

PHARR-SAN JUAN-ALAMO
INDEPENDENT SCHOOL DISTRICT

ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED AUGUST 31, 2015

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Introductory Section

Pharr-San Juan-Alamo Independent School District
Annual Financial Report
For The Year Ended August 31, 2015

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PHARR-SAN JUAN-ALAMO INDEPENDENT SCHOOL DISTRICT

LIST OF PRINCIPAL OFFICIALS

AUGUST 31, 2015

November 2014 - November 2015 Elected Officials

<u>Name</u>	<u>Office</u>
Mr. Jesus "Jesse" Vela, Jr.	President
Mr. Guadalupe "Lupe" Rodriguez	Vice-President
Mr. Humberto "Bobby" Rodriguez	Secretary-Treasurer
Mr. Ben Garza, Jr.	Assistant Secretary-Treasurer
Mr. Ronaldo "Ronnie" Cantu	Member
Mr. Reymundo Gonzalez	Member
Mr. Victor Perez	Member

November 2015 - November 2016 Elected Officials

<u>Name</u>	<u>Office</u>
Mr. Guadalupe "Lupe" Rodriguez	President
Mr. Ben Garza, Jr.	Vice-President
Mr. Jesus "Jesse" Vela, Jr.	Secretary-Treasurer
Mr. Humberto "Bobby" Rodriguez	Assistant Secretary-Treasurer
Mr. Ronaldo "Ronnie" Cantu	Member
Mr. Reymundo Gonzalez	Member
Mr. Victor Perez	Member

Appointed Officials

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

CERTIFICATE OF BOARD

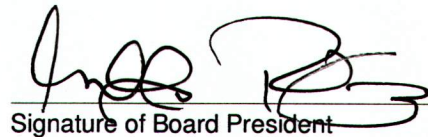
Pharr-San Juan-Alamo Independent School District
Name of School District

Hidalgo
County

108-909
Co.-Dist. Number

We, the undersigned, certify that the attached annual financial reports of the above named school district were reviewed and (check one) ☒ approved ☐ disapproved for the year ended August 31, 2015, at a meeting of the board of trustees of such school district on the 25th day of January, 2016.


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)

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Financial Section



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&
Associates, P.L.L.C.
Certified Public Accountants
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*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, 2015, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of 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 of 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, 2015, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

Change in Accounting Principle

As described in Note A to the financial statements, in 2015, Pharr-San Juan-Alamo Independent School District adopted new accounting guidance, Government Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions*, and GASB Statement No. 71, *Pension Transition for contributions made Subsequent to the Measurement Date -- an amendment of GASB Statement No. 68*. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, 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 U. S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the basic financial statements. The 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 19, 2016 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 19, 2016

Management's Discussion and Analysis

MANAGEMENT'S DISCUSSION AND ANALYSIS

This section of Pharr-San Juan-Alamo Independent School District's annual financial report presents our discussion and analysis of the District's financial performance during the fiscal year ended August 31, 2015. Please read it in conjunction with the District's financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

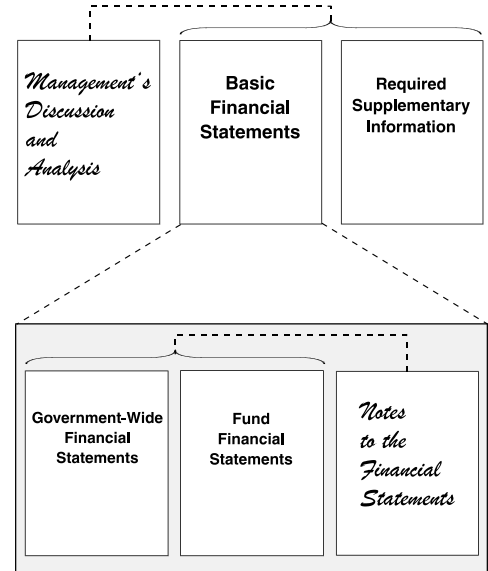
- The District's total combined net position was \$356,116,714 for fiscal year ending August 31, 2015. This amounted to an increase of \$25,913,470 from last year's restated total of \$330,203,244. The restatement is due to the implementation of GASB Statement No. 68 for Accounting and Reporting for Pensions. (Refer to Table A-2 and Note A.4.b).
- During the year, the District's expenses were \$25,913,470 less than the revenue generated in taxes and other revenues for governmental activities.
- The general fund reported a fund balance this year of \$72,567,692, with \$24,936,585 of this amount unassigned.

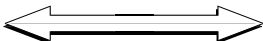
OVERVIEW OF THE FINANCIAL STATEMENTS

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:

- 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.

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



Summary  Detail

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

Type of Statements	Fund Statements			
	Government-wide	Governmental Funds	Proprietary Funds	Fiduciary Funds
Scope	Entire Agency's government (except fiduciary funds) and the Agency's component units	The activities of the district that are not proprietary or fiduciary	Activities the district operates similar to private businesses; self insurance	Instances in which the district is the trustee or agent for someone else's resources
Required financial statements	<ul style="list-style-type: none"> • Statement of net position • Statement of activities 	<ul style="list-style-type: none"> • Balance sheet • Statement of revenues, expenditures & changes in fund balances 	<ul style="list-style-type: none"> • Statement of net position • Statement of revenues, expenses and changes in fund net position • Statement of cash flows 	<ul style="list-style-type: none"> • Statement of fiduciary net position • Statement of changes in fiduciary net position
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus	Accrual accounting and economic resources focus
Type of asset/liability information	All assets and liabilities, both financial and capital, short-term and long-term	Only assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets included	All assets and liabilities, both financial and capital, and short-term and long-term	All assets and liabilities, both short-term and long-term; the Agency's funds do not currently contain capital assets, although they can
Type of inflow/outflow information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and payment is due during the year or soon thereafter	All revenues and expenses during year, regardless of when cash is received or paid	All revenues and expenses during year, regardless of when cash is received or paid

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.

- 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 2015, the District adopted five new statements of financial accounting standards issued by the Governmental Accounting Standards Board:

- Statement No. 67, *Financial Reporting for Pension Plans – an amendment of GASB Statement No. 25*
- Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27*
- Statement No. 69, *Government Combinations and Disposals of Government Operations*
- Statement No. 70, *Accounting and Financial Reporting for Nonexchange Financial Guarantees*
- Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68*

Statement No. 67 establishes financial reporting standards, but not funding or budgetary standards, for state and local government defined benefit pension plans and defined contribution pension plans that are administered through trusts or equivalent arrangements (Pension Trusts) in which:

- a. Contributions from employers and nonemployer contributing entities to the pension plan and earnings on those

contributions are irrevocable.

- b. Pension plan assets are dedicated to providing pensions to plan members in accordance with the benefit terms.
- c. Pension plan assets are legally protected from the creditors of employers, nonemployer contributing entities, and the pension plan administrator. If the plan is a defined benefit pension plan, plan assets also are legally protected from creditors of the plan members.

For defined benefit pension plans, this Statement establishes standards of financial reporting for separately issued financial reports and presentation as pension trust funds in the financial statements of another government, and specifies the required approach to measuring the pension liability of employers and any nonemployer contributing entities for benefits provided through the pension plan (the net pension liability), about which certain information is required to be presented. Distinctions are made regarding the particular presentation requirements depending upon the type of pension plan administered. For defined contribution plans, the Statement provides specific note disclosure requirements.

The adoption of Statement No. 67 has no impact on the District's financial statements.

Statement No. 68 establishes standards of accounting and financial reporting, but not funding or budgetary standards, for defined benefit pensions and defined contribution pensions provided to the employees of state and local government employers through pension plans that are administered through trusts or equivalent arrangements criteria detailed above in the description of Statement No. 67. This Statement replaces the requirements of Statement No. 27, *Accounting for Pensions by State and Local Governmental Employers*, as well as the requirements of Statement No. 50, *Pension Disclosures*, as they relate to pensions that are provided through pension plans within the scope of the Statement.

The requirements of Statement No. 68 apply to the financial statements of all state and local governmental employers whose employees are provided with pensions through pension plans that are administered through trusts or equivalent arrangements as described above, and to the financial statements of state and local governmental nonemployer contributing entities that have a legal obligation to make contributions directly to such pension plans. This Statement establishes standards for measuring and recognizing liabilities, deferred outflows of resources, and deferred inflows of resources, and expense/expenditures related to pensions. Note disclosure and RSI requirements about pensions also are addressed. For defined benefit pension plans, this Statement identifies the methods and assumptions that should be used to project benefit payments, discount projected benefit payments to their actuarial present value, and attribute that present value to periods of employee service.

The adoption of Statement No. 68 has no impact on the District's governmental fund financial statements, which continue to report expenditures in the contribution amount determined by the state legislature for the TRS plan. The calculation of pension contributions is unaffected by the change. However, the adoption has resulted in the restatement of the District's beginning net position for the fiscal year 2014 government-wide financial statements to reflect the reporting of net pension liabilities and deferred inflows of resources and deferred outflows of resources for its qualified pension plan and the recognition of pension expense in accordance with the provisions of the Statement. Net position as of September 1, 2014 was decreased by \$46,026,806 to reflect the cumulative effect of adoption. The net pension liability of \$49,882,552 and the deferred outflows of resources of \$3,855,746 at August 31, 2014 were reported as a prior period adjustment to the net position on September 1, 2014. Refer to Note I for more information regarding the District's pension.

Statement No. 69 improves financial reporting by addressing accounting and financial reporting for government combinations and disposals of government operations. The term "government combinations" is used to refer to a variety of arrangements including mergers and acquisitions. Mergers include combinations of legally separate entities without the exchange of significant consideration. Government acquisitions are transactions in which a government acquires another entity, or its operations, in exchange for significant consideration. Government combinations also include transfers of operations that do not constitute entire legally separate entities in which no significant consideration is exchanged. Transfers of operations may be present in shared service arrangements, reorganizations, redistricting, annexations, and arrangements in which an operation is transferred to a new government created to provide those services.

There was no impact on the District's financial statements as a result of the implementation of Statement No. 69.

Statement No. 70 was issued to improve accounting and financial reporting by state and local governments that extend and receive nonexchange financial guarantees.

The Statement requires a government that extends a nonexchange financial guarantee to recognize a liability when

qualitative factors and historical data indicate that it is more likely than not that the government will be required to make a payment on the guarantee. The Statement requires a government that has issued an obligation guaranteed in a nonexchange transaction to recognize revenue to the extent of the reduction in its guaranteed liabilities. The Statement requires a government that is required to repay a guarantor for making a payment on a guaranteed obligation or legally assuming the guaranteed obligation to continue to recognize a liability until legally released as an obligor. When a government is released as an obligor, the government should recognize revenue as a result of being relieved of the obligation. This Statement also provides additional guidance for intra-entity nonexchange financial guarantees involving blended component units.

There was no impact on the District's financial statements as a result of the implementation of Statement No. 70.

Statement No. 71 amends Statement No. 68 to require that, at transition, a government recognize a beginning deferred outflow of resources for its pension contributions, if any, made subsequent to the measurement date of the beginning net pension liability. Since the measurement date of the pension plan was different than the District's fiscal year-end, the effect from the District's reported contributions to the plan subsequent to the respective measurement date of the plan as an increase in deferred outflow of resources and a decrease in net position as follows:

- TRS – The beginning deferred outflow includes contributions from September 1, 2013 through August 31, 2014, totaling \$3,855,746.

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

Net position. The District's combined net position was \$356,166,013 on August 31, 2015. (See Table A-1).

Table A-1
District's Net Position

	Governmental Activities		Business-Type Activities		Total	
	2014	2015	2014	2015	2014	2015
Current and Other Assets (Restated)	\$137,245,112	\$145,725,452	-	\$49,299	\$137,245,112	\$145,774,751
Capital and Non-Current Assets	664,515,471	682,624,086	-	-	664,515,471	682,624,086
Total Assets	801,760,583	828,349,538	-	49,299	801,760,583	828,398,837
Deferred Outflows of Resources (Restated)	9,565,970	20,430,158	-	-	9,565,970	20,430,158
Current Liabilities	33,116,102	34,083,383	-	-	33,116,102	34,083,383
Long Term Liabilities (Restated)	425,783,770	416,452,791	-	-	425,783,770	416,452,791
Total Liabilities	458,899,872	450,536,174	-	-	458,899,872	450,536,174
Deferred Inflows of Resources	22,223,437	42,126,808	-	-	22,223,437	42,126,808
Net Position						
Net Investment in Capital Assets	281,487,505	331,045,804	-	-	281,487,505	331,045,804
Restricted	81,915,338	6,956,611	-	-	81,915,338	6,956,611
Unrestricted	12,206,818	18,114,299	-	49,299	12,206,818	18,163,598
Total Net Position	\$375,609,661	\$356,116,714	-	\$49,299	\$375,609,661	\$356,166,013
Prior Period Adjustment - GASB 68	(46,026,806)	-	-	-	(46,026,806)	-
Prior Period Adjustment- Other	620,389				620,389	
Total Net Position - Restated	\$330,203,244	\$356,116,714	-	\$49,299	\$330,203,244	\$356,166,013

Net position of the District's Governmental 7.8% to \$356,116,714. 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 beginning balance of the net position in assets was decreased by \$45,406,417 due to the implementation of GASB Statement No. 68 for Accounting and Reporting for Pensions. (Refer to Note N).

The net position of the District's business-type activities increased to \$49,299 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.

Changes in net net position. The District's total general revenues were \$276,891,740. A significant portion, (79%), of the District's revenue comes from grants and contributions (See Figure A-3.).

The total cost of all programs and services was \$337,660,674; of these costs 77% are for instruction and instructional related services and student services.

Governmental Activities

- Investment earnings continued to decrease slightly due to the decrease in interest rates.
- Property taxes remained constant due to stable tax rate and only increased slightly due to slight increase in values. The tax rate for 2014-15 was \$1.3592. For 2015-16, the tax rate will increase to \$1.392. The maintenance and operations tax rate was 1.17 in 2014-15 and will remain the same in 2015-16. The debt service tax rate was .1892 in 2014-15 and will increase .2292 for 2015-16. 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 2015-16.

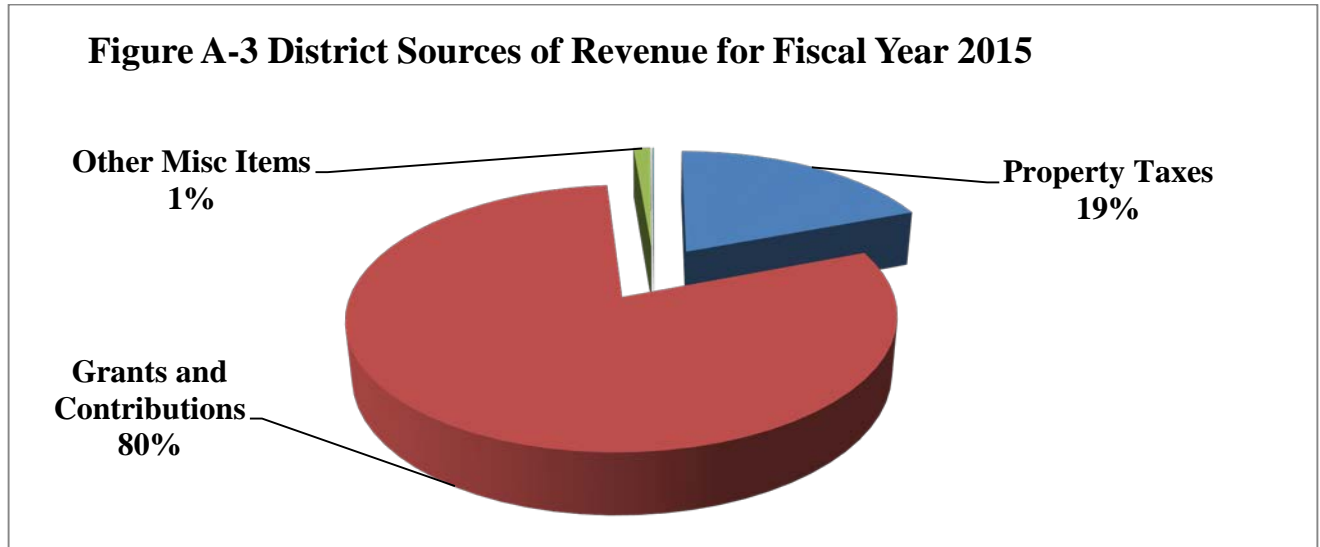


Table A-2
Changes in the District's Net Position

	<u>Governmental Activities 2014</u>	<u>Governmental Activities 2015</u>
Program Revenues:		
Charges for Services	\$ 1,038,308	\$796,918
Operating Grants and Contributions	73,151,143	71,663,878
Capital Grants and Contributions	13,744,675	14,221,608

General Revenues:

Property Taxes	49,464,869	53,041,178
Grants and Contributions not Restricted	205,898,189	220,198,229
Investment Earnings	286,891	255,218
Miscellaneous Revenue	4,069,564	3,397,115
Gain on Sale of District Property	0	0
Total Revenues	347,653,639	363,574,144

Program Expense

11 Instruction	170,424,243	173,567,465
12 Instructional resources media services	5,748,130	4,934,591
13 Curriculum Development and instructional staff development	9,504,475	8,889,741
21 Instructional Leadership	7,555,120	8,257,528
23 School Leadership	16,569,006	17,329,049
31 Guidance, counseling and evaluation services	11,929,132	12,889,383
32 Social work services	2,457,588	2,756,220
33 Health services	3,546,481	3,764,347
34 Transportation	5,370,812	6,438,060
35 Food Service	21,354,359	22,588,310
36 Curricular/Extracurricular activities	10,306,797	11,484,741
41 General Administration	12,314,529	7,116,879
51 Plant maintenance and operations	30,971,511	32,867,772
52 Security and monitoring	3,260,895	3,687,499
53 Data processing	1,539,212	2,869,745
61 Community services	1,830,848	1,684,051
72 Interest on Long Term Debt	16,325,318	15,101,059
73 Bond Issuance Cost and Fees	997,894	368,404
81 Capital Outlay	128,475	19,374
93 Payments related to Shared Services Arrangements	290,720	345,981
95 Payments to JJAEP	4,042	0
99 Other Intergovernmental Charges	653,731	700,475
Total Expenses	333,083,318	337,660,674
Increase (Decrease) in Net Position	\$14,570,321	\$25,913,470

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

- The net cost of all *governmental* activities this year was \$250,976,270. 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
Cost of Selected District's Functions

	Total Cost of Services 2014	Total Cost of Services 2015	% Change
Instruction	\$ 170,424,243	\$ 173,567,465	1.8%
Plant, Maintenance & Operations	30,971,511	32,867,772	6.1%
Food Service	21,354,359	22,588,310	5.8%
School Leadership	16,569,006	17,329,049	4.6%

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

Revenues from governmental fund types totaled \$361,572,155. 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, 2015, the fund balance of the general fund was \$72,587,692. The unassigned balance of \$24,936,585 or 34.35% 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 implementing GASB No. 54:

- \$2,204,978 is recorded as nonspendable for inventories and deferred expenditures;
- \$10,739,823 is recorded as Restricted; \$3,878,019 in Food Service and \$6,861,804 in other State programs;
- \$19,000,00 is recorded as committed for Construction;
- \$3,000,000 is recorded as committed for capital expenditures for equipment for new schools;
- \$10,811,306 is recorded as committed for sick leave payoff;
- \$1,875,000 is recorded as assigned for E-Rate and other items;
- \$24,936,585 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 2015, the District had invested \$682,625,893 in a broad range of capital assets, including land, equipment, buildings, and vehicles. (See Table A-4.)

		<u>Activities 2014</u>	<u>Activities 2015</u>
Capital Assets:			
	Land	\$ 17,454,715	\$ 17,461,487
	Buildings & Improvements	315,357,074	316,525,801
	Furniture & Equipment	41,313,462	43,530,191
	Vehicles	14,624,382	14,655,098
	Library Books	351,794	351,794
	Construction in Progress	387,493,313	413,171,576
	Infrastructure	<u>18,106,732</u>	<u>18,106,732</u>
	Total Capital Assets at Historical Cost	<u>794,701,472</u>	<u>823,802,679</u>
	Less: Accumulated Depreciation	<u>130,195,006</u>	<u>141,176,786</u>
	Net Capital Assets	<u>\$ 664,506,466</u>	<u>\$ 682,625,893</u>

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, 2015, are as follows:

Table A-5

Governmental Activities	Beginning Balance	Increases	Decreases	Ending Balance	Amt Due in One Year	Rating
General Obligation Bonds	\$343,755,000		\$13,090,000	\$330,665,000	\$13,305,000	AAA
Accretion	1,066,138	141,663	320,000	887,801	-	
QSCB Notes Payable	21,430,000	-	1,775,000	19,655,000	1,775,000	
QZAN – Tax Note Payable	-	16,660,000	-	16,660,000	1,075,000	
Sick Leave	11,425,081	3,726,516	4,340,291	10,811,306	-	
Subtotal	377,676,219	20,528,179	19,525,291	378,679,107	16,155,000	
Premium & Discount	22,223,436	8,879,654	1,158,591	29,944,499	-	
Total Governmental Activities	\$399,899,655	\$29,407,833	\$20,683,882	\$408,623,606	\$16,155,000	

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

- Appraised value used for the 2016 budget preparation is \$3.9 billion up \$300 million or 8.3%.
- The District's 2016 refined average daily attendance is expected to be 28,969. No growth was projected for the 2016 school year.

These indicators were taken into account when adopting the general fund budget for 2016. Amounts available for appropriation in the general fund budget are \$353 million. This represents an increase over the original 2015 budget of \$336 million. Property values continue to rise, but at a slower pace. The district will examine the budget for 2017 to take into account both the federal and state fiscal concerns.

Expenditures are budgeted to rise to \$354 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 2015 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 2016.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

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

Basic Financial Statements

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PHARR-SAN JUAN-ALAMO INDEPENDENT SCHOOL DISTRICT**STATEMENT OF NET POSITION**

AUGUST 31, 2015

Data Control Codes	1	2	3
	Governmental Activities	Business-type Activities	Total
ASSETS:			
1110 <i>Cash and Cash Equivalents</i>	\$ 115,654,172	\$ 49,299	\$ 115,703,471
1225 <i>Property Taxes Receivable (Net)</i>	7,229,801	--	7,229,801
1240 <i>Due from Other Governments</i>	19,202,891	--	19,202,891
1250 <i>Accrued Interest</i>	57,582	--	57,582
1290 <i>Other Receivables (Net)</i>	1,381,595	--	1,381,595
1300 <i>Inventories</i>	2,204,977	--	2,204,977
Capital Assets:			
1510 <i>Land</i>	17,461,490	--	17,461,490
1520 <i>Buildings and Improvements, Net</i>	229,009,054	--	229,009,054
1530 <i>Furniture and Equipment, Net</i>	18,421,263	--	18,421,263
1560 <i>Library Books and Media, Net</i>	245,649	--	245,649
1580 <i>Construction in Progress</i>	413,171,576	--	413,171,576
1590 <i>Infrastructure, Net</i>	4,315,054	--	4,315,054
1000 Total Assets	828,355,104	49,299	828,404,403
DEFERRED OUTFLOWS OF RESOURCES:			
1701 <i>Deferred Charges on Refunding (Net)</i>	13,877,503	--	13,877,503
1705 <i>Deferred Outflow Related to Pensions</i>	6,552,655	--	6,552,655
1700 Total Deferred Outflows of Resources	20,430,158	--	20,430,158
LIABILITIES:			
2110 <i>Accounts Payable</i>	5,341,022	--	5,341,022
2120 <i>Short-Term Debt Payable</i>	2,850,000	--	2,850,000
2140 <i>Interest Payable</i>	1,265,830	--	1,265,830
2165 <i>Accrued Liabilities</i>	16,780,367	--	16,780,367
2180 <i>Due to Other Governments</i>	4,779,161	--	4,779,161
2190 <i>Due to Student Groups</i>	1,721,884	--	1,721,884
2300 <i>Unearned Revenue</i>	1,345,119	--	1,345,119
Noncurrent Liabilities:			
2501 <i>Due Within One Year</i>	13,305,000	--	13,305,000
2502 <i>Due in More Than One Year</i>	362,524,106	--	362,524,106
2540 <i>Net Pension Liability</i>	40,623,685	--	40,623,685
2000 Total Liabilities	450,536,174	--	450,536,174
DEFERRED INFLOWS OF RESOURCES:			
2601 <i>Unamortized Premium on Bonds</i>	29,699,902	--	29,699,902
2605 <i>Deferred Inflow Related to Pensions</i>	12,426,906	--	12,426,906
2600 Total Deferred Inflows of Resources	42,126,808	--	42,126,808
NET POSITION:			
3200 Net Investment in Capital Assets	331,045,804	--	331,045,804
Restricted For:			
3820 <i>State and Federal Programs</i>	5,412,010	--	5,412,010
3850 <i>Debt Service</i>	1,533,342	--	1,533,342
3890 <i>Other Purposes</i>	11,259	--	11,259
3900 Unrestricted	18,119,865	49,299	18,169,164
3000 Total Net Position	\$ 356,122,280	\$ 49,299	\$ 356,171,579

The accompanying notes are an integral part of this statement.

PHARR-SAN JUAN-ALAMO INDEPENDENT SCHOOL DISTRICT

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED AUGUST 31, 2015

		1	3	4	5
				Program Revenues	
Data Control Codes	Functions/Programs	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
	Governmental Activities:				
11	Instruction	\$ 173,567,465	\$ 33,661	\$ 26,605,460	\$ 36,305
12	Instructional Resources and Media Services	4,934,591	1,302	566,486	1,503
13	Curriculum and Staff Development	8,889,741	1,396	4,730,286	925
21	Instructional Leadership	8,257,528	966	2,885,205	1,115
23	School Leadership	17,329,049	4,529	1,298,943	5,229
31	Guidance, Counseling, & Evaluation Services	12,889,383	1,737	3,465,967	2,006
32	Social Work Services	2,756,220	518	367,062	598
33	Health Services	3,764,347	972	369,804	1,122
34	Student Transportation	6,438,060	1,832	284,729	2,115
35	Food Service	22,588,310	389,801	22,302,473	34
36	Cocurricular/Extracurricular Activities	11,484,741	345,101	580,530	1,605
41	General Administration	7,116,879	2,003	418,123	15,150
51	Facilities Maintenance and Operations	32,867,772	9,563	1,358,461	10,880
52	Security and Monitoring Services	3,687,499	2,583	152,523	1,149
53	Data Processing Services	2,869,745	807	157,321	932
61	Community Services	1,684,051	141	1,149,456	163
72	Interest on Long-term Debt	15,101,059	--	4,970,334	14,146,336
73	Bond Issuance Costs and Fees	368,404	--	--	--
81	Capital Outlay	19,374	6	715	7
93	Payments Related to Shared Services Arrangement	345,981	--	--	--
99	Other Intergovernmental Charges	700,475	--	--	--
TG	Total Governmental Activities	<u>337,660,674</u>	<u>796,918</u>	<u>71,663,878</u>	<u>14,227,174</u>
	Business-type Activities:				
01	College for All	25,251	74,550	--	--
TB	Total Business-type Activities	<u>25,251</u>	<u>74,550</u>	<u>--</u>	<u>--</u>
TP	Total Primary Government	<u>\$ 337,685,925</u>	<u>\$ 871,468</u>	<u>\$ 71,663,878</u>	<u>\$ 14,227,174</u>
	General Revenues:				
MT	Property Taxes, Levied for General Purposes				
DT	Property Taxes, Levied for Debt Service				
IE	Investment Earnings				
GC	Grants and Contributions Not Restricted to Specific Programs				
MI	Miscellaneous				
TR	Total General Revenues				
CN	Change in Net Position				
NB	Net Position - Beginning				
PA	Prior Period Adjustment				
	Net Position - Beginning, as Restated				
NE	Net Position - Ending				

The accompanying notes are an integral part of this statement.

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Net (Expense) Revenue and Changes in Net Position

<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
\$ (146,892,039)		\$ (146,892,039)
(4,365,300)		(4,365,300)
(4,157,134)		(4,157,134)
(5,370,242)		(5,370,242)
(16,020,348)		(16,020,348)
(9,419,673)		(9,419,673)
(2,388,042)		(2,388,042)
(3,392,449)		(3,392,449)
(6,149,384)		(6,149,384)
103,998		103,998
(10,557,505)		(10,557,505)
(6,681,603)		(6,681,603)
(31,488,868)		(31,488,868)
(3,531,244)		(3,531,244)
(2,710,685)		(2,710,685)
(534,291)		(534,291)
4,015,611		4,015,611
(368,404)		(368,404)
(18,646)		(18,646)
(345,981)		(345,981)
(700,475)		(700,475)
<u>(250,972,704)</u>		<u>(250,972,704)</u>
--	\$ 49,299	49,299
--	<u>49,299</u>	<u>49,299</u>
<u>(250,972,704)</u>	<u>49,299</u>	<u>(250,923,405)</u>
45,702,260	--	45,702,260
7,338,918	--	7,338,918
255,218	--	255,218
220,198,229	--	220,198,229
3,397,115	--	3,397,115
<u>276,891,740</u>	--	<u>276,891,740</u>
25,919,036	49,299	25,968,335
375,609,661	--	375,609,661
(45,406,417)	--	(45,406,417)
330,203,244	--	330,203,244
<u>\$ 356,122,280</u>	<u>\$ 49,299</u>	<u>\$ 356,171,579</u>

PHARR-SAN JUAN-ALAMO INDEPENDENT SCHOOL DISTRICT

BALANCE SHEET - GOVERNMENTAL FUNDS

AUGUST 31, 2015

Data Control Codes		10 General Fund	50 Debt Service Fund
ASSETS:			
1110	Cash and Cash Equivalents	\$ 81,282,681	\$ 2,020,238
1225	Taxes Receivable, Net	6,213,730	1,016,071
1240	Due from Other Governments	9,812,471	98,358
1250	Accrued Interest	57,582	--
1260	Due from Other Funds	4,530,086	45,946,289
1290	Other Receivables	961,704	--
1300	Inventories	2,204,977	--
1000	Total Assets	105,063,231	49,080,956
LIABILITIES:			
Current Liabilities:			
2110	Accounts Payable	\$ 2,806,478	\$ --
2150	Payroll Deductions & Withholdings	858,317	--
2160	Accrued Wages Payable	14,152,030	--
2170	Due to Other Funds	3,731,998	46,539,496
2180	Due to Other Governments	4,682,506	--
2190	Due to Student Groups	250	--
2300	Unearned Revenue	130,230	--
2000	Total Liabilities	26,361,809	46,539,496
DEFERRED INFLOWS OF RESOURCES:			
	Deferred Revenue	6,213,730	1,016,072
2600	Total Deferred Inflows of Resources	6,213,730	1,016,072
FUND BALANCES:			
Nonspendable Fund Balances:			
3410	Inventories	2,204,978	--
Restricted Fund Balances:			
3450	Federal/State Funds Grant Restrictions	10,739,823	--
3480	Retirement of Long-Term Debt	--	1,525,388
3490	Other Restrictions of Fund Balance	--	--
Committed Fund Balances:			
3510	Construction	19,000,000	--
3530	Capital Expenditures for Equipment	3,000,000	--
3545	Other Committed Fund Balance	10,811,306	--
Assigned Fund Balances:			
3590	Other Assigned Fund Balance	1,875,000	--
3600	Unassigned	24,856,585	--
Unassigned, Reported in Nonmajor:			
3610	Special Revenue Funds	--	--
3000	Total Fund Balances	72,487,692	1,525,388
Total Liabilities, Deferred Inflow			
4000	of Resources and Fund Balances	\$ 105,063,231	\$ 49,080,956

The accompanying notes are an integral part of this statement.

60 Capital Projects Fund	Other Governmental Funds	98 Total Governmental Funds
\$ 28,695,297	\$ (4,404,008)	\$ 107,594,208
--	--	7,229,801
--	9,292,062	19,202,891
--	--	57,582
3,670,878	420,768	54,568,021
13,536	256,738	1,231,978
--	--	2,204,977
<u>32,379,711</u>	<u>5,565,560</u>	<u>192,089,458</u>
\$ 1,594,474	\$ 648,555	\$ 5,049,507
--	--	858,317
--	1,763,749	15,915,779
3,667,843	352,744	54,292,081
242	96,413	4,779,161
--	1,721,634	1,721,884
--	970,290	1,100,520
<u>5,262,559</u>	<u>5,553,385</u>	<u>83,717,249</u>
--	--	7,229,802
<u>--</u>	<u>--</u>	<u>7,229,802</u>
--	--	2,204,978
--	--	10,739,823
--	--	1,525,388
27,117,152	11,259	27,128,411
--	--	19,000,000
--	--	3,000,000
--	--	10,811,306
--	--	1,875,000
--	--	24,856,585
--	916	916
<u>27,117,152</u>	<u>12,175</u>	<u>101,142,407</u>
<u>\$ 32,379,711</u>	<u>\$ 5,565,560</u>	<u>\$ 192,089,458</u>

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PHARR-SAN JUAN-ALAMO INDEPENDENT SCHOOL DISTRICT
*RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
 TO THE STATEMENT OF NET POSITION
 AUGUST 31, 2015*

Total fund balances - governmental funds balance sheet	\$ 101,142,407
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.	682,615,079
Property taxes receivable unavailable to pay for current period expenditures are deferred in the funds.	11,819,310
The assets and liabilities of internal service funds are included in governmental activities in the SNP.	7,644,860
Payables for bond principal which are not due in the current period are not reported in the funds.	(330,665,000)
Payables for bond interest which are not due in the current period are not reported in the funds.	(2,153,631)
Payables for notes which are not due in the current period are not reported in the funds.	(36,315,000)
Payables for compensated absences which are not due in the current period are not reported in the funds.	(10,811,306)
Other long-term assets are not available to pay for current period expenditures and are deferred in the funds.	(20,656,506)
Recognition of the District's proportionate share of the net pension liability is not reported in the funds.	(40,623,685)
Deferred Resource Inflows related to the pension plan are not reported in the funds.	(12,426,906)
Deferred Resource Outflows related to the pension plan are not reported in the funds.	6,552,655
Rounding difference	3
Net position of governmental activities - Statement of Net Position	<u>\$ 356,122,280</u>

The accompanying notes are an integral part of this statement.

PHARR-SAN JUAN-ALAMO INDEPENDENT SCHOOL DISTRICT

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES

IN FUND BALANCES - GOVERNMENTAL FUNDS

FOR THE YEAR ENDED AUGUST 31, 2015

Data Control Codes	10 General Fund	50 Debt Service Fund
REVENUES:		
5700 <i>Local and Intermediate Sources</i>	\$ 47,688,323	\$ 7,454,747
5800 <i>State Program Revenues</i>	227,915,473	19,116,670
5900 <i>Federal Program Revenues</i>	29,910,773	--
5020 Total Revenues	<u>305,514,569</u>	<u>26,571,417</u>
EXPENDITURES:		
Current:		
0011 <i>Instruction</i>	152,420,565	--
0012 <i>Instructional Resources and Media Services</i>	4,728,288	--
0013 <i>Curriculum and Staff Development</i>	3,878,745	--
0021 <i>Instructional Leadership</i>	5,174,432	--
0023 <i>School Leadership</i>	16,503,709	--
0031 <i>Guidance, Counseling, & Evaluation Services</i>	9,709,638	--
0032 <i>Social Work Services</i>	2,397,379	--
0033 <i>Health Services</i>	3,446,721	--
0034 <i>Student Transportation</i>	6,179,892	--
0035 <i>Food Service</i>	21,866,573	--
0036 <i>Cocurricular/Extracurricular Activities</i>	11,034,941	--
0041 <i>General Administration</i>	6,801,332	--
0051 <i>Facilities Maintenance and Operations</i>	32,259,430	--
0052 <i>Security and Monitoring Services</i>	4,209,150	--
0053 <i>Data Processing Services</i>	2,978,329	--
0061 <i>Community Services</i>	479,383	--
0071 <i>Principal on Long-term Debt</i>	--	14,865,000
0072 <i>Interest on Long-term Debt</i>	--	15,875,800
0073 <i>Bond Issuance Costs and Fees</i>	--	298,418
0081 <i>Capital Outlay</i>	130,256	--
0093 <i>Payments to Shared Service Arrangements</i>	345,981	--
0099 <i>Other Intergovernmental Charges</i>	700,475	--
6030 Total Expenditures	<u>285,245,219</u>	<u>31,039,218</u>
1100 Excess (Deficiency) of Revenues Over (Under)		
1100 Expenditures	<u>20,269,350</u>	<u>(4,467,801)</u>
Other Financing Sources and (Uses):		
7911 <i>Capital-Related Debt Issued (Regular Bonds)</i>	--	89,415,000
7912 <i>Sale of Real or Personal Property</i>	51,564	--
7915 <i>Transfers In</i>	47,932,412	18,151,678
7916 <i>Premium or Discount on Issuance of Bonds</i>	--	8,879,654
7949 <i>Other Resources</i>	--	--
8911 <i>Transfers Out</i>	(69,374,759)	(16,162,779)
8940 <i>Payment to Bond Refunding Escrow Agent</i>	--	(98,453,025)
7080 Total Other Financing Sources and (Uses)	<u>(21,390,783)</u>	<u>1,830,528</u>
1200 Net Change in Fund Balances	<u>(1,121,433)</u>	<u>(2,637,273)</u>
0100 Fund Balances - Beginning	73,116,534	4,162,661
1300 Prior Period Adjustment	492,591	--
Fund Balances - Beginning, as Restated	73,609,125	4,162,661
3000 Fund Balances - Ending	<u>\$ 72,487,692</u>	<u>\$ 1,525,388</u>

The accompanying notes are an integral part of this statement.

EXHIBIT C-2

60 Capital Projects Fund	Other Governmental Funds	98 Total Governmental Funds
\$ 413,370	\$ 12,838	\$ 55,569,278
--	929,135	247,961,278
--	28,136,392	58,047,165
413,370	29,078,365	361,577,721
--	16,348,322	168,768,887
--	255,269	4,983,557
--	4,999,394	8,878,139
--	2,991,865	8,166,297
--	59,893	16,563,602
--	2,819,289	12,528,927
--	241,572	2,638,951
--	151,489	3,598,210
--	--	6,179,892
--	--	21,866,573
--	--	11,034,941
--	13,813	6,815,145
438,904	188	32,698,522
--	--	4,209,150
--	--	2,978,329
--	1,197,271	1,676,654
--	--	14,865,000
--	--	15,875,800
69,986	--	368,404
25,578,376	--	25,708,632
--	--	345,981
--	--	700,475
26,087,266	29,078,365	371,450,068
(25,673,896)	--	(9,872,347)
16,660,000	--	106,075,000
--	--	51,564
44,219,365	--	110,303,455
--	--	8,879,654
2,239,168	--	2,239,168
(24,765,917)	--	(110,303,455)
--	--	(98,453,025)
38,352,616	--	18,792,361
12,678,720	--	8,920,014
14,438,432	41,016	91,758,643
--	(28,841)	463,750
14,438,432	12,175	92,222,393
\$ 27,117,152	\$ 12,175	\$ 101,142,407

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PHARR-SAN JUAN-ALAMO INDEPENDENT SCHOOL DISTRICT

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

Net change in fund balances - total governmental funds	\$ 8,920,014
Amounts reported for governmental activities in the Statement of Activities ("SOA") are different because:	
Capital outlays are not reported as expenses in the SOA.	29,786,710
The depreciation of capital assets used in governmental activities is not reported in the funds.	(11,790,593)
The gain or loss on the sale of capital assets is not reported in the funds.	(44,144)
Certain property tax revenues are deferred in the funds. This is the change in these amounts this year.	(244,599)
Revenues in the SOA not providing current financial resources are not reported as revenues in the funds.	(16,660,000)
Repayment of bond principal is an expenditure in the funds but is not an expense in the SOA.	14,865,000
Bond issuance costs and similar items are amortized in the SOA but not in the funds.	287,845
The accretion of interest on capital appreciation bonds is not reported in the funds.	178,337
(Increase) decrease in accrued interest from beginning of period to end of period.	308,559
The net revenue (expense) of internal service funds is reported with governmental activities.	10,890
Compensated absences are reported as the amount earned in the SOA but as the amount paid in the funds.	613,775
Proceeds of bonds do not provide revenue in the SOA, but are reported as current resources in the funds.	(98,294,654)
Bond premiums are reported in the funds but not in the SOA.	98,453,025
Pension expense relating to GASB 68 is recorded in the SOA but not in the funds.	(471,131)
Rounding difference	1
Change in net position of governmental activities - Statement of Activities	<u>\$ 25,919,036</u>

The accompanying notes are an integral part of this statement.

PHARR-SAN JUAN-ALAMO INDEPENDENT SCHOOL DISTRICT**STATEMENT OF NET POSITION****PROPRIETARY FUNDS**

AUGUST 31, 2015

Data Control Codes		Nonmajor Enterprise Fund		Internal Service Funds
		College For All		
ASSETS:				
Current Assets:				
1110	Cash and Cash Equivalents	\$ 49,299		\$ 8,059,964
Receivables:				
1260	Due from Other Funds	--		304,660
1290	Other Receivables (net)	--		149,617
	Total Current Assets	49,299		8,514,241
Noncurrent Assets:				
Capital Assets:				
1530	Furniture and Equipment	--		89,058
1570	Accumulated Depreciation	--		(80,053)
	Total Noncurrent Assets	--		9,005
1000	Total Assets	49,299		8,523,246
LIABILITIES:				
Current Liabilities:				
2110	Accounts Payable	\$ --		\$ 291,517
2160	Accrued Wages Payable	--		6,272
2170	Due to Other Funds	--		580,597
	Total Current Liabilities	--		878,386
2000	Total Liabilities	--		878,386
NET POSITION:				
3800	Restricted	49,299		7,644,860
3000	Total Net Position	\$ 49,299		\$ 7,644,860

The accompanying notes are an integral part of this statement.

PHARR-SAN JUAN-ALAMO INDEPENDENT SCHOOL DISTRICT*STATEMENT OF REVENUES, EXPENSES, AND CHANGES**IN FUND NET POSITION - PROPRIETARY FUNDS**FOR THE YEAR ENDED AUGUST 31, 2015*

Data Control Codes		Nonmajor Enterprise Fund		Internal Service Funds
		College For All		
	OPERATING REVENUES:			
5700	<i>Local and Intermediate Sources</i>	\$ 74,550	\$	33,300,127
5020	Total Revenues	<u>74,550</u>		<u>33,300,127</u>
	OPERATING EXPENSES:			
6100	<i>Payroll Costs</i>	--		144,499
6200	<i>Professional and Contracted Services</i>	8,306		32,688,735
6300	<i>Supplies and Materials</i>	2,543		58,097
6400	<i>Other Operating Costs</i>	14,402		397,906
6030	Total Expenses	<u>25,251</u>		<u>33,289,237</u>
1300	Change in Net Position	49,299		10,890
0100	Total Net Position - Beginning	--		7,633,970
3300	Total Net Position - Ending	<u>\$ 49,299</u>	<u>\$</u>	<u>7,644,860</u>

The accompanying notes are an integral part of this statement.

PHARR-SAN JUAN-ALAMO INDEPENDENT SCHOOL DISTRICT

STATEMENT OF CASH FLOWS

PROPRIETARY FUNDS

FOR THE YEAR ENDED AUGUST 31, 2015

	Enterprise Fund College For All	Internal Service Funds
Cash Flows from Operating Activities:		
<i>Cash Received from Customers</i>	\$ --	\$ --
<i>Cash Received from Grants</i>	--	--
<i>Cash Receipts (Payments) for Quasi-external Operating Transactions with Other Funds</i>	--	33,139,211
<i>Cash Receipts for Services to Other Districts</i>	74,550	--
<i>Cash Payments to Employees for Services</i>	--	(146,417)
<i>Cash Payments to Other Suppliers for Goods and Services</i>	(10,849)	(33,343,908)
<i>Cash Payments for Grants to Other Organizations</i>	--	--
<i>Other Operating Cash Receipts (Payments)</i>	(14,402)	(397,906)
Net Cash Provided (Used) by Operating Activities	<u>49,299</u>	<u>(749,020)</u>
Cash Flows from Non-capital Financing Activities:		
<i>Proceeds (Payments) from (for) Borrowings</i>	--	--
<i>Operating Grants Received</i>	--	--
<i>Transfers From (To) Other Funds</i>	--	--
Net Cash Provided (Used) by Non-capital Financing Activities	<u>--</u>	<u>--</u>
Cash Flows from Capital and Related Financing Activities:		
<i>Proceeds from Issuance of Long-term Debt</i>	--	--
<i>Principal and Interest Paid</i>	--	--
<i>Acquisition or Construction of Capital Assets</i>	--	--
<i>Proceeds from Sale of Capital Assets</i>	--	--
<i>Contributed Capital</i>	--	--
Net Cash Provided (Used) for Capital & Related Financing Activities	<u>--</u>	<u>--</u>
Cash Flows from Investing Activities:		
<i>Purchase of Investment Securities</i>	--	--
<i>Interest and Dividends on Investments</i>	--	--
Net Cash Provided (Used) for Investing Activities	<u>--</u>	<u>--</u>
Net Increase (Decrease) in Cash and Cash Equivalents	49,299	749,020
Cash and Cash Equivalents at Beginning of Year	--	8,808,984
Cash and Cash Equivalents at End of Year	<u>\$ 49,299</u>	<u>\$ 9,558,004</u>
Reconciliation of Operating Income to Net Cash Provided by Operating Activities:		
Operating Income (Loss)	\$ 49,299	\$ 10,890
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities		
<i>Depreciation</i>	--	--
Change in Assets and Liabilities:		
<i>Decrease (Increase) in Accrued Interest</i>	--	3,660
<i>Decrease (Increase) in Due From Other Funds</i>	--	(166,671)
<i>Decrease (Increase) in Other Receivables</i>	--	(150)
<i>Increase (Decrease) in Inventory</i>	--	2,245
<i>Increase (Decrease) in Accounts Payable</i>	--	283,602
<i>Increase (Decrease) in Accrued Wages Payable</i>	--	(1,918)
<i>Increase (Decrease) in Due to Other Funds</i>	--	(880,678)
Total Adjustments	<u>--</u>	<u>(759,910)</u>
Net Cash Provided (Used) by Operating Activities	<u>\$ 49,299</u>	<u>\$ (749,020)</u>

The accompanying notes are an integral part of this statement.

PHARR-SAN JUAN-ALAMO INDEPENDENT SCHOOL DISTRICT*STATEMENT OF FIDUCIARY NET POSITION**FIDUCIARY FUNDS**AUGUST 31, 2015*

Data Control Codes		Agency Funds
ASSETS:		
1110	<i>Cash and Cash Equivalents</i>	\$ 675,449
1000	Total Assets	<u>675,449</u>
LIABILITIES:		
Current Liabilities:		
2190	<i>Due to Student Groups</i>	\$ 675,449
2000	Total Liabilities	<u>675,449</u>
NET POSITION:		
3000	Total Net Position	<u>\$ --</u>

The accompanying notes are an integral part of this statement.

PHARR-SAN JUAN-ALAMO INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED AUGUST 31, 2015

A. Summary of Significant Accounting Policies

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

1. Reporting Entity

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

2. Basis of Presentation, Basis of Accounting

a. Basis of Presentation

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

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

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

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

The District reports the following major governmental funds:

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

PHARR-SAN JUAN-ALAMO INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED AUGUST 31, 2015

The District reports the following major enterprise funds:

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

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

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.

PHARR-SAN JUAN-ALAMO INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED AUGUST 31, 2015

b. Property Taxes

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

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

c. Inventories and Prepaid Items

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:

<u>Asset Class</u>	<u>Estimated Useful Lives</u>
Infrastructure	30
Buildings	50
Building Improvements	20
Vehicles	2-15
Office Equipment	3-15
Computer Equipment	3-15

e. Deferred Outflows and Inflows of Resources

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

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

f. Receivable and Payable Balances

PHARR-SAN JUAN-ALAMO INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED AUGUST 31, 2015

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

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

g. Compensated Absences

On retirement under TRS if an employee had at least 10 years of continuous service with the district, they are reimbursed for local leave based on when it was accumulated. Fifty percent of the days of local leave accumulated prior to September 1, 2010 is reimbursed at the employee's daily rate of pay as of the 2009-10 school year and local leave accumulated after September 1, 2010 is reimbursed at the rate of \$100 per day for professional employees and \$50 per day for paraprofessional/auxiliary employees.

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.

PHARR-SAN JUAN-ALAMO INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED AUGUST 31, 2015

Assigned Fund Balance - represents amounts which the District intends to use for a specific purpose, but that do not meet the criteria to be classified as restricted or committed. Intent may be stipulated by the Board of Trustees or by an official or body to which the Board of Trustees delegates the authority. Specific amounts that are not restricted or committed in a special revenue, capital projects, debt service or permanent fund are assigned for purposes in accordance with the nature of their fund type or the fund's primary purpose. Assignments within the general fund convey that the intended use of those amounts is for a specific purpose that is narrower than the general purposes of the District itself.

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

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 can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

4. 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.

At August 31, 2015 the District reported the following:

Net Pension Asset	\$	--
Net Pension Liability	\$	40,623,685

5. New Accounting Standards Adopted

In fiscal year 2015, the District adopted five new statements of financial accounting standards issued by the Governmental Accounting Standards Board (GASB):

- Statement No. 67, *Financial Reporting for Pension Plans - an amendment of GASB Statement No. 25*
- Statement No. 68, *Accounting and Financial Reporting for Pensions - an amendment of GASB Statement No. 27*
- Statement No. 69, *Government Combinations and Disposals of Governmental Operations*

PHARR-SAN JUAN-ALAMO INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED AUGUST 31, 2015

- Statement No. 70, *Accounting and Financial Reporting for Nonexchange Financial Guarantees*
- Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date - an amendment of GASB Statement No. 68.*
- a. Statement No. 67 establishes financial reporting standards, but not funding or budgetary standards, for state and local government defined benefit pension plans and defined contribution pension plans that are administered through trusts or equivalent arrangements (Pension Trusts) in which:
 - 1) Contributions from employers and nonemployer contributing entities to the pension plan and earnings on those contributions are irrevocable.
 - 2) Pension plan assets are dedicated to providing pensions to plan members in accordance with the benefit terms.
 - 3) Pension plan assets are legally protected from the creditors of employers, nonemployer contributing entities, and the pension plan administrator. If the plan is a defined benefit pension plan, plan assets also are legally protected from creditors of the plan members.

For defined benefit pension plans, this Statement establishes standards of financial reporting for separately issued financial reports and presentation as pension trust funds in the financial statements of another government, and specifies the required approach to measuring the pension liability of employers and any nonemployer contributing entities for benefits provided through the pension plan (the net pension liability), about which certain information is required to be presented. Distinctions are made regarding the particular presentation requirements depending upon the type of pension plan administered. For defined contribution plans, the Statement provides specific note disclosure requirements.

The adoption of Statement No. 67 has no impact on the District's financial statements.

- b. Statement No. 68 establishes standards of accounting and financial reporting, but not funding or budgetary standards, for defined benefit pensions and defined contribution pensions provided to the employees of state and local government employers through pension plans that are administered through trusts or equivalent arrangements criteria detailed above in the description of Statement No. 67. This Statement replaces the requirements of Statement No. 27, *Accounting for Pensions by State and Local Governmental Employers*, as well as the requirements of Statement No. 50, *Pension Disclosures*, as they relate to pensions that are provided through pension plans within the scope of the Statement.

The requirements of Statement No. 68 apply to the financial statements of all state and local governmental employers whose employees are provided with pensions through pension plans that are administered through trusts or equivalent arrangements as described above, and to the financial statements of state and local governmental nonemployer contributing entities that have a legal obligation to make contributions directly to such pension plans. This Statement establishes standards for measuring and recognizing liabilities, deferred outflows of resources, and deferred inflows of resources, and expense/expenditures related to pensions. Note disclosure and RSI requirements about pensions also are addressed. For defined benefit pension plans, this Statement identifies the methods and assumptions that should be used to project benefit payments, discount projected benefit payments to their actuarial present value, and attribute that present value to periods of employee service.

The adoption of Statement No. 68 has no impact on the District's governmental fund financial statements, which continue to report expenditures in the contribution amount determined legislatively for the TRS plan. The calculation of pension contributions is unaffected by the change. However, the adoption has resulted in the restatement of the District's beginning net position for the fiscal year 2014 government-wide financial statements to reflect the reporting of net pension liability and deferred inflows of resources and deferred outflows of resources for its qualified pension plan and the recognition of pension expense in accordance with the provisions of the Statement. Net Position as of September 1, 2014 was decreased by \$46,026,806 to reflect the cumulative effect of adoption. The net pension liability of \$49,882,552 and the

PHARR-SAN JUAN-ALAMO INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED AUGUST 31, 2015

deferred outflows of resources of \$3,855,746 at August 31, 2014 were reported as a prior period adjustment to the net position on September 1, 2014. Refer to Note I for more information regarding the District's pensions.

- c. Statement No. 69 improves financial reporting by addressing accounting and financial reporting for government combinations and disposals of government operation. The term "government combinations" is used to refer to a variety of arrangements including mergers and acquisitions. Mergers include combinations of legally separate entities without the exchange of significant consideration. Government acquisitions are transactions in which a government acquires another entity, or its operations, in exchange for significant consideration. Government combinations also include transfers of operations that do not constitute entire legally separate entities in which no significant consideration is exchanged. Transfers of operations may be present in shared service arrangements, reorganizations, redistricting, annexations, and arrangements in which an operation is transferred to a new government created to provide those services.

There was no impact on the District's financial statements as a result of the implementation of Statement No. 69.

- d. Statement No. 70 was issued to improve accounting and financial reporting by state and local governments that extend and receive nonexchange financial guarantees.

The Statement requires a government that extends a nonexchange financial guarantee to recognize a liability when qualitative factors and historical data indicate that it is more likely than not that the government will be required to make a payment on the guarantee. The Statement requires a government that has issued an obligation guaranteed in a nonexchange transaction to recognize revenue to the extent of the reduction in its guaranteed liabilities. The Statement requires a government that is required to repay a guarantor for making a payment on a guaranteed obligation or legally assuming the guaranteed obligation to continue to recognize a liability until legally released as an obligor. When a government is released as an obligor, the government should recognize revenue as a result of being relieved of the obligation. This Statement also provides additional guidance for intra-entity nonexchange financial guarantees involving blended component units.

There was no impact on the District's financial statements as a result of the implementation of Statement No. 70.

- e. Statement No. 71 amends Statement No. 68 to require that, at transition, a government recognize a beginning deferred outflow of resources for its pension contributions, if any, made subsequent to the measurement date of the beginning net pension liability. Since the measurement date of the pension plan was different than the District's final year-end, the effects from the District's reported contributions to the plan subsequent to the respective measurement date of the plan as an increase in deferred outflow of resources and a decrease in net position as follows:

TRS - The beginning deferred outflows includes contributions from September 1, 2013 through August 31, 2014, totalling \$3,855,746.

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
None

Action Taken
None

PHARR-SAN JUAN-ALAMO INDEPENDENT SCHOOL DISTRICT

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FOR THE YEAR ENDED AUGUST 31, 2015

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

<u>Fund Name</u>	<u>Deficit Amount</u>	<u>Remarks</u>
None	\$ None	Not applicable

C. Deposits and Investments

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

1. Cash Deposits:

At August 31, 2015, the carrying amount of the District's deposits (cash, certificates of deposit, and interest-bearing savings accounts included in temporary investments) was \$115,703,471 and the bank balance was \$119,463,675. The District's cash deposits at August 31, 2015 and during the year ended August 31, 2015, 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 \$94,000,000.
- c. The highest combined balances of cash, savings and time deposit accounts amounted to \$87,314,036 and occurred during the month of July, 2015.
- d. Total amount of FDIC coverage at the time of the largest combined balance was \$250,000.

2. Investments:

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

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

The Act determines the types of investments which are allowable for the District. These include, with certain restrictions, 1) obligations of the U.S. Treasury, U.S. agencies, and the State of Texas, 2) certificates of deposit, 3) certain municipal securities, 4) securities lending program, 5) repurchase agreements, 6) bankers acceptances, 7) mutual funds, 8) investment pools, 9) guaranteed investment contracts, and 10) commercial paper.

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The District's investments at August 31, 2015 are shown below.

<u>Investment or Investment Type</u>	<u>Maturity</u>	<u>Fair Value</u>
Texpool	3 Months or Less	\$ 2,195
Texas Term	3 Months or Less	46,007,861
First Public Lone Star investment Pool	3 Months or Less	1,985,099
Certificates of Deposit	3 Months or Less	88,433
Total Investments		<u>\$ 48,083,588</u>

3. Analysis of Specific Deposit and Investment Risks

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

a. Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The ratings of securities by nationally recognized rating agencies are designed to give an indication of credit risk. At year end, the District was not significantly exposed to credit risk.

At August 31, 2015, the District's investments, other than those which are obligations of or guaranteed by the U. S. Government, are rated as to credit quality as follows:

b. Custodial Credit Risk

Deposits are exposed to custodial credit risk if they are not covered by depository insurance and the deposits are uncollateralized, collateralized with securities held by the pledging financial institution, or collateralized with securities held by the pledging financial institution's trust department or agent but not in the District's name.

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

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

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

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FOR THE YEAR ENDED AUGUST 31, 2015

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.

Lone Star

The Lone Star Investment Pool (Lone Star) is a public funds investment pool created pursuant to the Interlocal Cooperation Act, Texas Government Code, Chapter 791, and the Public Funds Investment Act, Texas Government Code, Chapter 2256. Lone Star is administered by First Public, a subsidiary of the Texas Association of School Boards (TASB), with Standish and American Beacon Advisors managing the investment and reinvestment of Lone Star's assets. State Street Bank provides custody and valuation services to Lone Star. All of the board of trustees' eleven members are Lone Star participants by either being employees or elected officials of a participant. Lone Star has established an advisory board composed of both pool members and non-members. Lone Star is rated AAA by Standard and Poor's and operated in a manner consistent with the SEC's Rule 2a7 of the Investment Company Act of 1940. The District is invested in the Government Overnight Fund of Lone Star which seeks to maintain a net asset value of one dollar. Lone Star has 3 different funds: Government Overnight, Corporate Overnight and Corporate Overnight Plus. Government and Corporate Overnight maintain a net asset value of one dollar and the Corporate Overnight Plus maintains a net asset value of 50 cents.

TexPool

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

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FOR THE YEAR ENDED AUGUST 31, 2015

Management LLC, which also serves as the investment advisor. The reported value of the pool is the same as the fair value of the pool shares. Investment options include TexasDAILY, a money market portfolio, is rated AAAM by Standard & Poor's, and TexasTERM CD Purchase Program, a fixed rate, fixed-term investment option enabling investors to invest in FDIC insured CD's from banks throughout the United States.

D. Capital Assets

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

	Restated Beginning Balances	Increases	Decreases	Ending Balances
Governmental activities:				
<i>Capital assets not being depreciated:</i>				
Land	\$ 17,461,487	\$ --	\$ --	\$ 17,461,487
Construction in progress	387,482,318	25,689,258	--	413,171,576
Total capital assets not being depreciated	404,943,805	25,689,258	--	430,633,063
 <i>Capital assets being depreciated:</i>				
Land Improvements	18,106,732	--	--	18,106,732
Buildings	216,926,499	--	54,701	216,871,798
Buildings and improvements	98,431,119	1,222,884	--	99,654,003
Furniture & Equipment	41,369,703	2,731,241	570,753	43,530,191
Vehicles	14,566,721	154,139	65,762	14,655,098
Library Books	351,794	--	--	351,794
Total capital assets being depreciated	389,752,568	4,108,264	691,216	393,169,616
 <i>Less accumulated depreciation for:</i>				
Land Improvements	(13,029,232)	(762,447)	--	(13,791,679)
Buildings	(60,644,688)	(3,926,202)	(54,701)	(64,516,189)
Buildings and improvements	(20,869,387)	(2,131,170)	--	(23,000,556)
Furniture & Equipment	(26,514,445)	(3,739,022)	(526,609)	(29,726,858)
Vehicles	(8,939,728)	(1,161,393)	(65,762)	(10,035,359)
Library Books	(35,786)	(70,359)	--	(106,145)
Total accumulated depreciation	(130,033,265)	(11,790,593)	(647,072)	(141,176,786)
Total capital assets being depreciated	259,719,303	(7,682,329)	44,144	251,992,830
Governmental activities capital assets, net	\$ 664,663,108	\$ 18,006,929	\$ 44,144	\$ 682,625,893

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

	Internal Service Fund
Furniture & Equipment	\$ 27,009
Accumulated Depreciation	(18,004)
Net Capital Assets	\$ 9,005

Depreciation was charged to functions as follows:

Instruction	\$ 6,328,217
Instructional Resources and Media Services	192,988
Curriculum and Staff Development	161,038
Instructional Leadership	214,833
School Leadership	685,203
Guidance, Counseling, & Evaluation Services	403,126
Social Work Services	99,535
Health Services	143,101

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FOR THE YEAR ENDED AUGUST 31, 2015

Student Transportation	256,578
Food Services	907,859
Extracurricular Activities	458,150
General Administration	282,300
Plant Maintenance and Operations	1,339,351
Security and Monitoring Services	174,756
Data Processing Services	123,655
Community Services	19,903
	<u>\$ 11,790,593</u>

E. Interfund Balances and Activities

1. Due To and From Other Funds

Fund	Receivable	Payable
General Fund:		
General Fund	\$ 1,432,242	\$ 1,432,242
Special Revenue Fund	4,715	32,393
Debt Service Fund	507,822	945
Capital Projects Fund	7,142	7,613
Internal Service Fund	502,406	2,403
Permanent Fund	1,884,414	396,407
Total General Fund	<u>4,338,740</u>	<u>1,872,003</u>
Special Revenue Fund:		
General Fund	32,393	4,715
Permanent Fund	69,702	13,281
Total Special Revenue Fund	<u>102,095</u>	<u>17,996</u>
Debt Service Fund:		
General Fund	945	507,822
Debt Service Fund	45,875,642	45,875,642
Capital Projects Fund	--	2,600
Total Debt Service Fund	<u>45,876,587</u>	<u>46,386,064</u>
Capital Projects Fund:		
General Fund	7,613	7,142
Capital Projects Fund	3,660,701	3,660,701
Debt Service Fund	2,600	--
Total Capital Projects Fund	<u>3,670,914</u>	<u>3,667,843</u>
Internal Service Fund:		
General Fund	2,403	502,406
Permanent Fund	1,657	78,191
Total Internal Service Fund	<u>4,060</u>	<u>580,597</u>
Permanent Fund:		
General Fund	396,407	1,884,414
Special Revenue Fund	13,281	69,702
Internal Service Fund	78,191	1,657
Total Permanent Fund	<u>503,879</u>	<u>1,971,773</u>
Total	<u>\$ 54,496,275</u>	<u>\$ 54,496,275</u>

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

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NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED AUGUST 31, 2015

2. Transfers To and From Other Funds

Transfers to and from other funds at August 31, 2015, consisted of the following:

Transfers From	Transfers To	Amount	Reason
General Fund	General Fund	\$ 1,230,048	Charges for Food Service, Federal Indirect Costs and State Allotments
General Fund	Debt Service Fund	\$ 1,882,000	Transfers for QSCB Bond.
General Fund	Capital Projects Fund	19,453,448	Transfers for Construction
	Total	<u>\$ 22,565,496</u>	

F. Disaggregation of Receivables & Payables

Receivables and payables as of August 31, 2015 for the District's individual major, other non-major, and internal service funds are disaggregated as described below:

	General Fund	Debt Service Fund	Capital Projects Fund	Other Non-Major Govt. Funds	Internal Service Funds
Receivables					
Property tax receivable	\$ 6,213,730	\$ 1,016,071	\$ --	\$ --	\$ --
Due from other governmental agencies					
Grants	9,812,471	98,358	--	9,286,496	--
Other receivables					
Due from Hidalgo County	227,838	--	--	--	--
Due from uniform sales	476,065	--	--	--	--
Due from Health Insurance Ag	--	--	--	--	140,511
Due from Campuses to Child N	115,852	--	--	--	--
Vendor Refunds and Reimburse	134,685	--	13,536	256,738	9,104
Miscellaneous Receivables	7,264	--	--	--	--
Total	<u>\$ 16,987,905</u>	<u>\$ 1,114,429</u>	<u>\$ 13,536</u>	<u>\$ 9,543,234</u>	<u>\$ 149,615</u>
Payables					
Accounts payable to vendors	\$ (2,806,478)	\$ --	\$ (1,594,474)	\$ (648,555)	\$ (291,516)
Payroll deductions & withholdings	(858,317)	--	--	--	--
Accrued wages payable to employees	(14,152,030)	--	--	(1,763,749)	(6,272)
Due to other governments	(4,682,506)	--	(242)	(96,413)	--
Due to student groups	(250)	--	--	(1,721,634)	--
Total	<u>\$ (22,499,581)</u>	<u>\$ --</u>	<u>\$ (1,594,716)</u>	<u>\$ (4,230,351)</u>	<u>\$ (297,788)</u>

G. 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, 2015, are as follows:

Unlimited Tax Refunding Bonds (UTRB)

Unlimited Tax Building Bonds (UTBB)

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FOR THE YEAR ENDED AUGUST 31, 2015

Description	Original Issue	Final Maturity	Coupon Rate %	Original Issue	Outstanding Balance 09/01/2014
UTBB, Series 2006	10/26/06	08/01/36	5.00-5.125%	167,040,000	87,275,000
UTBB, Series 2007	07/15/07	02/01/37	4.55-5.500%	29,810,000	17,955,000
UTBB, Series 2007	07/15/07	02/02/37	4.55-5.500%	5,190,000	2,195,000
UTBB, Series 2007/ Accretion	07/15/07	08/01/18	4.55-5.500%	724,972	1,066,138
UTBB, Series 2008	09/08/08	02/01/38	3.50-5.000%	104,725,000	93,530,000
UTBB, Series 2010	02/01/11	08/31/40	1.50-5.000%	104,475,000	96,605,000
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	--
UTRB Series 2015	02/28/15	08/01/15	2.00-5.000%	520,000	--
Total Bonds Payable				\$ 547,774,972	\$ 344,821,138

Interest paid on bonded indebtedness during the current year was \$ 15,875,800

Description	Outstanding Balance 09/01/2014	Issued (Defeased) Current	Accretion Current	Retired Current	Outstanding Balance 08/31/2015	Amounts Due Within One Year
UTBB, Series 2006	87,275,000	\$ (18,980,000)	--	\$ 7,925,000	\$ 60,370,000	\$ 8,335,000
UTBB, Series 2007	17,955,000	(17,955,000)	--	--	--	--
UTBB, Series 2007	2,195,000	--	--	565,000	1,630,000	565,000
UTBB, Series 2007/	1,066,138	--	141,663	320,000	887,801	--
UTBB, Series 2008	93,530,000	(52,480,000)	--	2,060,000	38,990,000	2,155,000
UTBB, Series 2010	96,605,000	--	--	2,020,000	94,585,000	2,100,000
UTRB Series 2014	46,195,000	--	--	--	46,195,000	--
UTRB Series 2015	--	88,895,000	--	--	88,895,000	150,000
UTRB Series 2015	--	520,000	--	520,000	--	--
S	344,821,138	--	141,663	13,410,000	331,552,801	13,305,000
Premium & Discour	22,223,436	8,879,654	--	1,158,591	29,944,499	--
Total Bonds Payabl	\$367,044,574	\$ 8,879,654	\$ 141,663	\$ 14,568,591	\$ 361,497,300	\$ 13,305,000

	Beginning Balance	Increases	Decreases	Ending Balance	Amount Due Within One Year
Governmental Activities					
General Obligation Bonds	\$ 343,755,000	\$ --	\$ 13,090,000	\$ 330,665,000	\$ 13,305,000
Accretion	1,066,138	141,663	320,000	887,801	--
Construction Notes Payable	21,430,000	--	1,775,000	19,655,000	1,775,000
Tax Note Payable	--	16,660,000	--	16,660,000	1,075,000
Sick and Vacation Leave	11,425,081	3,726,516	4,340,291	10,811,306	--
Subtotal	377,676,219	20,528,179	19,525,291	378,679,107	16,155,000
Premium & Discount	22,223,436	8,879,654	1,158,591	29,944,499	--
Total Governmental Activ	\$ 399,899,655	\$ 29,407,833	\$ 20,683,882	\$ 408,623,606	\$ 16,155,000

Deferred on Refunding of Bonds \$ 5,710,224 \$ 9,038,025 \$ 870,746 \$ 13,877,503 \$ --

** Net Pension Liab \$49,882,552 \$ 27,880,799 \$ -- \$ 37,139,666 \$ 40,623,685 \$ 3,283,812

** Per GASB 68, beginning balance for net pension liability includes the restatement of net pension liability at September 1, 2014.

PHARR-SAN JUAN-ALAMO INDEPENDENT SCHOOL DISTRICT

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2. Debt Service Requirements

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

Year Ending August 31,	Principal CIB	CAB	Interest	Accretion	Total
2016	12,740,000	565,000	14,906,331	320,000	28,531,331
2017	13,375,000	550,000	14,285,090	340,000	28,550,090
2018	9,890,000	515,000	13,734,302	375,000	24,514,302
2019	11,280,000	--	13,229,884	--	24,509,884
2020	11,845,000	--	12,675,059	--	24,520,059
2021-2025	68,955,000	--	53,631,079	--	122,586,079
2026-2030	64,575,000	--	37,077,525	--	101,652,525
2031-2035	82,110,000	--	20,937,841	--	103,047,841
2036-2040	54,265,000	--	4,524,255	--	58,789,255
Subtotal	<u>\$ 329,035,000</u>	<u>\$ 1,630,000</u>	<u>\$ 185,001,366</u>	<u>\$ 1,035,000</u>	<u>\$ 516,701,366</u>
CIB	329,035,000				
CAB	1,630,000				
Current Accretion	887,801				
Total Bonds Payable	<u>\$ 331,552,801</u>				

Year Ending August 31,	Notes Principal	Interest	QSCB Subsidy	Total Debt Service
2016	2,850,000	1,615,496	(1,331,862)	3,133,634
2017	2,860,000	1,604,426	(1,331,862)	3,132,564
2018	2,865,000	1,600,185	(1,331,862)	3,133,323
2019	2,870,000	1,595,924	(1,331,862)	3,134,062
2020	2,875,000	1,591,643	(1,331,862)	3,134,781
2021-2025	14,525,000	3,750,210	(2,907,147)	15,368,063
2026-2030	7,470,000	367,879	(249,021)	7,588,858
	<u>\$ 36,315,000</u>	<u>\$ 12,125,763</u>	<u>\$ (9,815,478)</u>	<u>\$ 38,625,285</u>

The effective interest rate on capital leases is 5.500%.

3. Advance Refunding of Debt

GASB Statement No. 7, "Advance Refundings Resulting in Defeasance of Debt," provides that refunded debt and assets placed in escrow for the payment of related debt service be excluded from the financial statements. As of August 31, 2015, outstanding balances of bond issues that have been refunded and defeased in-substance by placing existing assets and the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments.

On February 27, 2015, \$89,415,000 in Unlimited Tax Refunding Bonds with a blended interest rates of 3.25% were issued to advance refund \$18,980,000 Unlimited Tax Sch. Bldg & Ref. Bonds, Series 2006 with an interest rate of 5.125%, \$17,955,000 of Unlimited Tax School Building Bonds, Series 2007 with an interest rate of 5.50% and \$52,480,000 of Unlimited Tax School Building Bonds, Series 2008 with an interest rate of 5.125%. The net proceeds of \$99,313,228.55 (principal amount of \$89,415,000, plus net premium of \$9,898,228.55 less underwriters discount and costs of issuance of \$860,203.82) were wire transferred to the escrow agent to be dispersed. The cash deposit and certificates will be transferred into an "Escrow Fund" to be applied in accordance with the terms of the escrow agreement for the defeasance of the Series 2006, 2007 and 2008 bonds. As a result, the bonds are considered to be defeased and the liability for those bonds have been removed from the financial statements. This refunding decreases total debt service payments over the next 23 years by \$15,722,417.19 resulting in an economic gain (difference between the present values of the debt service payments on the old and new debt) of \$11,362,659.94.

PHARR-SAN JUAN-ALAMO INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED AUGUST 31, 2015

H. 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 2015, 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.

I. Pension Plan

1. Plan Description

The District participates in a cost-sharing multiple employer defined benefit pension plan that has a special funding situation. The plan is administered by the Teacher Retirement System of Texas (TRS). TRS' defined benefit pension plan is established and administered in accordance with the Texas Constitution, Article XVI, Sec. 67, and Texas Government Code, Title 8, Subtitle C. The TRS 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

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

3. Benefits Provided

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

4. Contributions

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

PHARR-SAN JUAN-ALAMO INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED AUGUST 31, 2015

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. It also added a 1.5% contribution for employers not paying Old Age Survivor and Disability Insurance (OASDI) on certain employees effective Appropriations Act (GAA) established the employer contribution rates for fiscal years 2014 and 2015.

Contribution Rates		
	2014	2015
Member	6.4%	6.7%
Non-Employer Contributing Entity (NECE - State)	6.8%	6.8%
Employers	6.8%	6.8%
District's 2014 Employer Contributions	\$ 3,855,746	
District's 2014 Member Contributions	\$ 3,585,658	
NECE 2014 On-Behalf Contributions to District	\$ 9,158,931	

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 TRS pension trust fund during that fiscal year reduced by the amounts described below which are paid by the employers. Employers (public school, junior college, other entities or the State of Texas as the employer for senior universities and medical schools) are required to pay the employer contribution rate in the following instances:

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

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

5. Actuarial Assumptions

The total pension liability in the August 31, 2014 actuarial evaluation was determined using the following actuarial assumptions:

Valuation Date	August 31, 2014
Actuarial Cost Method	Individual Entry Age Normal
Amortization Method	Level Percentage of Payroll, Open
Remaining Amortization Period	30 Years
Asset Valuation Method	5 Year Market Value
Discount Rate	8%
Long-term Expected Rate of Return*	8%
Salary Increases*	4.25% to 7.25%
Weighted-Average at Valuation Date	5.55%
Payroll Growth Rate	3.5%

* Includes inflation of 3%

PHARR-SAN JUAN-ALAMO INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED AUGUST 31, 2015

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

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 fiscal 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 expected rate of return on pension plan investments is 8%. The long-term expected rate of return on pension plan investments was determined using a building block method in which best estimates ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of geometric real rates of return for each major asset class included in the Systems target asset allocation as of August 31, 2014 are summarized below:

Asset Class	Target Allocation	Real Return Geometric Basis	Long-term Expected Portfolio Real Rate of Return *
Global Equity			
U.S.	18%	7.0%	1.4%
Non-U.S. Developed	13%	7.3%	1.1%
Emerging Markets	9%	8.1%	0.9%
Directional Hedge Funds	4%	5.4%	0.2%
Private Equity	13%	9.2%	1.4%
Stable Value			
U.S. Treasuries	11%	2.9%	0.3%
Absolute Return	0%	4.0%	0.0%
Stable Value Hedge Funds	4%	5.2%	0.2%
Cash	1%	2.0%	0.0%
Real Return			
Global Inflat. Linked Bonds	3%	3.1%	0.0%
Real Assets	16%	7.3%	1.5%
Energy & Natural Resources	3%	8.8%	0.3%
Commodities	0%	3.4%	0.0%
Risk Parity			
Risk Parity	5%	8.9%	0.4%
Alpha			1.0%
Total	100%		8.7%

* The expected contribution to returns incorporates the volatility drag resulting from the conversion between arithmetic and geometric mean returns.

PHARR-SAN JUAN-ALAMO INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED AUGUST 31, 2015

7. Discount Rate Sensitivity Analysis

The following schedule shows the impact of the net pension liability if the discount rate used was 1 percentage point less and 1 percentage point greater than the discount rate that was used (8%) in measuring the 2014 net pension liability.

	1% Decrease 7%	Current Discount Rate 8%	1% Increase 9%
District's proportionate share of the net pension liability	\$ 72,592,063	\$ 40,623,685	\$ 16,717,293
Plan net pension liability (in millions from TRS CAFR)	\$ 47,737	\$ 26,717	\$ 10,998

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

At August 31, 2015, the District reported a liability of \$40,623,685 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	\$ 40,623,685
State's proportionate share of the net pension liability associated with the District	<u>96,703,241</u>
Total	<u>\$ 137,326,926</u>

The net pension liability was measured as of August 31, 2014 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The 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, 2013 through August 31, 2014.

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

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

There was a change in employer contribution requirements that occurred after the measurement date of the net pension liability and the employer's measurement date. A 1.5% contribution for employers not paying Old Age Survivor and Disability Insurance (OASDI) on certain employees went into law effective September 1, 2014. The amount of the expected resultant change in the employer's proportion cannot be determined at this time.

For the year ended August 31, 2015, the District recognized pension expense of \$8,940,035 and revenue of \$8,940,035 for support provided by the State.

At August 31, 2015, 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:

PHARR-SAN JUAN-ALAMO INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED AUGUST 31, 2015

	Deferred Outflows	Deferred Inflows
Differences between expected and actual economic experience	\$ 628,258	\$ --
Changes in actuarial assumptions	2,640,585	--
Difference between projected and actual investment earnings	--	12,416,257
Changes in proportion and differences between the District's contributions and the proportionate share of contributions	--	10,649
District contributions paid to TRS subsequent to the measurement date	<u>3,283,812</u>	
Total	<u>\$ 6,552,655</u>	<u>\$ 12,426,906</u>

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

Year Ended August 31	
2016	\$ (2,554,408)
2017	\$ (2,554,408)
2018	\$ (2,554,408)
2019	\$ (2,554,408)
2020	\$ 549,656
Thereafter	\$ 509,913

J. 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 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

PHARR-SAN JUAN-ALAMO INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED AUGUST 31, 2015

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 2015, 2014 and 2013. For the years ended August 31, 2015, 2014, and 2013, the State's contributions to TRS-Care were \$1,248,620, \$1,227,684, and \$1,185,293, respectively, the active member contributions were \$243,046, \$246,954, and \$129,039, respectively, and the District's contributions were \$1,248,620, \$1,038,810, and \$1,002,950, 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, 2015, 2014, and 2013, the subsidy payments received by TRS-Care on behalf of the District were \$848,633, \$526,960, and \$506,997, respectively.

K. Employee Health Care Coverage

During the year ended August 31, 2015, employees of the District were covered by a health insurance plan (the Plan). The District contributed \$510 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.

L. 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.

PHARR-SAN JUAN-ALAMO INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED AUGUST 31, 2015

M. 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, 2015, McAllen ISD allocated expenditures to the amount of \$532,509.

N. Increase (Decrease) in Net Position

For the fiscal year ended August 31, 2015 the fund balance for prior period were adjusted as follows:

Prior Period Adjustments

<u>Fund Level</u>	Governmental Funds
General Fund to record prior year expenditures.	\$ (110,406)
General Fund to record E-Rate from prior years.	602,997
Total General Fund	<u>492,591</u>
Special Revenue Fund to close out fund.	(28,841)
Total Special Revenue Fund	<u>(28,841)</u>
Net Increase (Decrease) in Fund Balance	<u>\$ 463,750</u>

<u>Government Wide Level</u>	Governmental Activities
Implementation of GASB 68 and 71	\$ (46,026,806)
Adjustment to record prior period fixed assets amount.	156,639
Total Net Increase (Decrease) in Net Assets	<u>\$ (45,406,417)</u>

O. Accumulated Unpaid Sick Leave

Reimbursement of leave upon retirement policy changed on September 1, 2010. Pharr-San Juan-Alamo I.S.D. DEC (LOCAL) policy now reads as follows. Local leave accumulated prior to September 1, 2010, shall be reimbursed at the employee's daily rate of pay as of the 2009-10 school year for 50 percent of the number of days accumulated. Local leave accumulated after September 1, 2010, shall be reimbursed at the rate of \$100 per day for professional employees and \$50 per day for paraprofessional/auxiliary employees.

On retirement of certain employees, the District pays any accrued sick leave and vacation leave in a lump sum cash payment to such employee. A summary of changes in the accumulated sick leave and vacation leave liability follows:

Employees retiring from TRS with at least ten years of consecutive service to the District are paid their accumulated leave.

	Sick Leave
Balance, August 31, 2014	\$ 11,425,081
Deduction for change in amount paid in leave benefit policy	3,726,516
Deductions - Payments to Participants	(4,340,291)
Balance, August 31, 2015	<u>\$ 10,811,306</u>

P. Fund Balance

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

PHARR-SAN JUAN-ALAMO INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED AUGUST 31, 2015

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 used for specific purposes. For all other governmental funds, any remaining positive amounts not previously classified as nonspendable, restricted or committed.

Unassigned fund balances are amounts that are available for any purpose; these amounts can be reported only in the District's General Fund. The unassigned amount as of August 31, 2015 is \$24,857,501. The District's unassigned fund balance will be maintained to provide the District with sufficient working capital and a margin of safety to address local emergencies without borrowing. In circumstances where expenditure is to be made for a purpose for which amounts are available in multiple fund balance classifications, the order in which resources will be expended is as follows: restricted, committed, assigned, and unassigned. The purpose of the Capital Projects Fund is to pay for voter approved capital projects and the purpose of the Debt Service fund is to account for funds used to pay for the long and short term debt obligations used to fund the District's capital projects.

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

Fund Balance Description:	General	Debt Service	Construction Fund	Other Governmental Funds
Nonspendable				
Inventories	2,204,978	--	--	--
Restricted				
Federal/State Funds Grant	10,739,823	--	--	--
Retirement of Long-Term Debt	--	1,525,388	--	--
Other Restrictions of Fund Balance	--	--	27,117,152	11,259
Committed				
Construction Projects	19,000,000	--	--	--
Equipment for New Schools	3,000,000	--	--	--
Other Committed Fund Balance	10,811,306	--	--	--
Assigned				
Other Assigned Fund Balance	1,875,000	--	--	--
Total Nonspendable, Restricted, Committed, and Assigned Governmental Fund Balances	\$ 47,631,107	\$ 1,525,388	\$ 27,117,152	\$ 11,259
Total Nonspendable, Restricted, Committed, and Assigned Governmental Fund Balances	\$ 76,284,906			

Q. Subsequent Events

For the purposes of reporting subsequent events, management has considered events occurring thru January 19, 2016, the date the report was available to be issued, and none have been noted.

Required Supplementary Information

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

PHARR-SAN JUAN-ALAMO INDEPENDENT SCHOOL DISTRICT

GENERAL FUND

BUDGETARY COMPARISON SCHEDULE

FOR THE YEAR ENDED AUGUST 31, 2015

EXHIBIT G-1

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Data Control Codes		1	2	3	Variance with
		Budgeted Amounts		Actual	Final Budget
		Original	Final		Positive (Negative)
	REVENUES:				
5700	Local and Intermediate Sources	\$ 47,214,638	\$ 47,349,472	\$ 47,688,323	\$ 338,851
5800	State Program Revenues	220,031,001	221,751,763	227,915,473	6,163,710
5900	Federal Program Revenues	24,480,925	24,980,925	29,910,773	4,929,848
5020	Total Revenues	291,726,564	294,082,160	305,514,569	11,432,409
	EXPENDITURES:				
	Current:				
	Instruction & Instructional Related Services:				
0011	Instruction	147,682,381	152,588,009	152,420,565	167,444
0012	Instructional Resources and Media Services	5,235,023	4,816,901	4,728,288	88,613
0013	Curriculum and Staff Development	4,720,335	4,004,264	3,878,745	125,519
	Total Instruction & Instr. Related Services	157,637,738	161,409,172	161,027,598	381,574
	Instructional and School Leadership:				
0021	Instructional Leadership	4,134,708	5,211,091	5,174,432	36,659
0023	School Leadership	15,665,912	16,534,360	16,503,709	30,651
	Total Instructional & School Leadership	19,800,620	21,745,450	21,678,141	67,309
	Support Services - Student (Pupil):				
0031	Guidance, Counseling and Evaluation Services	8,743,399	9,742,280	9,709,638	32,642
0032	Social Work Services	2,325,661	2,428,703	2,397,379	31,324
0033	Health Services	3,506,489	3,478,889	3,446,721	32,168
0034	Student (Pupil) Transportation	7,046,313	7,301,810	6,179,892	1,121,918
0035	Food Services	21,234,000	21,940,126	21,866,573	73,553
0036	Cocurricular/Extracurricular Activities	10,615,134	11,142,012	11,034,941	107,071
	Total Support Services - Student (Pupil)	53,470,996	56,033,821	54,635,144	1,398,677
	Administrative Support Services:				
0041	General Administration	7,623,381	6,928,675	6,801,332	127,343
	Total Administrative Support Services	7,623,381	6,928,675	6,801,332	127,343
	Support Services - Nonstudent Based:				
0051	Plant Maintenance and Operations	31,225,210	32,355,464	32,259,430	96,034
0052	Security and Monitoring Services	3,521,982	4,338,860	4,209,150	129,710
0053	Data Processing Services	1,691,358	2,997,183	2,978,329	18,854
	Total Support Services - Nonstudent Based	36,438,550	39,691,507	39,446,909	244,598
	Ancillary Services:				
0061	Community Services	675,523	616,567	479,383	137,184
	Total Ancillary Services	675,523	616,567	479,383	137,184
	Debt Service:				
0072	Interest on Long-Term Debt	31,705	--	--	--
	Total Debt Service	31,705	--	--	--
	Capital Outlay:				
0081	Capital Outlay	10,024,554	994,554	130,256	864,298
	Total Capital Outlay	10,024,554	994,554	130,256	864,298

PHARR-SAN JUAN-ALAMO INDEPENDENT SCHOOL DISTRICT

GENERAL FUND

BUDGETARY COMPARISON SCHEDULE

FOR THE YEAR ENDED AUGUST 31, 2015

EXHIBIT G-1

Page 2 of 2

Data Control Codes		1	2	3	Variance with Final Budget Positive (Negative)
		Budgeted Amounts		Actual	
		Original	Final		
	Intergovernmental Charges:				
0093	Payments to Fiscal Agent/Member Dist.-SSA	305,000	346,000	345,981	19
0095	Payments to Juvenile Justice Alternative				
0095	Education Programs	100,000	100,000	--	100,000
0099	Other Intergovernmental Charges	984,000	984,000	700,475	283,525
	Total Intergovernmental Charges	1,389,000	1,430,000	1,046,456	383,544
6030	Total Expenditures	287,092,066	288,849,746	285,245,219	3,604,527
1100	Excess (Deficiency) of Revenues Over (Under)				
1100	Expenditures	4,634,498	5,232,414	20,269,350	15,036,936
	Other Financing Sources (Uses):				
7912	Sale of Real or Personal Property	--	--	51,564	51,564
7915	Transfers In	44,652,259	45,210,797	47,932,412	2,721,615
8911	Transfers Out	(32,087,591)	(70,097,414)	(69,374,759)	722,655
7080	Total Other Financing Sources and (Uses)	12,564,668	(24,886,617)	(21,390,783)	3,495,834
1200	Net Change in Fund Balance	17,199,166	(19,654,203)	(1,121,433)	18,532,770
0100	Fund Balance - Beginning	--	73,116,534	73,116,534	--
1300	Prior Period Adjustment	--	492,591	492,591	--
0100	Fund Balance - Beginning, as Restated	--	73,609,125	73,609,125	--
3000	Fund Balance - Ending	\$ 17,199,166	\$ 53,954,922	\$ 72,487,692	\$ 18,532,770

PHARR-SAN JUAN-ALAMO INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF THE DISTRICT'S PROPORTIONATE
SHARE OF THE NET PENSION LIABILITY
TEACHER RETIREMENT SYSTEM OF TEXAS (TRS)
FOR THE YEAR ENDED AUGUST 31, 2015 *

	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
District's proportion of the net pension liability (asset)	0.002%	--	--	--	--	--	--	--	--	--
District's proportionate share of the net pension liability (asset)	\$ 40,623,685	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --
State's proportionate share of the net pension liability (asset) associated with the District	56,079,556	--	--	--	--	--	--	--	--	--
Total	<u>\$ 96,703,241</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>
District's covered-employee payroll	\$ 193,311,501	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	21.01%	--	--	--	--	--	--	--	--	--
Plan fiduciary net position as a percentage of the total pension liability	83.25%	--	--	--	--	--	--	--	--	--

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

PHARR-SAN JUAN-ALAMO INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF DISTRICT CONTRIBUTIONS
TEACHER RETIREMENT SYSTEM RETIREMENT SYSTEM PENSION PLAN
FOR THE YEAR ENDED AUGUST 31, 2015 *

	Fiscal Year										
	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006	
Contractually required contribution	\$ --	\$ 3,855,746	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	
Contributions in relation to the contractually required contribution	--	(3,855,746)	--	--	--	--	--	--	--	--	
Contribution deficiency (excess)	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	
District's covered-employee payroll	\$ --	\$ 193,311,501	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	
Contributions as a percentage of covered-employee payroll	--	1.99%	--	--	--	--	--	--	--	--	

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

PHARR-SAN JUAN-ALAMO INDEPENDENT SCHOOL DISTRICT

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION FOR THE YEAR ENDED AUGUST 31, 2015

Budget

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

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

Once a budget is approved, it can be amended at function and fund level only by approval of a majority of the members of the Board. Amendments are presented to the Board at its regular meetings.

Each amendment must have Board approval. Such amendments are made before the fact, are reflected in the official minutes of the Board and are not made after fiscal year end as required by law.

Each amendment is controlled by the budget coordinator at the revenue and expenditure function/object level. Budgeted amounts are as amended by the Board. All budget appropriations lapse at year end.

Encumbrances for goods or purchased services are documented by purchase orders or contracts. Under Texas law, appropriations lapse at August 31, and encumbrances outstanding at that time are to be either cancelled or appropriately provided for in the subsequent year's budget. There were no end-of-year outstanding encumbrances that were provided for in the subsequent year's budget.

Defined Benefit Pension Plan

TRS

Actuarial Assumptions – The Information presented in the require supplementary schedules was used in the actuarial valuation for determining the actuarially determined contribution rate and the Net Pension Liability in accordance with GASB 67. Actuarial methods and assumptions used for funding purposes can be found in the Actuarial Section. The GASB 67 assumptions are as follows:

Valuation Date	August 31, 2014
Actuarial Cost Method	Individual Entry Age Normal
Amortization Method	Level Percentage of Payroll, Open
Remaining Amortization Period	30 Years
Asset Valuation Method	5 Year Smoothed Market
Actuarial Assumptions:	
Discount Rate	8%
Long-term Expected Investment Rate of Return	8%
Inflation	3%
Salary Increases	4.25% to 7.25% Including Inflation
Ad hoc Post-Employment Benefit Changes	None*

*The COLA for the period beginning September 1, 2013 was paid starting October 1, 2013 and was included in the 2013 actuarial valuation and thus is not considered an ad hoc post-employment benefit change assumption for fiscal year 2014

Changes of benefit terms

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

Changes of assumptions

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

*Combining Statements and Budget Comparisons
as Supplementary Information*

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

PHARR-SAN JUAN-ALAMO INDEPENDENT SCHOOL DISTRICT

COMBINING BALANCE SHEET

NONMAJOR GOVERNMENTAL FUNDS

AUGUST 31, 2015

Data Control Codes		Special Revenue Funds	Permanent Funds	Total Nonmajor Governmental Funds (See Exhibit C-1)
ASSETS:				
1110	Cash and Cash Equivalents	\$ (4,844,228)	\$ 440,220	\$ (4,404,008)
1240	Due from Other Governments	9,292,062	--	9,292,062
1260	Due from Other Funds	32,393	388,375	420,768
1290	Other Receivables	149,545	107,193	256,738
1000	Total Assets	<u>4,629,772</u>	<u>935,788</u>	<u>5,565,560</u>
LIABILITIES:				
Current Liabilities:				
2110	Accounts Payable	\$ 532,161	\$ 116,394	\$ 648,555
2160	Accrued Wages Payable	1,763,749	--	1,763,749
2170	Due to Other Funds	17,995	334,749	352,744
2180	Due to Other Governments	8,606	87,807	96,413
2190	Due to Student Groups	1,336,055	385,579	1,721,634
2300	Unearned Revenue	970,290	--	970,290
2000	Total Liabilities	<u>4,628,856</u>	<u>924,529</u>	<u>5,553,385</u>
FUND BALANCES:				
Restricted Fund Balances:				
3490	Other Restrictions of Fund Balance	--	11,259	11,259
Unassigned, Reported in Nonmajor:				
3610	Special Revenue Funds	916	--	916
3000	Total Fund Balances	<u>916</u>	<u>11,259</u>	<u>12,175</u>
4000	Total Liabilities and Fund Balances	<u>\$ 4,629,772</u>	<u>\$ 935,788</u>	<u>\$ 5,565,560</u>

PHARR-SAN JUAN-ALAMO INDEPENDENT SCHOOL DISTRICT

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

Data Control Codes		Special Revenue Funds	Permanent Funds	Total Nonmajor Governmental Funds (See Exhibit C-2)
REVENUES:				
5700	Local and Intermediate Sources	\$ 12,838	\$ --	\$ 12,838
5800	State Program Revenues	929,135	--	929,135
5900	Federal Program Revenues	28,136,392	--	28,136,392
5020	Total Revenues	29,078,365	--	29,078,365
EXPENDITURES:				
Current:				
0011	Instruction	16,348,322	--	16,348,322
0012	Instructional Resources and Media Services	255,269	--	255,269
0013	Curriculum and Staff Development	4,999,394	--	4,999,394
0021	Instructional Leadership	2,991,865	--	2,991,865
0023	School Leadership	59,893	--	59,893
0031	Guidance, Counseling, & Evaluation Services	2,819,289	--	2,819,289
0032	Social Work Services	241,572	--	241,572
0033	Health Services	151,489	--	151,489
0041	General Administration	13,813	--	13,813
0051	Facilities Maintenance and Operations	188	--	188
0061	Community Services	1,197,271	--	1,197,271
6030	Total Expenditures	29,078,365	--	29,078,365
1100	Excess (Deficiency) of Revenues Over (Under)			
1100	Expenditures	--	--	--
0100	Fund Balances - Beginning	29,757	11,259	41,016
1300	Prior Period Adjustment	(28,841)	--	(28,841)
	Fund Balances - Beginning, as Restated	916	11,259	12,175
3000	Fund Balances - Ending	\$ 916	\$ 11,259	\$ 12,175

PHARR-SAN JUAN-ALAMO INDEPENDENT SCHOOL DISTRICT

COMBINING BALANCE SHEET

NONMAJOR SPECIAL REVENUE FUNDS

AUGUST 31, 2015

Data Control Codes		204 ESEA Title IV SDFSC	205 Head Start	211 ESEA Title I Improving Basic Programs	212 ESEA Title I, Part C Migrant Children
ASSETS:					
1110	Cash and Cash Equivalents	\$ (357,300)	\$ (114,865)	\$ (1,933,466)	\$ (514,130)
1240	Due from Other Governments	300,811	261,141	2,656,477	710,675
1260	Due from Other Funds	--	--	609	10,575
1290	Other Receivables	149,247	--	61	--
1000	Total Assets	92,758	146,276	723,681	207,120
LIABILITIES:					
Current Liabilities:					
2110	Accounts Payable	\$ 115	\$ --	\$ 69,827	\$ 20,793
2160	Accrued Wages Payable	92,643	146,276	638,606	184,620
2170	Due to Other Funds	--	--	6,687	1,707
2180	Due to Other Governments	--	--	8,561	--
2190	Due to Student Groups	--	--	--	--
2300	Unearned Revenue	--	--	--	--
2000	Total Liabilities	92,758	146,276	723,681	207,120
FUND BALANCES:					
Unassigned, Reported in Nonmajor:					
3610	Special Revenue Funds	--	--	--	--
3000	Total Fund Balances	--	--	--	--
4000	Total Liabilities and Fund Balances	\$ 92,758	\$ 146,276	\$ 723,681	\$ 207,120

224	225	244	255	263
IDEA-B Formula	IDEA-B Preschool Grant	Career and Tech Basic Grant	ESEA Title II Training & Recruiting	English Language Acquisition and Enhancement
\$ (809,028)	\$ (6,154)	\$ (8,405)	\$ (429,826)	\$ (210,668)
1,159,381	9,876	14,646	559,091	314,550
--	--	--	230	--
--	--	--	--	--
<u>350,353</u>	<u>3,722</u>	<u>6,241</u>	<u>129,495</u>	<u>103,882</u>
\$ --	\$ --	\$ --	\$ --	\$ 531
347,002	3,687	6,179	124,865	102,498
3,351	35	62	4,630	853
--	--	--	--	--
--	--	--	--	--
--	--	--	--	--
<u>350,353</u>	<u>3,722</u>	<u>6,241</u>	<u>129,495</u>	<u>103,882</u>
--	--	--	--	--
--	--	--	--	--
<u>\$ 350,353</u>	<u>\$ 3,722</u>	<u>\$ 6,241</u>	<u>\$ 129,495</u>	<u>\$ 103,882</u>

PHARR-SAN JUAN-ALAMO INDEPENDENT SCHOOL DISTRICT

COMBINING BALANCE SHEET

NONMAJOR SPECIAL REVENUE FUNDS

AUGUST 31, 2015

Data Control Codes		272 MAC Program	274 GEAR UP	286 Title I SIP Academy Grant ARRA	288 i3 Early College Expansion Partnership
ASSETS:					
1110	Cash and Cash Equivalents	\$ 544,885	\$ (150,829)	\$ 45	\$ (2,508,958)
1240	Due from Other Governments	151,930	191,478	--	2,559,591
1260	Due from Other Funds	--	--	--	20,979
1290	Other Receivables	--	--	--	--
1000	Total Assets	696,815	40,649	45	71,612
LIABILITIES:					
Current Liabilities:					
2110	Accounts Payable	\$ 12,894	\$ --	\$ --	\$ --
2160	Accrued Wages Payable	191	40,649	--	70,967
2170	Due to Other Funds	25	--	--	645
2180	Due to Other Governments	--	--	45	--
2190	Due to Student Groups	--	--	--	--
2300	Unearned Revenue	683,705	--	--	--
2000	Total Liabilities	696,815	40,649	45	71,612
FUND BALANCES:					
Unassigned, Reported in Nonmajor:					
3610	Special Revenue Funds	--	--	--	--
3000	Total Fund Balances	--	--	--	--
4000	Total Liabilities and Fund Balances	\$ 696,815	\$ 40,649	\$ 45	\$ 71,612

289 Rio Grande Valley Center For Teaching	397 Advanced Placement Incentives	409 Texas High School Project	410 State Textbook Fund	411 Technology Allotment
\$ 232,950	\$ 38,627	\$ (2,624)	\$ 78,963	\$ (24,285)
--	--	2,387	362,905	24,285
--	--	--	--	--
--	--	237	--	--
<u>232,950</u>	<u>38,627</u>	<u>--</u>	<u>441,868</u>	<u>--</u>
\$ --	\$ --	\$ --	\$ 428,001	\$ --
--	--	--	--	--
--	--	--	--	--
--	--	--	--	--
--	--	--	--	--
<u>232,950</u>	<u>38,627</u>	<u>--</u>	<u>13,107</u>	<u>--</u>
<u>232,950</u>	<u>38,627</u>	<u>--</u>	<u>441,108</u>	<u>--</u>
--	--	--	760	--
--	--	--	<u>760</u>	--
<u>\$ 232,950</u>	<u>\$ 38,627</u>	<u>\$ --</u>	<u>\$ 441,868</u>	<u>\$ --</u>

PHARR-SAN JUAN-ALAMO INDEPENDENT SCHOOL DISTRICT**COMBINING BALANCE SHEET****NONMAJOR SPECIAL REVENUE FUNDS****AUGUST 31, 2015**

Data Control Codes		461 Campus Activity Funds	480 College for all Initiative
	ASSETS:		
1110	<i>Cash and Cash Equivalents</i>	\$ 1,336,055	\$ (7,272)
1240	<i>Due from Other Governments</i>	--	12,838
1260	<i>Due from Other Funds</i>	--	--
1290	<i>Other Receivables</i>	--	--
1000	Total Assets	<u>1,336,055</u>	<u>5,566</u>
	LIABILITIES:		
	Current Liabilities:		
2110	<i>Accounts Payable</i>	\$ --	\$ --
2160	<i>Accrued Wages Payable</i>	--	5,566
2170	<i>Due to Other Funds</i>	--	--
2180	<i>Due to Other Governments</i>	--	--
2190	<i>Due to Student Groups</i>	1,336,055	--
2300	<i>Unearned Revenue</i>	--	--
2000	Total Liabilities	<u>1,336,055</u>	<u>5,566</u>
	FUND BALANCES:		
	Unassigned, Reported in Nonmajor:		
3610	<i>Special Revenue Funds</i>	--	--
3000	Total Fund Balances	<u>--</u>	<u>--</u>
4000	Total Liabilities and Fund Balances	<u>\$ 1,336,055</u>	<u>\$ 5,566</u>

482 School Improvement Facilitators	483 AVID	Total Nonmajor Special Revenue Funds (See Exhibit H-1)
\$ 1,901	\$ 156	\$ (4,844,228)
--	--	9,292,062
--	--	32,393
--	--	149,545
<u>1,901</u>	<u>156</u>	<u>4,629,772</u>
\$ --	\$ --	\$ 532,161
--	--	1,763,749
--	--	17,995
--	--	8,606
--	--	1,336,055
<u>1,901</u>	<u>--</u>	<u>970,290</u>
<u>1,901</u>	<u>--</u>	<u>4,628,856</u>
--	<u>156</u>	<u>916</u>
--	<u>156</u>	<u>916</u>
\$ <u>1,901</u>	\$ <u>156</u>	\$ <u>4,629,772</u>

PHARR-SAN JUAN-ALAMO INDEPENDENT SCHOOL DISTRICT

COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED AUGUST 31, 2015

Data Control Codes		204 ESEA Title IV SDFSC	205 Head Start	211 ESEA Title I Improving Basic Programs	212 ESEA Title I, Part C Migrant Children
REVENUES:					
5700	Local and Intermediate Sources	\$ --	\$ --	\$ --	\$ --
5800	State Program Revenues	--	--	--	--
5900	Federal Program Revenues	649,165	261,141	13,536,157	2,837,455
5020	Total Revenues	649,165	261,141	13,536,157	2,837,455
EXPENDITURES:					
Current:					
0011	Instruction	--	225,601	7,533,682	714,144
0012	Instructional Resources and Media Services	--	--	255,269	--
0013	Curriculum and Staff Development	--	--	2,606,539	--
0021	Instructional Leadership	410,406	35,540	1,290,706	464,602
0023	School Leadership	--	--	24,843	--
0031	Guidance, Counseling, & Evaluation Services	--	--	635,425	1,654,225
0032	Social Work Services	238,759	--	--	2,813
0033	Health Services	--	--	--	--
0041	General Administration	--	--	--	--
0051	Facilities Maintenance and Operations	--	--	188	--
0061	Community Services	--	--	1,189,505	1,671
6030	Total Expenditures	649,165	261,141	13,536,157	2,837,455
1100	Excess (Deficiency) of Revenues Over (Under)	--	--	--	--
1100	Expenditures	--	--	--	--
0100	Fund Balances - Beginning	--	--	--	--
1300	Prior Period Adjustment	--	--	--	--
	Fund Balances - Beginning, as Restated	--	--	--	--
3000	Fund Balances - Ending	\$ --	\$ --	\$ --	\$ --

224	225	244	255	263
IDEA-B Formula	IDEA-B Preschool Grant	Career and Tech Basic Grant	ESEA Title II Training & Recruiting	English Language Acquisition and Enhancement
\$ --	\$ --	\$ --	\$ --	\$ --
--	--	--	--	--
4,963,357	62,791	296,535	1,263,508	1,409,626
4,963,357	62,791	296,535	1,263,508	1,409,626
4,774,383	62,791	207,502	95	601,811
--	--	--	--	--
--	--	--	1,263,413	639,583
188,974	--	--	--	162,137
--	--	--	--	--
--	--	89,033	--	--
--	--	--	--	--
--	--	--	--	--
--	--	--	--	--
--	--	--	--	6,095
4,963,357	62,791	296,535	1,263,508	1,409,626
--	--	--	--	--
--	--	--	--	--
--	--	--	--	--
\$ --	\$ --	\$ --	\$ --	\$ --

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, 2015

Data Control Codes		272	274	288	289
		MAC Program	GEAR UP	i3 Early College Expansion Partnership	Rio Grande Valley Center For Teaching
REVENUES:					
5700	Local and Intermediate Sources	\$ --	\$ --	\$ --	\$ --
5800	State Program Revenues	--	--	--	--
5900	Federal Program Revenues	253,879	276,509	2,164,453	161,816
5020	Total Revenues	253,879	276,509	2,164,453	161,816
EXPENDITURES:					
Current:					
0011	Instruction	--	34,197	1,266,931	--
0012	Instructional Resources and Media Services	--	--	--	--
0013	Curriculum and Staff Development	--	7,189	391,411	91,259
0021	Instructional Leadership	--	--	367,968	70,557
0023	School Leadership	--	--	35,050	--
0031	Guidance, Counseling, & Evaluation Services	102,390	235,123	103,093	--
0032	Social Work Services	--	--	--	--
0033	Health Services	151,489	--	--	--
0041	General Administration	--	--	--	--
0051	Facilities Maintenance and Operations	--	--	--	--
0061	Community Services	--	--	--	--
6030	Total Expenditures	253,879	276,509	2,164,453	161,816
1100	Excess (Deficiency) of Revenues Over (Under)	--	--	--	--
1100	Expenditures	--	--	--	--
0100	Fund Balances - Beginning	--	--	--	--
1300	Prior Period Adjustment	--	--	--	--
	Fund Balances - Beginning, as Restated	--	--	--	--
3000	Fund Balances - Ending	\$ --	\$ --	\$ --	\$ --

409 Texas High School Project	410 State Textbook Fund	480 College for all Initiative	483 AVID	Total Nonmajor Special Revenue Funds (See Exhibit H-2)
\$ --	\$ --	\$ 12,838	\$ --	\$ 12,838
--	929,135	--	--	929,135
--	--	--	--	28,136,392
--	929,135	12,838	--	29,078,365
--	927,185	--	--	16,348,322
--	--	--	--	255,269
--	--	--	--	4,999,394
--	975	--	--	2,991,865
--	--	--	--	59,893
--	--	--	--	2,819,289
--	--	--	--	241,572
--	--	--	--	151,489
--	975	12,838	--	13,813
--	--	--	--	188
--	--	--	--	1,197,271
--	929,135	12,838	--	29,078,365
--	--	--	--	--
28,841	760	--	156	29,757
(28,841)	--	--	--	(28,841)
--	760	--	156	916
\$ --	\$ 760	\$ --	\$ 156	\$ 916

PHARR-SAN JUAN-ALAMO INDEPENDENT SCHOOL DISTRICT

COMBINING BALANCE SHEET

NONMAJOR PERMANENT FUNDS

AUGUST 31, 2015

		836	837
Data Control Codes		Escrow I	Escrow II
ASSETS:			
1110	Cash and Cash Equivalents	\$ (57,034)	\$ 8,445
1260	Due from Other Funds	--	--
1290	Other Receivables	59,817	41,270
1000	Total Assets	2,783	49,715
LIABILITIES:			
Current Liabilities:			
2110	Accounts Payable	\$ --	\$ 47,195
2170	Due to Other Funds	169	--
2180	Due to Other Governments	546	--
2190	Due to Student Groups	--	--
2000	Total Liabilities	715	47,195
FUND BALANCES:			
Restricted Fund Balances:			
3490	Other Restrictions of Fund Balance	2,068	2,520
3000	Total Fund Balances	2,068	2,520
4000	Total Liabilities and Fund Balances	\$ 2,783	\$ 49,715

838 Escrow III	840 Trick O-Treat Scholarship	841 General Agency & Trust	Total Nonmajor Permanent Funds (See Exhibit H-1)
\$ 69,131	\$ 2,928	\$ 416,750	\$ 440,220
--	--	388,375	388,375
--	--	6,106	107,193
<u>69,131</u>	<u>2,928</u>	<u>811,231</u>	<u>935,788</u>
\$ 69,131	\$ --	\$ 68	\$ 116,394
--	--	334,580	334,749
--	--	87,261	87,807
--	2,056	383,523	385,579
<u>69,131</u>	<u>2,056</u>	<u>805,432</u>	<u>924,529</u>
--	872	5,799	11,259
--	872	5,799	11,259
<u>69,131</u>	<u>2,928</u>	<u>811,231</u>	<u>935,788</u>

PHARR-SAN JUAN-ALAMO INDEPENDENT SCHOOL DISTRICT

COMBINING STATEMENT OF REVENUES, EXPENDITURES,

AND CHANGES IN FUND BALANCES

NONMAJOR PERMANENT FUNDS

FOR THE YEAR ENDED AUGUST 31, 2015

		836	837
Data			
Control			
Codes			
		Escrow I	Escrow II
REVENUES:			
5020	Total Revenues	\$ --	\$ --
EXPENDITURES:			
6030	Total Expenditures	--	--
1100	Excess (Deficiency) of Revenues Over (Under)		
1100	Expenditures	--	--
0100	Fund Balances - Beginning	2,068	2,520
3000	Fund Balances - Ending	\$ 2,068	\$ 2,520

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

PHARR-SAN JUAN-ALAMO INDEPENDENT SCHOOL DISTRICT

COMBINING STATEMENT OF NET POSITION

INTERNAL SERVICE FUNDS

AUGUST 31, 2015

Data Control Codes		752 Print Shop Fund	753 Insurance Fund
ASSETS:			
Current Assets:			
1110	Cash and Cash Equivalents	\$ 21,330	\$ 1,482,218
Receivables:			
1260	Due from Other Funds	--	167,017
1290	Other Receivables (net)	--	140,511
	Total Current Assets	21,330	1,789,746
Noncurrent Assets:			
Capital Assets:			
1530	Furniture and Equipment	62,049	--
1570	Accumulated Depreciation	(62,049)	--
	Total Noncurrent Assets	--	--
1000	Total Assets	21,330	1,789,746
LIABILITIES:			
Current Liabilities:			
2110	Accounts Payable	\$ 10,397	\$ 280,898
2160	Accrued Wages Payable	6,272	--
2170	Due to Other Funds	97	502,406
	Total Current Liabilities	16,766	783,304
2000	Total Liabilities	16,766	783,304
NET POSITION:			
3800	Restricted	4,564	1,006,442
3000	Total Net Position	\$ 4,564	\$ 1,006,442

771	772	Total Internal Service Funds (See Exhibit D-1)
Copier Fund	Workmen's Compensation	
<u>\$ 251,224</u>	<u>\$ 6,305,192</u>	<u>\$ 8,059,964</u>
--	137,643	304,660
2	9,104	149,617
<u>251,226</u>	<u>6,451,939</u>	<u>8,514,241</u>
27,009	--	89,058
(18,004)	--	(80,053)
9,005	--	9,005
<u>260,231</u>	<u>6,451,939</u>	<u>8,523,246</u>
 \$ 222	 \$ --	 \$ 291,517
--	--	6,272
--	78,094	580,597
<u>222</u>	<u>78,094</u>	<u>878,386</u>
<u>222</u>	<u>78,094</u>	<u>878,386</u>
 260,009	 6,373,845	 7,644,860
<u>\$ 260,009</u>	<u>\$ 6,373,845</u>	<u>\$ 7,644,860</u>

PHARR-SAN JUAN-ALAMO INDEPENDENT SCHOOL DISTRICT

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

Data Control Codes		752 Print Shop Fund	753 Insurance Fund
OPERATING REVENUES:			
5700	Local and Intermediate Sources	\$ 328,260	\$ 30,131,707
5020	Total Revenues	<u>328,260</u>	<u>30,131,707</u>
OPERATING EXPENSES:			
6100	Payroll Costs	144,499	--
6200	Professional and Contracted Services	133,128	31,044,272
6300	Supplies and Materials	47,665	4,615
6400	Other Operating Costs	--	397,906
6030	Total Expenses	<u>325,292</u>	<u>31,446,793</u>
1300	Change in Net Position	2,968	(1,315,086)
0100	Total Net Position - Beginning	1,596	2,321,528
3300	Total Net Position - Ending	<u>\$ 4,564</u>	<u>\$ 1,006,442</u>

771	772	Total Internal Service Funds (See Exhibit D-2)
Copier Fund	Workmen's Compensation	
\$ 43,252	\$ 2,796,908	\$ 33,300,127
43,252	2,796,908	33,300,127
--	--	144,499
34,456	1,476,879	32,688,735
5,178	639	58,097
--	--	397,906
39,634	1,477,518	33,289,237
3,618	1,319,390	10,890
256,391	5,054,455	7,633,970
\$ 260,009	\$ 6,373,845	\$ 7,644,860

PHARR-SAN JUAN-ALAMO INDEPENDENT SCHOOL DISTRICT

COMBINING STATEMENT OF CASH FLOWS

ALL INTERNAL SERVICE FUNDS

FOR THE YEAR ENDED AUGUST 31, 2015

	752 Print Shop Fund	753 Insurance Fund	771 Copier Fund
Cash Flows from Operating Activities:			
Cash Received from Customers	\$ --	\$ --	\$ --
Cash Receipts (Payments) for Quasi-external Operating Transactions with Other Funds	330,505	29,968,810	43,252
Cash Payments to Employees	(146,417)	--	--
Cash Payments to Suppliers for Goods and Services	(177,156)	(31,506,470)	(40,136)
Cash Payments for Grants to Other Organizations	--	--	--
Other Operating Cash Receipts (Payments)	--	(397,906)	--
Net Cash Provided (Used) by Operating Activities	6,932	(1,935,566)	3,116
Cash Flows from Non-capital Financing Activities:			
Proceeds (Payments) from (for) Borrowings	--	--	--
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	--	--	--
Contributed Capital	--	--	--
Net Cash Provided (Used) for Capital and Related Financing Activities	--	--	--
Cash Flows from Investing Activities:			
Purchase of Investment Securities	--	--	--
Interest and Dividends on Investments	--	--	--
Net Cash Provided (Used) for Investing Activities	--	--	--
Net Increase (Decrease) in Cash and Cash Equivalents	6,932	(1,935,566)	3,116
Cash and Cash Equivalents at Beginning of Year	14,398	3,417,783	248,109
Cash and Cash Equivalents at End of Year	\$ 21,330	\$ 1,482,217	\$ 251,225
Reconciliation of Operating Income to Net Cash Provided by Operating Activities:			
Operating Income (Loss)	\$ 2,968	\$ (1,315,086)	\$ 3,618
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities			
Depreciation	--	--	--
Change in Assets and Liabilities:			
Decrease (Increase) in Accrued Interest	--	3,660	--
Decrease (Increase) in Due From Other Funds	--	(166,407)	--
Decrease (Increase) in Other Receivables	--	(150)	--
Increase (Decrease) in Inventory	2,245	--	--
Increase (Decrease) in Accounts Payable	3,703	280,401	(502)
Increase (Decrease) in Accrued Wages Payable	(1,918)	--	--
Increase (Decrease) in Due to Other Funds	(66)	(737,984)	--
Total Adjustments	3,964	(620,480)	(502)
Net Cash Provided (Used) by Operating Activities	\$ 6,932	\$ (1,935,566)	\$ 3,116

EXHIBIT H-9

772	Total Internal Service Funds (See Exhibit D-3)
Workmen's Compensation	
\$ --	\$ --
2,796,644	33,139,211
--	(146,417)
(1,620,146)	(33,343,908)
--	--
--	(397,906)
<u>1,176,498</u>	<u>(749,020)</u>
--	--
--	--
--	--
<u>--</u>	<u>--</u>
--	--
--	--
--	--
--	--
<u>--</u>	<u>--</u>
--	--
--	--
--	--
<u>--</u>	<u>--</u>
1,176,498	(749,020)
5,128,694	8,808,984
<u>\$ 6,305,192</u>	<u>\$ 8,059,964</u>
\$ 1,319,390	\$ 10,890
--	--
--	3,660
(264)	(166,671)
--	(150)
--	2,245
--	283,602
--	(1,918)
<u>(142,628)</u>	<u>(880,678)</u>
<u>(142,892)</u>	<u>(759,910)</u>
<u>\$ 1,176,498</u>	<u>\$ (749,020)</u>

PHARR-SAN JUAN-ALAMO INDEPENDENT SCHOOL DISTRICT

COMBINING STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES

AGENCY FUNDS

AUGUST 31, 2015

Data Control Codes		842 General Agency & Trust	865 Student Activity	Total Agency Funds (See Exhibit E-1)
ASSETS:				
1110	<i>Cash and Cash Equivalents</i>	\$ 216	\$ 675,233	\$ 675,449
1000	Total Assets	<u>216</u>	<u>675,233</u>	<u>675,449</u>
LIABILITIES:				
Current Liabilities:				
2190	<i>Due to Student Groups</i>	\$ 216	\$ 675,233	\$ 675,449
2000	Total Liabilities	<u>216</u>	<u>675,233</u>	<u>675,449</u>
NET POSITION:				
3000	Total Net Position	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>

Other Supplementary Information

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

PHARR-SAN JUAN-ALAMO INDEPENDENT SCHOOL DISTRICT

*SCHEDULE OF DELINQUENT TAXES RECEIVABLE
FOR THE YEAR ENDED AUGUST 31, 2015*

Year Ended August 31	1		2		3	
	Tax Rates				Assessed/Appraised Value For School Tax Purposes	
	Maintenance		Debt Service			
2006 and Prior Years	\$	Various	\$	Various	\$	Various
2007		1.37		.149		2,628,903,008
2008		1.04		.1713		2,891,912,692
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 (School Year Under Audit)		1.17		.1889		3,840,693,698

1000 Totals

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

10 Beginning Balance 9/1/14	20 Current Year's Total Levy	31 Maintenance Collections	32 Debt Service Collections	40 Entire Year's Adjustments	50 Ending Balance 8/31/15
\$ 1,782,438	\$ --	\$ 178,770	\$ 23,141	\$ (77,696)	\$ 1,502,831
301,180	--	35,244	3,843	(8,874)	253,219
290,313	--	38,049	6,267	(12,745)	233,252
405,611	--	59,572	13,232	(10,792)	322,015
474,896	--	81,641	20,512	(5,873)	366,870
635,554	--	120,950	37,122	(51,619)	425,863
813,969	--	209,732	33,916	(17,586)	552,735
1,215,581	--	400,855	64,822	(21,687)	728,217
2,231,493	--	888,689	143,709	(112,119)	1,086,976
--	51,125,723	42,213,522	6,826,329	329,884	2,415,756
<u>\$ 8,151,035</u>	<u>\$ 51,125,723</u>	<u>\$ 44,227,024</u>	<u>\$ 7,172,893</u>	<u>\$ 10,893</u>	<u>\$ 7,887,734</u>
\$ --	\$ --	\$ --	\$ --	\$ --	\$ --

Less: Allowance for Uncollectible
Total

657,933
\$ 7,229,801

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PHARR-SAN JUAN-ALAMO INDEPENDENT SCHOOL DISTRICT

EXHIBIT J-2

DEBT SERVICE

BUDGETARY COMPARISON SCHEDULE

FOR THE YEAR ENDED AUGUST 31, 2015

Data Control Codes		1	2	3	Variance with Final Budget
		Budgeted Amounts		Actual	Positive (Negative)
		Original	Final		
REVENUES:					
5700	Local and Intermediate Sources	\$ 504,840	\$ 8,464,405	\$ 7,454,747	\$ (1,009,658)
5800	State Program Revenues	19,874,073	18,600,412	19,116,670	516,258
5020	Total Revenues	20,378,913	27,064,817	26,571,417	(493,400)
EXPENDITURES:					
Debt Service:					
0071	Principal on Long-Term Debt	6,987,526	14,865,000	14,865,000	--
0072	Interest on Long-Term Debt	24,133,185	19,157,318	15,875,800	3,281,518
0073	Bond Issuance Costs and Fees	1,375	311,045	298,418	12,627
	Total Debt Service	31,122,086	34,333,363	31,039,218	3,294,145
6030	Total Expenditures	31,122,086	34,333,363	31,039,218	3,294,145
1100	Excess (Deficiency) of Revenues Over (Under)				
1100	Expenditures	(10,743,173)	(7,268,546)	(4,467,801)	2,800,745
Other Financing Sources (Uses):					
7911	Capital-Related Debt Issued (Regular Bonds)	--	102,985	89,415,000	89,312,015
7915	Transfers In	1,886,616	18,151,679	18,151,678	(1)
7916	Premium or Discount on Issuance of Bonds	--	9,038,028	8,879,654	(158,374)
8911	Transfers Out	--	(16,162,779)	(16,162,779)	--
8940	Payment to Bond Refunding Escrow Agent	--	(98,453,028)	(98,453,025)	3
7080	Total Other Financing Sources and (Uses)	1,886,616	(87,323,115)	1,830,528	89,153,643
1200	Net Change in Fund Balance	(8,856,557)	(94,591,661)	(2,637,273)	91,954,388
0100	Fund Balance - Beginning	--	4,162,661	4,162,661	--
3000	Fund Balance - Ending	\$ (8,856,557)	\$ (90,429,000)	\$ 1,525,388	\$ 91,954,388

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, 2015, 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 19, 2016.

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
Certified Public Accountants
Pharr, TX

January 19, 2016



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

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

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 OMB Circular A-133

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 Circular A-133 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, 2015. 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 the requirements of laws, regulations, contracts, and grants 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 OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the 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 identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs for the year ended August 31, 2015.

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 OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the 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 OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.


Oscar R. Gonzalez, CPA and Associates PLLC
Certified Public Accountants
Pharr, TX

January 19, 2016

PHARR-SAN JUAN-ALAMO INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED AUGUST 31, 2015

A. Summary of Auditor's Results

1. Financial Statements

Type of auditor's report issued:	<u>Unmodified</u>		
Internal control over financial reporting:			
One or more material weaknesses identified?	<u> </u> Yes	<u> X </u> No	
One or more significant deficiencies identified that are not considered to be material weaknesses?	<u> </u> Yes	<u> X </u> None Reported	
Noncompliance material to financial statements noted?	<u> </u> Yes	<u> X </u> No	

2. Federal Awards

Internal control over major programs:			
One or more material weaknesses identified?	<u> </u> Yes	<u> X </u> No	
One or more significant deficiencies identified that are not considered to be material weaknesses?	<u> </u> Yes	<u> X </u> None Reported	
Type of auditor's report issued on compliance for major programs:	<u>Unmodified</u>		
Any audit findings disclosed that are required to be reported in accordance with section 510(a) of OMB Circular A-133?			
	<u> </u> Yes	<u> X </u> No	

Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
10.553	School Breakfast Program
10.555	National School Lunch Program
84.027	IDEA-B Formula
84.173	IDEA-B Preschool
84.374	Teacher Incentive Fund
16.560	National Institute of Justice Research, Evaluation, and Development Project Grants

Dollar threshold used to distinguish between type A and type B programs:	<u>\$ 1,517,724</u>	
Auditee qualified as low-risk auditee?	<u> X </u> Yes	<u> </u> No

B. Financial Statement Findings

NONE

C. Federal Award Findings and Questioned Costs

NONE

PHARR-SAN JUAN-ALAMO INDEPENDENT SCHOOL DISTRICT
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED AUGUST 31, 2015

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

PHARR-SAN JUAN-ALAMO INDEPENDENT SCHOOL DISTRICT
CORRECTIVE ACTION PLAN
FOR THE YEAR ENDED AUGUST 31, 2015

None

PHARR-SAN JUAN-ALAMO INDEPENDENT SCHOOL DISTRICT

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED AUGUST 31, 2015

EXHIBIT K-1

Page 1 of 3

(1)	(2)	(2A)	(3)
Federal Grantor/ Pass-Through Grantor/ Program Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
U. S. DEPARTMENT OF HEALTH AND HUMAN SERVICES Passed Through State Department of Education: <i>Head Start</i>	93.600	06HP0020-01-01	\$ 261,141
<i>Medicaid Administrative Claiming Program - MAC *</i>	93.778	108-909	253,879
Total Passed Through State Department of Education			515,020
Total U. S. Department of Health and Human Services			515,020
U. S. DEPARTMENT OF EDUCATION Passed Through State Department of Education: <i>National Institute of Justice Research, Evaluation, and Development</i>	16.560	2014-CK-BX-15	649,165
<i>ESEA Title I Part A - Improving Basic Programs *</i>	84.010A	4610112108909001	3,852
<i>ESEA Title I Part A - Improving Basic Programs *</i>	84.010A	4610112108909002	5,769
<i>ESEA Title I Part A - Improving Basic Programs *</i>	84.010A	4610112108909003	6,971
<i>ESEA Title I Part A - Improving Basic Programs *</i>	84.010A	4610112108909005	23,146
<i>ESEA Title I Part A - Improving Basic Programs *</i>	84.010A	4610112108909006	25,790
<i>ESEA Title I Part A - Improving Basic Programs *</i>	84.010A	4610112108909007	8,357
<i>ESEA Title I Part A - Improving Basic Programs *</i>	84.010A	4610112108909042	10,125
<i>ESEA Title I Part A - Improving Basic Programs *</i>	84.010A	4610112108909045	6,286
<i>ESEA Title I Part A - Improving Basic Programs *</i>	84.010A	4610112108909046	46
<i>ESEA Title I Part A - Improving Basic Programs *</i>	84.010A	4610112108909047	1,792
<i>ESEA Title I Part A - Improving Basic Programs *</i>	84.010A	4610112108909048	174
<i>ESEA Title I Part A - Improving Basic Programs *</i>	84.010A	4610112108909128	7,567
<i>ESEA Title I Part A - Improving Basic Programs *</i>	84.010A	4610112108909129	--
<i>ESEA Title I Part A - Improving Basic Programs *</i>	84.010A	5610112108909001	18,851
<i>ESEA Title I Part A - Improving Basic Programs *</i>	84.010A	5610112108909002	11,099
<i>ESEA Title I Part A - Improving Basic Programs *</i>	84.010A	5610112108909003	15,525
<i>ESEA Title I Part A - Improving Basic Programs *</i>	84.010A	5610112108909005	64,102
<i>ESEA Title I Part A - Improving Basic Programs *</i>	84.010A	5610112108909006	113,307
<i>ESEA Title I Part A - Improving Basic Programs *</i>	84.010A	5610112108909007	13,088
<i>ESEA Title I Part A - Improving Basic Programs *</i>	84.010A	5610112108909041	109,456
<i>ESEA Title I Part A - Improving Basic Programs *</i>	84.010A	5610112108909042	17,485
<i>ESEA Title I Part A - Improving Basic Programs *</i>	84.010A	5610112108909043	89,214
<i>ESEA Title I Part A - Improving Basic Programs *</i>	84.010A	5610112108909044	97,022
<i>ESEA Title I Part A - Improving Basic Programs *</i>	84.010A	5610112108909045	14,066
<i>ESEA Title I Part A - Improving Basic Programs *</i>	84.010A	5610112108909046	8,857
<i>ESEA Title I Part A - Improving Basic Programs *</i>	84.010A	5610112108909047	13,232
<i>ESEA Title I Part A - Improving Basic Programs *</i>	84.010A	5610112108909048	15,186
<i>ESEA Title I Part A - Improving Basic Programs *</i>	84.010A	5610112108909128	14,870
<i>ESEA Title I Part A - Improving Basic Programs *</i>	84.010A	5610112108909129	13,924
<i>ESEA Title I Part A - Improving Basic Programs *</i>	84.010A	4610101108909	123
<i>ESEA Title I Part A - Improving Basic Programs *</i>	84.010A	3610101108909	--
<i>ESEA Title I Part A - Improving Basic Programs *</i>	84.010A	4610101108909	--
<i>ESEA Title I Part A - Improving Basic Programs *</i>	84.010A	5610101108909	12,220,399
<i>ESEA Title I Part A - Improving Basic Programs *</i>	84.010A	6610101108909	586,478
Total CFDA Number 84.010A			13,536,159
<i>ESEA Title I Part C - Education of Migratory Children</i>	84.011	5615001108909	2,651,938
<i>ESEA Title I Part C - Education of Migratory Children</i>	84.011	6615001108909	185,517
Total CFDA Number 84.011			\$ 2,837,455

PHARR-SAN JUAN-ALAMO INDEPENDENT SCHOOL DISTRICT

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED AUGUST 31, 2015

EXHIBIT K-1

Page 2 of 3

(1)	(2)	(2A)	(3)
Federal Grantor/ Pass-Through Grantor/ Program Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
<i>IDEA-B Formula *</i>	84.027	56600011089096600	\$ 4,613,259
<i>IDEA-B Formula *</i>	84.027	66600011089096600	350,098
Total CFDA Number 84.027			<u>4,963,357</u>
<i>Career and Technical - Basic Grant</i>	84.048	5420006108909	290,294
<i>Career and Technical - Basic Grant</i>	84.048	6420006108909	6,241
Total CFDA Number 84.048			<u>296,535</u>
<i>IDEA-B Preschool *</i>	84.173	56610011089096610	59,069
<i>IDEA-B Preschool *</i>	84.173	66610011089096610	3,722
Total CFDA Number 84.173			<u>62,791</u>
<i>GEAR UP</i>	84.334S	P334A110180-13	276,509
<i>Title III Part A English Language Acquisition and Language Enhance</i>	84.365	5671001108909	1,306,927
<i>Title III Part A English Language Acquisition and Language Enhance</i>	84.365	6671001108909	102,699
Total CFDA Number 84.365			<u>1,409,626</u>
<i>ESEA Title II Part A - Teacher & Principal Training & Recruiting</i>	84.367A	5694501108909	1,137,621
<i>ESEA Title II Part A - Teacher & Principal Training & Recruiting</i>	84.367A	6694501108909	125,887
Total CFDA Number 84.367A			<u>1,263,508</u>
<i>Teacher Incentive Fund *</i>	84.374	S374A120099	1,950,967
<i>Rio Grande Valley Center for Teaching</i>	84.396C	U396C100748	161,816
<i>i3 Early College Expansion Partnership</i>	84.411B	U411B120049	213,486
Total Passed Through State Department of Education			<u>27,621,374</u>
Total U. S. Department of Education			<u>27,621,374</u>
U. S. DEPARTMENT OF DEFENSE			
Passed Through State Department of Education:			
ROTC	12.357	108-909	263,582
Total U. S. Department of Defense			<u>263,582</u>
U. S. DEPARTMENT OF AGRICULTURE			
Passed Through State Department of Education:			
School Breakfast Program *	10.553	108-909	6,874,844
National School Lunch Program *	10.555	108-909	12,749,250
National School Lunch Program *	10.555	108-909	88,830
Total CFDA Number 10.555			<u>12,838,080</u>
Summer Food Service Program *	10.559	108-909	397,277
Commodity Supplemental Food Program *	10.565	108-909	1,492,489
Child and Adult Care Food Program	10.589	108-909	532,263
Child Nutrition Direct Certification Performance Awards	10.589	108-909	47,309
Total CFDA Number 10.589			<u>579,572</u>
Total Passed Through State Department of Education			<u>22,182,262</u>
Total U. S. Department of Agriculture			<u>\$ 22,182,262</u>

PHARR-SAN JUAN-ALAMO INDEPENDENT SCHOOL DISTRICT

*SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED AUGUST 31, 2015*

EXHIBIT K-1

Page 3 of 3

(1)	(2)	(2A)	(3)
Federal Grantor/ Pass-Through Grantor/ Program Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
GENERAL SERVICES ADMINISTRATION			
Passed Through State Department of Education:			
Donation of Federal Surplus Personal Property	39.003	108-909	\$ 8,550
Total General Services Administration			8,550
TOTAL EXPENDITURES OF FEDERAL AWARDS			50,590,788

* Indicates clustered program under OMB Circular A-133 Compliance Supplement

The accompanying notes are an integral part of this schedule.

PHARR-SAN JUAN-ALAMO INDEPENDENT SCHOOL DISTRICT
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED AUGUST 31, 2015

Basis of Presentation

The accompanying schedule of expenditures of federal awards includes the federal grant activity of Pharr-San Juan-Alamo Independent School District and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the general purpose financial statements.

PHARR-SAN JUAN-ALAMO INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF REQUIRED RESPONSES TO SELECTED SCHOOL FIRST INDICATORS
AS OF AUGUST 31, 2015

<u>Data Control Codes</u>		<u>Responses</u>
SF2	Were there any disclosures in the Annual Financial Report and/or other sources of information concerning nonpayment of any terms of any debt agreement at fiscal year end?	No
SF4	Was there an unmodified opinion in the Annual Financial Report?	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?	\$ 887,800
SF11	Net Pension Assets (object 1920) at fiscal year-end.	\$ --
SF12	Net Pension Liabilities (object 2540) at fiscal year-end.	\$ 40,623,685
SF13	Pension Expense (object 6147) at fiscal year-end.	\$ 3,754,942