

**RAYMONDVILLE
INDEPENDENT SCHOOL DISTRICT**

ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED
JUNE 30, 2016

RAYMONDVILLE INDEPENDENT SCHOOL DISTRICT
ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2016

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RAYMONDVILLE INDEPENDENT SCHOOL DISTRICT
ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2016

ORGANIZATIONAL DATA

BOARD OF TRUSTEES

Jessica Cantu – President

Daniel Garcia – Vice-President

Jaime Villarreal – Secretary

Javier R. Longoria – Asst. Secretary

Guadalupe M. Ruiz, Jr. – Member

Mario Tijerina – Member

Ramiro A. Ramirez, Jr. – Member

SUPERINTENDENT OF SCHOOLS

Johnny I. Pineda

CERTIFICATE OF BOARD

Raymondville Independent School District
Name of District

Willacy
County

245-903
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 June 30, 2016 at a meeting of the Board of Trustees of such school district on the _____ day of November, 2016.

Signature of Board Secretary

Signature of Board President



INDEPENDENT AUDITORS' REPORT

Board of Trustees
Raymondville Independent School District

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Raymondville Independent School District, (the "District") as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Raymondville Independent School District, as of June 30, 2016, and the respective changes in financial position and, where applicable, thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

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**Governmental Audit
Quality Center**

Emphasis of Matter

As discussed in Note I to the financial statements, in 2015, the District adopted new accounting guidance prescribed by GASB Statement No. 68 for its pension plan – a multiple-employer, cost-sharing, defined benefit pension plan that has a special funding situation. Because GASB Statement No. 68 implements new measurement criteria and reporting provisions, significant information has been added to the Government-Wide Statements. Exhibit A-1 discloses the District's Net Pension Liability and some deferred resource outflows and deferred resource inflows related to the District's pension plan. Exhibit B-1 discloses the adjustment to the District's Beginning Net Position. Our opinion is not modified with respect to the matter.

Other Matters***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 5 through 11 and the budgetary comparison information on page 41 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 Raymondville Independent School District's basic financial statements. The combining and individual nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by 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 combining and individual nonmajor fund financial statements and the schedule of expenditures of federal awards is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements 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.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 3, 2016 on our consideration of Raymondville 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 Raymondville Independent School District's internal control over financial reporting and compliance.

***DRAFT***

Brownsville, Texas
November 3, 2016

This section of Raymondville I.S.D.'s annual financial report presents our discussion and analysis of the District's financial performance during the ten months ended June 30, 2016. Please read it in conjunction with the District's financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

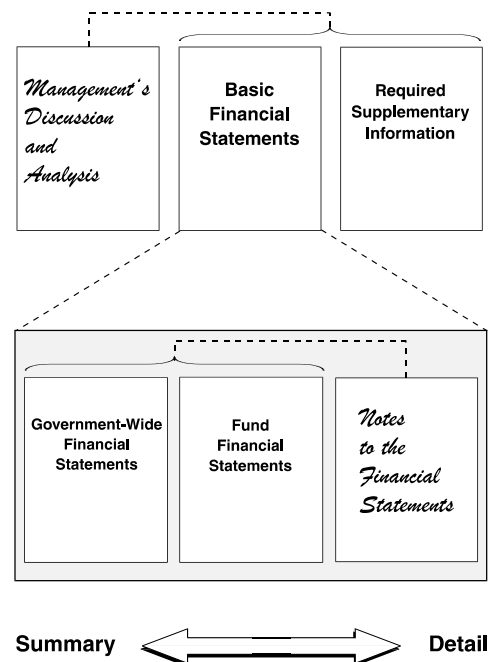
- The District's total combined net position was \$23,409,469 at June 30, 2016. This is an increase of \$98,919 from the prior year.
- During the year, the District's expenses were \$98,919 less than the \$27,548,550 generated in taxes and other revenues for governmental activities.
- The general fund reported a fund balance this year of \$8,193,844.
- The District received a Pass Rating for the Financial Integrity Rating System of Texas (FIRST) for 2014. This rating rates quality performance in the management of school district's financial resources.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

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



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

Figure A-2. 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	• Statement of net assets	• Balance sheet	• Statement of net assets	• Statement of fiduciary net assets
	• Statement of activities	• Statement of revenues, expenditures & changes in fund balances	• Statement of revenues, expenses and changes in fund net assets • Statement of cash flows	• Statement of changes in fiduciary net assets
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

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 position includes all of the government's assets and liabilities. All of the current year's revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

The two government-wide statements report the District's net position and how they have changed. Net position—the difference between the District's assets and liabilities—is one way to measure the District's financial health or *position*.

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

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, extracurricular activities, curriculum and staff development, health services and general administration. Property taxes and grants finance most of these activities.

Fund Financial Statements

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

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

The District has 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.
- *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.

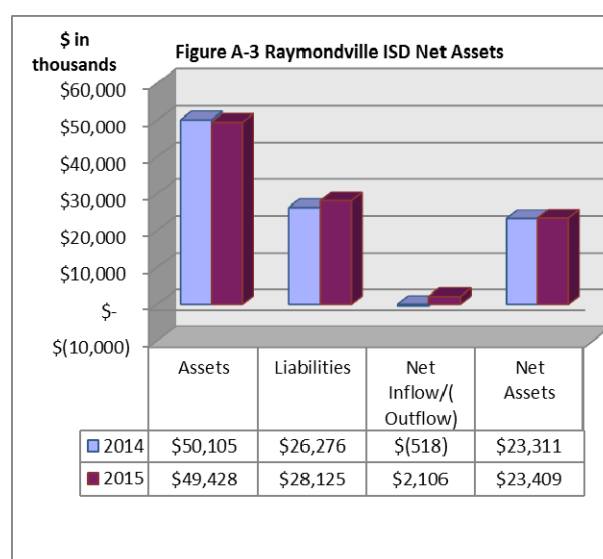
FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

The District's combined net position were \$23,409,469 as of June 30, 2016. (See Table A-1).

Table A-1

Raymondville Independent School District's Net position
(in thousands of dollars)

	Governmental Activities	
	2016	2015
Current & other assets	\$12,492	\$11,684
Capital assets	36,936	38,421
Total assets	\$49,428	\$50,105
Deferred outflows of resources	\$2,607	\$822
Current liabilities	1,732	1,967
Long-term liabilities	26,393	24,309
Total liabilities	\$28,125	\$26,276
Deferred inflows of resources	\$501	\$1,340
Net position:		
Invested in capital assets-Net	17,713	18,445
Restricted	2,831	2,735
Unrestricted	2,865	2,131
Total Net position	\$23,409	\$23,311



Net position may serve over time as a useful indicator of a government's financial position. The assets and deferred outflows of resources of the District exceeded its liabilities at the close of the most recent fiscal year by \$24,409,469.

Approximately 76% of Raymondville ISD's net position reflects the investment in capital assets (e.g., land, buildings, machinery, and equipment) less any related debt used to acquire those assets that is still outstanding. Raymondville ISD uses these capital assets to provide services to students; consequently, these assets are not available for future spending. Although the Raymondville ISD's investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the net position (12%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position (\$2,864,767) may be used to meet the government's ongoing obligations to students and creditors.

Changes in net position

Raymondville ISD's net position increased by \$98,919 during the current fiscal year. The District's total revenues were \$27,548,550. A portion, 12% of the District's revenue comes from taxes, 59% comes from state aid – formula grants, while only 4% relates to charges for services as reflected in Figure A-5.

Governmental Activities

As reflected in Table A-2 and Figure A-4:

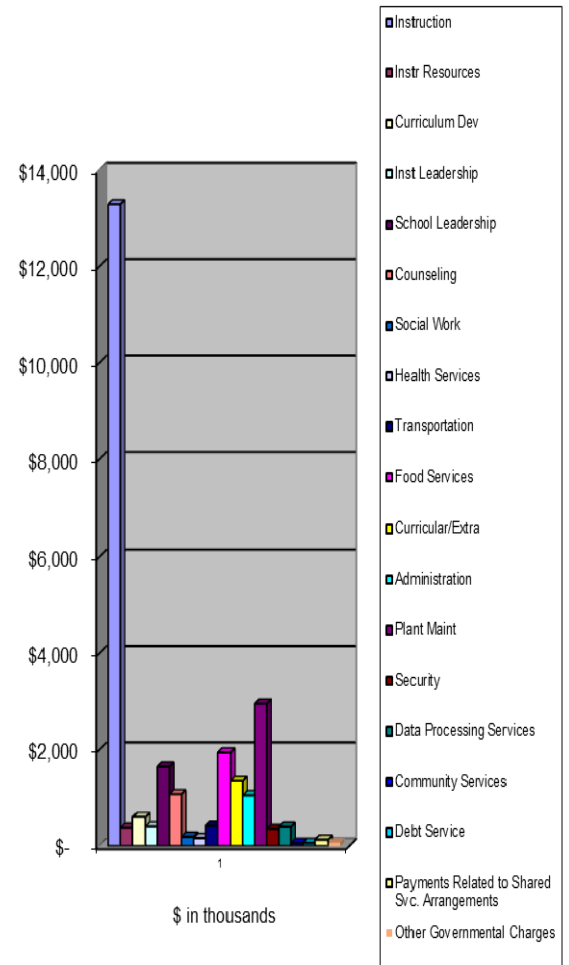
- Property tax rates decreased from 1.3384 to 1.3231/\$100 during the current fiscal year ended June 30, 2016. Property taxable values decreased by 1% from the prior year.
- The cost of all *governmental* activities this year was \$27,449,631, an increase of \$2,553,764.
- However, the amount that our taxpayers paid for these activities through property taxes was \$3,396,026.
- Some of the cost was paid by those who directly benefited from the programs (\$968,675) or by grants and contributions (\$6,857,085).

Table A-2

Changes in Raymondville Independent School District's Net position
(in thousands of dollars)

	Governmental Activities	
	2016	2015
Program Revenues:		
Charges for Services	\$969	\$1,558
Operating Grants and Contributions	6,857	6,737
Capital Grants and Contributions		
General Revenues		
Property Taxes	3,396	3,656
State Aid – Formula	16,189	12,912
Investment Earnings	27	9
Other	110	133
Total Revenues	27,548	25,005
Instruction	13,290	12,898
Instructional Resources and Media Services	384	338
Curriculum Dev. And Instructional Staff Dev	607	471
Instructional Leadership	412	414
School Leadership	1,652	1,310
Guidance, Counseling and Evaluation Services	1,077	1,007
Social Work Services	193	179
Health Services	163	169
Student (Pupil) Transportation	425	351
Food Services	1,943	1,718
Curricular/Extracurricular Activities	1,356	1,086
General Administration	1,053	811
Plant Maintenance & Operations	2,957	2,640
Security & Monitoring Services	356	284
Data Processing Services	402	303
Community Services	66	66
Debt Service	914	633
Payments Related to Shared Services Arrangements	131	131
Other Governmental Charges	69	87
Total Expenses	27,450	24,896
Increase (Decrease) in Net position	\$98	\$109

Figure A-4 Raymondville ISD Expenses FY 2015-2016



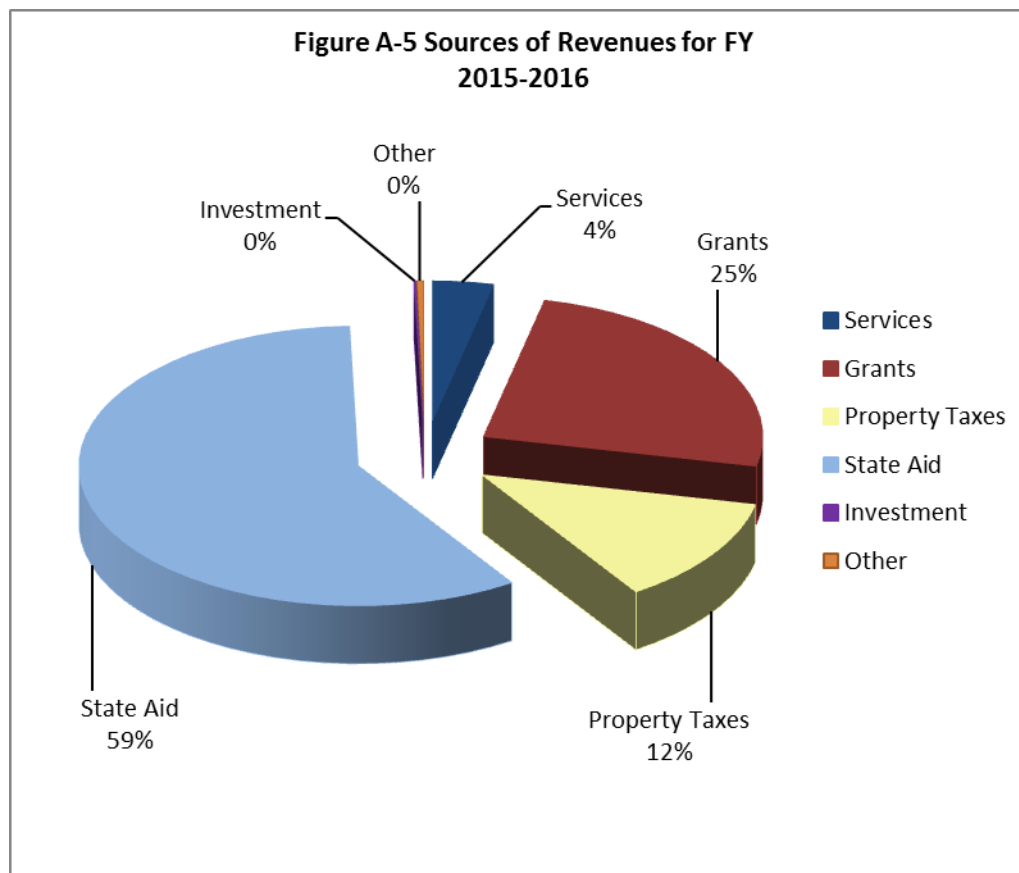


Table A-3 presents the cost of each of the District's largest functions, as well as each function's net cost (total cost less fees generated by the activities and intergovernmental aid). The net cost reflects what was funded by state revenues as well as local tax dollars.

Table A-3
Net Cost of Selected District Functions
(in thousands of dollars)

	Total Cost of Services		% Change	Net Cost of Services		% Change
	2016	2015		2016	2015	
Instruction	13,290	12,898	3.0%	9,804	9,548	2.7%
School administration	1,652	1,310	26.1%	1,547	1,215	27.3%
Food Services	1,943	1,718	13.1%	101	(67)	250.7%
Plant Maintenance & Operations	2,957	2,640	12.0%	2,885	2,570	12.3%
Debt Service – Interest & Fiscal Charges	914	633	44.4%	914	633	44.4%

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

As noted earlier, Raymondville ISD uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

General Fund

The fund balance of the Raymondville ISD's General Fund is \$8,193,844 as of June 30, 2016. The 13% increase is a result of monitoring budgets and expenditures throughout the fiscal year.

General Fund Budgetary Highlights

Differences between original & final budgets can be briefly summarized as follows:

- There was a change between the original and final budgets which reflects the use of fund balance for various board approved expenses.
- As we go through the year, budget amendments are being requested to move monies from one function to another which is consistent with the difference between original and final budgets.

Differences between final budget and actual revenues and expenditures can be briefly summarized as follows:

Revenues

- Decline in student ADA
- Decline in the tax levy
- Change in the Compressed tax rate

Expenditures

- Monitoring of campus and department budgets

CAPITAL ASSETS AND DEBT ADMINISTRATION**Capital Assets**

At the end of 2016, the District has invested in kitchen equipment, maintenance equipment, athletic equipment, band instruments, and classroom equipment in the amount of \$138,468. The District also held an auction in which vehicles and equipment were sold. (See Table A-4.)

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

Table A-4		
District's Capital Assets (In thousands of dollars)		
	Governmental Activities	
	<u>2016</u>	<u>2015</u>
Land	\$479	\$479
Construction in progress	0	0
Buildings and improvements	53,806	56,067
Furniture & Equipment	4,205	2,701
Vehicles	2,781	1,901
Capital Lease Assets	28	28
Totals at historical cost	61,299	61,176
Total accumulated	24,363	22,754
Net capital assets	<u>\$36,936</u>	<u>\$38,422</u>

Long Term Debt

At year-end the District had \$18,543,635 outstanding as shown in Table A-5. Of this amount, \$1,180,000 is due within the next year. More detailed information about the District's debt is presented in the notes to the financial statements.

Table A-5		
District's Long Term Debt (In thousands of dollars)		
	Governmental Activities	
	<u>2016</u>	<u>2015</u>
Bonds payable	18,060	19,105
Compensated absences	484	489
Total long term debt	18,544	19,594

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

- Appraised value used for the 2017 budget preparation is down \$13,288,168 or 2.9% decrease from last year.
- General operating fund spending per student increased in the 2017 budget from approximately \$11,925 to \$11,825, a .8% decrease.
- The District's 2017 refined average daily attendance is expected to be 1,855.

These indicators were taken into account when adopting the general fund budget for 2017. Expenditures as budgeted are \$20,221,492, an increase of 1.4% from 2015-2016 actual expenditures.

If these estimates are realized, the District's budgetary general fund balance is not expected to change depreciablely by the close of 2017.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

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

BASIC FINANCIAL STATEMENTS

RAYMONDVILLE INDEPENDENT SCHOOL DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2016

Data Control Codes	Primary Government <hr/> Governmental Activities
ASSETS	
1110 Cash and Cash Equivalents	\$ 8,498,741
1220 Property Taxes Receivable (Delinquent)	1,153,270
1230 Allowance for Uncollectible Taxes	(115,327)
1240 Due from Other Governments	2,560,647
1267 Due from Fiduciary Funds	54,209
1290 Other Receivables, net	40,766
1410 Prepayments	300,242
Capital Assets:	
1510 Land	479,351
1520 Buildings, Net	33,274,394
1530 Furniture and Equipment, Net	2,004,908
1540 Other Capital Assets, Net	1,177,160
1000 Total Assets	<hr/> 49,428,361
DEFERRED OUTFLOWS OF RESOURCES	
1701 Deferred Charge for Refunding	609,707
1705 Deferred Outflow Related to TRS	1,997,505
1700 Total Deferred Outflows of Resources	<hr/> 2,607,212
LIABILITIES	
2110 Accounts Payable	19,845
2150 Payroll Deductions & Withholdings	138,019
2160 Accrued Wages Payable	1,571,751
2300 Unearned Revenue	355
2400 Payable from Restricted Assets	2,250
Noncurrent Liabilities	
2501 Due Within One Year	1,180,000
2502 Due in More Than One Year	18,482,215
2540 Net Pension Liability (District's Share)	6,730,563
2000 Total Liabilities	<hr/> 28,124,998
DEFERRED INFLOWS OF RESOURCES	
2605 Deferred Inflow Related to TRS	501,106
2600 Total Deferred Inflows of Resources	<hr/> 501,106
NET POSITION	
3200 Net Investment in Capital Assets	17,713,305
3850 Restricted for Debt Service	927,430
3890 Restricted for Other Purposes	1,903,967
3900 Unrestricted	2,864,767
3000 Total Net Position	<hr/> <hr/> \$ 23,409,469

The notes to the financial statements are an integral part of this statement.

RAYMONDVILLE INDEPENDENT SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2016

Data Control Codes	1	Program Revenues		6 Primary Gov. Governmental Activities
		3	4	
		Charges for Services	Operating Grants and Contributions	
	Expenses			
Primary Government:				
GOVERNMENTAL ACTIVITIES:				
11 Instruction	\$ 13,289,694	\$ -	\$ 3,485,361	\$ (9,804,333)
12 Instructional Resources and Media Services	384,336	-	13,831	(370,505)
13 Curriculum and Staff Development	606,838	-	292,018	(314,820)
21 Instructional Leadership	412,101	-	281,217	(130,884)
23 School Leadership	1,651,507	-	104,620	(1,546,887)
31 Guidance, Counseling and Evaluation Services	1,077,118	-	475,380	(601,738)
32 Social Work Services	193,267	-	83,428	(109,839)
33 Health Services	163,294	-	140,724	(22,570)
34 Student (Pupil) Transportation	424,732	-	15,140	(409,592)
35 Food Services	1,942,997	116,069	1,725,396	(101,532)
36 Extracurricular Activities	1,355,568	76,062	32,979	(1,246,527)
41 General Administration	1,052,873	730,773	59,274	(262,826)
51 Facilities Maintenance and Operations	2,957,281	-	72,677	(2,884,604)
52 Security and Monitoring Services	355,924	45,771	17,697	(292,456)
53 Data Processing Services	401,987	-	5,247	(396,740)
61 Community Services	66,182	-	52,096	(14,086)
72 Debt Service - Interest on Long Term Debt	736,966	-	-	(736,966)
73 Debt Service - Bond Issuance Cost and Fees	176,795	-	-	(176,795)
93 Payments related to Shared Services Arrangements	131,403	-	-	(131,403)
99 Other Intergovernmental Charges	68,768	-	-	(68,768)
[TP] TOTAL PRIMARY GOVERNMENT:	\$ 27,449,631	\$ 968,675	\$ 6,857,085	(19,623,871)
Data Control Codes	General Revenues:			
MT	Property Taxes, Levied for General Purposes			2,460,573
DT	Property Taxes, Levied for Debt Service			935,453
SF	State Aid - Formula Grants			14,504,019
GC	Grants and Contributions not Restricted			1,685,391
IE	Investment Earnings			27,138
MI	Miscellaneous Local and Intermediate Revenue			110,216
TR	Total General Revenues			19,722,790
CN	Change in Net Position			98,919
NB	Net Position - Beginning			23,310,550
NE	Net Position--Ending			\$ 23,409,469

The notes to the financial statements are an integral part of this statement.

RAYMONDVILLE INDEPENDENT SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2016

Data Control Codes	10 General Fund	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS			
1110 Cash and Cash Equivalents	\$ 8,319,657	\$ 179,084	\$ 8,498,741
1220 Property Taxes - Delinquent	938,710	214,560	1,153,270
1230 Allowance for Uncollectible Taxes	(93,871)	(21,456)	(115,327)
1240 Receivables from Other Governments	1,757,941	802,706	2,560,647
1260 Due from Other Funds	454,117	921,227	1,375,344
1290 Other Receivables	40,766	-	40,766
1410 Prepayments	300,242	-	300,242
1000 Total Assets	<u>\$ 11,717,562</u>	<u>\$ 2,096,121</u>	<u>\$ 13,813,683</u>
LIABILITIES			
2110 Accounts Payable	\$ 19,045	\$ 800	\$ 19,845
2150 Payroll Deductions and Withholdings Payable	106,595	31,424	138,019
2160 Accrued Wages Payable	1,229,499	342,252	1,571,751
2170 Due to Other Funds	1,321,135	-	1,321,135
2300 Unearned Revenues	355	-	355
2400 Payable from Restricted Assets	2,250	-	2,250
2000 Total Liabilities	<u>2,678,879</u>	<u>374,476</u>	<u>3,053,355</u>
DEFERRED INFLOWS OF RESOURCES			
2601 Unavailable Revenue - Property Taxes	<u>844,839</u>	<u>193,104</u>	<u>1,037,943</u>
2600 Total Deferred Inflows of Resources	<u>844,839</u>	<u>193,104</u>	<u>1,037,943</u>
FUND BALANCES			
Restricted Fund Balance:			
3450 Federal or State Funds Grant Restriction	302,856	223,455	526,311
3480 Retirement of Long-Term Debt	-	927,430	927,430
Committed Fund Balance:			
3510 Construction	1,000,000	377,656	1,377,656
3600 Unassigned Fund Balance	6,890,988	-	6,890,988
3000 Total Fund Balances	<u>8,193,844</u>	<u>1,528,541</u>	<u>9,722,385</u>
4000 Total Liabilities, Deferred Inflows & Fund Balances	<u>\$ 11,717,562</u>	<u>\$ 2,096,121</u>	<u>\$ 13,813,683</u>

The notes to the financial statements are an integral part of this statement.

RAYMONDVILLE INDEPENDENT SCHOOL DISTRICT
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE
STATEMENT OF NET POSITION
JUNE 30, 2016

Total Fund Balances - Governmental Funds	\$ 9,722,385
1 Capital assets used in governmental activities are not financial resources and therefore are not reported in governmental funds. At the beginning of the year, the cost of these assets was \$61,175,564 and the accumulated depreciation was (\$22,754,064). In addition, long-term liabilities, including bonds payable, are not due and payable in the current period, and, therefore are not reported as liabilities in the funds. The net effect of including the beginning balances for capital assets (net of depreciation) and long-term debt in the governmental activities is to increase net position.	18,827,185
2 Current year capital outlays and long-term debt principal payments are expenditures in the fund financial statements, but they should be shown as increases in capital assets and reductions in long-term debt in the government-wide financial statements. The net effect of including the 2015 capital outlays and debt principal payments is to increase net position.	1,167,945
3 Included in the items related to debt is the recognition of the District's proportionate share of the net pension liability required by GASB 68 in the amount of \$6,730,563, a Deferred Resource Inflow related to TRS in the amount of \$501,106 and a Deferred Resource Outflow related to TRS in the amount of \$1,997,505. This amounted to a (decrease) in Net Position in the amount of \$5,234,164.	(5,234,164)
4 The 2015 depreciation expense increases accumulated depreciation. The net effect of the current year's depreciation is to (decrease) net position.	(1,608,632)
5 Various other reclassifications and eliminations are necessary to convert from the modified accrual basis of accounting to accrual basis of accounting. These include recognizing unavailable revenue from property taxes as revenue, reclassifying the proceeds of bond sales as an increase in bonds payable, and recognizing the liabilities associated with maturing long-term debt and interest. The net effect of these reclassifications and recognitions is to increase net position.	534,750
19 Net Position of Governmental Activities	\$ 23,409,469

The notes to the financial statements are an integral part of this statement.

RAYMONDVILLE INDEPENDENT SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2016

Data Control Codes	10 General Fund	Nonmajor Governmental Funds	Total Governmental Funds
REVENUES:			
5700 Total Local and Intermediate Sources	\$ 3,718,059	\$ 955,302	\$ 4,673,361
5800 State Program Revenues	15,171,732	1,677,228	16,848,960
5900 Federal Program Revenues	2,026,911	3,573,879	5,600,790
5020 Total Revenues	20,916,702	6,206,409	27,123,111
EXPENDITURES:			
Current:			
0011 Instruction	8,997,703	3,005,350	12,003,053
0012 Instructional Resources and Media Services	335,563	-	335,563
0013 Curriculum and Instructional Staff Development	252,014	280,992	533,006
0021 Instructional Leadership	93,305	269,261	362,566
0023 School Leadership	1,475,134	33,323	1,508,457
0031 Guidance, Counseling and Evaluation Services	517,849	447,372	965,221
0032 Social Work Services	103,207	76,620	179,827
0033 Health Services	6,946	140,724	147,670
0034 Student (Pupil) Transportation	389,849	-	389,849
0035 Food Services	1,853,551	-	1,853,551
0036 Extracurricular Activities	1,266,119	-	1,266,119
0041 General Administration	938,702	21,958	960,660
0051 Facilities Maintenance and Operations	2,784,781	13,322	2,798,103
0052 Security and Monitoring Services	344,173	-	344,173
0053 Data Processing Services	375,181	-	375,181
0061 Community Services	11,838	52,096	63,934
Debt Service:			
0071 Principal on Long Term Debt	-	1,045,000	1,045,000
0072 Interest on Long Term Debt	-	736,966	736,966
0073 Bond Issuance Cost and Fees	-	219,041	219,041
Intergovernmental:			
0093 Payments to Fiscal Agent/Member Districts of SSA	131,403	-	131,403
0099 Other Intergovernmental Charges	68,768	-	68,768
6030 Total Expenditures	19,946,086	6,342,025	26,288,111
1100 Excess (Deficiency) of Revenues Over (Under) Expenditures	970,616	(135,616)	835,000
OTHER FINANCING SOURCES (USES):			
7911 Capital Related Debt Issued (Regular Bonds)	-	7,765,000	7,765,000
7916 Premium or Discount on Issuance of Bonds	-	1,029,233	1,029,233
8949 Other (Uses)	-	(8,575,192)	(8,575,192)
7080 Total Other Financing Sources (Uses)	-	219,041	219,041
1200 Net Change in Fund Balances	970,616	83,425	1,054,041
0100 Fund Balance - July 1 (Beginning)	7,223,228	1,445,116	8,668,344
3000 Fund Balance - June 30 (Ending)	\$ 8,193,844	\$ 1,528,541	\$ 9,722,385

The notes to the financial statements are an integral part of this statement.

RAYMONDVILLE INDEPENDENT SCHOOL DISTRICT
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2016

Total Net Change in Fund Balances - Governmental Funds	\$ 1,054,041
Current year capital outlays and long-term debt principal payments are expenditures in the fund financial statements, but they should be shown as increases in capital assets and reductions in long-term debt in the government-wide financial statements. The net effect of removing the 2015 capital outlays and debt principal payments is to increase net position.	1,167,945
Depreciation is not recognized as an expense in governmental funds since it does not require the use of current financial resources. The net effect of the current year's depreciation is to (decrease) net position.	(1,608,632)
Various other reclassifications and eliminations are necessary to convert from the modified accrual basis of accounting to accrual basis of accounting. These include recognizing unavailable revenue from property taxes as revenue, adjusting current year revenue to show the revenue earned from the current year's tax levy, reclassifying the proceeds of bond sales, and recognizing the liabilities associated with maturing long-term debt and interest. The net effect of these reclassifications and recognitions is to (decrease) net position.	(342,421)
The implementation of GASB 68 required that certain expenditures be de-expended and recorded as deferred resource outflows. These contributions made after the measurement date of 8/31/2015 caused the change in the ending net position to increase in the amount of \$449,496. Contributions made before the measurement but during the previous fiscal year were also expended and recorded as a reduction in the net pension liability for the District. This caused a decrease in the change in net position totaling \$309,189. The District's proportionate share of the TRS pension expense on the plan as a whole had to be recorded. The net pension expense decreased the change in net pension by \$312,321. The net result is to (decrease) the change in net position by \$172,014.	(172,014)
Change in Net Position of Governmental Activities	<u>\$ 98,919</u>

The notes to the financial statements are an integral part of this statement.

RAYMONDVILLE INDEPENDENT SCHOOL DISTRICT
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
JUNE 30, 2016

	Agency Funds
<hr/>	
ASSETS	
Cash and Cash Equivalents	\$ 128,162
Total Assets	<u>\$ 128,162</u>
LIABILITIES	
Due to Other Funds	\$ 54,209
Due to Student Groups	73,953
Total Liabilities	<u>\$ 128,162</u>

The notes to the financial statements are an integral part of this statement.

RAYMONDVILLE INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2016

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. REPORTING ENTITY

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

B. 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. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange transactions.

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

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

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 us essentially equal values. Non-operating revenues, such as subsidies and investment earnings, result from non-exchange transactions or ancillary activities.

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

C. MEASUREMENT FOCUS, BASIS OF ACCOUNTING AND FINANCIAL STATEMENT PRESENTATION

These financial statements are reported using the economic resource 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. Non-exchange transactions, in which the District gives (or receives) value without directly receiving (or giving) equal value in exchange, include property taxes, grants, entitlements, and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

Governmental fund financial statements: governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The District considers all revenues reported in the governmental funds to be available if the revenues are collected within sixty days after year-end. Revenues from local sources consist primarily of property taxes. Property tax revenues and revenues received from the state are recognized under the susceptible-to-accrual concept. Miscellaneous revenues are recorded as revenues 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 financial sources.

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

Under GASB statement no. 20, "Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities That Use Proprietary Fund Accounting," all proprietary funds will continue to follow Financial Accounting Standards Board ("FASB") standards issued on or before November 30, 1989. However, from the date forward, proprietary funds will have the option of either 1) choosing not to apply future FASB standards (including amendments of earlier pronouncements), or 2) continuing to follow new FASB pronouncements unless they conflict with GASB guidance. The District has chosen to apply future FASB standards.

D. BASIS OF PRESENTATION – FUND ACCOUNTING

The District reports the following major governmental funds:

1. **General Fund** – is used to account for financial resources used for general operations. This is a budgeted fund and any fund balances are considered resources available for current operations. All revenues and expenditures not required to be accounted for in other funds, are accounted for in this fund.

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

D. BASIS OF PRESENTATION – FUND ACCOUNTING

Additionally, the District reports the following type(s):

Governmental Funds:

1. ***Special Revenue Funds*** – are used to account for resources restricted to, or designated for, specific purposes by a grantor. Federal and state financial assistance generally is accounted for in a Special Revenue Fund. Normally, unused balances are returned to the grantor at the close of specified project periods.
2. ***Debt Service Fund*** – is used to account for resources accumulated and payments made for principal and interest on long-term debt of governmental funds.
3. ***Capital Projects Fund*** – is used to account for proceeds from long-term debt financing and revenues and expenditures related to authorized construction and other capital asset acquisitions.

Fiduciary Funds:

1. ***Agency 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 the fiduciary resources to individuals, private organizations, or other governments.

E. OTHER ACCOUNTING POLICIES

1. 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.
2. 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 conformance with Subtitle E, Texas Property Tax Code. Taxes are due on receipt of the tax bill and are delinquent if not paid before February 1 of the year following the year in which imposed. On January 1 of each year, a tax lien attaches to property to secure the payment of all taxes, penalties, and interest ultimately imposed. Property tax revenues are considered available (1) when they become due or past due and receivable within the current period and (2) when they are expected to be collected during a 60-day period after the close of the fiscal year.
3. 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.
4. The District uses the purchase method of accounting for inventory. An immediate change for inventory costs is recorded under the appropriate supply expenditure code and inventories are not reported on the balance sheet unless there is a significant amount at the fiscal year end. There were not significant amounts of inventory on hand at June 30, 2016.
5. 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.

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

E. OTHER ACCOUNTING POLICIES

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>
Buildings & Improvements	30-40
Vehicles	7
Furniture and Equipment	3-7

6. In the fund financial statements, governmental funds report reservation of fund balance for amounts that are not available for appropriation by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change for future construction needs.
7. When the District incurs an expense for which it may use either restricted or unrestricted assets, it uses the restricted assets first unless unrestricted assets will have to be returned because they were not used.
8. 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.
9. The preparation of financial statements in conformity with GAAP requirements the use of management's estimates.
10. The Data Control Codes refer to the account code structure prescribed by TEA in the ***Financial Accountability System Resource Guide***. The Texas Education Agency requires school districts to display these codes in the financial statements filed with the Agency in order to insure accuracy in building a statewide data base for policy development and funding plans.
11. In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statements element, deferred outflows of resources, presents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then.

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

E. OTHER ACCOUNTING POLICIES

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statements element, deferred inflows or resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The District has only one type of item, which arises only under a modified accrual basis of accounting, which qualifies for reporting in this category. Accordingly, the item, *unavailable*, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from one source: property taxes. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

12. 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's 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.
13. Net position represents the differences between assets, deferred outflows (inflows) of resources and liabilities. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvements of those assets, and adding back unspent proceeds. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislations adopted by the District or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.
14. Sometimes the District will fund outlays for a particular purpose from both restricted (e.g., restricted bond and 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 financial statements, a flow assumption must be made about the order in which the resources are considered applied. It is the District's policy to consider restricted – net position to have been depleted before unrestricted – net position is applied.

II. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

A. EXPLANATION OF DIFFERENCES BETWEEN THE GOVERNMENTAL FUND BALANCE SHEET AND THE GOVERNMENT-WIDE STATEMENT OF NET POSITION

Exhibit C-2 provides the reconciliation between the fund balance for total governmental funds on the governmental fund balance sheet and the net position for governmental activities as reported in the government-wide statement of net position.

One element of that reconciliation explains that capital assets are not financial resources and are therefore not reported in governmental funds. In addition, long-term liabilities, including capital leases payable, are not due and payable in the current period and are not reported as liabilities in the funds. The details of capital assets and long-term debt at the beginning of the year were as follows:

II. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

A. EXPLANATION OF DIFFERENCES BETWEEN THE GOVERNMENTAL FUND BALANCE SHEET AND THE GOVERNMENT-WIDE STATEMENT OF NET POSITION

<u>Capital Assets at the Beginning of Year</u>	<u>Historic Cost</u>	<u>Accumulated Depreciation</u>	<u>Net Value at the Beginning of Year</u>	<u>Change in Net Position</u>
Land	\$ 479,351	\$ -	\$ 479,351	
Buildings & Improvements	56,067,125	(19,147,463)	36,919,662	
Furniture & Equipment	2,700,512	(2,102,516)	597,996	
Vehicles	1,900,809	(1,480,124)	420,685	
Capital Lease	<u>27,767</u>	<u>(23,961)</u>	<u>3,806</u>	
Change in Net Position				<u>\$ 38,421,500</u>

<u>Long Term Liabilities at the Beginning of Year</u>	<u>Payable at the Beginning of Year</u>	
Bonds Payable	\$ (19,105,000)	
Compensated Absences	<u>(489,315)</u>	
Change in Net Position		<u>(19,594,315)</u>
Net Adjustment to Net Position		<u>\$ 18,827,185</u>

B. EXPLANATION OF DIFFERENCES BETWEEN THE GOVERNMENTAL FUND STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES AND THE GOVERNMENT-WIDE STATEMENT OF ACTIVITIES

Exhibit C-4 provides a reconciliation between the net changes in fund balance as shown on the governmental fund statement of revenues, expenditures and changes in fund balances and the changes in net position of governmental activities as reported on the government-wide statement of activities. One element of that reconciliation explains that current year capital outlays and debt principal payments are expenditures in the fund financial statements, but should be shown as increases in capital assets and decreases in long-term debt in the government-wide statements. This adjustment affects both the net asset balance and the change in net position. The details of this adjustment are as follows:

<u>Current Year Capital Outlay</u>	<u>Amount</u>	<u>Adjustments to Changes in Net Position</u>	<u>Adjustments in Net Position</u>
Furniture & Equipment	\$ 122,945	\$ 122,945	
Total Capital Outlay			<u>\$ 122,945</u>
<u>Debt Principal Payments</u>			
Bonds Payable	<u>1,045,000</u>	<u>1,045,000</u>	
Total Principal Payments			<u>1,045,000</u>
Net Adjustment to Net Position			<u>\$ 1,167,945</u>

III. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. BUDGETARY DATA

The official budget was prepared for adoption for the General Fund, Debt Service Fund and the Food Service Fund, which is included within the General Fund. The General Fund, Food Service Fund and the Debt Service Fund Budget reports appear in Exhibits G-1, J-4, J-5 respectively. The following procedures are followed in establishing the budgetary data reflected in the general purpose financial statements:

The following procedures are followed in establishing the budgetary data reflected in the general-purpose financial statements:

1. Prior to June 20th the District prepares a budget for the next succeeding fiscal year beginning July 1st. The operating budget includes proposed expenditures and the means of financing them.
2. A meeting of the Board is then called for the purpose of adopting the proposed budget. Public notice of the meeting must be given at least ten days prior to the meeting.
3. Prior to September 1st, the budget is legally enacted through passage of a resolution by the Board. Once a budget is approved, it can only be amended at the function and fund level by approval of a majority of the members of the Board. Amendments are presented to the Board at its regular meetings. Each amendment must have Board approval. As required by law, such amendments are made before the fact, are reflected in the official minutes of the Board, and are not made after fiscal year-end. During the year, the budget was amended as necessary. These were no significant budget amendments passed during the 2015-2016 school year.
4. Each budget is controlled by the budget coordinator at the revenue and expenditure function or object level. Budgeted amounts are as amended by the Board. All budget appropriations lapse at year-end.
5. Encumbrances for goods or purchased services are documented by purchase orders or contracts. Under Texas law, appropriations lapse at June 30th, and encumbrances outstanding at that time are to be either canceled or appropriately provided for in the subsequent year's budget.

IV. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS

A. 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 securities is waived only to the extent of the depository bank's dollar amount of Federal Deposit Insurance Corporation ("FDIC") insurance.

At June 30, 2016, the carrying amount of the District's deposits (cash, certificates of deposit, and interest-bearing savings accounts included in temporary investments) was \$1,520,126 and the bank balance was \$2,041,299. The District's cash deposits at June 30, 2016 and during the period ended June 30, 2016, were entirely covered by FDIC insurance or by pledged collateral held by the District's agent bank in the District's name.

IV. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS

A. DEPOSITS AND INVESTMENTS

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

- a. Depository: Compass Bank
- b. The market value of securities pledged as of the date of the highest combined balance on deposit was \$4,500,000.
- c. The highest combined balances of cash, savings and time deposit accounts amounted to \$3,417,064 and occurred during the month of February 2016.
- d. Total amount of FDIC coverage at the time of the largest combined balance was \$250,000.

District Policies and Legal Contractual Provisions Governing Deposits

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

The **Public Funds Investment Act** (Government Code Chapter 2256) contains specific provisions in the areas of investment practices, management reports and establishment of appropriate policies. Among other things, it requires the District to adopt, implement and publicize an investment policy. That policy must address the following areas: (1) safety of principal and liquidity, (2) portfolio diversification, (3) allowable investments, (4) acceptable risk levels, (5) expected rates of return, (6) maximum allowable stated maturity of portfolio investments, (7) maximum average dollar-weighted maturity allowed based on the stated maturity date for the portfolio, (8) investment staff quality and capabilities, (9) and bid solicitation preferences for certificates of deposit. Statutes authorize the District to invest in (1) obligations of the U.S. Treasury, certain U.S. agencies, and the State of Texas; (2) certificates of deposit, (3) certain municipal securities, (4) money market savings accounts, (5) repurchase agreements, (6) bankers acceptances, (7) Mutual Funds, (8) Investment pools, (9) guaranteed investment contracts, (10) and common trust funds. The Act also requires the District to have independent auditors perform test procedures related to investment practices as provided by the Act. The District is in substantial compliance with the requirements of the Act and with local policies.

The District's temporary investments at June 30, 2016, are shown below:

Investment Type	Fair Value	Investment Maturities (in years)			
		Less Than 1	1 to 5	6 to 10	More Than 10
Loan Star Investment Pool	\$ 6,978,615	\$ 6,978,615	\$ -	\$ -	\$ -
Total	\$ 6,978,615	\$ 6,978,615	\$ -	\$ -	\$ -

IV. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS

A. DEPOSITS AND INVESTMENTS

Additional policies and contractual provisions governing deposits and investments for the District are specified below:

Credit Risk – In accordance with state law and the District’s investment policy, investments in mutual funds and investment pools must be rated at least AAA or have an equivalent rating, commercial paper must be rated at least A-1, P-1 or have an equivalent rating, and obligations of states, agencies, counties, and cities must be at least A or its equivalent. As of June 30, 2016, the District’s investments in Lone Star Investment Pool were rated AAAs/t by Standard and Poor’s (S&P), and MBIA was rated AAA/v1+ by Fitch Ratings.

Custodial Risk for Investments – For an investment, this is the risk that, in the event of the failure of the counterparty, the District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. All investments held by third parties were fully collateralized and held in the District’s name.

Concentration of Credit Risk – The investment portfolio is diversified in terms of investment instruments and maturity scheduling to reduce risk of loss resulting from over concentration of assets in specific class of investments, specific maturity or specific issuer. As of June 30, 2016, the District had its investments in TASB investment pools rated AAA as noted above.

Interest Rate Risk – In accordance with state law and the District’s investment policy, the District does not purchase any investments greater than five (5) years for its operating funds.

Foreign Currency Risk for Investments – The District limits the risk that changes in exchange rates will adversely affect the fair value of an investment. At year-end, the District was not exposed to foreign currency risk.

B. PROPERTY TAXES

Property taxes are levied by October 1st 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 1st of the year following the year in which imposed. On January 1st of each year, a tax lien attaches to property to secure the payment of all taxes, penalties, and interest ultimately imposed. Property tax revenues are considered available when they become due or past due and receivable within the current period and those expected to be collected during a 60 day period after the close of the school fiscal year.

The tax rates assessed for the year ended June 30, 2016, to finance General Fund operations and the payment of principal and interest on general obligation long-term debt were \$1.0400 and \$0.283100 per \$100 valuation, respectively, for a total of \$1.323100. The assessed valuation of \$285,030,445 was used to determine the tax rates, represents 100% of the fair market value of the property. Allowances for uncollectible within the General Fund is 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.

IV. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS

C. INTERFUND RECEIVABLES AND PAYABLES

Interfund balances at June 30, 2016 consisted of the following individual fund balances:

	<u>Due From Other Funds</u>	<u>Due to Other Funds</u>
<u>General Fund:</u>		
General Fund	\$ 399,908	\$ 399,908
Agency Fund	<u>54,209</u>	<u>-</u>
Total General Fund	<u>454,117</u>	<u>399,908</u>
<u>Debt Service Fund:</u>		
General Fund	<u>921,227</u>	<u>921,227</u>
Total Debt Service Fund	<u>921,227</u>	<u>921,227</u>
<u>Agency Fund:</u>		
General Fund	<u>-</u>	<u>54,209</u>
Total Agency Fund	<u>-</u>	<u>54,209</u>
Totals	<u>\$ 1,375,344</u>	<u>\$ 1,375,344</u>

Balances resulted from the time lag between the dates that interfund goods and services are provided and/or reimbursement expenditures occur.

D. DUE FROM OTHER GOVERNMENTS

The District participates in a variety of federal and state programs from which it receives grants to partially or fully finance certain activities. In addition, the District receives entitlements from the State through the School Foundation and Per Capita Programs. Amounts due from federal and state governments as of June 30, 2016, are summarized below:

<u>Fund</u>	<u>State Entitlements</u>	<u>Federal Grants</u>	<u>Total</u>
General	\$ 1,757,941	\$ -	\$ 1,757,941
Special Revenue	<u>-</u>	<u>802,706</u>	<u>802,706</u>
Total	<u>\$ 1,757,941</u>	<u>\$ 802,706</u>	<u>\$ 2,560,647</u>

IV. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS

E. CAPITAL ASSET ACTIVITY

Capital asset activity for the District for the year ended June 30, 2016, was as follows:

	Primary Government				
	Changes During Year				
	Balance				Balance
<u>Governmental Activities:</u>	<u>09/01/14</u>	<u>Additions</u>	<u>Retirements</u>	<u>Reclassifications/ Adjustments</u>	<u>06/30/15</u>
Land	\$ 479,351	\$ -	\$ -	\$ -	\$ 479,351
Buildings & Improvements	56,067,125	-	-	(2,261,135)	53,805,990
Furniture and Equipment	2,700,512	122,945	-	1,381,114	4,204,571
Vehicles	1,900,809	-	-	880,021	2,780,830
Capital Lease	27,767	-	-	-	27,767
Totals at Historic Cost	<u>61,175,564</u>	<u>122,945</u>	<u>-</u>	<u>-</u>	<u>61,298,509</u>
Less Accumulated Depreciation:					
Buildings & Improvements	(19,147,463)	(1,384,133)	-	-	(20,531,596)
Furniture and Equipment	(2,102,516)	(97,147)	-	-	(2,199,663)
Vehicles	(1,480,124)	(123,546)	-	-	(1,603,670)
Capital Lease	<u>(23,961)</u>	<u>(3,806)</u>	<u>-</u>	<u>-</u>	<u>(27,767)</u>
Total Accumulated Depreciation	<u>(22,754,064)</u>	<u>(1,608,632)</u>	<u>-</u>	<u>-</u>	<u>(24,362,696)</u>
Governmental Activities					
Capital Assets, Net	\$ 38,421,500	\$ (1,485,687)	\$ -	\$ -	\$ 36,935,813

Depreciation expense was charged to governmental functions as follows:

Instruction	\$ 839,703
Instructional Resources and Media Services	32,173
Curriculum and Staff Development	62,737
Instructional Leadership	36,999
School Leadership	78,823
Guidance, Counseling and Evaluation Services	73,997
Social Work Services	6,435
Health Services	12,869
Student Transportation	22,521
Food Services	119,039
Curricular/Extracurricular Activities	70,780
General Administration	65,954
Plant Maintenance and Operations	147,994
Security and Monitoring Services	14,478
Data Processing Services	22,521
Community Services	1,609
Total Depreciation Expense	<u>\$ 1,608,632</u>

IV. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPSF. **BONDS PAYABLE**Long-Term Obligations

Bonded indebtedness of the District is reflected within the Statement of Net Position and current requirements for principal and interest expenditures are accounted for in the Debt Service Fund. A summary of change for long-term debt for the year ended June 30, 2016 is as follows:

<u>Description</u>	<u>Interest Rate</u>	<u>Original Interest Amount</u>	<u>Interest Current Yr</u>	<u>Balance 07/01/15</u>	<u>Principal Issued/ Refunded</u>	<u>Principal Retired</u>	<u>Balance 06/30/16</u>
Unlimited Tax Refunding Bonds, Series 2008	3.5-5%	\$ 9,800,000	\$ 395,416	\$ 8,640,000	\$ (7,935,000)	\$ (225,000)	\$ 480,000
Unlimited Tax School Building, Series 2010	3.25-4.5%	3,490,000	140,213	3,490,000	-	-	3,490,000
Unlimited Tax Schools Building, Series 2012	2.0%-3.5%	1,805,000	49,900	1,505,000	-	(90,000)	1,415,000
Unlimited Tax Refunding Bonds, Series 2014	2.0%-3.75%	5,590,000	151,438	5,470,000	-	(730,000)	4,740,000
Unlimited Tax Refunding Bonds, Series 2016	2.0%-4.0%	7,765,000	-	-	7,765,000	-	7,765,000
Totals			<u>\$ 736,967</u>	<u>\$ 19,105,000</u>	<u>\$ (170,000)</u>	<u>\$ (1,045,000)</u>	<u>\$ 17,890,000</u>

The Unlimited Tax School Building Bonds, Series 2008 in the amount of \$9,800,000 were issued for the purpose of financing the construction of school buildings. The bonds were issued with interest rates varying from 3.5% to 5.0%.

The Unlimited Tax Refunding Bonds, Series 2010 in the amount of \$3,490,000 were issued for purpose of cashflow savings. The District refunded portions of its U/L Tax School Building Bonds, Series 1998. Series 1998 was called in on June 10, 2010 and District paid from bond proceeds par amount of refunded bonds plus accrued interest of refunded bonds. Par amount of bonds refunded from Series 1998 was \$3,560,000. Par Amount of Series 2010 was \$3,490,000. Average Coupon of Series 1998 Refunded bonds was 4.50%. District was able to close its U/L Tax Refunding Bonds, Series 2010 at a True Interest Cost of 3.39%. Net Present Value Savings was \$233,485 or 6.55%. Average Annual Savings from Refunding was \$22,512 for FYE 2011 to FYE 2023. The Bonds were issued with an interest rate varying from 3.330% to 4.500%. Interest of the Bonds will be payable on each February 15th and August 15th until maturity, and will be calculated on the basis of a 360-day year of twelve 30 day months.

The Unlimited Tax Refunding Bonds, Series 2012 in the amount of \$1,805,000 were issued to refund the District's Unlimited Tax School Building Bonds, Series 2001. The bonds were issued with interest rates varying from 4.5% to 5.125%. The net proceeds of \$1,836,498 (after payment of \$117,814 in underwriting fees, insurance, and other issuance costs) were used to currently refund the 2001 Bonds. As a result, the 2001 Bonds are considered to be defeased and the liability for those bonds has been removed from the financial statements. This refunding decreased total debt service payments over 20 years by \$435,326, resulting in an economic gain of \$354,697.

The Unlimited Tax Refunding Bonds, Series 2014 in the amount of \$5,590,000 were issued to refund the District's Unlimited Tax Refunding Bonds, Series 2005. The bonds were issued with interest rate varying from 2.0% to 3.75%. The net proceeds of \$5,758,790 (after payment of \$187,008 in underwriting fees, insurance, and other issuance costs) were used to currently refund the 2005 bonds. This refunding decreased total debt service payments over 10 years by \$50,000, resulting in an economic gain of **\$354,697**.

IV. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS

F. BONDS PAYABLE

The Unlimited Tax Refunding Bonds, Series 2016 in the amount of \$7,765,000 were issued to refund the District's Unlimited Tax Refunding Bonds, Series 2008. The bonds were issued with interest rates varying from 2.0% to 4.0%. The net proceeds of \$8,575,192.29 (after payment of \$219,040 in underwriting fees, insurance, and other issuance costs) were used to currently refund the 2008 Bonds. This refunding decreased total debt service payments 20 years by \$170,000, resulting in an economic gain of \$354,697.

Debt service requirements are as follows:

Year Ended	Governmental Activities		Total
<u>August 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Required</u>
2017	\$ 1,180,000	\$ 535,615	\$ 1,715,615
2018	1,105,000	595,950	1,700,950
2019	1,175,000	556,075	1,731,075
2020	1,205,000	516,200	1,721,200
2021	1,255,000	474,400	1,729,400
2022-2026	4,945,000	1,778,950	6,723,950
2027-2031	3,685,000	1,034,575	4,719,575
2032-2036	2,290,000	492,600	2,782,600
2037-2041	1,050,000	63,400	1,113,400
Totals	<u>\$ 17,890,000</u>	<u>\$ 6,047,765</u>	<u>\$ 23,937,765</u>

G. CHANGES IN LONG-TERM DEBT

Activity in the Long-Term Debt for the District for the year ended June 30, 2016, was as follows:

	Balance			Balance	Due Within
	<u>07/01/15</u>	<u>Additions</u>	<u>Reductions</u>	<u>06/30/16</u>	<u>One Year</u>
Bonds Payable	\$ 19,105,000	\$ 7,765,000	\$ (8,980,000)	\$ 17,890,000	\$ 1,180,000
Compensated Balances	489,315	-	(5,680)	483,635	-
Premium on Bonds:					
Bonds Payable 2014	332,078	-	(23,720)	308,358	-
Bonds Payable 2016	-	1,029,233	(49,011)	980,222	-
Net Pension Liability	<u>4,383,205</u>	<u>2,911,154</u>	<u>(563,796)</u>	<u>6,730,563</u>	<u>-</u>
Totals	<u>\$ 24,309,598</u>	<u>\$ 11,705,387</u>	<u>\$ (9,622,207)</u>	<u>\$ 26,392,778</u>	<u>\$ 1,180,000</u>

H. DEFINED BENEFIT PENSION PLAN

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

IV. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS

H. **DEFINED BENEFIT PENSION PLAN**

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

Pension Plan Fiduciary Net Position. Detailed information about the Teacher Retirement System's fiduciary net position is available in a separately-issued Comprehensive Annual Financial Report that includes financial statements and required supplementary information. That report may be obtained on the Internet at <http://www.trs.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.

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

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

Employee contribution rates are set in state statute, Texas Government Code 825.402. Senate Bill 1458 of the 83rd Texas Legislature amended Texas Government Code 825.402 for member contributions and established employee contribution rates for fiscal years 2014 thru 2017. It also added a 1.5% contribution for employers not paying Old Age Survivor and Disability Insurance (OASDI) on certain employees effective for fiscal year 2016 as discussed in Note 1 of the TRS 2014 CAFR. The 83rd Texas Legislature, General Appropriations Act (GAA) established the employer contribution rates for fiscal years 2016 and 2017.

Contribution Rates		
	<u>2015</u>	<u>2016</u>
Member	6.7%	7.2%
Non-Employer Contributing Entity (State)	6.8%	6.8%
Employers	6.8%	6.8%

IV. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS

H. DEFINED BENEFIT PENSION PLAN

2016 Employer Contributions	\$ 543,799
2016 Member Contributions	\$ 995,278
2015 NECE On-Behalf Contributions	\$ 702,075

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

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

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

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

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

Valuation Date	8/31/2015
Actuarial Cost Method	Individual Entry Age Normal
Amortization Method	Market Value
Single Discount Rate	8.00%
Discount Rate	8.00%
Long-term expected Investment Rate of Return*	8.00%
Inflation	2.50%
Salary Increases including Inflation	3.5% to 9.5%
Payroll Growth Rate	2.50%
Benefit Changes During the Year	None
Ad Hoc Post-Employment Benefit Changes	None

IV. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS

H. DEFINED BENEFIT PENSION PLAN

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

Discount Rate. The discount rate used to measure the total pension liability was 8.0%. There was no change in the discount rate since the previous year. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and those of the contributing employers and the non-employer contributing entity are made at the statutorily required rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. The long-term rate of return on pension plan investments is 8%. The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimates ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of geometric real rates of return for each major asset class included in the Systems target asset allocation as of August 31, 2015 are summarized below:

Asset Class	Target Allocation	Long-Term Expected Geometric Real Rate of Return	Expected Contribution to Long-Term Portfolio Return*
Global Equity			
U.S.	18%	4.6%	1.0%
Non-U.S. Developed	13%	5.1%	0.8%
Emerging Markets	9%	5.9%	0.7%
Directional Hedge Funds	4%	3.2%	0.1%
Private Equity	13%	7.0%	1.1%
Stable Value			
U.S. Treasuries	11%	0.7%	0.1%
Absolute Return	0%	1.8%	0.0%
Stable Value Hedge Funds	4%	3.0%	0.1%
Cash	1%	-0.2%	0.0%
Real Return			
Global Inflation Linked Bonds	3%	0.9%	0.0%
Real Assets	16%	5.1%	1.1%
Energy and Natural Resources	3%	6.6%	0.2%
Commodities	0%	1.2%	0.0%
Risk Parity			
Risk Parity	5%	6.7%	0.3%
Inflation Expectation			2%
Alpha			1%
Total	100%		8.7%

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

IV. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS

H. DEFINED BENEFIT PENSION PLAN

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

	1% Decrease in Discount Rate (7.0%)	Discount Rate (8.0%)	1% Increase in Discount Rate (9.0%)
Proportionate share of the net pension liability:	\$ 10,545,524	\$ 6,730,563	\$ 3,552,938

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions. At June 30, 2016, the District reported a liability of \$6,730,563 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	\$ 6,730,563
State's proportionate share that is associated with the District	<u>8,378,823</u>
Total	<u>\$ 15,109,386</u>

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

At August 31, 2015 the employer's proportion of the collective net pension liability was 0.0190405% which was an increase of 0.0026310% from its proportion measured as of August 31, 2014.

Changes Since the Prior Actuarial Valuation The following are changes to the actuarial assumptions or other inputs that affected measurement of the total pension liability since the prior measurement period:

Economic Assumptions:

- The inflation assumption was decreased from 3.00% to 2.50%.
- The ultimate merit assumption for long-service employees was decreased from 1.25% to 1.00%.
- In accordance with the observed experience, there were small adjustments in the service- based promotional/longevity component of the salary scale.
- The payroll growth assumption was lowered from 3.50% to 2.50%.

Mortality Assumptions:

- The post-retirement mortality tables for non-disabled retirees were updated to reflect recent TRS member experience. Mortality rates will be assumed to continue to improve in the future using a fully generational approach and Scale BB.

IV. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS

H. DEFINED BENEFIT PENSION PLAN

- The post-retirement mortality tables for disabled retirees were updated to reflect recent TRS member experience. Mortality rates will be assumed to continue to improve in the future using a fully generational approach and Scale BB.
- The pre-retirement mortality tables for active employees were updated to use 90% of the recently published RP-2014 mortality table for active employees. Mortality rates will be assumed to continue to improve in the future using a fully generational approach and Scale BB.

Other Demographic Assumptions:

- Previously, it was assumed 10% of all members who had contributed in the past 5 years to be an active member. This was an implicit rehire assumption because teachers have historically had a high incidence of terminating employment for a time and then returning to the workforce at a later date. This methodology was modified to add a more explicit valuation of the rehire incidence in the termination liabilities, and therefore these 10% are no longer being counted as active members.
- There were adjustments to the termination patterns for members consistent with experience and future expectations. The termination patterns were adjusted to reflect the rehire assumption. The timing of the termination decrement was also changed from the middle of the year to the beginning to match the actual pattern in the data.
- Small adjustments were made to the retirement patterns for members consistent with experience and future expectations.
- Small adjustments to the disability patterns were made for members consistent with experience and future expectations. Two separate patterns were created based on whether the member has 10 years of service or more.
- For members that become disabled in the future, it is assumed 20% of them will choose a 100% joint and survivor annuity option.

Actuarial Methods and Policies:

- The method of using celled data in the valuation process was changed to now using individual data records to allow for better reporting of some items, such as actuarial gains and losses by source.

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

For the year ended June 30, 2016, the District's pension expense of \$1,167,181 and revenue of \$1,167,181 for support provided by the State.

At June 30, 2016, the District's proportionate share of the TRS's deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

IV. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS

H. **DEFINED BENEFIT PENSION PLAN**

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experiences	\$ 56,377	\$ 258,662.00
Changes in actuarial assumptions	236,953	240,117
Differences between projected and actual investment earnings	652,824	-
Changes in proportion and differences between the employer's contributions and the proportionate share of contributions	601,855	2,327
Total	<u>\$ 1,548,009</u>	<u>\$ 501,106</u>

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

<u>Year ended August 31,</u>	<u>Pension Expense Amount</u>
2017	\$ 155,883
2018	155,883
2019	155,885
2020	490,805
2021	72,892
Thereafter	15,555

At August 31, 2015, the District reported its proportionate share of the TRS's deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Total net amounts per August 31, 2015 measurement date	\$ 1,548,009	\$ 501,106
Contributions paid to TRS subsequent to the measurement date	449,496	-
Total	<u>\$ 1,997,505</u>	<u>\$ 501,106</u>

I. **HEALTH CARE COVERAGE**

During the year ended June 30, 2016, employees of the District were covered by a health insurance plan (the "Plan"). The District contributed \$161 per month per employee and dependents 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 Article 3.51-2, Texas Insurance Code and was documented by contractual agreement.

The Teachers Retirement System (TRS) manages TRS Active Care. The medical plan is administered by Blue Cross and Blue Shield of Texas, FIRSTCARE and Scott and White HMO. Medco Health administers the prescription drug plan. The latest financial information on the state-wide plan may be obtained by writing to the TRS Communications Department, 1000 Red River Street, Austin, Texas 78701, by calling the TRS Communications Department at 1-800-223-8778, or by downloading the report from the TRS Internet website, www.trs.state.tx.us, under the TRS Publications heading.

IV. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS

J. RETIREE HEALTH PLAN

Plan Description. The District contributes to the Texas Public School Retired Employees Group Insurance Program (TRS-Care), a cost-sharing multiple-employer defined benefit post-employment health care plan administered by the Teacher Retirement System of Texas. TRS-Care Retired Plan provides health care coverage for certain persons (and their dependents) who retired under the Teacher Retirement System of Texas. The statutory authority for the program is Texas Insurance Code, Chapter 1575. Section 1575.052 grants the TRS Board of Trustees the authority to establish and amend basic and optional group insurance coverage for participants. The TRS issues a publicly available financial report that includes financial statements and required supplementary information for TRS-Care. That report may be obtained by visiting the TRS Web site at www.trs.state.tx.us, by writing to the Communications Department of the Teacher Retirement System of Texas at 1000 Red River Street, Austin, Texas 78701, or by calling 1-800-223-8778.

Funding Policy. Contribution requirements are not actuarially determined but are legally established each biennium by the Texas Legislature. Texas Insurance Code, Sections 1575.202, 203, and 204 establish state, active employee, and public school contributions, respectively. Funding for free basic coverage is provided by the program based upon public school district payroll. Per Texas Insurance Code, Chapter 1575, the public school contribution may not be less than 0.25% or greater than 0.75% of the salary of each active employee of the public school. Funding for optional coverage is provided by those participants selecting the optional coverage. Contribution rates and amounts are shown in the table below for fiscal years 2015-2016.

Fiscal Year	On Behalf - State Retirement Contribution	On Behalf - State Medicare Part D	District Annual Required Contributions (ARC)	Percentage of ARC Contributed	Employee Contributions
2014	\$ 775,602	\$ 94,310	\$ 111,399	100%	\$ 928,581
2015	693,657	79,599	85,829	100%	820,468
2016	790,671	90,939	94,794	100%	995,278

Medicare Part D. Federal legislation enacted in January 2006 established prescription drug coverage for Medicare beneficiaries known as Medicare Part D. As a result, this provision 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 pharmacy claims paid by TRS-Care on behalf of plan participants. GASB Statement No. 24 requires recognition of these on-behalf payments in the financial statements. Medicare Part D payments made on-behalf of Raymondville ISD participants for the years ended June 30, 2014, 2015 and 2016 were \$94,310, \$79,599 and \$90,939 respectively.

K. 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.

IV. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS

K. RISK MANAGEMENT

Workers' Compensation Coverage

During the year ended June 30, 2016, the District met its statutory workers' compensation obligations through participation in the Workers Compensation Solutions (the "Program"). The Program was created and is operated under the provisions of the Interlocal Cooperation Act, Chapter 791 of the Texas Government Code. All districts participating in the Program execute Interlocal Agreements that define the responsibilities of the parties. The Program provides statutory workers' compensation benefits to its members and their injured employees. The District is responsible for a certain amount of claims liability as outlined on the District's Contribution and Coverage Summary document.

L. LITIGATION

The District is a party to various litigation under which it may be required to pay certain monies upon decision of the courts. The District's attorney reports various possible contingent liabilities based on the amount of damages alleged in various cases. However, it is the opinion of the District's attorney that these cases are covered by liability insurance. In the opinion of the District's management, the outcome of these lawsuits will not have a material adverse effect on the accompanying financial statements and, accordingly, no provisions or losses have been recorded.

M. COMMITMENTS AND CONTINGENCIES

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

N. USE OF ESTIMATES IN THE PREPARATION OF FINANCIAL STATEMENTS

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities and/or disclosures of contingent liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

O. JOINT VENTURE - SHARED SERVICE AGREEMENTS

The District is the fiscal agent of a Shared Services Arrangement ("SSA"), which provides special education services to the member districts listed below. The member districts provide funds to the fiscal agent, who provides all services. According to guidance provided in TEA's Resource Guide, the District has accounted for the fiscal agent's activities of the SSA in a special revenue fund and will be accounted for using Model 3 in the SSA section of the Resource Guide. Expenditures of the SSA are summarized below:

IV. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS**O. JOINT VENTURE – SHARED SERVICE AGREEMENTS**

<u>Member Districts</u>	<u>Expenditures</u>
Raymondville ISD	\$ 131,403
Lasara ISD	23,134
Lyford ISD	111,970
Rio Hondo ISD	164,716
San Perlita ISD	22,209
Santa Rosa ISD	<u>80,507</u>
Totals	<u>\$ 533,939</u>

P. FUND BALANCE REPORTING

The District recognizes the importance of maintaining its financial integrity; therefore, it has developed this policy to support its mission and its goals and objectives. The five classifications of fund balance of the governmental types are Non-spendable, Restricted, Committed, Assigned, and Unassigned.

Committed fund balance shall mean that portion of the fund balance that is constrained to a specific purpose by the Board. The Board's commitment may be modified or rescinded by a majority vote in a scheduled meeting. Board commitments cannot exceed the amount of fund balance that is greater than the sum of non-spendable and restricted fund balances since that practice would commit funds that the District does not have. Board commitments must occur before the end of the reporting period with amounts to be determined subsequently.

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 Board, the Superintendent, or Superintendent's designee. The Board delegates by formal action in a scheduled meeting specific persons or groups to assign certain fund balances. The Board may modify or rescind its delegation of authority by the same action. The authority to make assignments shall be in effect until modified or rescinded by the Board by majority vote in a scheduled meeting.

The order of spending and availability shall be to reduce funds from the listed areas in the following order: restricted, committed, assigned, and unassigned.

Q. MAINTENANCE OF EFFORT

The amount paid by the District for employee health care premiums is as follows:

A. Total District premium paid for health care for 2015-2016:	\$	426,894
B. Subtract any non-medical expenditures:		
Life insurance	\$	-
Dental insurance		-
Vision insurance		-
Long-term disability		-
Short-term disability		-
Alternate plans		-
COBRA expense		-
Retiree expense		-
C. 2015-2016 Maintenance of Effort	\$	<u>426,894</u>

REQUIRED SUPPLEMENTARY INFORMATION

RAYMONDVILLE INDEPENDENT SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2016

Data Control Codes	Budgeted Amounts		Actual Amounts (GAAP Basis - See Note III A)	Variance With Final Budget Positive or (Negative)
	Original	Final		
REVENUES:				
5700 Total Local and Intermediate Sources	\$ 3,430,839	\$ 3,428,509	\$ 3,718,059	\$ 289,550
5800 State Program Revenues	14,254,009	14,254,009	15,171,732	917,723
5900 Federal Program Revenues	1,616,561	1,637,391	2,026,911	389,520
5020 Total Revenues	19,301,409	19,319,909	20,916,702	1,596,793
EXPENDITURES:				
Current:				
0011 Instruction	9,352,936	9,378,236	8,997,703	380,533
0012 Instructional Resources and Media Services	236,211	346,211	335,563	10,648
0013 Curriculum and Instructional Staff Development	254,998	254,998	252,014	2,984
0021 Instructional Leadership	97,144	97,144	93,305	3,839
0023 School Leadership	1,492,329	1,492,329	1,475,134	17,195
0031 Guidance, Counseling and Evaluation Services	530,876	530,876	517,849	13,027
0032 Social Work Services	121,986	121,986	103,207	18,779
0033 Health Services	9,250	9,250	6,946	2,304
0034 Student (Pupil) Transportation	461,175	461,175	389,849	71,326
0035 Food Services	1,725,930	1,862,630	1,853,551	9,079
0036 Extracurricular Activities	1,151,294	1,273,294	1,266,119	7,175
0041 General Administration	994,347	994,347	938,702	55,645
0051 Facilities Maintenance and Operations	2,958,470	2,958,470	2,784,781	173,689
0052 Security and Monitoring Services	307,633	347,633	344,173	3,460
0053 Data Processing Services	384,020	384,020	375,181	8,839
0061 Community Services	6,899	14,899	11,838	3,061
Intergovernmental:				
0093 Payments to Fiscal Agent/Member Districts of	140,000	140,000	131,403	8,597
0099 Other Intergovernmental Charges	115,000	115,000	68,768	46,232
6030 Total Expenditures	20,340,498	20,782,498	19,946,086	836,412
1200 Net Change in Fund Balances	(1,039,089)	(1,462,589)	970,616	2,433,205
0100 Fund Balance - July 1 (Beginning)	7,223,228	7,223,228	7,223,228	-
3000 Fund Balance - June 30 (Ending)	\$ 6,184,139	\$ 5,760,639	\$ 8,193,844	\$ 2,433,205

RAYMONDVILLE INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
TEACHER RETIREMENT SYSTEM OF TEXAS
FOR THE YEAR ENDED JUNE 30, 2016

	<u>2016</u>	<u>2015</u>
District's Proportion of the Net Pension Liability (Asset)	0.0190405%	0.0164095%
District's Proportionate Share of Net Pension Liability (Asset)	\$ 6,730,563	\$ 4,383,205
State's Proportionate Share of the Net Pension Liability (Asset) associated with the District	8,378,823	7,026,497
Total	<u>\$ 15,109,386</u>	<u>\$ 11,409,702</u>
District's Covered-Employee Payroll	\$ 14,640,425	\$ 14,508,521
District's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered-Employee Payroll	45.97%	30.21%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	78.43%	83.25%

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

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

RAYMONDVILLE INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF DISTRICT CONTRIBUTIONS
TEACHER RETIREMENT SYSTEM OF TEXAS
FOR FISCAL YEAR 2016

	<u>2016</u>	<u>2015</u>
Contractually Required Contribution	\$ 543,799	\$ 375,198
Contribution in Relation to the Contractually Required Contribution	(543,799)	(375,198)
Contribution Deficiency (Excess)	<u>\$ -0-</u>	<u>\$ -0-</u>
District's Covered-Employee Payroll	\$ 12,921,005	\$ 14,639,813
Contributions as a Percentage of Covered-Employee Payroll	4.21%	2.56%

Note: GASB 68, Paragraph 81 requires that the data in this schedule be presented as of the District's respective fiscal years as opposed to the time periods covered by the measurement dates ending August 31, 2014 for Fiscal Year 2015 and August 31, 2015 for Fiscal Year 2016.

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

COMBINING STATEMENTS

RAYMONDVILLE INDEPENDENT SCHOOL DISTRICT
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 JUNE 30, 2016

Data Control Codes		211	212	244
		ESEA I, A Improving Basic Program	ESEA Title I Part C Migrant	Career and Technical - Basic Grant
ASSETS				
1110	Cash and Cash Equivalents	\$ (120,705)	\$ (44,725)	\$ (298)
1220	Property Taxes - Delinquent	-	-	-
1230	Allowance for Uncollectible Taxes	-	-	-
1240	Receivables from Other Governments	273,642	66,272	298
1260	Due from Other Funds	-	-	-
1000	Total Assets	<u>\$ 152,937</u>	<u>\$ 21,547</u>	<u>\$ -</u>
LIABILITIES				
2110	Accounts Payable	\$ -	\$ -	\$ -
2150	Payroll Deductions and Withholdings Payable	12,063	2,575	-
2160	Accrued Wages Payable	140,874	18,972	-
2000	Total Liabilities	<u>152,937</u>	<u>21,547</u>	<u>-</u>
DEFERRED INFLOWS OF RESOURCES				
2601	Unavailable Revenue - Property Taxes	-	-	-
2600	Total Deferred Inflows of Resources	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES				
Restricted Fund Balance:				
3450	Federal or State Funds Grant Restriction	-	-	-
3480	Retirement of Long-Term Debt	-	-	-
Committed Fund Balance:				
3510	Construction	-	-	-
3000	Total Fund Balances	<u>-</u>	<u>-</u>	<u>-</u>
4000	Total Liabilities, Deferred Inflows & Fund Balances	<u>\$ 152,937</u>	<u>\$ 21,547</u>	<u>\$ -</u>

255 ESEA II,A Training and Recruiting	263 Title III, A English Lang. Acquisition	270 ESEA VI, Pt B Rural & Low Income	274 GEAR UP	289 Other Federal Special Revenue Funds	313 SSA IDEA, Part B Formula	314 SSA IDEA, Part B Preschool	410 State Textbook Fund
\$ (22,787)	\$ -	\$ (2,438)	\$ (17,922)	\$ -	\$ (166,307)	\$ -	\$ (20,041)
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
57,911	-	2,438	26,000	-	304,283	-	20,041
-	-	-	-	-	-	-	-
<u>\$ 35,124</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 8,078</u>	<u>\$ -</u>	<u>\$ 137,976</u>	<u>\$ -</u>	<u>\$ -</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2,199	-	-	666	-	13,038	-	-
32,925	-	-	7,412	-	124,938	-	-
<u>35,124</u>	<u>-</u>	<u>-</u>	<u>8,078</u>	<u>-</u>	<u>137,976</u>	<u>-</u>	<u>-</u>
-	-	-	-	-	-	-	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>\$ 35,124</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 8,078</u>	<u>\$ -</u>	<u>\$ 137,976</u>	<u>\$ -</u>	<u>\$ -</u>

RAYMONDVILLE INDEPENDENT SCHOOL DISTRICT
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2016

Data Control Codes		428 High School Allotment	437 SSA Special Education	Total Nonmajor Special Revenue Funds	599 Debt Service Fund
ASSETS					
1110	Cash and Cash Equivalents	\$ 4,979	\$ 185,469	\$ (204,775)	\$ 6,203
1220	Property Taxes - Delinquent	-	-	-	214,560
1230	Allowance for Uncollectible Taxes	-	-	-	(21,456)
1240	Receivables from Other Governments	-	51,821	802,706	-
1260	Due from Other Funds	-	-	-	921,227
1000	Total Assets	<u>\$ 4,979</u>	<u>\$ 237,290</u>	<u>\$ 597,931</u>	<u>\$ 1,120,534</u>
LIABILITIES					
2110	Accounts Payable	\$ 800	\$ -	\$ 800	\$ -
2150	Payroll Deductions and Withholdings Payable	283	600	31,424	-
2160	Accrued Wages Payable	3,896	13,235	342,252	-
2000	Total Liabilities	<u>4,979</u>	<u>13,835</u>	<u>374,476</u>	<u>-</u>
DEFERRED INFLOWS OF RESOURCES					
2601	Unavailable Revenue - Property Taxes	-	-	-	193,104
2600	Total Deferred Inflows of Resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>193,104</u>
FUND BALANCES					
Restricted Fund Balance:					
3450	Federal or State Funds Grant Restriction	-	223,455	223,455	-
3480	Retirement of Long-Term Debt	-	-	-	927,430
Committed Fund Balance:					
3510	Construction	-	-	-	-
3000	Total Fund Balances	<u>-</u>	<u>223,455</u>	<u>223,455</u>	<u>927,430</u>
4000	Total Liabilities, Deferred Inflows & Fund Balances	<u>\$ 4,979</u>	<u>\$ 237,290</u>	<u>\$ 597,931</u>	<u>\$ 1,120,534</u>

699 Capital Projects Fund	Total Nonmajor Governmental Funds
\$ 377,656	\$ 179,084
-	214,560
-	(21,456)
-	802,706
-	921,227
<u>\$ 377,656</u>	<u>\$ 2,096,121</u>
\$ -	\$ 800
-	31,424
-	342,252
<u>-</u>	<u>374,476</u>
-	193,104
<u>-</u>	<u>193,104</u>
-	223,455
-	927,430
<u>377,656</u>	<u>377,656</u>
<u>377,656</u>	<u>1,528,541</u>
<u>\$ 377,656</u>	<u>\$ 2,096,121</u>

RAYMONDVILLE INDEPENDENT SCHOOL DISTRICT
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
 FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED JUNE 30, 2016

Data Control Codes		211 ESEA I, A Improving Basic Program	212 ESEA Title I Part C Migrant	244 Career and Technical - Basic Grant
	REVENUES:			
570	Total Local and Intermediate Sources	\$ -	\$ -	\$ -
580	State Program Revenues	-	-	-
590	Federal Program Revenues	1,471,839	428,264	42,292
5020	Total Revenues	1,471,839	428,264	42,292
	EXPENDITURES:			
	Current:			
001	Instruction	1,199,878	251,234	39,994
001	Curriculum and Instructional Staff Development	77,077	-	2,298
002	Instructional Leadership	53,546	48,958	-
002	School Leadership	-	-	-
003	Guidance, Counseling and Evaluation Services	-	-	-
003	Social Work Services	-	76,620	-
003	Health Services	126,634	14,060	-
004	General Administration	-	-	-
005	Facilities Maintenance and Operations	-	-	-
006	Community Services	14,704	37,392	-
	Debt Service:			
007	Principal on Long Term Debt	-	-	-
007	Interest on Long Term Debt	-	-	-
007	Bond Issuance Cost and Fees	-	-	-
6030	Total Expenditures	1,471,839	428,264	42,292
1100	Excess (Deficiency) of Revenues Over (Under) Expenditures	-	-	-
	OTHER FINANCING SOURCES (USES):			
791	Capital Related Debt Issued (Regular Bonds)	-	-	-
791	Premium or Discount on Issuance of Bonds	-	-	-
894	Other (Uses)	-	-	-
7080	Total Other Financing Sources (Uses)	-	-	-
1200	Net Change in Fund Balance	-	-	-
0100	Fund Balance - July 1 (Beginning)	-	-	-
3000	Fund Balance - June 30 (Ending)	\$ -	\$ -	\$ -

255 ESEA II,A Training and Recruiting	263 Title III, A English Lang. Acquisition	270 ESEA VI, Pt B Rural & Low Income	274 GEAR UP	289 Other Federal Special Revenue Funds	313 SSA IDEA, Part B Formula	314 SSA IDEA, Part B Preschool	410 State Textbook Fund
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-	184,266
235,765	19,978	38,073	65,430	1,113	1,251,205	19,920	-
235,765	19,978	38,073	65,430	1,113	1,251,205	19,920	184,266
203,331	2,428	38,073	65,430	1,113	817,181	19,920	184,266
32,434	17,550	-	-	-	74,846	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	343,625	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	30	-	-
-	-	-	-	-	15,523	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
235,765	19,978	38,073	65,430	1,113	1,251,205	19,920	184,266
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

RAYMONDVILLE INDEPENDENT SCHOOL DISTRICT
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
 FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED JUNE 30, 2016

Data Control Codes		428 High School Allotment	437 SSA Special Education	Total Nonmajor Special Revenue Funds	599 Debt Service Fund
REVENUES:					
570	Total Local and Intermediate Sources	\$ -	\$ -	\$ -	\$ 954,597
580	State Program Revenues	115,954	551,225	851,445	825,783
590	Federal Program Revenues	-	-	3,573,879	-
5020	Total Revenues	<u>115,954</u>	<u>551,225</u>	<u>4,425,324</u>	<u>1,780,380</u>
EXPENDITURES:					
Current:					
001	Instruction	115,954	66,548	3,005,350	-
001	Curriculum and Instructional Staff Development	-	76,787	280,992	-
002	Instructional Leadership	-	166,757	269,261	-
002	School Leadership	-	33,323	33,323	-
003	Guidance, Counseling and Evaluation Services	-	103,747	447,372	-
003	Social Work Services	-	-	76,620	-
003	Health Services	-	-	140,724	-
004	General Administration	-	6,435	21,958	-
005	Facilities Maintenance and Operations	-	13,322	13,322	-
006	Community Services	-	-	52,096	-
Debt Service:					
007	Principal on Long Term Debt	-	-	-	1,045,000
007	Interest on Long Term Debt	-	-	-	736,966
007	Bond Issuance Cost and Fees	-	-	-	219,041
6030	Total Expenditures	<u>115,954</u>	<u>466,919</u>	<u>4,341,018</u>	<u>2,001,007</u>
1100	Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>-</u>	<u>84,306</u>	<u>84,306</u>	<u>(220,627)</u>
OTHER FINANCING SOURCES (USES):					
791	Capital Related Debt Issued (Regular Bonds)	-	-	-	7,765,000
791	Premium or Discount on Issuance of Bonds	-	-	-	1,029,233
894	Other (Uses)	-	-	-	(8,575,192)
7080	Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>219,041</u>
1200	Net Change in Fund Balance	-	84,306	84,306	(1,586)
0100	Fund Balance - July 1 (Beginning)	<u>-</u>	<u>139,149</u>	<u>139,149</u>	<u>929,016</u>
3000	Fund Balance - June 30 (Ending)	<u>\$ -</u>	<u>\$ 223,455</u>	<u>\$ 223,455</u>	<u>\$ 927,430</u>

699 Capital Projects Fund		Total Nonmajor Governmental Funds	
\$	705	\$	955,302
	-		1,677,228
	-		3,573,879
	705		6,206,409
	-		3,005,350
	-		280,992
	-		269,261
	-		33,323
	-		447,372
	-		76,620
	-		140,724
	-		21,958
	-		13,322
	-		52,096
	-		1,045,000
	-		736,966
	-		219,041
	-		6,342,025
	705		(135,616)
	-		7,765,000
	-		1,029,233
	-		(8,575,192)
	-		219,041
	705		83,425
	376,951		1,445,116
\$	377,656	\$	1,528,541

RAYMONDVILLE INDEPENDENT SCHOOL DISTRICT
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
ALL AGENCY FUNDS
FOR THE YEAR ENDED JUNE 30, 2016

	BALANCE JULY 1 2015	ADDITIONS	DEDUCTIONS	BALANCE JUNE 30 2016
SUCCESSOR IN INTEREST				
Assets:				
Cash and Temporary Investments	\$ 102,468	\$ 3,755,206	\$ 3,803,465	\$ 54,209
Liabilities:				
Due to Other Funds	\$ 102,468	\$ 2,791,744	\$ 2,840,003	\$ 54,209
STUDENT ACTIVITY				
Assets:				
Cash and Temporary Investments	\$ 75,079	\$ 137,421	\$ 138,547	\$ 73,953
Liabilities:				
Due to Student Groups	\$ 75,079	\$ 137,421	\$ 138,547	\$ 73,953
TOTAL AGENCY FUNDS				
Assets:				
Cash and Temporary Investments	\$ 177,547	\$ 3,892,627	\$ 3,942,012	\$ 128,162
Liabilities:				
Due to Other Funds	\$ 102,468	\$ 2,791,744	\$ 2,840,003	\$ 54,209
Due to Student Groups	75,079	137,421	138,547	73,953
Total Liabilities	\$ 177,547	\$ 2,929,165	\$ 2,978,550	\$ 128,162

REQUIRED TEA SCHEDULES

RAYMONDVILLE INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF DELINQUENT TAXES RECEIVABLE
FISCAL YEAR ENDED JUNE 30, 2016

Last 10 Years	(1)	(2)	(3)
	Tax Rates		Assessed/Appraised Value for School Tax Purposes
	Maintenance	Debt Service	
2007 and prior years	Various	Various	\$ Various
2008	1.040000	0.16000	333,793,714
2009	1.040000	0.24920	414,130,132
2010	1.040000	0.31837	379,063,645
2011	1.040000	0.28079	370,487,788
2012	1.040000	0.27990	310,298,728
2013	1.040000	0.34000	279,876,385
2014	1.040000	0.22700	340,643,716
2015	1.040000	0.29840	289,059,445
2016 (School year under audit)	1.040000	0.28310	285,030,445
100 TOTALS			

(10) Beginning Balance 7/1/2015	(20) Current Year's Total Levy	(31) Maintenance Collections	(32) Debt Service Collections	(40) Entire Year's Adjustments	(50) Ending Balance 6/30/2016
\$ 307,728	\$ -	\$ 18,842	\$ 1,884	\$ (33,726)	\$ 253,276
45,226	-	1,689	260	(2,151)	41,126
50,987	-	4,125	989	(2,194)	43,679
71,342	-	6,894	2,110	(2,116)	60,222
84,929	-	10,722	2,895	(1,483)	69,829
96,881	-	11,436	3,078	(1,674)	80,693
116,638	-	19,068	6,234	(1,432)	89,904
148,424	-	39,914	8,712	(57)	99,741
243,272	-	94,994	27,256	15,494	136,516
-	3,508,302	2,424,367	881,863	76,212	278,284
<u>\$ 1,165,427</u>	<u>\$ 3,508,302</u>	<u>\$ 2,632,051</u>	<u>\$ 935,281</u>	<u>\$ 46,873</u>	<u>\$ 1,153,270</u>

RAYMONDVILLE INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - CHILD NUTRITION PROGRAM
FOR THE YEAR ENDED JUNE 30, 2016

Data Control Codes	Budgeted Amounts		Actual Amounts (GAAP BASIS) Basis - See Note III A)	Variance With Final Budget Positive or (Negative)
	Original	Final		
REVENUES:				
5700 Total Local and Intermediate Sources	\$ 109,149	\$ 88,319	\$ 141,567	\$ 53,248
5800 State Program Revenues	-	-	8,473	8,473
5900 Federal Program Revenues	1,616,561	1,637,391	1,716,923	79,532
5020 Total Revenues	1,725,710	1,725,710	1,866,963	141,253
EXPENDITURES:				
0035 Food Services	1,725,710	1,862,410	1,853,314	9,096
6030 Total Expenditures	1,725,710	1,862,410	1,853,314	9,096
1200 Net Change in Fund Balances	-	(136,700)	13,649	150,349
0100 Fund Balance - July 1 (Beginning)	289,207	289,207	289,207	-
3000 Fund Balance - June 30 (Ending)	\$ 289,207	\$ 152,507	\$ 302,856	\$ 150,349

RAYMONDVILLE INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - DEBT SERVICE FUND
FOR THE YEAR ENDED JUNE 30, 2016

Data Control Codes		Budgeted Amounts		Actual Amounts (GAAP Basis - See Note III A)	Variance With Final Budget Positive or (Negative)
		Original	Final		
REVENUES:					
5700	Total Local and Intermediate Sources	\$ 884,570	\$ 884,570	\$ 954,597	\$ 70,027
5800	State Program Revenues	897,398	897,398	825,783	(71,615)
5020	Total Revenues	1,781,968	1,781,968	1,780,380	(1,588)
EXPENDITURES:					
Debt Service:					
0071	Principal on Long Term Debt	1,045,000	1,045,000	1,045,000	-
0072	Interest on Long Term Debt	736,968	736,968	736,966	2
0073	Bond Issuance Cost and Fees	-	219,040	219,041	(1)
6030	Total Expenditures	1,781,968	2,001,008	2,001,007	1
1100	Excess (Deficiency) of Revenues Over Expenditures	-	(219,040)	(220,627)	(1,587)
OTHER FINANCING SOURCES (USES):					
7911	Capital Related Debt Issued (Regular Bonds)	-	-	7,765,000	7,765,000
7916	Premium or Discount on Issuance of Bonds	-	-	1,029,233	1,029,233
8949	Other (Uses)	-	-	(8,575,192)	(8,575,192)
7080	Total Other Financing Sources (Uses)	-	-	219,041	219,041
1200	Net Change in Fund Balances	-	(219,040)	(1,586)	217,454
0100	Fund Balance - July 1 (Beginning)	929,016	929,016	929,016	-
3000	Fund Balance - June 30 (Ending)	\$ 929,016	\$ 709,976	\$ 927,430	\$ 217,454

FEDERAL AWARDS SECTION



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

Board of Trustees
Raymondville Independent School District

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Raymondville Independent School District (the "District") as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated November 3, 2016.

Internal Control Over Financial Reporting

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

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**Governmental Audit
Quality Center**

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed 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 District'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 District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

***DRAFT***

Brownsville, Texas
November 3, 2016



PATTILLO, BROWN & HILL, L.L.P.
CERTIFIED PUBLIC ACCOUNTANTS ■ BUSINESS CONSULTANTS

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE
FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL
OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133**

Board of Trustees
Raymondville Independent School District

Report on Compliance for Each Major Federal Program

We have audited Raymondville Independent School District's (the "District") 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 District's major federal programs for the year ended June 30, 2016. The 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.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of the District's major federal programs based on our audit of 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 District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on Each Major Federal Program

In our opinion, the District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2015.

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Report on Internal Control Over Compliance

Management of the District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the District's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with 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 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 consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

DRAFT

Brownsville, Texas
November 3, 2016

RAYMONDVILLE CONSOLIDATED INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2016

I. Summary of the Auditors' Results:

The type of auditors' report on financial statements:	Unmodified
Regarding internal control over financial reporting:	
a. Material weakness(es) identified:	None
b. Significant deficiencies identified that are not considered to be material weaknesses:	None reported
c. Noncompliance which is material to the financial statements:	None
d. Regarding internal control over major programs:	
Material weakness(es) identified:	None reported
Significant deficiencies identified that are not considered to be material weaknesses:	None
e. Type of auditors' report on compliance with major programs:	Unmodified
f. Any audit findings which are required to be reported in accordance with OMB Circular A-133, Sec. 510(a):	No
g. Major programs are as follows:	Title I, Part A – Improving Basic Programs CFDA 84.010A Title I, Part C – Migratory Children CFDA 84.011A
h. Dollar threshold used to distinguish between Type A and Type B programs:	\$750,000
i. Low risk auditee:	Yes

II. Findings Relating to the Financial Statements Which Are Required To Be Reported in Accordance with *Generally Accepted Government Auditing Standards*.

None reported.

III. Findings and Questioned Costs for Federal Awards.

None reported.

RAYMONDVILLE INDEPENDENT SCHOOL DISTRICT
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2016

Not applicable.

RAYMONDVILLE INDEPENDENT SCHOOL DISTRICT
CORRECTIVE ACTION PLAN
FOR THE YEAR ENDED JUNE 30, 2016

Not applicable.

EXHIBIT K-1

RAYMONDVILLE INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2016

(1)	(2)	(3)	(4)
FEDERAL GRANTOR/ PASS-THROUGH GRANTOR/ PROGRAM or CLUSTER TITLE	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
U.S. DEPARTMENT OF EDUCATION			
<i>Passed Through Region One ESC:</i>			
Gear Up Project	84.334	P334A050122-07	\$ 65,430
Total Passed Through Region One ESC			<u>65,430</u>
<i>Passed Through State Department of Education:</i>			
ESEA Title I, Part A - Improving Basic Programs	84.010A	16610101245903	<u>1,471,839</u>
ESEA Title I, Part C - Migratory Children	84.011A	16615001245903	<u>428,264</u>
SSA IDEA-B Formula*	84.027A	166600012459036600	<u>1,251,205</u>
SSA IDEA-B Preschool*	84.173	166600012459036610	<u>19,920</u>
Vocational Education - Basic Grant	84.048A	16420006245903	<u>42,292</u>
ESEA Title VI, Part B, Subpart 2 - Rural and Low Income School	84.358B	16696001245903	<u>38,073</u>
Title III, Part A - English Language Acquisition & Language Enhancement	84.365A	16671001245903	<u>19,978</u>
ESEA Title II, Part A - Teacher & Principal Training & Recruiting	84.367A	16694501245903	<u>235,765</u>
Summer School LEP	84.369A	69551102	<u>1,113</u>
Total Passed Through State Dept. of Education			<u>3,508,449</u>
TOTAL U.S. DEPARTMENT OF EDUCATION			<u>3,573,879</u>
U.S. DEPARTMENT OF AGRICULTURE			
<i>Passed Through State Department of Education:</i>			
School Breakfast Program*	10.553	71400901	534,216
National School Lunch Program*	10.555	71300901	1,013,425
Commodity Supplemental Program	10.550	245903	115,737
Fresh Fruit and Vegetable Program	10.582	17460019502	<u>53,545</u>
Total Passed Through State Dept. of Education			<u>1,716,923</u>
TOTAL U.S. DEPARTMENT OF AGRICULTURE			<u>1,716,923</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS			<u>\$ 5,290,802</u>

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

(Note A) \$534,216 of School Breakfast Program, \$1,013,425 of National School Lunch Program, \$115,737 of Food Distribution, \$53,545 of Fresh Fruit and Vegetable Program, and \$66,068 of Indirect Costs is in the General Fund.

RAYMONDVILLE INDEPENDENT SCHOOL DISTRICT
NOTES ON ACCOUNTING POLICIES FOR FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2016

1. For all Federal programs, the District uses the fund types specified in Texas Education Agency's *Financial Accountability System Resource Guide*. Special revenue funds are used to account for resources restricted to, or designated for, specific purposes by a grantor. Federal and state financial assistance generally is accounted for in a Special Revenue Fund.
2. The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. The Governmental Fund types and Trust Funds are accounted for using a current financial resources measurement focus. All Federal grant funds were accounted for in a Special Revenue Fund which is a Governmental Fund type. With this measurement focus, only current assets and current liabilities and the fund balance are included on the balance sheet. Operating statements of these funds present increases and decreases in net current assets.

The modified accrual basis of accounting is used for the Governmental Fund types, the Trust Funds and Agency Funds. This basis of accounting recognizes revenues in the accounting period in which they become susceptible to accrual, i.e., both measurable and available, and expenditures in the accounting period in which the fund liability is incurred, if measurable, except for unmatured interest on Long-Term Debt, which is recognized when due, and certain compensated absences and claims and judgments, which are recognized when the obligations are expected to be liquidated with expendable available financial resources.

Federal grant funds are considered to be earned to the extent of expenditures made under the provisions of the grant, and, accordingly, when such funds are received, they are recorded as deferred revenues until earned.

3. The period of availability for federal grant funds for the purpose of liquidation of outstanding obligations made on or before the ending date of the federal project period extended 30 days beyond the federal project period ending date, in accordance with provisions in Section H, Period of Availability of Federal Funds, Part 3, OMB Circular A-133 Compliance Statement - Provisional 6/97.