

**RAYMONDVILLE  
INDEPENDENT SCHOOL DISTRICT**

ANNUAL FINANCIAL REPORT

FOR THE TEN MONTHS ENDED  
JUNE 30, 2015

RAYMONDVILLE INDEPENDENT SCHOOL DISTRICT  
ANNUAL FINANCIAL REPORT  
FOR THE TEN MONTHS ENDED JUNE 30, 2015

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RAYMONDVILLE INDEPENDENT SCHOOL DISTRICT  
ANNUAL FINANCIAL REPORT  
FOR THE TEN MONTHS ENDED JUNE 30, 2015

ORGANIZATIONAL DATA

**BOARD OF TRUSTEES**

Guadalupe M. Ruiz, Jr. – President

Jessica R. Cantu – Vice-President

Ramiro A. Ramirez, Jr. – Secretary

Javier R. Longoria – Asst. Secretary

Mario Tijerina – Member

Daniel Garcia – Member

Jaime Villarreal – 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 ten months ended June 30, 2015 at a meeting of the Board of Trustees of such school district on the \_\_\_\_\_ day of November, 2015.

\_\_\_\_\_  
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 ten months ended June 30, 2015, 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 auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

### ***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Raymondville Independent School District as of June 30, 2015, 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.

### ***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 are 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 October 16, 2015 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.

*Pattullo, Brown & Hill, LLP*

Brownsville, Texas  
October 16, 2015

## MANAGEMENT'S DISCUSSION AND ANALYSIS

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, 2015. Please read it in conjunction with the District's financial statements, which follow this section.

### FINANCIAL HIGHLIGHTS

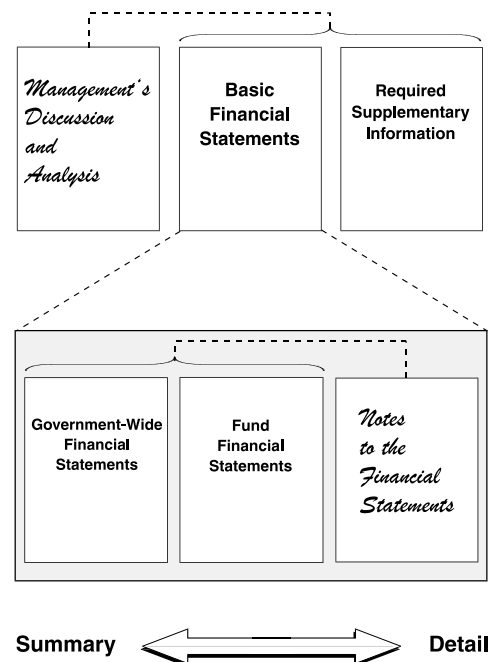
- The District's total combined net position was \$23,310,550 at June 30, 2015. This is a decrease of \$4,923,225 from the prior year.
- During the year, the District's expenses were \$108,974 less than the \$25,004,841 generated in taxes and other revenues for governmental activities.
- The general fund reported a fund balance this year of \$7,223,228.
- The District elected to change the end of its fiscal year from August 31<sup>st</sup> to June 30<sup>th</sup>. The first fiscal year for this transition had only ten months of financial activity.

### 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.

## MANAGEMENT'S DISCUSSION AND ANALYSIS - CONTINUED

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

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

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.

## MANAGEMENT'S DISCUSSION AND ANALYSIS - CONTINUED

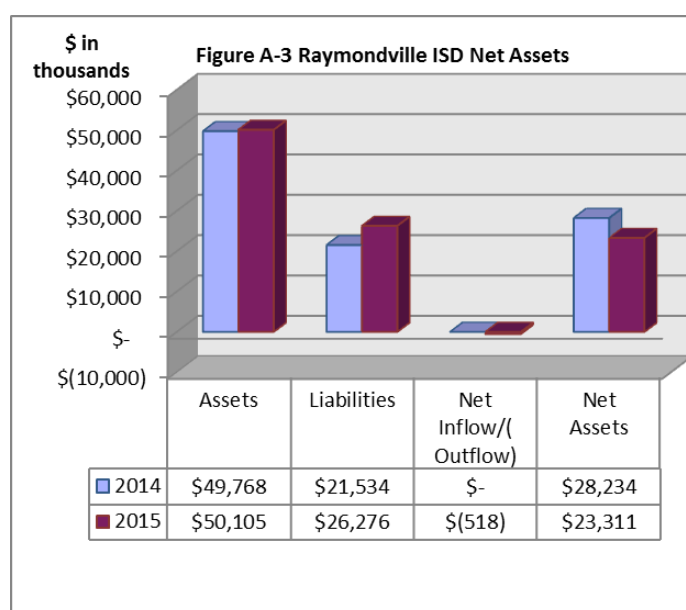
- *Proprietary funds*—Services for which the District charges customers a fee are generally reported in proprietary funds. Proprietary funds, like the government-wide statements, provide both long-term and short-term financial information.
- *Fiduciary funds*—The District is the trustee, or *fiduciary*, 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 \$23,310,550 as of June 30, 2015. (See Table A-1).

**Table A-1**  
Raymondville Independent School District's Net position  
(in thousands of dollars)

	Governmental Activities	
	2015	2014
Current & other assets	\$11,684	\$9,717
Capital assets	38,421	40,051
<b>Total assets</b>	<b>\$50,105</b>	<b>\$49,768</b>
<b>Deferred outflows of resources</b>	<b>\$822</b>	<b>\$0</b>
Current liabilities	1,967	726
Long-term liabilities	24,309	20,808
<b>Total liabilities</b>	<b>\$26,276</b>	<b>\$21,534</b>
<b>Deferred inflows of resources</b>	<b>\$1,340</b>	<b>\$0</b>
Net position:		
Invested in capital assets-Net	18,445	19,243
Restricted	2,735	3,073
Unrestricted	2,131	5,918
<b>Total Net position</b>	<b>\$23,311</b>	<b>\$28,234</b>



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 \$23,310,550.

Approximately 79% 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 (\$2,131,121) may be used to meet the government's ongoing obligations to students and creditors.

### Changes in net position

Raymondville ISD's net position decreased by \$4,923,225 during the current fiscal year. The District's total revenues were \$25,004,841. A portion, 15% of the District's revenue comes from taxes, 52% comes from state aid – formula grants, while only 6% relates to charges for services as reflected in Figure A-5.

## MANAGEMENT'S DISCUSSION AND ANALYSIS - CONTINUED

### Governmental Activities

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

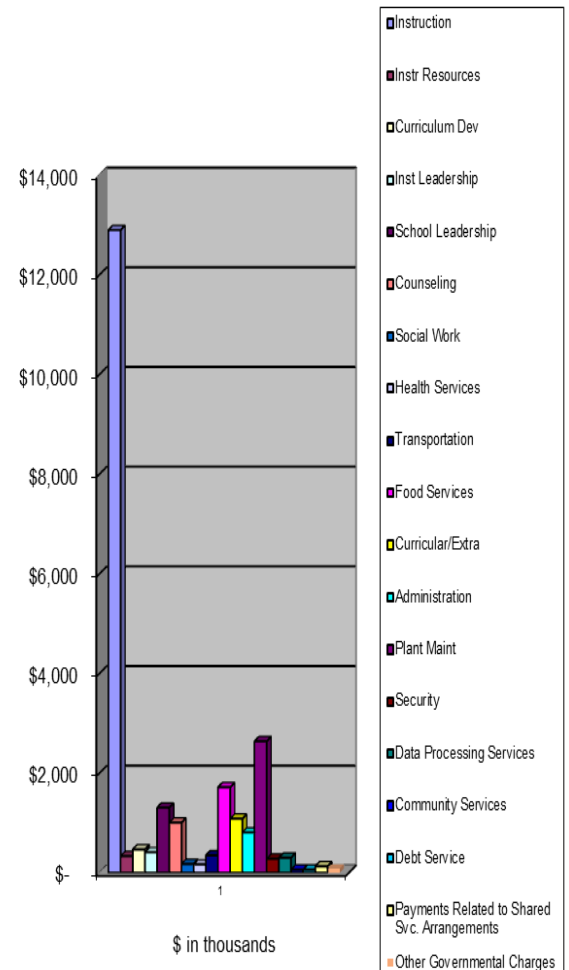
- Property tax rates increased from 1.2670 to 1.3384/\$100 during the current fiscal year ended June 30, 2015. Property taxable values increased by 1.5% from the prior year.
- The cost of all *governmental* activities this year was \$24,895,867, a decrease of \$3,581,793.
- However, the amount that our taxpayers paid for these activities through property taxes was \$3,656,467.
- Some of the cost was paid by those who directly benefited from the programs (\$1,557,825) or by grants and contributions (\$6,736,989).

**Table A-2**

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

	Governmental Activities	
	2015	2014
Program Revenues:		
Charges for Services	\$1,558	\$854
Operating Grants and Contributions	6,737	7,573
Capital Grants and Contributions		
General Revenues		
Property Taxes	3,656	4,348
State Aid – Formula	12,912	14,108
Investment Earnings	9	13
Other	133	145
<b>Total Revenues</b>	<b>25,005</b>	<b>27,041</b>
Instruction	12,898	13,512
Instructional Resources and Media Services	338	356
Curriculum Dev. And Instructional Staff Dev	471	650
Instructional Leadership	414	678
School Leadership	1,310	1,419
Guidance, Counseling and Evaluation Services	1,007	1,325
Social Work Services	179	235
Health Services	169	170
Student (Pupil) Transportation	351	424
Food Services	1,718	1,939
Curricular/Extracurricular Activities	1,086	1,346
General Administration	811	1,301
Plant Maintenance & Operations	2,640	3,033
Security & Monitoring Services	284	319
Data Processing Services	303	642
Community Services	66	68
Debt Service	633	888
Payments Related to Shared Services Arrangements	131	96
Other Governmental Charges	87	76
<b>Total Expenses</b>	<b>24,896</b>	<b>28,477</b>
<b>Increase (Decrease) in Net position</b>	<b>\$109</b>	<b>(\$1,436)</b>

Figure A-4 Raymondville ISD Expenses FY 2014-2015



## MANAGEMENT'S DISCUSSION AND ANALYSIS - CONTINUED

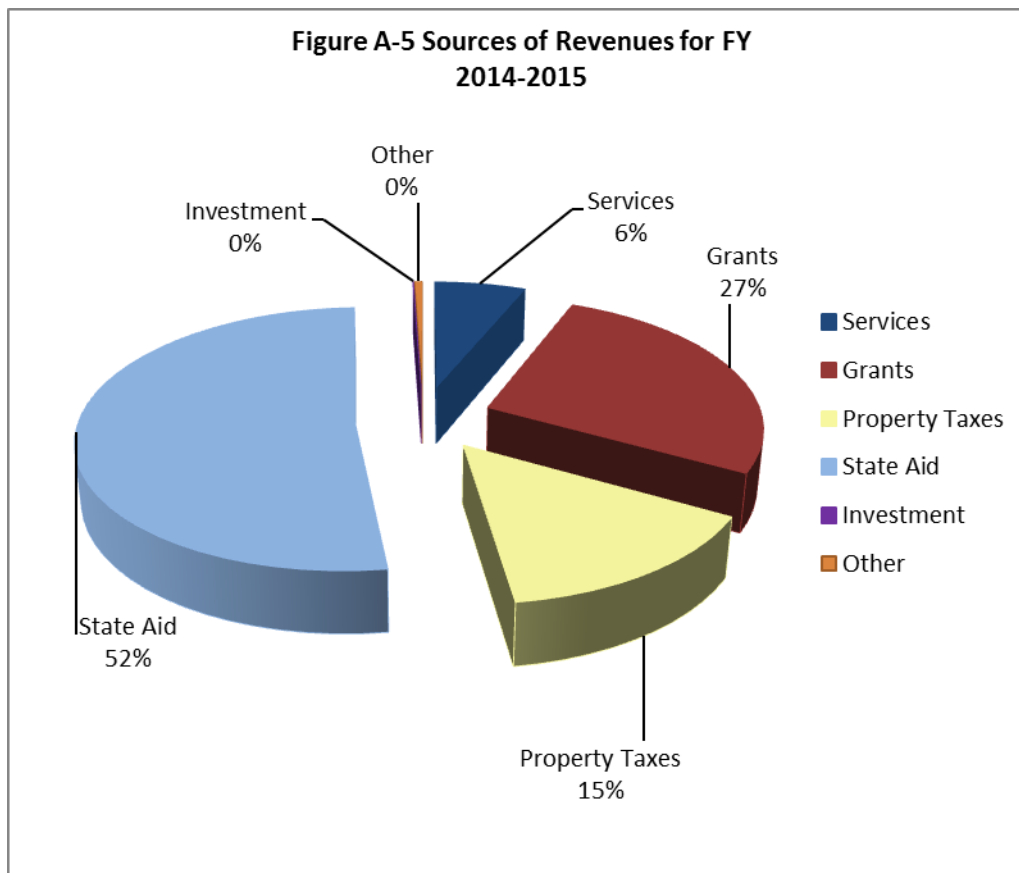


Table A-3 presents the cost of each of the District's largest functions, as well as each function's net cost (total cost less fees generated by the activities and intergovernmental aid). The net cost reflects what was funded by state revenues as well as local tax dollars.

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

	Total Cost of Services		% Change	Net Cost of Services		% Change
	2015	2014		2015	2014	
Instruction	12,898	13,512	-4.5%	9,548	9,691	-1.5%
School administration	1,310	1,419	-7.7%	1,215	1,321	-8.0%
Food Services	1,718	1,939	-11.4%	(67)	312	-121.5%
Plant Maintenance & Operations	2,640	3,033	-13.0%	2,570	2,960	-13.2%
Debt Service – Interest & Fiscal Charges	633	887	-28.6%	633	887	-28.6%

### 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 \$7,223,228 as of June 30, 2015. The 3% increase is a result of monitoring budgets and expenditures throughout the fiscal year.

## MANAGEMENT'S DISCUSSION AND ANALYSIS - CONTINUED

### 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:

- Decline in student ADA
- Decline in the tax levy
- Decline due to changes in state funding formula

### CAPITAL ASSETS AND DEBT ADMINISTRATION

#### Capital Assets

At the end of 2015, the District had invested \$15,154 in equipment. (See Table A-4.)

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

<b>Table A-4</b>		
District's Capital Assets (In thousands of dollars)		
	Governmental Activities	
	<u>2015</u>	<u>2014</u>
Land	\$479	\$479
Construction in progress	0	0
Buildings and improvements	56,067	56,067
Furniture & Equipment	2,701	2,685
Vehicles	1,901	1,916
Capital Lease Assets	28	28
<b>Totals at historical cost</b>	<b>61,176</b>	<b>61,175</b>
Total accumulated	22,754	21,125
<b>Net capital assets</b>	<b><u>\$38,422</u></b>	<b><u>\$40,050</u></b>

#### Long Term Debt

At year-end the District had \$19,594,315 outstanding as shown in Table A-5. Of this amount, \$1,045,000 is due within the next year. More detailed information about the District's debt is presented in the notes to the financial statements.

<b>Table A-5</b>		
District's Long Term Debt (In thousands of dollars)		
	Governmental Activities	
	<u>2015</u>	<u>2014</u>
Bonds payable	19,105	20,245
Compensated absences	489	563
<b>Total long term debt</b>	<b>19,594</b>	<b>20,808</b>

## **MANAGEMENT'S DISCUSSION AND ANALYSIS - CONTINUED**

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

- Appraised value used for the 2016 budget preparation is up \$5,142,114 or 1.2% increase from last year.
- General operating fund spending per student increased in the 2016 budget from approximately \$11,424 to \$11,925, a 4% increase.
- The District's 2016 refined average daily attendance is expected to be 1,855, down 4%.

These indicators were taken into account when adopting the general fund budget for 2016. Expenditures as budgeted are \$20,340,498, an increase of 0.24% from 2014-2015 actual expenditures.

If these estimates are realized, the District's budgetary general fund balance is not expected to change depreciably by the close of 2016.

### **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, 2015

EXHIBIT A-1

Data Control Codes	Primary Government
	Governmental Activities
<b>ASSETS</b>	
1110 Cash and Cash Equivalents	\$ 8,324,610
1220 Property Taxes Receivable (Delinquent)	1,165,427
1230 Allowance for Uncollectible Taxes	(116,542)
1240 Due from Other Governments	1,824,721
1267 Due from Fiduciary Funds	102,468
1290 Other Receivables, Net	53,516
1410 Prepayments	330,289
Capital Assets:	
1510 Land	479,351
1520 Buildings, Net	36,919,662
1530 Furniture and Equipment, Net	597,996
1540 Vehicles, Net	420,685
1550 Leased Property Under Capital Leases, Net	3,806
1000 Total Assets	50,105,989
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	
1705 Deferred Resource Outflow #4	822,254
1700 Total Deferred Outflows of Resources	822,254
<b>LIABILITIES</b>	
2110 Accounts Payable	168,293
2150 Payroll Deductions & Withholdings	140,031
2160 Accrued Wages Payable	1,655,959
2300 Unearned Revenue	727
2400 Payable from Restricted Assets	2,250
Noncurrent Liabilities	
2501 Due Within One Year	1,045,000
2502 Due in More Than One Year	18,881,393
2540 Net Pension Liability (District's Share)	4,383,205
2000 Total Liabilities	26,276,858
<b>DEFERRED INFLOWS OF RESOURCES</b>	
2605 Deferred Resource Inflow #4	1,340,835
2600 Total Deferred Inflows of Resources	1,340,835
<b>NET POSITION</b>	
3200 Net Investment in Capital Assets	18,445,107
3850 Restricted for Debt Service	929,016
3890 Restricted for Other Purposes	1,805,306
3900 Unrestricted	2,131,121
3000 Total Net Position	\$ 23,310,550

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

RAYMONDVILLE INDEPENDENT SCHOOL DISTRICT  
STATEMENT OF ACTIVITIES  
FOR THE TEN MONTHS ENDED JUNE 30, 2015

EXHIBIT B-1

Data Control Codes	1	Program Revenues		Net (Expense) Revenue and Changes in Net Position
		3	4	
		Charges for	Operating	Primary Gov.
	Expenses	Services	Grants and Contributions	Governmental Activities
<b>Primary Government:</b>				
GOVERNMENTAL ACTIVITIES:				
11 Instruction	\$ 12,898,466	\$ -	\$ 3,350,715	\$ (9,547,751)
12 Instructional Resources and Media Services	338,254	-	9,580	(328,674)
13 Curriculum and Staff Development	470,897	-	310,024	(160,873)
21 Instructional Leadership	413,625	-	277,925	(135,700)
23 School Leadership	1,309,983	-	94,516	(1,215,467)
31 Guidance, Counseling and Evaluation Services	1,007,000	-	560,296	(446,704)
32 Social Work Services	179,265	-	77,435	(101,830)
33 Health Services	168,949	-	149,973	(18,976)
34 Student (Pupil) Transportation	351,325	-	12,472	(338,853)
35 Food Services	1,717,825	122,816	1,662,886	67,877
36 Extracurricular Activities	1,086,306	86,671	27,932	(971,703)
41 General Administration	810,679	1,254,629	54,578	498,528
51 Facilities Maintenance and Operations	2,639,540	-	69,242	(2,570,298)
52 Security and Monitoring Services	284,329	93,709	13,879	(176,741)
53 Data Processing Services	302,994	-	4,611	(298,383)
61 Community Services	66,113	-	60,925	(5,188)
72 Debt Service - Interest on Long Term Debt	351,070	-	-	(351,070)
73 Debt Service - Bond Issuance Cost and Fees	282,078	-	-	(282,078)
93 Payments related to Shared Services Arrangements	130,754	-	-	(130,754)
99 Other Intergovernmental Charges	86,415	-	-	(86,415)
[TP] TOTAL PRIMARY GOVERNMENT:	\$ 24,895,867	\$ 1,557,825	\$ 6,736,989	(16,601,053)
Data Control Codes	General Revenues:			
	Taxes:			
MT	Property Taxes, Levied for General Purposes			2,648,762
DT	Property Taxes, Levied for Debt Service			1,007,705
SF	State Aid - Formula Grants			12,185,022
GC	Grants and Contributions not Restricted			726,651
IE	Investment Earnings			9,354
MI	Miscellaneous Local and Intermediate Revenue			132,533
TR	Total General Revenues			16,710,027
CN	Change in Net Position			108,974
NB	Net Position - Beginning			28,233,775
PA	Prior Period Adjustment Required by GASB 68			(5,032,199)
NE	Net Position--Ending			\$ 23,310,550

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

RAYMONDVILLE INDEPENDENT SCHOOL DISTRICT  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2015

Data Control Codes	10 General Fund	Nonmajor Governmental Funds	Total Governmental Funds
<b>ASSETS</b>			
1110 Cash and Cash Equivalents	\$ 8,318,505	\$ 6,105	\$ 8,324,610
1220 Property Taxes - Delinquent	956,075	209,352	1,165,427
1230 Allowance for Uncollectible Taxes	(95,607)	(20,935)	(116,542)
1240 Receivables from Other Governments	862,340	962,381	1,824,721
1260 Due from Other Funds	240,600	918,572	1,159,172
1290 Other Receivables	53,516	-	53,516
1410 Prepayments	330,289	-	330,289
1000 Total Assets	<u>\$ 10,665,718</u>	<u>\$ 2,075,475</u>	<u>\$ 12,741,193</u>
<b>LIABILITIES</b>			
2110 Accounts Payable	\$ 150,142	\$ 18,151	\$ 168,293
2150 Payroll Deductions and Withholdings Payable	107,443	32,588	140,031
2160 Accrued Wages Payable	1,264,756	391,203	1,655,959
2170 Due to Other Funds	1,056,704	-	1,056,704
2300 Unearned Revenues	727	-	727
2400 Payable from Restricted Assets	2,250	-	2,250
2000 Total Liabilities	<u>2,582,022</u>	<u>441,942</u>	<u>3,023,964</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
2601 Unavailable Revenue - Property Taxes	860,468	188,417	1,048,885
2600 Total Deferred Inflows of Resources	<u>860,468</u>	<u>188,417</u>	<u>1,048,885</u>
<b>FUND BALANCES</b>			
Restricted Fund Balance:			
3450 Federal or State Funds Grant Restriction	289,206	139,149	428,355
3480 Retirement of Long-Term Debt	-	929,016	929,016
Committed Fund Balance:			
3510 Construction	1,000,000	376,951	1,376,951
3600 Unassigned Fund Balance	5,934,022	-	5,934,022
3000 Total Fund Balances	<u>7,223,228</u>	<u>1,445,116</u>	<u>8,668,344</u>
4000 Total Liabilities, Deferred Inflows & Fund Balances	<u>\$ 10,665,718</u>	<u>\$ 2,075,475</u>	<u>\$ 12,741,193</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, 2015

<b>Total Fund Balances - Governmental Funds</b>	\$ 8,668,344
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 \$61,175,910 and the accumulated depreciation was \$21,124,722. 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.	19,243,088
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.	1,105,154
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 amount of \$4,383,205, a deferred resource inflow related to TRS in the amount of \$1,340,835, and a deferred resource outflow related to TRS in the amount of \$822,254. This resulted in a (decrease) in net position by \$4,901,786.	(4,901,786)
The 2015 depreciation expense increases accumulated depreciation. The net effect of the current year's depreciation is to (decrease) net position.	(1,644,842)
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, eliminating interfund transactions, 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.	840,592
<b>Net Position of Governmental Activities</b>	\$ 23,310,550

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 TEN MONTHS ENDED JUNE 30, 2015

Data Control Codes	10 General Fund	Nonmajor Governmental Funds	Total Governmental Funds
REVENUES:			
5700 Total Local and Intermediate Sources	\$ 4,335,427	\$ 1,041,766	\$ 5,377,193
5800 State Program Revenues	12,747,740	1,618,438	14,366,178
5900 Federal Program Revenues	1,676,359	3,606,125	5,282,484
5020 Total Revenues	18,759,526	6,266,329	25,025,855
EXPENDITURES:			
Current:			
0011 Instruction	9,215,971	2,900,250	12,116,221
0012 Instructional Resources and Media Services	310,705	-	310,705
0013 Curriculum and Instructional Staff Development	115,498	292,793	408,291
0021 Instructional Leadership	146,455	232,346	378,801
0023 School Leadership	1,207,436	29,564	1,237,000
0031 Guidance, Counseling and Evaluation Services	426,105	518,785	944,890
0032 Social Work Services	103,432	70,684	174,116
0033 Health Services	7,926	149,973	157,899
0034 Student (Pupil) Transportation	328,954	-	328,954
0035 Food Services	1,604,883	-	1,604,883
0036 Extracurricular Activities	1,017,356	-	1,017,356
0041 General Administration	815,457	18,628	834,085
0051 Facilities Maintenance and Operations	2,478,630	12,571	2,491,201
0052 Security and Monitoring Services	270,480	-	270,480
0053 Data Processing Services	280,211	-	280,211
0061 Community Services	4,042	60,925	64,967
Debt Service:			
0071 Principal on Long Term Debt	-	1,090,000	1,090,000
0072 Interest on Long Term Debt	-	351,070	351,070
0073 Bond Issuance Cost and Fees	-	187,008	187,008
Intergovernmental:			
0093 Payments to Fiscal Agent/Member Districts of SSA	130,754	-	130,754
0099 Other Intergovernmental Charges	86,415	-	86,415
6030 Total Expenditures	18,550,710	5,914,597	24,465,307
1100 Excess (Deficiency) of Revenues Over (Under) Expenditures	208,816	351,732	560,548
OTHER FINANCING SOURCES (USES):			
7911 Capital Related Debt Issued (Regular Bonds)	-	5,590,000	5,590,000
7916 Premium or Discount on Issuance of Bonds	-	355,798	355,798
8949 Other (Uses)	-	(5,758,790)	(5,758,790)
7080 Total Other Financing Sources (Uses)	-	187,008	187,008
1200 Net Change in Fund Balances	208,816	538,740	747,556
0100 Fund Balance - September 1 (Beginning)	7,014,412	906,376	7,920,788
3000 Fund Balance - June 30 (Ending)	\$ 7,223,228	\$ 1,445,116	\$ 8,668,344

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 TEN MONTHS ENDED JUNE 30, 2015

<b>Total Net Change in Fund Balances - Governmental Funds</b>	\$ 747,556
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.	1,105,154
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.	(1,644,842)
The implementation of GASB 68 required that certain expenditures be de-expended and recorded as deferred resource inflows. These contributions made after the measurement date of 08/31/14 caused the change in the ending net position to increase in the amount of \$469,553. Contributions made before the measurement date but during the 2015 FY were also de-expended and recorded as a reduction in the net pension liability for the District. This also caused an increase in the change in net position totaling \$66,009. The District's proportionate share of the TRS pension expense on the plan as a whole had to be recorded as an expense. The net pension expense decreased the change in net position by \$405,149. The result of these amounts is to increase the change in net position by \$130,413.	130,413
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, eliminating interfund transactions, 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.	(229,307)
<b>Change in Net Position of Governmental Activities</b>	\$ 108,974

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, 2015

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	Agency Funds
<hr/>	
ASSETS	
Cash and Cash Equivalents	\$ 177,547
Total Assets	<u>\$ 177,547</u>
LIABILITIES	
Due to Other Funds	\$ 102,468
Due to Student Groups	<u>75,079</u>
Total Liabilities	<u>\$ 177,547</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 TEN MONTHS ENDED JUNE 30, 2015

**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, 2015.
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.
15. During fiscal year 2015, the District adopted GASB Statement No. 68 for Accounting and Reporting for Pensions. With GASB 68, the District must assume their proportionate share of the Net Pension Liability of the Teacher Retirement System of Texas. Adoption of GASB 68 required a prior period adjustment to report the effect of GASB 68 retroactively. The amount of the prior period adjustment is \$5,032,199. The restated beginning net position is \$23,310,550.

## **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.

## 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

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:

<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	(17,763,925)	38,303,200	
Furniture & Equipment	2,685,358	(1,968,725)	716,633	
Vehicles	1,916,309	(1,372,078)	544,231	
Capital Lease	<u>27,767</u>	<u>(19,994)</u>	<u>7,773</u>	
Change in Net Position				<u>\$ 40,051,188</u>
<u>Long Term Liabilities at the Beginning of Year</u>			<u>Payable at the Beginning of Year</u>	
Bonds Payable			\$ (20,245,000)	
Compensated Absences			<u>(563,100)</u>	
Change in Net Position				<u>(20,808,100)</u>
Net Adjustment to Net Position				<u>\$ 19,243,088</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	\$ 15,154	\$ 15,154	
Total Capital Outlay			<u>\$ 15,154</u>
<u>Debt Principal Payments</u>			
Bonds Payable	<u>1,090,000</u>	<u>1,090,000</u>	
Total Principal Payments			<u>1,090,000</u>
Net Adjustment to Net Position			<u>\$ 1,105,154</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 basic financial statements:

The following procedures are followed in establishing the budgetary data reflected in the basic financial statements:

1. Prior to June 20<sup>th</sup> the District prepares a budget for the next succeeding fiscal year beginning July 1<sup>st</sup>. 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 1<sup>st</sup>, 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 2014-2015 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 30<sup>th</sup>, 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, 2015, the carrying amount of the District's deposits (cash, certificates of deposit, and interest-bearing savings accounts included in temporary investments) was \$935,469 and the bank balance was \$1,093,786. The District's cash deposits at June 30, 2015 and during the period ended June 30, 2015, 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 \$4,266,393.
- c. The highest combined balances of cash, savings and time deposit accounts amounted to \$3,582,254 and occurred during the month of February 2015.
- 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, 2015, 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	\$ 7,389,141	\$ 7,389,141	\$ -	\$ -	\$ -
Total	\$ 7,389,141	\$ 7,389,141	\$ -	\$ -	\$ -

#### 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, 2015, 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, 2015, 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 1<sup>st</sup> in conformity with Subtitle E, Texas Property Tax Code. Taxes are due on receipt of the tax bill and are delinquent if not paid before February 1<sup>st</sup> of the year following the year in which imposed. On January 1<sup>st</sup> 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, 2015, to finance General Fund operations and the payment of principal and interest on general obligation long-term debt were \$1.0400 and \$0.29840 per \$100 valuation, respectively, for a total of \$1.3384. The assessed valuation of \$289,059,445 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, 2015 consisted of the following individual fund balances:

	Due From <u>Other Funds</u>	Due to <u>Other Funds</u>
<b><u>General Fund:</u></b>		
General Fund	\$ 240,600	\$ 138,132
Debt Service Fund	<u>-</u>	<u>918,572</u>
Total General Fund	<u>240,600</u>	<u>1,056,704</u>
<b><u>Debt Service Fund:</u></b>		
General Fund	<u>918,572</u>	<u>-</u>
Total Debt Service Fund	<u>918,572</u>	<u>-</u>
<b><u>Agency Fund:</u></b>		
General Fund	<u>-</u>	<u>102,468</u>
Total Agency Fund	<u>-</u>	<u>102,468</u>
Totals	<u>\$ 1,159,172</u>	<u>\$ 1,159,172</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, 2015, are summarized below:

<u>Fund</u>	State <u>Entitlements</u>	Federal <u>Grants</u>	<u>Total</u>
General	\$ 845,672	\$ 16,668	\$ 862,340
Special Revenue	<u>20,252</u>	<u>942,129</u>	<u>962,381</u>
Total	<u>\$ 865,924</u>	<u>\$ 958,797</u>	<u>\$ 1,824,721</u>

#### IV. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS

##### E. CAPITAL ASSET ACTIVITY

Capital asset activity for the District for the ten months ended June 30, 2015, was as follows:

	Primary Government				
		Changes During Year			
	Balance 09/01/14	Additions	Retirements	Reclassifications/ Adjustments	Balance 06/30/15
<u>Governmental Activities:</u>					
Land	\$ 479,351	\$ -	\$ -	\$ -	\$ 479,351
Buildings & Improvements	56,067,125	-	-	-	56,067,125
Furniture and Equipment	2,685,358	15,154	-	-	2,700,512
Vehicles	1,916,309	-	(15,500)	-	1,900,809
Capital Lease	27,767	-	-	-	27,767
Totals at Historic Cost	<u>61,175,910</u>	<u>15,154</u>	<u>(15,500)</u>	<u>-</u>	<u>61,175,564</u>
Less Accumulated Depreciation:					
Buildings & Improvements	(17,763,925)	(1,383,538)	-	-	(19,147,463)
Furniture and Equipment	(1,968,725)	(133,791)	-	-	(2,102,516)
Vehicles	(1,372,078)	(123,546)	15,500	-	(1,480,124)
Capital Lease	(19,994)	(3,967)	-	-	(23,961)
Total Accumulated Depreciation	<u>(21,124,722)</u>	<u>(1,644,842)</u>	<u>15,500</u>	<u>-</u>	<u>(22,754,064)</u>
Governmental Activities					
Capital Assets, Net	\$ 40,051,188	\$ (1,629,688)	\$ -	\$ -	\$ 38,421,500

Depreciation expense was charged to governmental functions as follows:

Instruction	\$ 858,607
Instructional Resources and Media Services	32,897
Curriculum and Staff Development	64,149
Instructional Leadership	37,831
School Leadership	80,597
Guidance, Counseling and Evaluation Services	75,663
Social Work Services	6,579
Health Services	13,159
Student Transportation	23,028
Food Services	121,718
Curricular/Extracurricular Activities	72,373
General Administration	67,439
Plant Maintenance and Operations	151,325
Security and Monitoring Services	14,804
Data Processing Services	23,028
Community Services	1,645
Total Depreciation Expense	<u>\$ 1,644,842</u>

#### IV. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS

##### F. **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 ten months ended June 30, 2015 is as follows:

<u>Description</u>	<u>Interest Rate</u>	<u>Original Interest Amount</u>	<u>Interest Current Yr</u>	<u>Balance 09/01/14</u>	<u>Principal Issued/ Refunded</u>	<u>Principal Retired</u>	<u>Balance 06/30/15</u>
Unlimited Tax Refunding Bonds, Series 2005	.25-5.0%	\$ 9,235,000	\$ 16,625	\$ 6,305,000	\$ (5,640,000)	\$ (665,000)	\$ -
Unlimited Tax Refunding Bonds, Series 2008	3.5-5%	9,800,000	201,739	8,855,000	-	(215,000)	8,640,000
Unlimited Tax School Building, Series 2010	3.25-4.5%	3,490,000	70,106	3,490,000	-	-	3,490,000
Unlimited Tax Schools Building, Series 2012	2.0%-3.5%	1,805,000	25,850	1,595,000	-	(90,000)	1,505,000
Unlimited Tax Refunding Bonds, Series 2014	2.0%-3.75%	5,590,000	<u>36,750</u>	<u>-</u>	<u>5,590,000</u>	<u>(120,000)</u>	<u>5,470,000</u>
Totals			<u>\$ 351,070</u>	<u>\$ 20,245,000</u>	<u>\$ (50,000)</u>	<u>\$ (1,090,000)</u>	<u>\$ 19,105,000</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 District has entered into a continuing disclosure undertaking to provide Annual Reports and Material Event Notices to the State Information Depository of Texas, which is the Municipal Advisory Council. This information is required under SEC Rule 15c2-12 to enable investors to analyze the financial condition and operations of the District.

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.

#### IV. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS

##### F. BONDS PAYABLE

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.

Debt service requirements are as follows:

Year Ended	Governmental Activities		Total
<u>August 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Required</u>
2016	\$ 1,045,000	\$ 736,967	\$ 1,781,967
2017	1,075,000	711,567	1,786,567
2018	1,105,000	685,367	1,790,367
2019	1,155,000	645,492	1,800,492
2020	1,190,000	603,667	1,793,667
2021-2025	5,370,000	2,353,937	7,723,937
2026-2030	3,935,000	1,482,809	5,417,809
2031-2035	2,515,000	790,888	3,305,888
2036-2038	<u>1,715,000</u>	<u>174,250</u>	<u>1,889,250</u>
Totals	<u>\$ 19,105,000</u>	<u>\$ 8,184,944</u>	<u>\$ 27,289,944</u>

##### G. CHANGES IN LONG-TERM DEBT

Activity in the Long-Term Debt for the District for the ten months ended June 30, 2015, was as follows:

	Balance <u>09/01/14</u>	<u>Additions</u>	<u>Reductions</u>	Balance <u>06/30/15</u>	Due Within <u>One Year</u>
Bonds Payable	\$ 20,245,000	\$ 5,590,000	\$ (6,730,000)	\$ 19,105,000	\$ 1,045,000
Compensated Balances	563,100	-	(73,785)	489,315	-
Premium on Bonds	-	355,798	(23,720)	332,078	-
Totals	<u>\$ 20,808,100</u>	<u>\$ 5,945,798</u>	<u>\$ (6,827,505)</u>	<u>\$ 19,926,393</u>	<u>\$ 1,045,000</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.

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.

#### IV. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS

##### H. **DEFINED BENEFIT PENSION PLAN**

***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 83<sup>rd</sup> 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 2015 as discussed in Note 1 of the TRS 2014 CAFR. The 83<sup>rd</sup> Texas Legislature, General Appropriations Act (GAA) established the employer contribution rates for fiscal years 2014 and 2015.

<b>Contribution Rates</b>		
	<b><u>2014</u></b>	<b><u>2015</u></b>
Member	6.4%	6.7%
Non-Employer Contributing Entity (State)	6.8%	6.8%
Employers	6.8%	6.8%
2014 Employer Contributions		\$ 416,026
2014 Member Contributions		\$ 928,545
2014 NECE On-Behalf Contributions		\$ 665,492

#### IV. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS

##### H. **DEFINED BENEFIT PENSION PLAN**

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, 2014, actuarial valuation was determined using the following actuarial assumptions:

Valuation Date	8/31/2014
Actuarial Cost Method	Individual Entry Age Normal
Amortization Method	Level Percentage of Payroll, Open
Remaining Amortization Period	30 years
Asset Valuation Method	5 years Market Value
Discount Rate	8.00%
Long-term expected Investment Rate of Return*	8.00%
Salary Increases*	4.25% to 7.25%
Weighted-Average at Valuation Date	5.55%
Payroll Growth Rate	3.50%

\*Includes Inflation of 3%

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

**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, 2014 are summarized below:

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

\* *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 2014 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:	\$ 7,832,521	\$ 4,383,205	\$ 1,803,759

**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions.** At August 31, 2014, the District reported a liability of \$4,383,205 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	\$ 4,383,205
State's proportionate share that is associated with the District	<u>7,026,497</u>
Total	<u>\$ 11,409,702</u>

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

At August 31, 2014 the employer's proportion of the collective net pension liability was 0.0164095%. Since this is the first year of implementation, the District does not have the proportion measured as of August 31, 2013. The change in proportion was immaterial and therefore disregarded this year.

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

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

There was a change in employer contribution requirements that occurred after the measurement date of the net pension liability and the employer's reporting date. A 1.5% contribution for employers not paying Old Age Survivor and Disability Insurance (OASDI) on certain employees went into law effective September 1, 2013. The amount of the expected resultant change in the employer's proportion cannot be determined at this time.

For the year ended August 31, 2014, the District recognized pension expense of \$649,587 and revenue of \$649,587 for support provided by the State.

#### IV. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS

##### H. **DEFINED BENEFIT PENSION PLAN**

At August 31, 2014, 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
Differences between expected and actual economic experiences	\$ 67,788	\$ -
Changes in actuarial assumptions	284,913	-
Differences between projected and actual investment earnings	-	1,339,686
Changes in proportion and differences between the employer's contributions and the proportionate share of contributions	-	1,149
Total	<u>\$ 352,701</u>	<u>\$ 1,340,835</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>
2015	\$ (275,615)
2016	(275,615)
2017	(275,615)
2018	(275,615)
2019	59,307
Thereafter	55,019

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, 2014 measurement date	\$ 352,701	\$ 1,340,835
Contributions paid to TRS subsequent to the measurement date	469,553	-
Total	<u>\$ 822,254</u>	<u>\$ 1,340,835</u>

##### I. **HEALTH CARE COVERAGE**

During the year ended June 30, 2015 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 AETNA, Allegian HMO Plan. Caremark 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](http://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](http://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 2013-2015.

Fiscal Year	On Behalf - State Retirement Contribution	On Behalf - State Medicare Part D	District Annual Required Contributions (ARC)	Percentage of ARC Contributed	Employee Contributions
2013	\$ 662,660	\$ 92,510	\$ 77,501	100%	\$ 910,702
2014	775,602	94,310	111,399	100%	928,581
2015	693,657	79,599	85,829	100%	820,468

**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 August 31, 2013, 2014 and June 30, 2015 were \$92,510, \$94,310 and \$79,599 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 ten months ended June 30, 2015, the District met its statutory workers' compensation obligations through participation in the Texas Schools Cooperative Program (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.

#### **IV. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS**

##### **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:

<u>Member Districts</u>	<u>Expenditures</u>
Raymondville ISD	\$ 130,753
Lasara ISD	21,636
Lyford ISD	114,762
Rio Hondo ISD	146,745
San Perlita ISD	27,433
Santa Rosa ISD	<u>86,542</u>
Totals	<u>\$ 527,871</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.

**IV. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS**

**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 2014-2015:	\$	361,346
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. 2014-2015 Maintenance of Effort	\$	<u>361,346</u>

**R. PRIOR PERIOD ADJUSTMENT**

During fiscal year 2015, the District adopted GASB Statement No. 68 for Accounting and Reporting for Pensions. With GASB 68, the District must assume their proportionate share of the Net Pension Liability of the Teacher Retirement System of Texas. Adoption of GASB 68 required a prior period adjustment to report the effect of GASB 68 retroactively. The amount of the prior period adjustment is \$5,032,199. The restated beginning net position is \$23,310,550.

## **REQUIRED SUPPLEMENTARY INFORMATION**

RAYMONDVILLE INDEPENDENT SCHOOL DISTRICT  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL - GENERAL FUND  
FOR THE TEN MONTHS ENDED JUNE 30, 2015

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	\$ 5,782,052	\$ 6,011,033	\$ 4,335,427	\$ (1,675,606)
5800 State Program Revenues	13,019,973	13,019,973	12,747,740	(272,233)
5900 Federal Program Revenues	1,489,397	1,489,397	1,676,359	186,962
5020 Total Revenues	20,291,422	20,520,403	18,759,526	(1,760,877)
EXPENDITURES:				
Current:				
0011 Instruction	9,761,286	9,815,803	9,215,971	599,832
0012 Instructional Resources and Media Services	217,369	317,369	310,705	6,664
0013 Curriculum and Instructional Staff Development	125,554	125,554	115,498	10,056
0021 Instructional Leadership	409,568	409,568	146,455	263,113
0023 School Leadership	1,326,984	1,326,984	1,207,436	119,548
0031 Guidance, Counseling and Evaluation Services	498,398	498,398	426,105	72,293
0032 Social Work Services	104,289	104,289	103,432	857
0033 Health Services	9,736	9,736	7,926	1,810
0034 Student (Pupil) Transportation	452,117	452,117	328,954	123,163
0035 Food Services	1,606,192	1,606,692	1,604,883	1,809
0036 Extracurricular Activities	1,086,302	1,126,814	1,017,356	109,458
0041 General Administration	988,881	1,017,881	815,457	202,424
0051 Facilities Maintenance and Operations	2,637,071	2,641,523	2,478,630	162,893
0052 Security and Monitoring Services	283,409	283,409	270,480	12,929
0053 Data Processing Services	481,388	481,388	280,211	201,177
0061 Community Services	7,578	7,578	4,042	3,536
Intergovernmental:				
0093 Payments to Fiscal Agent/Member Districts of SSA	204,000	204,000	130,754	73,246
0099 Other Intergovernmental Charges	91,300	91,300	86,415	4,885
6030 Total Expenditures	20,291,422	20,520,403	18,550,710	1,969,693
1200 Net Change in Fund Balances	-	-	208,816	208,816
0100 Fund Balance - September 1 (Beginning)	7,014,412	7,014,412	7,014,412	-
3000 Fund Balance - June 30 (Ending)	\$ 7,014,412	\$ 7,014,412	\$ 7,223,228	\$ 208,816

RAYMONDVILLE INDEPENDENT SCHOOL DISTRICT  
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY  
TEACHERS RETIREMENT SYSTEM  
FOR THE TEN MONTHS ENDED JUNE 30, 2015

EXHIBIT G-2

	<u>2015</u>
District's Proportion of the Net Pension Liability (Asset)	0.0164095%
District's Proportionate Share of Net Pension Liability (Asset)	\$ 4,383,205
State's Proportionate Share of the Net Pension Liability (Asset) associated with the District	7,026,497
Total	<u>\$ 11,409,702</u>
District's Covered-Employee Payroll	\$ 14,508,521
District's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered-Employee Payroll	30.21%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	83.25%

Note: GASB 68, Paragraph 81,2,a requires that the information on this schedule be data from the period corresponding with the period covered as of the measurement date of August 31, 2014 - the period from September 1, 2013 - August 31, 2014.

Note: Only one year of data is presented in accordance with GASB 68, Paragraph 138. "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  
TEACHERS RETIREMENT SYSTEM  
FOR FISCAL YEAR 2015

EXHIBIT G-3

	<u>2015</u>
Contractually Required Contribution	\$ 535,562
Contribution in Relation to the Contractually Required Contribution	(535,562)
Contribution Deficiency (Excess)	<u>\$ -0-</u>
District's Covered-Employee Payroll	\$ 14,639,813
Contributions as a Percentage of Covered-Employee Payroll	3.66%

Note: GASB 68, Paragraph 81,2,b requires that the data in this schedule be presented as of the District's current fiscal year as opposed to the time period covered by the measurement date of September 1, 2013 - August 31, 2014.

Note: Only one year of data is presented in accordance with GASB 68, Paragraph 138. "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, 2015

Data Control Codes		211 ESEA I, A Improving Basic Program	212 ESEA Title I Part C Migrant	244 Career and Technical - Basic Grant
<b>ASSETS</b>				
1110	Cash and Cash Equivalents	\$ (138,511)	\$ (123,434)	\$ (31,518)
1220	Property Taxes - Delinquent	-	-	-
1230	Allowance for Uncollectible Taxes	-	-	-
1240	Receivables from Other Governments	319,498	146,498	31,518
1260	Due from Other Funds	-	-	-
1000	Total Assets	<u>\$ 180,987</u>	<u>\$ 23,064</u>	<u>\$ -</u>
<b>LIABILITIES</b>				
2110	Accounts Payable	\$ 7,621	\$ 2,265	\$ -
2150	Payroll Deductions and Withholdings Payable	12,641	2,327	-
2160	Accrued Wages Payable	160,725	18,472	-
2000	Total Liabilities	<u>180,987</u>	<u>23,064</u>	<u>-</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
2601	Unavailable Revenue - Property Taxes	-	-	-
2600	Total Deferred Inflows of Resources	<u>-</u>	<u>-</u>	<u>-</u>
<b>FUND BALANCES</b>				
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>\$ 180,987</u>	<u>\$ 23,064</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
\$ (31,615)	\$ (3,714)	\$ (6,663)	\$ (18,596)	\$ -	\$ (165,506)	\$ -	\$ (20,175)
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
66,908	3,714	6,663	26,622	-	340,708	-	20,252
-	-	-	-	-	-	-	-
<u>\$ 35,293</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 8,026</u>	<u>\$ -</u>	<u>\$ 175,202</u>	<u>\$ -</u>	<u>\$ 77</u>
\$ 635	\$ -	\$ -	\$ 315	\$ -	\$ 6,432	\$ -	\$ 77
2,208	-	-	658	-	13,810	-	-
32,450	-	-	7,053	-	154,960	-	-
<u>35,293</u>	<u>-</u>	<u>-</u>	<u>8,026</u>	<u>-</u>	<u>175,202</u>	<u>-</u>	<u>77</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>\$ 35,293</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 8,026</u>	<u>\$ -</u>	<u>\$ 175,202</u>	<u>\$ -</u>	<u>\$ 77</u>

RAYMONDVILLE INDEPENDENT SCHOOL DISTRICT  
COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
JUNE 30, 2015

Data Control Codes		428 High School Allotment	437 SSA Special Education	Total Nonmajor Special Revenue Funds	599 Debt Service Fund
<b>ASSETS</b>					
1110	Cash and Cash Equivalents	\$ 4,957	\$ 153,485	\$ (381,290)	\$ 10,444
1220	Property Taxes - Delinquent	-	-	-	209,352
1230	Allowance for Uncollectible Taxes	-	-	-	(20,935)
1240	Receivables from Other Governments	-	-	962,381	-
1260	Due from Other Funds	-	-	-	918,572
1000	Total Assets	<u>\$ 4,957</u>	<u>\$ 153,485</u>	<u>\$ 581,091</u>	<u>\$ 1,117,433</u>
<b>LIABILITIES</b>					
2110	Accounts Payable	\$ 61	\$ 745	\$ 18,151	\$ -
2150	Payroll Deductions and Withholdings Payable	349	595	32,588	-
2160	Accrued Wages Payable	4,547	12,996	391,203	-
2000	Total Liabilities	<u>4,957</u>	<u>14,336</u>	<u>441,942</u>	<u>-</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
2601	Unavailable Revenue - Property Taxes	-	-	-	188,417
2600	Total Deferred Inflows of Resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>188,417</u>
<b>FUND BALANCES</b>					
Restricted Fund Balance:					
3450	Federal or State Funds Grant Restriction	-	139,149	139,149	-
3480	Retirement of Long-Term Debt	-	-	-	929,016
Committed Fund Balance:					
3510	Construction	-	-	-	-
3000	Total Fund Balances	<u>-</u>	<u>139,149</u>	<u>139,149</u>	<u>929,016</u>
4000	Total Liabilities, Deferred Inflows & Fund Balances	<u>\$ 4,957</u>	<u>\$ 153,485</u>	<u>\$ 581,091</u>	<u>\$ 1,117,433</u>

699 Capital Projects Fund	Total Nonmajor Governmental Funds
\$ 376,951	\$ 6,105
-	209,352
-	(20,935)
-	962,381
-	918,572
<u>\$ 376,951</u>	<u>\$ 2,075,475</u>
\$ -	\$ 18,151
-	32,588
-	391,203
<u>-</u>	<u>441,942</u>
-	188,417
<u>-</u>	<u>188,417</u>
-	139,149
-	929,016
<u>376,951</u>	<u>376,951</u>
<u>376,951</u>	<u>1,445,116</u>
<u>\$ 376,951</u>	<u>\$ 2,075,475</u>

RAYMONDVILLE INDEPENDENT SCHOOL DISTRICT  
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS  
FOR THE TEN MONTHS ENDED JUNE 30, 2015

Data Control Codes		211 ESEA I, A Improving Basic Program	212 ESEA Title I Part C Migrant	244 Career and Technical - Basic Grant
<b>REVENUES:</b>				
5700	Total Local and Intermediate Sources	\$ -	\$ -	\$ -
5800	State Program Revenues	-	-	-
5900	Federal Program Revenues	1,383,665	551,939	39,461
5020	Total Revenues	1,383,665	551,939	39,461
<b>EXPENDITURES:</b>				
Current:				
0011	Instruction	1,047,916	388,386	32,197
0013	Curriculum and Instructional Staff Development	126,249	-	7,264
0021	Instructional Leadership	50,803	40,668	-
0023	School Leadership	-	-	-
0031	Guidance, Counseling and Evaluation Services	-	-	-
0032	Social Work Services	-	70,684	-
0033	Health Services	134,976	14,997	-
0041	General Administration	-	-	-
0051	Facilities Maintenance and Operations	-	-	-
0061	Community Services	23,721	37,204	-
Debt Service:				
0071	Principal on Long Term Debt	-	-	-
0072	Interest on Long Term Debt	-	-	-
0073	Bond Issuance Cost and Fees	-	-	-
6030	Total Expenditures	1,383,665	551,939	39,461
1100	Excess of Revenues Over Expenditures	-	-	-
<b>OTHER FINANCING SOURCES (USES):</b>				
7911	Capital Related Debt Issued (Regular Bonds)	-	-	-
7916	Premium or Discount on Issuance of Bonds	-	-	-
8949	Other (Uses)	-	-	-
7080	Total Other Financing Sources (Uses)	-	-	-
1200	Net Change in Fund Balance	-	-	-
0100	Fund Balance - September 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
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-	103,728
220,610	20,072	6,663	69,227	1,107	1,294,841	18,540	-
220,610	20,072	6,663	69,227	1,107	1,294,841	18,540	103,728
206,210	6,224	6,663	69,227	1,107	793,007	18,540	103,728
14,400	13,848	-	-	-	65,136	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	421,544	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	15,154	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
220,610	20,072	6,663	69,227	1,107	1,294,841	18,540	103,728
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

RAYMONDVILLE INDEPENDENT SCHOOL DISTRICT  
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS  
FOR THE TEN MONTHS ENDED JUNE 30, 2015

Data Control Codes		428 High School Allotment	437 SSA Special Education	Total Nonmajor Special Revenue Funds	599 Debt Service Fund
<b>REVENUES:</b>					
5700	Total Local and Intermediate Sources	\$ -	\$ -	\$ -	\$ 1,041,328
5800	State Program Revenues	128,744	541,849	774,321	844,117
5900	Federal Program Revenues	-	-	3,606,125	-
5020	Total Revenues	<u>128,744</u>	<u>541,849</u>	<u>4,380,446</u>	<u>1,885,445</u>
<b>EXPENDITURES:</b>					
Current:					
0011	Instruction	128,744	98,301	2,900,250	-
0013	Curriculum and Instructional Staff Development	-	65,896	292,793	-
0021	Instructional Leadership	-	140,875	232,346	-
0023	School Leadership	-	29,564	29,564	-
0031	Guidance, Counseling and Evaluation Services	-	97,241	518,785	-
0032	Social Work Services	-	-	70,684	-
0033	Health Services	-	-	149,973	-
0041	General Administration	-	3,474	18,628	-
0051	Facilities Maintenance and Operations	-	12,571	12,571	-
0061	Community Services	-	-	60,925	-
Debt Service:					
0071	Principal on Long Term Debt	-	-	-	1,090,000
0072	Interest on Long Term Debt	-	-	-	351,070
0073	Bond Issuance Cost and Fees	-	-	-	187,008
6030	Total Expenditures	<u>128,744</u>	<u>447,922</u>	<u>4,286,519</u>	<u>1,628,078</u>
1100	Excess of Revenues Over Expenditures	<u>-</u>	<u>93,927</u>	<u>93,927</u>	<u>257,367</u>
<b>OTHER FINANCING SOURCES (USES):</b>					
7911	Capital Related Debt Issued (Regular Bonds)	-	-	-	5,590,000
7916	Premium or Discount on Issuance of Bonds	-	-	-	355,798
8949	Other (Uses)	-	-	-	(5,758,790)
7080	Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>187,008</u>
1200	Net Change in Fund Balance	-	93,927	93,927	444,375
0100	Fund Balance - September 1 (Beginning)	<u>-</u>	<u>45,222</u>	<u>45,222</u>	<u>484,641</u>
3000	Fund Balance - June 30 (Ending)	<u>\$ -</u>	<u>\$ 139,149</u>	<u>\$ 139,149</u>	<u>\$ 929,016</u>

699 Capital Projects Fund	Total Nonmajor Governmental Funds
\$ 438	\$ 1,041,766
-	1,618,438
-	3,606,125
438	6,266,329
-	2,900,250
-	292,793
-	232,346
-	29,564
-	518,785
-	70,684
-	149,973
-	18,628
-	12,571
-	60,925
-	1,090,000
-	351,070
-	187,008
-	5,914,597
438	351,732
-	5,590,000
-	355,798
-	(5,758,790)
-	187,008
438	538,740
376,513	906,376
\$ 376,951	\$ 1,445,116

RAYMONDVILLE INDEPENDENT SCHOOL DISTRICT  
 COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES  
 ALL AGENCY FUNDS  
 FOR THE TEN MONTHS ENDED JUNE 30, 2015

	BALANCE SEPTEMBER 1 2014	ADDITIONS	DEDUCTIONS	BALANCE JUNE 30 2015
<b>SUCCESSOR IN INTEREST</b>				
Assets:				
Cash and Temporary Investments	\$ 34,900	\$ 3,879,724	\$ 3,812,156	\$ 102,468
Liabilities:				
Due to Other Funds	\$ 34,900	\$ 3,879,236	\$ 3,811,668	\$ 102,468
<b>UNIDENTIFIED FUND FROM TRIAL BALANCE</b>				
Assets:				
Cash and Temporary Investments	\$ 82,129	\$ 159,553	\$ 166,603	\$ 75,079
Liabilities:				
Due to Student Groups	\$ 82,129	\$ 241,835	\$ 248,885	\$ 75,079
<b>TOTAL AGENCY FUNDS</b>				
Assets:				
Cash and Temporary Investments	\$ 117,029	\$ 4,039,277	\$ 3,978,759	\$ 177,547
Liabilities:				
Due to Other Funds	\$ 34,900	\$ 3,879,236	\$ 3,811,668	\$ 102,468
Due to Student Groups	82,129	241,835	248,885	75,079
Total Liabilities	\$ 117,029	\$ 4,121,071	\$ 4,060,553	\$ 177,547

## **REQUIRED TEA SCHEDULES**

RAYMONDVILLE INDEPENDENT SCHOOL DISTRICT  
SCHEDULE OF DELINQUENT TAXES RECEIVABLE  
FISCAL YEAR ENDED JUNE 30, 2015

Last 10 Years	(1)	(2)	(3)
	Tax Rates		Assessed/Appraised Value for School Tax Purposes
	Maintenance	Debt Service	
2006 and prior years	Various	Various	\$ Various
2007	1.263600	0.096300	358,076,996
2008	1.040000	0.160000	333,793,714
2009	1.040000	0.249200	414,130,132
2010	1.040000	0.318370	379,063,645
2011	1.040000	0.280790	370,487,788
2012	1.040000	0.279900	310,298,728
2013	1.040000	0.340000	279,876,385
2014	1.040000	0.227000	340,643,716
2015 (School year under audit)	1.040000	0.298400	289,059,445
1000 TOTALS			

(10) Beginning Balance 9/1/2014	(20) Current Year's Total Levy	(31) Maintenance Collections	(32) Debt Service Collections	(40) Entire Year's Adjustments	(50) Ending Balance 6/30/2015
\$ 197,312	\$ -	\$ 16,851	\$ 1,888	\$ 85,672	\$ 264,245
46,108	-	4,999	381	2,755	43,483
47,515	-	4,588	706	3,005	45,226
58,365	-	11,308	2,710	6,640	50,987
67,358	-	17,042	5,217	26,243	71,342
91,053	-	17,369	4,690	15,935	84,929
145,519	-	20,643	5,556	(22,439)	96,881
365,572	-	27,343	8,939	(212,652)	116,638
169,974	-	65,317	14,257	58,024	148,424
-	3,719,452	2,488,786	958,891	(28,503)	243,272
<u>\$ 1,188,776</u>	<u>\$ 3,719,452</u>	<u>\$ 2,674,246</u>	<u>\$ 1,003,235</u>	<u>\$ (65,320)</u>	<u>\$ 1,165,427</u>

RAYMONDVILLE INDEPENDENT SCHOOL DISTRICT  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL - CHILD NUTRITION PROGRAM  
FOR THE TEN MONTHS ENDED JUNE 30, 2015

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	\$ 80,000	\$ 80,000	\$ 123,337	\$ 43,337
5800	State Program Revenues	36,795	36,795	8,868	(27,927)
5900	Federal Program Revenues	1,489,397	1,489,397	1,654,018	164,621
5020	Total Revenues	1,606,192	1,606,192	1,786,223	180,031
EXPENDITURES:					
0035	Food Services	1,606,192	1,606,192	1,604,669	1,523
6030	Total Expenditures	1,606,192	1,606,192	1,604,669	1,523
1200	Net Change in Fund Balances	-	-	181,554	181,554
0100	Fund Balance - September 1 (Beginning)	107,652	107,652	107,652	-
3000	Fund Balance - June 30 (Ending)	\$ 107,652	\$ 107,652	\$ 289,206	\$ 181,554

RAYMONDVILLE INDEPENDENT SCHOOL DISTRICT  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL - DEBT SERVICE FUND  
FOR THE TEN MONTHS ENDED JUNE 30, 2015

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	\$ 933,282	\$ 933,282	\$ 1,041,328	\$ 108,046
5800 State Program Revenues	881,383	881,383	844,117	(37,266)
5020 Total Revenues	1,814,665	1,814,665	1,885,445	70,780
EXPENDITURES:				
Debt Service:				
0071 Principal on Long Term Debt	970,000	1,090,000	1,090,000	-
0072 Interest on Long Term Debt	844,665	537,657	351,070	186,587
0073 Bond Issuance Cost and Fees	-	187,008	187,008	-
6030 Total Expenditures	1,814,665	1,814,665	1,628,078	186,587
1100 Excess of Revenues Over Expenditures	-	-	257,367	257,367
OTHER FINANCING SOURCES (USES):				
7911 Capital Related Debt Issued (Regular Bonds)	-	-	5,590,000	5,590,000
7916 Premium or Discount on Issuance of Bonds	-	-	355,798	355,798
8949 Other (Uses)	-	-	(5,758,790)	(5,758,790)
7080 Total Other Financing Sources (Uses)	-	-	187,008	187,008
1200 Net Change in Fund Balances	-	-	444,375	444,375
0100 Fund Balance - September 1 (Beginning)	484,641	484,641	484,641	-
3000 Fund Balance - June 30 (Ending)	\$ 484,641	\$ 484,641	\$ 929,016	\$ 444,375

## **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 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 ten months ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated October 16, 2015.

***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.

***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.

*Patullo, Brown & Hill, C.P.*

Brownsville, Texas  
October 16, 2015

**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 ten months ended June 30, 2015. The District's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

***Management's Responsibility***

Management is responsible for compliance with 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 the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the 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 ten months ended June 30, 2015.

## 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.



Brownsville, Texas  
October 16, 2015

RAYMONDVILLE CONSOLIDATED INDEPENDENT SCHOOL DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE TEN MONTHS ENDED JUNE 30, 2015

**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:	Child Nutrition Cluster CFDA 10.553/10.555/10.550
h. Dollar threshold used to distinguish between Type A and Type B programs:	\$300,000
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 TEN MONTHS ENDED JUNE 30, 2015

Not applicable.

RAYMONDVILLE INDEPENDENT SCHOOL DISTRICT  
CORRECTIVE ACTION PLAN  
FOR THE TEN MONTHS ENDED JUNE 30, 2015

Not applicable.

RAYMONDVILLE INDEPENDENT SCHOOL DISTRICT  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE TEN MONTHS ENDED JUNE 30, 2015

(1)	(2)	(3)	(4)
FEDERAL GRANTOR/ PASS-THROUGH GRANTOR/ PROGRAM or CLUSTER TITLE	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
<b>U.S. DEPARTMENT OF EDUCATION</b>			
<i>Passed Through Region One ESC:</i>			
Gear Up Project	84.334	P334A050122-07	\$ 69,227
Total Passed Through Region One ESC			<u>69,227</u>
<i>Passed Through State Department of Education:</i>			
ESEA Title I, Part A - Improving Basic Programs	84.010A	15610101245903	<u>1,383,665</u>
ESEA Title I, Part C - Migratory Children	84.011A	15615001245903	<u>551,939</u>
SSA IDEA-B Formula*	84.027A	156600012459036600	<u>1,294,841</u>
SSA IDEA-B Preschool*	84.173	156600012459036610	<u>18,540</u>
Vocational Education - Basic Grant	84.048A	15420006245903	<u>39,461</u>
ESEA Title VI, Part B, Subpart 2 - Rural and Low Income School	84.358B	15696001245903	<u>6,663</u>
Title III, Part A - English Language Acquisition & Language Enhancement	84.365A	15671001245903	<u>20,072</u>
ESEA Title II, Part A - Teacher & Principal Training & Recruiting	84.367A	15694501245903	<u>220,610</u>
Summer School LEP	84.369A	69551102	<u>1,107</u>
Total Passed Through State Dept. of Education			<u>3,536,898</u>
<b>TOTAL U.S. DEPARTMENT OF EDUCATION</b>			<u><u>3,606,125</u></u>
<b>U.S. DEPARTMENT OF AGRICULTURE</b>			
<i>Passed Through State Department of Education:</i>			
School Breakfast Program*	10.553	71400901	543,627
National School Lunch Program*	10.555	71300901	1,010,540
Commodity Supplemental Program	10.550	245903	<u>99,850</u>
Total Passed Through State Dept. of Education			<u>1,654,017</u>
<b>TOTAL U.S. DEPARTMENT OF AGRICULTURE</b>			<u>1,654,017</u>
<b>TOTAL EXPENDITURES OF FEDERAL AWARDS</b>			<u><u>\$ 5,260,142</u></u>

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

(Note A) \$543,627 of School Breakfast Program, \$1,010,540 of National School Lunch Program, \$99,850 of Food Distribution, and \$22,342 of Indirect Costs is in the General Fund.

RAYMONDVILLE INDEPENDENT SCHOOL DISTRICT  
NOTES ON ACCOUNTING POLICIES FOR FEDERAL AWARDS  
FOR THE TEN MONTHS ENDED JUNE 30, 2015

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.

# SCHOOLS FIRST QUESTIONNAIRE

Raymondville Independent School District

Fiscal Year 2015

SF2	Were there any disclosures in the Annual Financial Report and/or other sources of information concerning nonpayment of any terms of any debt agreement at fiscal year end?	No
SF4	Was there an unmodified opinion in the Annual Financial Report on the financial statements as a whole?	Yes
SF5	Did the Annual Financial Report disclose any instances of material weaknesses in internal controls over financial reporting and compliance for local, state, or federal funds?	No
SF6	Was there any disclosure in the Annual Financial Report of material noncompliance for grants, contracts, and laws related to local, state, or federal funds?	No
SF7	Did the school district make timely payments to the Teachers Retirement System (TRS), Texas Workforce Commission (TWC), Internal Revenue Service (IRS), and other government agencies?	Yes
SF8	Did the school district not receive an adjusted repayment schedule for more than one fiscal year for an over allocation of Foundation School Program (FSP) funds as a result of a financial hardship?	No
SF10	Total accumulated accretion on CABs included in government-wide financial statements at fiscal year-end.	0
SF11	Net Pension Assets (1920) at fiscal year-end.	0
SF12	Net Pension Liabilities (2540) at fiscal year-end.	4383205
SF13	Pension Expense (6147) at fiscal year-end.	405149