

**RAYMONDVILLE
INDEPENDENT SCHOOL DISTRICT**

ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED
JUNE 30, 2017

RAYMONDVILLE INDEPENDENT SCHOOL DISTRICT
ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2017

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RAYMONDVILLE INDEPENDENT SCHOOL DISTRICT
ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2017

ORGANIZATIONAL DATA

BOARD OF TRUSTEES

John L. Solis – President

Daniel Garcia – Vice-President

Jaime Villarreal – Secretary

Javier R. Longoria – Asst. Secretary

Judy Gutierrez. – Member

Mario Tijerina – Member

San Juanita Cruz – Member

SUPERINTENDENT OF SCHOOLS

Stetson Roane

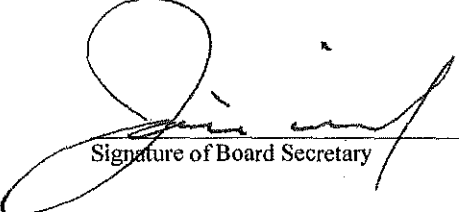
CERTIFICATE OF BOARD

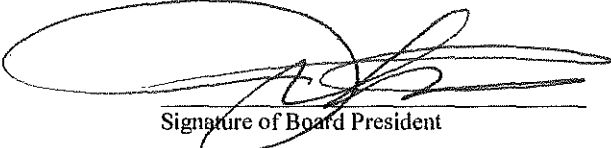
Raymondville Independent School District
Name of District

Willacy
County

245-903
Co.-Dist. Number

We, the undersigned, certify that the attached annual financial reports of the above-named school district were reviewed and (check one) ☒ approved ☐ disapproved for the year ended June 30, 2017 at a meeting of the Board of Trustees of such school district on the 14th day of November, 2017.


Signature of Board Secretary


Signature of Board President



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

Independent Auditor's Report

Board of Trustees
Raymondville Independent School District

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Raymondville Independent School District, (the "District"), as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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.

Auditor's Responsibility

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

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

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

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Governmental Audit
Quality Center

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 the District, as of June 30, 2017, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 5 through 11 and the budgetary comparison information, and pension information on pages 41-43 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The combining and individual nonmajor fund financial statements, required TEA Schedules and the schedule of expenditures of federal awards, as required by the audit requirements of Title 2 U.S. Code of Federal Regulations, Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance) are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements, TEA Schedules and the schedule of expenditures of federal awards is the responsibility of management and were 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, required TEA schedules and schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 3, 2017 on our consideration of the 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 the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Patricia, Sam & Hill CP.

Brownsville, Texas
November 3, 2017

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 year ended June 30, 2017. Please read it in conjunction with the District's financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

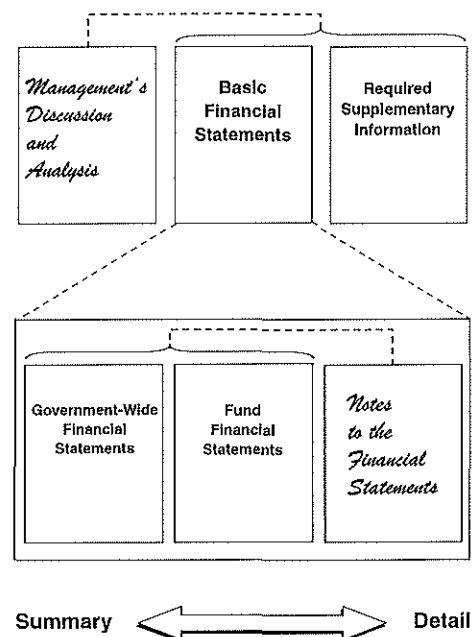
- The District's total combined net position was \$23,026,139 at June 30, 2017. This is a decrease of \$383,330 from the prior year.
- During the year, the District's expenses were \$383,330 less than the \$27,746,263 generated in taxes and other revenues for governmental activities.
- The general fund reported a fund balance this year of \$8,774,053.
- The District received a Superior Rating for the Financial Integrity Rating System of Texas (FIRST) for 2015. This rating rates quality performance in the management of school district's financial resources.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

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



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

MANAGEMENT'S DISCUSSION AND ANALYSIS - CONTINUED

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

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.

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

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

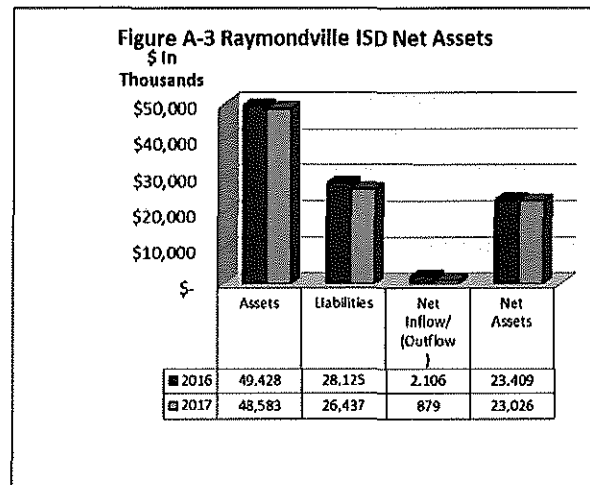
- *Proprietary funds*—Services for which the District charges customers a fee are generally reported in proprietary funds. Proprietary funds, like the government-wide statements, provide both long-term and short-term financial information.
- *Fiduciary funds*—The District is the trustee, or *fiduciary*, 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 \$23,026,139 as of June 30, 2017. (See Table A-1).

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

	Governmental Activities	
	2017	2016
Current & other assets	\$12,968	\$12,492
Capital assets	35,615	36,936
Total assets	\$48,583	\$49,428
Deferred outflows of resources	\$1,784	\$2,607
Current liabilities	1,718	1,732
Long-term liabilities	24,719	26,393
Total liabilities	\$26,437	\$28,125
Deferred inflows of resources	\$905	\$501
Net position:		
Net investment in capital assets	17,669	17,713
Restricted	1,829	2,831
Unrestricted	3,528	2,865
Total net position	\$23,026	\$23,409



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 \$23,026,139.

Approximately 64% 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 (23%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position (\$3,527,551) may be used to meet the government's ongoing obligations to students and creditors.

Changes in net position

Raymondville ISD's net position increased by \$393,330 during the current fiscal year. The District's total revenues were \$25,478,110. A portion, 12% of the District's revenue comes from taxes, 56% comes from state aid – formula grants, while only 4% relates to charges for services as reflected in Figure A-5.

MANAGEMENT'S DISCUSSION AND ANALYSIS - CONTINUED

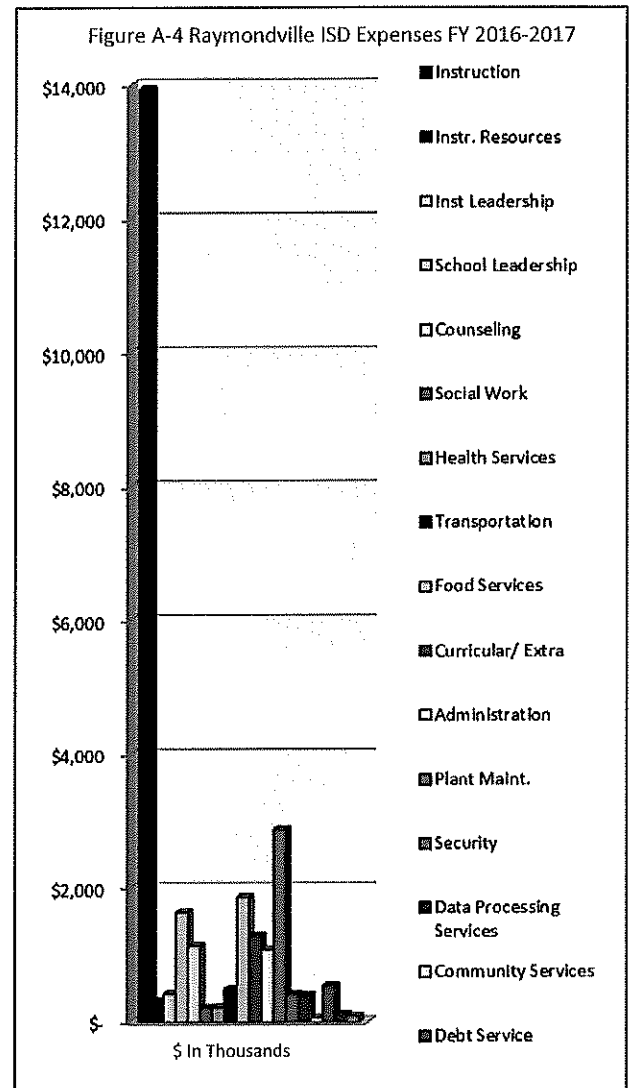
Governmental Activities

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

- Property tax rates decreased from 1.3231 to 1.3207/\$100 during the current fiscal year ended June 30, 2017. Property taxable values decreased by 1% from the prior year.
- The cost of all *governmental* activities this year was \$27,746,263, an increase of \$296,632.
- However, the amount that our taxpayers paid for these activities through property taxes was \$3,085,979.
- Some of the cost was paid by those who directly benefited from the programs (\$950,721) or by grants and contributions (\$6,910,035).

Table A-2
Changes in Raymondville Independent School District's Net position
(in thousands of dollars)

	Governmental Activities	
	2017	2016
Program Revenues:		
Charges for Services	\$951	\$969
Operating Grants and Contributions	6,910	6,857
Capital Grants and Contributions		
General Revenues		
Property Taxes	3,086	3,396
State Aid – Formula	14,310	16,189
Investment Earnings	66	27
Other	156	110
Total Revenues	25,479	27,548
Instruction	13,930	13,290
Instructional Resources and Media Services	314	384
Curriculum Dev. And Instructional Staff Dev	648	607
Instructional Leadership	426	412
School Leadership	1,639	1,652
Guidance, Counseling and Evaluation Services	1,139	1,077
Social Work Services	209	193
Health Services	219	163
Student (Pupil) Transportation	489	425
Food Services	1,861	1,943
Curricular/Extracurricular Activities	1,294	1,356
General Administration	1,084	1,053
Plant Maintenance & Operations	2,873	2,957
Security & Monitoring Services	418	356
Data Processing Services	401	402
Community Services	63	66
Debt Service	536	914
Payments Related to Shared Services Arrangements	116	131
Other Governmental Charges	86	69
Total Expenses	27,745	27,450
Increase (Decrease) in Net position	\$2,266	\$98



MANAGEMENT'S DISCUSSION AND ANALYSIS - CONTINUED

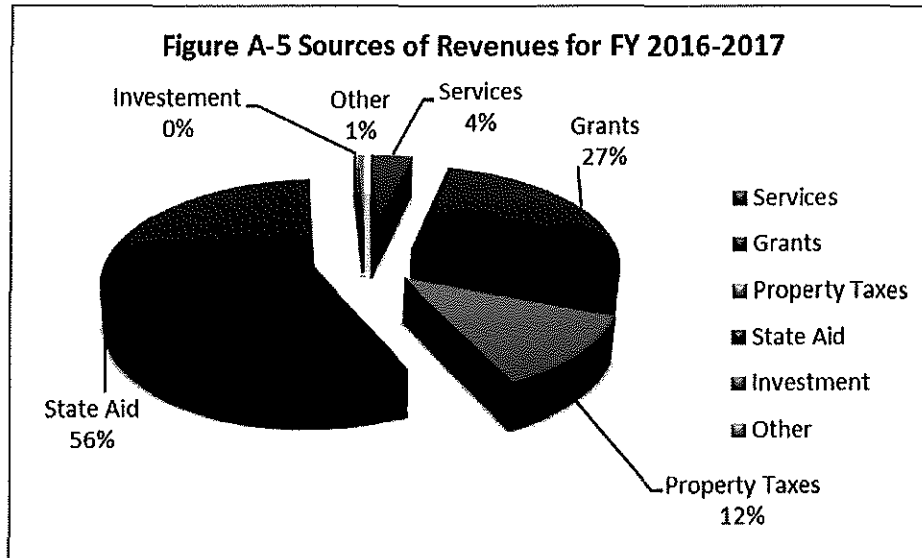


Table A-3 presents the cost of each of the District's largest functions, as well as each function's net cost (total cost less fees generated by the activities and intergovernmental aid). The net cost reflects what was funded by state revenues as well as local tax dollars.

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

	Total Cost of Services			Net Cost of Services		
	2017	2016	% Change	2017	2016	% Change
Instruction	13,930	13,290	4.8%	10,485	9,804	6.9%
School administration	1,640	1,652	0.8%	1,532	1,547	1.0%
Food Services	1,861	1,943	4.2%	54	101	46%
Plant Maintenance & Operations	2,873	2,957	2.8%	2,753	2,885	4.5%
Debt Service – Interest & Fiscal Charges	536	914	41.4%	536	914	41.4%

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

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

General Fund

The fund balance of the Raymondville ISD's General Fund is \$8,193,844 as of June 30, 2017. The 13% increase is a result of monitoring budgets and expenditures throughout the fiscal year.

General Fund Budgetary Highlights

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

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

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

MANAGEMENT'S DISCUSSION AND ANALYSIS - CONTINUED

Revenues

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

Expenditures

- Monitoring of campus and department budgets

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At the end of 2017, the District has invested in buildings and equipment, and vehicles in the amount of \$270,242. The District also held an auction in which vehicles and equipment were sold. (See Table A-4.)

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

Table A-4		
District's Capital Assets (In thousands of dollars)		
	Governmental Activities	
	<u>2017</u>	<u>2016</u>
Land	\$479	\$479
Buildings and improvements	52,980	56,067
Furniture & Equipment	4,229	2,701
Vehicles	2,989	1,901
Capital Lease Assets	28	28
Totals at historical cost	60,705	61,176
Total accumulated	25,122	22,754
Net capital assets	<u>\$35,583</u>	<u>\$38,422</u>

Long Term Debt

At year-end the District had \$17,151,472 outstanding as shown in Table A-5. Of this amount, \$1,105,000 is due within the next year. More detailed information about the District's debt is presented in the notes to the financial statements.

Table A-5		
District's Long Term Debt (In thousands of dollars)		
	Governmental Activities	
	<u>2017</u>	<u>2016</u>
Bonds payable	16,710	17,890
Compensated absences	441	484
Total long term debt	17,151	18,374

MANAGEMENT'S DISCUSSION AND ANALYSIS - CONTINUED

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

- Appraised value used for the 2018 budget preparation is up \$5,933,480 or 2.5% increase from last year.
- General operating fund spending per student increased in the 2018 budget from approximately \$11,825 to \$11,902, a 0.6% increase.
- The District's 2018 refined average daily attendance is expected to be 1,840.
- On September 9, 2017, voters approved the TRE election which will result in additional state revenues.

These indicators were taken into account when adopting the general fund budget for 2018. Expenditures as budgeted are \$20,198,668, an increase of 0.2% from 2016-2017 actual expenditures.

If these estimates are realized, the District's budgetary general fund balance is not expected to change depreciably by the close of 2018.

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, 2017

EXHIBIT A-1

Data Control Codes	Primary Government Governmental Activities
ASSETS	
1110 Cash and Cash Equivalents	\$ 8,996,376
1220 Property Taxes Receivable (Delinquent)	1,303,488
1230 Allowance for Uncollectible Taxes	(130,349)
1240 Due from Other Governments	2,453,842
1267 Due from Fiduciary Funds	41,437
1290 Other Receivables, net	45
1410 Prepayments	303,909
Capital Assets:	
1510 Land	479,351
1520 Buildings, Net	31,645,255
1530 Furniture and Equipment, Net	1,972,210
1540 Other Capital Assets, Net	1,518,329
1000 Total Assets	48,583,893
DEFERRED OUTFLOWS OF RESOURCES	
1705 Deferred Outflow Related to TRS	1,784,432
1700 Total Deferred Outflows of Resources	1,784,432
LIABILITIES	
2110 Accounts Payable	2,565
2150 Payroll Deductions & Withholdings	135,231
2160 Accrued Wages Payable	1,578,349
2400 Payable from Restricted Assets	2,250
Noncurrent Liabilities	
2501 Due Within One Year	1,105,000
2502 Due in More Than One Year	17,262,321
2540 Net Pension Liability (District's Share)	6,351,247
2000 Total Liabilities	26,436,963
DEFERRED INFLOWS OF RESOURCES	
2605 Deferred Inflow Related to TRS	905,223
2600 Total Deferred Inflows of Resources	905,223
NET POSITION	
3200 Net Investment in Capital Assets	17,669,331
3850 Restricted for Debt Service	623,262
3890 Restricted for Other Purposes	1,377,656
3900 Unrestricted	3,355,890
3000 Total Net Position	\$ 23,026,139

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

RAYMONDVILLE INDEPENDENT SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2017

EXHIBIT B-1

FOR THE YEAR ENDED JUNE 30, 2017					Net (Expense) Revenue and Changes in Net Position
Data	Program Revenues				
Control	1	3	4	6	
Codes	Expenses	Charges for Services	Operating Grants and Contributions	Primary Gov. Governmental Activities	
Primary Government:					
GOVERNMENTAL ACTIVITIES:					
11 Instruction	\$ 13,930,485	\$ -	\$ 3,445,140	\$ (10,485,345)	
12 Instructional Resources and Media Services	314,148	-	15,136	(299,012)	
13 Curriculum and Staff Development	647,810	-	334,596	(313,214)	
21 Instructional Leadership	426,471	-	309,171	(117,300)	
23 School Leadership	1,639,087	-	107,246	(1,531,841)	
31 Guidance, Counseling and Evaluation Services	1,139,376	-	492,837	(646,539)	
32 Social Work Services	208,746	-	81,471	(127,275)	
33 Health Services	218,544	-	149,427	(69,117)	
34 Student (Pupil) Transportation	489,047	-	16,275	(472,772)	
35 Food Services	1,861,229	104,307	1,702,052	(54,870)	
36 Extracurricular Activities	1,293,719	78,393	33,588	(1,181,738)	
41 General Administration	1,084,201	722,948	66,716	(294,537)	
51 Facilities Maintenance and Operations	2,873,354	45,073	74,827	(2,753,454)	
52 Security and Monitoring Services	418,626	-	22,304	(396,322)	
53 Data Processing Services	400,515	-	4,952	(395,563)	
61 Community Services	62,790	-	54,297	(8,493)	
72 Debt Service - Interest on Long Term Debt	535,615	-	-	(535,615)	
93 Payments related to Shared Services Arrangements	116,421	-	-	(116,421)	
99 Other Intergovernmental Charges	86,079	-	-	(86,079)	
[TP] TOTAL PRIMARY GOVERNMENT:	\$ 27,746,263	\$ 950,721	\$ 6,910,035	(19,885,507)	

Data Control Codes		General Revenues:	
		Taxes:	
MT		Property Taxes, Levied for General Purposes	2,328,538
DT		Property Taxes, Levied for Debt Service	757,441
SF		State Aid - Formula Grants	14,310,107
GC		Grants and Contributions not Restricted	1,884,823
IE		Investment Earnings	65,631
MI		Miscellaneous Local and Intermediate Revenue	155,637
TR		Total General Revenues	19,502,177
CN		Change in Net Position	(383,330)
NB		Net Position - Beginning	23,409,469
NE		Net Position--Ending	\$ 23,026,139

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

RAYMONDVILLE INDEPENDENT SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2017

Data Control Codes	10 General Fund	Other Funds	Total Governmental Funds
ASSETS			
1110 Cash and Cash Equivalents	\$ 8,297,016	\$ 699,360	\$ 8,996,376
1220 Property Taxes - Delinquent	1,050,447	253,041	1,303,488
1230 Allowance for Uncollectible Taxes (Credit)	(105,045)	(25,304)	(130,349)
1240 Receivables from Other Governments	1,750,600	703,242	2,453,842
1260 Due from Other Funds	563,950	609,891	1,173,841
1290 Other Receivables	45	-	45
1410 Prepayments	303,909	-	303,909
1000 Total Assets	<u>\$ 11,860,922</u>	<u>\$ 2,240,230</u>	<u>\$ 14,101,152</u>
LIABILITIES			
2110 Accounts Payable	\$ 2,565	\$ -	\$ 2,565
2150 Payroll Deductions and Withholdings Payable	106,099	29,132	135,231
2160 Accrued Wages Payable	1,243,374	334,975	1,578,349
2170 Due to Other Funds	787,179	345,225	1,132,404
2300 Unearned Revenues	945,402	227,737	1,173,139
2400 Payable from Restricted Assets	2,250	-	2,250
2000 Total Liabilities	<u>3,086,869</u>	<u>937,069</u>	<u>4,023,938</u>
FUND BALANCES			
Restricted Fund Balance:			
3450 Federal or State Funds Grant Restriction	415,421	299,124	714,545
3480 Retirement of Long-Term Debt	-	623,262	623,262
Committed Fund Balance:			
3510 Construction	1,000,000	377,656	1,377,656
3530 Capital Expenditures for Equipment	220,000	-	220,000
3600 Unassigned Fund Balance	7,138,632	3,119	7,141,751
3000 Total Fund Balances	<u>8,774,053</u>	<u>1,303,161</u>	<u>10,077,214</u>
4000 Total Liabilities and Fund Balances	<u>\$ 11,860,922</u>	<u>\$ 2,240,230</u>	<u>\$ 14,101,152</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, 2017

Total Fund Balances - Governmental Funds	\$ 10,077,214
1 Capital assets used in governmental activities are not financial resources and therefore are not reported in governmental funds. At the beginning of the year, the cost of these assets was \$61,175,564 and the accumulated depreciation was (\$22,754,064). In addition, long-term liabilities, including bonds payable, are not due and payable in the current period, and, therefore are not reported as liabilities in the funds. The net effect of including the beginning balances for capital assets (net of depreciation) and long-term debt in the governmental activities is to increase net position.	18,562,178
2 Current year capital outlays and long-term debt principal payments are expenditures in the fund financial statements, but they should be shown as increases in capital assets and reductions in long-term debt in the government-wide financial statements. The net effect of including the 2016 capital outlays and debt principal payments is to increase net position.	(1,591,457)
3 Included in the items related to debt is the recognition of the District's proportionate share of the net pension liability required by GASB 68 in the amount of \$6,730,563, a Deferred Resource Inflow related to TRS in the amount of \$501,106 and a Deferred Resource Outflow related to TRS in the amount of \$1,997,505. This amounted to a (decrease) in net position in the amount of \$5,234,164.	(4,443,302)
4 Various other reclassifications and eliminations are necessary to convert from the modified accrual basis of accounting to accrual basis of accounting. These include recognizing unavailable revenue from property taxes as revenue, reclassifying the proceeds of bond sales as an increase in bonds payable, and recognizing the liabilities associated with maturing long-term debt and interest. The net effect of these reclassifications and recognitions is to increase net position.	421,505
19 Net Position of Governmental Activities	\$ 23,026,138

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

RAYMONDVILLE INDEPENDENT SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2017

Data Control Codes	10 General Fund	Other Funds	Total Governmental Funds
REVENUES:			
5700 Total Local and Intermediate Sources	\$ 3,554,286	\$ 756,688	\$ 4,310,974
5800 State Program Revenues	15,108,268	1,390,761	16,499,029
5900 Federal Program Revenues	2,097,972	3,671,891	5,769,863
5020 Total Revenues	20,760,526	5,819,340	26,579,866
EXPENDITURES:			
Current:			
0011 Instruction	9,258,269	2,944,176	12,202,445
0012 Instructional Resources and Media Services	261,669	-	261,669
0013 Curriculum and Instructional Staff Development	252,316	309,542	561,858
0021 Instructional Leadership	93,616	269,079	362,695
0023 School Leadership	1,403,624	36,921	1,440,545
0031 Guidance, Counseling and Evaluation Services	532,445	451,098	983,543
0032 Social Work Services	112,457	74,033	186,490
0033 Health Services	44,559	148,319	192,878
0034 Student (Pupil) Transportation	652,906	-	652,906
0035 Food Services	1,696,881	-	1,696,881
0036 Extracurricular Activities	1,202,424	-	1,202,424
0041 General Administration	1,053,198	26,752	1,079,950
0051 Facilities Maintenance and Operations	2,641,725	14,887	2,656,612
0052 Security and Monitoring Services	374,373	-	374,373
0053 Data Processing Services	393,348	-	393,348
0061 Community Services	4,007	54,297	58,304
Debt Service:			
0071 Principal on Long Term Debt	-	1,180,001	1,180,001
0072 Interest on Long Term Debt	-	535,615	535,615
Intergovernmental:			
0093 Payments to Fiscal Agent/Member Districts of SSA	116,421	-	116,421
0099 Other Intergovernmental Charges	86,079	-	86,079
6030 Total Expenditures	20,180,317	6,044,720	26,225,037
1200 Net Change in Fund Balances	580,209	(225,380)	354,829
0100 Fund Balance - September 1 (Beginning)	8,193,844	1,528,541	9,722,385
3000 Fund Balance - August 31 (Ending)	\$ 8,774,053	\$ 1,303,161	\$ 10,077,214

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

RAYMONDVILLE INDEPENDENT SCHOOL DISTRICT
 RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES,
 AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES
 FOR THE YEAR ENDED JUNE 30, 2017

Total Net Change in Fund Balances - Governmental Funds	\$ 354,829
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 2017 capital outlays and debt principal payments is to increase net position.	790,862
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.	(1,304,551)
The implementation of GASB 68 required that certain expenditures be de-expended and recorded as deferred resource outflows. These contributions made after the measurement date of 8/31/2016 caused the change in the ending net position to decrease. Contributions made before the measurement but during the previous fiscal year were also expended and recorded as a reduction in the net pension liability for the District. This caused a decrease in the change in net position. The District's proportionate share of the TRS pension expense on the plan as a whole had to be recorded. The net result is to (decrease) the change in net position.	(224,470)
Change in Net Position of Governmental Activities	\$ (383,330)

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, 2017

	Agency Funds
<hr/>	
ASSETS	
Cash and Cash Equivalents	\$ 117,418
Total Assets	<u>\$ 117,418</u>
LIABILITIES	
Due to Other Funds	\$ 41,440
Due to Student Groups	<u>75,978</u>
Total Liabilities	<u>\$ 117,418</u>

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

RAYMONDVILLE INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2017

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Raymondville Independent School District (the "District") is a public educational agency operating under the applicable laws and regulations of the State of Texas. It is governed by a seven member Board of Trustees (the "Board") elected by registered voters of the District. The District prepares its basic financial statements in conformity with generally accepted accounting principles (GAAP) promulgated by the Governmental Accounting Standards Board (GASB) and other authoritative sources identified in GASB Statement No. 76, and it complies with the requirements of the appropriate version of Texas Education Agency's Financial Accountability System Resource Guide (the "Resource Guide") and the requirements of contracts and grants of agencies from which it receives funds.

Pensions. The fiduciary net position of the Teacher Retirement System of Texas (TRS) has been determined using the flow of economic resources measurement focus and full accrual basis of accounting. This includes for purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, pension expense, and information about assets, liabilities and additions to/deductions from TRS'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.

As of June 30, 2017, Raymondville Independent School District retrospectively/prospectively applied Governmental Accounting Standards Board ("GASB") Statement No. 72, Fair Value Measurement and Application. GASB Statement No. 72 provides guidance for determining a fair value measurement for reporting purposes and applying fair value to certain investments and disclosures related to all fair value measurements.

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.

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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.

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

The government-wide 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.

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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, 2017.
5. Purchased or constructed capital assets are reported at cost or estimated historical cost. Donated fixed assets are recorded at their estimated fair value at the date of the donation. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized. A capitalization threshold of \$5,000 is used.

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

E. OTHER ACCOUNTING POLICIES

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

<u>Asset Class</u>	<u>Estimated Useful Lives</u>
Buildings & Improvements	30-40
Vehicles	7
Furniture and Equipment	3-7

6. In the fund financial statements, governmental funds report reservation of fund balance for amounts that are not available for appropriation by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change for future construction needs.
7. When the District incurs an expense for which it may use either restricted or unrestricted assets, it uses the restricted assets first unless unrestricted assets will have to be returned because they were not used.
8. Interfund activity results from loans, services provided, reimbursements or transfers between funds. Loans are reported as interfund receivables and payables as appropriate and are subject to elimination upon consolidation. Services provided, deemed to be at market or near market rates, are treated as revenues and expenditures or expenses. Reimbursements occur when one fund incurs a cost, charges the appropriate benefiting fund and reduces its related cost as a reimbursement. All other interfund transactions are treated as transfers. Transfers In and Transfers Out are netted and presented as a single "Transfers" line on the government-wide statement of activities. Similarly, interfund receivables and payables are netted and presented as a single "Internal Balances" line of the government-wide statement of net position.
9. The preparation of financial statements in conformity with GAAP requirements the use of management's estimates.
10. The Data Control Codes refer to the account code structure prescribed by TEA in the *Financial Accountability System Resource Guide*. The Texas Education Agency requires school districts to display these codes in the financial statements filed with the Agency in order to insure accuracy in building a statewide data base for policy development and funding plans.
11. In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statements element, deferred outflows of resources, presents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then.

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

E. OTHER ACCOUNTING POLICIES

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

12. The fiduciary net position of the Teacher Retirement System of Texas (TRS) has been determined using the flow of economic resources measurement focus and full accrual basis of accounting. This includes for purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, pension expense, and information about assets, liabilities and additions to/deductions from TRS's fiduciary net position. Benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.
13. Net position represents the differences between assets, deferred outflows (inflows) of resources and liabilities. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvements of those assets, and adding back unspent proceeds. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislations adopted by the District or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.
14. Sometimes the District will fund outlays for a particular purpose from both restricted (e.g., restricted bond and grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted – net position and unrestricted – net position in the government-wide financial statements, a flow assumption must be made about the order in which the resources are considered applied. It is the District's policy to consider restricted – net position to have been depleted before unrestricted – net position is applied.

II. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

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

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

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

II. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

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

<u>Capital Assets at the Beginning of Year</u>	<u>Historic Cost</u>	<u>Accumulated Depreciation</u>	<u>Net Value at the Beginning of Year</u>	<u>Change in Net Position</u>
Land	\$ 479,351	\$ -	\$ 479,351	
Buildings & Improvements	53,805,990	(20,531,596)	33,274,394	
Furniture & Equipment	4,204,571	(2,199,663)	2,004,908	
Vehicles	2,780,830	(1,603,670)	1,177,160	
Capital Lease	<u>27,767</u>	<u>(27,767)</u>	<u>-</u>	
Change in Net Position				<u>\$ 36,935,813</u>

<u>Long Term Liabilities at the Beginning of Year</u>	<u>Payable at the Beginning of Year</u>	
Bonds Payable	\$ (17,890,000)	
Compensated Absences	<u>(483,635)</u>	
Change in Net Position		<u>(18,373,635)</u>
Net Adjustment to Net Position		<u>\$ 18,562,178</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>Changes in Net Position</u>	<u>Adjustments in Net Position</u>
Furniture & Equipment	\$ 62,170	\$ 62,170	
Vehicles	<u>208,072</u>	<u>208,072</u>	
Total Capital Outlay			<u>\$ 270,242</u>
<u>Debt Principal Payments</u>			
Bonds Payable	<u>1,180,000</u>	<u>1,180,000</u>	
Total Principal Payments			<u>1,180,000</u>
Net Adjustment to Net Position			<u>\$ 1,450,242</u>

III. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. BUDGETARY DATA

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

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

1. Prior to June 20th the District prepares a budget for the next succeeding fiscal year beginning July 1st. The operating budget includes proposed expenditures and the means of financing them.
2. A meeting of the Board is then called for the purpose of adopting the proposed budget. Public notice of the meeting must be given at least ten days prior to the meeting.
3. Prior to July 1st, the budget is legally enacted through passage of a resolution by the Board. Once a budget is approved, it can only be amended at the function and fund level by approval of a majority of the members of the Board. Amendments are presented to the Board at its regular meetings. Each amendment must have Board approval. As required by law, such amendments are made before the fact, are reflected in the official minutes of the Board, and are not made after fiscal year-end. During the year, the budget was amended as necessary. These were no significant budget amendments passed during the 2016-2017 school year.
4. Each budget is controlled by the budget coordinator at the revenue and expenditure function or object level. Budgeted amounts are as amended by the Board. All budget appropriations lapse at year-end.
5. Encumbrances for goods or purchased services are documented by purchase orders or contracts. Under Texas law, appropriations lapse at June 30th, and encumbrances outstanding at that time are to be either canceled or appropriately provided for in the subsequent year's budget.

IV. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS

A. DEPOSITS AND INVESTMENTS

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

At June 30, 2017, the carrying amount of the District's deposits (cash, certificates of deposit, and interest-bearing savings accounts included in temporary investments) was \$572,945 and the bank balance was \$1,107,221. The District's cash deposits at June 30, 2017 and during the period ended June 30, 2017 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**

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, 2017, are shown below:

Loan Star Investment Pool	\$ 8,423,431	\$ 8,423,431	\$ -	\$ -	\$ -
Total	<u>\$ 8,423,431</u>	<u>\$ 8,423,431</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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, 2017, the District’s investments in Lone Star Investment Pool were rated AAAf-s/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, 2017, the District had its investments in TASB investment pools rated AAA as noted above.

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

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

B. PROPERTY TAXES

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

The tax rates assessed for the year ended June 30, 2017, to finance General Fund operations and the payment of principal and interest on general obligation long-term debt were \$1.17 and \$0.1531 per \$100 valuation, respectively, for a total of \$1.323100. The assessed valuation of \$270,558,217 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, 2017 consisted of the following individual fund balances:

	Due From <u>Other Funds</u>	Due to <u>Other Funds</u>
<u>General Fund:</u>		
General Fund	\$ 563,950	\$ -
Agency Fund	-	41,437
Total General Fund	<u>563,950</u>	<u>41,437</u>
<u>Debt Service Fund:</u>		
General Fund	<u>609,891</u>	<u>345,225</u>
Total Debt Service Fund	<u>609,891</u>	<u>345,225</u>
<u>Agency Fund:</u>		
General Fund	-	787,179
Total Agency Fund	-	787,179
Totals	<u>\$ 1,173,841</u>	<u>\$ 1,173,841</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, 2017, are summarized below:

<u>Fund</u>	State <u>Entitlements</u>	Federal <u>Grants</u>	<u>Total</u>
General	\$ 1,769,724	\$ -	\$ 1,769,724
Special Revenue	-	684,118	684,118
Total	<u>\$ 1,769,724</u>	<u>\$ 684,118</u>	<u>\$ 2,453,842</u>

IV. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS

E. CAPITAL ASSET ACTIVITY

Capital asset activity for the District for the year ended June 30, 2017, was as follows:

	Primary Government				
	Changes During Year				
	Balance 07/01/16	Additions	Retirements	Reclassifications/ Adjustments	Balance 06/30/17
<u>Governmental Activities:</u>					
Land	\$ 479,351	\$ -	\$ -	\$ -	\$ 479,351
Buildings & Improvements	53,805,990	-	-	(826,381)	52,979,609
Furniture and Equipment	4,204,571	62,170	-	(37,875)	4,228,866
Vehicles	2,780,830	208,072	-	-	2,988,902
Capital Lease	<u>27,767</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>27,767</u>
Totals at Historic Cost	<u>61,298,509</u>	<u>270,242</u>	<u>-</u>	<u>(864,256.00)</u>	<u>60,704,495</u>
Less Accumulated Depreciation:					
Buildings & Improvements	(20,531,596)	(1,379,937)	-	577,179.00	(21,334,354)
Furniture and Equipment	(2,199,663)	(96,332)	-	39,339.00	(2,256,656)
Vehicles	(1,603,670)	(114,641)	-	247,738.00	(1,470,573)
Capital Lease	<u>(27,767)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(27,767)</u>
Total Accumulated Depreciation	<u>(24,362,696)</u>	<u>(1,590,910)</u>	<u>-</u>	<u>864,256.00</u>	<u>(25,089,350)</u>
Governmental Activities					
Capital Assets, Net	\$ 36,935,813	\$ (1,320,668)	\$ -	\$ -	\$ 35,615,145

Depreciation expense was charged to governmental functions as follows:

Instruction	\$ 830,455
Instructional Resources and Media Services	31,818
Curriculum and Staff Development	62,045
Instructional Leadership	36,591
School Leadership	77,955
Guidance, Counseling and Evaluation Services	73,182
Social Work Services	6,364
Health Services	12,727
Student Transportation	22,273
Food Services	117,727
Curricular/Extracurricular Activities	70,000
General Administration	65,227
Plant Maintenance and Operations	146,364
Security and Monitoring Services	14,318
Data Processing Services	22,273
Community Services	1,591
Total Depreciation Expense	<u>\$ 1,590,910</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 year ended June 30, 2017 is as follows:

<u>Description</u>	<u>Interest Rate</u>	<u>Original Interest Amount</u>	<u>Interest Current Yr</u>	<u>Balance 07/01/16</u>	<u>Principal Issued/ Refunded</u>	<u>Principal Retired</u>	<u>Balance 06/30/17</u>
Unlimited Tax Refunding Bonds, Series 2008	3.5-5%	\$ 9,800,000	\$ 19,200	\$ 480,000	\$ -	\$ (235,000)	\$ 245,000
Unlimited Tax School Building, Series 2010	3.25-4.5%	3,490,000	140,213	3,490,000	-	-	3,490,000
Unlimited Tax Schools Building, Series 2012	2.0%-3.5%	1,805,000	48,100	1,415,000	-	(95,000)	1,320,000
Unlimited Tax Refunding Bonds, Series 2014	2.0%-3.75%	5,590,000	136,838	4,740,000	-	(745,000)	3,995,000
Unlimited Tax Refunding Bonds, Series 2016	2.0%-4.0%	7,765,000	191,265	7,765,000	-	(105,000)	7,660,000
Totals			\$ 535,616	\$ 17,890,000	\$ -	\$ (1,180,000)	\$ 16,710,000

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

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

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

The Unlimited Tax Refunding Bonds, Series 2014 in the amount of \$5,590,000 were issued to refund the District's Unlimited Tax Refunding Bonds, Series 2005. The bonds were issued with interest rate varying from 2.0% to 3.75%. The net proceeds of \$5,758,790 (after payment of \$187,008 in underwriting fees, insurance, and other issuance costs) were used to currently refund the 2005 bonds. This refunding decreased total debt service payments over 15 years by \$649,738, resulting in an economic gain of \$561,426.

IV. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS

F. BONDS PAYABLE

The Unlimited Tax Refunding Bonds, Series 2016 in the amount of \$7,765,000 were issued to refund the District's Unlimited Tax Refunding Bonds, Series 2008. The bonds were issued with interest rates varying from 2.0% to 4.0%. The net proceeds of \$8,575,192.29 (after payment of \$219,040 in underwriting fees, insurance, and other issuance costs) were used to currently refund the 2008 Bonds. This refunding decreased total debt service payments 22 years by \$1,584,033, resulting in an economic gain of \$1,288,612.

Debt service requirements are as follows:

Year Ended	Governmental Activities		Total
<u>June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Required</u>
2018	\$ 1,105,000	\$ 595,950	\$ 1,700,950
2019	1,175,000	556,076	1,731,076
2020	1,205,000	516,200	1,721,200
2021	1,255,000	474,400	1,729,400
2022	1,305,000	430,800	1,735,800
2023-2027	4,460,000	1,614,992	6,074,992
2028-2032	3,285,000	901,340	4,186,340
2033-2037	2,385,000	401,000	2,786,000
2038-2042	535,000	21,400	556,400
Totals	<u>\$ 16,710,000</u>	<u>\$ 5,512,158</u>	<u>\$ 22,222,158</u>

G. CHANGES IN LONG-TERM DEBT

Activity in the Long-Term Debt for the District for the year ended June 30, 2017, was as follows:

	Balance <u>07/01/16</u>	<u>Additions</u>	<u>Reductions</u>	Balance <u>06/30/17</u>	Due Within <u>One Year</u>
Bonds Payable	\$ 17,890,000	\$ -	\$ (1,180,000)	16,710,000	\$ 1,105,000
Compensated Balances	483,635	-	(42,163)	441,472	-
Premium on Bonds:					
Bonds Payable 2014	308,358	-	(23,720)	284,638	-
Bonds Payable 2016	980,222	-	(49,011)	931,211	-
Net Pension Liability	6,730,563	154,696	(534,012)	6,351,247	-
Totals	<u>\$ 26,392,778</u>	<u>\$ 154,696</u>	<u>\$ (1,828,906)</u>	<u>\$ 24,718,568</u>	<u>\$ 1,105,000</u>

H. DEFINED BENEFIT PENSION PLAN

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

IV. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS

H. **DEFINED BENEFIT PENSION PLAN**

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

Pension Plan Fiduciary Net Position. Detailed information about the Teacher Retirement System's fiduciary net position is available in a separately-issued Comprehensive Annual Financial Report that includes financial statements and required supplementary information. That report may be obtained on the Internet at <http://www.trs.state.tx.us/about/documents/cafr.pdf#CAFR>; by writing to TRS at 1000 Red River Street, Austin, TX, 78701-2698; or by calling (512) 542-6592.

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

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

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

Contribution Rates		
	<u>2016</u>	<u>2017</u>
Member	7.2%	7.7%
Non-Employer Contributing Entity (State)	6.8%	6.8%
Employers	6.8%	6.8%

IV. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS

H. **DEFINED BENEFIT PENSION PLAN**

Current fiscal year employer contributions	\$ 541,680
Current fiscal year member contributions	\$1,081,150
2016 measurement year NECE on-behalf contributions	\$ 678,737

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, 2016, actuarial valuation was determined using the following actuarial assumptions:

Valuation Date	8/31/2016
Actuarial Cost Method	Individual Entry Age Normal
Amortization Method	Market Value
Single Discount Rate	8.00%
Long-term expected Investment Rate of Return	8.00%
Inflation	2.50%
Salary Increases including Inflation	3.5% to 9.5%
Payroll Growth Rate	2.50%
Benefit Changes During the Year	None
Ad Hoc Post-Employment Benefit Changes	None

IV. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS

H. **DEFINED BENEFIT PENSION PLAN**

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

Discount Rate. The discount rate used to measure the total pension liability was 8.0%. There was no change in the discount rate since the previous year. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and those of the contributing employers and the non-employer contributing entity are made at the statutorily required rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. The long-term rate of return on pension plan investments is 8%. The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimates ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of geometric real rates of return for each major asset class included in the Systems target asset allocation as of August 31, 2016 are summarized below:

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

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

IV. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS

H. **DEFINED BENEFIT PENSION PLAN**

Discount Rate Sensitivity Analysis. The following schedule shows the impact of the Net Pension Liability if the discount rate used was 1% less than and 1% greater than the discount rate that was used (8%) in measuring the 2016 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:	\$ 9,829,591	\$ 6,351,247	\$ 3,400,908

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions. At June 30, 2017, the District reported a liability of \$6,351,247 for its proportionate share of the TRS's net pension liability. This liability reflects a reduction for State pension support provided to the District. The amount recognized by the District as its proportionate share of the net pension liability, the related State support, and the total portion of the net pension liability that was associated with the District were as follows:

District's proportionate share of the collective net pension liability	\$ 6,351,247
State's proportionate share that is associated with the District	<u>8,056,501</u>
Total	<u>\$ 14,407,748</u>

The net pension liability was measured as of August 31, 2016 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The 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, 2015 thru August 31, 2016.

At August 31, 2016 the employer's proportion of the collective net pension liability was 0.0168073% which was a decrease of 0.0022332% from its proportion measured as of August 31, 2015.

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

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

For the year ended June 30, 2017, the District's pension expense of \$836,073 and revenue of \$836,073 for support provided by the State.

IV. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS

G. DEFINED BENEFIT PENSION PLAN

At June 30, 2017, the District's proportionate share of the TRS's deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experiences	\$ 99,586	\$ 189,645
Changes in actuarial assumptions	193,575	176,048
Differences between projected and actual investment earnings	537,811	-
Changes in proportion and differences between the employer's contributions and the proportionate share of contributions	498,757	539,530
Total as of August 31, 2016 measurement date	\$ 1,329,729	\$ 905,223
Contributions paid to TRS subsequent to the measurement date	454,703	-
Total as of fiscal year-end	<u>\$ 1,784,432</u>	<u>\$ 905,223</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>
2018	\$ 58,076
2019	58,076
2020	401,117
2021	31,719
2022	(59,558)
Thereafter	(64,924)

I. HEALTH CARE COVERAGE

During the year ended June 30, 2017, employees of the District were covered by a health insurance plan (the "Plan"). The District contributed \$236 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, under the TRS Publications heading.

IV. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS

J. RETIREE HEALTH PLAN

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

Funding Policy. Contribution requirements are not actuarially determined but are legally established each biennium by the Texas Legislature. Texas Insurance Code, Sections 1575.202, 203, and 204 establish state, active employee, and public school contributions, respectively. Funding for free basic coverage is provided by the program based upon public school district payroll. Per Texas Insurance Code, Chapter 1575, the public school contribution may not be less than 0.25% or greater than 0.75% of the salary of each active employee of the public school. Funding for optional coverage is provided by those participants selecting the optional coverage. Contribution rates and amounts are shown in the table below for fiscal years 2016-2017.

Fiscal Year	On Behalf - State Retirement Contribution	On Behalf - State Medicare Part D	District Annual Required Contributions (ARC)	Percentage of ARC Contributed	Employee Contributions
2014	\$ 775,602	\$ 94,310	\$ 111,399	100%	\$ 928,581
2015	693,657	79,599	85,829	100%	820,468
2016	790,671	90,939	94,794	100%	995,278
2017	803,210	92,210	97,296	100%	1,081,138

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, 2015 and June 30, 2016, 2017 were \$79,599, \$90,939 and \$92,210 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 2017, the District purchased commercial insurance to cover general liabilities. There were no significant reductions in coverage in the past fiscal year and there were no settlements exceeding insurance coverage for each of the past three fiscal years.

IV. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS

K. RISK MANAGEMENT

Workers' Compensation Coverage

During the year ended June 30, 2017, the District met its statutory workers' compensation obligations through participation in the Workers Compensation Solutions (the "Program"). The Program was created and is operated under the provisions of the Interlocal Cooperation Act, Chapter 791 of the Texas Government Code. All districts participating in the Program execute Interlocal Agreements that define the responsibilities of the parties. The Program provides statutory workers' compensation benefits to its members and their injured employees. The District is responsible for a certain amount of claims liability as outlined on the District's Contribution and Coverage Summary document.

L. LITIGATION

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

M. COMMITMENTS AND CONTINGENCIES

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

N. USE OF ESTIMATES IN THE PREPARATION OF FINANCIAL STATEMENTS

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

O. JOINT VENTURE - SHARED SERVICE AGREEMENTS

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

IV. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS

O. JOINT VENTURE – SHARED SERVICE AGREEMENTS

<u>Member Districts</u>	<u>Expenditures</u>
Raymondville ISD	\$ 116,421
Lasara ISD	21,732
Lyford ISD	97,794
Rio Hondo ISD	152,900
San Perlita ISD	27,165
Santa Rosa ISD	<u>76,838</u>
Totals	<u>\$ 492,850</u>

P. FUND BALANCE REPORTING

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

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

Assigned fund balance shall mean that portion of the fund balance that is spendable or available for appropriation but has been tentatively earmarked for some specific purpose by the Board, the Superintendent, or Superintendent's designee. The Board delegates by formal action in a scheduled meeting specific persons or groups to assign certain fund balances. The Board may modify or rescind its delegation of authority by the same action. The authority to make assignments shall be in effect until modified or rescinded by the Board by majority vote in a scheduled meeting.

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

Q. MAINTENANCE OF EFFORT

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

A. Total District premium paid for health care for 2016-2017:	\$	655,073
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. 2016-2017 Maintenance of Effort	\$	<u>655,073</u>

REQUIRED SUPPLEMENTARY INFORMATION

RAYMONDVILLE INDEPENDENT SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2017

Data Control Codes		Budgeted Amounts		Actual Amounts (GAAP BASIS)	Variance With Final Budget Positive or (Negative)
		Original	Final		
REVENUES:					
5700	Total Local and Intermediate Sources	\$ 3,226,537	\$ 3,281,537	\$ 3,554,286	\$ 272,749
5800	State Program Revenues	14,629,659	14,766,122	15,108,268	342,146
5900	Federal Program Revenues	1,806,425	1,806,425	2,097,972	291,547
5020	Total Revenues	19,662,621	19,854,084	20,760,526	906,442
EXPENDITURES:					
Current:					
0011	Instruction	9,159,258	9,633,596	9,258,269	375,327
0012	Instructional Resources and Media Services	278,396	298,396	261,669	36,727
0013	Curriculum and Instructional Staff Development	253,458	256,658	252,316	4,342
0021	Instructional Leadership	98,985	98,985	93,616	5,369
0023	School Leadership	1,431,776	1,431,776	1,403,624	28,152
0031	Guidance, Counseling and Evaluation Services	550,886	550,886	532,445	18,441
0032	Social Work Services	97,430	117,430	112,457	4,973
0033	Health Services	8,700	48,700	44,559	4,141
0034	Student (Pupil) Transportation	474,441	694,441	652,906	41,535
0035	Food Services	1,805,631	1,805,631	1,696,881	108,750
0036	Extracurricular Activities	1,132,135	1,228,135	1,202,424	25,711
0041	General Administration	999,841	1,156,341	1,053,198	103,143
0051	Facilities Maintenance and Operations	2,928,637	2,963,637	2,641,725	321,912
0052	Security and Monitoring Services	374,496	374,496	374,373	123
0053	Data Processing Services	388,497	459,497	393,348	66,149
0061	Community Services	6,925	6,925	4,007	2,918
Intergovernmental:					
0093	Payments to Fiscal Agent/Member Districts of SSA	117,000	117,000	116,421	579
0099	Other Intergovernmental Charges	115,000	115,000	86,079	28,921
6030	Total Expenditures	20,221,492	21,357,530	20,180,317	1,177,213
1200	Net Change in Fund Balances	(558,871)	(1,503,446)	580,209	2,083,655
0100	Fund Balance - September 1 (Beginning)	8,193,844	8,193,844	8,193,844	-
3000	Fund Balance - August 31 (Ending)	\$ 7,634,973	\$ 6,690,398	\$ 8,774,053	\$ 2,083,655

RAYMONDVILLE INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
TEACHER RETIREMENT SYSTEM OF TEXAS
FOR THE YEAR ENDED JUNE 30, 2017

EXHIBIT G-2

	<u>2017</u>	<u>2016</u>	<u>2015</u>
District's Proportion of the Net Pension Liability (Asset)	0.0168073%	0.01904085%	0.0464095%
District's Proportionate Share of Net Pension Liability (Asset)	\$ 6,351,247	\$ 6,730,563	\$ 4,383,205
State's Proportionate Share of the Net Pension Liability (Asset) associated with the District	8,056,501	8,378,823	7,026,497
Total	<u>\$ 14,407,748</u>	<u>\$ 15,109,386</u>	<u>\$ 11,409,702</u>
District's Covered-Employee Payroll	\$ 12,756,473	\$ 14,640,425	\$ 14,508,521
District's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered-Employee Payroll	49.79%	45.97%	30.21%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	78.00%	78.43%	83.25%

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

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

RAYMONDVILLE INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF DISTRICT CONTRIBUTIONS
TEACHER RETIREMENT SYSTEM OF TEXAS
FOR FISCAL YEAR 2017

EXHIBIT G-3

	2017	2016	2015
Contractually Required Contribution	\$ 541,680	\$ 543,799	\$ 375,198
Contribution in Relation to the Contractually Required Contribution	(541,680)	(543,799)	(375,198)
Contribution Deficiency (Excess)	\$ -0-	\$ -0-	\$ -0-
District's Covered-Employee Payroll	\$ 14,186,019	\$ 12,912,005	\$ 14,639,813
Contributions as a Percentage of Covered-Employee Payroll	3.82%	4.21%	2.56%

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

Note: In accordance with GASB 68, Paragraph 138, the years of data presented this reporting period are those for which data is available. "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, 2017

Data Control Codes		211 ESEA I, A Improving Basic Program	212 ESEA Title I Part C Migrant	244 Career and Technical - Basic Grant
ASSETS				
1110	Cash and Cash Equivalents	\$ -	\$ -	\$ -
1220	Property Taxes - Delinquent	-	-	-
1230	Allowance for Uncollectible Taxes (Credit)	-	-	-
1240	Receivables from Other Governments	305,456	55,762	4,050
1260	Due from Other Funds	-	-	-
1000	Total Assets	<u>\$ 305,456</u>	<u>\$ 55,762</u>	<u>\$ 4,050</u>
LIABILITIES				
2150	Payroll Deductions and Withholdings Payable	\$ 13,352	\$ 2,588	\$ -
2160	Accrued Wages Payable	147,076	19,637	-
2170	Due to Other Funds	145,028	33,537	4,050
2300	Unearned Revenues	-	-	-
2000	Total Liabilities	<u>305,456</u>	<u>55,762</u>	<u>4,050</u>
FUND BALANCES				
Restricted Fund Balance:				
3450	Federal or State Funds Grant Restriction	-	-	-
3480	Retirement of Long-Term Debt	-	-	-
Committed Fund Balance:				
3510	Construction	-	-	-
3600	Unassigned Fund Balance	-	-	-
3000	Total Fund Balances	<u>-</u>	<u>-</u>	<u>-</u>
4000	Total Liabilities and Fund Balances	<u>\$ 305,456</u>	<u>\$ 55,762</u>	<u>\$ 4,050</u>

EXHIBIT H-1 (Cont'd)

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
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
51,182	-	7,500	16,170	-	238,961	5,037	19,124
-	-	-	-	-	-	-	-
<u>\$ 51,182</u>	<u>\$ -</u>	<u>\$ 7,500</u>	<u>\$ 16,170</u>	<u>\$ -</u>	<u>\$ 238,961</u>	<u>\$ 5,037</u>	<u>\$ 19,124</u>
\$ 2,701	\$ -	\$ -	\$ -	\$ -	\$ 10,097	\$ -	\$ -
32,525	-	-	-	-	130,041	-	-
15,956	-	7,500	16,170	-	98,823	5,037	19,124
-	-	-	-	-	-	-	-
<u>51,182</u>	<u>-</u>	<u>7,500</u>	<u>16,170</u>	<u>-</u>	<u>238,961</u>	<u>5,037</u>	<u>19,124</u>
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>\$ 51,182</u>	<u>\$ -</u>	<u>\$ 7,500</u>	<u>\$ 16,170</u>	<u>\$ -</u>	<u>\$ 238,961</u>	<u>\$ 5,037</u>	<u>\$ 19,124</u>

RAYMONDVILLE INDEPENDENT SCHOOL DISTRICT
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2017

Data Control Codes		429 Other State Special Revenue Funds	437 SSA Special Education	Total Nonmajor Special Revenue Funds	599 Debt Service Fund
ASSETS					
1110	Cash and Cash Equivalents	\$ -	\$ 305,215	\$ 305,215	\$ 13,371
1220	Property Taxes - Delinquent	-	-	-	253,041
1230	Allowance for Uncollectible Taxes (Credit)	-	-	-	(25,304)
1240	Receivables from Other Governments	-	-	703,242	-
1260	Due from Other Funds	-	-	-	609,891
1000	Total Assets	<u>\$ -</u>	<u>\$ 305,215</u>	<u>\$ 1,008,457</u>	<u>\$ 850,999</u>
LIABILITIES					
2150	Payroll Deductions and Withholdings Payable	\$ -	\$ 394	\$ 29,132	\$ -
2160	Accrued Wages Payable	-	5,696	334,975	-
2170	Due to Other Funds	-	-	345,225	-
2300	Unearned Revenues	-	-	-	227,737
2000	Total Liabilities	<u>-</u>	<u>6,090</u>	<u>709,332</u>	<u>227,737</u>
FUND BALANCES					
Restricted Fund Balance:					
3450	Federal or State Funds Grant Restriction	-	299,124	299,124	-
3480	Retirement of Long-Term Debt	-	-	-	623,262
Committed Fund Balance:					
3510	Construction	-	-	-	-
3600	Unassigned Fund Balance	-	-	-	-
3000	Total Fund Balances	<u>-</u>	<u>299,124</u>	<u>299,124</u>	<u>623,262</u>
4000	Total Liabilities and Fund Balances	<u>\$ -</u>	<u>\$ 305,214</u>	<u>\$ 1,008,456</u>	<u>\$ 850,999</u>

EXHIBIT H-1

699 Capital Projects Fund	Total Nonmajor Governmental Funds
\$ 380,774	\$ 699,360
-	253,041
-	(25,304)
-	703,242
-	609,891
<u>\$ 380,774</u>	<u>\$ 2,240,230</u>
\$ -	\$ 29,132
-	334,975
-	345,225
-	227,737
<u>-</u>	<u>937,069</u>
-	299,124
-	623,262
377,656	377,656
3,119	3,119
<u>380,775</u>	<u>1,303,161</u>
<u>\$ 380,775</u>	<u>\$ 2,240,230</u>

RAYMONDVILLE INDEPENDENT SCHOOL DISTRICT
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2017

Data Control Codes		211 ESEA I, A Improving Basic Program	212 ESEA Title I Part C Migrant	244 Career and Technical - Basic Grant
REVENUES:				
5700	Total Local and Intermediate Sources	\$ -	\$ -	\$ -
5800	State Program Revenues	-	-	-
5900	Federal Program Revenues	1,543,138	518,628	42,382
5020	Total Revenues	1,543,138	518,628	42,382
EXPENDITURES:				
Current:				
0011	Instruction	1,237,408	342,082	39,132
0013	Curriculum and Instructional Staff Development	100,381	-	3,250
0021	Instructional Leadership	55,149	51,240	-
0023	School Leadership	2,889	-	-
0031	Guidance, Counseling and Evaluation Services	-	-	-
0032	Social Work Services	-	74,033	-
0033	Health Services	133,433	14,856	-
0041	General Administration	-	-	-
0051	Facilities Maintenance and Operations	-	-	-
0061	Community Services	13,878	36,417	-
Debt Service:				
0071	Principal on Long Term Debt	-	-	-
0072	Interest on Long Term Debt	-	-	-
6030	Total Expenditures	1,543,138	518,628	42,382
1200	Net Change in Fund Balance	-	-	-
0100	Fund Balance - September 1 (Beginning)	-	-	-
3000	Fund Balance - August 31 (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
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-	151,314
277,736	10,800	48,108	46,237	1,165	1,168,053	15,644	-
<u>277,736</u>	<u>10,800</u>	<u>48,108</u>	<u>46,237</u>	<u>1,165</u>	<u>1,168,053</u>	<u>15,644</u>	<u>151,314</u>
268,136	2,600	48,108	46,237	1,165	660,927	15,644	151,314
9,600	8,200	-	-	-	73,723	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	34,032	-	-
-	-	-	-	-	383,963	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	30	-	-
-	-	-	-	-	15,378	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>277,736</u>	<u>10,800</u>	<u>48,108</u>	<u>46,237</u>	<u>1,165</u>	<u>1,168,053</u>	<u>15,644</u>	<u>151,314</u>
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

RAYMONDVILLE INDEPENDENT SCHOOL DISTRICT
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2017

Data Control Codes		429 Other State Special Revenue Funds	437 SSA Special Education	Total Nonmajor Special Revenue Funds	599 Debt Service Fund
REVENUES:					
5700	Total Local and Intermediate Sources	\$ -	\$ -	\$ -	\$ 753,569
5800	State Program Revenues	71,166	510,402	732,882	657,879
5900	Federal Program Revenues	-	-	3,671,891	-
5020	Total Revenues	71,166	510,402	4,404,773	1,411,448
EXPENDITURES:					
Current:					
0011	Instruction	31,939	99,484	2,944,176	-
0013	Curriculum and Instructional Staff Development	35,225	79,163	309,542	-
0021	Instructional Leadership	-	162,690	269,079	-
0023	School Leadership	-	-	36,921	-
0031	Guidance, Counseling and Evaluation Services	-	67,135	451,098	-
0032	Social Work Services	-	-	74,033	-
0033	Health Services	-	-	148,319	-
0041	General Administration	-	11,374	26,752	-
0051	Facilities Maintenance and Operations	-	14,887	14,887	-
0061	Community Services	4,002	-	54,297	-
Debt Service:					
0071	Principal on Long Term Debt	-	-	-	1,180,001
0072	Interest on Long Term Debt	-	-	-	535,615
6030	Total Expenditures	71,166	434,733	4,329,104	1,715,616
1200	Net Change in Fund Balance	-	75,669	75,669	(304,168)
0100	Fund Balance - September 1 (Beginning)	-	223,455	223,455	927,430
3000	Fund Balance - August 31 (Ending)	\$ -	\$ 299,124	\$ 299,124	\$ 623,262

699 Capital Projects Fund	Total Nonmajor Governmental Funds
\$ 3,119	\$ 756,688
-	1,390,761
-	3,671,891
3,119	5,819,340
-	2,944,176
-	309,542
-	269,079
-	36,921
-	451,098
-	74,033
-	148,319
-	26,752
-	14,887
-	54,297
-	1,180,001
-	535,615
-	6,044,720
3,119	(225,380)
377,656	1,528,541
\$ 380,775	\$ 1,303,161

RAYMONDVILLE INDEPENDENT SCHOOL DISTRICT
 COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
 ALL AGENCY FUNDS
 FOR THE YEAR ENDED JUNE 30, 2017

	BALANCE SEPTEMBER 1 2016	ADDITIONS	DEDUCTIONS	BALANCE AUGUST 31 2017
TAX SUCCESSOR IN INTEREST				
Assets:				
Cash and Temporary Investments	\$ 54,209	\$ 3,375,016	\$ 3,387,785	\$ 41,440
Liabilities:				
Due to Other Funds	\$ 54,209	\$ 2,621,224	\$ 2,633,993	\$ 41,440
STUDENT ACTIVITY				
Assets:				
Cash and Temporary Investments	\$ 73,953	\$ 150,436	\$ 148,412	\$ 75,977
Liabilities:				
Due to Student Groups	\$ 73,953	\$ 151,236	\$ 149,212	\$ 75,977
TOTAL AGENCY FUNDS				
Assets:				
Cash and Temporary Investments	\$ 128,162	\$ 3,525,452	\$ 3,536,197	\$ 117,417
Liabilities:				
Due to Other Funds	\$ 54,209	\$ 2,621,224	\$ 2,633,993	\$ 41,440
Due to Student Groups	73,953	151,236	149,212	75,977
Total Liabilities	\$ 128,162	\$ 2,772,460	\$ 2,783,205	\$ 117,417

REQUIRED TEA SCHEDULES

RAYMONDVILLE INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF DELINQUENT TAXES RECEIVABLE
FISCAL YEAR ENDED JUNE 30, 2017

Last 10 Years Ended August 31	(1)	(2)	(3)
	Tax Rates		Assessed/Appraised Value for School Tax Purposes
	Maintenance	Debt Service	
2008 and prior years	Various	Various	\$ Various
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	1.040000	0.298400	289,059,445
2016	1.040000	0.283100	285,030,445
2017 (School year under audit)	1.170000	0.153100	270,558,217
1000 TOTALS			

(10) Beginning Balance 9/1/2016	(20) Current Year's Total Levy	(31) Maintenance Collections	(32) Debt Service Collections	(40) Entire Year's Adjustments	(50) Ending Balance 8/31/2017
\$ 294,403	\$ -	\$ 25,322	\$ 2,674	\$ (20,794)	\$ 245,613
43,679	-	5,453	1,306	(1,851)	35,069
60,222	-	6,568	2,011	(2,332)	49,311
69,829	-	7,406	2,000	(2,636)	57,787
80,693	-	9,800	2,638	(4,807)	63,448
89,904	-	11,384	3,722	(4,831)	69,967
99,741	-	19,377	4,229	(3,470)	72,665
136,515	-	29,907	8,581	(2,344)	95,683
278,284	-	84,617	23,034	(25,013)	145,620
-	3,246,011	2,221,701	667,256	111,270	468,324
<u>\$ 1,153,270</u>	<u>\$ 3,246,011</u>	<u>\$ 2,421,535</u>	<u>\$ 717,451</u>	<u>\$ 43,192</u>	<u>\$ 1,303,487</u>

RAYMONDVILLE INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - CHILD NUTRITION PROGRAM
FOR THE YEAR ENDED JUNE 30, 2017

Data Control Codes	Budgeted Amounts		Actual Amounts (GAAP BASIS)	Variance With Final Budget Positive or (Negative)	
	Original	Final			
REVENUES:					
5700	Total Local and Intermediate Sources	\$ 123,979	\$ 123,979	\$ 107,150	\$ (16,829)
5800	State Program Revenues	-	-	8,265	8,265
5900	Federal Program Revenues	1,681,425	1,681,425	1,693,787	12,362
5020	Total Revenues	1,805,404	1,805,404	1,809,202	3,798
EXPENDITURES:					
0035	Food Services	1,805,404	1,805,404	1,696,637	108,767
6030	Total Expenditures	1,805,404	1,805,404	1,696,637	108,767
1200	Net Change in Fund Balances	-	-	112,565	112,565
0100	Fund Balance - September 1 (Beginning)	-	-	302,856	302,856
3000	Fund Balance - August 31 (Ending)	\$ -	\$ -	\$ 415,421	\$ 415,421

RAYMONDVILLE INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - DEBT SERVICE FUND
FOR THE YEAR ENDED JUNE 30, 2017

Data Control Codes		Budgeted Amounts		Actual Amounts (GAAP BASIS)	Variance With Final Budget Positive or (Negative)
		Original	Final		
REVENUES:					
5700	Total Local and Intermediate Sources	\$ 802,217	\$ 802,217	\$ 753,569	\$ (48,648)
5800	State Program Revenues	913,399	913,399	657,879	(255,520)
5020	Total Revenues	1,715,616	1,715,616	1,411,448	(304,168)
EXPENDITURES:					
Debt Service:					
0071	Principal on Long Term Debt	1,180,000	1,180,000	1,180,001	(1)
0072	Interest on Long Term Debt	535,616	535,616	535,615	1
6030	Total Expenditures	1,715,616	1,715,616	1,715,616	-
1200	Net Change in Fund Balances	-	-	(304,168)	(304,168)
0100	Fund Balance - September 1 (Beginning)	-	927,430	927,430	-
3000	Fund Balance - August 31 (Ending)	\$ -	\$ 927,430	\$ 623,262	\$ (304,168)

FEDERAL AWARDS SECTION



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

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

Board of Trustees
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 year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise Raymondville Independent School District's basic financial statements, and have issued our report thereon dated November 3, 2017.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Raymondville Independent School District's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Raymondville Independent School 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 entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over financial reporting 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 financial reporting that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control over financial reporting 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 Raymondville Independent School District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

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Governmental Audit
Quality Center

Purpose of this Report

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

Pattillo, Brown & Hill, C.P.

Brownsville, Texas
November 3, 2017



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

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE
FOR EACH MAJOR PROGRAM AND REPORT ON INTERNAL CONTROL
OVER COMPLIANCE IN ACCORDANCE WITH THE UNIFORM GUIDANCE**

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 *U.S. Office of Management and Budget (OMB) Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the year ended June 30, 2017. 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 the audit requirements of Title 2 *U.S. Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on Each Major Federal Program

In our opinion, the District, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2017.

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**Governmental Audit
Quality Center**

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 as to determine a basis for designing auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the 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, and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses.

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

Patricia, Brian Hill, C.P.

Brownsville, Texas
November 3, 2017

RAYMONDVILLE CONSOLIDATED INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2017

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:	No
b. Significant deficiencies identified that are not considered to be material weaknesses:	None reported
c. Noncompliance which is material to the financial statements:	No
d. Regarding internal control over major programs:	
Material weakness(es) identified:	No
Significant deficiencies identified that are not considered to be material weaknesses:	None reported
e. Type of auditors' report on compliance with major programs:	Unmodified
f. Any audit findings which are required to be reported in accordance with 2 CFR 200.516(a)?	No
g. Major programs are as follows:	Special Education Cluster Programs CFDA 84.027A & 84.173
h. Dollar threshold used to distinguish between Type A and Type B programs:	\$750,000
i. Low risk auditee:	Yes

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

None reported.

III. Findings and Questioned Costs for Federal Awards.

None reported.

RAYMONDVILLE INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2017

(1)	(2)	(3)	(4)
FEDERAL GRANTOR/ PASS-THROUGH GRANTOR/ PROGRAM or CLUSTER TITLE	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
U.S. DEPARTMENT OF EDUCATION			
<i>Passed Through Region One ESC:</i>			
Gear Up Project	84.334	P334A050122-07	\$ 46,237
Total Passed Through Region One ESC			<u>46,237</u>
<i>Passed Through State Department of Education:</i>			
ESEA Title I, Part A - Improving Basic Programs	84.010A	17610101245903	<u>1,543,138</u>
ESEA Title I, Part C - Migratory Children	84.011A	17615001245903	<u>541,985</u>
SSA IDEA-B Formula*	84.027A	176600012459036000	<u>1,227,931</u>
SSA IDEA-B Preschool*	84.173	176610012459036000	<u>16,524</u>
Vocational Education - Basic Grant	84.048A	17420006245903	<u>44,332</u>
ESEA Title VI, Part B, Subpart 2 - Rural and Low Income School	84.358B	17696001245903	<u>48,108</u>
Title III, Part A - English Language Acquisition & Language Enhancement	84.365A	17671001245903	<u>11,020</u>
ESEA Title II, Part A - Teacher & Principal Training & Recruiting	84.367A	17694501245903	<u>277,736</u>
Summer School LEP	84.369A	69551102	<u>1,165</u>
Total Passed Through State Dept. of Education			<u>3,711,939</u>
TOTAL U.S. DEPARTMENT OF EDUCATION			<u>3,758,176</u>
U.S. DEPARTMENT OF AGRICULTURE			
<i>Passed Through State Department of Education:</i>			
School Breakfast Program*	10.553	71400901	536,264
National School Lunch Program*	10.555	71300901	983,917
Commodity Supplemental Program	10.550	245903	118,587
Fresh Fruit and Vegetable Program	10.582	245903	<u>55,019</u>
Total Passed Through State Dept. of Education			<u>1,693,787</u>
TOTAL U.S. DEPARTMENT OF AGRICULTURE			<u>1,693,787</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS			<u>\$ 5,451,963</u>

* Indicates clustered program under Compliance Supplement

(Note A) \$534,264 of School Breakfast Program, \$983,917 of National School Lunch Program, \$118,587 of Food Distribution, \$55,019 of Fresh Fruit and Vegetable Program, and \$86,285 of Indirect Costs is in the General Fund.

(Note B) \$1,168,053 of IDEA-B Formula, \$15,644 IDEA-B Preschool.

RAYMONDVILLE INDEPENDENT SCHOOL DISTRICT
NOTES ON ACCOUNTING POLICIES FOR FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2017

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 the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance).
4. The following is the reconciliation of federal revenues and the Schedule of Expenditures of Federal Awards for the year ended June 30, 2017.

Federal revenues per the Statement of Revenues, Expenditures and Changes in Fund Balance- Government Funds (Exhibit C-3)	\$ 5,769,863
Less:	
SHARS	<u>317,900</u>
Federal expenditures	<u>\$ 5,451,963</u>