Pharr-San Juan-Alamo Independent School District



Annual Financial Report

For the Fiscal Year Ending August 31, 2017

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

ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED AUGUST 31, 2017

Pharr-San Juan-Alamo Independent School District Annual Financial Report For The Year Ended August 31, 2017

TABLE OF CONTENTS

	<u>Page</u>	<u>Exhibit</u>
INTRODUCTORY SECTION		
List of Principal Officials Certificate of Board	1 2	
FINANCIAL SECTION		
Independent Auditor's Report	3 5	
Basic Financial Statements		
Government-wide Financial Statements:		
Statement of Net Position		A-1
Statement of Activities	15	B-1
Fund Financial Statements:	47	0.4
Balance Sheet - Governmental Funds	17	C-1
Reconciliation of the Governmental Funds	10	C 1D
Balance Sheet to the Statement of Net Position	19	C-1R
Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	20	C-2
	20	U-2
Reconciliation of the Statement of Revenues, Expenditures, and Changes in	00	0.0
Fund Balances of Governmental Funds to the Statement of Activities		C-3
Statement of Net Position - Proprietary Funds	23	D-1
Statement of Revenues, Expenses, and Changes in	0.4	D 0
Fund Net Position - Proprietary Funds		D-2
Statement of Cash Flows - Proprietary Funds		D-3
Statement of Fiduciary Net Position - Fiduciary Funds		E-1
Notes to the Financial Statements	27	
Required Supplementary Information		
Budgetary Comparison Schedules:		
General Fund	48	G-1
Schedule of the District's Proportionate Share of the		
Net Pension Liability - Teacher Retirement System	50	G-2
Schedule of District's Contributions - Teacher Retirement System		G-3
Notes to Required Supplementary Information		a o
, , , , , , , , , , , , , , , , , , , ,	-	
Combining Statements as Supplementary Information:		
Combining Balance Sheet - All Nonmajor Governmental Funds	53	H-1
Combining Statement of Revenues, Expenditures and Changes in		
Fund Balances - All Nonmajor Governmental Funds	54	H-2

Pharr-San Juan-Alamo Independent School District Annual Financial Report For The Year Ended August 31, 2017

TABLE OF CONTENTS

	<u>Page</u>	Exhibit
Special Revenue Funds:		
Combining Balance Sheet - Nonmajor Special Revenue Funds	55	H-3
in Fund Balances - Nonmajor Special Revenue Funds	61	H-4
Permanent Funds:		
Combining Balance Sheet - Nonmajor Permanent Funds Combining Statement of Revenues, Expenditures and Changes	66	H-5
in Fund Balances - Nonmajor Permanent Funds	67	H-6
Enterprise Funds:		
Combining Statement of Net Position - Nonmajor Enterprise Funds Combining Statement of Revenues, Expenses and Changes	68	H-7
in Fund Net Position - Nonmajor Enterprise Funds	69	H-8
Combining Statement of Cash Flows - Nonmajor Enterprise Funds	70	H-9
Internal Service Funds:		
Combining Statement of Net Position Combining Statement of Revenues, Expenses and Changes	71	H-10
in Fund Net Position	73	H-11
Combining Statement of Cash Flows	75	H-12
Fiduciary Funds:		
Agency Funds:		
Combining Statement of Fiduciary Assets and Liabilities	77	H-13
OTHER SUPPLEMENTARY INFORMATION SECTION		
Schedule of Delinquent Taxes Receivable	78	J-1
Budgetary Comparison Schedules Required by the Texas Education Agency: Debt Service	80	J-2
Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed	00	0.2
in Accordance with Government Auditing Standards	81	
Report on Compliance for Each Major Program and on Internal Control over	82	
Compliance Required by Title 2 CFR Part 200 (Uniform Guidance)	o∠ 84	
Summary Schedule of Prior Audit Findings	85	
Corrective Action Plan	86	
Schedule of Expenditures of Federal Awards	87	K-1
Notes to the Schedule of Expenditures of Federal Awards	90 91	K-2
Ochedule of Hequired Heaponaea to Gelected Ochool Hist Indicators	91	11-4



LIST OF PRINCIPAL OFFICIALS AUGUST 31, 2017

November 2016 - November 2017 Elected Officials

Name Mr. Ben Garza, Jr.	Office President
Mr. Jesse Zambrano	Vice-President
Mr. Jesus "Jesse" Vela, Jr.	Secretary-Treasurer
Mr. Jorge Zambrano	Assistant Secretary-Treasurer
Mr. Ronaldo "Ronnie" Cantu	Member
Mr. Reymundo Gonzalez	Member
Mr. Victor Perez	Member
November 2017 - Nov Elected Officia	
Name	Office
Mr. Ronaldo "Ronnie" Cantu	President
Mr. Jesse Zambrano	Vice-President
Mr. Jesus "Jesse" Vela, Jr.	Secretary-Treasurer
Mr. Jorge Zambrano	Assistant Secretary-Treasurer
Mr. Ben Garza, Jr.	Member
Mr. Reymundo Gonzalez	Member
Mr. Victor Perez	Member
Appointed Offic	ials
Name	Position
Dr. Daniel King	Superintendent of Schools

CERTIFICATE OF BOARD

Pharr-San Juan-Alamo Independent School District	Hidalgo	108-909
Name of School District	County	CoDist. Number
We, the undersigned, certify that the attached ar	nnual financial reports of the	above named school district
were reviewed and (check one)approved		-
at a meeting of the board of trustees of such school	district on the athe	enuary, 2018.
		· · · · · · · · · · · · · · · · · · ·
O w/m	1 1	1111
(ABUS CIEIX)	jvi	100
Signature of Board Secretary	Signature of	Board President

If the board of trustees disapproved of the auditor's report, the reason(s) for disapproving it is (are).

(attach list as necessary)





Certified Public Accountants

208 W. Ferguson Unil #1 • Pharr, Jexas 78577

Sel: (956) 787-9909 • Sax: (956) 787-3067

Email: org110n@aol.com

Oscar R. González Melissa González

Independent Auditor's Report

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Pharr-San Juan-Alamo Independent School District ("the District") as of and for the year ended August 31, 2017, 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 District's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

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 Pharr-San Juan-Alamo Independent School District as of August 31, 2017, 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.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, budgetary comparison information, schedule of the District's proportionate share of the net pension liability and schedule of District pension contributions identified as Required Supplementary Information in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Pharr-San Juan-Alamo Independent School District's basic financial statements. The introductory section and combining financial statements are presented for purposes of additional analysis and are not required parts 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 financial statements and other supplementary information 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 financial statements and other supplementary information and the schedule of expenditures of federal awards are fairly stated in all material respects in relation to the basic financial statements as a whole.

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated January 22, 2018 on our consideration of 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 to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Pharr-San Juan-Alamo Independent School District's internal control over financial reporting and compliance.

Oscar R. Gonzalez, CPA and Associates PLLC

Certified Public Accountants

Pharr, TX

January 22, 2018



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, 2017. 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 \$410,586,667 for fiscal year ending August 31, 2017. This amounted to an increase of \$18,112,230 from last year's restated total of \$392,474,437.
- During the year, the District's expenses were \$18,055,194 less than the revenue generated in taxes and other revenues for governmental activities.
- The general fund reported a fund balance this year of \$90,233,059, with \$32,624,955 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 an other schedules section. The basic financial statements include two kinds of statements that present different views of the District:

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

- 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.
- *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.

Management's **Basic** Required Financial Supplementary Discussion Information Statements and Analysis Notes Government-Wide Fund Financial Financial to the Statements Financial Statements

Detail

Summary

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.

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.

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

	Fund Statements				
Type of Statements	Government-wide	Governmental Funds	Proprietary Funds	Fiduciary Funds	
	Entire Agency's government	The activities of the district	Activities the district	Instances in which the	
	(except fiduciary funds)	that are not proprietary or	operates similar to private	district is the trustee or	
Scope	and the Agency's component	fiduciary	businesses: self insurance	agent for someone else's	
	units			resources	
	Statement of net position	◆Balance sheet	◆Statement of net position	Statement of fiduciary net position	
Required financial	Statement of activities	• Statement of revenues,	• Statement of revenues,	• Statement of changes	
statements		expenditures & changes	expenses and changes in	in fiduciary net position	
		in fund balances	fund net position		
			◆ Statement of cash flows		
Accounting basis	Accrual accounting and	Modified accrual	Accrual accounting and	Accrual accounting and	
and measurement	economic resources focus	accounting and current	economic resources focus	economic resources focus	
focus		financial resources focus			
	All assets and liabilities,	Only assets expected to	All assets and liabilities,	All assets and liabilities,	
Type of	both financial and capital,	be used up and liabilities	both financial and capital,	both short-term and long-	
asset/liability	short-term and long-term	that come due during the	and short-term and long-	term; the Agency's funds do	
information		year or soon thereafter;	term	not currently contain	
		no capital assets included		capital assets, although	
	+		 	they can	
	All revenues and	Revenues for which cash	All revenues and expenses	All revenues and	
	expenses during year,	is received during or soon	during year, regardless of when cash is received or	expenses during year,	
m c	regardless of when cash	after the end of the year;		regardless of when cash	
Type of	is received or paid	expenditures when goods or services have been	paid	is received or paid	
inflow/outflow					
information		received and payment is			
		due during the year or soon thereafter			
		SOOH THEFEARTET			
			1	1	

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.

The government-wide financial statements of the District include the *Governmental activities*. Most of the District's basic services are included here, such as instruction, curriculum and staff development, school district administrative support services and general administration. Grants and charges for services finance most of these activities.

Fund Financial Statements

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

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

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 and

- Billboard Signs. 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 2017, the District adopted three new statements of financial accounting standards issued by the Governmental Accounting Standards Board:

- Statement No. 74, Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans.
- Statement No. 80, Blending Requirements for Certain Component Units
- Statement No. 82, Pension Issues An Amendment of GASB No. 67, No. 68 and No. 73.

Statement No. 74 improves the usefulness of information about postemployment benefits other than pensions (other postemployment benefits or OPEB) included in the general purpose external financial reports of state and local governmental OPEB plans for making decisions and assessing accountability. This statement replaces Statements No. 43, Financial Reporting for Postemployment Benefit Plans Other than Pension Plans, as amended, and No. 57 OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans. It also includes requirements for defined contribution OPEB plans that replace the requirements for those OPEB plans in Statement No. 25, Financial Reporting

for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans, as amended, Statement No. 43, and Statement No. 50, Pension Disclosures

This Statement also includes requirements to address financial reporting for assets accumulated for purposes of providing defined benefit OPEB through OPEB plans that are not administered through thrusts that meet the specified criteria.

The District does not administer their OPEB plan through a trust that meets the criteria noted above. As a result, the adoption of GASB Statement No. 74 did not result in a change to the financial statements or note disclosure.

Statement No. 80 clarifies the financial statement presentation requirements for certain component units. This Statement amends the blending requirements established in paragraph 53 of Statement No. 14, The Financial Reporting Entity, as amended.

This Statement amends the blending requirement for the financial statement presentation of component units of all state and local governments. The additional criterion requires blending of a component unit incorporated as a not-for-profit corporation in which the primary government is the sole corporate member. The additional criterion does not apply to component units included in the financial reporting entity pursuant to the provisions of Statement No. 39, Determining Whether Certain organizations are Component Units.

The District did not have any component units which met the definition noted above. As a result, the adoption of GASB Statement No. 80 did not result in a change to the financial statements or note disclosures.

Statement No. 82 addresses certain issues that have been raised with respect to Statements No. 67, Financial Reporting for Pension Plans, No. 68, Accounting and Financial Reporting for Pensions, and No. 73, Accounting and Financial Reporting for Pensions and Related Assets that are not Within the Scope of GASB Statement 68, and amendments to Certain Provisions of GASB Statements 67 and 68. Specifically, this Statement addresses issues regarding (1) the presentation of payroll- related measure in required supplementary information, (2) the selection of assumptions and the treatment of deviations from the guidance in an actuarial standard of practice for financial reporting purposes, and (3) the classification of payments made by employers to satisfy employee (plan member) contribution requirements.

Prior to the issuance of this Statement, Statements 67 and 68 required presentation of covered employee payroll, which is the payroll of employees that are provided with pensions through the pension plan, and ratios that use that measure, in schedules of required supplementary information. This Statement amends Statements 67 and 68 to instead require the presentation of covered payroll, defined as the payroll on which contributions to a pension plan are based, and ratios that use that measure.

This Statement clarifies that a deviation, as the term is used in Actuarial Standards of Practice issued by the Actuarial Standards Board, from the guidance in an Actuarial Standard of Practice is not considered to be in conformity with the requirements of Statement 67, Statement 68, or Statement 73 for the selection of assumptions used in determining the total pension liability and related measures.

This Statement clarifies those payments that are made by an employer to satisfy contribution requirements that are identified by the pension plan terms as plan member contribution requirements should be classified as plan member contributions for purposes of Statement 67 and as employee contributions for purposes of Statement 68. It also requires that an employer's expense and expenditures for those amounts by recognized in the period for which the contribution is assessed and classified in the same manner as the employer classifies similar compensation other than pensions (for example, as salaries and wages or as fringe benefits).

The financial statements and note disclosures have been updated for the effects of the adoption of GASB Statement No. 82.

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

Net position. The District's combined net position was \$410,586,667 on August 31, 2017. (See Table A-1).

Table A-1
District's Net Position

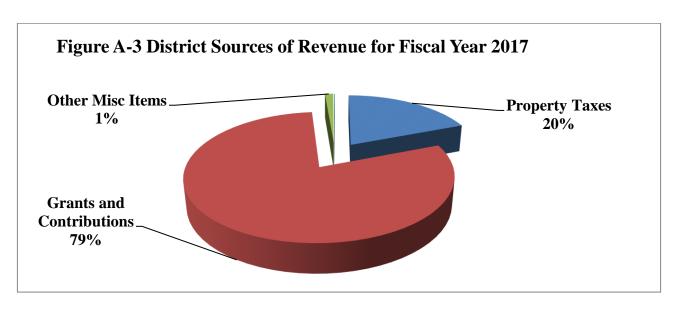
	Governmental Activities		Business-Type Activities		Total	
	2016	2017	2016	2017	2016	2017
Current and Other Assets (Restated) Capital and Non-Current	\$155,640,283	\$151,432,781	\$176,722	\$255,311	\$155,817,005	\$151,688,092
Assets	688,080,610	700,721,981			688,080,610	700,721,981
Total Assets Deferred Outflows of	843,720,893	852,154,752	176,722	255,311	843,897,615	852,410,063
Resources (Restated)	52,951,651	41,106,929			52,951,651	41,106,929
Current Liabilities Long Term Liabilities	30,908,026	35,776,836	880	22,433	30,908,906	35,799,269
(Restated)	414,470,699	400,080,773	-	-	414,470,699	400,080,773
Total Liabilities	445,357,725	435,857,609	880	22,433	445,376,605	435,880,042
Deferred Inflows of Resources	59,640,548	47,050,283			47,050,283	47,050,283
Net Position Net Investment in Capital						
Assets	337,554,721	362,074,008	-	-	337,554,721	362,074,008
Restricted	26,251,929	25,036,275	175,842	232,878	26,427,771	25,269,153
Unrestricted	27,849,621	23,243,506			27,849,621	23,243,506
Total Net Position	\$391,656,271	\$410,353,789	\$175,842	\$232,878	\$391,832,113	\$410,586,667

Net position of the District's Governmental activities is \$410,353,789. 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 net position of the District's business-type activities increased to \$232,878 these resources cannot be used in governmental activities. The District generally can only use these funds to finance the continuing operation of the College for All Conference the District Billboard, and ACT/RGV program.

Changes in net position. The District's total general revenues were \$289,452,562. A significant portion, (80%), of the District's revenue comes from grants and contributions (See Figure A-3.).

The total cost of all governmental programs and services was \$370,091,980; of these costs 81% are for instruction and instructional related services and student services.



Governmental Activities

- Investment earnings increased slightly due to the increases in interest rates.
- Property taxes increased due to slight increase in values and increased debt service tax rate. The tax rate for 2016-17 was \$1.3592. For 2017-18, the tax rate will be reduced to \$1.3492. The maintenance and operations tax rate was 1.17 in 2016-17 and will remain the same in 2017-18. The debt service tax rate was .2292 in 2016-17 and will be .2192 for 2017-18. 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 2017-18.

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

	Governmental <u>Activities 2016</u>	Governmental Activities 2017
Program Revenues:		
Charges for Services	\$633,603	\$807,838
Operating Grants and Contributions	96,295,911	84,688,439
Capital Grants and Contributions	12,163,494	13,116,520
General Revenues:		
Property Taxes	55,373,434	57,324,204
Grants and Contributions not Restricted	234,156,158	227,620,609
Investment Earnings	513,127	1,187,480
Miscellaneous Revenue	1,970,310	963,362
Bond issue costs and fees		2,358,962
Total Revenues	401,106,037	388,067,414
Program Expense		
11 Instruction	197,250,468	196,618,045
12 Instructional resources media services	5,078,660	5,223,698
13 Curriculum Development and instructional s	taff development 9,120,496	8,235,724
21 Instructional Leadership	9,808,886	9,161,795
23 School Leadership	19,183,949	18,145,419
31 Guidance, counseling and evaluation service	s 14,086,026	13,720,781
32 Social work services	3,150,677	2,939,529
33 Health services	4,199,267	4,114,495
34 Transportation	6,881,041	7,394,295
35 Food Service	23,062,749	23,108,706
36 Curricular/Extracurricular activities	12,476,255	11,665,791
41 General Administration	8,825,144	8,592,142
51 Plant maintenance and operations	35,009,663	36,519,124
52 Security and monitoring	3,399,986	3,287,025
53 Data processing	3,309,144	3,157,357
61 Community services	1,976,164	2,073,939
72 Interest on Long Term Debt	13,458,715	13,678,417
73 Bond Issuance Cost and Fees	352,486	1,347,093
81 Capital Outlay	430,523	39,079
93 Payments related to Shared Services Arrange	ements 330,338	305,072
99 Other Intergovernmental Charges	726,185	682,639
Total Expenses	372,116,822	370,10,165
Increase (Decrease) in Net Position	\$28,989,215	\$18,055,194

• The net cost of all *governmental* activities this year was \$271,397,368. Those who directly benefited from program activities paid some of the cost. Other programs and services activities were paid by grants and contributions.

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

Table A-3
Cost of Selected District's Functions

	Total Cost of ervices 2016	Total Cost of ervices 2017	% <u>Chage</u>
Instruction	\$ 197,250,468	\$ 196,618,045	-0.3%
Plant, Maintenance & Operations	35,009,663	36,519,124	4.3%
Food Service	23,062,749	23,108,706	0.2%
School Leadership	19,183,949	18,145,419	-5.4%

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

Revenues from all governmental funds totaled \$383,127,590. The increase in local revenues is a result of increased property values. The increase in state revenues is a result of increased state aid due to increased students and formula changes. The increase in the federal program revenues was due to receiving the following grants: ESEA Title IV Safe and Drug Free School Grant, Head Start Grant, and i3 Early College Expansion Partnership.

The General Fund is the chief operating fund of the district. As of August 31, 2017, the fund balance of the general fund was \$90,233,059. The unassigned balance of \$32,624,955 or 36.16% 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:

- \$1,929,352 is recorded as nonspendable for inventories and deferred expenditures;
- \$5,091,475 is recorded as Restricted; \$343,029 in Food Service and \$4,748,446 in other State programs;
- \$33,500,000 is recorded as committed for Construction;
- \$5,000,000 is recorded as committed for capital expenditures for equipment for new schools;
- \$10,212,277 is recorded as committed for sick leave payoff;
- \$1,875,000 is recorded as assigned for E-Rate and other items;
- \$32,624,955 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 2017, the District had invested \$688,071,607 in a broad range of capital assets, including land, equipment, buildings, and vehicles. (See Table A-4.)

Land	\$ 20,370,234	\$ 25,458,795
Buildings & Improvements	489,047,166	637,721,477
Furniture & Equipment	44,283,996	45,318,513
Vehicles	14,533,672	15,245,286
Library Books	358,671	358,671
Construction in Progress	250,712,565	120,973,150
Infrastructure	18,244,951	19,517,908
Total Capital Assets at Historical Cost	837,551,255	864,593,800
Less: Accumulated Depreciation	149,479,648	163,880,830
Net Capital Assets	\$ 688,071,607	\$ 700,712,970

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, 2017, are as follows:

Table A-5

					Amt Due in	
Governmental Activities	Beginning Balance	Increases	Decreases	Ending Balance	One Year	Rating
General Obligation Bonds	\$307,330,000		\$13,935,000	\$293,395,000	\$10,310,000	AAA
Accretion	650,368	64,632	340,000	375,000	-	
QSCB Notes Payable	17,880,000	-	1,775,000	16,105,000	1,775,000	
QZAN – Tax Note Payable	15,585,000	-	1,085,000	14,500,000	1,095,000	
QZAN – Tax Note Payable 2017	0	3,100,000	0 0	3,100,000	210,000	
Sick Leave	10,587,142	4,323,330	0 4,678,195	10,212,277	-	
Total Governmental Activities	\$352,012,510	\$ 7,487,962	2 \$21,813,195	\$337,687,277	\$13,385,000	
Deferred on Refunding of Bonds	\$ 20,696,657	\$	0 \$ 1,223,365	\$ 19,473,292	\$ 0	
Premium & Discount	\$ 45,465,704	\$	0 \$ 2.356.907	\$ 43.108.797	\$ 0	

Under GASB Statement No. 68 Accounting and Financial Reporting for Pensions, the District is required to recognize their proportionate share of the Net Pension Liability of the Teacher Retirement System of Texas. The liability as August 31, 2017 is \$68,328,497, an increase of \$3,010,307 (4.6%) from the prior year liability of \$65,318,190. This was the result of a significant increase in net investment income in the TRS plan during 2016. Pension expense for 2017 was \$3,398,107. Additional information on the District's net pension liability can be found in the notes to the financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

- Appraised value used for the 2018 budget preparation is \$4.1 billion up \$277 million or 7.1%.
- The District's 2018 refined average daily attendance is expected to be 31,369. 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 \$378 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.

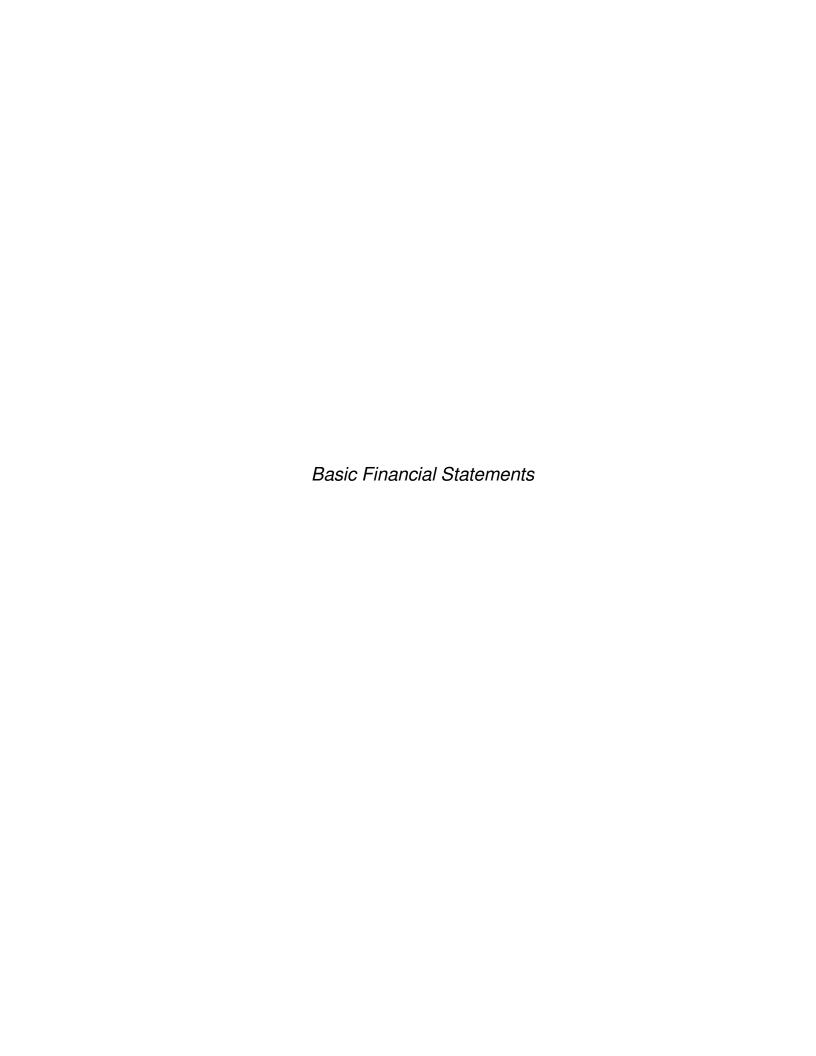
Expenditures are budgeted to rise to \$378 million in the general fund. The district anticipates using the remainder of the debt service fund balance to pay bonds. The largest increments are increased staffing and teacher/staff salary schedule adjustments, and allocation for construction. Increased wage and cost of living adjustments were made to this year's

salary schedules. These competitive salary schedule adjustments allowed the District to open the 2018 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 2018.

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.





STATEMENT OF NET POSITION AUGUST 31, 2017

Data Control Cordes	_		1	2	3
SASETS:	Data				
ASSETS:				• •	-
1110 Cash and Cash Equivalents \$113,971,445 \$233,069 \$114,204,514 \$120 Current Investments \$8,665 \$125 \$Property Taxes Receivable (Net) 7,153,728 \$-\$ 7,153,758 \$-\$	Codes	ACCETO.	Activities	Activities	I otal
1120 Current Investments	1110		¢ 112.071.445	¢ 222.060	¢ 114.204.514
1240 Due from Other Governments 27,243,482 27,243,482 132,916 132,916 1250 Accurated Interest 312,916 312,916 1460 Internal Balances 44 44 47 48 48 48 48 48 48					
1250 Accrued Interest 132,916 132,916 1626 Intermal Balances 44 44 1290 Other Receivables (Net) 986,481 22,242 1,008,723 1300 Inventories 1,936,020 1,936,020					
1260 Internal Balances 44					
1990 Other Receivables (Net) 986,481 22,242 1,008,723 1300 Inventories 1,936,020 1,936,020 1,936,020 1,936,020 1,936,020 1,936,020 1,936,020 1,936,020 1,936,020 1,936,020 1,936,020 1,936,020 1,936,020 1,936,020 1,936,020 1,936,036 1,936,387,804 5,53,87,804 5,53,87,804 5,53,87,804 1,052,87,					
1,936,020					
Capital Assets: 25,458,796 - 25,458,796 1520 Land 25,458,796 - 25,458,796 1520 Funiture and Equipment, Net 14,495,510 - 14,955,510 1560 Library Books and Media, Net 110,754 - 110,754 1580 Construction in Progress 120,973,150 - 120,973,150 1590 Infrastructure, Net 4,295,957 - 4,295,957 1000 Total Assets 852,154,752 255,311 852,410,063 DEFERRED OUTFLOWS OF RESOURCES: 1701 Deferred Outlifow Charges on Refunding, Net 19,473,292 - 19,473,292 1705 Deferred Outlifow Related to Pensions 21,633,637 - 21,633,637 1700 Total Deferred Outlifow of Resources 41,106,929 - 41,106,929 LIABILITIES: 2110 Accounts Payable 5,146,850 20,285 5,167,135 2120 Short-Term Debt Payable 5,935,000 - 5,935,000 2120				22,242	
1510 Land	1300		1,930,020		1,930,020
1520 Buildings and Improvements, Net 535,387,804 535,387,804 1530 Furniture and Equipment, Net 14,495,510 14,495,510 1560 Library Books and Media, Net 110,754 110,754 1580 Construction in Progress 120,973,150 42,99,957 1590 Intrastructure, Net 4,299,957 42,99,957 1000 Total Assets 852,154,752 255,311 852,410,063 DEFERRED OUTFLOWS OF RESOURCES: 1701 Deferred Outflow Charges on Refunding, Net 19,473,292 19,473,292 1705 Deferred Outflow Related to Pensions 21,633,637 21,833,637 1700 Total Deferred Outflow Related to Pensions 21,633,637 21,633,637 1700 Total Deferred Outflow Related to Pensions 21,633,637 21,633,637 1700 Total Deferred Outflow Related to Pensions 21,633,637 21,633,637 1700 Total Deferred Outflow Related to Pensions 1,198,541	1510	•	25 459 706		25 459 706
1530 Furniture and Equipment, Net 14,495,510 14,495,510 110,754 110,754 110,754 110,754 110,754 110,754 120,973,150					
1560					
1580 Construction in Progress 120,973,150					
1590					
DEFERRED OUTFLOWS OF RESOURCES: 19,473,292		<u> </u>			
DEFERRED OUTFLOWS OF RESOURCES: 19,473,292					
1701 Deferred Outflow Charges on Refunding, Net 19,473,292 19,473,292 1705 Deferred Outflow Related to Pensions 21,633,637 21,633,637 1700 Total Deferred Outflows of Resources 41,106,929 41,106,929 LIABILITIES: 2110 Accounts Payable 5,146,850 20,285 5,167,135 2120 Short-Term Debt Payable 1,098,541 1,098,541 2165 Accoured Liabilities 18,771,478 2,105 18,773,583 2177 Due to Fiduciary 43 43 2180 Due to Other Governments 1,685,415 1,685,415 2190 Due to Student Groups 1,506,898 1,506,898 Noncurrent Liabilities 31,506,898 1,506,898 Noncurrent Liabilities 321,442,276 321,442,276 2501 Due within One Year 31,030,000 68,328,497 2502 Due in More Than One Year 32,442,276	1000	Total Assets	652,154,752	233,311	652,410,063
1701 Deferred Outflow Charges on Refunding, Net 19,473,292 19,473,292 1705 Deferred Outflow Related to Pensions 21,633,637 21,633,637 1700 Total Deferred Outflows of Resources 41,106,929 41,106,929 LIABILITIES: 2110 Accounts Payable 5,146,850 20,285 5,167,135 2120 Short-Term Debt Payable 1,098,541 1,098,541 2165 Accoured Liabilities 18,771,478 2,105 18,773,583 2177 Due to Fiduciary 43 43 2180 Due to Other Governments 1,685,415 1,685,415 2190 Due to Student Groups 1,506,898 1,506,898 Noncurrent Liabilities 31,506,898 1,506,898 Noncurrent Liabilities 321,442,276 321,442,276 2501 Due within One Year 31,030,000 68,328,497 2502 Due in More Than One Year 32,442,276		DEFERRED OUTELOWS OF RESOURCES.			
Total Deferred Outflow Related to Pensions 21,633,637 21,633,637 1700 Total Deferred Outflows of Resources 41,106,929 41,106,929	1701		10 472 202		10 472 202
Total Deferred Outflows of Resources					
LIABILITIES: 2110 Accounts Payable 5,146,850 20,285 5,167,135 2120 Short-Term Debt Payable 5,935,000 5,935,000 2140 Interest Payable 1,098,541 1,098,541 2165 Accrued Liabilities 18,771,478 2,105 18,773,583 2177 Due to Fiduciary 43 43 43 43 43 43 43					
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2110 Accounts Payable 5,146,850 20,285 5,167,135 2120 Short-Term Debt Payable 5,935,000 5,935,000 2140 Interest Payable 1,098,541 1,098,541 2165 Accrued Liabilities 18,771,478 2,105 18,773,583 2177 Due to Fiduciary 43 43 2180 Due to Other Governments 1,632,654 1,632,654 2190 Due to Student Groups 1,685,415 1,632,654 2300 Unearned Revenue 1,506,898 1,506,898 Noncurrent Liabilities: 10,310,000 10,310,000 2501 Due Within One Year 321,442,276 321,442,276 2540 Net Pension Liability 68,328,497 68,328,497 2000 Total Liabilities 43,108,996 43,108,996 2601 Unamortized Premium on Bonds 43,108,996 43,108,996 2601 Unamortized Premium on Bonds 3,941,287 3,941,287 2		LIARILITIES:			
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2140 Interest Payable 1,098,541 1,098,541 2165 Accrued Liabilities 18,771,478 2,105 18,773,583 2177 Due to Fiduciary 43 43 43 43 2180 Due to Other Governments 1,632,654 1,632,654 2190 Due to Student Groups 1,685,415 1,685,415 2300 Unearned Revenue 1,506,898 1,506,898 Noncurrent Liabilities:					
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2300 Unearned Revenue 1,506,898 1,506,898 Noncurrent Liabilities:					
Noncurrent Liabilities: 2501 Due Within One Year 10,310,000 10,310,000 2502 Due in More Than One Year 321,442,276 321,442,276 2540 Net Pension Liability 68,328,497 68,328,497 2000 Total Liabilities 435,857,609 22,433 435,880,042 2601 Unamortized Premium on Bonds 43,108,996 43,108,996 2605 Deferred Inflow Related to Pensions 3,941,287 3,941,287 2600 Total Deferred Inflows of Resources 47,050,283 47,050,283					
2501 Due Within One Year 10,310,000 10,310,000 2502 Due in More Than One Year 321,442,276 321,442,276 2540 Net Pension Liability 68,328,497 68,328,497 2000 Total Liabilities 435,857,609 22,433 435,880,042 DEFERRED INFLOWS OF RESOURCES: 2601 Unamortized Premium on Bonds 43,108,996 43,108,996 2605 Deferred Inflow Related to Pensions 3,941,287 3,941,287 2600 Total Deferred Inflows of Resources 47,050,283 47,050,283 NET POSITION: 3200 Net Investment in Capital Assets 362,074,008 362,074,008 Restricted For: 3820 State and Federal Programs 3,033,889 3,033,889 3850 Debt Service 2,983,511 2,983,511 3890 Other Purposes 19,018,875 232,878 19,251,753 3900 Unrestricted 23,243,506	2000		1,000,000		1,000,000
2502 Due in More Than One Year 321,442,276 321,442,276 2540 Net Pension Liability 68,328,497 68,328,497 2000 Total Liabilities 435,857,609 22,433 435,880,042 DEFERRED INFLOWS OF RESOURCES: 2601 Unamortized Premium on Bonds 43,108,996 43,108,996 2605 Deferred Inflow Related to Pensions 3,941,287 3,941,287 2600 Total Deferred Inflows of Resources 47,050,283 47,050,283 NET POSITION: 3200 Net Investment in Capital Assets 362,074,008 362,074,008 Restricted For: 3820 State and Federal Programs 3,033,889 3,033,889 3850 Debt Service 2,983,511 2,983,511 3890 Other Purposes 19,018,875 232,878 19,251,753 3900 Unrestricted 23,243,506 23,243,506	2501		10.310.000		10.310.000
2540 Net Pension Liability 68,328,497 68,328,497 2000 Total Liabilities 435,857,609 22,433 435,880,042 DEFERRED INFLOWS OF RESOURCES: 2601 Unamortized Premium on Bonds 43,108,996 43,108,996 2605 Deferred Inflow Related to Pensions 3,941,287 3,941,287 2600 Total Deferred Inflows of Resources 47,050,283 47,050,283 NET POSITION: 3200 Net Investment in Capital Assets 362,074,008 362,074,008 Restricted For: 3820 State and Federal Programs 3,033,889 3,033,889 3850 Debt Service 2,983,511 2,983,511 3890 Other Purposes 19,018,875 232,878 19,251,753 3900 Unrestricted 23,243,506 23,243,506					
DEFERRED INFLOWS OF RESOURCES: 435,857,609 22,433 435,880,042 2601 Unamortized Premium on Bonds 43,108,996 43,108,996 2605 Deferred Inflow Related to Pensions 3,941,287 3,941,287 2600 Total Deferred Inflows of Resources 47,050,283 47,050,283 NET POSITION: 3200 Net Investment in Capital Assets 362,074,008 362,074,008 Restricted For: 3820 State and Federal Programs 3,033,889 3,033,889 3850 Debt Service 2,983,511 2,983,511 3890 Other Purposes 19,018,875 232,878 19,251,753 3900 Unrestricted 23,243,506 23,243,506					
DEFERRED INFLOWS OF RESOURCES: 2601 Unamortized Premium on Bonds 43,108,996 43,108,996 2605 Deferred Inflow Related to Pensions 3,941,287 3,941,287 2600 Total Deferred Inflows of Resources 47,050,283 47,050,283 NET POSITION: 3200 Net Investment in Capital Assets Restricted For: 362,074,008 362,074,008 3820 State and Federal Programs 3,033,889 3,033,889 3850 Debt Service 2,983,511 2,983,511 3890 Other Purposes 19,018,875 232,878 19,251,753 3900 Unrestricted 23,243,506 23,243,506				22 433	
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2605 Deferred Inflow Related to Pensions 3,941,287 3,941,287 2600 Total Deferred Inflows of Resources 47,050,283 47,050,283 NET POSITION: 3200 Net Investment in Capital Assets	2601		43,108,996		43,108,996
2600 Total Deferred Inflows of Resources 47,050,283 47,050,283 NET POSITION: 3200 Net Investment in Capital Assets Restricted For: 362,074,008 362,074,008 3820 State and Federal Programs 3,033,889 3,033,889 3850 Debt Service 2,983,511 2,983,511 3890 Other Purposes 19,018,875 232,878 19,251,753 3900 Unrestricted 23,243,506 23,243,506		Deferred Inflow Related to Pensions			
NET POSITION: 3200 Net Investment in Capital Assets Restricted For: 362,074,008 362,074,008 3820 State and Federal Programs 3,033,889 3,033,889 3850 Debt Service 2,983,511 2,983,511 3890 Other Purposes 19,018,875 232,878 19,251,753 3900 Unrestricted 23,243,506 23,243,506					
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Restricted For: 3820 State and Federal Programs 3,033,889 3,033,889 3850 Debt Service 2,983,511 2,983,511 3890 Other Purposes 19,018,875 232,878 19,251,753 3900 Unrestricted 23,243,506 23,243,506		NET POSITION:			
3820 State and Federal Programs 3,033,889 3,033,889 3850 Debt Service 2,983,511 2,983,511 3890 Other Purposes 19,018,875 232,878 19,251,753 3900 Unrestricted 23,243,506 23,243,506	3200	Net Investment in Capital Assets	362,074,008		362,074,008
3850 Debt Service 2,983,511 2,983,511 3890 Other Purposes 19,018,875 232,878 19,251,753 3900 Unrestricted 23,243,506 23,243,506		Restricted For:			
3890 Other Purposes 19,018,875 232,878 19,251,753 3900 Unrestricted 23,243,506 23,243,506	3820	State and Federal Programs	3,033,889		3,033,889
3890 Other Purposes 19,018,875 232,878 19,251,753 3900 Unrestricted 23,243,506 23,243,506	3850	Debt Service	2,983,511		2,983,511
	3890	Other Purposes	19,018,875	232,878	19,251,753
3000 Total Net Position \$ 410,353,789 \$ 232,878 \$ 410,586,667	3900				
	3000	Total Net Position	\$ 410,353,789	\$ 232,878	\$ 410,586,667

STATEMENT OF ACTIVITIES FOR THE YEAR ENDED AUGUST 31, 2017

						Program Revenue	26
Data				_		Operating	Capital
Control					Charges for	Grants and	Grants and
Codes	Functions/Programs		Expenses		Services	Contributions	Contributions
	Governmental Activities:	_		-			<u> </u>
11	Instruction	\$	196,618,045	\$	71,077	\$ 37,472,322	\$ 287,488
12	Instructional Resources and Media Services	Ψ	5,223,698	Ψ	2,796	665,722	φ 207, 1 00
13	Curriculum and Staff Development		8,235,724		2,090	4,700,382	564
21	Instructional Leadership		9,161,795		2,626	3,928,531	890
23	School Leadership		18,145,419		9,635	1,401,375	3,284
31	Guidance, Counseling, & Evaluation Services		13,720,781		3,938		1,342
	Social Work Services					3,936,157	
32			2,939,529		984	700,842	336
33	Health Services		4,114,495		2,218	427,376	756
34	Student Transportation		7,394,295		4,384	257,411	1,494
35	Food Service		23,108,706		313,744	21,917,172	
36	Cocurricular/Extracurricular Activities		11,665,791		361,416	611,402	962
41	General Administration		8,592,142		5,316	453,807	121,323
51	Facilities Maintenance and Operations		36,519,124		22,199	1,396,392	7,431
52	Security and Monitoring Services		3,287,025		3,341	111,876	635
53	Data Processing Services		3,157,357		1,838	169,218	7,877
61	Community Services		2,073,939		236	1,602,040	81
72	Interest on Long-term Debt		13,678,417			4,878,606	12,681,104
73	Bond Issuance Costs and Fees		1,347,093				
81	Capital Outlay		39,079			57,808	
93	Payments Related to Shared Services Arrangen	nent	305,072				
99	Other Intergovernmental Charges		682,639				
TG	Total Governmental Activities		370,010,165		807,838	84,688,439	13,116,520
		_		_			
	Business-type Activities:						
01	College for All		53,853		95,924		
02	Digital Billboard		5,720		20,685		
03	Fund 713		22,242				
TB	Total Business-type Activities	_	81,815	_	116,609		
TP	Total Primary Government	\$	370,091,980	\$	924,447	\$ 84,688,439	\$ 13,116,520
	,,	*=				Ψ	Ψ
		Gen	eral Revenues:				
MT			perty Taxes, Le	viec	d for General P	Purposes	
DT			perty Taxes, Le			•	
IE			estment Earning		. 101 2021 0011	,00	
GC					ne Not Restrict	ted to Specific Pro	arams
MI			scellaneous	ulio	no rvoi ricoliici	ica to opecine i ro	grams
1711			cial and Extraor	dina	ry Itame:		
S1			and Extraord				
TR			otal General Re				
				-			
CN			hange in Net Po				
NB			Position - Begin				
PA			Period Adjustm				
			Position - Begin		, as Hestated		
NE		Net	Position - Ending	g			

1

3

4

5

6 7 8

Net (Expense) Revenue and Changes in Net Position

Governmental Business-type			
Activities Activities	Total		
	158,787,158)		
(4,554,227)	(4,554,227)		
(3,532,688)	(3,532,688)		
(5,229,748)	(5,229,748)		
(16,731,125)	(16,731,125)		
(9,779,344)	(9,779,344)		
(2,237,367)	(2,237,367)		
(3,684,145)	(3,684,145)		
(7,131,006)	(7,131,006)		
(877,790)	(877,790)		
	(10,692,011)		
(8,011,696)	(8,011,696)		
	(35,093,102)		
(3,171,173)	(3,171,173)		
(2,978,424)	(2,978,424)		
(471,582)	(471,582)		
3,881,293	3,881,293		
(1,347,093)	(1,347,093)		
18,729	18,729		
(305,072)	(305,072)		
(682,639)	(682,639)		
(271,397,368)	271,397,368)		
\$ 42,071	42,071		
14,965			
(22,242)			
34,794	14,965		
	14,965 (22,242)		
(271.397.368) 34.794 (2	14,965 (22,242) 34,794		
(271,397,368) 34,794 (2	14,965 (22,242)		
	14,965 (22,242) 34,794 271,362,574)		
47,963,638	14,965 (22,242) 34,794 271,362,574) 47,963,638		
47,963,638 9,360,566	14,965 (22,242) 34,794 271,362,574) 47,963,638 9,360,566		
47,963,638 9,360,566 1,187,480	14,965 (22,242) 34,794 271,362,574) 47,963,638 9,360,566 1,187,480		
47,963,638 9,360,566 1,187,480 227,620,609	14,965 (22,242) 34,794 271,362,574) 47,963,638 9,360,566 1,187,480 227,620,609		
47,963,638 9,360,566 1,187,480	14,965 (22,242) 34,794 271,362,574) 47,963,638 9,360,566 1,187,480		
47,963,638 9,360,566 1,187,480 227,620,609	14,965 (22,242) 34,794 271,362,574) 47,963,638 9,360,566 1,187,480 227,620,609		
47,963,638 9,360,566 1,187,480 227,620,609 963,362 22,242 2,356,907	14,965 (22,242) 34,794 271,362,574) 47,963,638 9,360,566 1,187,480 227,620,609 985,604		
47,963,638 9,360,566 1,187,480 227,620,609 963,362 22,242 2,356,907	14,965 (22,242) 34,794 271,362,574) 47,963,638 9,360,566 1,187,480 227,620,609 985,604 2,356,907		
47,963,638 9,360,566 1,187,480 227,620,609 963,362 22,242 2,356,907 289,452,562 22,242 18,055,194 57,036	14,965 (22,242) 34,794 271,362,574) 47,963,638 9,360,566 1,187,480 227,620,609 985,604 2,356,907 289,474,804		
47,963,638 9,360,566 1,187,480 227,620,609 963,362 22,242 2,356,907 289,452,562 22,242 18,055,194 57,036 391,656,281 175,842	14,965 (22,242) 34,794 271,362,574) 47,963,638 9,360,566 1,187,480 227,620,609 985,604 2,356,907 289,474,804 18,112,230 391,832,123		
47,963,638 9,360,566 1,187,480 227,620,609 963,362 22,242 2,356,907 289,452,562 22,242 18,055,194 57,036 391,656,281 175,842 36 642,314	14,965 (22,242) 34,794 271,362,574) 47,963,638 9,360,566 1,187,480 227,620,609 985,604 2,356,907 289,474,804 18,112,230		

BALANCE SHEET - GOVERNMENTAL FUNDS AUGUST 31, 2017

Data Contro	1		10 General		50 Debt Service
Codes			Fund		Fund
00000	ASSETS:	_		-	
1110	Cash and Cash Equivalents	\$	96,687,679	\$	5,113,394
1120	Current Investments		8,665		
1225	Taxes Receivable, Net		6,101,275		1,052,453
1240	Due from Other Governments		14,035,332		2,854,313
1250	Accrued Interest		132,916		
1260	Due from Other Funds		6,763,673		38,069,945
1290	Other Receivables		816,248		
1300	Inventories		1,936,019		
1410	Unrealized Expenditures		1		
1000	Total Assets		126,481,808		47,090,105
	LIADULTICO				
	LIABILITIES:				
2110	Current Liabilities: Accounts Payable	\$	0.455.075	Φ	
		Ф	2,455,275	\$	
2150 2160	Payroll Deductions & Withholdings Accrued Wages Payable		2,786,580		
2170	Due to Other Funds		14,496,311		40 657 051
2170	Due to Other Governments		10,358,233 11,953		42,657,351 1,528,796
2190	Due to Student Groups		942		1,526,790
2300	Unearned Revenue		38,180		
2000	Total Liabilities	_	30,147,474	_	44,186,147
2000	Total Liabilities	_	30,177,777	_	44,100,147
	DEFERRED INFLOWS OF RESOURCES:				
	Deferred Revenue		6,101,275		1,052,453
2600	Total Deferred Inflows of Resources	_	6,101,275		1,052,453
	FUND DALANOES.				
	FUND BALANCES:				
3410	Nonspendable Fund Balances: Inventories		1,929,352		
3410	Restricted Fund Balances:		1,929,332		
3450	Federal/State Funds Grant Restrictions		5,091,475		
3480	Retirement of Long-Term Debt				1,851,505
3490	Other Restrictions of Fund Balance				
0.00	Committed Fund Balances:				
3510	Construction		33,500,000		
3530	Capital Expenditures for Equipment		5,000,000		
3545	Other Committed Fund Balance		10,212,277		
	Assigned Fund Balances:		. ,		
3590	Other Assigned Fund Balance		1,875,000		
3600	Unassigned		32,624,955		
3000	Total Fund Balances	_	90,233,059		1,851,505
		_			
4000	Total Liabilities, Deferred Inflow		100 101 000	Φ.	17.000.105
4000	of Resources and Fund Balances	\$_	126,481,808	\$	47,090,105

	60 Capital Projects Fund	Other Governmental Funds	98 Total Governmental Funds
\$	9,848,608	\$ (5,310,073)	106,339,608
			8,665
		 10,353,837	7,153,728 27,243,482
		10,333,637	132,916
	10,193,384	199,261	55,226,263
	13,536	6,783	836,567
			1,936,019
			1
	20,055,528	5,249,808	198,877,249
•	0.400.000	4	5444.044
\$	2,186,992	\$ 498,944 \$	5,141,211
		 1,484,360	2,786,580 15,980,671
	2,196,765	14,979	55,227,328
	242	91,663	1,632,654
		1,684,473	1,685,415
		1,468,718	1,506,898
	4,383,999	5,243,137	83,960,757
			7,153,728
		<u></u>	7,153,728
			1 000 050
			1,929,352
			5,091,475
			1,851,505
	15,671,529	6,671	15,678,200
			33,500,000
			5,000,000
			10,212,277
			1,875,000
			32,624,955
	15,671,529	6,671	107,762,764
\$	20,055,528	\$5,249,808_	198,877,249



RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF NET POSITION AUGUST 31, 2017

Total fund balances - governmental funds balance sheet

\$ 107,762,764

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.	700,712,965
Property taxes receivable unavailable to pay for current period expenditures are deferred in the funds.	7,199,907
The assets and liabilities of internal service funds are included in governmental activities in the SNP.	7,782,001
Payables for bond principal which are not due in the current period are not reported in the funds.	(293,395,000)
Payables for bond interest which are not due in the current period are not reported in the funds.	(1,519,919)
Payables for notes which are not due in the current period are not reported in the funds.	(33,705,000)
Payables for compensated absences which are not due in the current period are not reported in the funds.	(10,212,277)
Other long-term assets are not available to pay for current period expenditures and are deferred in the funds.	(23,635,505)
Recognition of the District's proportionate share of the net pension liability is not reported in the funds.	(68,328,497)
Deferred Resource Inflows related to the pension plan are not reported in the funds.	(3,941,287)
Deferred Resource Outflows related to the pension plan are not reported in the funds.	21,633,637

Net position of governmental activities - Statement of Net Position

\$ 410,353,789

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS FOR THE YEAR ENDED AUGUST 31, 2017

Data			10		50
Data	1		Conoral		Debt
Contro			General		Service
Codes	REVENUES:	-	Fund		Fund
E700		ф	E0 001 E47	¢.	0.410.500
5700	Local and Intermediate Sources	\$	50,801,547	\$, ,
5800			237,550,446		17,559,710
5900	Federal Program Revenues	-	27,023,818		
5020	Total Revenues	-	315,375,811		26,978,240
	EXPENDITURES:				
	Current:				
0011	Instruction		160,546,461		
0011	Instruction Instructional Resources and Media Services		4,741,291		
0013	Curriculum and Staff Development		3,681,188		
0021	Instructional Leadership		5,673,754		
0023	School Leadership		16,804,529		
0031	Guidance, Counseling, & Evaluation Services		9,766,200		
0032	Social Work Services		2,190,425		
0033	Health Services		3,702,188		
0034	Student Transportation		8,006,373		
0035	Food Service		21,807,968		
0036	Cocurricular/Extracurricular Activities		11,001,525		
0041	General Administration		8,590,218		
0051	Facilities Maintenance and Operations		35,194,096		
0052	Security and Monitoring Services		3,129,264		
0053	Data Processing Services		3,026,950		
0061	Community Services		375,346		
0071	Principal on Long-term Debt				16,795,000
0072	Interest on Long-term Debt		17,929		13,973,956
0073	Bond Issuance Costs and Fees				12,430
0081	Capital Outlay		829,180		
	Payments to Shared Service Arrangements		305,072		
	Other Intergovernmental Charges		682,639		
6030	Total Expenditures	-	300,072,596		30,781,386
	p	-			
1100	Excess (Deficiency) of Revenues Over (Under)				
1100	Expenditures		15,303,215		(3,803,146)
	F	-	-,,		
	Other Financing Sources and (Uses):				
7911	Capital-Related Debt Issued (Regular Bonds)				
7912	Sale of Real or Personal Property		25,526		
7915	Transfers In		37,847,093		15,183,234
8911	Transfers Out		(50,639,154)		(11,043,775)
	Total Other Financing Sources and (Uses)	-	(12,766,535)		4,139,459
	Net Change in Fund Balances	-	2,536,680		336,313
1200	Not Ondrige in Fund Dalances		2,330,000		000,010
0100	Fund Balances - Beginning		87,082,132		1,515,192
	Prior Period Adjustment				1,313,132
1300	· · · · · · · · · · · · · · · · · · ·		614,247		1 515 100
2000	Fund Balances - Beginning, as Restated	Φ.	87,696,379		1,515,192
3000	Fund Balances - Ending	\$ _.	90,233,059		1,851,505

60 Capital	Other	98 Total
Projects Fund	Governmental Funds	Governmental Funds
\$ 122,419	\$ 126,762	\$ 60,469,258
	3,183,290	258,293,446
	37,341,068	64,364,886
122,419	40,651,120_	383,127,590
	24,840,165	185,386,626
	315,525	5,056,816
	4,096,232	7,777,420
	3,095,818	8,769,572
	215,192	17,019,721
	3,039,685	12,805,885
	575,647	2,766,072
	217,210	3,919,398
	104 707	8,006,373
	124,797	21,932,765 11,001,525
	124,691	8,714,909
7,021	147,614	35,348,731
		3,129,264
	7,249	3,034,199
	1,572,142	1,947,488
	, , , , , , , , , , , , , , , , , , ,	16,795,000
		13,991,885
55,649		68,079
21,978,560	2,279,153	25,086,893
		305,072
		682,639
22,041,230	40,651,120	393,546,332
(21,918,811)		(10,418,742)
3,100,000		3,100,000
32,420		57,946
10,231,939		63,262,266
(1,833,336)		(63,516,265)
11,531,023		2,903,947
(10,387,788)		(7,514,795)
26,059,317	11,259	114,667,900
	(4,588)	609,659
26,059,317	6,671	115,277,559
\$ 15,671,529	\$ <u>6,671</u>	\$ 107,762,764



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, 2017

Net change in fund balances - total governmental funds

\$ (7,514,795)

Amounts reported for governmental activities in the Statement of Activities ("SOA") are different because:

Capital outlays are not reported as expenses in the SOA.	28,227,424
The depreciation of capital assets used in governmental activities is not reported in the funds.	(15,563,078)
Certain property tax revenues are deferred in the funds. This is the change in these amounts this year.	(72,816)
Repayment of bond principal is an expenditure in the funds but is not an expense in the SOA.	16,795,000
Bond issuance costs and similar items are amortized in the SOA but not in the funds.	(1,279,014)
The accretion of interest on capital appreciation bonds is not reported in the funds.	275,368
(Increase) decrease in accrued interest from beginning of period to end of period.	38,100
The net revenue (expense) of internal service funds is reported with governmental activities.	935,342
Compensated absences are reported as the amount earned in the SOA but as the amount paid in the funds.	354,865
Proceeds of bonds do not provide revenue in the SOA, but are reported as current resources in the funds.	(743,093)
Pension contributions made after the measurement date but in current FY were de-expended & reduced NPL.	2,595,733
Pension expense relating to GASB 68 is recorded in the SOA but not in the funds.	(5,993,840)
Rounding difference	(2)

Change in net position of governmental activities - Statement of Activities

18,055,194

STATEMENT OF NET POSITION PROPRIETARY FUNDS AUGUST 31, 2017

Data			Nonmajor		Internal
Contro	I		Enterprise		Service
Codes			Funds		Funds
	ASSETS:		_		
	Current Assets:				
1110	Cash and Cash Equivalents	\$	233,069	\$	7,631,839
	Receivables:				
1260	Due from Other Funds				2,439
1290	Other Receivables (net)		22,242		149,914
	Total Current Assets	_	255,311	=	7,784,192
	Noncurrent Assets:				
	Capital Assets:				
1530	Furniture and Equipment				89,058
1570	Accumulated Depreciation				(80,053)
	Total Noncurrent Assets	_		_	9,005
1000	Total Assets	_	255,311	_	7,793,197
	LIABILITIES:				
	Current Liabilities:				
2110	Accounts Payable	\$	20,285	\$	5,639
2160	Accrued Wages Payable		2,105		4,227
2170	Due to Other Funds		43		1,330
	Total Current Liabilities	_	22,433	_	11,196
2000	Total Liabilities	_	22,433	_	11,196
	NET POSITION:				
3800	Restricted		232,878		7,782,001
3000	Total Net Position	\$_	232,878	\$_	7,782,001

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION - PROPRIETARY FUNDS FOR THE YEAR ENDED AUGUST 31, 2017

Data		Nonmajor		Internal
Contro	l	Enterprise		Service
Codes		Funds		Funds
	OPERATING REVENUES:	 	_	
5700	Local and Intermediate Sources	\$ 138,851	\$	39,844,003
5020	Total Revenues	138,851	_	39,844,003
	OPERATING EXPENSES:			
6100	Payroll Costs	2,492		140,745
6200	Professional and Contracted Services	48,178		38,673,635
6300	Supplies and Materials	4,118		85,178
6400	Other Operating Costs	27,027		263,103
6030	Total Expenses	81,815	-	39,162,661
	Income (Loss) before Contributions and Transfers	57,036		681,342
7915	Transfers In			1,324,000
8911	Transfers Out			(1,070,000)
1300	Change in Net Position	57,036	_	935,342
1300	Change in Net Position	57,036		935,342
0100	Total Net Position - Beginning	175,842		6,846,659
3300	Total Net Position - Ending	\$ 232,878	\$	7,782,001

The accompanying notes are an integral part of this statement.

STATEMENT OF CASH FLOWS PROPRIETARY FUNDS FOR THE YEAR ENDED AUGUST 31, 2017

	_	Non Major Enterprise	Internal Service	Takala
Cash Flows from Operating Activities:	_	Funds	Funds	Totals
Cash Received from Customers Cash Received from Grants Cash Receipts (Payments) for Quasi-external	\$	116,609 \$ 	39,843,706 \$ 	39,960,315
Operating Transactions with Other Funds Cash Payments to Employees for Services Cash Payments to Other Suppliers for Goods and Services		 (60,262)	254,000 (38,701,547) (409,769)	254,000 (38,701,547) (470,031)
Cash Payments for Grants to Other Organizations Other Operating Cash Receipts (Payments)				
Net Cash Provided (Used) by Operating Activities	_	56,347	986,390	1,042,737
Cash Flows from Non-capital Financing Activities:				
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	_			
Cash Flows from Capital and Related Financing Activities:				
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 & Related Financing Activ	itie_	<u></u>		
Cash Flows from Investing Activities:				
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		56,347	986,390	1,042,737
Cash and Cash Equivalents at Beginning of Year		176,722	6,645,449	6,822,171
Cash and Cash Equivalents at End of Year	\$_	233,069 \$	7,631,839	
Reconciliation of Operating Income to Net Cash	_			
Provided by Operating Activities: Operating Income (Loss)	\$	57,036 \$	935,342 \$	992,378
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities	Ψ	37,030 ψ	900,042 	992,376
Depreciation				
Change in Assets and Liabilities:				
Decrease (Increase) in Receivables		(22,242)	(297)	(22,539)
Decrease (Increase) in Inventories				
Decrease (Increase) in Prepaid Expenses				
Increase (Decrease) in Accounts Payable		19,405	1,179	20,584
Increase (Decrease) in Payroll Deductions				
Increase (Decrease) in Accrued Wages Payable		2,105	(1,643)	462
Increase (Decrease) in Interfund Payables		43	51,809	51,852
Increase (Decrease) in Due to Other Governments				
Increase (Decrease) in Accrued Expenses	_			
Total Adjustments		(689)	51,048	50,359
Net Cash Provided (Used) by Operating Activities	\$_	56,347 \$	986,390 \$	1,042,737

The accompanying notes are an integral part of this statement.

STATEMENT OF FIDUCIARY NET POSITION FIDUCIARY FUNDS AUGUST 31, 2017

Data Control Codes			Agency Funds
	ASSETS:		
1110	Cash and Cash Equivalents	\$	834,283
1290	Other Receivables		100
1000	Total Assets		834,383
	LIABILITIES: Current Liabilities:		
2190	Due to Student Groups	\$	834,383
2000	Total Liabilities		834,383
2000	NET POSITION:	Φ	
3000	Total Net Position	\$	

The accompanying notes are an integral part of this statement.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED AUGUST 31, 2017

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.

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.

The District reports the following major enterprise funds:

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED AUGUST 31, 2017

In addition, the District reports the following fund types:

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

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

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED AUGUST 31, 2017

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

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

c. Inventories and Prepaid Items

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

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

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

	Estimated
Asset Class	Useful Lives
Infrastructure	30
Buildings	50
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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED AUGUST 31, 2017

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

g. Compensated Absences

On retirement under TRS or ERS, employees retiring from the district with ten years of continuous service are eligible to be paid their accrued local leave in a lump sum. For leave that was earned prior to September 1, 2010, they are reimbursed for 50% of the days accumulated as of that date at the employee's daily rate of pay for the 2009-2010 school year. For local leave accumulated after September 1, 2010 they are reimbursed for their accrued days at \$100 per day if they are a professional and \$50 day if they are a paraprofessional/auxiliary employee.

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.

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED AUGUST 31, 2017

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.

I. 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 of unrestricted fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

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.

5. Fair Value Measurements

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. 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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED AUGUST 31, 2017

New Accounting Standards Adopted

In fiscal year 2017, the District adopted three new statements of financial accounting standards issued by the Governmental Accounting Standards Board (GASB):

- -- Statement No. 74, Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans
- -- Statement No. 80, Blending Requirements for Certain Component Units
- -- Statement No. 82, Pension Issues An Amendment of GASB No. 67, No. 68 and No. 73
- a. Statement No. 74 improves the usefulness of information about postemployment benefits other than pensions (other postemployment benefits or OPEB) included in the general purpose external financial reports of state and local governmental OPEB plans for making decisions and assessing accountability. This Statement replaces Statements No. 43, Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans, as amended, and No. 57, OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans. It also includes requirements for defined contribution OPEB plans that replace the requirements for those OPEB plans in Statement No. 25, Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans, as amended, Statement No. 43, and Statement No. 50, Pension Disclosures.

The scope of this Statement includes OPEB plans, defined benefit and defined contribution that are administered through trusts that meet the following criteria:

- Contributions from employers and nonemployer contributing entities to the OPEB plan and earnings on those contributions are irrevocable.
- OPEB plan assets are dedicated to providing OPEB to plan members in accordance with the benefit terms.
- 3) OPEB plan assets are legally protected from the creditors of employers, nonemployer contributing entities, and the OPEB plan administrator. If the plan is a defined benefit OPEB plan, plan assets also are legally protected from creditors of the plan members.

This Statement also includes requirements to address financial reporting for assets accumulated for purposes of providing defined benefit OPEB through OPEB plans that are not administered through trusts that meet the specified criteria.

The District does not administer their OPEB plan through a trust that meets the criteria noted above. As a result, the adoption of GASB Statement No. 74 did not result in a change to the financial statements or note disclosures.

b. GASB Statement No. 80 clarifies the financial statement presentation requirements for certain component units. This Statement amends the blending requirements established in paragraph 53 of Statement No. 14, The Financial Reporting Entity, as amended.

This Statement amends the blending requirements for the financial statement presentation of component units of all state and local governments. The additional criterion requires blending of a component unit incorporated as a not-for-profit corporation in which the primary government is the sole corporate member. The additional criterion does not apply to component units included in the financial reporting entity pursuant to the provisions of Statement No. 39, Determining Whether Certain Organizations Are Component Units.

The District did not have any component units which met the definition noted above. As a result, the adoption of GASB Statement No. 80 did not result in a change to the financial statements or note disclosures.

c. GASB Statement No. 82 addresses certain issues that have been raised with respect to Statements No. 67, Financial Reporting for Pension Plans, No. 68, Accounting and Financial Reporting for Pensions, and

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED AUGUST 31, 2017

No. 73, Accounting and Financial Reporting for Pensions and Related Assets That Are Not Within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68. Specifically, this Statement addresses issues regarding (1) the presentation of payroll-related measures in required supplementary information, (2) the selection of assumptions and the treatment of deviations from the guidance in an Actuarial Standard of Practice for financial reporting purposes, and (3) the classification of payments made by employers to satisfy employee (plan member) contribution requirements.

Prior to the issuance of this Statement, Statements 67 and 68 required presentation of covered employee payroll, which is the payroll of employees that are provided with pensions through the pension plan, and ratios that use that measure, in schedules of required supplementary information. This Statement amends Statements 67 and 68 to instead require the presentation of covered payroll, defined as the payroll on which contributions to a pension plan are based, and ratios that use that measure.

This Statement clarifies that a deviation, as the term is used in Actuarial Standards of Practice issued by the Actuarial Standards Board, from the guidance in an Actuarial Standard of Practice is not considered to be in conformity with the requirements of Statement 67, Statement 68, or Statement 73 for the selection of assumptions used in determining the total pension liability and related measures.

This Statement clarifies that payments that are made by an employer to satisfy contribution requirements that are identified by the pension plan terms as plan member contribution requirements should be classified as plan member contributions for purposes of Statement 67 and as employee contributions for purposes of Statement 68. It also requires that an employer's expense and expenditures for those amounts be recognized in the period for which the contribution is assessed and classified in the same manner as the employer classifies similar compensation other than pensions (for example, as salaries and wages or as fringe benefits).

The financial statements and note disclosures have been updated for the affects of the adoption of GASB Statement No. 82.

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:

Violation

For the year ended August 31, 2017, the District exceeded its budget in the functional areas as depicted below:

<u>Violation</u>

None reported

Action Taken

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:

Fund Name Deficit

Fund Name Amount Remarks

None reported Not applicable Not applicable

C. <u>Deposits and Investments</u>

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED AUGUST 31, 2017

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, 2017, the carrying amount of the District's deposits (cash, certificates of deposit, and interest-bearing savings accounts included in temporary investments) was \$115,032,530 and the bank balance was \$116,280,146. The District's cash deposits at August 31, 2017 and during the year ended August 31, 2017, were entirely covered by FDIC insurance or by pledged collateral held by the District's agent bank in the District's name.

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 \$47,000,000.
- c. The highest combined balances of cash, savings and time deposit accounts amounted to \$41,749,136 and occurred during the month of June, 2017.
- 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, or guaranteed by, governmental entities as permitted by Government Code 2256.009
- '2) Certificates of deposit and share certificates as permitted by Government Code 2256.010
- '3) Fully collateralized repurchase agreements as permitted by Government Code 2256.011
- '4) A securities lending program as permitted by Government Code 2256.0115
- '5) Banker's acceptances as permitted by Government Code 2256.012
- '6) Commercial paper as permitted by Government Code 2256.013
- '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

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED AUGUST 31, 2017

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, 2017:

Holdings in local government investment pools rates AAA-m represent 99.94% of the total portfolio.

Holdings in U.S government agency obligations represented 8.5% of the total portfolio

Holdings in municipal obligations represented 3.1% of the portfolio

Holdings in U.S Treasury obligations represented 2.2% of the total portfolio

Holdings in Commercial Paper obligations represented 74.8% of the total portfolio

Holdings in Cash Repossessions obligations represented 7.9% of the total portfolio

Holdings from repurchase agreements represented 4.1% of the total portfolio

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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED AUGUST 31, 2017

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

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.

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 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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED AUGUST 31, 2017

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.

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.

The District 's investments at August 31, 2017 are shown below.

			Reported	Weighted Average	Standard & Poor	r's Concentration
Reported At	Description		Amounts	Maturity (days)	Rating	of Credit Risk
Amortized Cost	TexasTerm-Dec 18	\$	39,213,150	122/365	AAAf/AAAkf	41.37%
Amortized Cost	TexasTerm-DAILY		4,655	40.8/60	AAAm	
Amortized Cost	TexasTerm-EE		5,048,944	30.8/365	AAAf	5.33%
Market Value	TexPool Investment Fund		50,460,762	47	AAAm	53.24%
Market Value	Certificate of Deposit		57,212	N/A	N/A	0.06%
		\$_	94,784,723			100.00%

D. Capital Assets

Capital asset activity for the year ended August 31, 2017, was as follows:

	Beginning			Ending
Governmental activities:	Balances	Increases	Decreases	Balances
Capital assets not being depreciated:				
Land \$	20,370,234 \$	5,088,561 \$	\$	25,458,795
Construction in progress	250,712,565	24,905,874	154,645,289	120,973,150
Total capital assets not being depreciated	271,082,799	29,994,435	154,645,289	146,431,945
Capital assets being depreciated:				
Land Improvements	18,244,951	1,272,957		19,517,908
Buildings	388,076,520	133,090,916		521,167,436
Buildings and improvements	100,970,646	15,583,395		116,554,041
Furniture & Equipment	44,283,996	1,738,434	703,917	45,318,513
Vehicles	14,533,672	1,192,577	480,963	15,245,286
Library Books	358,671			358,671
Total capital assets being depreciated	566,468,456	152,878,279	1,184,880	718,161,855
Less accumulated depreciation for:				
Land Improvements	(14,509,325)	(712,626)		(15,221,951)
Buildings	(67,666,179)	(7,514,384)		(75,180,563)
Buildings and improvements	(24,947,004)	(2,206,105)		(27,153,109)
Furniture & Equipment	(31,417,862)	(4,006,105)	(680,932)	(34,743,035)
Vehicles	(10,762,316)	(1,052,904)	(480,963)	(11,334,257)
Library Books	(176,962)	(70,953)		(247,915)
Total accumulated depreciation	(149,479,648)	(15,563,077)	(1,161,895)	(163,880,830)
Total capital assets being depreciated, net	416,988,808	137,315,202	22,985	554,281,025
Governmental activities capital assets, net	688,071,607 \$	167,309,637 \$	154,668,274 \$	700,712,970

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED AUGUST 31, 2017

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.

	Int	ernal Service
		Fund
Furniture & Equipment	\$	89,058
Accumulated Depreciation		(80,053)
Net Capital Assets	\$	9,005
Depreciation was charged to functions as follows:		
Instruction	\$	8,571,131
Instructional Resources and Media Services		233,796
Curriculum and Staff Development		359,580
Instructional Leadership		405,451
School Leadership		786,887
Guidance, Counseling, & Evaluation Services		592,065
Social Work Services		127,886
Health Services		181,209
Student Transportation		370,165
Food Services		1,014,035
Extracurricular Activities		508,642
General Administration		402,923
Plant Maintenance and Operations		1,634,307
Security and Monitoring Services		144,678
Data Processing Services		140,283
Community Services		90,040
	\$	15,563,078

E. Interfund Balances and Activities

1. Due To and From Other Funds

Fund	Receivable	Payable
General Fund:		
General Fund	313,941 \$	1,064,700
Special Revenue Fund		42,172
Debt Service Fund	5,520,000	1,088,627
Capital Projects Fund	6,264	8,000,321
Internal Service Fund	1,243	2,403
Permanent Fund	922,225	160,010
Total General Fund	6,763,673	10,358,233
Special Revenue Fund:		
General Fund	2,113	
Permanent Fund	40,059	14,723
Total Special Revenue Fund	42,172	14,723
Debt Service Fund:		
General Fund	1,008,811	5,519,700
Debt Service Fund	36,981,317	37,134,751
Capital Projects Fund		2,600
Permanent Fund	79,817	300
Total Debt Service Fund	38,069,945	42,657,351

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED AUGUST 31, 2017

Capital Projects Fund:		
General Fund	8,000,277	5,964
Capital Projects Fund	2,190,465	2,190,465
Debt Service Fund	2,600	
Internal Service Fund	<u></u>	36
Permanent Fund	42	300
Total Capital Projects Fund	10,193,384	2,196,765
Internal Service Fund:		
General Fund		737
Special Revenue Fund	2,402	
Capital Projects Fund	36	
Permanent Fund	1	637
Total Internal Service Fund	2,439	1,374
Permenent Fund:		
General Fund	142,236	256
Special Revenue Fund	14,723	
Internal Service Fund	130	
Permanent Fund		
Total Permanent Fund	157,089	256
Total	\$ 55,228,702	\$ 55,228,702

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

2. Transfers To and From Other Funds

Transfers From	Transfers To	 Amount	Reason
General Fund	General Fund	\$ 1,865,192	Unrestricted indirect cost charges to Child Nutrition Program
General Fund	Health Insurance Fund	254,000	Transfers to Health Insurance Fun
General Fund	Debt Service Fund	4,139,459	Transfers for QSCN and QZAN Bo
General Fund	Capital Projects Fund	8,398,603	Transfers for Construction
	Total	\$ 14,657,254	

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, 2017, are as follows:

Unlimited Tax Refunding Bonds (UTRB)

Unlimited Tax Building Bonds (UTBB)					Outstanding
	Original	Final	Coupon	Original	Balance
Description	Issue	Maturity	Rate %	Issue	09/01/2016
UTBB, Series 2007	07/15/07	02/02/37	4.55-5.500%	5,190,000	1,065,000
UTBB, Series 2007/ Accretion	07/15/07	08/01/18	4.55-5.500%	724,972	650,368
UTBB, Series 2008	09/08/08	02/01/38	3.50-5.000%	104,725,000	4,625,000
UTBB, Series 2010	02/01/11	08/31/40	1.50-5.000%	104,475,000	60,010,000
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	88,745,000
UTRB Series 2015	02/28/15	08/01/15	2.00-5.000%	520,000	
UTRB Series 2016	03/15/15	02/01/26	1.00-5.000%	107,785,000	106,690,000
Total Bonds Payable				\$ 655,559,972 \$	307,980,368

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED AUGUST 31, 2017

Interest paid on bonded indebtness during the current year was

\$ 13,639,701

	Outstanding								Outstanding	Amounts
	Balance	lss	ued (Defease	ed)	Accretion		Retired		Balance	Due Within
Description	09/01/2016		Current	,	Current		Current		08/31/2017	One Year
UTBB, Series 2007	1,065,000	\$		\$		\$	550,000	\$	515,000 \$	515,000
UTBB, Series 2007/Accre	650,368				64,632		340,000		375,000	
UTBB, Series 2008	4,625,000						2,255,000		2,370,000	2,370,000
UTBB, Series 2010	60,010,000						2,185,000		57,825,000	2,265,000
UTRB Series 2014	46,195,000								46,195,000	2,825,000
UTRB Series 2015	88,745,000						150,000		88,595,000	155,000
UTRB Series 2016	106,690,000						8,795,000		97,895,000	2,180,000
Total Bonds Payable	\$307,980,368	\$		\$_	\$64,632	\$_	\$14,275,000	$\$_{-}^{-}$	\$293,770,000 \$	\$10,310,000
_				_				_		Amount
			Beginning						Ending	Due Within
Governmental Activities			Balance		Increases		Decreases		Balance	One Year
General Obligation Bonds		\$	307,330,000	\$		\$	13,935,000	\$_	293,395,000 \$	10,310,000
Accretion			650,368		64,632		340,000		375,000	
QSCB Construction Notes	s Payable		17,880,000				1,775,000		16,105,000	1,775,000
QZAN Tax Maintenance N	Note Payable 20)1	15,585,000				1,085,000		14,500,000	1,090,000
QZAN Tax Maintenance N	Note Payable 20)1			3,100,000				3,100,000	210,000
Sick and Vacation Leave			10,567,142		4,323,330		4,678,195		10,212,277	
Total Governm	ental Activities	\$	352,012,510	\$_	7,487,962	\$_	21,813,195	\$ ₌	337,687,277 \$	13,385,000
Deferred on Refunding of	Bonds	\$	20,696,657	\$_		\$_	1,223,365	\$_	19,473,292 \$	
Premium & Discount		\$	45,465,704	\$_		\$_	2,356,907	\$_	43,108,797 \$	
Net Pension Liability		\$	65,318,190	\$_	8,755,358	\$_	5,745,051	\$_	68,328,497 \$	

2. Debt Service Requirements

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

Year Ending	Principal				
August 31,	CIB	CAB	Interest	Accretion	Total
2018 \$	9,795,000 \$	515,000 \$	12,924,237 \$	375,000 \$	23,609,237
2019	11,140,000		12,463,237		23,603,237
2020	11,660,000		11,955,037		23,615,037
2021	12,205,000		11,407,312		23,612,312
2022	12,800,000		10,807,112		23,607,112
2023-2027	65,590,000		43,952,935		109,542,935
2028-2032	68,805,000		29,012,454		97,817,454
2033-2037	77,815,000		13,087,283		90,902,283
Subtotal \$_	292,880,000 \$	515,000 \$	146,814,132 \$	375,000 \$	440,584,132

CIB 292,880,000
CAB 515,000
Current Accretion 375,000
Total Bonds Payable \$ 293,770,000

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED AUGUST 31, 2017

Year Ending	Notes		QSCB	Total
August 31,	Principal	Interest	Subsidy	Debt Service
2018 \$	3,075,000 \$	1,600,185 \$	(1,341,918)\$	3,333,267
2019	3,080,000	1,595,924	(1,341,918)	3,334,006
2020	3,085,000	1,591,643	(1,341,918)	3,334,725
2021	3,085,000	1,126,979	(921,864)	3,290,115
2022	3,110,000	662,306	(501,810)	3,270,496
2023-2027	13,830,000	2,308,838	(1,756,335)	14,382,503
2028-2032	4,440,000	19,966		4,459,966
\$_	33,705,000 \$	8,905,841 \$	(7,205,763) \$	35,405,078

The effective interest rate on capital leases is 5.500%.

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 2017, 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.texas.gov/TRS%20Documents/cafr_2016.pdf; 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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED AUGUST 31, 2017

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.

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 83rd Texas Legislature, General Appropriations Act (GAA) established the employer contribution rates for fiscal years 2014 and 2015. The 84th Texas Legislature, General Appropriations Act (GAA) established the employer contribution rates for fiscal years 2016 and 2017.

Contribution Botos

Contribution Rai	<u>les</u>	
	2016	2017
Member	7.2%	7.7%
Non-Employer Contributing Entity (NECE - State)	6.8%	6.8%
Employers	6.8%	6.8%
District's 2017 Employer Contributions \$	6,383,148	
District's 2017 Member Contributions \$	16,049,356	
NECE 2016 On-Behalf Contributions to District \$	9,832,714	

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:

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED AUGUST 31, 2017

- --- When employing a retiree of the Teacher Retirement System the employer shall pay both the member contribution and 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, 2016 actuarial evaluation was determined using the following actuarial assumptions:

Valuation Date August 31, 2016

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 Rate2.5%Benefit Changes during the yearNoneAd hoc post-employment benefit changesNone

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, 2016 are summarized below:

Teacher Retirement System of Texas Asset Allocation and Long-Term Expected Real Rate of Return As of August 31, 2016								
Asset Class	Target Allocation	Long-term Expected Geometric Real Rate of Return	Expected Contribution to Long-term Portfolio Returns *					

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED AUGUST 31, 2017

Total	100%		8.7%
Alpha			1.0%
Inflation Expectation			2.2%
Risk Parity	5%	6.7%	0.3%
Risk Parity			
Commodities	0%	1.2%	0.0%
Energy & Natural Resources	3%	6.6%	0.2%
Real Assets	16%	5.1%	1.1%
Global Inflation Linked Bonds	3%	0.9%	0.0%
Real Return			
Cash	1%	-0.2%	0.0%
Stable Value Hedge Funds	4%	3.0%	0.1%
Absolute Return	0%	1.8%	0.0%
U.S. Treasuries	11%	0.7%	0.1%
Stable Value			
Private Equity	13%	7.0%	1.1%
Directional Hedge Funds	4%	3.2%	0.1%
Emerging Markets	9%	5.9%	0.7%
Non-U.S. Developed	13%	5.1%	0.8%
U.S.	18%	4.6%	1.0%

^{*} 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%			1%
		Decrease in	Discount	Increase in
		Discount Rate	Rate	Discount Rate
		7%	8%	9%
District's proportionate share of the net pension liability	\$	105,749,496 \$	68,328,497 \$	36,587,925

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

At August 31, 2017, the District reported a liability of \$68,328,497 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	\$	68,328,497
State's proportionate share that is associated with District	_	116,712,800
Total	\$	185,041,297

The net pension liability was measured as of August 31, 2016 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, 2015 through August 31, 2016.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED AUGUST 31, 2017

At August 31, 2016 the employer's proportion of the collective net pension liability was 0.1808182%. which was an increase (decrease) of -0.0039649% from its proportion measured as of August 31, 2015.

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.

For the year ended August 31, 2017, the District recognized pension expense of \$12,112,006 and revenue of \$12,112,006 for support provided by the State.

At August 31, 2017, 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:

	_	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$	1,071,378 \$	2,040,249
Changes in actuarial assumptions		2,082,530	1,893,975
Difference between projected and actual investment earnings		5,785,917	
Changes in proportion and difference between the District's contributions and the proportionate share of contributions		6,310,664	7,063
Contributions paid to TRS subsequent to the measurement date [to be calculated by employer]	_	6,383,148	
Total	\$_	21,633,637 \$	3,941,287

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:

		Pension
Year Ended		Expense
August 31		Amount
2018	_ \$	1,818,527
2019	\$	1,818,527
2020	\$	5,509,067
2021	\$	1,534,993
2022	\$	536,195
Thereafter	\$	91,893

I. Retiree Health Care Plans

1. TRS-Care

a. Plan Description

The District contributes to the Texas Public School Retired Employees Group Insurance Program (TRS-Care), a cost-sharing multiple-employer defined benefit postemployment health care plan administered by the Teacher Retirement System of Texas (TRS). TRS-Care Retired Plan provides health care coverage for

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED AUGUST 31, 2017

certain persons (and their dependents) who retired under the Teacher Retirement System of Texas. The statutory authority for the program is Texas Insurance Code, Chapter 1575. Section 1575.052 grants the TRS Board of Trustees the authority to establish and amend basic and optional group insurance coverage for participants. The TRS issues a publicly available financial report that includes financial statements and required supplementary information for TRS-Care. That report may be obtained by visiting the TRS web site at www.trs.state.tx.us under the TRS Publications heading, by writing to the Communications Department of the Teacher Retirement System of Texas at 1000 Red River Street, Austin, Texas 78701, or by calling the TRS Communications Department at 1-800-223-8778.

b. Funding Policy

Contribution requirements are not actuarially determined but are legally established each biennium by the Texas Legislature. Texas Insurance Code, Sections 1575.202, 203, and 204 establish state, active employee, and public school contributions, respectively. Funding for free basic coverage is provided by the program based upon public school district payroll. Per Texas Insurance Code, Chapter 1575, the public school contribution may not be less than 0.25% or greater than 0.75% of the salary of each active employee of the public school. Funding for optional coverage is provided by those participants selecting the optional coverage. The State of Texas contribution rate was 1% for fiscal years 2015 and 2014, and 0.5% for fiscal year 2013. The active public school employee contributions rates were 0.65% of public school payroll, with school districts contributing a percentage of payroll set at 0.55% for fiscal years 2017, 2016 and 2015. For the years ended August 31, 2017, 2016, and 2015, the State's contributions to TRS-Care were \$1,354,827, \$1,307,462, and \$1,248,620, respectively, the active member contributions were \$275,764, \$259,097, and \$246,954, respectively, and the District's contributions were \$1,146,393, \$1,106,315, and \$1,248,620, respectively, which equaled the required contributions each year.

2. Medicare Part D Subsidies

The Medicare Prescription Drug, Improvement, and Modernization Act of 2003, which was effective January 1, 2006, established prescription drug coverage for Medicare beneficiaries known as Medicare Part D. One of the provisions of Medicare Part D allows for the Texas Public School Retired Employee Group Insurance Program (TRS-Care) to receive retiree drug subsidy payments from the federal government to offset certain prescription drug expenditures for eligible TRS-Care participants. For the fiscal years ended August 31, 2017, 2016, and 2015, the subsidy payments received by TRS-Care on behalf of the District were \$701,752, \$853,726, and \$848,633, respectively.

J. <u>Employee Health Care Coverage</u>

During the year ended August 31, 2017, employees of the District were covered by a health insurance plan (the Plan). The District contributed \$566 per month per employee to the Plan. Employees, at their option, authorized payroll 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 Blue Cross Blue Shield of Texas, 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 \$350,000 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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED AUGUST 31, 2017

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.

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, 2017, McAllen ISD allocated expenditures to the amount of \$586,794.

M. Subsequent Events

For the purposes of reporting subsequent events, management has considered events occurring thru January 22, 2018 the date the report was available to be issued, the District issued an \$8,860,000 unlimited tax refunding bond, series 2017 on October 1, 2017. Proceeds from the bonds were used to refund a portion of the District's current outstanding general obligation bonds and to pay cost of issuance on the bonds.

N. <u>Increase (Decrease) in Net Position</u>

For the fiscal year ended August 31, 2017 the fund balance for prior period were adjusted as follows:

Prior Period Adjustments

Fund Level		Governmental Funds
General Fund Refund from E-Rate.	\$	620,284
General Fund to Reissue checks from prior year.	_	(6,037)
Total General Fund	_	614,247
Permanant Funds Escrow I & II were closed out Total Permanant Fund Net Increase (Decrease) in Fund Balance	\$	(4,588) (4,588) 609,659
		Governmental
Government Wide Level	_	Activities
Adustments for calculation error on bond interest	\$	32,665
Total Net Increase (Decrease) in Net Assets	\$_	642,324

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED AUGUST 31, 2017

O. Fund Balance

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 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 sued 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, 2017 is \$32,624,955. 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:

			Dobt	Construction	Other Governmental
ascription:		General			Funds
escription.	_	General	Service	i unu	T unus
entorios		1 000 050			
entones		1,929,332			
eral/State Funds Grant		5.091.475			
rement of Long-Term Debt			1,851,505		
er Restrictions of Fund Balance				15,671,529	6,671
struction Projects		33,500,000			
ipment for New Schools		5,000,000			
er Committed Fund Balance		10,212,277			
er Assigned Fund Balance		1,875,000			
able, Restricted, Committed,					
Governmental Fund Balances	\$	57,608,104 \$	1,851,505 \$	15,671,529 \$	6,671
able, Restricted, Committed,					
Governmental Fund Balances	\$	75,137,809			
	rement of Long-Term Debt er Restrictions of Fund Balance estruction Projects ipment for New Schools er Committed Fund Balance er Assigned Fund Balance able, Restricted, Committed, Governmental Fund Balances able, Restricted, Committed,	entories eral/State Funds Grant rement of Long-Term Debt er Restrictions of Fund Balance estruction Projects ipment for New Schools er Committed Fund Balance er Assigned Fund Balance able, Restricted, Committed, Governmental Fund Balances able, Restricted, Committed,	entories 1,929,352 eral/State Funds Grant 5,091,475 rement of Long-Term Debt er Restrictions of Fund Balance estruction Projects 33,500,000 er Committed Fund Balance 10,212,277 er Assigned Fund Balance 1,875,000 able, Restricted, Committed, Governmental Fund Balances 57,608,104 \$ able, Restricted, Committed,	entories 1,929,352 eral/State Funds Grant 5,091,475 rement of Long-Term Debt 1,851,505 er Restrictions of Fund Balance estruction Projects 33,500,000 ipment for New Schools 5,000,000 er Committed Fund Balance 10,212,277 er Assigned Fund Balance 1,875,000 able, Restricted, Committed, Governmental Fund Balances \$ 57,608,104 \$ 1,851,505 \$ able, Restricted, Committed,	General Service Fund



Requi	ired Supplementa	ry Information		
Required supplementary information inc Accounting Standards Board but not consider	cludes financial information dered a part of the basic fir	on and disclosures req nancial statements.	uired by the	Governmenta

GENERAL FUND BUDGETARY COMPARISON SCHEDULE FOR THE YEAR ENDED AUGUST 31, 2017

Data		1	2	3	Variance with Final Budget
Control			d Amounts		Positive
Codes	-	Original	Final	Actual	(Negative)
F700	REVENUES:	Φ 47.500.505	Φ 50,000,007	Φ 50 004 547	Φ 404.000
5700	Local and Intermediate Sources	\$ 47,536,505	\$ 50,306,867	\$ 50,801,547	\$ 494,680
5800	State Program Revenues	247,533,942	237,760,015	237,550,446	(209,569)
5900	Federal Program Revenues	27,657,906	29,428,838	27,023,818	(2,405,020)
5020	Total Revenues	322,728,353	317,495,719	315,375,811	(2,119,908)
	EXPENDITURES:				
	Current:				
	Instruction & Instructional Related Services:				
0011	Instruction	161,347,156	161,475,995	160,546,461	929,534
0012	Instructional Resources and Media Services	4,406,016	4,783,593	4,741,291	42,302
0013	Curriculum and Staff Development	8,238,436	3,752,412	3,681,188	71,224
	Total Instruction & Instr. Related Services	173,991,609	170,012,000	168,968,940	1,043,060
	Instructional and School Leadership:				
0021	Instructional Leadership	5,565,591	6,063,878	5,673,754	390,124
0023	School Leadership	17,635,802	17,272,216	16,804,529	467,687
	Total Instructional & School Leadership	23,201,393	23,336,094	22,478,283	857,811
	·				
	Support Services - Student (Pupil):				
0031	Guidance, Counseling and Evaluation Services	9,613,631	10,037,529	9,766,200	271,329
0032	Social Work Services	2,843,163	2,419,161	2,190,425	228,736
0033	Health Services	4,156,213	3,914,160	3,702,188	211,972
0034	Student (Pupil) Transportation	7,555,600	8,008,123	8,006,373	1,750
0035	Food Services	24,416,889	22,319,306	21,807,968	511,338
0036	Cocurricular/Extracurricular Activities	9,744,981	11,016,727	11,001,525	15,202
	Total Support Services - Student (Pupil)	58,330,478	57,715,006	56,474,679	1,240,327
	Administrative Support Services:				
0041	General Administration	8,680,331	8,719,373	8,590,218	129,155
	Total Administrative Support Services	8,680,331	8,719,373	8,590,218	129,155
	0 10 : N 1 1 1 1 1 1 1				
0054	Support Services - Nonstudent Based:	07.050.004	05 447 000	05 404 000	050 500
0051	Plant Maintenance and Operations	37,252,264	35,447,692	35,194,096	253,596
0052	Security and Monitoring Services	3,982,857	3,505,206	3,129,264	375,942
0053	Data Processing Services Total Support Services - Nonstudent Based	3,088,365 44,323,485	3,123,588 42,076,485	3,026,950 41,350,310	96,638 726,175
	Total Support Services - Noristudent Based	44,323,465	42,076,465	41,350,310	720,175
	Ancillary Services:				
0061	Community Services	543,871	567,432	375,346	192,086
0001	Total Ancillary Services	543,871	567,432	375,346	192,086
	Total 7 thomally Golffice				102,000
	Debt Service:				
0071	Principal on Long-Term Debt	12,000	12,000		12,000
0072	Interest on Long-Term Debt	31,705	181,705	17,929	163,776
	Total Debt Service	43,705	193,705	17,929	175,776
	Capital Outlay:				
0081	Capital Outlay	261,314	1,259,735	829,180	430,555
	Total Capital Outlay	261,314	1,259,735	829,180	430,555

EXHIBIT G-1 Page 2 of 2

GENERAL FUND BUDGETARY COMPARISON SCHEDULE FOR THE YEAR ENDED AUGUST 31, 2017

		1	2	3	Variance with
Data					Final Budget
Control			l Amounts		Positive
Codes	_	Original	Final	Actual	(Negative)
	Intergovernmental Charges:				
0093	Payments to Fiscal Agent/Member DistSSA	345,000	305,075	305,072	3
0095	Payments to Juvenile Justice Alternative				
0095	Education Programs	100,000	100,000		100,000
0099	Other Intergovernmental Charges	534,000	984,000	682,639	301,361
	Total Intergovernmental Charges	979,000	1,389,075	987,711	401,364
6030	Total Expenditures	310,355,185	305,268,906	300,072,596	5,196,310
1100	Excess (Deficiency) of Revenues Over (Under)				
1100	Expenditures	12,373,168	12,226,813	15,303,215	3,076,402
	Other Financing Sources (Uses):				
7912	Sale of Real or Personal Property			25,526	25,526
7915	Transfers In	35,810,380	37,833,252	37,847,093	13,841
8911	Transfers Out	(40,706,448)	(51,257,948)	(50,639,154)	618,794
7080	Total Other Financing Sources and (Uses)	(4,896,068)	(13,424,696)	(12,766,535)	658,161
1200	Net Change in Fund Balance	7,477,100	(1,197,883)	2,536,680	3,734,563
0100	Fund Balance - Beginning		87,082,132	87,082,132	
1300	Prior Period Adjustment		614,247	614,247	
0100	Fund Balance - Beginning, as Restated		87,696,379	87,696,379	
3000	Fund Balance - Ending	\$ 7,477,100	\$ 86,498,496	\$ 90,233,059	\$ 3,734,563

PHARR-SAN JUAN-ALAMO INDEPENDENT SCHOOL DISTRICT SCHEDULE OF THE DISTRICT'S PROPORTIONATE

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

	2017	2016	2015	2014	2013	Fiscal Year	ear 2012		2011	2010		2009		2008
	0.181%	0.185%	0.152%	ı	1		;		:	1		1		1
↔	68,328,497 \$	68,328,497 \$ 65,318,190 \$	40,623,685 \$	1	¦ ↔	€9	1	↔	1	;	↔	ŀ	↔	I
	116,712,800	111,329,915	96,703,241	;	;		!		;	!		;		;
တ ်	\$\frac{185,041,297}{26,926} \frac{176,648,105}{201,326,926} \frac{137,326,926}{201,850}	176,648,105	137,326,926 \$:	:	 		<u>\$</u>			 		 	
↔	\$ 201,147,880 \$ 201,147,880 \$ 192,0	201,147,880 \$	192,095,263 \$	ŀ	¦ ∽	↔	:	₩	:	;	↔	;	↔	ŀ
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	33.97%	32.47%	21.15%	;	1		I		1	I		ŀ		1
Plan fiduciary net position as a percentage of the total pension liability	78.00%	78.43%	83.25%	ŀ	ŀ		;		1	;		ŀ		:

Note: GASB 68, Paragraph 81 requires that the information on this schedule be data from the period corresponding with the periods covered as of the measurement dates of August 31, 2016 for Year 2017, August 31, 2015 for Year 2016 and August 31, 2014 for 2015.

^{*} 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 LAST TEN FISCAL YEARS *

							걆	Fiscal Year	-								
		2017	2016	2015	2014		2013		2012		2011		2010		2009		2008
Contractually required contribution	↔	6,383,148 \$	5,722,877 \$	5,221,984 \$;	↔	;	↔	1	↔	;	€	1	↔	;	↔	;
Contributions in relation to the contractually required contribution		(6,383,148)	(5,722,877)	(5,221,984)	ŀ		1		1		ŀ		:		1		!
Contribution deficiency (excess)	6		: 	 	:	 	:	<u>\$</u>	:	6	1	φ 	:	 	:	S	:
District's covered-employee payroll	& 2	08,433,068 \$	\$ 208,433,068 \$ 201,147,880 \$ 192,095,263 \$	92,095,263 \$	1	₩.	;	↔	:	↔	:	↔	1	₩	1	₩	ŀ
Contributions as a percentage of covered-employee payroll		3.06%	2.85%	2.72%	1		;		ŀ		ŀ		;		;		ŀ

Note: GASB 68, Paragraph 81 requires that the information on this schedule be data from the period corresponding with the periods covered as of the measurement dates of August 31, 2016 for Year 2017, August 31, 2015 for Year 2016 for Near 2017, August 31, 2018 for 2015.

^{*} 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.

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION FOR THE YEAR ENDED AUGUST 31, 2017

Budaet

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.

COMBINING BALANCE SHEET NONMAJOR GOVERNMENTAL FUNDS AUGUST 31, 2017

Data			Special			_	Total Nonmajor Governmental
Contro			Revenue	ı	Permanent		Funds (See
Codes		_	Funds		Funds		Exhibit C-1)
1110	ASSETS:	\$	(E CEO 012)	\$	249 740	\$	(F 210 072)
1240	Cash and Cash Equivalents Due from Other Governments	Ф	(5,658,813)	Ф	348,740	Ф	(5,310,073)
1240	Due from Other Governments Due from Other Funds		10,353,837		 1 E 7 000		10,353,837
1260	Other Receivables		42,172 677		157,089		199,261
1000	Total Assets	_	4,737,873		6,106 511,935		6,783 5,249,808
1000	Total Assets	_	4,737,073	_	311,933		3,249,000
	LIABILITIES:						
	Current Liabilities:						
2110	Accounts Payable	\$	497,751	\$	1,193	\$	498,944
2160	Accrued Wages Payable		1,484,360				1,484,360
2170	Due to Other Funds		14,723		256		14,979
2180	Due to Other Governments				91,663		91,663
2190	Due to Student Groups		1,272,321		412,152		1,684,473
2300	Unearned Revenue	_	1,468,718				1,468,718
2000	Total Liabilities		4,737,873		505,264		5,243,137
	FUND BALANCES:						
	Restricted Fund Balances:						
3490	Other Restrictions of Fund Balance				6,671		6,671
3000	Total Fund Balances	_			6,671		6,671
4000	Total Liabilities and Fund Balances	\$	4,737,873	\$	511,935	\$	5,249,808

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES NONMAJOR GOVERNMENTAL FUNDS FOR THE YEAR ENDED AUGUST 31, 2017

Data Contro Codes 5700			Special Revenue Funds	-	Permanent Funds	, _ \$	Total Nonmajor Governmental Funds (See Exhibit C-2)
5800	State Program Revenues		3,183,290				3,183,290
5900	Federal Program Revenues		37,341,068				37,341,068
5020	Total Revenues		40,651,120	_		_	40,651,120
	EXPENDITURES: Current:						
0011	Instruction		24,840,165				24,840,165
0012	Instructional Resources and Media Services		315,525				315,525
0013	Curriculum and Staff Development		4,096,232				4,096,232
0021	Instructional Leadership		3,095,818				3,095,818
0023	School Leadership		215,192				215,192
0031	Guidance, Counseling, & Evaluation Services		3,039,685				3,039,685
0032	Social Work Services		575,647				575,647
0033	Health Services		217,210				217,210
0035	Food Service		124,797				124,797
0041	General Administration		124,691				124,691
0051	Facilities Maintenance and Operations		147,614				147,614
0053	Data Processing Services		7,249				7,249
0061	Community Services		1,572,142				1,572,142
0081	Capital Outlay		2,279,153				2,279,153
6030	Total Expenditures		40,651,120	_			40,651,120
1100	,						
1100	Expenditures	_		-		_	
0100	Fund Balances - Beginning				11,259		11,259
1300	Prior Period Adjustment				(4,588)		(4,588)
	Fund Balances - Beginning, as Restated				6,671		6,671
3000	Fund Balances - Ending	\$		\$	6,671	\$_	6,671

COMBINING BALANCE SHEET NONMAJOR SPECIAL REVENUE FUNDS AUGUST 31, 2017

Data Control Codes		203 Child Care Development Block Grant		204 Safe School Research Initiative		205 Head Start	211 ESEA Title I Improving asic Programs
ASSETS:	_		_				
1110 Cash and Cash Equivalents	\$	(16,784)	\$	(114,351)	\$	(3,226,153)	\$ (1,491,297)
1240 Due from Other Governments		28,963		188,410		3,445,890	2,202,292
1260 Due from Other Funds						39,174	1,318
1290 Other Receivables							440
1000 Total Assets		12,179		74,059		258,911	712,753
Current Liabilities: 2110	\$	1,097 11,020 62 12,179	\$	16,631 57,020 408 74,059	\$	107,106 147,804 4,001 258,911	\$ 111,595 596,648 4,510 712,753
FUND BALANCES:							
3000 Total Fund Balances	_		_		_		
4000 Total Liabilities and Fund Balance	s \$_	12,179	\$	74,059	\$	258,911	\$ 712,753

Title	212 ESEA e I, Part C nt Children		224 IDEA-B Formula	Pres	225 IDEA-B school Grant	Care	244 eer and Tech Basic Grant	•	255 SEA Title II Training & Recruiting
\$	(364,276) 549,902 	\$	(523,384) 859,808 	\$	(6,312) 10,544 	\$	(80,107) 87,605 136	\$	(297,890) 334,392
\$	185,626 32,450	\$	336,424	\$	4,232	\$	7,634	\$	36,502
	151,727 1,449 185,626		333,582 2,842 336,424		4,198 34 4,232		7,467 167 7,634		4,344 258 36,502
		_						_	
\$	185,626	\$	336,424	\$	4,232	\$	7,634	\$	36,502

COMBINING BALANCE SHEET NONMAJOR SPECIAL REVENUE FUNDS AUGUST 31, 2017

			263		272		273	274
Data		Eng	lish Language	е			Math and	
Contro	ol	Acc	uisition and		MAC		Science	
Codes	S	En	hancement		Program	I	Partnerships	GEAR UP
	ASSETS:							
1110	Cash and Cash Equivalents	\$	(203,514)	\$	577,297	\$		\$ (140,817)
1240	Due from Other Governments		297,276		193,171			142,995
1260	Due from Other Funds							
1290	Other Receivables							
1000	Total Assets		93,762		770,468			2,178
	LIABILITIES:							
	Current Liabilities:							
2110	Accounts Payable	\$	3,533	\$	20,817	\$		\$ 80
2160	Accrued Wages Payable		89,537					2,098
2170	Due to Other Funds		692					
2190	Due to Student Groups							
2300	Unearned Revenue				749,651			
2000	Total Liabilities		93,762		770,468			 2,178
						-		
	FUND BALANCES:							
3000	Total Fund Balances					-		
					-			
4000	Total Liabilities and Fund Balances	\$	93,762	\$	770,468	\$		\$ 2,178

_	276 Title I SIP Academy Grant	Hor	280 lucation for neless Children outh-ARRA	_	288 Teacher Incentive Fund	Sys	289 ulti Tiered tems of Support or Behavior	I	397 Advanced Placement Incentives
\$	(153,541) 176,804 1,236 24,499	\$	(326,546) 351,670 25,124	\$	(1,034,147) 1,053,152 19,005	\$	372,161 21,610 308 394,079	\$	8,947 8,947
\$	2,396 21,881 222 24,499	\$	25,124 25,124	\$	681 18,324 19,005	\$	1,785 392,294 394,079	\$	 8,947
\$	24,499	\$	 25,124	 	19,005	\$	394,079	\$	8,947

COMBINING BALANCE SHEET NONMAJOR SPECIAL REVENUE FUNDS AUGUST 31, 2017

			409	410	411		429
Data			Texas High	State			tate Funded
Contro	ol .		School	Textbook	Technology	Spe	ecial Revenue
Codes	_		Project	Fund	Allotment		Fund
	ASSETS:						
1110	Cash and Cash Equivalents	\$	(2,624)	\$ 351,220	\$ 24,285	\$	(271,542)
1240	Due from Other Governments		2,387		(24,285)		345,103
1260	Due from Other Funds						
1290	Other Receivables		237				
1000	Total Assets			351,220			73,561
	LIABILITIES:						
	Current Liabilities:						
2110	Accounts Payable	\$		\$ 144,341	\$ 	\$	
2160	Accrued Wages Payable						32,961
2170	Due to Other Funds						
2190	Due to Student Groups						
2300	Unearned Revenue			206,879			40,600
2000	Total Liabilities			351,220			73,561
	FUND BALANCES:						
3000	Total Fund Balances	_					
4000	Total Liabilities and Fund Balances	\$		\$ 351,220	\$ 	\$	73,561
							-,

Э	_	461 Campus Activity Funds	 480 College for all Iniative	482 School provement acilitators	\	484 ET/Texas Workforce Comission	_	Total Nonmajor Special Revenue Funds (See Exhibit H-1)
	\$	1,272,321 1,272,321	\$ 61,274 11,214 72,488	\$ 1,901 1,901	\$	(74,934) 74,934 	\$	(5,658,813) 10,353,837 42,172 677 4,737,873
	\$ 	 1,272,321 1,272,321	\$ 3,964 78 68,446 72,488	\$ 1,901 1,901	\$	 	\$	497,751 1,484,360 14,723 1,272,321 1,468,718 4,737,873
	\$	1,272,321	\$ 72,488	\$ 1,901	\$		 \$	4,737,873

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES NONMAJOR SPECIAL REVENUE FUNDS FOR THE YEAR ENDED AUGUST 31, 2017

_				203		204		205		211
Data				Child Care		Safe School				ESEA Title I
Contro				evelopment		Research		Head	ъ.	Improving
Codes	_	-		Block Grant	-	Initiative	_	Start	Ba	asic Programs
F700	REVENUES:	Φ			Φ		Φ.		Φ	
5700	Local and Intermediate Sources	\$	1		\$		\$		\$	
5800	State Program Revenues									
5900	Federal Program Revenues	_	-	117,389	_	1,153,474	_	6,964,804	_	13,686,116
5020	Total Revenues	-		117,389	_	1,153,474	_	6,964,804		13,686,116
	EXPENDITURES:									
	Current:									
0011	Instruction			66,975				4,132,695		8,835,275
0012	Instructional Resources and Media Services									250,625
0013	Curriculum and Staff Development							2,274		1,768,768
0021	Instructional Leadership			2,391		608,269		225,921		733,104
0023	School Leadership			48,023				4,350		25,951
0031	Guidance, Counseling, & Evaluation Services									612,133
0032	Social Work Services					545,205				
0033	Health Services							47,233		
0035	Food Service							124,797		
0041	General Administration									
0051	Facilities Maintenance and Operations							147,614		
0053	Data Processing Services									
0061	Community Services							767		1,460,260
0081	Capital Outlay							2,279,153		
6030	Total Expenditures	_		117,389		1,153,474		6,964,804		13,686,116
1100	Excess (Deficiency) of Revenues Over (Under)									
1100	Expenditures									
		-			-		_			
0100	Fund Balances - Beginning									
3000	Fund Balances - Ending	\$		-	\$_		\$		\$	

212 ESEA Title I, Part C Migrant Childrer	224 IDEA-B Formula	225 IDEA-B Preschool Grant	244 Career and Tech Basic Grant	255 ESEA Title II Training & Recruiting
\$ 3,169,421 3,169,421	\$ 5,011,673 5,011,673	\$ 62,209 62,209	\$ 445,133 445,133	\$ 1,300,222 1,300,222
1,055,483 476,791 1,563,452 29,303 44,392 3,169,421	4,574,247 157,303 280,123	62,209	263,905 64,157 19,104 11,746 86,221 445,133	419,105 871,272 9,845
\$	<u></u>	\$ <u></u>	\$ <u></u>	\$ <u></u>

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES NONMAJOR SPECIAL REVENUE FUNDS FOR THE YEAR ENDED AUGUST 31, 2017

			263		272		273		274
Data			glish Language	Э			Math and		
Contro			quisition and		MAC		Science		
Codes	_	E	nhancement		Program		Partnerships		GEAR UP
	REVENUES:								
5700	Local and Intermediate Sources	\$		\$		\$		\$	
5800	State Program Revenues								
5900	Federal Program Revenues		1,520,085		242,817		866		299,075
5020	Total Revenues	_	1,520,085	_	242,817	_	866	_	299,075
	EXPENDITURES:								
	Current:								
0011	Instruction		676,472						45,961
0012	Instructional Resources and Media Services								
0013	Curriculum and Staff Development		664,778				866		814
0021	Instructional Leadership		132,578						
0023	School Leadership								150
0031	Guidance, Counseling, & Evaluation Services				72,840				252,150
0032	Social Work Services								
0033	Health Services				169,977				
0035	Food Service								
0041	General Administration								
0051	Facilities Maintenance and Operations								
0053	Data Processing Services								
0061	Community Services		46,257						
0081	Capital Outlay								
6030	Total Expenditures		1,520,085		242,817		866		299,075
1100	Excess (Deficiency) of Revenues Over (Under)								
1100	Expenditures					_		_	
0100	Fund Balances - Beginning								
	Fund Balances - Ending	\$		\$		\$		\$	

_	276 Title I SIP Academy Grant	288 Teacher Incentive Fund	289 Multi Tiered Systems of Support For Behavior	397 Advanced Placement Incentives	410 State Textbook Fund
\$ 	206,767 206,767	\$ 3,026,406 3,026,406	\$ 11,232 134,611 145,843	\$ 46,780 46,780	\$ 1,002,068 1,002,068
	73,555	1,702,540	62,726		1,002,068
	 20,422	 533,764	0.504	 2,244	
	71,687	630,562	9,504	2,244 44,536	
	3,288	80,072		44,536	
	3,266 16,210	79,468	73,613		
	1,139	79,400	73,613		
	1,139				
					
	20,466				
					
_	206,767	3,026,406	145,843	46,780	1,002,068
_					
Φ_					 •
\$		\$ <u></u>	\$ <u></u>	\$	\$

Total

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, 2017

Data Contro Codes		_	429 State Funded Decial Revenue Fund		480 College for all Iniative	_	484 JET/Texas Workforce Comission	_	Nonmajor Special Revenue Funds (See Exhibit H-2)
5700	Local and Intermediate Sources	\$		\$	126,762	\$		\$	126,762
5800	State Program Revenues	Ψ	1,859,297	Ψ		Ψ	263,913	Ψ	3,183,290
5900	Federal Program Revenues								37,341,068
5020	Total Revenues	_	1,859,297	_	126,762	_	263,913	_	40,651,120
						_	<u> </u>	_	
	EXPENDITURES:								
	Current:								
0011	Instruction		1,603,036				263,913		24,840,165
0012	Instructional Resources and Media Services		743						315,525
0013	Curriculum and Staff Development		202,422						4,096,232
0021	Instructional Leadership		930						3,095,818
0023	School Leadership		43,513						215,192
0031	Guidance, Counseling, & Evaluation Services		3,475						3,039,685
0032	Social Work Services								575,647
0033	Health Services								217,210
0035	Food Service								124,797
0041	General Administration		5,178		119,513				124,691
0051	Facilities Maintenance and Operations								147,614
0053	Data Processing Services				7,249				7,249
0061	Community Services								1,572,142
0081	Capital Outlay								2,279,153
6030	Total Expenditures		1,859,297		126,762		263,913		40,651,120
1100	Excess (Deficiency) of Revenues Over (Under)								
1100	Expenditures								
1100	Experiorales	_		_		-		_	
0100	Fund Balances - Beginning								
3000	Fund Balances - Ending	\$		\$		\$		\$	

COMBINING BALANCE SHEET NONMAJOR PERMANENT FUNDS AUGUST 31, 2017

						Total	
			840	841		Nonmajor	
Data			Trick	General		Permanent	
Contro	ıl		O-Treat	Agency		Funds (See	
Codes	;		Scholarship	& Trust		Exhibit H-1)	
	ASSETS:	=			_		
1110	Cash and Cash Equivalents	\$	2,928	\$ 345,812	\$	348,740	
1260	Due from Other Funds			157,089		157,089	
1290	Other Receivables			6,106		6,106	
1000	Total Assets	-	2,928	509,007		511,935	
			_	 _			
	LIABILITIES:						
	Current Liabilities:						
2110	Accounts Payable	\$		\$ 1,193	\$	1,193	
2170	Due to Other Funds			256		256	
2180	Due to Other Governments			91,663		91,663	
2190	Due to Student Groups	_	2,056	 410,096		412,152	
2000	Total Liabilities		2,056	503,208		505,264	
	FUND BALANCES:						
	Restricted Fund Balances:						
3490	Other Restrictions of Fund Balance	_	872	5,799		6,671	
3000	Total Fund Balances		872	5,799		6,671	
4000	Total Liabilities and Fund Balances	\$ _.	2,928	\$ 509,007	\$_	511,935	

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES NONMAJOR PERMANENT FUNDS FOR THE YEAR ENDED AUGUST 31, 2017

		836	837
Data			
Contro			
Codes		Escrow I	Escrow II
	REVENUES:	 	
5020	Total Revenues	\$ 	\$
	EXPENDITURES:		
6030	Total Expenditures		
1100	Excess (Deficiency) of Revenues Over (Under)		
1100	Expenditures	 <u></u>	
0100	Fund Balances - Beginning	2,068	2,520
	Prior Period Adjustment	(2,068)	(2,520)
	Fund Balances - Beginning, as Restated		` '
3000	Fund Balances - Ending	\$ 	\$

	840 Trick O-Treat Scholarship	841 General Agency & Trust	Total Nonmajor Permanent Funds (See Exhibit H-2)
-			
\$_		\$	S
_			
-			
_			
	872	5,799	11,259
		'	(4,588)
	872	5,799	6,671
\$_	872	\$ 5,799	6,671

COMBINING STATEMENT OF NET POSITION NONMAJOR ENTERPRISE FUNDS AUGUST 31, 2017

		Enterprise Fund		Enterprise Fund		Enterprise Fund		Total Nonmajor
Data	_							Enterprise
Control		College		Digital			ı	Funds (See
Codes		For All		Billboard		ACT/RGV	ı	Exhibit D-1)
ASSETS:	_				-		-	<u> </u>
Current Assets:								
1110 Cash and Cash Equivalents	\$	195,427	\$	37,642	\$		\$	233,069
Receivables:								
1290 Other Receivables (net)						22,242		22,242
Total Current Assets	_	195,427		37,642		22,242		255,311
1000 Total Assets	_	195,427		37,642		22,242		255,311
LIABILITIES:								
Current Liabilities:								
2110 Accounts Payable	\$	191	\$		\$	20,094	\$	20,285
2160 Accrued Wages Payable						2,105		2,105
2170 Due to Other Funds						43		43
Total Current Liabilities	_	191	-			22,242	-	22,433
2000 Total Liabilities	_	191				22,242		22,433
NET POSITION:								
3800 Restricted		195,236		37,642				232,878
3000 Total Net Position	\$_	195,236	\$	37,642	\$		\$	232,878

COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION NONMAJOR ENTERPRISE FUNDS FOR THE YEAR ENDED AUGUST 31, 2017

			Enterprise Fund		Enterprise Fund		Enterprise Fund		Total Nonmajor
Data		_		_		_			Enterprise
Contro	ol		College		Digital				Funds (See
Codes	3	_	For All		Billboard		ACT/RGV		Exhibit D-2)
	OPERATING REVENUES:								
5700	Local and Intermediate Sources	\$	95,924	\$	20,685	\$	22,242	\$	138,851
5020	Total Revenues	_	95,924	_	20,685	_	22,242	_	138,851
	OPERATING EXPENSES:								
6100	Payroll Costs		343				2,149		2,492
6200	Professional and Contracted Services		22,365		5,720		20,093		48,178
6300	Supplies and Materials		4,118						4,118
6400	Other Operating Costs		27,027						27,027
6030	Total Expenses	_	53,853	_	5,720	_	22,242	_	81,815
1300	Change in Net Position		42,071		14,965				57,036
0100	Total Net Position - Beginning		153,165		22,677				175,842
3300	Total Net Position - Ending	\$	195,236	\$	37,642	\$		\$	232,878



COMBINING STATEMENT OF CASH FLOWS NONMAJOR ENTERPRISE FUNDS FOR THE YEAR ENDED AUGUST 31, 2017

TOTT THE TEATTERDED ACCOUNTS, 2017		711 College For All		712 Digital Billboard	_	713	F	Total Nonmajor Enterprise Funds (See Exhibit D-3)
Cash Flows from Operating Activities:	Φ	05.004	Φ	00.005	Φ		Φ	110 000
Cash Received from Customers	\$	95,924	\$	20,685	\$		\$	116,609
Cash Received from Grants Cash Receipts (Payments) for Quasi-external								
Operating Transactions with Other Funds								
Cash Payments to Employees								
Cash Payments to Suppliers for Goods and Service	c	(53,662)		(6,600)				(60,262)
Cash Payments for Grants to Other Organizations	3	(55,002)		(0,000)				(00,202)
Other Operating Cash Receipts (Payments)								
Net Cash Provided (Used) by Operating Activities	_	42,262	-	14,085	-		_	56,347
Not out it follows (Osca) by Operating Notivities	_	72,202	-	14,000	-		_	30,047
Cash Flows from Non-capital Financing Activities:								
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	_				-			
			-		-		-	
Cash Flows from Capital and Related Financing Act	ivitie	es:						
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								
9	_				_			
Cash Flows from Investing Activities:								
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	;	42,262		14,085				56,347
Cash and Cash Equivalents at Beginning of Year		153,165		23,557				176,722
Cash and Cash Equivalents at End of Year	\$	195,427	\$	37,642	\$_		\$	233,069
			-		_		-	
Reconciliation of Operating Income to Net Cash Provided by Operating Activities:								
Operating Income (Loss)	\$	42,071	\$	14,965	\$		\$	57,036
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						(22,242)		(22,242)
Decrease (Increase) in Prepaid Expenses								
Increase (Decrease) in Accounts Payable		191		(880)		20,094		19,405
Increase (Decrease) in Payroll Deductions				` ′				
Increase (Decrease) in Accrued Wages Payable						2,105		2,105
Increase (Decrease) in Interfund Payables						43		43
Increase (Decrease) in Due to Other Governments								
Increase (Decrease) in Accrued Expenses								
Total Adjustments	_	191		(880)	_			(689)
Net Cash Provided (Used) by Operating Activities	\$	42,262	\$	14,085	\$		\$	56,347
	_	· · · · · · · · · · · · · · · · · · ·	-		=			

COMBINING STATEMENT OF NET POSITION INTERNAL SERVICE FUNDS AUGUST 31, 2017

			752		753
Data			Print		
Contro	1		Shop		Insurance
Codes			Fund		Fund
	ASSETS:				
	Current Assets:				
1110		\$	103,120	\$	1,551,343
	Receivables:				
1260	Due from Other Funds				36
1290	Other Receivables (net)				140,511
	Total Current Assets		103,120		1,691,890
	Name of the state				
	Noncurrent Assets:				
4500	Capital Assets:		00.040		
1530	Furniture and Equipment		62,049		
1570	Accumulated Depreciation		(62,049)		
	Total Noncurrent Assets				
1000	Total Assets		103,120		1,691,890
	LIABILITIES:				
	Current Liabilities:				
2110	Accounts Payable	\$	1,096	\$	123
2160	Accrued Wages Payable	*	4,227	,	
2170	Due to Other Funds		87		737
	Total Current Liabilities		5,410		860
2000	Total Liabilities		5,410		860
	NET POSITION:				
3800	Restricted		07.710		1 601 020
3000	Total Net Position	\$	97,710 97,710	\$	1,691,030
3000	Total Net T Usition	Ψ	37,710	Ψ	1,031,030

771	772	Total Internal
771	772	Service
Copier	Workmen's	Funds (See
Fund	Compensation	Exhibit D-1)
	Compensation	
\$ 251,532	\$ 5,725,844	\$ 7,631,839
	2,403	2,439
299	9,104	149,914
251,831	5,737,351	7,784,192
27,009		89,058
(18,004)		(80,053)
9,005		9,005
260,836	5,737,351	7,793,197
\$ 4,420	\$	\$ 5,639
		4,227
	506	1,330
4,420	506	11,196
4,420	506	11,196
256,416	5,736,845	7,782,001
\$ 256,416	\$ 5,736,845	\$ 7,782,001

COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION INTERNAL SERVICE FUNDS FOR THE YEAR ENDED AUGUST 31, 2017

		752		753
Data		Print		
Contro		Shop		Insurance
Codes		Fund		Fund
-	OPERATING REVENUES:		-	
5700	Local and Intermediate Sources	\$ 341,723	\$	36,803,695
5020	Total Revenues	341,723	-	36,803,695
	OPERATING EXPENSES:			
6100	Payroll Costs	140,745		
6200	Professional and Contracted Services	65,742		37,095,124
6300	Supplies and Materials	60,091		19,906
6400	Other Operating Costs			263,103
6030	Total Expenses	 266,578	-	37,378,133
	Income (Loss) before Contributions and Transfers	75,145		(574,438)
7915	Transfers In			1,324,000
8911	Transfers Out			
1300	Change in Net Position	 75,145	-	749,562
1300	Change in Net Position	75,145		749,562
0100	Total Net Position - Beginning	22,565		941,468
3300	Total Net Position - Ending	\$ 97,710	\$	1,691,030

771	772	Total Internal
		Service
Copier	Workmen's	Funds (See
Fund	Compensation	Exhibit D-2)
\$ 42,760	\$ 2,655,825	\$ 39,844,003
42,760	2,655,825	39,844,003
		140,745
36,319	1,476,450	38,673,635
5,181		85,178
		263,103
41,500	1,476,450	39,162,661
1,260	1,179,375	681,342
		1 224 000
	(1.070.000)	1,324,000
	(1,070,000)	(1,070,000)
1,260	109,375	935,342
1,260	109,375	935,342
255,156	5,627,470	6,846,659
\$ 256,416	\$5,736,845_	\$ 7,782,001

COMBINING STATEMENT OF CASH FLOWS ALL INTERNAL SERVICE FUNDS FOR THE YEAR ENDED AUGUST 31, 2017

		752 Print Shop Fund		753 Insurance Fund		771 Copier Fund
Cash Flows from Operating Activities: Cash Received from Customers	\$	341,723	\$	36,803,695	\$	42,463
Cash Received from Grants						
Cash Receipts (Payments) for Quasi-external				1 224 000		
Operating Transactions with Other Funds Cash Payments to Employees		(142,388)		1,324,000 (37,101,165)		(39,390)
Cash Payments to Suppliers for Goods and Services		(128,774)		(280,995)		
Cash Payments for Grants to Other Organizations						
Other Operating Cash Receipts (Payments)			_			
Net Cash Provided (Used) by Operating Activities		70,561	_	745,535		3,073
Cash Flows from Non-capital Financing Activities:						
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			_			
Cash Flows from Capital and Related Financing Activities:						
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						
3 11 3 1 3 1 1 1 1 1 1 1 1 1 1 1 1 1 1			_	-		
Cash Flows from Investing Activities:						
Purchase of Investment Securities						
Proceeds from Sale and Maturities of Securities Interest and Dividends on Investments						
Net Cash Provided (Used) for Investing Activities			_			
The second secon	_		_			
Net Increase (Decrease) in Cash and Cash Equivalents		70,561		745,535		3,073
Cash and Cash Equivalents at Beginning of Year		32,559		805,808		248,459
Cash and Cash Equivalents at End of Year	\$	103,120	\$ ₌	1,551,343	\$	251,532
Reconciliation of Operating Income to Net Cash						
Provided by Operating Activities: Operating Income (Loss)	\$	75,145	\$	749,562	\$	1,260
Adjustments to Reconcile Operating Income to Net	Ψ	75,145	Ψ	740,002	Ψ	1,200
Cash Provided by Operating Activities						
Depreciation						
Change in Assets and Liabilities:						
Decrease (Increase) in Receivables						(297)
Decrease (Increase) in Inventories						
Decrease (Increase) in Prepaid Expenses Increase (Decrease) in Accounts Payable		(2,945)		2,014		 2,110
Increase (Decrease) in Payroll Deductions		(2,945)		2,014		2,110
Increase (Decrease) in Accrued Wages Payable		(1,643)				
Increase (Decrease) in Interfund Payables		4		(6,041)		
Increase (Decrease) in Due to Other Governments						
Increase (Decrease) in Accrued Expenses	_		_			
Total Adjustments	φ	(4,584)	φ_	(4,027)	φ	1,813
Net Cash Provided (Used) by Operating Activities	Φ	70,561	Ψ ₌	745,535	Ф	3,073

EXHIBIT H-12

_ <u>C</u>	772 Workmen's compensation		Internal Service Funds (See Exhibit D-3)
\$	2,655,825 	\$	39,843,706
	(1,070,000) (1,418,604) 167,221		254,000 (38,701,547) (409,769) 986,390
		-	
\$	167,221 5,558,623 5,725,844	\$	986,390 6,645,449 7,631,839
\$	109,375	\$	935,342
	 57,846		(297) 1,179 (1,643) 51,809
\$	57,846 167,221	\$	51,048 986,390

COMBINING STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES AGENCY FUNDS AUGUST 31, 2017

		842		865		Total	
Data	G	eneral				Agency	
Control	A	Agency		Student	F	unds (See	
Codes	ä	& Trust		Activity	Е	xhibit E-1)	
ASSETS:				<u>-</u>		· · ·	
1110 Cash and Cash Equivalents	\$	3,052	\$	831,231	\$	834,283	
1290 Other Receivables		100				100	
1000 Total Assets		3,152		831,231		834,383	
LIABILITIES:							
Current Liabilities:							
2190 Due to Student Groups	\$	3,152	\$	831,231	\$	834,383	
2000 Total Liabilities		3,152		831,231		834,383	
NET POSITION:							
3000 Total Net Position	Φ		\$		\$		
3000 Total Net Fosition	Ψ		Ψ		Ψ		

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.

SCHEDULE OF DELINQUENT TAXES RECEIVABLE FOR THE YEAR ENDED AUGUST 31, 2017

	1	2	3 Assessed/Appraised
Year Ended		ax Rates	Value For School
August 31	Maintenance	Debt Service	Tax Purposes
2008 and Prior Years	\$ Various	\$ Various	\$ Various
2009	1.04	.231	2,308,797,178
2010	1.04	.2613	3,460,753,968
2011	1.04	.3192	3,428,758,885
2012	1.17	.1892	3,454,074,798
2013	1.17	.1892	3,470,999,451
2014	1.17	.1889	3,594,699,916
2015	1.17	.1889	3,840,693,698
2016	1.17	.2292	3,913,771,066
2017 (School Year Under Audit)	1.17	.2192	4,095,443,046
1000 Totals			

9000 - Portion of Row 1000 for Taxes Paid into Tax Increment Zone Under Chapter 311, Tax Code

10 Beginning		20 Current		31		32		40 Entire		50 Ending
Balance 9/1/16		Year's Total Levy		Maintenance Collections		Debt Service Collections		Year's Adjustments		Balance 8/31/17
\$ 1,777,062	\$		\$	68,976	\$	8,971	\$	(471,664)	\$	1,227,451
273,969				22,246		4,941		(127,762)		119,020
298,423				19,099		4,799		5,578		280,103
338,159				28,630		8,787		8,189		308,931
390,471				57,589		9,313		(53,662)		269,907
530,178				114,084		18,449		(13,422)		384,223
701,741				194,355		31,429		(12,323)		463,634
1,232,687				424,962		68,720		(10,525)		728,480
2,344,622				886,432		173,650		(10,343)		1,274,197
		56,528,231		44,931,110		8,801,888		(45,636)		2,749,597
\$ 7,887,312	\$_	56,528,231	\$	46,747,483	\$_	9,130,947	\$_	(731,570)	\$	7,805,543
\$ 	\$		\$		\$		\$		\$	

Less: Allowance for uncollectable Total

DEBT SERVICE BUDGETARY COMPARISON SCHEDULE FOR THE YEAR ENDED AUGUST 31, 2017

Data			1		2		3		/ariance with Final Budget	
Control		Budgeted Amounts						Positive		
Codes		_	Original		Final		Actual		(Negative)	
	REVENUES:	_		_				_	, , , , , , , , , , , , , , , , , , , 	
5700	Local and Intermediate Sources	\$	8,405,024	\$	9,457,974	\$	9,418,530	\$	(39,444)	
5800	State Program Revenues		17,466,427		17,225,432		17,559,710		334,278	
5020	Total Revenues		25,871,451	_	26,683,406		26,978,240		294,834	
	EXPENDITURES:									
	Debt Service:									
0071	Principal on Long-Term Debt		7,820,000		16,810,000		16,795,000		15,000	
0072	Interest on Long-Term Debt		11,822,922		13,993,772		13,973,956		19,816	
0073	Bond Issuance Costs and Fees		7,145		14,380		12,430		1,950	
	Total Debt Service	_	19,650,067	_	30,818,152	_	30,781,386	_	36,766	
6030	Total Expenditures	-	19,650,067	-	30,818,152	-	30,781,386	_	36,766	
1100	Excess (Deficiency) of Revenues Over (Under)									
1100	Expenditures		6,221,384		(4,134,746)		(3,803,146)		331,600	
	·	_		_			, , , ,	_		
	Other Financing Sources (Uses):									
7915	Transfers In		4,896,068		15,937,718		15,183,234		(754,484)	
8911	Transfers Out	_		_	(11,043,775)	_	(11,043,775)	_		
7080	Total Other Financing Sources and (Uses)	_	4,896,068	_	4,893,943	_	4,139,459	_	(754,484)	
1200	Net Change in Fund Balance		11,117,452		759,197		336,313		(422,884)	
0100	Fund Balance - Beginning				1,515,192		1,515,192			
3000	Fund Balance - Beginning Fund Balance - Ending	\$	11,117,452	\$	2,274,389	\$	1,851,505	\$	(422,884)	
- 0000	- and -anality -	Ψ_	,,	Ψ_	_,_, _,,,,,,,,	Ψ_	1,001,000	Ψ_	(122,001)	

Certified Public Accountants

208 W. Ferguson Unit #1 • Pharr, Jexas 78577

Sel: (956) 787-9909 • Fax: (956) 787-3067

Email: orq110n@aol.com

Oscar R. González Melissa González

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, the business-type activities, each major fund, and the aggregate remaining fund information of Pharr-San Juan-Alamo Independent School District, as of and for the year ended August 31, 2017, and the related notes to the financial statements, which collectively comprise Pharr-San Juan-Alamo Independent School District's basic financial statements, and have issued our report thereon dated January 22, 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.

Oscar R. Gonzalez, CPA and Associates PLLC
Cortified Bublic Associates PLLC

Certified Public Accountants

Pharr, TX

January 22, 2018

Certified Public Accountants

208 W. Ferguson Unit #1 • Pharr, Texas 78577

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Email: org110n@aol.com

Oscar R. González Melissa González

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, 2017. 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 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 31,2017.

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 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 considered 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 and Associates PLLC
Ceretified Public Accountants

Pharr, TX January 22, 2018

SCHEDULE OF FINDINGS AND QUESTIONED COSTS FOR THE YEAR ENDED AUGUST 31, 2017

C. Federal Award Findings and Questioned Costs

NONE

Α.	Sum	nmary of Auditor's Results					
	1.	Financial Statements					
		Type of auditor's report issued:		<u>Unm</u>	<u>odified</u>		
		Internal control over financial reporting:					
		One or more material weaknesses	identified?		Yes	X	No
		One or more significant deficiencies are not considered to be material w			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 are not considered to be material w			Yes	_X	None Reported
		Type of auditor's report issued on comp major programs:	liance for	<u>Unm</u>	<u>odified</u>		
		Any audit findings disclosed that are requested in accordance with Title 2 U.S Federal Regulations (CFR) Part 200?			Yes	X	No
		Identification of major programs:					
		<u>CFDA Number(s)</u> 84.374 84.010A	Name of Federal Pr Teacher Incentive F ESEA Title I Part A	-	or Cluster		
		Dollar threshold used to distinguish betw type A and type B programs:	veen	<u>\$1,76</u>	63,622		
		Auditee qualified as low-risk auditee?		X	Yes		No
В.	<u>Fina</u>	ncial Statement Findings					
	ОИ	NE					

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS FOR THE YEAR ENDED AUGUST 31, 2017

		Management's Explanation
Finding/Recommendation	Current Status	If Not Implemented
None		

CORRECTIVE ACTION PLAN FOR THE YEAR ENDED AUGUST 31, 2017

N/A

EXHIBIT K-1 Page 1 of 3

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS FOR THE YEAR ENDED AUGUST 31, 2017

(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
CCDF CLUSTER:				
U. S. Department of Health and Human Services Passed Through State Department of Education: Child Care Development Block Grant Total U. S. Department of Health and Human Services Total CCDF Cluster	93.575	2916INT006	\$ 	\$ 117,389 117,389 117,389
CHILD NUTRITION CLUSTER:				
U. S. Department of Agriculture Passed Through State Department of Education: School Breakfast Program National School Lunch Program Total Passed Through State Department of Education Passed Through Texas Department of Agriculture: Summer Food Service Program Total U. S. Department of Agriculture Total Child Nutrition Cluster	10.553 10.555 10.559	00571 00571 00571	 	5,176,596 12,550,414 17,727,010 714,330 18,441,340 18,441,340
FOOD DISTRIBUTION CLUSTER:				
U. S. Department of Agriculture Passed Through State Department of Education: Commodity Supplemental Food Program Total U. S. Department of Agriculture Total Food Distribution Cluster	10.565	00571		1,545,508 1,545,508 1,545,508
MEDICAID CLUSTER:				
U. S. Department of Health and Human Services Passed Through State Department of Education: Medicaid Administrative Claiming Program - MAC Total U. S. Department of Health and Human Services Total Medicaid Cluster	93.778	108-909	 	242,817 242,817 242,817
SPECIAL EDUCATION (IDEA) CLUSTER:				
U. S. Department of Education Passed Through State Department of Education: IDEA-B Formula IDEA-B Formula Total CFDA Number 84.027	84.027 84.027	766000110890 866000110890		4,675,249 336,424 5,011,673
IDEA-B Preschool IDEA-B Preschool Total CFDA Number 84.173 Total Passed Through State Department of Education Total U. S. Department of Education Total Special Education (IDEA) Cluster	84.173 84.173	766100110890 866100110890		57,977 4,232 62,209 5,073,882 5,073,882 \$ 5,073,882

EXHIBIT K-1 Page 2 of 3

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS FOR THE YEAR ENDED AUGUST 31, 2017

(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
OTHER PROGRAMS:				
U. S. Department of Health and Human Services Passed Through State Department of Education: Head Start Total U. S. Department of Health and Human Services	93.600	06HP0020-0 \$	§	\$ 6,964,804 6,964,804
U. S. Department of Justice Passed Through State Department of Education: Safe School Research Initiative Safe School Research Initiative Total CFDA Number 16.560 Total U. S. Department of Justice	16.560 16.560	2014-CK-BX-15 2014-CK-BX-15		118 1,153,356 1,153,474 1,153,474
U. S. Department of Education Passed Through State Department of Education: ESEA Title I Part A - Improving Basic Programs ESEA Title I Part A - Improving Basic Programs ESEA Title I Part A - Improving Basic Programs ESEA Title I Part A - Improving Basic Programs ESEA Title I Part A - Improving Basic Programs Total CFDA Number 84.010A	84.010A 84.010A	7610112108909	9 9 9	96 920,717 18,932 12,251,882 494,489 13,686,116
ESEA Title I Part C - Education of Migratory Children ESEA Title I Part C - Education of Migratory Children Total CFDA Number 84.011	84.011 84.011	7615001108909 8615001108909		3,020,884 148,537 3,169,421
Industry Cluster Perkins Career and Technical - Basic Grant Career and Technical - Basic Grant Total CFDA Number 84.048	84.048 84.048 84.048	7392201711010 7661001089090 8420006108909	ô	11,232 437,499 7,634 456,365
GEAR UP	84.334S	P334A110180-	1	299,075
Title III Part A English Language Acquisition and Language Enhand Title III Part A English Language Acquisition and Language Enhand Title III Part A English Language Acquisition and Language Enhand Total CFDA Number 84.365	c∈ 84.365	6671001108909 7671001108909 8671001108909	9	181 1,430,059 89,845 1,520,085
Mathematics and Science Partnerships	84.366	569441871100	1	866
ESEA Title II Part A - Teacher & Principal Training & Recruiting ESEA Title II Part A - Teacher & Principal Training & Recruiting ESEA Title II Part A - Teacher & Principal Training & Recruiting Total CFDA Number 84.367A	84.367A	6694501108909 7694501108909 8694501108909	9	426 1,292,694 7,102 1,300,222
LEP Summer School	84.369A	69551602		37,288
Teacher Incentive Fund	84.374	S374A120099		2,521,623
Title I SIP Academy Grant	84.377	661073071100	0	206,767

EXHIBIT K-1 Page 3 of 3

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS FOR THE YEAR ENDED AUGUST 31, 2017

(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
i3 Early College Expansion Partnership	84.411B	U411B12004	\$	\$	417,309
Project HEAL2 - Health Education & Leadership for ALL	84.411C	U411C16011	\$	\$	14,205
Multi Tiered Systems of Support for Behavior Total Passed Through State Department of Education Total U. S. Department of Education	84.999	ED-IES-14-C-	00 <u></u> 	_ _	83,118 23,712,460 23,712,460
U. S. Department of Agriculture Passed Through State Department of Education: Freeh Fruit & Vegetable Program	10.582	00571			176 166
Fresh Fruit & Vegetable Program Passed Through Texas Department of Agriculture: Child and Adult Care Food Program	10.558	00571			176,166 1,359,568
Total U. S. Department of Agriculture	10.550	00371		_	1,535,734
TOTAL EXPENDITURES OF FEDERAL AWARDS			\$ 335,873	\$_	58,787,408

The accompanying notes are an integral part of this schedule.

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS FOR THE YEAR ENDED AUGUST 31, 2017

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.

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.

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.

Indirect Cost Rate

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

Sub-recipients

During the year ended August 31, 2017, the District had a sub-recipient related to Safe School Research Ininiative for the amount of \$335,873 provided to SRI International.

Federal Loans and Loan Guarantees

During the year ended August 31, 2017, the District had no outstanding federal loans payable or loan guarantee

Federally Funded Insurance

During the year ended August 31, 2017, the District had no federally funded insurance.

Noncash awards

During the year ended August 31, 2017, the District did not receive noncash-assistance.

SCHEDULE OF REQUIRED RESPONSES TO SELECTED SCHOOL FIRST INDICATORS AS OF AUGUST 31, 2017

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?	\$	374,999
SF11	Net Pension Assets (object 1920) at fiscal year-end.	\$	
SF12	Net Pension Liabilities (object 2540) at fiscal year-end.	\$	68,328,497
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	3	

the AFR and data feed has been submitted no additional steps need to be taken."