over the next 16 years by \$705,625.11 resulting in an economic gain (difference between the present values of the debt service payments on the old and new debt) of \$531,233.05.

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

## **NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED AUGUST 31, 2018**

### **G. 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 2018, 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.

### **H. Pension Plan**

#### **1. 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). It is a defined benefit pension plan 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.

#### **2. Pension Plan Fiduciary Net Position**

Detail 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 <https://www.trs.state.tx.us/about/documents/cafr.pdf#CAFR>; by writing to TRS at 1000 Red River Street, Austin, TX, 78701-2698; or by calling (512) 542-6592.

#### **3. Benefits Provided**

TRS provides service and disability retirement, as well as death and survivor benefits, to eligible employees (and their beneficiaries) of public and higher education in Texas. The pension formula is calculated using 2.3 percent (multiplier) times the average of the five highest annual creditable salaries times years of credited service to arrive at the annual standard annuity except for members who are grandfathered, the three highest annual salaries are used. The normal service retirement is at age 65 with 5 years of credited service or when the sum of the member's age and years of credited service equals 80 or more years. Early retirement is at age 55 with 5 years of service credit or earlier than 55 with 30 years of service credit. There are additional provisions for early retirement if the sum of the member's age and years of service credit total at least 80, but the member is less than age 60 or 62 depending on date of employment, or if the member was grandfathered in under a previous rule. There are no automatic post-employment benefit changes; including automatic COLAs. Ad hoc post-employment benefit changes, including ad hoc COLAs, can be granted by the Texas Legislature as noted in the Plan description in (1.) above.

#### **4. 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.

## PHARR-SAN JUAN-ALAMO INDEPENDENT SCHOOL DISTRICT

### NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED AUGUST 31, 2018

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 through 2017. The 84th Texas Legislature, General Appropriations Act (GAA) established the employer contribution rates for fiscal years 2016 and 2017.

<b>Contribution Rates</b>		
	2017	2018
Member	7.7%	7.7%
Non-Employer Contributing Entity (NECE - State)	6.8%	6.8%
Employers	6.8%	6.8%
District's 2018 Employer Contributions	\$ 6,365,525	
District's 2018 Member Contributions	\$ 16,687,682	
NECE 2017 On-Behalf Contributions to District	\$ 9,525,608	

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

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

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

In addition to the employer contributions listed above, 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.

#### 5. Actuarial Assumptions

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

# PHARR-SAN JUAN-ALAMO INDEPENDENT SCHOOL DISTRICT

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED AUGUST 31, 2018

Valuation Date	August 31, 2017
Actuarial Cost Method	Individual Entry Age Normal
Asset Valuation Method	Market Value
Single Discount Rate	8%
Long-term expected Investment Rate of Return	8%
Inflation	2.5%
Salary Increases including inflation	3.5% to 9.5%
Payroll Growth Rate	2.5%
Benefit Changes during the year	None
Ad hoc post-employment benefit changes	None

The actuarial methods and assumptions are based primarily on a study of actual experience for the four year period ending August 31, 2014 and adopted on September 24, 2015.

### 6. Discount Rate

The discount rate used to measure the total pension liability was 8%. There was no change in the discount rate since the previous year. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and those of the contributing employers and the non-employer contributing entity are made at the statutorily required rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

The long-term rate of return on pension plan investments is 8%. The long-term expected rate of return on pension plan investments was determined using a building block method in which best-estimates ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of geometric real rates of return for each major asset class included in the Systems target asset allocation as of August 31, 2017 are summarized below:

<b>Teacher Retirement System of Texas</b> <b>Asset Allocation and Long-Term Expected Real Rate of Return</b> <b>As of August 31, 2017</b>			
<b>Asset Class</b>	<b>Target Allocation*</b>	<b>Long-term Expected Geometric Real Rate of Return</b>	<b>Expected Contribution to Long-term Portfolio Returns **</b>
<b>Global Equity</b>			
U.S.	18%	4.6%	1.0%
Non-U.S. Developed	13%	5.1%	0.8%
Emerging Markets	9%	5.9%	0.7%
Directional Hedge Funds	4%	3.2%	0.1%
Private Equity	13%	7.0%	1.1%
<b>Stable Value</b>			
U.S. Treasuries	11%	0.7%	0.1%
Absolute Return	0%	1.8%	0.0%
Stable Value Hedge Funds	4%	3.0%	0.1%
Cash	1%	-0.2%	0.0%

# PHARR-SAN JUAN-ALAMO INDEPENDENT SCHOOL DISTRICT

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED AUGUST 31, 2018

<b>Real Return</b>			
Global Inflation Linked Bonds	3%	0.9%	0.0%
Real Assets	16%	5.1%	1.1%
Energy & Natural Resources	3%	6.6%	0.2%
Commodities	0%	1.2%	0.0%
<b>Risk Parity</b>			
Risk Parity	5%	6.7%	0.3%
Inflation Expectation			2.2%
Alpha			1.0%
<b>Total</b>	<b>100%</b>		<b>8.7%</b>

\* Target allocations are based on the FY2014 policy model. Infrastructure was moved from Real Assets to Energy and Natural Resources in FY2017, but the reallocation does not affect the long term expected geometric real rate of return or expected contribution to long-term portfolio returns.

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

### 7. Discount Rate Sensitivity Analysis

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

	1% Decrease in Discount Rate 7%	Discount Rate 8%	1% Increase in Discount Rate 9%
District's proportionate share of the net pension liability	\$ 104,982,100	\$ 62,274,261	\$ 26,713,053

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

At August 31, 2018, the District reported a liability of \$62,274,261 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	\$ 62,274,261
State's proportionate share that is associated with District	93,127,611
<b>Total</b>	<b>\$ 155,401,872</b>

The net pension liability was measured as of August 31, 2017 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, 2016 through August 31, 2017.

At August 31, 2017 the employer's proportion of the collective net pension liability was 0.1947616%.

**Changes Since the Prior Actuarial Valuation - There were no changes to the actuarial assumptions of other inputs that affected measurement of the total pension liability since the prior measurement period:**

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



# PHARR-SAN JUAN-ALAMO INDEPENDENT SCHOOL DISTRICT

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED AUGUST 31, 2018

For the year ended August 31, 2018, the District recognized pension expense of \$7,103,404 and revenue of \$7,103,404 for support provided by the State.

At August 31, 2018, 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: (The amounts below will be the cumulative layers from the current and prior years combined)

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ 911,100	\$ 3,358,369
Changes in actuarial assumptions	2,836,691	1,623,940
Difference between projected and actual investment earnings	--	4,538,412
Changes in proportion and difference between the District's contributions and the proportionate share of contributions	9,161,316	5,270
Contributions paid to TRS subsequent to the measurement date [to be calculated by employer]	6,365,525	--
Total	\$ 19,274,632	\$ 9,525,991

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

Year Ended August 31	Pension Expense Amount
2019	\$ (33,714)
2020	\$ 3,941,413
2021	\$ (339,121)
2022	\$ (1,405,602)
2023	\$ 739,300
Thereafter	\$ 480,841

### I. Defined Other Post-Employment Benefit Plans

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

#### 2. 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.state.tx.us/about/documents/cafr.pdf#CAFR>; by writing to TRS at 1000 Red River Street, Austin, TX 78701-2698; or by calling (512) 542-6592.

# PHARR-SAN JUAN-ALAMO INDEPENDENT SCHOOL DISTRICT

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED AUGUST 31, 2018

Components of the net OPEB liability of the TRS-Care plan as of August 31, 2017 are as follows:

<u>Net OPEB Liability:</u>	<u>Total</u>
Total OPEB liability	\$ 43,885,784,621
Less: plan fiduciary net position	<u>399,535,986</u>
Net OPEB liability	<u>\$ 43,486,248,635</u>
Net position as a percentage of total OPEB liability	0.91%

### 3. 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 retirees and their dependents not enrolled in Medicare may pay premiums to participate in one of two optional insurance plans with more comprehensive benefits (TRS-Care 2 and TRS-Care 3). Eligible retirees and dependents enrolled in Medicare may elect to participate in one of two Medicare health plans for an additional fee. 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 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 average retiree with Medicare Parts A&B coverage, with 20 to 29 years of service for the basic plan and the two optional plans:

Monthly TRS-Care Plan Premium Rates Effective September 1, 2016 - December 31, 2017			
	TRS-Care 1 Basic Plan	TRS-Care 2 Optional Plan	TRS-Care 3 Optional Plan
Retiree*	\$ --	\$ 70	\$ 100
Retiree and Spouse	20	175	255
Retiree* and Children	41	132	182
Retiree and Family	61	237	337
Surviving Children Only	28	62	82

\* or surviving spouse

### 4. 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 1.0% 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. The following table shows contributions to the TRS-Care plan by type of contributor.

# PHARR-SAN JUAN-ALAMO INDEPENDENT SCHOOL DISTRICT

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED AUGUST 31, 2018

Contribution Rates		
	2017	2018
Active Employee	0.65%	0.65%
Non-Employer Contributing Entity (NECE) - State	1.00%	1.25%
Employers	0.55%	0.75%
Federal/Private Funding Remitted by Employers	1.00%	1.25%

Current fiscal year District contributions	\$	2,110,061
Current fiscal year Member contributions	\$	16,687,682
2017 measurement year NECE contributions	\$	1,798,740

In addition to the employer contributions listed above, there is an additional surcharge all TRS employers are subject to, regardless of whether 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.

TRS-Care received supplemental appropriations from the State of Texas as the NECE in the amount of \$15.6 million in fiscal year 2017 and \$182.6 million in fiscal year 2018.

### 5. Actuarial Assumptions

The total OPEB liability in the August 31, 2017 actuarial valuation was determined using the following actuarial assumptions:

The actuarial valuation of TRS-Care is similar to the actuarial valuations performed for the pension plan, except that the OPEB valuation is more complex. All of the demographic assumptions, including mortality, and most of the economic assumptions are identical to those adopted by the Board in 2015 and are based on the 2014 actuarial experience study of TRS.

The active mortality rates were based on 90 percent of the RP-2014 Employee Mortality Tables for males and females. The post-retirement mortality rates were based on the 2015 TRS of Texas Healthy Pensioner Mortality Tables.

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:

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

# PHARR-SAN JUAN-ALAMO INDEPENDENT SCHOOL DISTRICT

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED AUGUST 31, 2018

### Additional Actuarial Methods and Assumptions:

Valuation Date	August 31, 2017
Actuarial Cost Method	Individual Entry Age Normal
Inflation	2.50%
Discount Rate *	3.42% *
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 costs.
Payroll Growth Rate	2.50%
Projected Salary Increases **	3.50% to 9.50% **
Healthcare Trend Rates ***	4.50% to 12.00% ***
Election Rates	Normal Retirement: 70% participation prior to age 65 and 75% participation after age 65
Ad Hoc Post-Employment Benefit Changes	None

\*Source: 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 GO AA Index" as of August 31, 2017.

\*\*Includes inflation at 2.50%

\*\*\*Initial trend rates are 7.00% for non-Medicare retirees; 10.00% for Medicare retirees and 12.00% for prescriptions for all retirees. Initial trend rates decrease to an ultimate trend rate of 4.50% over a period of 10 years.

### 6. Discount Rate

A single discount rate of 3.42% was used to measure the total OPEB liability. There was a change of 0.44% in the discount rate since the previous year. Because the plan is essentially a "pay-as-you-go" plan, there are no investments and 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 not to 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. The source of the municipal bond rate was fixed-income municipal bonds with 20 years to maturity that include only federally tax-exempt municipal bonds as reported in Fidelity Index's "20-year Municipal GO AA Index" as of August 31, 2017.

### 7. 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 in measuring the net OPEB liability.

	1% Decrease in Discount Rate (2.42%)	Current Single Discount Rate (3.42%)	1% Increase in Discount Rate (4.42%)
District's proportionate share of net OPEB liability	\$ 143,352,895	\$ 121,459,951	\$ 103,862,961

### 8. 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 1% less than and 1% greater than the assumed healthcare cost trend rate:

# PHARR-SAN JUAN-ALAMO INDEPENDENT SCHOOL DISTRICT

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED AUGUST 31, 2018

	1% Decrease	Current Healthcare Cost Trend Rate	1% Increase
District's proportionate share of net OPEB liability	\$ 101,127,544	\$ 121,459,951	\$ 148,138,633

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

At August 31, 2018, the District reported a liability of \$121,459,951 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 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	\$ 121,459,951
State's proportionate share that is associated with the District	\$ 150,452,524
Total	\$ 271,912,475

The net OPEB liability was measured as of August 31, 2017 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 proportion 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, 2016 through August 31, 2017.

At August 31, 2017 the District's proportion of the collective net OPEB liability was 0.2793066. Since this is the first year of implementation, the District does not have the proportion measured as of August 31, 2016. The Notes to the Financial Statements for August 31, 2016 for TRS stated that the change in proportion was immaterial and, therefore, disregarded this year.

### 10. Changes Since the Prior Actuarial Valuation.

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

- Significant plan changes were adopted during the fiscal year ending August 31, 2017. Effective January 1, 2018, only one health plan option will exist (instead of three), and all retirees will be required to contribute monthly premiums for coverage. The health plan changes triggered changes to several of the assumptions, including participation rates, retirement rates, and spousal participation rates.
- The August 31, 2016 valuation had assumed that the savings related to the Medicare Part D reimbursements would phase out by 2022. This assumption was removed for the August 31, 2017 valuation. Although there is uncertainty regarding these federal subsidies, the new assumption better reflects the current substantive plan. This change was unrelated to the plan amendment and its impact was included as an assumption change in the reconciliation of the total OPEB liability. This change significantly lowered the OPEB liability.
- The discount rate changed from 2.98% as of August 31, 2016 to 3.42% as of August 31, 2017. This change lowered total OPEB liability.

The Affordable Care Act includes a 40% excise tax on high-cost health plans known as the "Cadillac tax." In this valuation the impact of this 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%.
- Premium data submitted was not adjusted for permissible exclusions to the Cadillac Tax.

# PHARR-SAN JUAN-ALAMO INDEPENDENT SCHOOL DISTRICT

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED AUGUST 31, 2018

- c. 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.

Future actuarial measurements may differ significantly from the current measurements due to such factors as the following: plan experience differing from that anticipated by the economic or demographic assumptions; changes in economic or demographic assumptions; increases or decreases expected as part of the natural operation of the methodology used for these measurements; and changes in plan provision or applicable law.

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

For the year ended August 31, 2018, the District recognized OPEB expense of \$(50,345,415) and revenue of \$(50,345,415) for support provided by the State.

At August 31, 2018, 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:

	Deferred Outflow of Resources	Deferred Inflow of Resources
Differences between expected and actual economic experience	\$ --	\$ 2,535,569
Changes in actuarial assumptions	--	48,271,358
Differences between projected and actual investment earnings	18,450	--
Changes in proportion and difference between the District's contributions and the proportionate share of contributions	563	--
Contributions paid to TRS subsequent to the measurement date	2,146,178	
	<u>\$ 2,165,191</u>	<u>\$ 50,806,927</u>

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 August 31,	Amount
2019	\$ (6,701,524)
2020	\$ (6,701,524)
2021	\$ (6,701,524)
2022	\$ (6,701,524)
2023	\$ (6,706,136)
Thereafter	\$ (17,275,683)

### J. Employee Health Care Coverage

During the year ended August 31, 2018, employees of the District were covered by a health insurance plan (the Plan). The District contributed \$618 per month per employee to the Plan. Employees, at their option, authorized payroll

# PHARR-SAN JUAN-ALAMO INDEPENDENT SCHOOL DISTRICT

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED AUGUST 31, 2018

withholdings to pay contributions for dependents. All contributions were paid to a third party administrator, acting on behalf of the self-funded pool. The Plan was authorized by Section 21.922, Texas Education Code and was documented by contractual agreement.

The contract between the District and the third party administrator is renewable September 1, and terms of coverage and contribution costs are included in the contractual provisions.

In accordance with state statute, the District was protected against unanticipated catastrophic individual or aggregate loss by stop-loss coverage carried through United Healthcare, a commercial insurer licensed or eligible to do business in Texas in accordance with the Texas Insurance Code. Stop-loss coverage was in effect for individual claims exceeding \$500,000 and for aggregate loss. Other Districts and/or their employees contributed to the self-insurance pool which was operated under contractual provisions of Article 4413(32c), Interlocal Cooperation Act. According to the latest actuarial opinion dated , the unfunded claim benefit obligation included no reported claims that were unpaid and no estimated claims incurred, but not reported.

### K. Commitments and Contingencies

#### 1. 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 collectibility 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.

#### 2. 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.

#### 3 Commitments

Construction Projects 2017-18	Contractor/ Architect/ Engineer	Contract Amount	Expenditures	Commitment Balance 08/31/2018
AG FARM	Gignac	\$ 195,000	\$ 47,062	\$ 147,938
ALAMO MS RENOVATION	Fidelity Ins;Gignac	18,647,762	17,350,517	1,297,245
BUCKNER RENOVATION (163)	JCON:Milnet	4,520,877	4,389,009	131,867
CCT ACADEMY KITCHEN RENOVATION (211)	Gomez Construction, Inc.	238,424	1,500	236,924
CHILD NUTRITION CHILLER (209)	D & F	377,020	72,661	304,359
CHILD NUTRITION PARKING LOT (210)	To Be Awarded	9,100	9,100	--
COLLEGIATE ACADEMY (161)	Scoggins;Gignac	29,083,493	25,555,352	3,528,141
PARKING LOT Doedyns (187)	Design Phase J. Hinojosa Eng.	35,525	23,245	12,280
WALK-IN COOLERS DR. LONG(189); CARMAN (188); LI	Design Phase	10,000	10,000	--
HVAC UPGRADE TO 18 GYM	Central Air;Egv	2,112,180	1,442,138	670,042
KENNEDY MS ATHLETIC ADDITIONS (171)	Scoggins;Gignac	3,147,318	2,364,543	782,775
NEW RAMIREZ ELEMENTARY	Fidelity Ins;Milnet	13,535,474	12,863,636	671,838
NEW YZAGUIRRE MS	Fidelity Ins;Gignac	23,927,570	22,715,234	1,212,336
PSJA HIGH SCHOOL COOLING TOWER (173)	Aircool Tech	566,287	552,223	14,065
PSJA NORTH WELDING SHOP (180)	IN HOUSE	4,000	4,000	--
RE-ROOFING CANTU ELEM. (182);Chavez (181);Doedy	American Contraction; EGV	2,676,500	2,307,796	368,704
RE-ROOFING CARMAN ELEM. (183);Kelly Pharr (185)	ARGIO; EGV	1,907,715	1,634,797	272,918
SAFE ROUTES TO SCHOOL(147)	Aldana Engineering Design Phase	162,500	162,500	--
	TOTALS	\$ 101,156,745	\$ 91,505,313	\$ 9,651,432

# PHARR-SAN JUAN-ALAMO INDEPENDENT SCHOOL DISTRICT

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED AUGUST 31, 2018

### L. 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 June 30, 2018, McAllen ISD allocated expenditures to the amount of \$169,826.

### M. Subsequent Events

For the purposes of reporting subsequent events, management has considered events occurring thru December 10, 2018 the date the report was available to be issued, and none have been noted.

### N. Increase (Decrease) in Net Position

For the fiscal year ended August 31, 2018 the fund balance for prior period were adjusted as follows:

Prior Period Adjustments	
<u>Fund Level</u>	Governmental
General Fund Refund from E-Rate.	Funds
Total General Fund	\$ 422,371
	<u>422,371</u>
Debt Service Fund to reflect balance in the Districts Bank Account held by third party financial institution.	10,650,000
Total Debt Service Fund	<u>10,650,000</u>
Permanent Funds to close out prior years activity.	(872)
Total Permanent Funds	<u>(872)</u>
Internal Service Funds to reflect claims payable from prior years for:	
Health Insurance Fund	(1,559,043)
Workmens Compensation Fund	(591,350)
Total Internal Service Fund	<u>(2,150,393)</u>
Net Increase (Decrease) in Fund Balance	\$ <u>8,921,106</u>
<u>Government Wide Level</u>	Governmental
Adjustment for calculation of ERATE in fixed assets	Activities
Increase in funds held in Escrow by third party financial institution	\$ 151,334
Implementation of GASB 75-OPEB beginning balance	(10,650,000)
Total Net Increase (Decrease) in Net Assets	(212,285,231)
	<u>\$ (213,862,791)</u>

### O. Fund Balances

Governmental Fund Balances for the district are classified in the following hierarchy:

#### Nonspendable

Nonspendable Amounts that cannot be spent because they are either not in a spendable form or are legally or contractually required to be maintained intact.

#### Restricted

Amounts that can be spent only for specific purposes because of constraints imposed by external providers, or imposed by constitutional provisions or enabling legislation. Federal Laws, Texas Statutes, and local



# PHARR-SAN JUAN-ALAMO INDEPENDENT SCHOOL DISTRICT

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED AUGUST 31, 2018

ordinances require that certain revenues be specifically designated for the purposes of food service, federal and state programs, debt service, and capital projects.

### Committed

Amounts that can only be used for specific purposes pursuant to approval by formal action by the board.

### Assigned

For the General Fund, amounts that are appropriated by the Board or the Board designee that are to be used for specific purposes. For all other governmental funds, any remaining positive amounts not previously classified as nonspendable, restricted or committed.

Unassigned fund balances are amounts that are available for any purpose; these amounts can be reported only in the District's General Fund. The unassigned amount as of August 31, 2018 is \$32,302,862. The District's unassigned fund balance will be maintained to provide the District with sufficient working capital and a margin of safety to address local emergencies without borrowing. In circumstances where expenditure is to be made for a purpose for which amounts are available in multiple fund balance classifications, the order in which resources will be expended is as follows: restricted, committed, assigned, and unassigned. The purpose of the Capital Projects Fund is to pay for voter approved capital projects and the purpose of the Debt Service fund is to account for funds used to pay for the long and short term debt obligations used to fund the District's capital projects.

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

Fund Balance Description:	General	Debt Service	Construction Fund	Other Governmental Funds
<b>Nonspendable</b>				
Inventories	2,077,747	--	--	--
	710,000			
<b>Restricted</b>				
Federal/State Funds Grant	6,229,570	--	--	--
Retirement of Long-Term Debt	--	17,930,521	--	--
Other Restrictions of Fund Balance	--	--	--	5,799
<b>Committed</b>				
Construction Projects	36,290,000	--	7,772,377	--
Equipment for New Schools	5,000,000	--	--	--
Other Committed Fund Balance	9,795,093	--	--	--
<b>Assigned</b>				
Other Assigned Fund Balance	1,875,000	--	--	--
<b>Total Nonspendable, Restricted, Committed, and Assigned Governmental Fund Balances</b>	<u>\$ 61,977,410</u>	<u>\$ 17,930,521</u>	<u>\$ 7,772,377</u>	<u>\$ 5,799</u>
<b>Total Nonspendable, Restricted, Committed, and Assigned Governmental Fund Balances</b>	<u>\$ 61,977,410</u>			

### *Required Supplementary Information*

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

# PHARR-SAN JUAN-ALAMO INDEPENDENT SCHOOL DISTRICT

GENERAL FUND

BUDGETARY COMPARISON SCHEDULE

FOR THE YEAR ENDED AUGUST 31, 2018

EXHIBIT G-1

Page 1 of 2

Data Control Codes		1	2	3	Variance with
		Budgeted Amounts		Actual	Final Budget Positive (Negative)
		Original	Final		
	REVENUES:				
5700	Local and Intermediate Sources	\$ 50,632,300	\$ 55,839,997	\$ 56,782,075	\$ 942,078
5800	State Program Revenues	255,880,556	254,110,412	254,050,810	(59,602)
5900	Federal Program Revenues	29,142,431	29,192,431	30,867,033	1,674,602
5020	Total Revenues	335,655,287	339,142,840	341,699,918	2,557,078
	EXPENDITURES:				
	Current:				
	Instruction & Instructional Related Services:				
0011	Instruction	166,602,996	173,580,557	172,288,416	1,292,141
0012	Instructional Resources and Media Services	4,628,461	5,549,872	4,872,421	677,451
0013	Curriculum and Staff Development	3,880,353	4,119,577	3,710,932	408,645
	Total Instruction & Instr. Related Services	175,111,810	183,250,007	180,871,769	2,378,238
	Instructional and School Leadership:				
0021	Instructional Leadership	5,557,609	7,213,767	6,883,104	330,663
0023	School Leadership	17,650,939	18,070,254	17,582,313	487,941
	Total Instructional & School Leadership	23,208,548	25,284,021	24,465,417	818,604
	Support Services - Student (Pupil):				
0031	Guidance, Counseling and Evaluation Services	10,310,087	10,838,530	10,420,485	418,045
0032	Social Work Services	2,561,914	2,599,097	2,309,280	289,817
0033	Health Services	4,083,545	4,168,030	3,808,760	359,270
0034	Student (Pupil) Transportation	9,605,719	10,571,389	10,062,248	509,141
0035	Food Services	23,598,911	24,504,111	24,471,677	32,434
0036	Cocurricular/Extracurricular Activities	10,924,781	11,496,363	11,466,007	30,356
	Total Support Services - Student (Pupil)	61,084,957	64,177,521	62,538,457	1,639,064
	Administrative Support Services:				
0041	General Administration	8,291,664	8,285,690	7,756,376	529,314
	Total Administrative Support Services	8,291,664	8,285,690	7,756,376	529,314
	Support Services - Nonstudent Based:				
0051	Plant Maintenance and Operations	34,996,828	35,861,228	35,789,798	71,430
0052	Security and Monitoring Services	3,718,104	3,718,804	3,622,056	96,748
0053	Data Processing Services	3,201,619	3,248,652	3,157,762	90,890
	Total Support Services - Nonstudent Based	41,916,551	42,828,684	42,569,616	259,068
	Ancillary Services:				
0061	Community Services	485,034	483,159	367,297	115,862
	Total Ancillary Services	485,034	483,159	367,297	115,862
	Debt Service:				
0071	Principal on Long-Term Debt	558,860	137,000	--	137,000
0072	Interest on Long-Term Debt	31,705	31,705	--	31,705
	Total Debt Service	590,565	168,705	--	168,705
	Capital Outlay:				
0081	Capital Outlay	10,371,354	802,754	110,833	691,921
	Total Capital Outlay	10,371,354	802,754	110,833	691,921

# PHARR-SAN JUAN-ALAMO INDEPENDENT SCHOOL DISTRICT

GENERAL FUND

BUDGETARY COMPARISON SCHEDULE

FOR THE YEAR ENDED AUGUST 31, 2018

EXHIBIT G-1

Page 2 of 2

Data Control Codes		1	2	3	Variance with Final Budget Positive (Negative)
		Budgeted Amounts			
		Original	Final	Actual	
	Intergovernmental Charges:				
0093	Payments to Fiscal Agent/Member Dist.-SSA	280,000	143,842	143,842	--
0095	Payments to Juvenile Justice Alternative				
0095	Education Programs	100,000	100,000	62,658	37,342
0099	Other Intergovernmental Charges	984,000	984,000	761,327	222,673
	Total Intergovernmental Charges	1,364,000	1,227,842	967,827	260,015
6030	Total Expenditures	322,424,483	326,508,383	319,647,592	6,860,791
1100	Excess (Deficiency) of Revenues Over (Under)				
1100	Expenditures	13,230,804	12,634,457	22,052,326	9,417,869
	Other Financing Sources (Uses):				
7912	Sale of Real or Personal Property	--	--	3,896	3,896
7915	Transfers In	42,831,977	36,838,005	37,623,095	785,090
7949	Other Resources	--	--	145,000	145,000
8911	Transfers Out	(56,062,780)	(56,101,512)	(55,499,475)	602,037
7080	Total Other Financing Sources and (Uses)	(13,230,804)	(19,263,507)	(17,727,484)	1,536,023
1200	Net Change in Fund Balance	--	(6,629,050)	4,324,842	10,953,892
0100	Fund Balance - Beginning	--	90,233,059	90,233,059	--
1300	Prior Period Adjustment	--	422,371	422,371	--
0100	Fund Balance - Beginning, as Restated	--	90,655,430	90,655,430	--
3000	Fund Balance - Ending	\$ --	\$ 84,026,380	\$ 94,980,272	\$ 10,953,892

**PHARR-SAN JUAN-ALAMO INDEPENDENT SCHOOL DISTRICT**  
**SCHEDULE OF THE DISTRICT'S PROPORTIONATE**  
**SHARE OF THE NET PENSION LIABILITY**  
**TEACHER RETIREMENT SYSTEM OF TEXAS**  
**LAST TEN FISCAL YEARS \***

	Measurement Year Ended August 31,									
	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
District's proportion of the net pension liability (asset)	0.195%	0.181%	0.185%	0.152%	--	--	--	--	--	--
District's proportionate share of the net pension liability (asset)	\$ 62,274,261	\$ 68,328,497	\$ 65,318,190	\$ 40,623,685	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --
State's proportionate share of the net pension liability (asset) associated with the District	93,127,611	116,712,800	111,329,915	96,703,241	--	--	--	--	--	--
Total	<u>\$ 155,401,872</u>	<u>\$ 185,041,297</u>	<u>\$ 176,648,105</u>	<u>\$ 137,326,926</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>
District's covered-employee payroll	\$ 208,433,068	\$ 201,147,880	\$ 201,147,880	\$ 192,095,263	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	29.88%	33.97%	32.47%	21.15%	--	--	--	--	--	--
Plan fiduciary net position as a percentage of the total pension liability	82.17%	78.00%	78.43%	83.25%	--	--	--	--	--	--

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

**PHARR-SAN JUAN-ALAMO INDEPENDENT SCHOOL DISTRICT**  
**SCHEDULE OF DISTRICT CONTRIBUTIONS**  
**TEACHER RETIREMENT SYSTEM OF TEXAS**  
**LAST TEN FISCAL YEARS \***

	Fiscal Year Ended August 31,									
	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Contractually required contribution	\$ 63,655,525	\$ 6,383,148	\$ 5,722,877	\$ 5,221,984	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --
Contributions in relation to the contractually required contribution	(63,655,525)	(6,383,148)	(5,722,877)	(5,221,984)	--	--	--	--	--	--
Contribution deficiency (excess)	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --
District's covered-employee payroll	\$ 216,648,731	\$ 208,433,068	\$ 201,147,880	\$ 192,095,263	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --
Contributions as a percentage of covered-employee payroll	29.38%	3.06%	2.85%	2.72%	--	--	--	--	--	--

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

**PHARR-SAN JUAN-ALAMO INDEPENDENT SCHOOL DISTRICT**  
**SCHEDULE OF THE DISTRICT'S PROPORTIONATE**  
**SHARE OF THE NET OPEB LIABILITY**  
**TEACHER RETIREMENT SYSTEM OF TEXAS**  
**LAST TEN FISCAL YEARS \***

	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
District's proportion of the collective net OPEB liability	0.279%	--	--	--	--	--	--	--	--	--
District's proportionate share of the collective net OPEB liability	\$ 121,459,951	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --
State proportionate share of the collective net OPEB liability associated with the District	\$ 150,452,524	\$ 1	\$ 1	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --
Total	\$ 271,912,475	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --
District's covered-employee payroll	\$ 208,433,068	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --
District's proportionate share of the net OPEB liability as a percentage of its covered-employee payroll	58.27%	--	--	--	--	--	--	--	--	--
Plan fiduciary net position as a percentage of the total OPEB liability	0.91%	--	--	--	--	--	--	--	--	--

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

**PHARR-SAN JUAN-ALAMO INDEPENDENT SCHOOL DISTRICT**  
**SCHEDULE OF THE DISTRICT'S OPEB CONTRIBUTIONS**  
**TEACHER RETIREMENT SYSTEM OF TEXAS**  
**LAST TEN FISCAL YEARS \***

	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Statutorily or contractually required District contribution	\$ 2,110,061	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --
Contributions recognized by OPEB in relation to statutorily or contractually required contribution	2,110,061	--	--	--	--	--	--	--	--	--
Contribution deficiency (excess)	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --
District's covered-employee payroll	\$ 32,352,031	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --
Contributions as a percentage of covered-employee payroll	6.52%	--	--	--	--	--	--	--	--	--

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



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

## **NOTES TO REQUIRED SUPPLEMENTARY INFORMATION FOR THE YEAR ENDED AUGUST 31, 2018**

### **Budget**

The official budget was prepared for adoption for all 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.

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 that time are to be either cancelled or appropriately provided for in the subsequent year's budget. There were no end-of-year outstanding encumbrances that were provided for in the subsequent year's budget.

### **Defined Benefit Pension Plan**

#### *Changes of benefit terms*

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

#### *Changes of assumptions*

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

*Combining Statements and Budget Comparisons  
as Supplementary Information*

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

**PHARR-SAN JUAN-ALAMO INDEPENDENT SCHOOL DISTRICT****COMBINING BALANCE SHEET****NONMAJOR GOVERNMENTAL FUNDS**

AUGUST 31, 2018

Data Control Codes		Special Revenue Funds	Permanent Fund General Agency & Trust	Total Nonmajor Governmental Funds (See Exhibit C-1)
<b>ASSETS:</b>				
1110	Cash and Cash Equivalents	\$ (7,305,989)	\$ 332,908	\$ (6,973,081)
1240	Due from Other Governments	12,374,337	--	12,374,337
1260	Due from Other Funds	16,538	147,336	163,874
1290	Other Receivables	677	6,106	6,783
1000	Total Assets	5,085,563	486,350	5,571,913
<b>LIABILITIES:</b>				
Current Liabilities:				
2110	Accounts Payable	\$ 407,814	\$ 588	\$ 408,402
2160	Accrued Wages Payable	2,097,149	--	2,097,149
2170	Due to Other Funds	854	911	1,765
2180	Due to Other Governments	2,627	92,791	95,418
2190	Due to Student Groups	1,204,489	386,261	1,590,750
2300	Unearned Revenue	1,372,630	--	1,372,630
2000	Total Liabilities	5,085,563	480,551	5,566,114
<b>FUND BALANCES:</b>				
Restricted Fund Balances:				
3490	Other Restrictions of Fund Balance	--	5,799	5,799
3000	Total Fund Balances	--	5,799	5,799
4000	Total Liabilities and Fund Balances	\$ 5,085,563	\$ 486,350	\$ 5,571,913

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

COMBINING STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES  
NONMAJOR GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED AUGUST 31, 2018

Data Control Codes		Special Revenue Funds	Permanent Fund General Agency & Trust	Total Nonmajor Governmental Funds (See Exhibit C-2)
<b>REVENUES:</b>				
5700	Local and Intermediate Sources	\$ 78,597	\$ --	\$ 78,597
5800	State Program Revenues	1,208,882	--	1,208,882
5900	Federal Program Revenues	38,606,814	--	38,606,814
5020	Total Revenues	39,894,293	--	39,894,293
<b>EXPENDITURES:</b>				
Current:				
0011	Instruction	23,168,698	--	23,168,698
0012	Instructional Resources and Media Services	347,758	--	347,758
0013	Curriculum and Staff Development	4,867,227	--	4,867,227
0021	Instructional Leadership	3,425,968	--	3,425,968
0023	School Leadership	298,849	--	298,849
0031	Guidance, Counseling, & Evaluation Services	2,638,024	--	2,638,024
0032	Social Work Services	456,698	--	456,698
0033	Health Services	224,349	--	224,349
0035	Food Service	128,968	--	128,968
0041	General Administration	78,515	--	78,515
0051	Facilities Maintenance and Operations	171,952	--	171,952
0053	Data Processing Services	4,751	--	4,751
0061	Community Services	1,837,198	--	1,837,198
0081	Capital Outlay	2,245,338	--	2,245,338
6030	Total Expenditures	39,894,293	--	39,894,293
1100	Excess (Deficiency) of Revenues Over (Under)			
1100	Expenditures	--	--	--
0100	Fund Balances - Beginning	--	6,671	6,671
1300	Prior Period Adjustment	--	(872)	(872)
	Fund Balances - Beginning, as Restated	--	5,799	5,799
3000	Fund Balances - Ending	\$ --	\$ 5,799	\$ 5,799

# PHARR-SAN JUAN-ALAMO INDEPENDENT SCHOOL DISTRICT

## COMBINING BALANCE SHEET

### NONMAJOR SPECIAL REVENUE FUNDS

AUGUST 31, 2018

Data Control Codes		203 Child Care Development Block Grant	204 National Institute of Justice Research Evaluation, and	205 Head Start	211 ESEA Title I Improving Basic Programs
<b>ASSETS:</b>					
1110	Cash and Cash Equivalents	\$ --	\$ 120	\$ (2,389,381)	\$ (2,185,528)
1240	Due from Other Governments	--	--	2,939,828	2,903,729
1260	Due from Other Funds	--	--	--	932
1290	Other Receivables	--	--	--	440
1000	Total Assets	--	120	550,447	719,573
<b>LIABILITIES:</b>					
Current Liabilities:					
2110	Accounts Payable	\$ --	\$ 120	\$ 67,218	\$ 151,280
2160	Accrued Wages Payable	--	--	483,229	564,812
2170	Due to Other Funds	--	--	--	854
2180	Due to Other Governments	--	--	--	2,627
2190	Due to Student Groups	--	--	--	--
2300	Unearned Revenue	--	--	--	--
2000	Total Liabilities	--	120	550,447	719,573
<b>FUND BALANCES:</b>					
3000	Total Fund Balances	--	--	--	--
4000	Total Liabilities and Fund Balances	\$ --	\$ 120	\$ 550,447	\$ 719,573

212 ESEA Title I, Part C Migrant Children	223 Temporary Assistance for Needy Families	224 IDEA-B Formula	225 IDEA-B Preschool Grant	244 Career and Tech Basic Grant
\$ (481,978)	\$ (16,784)	\$ (922,224)	\$ (12,393)	\$ (137,629)
601,770	27,195	1,304,187	16,544	139,146
--	--	--	--	--
--	--	--	--	--
<u>119,792</u>	<u>10,411</u>	<u>381,963</u>	<u>4,151</u>	<u>1,517</u>
\$ 899	\$ 44	\$ --	\$ --	\$ --
118,893	10,367	381,963	4,151	1,517
--	--	--	--	--
--	--	--	--	--
--	--	--	--	--
--	--	--	--	--
<u>119,792</u>	<u>10,411</u>	<u>381,963</u>	<u>4,151</u>	<u>1,517</u>
<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>
<u>\$ 119,792</u>	<u>\$ 10,411</u>	<u>\$ 381,963</u>	<u>\$ 4,151</u>	<u>\$ 1,517</u>

# PHARR-SAN JUAN-ALAMO INDEPENDENT SCHOOL DISTRICT

## COMBINING BALANCE SHEET

### NONMAJOR SPECIAL REVENUE FUNDS

AUGUST 31, 2018

Data Control Codes		255 ESEA Title II Training & Recruiting	263 English Language Acquisition and Enhancement	272 MAC Program	274 Gaining Early Awareness & Re For Undergradu
<b>ASSETS:</b>					
1110	Cash and Cash Equivalents	\$ (690,867)	\$ (346,502)	\$ 466,902	\$ (43,405)
1240	Due from Other Governments	741,012	443,725	299,263	43,405
1260	Due from Other Funds	11,017	--	--	--
1290	Other Receivables	--	--	--	--
1000	Total Assets	61,162	97,223	766,165	--
<b>LIABILITIES:</b>					
Current Liabilities:					
2110	Accounts Payable	\$ 3,100	\$ 708	\$ 9,391	\$ --
2160	Accrued Wages Payable	58,062	96,515	--	--
2170	Due to Other Funds	--	--	--	--
2180	Due to Other Governments	--	--	--	--
2190	Due to Student Groups	--	--	--	--
2300	Unearned Revenue	--	--	756,774	--
2000	Total Liabilities	61,162	97,223	766,165	--
<b>FUND BALANCES:</b>					
3000	Total Fund Balances	--	--	--	--
4000	Total Liabilities and Fund Balances	\$ 61,162	\$ 97,223	\$ 766,165	\$ --

Reading ate Prog	276 Title I SIP Academy Grant	280 Education for Homeless Children & Youth-ARRA	288 Teacher Incentive Fund	289 Industry Cluster Perkins	397 Advanced Placement Incentives
	\$ (916,633)	\$ (149,452)	\$ (1,459,774)	\$ 368,338	\$ 5,801
	944,961	159,307	1,798,449	29,864	--
	2,916	--	1,673	--	--
	--	--	--	--	--
	<u>31,244</u>	<u>9,855</u>	<u>340,348</u>	<u>398,202</u>	<u>5,801</u>
	\$ --	\$ 9,855	\$ --	\$ 3,847	\$ --
	31,244	--	340,348	2,061	--
	--	--	--	--	--
	--	--	--	--	--
	--	--	--	392,294	5,801
	<u>31,244</u>	<u>9,855</u>	<u>340,348</u>	<u>398,202</u>	<u>5,801</u>
	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>
	<u>\$ 31,244</u>	<u>\$ 9,855</u>	<u>\$ 340,348</u>	<u>\$ 398,202</u>	<u>\$ 5,801</u>



# PHARR-SAN JUAN-ALAMO INDEPENDENT SCHOOL DISTRICT

## COMBINING BALANCE SHEET

### NONMAJOR SPECIAL REVENUE FUNDS

AUGUST 31, 2018

Data Control Codes		409 Texas High School Project	410 State Textbook Fund	411 Technology Allotment	429 State Funded Special Revenue Fund
<b>ASSETS:</b>					
1110	Cash and Cash Equivalents	\$ (2,624)	\$ 367,212	\$ 24,285	\$ 137
1240	Due from Other Governments	2,387	--	(24,285)	3,850
1260	Due from Other Funds	--	--	--	--
1290	Other Receivables	237	--	--	--
1000	Total Assets	--	367,212	--	3,987
<b>LIABILITIES:</b>					
Current Liabilities:					
2110	Accounts Payable	\$ --	\$ 161,352	\$ --	\$ --
2160	Accrued Wages Payable	--	--	--	3,987
2170	Due to Other Funds	--	--	--	--
2180	Due to Other Governments	--	--	--	--
2190	Due to Student Groups	--	--	--	--
2300	Unearned Revenue	--	205,860	--	--
2000	Total Liabilities	--	367,212	--	3,987
<b>FUND BALANCES:</b>					
3000	Total Fund Balances	--	--	--	--
4000	Total Liabilities and Fund Balances	\$ --	\$ 367,212	\$ --	\$ 3,987

	461 Campus Activity Funds	480 College for all Initiative	482 School Improvement Facilitators	484 Workforce Commission	Total Nonmajor Special Revenue Funds (See Exhibit H-1)
ə	\$ 1,204,489	\$ 10,000	\$ 1,901	\$ --	\$ (7,305,989)
	--	--	--	--	12,374,337
	--	--	--	--	16,538
	--	--	--	--	677
	<u>1,204,489</u>	<u>10,000</u>	<u>1,901</u>	<u>--</u>	<u>5,085,563</u>
	\$ --	\$ --	\$ --	\$ --	\$ 407,814
	--	--	--	--	2,097,149
	--	--	--	--	854
	--	--	--	--	2,627
	1,204,489	--	--	--	1,204,489
	--	10,000	1,901	--	1,372,630
	<u>1,204,489</u>	<u>10,000</u>	<u>1,901</u>	<u>--</u>	<u>5,085,563</u>
	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>
	<u>\$ 1,204,489</u>	<u>\$ 10,000</u>	<u>\$ 1,901</u>	<u>\$ --</u>	<u>\$ 5,085,563</u>

# PHARR-SAN JUAN-ALAMO INDEPENDENT SCHOOL DISTRICT

COMBINING STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES  
NONMAJOR SPECIAL REVENUE FUNDS  
FOR THE YEAR ENDED AUGUST 31, 2018

Data Control Codes		203 Child Care Development Block Grant	204 National Institute of Justice Research Evaluation, and	205 Head Start	211 ESEA Title I Improving Basic Programs
<b>REVENUES:</b>					
5700	Local and Intermediate Sources	\$ --	\$ --	\$ --	\$ --
5800	State Program Revenues	--	--	--	--
5900	Federal Program Revenues	329,706	774,671	7,640,354	12,933,774
5020	Total Revenues	329,706	774,671	7,640,354	12,933,774
<b>EXPENDITURES:</b>					
Current:					
0011	Instruction	145,929	--	4,750,190	7,828,403
0012	Instructional Resources and Media Services	--	--	--	281,012
0013	Curriculum and Staff Development	50,708	--	3,376	1,540,678
0021	Instructional Leadership	1,600	507,192	269,819	1,025,799
0023	School Leadership	109,479	--	3,756	16,049
0031	Guidance, Counseling, & Evaluation Services	--	--	--	674,650
0032	Social Work Services	--	267,479	--	--
0033	Health Services	--	--	66,832	--
0035	Food Service	--	--	128,968	--
0041	General Administration	--	--	--	--
0051	Facilities Maintenance and Operations	--	--	171,952	--
0053	Data Processing Services	--	--	--	--
0061	Community Services	21,990	--	123	1,567,183
0081	Capital Outlay	--	--	2,245,338	--
6030	Total Expenditures	329,706	774,671	7,640,354	12,933,774
1100	Excess (Deficiency) of Revenues Over (Under)				
1100	Expenditures	--	--	--	--
0100	Fund Balances - Beginning	--	--	--	--
3000	Fund Balances - Ending	\$ --	\$ --	\$ --	\$ --

212 ESEA Title I, Part C Migrant Children	223 Temporary Assistance for Needy Families	224 IDEA-B Formula	225 IDEA-B Preschool Grant	244 Career and Tech Basic Grant
\$ --	\$ --	\$ --	\$ --	\$ --
--	--	--	--	--
2,644,634	102,243	4,813,872	66,663	441,751
<u>2,644,634</u>	<u>102,243</u>	<u>4,813,872</u>	<u>66,663</u>	<u>441,751</u>
662,004	3,982	4,635,442	66,663	194,373
--	--	--	--	66,746
--	--	--	--	(642)
435,059	--	178,422	--	8,506
--	--	--	--	--
1,484,085	--	8	--	172,768
30,994	90,871	--	--	--
--	--	--	--	--
--	--	--	--	--
--	--	--	--	--
--	--	--	--	--
32,492	7,390	--	--	--
--	--	--	--	--
<u>2,644,634</u>	<u>102,243</u>	<u>4,813,872</u>	<u>66,663</u>	<u>441,751</u>
--	--	--	--	--
--	--	--	--	--
<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>

# PHARR-SAN JUAN-ALAMO INDEPENDENT SCHOOL DISTRICT

COMBINING STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES  
NONMAJOR SPECIAL REVENUE FUNDS  
FOR THE YEAR ENDED AUGUST 31, 2018

Data Control Codes		255 ESEA Title II Training & Recruiting	263 English Language Acquisition and Enhancement	272 MAC Program	274 Gaining Early Awareness & Re For Undergradu
<b>REVENUES:</b>					
5700	Local and Intermediate Sources	\$ --	\$ --	\$ --	\$ --
5800	State Program Revenues	--	--	--	--
5900	Federal Program Revenues	1,310,643	1,480,027	232,637	100,360
5020	Total Revenues	1,310,643	1,480,027	232,637	100,360
<b>EXPENDITURES:</b>					
Current:					
0011	Instruction	--	611,941	--	8,200
0012	Instructional Resources and Media Services	--	--	--	--
0013	Curriculum and Staff Development	1,260,331	661,117	--	--
0021	Instructional Leadership	1,868	168,032	--	--
0023	School Leadership	48,444	--	--	--
0031	Guidance, Counseling, & Evaluation Services	--	--	75,120	92,160
0032	Social Work Services	--	--	--	--
0033	Health Services	--	--	157,517	--
0035	Food Service	--	--	--	--
0041	General Administration	--	--	--	--
0051	Facilities Maintenance and Operations	--	--	--	--
0053	Data Processing Services	--	--	--	--
0061	Community Services	--	38,937	--	--
0081	Capital Outlay	--	--	--	--
6030	Total Expenditures	1,310,643	1,480,027	232,637	100,360
1100	Excess (Deficiency) of Revenues Over (Under)	--	--	--	--
1100	Expenditures	--	--	--	--
0100	Fund Balances - Beginning	--	--	--	--
3000	Fund Balances - Ending	\$ --	\$ --	\$ --	\$ --

Reading Rate Prog	276 Title I SIP Academy Grant	280 Education for Homeless Children & Youth-ARRA	288 Teacher Incentive Fund	289 Industry Cluster Perkins	397 Advanced Placement Incentives
	\$ --	\$ --	\$ --	\$ --	\$ --
	--	--	--	84,189	3,147
	1,812,911	--	3,627,587	294,981	--
	<u>1,812,911</u>	<u>--</u>	<u>3,627,587</u>	<u>379,170</u>	<u>3,147</u>
	1,075,442	--	1,856,332	274,748	--
	--	--	--	--	--
	251,810	--	978,462	55,590	3,147
	147,084	--	682,587	--	--
	12,562	--	108,559	--	--
	89,576	--	825	48,832	--
	67,354	--	--	--	--
	--	--	--	--	--
	--	--	--	--	--
	--	--	822	--	--
	--	--	--	--	--
	--	--	--	--	--
	169,083	--	--	--	--
	--	--	--	--	--
	<u>1,812,911</u>	<u>--</u>	<u>3,627,587</u>	<u>379,170</u>	<u>3,147</u>
	--	--	--	--	--
	--	--	--	--	--
	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>

# PHARR-SAN JUAN-ALAMO INDEPENDENT SCHOOL DISTRICT

COMBINING STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES  
NONMAJOR SPECIAL REVENUE FUNDS  
FOR THE YEAR ENDED AUGUST 31, 2018

Data Control Codes		409 Texas High School Project	410 State Textbook Fund	411 Technology Allotment	429 State Funded Special Revenue Fund
<b>REVENUES:</b>					
5700	Local and Intermediate Sources	\$ --	\$ 603	\$ --	\$ --
5800	State Program Revenues	--	744,058	--	158,165
5900	Federal Program Revenues	--	--	--	--
5020	Total Revenues	--	744,661	--	158,165
<b>EXPENDITURES:</b>					
Current:					
0011	Instruction	--	744,661	--	91,065
0012	Instructional Resources and Media Services	--	--	--	--
0013	Curriculum and Staff Development	--	--	--	62,650
0021	Instructional Leadership	--	--	--	--
0023	School Leadership	--	--	--	--
0031	Guidance, Counseling, & Evaluation Services	--	--	--	--
0032	Social Work Services	--	--	--	--
0033	Health Services	--	--	--	--
0035	Food Service	--	--	--	--
0041	General Administration	--	--	--	4,450
0051	Facilities Maintenance and Operations	--	--	--	--
0053	Data Processing Services	--	--	--	--
0061	Community Services	--	--	--	--
0081	Capital Outlay	--	--	--	--
6030	Total Expenditures	--	744,661	--	158,165
1100	Excess (Deficiency) of Revenues Over (Under)				
1100	Expenditures	--	--	--	--
0100	Fund Balances - Beginning	--	--	--	--
3000	Fund Balances - Ending	\$ --	\$ --	\$ --	\$ --

	461 Campus Activity Funds	480 College for all Initiative	482 School Improvement Facilitators	484 Workforce Commission	Total Nonmajor Special Revenue Funds (See Exhibit H-2)
3					
	\$ --	\$ 77,994	\$ --	\$ --	\$ 78,597
	--	--	--	219,323	1,208,882
	--	--	--	--	38,606,814
	--	77,994	--	219,323	39,894,293
	--	--	--	219,323	23,168,698
	--	--	--	--	347,758
	--	--	--	--	4,867,227
	--	--	--	--	3,425,968
	--	--	--	--	298,849
	--	--	--	--	2,638,024
	--	--	--	--	456,698
	--	--	--	--	224,349
	--	--	--	--	128,968
	--	73,243	--	--	78,515
	--	--	--	--	171,952
	--	4,751	--	--	4,751
	--	--	--	--	1,837,198
	--	--	--	--	2,245,338
	--	77,994	--	219,323	39,894,293
	--	--	--	--	--
	--	--	--	--	--
	\$ --	\$ --	\$ --	\$ --	\$ --



# PHARR-SAN JUAN-ALAMO INDEPENDENT SCHOOL DISTRICT

## COMBINING STATEMENT OF NET POSITION

### NONMAJOR ENTERPRISE FUNDS

AUGUST 31, 2018

Data Control Codes		Enterprise Fund	Enterprise Fund
		College For All	Digital Billboard
<b>ASSETS:</b>			
	Current Assets:		
1110	Cash and Cash Equivalents	\$ 178,158	\$ 157,840
	Total Current Assets	178,158	157,840
1000	Total Assets	178,158	157,840
<b>LIABILITIES:</b>			
	Current Liabilities:		
2110	Accounts Payable	\$ 94	\$ --
2160	Accrued Wages Payable	4,143	--
	Total Current Liabilities	4,237	--
2000	Total Liabilities	4,237	--
<b>NET POSITION:</b>			
3800	Restricted	173,921	157,840
3900	Unrestricted	--	--
3000	Total Net Position	\$ 173,921	\$ 157,840

Enterprise Fund	Enterprise Fund	Total Nonmajor Enterprise Funds (See Exhibit D-1)
ACT-RGV	Swimming	
\$ 4,421	\$ (667)	\$ 339,752
4,421	(667)	339,752
4,421	(667)	339,752
\$ 2,602	\$ --	\$ 2,696
690	--	4,833
3,292	--	7,529
3,292	--	7,529
--	--	331,761
1,129	(667)	462
\$ 1,129	\$ (667)	\$ 332,223

# PHARR-SAN JUAN-ALAMO INDEPENDENT SCHOOL DISTRICT

COMBINING STATEMENT OF REVENUES, EXPENSES,  
AND CHANGES IN FUND NET POSITION  
NONMAJOR ENTERPRISE FUNDS  
FOR THE YEAR ENDED AUGUST 31, 2018

Data Control Codes		Enterprise Fund	Enterprise Fund
		College For All	Digital Billboard
<b>OPERATING REVENUES:</b>			
5700	Local and Intermediate Sources	\$ 91,563	\$ 127,118
5020	Total Revenues	91,563	127,118
<b>OPERATING EXPENSES:</b>			
6100	Payroll Costs	65,071	--
6200	Professional and Contracted Services	17,324	5,280
6300	Supplies and Materials	6,354	1,640
6400	Other Operating Costs	24,130	--
6030	Total Expenses	112,879	6,920
1300	Change in Net Position	(21,316)	120,198
0100	Total Net Position - Beginning	195,237	37,642
3300	Total Net Position - Ending	\$ 173,921	\$ 157,840

Enterprise Fund	Enterprise Fund	Total Nonmajor Enterprise Funds (See Exhibit D-2)
ACT-RGV	Swimming	
\$ 297,413	\$ 8,445	\$ 524,539
297,413	8,445	524,539
99,755	1,345	166,171
192,247	--	214,851
2,371	7,193	17,558
1,911	574	26,615
296,284	9,112	425,195
1,129	(667)	99,344
--	--	232,879
\$ 1,129	\$ (667)	\$ 332,223

# PHARR-SAN JUAN-ALAMO INDEPENDENT SCHOOL DISTRICT

## COMBINING STATEMENT OF CASH FLOWS

### NONMAJOR ENTERPRISE FUNDS

FOR THE YEAR ENDED AUGUST 31, 2018

	711	712
	College For All	Digital Billboard
<b>Cash Flows from Operating Activities:</b>		
Cash Received from Customers	\$ 91,563	\$ 127,118
Cash Received from Grants	--	--
Cash Receipts (Payments) for Quasi-external Operating Transactions with Other Funds	--	--
Cash Payments to Employees	(60,928)	--
Cash Payments to Suppliers for Goods and Services	(47,905)	(6,920)
Cash Payments for Grants to Other Organizations	--	--
Other Operating Cash Receipts (Payments)	--	--
Net Cash Provided (Used) by Operating Activities	(17,270)	120,198
<b>Cash Flows from Non-capital Financing Activities:</b>		
Proceeds (Payments) from (for) Borrowings	--	--
Operating Grants Received	--	--
Transfers From (To) Primary Government	--	--
Transfers From (To) Other Funds	--	--
Net Cash Provided (Used) by Non-capital Financing Activities	--	--
<b>Cash Flows from Capital and Related Financing Activities:</b>		
Proceeds from Issuance of Long-term Debt	--	--
Principal and Interest Paid	--	--
Acquisition or Construction of Capital Assets	--	--
Proceeds from Sale of Capital Assets	--	--
Net Cash Provided (Used) for Capital and Related Financing Activities	--	--
<b>Cash Flows from Investing Activities:</b>		
Purchase of Investment Securities	--	--
Proceeds from Sale and Maturities of Securities	--	--
Interest and Dividends on Investments	--	--
Net Cash Provided (Used) for Investing Activities	--	--
Net Increase (Decrease) in Cash and Cash Equivalents	(17,270)	120,198
Cash and Cash Equivalents at Beginning of Year	195,427	37,642
Cash and Cash Equivalents at End of Year	\$ 178,157	\$ 157,840
<b>Reconciliation of Operating Income to Net Cash Provided by Operating Activities:</b>		
Operating Income (Loss)	\$ (21,316)	\$ 120,198
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities		
Depreciation	--	--
Change in Assets and Liabilities:		
Decrease (Increase) in Receivables	--	--
Decrease (Increase) in Inventories	--	--
Decrease (Increase) in Prepaid Expenses	--	--
Increase (Decrease) in Accounts Payable	(97)	--
Increase (Decrease) in Payroll Deductions	--	--
Increase (Decrease) in Accrued Wages Payable	4,143	--
Increase (Decrease) in Interfund Payables	--	--
Increase (Decrease) in Due to Other Governments	--	--
Increase (Decrease) in Accrued Expenses	--	--
Total Adjustments	4,046	--
Net Cash Provided (Used) by Operating Activities	\$ (17,270)	\$ 120,198

EXHIBIT H-7

713	714	Total Nonmajor Enterprise Funds (See Exhibit D-3)
ACT / RGV	Swimming USA	
\$ 319,655	\$ 8,445	\$ 546,781
--	--	--
--	--	--
(101,170)	(1,345)	(163,443)
(214,021)	(7,767)	(276,613)
--	--	--
--	--	--
<u>4,464</u>	<u>(667)</u>	<u>106,725</u>
--	--	--
--	--	--
(43)	--	(43)
--	--	--
<u>(43)</u>	<u>--</u>	<u>(43)</u>
--	--	--
--	--	--
--	--	--
--	--	--
<u>--</u>	<u>--</u>	<u>--</u>
--	--	--
--	--	--
--	--	--
<u>--</u>	<u>--</u>	<u>--</u>
4,421	(667)	106,682
--	--	233,069
<u>\$ 4,421</u>	<u>\$ (667)</u>	<u>\$ 339,751</u>
\$ 1,129	\$ (667)	\$ 99,344
--	--	--
22,242	--	22,242
--	--	--
--	--	--
(17,492)	--	(17,589)
--	--	--
(1,415)	--	2,728
--	--	--
--	--	--
--	--	--
<u>3,335</u>	<u>--</u>	<u>7,381</u>
<u>\$ 4,464</u>	<u>\$ (667)</u>	<u>\$ 106,725</u>

# PHARR-SAN JUAN-ALAMO INDEPENDENT SCHOOL DISTRICT

## COMBINING STATEMENT OF NET POSITION

### INTERNAL SERVICE FUNDS

AUGUST 31, 2018

Data Control Codes		752 Print Shop Fund	753 Insurance Fund
<b>ASSETS:</b>			
Current Assets:			
1110	Cash and Cash Equivalents	\$ 180,804	\$ 3,775,331
Receivables:			
1260	Due from Other Funds	--	36
1290	Other Receivables (net)	--	--
	Total Current Assets	<u>180,804</u>	<u>3,775,367</u>
Noncurrent Assets:			
Capital Assets:			
1530	Furniture and Equipment	62,049	--
1570	Accumulated Depreciation	(62,049)	--
	Total Noncurrent Assets	<u>--</u>	<u>--</u>
1000	Total Assets	<u>180,804</u>	<u>3,775,367</u>
<b>LIABILITIES:</b>			
Current Liabilities:			
2110	Accounts Payable	\$ 12,829	\$ --
2160	Accrued Wages Payable	3,105	--
2170	Due to Other Funds	--	737
2200	Accrued Expenses	--	1,950,718
	Total Current Liabilities	<u>15,934</u>	<u>1,951,455</u>
2000	Total Liabilities	<u>15,934</u>	<u>1,951,455</u>
<b>NET POSITION:</b>			
3800	Restricted	164,870	1,823,912
3000	Total Net Position	<u>\$ 164,870</u>	<u>\$ 1,823,912</u>

771	772	Total Internal Service Funds (See Exhibit D-1)
Copier Fund	Workmen's Compensation	
\$ 241,349	\$ 5,143,556	\$ 9,341,040
--	2,403	2,439
2	--	2
<u>241,351</u>	<u>5,145,959</u>	<u>9,343,481</u>
27,009	--	89,058
(18,004)	--	(80,053)
<u>9,005</u>	<u>--</u>	<u>9,005</u>
<u>250,356</u>	<u>5,145,959</u>	<u>9,352,486</u>
\$ 4,506	\$ --	\$ 17,335
--	--	3,105
--	1,880	2,617
--	843,815	2,794,533
<u>4,506</u>	<u>845,695</u>	<u>2,817,590</u>
<u>4,506</u>	<u>845,695</u>	<u>2,817,590</u>
245,850	4,300,264	6,534,896
<u>\$ 245,850</u>	<u>\$ 4,300,264</u>	<u>\$ 6,534,896</u>



# PHARR-SAN JUAN-ALAMO INDEPENDENT SCHOOL DISTRICT

COMBINING STATEMENT OF REVENUES, EXPENSES,  
AND CHANGES IN FUND NET POSITION  
INTERNAL SERVICE FUNDS  
FOR THE YEAR ENDED AUGUST 31, 2018

Data Control Codes		752 Print Shop Fund	753 Insurance Fund
<b>OPERATING REVENUES:</b>			
5700	Local and Intermediate Sources	\$ 338,837	\$ 37,718,045
5020	Total Revenues	<u>338,837</u>	<u>37,718,045</u>
<b>OPERATING EXPENSES:</b>			
6100	Payroll Costs	143,309	--
6200	Professional and Contracted Services	71,656	37,963,254
6300	Supplies and Materials	56,712	4,095
6400	Other Operating Costs	--	58,771
6030	Total Expenses	<u>271,677</u>	<u>38,026,120</u>
	Income (Loss) before Contributions and Transfers	67,160	(308,075)
7915	Transfers In	--	2,000,000
8911	Transfers Out	--	--
1300	Change in Net Position	67,160	1,691,925
1300	Change in Net Position	67,160	1,691,925
0100	Total Net Position - Beginning	97,710	1,691,030
	Prior Period Adjustment	--	(1,559,043)
	Total Net Position - Beginning, as Restated	97,710	131,987
3300	Total Net Position - Ending	<u>\$ 164,870</u>	<u>\$ 1,823,912</u>

771	772	Total Internal Service Funds (See Exhibit D-2)
Copier Fund	Workmen's Compensation	
<u>\$ 33,098</u>	<u>\$ 2,985,891</u>	<u>\$ 41,075,871</u>
<u>33,098</u>	<u>2,985,891</u>	<u>41,075,871</u>
--	--	143,309
36,466	1,830,578	39,901,954
7,198	544	68,549
--	--	58,771
<u>43,664</u>	<u>1,831,122</u>	<u>40,172,583</u>
(10,566)	1,154,769	903,288
--	--	2,000,000
--	(2,000,000)	(2,000,000)
<u>(10,566)</u>	<u>(845,231)</u>	<u>903,288</u>
(10,566)	(845,231)	903,288
256,416	5,736,845	7,782,001
--	(591,350)	(2,150,393)
256,416	5,145,495	5,631,608
<u>\$ 245,850</u>	<u>\$ 4,300,264</u>	<u>\$ 6,534,896</u>

# PHARR-SAN JUAN-ALAMO INDEPENDENT SCHOOL DISTRICT

## COMBINING STATEMENT OF CASH FLOWS

### ALL INTERNAL SERVICE FUNDS

FOR THE YEAR ENDED AUGUST 31, 2018

	752 Print Shop Fund	753 Insurance Fund	771 Copier Fund
<b>Cash Flows from Operating Activities:</b>			
Cash Received from Customers	\$ 338,837	\$ 37,858,556	\$ 33,395
Cash Received from Grants	--	--	--
Cash Receipts (Payments) for Quasi-external Operating Transactions with Other Funds	--	--	--
Cash Payments to Employees	(144,431)	--	--
Cash Payments to Suppliers for Goods and Services	(116,635)	(37,634,568)	(43,578)
Cash Payments for Grants to Other Organizations	--	--	--
Other Operating Cash Receipts (Payments)	--	--	--
Net Cash Provided (Used) by Operating Activities	<u>77,771</u>	<u>223,988</u>	<u>(10,183)</u>
<b>Cash Flows from Non-capital Financing Activities:</b>			
Proceeds (Payments) from (for) Borrowings	--	--	--
Operating Grants Received	--	--	--
Transfers From (To) Primary Government	(87)	2,000,000	--
Transfers From (To) Other Funds	--	--	--
Net Cash Provided (Used) by Non-capital Financing Activities	<u>(87)</u>	<u>2,000,000</u>	<u>--</u>
<b>Cash Flows from Capital and Related Financing Activities:</b>			
Proceeds from Issuance of Long-term Debt	--	--	--
Principal and Interest Paid	--	--	--
Acquisition or Construction of Capital Assets	--	--	--
Proceeds from Sale of Capital Assets	--	--	--
Net Cash Provided (Used) for Capital and Related Financing Activities	<u>--</u>	<u>--</u>	<u>--</u>
<b>Cash Flows from Investing Activities:</b>			
Purchase of Investment Securities	--	--	--
Proceeds from Sale and Maturities of Securities	--	--	--
Interest and Dividends on Investments	--	--	--
Net Cash Provided (Used) for Investing Activities	<u>--</u>	<u>--</u>	<u>--</u>
Net Increase (Decrease) in Cash and Cash Equivalents	77,684	2,223,988	(10,183)
Cash and Cash Equivalents at Beginning of Year	103,120	1,551,343	251,532
Cash and Cash Equivalents at End of Year	<u>\$ 180,804</u>	<u>\$ 3,775,331</u>	<u>\$ 241,349</u>
<b>Reconciliation of Operating Income to Net Cash Provided by Operating Activities:</b>			
Operating Income (Loss)	\$ 67,160	\$ 1,691,925	\$ (10,566)
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities			
Depreciation	--	--	--
Change in Assets and Liabilities:			
Decrease (Increase) in Receivables	--	(1,859,489)	297
Decrease (Increase) in Inventories	--	--	--
Decrease (Increase) in Prepaid Expenses	--	--	--
Increase (Decrease) in Accounts Payable	11,733	--	86
Increase (Decrease) in Payroll Deductions	--	--	--
Increase (Decrease) in Accrued Wages Payable	(1,122)	--	--
Increase (Decrease) in Interfund Payables	--	--	--
Increase (Decrease) in Due to Other Governments	--	--	--
Increase (Decrease) in Accrued Expenses	--	391,552	--
Total Adjustments	<u>10,611</u>	<u>(1,467,937)</u>	<u>383</u>
Net Cash Provided (Used) by Operating Activities	<u>\$ 77,771</u>	<u>\$ 223,988</u>	<u>\$ (10,183)</u>

EXHIBIT H-10

772		Internal Service Funds (See Exhibit D-3)	
Workmen's Compensation			
\$ 2,994,995		\$ 41,225,783	
--		--	
--		--	
--		(144,431)	
(1,577,283)		(39,372,064)	
--		--	
--		--	
<u>1,417,712</u>		<u>1,709,288</u>	
--		--	
--		--	
(2,000,000)		(87)	
--		--	
<u>(2,000,000)</u>		<u>(87)</u>	
--		--	
--		--	
--		--	
--		--	
<u>--</u>		<u>--</u>	
--		--	
--		--	
--		--	
<u>--</u>		<u>--</u>	
(582,288)		1,709,201	
5,725,844		7,631,839	
<u>\$ 5,143,556</u>		<u>\$ 9,341,040</u>	
\$ (845,231)		\$ 903,288	
--		--	
9,104		(1,850,088)	
--		--	
--		--	
--		11,819	
--		--	
--		(1,122)	
2,001,374		2,001,374	
--		--	
252,465		644,017	
2,262,943		806,000	
<u>\$ 1,417,712</u>		<u>\$ 1,709,288</u>	

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

COMBINING STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES

AGENCY FUNDS

AUGUST 31, 2018

Data Control Codes		842 Student Benefit Account	865 Student Activity	Total Agency Funds (See Exhibit E-1)
<b>ASSETS:</b>				
1110	<i>Cash and Cash Equivalents</i>	\$ 381	\$ 831,231	\$ 831,612
1000	Total Assets	<u>381</u>	<u>831,231</u>	<u>831,612</u>
<b>LIABILITIES:</b>				
Current Liabilities:				
2190	<i>Due to Student Groups</i>	\$ 381	\$ 831,231	\$ 831,612
2000	Total Liabilities	<u>381</u>	<u>831,231</u>	<u>831,612</u>
<b>NET POSITION:</b>				
3000	Total Net Position	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>

### *Other Supplementary Information*

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

# PHARR-SAN JUAN-ALAMO INDEPENDENT SCHOOL DISTRICT

SCHEDULE OF DELINQUENT TAXES RECEIVABLE  
FOR THE YEAR ENDED AUGUST 31, 2018

Year Ended August 31	1		2		3	
	Tax Rates				Assessed/Appraised Value For School Tax Purposes	
	Maintenance		Debt Service			
2009 and Prior Years	\$	Various	\$	Various	\$	Various
2010		1.04		.3192		3,460,753,968
2011		1.04		.1892		3,428,758,885
2012		1.04		.1892		3,454,074,798
2013		1.17		.1892		3,470,999,451
2014		1.17		.1892		3,594,699,916
2015		1.17		.2292		3,840,693,698
2016		1.17		.2292		3,913,771,066
2017		1.17		.2292		4,095,443,046
2018 (School Year Under Audit)		1.17		.2192		4,397,907,616
1000 Totals						
9000 - Portion of Row 1000 for Taxes Paid into Tax Increment Zone Under Chapter 311, Tax Code						

10 Beginning Balance 9/1/17	20 Current Year's Total Levy	31 Maintenance Collections	32 Debt Service Collections	40 Entire Year's Adjustments	50 Ending Balance 8/31/18
\$ 1,346,471	\$ --	\$ 109,720	\$ 15,405	\$ (27,055)	\$ 1,194,291
280,103	--	22,304	5,604	(3,731)	248,464
308,931	--	26,583	8,157	(5,104)	269,087
269,907	--	35,211	5,694	(4,368)	224,634
384,223	--	78,345	12,669	17,512	310,721
463,634	--	133,090	21,522	(6,376)	302,646
728,480	--	243,364	39,354	47,463	493,225
1,274,197	--	409,587	80,233	24,687	809,064
2,749,597	--	996,401	195,181	(131,488)	1,426,527
--	60,177,243	48,661,329	9,117,499	(145,675)	2,252,740
<u>\$ 7,805,543</u>	<u>\$ 60,177,243</u>	<u>\$ 50,715,934</u>	<u>\$ 9,501,318</u>	<u>\$ (234,135)</u>	<u>\$ 7,531,399</u>
\$ --	\$ --	\$ --	\$ --	\$ --	\$ --
Less: Allowance for uncollectable:					527,198
Total					<u>\$ 7,004,201</u>



# PHARR-SAN JUAN-ALAMO INDEPENDENT SCHOOL DISTRICT

EXHIBIT J-2

## DEBT SERVICE

### BUDGETARY COMPARISON SCHEDULE

FOR THE YEAR ENDED AUGUST 31, 2018

Data Control Codes		1	2	3	Variance with Final Budget
		Budgeted Amounts		Actual	Positive (Negative)
		Original	Final		
REVENUES:					
5700	Local and Intermediate Sources	\$ 8,801,855	\$ 8,801,855	\$ 9,950,066	\$ 1,148,211
5800	State Program Revenues	14,856,207	14,856,207	17,318,420	2,462,213
5020	Total Revenues	23,658,062	23,658,062	27,268,486	3,610,424
EXPENDITURES:					
Debt Service:					
0071	Principal on Long-Term Debt	13,640,000	13,840,000	11,710,000	2,130,000
0072	Interest on Long-Term Debt	13,655,243	13,948,743	13,453,182	495,561
0073	Bond Issuance Costs and Fees	9,200	133,241	132,211	1,030
	Total Debt Service	27,304,443	27,921,984	25,295,393	2,626,591
6030	Total Expenditures	27,304,443	27,921,984	25,295,393	2,626,591
1100	Excess (Deficiency) of Revenues Over (Under)				
1100	Expenditures	(3,646,381)	(4,263,922)	1,973,093	6,237,015
Other Financing Sources (Uses):					
7911	Capital-Related Debt Issued (Regular Bonds)	--	8,860,000	8,860,000	--
7915	Transfers In	3,646,381	3,646,381	3,338,066	(308,315)
7916	Premium or Discount on Issuance of Bonds	--	1,066,560	1,066,560	--
8949	Other Uses	--	(9,808,701)	(9,808,701)	--
7080	Total Other Financing Sources and (Uses)	3,646,381	3,764,240	3,455,925	(308,315)
1200	Net Change in Fund Balance	--	(499,682)	5,429,018	5,928,700
0100	Fund Balance - Beginning	--	1,851,503	1,851,503	--
1300	Prior Period Adjustment	--	10,650,000	10,650,000	--
0100	Fund Balance - Beginning, as Restated	--	12,501,503	12,501,503	--
3000	Fund Balance - Ending	\$ --	\$ 12,001,821	\$ 17,930,521	\$ 5,928,700

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

Board of Trustees  
Pharr-San Juan-Alamo Independent School District  
P.O. Box 769  
Pharr, Texas 78577

Members of the Board of Trustees:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Pharr-San Juan-Alamo Independent School District, as of and for the year ended August 31, 2018, and the related notes to the financial statements, which collectively comprise the Pharr-San Juan-Alamo Independent School District's basic financial statements, and have issued our report thereon dated December 10, 2018.

**Internal Control over Financial Reporting**

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

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

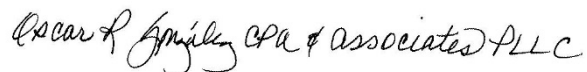
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not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

**Compliance and Other Matters**

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

**Purpose of this Report**

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

A handwritten signature in cursive script that reads "Oscar R. Gonzalez CPA & Associates PLLC".

Oscar R. Gonzalez, CPA & Associates, PLLC  
Certified Public Accountants

Pharr, Texas  
December 10, 2018

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

Board of Trustees  
Pharr-San Juan-Alamo Independent School District  
P.O. Box 769  
Pharr, Texas 78577

Members of the Board of Trustees:

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

We have audited the Pharr-San Juan-Alamo Independent School District's 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 Pharr-San Juan-Alamo Independent School District's major federal programs for the year ended August 31, 2018. Pharr-San Juan-Alamo Independent School District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

***Management's Responsibility***

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

***Auditor's Responsibility***

Our responsibility is to express an opinion on compliance for each of the Pharr-San Juan-Alamo Independent School 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 Pharr-San Juan-Alamo Independent School 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 Pharr-San Juan-Alamo Independent School District's compliance.

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

In our opinion, the 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, 2018.

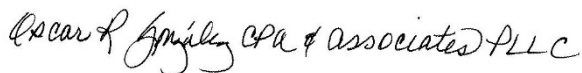
## Report on Internal Control over Compliance

Management of the Pharr-San Juan-Alamo Independent School 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 Pharr-San Juan-Alamo Independent School 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 Pharr-San Juan-Alamo Independent School 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, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

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



Oscar R. Gonzalez, CPA & Associates, PLLC  
Certified Public Accountants

Pharr, Texas  
December 10, 2018

**PHARR-SAN JUAN-ALAMO INDEPENDENT SCHOOL DISTRICT**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**FOR THE YEAR ENDED AUGUST 31, 2018**

A. Summary of Auditor's Results

1. Financial Statements

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

One or more material weaknesses identified?        Yes   X   No

One or more significant deficiencies identified that are not considered to be material weaknesses?        Yes   X   None Reported

Noncompliance material to financial statements noted?        Yes   X   No

2. Federal Awards

Internal control over major programs:

One or more material weaknesses identified?        Yes   X   No

One or more significant deficiencies identified that are not considered to be material weaknesses?        Yes   X   None Reported

Type of auditor's report issued on compliance for major programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with Title 2 U.S. Code of Federal Regulations (CFR) Part 200?        Yes   X   No

Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
84.377	School Improvement Grants
10.553, 10.555, 10.559	Child Nutrition Cluster
84.027A, 84.173A	Special Education Cluster

Dollar threshold used to distinguish between type A and type B programs: \$1,923,579

Auditee qualified as low-risk auditee?   X   Yes        No

B. Financial Statement Findings

NONE

C. Federal Award Findings and Questioned Costs

NONE

**PHARR-SAN JUAN-ALAMO INDEPENDENT SCHOOL DISTRICT**  
*SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS*  
*FOR THE YEAR ENDED AUGUST 31, 2018*

<u>Finding/Recommendation</u>	<u>Current Status</u>	<u>Management's Explanation If Not Implemented</u>
NONE		

**PHARR-SAN JUAN-ALAMO INDEPENDENT SCHOOL DISTRICT**  
*CORRECTIVE ACTION PLAN*  
*FOR THE YEAR ENDED AUGUST 31, 2018*

NONE



# PHARR-SAN JUAN-ALAMO INDEPENDENT SCHOOL DISTRICT

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED AUGUST 31, 2018

EXHIBIT K-1

Page 1 of 3

(1)	(2)	(2A)	(3)	
Federal Grantor/ Pass-Through Grantor/ Program or Cluster Title	Federal CFDA Number	Pass- Through Entity Identifying Number	Passed Through to Subrecipients	Federal Expenditures
<b>CCDF CLUSTER:</b>				
<u>U. S. Department of Health and Human Services</u>				
Passed Through State Department of Education:				
Child Care Development Block Grant	93.575	2916INT006	\$ --	\$ --
Child Care Development Block Grant	93.575	2916INT006	--	329,706
Total CFDA Number 93.575			--	329,706
Total Passed Through State Department of Education			--	329,706
Total U. S. Department of Health and Human Services			--	329,706
Total CCDF Cluster			--	329,706
<b>CHILD NUTRITION CLUSTER:</b>				
<u>U. S. Department of Agriculture</u>				
Passed Through Texas Department of Agriculture:				
School Breakfast Program	10.553	00571	--	7,425,680
National School Lunch Program - Cash Assistance	10.555	00571	--	13,832,965
National School Lunch Program - Non-Cash Assistance	10.555	00571	--	1,560,351
Summer Food Service Program	10.559	00571	--	539,868
Total Passed Through Texas Department of Agriculture			--	23,358,864
Total U. S. Department of Agriculture			--	23,358,864
Total Child Nutrition Cluster			--	23,358,864
<b>MEDICAID CLUSTER:</b>				
<u>U. S. Department of Health and Human Services</u>				
Passed Through Texas Health & Human Services Commission:				
Medicaid Administrative Claiming Program - MAC	93.778	529-07-0157-00226	--	232,637
Total U. S. Department of Health and Human Services			--	232,637
Total Medicaid Cluster			--	232,637
<b>SPECIAL EDUCATION (IDEA) CLUSTER:</b>				
<u>U. S. Department of Education</u>				
Passed Through State Department of Education:				
IDEA-B Formula	84.027A	86600011089096600	--	4,431,909
IDEA-B Formula	84.027A	96600011089096600	--	381,963
Total CFDA Number 84.027			--	4,813,872
IDEA-B Preschool	84.173A	86610011089096600	--	62,512
IDEA-B Preschool	84.173A	96610011089096600	--	4,151
Total CFDA Number 84.173			--	66,663
Total Passed Through State Department of Education			--	4,880,535
Total U. S. Department of Education			--	4,880,535
Total Special Education (IDEA) Cluster			--	4,880,535
<b>TANF CLUSTER:</b>				
<u>U. S. Department of Health and Human Services</u>				
Passed Through Texas Workforce Commission:				
Temporary Assistance for Needy Families (TANF)	93.558	2317TAN003	--	102,243
Total U. S. Department of Health and Human Services			--	102,243
Total TANF Cluster			\$ --	\$ 102,243

# PHARR-SAN JUAN-ALAMO INDEPENDENT SCHOOL DISTRICT

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED AUGUST 31, 2018

EXHIBIT K-1

Page 2 of 3

(1)	(2)	(2A)	(3)
Federal Grantor/ Pass-Through Grantor/ Program or Cluster Title	Federal CFDA Number	Pass- Through Entity Identifying Number	Passed Through to Subrecipients  Federal Expenditures
<b>WIOA CLUSTER:</b>			
<u>U. S. Department of Labor</u>			
Passed Through State Department of Education:			
<i>Industry Cluster TWC</i>	17.278	73920017110016	\$ -- \$ 48,832
Total U. S. Department of Labor			-- 48,832
Total WIOA Cluster			-- 48,832
<b>OTHER PROGRAMS:</b>			
<u>U. S. Department of Justice</u>			
Direct Program:			
<i>National Institute of Justice Research, Evaluation, and L</i>	16.560	2014-CK-BX-15	344,752 774,671
Total U. S. Department of Justice			-- 774,671
<u>U. S. Department of Health and Human Services</u>			
Passed Through University of Texas - Rio Grande Valley:			
<i>Head Start</i>	93.600	06HP0020-01-01	-- 2,425,018
<i>Head Start</i>	93.600	06HP0020-01-01	-- 5,215,336
Total CFDA Number 93.600			-- 7,640,354
Total Passed Through University of Texas - Rio Grande Valley			-- 7,640,354
Total U. S. Department of Health and Human Services			-- 7,640,354
<u>U. S. Department of Education</u>			
Passed Through Region One ESC:			
Project HEAL2 - Health Education & Leadership for ALL	84.411C	U411C160117	74,689
Passed Through State Department of Education:			
<i>ESEA Title I Part A - Improving Basic Programs</i>	84.010A	7610112108909000	7,808
<i>ESEA Title I Part A - Improving Basic Programs</i>	84.010A	86101207110007	432,525
<i>ESEA Title I Part A - Improving Basic Programs</i>	84.010A	86101207110008	6,805
<i>ESEA Title I Part A - Improving Basic Programs</i>	84.010A	7610101108909	-- 144,223
<i>ESEA Title I Part A - Improving Basic Programs</i>	84.010A	8610101108909	-- 11,876,090
<i>ESEA Title I Part A - Improving Basic Programs</i>	84.010A	9610101108909	-- 466,323
Total CFDA Number 84.010A			-- 12,933,774
<i>ESEA Title I Part C - Education of Migratory Children</i>	84.011A	7615001108909	-- 305
<i>ESEA Title I Part C - Education of Migratory Children</i>	84.011A	8615001108909	-- 2,525,436
<i>ESEA Title I Part C - Education of Migratory Children</i>	84.011A	9615001108909	-- 118,893
Total CFDA Number 84.011			-- 2,644,634
<i>Career and Technical - Basic Grant</i>	84.048A	8420006108909	-- 440,234
<i>Career and Technical - Basic Grant</i>	84.048A	9420006108909	-- 1,517
Total CFDA Number 84.048			-- 441,751
<i>Industry Cluster Perkins</i>	84.048A	73922017110016	-- 123,469
<i>Title III Part A English Language Acquisition and Langua</i>	84.365A	7671001108909	-- 36
<i>Title III Part A English Language Acquisition and Langua</i>	84.365A	8671001108909	-- 93,173
<i>Title III Part A English Language Acquisition and Langua</i>	84.365A	8671001108909	-- 1,386,818
Total CFDA Number 84.365			-- 1,480,027
<i>ESEA Title II Part A - Teacher &amp; Principal Training &amp; Re</i>	84.367A	8694501108909	-- 1,283,319

# PHARR-SAN JUAN-ALAMO INDEPENDENT SCHOOL DISTRICT

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED AUGUST 31, 2018

EXHIBIT K-1

Page 3 of 3

(1)	(2)	(2A)	(3)
Federal Grantor/ Pass-Through Grantor/ Program or Cluster Title	Federal CFDA Number	Pass- Through Entity Identifying Number	Passed Through to Subrecipients  Federal Expenditures
<i>ESEA Title II Part A - Teacher &amp; Principal Training &amp; Re</i>	84.367A	9694501108909	-- 27,324
Total CFDA Number 84.367A			\$ -- \$ 1,310,643
Teacher and School Leader Incentive Fund	84.374	U374A170083-17A	\$ -- \$ 556,288
<i>Teacher Incentive Fund</i>	84.374	S374A120099	-- 3,043,603
Total CFDA Number 84.374			-- 3,599,891
<i>Title I SIP Academy Grant</i>	84.377	166107317110009	-- --
<i>Title I SIP Academy Grant</i>	84.377	66107307110009	-- 1,812,911
Total CFDA Number 84.377			-- 1,812,911
<i>I3 Early College Expansion Partnership</i>	84.411B	U411B120049	-- 27,696
<i>Title IV, Part A Subpart 1</i>	84.424A	8680101108909	-- 255,701
Total Passed Through State Department of Education			-- 24,705,186
Total U. S. Department of Education			-- 29,585,721
<u>U. S. Department of Agriculture</u>			
Passed Through Texas Department of Agriculture:			
<i>Child and Adult Care Food Program</i>	10.558	00571	-- 1,647,505
<i>NSLP Equipment Purchase Grants</i>	10.579	6TX300355	-- 65,320
<i>Fresh Fruit &amp; Vegetable Program</i>	10.582	108-909	-- 189,789
Total Passed Through Texas Department of Agriculture			-- 1,902,614
Total U. S. Department of Agriculture			-- 1,902,614
<u>Region One ESC</u>			
Passed Through State Department of Education:			
<i>Gaining Early Awareness For Undergraduate Prog</i>	84.334S	P334A110180-13	-- 100,360
Total Region One ESC			-- 100,360
<u>General Services Administration</u>			
Passed Through Texas Facilities Commission / Federal Surplus Program:			
<i>Donation of Federal Surplus Personal Property</i>	39.003	13490	-- 43,310
Total General Services Administration			-- 43,310
TOTAL EXPENDITURES OF FEDERAL AWARDS			\$ 344,752 \$ 64,119,312

The accompanying notes are an integral part of this schedule.

# PHARR-SAN JUAN-ALAMO INDEPENDENT SCHOOL DISTRICT

## NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS FOR THE YEAR ENDED AUGUST 31, 2018

### 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 - Summary of Significant Accounting Policies

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 - Sub-recipients

During the year ended August 31, 2018, the District had a sub-recipient related to *National Institute of Justice Research, Evaluation and Development Project Grants* for the amount of \$344,752 provided to SRI International.

### Note 5 - Federal Loans and Loan Guarantees

During the year ended August 31, 2018, the District had no outstanding federal loans payable or loan guarantee.

### Note 6 - Federally Funded Insurance

During the year ended August 31, 2018, the District had no federally funded insurance.

### Note 7 - Noncash awards

During the year ended August 31, 2018, the District received \$1,560,351 of noncash-assistance.

### Note 8 - Reconciliation from the Schedule of Expenditures of Federal Awards to the Exhibit C-2:

		Schedule of Federal Awards
Total Federal Awards Expended	\$	64,119,312
Federal Indirect Cost		959,005
SHARS		4,395,530
Exhibit C-2	\$	<u>69,473,847</u>

**PHARR-SAN JUAN-ALAMO INDEPENDENT SCHOOL DISTRICT**  
**SCHEDULE OF REQUIRED RESPONSES TO SELECTED SCHOOL FIRST INDICATORS**  
**AS OF AUGUST 31, 2018**

Data Control Codes		Responses
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?	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 governmental agencies?	Yes
SF8	Did the school district <u>not</u> 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	What was the total accumulated accretion on capital appreciation bonds (CABs) included in government-wide financial statements at fiscal year-end?	\$ --
SF11	Net Pension Assets (object 1920) at fiscal year-end.	\$ --
SF12	Net Pension Liabilities (object 2540) at fiscal year-end.	\$ 62,274,261
SF13	Pension Expense (object 6147) at fiscal year-end.	\$

In correspondence to all school administrators dated November 1, 2017, the TEA's Director of Financial Compliance stated "For 2017, and until further notice, no data should be entered in the field for data feed Schedule L-1 question SF13. If the AFR and data feed has been submitted no additional steps need to be taken."