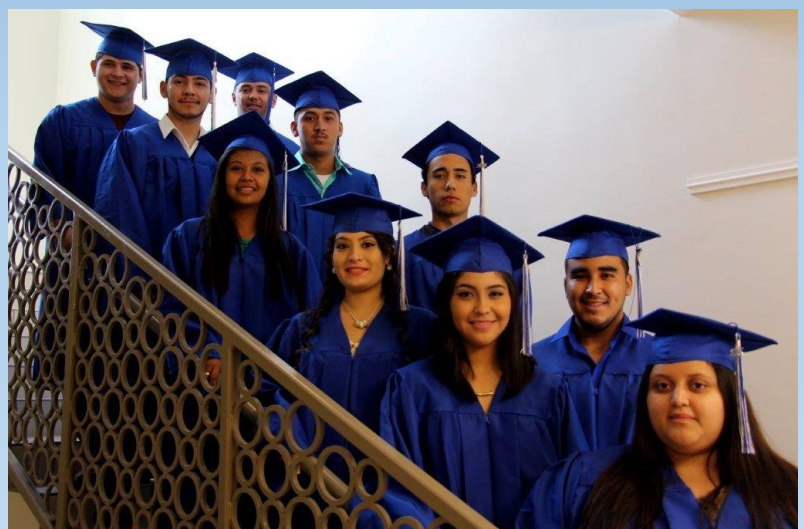




SAN FELIPE DEL RIO CONSOLIDATED INDEPENDENT SCHOOL DISTRICT

DEL RIO, TEXAS
<http://www.sfdr-cisd.org/>

Comprehensive Annual
Financial Report
For the Year Ended
August 31, 2016



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SAN FELIPE DEL RIO CONSOLIDATED INDEPENDENT SCHOOL DISTRICT

Comprehensive Annual Financial Report
For the Year Ended
August 31, 2016



Officials Issuing Report:
Carlos H. Rios, Ed.D.
Superintendent of Schools

Yanakany Valdez
Chief Financial Officer

Del Rio, Texas
<http://www.sfdr-cisd.org>

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SAN FELIPE DEL RIO CISD
 COMPREHENSIVE ANNUAL FINANCIAL AND COMPLIANCE REPORT
 FOR THE YEAR ENDED AUGUST 31, 2016

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SAN FELIPE DEL RIO CISD

COMPREHENSIVE ANNUAL FINANCIAL AND COMPLIANCE REPORT

FOR THE YEAR ENDED AUGUST 31, 2016

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SAN FELIPE DEL RIO
Consolidated Independent School District



P.O. DRAWER 428002

DEL RIO, TEXAS 78842

January 10, 2017

To the Board of Trustees and Citizens of the San Felipe Del Rio Consolidated Independent School District:

The Comprehensive Annual Financial Report (CAFR) of the San Felipe Del Rio Consolidated Independent School District (the "District") for the fiscal year ended August 31, 2016 is hereby submitted. This report has been prepared to provide the Board of Trustees (the "Board"), representatives of financial institutions and rating agencies, the citizenry of the District, and other interested parties information concerning the financial condition of the District.

This report consists of management's representations concerning the finances of the District. Responsibility for the accuracy and fairness of the presentation, including all disclosures, rests with the District. To the best of our knowledge and belief, the enclosed data is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the various funds of the District. All disclosures necessary to enable the reader to gain an understanding of the District's financial activities have been included.

Report Format

The Comprehensive Annual Financial Report consists of four sections:

- The Introductory Section includes this transmittal letter, a listing of the District's principal officials and advisors, and the District's organizational chart.
- The Financial Section includes the independent auditors report, Management's Discussion and Analysis (MD&A), the basic financial statements, budgetary comparison schedules, and combining and individual fund statements and other supplementary schedules, as well as the independent auditors' report on financial statements. The MD&A is a narrative introduction, overview, and analysis to accompany the basic financial statements and can be found immediately following the independent auditors report. This transmittal letter is designed to complement MD&A and should be read in conjunction with it.
- The Statistical Section consists of unaudited tables which reflect both financial and demographic information. This data is for the purpose of presenting financial trends and fiscal capacity of the District and is generally presented on a multi-year basis.
- The Compliance Section includes the single audit reports which are prepared in conformity with the provisions of the Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance).

Profile of the District

San Felipe Del Rio Consolidated Independent School District is a public school district in Texas that serves Val Verde County and was consolidated in 1971. The District's Board of Trustees (the Board) consists of seven members who are elected at-large to four-year terms with the elections conducted biennially. Elections are held in May of even numbered years. The District maintains a total of 14 campus and auxiliary facilities, and serves an enrollment of over 10,500 students. According to the United States Census Bureau 2015 estimate, the county's population is approximately 48,988.

The Board has adopted the following Vision Statement:

The San Felipe Del Rio CISD provides a safe and nurturing environment where all students become contributing citizens prepared to compete and excel in an ever-changing world.

The Board adopted the following Goals:

The District shall maintain a safe environment, utilize quality curriculum and diverse instructional opportunities to ensure student achievement at the highest standards of excellence.

The District shall be a good steward of the community's resources - financial, human, facilities - and explore new opportunities for organizational efficiency and effectiveness.

The District shall provide meaningful and effective communication in a timely manner to all parents, students, staff and District Partners.

The District is made up of one high school, one freshman school, two middle schools (one 7th and 8th grade and one 6th grade campus), one blended academy (grades 8 – 12), seven elementary schools, one pre-kindergarten campus, and one alternative site. The District enables administrators and teachers at each campus to implement programs responsive to the particular needs of its individual student body. With academic achievement as its primary objective, the District takes strong measures to ensure a positive, safe, and orderly learning environment, and to enforce standards of excellence throughout the system. The District offers education programs at the prekindergarten through grade 12 levels.

In addition to a rigorous district-wide curriculum, the District offers a wide array of specialized learning opportunities and programs for its diverse population. Programs include, but are not limited to: gifted and talented programs, advanced placement, career and technology education, dual credit, bilingual/English as a second language instructional program, special education services, cooperative education programs, early college high school, and a wide array of visual and fine arts programs.

Budgetary Control

State law requires that every local education agency in Texas prepare and file an annual budget of anticipated revenues and expenditures with the Texas Education Agency (TEA). The budget itself is prepared utilizing a detailed line item approach for all Government Fund types and is prepared in accordance with the budgeting requirements as outlined in TEA's Financial Accountability System Resource Guide (FASRG). It is the intent of the District that the budgetary process result in the most effective mix of the educational and financial resources available while attaining the goals and objectives of the District. This includes the identification and prioritization of as many separate educational and educational support components as reasonably possible. These components are initially identified and prioritized by the organizational manager most directly responsible and are later reviewed by a budget committee.

This priority budgeting approach allows the District to establish layers of expenditures that can be readily matched with anticipated revenues and desired levels of fund balances and ad valorem tax rates. The ultimate decision of the level of funding and components to be funded is the responsibility of the Board. After considering all factors, the Board then sets an ad valorem tax rate that generates sufficient revenues to support the expenditure budget and maintain desired levels of fund balances. The budget may be amended during the year to address unanticipated changing needs of the District. Changes to functional expenditure categories, revenue objects or other changes which may impact fund balance accounts require Board approval.

Factors Affecting Financial Condition

The information presented in the financial statements is perhaps best understood when it is considered within the broader perspective of the environment in which the District operates.

Introduction: The District is located in Val Verde County on the Texas-Mexico border across from Ciudad Acuna, Mexico about 150 miles west of San Antonio, Texas. Community assets such as Amistad National Reservoir, the Whitehead Memorial Museum, Casa de la Cultura, and Shumla Archeological Research and Education Center afford opportunities for field trips that expand learning beyond the normal classroom experience. In addition, the District offers students access to nationally recognized higher education programs through partnerships with San Angelo State University, Southwest Texas Junior College and Sul Ross State University.

Local Economy: The City of Del Rio Economic Development Department, in partnership with the community, is committed to promoting balanced job opportunities, economic development, and tourism. The Economic Development Department is responsible for:

- To encourage, support, and assist in the retention and expansion of existing Del Rio businesses and industries;
- To attract the location of new manufacturing companies and industries to Del Rio with available sites and buildings, financial incentives, available and technically skilled workforce, and other support services;
- To encourage, support, and assist in the development and diversification of small businesses in Del Rio;
- To assist with activities which contribute to the overall quality of life in Del Rio.

Long-Term Financial Planning: The budget goals approved are to ensure the budget adequately supports the District's Vision and Goals, to provide adequate resources for instructional support, staff at an appropriate level, increase funding for technology, and maintain Fund Balance level at three months of budgeted expenditures. The District is currently in the process of building a new Career and Technical Center, doing substantial renovations for a Student Activity Center/Administration building, and establishing secure entry at several campuses.

Financial Policies with Significant Impact on Financial Statements: It is the practice of the District to project conservatively for budget purposes both in revenues and expenditures. This practice continues to help the District maintain a healthy financial condition.

Ratings: As a result of our historically strong financial position, our underlying rating for credit was upgraded in April 2015 from an "A" to an "A+" with Standard & Poor's and upgraded in March 2016 from an "A1" to "Aa3" rating with Moody's.

Internal Control: Management is responsible for designing, implementing, and maintaining adequate, efficient, and effective systems of internal control. These systems of control provide a reasonable basis for making the representations in these financial statements. Management of the District has established a comprehensive internal control framework that is designed both to protect the District's assets from loss, misuse or theft, and to compile sufficient reliable information for the preparation of the District's financial statements in conformity with Generally Accepted Accounting Principles (GAAP).

Risk Management: The objectives of the risk management program are to safeguard the assets of the District, minimize the financial effect of potential losses, and to provide a reasonable level of employee benefits at an affordable funding level. The District's property and casualty insurance and workers compensation are insured through an agreement with the Texas Association of School Boards. The District provides a self-insurance health care plan that is covered by aggregate and individual stop loss coverage. Other benefits offered to employees on a voluntary basis include dental, vision, and long-term disability insurance, as well as dependent and supplemental life policies.

Independent Audit

Belt Harris Pechacek LLLP, a firm of licensed certified public accountants, audited the District's financial statements. The goal of the independent audit is to provide reasonable assurance that the financial

statements of the District for the fiscal year ended August 31, 2016, are free from material misstatement. The independent audit involves examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditors concluded, based upon the audit, that there was a reasonable basis for rendering an unmodified opinion that the District's financial statements for the fiscal year ended August 31, 2016 are fairly presented in conformity with GAAP.

The independent auditors report is presented as the first component of the financial section of this report. The independent audit of the financial statements is part of a broader, federally mandated single audit designed to meet the special need of federal grantor agencies. The standards governing single audit engagements require the independent auditors to report not only on the fair presentation of the financial statements, but also on the audited government's internal controls and compliance with legal requirements, with special emphasis on internal controls and legal requirements involving the administration of federal awards. These reports may be found in the Federal Awards section of this report.

Awards

Financial Integrity Rating System of Texas (FIRST): Beginning with the 2002-2003 school year, the State implemented a new financial accountability rating system for Texas public school districts. Districts are rated based on overall performance on certain financial measurements, ratios, and other indicators. The system is designed to encourage districts to improve the management of their financial resources to maximize the funds allocated for direct instructional purposes. The District has received the highest rating possible since the inception of the program. The rating was based on budgetary and financial data for the 2015 fiscal year.

Texas Comptroller Leadership Circle: The State Comptroller of Public Accounts launched the Texas Comptroller Leadership Circle program in December 2009 to recognize local governments across Texas that are striving to meet a high standard for financial transparency online. This program spotlights local governments across Texas that are opening their books to the public; providing clear, consistent pictures of spending; and sharing information in a user-friendly format that lets taxpayers easily drill down for more information. The District maintained the Leadership Circle Platinum Award from the State Comptroller's Office, this is the highest recognition which indicates entities that go above and beyond providing financial transparency.

Acknowledgements

The preparation of this report could not have been accomplished without the dedicated services of the Finance staff. We would like to express our appreciation for their contributions to its presentations. Acknowledgement is also given to Belt Harris Pechacek LLLP for their assistance. Finally, we would like to thank the Board for their continued support of the District's objective of excellence in all aspects of financial management.

Respectfully submitted,



Carlos Rios, Ed.D.
Superintendent of Schools



Yanakany Valdez
Chief Financial Officer

**San Felipe Del Rio Consolidated
Independent School District**

**Principal Officials
2015 - 2016**

Board of Trustees

<u>Trustee</u>	<u>Office</u>
Cecilia Martinez-Lozano	President
Joshua Overfelt	Vice President
Amy Haynes	Secretary
Kenneth Smith	Board Member
Raymond Meza	Board Member
Roberto Chavira	Board Member
Diana Gonzales	Board Member

Administrative Officials

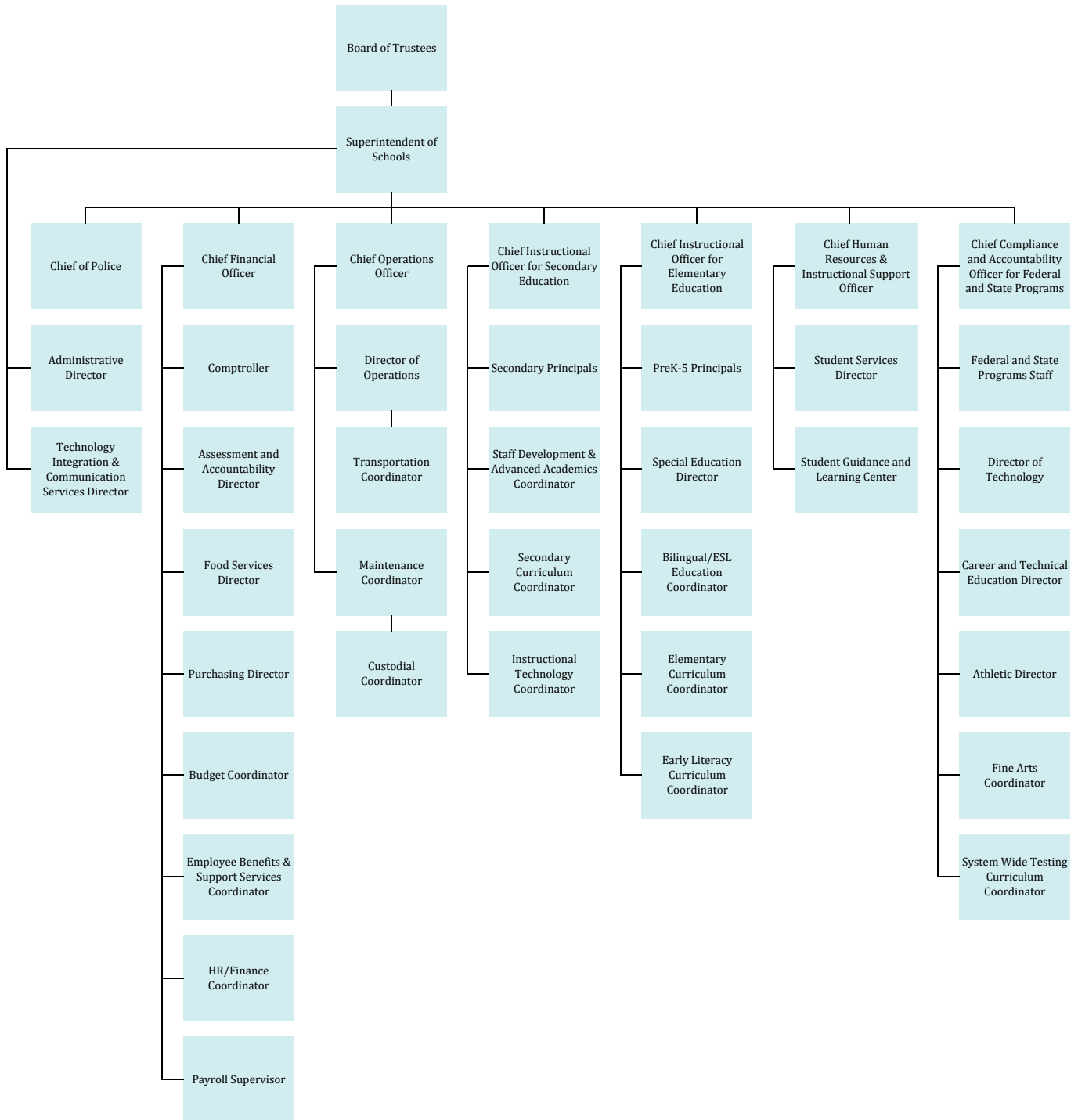
<u>Official</u>	<u>Position</u>
Carlos Rios Ed.D.	Superintendent of Schools
Yanakany Valdez	Chief Financial Officer
Aida Gomez	Chief Instructional Officer for Secondary Education (Interim)
Aidee Garcia	Chief Instructional Officer for Elementary Education
Jorge L. Garza, Ed.D.	Chief Compliance and Accountability Officer for State and Federal Programs
Patricia McNamara, Ed.D.	Chief Human Resources & Instructional Support Officer
Israel Carrera	Chief Operations Officer
Sandra Hernandez	Administrative Director

Consultants, Advisors, and Independent Auditors

<u>Company</u>	<u>Title</u>
Belt Harris Pechacek LLLP	Independent Auditors
Winstead PC	Bond Counsel
Estrada Hinojosa & Co. Inc.	Financial Advisors

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SAN FELIPE DEL RIO CONSOLIDATED INDEPENDENT SCHOOL DISTRICT
Organization Chart
2015-2016



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CERTIFICATE OF BOARD

San Felipe Del Rio CISD
Name of School District

Val Verde
County

233901
Co.-Dist. Number

We, the undersigned, certify that the attached annual financial reports of the above-named school district were reviewed and (check one) approved disapproved for the year ended August 31, 2016 at a meeting of the Board of Trustees of such school district on the 16th day of January, 2017.


Signature of Board Secretary


Signature of Board President

If the Board of Trustees disapproved of the auditors' report, the reason(s) for disapproving it is(are):
(attach list as necessary)



INDEPENDENT AUDITORS' REPORT

To the Board of Trustees of
San Felipe Del Rio Consolidated 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 San Felipe Del Rio Consolidated Independent School District (the "District"), as of and for the year ended August 31, 2016, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Partners

Robert Belt, CPA
Stephanie E. Harris, CPA
Nathan Krupke, CPA

Houston

3210 Bingle Rd., Ste. 300
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713.263.1123

Bellville

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info@txauditors.com
713.263.1550 fax



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 August 31, 2016, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Other Information

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

The combining and individual nonmajor fund financial statements, the schedule of expenditures of federal awards, and other supplementary information are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements and the schedule of expenditures of federal awards are fairly stated in all material respects in relation to the basic financial statements as a whole.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated January 10, 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 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.

BELT HARRIS PECHACEK, LLLP

Belt Harris Pechacek, LLLP
Certified Public Accountants
Houston, Texas
January 10, 2017



**SAN FELIPE DEL RIO CONSOLIDATED
INDEPENDENT SCHOOL DISTRICT
MANAGEMENT’S DISCUSSION AND ANALYSIS**

In this section of the Comprehensive Annual Financial and Compliance Report, we, the managers of **San Felipe Del Rio Consolidated Independent School District** (the “District”), discuss and analyze the District's financial performance for the fiscal year ended August 31, 2016. Please read it in conjunction with the independent auditors' report and the District's Basic Financial Statements, which follow this section.

COMPARATIVE INFORMATION

The Management’s Discussion and Analysis (MD&A) is an element of the reporting model prescribed by the Governmental Accounting Standards Board (GASB) in their Statement No. 34, Basic Financial Statements – and Management’s Discussion and Analysis – for State and Local Governments. Presentation of certain comparative information between the current year 2015 – 2016 and the prior year 2014 – 2015 is provided.

FINANCIAL HIGHLIGHTS

- The District’s Government-wide Net Position totaled \$86,917,415 as of August 31, 2016 (Exhibit A-1). This was an increase of \$560,314 from the previous year.
- The General Fund ended this year with an overall fund balance of \$42,862,451. The unassigned fund balance is \$25,019,275 or 3.7 months of daily operations. The nonspendable consists of \$488,123 in inventories, \$2,007,867 in equipment and other commitments; and \$15,347,186 reserved for District-wide construction, renovations, and/or repair projects. (Exhibit C-1)
- The General Fund recorded total revenues of \$87,391,241 and total expenditures of \$97,007,990. The deficiency of revenues under expenditures was \$9,616,749 plus other resources of \$508,839, totaling a net decrease of \$9,107,910 to the General Fund Balance. (Exhibit C-3) When compared to audit year August 31, 2015, General Fund revenues increased by \$6,278,976, which primarily includes \$4,525,922 of insurance recovery, \$611,735 for local tax collections and intermediate sources, \$1,271,221 for state funding. When compared to audit year August 31, 2015, General Fund expenditures increased by \$13,637,973, which primarily includes \$10,248,449 for construction related committed projects and \$3,356,338 increase in personnel cost.
- The District’s Internal Service Fund (self-funded health insurance) ended with a Net Position of \$882,876. This was a decrease of \$1,034,646 compared to last year. (Exhibit D-2)
- The fund balance in the Debt Service Fund (511) is \$1,648,321; this is an increase of \$373,265 for fiscal year 2016. (Exhibit J-3) The refinancing of the Series 2008 debt resulted in a net interest savings of \$1,126,947 per Savings Summary with an average annual savings of \$62,608. The Interest and Sinking tax rate for fiscal year 2016 was \$0.120300 for the purpose of payment of principal and interest on debts.
- The fund balance in the Child Nutrition Program (Food Service 240 – National Breakfast and Lunch Program) is \$234,725; this is a decrease of \$326,380 from fiscal year 2015. (Exhibit J-2)
- The 2016 fiscal year tax collection rate is 99.86%, with a current year collection of 95.65% plus prior years at 4.22%. (Statistical Section)

USING THIS ANNUAL REPORT

This annual report consists of a series of financial statements and is in three parts — *government-wide financial statements, fund financial statements, and notes to the financial statements*. This report also contains required supplementary information and other information in addition to the basic financial statements. The basic financial statements include two kinds of statements that present different views of the District:



**SAN FELIPE DEL RIO CONSOLIDATED
INDEPENDENT SCHOOL DISTRICT
MANAGEMENT’S DISCUSSION AND ANALYSIS**

The first two statements are *government-wide financial statements*, Exhibit A-1 is the Statement of Net Position and B-1 is the Statement of Activities, that provides information about the activities of the District as a whole and present a longer-term view of the District’s property and debt obligations and other financial matters. The Statement of Net Position provides both *long-term* and *short-term* information about the District’s *overall* financial status and reflects the flow of total economic resources in a manner similar to the financial reports of a business enterprise.

The remaining statements are the *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 (Exhibit C) tell how *general government* services were financed in the *short term* as well as what remains for future spending. They reflect the flow of current financial resources and supply the basis for tax levies and the appropriations budget.
- *Proprietary fund* statements offer *short- and long-term* financial information about the activities the government operates like *businesses*. The District’s Self-Insurance Fund is reported in Exhibit D.
- *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. The District’s student activity funds are reported in Exhibit E.

The *notes to the financial statements* provide narrative explanations or additional data needed for full disclosure in the government-wide statements or the fund financial statements.

The combining statements for nonmajor funds, Exhibit H, contain even more information about the District's individual funds. These are not required by TEA. The sections labeled TEA Required Schedules - Exhibit J and Federal Awards Section contain data used by monitoring or regulatory agencies for assurance that the District is using funds supplied in compliance with the terms of grants along with required supplementary information related to the District’s contributions to a cost-sharing pension plan with the Teacher Retirement System of Texas.

Reporting the District as a Whole

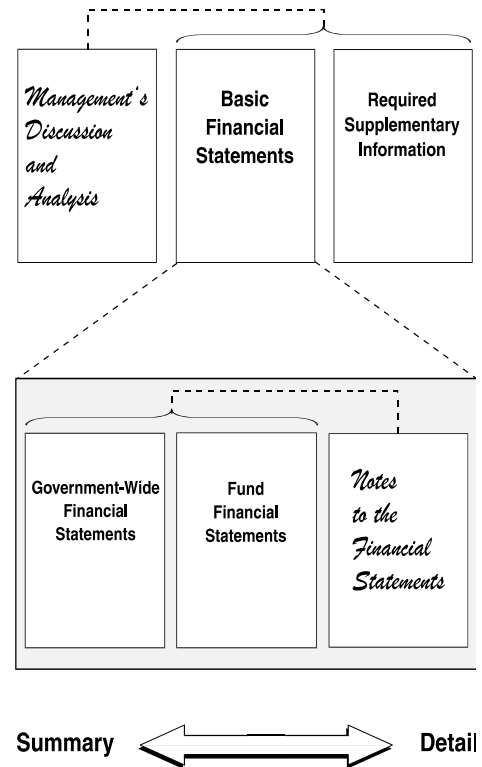
The Statement of Net Position and the Statement of Activities

The analysis of the District's overall financial condition and operations begins with Exhibit A. Its primary purpose is to show whether the District is better off or worse off as a result of the year's activities. The Statement of Net Position includes all the District's assets and liabilities at the end of the year, while the Statement of Activities includes all the revenues and expenses generated by the District’s operations during the year. These apply the accrual basis of accounting which is the basis used by private sector companies.

All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid. The District's revenues are divided into those provided by outside parties who share the costs of some programs, such as grants provided by the U.S. Department of Education to assist children with disabilities or from disadvantaged backgrounds (program revenues), and revenues provided by the taxpayers or by TEA in equalization funding processes (general revenues). All the District's assets are reported whether they serve the current year or future years. Liabilities are considered regardless of whether they must be paid in the current or future years.

These two statements report the District's net position and changes in it. The District's net position (the difference between assets and liabilities) provide one measure of the District's financial health. Over time, increases or decreases

Figure A-1. Required Components of the District’s Annual Financial Report





**SAN FELIPE DEL RIO CONSOLIDATED
INDEPENDENT SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS**

in the District's net position are one indicator of whether its financial health is improving or declining. To fully assess the overall health of the District, you should consider non-financial factors as well, such as changes in the District's average daily attendance or its property tax base and the condition of the District's facilities.

Governmental activities—Most of the District's basic services are reported here, including instruction, counseling, co-curricular activities, food services, transportation, maintenance, community services, and general administration. Property taxes, tuition, fees, and state and federal grants finance most of these activities.

Reporting the District's Most Significant Funds

Fund Financial Statements

The fund financial statements begin with Exhibit C and provide detailed information about the most significant funds—not the District as a whole. Laws and contracts require the District to establish some funds, such as grants received under the No Child Left Behind Act from the U.S. Department of Education. The District's administration establishes many other funds to help it control and manage money for particular purposes (like campus activities). The District's two kinds of funds—governmental and proprietary—use different accounting approaches.

- Governmental funds—Most of the District's basic services are reported in governmental funds. These use modified accrual accounting (a method that measures the receipt and disbursement of cash and all other financial assets that can be readily converted to cash) and report balances that are available for future spending. The governmental fund statements provide a detailed short-term view of the District's general operations and the basic services it provides. We describe the differences between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds in reconciliation schedules following each of the fund financial statements.
- Proprietary funds—The District reports the activities for which it charges users (whether outside customers or other units of the District) in proprietary funds using the same accounting methods employed in the Statement of Net Position and the Statement of Activities. The only internal service fund the District had during the 2015-2016 fiscal year was the self-funded health insurance fund.

The District as Trustee

Reporting the District's Fiduciary Responsibilities

The District is the trustee, or fiduciary, for money donated to and raised by campus and student organizations. All of the District's fiduciary activities are reported in separate Statements of Fiduciary Net Position in Exhibit E. We exclude these resources from the District's other financial statements because the District cannot use these assets to finance its operations. The District is only responsible for ensuring that the assets reported in these funds are used for their intended purposes.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

The government-wide financial statements are designed to provide readers with a broad overview of the District's finances, in a manner similar to a private-sector business. The government-wide Statements begin with Exhibit A.

The Statement of Net Position (Table I) presents information on all of the District's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position (Table II) may serve as a useful indicator of whether the financial position of the District is improving or declining.

Both of the District's government-wide financial statements distinguish the functions of the District as being principally supported by taxes and intergovernmental revenue (*government activities*) as opposed to *business-type activities* that are intended to recover all or a significant portion of their costs through user fees and charges. The District had no *business-type activity* for the 2015-2016 year.



**SAN FELIPE DEL RIO CONSOLIDATED
INDEPENDENT SCHOOL DISTRICT
MANAGEMENT’S DISCUSSION AND ANALYSIS**

Our analysis focuses on the net position (Table I) and changes in net position (Table II) of the District's general and governmental activities.

The District’s total combined assets were \$151,889,635 plus Deferred Outflows of Resources were \$12,879,073. Capital assets, such as land, buildings and improvements, vehicles, furniture, equipment, and construction in progress comprise \$92,695,311 of this amount. Cash/cash equivalents and current investments comprise \$46,580,463 and \$2,752,143 is Property Taxes Receivable less allowance for uncollectible taxes (Exhibit A-1). Approximately 3.42% of total assets or \$5,200,412 is in the form of Due from Other Governments.

The total combined liabilities were \$76,158,028. The noncurrent liabilities (Exhibit A-1) total \$67,443,536; \$2,976,022 of that is due within one year.

Total assets exceeded total liabilities making a total net position of \$86,917,415 as of August 31, 2016. Net investment in capital assets (e.g., land, buildings, etc.) is \$50,828,265. The District uses these capital assets to provide services to students; consequently these assets are not available for future spending. Although the District’s investment in its 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. A portion of the District’s net position (approximately 2.4%) represent resources subject to external restrictions on how they may be used. The remaining balance of \$33,999,297 unrestricted net position (approximately 39.1%) may be used to meet the District’s ongoing obligations. Unrestricted net position represents any net positions not classified in accounts 3200 (capital assets net of related debt and depreciation) and 3800 (Restricted Position – restricted by a source external to the district). The District's governmental activities net position increased by \$560,314 compared to the prior year.

Table I					
San Felipe Del Rio CISD					
Net Position					
	Governmental Activities		Total Change	Percentage of Total	
	2016	2015	2016-2015	2016	2015
Current and Other Assets	\$ 59,194,324	\$ 67,090,414	\$ (7,896,090)	38.97%	45.49%
Capital Assets	92,695,311	80,397,957	12,297,354	61.03%	54.51%
Total Assets	\$ 151,889,635	\$ 147,488,371	\$ 4,401,264	100.00%	100.00%
Deferred Outflows of Resources	\$ 12,879,073	\$ 4,461,656	\$ 8,417,417	100.00%	100.00%
Short-Term Liabilities	\$ 8,714,492	\$ 5,082,903	\$ 3,631,589	11.44%	8.19%
Noncurrent Liabilities	67,443,536	57,011,693	10,431,843	88.56%	91.81%
Total Liabilities	\$ 76,158,028	\$ 62,094,596	\$ 14,063,432	100.00%	100.00%
Deferred Inflows of Resources	\$ 1,693,265	\$ 3,498,330	\$ (1,805,065)	100.00%	100.00%
Net Position:					
Net Invested in Capital Assets	\$ 50,828,265	\$ 36,452,605	\$ 14,375,660	58.48%	42.21%
Restricted	2,089,853	2,979,289	(889,436)	2.40%	3.45%
Unrestricted	33,999,297	46,925,207	(12,925,910)	39.12%	54.34%
Total Net Position	\$ 86,917,415	\$ 86,357,101	\$ 560,314	100.00%	100.00%



**SAN FELIPE DEL RIO CONSOLIDATED
INDEPENDENT SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS**

The Statement of Activities presents information for all of the current year's revenues and expenses regardless of when cash is received or paid. Thus, revenues and expenditures are reported in this statement which for some items will only result in cash flow in future fiscal periods. Governmental Activities increased the District's net position by \$560,314 during the current fiscal year. Key elements are as follows:

Table II					
San Felipe Del Rio CISD					
Statement of Activities					
in thousands					
	Governmental Activities		Total Change	Percentage of Total	
	2016	2015	2016-2015	2016	2015
Revenues:					
Program revenues:					
Charges for services	\$ 1,292.32	\$ 1,236.54	\$ 55.78	1.13%	1.15%
Operating grants and contributions	22,259.92	22,359.06	(99.13)	19.39%	20.77%
General revenues:					
Maintenance and operations taxes	16,182.18	16,143.28	38.90	14.10%	15.00%
Debt service taxes	1,878.85	1,881.21	(2.36)	1.64%	1.75%
Grants, contributions not restricted to specific functions (including state aid)	67,992.16	65,876.59	2,115.56	59.23%	61.19%
Investment earnings	161.65	69.98	91.67	0.14%	0.07%
Miscellaneous	5,032.24	84.44	4,947.80	0.04	0.00
Total revenue and transfers	<u>\$ 114,799.32</u>	<u>\$ 107,651.10</u>	<u>\$ 7,148.22</u>	<u>100.00%</u>	<u>100.00%</u>
Expenses:					
Instruction, curriculum and media services	64,651.48	61,674.46	2,977.02	56.59%	57.89%
Instructional/school leadership	6,802.83	6,300.01	502.82	5.95%	5.91%
Guidance, social work, health, transportatio	8,500.06	7,609.23	890.84	7.44%	7.14%
Food services	7,339.06	6,631.59	707.47	6.42%	6.22%
Co-curricular activities	3,838.42	3,464.24	374.18	3.36%	3.25%
General administration	4,560.93	2,900.46	1,660.47	3.99%	2.72%
Plant maintenance and security	12,148.45	11,915.21	233.24	10.63%	11.18%
Data processing	2,903.17	1,826.55	1,076.62	2.54%	1.71%
Community services	1,121.36	1,095.04	26.32	0.98%	1.03%
Debt service	1,649.98	2,222.53	(572.55)	1.44%	2.09%
Facilities acq and const	232.11	406.21	(174.10)	0.20%	0.38%
Other intergovernmental changes	491.17	492.20	(1.03)	0.43%	0.46%
Total expenses	<u>\$ 114,239.01</u>	<u>\$ 106,537.70</u>	<u>\$ 7,701.31</u>	<u>100.00%</u>	<u>100.00%</u>
Change in Net Position	560.31	1,113.40	(553.09)		
Net position, beginning of year	86,357.10	85,243.70	1,113.40		
Prior period adjustments			-		
Net position, end of year	<u>\$ 86,917.42</u>	<u>\$ 86,357.10</u>	<u>\$ 560.32</u>		



**SAN FELIPE DEL RIO CONSOLIDATED
INDEPENDENT SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS**

The District's total revenues for the 2016 fiscal year were \$114,799,322 as shown in Table II from Exhibit B-1. The charges for services were \$1,292,318 accounting for costs paid by those who directly benefited from the programs offered. The program revenues for Operating Grants and Contributions was \$22,259,924 or 19.39% of total revenue. State funding is based upon a combination of weighted average daily student attendance and property values. The state funding formula has been modified continually through the years and the current maintenance and operation tax rate of \$1.04 per \$100 of property taxable value is the maximum allowed under state law. State funding represented 59.23% of the District's revenues. Approximately 15.73% of the District's total financial resources are derived from property taxes. The remaining revenue was provided by investment earnings, and miscellaneous local and intermediate resources.

Over 60% of the District's total expenses (as shown in Table II from Exhibit B-1) were dedicated for instructional effort. When combined with student support services such as guidance, counseling, nursing, food services, transportation, and extra-curricular activities; approximately 80% of the District's total expenses were dedicated to direct student services. Compared to the prior year, expenses increased \$7,701,308. This increase was primarily due to increases in personnel related costs, pension expense, the recognition of compensated absences, and repair/maintenance related projects.

THE DISTRICT'S FUNDS

As the District completed the year, its governmental funds, as presented in Exhibit C-1, reported a combined fund balance of \$44,983,847, which is less than last year's total of \$54,949,649. This is a decrease of \$9,965,802. This consists of a decrease of \$9,107,910 in the general fund where total expenditures of \$97,007,990, less other resources of \$508,839, exceeded total revenues of \$87,391,241 and a decrease of \$857,892 for all other funds. This is also shown Exhibit C-3.

Total Revenue

The District's combined governmental funds revenue increased by \$6,260,492. This consisted of an increase of \$5,107,569 in the local and intermediate sources due to insurance proceeds for storm related damages to facilities. An increase of \$1,592,531 is from State funding based on changes to the foundation school program. A decrease of \$439,608 in federal revenue is due to a reduction in grant funding. The total combined revenue was \$110,628,186 this year compared to \$104,367,694 last year. The information is reported in Exhibit C-3.

The District's major program revenue is from the general fund, which comprises revenue from local, state, and federal sources and the general fund is the primary operating fund of the District. Local and intermediate revenue comprised 25.16% of the general fund compared to 20.78% last year. State revenue made up the largest component of the general fund, which was 73.06% compared to 77.15% last year. Revenue from federal sources comprised 1.78% of the general fund compared to 2.08% last year. The major revenue sources of the nonmajor governmental funds were the Child Nutrition Program (National Breakfast and Lunch Program) in the amount of \$6,534,539; Title I, Part A in the amount of \$3,312,799; Head Start in the amount of \$2,182,890; and IDEA B Formula in the amount of \$1,782,886. The information is reported in Exhibit H-2.

Total Expenditure

The District's total combined governmental funds expenditures were \$121,298,249 compared to \$107,302,632 last year. This was an increase in total expenditures of \$13,995,617. This comprised of an increase in general fund expenditures of \$13,637,973 which primarily includes an increase of \$10,248,449 for construction related committed projects and an increase of \$3,356,338 in personnel cost. Other governmental funds recognized an increase in expenditures of \$357,644.

Instructional related expenditures in the general fund for this year was \$49,114,652 (50.63%) compared to \$48,240,360 (57.86%) for last year. The instructional and school leadership expenditures in the general fund for this year was \$5,463,284 (5.63%) compared to \$5,264,413 (6.31%) for last year. The overall combined expenditures for instructional related and school leadership was \$54,577,936 (56.26%). Support services, such as guidance and counseling, social work services, health services, pupil transportation, food services, and co-curricular activities expended \$10,014,749 from the general fund, which was 10.32% of the actual general fund budgeted expenditures.



**SAN FELIPE DEL RIO CONSOLIDATED
INDEPENDENT SCHOOL DISTRICT
MANAGEMENT’S DISCUSSION AND ANALYSIS**

Last year’s expenditures were \$9,042,621, which was 10.85% of last year’s general fund actual expenditures. Support Services – non-student based - had general fund expenditures of \$18,060,454 (18.62%) compared to \$15,646,879 (18.77%) last year. Non-student based services are programs such as administrative operations, plant maintenance operations, security and monitoring services, and data processing services. Community services, which include parental involvement programs, spent \$121,389 (0.13%) this year compared to \$122,440 (0.15%) last year. Debt related expenditures were \$54,548 (0.06%). Construction costs spent from the general fund were \$13,687,746 (14.11%) this year compared to \$4,561,105 (5.47%) spent last year. This information was taken from Exhibit C-3.

General Fund Budget Highlights

In accordance with State law and generally accepted accounting standards, the District prepares an annual budget for the general fund, the food service special revenue fund, and the debt service fund. Special revenue funds have budgets approved by the funding agency and are amended throughout the year as required.

For the reporting period ended August 31, 2016, the District amended its budget as required by State law and to reflect current levels of revenue and anticipated expenses. The general fund’s actual revenue exceeded budgeted revenue by \$31,555 primarily in local revenue. Expenditures were \$4,049,122 below budgeted amounts primarily in instructional salaries and benefits and as a result of construction projects that were not complete at year end. (Exhibit C-5).

Over the course of the year, the Board approved amendments to the District’s budget. A Finance Committee composed of three board members review the financial statements prior to being presented at the monthly Board meetings. Budget amendments included adjustments to revenues totaling \$5,174,675 primarily from insurance proceeds for damage to facilities. Expenditures budget increased by \$18,872,101 primarily to facility construction projects.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At the end of fiscal year 2016, the District had \$92,695,311 invested in a broad range of capital assets, including facilities and equipment for instruction, transportation, athletics, administration, and maintenance. This was an increase of \$12,297,354 over the previous year of \$80,397,957. The primary increase is due to the addition of building and building improvements and the construction in progress as of August 31, 2016 for the following projects:

Construction in Progress

- Blended Academy \$1,562,424
- New CTE Building \$7,391,340
- Early College High School \$ 68,000
- Laughlin Magnate School \$ 11,220
- Student Performance Center/Administration \$5,091,687

Building and building improvements

- DRHS Stadium expansion \$ 873,321
- Freshman Security Fence \$ 53,690
- Tennis/Concession \$ 381,296
- Cardwell Restroom Renovation Project \$ 155,769
- Buena Vista Security Entry Project \$ 12,402
- San Felipe Memorial MS Security Entry \$ 13,010

More detailed information about the District’s capital assets is presented in Note IV. F – Capital Asset Activity of the financial statements.



**SAN FELIPE DEL RIO CONSOLIDATED
INDEPENDENT SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS**

Debt

The District had a total principal of \$38,529,993 of the general obligation bonds outstanding as of August 31, 2016. The amount of \$2,650,000 is due in less than one year and the balance due in more than one year including issuance premiums, issuance discounts, and accreted interest is \$40,691,450. This is explained in more detail in Note IV. G – Long-Term Liabilities. As reflected in Note IV. G, the District's long-term liability balance as of August 31, 2016 includes a capital lease for copiers of \$430,385, compensated absences of \$586,291, unamortized premium of \$3,926,664, unamortized discount of \$(43,780), accreted interest of \$1,198,573, and net pension liability of \$22,815,410.

The District's general obligation bond rating has been very high since 1998. As a result of our historically strong financial position, our underlying rating for credit was upgraded in April 2015 from an "A" to an "A+" with Standard & Poor's and upgraded in March 2016 from an "A1" to "Aa3" rating with Moody's.

More detailed information about the District's commitments and contingencies is presented in Note P to the financial statements.

NEXT YEAR'S BUDGETS AND RATES

For the 2016-2017 year, the Board approved the tax rate of \$1.0400 for maintenance and operations, which is the rate that the District can levy without a tax ratification election and the interest and sinking tax rate at \$0.1198 for a total tax rate of \$1.1598. Refunding bonds were issued during the 2015-2016 fiscal year.

The 2016-2017 general fund revenue and expenditure budget was approved at \$82,577,132. The food service revenue and expenditure budget was approved at \$5,870,421. The debt service revenue and expenditure budget was approved at \$4,118,520. The total combined district official budget was approved at \$92,566,073.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, investors, and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the District's Business Office at San Felipe Del Rio CISD, 205 Memorial Dr. (mailing address: PO Box 428002), Del Rio, Texas 78840. The District's web address is www.sfdr-cisd.org and telephone number is 830-778-4005.

BASIC FINANCIAL STATEMENTS

SAN FELIPE DEL RIO CONSOLIDATED INDEPENDENT SCHOOL DISTRICT

STATEMENT OF NET POSITION - EXHIBIT A-1

August 31, 2016

Data Control Codes		Governmental Activities
	<u>Assets</u>	
1110	Cash and cash equivalents	\$ 41,580,463
1120	Current investments	5,000,000
1220	Property taxes receivables	2,900,399
1230	Allowance for uncollectible taxes	(148,256)
1240	Due from other governments	5,200,412
1290	Other receivables (net)	4,141,988
1300	Inventories	519,318
		59,194,324
	Capital assets:	
1510	Land	3,684,804
1520	Buildings and improvements, net	66,729,985
1530	Vehicles, furniture and equipment, net	5,040,016
1580	Construction in progress	17,240,506
		92,695,311
1000	Total Assets	151,889,635
	<u>Deferred Outflows of Resources</u>	
1700	Deferred charge on refunding	2,174,789
1705	Deferred outflows - pensions	10,704,284
	Total Deferred Outflows of Resources	12,879,073
	<u>Liabilities</u>	
2110	Accounts payable	2,362,542
2120	Short-term debt payable	425,602
2150	Payroll deductions payable	358,336
2160	Accrued wages payable	3,882,016
2180	Due to other governments	1,657,124
2300	Unearned revenue	28,872
		8,714,492
	Noncurrent liabilities:	
2501	Long-term liabilities due within one year	2,976,022
2502	Long-term liabilities due in more than one year	41,652,104
2540	Net pension liability	22,815,410
		67,443,536
2000	Total Liabilities	76,158,028
	<u>Deferred Inflows of Resources</u>	
2605	Deferred inflows - pensions	1,693,265
	<u>Net Position</u>	
3200	Net investment in capital assets	50,828,265
	Restricted for:	
3820	Federal and state programs	327,286
3850	Debt service	1,648,321
3870	Campus activities	114,061
3890	Other purposes	185
3900	Unrestricted	33,999,297
3000	Total Net Position	\$ 86,917,415

See Notes to Financial Statements.

SAN FELIPE DEL RIO CONSOLIDATED INDEPENDENT SCHOOL DISTRICT

STATEMENT OF ACTIVITIES - EXHIBIT B-1
For the Year Ended August 31, 2016

Data Control Codes	Functions/Programs	Program Revenues			Net (Expense) Revenue and Changes in Net Position
		1	3	4	6
		Expenses	Charges for Services	Operating Grants and Contributions	Primary Gov. Governmental Activities
	Primary Government				
	Governmental Activities				
11	Instruction	\$ 59,519,696	\$ 324,342	\$ 8,125,155	\$ (51,070,199)
12	Instructional resources				
12	and media services	1,574,804	10,885	93,429	(1,470,490)
13	Curriculum/instructional				
13	staff development	3,556,984	13,402	1,114,459	(2,429,123)
21	Instructional leadership	2,301,183	2,992	819,043	(1,479,147)
23	School leadership	4,501,647	11,253	232,088	(4,258,306)
31	Guidance, counseling, and				
31	evaluation services	4,581,828	6,520	1,460,361	(3,114,947)
32	Social work services	242,847	-	6,051	(236,796)
33	Health services	1,025,960	1,988	121,581	(902,391)
34	Student (pupil) transportation	2,649,429	5,756	134,728	(2,508,946)
35	Food services	7,339,055	833,910	8,421,076	1,915,931
36	Extracurricular activities	3,838,418	14,713	65,161	(3,758,544)
41	General administration	4,560,925	7,665	103,512	(4,449,748)
51	Plant maintenance and operations	10,578,074	48,380	580,860	(9,948,834)
52	Security and monitoring services	1,570,374	3,703	41,004	(1,525,666)
53	Data processing services	2,903,166	6,808	60,972	(2,835,386)
61	Community services	1,121,358	-	880,445	(240,914)
72	Debt service - interest	1,582,187	-	-	(1,582,187)
73	Debt service - issuance costs				
	and fees	67,793	-	-	(67,793)
81	Facilities acquisition and				
	construction	232,112	-	-	(232,112)
99	Other intergovernmental charges	491,168	-	-	(491,168)
		<u>\$ 114,239,008</u>	<u>\$ 1,292,318</u>	<u>\$ 22,259,924</u>	<u>(90,686,766)</u>
TP		<u>\$ 114,239,008</u>	<u>\$ 1,292,318</u>	<u>\$ 22,259,924</u>	<u>(90,686,766)</u>
	General Revenues				
MT	Property taxes, levied for general purposes				16,182,180
DT	Property taxes, levied for debt service				1,878,847
SF	State aid - formula grants				63,847,692
GC	Grants and contributions not restricted				
GC	for specific program				4,144,465
IE	Investment earnings				161,654
MI	Miscellaneous local and intermediate revenue				5,032,242
TR					<u>91,247,080</u>
CN					<u>560,314</u>
NB	Beginning net position				86,357,101
NE					<u>86,917,415</u>
					<u>Ending Net Position</u>

See Notes to Financial Statements.

SAN FELIPE DEL RIO CISD
BALANCE SHEET
GOVERNMENTAL FUNDS
AUGUST 31, 2016

Data Control Codes	10 General Fund	Other Funds	Total Governmental Funds
ASSETS			
1110 Cash and Cash Equivalents	\$ 41,522,256	\$ 2,738,764	\$ 44,261,020
1220 Property Taxes - Delinquent	2,446,171	454,228	2,900,399
1230 Allowance for Uncollectible Taxes (Credit)	(125,038)	(23,218)	(148,256)
1240 Receivables from Other Governments	3,409,916	1,790,496	5,200,412
1260 Due from Other Funds	2,849,573	48,665	2,898,238
1290 Other Receivables	2,749,028	1,112,077	3,861,105
1300 Inventories	488,123	31,195	519,318
1000 Total Assets	<u>\$ 53,340,029</u>	<u>\$ 6,152,207</u>	<u>\$ 59,492,236</u>
LIABILITIES			
2110 Accounts Payable	\$ 1,799,836	\$ 249,043	\$ 2,048,879
2120 Short-Term Debt Payable - Current	425,602	-	425,602
2150 Payroll Deductions and Withholdings Payable	358,336	-	358,336
2160 Accrued Wages Payable	2,336,462	141,767	2,478,229
2170 Due to Other Funds	30,395	2,867,843	2,898,238
2180 Due to Other Governments	1,636,291	20,833	1,657,124
2300 Unearned Revenues	-	28,872	28,872
2000 Total Liabilities	<u>6,586,922</u>	<u>3,308,358</u>	<u>9,895,280</u>
DEFERRED INFLOWS OF RESOURCES			
2601 Unavailable Revenue - Property Taxes	3,890,656	722,453	4,613,109
2600 Total Deferred Inflows of Resources	<u>3,890,656</u>	<u>722,453</u>	<u>4,613,109</u>
FUND BALANCES			
Nonspendable Fund Balance:			
3410 Inventories	488,123	31,195	519,318
Restricted Fund Balance:			
3450 Federal or State Funds Grant Restriction	-	327,634	327,634
3480 Retirement of Long-Term Debt	-	1,648,321	1,648,321
3490 Other Restricted Fund Balance	-	114,246	114,246
Committed Fund Balance:			
3510 Construction	15,347,186	-	15,347,186
3530 Capital Expenditures for Equipment	793,763	-	793,763
3545 Other Committed Fund Balance	1,214,104	-	1,214,104
3600 Unassigned Fund Balance	25,019,275	-	25,019,275
3000 Total Fund Balances	<u>42,862,451</u>	<u>2,121,396</u>	<u>44,983,847</u>
4000 Total Liabilities, Deferred Inflows & Fund Balances	<u>\$ 53,340,029</u>	<u>\$ 6,152,207</u>	<u>\$ 59,492,236</u>

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

**SAN FELIPE DEL RIO CONSOLIDATED
INDEPENDENT SCHOOL DISTRICT**
*RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION - EXHIBIT C-2*
August 31, 2016

Total fund balances for governmental funds \$ 44,983,847

Amounts reported for governmental activities in the Statement of Net Position are different because:

Capital assets used in governmental activities are not current financial resources and, therefore, not reported in the governmental funds.

Capital assets - non-depreciable	20,925,310	
Capital assets - depreciable	71,770,001	
	92,695,311	92,695,311

Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the governmental funds.

4,613,109

The assets and liabilities of the internal service funds are included in the governmental activities in the Statement of Net Position.

882,876

Some liabilities, including bonds payable, are not reported as liabilities in the governmental funds.

Deferred charge on refunding	2,174,789	
Deferred outflows - pensions	10,704,284	
Deferred inflows - pensions	(1,693,265)	
Net pension liability	(22,815,410)	
Non-current liabilities due in one year	(2,976,022)	
Non-current liabilities due in more than one year	(41,652,104)	
	(56,257,728)	(56,257,728)

Net Position of Governmental Activities **\$ 86,917,415**

See Notes to Financial Statements.

SAN FELIPE DEL RIO CISD
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED AUGUST 31, 2016

EXHIBIT C-3

Data Control Codes	10 General Fund	Other Funds	Total Governmental Funds
REVENUES:			
5700 Total Local and Intermediate Sources	\$ 21,990,137	\$ 3,040,311	\$ 25,030,448
5800 State Program Revenues	63,847,692	5,159,386	69,007,078
5900 Federal Program Revenues	1,553,412	15,037,248	16,590,660
5020 Total Revenues	<u>87,391,241</u>	<u>23,236,945</u>	<u>110,628,186</u>
EXPENDITURES:			
Current:			
0011 Instruction	45,795,472	7,464,323	53,259,795
0012 Instructional Resources and Media Services	1,392,252	108,773	1,501,025
0013 Curriculum and Instructional Staff Development	1,926,928	1,290,327	3,217,255
0021 Instructional Leadership	1,321,143	685,178	2,006,321
0023 School Leadership	4,142,141	47,197	4,189,338
0031 Guidance, Counseling and Evaluation Services	2,878,675	1,209,836	4,088,511
0032 Social Work Services	236,821	-	236,821
0033 Health Services	877,579	87,985	965,564
0034 Student (Pupil) Transportation	2,541,062	92,149	2,633,211
0035 Food Services	17,133	6,870,887	6,888,020
0036 Extracurricular Activities	3,463,479	56,361	3,519,840
0041 General Administration	3,383,958	4,746	3,388,704
0051 Facilities Maintenance and Operations	10,035,832	380,863	10,416,695
0052 Security and Monitoring Services	1,634,861	555	1,635,416
0053 Data Processing Services	3,005,803	-	3,005,803
0061 Community Services	121,389	836,139	957,528
Debt Service:			
0071 Principal on Long Term Debt	45,379	2,625,000	2,670,379
0072 Interest on Long Term Debt	9,169	1,505,766	1,514,935
0073 Bond Issuance Cost and Fees	-	214,158	214,158
Capital Outlay:			
0081 Facilities Acquisition and Construction	13,687,746	810,016	14,497,762
Intergovernmental:			
0099 Other Intergovernmental Charges	491,168	-	491,168
6030 Total Expenditures	<u>97,007,990</u>	<u>24,290,259</u>	<u>121,298,249</u>
1100 Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(9,616,749)</u>	<u>(1,053,314)</u>	<u>(10,670,063)</u>
OTHER FINANCING SOURCES (USES):			
7911 Capital Related Debt Issued (Regular Bonds)	-	8,470,000	8,470,000
7912 Sale of Real and Personal Property	36,442	-	36,442
7913 Capital Leases	475,764	-	475,764
7916 Premium or Discount on Issuance of Bonds	-	1,526,959	1,526,959
8949 Other Sources (Uses)	(3,367)	(9,801,537)	(9,804,904)
7080 Total Other Financing Sources (Uses)	<u>508,839</u>	<u>195,422</u>	<u>704,261</u>
1200 Net Change in Fund Balances	(9,107,910)	(857,892)	(9,965,802)
0100 Fund Balance - September 1 (Beginning)	<u>51,970,361</u>	<u>2,979,288</u>	<u>54,949,649</u>
3000 Fund Balance - August 31 (Ending)	<u>\$ 42,862,451</u>	<u>\$ 2,121,396</u>	<u>\$ 44,983,847</u>

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

**SAN FELIPE DEL RIO CONSOLIDATED
INDEPENDENT SCHOOL DISTRICT**
*RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE
STATEMENT OF ACTIVITIES - EXHIBIT C-4*
For the Year Ended August 31, 2016

Net change in fund balances - total governmental funds \$ (9,965,802)

Amounts reported for governmental activities in the Statement of Activities are different because:

Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.

Depreciation	(3,837,651)
Capital outlay	16,135,005

Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.	(527,231)
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The issuance of long-term debt (e.g., bonds, leases, certificates of obligation) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued; whereas, these amounts are deferred and amortized in the Statement of Activities.

Refunding bond issuance	(8,470,000)
Capital lease issuance	(475,764)
Principal repayments on bonds	2,625,000
Principal repayments on capital lease	45,379
Defeasance of debt refunded	8,935,000
Loss on refunding	731,589
Amortization of loss on bond refunding	(187,064)
Amortization of premiums	(1,055,663)
Amortization of discounts	(2,919)
Accreted interest	(67,252)

Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.

Change in compensated absences	(586,291)
Change in net pension liability	(11,379,333)
Amortization of deferred inflows - pensions	(1,690,267)
Amortization of deferred outflows - pensions	11,368,224

Internal service funds are used by management to charge the costs of certain activities, such as self-insurance, to individual funds. The net revenue (expense) of certain internal service funds is reported with governmental activities.	(1,034,646)
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Change in Net Position of Governmental Activities	\$ <u>560,314</u>
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See Notes to Financial Statements.

SAN FELIPE DEL RIO CISD
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED AUGUST 31, 2016

EXHIBIT C-5

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	\$ 16,938,566	\$ 21,949,442	\$ 21,990,137	\$ 40,695
5800	State Program Revenues	64,001,445	63,828,402	63,847,692	19,290
5900	Federal Program Revenues	1,245,000	1,581,841	1,553,412	(28,429)
5020	Total Revenues	82,185,011	87,359,686	87,391,241	31,555
EXPENDITURES:					
Current:					
0011	Instruction	46,496,853	46,841,359	45,795,472	1,045,887
0012	Instructional Resources and Media Services	1,518,437	1,390,620	1,392,252	(1,632)
0013	Curriculum and Instructional Staff Development	2,338,767	1,952,750	1,926,928	25,822
0021	Instructional Leadership	1,334,289	1,337,110	1,321,143	15,967
0023	School Leadership	4,185,783	4,189,843	4,142,141	47,702
0031	Guidance, Counseling and Evaluation Services	2,934,283	2,935,109	2,878,675	56,434
0032	Social Work Services	246,564	240,493	236,821	3,672
0033	Health Services	890,202	902,406	877,579	24,827
0034	Student (Pupil) Transportation	2,444,953	2,619,331	2,541,062	78,269
0035	Food Services	22,767	17,518	17,133	385
0036	Extracurricular Activities	3,564,282	3,563,847	3,463,479	100,368
0041	General Administration	3,006,184	3,470,544	3,383,958	86,586
0051	Facilities Maintenance and Operations	8,931,710	10,515,818	10,035,832	479,986
0052	Security and Monitoring Services	1,604,337	1,682,122	1,634,861	47,261
0053	Data Processing Services	2,016,046	3,074,961	3,005,803	69,158
0061	Community Services	99,554	125,718	121,389	4,329
Debt Service:					
0071	Principal on Long Term Debt	-	-	45,379	(45,379)
0072	Interest on Long Term Debt	-	-	9,169	(9,169)
Capital Outlay:					
0081	Facilities Acquisition and Construction	-	15,624,395	13,687,746	1,936,649
Intergovernmental:					
0099	Other Intergovernmental Charges	550,000	573,168	491,168	82,000
6030	Total Expenditures	82,185,011	101,057,112	97,007,990	4,049,122
1100	Excess (Deficiency) of Revenues Over (Under) Expenditures	-	(13,697,426)	(9,616,749)	4,080,677
OTHER FINANCING SOURCES (USES):					
7912	Sale of Real and Personal Property	-	-	36,442	36,442
7913	Capital Leases	-	-	475,764	475,764
8949	Other Sources (Uses)	-	-	(3,367)	(3,367)
7080	Total Other Financing Sources (Uses)	-	-	508,839	508,839
1200	Net Change in Fund Balances	-	(13,697,426)	(9,107,910)	4,589,516
0100	Fund Balance - September 1 (Beginning)	-	51,970,361	51,970,361	-
3000	Fund Balance - August 31 (Ending)	\$ -	\$ 38,272,935	\$ 42,862,451	\$ 4,589,516

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

SAN FELIPE DEL RIO CISD
NOTES TO SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED AUGUST 31, 2016

BUDGETARY DATA

The Board adopts an “appropriated budget” for the general, child nutrition and debt service funds. At a minimum, the District is required to present the final amended budgeted revenues and expenditures for each of these funds.

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

- I. Prior to August 20, the District prepares a budget for the next succeeding fiscal year beginning September 1. The operating budget includes proposed expenditures and the means of financing them.
- II. A meeting of the Board is then called for the purpose of adopting the proposed budget. At least ten days’ public notice of the meeting must be given.
- III. Prior to September 1, the budget is legally enacted by 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. Because the District has a policy of careful budgetary control, amendments were necessary during the year. The District’s amended budget includes the continuation of the Citizens Committee’s District-wide construction, renovation, and repairs projects.

All budget appropriations lapse at fiscal year-end.

SAN FELIPE DEL RIO CISD
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
AUGUST 31, 2016

	Governmental Activities -
	Total Internal Service Funds
<hr/>	
ASSETS	
Current Assets:	
Cash and Cash Equivalents	\$ 2,200,091
Other Receivables	<u>280,883</u>
Total Assets	<u>2,480,974</u>
LIABILITIES	
Current Liabilities:	
Accounts Payable	194,311
Short Term Debt Payable	<u>1,403,787</u>
Total Liabilities	<u>1,598,098</u>
NET POSITION	
Unrestricted Net Position	<u>882,876</u>
Total Net Position	<u><u>\$ 882,876</u></u>

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

SAN FELIPE DEL RIO CISD
 STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
 PROPRIETARY FUNDS
 FOR THE YEAR ENDED AUGUST 31, 2016

	Governmental Activities -
	Total Internal Service Funds
<hr/>	
OPERATING REVENUES:	
Local and Intermediate Sources	\$ 8,654,056
Total Operating Revenues	<u>8,654,056</u>
OPERATING EXPENSES:	
Professional and Contracted Services	645,845
Other Operating Costs	9,042,857
Total Operating Expenses	<u>9,688,702</u>
Operating Income (Loss)	(1,034,646)
Total Net Position - September 1 (Beginning)	<u>1,917,522</u>
Total Net Position - August 31 (Ending)	<u><u>\$ 882,876</u></u>

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

SAN FELIPE DEL RIO CISD
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED AUGUST 31, 2016

	Governmental Activities -
	Total Internal Service Funds
<u>Cash Flows from Operating Activities:</u>	
Cash Received from User Charges	\$ 9,207,582
Cash Payments for Insurance Claims	(8,639,620)
Cash Payments for Professional and Contracted Serv	(645,845)
Net Cash Used for Operating Activities	<u>(77,883)</u>
<u>Cash Flows from Investing Activities:</u>	
Interest and Dividends on Investments	<u>7,582</u>
Net Decrease in Cash and Cash Equivalents	(70,301)
Cash and Cash Equivalents at Beginning of Year	<u>2,551,274</u>
Cash and Cash Equivalents at End of Year	<u>\$ 2,480,973</u>
<u>Reconciliation of Operating Income (Loss) to Net Cash</u>	
<u>Used for Operating Activities:</u>	
Operating Income (Loss):	\$ (1,042,228)
Effect of Increases and Decreases in Current Assets and Liabilities:	
Increase (decrease) in Accounts Payable	193,020
Increase (decrease) in Other Liabilities - Current	<u>771,325</u>
Net Cash Used for Operating Activities	<u>\$ (77,883)</u>

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

SAN FELIPE DEL RIO CISD
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
AUGUST 31, 2016

	Agency Funds
<hr/>	
ASSETS	
Cash and Cash Equivalents	\$ 476,053
Total Assets	<u>\$ 476,053</u>
LIABILITIES	
Accounts Payable	\$ 8,024
Due to Student Groups	468,029
Total Liabilities	<u>\$ 476,053</u>

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

SAN FELIPE DEL RIO CISD

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED AUGUST 31, 2016

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. REPORTING ENTITY

San Felipe Del Rio Consolidated 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 it complies with the requirements of the appropriate version of the Texas Education Agency's (TEA) Financial Accountability System Resource Guide (the "Resource Guide") and the requirements of contracts and grants of agencies from which it receives funds.

The District is an independent political subdivision of the State of Texas governed by a board elected by the public and it has the authority to make decisions, appoint administrators and managers, and significantly influence operations, and is considered a primary government. As required by GAAP, basic financial statements have been prepared based on considerations regarding the potential for inclusion of other entities, organizations, or functions as part of the District's financial reporting entity. No other entities have been included in the District's reporting entity. Additionally, as the District is considered a primary government for financial reporting purposes, its activities are not considered a part of any other governmental or other type of reporting entity.

B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

The Statement of Net Position and Statement of Activities are government-wide financial statements. They report information on the entire District, except for fiduciary activities with most of the interfund activities removed. Governmental activities include programs supported primarily by property taxes, State of Texas foundation funds, grants, and other intergovernmental revenues.

The Statement of Activities demonstrates how other people or entities that participate in programs that the District operates have shared in the payment of the direct costs. *Program revenues* include charges for services and grants and contributions. The "charges for services" column includes payments made by parties that purchase, use, or directly benefit from goods or services provided by a given function or segment of the District. Examples include charges for services relating to the food service function. The "grants and contributions" column includes amounts paid by organizations outside the District to help meet the operational or capital requirements of a given function. Examples include grants under the Elementary and Secondary Education Act. Revenues and other items not classified as program revenue are reported as *general revenue* which is used to support all of the District's functions. Property taxes are always reported as general revenues.

Interfund activities between governmental funds and proprietary funds appear as due to/due from other funds on the Governmental Fund Balance Sheet and Proprietary Fund Statement of Net Position and as other financing sources and uses on the Governmental Fund Statement of Revenues, Expenditures and Changes in Fund Balance and on the Proprietary Fund Statement of Revenues, Expenses and Changes in Fund Net Position. All interfund transactions between governmental funds and internal service funds are eliminated on the government-wide statements. Interfund activities between governmental funds and fiduciary funds remain as due to/due from on the Government-Wide Statement of Activities.

The fund financial statements provide reports on the financial condition and results of operations for three fund categories – governmental, proprietary, and fiduciary. Since the resources in the fiduciary funds cannot be used for

SAN FELIPE DEL RIO CISD

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED AUGUST 31, 2016

District operations, they are not included in the government-wide statements. The District considers the general fund as the major fund and reports the financial condition and results of operations for this fund in a separate column.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. All other revenues and expenses are non-operating.

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

The government-wide financial statements use the economic resources measurement focus and the accrual basis of accounting, as do the proprietary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements use the current financial resources measurement focus and the modified accrual basis of accounting. With this measurement focus, only current assets, current liabilities, and fund balances are included on the balance sheet. Operating statements of these funds present net increases and decrease in current assets (i.e., revenues and other financing sources and expenditures and other financing uses.)

The modified accrual basis of accounting recognizes revenues in the accounting period in which they become both measurable and available and it recognizes expenditures in the accounting period in which the fund liability is incurred, if measurable, except for unmatured interest and principal on long-term debt, which is recognized when due. The expenditures related to certain compensated absences and claims and judgments are recognized when the obligations are to be liquidated with expendable, available financial resources.

Revenues from local sources consist primarily of property taxes. Revenues received from the State are recognized under the susceptible to accrual concept. The District considers these revenues available if they are collectible within 60 days. Miscellaneous revenues are recorded as revenue when received in cash because they are generally not measurable until actually received. Investment earnings are recorded as earned, since they are both measurable and available.

Grant funds are earned to the extent of expenditures made under the provisions of the grant. Accordingly, when such funds are received, they are recorded as unearned revenues until related and authorized expenditures have been made. If balances have not been expended by the end of the project period, grantors may require the District to refund all or part of the unused amount.

The proprietary fund types are accounted for on a flow of economic resources measurement focus and utilize the accrual basis of accounting. This basis of accounting recognizes revenues in the accounting period in which they are earned and become measurable and expenses in the accounting period in which they are incurred and become measurable. With this measurement focus, all assets and all liabilities associated with the operation of these funds are included on the Statement of Net Position. The total net position is segregated into net investment in capital assets, restricted net position, and unrestricted net position.

Agency funds utilize the accrual basis of accounting but do not have a measurement focus as they report only assets and liabilities.

SAN FELIPE DEL RIO CISD

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED AUGUST 31, 2016

D. FUND ACCOUNTING

The District's accounts are organized on the basis of funds, each of which is considered to be a separate accounting entity. The operations of each fund are accounted for by providing a separate set of self-balancing accounts which are comprised of each fund's assets, liabilities, equity, revenues, and expenditures or expenses. The emphasis of fund financial statements is on major governmental funds. All remaining governmental funds are aggregated and reported as nonmajor funds. Major individual governmental funds are reported as separate columns in the fund financial statements.

The District reports the following major governmental fund:

General Fund – The general fund is the District's primary operating fund and accounts for all financial resources except those that are accounted for in another fund. Any fund balances are considered resources available for current operations. General tax revenues and other receipts that are not allocated by law or contractual agreement to some other fund are accounted for in this fund. The general fund is always considered a major fund for reporting purposes

The District reports the following non major governmental funds:

Debt Service Fund – The District accounts for servicing long-term debt not being financed by other funds in a debt service fund. The main source of revenue for debt service is the apportionment of local property taxes.

Special Revenue Funds – The District accounts for resources restricted to, or designated for, specific purposes by a grantor in special revenue funds. Federal and State financial assistance generally is accounted for in these funds and unused balances are returned to the grantor at the close of specified projects periods.

Capital Projects Fund – Series 2000 Bond Issue – The proceeds from the Series 2000 long-term debt financing and revenues and expenditures related to authorized construction and other capital asset acquisitions are accounted for in this capital projects funds.

Capital Project Fund – Series 2006 Bond Issue – The proceeds from the Series 2006 long-term debt financing and revenues and expenditures related to authorized construction and other capital asset acquisitions are accounted for in this fund.

Capital Project Fund – Series 2008 Bond Issue – The proceeds from the Series 2008 long-term debt financing and revenues and expenditures related to authorized construction and other capital asset acquisitions are accounted for in this fund.

Proprietary Funds:

Internal Service Funds – These funds are conceived to be self-supporting. Revenues and expenses related to services provided to organizations inside the District on a cost-reimbursement basis are accounted for in an internal service fund. The district's internal service funds account for services of its group health insurance plan.

Fiduciary Funds:

Agency Funds – The District accounts for resources held for others in a custodial capacity in agency funds. The District's agency funds are the student activity funds.

SAN FELIPE DEL RIO CISD

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED AUGUST 31, 2016

E. ACCRUAL OF FOUNDATION SCHOOL PROGRAM REVENUES

The State of Texas provides funding to districts based on instructional days, average daily attendance by fiscal year, and other factors. The academic year for the District typically begins several weeks before the beginning of the fiscal year (September 1). During this period, instructional expenditures are incurred that relate directly to revenues earned in the current fiscal year but received in the subsequent fiscal year.

F. OTHER ACCOUNTING POLICIES

1. *Deposits and Investments* – Cash and cash equivalents include cash and highly liquid investments for purposes of the statement of cash flows for the proprietary fund type. The District considers highly liquid investments to be cash equivalents if they have maturity of three months or less when purchased. Investments are valued at fair value, in accordance with GASB Statement No. 72 *Fair Value Measurement and Application*, with the exception of certain investment pools and money market investments. The investment pools are reported at either amortized cost or net asset value in accordance with GASB Statement No. 79 *Certain External Investment Pools and Pool Participants*. Money market investments, which are short-term highly liquid debt instruments, are reported at amortized cost.
2. *Inventories* – Inventories of supplies on the balance sheet are stated at weighted average cost and they include consumable maintenance, instructional, office, athletic, and transportation items. Supplies are recorded as expenditures when they are consumed. Inventories of food commodities are recorded at market values provided by the Texas Department of Agriculture and recorded as inventory and deferred revenue when received. When requisitioned, inventory and deferred revenue are relieved, expenditures are charged, and revenue is recognized for an equal amount.
3. *Long-term Debt* – Long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities in the government-wide financial statements and in the proprietary fund type financial statements. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method, if material. Bonds payable are reported net of the applicable bond premium or discount. Accounting losses resulting from the refunding of bonds are amortized on the straight-line bases over the shorter of the remaining life of the refunded debt and the life of the new debt issued.

In the fund financial statements, governmental fund types recognize bond premiums and discounts during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses.

4. *Pensions* – The fiduciary net position of the Teacher Retirement System of Texas (TRS) has been determined using the flow of economic resources measurement focus and full accrual basis of accounting. This includes for purposes of measuring the net pension liability, deferred outflows or 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.

SAN FELIPE DEL RIO CISD

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED AUGUST 31, 2016

5. *Compensated Absences* – The State of Texas has created a minimum leave program consisting of five days of personal leave per year with no limit on accumulation and transferability among districts for every person regularly employed in Texas public schools. Local school districts may provide additional sick leave beyond the State minimum. District employees are granted local sick leave depending upon their calendar. The District’s policy is to use substitute personnel when classroom employees utilize their earned sick days.

A full-time employee who retires from employment with the District and is eligible for monthly retirement benefits of the Teacher Retirement System of Texas (TRS) shall, upon completion of employment, receive a lump sum payment for accrued local sick leave. The employee shall be reimbursed for each day of local sick leave to a maximum of 45 days, at one-half the employee’s daily rate of pay at the time of retirement.

6. *Capital Assets* – Capital assets, which include land, buildings, vehicles, furniture, and equipment, are reported in the governmental activities column in the government-wide financial statements. The District defines capital assets as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed.

Buildings, vehicles and furniture and equipment of the District are depreciated using the straight line method over the following estimated useful lives:

Assets	Years
Buildings	40
Building Improvements	40
Vehicles	10
Office Equipment	5
Computer Equipment	5

7. *Self-Funded Program* – The District sponsors a modified self-funded plan to provide health care benefits for its employees. The District accounts for health care claims in accordance with the GASB 10, “Accounting and Financial Reporting for Risk Financing and Related Insurance Issues” as amended by GASB 30, “Risk Financing Omnibus, an Amendment of GASB Statement 10.”

8. *Data Control Codes* – The Data Control Codes refer to the account code structure prescribed by Texas Education Agency (TEA) in the Financial Accountability System *Resource Guide*. The TEA requires school districts to display these codes in the financial statements filed with the TEA in order to insure accuracy in building a statewide database for policy development and funding plans.

9. *Fund Balances* – In accordance with GASB 54, the District classifies governmental fund balances as follows:

Nonspendable fund balance – includes amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact.

Restricted fund balance – includes amounts that can be spent only for the specific purposes stipulated by the constitution, external resource providers, or through enabling legislation.

SAN FELIPE DEL RIO CISD

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED AUGUST 31, 2016

Committed fund balance – includes amounts that can be used only for the specific purposes determined by a formal action of the District’s highest level of decision. The District’s Board is the highest level of decision making authority for the District that can, by adoption of a resolution prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the resolution remains in place until a similar action is taken (the adoption of another resolution) to remove or revise the limitation.

Assigned fund balance – includes amounts intended to be used by the District for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the general fund, assigned fund balance represents the remaining amount that is not restricted or committed. Intent may be stipulated by the Board or an official or body to which the Board delegates the authority. The Board has not authorized an official or body to assign portions of fund balance. Assignments may be made at any time.

Unassigned fund balance – includes the residual classification for the District’s general fund and includes all spendable amounts not contained in the other classifications. In other funds, the unassigned classification should be used only to report a deficit balance from overspending for specific purposes for which amounts had been restricted, committed, or assigned.

10. *Fund Balance Flow Assumptions* – Sometimes the District will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the District’s policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.
11. *Estimates* – The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain report amounts and disclosure. Accordingly, actual results could differ from those estimates.
12. *Indirect Expenses* – School districts are required to report all expenses by function, except certain indirect expenses. General administration and data processing service functions (data control codes 41 and 53, respectively) include expenses that are indirect expenses of other functions. These indirect expenses are not allocated to other functions.
13. *Arbitrage* – The Federal Tax Reform Act of 1986 requires issuers of tax-exempt debt to make payments to the United States Treasury for investment income received at yields that exceed the issuer’s tax exempt borrowing rates. The Treasury requires payment for each issue every five years. The estimated liability is updated annually for all tax-exempt issuances or changes in yields until such time payment of the calculated liability is due. The District periodically engages an arbitrage consultant to perform the calculations in accordance with the rules and regulations of the Internal Revenue Service (IRS). As of August 31, 2016 the District did not have an estimated arbitrage liability.
14. *Deferred Outflows/Inflows of Resources* – Deferred outflows and inflows of resources are reported in the government-wide statement of net position as described below:

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A deferred outflow of resources is a consumption of a government's net position (a decrease in assets in excess of any related decrease in liabilities or an increase in liabilities in excess of any related increase in assets) by the government that is applicable to a future reporting period. The District has two items that qualify for reporting in this category:

Deferred loss on bond refunding – Results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

Deferred outflows of resources for pension plan - The District has five items that qualify for reporting in this category. Deferred charges have been recognized as a result of differences between the actuarial expectations and the actual economic experience, for the changes in actuarial assumptions, and for the changes in proportion and difference between the employer's contributions and the proportionate share of contributions related to the District's defined benefit pension plan. These amounts are deferred and amortized over the average of the expected service lives of pension plan members. Deferred outflows of resources are also recognized for the net difference between the projected and actual investment earnings on the pension plan assets. This amount is deferred and amortized over a period of five years. A deferred charge has been recognized for employer pension plan contributions that were made subsequent to the measurement date through the end of the District's fiscal year. This amount is deferred and recognized as a reduction to the net pension liability during the measurement period in which the contributions were made.

A deferred inflow of resources is an acquisition of a government's net position (an increase in assets in excess of any related increase in liabilities or a decrease in liabilities in excess of any related decrease in assets) by the government that is applicable to a future reporting period. The District has two items that qualify for reporting in this category:

Deferred inflows of resources for unavailable revenues – Reported only in the governmental funds balance sheet, unavailable revenues from property taxes arise under the modified accrual basis of accounting. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

Deferred inflows of resources for pension plan - The District has three items that qualify for reporting in this category. Deferred charges have been recognized as a result of differences between the actuarial expectations and the actual economic experience, for the changes in actuarial assumptions, and for the changes in proportion and difference between the employer's contributions and the proportionate share of contributions related to the District's defined benefit pension plan. These amounts are deferred and amortized over the average of the expected service lives of pension plan members.

15. *Net Position Flow Assumption* – Sometimes the District will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted net position and unrestricted net position in the government-wide and proprietary fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the District's policy to consider restricted net position to have been depleted before unrestricted net position is applied.

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NOTES TO THE FINANCIAL STATEMENTS

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II. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. BUDGETARY DATA

The Board of Trustees adopts an “appropriated budget” for the general, child nutrition and debt service funds. At a minimum, the District is required to present the final amended budgeted revenues and expenditures for each of these funds.

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

1. Prior to August 20, the District prepares a budget for the next succeeding fiscal year beginning September 1. 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. At least ten days’ public notice of the meeting must be given.
3. Prior to September 1, the budget is legally enacted by 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. Because the District has a policy of careful budgetary control, amendments were necessary during the year.
4. Each budget is controlled by a budget coordinator at the revenue and function/object expenditure level. Budget amounts presented are as amended by the Board. All budget appropriations lapse at year-end.

	Original Budget Appropriations	Increase (Decrease)	Amended Budget Appropriation
General Fund	\$82,185,011	\$18,872,101	\$101,057,112
Child Nutrition Fund	6,828,376	99,568	6,927,944
Debt Service Fund	4,158,444	196,822	4,355,266
	\$93,171,831	\$19,168,491	\$112,340,322

The increase in the general fund is due to construction projects, the increase in the child nutrition fund is due to a projected increased in expenditures and the increase in the debt service fund is due to the issuance of Unlimited Tax Refunding Bond Series 2016.

A reconciliation of fund balances for both appropriated and non-appropriated budgeted Non-major governmental funds at year end is as follows:

Appropriated Budget Funds:	
Child Nutrition Fund	\$ 234,725
Debt Service Fund	1,648,321
Non-Appropriated Budget Funds	238,350
Total Fund Balances for Non-Major Governmental Funds	\$2,121,396

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5. For the year ended August 31, 2016, expenditures exceeded appropriations at the legal level of control as follows:

General Fund	
0012 Instructional Resources and Media Services	\$(1,632)
0071 Debt Services Principal	\$(45,379)
0072 Debt Services Interest	\$(9,169)

6. *Encumbrances* – Encumbrances for goods or purchased services are documented by purchase orders or contracts. Under Texas law, appropriations lapse at August 31, and encumbrances outstanding at that time are to be either 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 funds of the District must be deposited and invested under the terms of a contract, contents of which are set out in the Depository Contract Law. The depository bank places approved pledged securities for safekeeping and trust with the District’s agent bank in an amount sufficient to protect District funds on a day-to-day basis during the period of the contract. The pledge of approved securities is waived only to the extent of the depository bank’s dollar amount of Federal Deposit Insurance Corporation (FDIC) insurance.

Cash and cash equivalents at August 31, 2016 are as follows:

Cash in bank or on hand – primary government		\$ 6,820,742
Texpool	\$ 29,527,609	
Lone Star	208,549	
Comerica Premium Business Money Market	5,023,563	
Total Cash Equivalents		34,759,721
Total Cash and Cash Equivalent		\$ 41,580,463

Deposits

At August 31, 2016, the District’s bank balance (cash and interest-bearing savings accounts included in temporary investments) was \$8,987,367.

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

- a. Depository: *The Bank & Trust*
- b. The market value of securities pledged as of the date of the highest combined balance on deposit was \$11,752,142.
- c. The highest combined balances of cash, savings, and time deposit accounts amounted to \$12,164,037 and occurred during the month of September 2015.
- d. Total amount of FDIC coverage at the time of the highest combined balance was \$250,000.

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The Public Funds Investment Act (Government Code Chapter 2256) (the “Act”) 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 state 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 had one certificate of deposit of \$5,000,000 at August 31, 2016 which had a maturity date greater than 90 days, as of the end of fiscal year 2016. The District’s certificate of deposit and money market investment fund were fully collateralized as of the end of the fiscal year 2016.

Name	Fair Value	Maturity less than one (1) year
Southside Bank Certificate of Deposit greater than 90 days – matures December 14, 2016	\$5,000,000	\$5,000,000

Fair Value Measurements - GASB Statement No. 72, Fair Value Measurement and Application establishes an authoritative definition of fair value, sets a framework for measuring fair value, and requires additional disclosures about fair value measurements. The District categorizes the fair value measurements of its investments based on the hierarchy established by GAAP. The fair value hierarchy categorizes the inputs to valuation techniques used to measure fair value into three levels.

Level 1 inputs are quoted prices (unadjusted) for identical assets or liabilities in active markets that a government can access at the measurement date.

Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for an asset or liability, either directly or indirectly.

Level 3 inputs are unobservable inputs for an asset or liability.

The fair value hierarchy gives the highest priority to Level 1 inputs and the lowest priority to Level 3 inputs. If a price for an identical asset is not observable, the District will measure fair value using another valuation technique that maximizes the use of relevant observable inputs and minimizes the use of unobservable inputs. The District does not have any investments that are measured using level 1, level 2, or level 3 inputs.

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At August 31, 2016, the District had the following recurring fair value measurements:

	9/30/2016	Weighted Average Maturity (Years)
Investments measured at fair value		
Certificate of deposit	\$ 5,000,000	0.29
Investments measured at amortized cost		
Investments pools -		
TexPool	29,527,609	0.12
Money market		0.00
Investments measured at net asset value		
Investments pools -		
Lone Star Corporate Overnight Plus Fund	208,945	0.06
	<u>\$ 34,736,554</u>	
Portfolio Total		0.47

TexPool

TexPool was established as a trust company with the Treasurer of the State of Texas as trustee, segregated from all other trustees, investments, and activities of the trust company. The State Comptroller of Public Accounts exercises oversight responsibility over TexPool. Oversight includes the ability to significantly influence operations, designation of management, and accountability for fiscal matters. Additionally, the State Comptroller has established an advisory board composed of both participants in TexPool and other persons who do not have a business relationship with TexPool. The advisory board members review the investment policy and management fee structure. Standard & Poor' s rated TexPool "AAAm". As a requirement to maintain the rating, weekly portfolio information must be submitted to Standard & Poor' s, as well as to the office of the Comptroller of Public Accounts for review.

TexPool operates in compliance with the Public Funds Investment Act, Chapter 2256, Texas Government Code. TexPool states all investments at amortized cost to value portfolio assets and follows the criteria established by GASB Statement No. 79, Certain External Investment Pools and Pool Participants for the use of amortized cost. Deposits and withdrawals can be made on any business day of the week. The investment pool has a redemption notice of one day which may be redeemed daily. TexPool may only impose restrictions on redemptions in the event of a general suspension of trading on major securities markets, general banking moratorium, or a national state of emergency that affects the pool's liquidity. There are no limits on the number of accounts a participant can have or the number of transactions.

Lone Star

Lone Star is a public funds investment pool organized under the authority of the Interlocal Cooperation Act of the Texas Government Code, Chapter 791, and the Public Funds Investment Act, Texas Government Code, Chapter 2256. Lone Star is sponsored by the Texas Association of School Boards. The Lone Star Investment Pool Board acts as trustee and is comprised of 11 members representing school districts that have adopted the investment agreement, including school board members, school administrators, and school business officials. The Board has entered into an agreement with First Public, LLC to act as administrator

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for the pool. Responsibilities of First Public include daily servicing of participant's accounts, negotiating contracts with investment advisors and other service providers, and performing related administrative services. Finally, Standard & Poor's rate Lone Star "AAAm". As a requirement to maintain the rating, weekly portfolio information must be submitted to Standard & Poor's, as well as to the office of the Comptroller of Public Accounts for review.

Lone Star investments are measured at net asset value. The investment pool has a redemption notice of one day which may be redeemed daily. Lone Star may only impose restrictions on redemptions in the event of a general suspension of trading on major securities markets, general banking moratorium, or a national state of emergency that affects the pool's liquidity. The District has no unfunded commitments related to the investment pool.

Custodial Credit Risk – Deposits. In the case of deposits, this is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District's investment policy requires funds on deposit at the depository bank to be collateralized. As of year end, the District's deposits were entirely covered by FDIC insurance or by pledged collateral held by the District's agent bank in the District's name.

Custodial Credit Risk – 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. At year end, the District was not exposed to custodial credit risk. All of the investment pools are rated "AAA" or better by Standard and Poor's as of year end. Certificates of deposits were entirely covered by FDIC insurance and by pledged collateral as of year end.

Concentration of Credit Risk and Interest Rate Risk. The District places no limit on the amount it may invest in any one issuer.

These risks are addressed through separately adopted written investment strategies for each of the funds or group of funds under the Board's control and for each specific investment and expected cash flow. Each investment strategy must describe the investment objectives for the particular fund under the following priorities in order of importance:

1. Understanding of the suitability of the investment to the financial requirements of the Board,
2. Preservation and safety of principal,
3. Liquidity,
4. Marketability of the investment if the investment needs to be liquidated before maturity,
5. Diversification of the investment portfolio, and
6. Yield

Credit Risk. In accordance with the District's investment policy, investments in mutual funds and investment pools must be rated at least AAA. As of August 31, 2016, all of the District's investments in investment pools were rated "AAA" by Standard & Poor's.

B. PROPERTY TAXES

Property taxes are levied by October 1 on the assessed value listed as of the prior January 1 for all real and business personal property located in the District in conformity with Subtitle E, Texas Property Tax Code. Taxes are due on receipt of the tax bill and are delinquent if not paid before February 1 of the year following the year in which imposed. On January 31 of each year, a tax lien attaches to property to secure the payment of all taxes, penalties,

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and interest ultimately imposed. Property tax revenues are considered available when they become due or past due and receivable within the current period.

C. DELINQUENT TAXES RECEIVABLE

Delinquent taxes are prorated between maintenance and debt service based on rates adopted for the year of the levy. Allowances for uncollectible tax receivables within the general and debt service Funds are based on 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.

D. INTERFUND RECEIVABLES AND PAYABLES

Amounts due to the general fund from the other non-major special revenue funds represent temporary borrowing to cover expenditures that have not yet been reimbursed by various federal grant programs due to the complexity and timing of various banking and accounting transactions between the funds.

	Due from Other Funds	Due to Other Funds
General Fund	\$2,849,573	\$ 30,395
Special Revenue Funds	\$ 48,665	\$2,867,843
Total	\$2,898,238	\$2,898,238

E. DUE FROM OTHER GOVERNMENTS AND OTHER RECEIVABLES

The District receives entitlements from the State through the School Foundation and the Per Capita Programs. In addition to the State programs, the District participates in a variety of other Federal and State programs from which the funds are passed through TEA or other agencies. Amounts due from other governments and other receivables for the year are summarized below.

Due from Other Governments

Fund	State Entitlements	Federal Grants	Total
General Fund	\$3,409,916	\$ -	\$3,409,916
Other Non-Major Funds	394,879	1,395,617	1,790,496
Total	\$3,804,795	\$1,395,617	\$5,200,412

Other Receivables

Other receivables as of August 31, 2016, for the District’s major funds consist of Penalties and Interest Receivable for Property Taxes which are fully offset as unearned revenues accordingly as collection within one year is not expected. The amounts are comprised as follows:

	General Fund	Non-Major Funds	Total
Penalties and Interest Receivable for Delinquent Property Taxes	\$1,569,523	\$ 291,444	\$1,860,967
School Health and Related Services (SHARS)	1,179,505		1,179,505
Food Service Management Company Deposit	-	803,240	803,240
Other	-	17,393	17,393
Total	\$2,749,028	\$1,112,077	\$3,861,105

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NOTES TO THE FINANCIAL STATEMENTS
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F. CAPITAL ASSET ACTIVITY

Capital asset activity for the District's governmental activities for the year ended August 31, 2016 is as follows:

	Beginning Balance	Additions	Deletions	Transfers In	Transfers Out	Ending Balance
<u>Nondepreciable Capital Assets</u>						
Land	\$ 3,684,804	\$ -	\$ -	\$ -	\$ -	\$ 3,684,804
Construction in Progress	4,338,106	14,210,708	-	-	(1,308,308)	17,240,506
Total Capital Assets Not Being Depreciated	8,022,910	14,210,708	-	-	(1,308,308)	20,925,310
<u>Depreciable Capital Assets</u>						
Buildings & Improvements	116,504,277	181,182	-	1,308,308	-	117,993,767
Vehicles, Furniture & Equipment	14,601,357	1,743,115	(5,988)	-	-	16,338,484
Total Other Capital Assets	131,105,634	1,924,297	(5,988)	1,308,308	-	134,332,251
Total	139,128,544	16,135,005	(5,988)	1,308,308	(1,308,308)	155,257,562
<u>Less Accumulated Depreciation for:</u>						
Buildings and Improvements	(48,736,790)	(2,526,992)	-	-	-	(51,263,782)
Vehicles, Furniture & Equipment	(9,993,797)	(1,310,659)	5,988	-	-	(11,298,468)
Total Accumulated Depreciation	(58,730,587)	(3,837,651)	5,988	-	-	(62,562,250)
Government Activities Capital Assets, Net	\$ 80,397,957	\$ 12,297,354	\$ -	\$ 1,308,308	\$(1,308,308)	\$ 92,695,311
					Less associated debt	(44,041,835)
					Plus deferred charge on refunding	2,174,789
					Net Investment in Capital Assets	\$ 50,828,265

Depreciation Expense was charged to governmental functions as follows

Instructional	\$ 2,612,193
Instructional Resources & Media Ser	38,089
Curriculum & Instruction	3,311
Instructional Leadership	37,721
School Leadership	84,795
Guidance, Counseling & Evaluation	3,630
Social Work Services	500
Student (Pupil) Transportation	276,005
Food Services	38,909
Co-curricular/Extracurricular Activitie	305,049
General Administration	7,139
Facilities Maintenance & Operations	227,554
Security & Monitoring	38,097
Data Processing	105,729
Facilities Acquisition Construction	58,931
Total	<u>\$ 3,837,651</u>

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NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED AUGUST 31, 2016

G. LONG-TERM LIABILITIES

A summary of changes in long-term liabilities for the year ended August 31, 2016 is as follows:

Description	Interest Rate Payable	Amount Original Issue	Amount Outstanding 09/01/15	Issued	Retired/ Refunded	Amount Outstanding 8/31/16	Amounts Due Within One Year
Bond Payable:							
Unlimited Tax School Building Bonds, Series 2006	4.00% - 4.50%	\$ 21,915,000	\$ 790,000	\$ -	\$ (730,000)	\$ 60,000	\$ 60,000
Unlimited Tax Refunding Bonds, Series 2007 (Includes \$339,993 of Principal on Capital Appreciation Bonds)	3.55% - 4.53%	6,469,993	5,744,993	-	(95,000)	5,649,993	110,000
Unlimited Tax School Building Bonds, Series 2008	4.50% to 5.00%	12,285,000	10,145,000	-	(9,325,000)	820,000	400,000
Unlimited Tax Refunding Bonds, Series 2013 (Includes \$339,993 of Principal on Capital Appreciation Bonds)	2.00% to 3.25%	17,430,000	16,020,000	-	(1,300,000)	14,720,000	1,340,000
Unlimited Tax Refunding Bonds, Series 2015	2.00% to 4.00%	9,055,000	8,920,000	-	-	8,920,000	740,000
Unlimited Tax Refunding Bonds, Series 2016	3.00% to 4.00%	8,470,000	-	8,470,000	(110,000)	8,360,000	-
		<u>75,624,993</u>	<u>41,619,993</u>	<u>8,470,000</u>	<u>(11,560,000)</u>	<u>38,529,993</u>	<u>* 2,650,000</u>
Capital Lease:							
Copiers			-	475,764	(45,379)	430,385	112,811
			<u>-</u>	<u>475,764</u>	<u>(45,379)</u>	<u>430,385</u>	<u>* 112,811</u>
Other Liabilities:							
Compensated absences			-	792,297	(206,006)	586,291	213,211
Unamortized premium			2,871,001	1,526,959	(471,296)	3,926,664	*
Unamortized discount			(46,699)	-	2,919	(43,780)	*
Accreted Interest			1,131,321	67,252	-	1,198,573	*
Net pension liability			11,436,077	11,379,333	-	22,815,410	-
Total Governmental Activities			<u>\$ 57,011,693</u>	<u>\$ 22,711,605</u>	<u>\$ (12,279,762)</u>	<u>\$ 67,443,536</u>	<u>\$ 2,976,022</u>
						<u>Long-term liabilities due in more than one year</u>	<u>\$ 64,467,514</u>
						<u>* Debt associated with capital assets</u>	<u>\$ 44,041,835</u>

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Debt service requirements are as follows:

General Obligations				
Year End Aug 31	Principal	Interest	Compound Interest	Total Requirements
2017	\$ 2,640,000	\$ 1,444,420	\$ -	\$ 4,084,420
2018	\$ 2,740,000	\$ 1,352,430	\$ -	\$ 4,092,430
2019	\$ 2,835,000	\$ 1,250,485	\$ -	\$ 4,085,485
2020	\$ 2,945,000	\$ 1,149,245	\$ -	\$ 4,094,245
2021	\$ 3,060,000	\$ 1,030,470	\$ -	\$ 4,090,470
2022-2026	\$ 15,350,000	\$ 3,234,594	\$ -	\$ 18,584,594
2027-2031	\$ 7,544,993	\$ 1,358,500	\$ 2,290,007	\$ 11,193,500
2032-2033	\$ 1,415,000	\$ 85,400	\$ -	\$ 1,500,400
Total	\$ 38,529,993	\$ 10,905,544	\$ 2,290,007	\$ 51,725,544

The District issues general obligation bonds for governmental activities to fund the acquisition and construction of major capital facilities. The bonds are supported by a pledge of the District’s full faith and credit. The bond indentures require a levy and collection of taxes without limitation as to rate or amount on all property subject to taxation by the District sufficient in amount to pay the principal and interest on such bonds as they become due. The indentures also require that a debt service fund be created and administered by the District solely for paying principal and interest when due.

Bonded indebtedness is reflected in the government-wide financial statements, and current requirements for principal and interest expenditures are accounted for in the debt service fund.

In accordance with the provisions of the Constitution of the State of Texas through the TEA each bond issue is guaranteed as to the payment of principal and interest by the Permanent School Fund, created, established and maintained pursuant to Article VII, Section 5, of the Constitution of the State of Texas.

The State of Texas through the TEA Instructional Facilities Allotment Program (IFA) and Existing Debt Allotment Program (EDA) continued funding in fiscal year 2016 whereby the District received state funds of \$2,591,053 or approximately 57% of its general obligation annual debt service requirements. State Statutes guarantee IFA state aid for the life of the District’s eligible debt, as well as for the EDA program. Payments for the general obligation debt were made from the debt service fund.

Advance Refunding

During the fiscal year 2016, the District issued \$8,470,000 of unlimited tax refunding bonds, Series 2016 to provide resources to purchase U. S. Government State and Local Government series securities that were placed in an irrevocable trust for the purpose of generating resources for all future debt service payments of \$8,935,000 of unlimited tax refunding bonds, Series 2008. As a result, the refunded bonds are considered to be defeased and the liability has been removed from the government-wide financial statements. The reacquisition price exceeded the net carrying amount of the old debt by \$731,589. This amount is being amortized over the remaining life of the refunded debt, which is the same as the life of the new debt issued. This refunding debt was undertaken to reduce total debt service payments over the next 18 years by \$1,126,947 and resulted in an economic gain of \$929,185.

Defeased Bonds Outstanding

The District defeased Series 2008 unlimited tax school building general obligation bonds by placing the proceeds of the Series 2016 bonds in an irrevocable trust to provide for all future debt service payments on the old bonds.

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Accordingly, the trust account assets and the liability for the defeased bonds are not included in the financial statements. On August 31, 2016, \$8,935,000 of refunded bonds considered to be defeased are outstanding.

Debt service requirements of the capital lease obligation are as follows:

Year Ended Aug 31	Principal	Interest
2017	\$ 112,811	\$ 18,103
2018	118,317	12,597
2019	124,092	6,822
2020	75,165	1,201
Total	\$ 430,385	\$ 38,723

Capital assets acquired under the current capital lease obligation total \$475,764; less accumulated depreciation of \$67,966.

H. OPERATING LEASES

The District has entered into a lease agreement for 2,150 laptop computers for students at Del Rio High School. The lease agreement is a four-year payment term with a \$573,897 annual payment for all computers. In addition, the District has previously entered into a vehicle lease for the Drivers Education Program for the use of three vehicles. The total operating lease expense during the current year was \$719,483.

The future minimum lease payments for these leases are as follows:

<u>Year Ending August 31,</u>	<u>Future Minimum Lease Payments</u>	
-	Operating Leases	
	Dell Laptops	Driver Education Vehicles
2017	\$ 573,897	\$ 8,701
2018	-	8,701
2019	-	8,701
Total Future Minimum Lease Payments Due	<u>\$ 573,897</u>	<u>\$ 26,103</u>

I. 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. TRS Board of Trustees does not have the authority to establish or amend benefit terms.

SAN FELIPE DEL RIO CISD

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED AUGUST 31, 2016

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 TRS.

Pension Plan Fiduciary Net Position. Detailed information about the TRS fiduciary net position is available in a separately issued Comprehensive Annual Financial Report that includes financial statements and required supplementary information. That report may be obtained on the Internet at <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% (multiplier) times the average of the 5 highest annual creditable salaries times years of credited service to arrive at the annual standard annuity except for members who are grandfathered, the 3 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 Plan Description 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 TRS 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 2015 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 2014 and 2015. The 84th Texas Legislature GAA established the employer contribution rates for fiscal year 2016 and 2017.

<u>Contribution Rates</u>	<u>2015</u>	<u>2016</u>
Member	6.7%	7.2%
Non-Employer Contributing Entity	6.8%	6.8%
Employers	6.8%	6.8%
2015 Employer Contributions	\$1,911,172	
2015 Member Contributions	\$1,662,667	
2015 NECE On-behalf Contributions	\$2,737,114	

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NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED AUGUST 31, 2016

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 GAA.

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

On the portion of the member's salary that exceeds the statutory minimum for members entitled to the statutory minimum under Section 21.402 of the Texas Education Code.

During a new member's first 90 days of employment.

When any part or all of an employee's salary is paid by federal funding sources, a privately sponsored source, from non-educational and general, or local funds.

When the employing district is a public junior college or junior college district, the employer shall contribute to the retirement system an amount equal to 50% of the state contribution rate for certain instructional or administrative employees; and 100% of the state contribution rate for all other employees.

In addition to the employer contributions listed above, there are two additional surcharges an employer is subject to:

When employing a retiree of TRS, the employer shall pay both the member contribution and the state contribution as an employment after retirement surcharge.

When a school district or charter school does not contribute to the Federal Old-Age, Survivors, and Disability Insurance (OASDI) Program for certain employees, they must contribute 1.5% of the state contribution rate for certain instructional or administrative employees and 100% of the state contribution rate for all other employees.

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

Valuation Date	August 31, 2015
Actuarial Cost Method	Individual Entry Age Normal
Asset Valuation Method	Market Value
Single Discount Rate	8.00%
Long-term expected Investment Rate of Return	8.00%
Inflation	2.50%
Salary Increases including inflation	3.50% to 9.50%
Payroll Growth Rate	2.50%
Benefits Changes during the year	None
Ad hoc post-employment benefit changes	None

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NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED AUGUST 31, 2016

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

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

Best estimates of geometric real rates of return for each major asset class included in the Systems target asset allocation as of August 31, 2015 are summarized below:

Teacher Retirement System of Texas			
Asset Allocation and Long-Term Expected Real Rate of Return			
As of August 31, 2015			
	Target Allocation	Long-Term Expected Geometric Real Rate of Return	Expected Contribution to Long-Term Portfolio Returns¹
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%
Hedge Funds (Stable Value)	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 & Natural Resources	3%	6.6%	0.2%
Commodities	0%	1.2%	0.0%
Risk Parity			
Risk Parity	5%	6.7%	0.3%
Inflation Expectation			2.2%
Alpha			1.0%
Total	100%		8.7%

¹ The Expected Contribution to Returns incorporates the volatility drag resulting from the conversion between Arithmetic and Geometric mean returns

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NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED AUGUST 31, 2016

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 district's 2015 net pension liability.

<u>1% Decrease in Discount Rate (7.0%)</u>	<u>Discount Rate (8.0%)</u>	<u>1% Increase in Discount Rate (9.0%)</u>
\$35,747,447	\$22,815,410	\$12,043,826

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions. At August 31, 2015, the District reported a liability of \$22,815,410 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	\$ 22,815,410
State's proportionate share associated with the District	<u>32,665,742</u>
Total	\$ 55,481,152

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

At August 31, 2015, the employer's proportion of the collective net pension liability was 0.0645439% which was an increase of 0.0217304% from its proportion measured as of August 31, 2014. The change in proportion was immaterial and, therefore, disregarded this year.

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

Economic Assumptions

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

Mortality Assumptions

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

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NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED AUGUST 31, 2016

Other Demographic Assumptions

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

Actuarial Methods and Policies

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

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

For the year ended August 31, 2016, the District recognized pension expense of \$3,680,936 and revenue of \$4,654,343 for support provided by the State.

At August 31, 2016, the District reported its proportionate share of the TRS's deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual economic experience	\$ 147,091	\$ 876,817
Changes in actuarial assumptions	618,226	813,954
Net Difference between projected and actual investment earnings	2,997,428	-
Changes in proportion and difference between the employer's contributions and the proportionate share of contributions	4,961,979	2,494
Contributions paid to TRS subsequent to the measurement date	1,979,560	-
Total	\$10,704,284	\$1,693,265

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NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED AUGUST 31, 2016

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

<u>Year ended August 31:</u>	<u>Pension Expense</u>
2017	\$ 1,239,467
2018	\$ 1,239,467
2019	\$ 1,239,467
2020	\$ 2,113,299
2021	\$ 699,397
Thereafter	\$ 500,362
Total	\$ 7,031,459

J. Retiree Health Care Plans

TRS-Care

Plan Description. The District contributes to the Texas Public School Retired Employees Group Insurance Program (TRS–Care), a cost–sharing multiple–employer defined benefit postemployment health care plan administered by the TRS. TRS–Care provides health care coverage for certain persons (and their dependents) who retired under the TRS. 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 website under the TRS Publications heading, by calling the TRS Communications Department at 1–800–223–8778; or by writing to the Communications Department of the Teacher Retirement System of Texas at 1000 Red River Street, Austin, Texas 78701.

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 2014–2016.

<u>Contribution Rates and Contribution Amounts</u>						
<u>Year</u>	<u>Rate</u>	<u>Active</u>		<u>State</u>	<u>Rate</u>	<u>District</u>
		<u>Member</u>	<u>Rate</u>			
2016	0.65%	\$ 386,303	1.000%	\$ 77,408	0.550%	\$ 326,873
2015	0.65%	\$ 367,292	1.000%	\$ 81,825	0.550%	\$ 310,734
2014	0.65%	\$ 358,754	1.000%	\$ 86,016	0.550%	\$ 303,557

Medicare Part D

The Medicare Prescription Drug Improvement and Modernization Act of 2003, which became effective January 1, 2006, established prescription drug coverage for Medicare beneficiaries, known as Medicare Part D. One of the provisions of Medicare Part D allows for TRS to receive retiree drug subsidy payments from the Federal

SAN FELIPE DEL RIO CISD

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED AUGUST 31, 2016

Government to offset certain prescription drug expenditures for eligible TRS-Care participants. Contributions made by the Federal Government (for employees funded by Federal Grants) on behalf of the District are recorded in the financial statements as both revenues and expenditures, although the District never receives the revenue. These payments totaled \$239,960, \$239,707, and \$152,779 for the fiscal years 2016, 2015, and 2014, respectively.

K. RISK MANAGEMENT

The District’s exposed risk of loss related to torts: theft of, damage to, and destruction of assets; errors and omission; injuries to employees, and natural disaster for which the District purchases insurance from the Texas Association of School Boards (TASB). There have been no significant reductions in coverage from the prior year and settlements have not exceeded amounts of coverage in the past three years. The District provides health insurance plan (the “Plan”) for and pays the contribution for all employees. The employee pays for any family member coverage. This is provided through a self-insured and the District hires TML Intergovernmental Employee Benefits Pool to administer the Plan and the District also pays for stop-loss coverage. Transactions related to the Plan are accounted for in an internal service fund, the health insurance fund.

Health Care Coverage

In 2016, the District contributed \$5,091.50 per year for each employee (\$424.29 per month) which was deposited into the health insurance fund (the “Fund”). The contribution is deposited monthly into the fund account and administrative costs are expensed when incurred and reported. The District obtained excess loss insurance (stop loss coverage), which limited the amount of claims for any one individual to \$225,000 and an aggregate limit equal to \$8,672,524. Claims payable, including an estimate for claims incurred but not reported, at August 31, 2016 are \$1,403,787. The Plan is funded to discharge liabilities for the Fund as they become due.

L. UNEARNED REVENUE

Unearned revenue at year by funding source:

<u>Fund</u>	<u>Unearned Revenue</u>
Child Nutrition Fund	\$ 28,872
Total	<u>\$ 28,872</u>

M. REVENUE FROM LOCAL AND INTERMEDIATE SOURCES

During the current fiscal year, revenues from local and intermediate sources in the governmental fund types consisted of the following:

	General Fund	Non-Major Governmental Funds	Total
Property Taxes	\$16,223,832	\$ 1,874,790	\$18,098,622
Penalties, Interest and Other Tax Related Income	440,664	48,972	489,636
Investment Income	143,202	10,870	154,072
Food Sales	-	860,356	860,356
Tuition & Fees	44,598	-	44,598
Co-Curricular Student Activities	321,600	-	321,600
Insurance Recovery	4,525,922	-	4,525,922
Other	290,319	245,323	535,642
Total	<u>\$21,990,137</u>	<u>\$ 3,040,311</u>	<u>\$25,030,448</u>

SAN FELIPE DEL RIO CISD

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED AUGUST 31, 2016

During the current fiscal year, revenues from local and intermediate sources in the proprietary fund types consisted of the following:

	Internal Service Fund
Investment Income	\$ 7,582
Interfund Provided Self-Funded	8,646,474
Total	\$ 8,654,056

N. REVENUES FROM STATE PROGRAMS

During the current fiscal year, revenue from state program sources in the governmental fund types consisted of the following:

	General Fund	Non-Major Governmental Funds	Total
School Program Act Entitlements	\$58,457,712	\$ -	\$58,457,712
Per Capita Apportionment	1,788,966	-	1,788,966
State Program Revenue - TEA	1,093	5,148,104	5,149,197
TRS On-Behalf	3,599,921	11,282	3,611,203
Total	\$63,847,692	\$ 5,159,386	\$69,007,078

O. DUE TO 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. Due to other governments consist of amounts due to the State and Federal agencies at year-end for State entitlements, Federal arbitrage liability and State and Federal grants. The amounts due are summarized as follows:

	State Entitlements
General Fund	\$ 1,636,291
Non-Major Governmental Funds	20,833
Total	\$ 1,657,124

P. COMMITMENTS AND CONTINGENCIES

Federal Grants

The District has received grants for specific purposes that are subject to program compliance audits pursuant to the Single Audit Act. The granting agency reserves the right to perform audits in addition to the independent audit as required by the State.

Grant Programs

The District participates in numerous federal and state 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 adjustments by the grantor agencies; therefore, to the extent that the District has not complied with the rules and

SAN FELIPE DEL RIO CISD

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED AUGUST 31, 2016

regulations governing the grants, refunds of any money received may be required and the collectability of any related receivable at August 31, 2016 may be impaired. In the opinion of the District, there are no significant contingent liabilities relating the compliance with the rules and regulations governing the respective grants; therefore, no provision has been recorded in the accompanying financial statements for such contingencies.

Leave

Employees are allowed to accrue five days of state personal leave and five to seven days of local sick leave each year without limit. State personal and local sick leave do not vest under the District policy and; accordingly, employees can only utilize state personal and sick leave, or state personal leave for personal reasons when approved by authorized District personnel. Since the employee's accumulating rights to receive compensation for future absences are contingent upon the absences being caused by future illnesses and such amounts cannot be reasonably estimated, a liability for unused sick leave is not recorded in the financial statements.

Teachers and administrative personnel do not receive paid vacations but are paid only for the number of days they are contractually required to work each year.

Maintenance employees are granted vacation leave in varying amounts depending on service. For one year of service, maintenance employees are allowed five vacation days, and ten annual vacation days in the years thereafter. The District has no liability for unused vacation pay since all vacation leave is used or lost if not taken each year. Vacation pay is charged to operations when taken by the employees of the District.

Construction Contracts

The District's ongoing construction and renovation projects resulted in outstanding commitments as of August 31, 2016. At year end, the District's outstanding commitments on remaining contracts consisted of the following amounts:

<u>Project</u>	<u>Project Contract</u>	<u>Completed</u>	<u>Outstanding</u>
Blended Academy	\$ 1,600,000	\$ 1,507,572	\$ 92,428
Conversion of old DRMS to Student Activity Center/Administration	6,341,250	6,158,866	182,384
New CTE Building at old North Heights Site	9,443,200	7,979,374	1,463,826
Early College Center	1,360,000	68,000	1,292,000
Laughlin Magnet School	<u>55,250</u>	<u>11,220</u>	<u>44,030</u>
Total	\$ 18,799,700	\$ 15,725,032	\$ 3,074,668

Q. LITIGATION

From time to time, the District is a defendant in lawsuits for claims filed against it. In the best judgment of the District's administration and legal counsel, the accompanying financial statements will not be affected materially by the outcome of any of these proceedings and, therefore, no loss contingency has been recorded.

R. SUBSEQUENT EVENTS

In December 2016, the District entered into a lease-purchase agreement with Dell Financial Services for the lease-purchase of virtual desktop infrastructure (servers and software) for \$681,959. The term of the lease is 60 months consisting of five annual payments of \$136,392.

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**REQUIRED SUPPLEMENTARY
INFORMATION**

SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
TEACHER RETIREMENT SYSTEM OF TEXAS
FOR THE YEAR ENDED AUGUST 31, 2016

	2016	2015
District's Proportion of the Net Pension Liability (Asset)	0.0645439%	0.0428135%
District's Proportionate Share of Net Pension Liability (Asset)	\$ 22,815,410	\$ 11,436,077
State's Proportionate Share of the Net Pension Liability (Asset) associated with the District	32,665,742	29,038,237
Total	\$ 55,481,152	\$ 40,474,314
District's Covered-Employee Payroll	\$ 56,506,425	\$ 55,211,617
District's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered-Employee Payroll	40.38%	20.71%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	78.43%	83.25%

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

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

Notes to Required Supplementary Information:

Changes in assumptions: See notes to financial statements (Defined Benefit Pension Plan, Teacher Retirement System disclosure) for changes.

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

SAN FELIPE DEL RIO CISD
SCHEDULE OF DISTRICT CONTRIBUTIONS
TEACHER RETIREMENT SYSTEM OF TEXAS
FOR FISCAL YEAR 2016

EXHIBIT G-2

	<u>2015</u>	<u>2016</u>
Contractually Required Contribution	\$ 1,911,172	\$ 1,979,560
Contribution in Relation to the Contractually Required Contribution	1,911,172	1,979,560
Contribution Deficiency (Excess)	<u>\$ -0-</u>	<u>\$ -0-</u>
District's Covered-Employee Payroll	\$ 56,506,425	\$ 59,432,234
Contributions as a Percentage of Covered-Employee Payroll	3.38%	3.33%

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

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

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COMBINING AND OTHER STATEMENTS

The nonmajor governmental funds, which are made up of Special Revenue Funds, are used to account for funds that are legally restricted for specified purposes excluding capital projects.

Federal Funds (200-299) are used to account for federally funded grants and programs.

State Funds (300-399) are used to account for state funded grants and programs.

Local Funds (400-499) are used to account for local grants, programs and donations from corporations and other local sources.

Debt Service (511) account for servicing long-term debt (bond payments).

Capital Projects (616-618) are proceeds from long-term debt financing related to authorized construction and other capital acquisitions.

SAN FELIPE DEL RIO CISD
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 AUGUST 31, 2016

Data Control Codes	205 Head Start	211 ESEA I, A Improving Basic Program	212 ESEA Title I Part C Migrant	224 IDEA - Part B Formula
ASSETS				
1110	\$ -	\$ -	\$ -	\$ -
1220	-	-	-	-
1230	-	-	-	-
1240	267,255	267,142	81,083	397,497
1260	1,789	512	321	-
1290	-	-	-	-
1300	-	-	-	-
1000	<u>\$ 269,044</u>	<u>\$ 267,654</u>	<u>\$ 81,404</u>	<u>\$ 397,497</u>
LIABILITIES				
2110	\$ 336	\$ 140	\$ 508	\$ -
2160	56,167	19,884	8,734	48,728
2170	210,752	247,118	71,841	348,769
2180	1,789	512	321	-
2300	-	-	-	-
2000	<u>269,044</u>	<u>267,654</u>	<u>81,404</u>	<u>397,497</u>
DEFERRED INFLOWS OF RESOURCES				
2601	-	-	-	-
2600	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES				
Nonspendable Fund Balance:				
3410	-	-	-	-
Restricted Fund Balance:				
3450	-	-	-	-
3480	-	-	-	-
3490	-	-	-	-
3000	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
4000	<u>\$ 269,044</u>	<u>\$ 267,654</u>	<u>\$ 81,404</u>	<u>\$ 397,497</u>

225 IDEA - Part B Preschool	240 Child Nutrition Program	242 Summer Feeding Program	244 Career and Technical - Basic Grant	255 ESEA II,A Training and Recruiting	263 Title III, A English Lang Acquisition	272 Medicaid Admin. Claim MAC	289 Summer School LEP
\$ -	\$ 338,731	\$ 41,018	\$ 14,921	\$ -	\$ -	\$ 31,904	\$ 452
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
1,223	195,774	-	7,925	149,886	27,832	-	-
-	347	-	-	-	-	-	-
-	803,240	-	-	-	-	5,993	-
-	31,195	-	-	-	-	-	-
<u>\$ 1,223</u>	<u>\$ 1,369,287</u>	<u>\$ 41,018</u>	<u>\$ 22,846</u>	<u>\$ 149,886</u>	<u>\$ 27,832</u>	<u>\$ 37,897</u>	<u>\$ 452</u>
\$ -	\$ 205,027	\$ -	\$ -	\$ 5,390	\$ -	\$ -	\$ -
-	2,597	-	1,819	148	440	-	-
1,223	898,066	-	21,027	144,348	16,405	-	-
-	-	-	-	-	10,987	-	-
-	28,872	-	-	-	-	-	-
<u>1,223</u>	<u>1,134,562</u>	<u>-</u>	<u>22,846</u>	<u>149,886</u>	<u>27,832</u>	<u>-</u>	<u>-</u>
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	31,195	-	-	-	-	-	-
-	203,530	41,018	-	-	-	37,897	452
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>-</u>	<u>234,725</u>	<u>41,018</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>37,897</u>	<u>452</u>
<u>\$ 1,223</u>	<u>\$ 1,369,287</u>	<u>\$ 41,018</u>	<u>\$ 22,846</u>	<u>\$ 149,886</u>	<u>\$ 27,832</u>	<u>\$ 37,897</u>	<u>\$ 452</u>

SAN FELIPE DEL RIO CISD
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 AUGUST 31, 2016

Data Control Codes	386 Regional Day School for the Deaf	397 Advanced Placement Incentives	410 Instructional Materials Allotment	429 Other State Special Revenue Funds	
ASSETS					
1110	Cash and Cash Equivalents	\$ 21,521	\$ 395	\$ 12,716	\$ -
1220	Property Taxes - Delinquent	-	-	-	-
1230	Allowance for Uncollectible Taxes (Credit)	-	-	-	-
1240	Receivables from Other Governments	-	-	-	84,626
1260	Due from Other Funds	-	-	45,696	-
1290	Other Receivables	-	-	-	-
1300	Inventories	-	-	-	-
1000	Total Assets	<u>\$ 21,521</u>	<u>\$ 395</u>	<u>\$ 58,412</u>	<u>\$ 84,626</u>
LIABILITIES					
2110	Accounts Payable	\$ -	\$ -	\$ 18,708	\$ 18,934
2160	Accrued Wages Payable	3,250	-	-	-
2170	Due to Other Funds	18,271	-	-	65,692
2180	Due to Other Governments	-	-	-	-
2300	Unearned Revenues	-	-	-	-
2000	Total Liabilities	<u>21,521</u>	<u>-</u>	<u>18,708</u>	<u>84,626</u>
DEFERRED INFLOWS OF RESOURCES					
2601	Unavailable Revenue - Property Taxes	-	-	-	-
2600	Total Deferred Inflows of Resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES					
Nonspendable Fund Balance:					
3410	Inventories	-	-	-	-
Restricted Fund Balance:					
3450	Federal or State Funds Grant Restriction	-	395	39,704	-
3480	Retirement of Long-Term Debt	-	-	-	-
3490	Other Restricted Fund Balance	-	-	-	-
3000	Total Fund Balances	<u>-</u>	<u>395</u>	<u>39,704</u>	<u>-</u>
4000	Total Liabilities, Deferred Inflows & Fund Balances	<u>\$ 21,521</u>	<u>\$ 395</u>	<u>\$ 58,412</u>	<u>\$ 84,626</u>

461 Campus Activity Funds	482 Loss Prevention Grant	485 Building Capacity Rural School	486 Dairy Optimization Grant	487 Healthy Futures of Texas	Total Nonmajor Special Revenue Funds	511 Debt Service	616 Capital Projects 2000 Bond
\$ 114,061	\$ -	\$ -	\$ 2,995	\$ 1,643	\$ 580,357	\$ 1,348,392	\$ 93,227
-	-	-	-	-	-	454,228	-
-	-	-	-	-	-	(23,218)	-
-	-	3,101	-	-	1,483,344	307,152	-
-	-	-	-	-	48,665	-	-
-	4,938	100	-	6,362	820,633	291,444	-
-	-	-	-	-	31,195	-	-
<u>\$ 114,061</u>	<u>\$ 4,938</u>	<u>\$ 3,201</u>	<u>\$ 2,995</u>	<u>\$ 8,005</u>	<u>\$ 2,964,194</u>	<u>\$ 2,377,998</u>	<u>\$ 93,227</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 249,043	\$ -	\$ -
-	-	-	-	-	141,767	-	-
-	4,753	3,201	-	6,362	2,057,828	-	93,227
-	-	-	-	-	13,609	7,224	-
-	-	-	-	-	28,872	-	-
<u>-</u>	<u>4,753</u>	<u>3,201</u>	<u>-</u>	<u>6,362</u>	<u>2,491,119</u>	<u>7,224</u>	<u>93,227</u>
-	-	-	-	-	-	722,453	-
-	-	-	-	-	-	722,453	-
-	-	-	-	-	31,195	-	-
-	-	-	2,995	1,643	327,634	-	-
-	-	-	-	-	-	1,648,321	-
114,061	185	-	-	-	114,246	-	-
<u>114,061</u>	<u>185</u>	<u>-</u>	<u>2,995</u>	<u>1,643</u>	<u>473,075</u>	<u>1,648,321</u>	<u>-</u>
<u>\$ 114,061</u>	<u>\$ 4,938</u>	<u>\$ 3,201</u>	<u>\$ 2,995</u>	<u>\$ 8,005</u>	<u>\$ 2,964,194</u>	<u>\$ 2,377,998</u>	<u>\$ 93,227</u>

SAN FELIPE DEL RIO CISD
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
AUGUST 31, 2016

Data Control Codes	617 Capital Projects 2006 Bond	618 Capital Projects 2008 Bond	Total Nonmajor Capital Project Funds	Total Nonmajor Governmental Funds	
ASSETS					
1110	Cash and Cash Equivalents	\$ 714,529	\$ 2,259	\$ 810,015	\$ 2,738,764
1220	Property Taxes - Delinquent	-	-	-	454,228
1230	Allowance for Uncollectible Taxes (Credit)	-	-	-	(23,218)
1240	Receivables from Other Governments	-	-	-	1,790,496
1260	Due from Other Funds	-	-	-	48,665
1290	Other Receivables	-	-	-	1,112,077
1300	Inventories	-	-	-	31,195
1000	Total Assets	<u>\$ 714,529</u>	<u>\$ 2,259</u>	<u>\$ 810,015</u>	<u>\$ 6,152,207</u>
LIABILITIES					
2110	Accounts Payable	\$ -	\$ -	\$ -	\$ 249,043
2160	Accrued Wages Payable	-	-	-	141,767
2170	Due to Other Funds	714,529	2,259	810,015	2,867,843
2180	Due to Other Governments	-	-	-	20,833
2300	Unearned Revenues	-	-	-	28,872
2000	Total Liabilities	<u>714,529</u>	<u>2,259</u>	<u>810,015</u>	<u>3,308,358</u>
DEFERRED INFLOWS OF RESOURCES					
2601	Unavailable Revenue - Property Taxes	-	-	-	722,453
2600	Total Deferred Inflows of Resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>722,453</u>
FUND BALANCES					
Nonspendable Fund Balance:					
3410	Inventories	-	-	-	31,195
Restricted Fund Balance:					
3450	Federal or State Funds Grant Restriction	-	-	-	327,634
3480	Retirement of Long-Term Debt	-	-	-	1,648,321
3490	Other Restricted Fund Balance	-	-	-	114,246
3000	Total Fund Balances	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,121,396</u>
4000	Total Liabilities, Deferred Inflows & Fund Balances	<u>\$ 714,529</u>	<u>\$ 2,259</u>	<u>\$ 810,015</u>	<u>\$ 6,152,207</u>

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SAN FELIPE DEL RIO CISD
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
 FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED AUGUST 31, 2016

Data Control Codes	205 Head Start	211 ESEA I, A Improving Basic Program	212 ESEA Title I Part C Migrant	224 IDEA - Part B Formula
REVENUES:				
5700 Total Local and Intermediate Sources	\$ -	\$ -	\$ -	\$ -
5800 State Program Revenues	-	-	-	-
5900 Federal Program Revenues	<u>2,182,890</u>	<u>3,312,799</u>	<u>1,063,596</u>	<u>1,782,886</u>
5020 Total Revenues	<u>2,182,890</u>	<u>3,312,799</u>	<u>1,063,596</u>	<u>1,782,886</u>
EXPENDITURES:				
Current:				
0011 Instruction	1,499,662	2,154,288	154,232	1,318,101
0012 Instructional Resources and Media Services	42,786	2,532	-	-
0013 Curriculum and Instructional Staff Development	29,120	109,042	-	-
0021 Instructional Leadership	151,072	214,286	240,081	68,440
0023 School Leadership	9,509	10,124	6,033	-
0031 Guidance, Counseling and Evaluation Services	76,341	203,345	461,203	396,345
0033 Health Services	58,732	5,240	6,339	-
0034 Student (Pupil) Transportation	42,443	43,780	5,926	-
0035 Food Services	27,071	-	-	-
0036 Extracurricular Activities	-	-	-	-
0041 General Administration	-	-	-	-
0051 Facilities Maintenance and Operations	135,122	21,260	13,989	-
0052 Security and Monitoring Services	-	355	200	-
0061 Community Services	111,032	548,547	175,593	-
Debt Service:				
0071 Principal on Long Term Debt	-	-	-	-
0072 Interest on Long Term Debt	-	-	-	-
0073 Bond Issuance Cost and Fees	-	-	-	-
Capital Outlay:				
0081 Facilities Acquisition and Construction	-	-	-	-
6030 Total Expenditures	<u>2,182,890</u>	<u>3,312,799</u>	<u>1,063,596</u>	<u>1,782,886</u>
1100 Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
OTHER FINANCING SOURCES (USES):				
7911 Capital Related Debt Issued (Refunding Bonds)	-	-	-	-
7916 Premium or Discount on Issuance of Bonds	-	-	-	-
Other Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
7080 Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
1200 Net Change in Fund Balance	-	-	-	-
0100 Fund Balance - September 1 (Beginning)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
3000 Fund Balance - August 31 (Ending)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

225 IDEA - Part B Preschool	240 Child Nutrition Program	242 Summer Feeding Program	244 Career and Technical - Basic Grant	255 ESEA II,A Training and Recruiting	263 Title III, A English Lang Acquisition	272 Medicaid Admin. Claim MAC	289 Summer School LEP
\$ -	\$ 860,443	\$ 630	\$ -	\$ -	\$ -	\$ -	\$ -
-	35,034	2,158	-	-	-	-	-
42,431	5,639,062	116,075	143,342	518,869	204,960	25,886	4,452
42,431	6,534,539	118,863	143,342	518,869	204,960	25,886	4,452
42,431	-	-	72,242	3,591	28,428	-	-
-	-	-	-	-	-	-	-
-	-	-	-	502,702	169,166	-	-
-	-	-	-	7,830	3,469	-	-
-	-	-	-	-	-	-	6,176
-	-	-	71,100	-	1,502	-	-
-	-	-	-	-	1,428	16,246	-
-	-	-	-	-	-	-	-
-	6,675,875	160,488	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	4,746	-	-	-
-	185,044	20,510	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	967	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
42,431	6,860,919	180,998	143,342	518,869	204,960	16,246	6,176
-	(326,380)	(62,135)	-	-	-	9,640	(1,724)
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	(326,380)	(62,135)	-	-	-	9,640	(1,724)
-	561,105	103,153	-	-	-	28,257	2,176
\$ -	\$ 234,725	\$ 41,018	\$ -	\$ -	\$ -	\$ 37,897	\$ 452

SAN FELIPE DEL RIO CISD
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
 FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED AUGUST 31, 2016

Data Control Codes	386 Regional Day School for the Deaf	397 Advanced Placement Incentives	410 Instructional Materials Allotment	429 Other State Special Revenue Funds
REVENUES:				
5700 Total Local and Intermediate Sources	\$ -	\$ -	\$ 2,036	\$ -
5800 State Program Revenues	73,866	1,800	1,743,394	711,660
5900 Federal Program Revenues	-	-	-	-
5020 Total Revenues	<u>73,866</u>	<u>1,800</u>	<u>1,745,430</u>	<u>711,660</u>
EXPENDITURES:				
Current:				
0011 Instruction	73,866	1,405	1,780,921	305,536
0012 Instructional Resources and Media Services	-	-	-	-
0013 Curriculum and Instructional Staff Development	-	-	19,000	406,124
0021 Instructional Leadership	-	-	-	-
0023 School Leadership	-	-	-	-
0031 Guidance, Counseling and Evaluation Services	-	-	-	-
0033 Health Services	-	-	-	-
0034 Student (Pupil) Transportation	-	-	-	-
0035 Food Services	-	-	-	-
0036 Extracurricular Activities	-	-	-	-
0041 General Administration	-	-	-	-
0051 Facilities Maintenance and Operations	-	-	-	-
0052 Security and Monitoring Services	-	-	-	-
0061 Community Services	-	-	-	-
Debt Service:				
0071 Principal on Long Term Debt	-	-	-	-
0072 Interest on Long Term Debt	-	-	-	-
0073 Bond Issuance Cost and Fees	-	-	-	-
Capital Outlay:				
0081 Facilities Acquisition and Construction	-	-	-	-
6030 Total Expenditures	<u>73,866</u>	<u>1,405</u>	<u>1,799,921</u>	<u>711,660</u>
1100 Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>-</u>	<u>395</u>	<u>(54,491)</u>	<u>-</u>
OTHER FINANCING SOURCES (USES):				
7911 Capital Related Debt Issued (Refunding Bonds)	-	-	-	-
7916 Premium or Discount on Issuance of Bonds	-	-	-	-
Other Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
7080 Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
1200 Net Change in Fund Balance	-	395	(54,491)	-
0100 Fund Balance - September 1 (Beginning)	<u>-</u>	<u>-</u>	<u>94,195</u>	<u>-</u>
3000 Fund Balance - August 31 (Ending)	<u>\$ -</u>	<u>\$ 395</u>	<u>\$ 39,704</u>	<u>\$ -</u>

461 Campus Activity Funds	482 Loss Prevention Grant	485 Building Capacity Rural School	486 Dairy Optimization Grant	487 Healthy Futures of Texas	Total Nonmajor Special Revenue Funds	511 Debt Service	616 Capital Projects 2000 Bond
\$ 128,906	\$ 4,938	\$ 60,206	\$ 10,448	\$ 38,789	\$ 1,106,396	\$ 1,931,714	\$ 253
-	-	413	-	8	2,568,333	2,591,053	-
-	-	-	-	-	15,037,248	-	-
<u>128,906</u>	<u>4,938</u>	<u>60,619</u>	<u>10,448</u>	<u>38,797</u>	<u>18,711,977</u>	<u>4,522,767</u>	<u>253</u>
410	-	6,596	-	22,614	7,464,323	-	-
63,455	-	-	-	-	108,773	-	-
-	-	51,894	-	3,279	1,290,327	-	-
-	-	-	-	-	685,178	-	-
1,965	-	2,129	-	11,261	47,197	-	-
-	-	-	-	-	1,209,836	-	-
-	-	-	-	-	87,985	-	-
-	-	-	-	-	92,149	-	-
-	-	-	7,453	-	6,870,887	-	-
56,361	-	-	-	-	56,361	-	-
-	-	-	-	-	4,746	-	-
-	4,938	-	-	-	380,863	-	-
-	-	-	-	-	555	-	-
-	-	-	-	-	836,139	-	-
-	-	-	-	-	-	2,625,000	-
-	-	-	-	-	-	1,505,766	-
-	-	-	-	-	-	214,158	-
-	-	-	-	-	-	-	93,228
<u>122,191</u>	<u>4,938</u>	<u>60,619</u>	<u>7,453</u>	<u>37,154</u>	<u>19,135,319</u>	<u>4,344,924</u>	<u>93,228</u>
<u>6,715</u>	<u>-</u>	<u>-</u>	<u>2,995</u>	<u>1,643</u>	<u>(423,342)</u>	<u>177,843</u>	<u>(92,975)</u>
-	-	-	-	-	-	8,470,000	-
-	-	-	-	-	-	1,526,959	-
-	-	-	-	-	-	(9,801,537)	-
-	-	-	-	-	-	195,422	-
6,715	-	-	2,995	1,643	(423,342)	373,265	(92,975)
<u>107,346</u>	<u>185</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>896,417</u>	<u>1,275,056</u>	<u>92,975</u>
<u>\$ 114,061</u>	<u>\$ 185</u>	<u>\$ -</u>	<u>\$ 2,995</u>	<u>\$ 1,643</u>	<u>\$ 473,075</u>	<u>\$ 1,648,321</u>	<u>\$ -</u>

SAN FELIPE DEL RIO CISD
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
 FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED AUGUST 31, 2016

Data Control Codes	617 Capital Projects 2006 Bond	618 Capital Projects 2008 Bond	Total Nonmajor Capital Project Funds	Total Nonmajor Governmental Funds	
REVENUES:					
5700	Total Local and Intermediate Sources	\$ 1,942	\$ 6	\$ 2,201	\$ 3,040,311
5800	State Program Revenues	-	-	-	5,159,386
5900	Federal Program Revenues	-	-	-	15,037,248
5020	Total Revenues	<u>1,942</u>	<u>6</u>	<u>2,201</u>	<u>23,236,945</u>
EXPENDITURES:					
Current:					
0011	Instruction	-	-	-	7,464,323
0012	Instructional Resources and Media Services	-	-	-	108,773
0013	Curriculum and Instructional Staff Development	-	-	-	1,290,327
0021	Instructional Leadership	-	-	-	685,178
0023	School Leadership	-	-	-	47,197
0031	Guidance, Counseling and Evaluation Services	-	-	-	1,209,836
0033	Health Services	-	-	-	87,985
0034	Student (Pupil) Transportation	-	-	-	92,149
0035	Food Services	-	-	-	6,870,887
0036	Extracurricular Activities	-	-	-	56,361
0041	General Administration	-	-	-	4,746
0051	Facilities Maintenance and Operations	-	-	-	380,863
0052	Security and Monitoring Services	-	-	-	555
0061	Community Services	-	-	-	836,139
Debt Service:					
0071	Principal on Long Term Debt	-	-	-	2,625,000
0072	Interest on Long Term Debt	-	-	-	1,505,766
0073	Bond Issuance Cost and Fees	-	-	-	214,158
Capital Outlay:					
0081	Facilities Acquisition and Construction	714,529	2,259	810,016	810,016
6030	Total Expenditures	<u>714,529</u>	<u>2,259</u>	<u>810,016</u>	<u>24,290,259</u>
1100	Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(712,587)</u>	<u>(2,253)</u>	<u>(807,815)</u>	<u>(1,053,314)</u>
OTHER FINANCING SOURCES (USES):					
7911	Capital Related Debt Issued (Refunding Bonds)	-	-	-	8,470,000
7916	Premium or Discount on Issuance of Bonds	-	-	-	1,526,959
	Other Sources (Uses)	-	-	-	(9,801,537)
7080	Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>195,422</u>
1200	Net Change in Fund Balance	(712,587)	(2,253)	(807,815)	(857,892)
0100	Fund Balance - September 1 (Beginning)	<u>712,587</u>	<u>2,253</u>	<u>807,815</u>	<u>2,979,288</u>
3000	Fund Balance - August 31 (Ending)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,121,396</u>

T.E.A. REQUIRED SCHEDULES

Section 21.256, Texas Education Code, requires an annual audit and authorizes the State Board of Education, with the approval of the State Auditor, to prescribe minimum regulations and report forms for the annual audit. The Financial Accountability System Resource Guide of the Texas Education Agency prescribes the forms and formats to be filed with the Texas Education Agency. This section fulfills the requirements for certain forms and formats required to be filed with the Texas Education Agency.

SAN FELIPE DEL RIO CISD
 SCHEDULE OF DELINQUENT TAXES RECEIVABLE
 FISCAL YEAR ENDED AUGUST 31, 2016

Last 10 Years Ended August 31	(1)	(2)	(3)
	Tax Rates		Assessed/Appraised Value for School Tax Purposes
	Maintenance	Debt Service	
2007 and prior years	Various	Various	\$ 5,850,263,990
2008	1.040000	0.099000	1,110,627,675
2009	1.040000	0.126700	1,271,453,258
2010	1.040000	0.159400	1,263,758,458
2011	1.040000	0.145000	1,332,854,958
2012	1.040000	0.148700	1,366,457,781
2013	1.040000	0.139500	1,392,619,198
2014	1.040000	0.132400	1,495,975,941
2015	1.040000	0.127900	1,537,636,267
2016 (School year under audit)	1.040000	0.120300	1,562,522,724
1000 TOTALS			

(10) Beginning Balance 9/1/2015	(20) Current Year's Total Levy	(31) Maintenance Collections	(32) Debt Service Collections	(40) Entire Year's Adjustments	(50) Ending Balance 8/31/2016
\$ 732,869	\$ -	\$ 24,292	\$ 2,070	\$ (272,560)	\$ 433,950
90,877	-	6,266	737	(1,701)	82,173
115,532	-	11,625	1,370	(1,240)	101,297
146,147	-	19,858	2,337	(1,484)	122,468
192,267	-	35,918	4,221	2,040	154,166
244,821	-	52,874	6,224	4,105	189,828
334,760	-	98,244	11,575	5,563	230,504
502,487	-	156,207	18,466	6,286	334,099
790,217	-	279,257	32,954	(15,608)	462,398
-	18,129,951	15,536,906	1,803,530	-	789,515
<u>\$ 3,149,976</u>	<u>\$ 18,129,951</u>	<u>\$ 16,221,448</u>	<u>\$ 1,883,484</u>	<u>\$ (274,599)</u>	<u>\$ 2,900,399</u>

SAN FELIPE DEL RIO CISD
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
 BUDGET AND ACTUAL - CHILD NUTRITION PROGRAM
 FOR THE YEAR ENDED AUGUST 31, 2016

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	\$ 1,188,953	\$ 1,188,953	\$ 860,443	\$ (328,510)
5800	State Program Revenues	40,000	40,000	35,034	(4,966)
5900	Federal Program Revenues	5,699,643	5,699,643	5,639,062	(60,581)
5020	Total Revenues	6,928,596	6,928,596	6,534,539	(394,057)
EXPENDITURES:					
0035	Food Services	6,404,026	6,710,276	6,675,875	34,401
0051	Facilities Maintenance and Operations	424,350	217,668	185,044	32,624
6030	Total Expenditures	6,828,376	6,927,944	6,860,919	67,025
1200	Net Change in Fund Balances	100,220	652	(326,380)	(327,032)
0100	Fund Balance - September 1 (Beginning)	-	561,105	561,105	-
3000	Fund Balance - August 31 (Ending)	\$ 100,220	\$ 561,757	\$ 234,725	\$ (327,032)

SAN FELIPE DEL RIO CISD
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
 BUDGET AND ACTUAL - DEBT SERVICE FUND
 FOR THE YEAR ENDED AUGUST 31, 2016

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	\$ 1,941,087	\$ 1,941,087	\$ 1,931,714	\$ (9,373)
5800	State Program Revenues	2,217,357	2,218,757	2,591,053	372,296
5020	Total Revenues	4,158,444	4,159,844	4,522,767	362,923
EXPENDITURES:					
Debt Service:					
0071	Principal on Long Term Debt	2,515,000	2,625,000	2,625,000	-
0072	Interest on Long Term Debt	1,619,274	1,509,074	1,505,766	3,308
0073	Bond Issuance Cost and Fees	24,170	221,192	214,158	7,034
6030	Total Expenditures	4,158,444	4,355,266	4,344,924	10,342
1100	Excess (Deficiency) of Revenues Over (Under) Expenditures	-	(195,422)	177,843	373,265
OTHER FINANCING SOURCES (USES):					
7911	Capital Related Debt Issued (Regular Bonds)	-	-	8,470,000	8,470,000
7916	Premium or Discount on Issuance of Bonds	-	-	1,526,959	1,526,959
8949	Other (Uses)	-	-	(9,801,537)	(9,801,537)
7080	Total Other Financing Sources (Uses)	-	-	195,422	195,422
1200	Net Change in Fund Balances	-	(195,422)	373,265	568,687
0100	Fund Balance - September 1 (Beginning)	-	1,275,056	1,275,056	-
3000	Fund Balance - August 31 (Ending)	\$ -	\$ 1,079,634	\$ 1,648,321	\$ 568,687

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STATISTICAL SECTION

Statistical Tables are used to provide detailed data on the physical, economic, social and political characteristics of a government. They are intended to provide financial report users with a broader and more complete understanding of the government and its financial affairs than it is possible from the basic financial statements.

SAN FELIPE DEL RIO CISD
NET POSITION BY COMPONENT
LAST TEN YEARS
(ACCRUAL BASIS OF ACCOUNTING)

	2007	2008	2009	2010
Governmental Activities				
Net Investment in Capital Assets	\$ 22,864,581	\$ 21,624,572	\$ 20,162,593	\$ 14,640,249
Restricted	3,184,929	2,507,568	18,512,080	15,428,495
Unrestricted	28,529,178	33,211,103	21,592,075	36,333,351
Total Governmental Activities Net Position	<u>\$ 54,578,688</u>	<u>\$ 57,343,243</u>	<u>\$ 60,266,748</u>	<u>\$ 66,402,095</u>

2011	2012	2013	2014	2015	2016
\$ 18,422,633	\$ 26,470,340	\$ 32,853,555	\$ 34,585,522	\$ 36,452,605	\$ 50,828,265
13,246,293	5,963,912	6,548,900	4,485,698	2,979,289	2,089,853
46,837,114	56,436,272	53,736,174	46,172,482	46,925,207	33,999,297
<u>\$ 78,506,040</u>	<u>\$ 88,870,524</u>	<u>\$ 93,138,629</u>	<u>\$ 85,243,702</u>	<u>\$ 86,357,101</u>	<u>\$ 86,917,415</u>

SAN FELIPE DEL RIO CISD
 EXPENSES, PROGRAM REVENUES, AND NET (EXPENSE)/REVENUE
 LAST TEN FISCAL YEARS
 (ACCRUAL BASIS OF ACCOUNTING)

	2007	2008	2009	2010
Expenses:				
Governmental Activities				
Instruction	\$ 44,024,878	\$ 48,488,905	\$ 50,706,225	\$ 51,764,977
Instructional Resource & Media Services	1,539,994	1,617,799	1,568,540	1,573,767
Curriculum/Instructional Staff Devel	1,662,269	1,385,582	952,670	1,675,524
Instructional Leadership	1,518,421	1,754,956	1,490,770	1,624,468
School Leadership	3,436,907	3,580,673	3,573,739	3,580,045
Guidance/Counseling/Evaluation Serv	2,670,548	2,939,606	2,234,403	2,983,260
Social Work Services	180,871	189,611	205,496	205,386
Health Services	619,178	682,500	700,689	719,960
Student (Pupil) Transportation	1,641,405	1,638,864	1,474,242	1,533,097
Food Services	3,837,247	4,198,993	4,620,191	4,450,532
Cocurricular/Extracurricular Activities	2,307,533	2,556,609	2,648,626	2,476,516
General Administration	2,371,420	1,981,577	2,395,034	2,638,097
Facilities Maintenance & Operations	7,477,235	7,493,439	8,173,993	8,099,340
Security & Monitoring Services	705,011	751,175	965,174	964,371
Data Processing Services	1,541,169	1,227,170	678,701	759,484
Community Services	996,445	960,560	1,006,634	978,478
Debt Service - Interest on Long Term Debt	2,218,477	2,739,240	2,809,452	2,443,474
Debt Service - Bond Issuance Cost and Fees	42,015	36,208	228,013	59,450
Capital Outlay	185,361	967,052	28,023	186,030
Other Intergovernmental Charges	-	545,753	664,232	713,133
Total Governmental Activities Expenses	\$ 78,976,384	\$ 85,736,272	\$ 87,124,847	\$ 89,429,389
Program Revenues:				
Governmental Activities				
Charges for Services:				
Instruction	\$ 701,456	\$ 968,362	\$ 500,656	\$ 469,625
Food Services	61,531	-	814,346	781,311
Extracurricular Activities	36,917	60,523	145,643	197,690
Facilities Maintenance and Operations	12,306	166,438	86,051	80,718
Other Activities	418,417	317,738	164,276	154,097
Operating Grants and Contributions	19,674,107	20,235,161	21,527,680	30,397,351
Total Governmental Activities Program Revenues	\$ 20,904,734	\$ 21,748,222	\$ 23,238,652	\$ 32,080,792
Total Governmental Activities Net Expense	\$ (58,071,650)	\$ (63,988,050)	\$ (63,886,195)	\$ (57,348,597)

	2011	2012	2013	2014	2015	2016
\$	48,387,010	\$ 48,372,502	\$ 50,022,828	\$ 50,342,995	\$ 56,671,661	\$ 59,519,696
	1,930,741	1,833,772	1,678,082	1,692,666	1,558,759	1,574,804
	1,204,917	1,193,561	1,360,768	2,943,711	3,444,043	3,556,984
	1,673,854	1,707,916	1,961,197	1,916,368	2,147,301	2,301,183
	3,484,329	3,561,130	3,999,679	3,956,282	4,152,708	4,501,647
	3,132,972	3,098,961	3,336,876	3,447,120	4,087,197	4,581,828
	177,874	195,960	217,490	225,240	224,873	242,847
	661,825	643,157	767,630	823,082	961,010	1,025,960
	1,675,768	1,964,113	2,414,063	2,450,995	2,336,145	2,649,429
	4,558,913	4,876,566	5,988,138	6,502,345	6,631,585	7,339,055
	2,624,882	2,715,001	2,992,960	3,195,689	3,464,237	3,838,418
	2,590,927	2,848,554	2,667,078	2,686,158	2,900,457	4,560,925
	8,137,198	8,335,148	9,214,945	9,294,290	10,472,508	10,578,074
	1,107,022	1,044,091	1,250,329	1,416,688	1,442,697	1,570,374
	1,040,407	979,968	1,297,626	1,431,846	1,826,545	2,903,166
	959,043	912,762	827,311	932,392	1,095,035	1,121,358
	3,396,399	3,398,738	2,231,194	2,948,081	1,520,557	1,582,187
	47,798	55,015	28,055	(985,998)	701,969	67,793
	71,383	275,288	43,860	91,837	406,213	232,112
	564,446	512,947	570,341	491,024	492,199	491,168
\$	87,427,708	\$ 88,525,150	\$ 92,870,450	\$ 95,802,811	\$ 106,537,700	\$ 114,239,008
\$	272,274	\$ 191,318	\$ 174,223	\$ 742,876	\$ 717,190	\$ 324,342
	816,772	832,301	897,192	104,001	-	833,910
	192,921	212,744	146,940	44,572	49,463	14,713
	46,797	32,883	52,744	118,860	148,385	48,380
	89,342	62,772	57,168	475,433	321,501	70,973
	26,769,961	22,992,103	22,175,440	20,267,748	22,359,058	22,259,924
\$	28,188,067	\$ 24,324,121	\$ 23,503,707	\$ 21,753,490	\$ 23,595,597	\$ 23,552,242
\$	(59,239,641)	\$ (64,201,029)	\$ (69,366,743)	\$ (74,049,321)	\$ (82,942,103)	\$ (90,686,766)

SAN FELIPE DEL RIO CISD
GENERAL REVENUES AND TOTAL CHANGE IN NET POSITION
LAST TEN FISCAL YEARS
(ACCRUAL BASIS OF ACCOUNTING)

	2007	2008	2009	2010
Net (Expense)/Revenue				
Governmental Activities	\$ (58,071,650)	\$ (63,988,050)	\$ (63,886,195)	\$ (57,348,597)
Total Primary Government Program Revenues	<u>(58,071,650)</u>	<u>(63,988,050)</u>	<u>(63,886,195)</u>	<u>(57,348,597)</u>
General Revenues & Other Changes in Net Position				
Governmental Activities				
Property Taxes				
Levied for General Purposes	13,305,065	11,218,743	12,273,413	12,234,521
Levied for Debt Service	1,161,160	1,067,888	1,517,701	1,894,544
State Aid - Formula Grants	48,693,585	52,024,588	52,147,416	48,243,225
Unrestricted Grants and Contributions	-	-	-	-
Investment Earnings	2,669,186	2,163,183	800,932	349,117
Miscellaneous Local and Intermediate Revenue	458,797	516,162	113,280	527,813
Special Items	(65,622)	(65,975)	(12,662)	-
Extraordinary Item - resource	195	-	-	-
Transfers	(69,109)	11,876	(30,382)	-
Total Governmental Activities	<u>\$ 66,153,257</u>	<u>\$ 66,936,465</u>	<u>\$ 66,809,698</u>	<u>\$ 63,249,220</u>
Changes in Net Position				
Governmental Activities	\$ 8,081,607	\$ 2,948,415	\$ 2,923,503	\$ 5,900,623
Total Primary Government	<u>\$ 8,081,607</u>	<u>\$ 2,948,415</u>	<u>\$ 2,923,503</u>	<u>\$ 5,900,623</u>

2011	2012	2013	2014	2015	2016
\$ (59,239,641)	\$ (64,201,029)	\$ (69,366,743)	\$ (74,049,321)	\$ (82,942,103)	\$ (90,686,766)
(59,239,641)	(64,201,029)	(69,366,743)	(74,049,321)	(82,942,103)	(90,686,766)

13,132,037	13,874,294	14,801,948	15,185,360	16,143,277	16,182,180
1,863,558	2,041,676	1,836,256	1,881,331	1,881,206	1,878,847
54,671,371	54,336,114	56,997,255	61,043,029	65,876,594	63,847,692
-	-	-	-	-	4,144,465
159,413	157,667	130,049	81,588	69,982	161,654
1,420,825	(350,309)	(130,660)	920,205	84,443	5,032,242
-	(4,639)	-	-	-	-
-	-	-	-	-	-
804	(26,000)	-	-	-	-
\$ 71,248,008	\$ 70,028,803	\$ 73,634,848	\$ 79,111,513	\$ 84,055,502	\$ 91,247,080

\$ 12,008,367	\$ 5,827,774	\$ 4,268,105	\$ 5,062,192	\$ 1,113,399	\$ 560,314
\$ 12,008,367	\$ 5,827,774	\$ 4,268,105	\$ 5,062,192	\$ 1,113,399	\$ 560,314

SAN FELIPE DEL RIO CISD
 FUND BALANCES OF GOVERNMENTAL FUNDS
 LAST TEN FISCAL YEARS
 (MODIFIED ACCRUAL BASIS OF ACCOUNTING)

	2007	2008	2009	2010
General Fund				
Nonspendable	\$ 601,763	\$ 609,229	\$ 623,044	\$ 782,891
Restricted	406,481	269,314	449,054	469,501
Comitted	1,769,919	920,000	1,654,208	2,000,000
Assigned	2,375,467	435,792		
Unassigned	20,144,367	25,815,375	27,881,507	30,313,071
Total General Fund	\$ 25,297,997	\$ 28,049,710	\$ 30,607,813	\$ 33,565,463
All Other Governmental Funds				
Nonspendable	\$ 543,334	\$ 499,602	\$ 572,668	\$ 591,544
Restricted	1,968,578	1,647,130	1,157,517	12,836,952
Comitted	-	-	-	-
Assigned	-	-	-	-
Unassigned	22,539,554	14,558,913	16,781,895	277,731
Total All Other Governmental Funds	\$ 25,051,466	\$ 16,705,645	\$ 18,512,080	\$ 13,706,227

Note: During the fiscal year 2011, the District adopted GASB Statement No. 54. Implementing this standard affected the presentation of fund balance on the governmental funds balance sheet.

2011	2012	2013	2014	2015	2016
\$ 600,000	\$ 715,699	\$ 627,311	\$ 563,193	\$ 486,633	\$ 488,123
-	-	-	-	-	-
2,088,425	794,063	28,703,461	27,362,867	22,913,460	17,355,053
-	-	-	-	-	-
38,980,447	45,836,950	20,127,659	26,290,904	28,570,268	25,019,275
<u>\$ 41,668,872</u>	<u>\$ 47,346,712</u>	<u>\$ 49,458,431</u>	<u>\$ 54,216,964</u>	<u>\$ 51,970,361</u>	<u>\$ 42,862,451</u>
\$ -	\$ 261,539	\$ 342,712	\$ 418,077	\$ 176,436	\$ 31,195
13,246,293	6,086,628	4,590,666	3,034,028	2,802,852	2,090,201
-	-	-	-	-	-
-	-	-	-	-	-
(1,225,757)	168,688	169,244	-	-	-
<u>\$ 12,020,536</u>	<u>\$ 6,516,855</u>	<u>\$ 5,102,622</u>	<u>\$ 3,452,105</u>	<u>\$ 2,979,288</u>	<u>\$ 2,121,396</u>

SAN FELIPE DEL RIO CISD
 CHANGES IN FUND BALANCE OF GOVERNMENTAL FUNDS AND DEBT SERVICE RATIO
 LAST TEN FISCAL YEARS

	2007	2008	2009	2010
Revenues:				
Local and Intermediate Sources	\$ 19,037,092	\$ 16,707,196	\$ 17,070,448	\$ 17,463,909
State Program Revenues	53,663,114	57,274,980	57,217,211	53,048,871
Federal Program Revenues	14,440,024	14,924,471	15,444,904	24,665,430
Total Revenues	87,140,230	88,906,647	89,732,563	95,178,210
Expenses:				
Instruction	43,209,172	47,156,064	49,577,849	51,692,658
Instructional Resource & Media Services	1,516,644	1,575,651	1,539,162	1,563,399
Curriculum/Instructional Staff Devel	1,675,260	1,373,853	950,376	1,692,320
Instructional Leadership	1,510,512	1,731,593	1,476,086	1,630,271
School Leadership	3,424,427	3,523,299	3,547,766	3,601,596
Guidance/Counseling/Evaluation Serv	2,686,188	2,929,041	2,237,205	3,026,883
Social Work Services	181,930	188,268	205,496	205,386
Health Services	622,804	678,429	702,090	730,866
Student (Pupil) Transportation	1,603,068	1,565,129	1,198,212	1,279,018
Food Services	3,948,834	4,216,990	4,599,294	4,484,395
Cocurricular/Extracurricular Activities	2,269,288	2,480,712	2,590,615	2,445,772
General Administration	2,372,411	1,950,201	2,385,359	2,655,765
Plant Maintenance & Operations	7,495,332	7,453,508	8,142,837	8,479,896
Security & Monitoring Services	683,324	766,925	946,203	955,212
Data Processing Services	1,477,341	1,138,044	601,046	763,496
Community Services	1,002,280	960,201	1,006,634	978,478
Debt Service - Principal on long-term debt	2,205,000	1,675,000	1,755,000	2,110,000
Debt Service - Interest on Long Term Debt	2,102,966	1,901,418	2,686,338	2,318,724
Debt Service - Bond Issuance Cost and Fees	279,780	667,380	198,397	29,834
Capital Outlay	1,835,741	10,446,830	10,788,169	5,899,808
Other Intergovernmental Charges	-	545,753	664,232	713,133
Total Expenditures	82,102,302	94,924,289	97,798,366	97,256,910
Excess of Revenues Over (Under) Expenditures	5,037,928	(6,017,642)	(8,065,803)	(2,078,700)
Other Financing Sources (Uses)				
Refunding Bonds Issued	-	-	-	-
Capital Related Debt Issued (Regular Bonds)	21,915,000	6,469,993	12,285,000	-
Sale of Real and Personal Property	2,034	7,605	1,657	3,383
Proceeds from Capital Leases	-	-	-	-
Transfers In	-	215,832	7,071	-
Premium or Discount on Issuance of Bonds	268,700	653,895	186,728	-
Other Resources	-	-	-	-
Transfers Out	-	(215,832)	(7,071)	-
Payment to Bond Refunding Escrow Agent (Use)	-	-	-	(7,610)
Other (Uses)	(69,109)	(6,458,124)	(30,382)	-
Total Other Financing Sources (Uses)	22,116,625	673,369	12,443,003	(4,227)
Extraordinary Item - Resource	195	-	-	-
Special Item (Use)	(44,825)	(65,975)	(12,662)	-
Net Change in Fund Balances	\$ 27,109,923	\$ (5,410,248)	\$ 4,364,538	\$ (2,082,927)
Debt Service as a Percentage of Noncapital Expenditures	5.7%	5.0%	5.3%	4.9%

	2011	2012	2013	2014	2015	2016
\$	17,854,444	\$ 18,331,315	\$ 18,723,408	\$ 19,766,588	\$ 19,922,879	\$ 25,030,448
	58,160,468	56,825,613	58,814,168	63,684,437	67,414,547	69,007,078
	23,278,257	19,509,244	19,292,464	17,626,002	17,030,268	16,590,660
	99,293,169	94,666,172	96,830,040	101,077,027	104,367,694	110,628,186
	48,291,897	48,468,485	47,883,956	47,726,117	52,559,176	53,259,795
	1,933,609	1,821,565	1,638,584	1,656,424	1,484,321	1,501,025
	1,215,612	1,197,809	1,357,109	2,936,483	3,292,763	3,217,255
	1,689,350	1,706,061	1,936,244	1,891,299	2,095,945	2,006,321
	3,516,258	3,556,728	3,932,140	3,885,252	4,036,000	4,189,338
	3,203,068	3,154,598	3,322,241	3,436,910	3,922,167	4,088,511
	195,398	209,869	213,831	224,606	218,354	236,821
	679,349	657,066	763,971	820,669	932,336	965,564
	2,301,517	1,454,474	2,196,430	2,438,109	2,326,542	2,633,211
	4,637,792	4,916,982	6,012,183	6,542,226	6,439,884	6,888,020
	2,601,318	2,702,985	2,740,562	2,939,558	3,139,512	3,519,840
	2,647,977	2,861,299	2,656,101	2,679,955	2,817,363	3,388,704
	8,259,323	8,398,388	10,837,578	9,303,981	10,129,641	10,416,695
	1,097,229	1,019,356	1,254,009	1,437,722	1,420,728	1,635,416
	966,801	856,879	1,348,568	1,760,508	1,796,699	3,005,803
	976,567	926,671	823,652	929,881	1,037,664	957,528
	1,159,444	1,155,548	2,315,000	2,565,000	2,560,000	2,670,379
	3,276,440	3,287,095	2,123,346	1,741,418	1,702,647	1,514,935
	21,476	28,494	28,055	19,107,555	225,133	214,158
	3,614,127	7,385,049	2,179,809	2,546,971	4,673,558	14,497,762
	564,448	512,947	570,341	491,024	492,199	491,168
	92,849,000	96,278,348	96,133,710	117,061,668	107,302,632	121,298,249
	6,444,169	(1,612,176)	696,330	(15,984,641)	(2,934,938)	(10,670,063)
	-	-	-	17,430,000	-	-
	-	-	-	-	9,055,000	8,470,000
	2,743	38,319	3,397	14,104	10,164	36,442
	-	-	-	-	-	475,764
	17,779	792,784	-	-	-	-
	-	-	-	1,648,553	919,006	1,526,959
	5,064	-	-	-	-	-
	(17,779)	(818,784)	-	-	-	-
	-	-	-	-	-	-
	(34,258)	(4,684)	(2,241)	-	(9,768,652)	(9,804,904)
	(26,451)	7,635	1,156	19,092,657	215,518	704,261
	-	-	-	-	-	-
	-	(4,639)	-	-	-	-
\$	6,417,718	\$ (1,609,180)	\$ 697,486	\$ 3,108,016	\$ (2,719,420)	\$ (9,965,802)
	5.0%	5.0%	4.9%	4.6%	4.6%	4.2%

SAN FELIPE DEL RIO CISD
 ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY
 LAST TEN FISCAL YEARS

Fiscal Year Ending August 31 Tax Year	2007 2006	2008 2007	2009 2008	2010 2009
Real Property:				
Residential Property	\$ 619,949,104	\$ 688,606,340	\$ 773,258,410	\$ 811,523,340
Commercial Property	499,810,361	576,484,653	631,740,682	607,942,702
Agricultural Property	86,755,377	89,863,290	89,937,780	93,133,980
Personal Property	212,812,420	213,370,230	251,791,820	193,912,170
Mineral Property	55,583,530	45,307,430	51,790,680	38,869,460
Less: Ag & Homestead Cap	92,467,752	93,916,572	105,224,642	103,193,162
Total Taxable Assessed Value	\$ 1,382,443,040	\$ 1,519,715,371	\$ 1,693,294,730	\$ 1,642,188,490
Total Direct Tax Rate	1.4318	1.1390	1.1667	1.1994
Estimated Actual Taxable Value	\$ 970,501,572	\$ 1,071,520,897	\$ 1,229,793,198	\$ 1,152,226,110
Taxable Assessed Value as a Percentage of Actual Taxable Value	142.4462%	141.8279%	137.6894%	142.5231%

	2011	2012	2013	2014	2015	2016
	2010	2011	2012	2013	2014	2015
\$	896,510,137	\$ 948,139,169	\$ 933,518,899	\$ 946,825,353	\$ 958,315,767	\$ 971,274,210
	659,998,461	691,843,898	743,690,669	962,249,233	1,009,313,050	1,051,319,862
	107,188,790	105,202,670	282,162,699	285,741,369	282,051,789	291,179,959
	202,584,730	212,634,940	259,892,520	285,373,810	313,806,460	349,379,280
	36,012,490	27,356,510	19,554,730	15,463,270	15,084,520	12,663,600
	127,878,512	116,337,676	288,272,395	292,355,426	283,425,536	286,887,888
\$	1,774,416,096	\$ 1,868,839,511	\$ 1,950,547,122	\$ 2,203,297,609	\$ 2,295,146,050	\$ 2,388,929,023
	1.1994	1.1887	1.1795	1.1724	1.1679	1.1603
\$	1,256,170,243	\$ 1,291,843,692	\$ 1,310,225,721	\$ 1,415,546,931	\$ 1,455,744,210	\$ 1,496,868,989
	141.2560%	144.6645%	148.8711%	155.6499%	157.6614%	159.5951%

SAN FELIPE DEL RIO CISD
 DIRECT AND OVERLAPPING PROPERTY TAX RATES
 LAST TEN FISCAL YEARS

Fiscal Year	District Direct Rates			Overlapping Rates				Total Direct and Overlapping Debt
	General Purposes	Capital Purposes	Total	City of Del Rio	Val Verde County	Val Verde Regional Hospital	Farm-to- Market	
2007	1.316848	0.115000	1.431848	0.520550	0.448000	0.138000	0.018000	2.556398
2008	1.040048	0.099000	1.139048	0.540550	0.448000	0.134200	0.018000	2.279798
2009	1.040000	0.126700	1.166700	0.560550	0.445700	0.128400	0.018000	2.319350
2010	1.040000	0.159415	1.199415	0.557550	0.445700	0.128400	0.018000	2.349065
2011	1.040000	0.145000	1.185000	0.575550	0.445700	0.124581	0.018000	2.348831
2012	1.040000	0.148720	1.188720	0.575550	0.445700	0.124200	0.018000	2.352170
2013	1.040000	0.139500	1.179500	0.575550	0.445700	0.125134	0.018000	2.343884
2014	1.040000	0.132400	1.172400	0.578808	0.445700	0.119200	0.018000	2.334108
2015	1.040000	0.127900	1.167900	0.588810	0.481800	0.116500	0.018000	2.373010
2016	1.040000	0.120300	1.160300	0.640000	0.481800	0.111300	0.018000	2.411400

Source: Val Verde County Tax Office

San Felipe Del Rio CISD
Principal Property Tax Payers
Current Year and Ten Years Ago

Tax Payer	Fiscal Year 2016 Tax Year 2015			Fiscal Year 2007 Tax Year 2006		
	Taxable Value	Rank	Percentage of Total Taxable Value	Taxable Value	Rank	Percentage of Total Taxable Value
Electric Transmission of Texas	41,280,130	1	2.76%			
Plains Pipeline LP	29,758,630	2	1.99%			
AEP Texas Central Co.	23,266,950	3	1.55%	20,275,430	2	2.09%
GEO Group Inc.	22,058,280	4	1.47%	19,801,160	3	2.04%
Union Pacific Railroad Co.	16,631,350	5	1.11%	6,941,030	7	0.72%
Plaza-Al LLC	12,364,940	6	0.83%			
Wal Mart Real Estate	11,449,780	7	0.76%	8,934,020	5	0.92%
USGP Del Rio CH LP	9,539,370	8	0.64%			
San Antonio Shoe Inc.	9,166,420	9	0.61%			
Wal-Mart Stores #01-0447	8,559,910	10	0.57%	8,563,640	6	0.88%
Conoco Phillips Company				29,072,880	1	3.00%
Verizon Southwest				14,579,580	4	1.50%
Mall Shopping Ctr Inc				6,438,810	8	0.66%
EXCO Resources Inc				5,190,800	9	0.53%
TX & Kansas City Cable PTRS LP				5,121,880	10	0.53%

Source: Val Verde County Appraisal District

SAN FELIPE DEL RIO CISD
PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN FISCAL YEARS

<u>Fiscal Year</u>	<u>Tax Rate</u>	<u>Taxes Levied for the Fiscal Year</u>	<u>Collected Within the Fiscal Year of the Levy</u>		<u>Total Collections to Date</u>	
			<u>Amount</u>	<u>Percent of Levy</u>	<u>Amount</u>	<u>Percent of Levy</u>
2007	1.431848	14,345,885	13,886,915	96.80%	14,225,520	99.16%
2008	1.139048	12,650,582	11,626,866	91.91%	12,549,006	99.20%
2009	1.166700	14,834,655	12,872,113	86.77%	14,698,871	99.08%
2010	1.199415	15,157,709	13,980,696	92.23%	14,711,523	97.06%
2011	1.185000	15,986,462	14,856,191	92.93%	15,579,359	97.45%
2012	1.188720	16,243,357	15,277,345	94.05%	16,235,894	99.95%
2013	1.179500	16,425,943	15,502,822	94.38%	16,333,087	99.43%
2014	1.172400	17,347,321	16,511,976	95.18%	17,292,819	99.69%
2015	1.167900	17,958,054	17,167,837	95.60%	17,773,919	98.97%
2016	1.160300	18,129,951	17,340,436	95.65%	18,104,932	99.86%

SAN FELIPE DEL RIO CONSOLIDATED INDEPENDENT SCHOOL DISTRICT
Principal Employers
Current Year and Eight Years Ago

Employer	2016			2006		
	Employees	Rank	Percentage of Total Employment	Employees	Rank	Percentage of Total Employment
Government Agencies	3,715	1	27.89%	1,955	2	22.05%
Laughlin Air Force Base	3,531	2	26.51%	2,782	1	31.37%
San Felipe Del Rio CISD	1,453	3	10.91%	1,567	3	17.67%
Retail	1,216	4	9.13%	N/A		
Manufacturers	1,104	5	8.29%	N/A		
Val Verde Regional Medical Center	525	6	3.94%	500	4	5.64%
City of Del Rio	450	7	3.38%	485	5	5.47%
Medical Clinics	412	8	3.09%	N/A		
GEO Correctional Facility	301	9	2.26%	198	10	2.23%
Financial Institutions	257	10	1.93%	N/A		
Val Verde County	207	11	1.55%	206	9	2.32%
Union Pacific Railroad	150	12	1.13%	N/A		
Wal-Mart Supercenter	N/A			473	6	5.33%
Plaza Del Sol Mall	N/A			445	7	5.02%
HEB Grocery	N/A			256	8	2.89%
						0.00%
Total	13,321			8,867		

Source: Del Rio Chamber of Commerce

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**REPORTS ON
INTERNAL CONTROLS, COMPLIANCE
AND
FEDERAL AWARDS**



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

January 10, 2017

To the Board of Trustees of
San Felipe Del Rio Consolidated Independent School District:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of San Felipe Del Rio Consolidated Independent School District (the "District"), as of and for the year ended August 31, 2016, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated January 10, 2017.

Internal Control Over Financial Reporting

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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

BELT HARRIS PECHACEK, LLLP

Belt Harris Pechacek, LLLP
Certified Public Accountants
Houston, Texas



**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR
PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE
REQUIRED BY THE UNIFORM GUIDANCE**

January 10, 2017

To the Board of Trustees of
San Felipe Del Rio Consolidated Independent School District:

Report on Compliance for Each Major Federal Program

We have audited San Felipe Del Rio Consolidated Independent School District's (the "District") compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the year ended August 31, 2016. 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, regulation, 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* 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 August 31, 2016.

Report on Internal Control Over Compliance

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

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

 BELT HARRIS PECHACEK, LLLP

Belt Harris Pechacek, LLLP
Certified Public Accountants
Houston, Texas

SAN FELIPE DEL RIO CONSOLIDATED INDEPENDENT SCHOOL DISTRICT
SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS
For the Year Ended August 31, 2016

A. SUMMARY OF PRIOR YEAR AUDIT FINDINGS

No prior year findings.

SAN FELIPE DEL RIO CONSOLIDATED INDEPENDENT SCHOOL DISTRICT
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended August 31, 2016

A. SUMMARY OF AUDIT RESULTS

1. The auditors' report expresses an unmodified opinion on the financial statements of San Felipe Del Rio Consolidated Independent School District (the "District").
2. Significant deficiencies in internal control were not disclosed by the audit of the basic financial statements.
3. No instances of noncompliance material to the financial statements were disclosed during the audit.
4. Significant deficiencies in internal control over major federal award programs were not disclosed by the audit.
5. The auditors' report on compliance for the major federal award programs expresses an unmodified opinion.
6. No audit findings relative to the major federal award programs for the District are reported in Part C of this schedule.
7. The programs included as major programs are:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
84.027 & 84.173	Special Education Cluster
93.600	Head Start

8. The threshold for distinguishing Type A and B programs was \$750,000.
9. The District did qualify as a low-risk auditee.

B. FINDINGS – BASIC FINANCIAL STATEMENT AUDIT

None Noted

C. FINDINGS – FEDERAL AWARDS

None Noted

SAN FELIPE DEL RIO CISD
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED AUGUST 31, 2016

(1)	(2)	(3)	(4)
FEDERAL GRANTOR/ PASS-THROUGH GRANTOR/ PROGRAM or CLUSTER TITLE	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
FEDERAL COMMUNICATIONS COMMISSION			
<u>Direct Programs</u>			
*Universal E-Rate	32.000	233-901	\$ 180,641
Total Direct Programs			<u>180,641</u>
TOTAL FEDERAL COMMUNICATIONS COMMISSION			<u>180,641</u>
U.S. DEPARTMENT OF DEFENSE			
<u>Direct Programs</u>			
*ROTC	12.000	233-901	94,757
Total Direct Programs			<u>94,757</u>
TOTAL U.S. DEPARTMENT OF DEFENSE			<u>94,757</u>
U.S. DEPARTMENT OF EDUCATION			
<u>Direct Programs</u>			
Impact Aid - P.L. 81.874 (Note A)	84.041	233-901	129,046
Total Direct Programs			<u>129,046</u>
<u>Passed Through State Department of Education</u>			
ESEA, Title I, Part A - Improving Basic Programs	84.010A	15610101233901	45,232
ESEA, Title I, Part A - Improving Basic Programs	84.010A	16610101233901	3,271,233
ESEA, Title I, Part A - Improving Basic Programs	84.010A	17610101233901	101,598
Total CFDA Number 84.010A			<u>3,418,063</u>
ESEA, Title I, Part C - Migratory Children	84.011	16615001233901	1,032,533
ESEA, Title I, Part C - Migratory Children	84.011	17615001233901	64,863
Total CFDA Number 84.011			<u>1,097,396</u>
*IDEA - Part B, Formula	84.027	166600012339016600	1,757,343
*IDEA - Part B, Formula	84.027	176600012339016600	82,186
Total CFDA Number 84.027			<u>1,839,529</u>
*IDEA - Part B, Preschool	84.173	166610012339016610	43,779
Total Special Education Cluster (IDEA)			<u>1,883,308</u>
Career and Technical - Basic Grant	84.048	16420006233901	139,970
Career and Technical - Basic Grant	84.048	17420006233901	7,925
Total CFDA Number 84.048			<u>147,896</u>
Title III, Part A - Immigrant	84.365A	15671003233901	669
Title III, Part A - Immigrant	84.365A	16671003233901	27,501
Title III, Part A - LEP	84.365A	15671001233901	2,932
Title III, Part A - LEP	84.365A	16671001233901	152,024
Title III, Part A - LEP	84.365A	17671001233901	25,861
Total CFDA Number 84.365A			<u>208,987</u>
ESEA, Title II, Part A, Teacher/Principal Training	84.367A	16694501233901	534,205
ESEA, Title II, Part A, Teacher/Principal Training	84.367A	17694501233901	1,148
Total CFDA Number 84.367A			<u>535,353</u>
Summer School - LEP	84.369	69551402	4,452
Total Passed Through State Department of Education			<u>7,295,455</u>
TOTAL U.S. DEPARTMENT OF EDUCATION			<u>7,424,501</u>

SAN FELIPE DEL RIO CISD
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED AUGUST 31, 2016

(1)	(2)	(3)	(4)
FEDERAL GRANTOR/ PASS-THROUGH GRANTOR/ PROGRAM or CLUSTER TITLE	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			
<u>Passed Through Texas Dept of Human Services</u>			
Medicaid Administrative Claiming Program - MAC	93.778	233-901	\$ 25,886
Total Passed Through Texas Dept of Human Services			<u>25,886</u>
<u>Passed Through State Department of Education</u>			
Head Start	93.600	06CH7135/02	2,091,261
Head Start	93.600	06CH7135/03	91,629
Total CFDA Number 93.600			<u>2,182,890</u>
Total Passed Through State Department of Education			<u>2,182,890</u>
TOTAL U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			<u>2,208,776</u>
U.S. DEPARTMENT OF AGRICULTURE			
<u>Passed Through the State Department of Agriculture</u>			
*School Breakfast Program	10.553	71 401 6	1,625,976
*National School Lunch Program - Cash Assistance	10.555	71 301 6	3,569,390
*National School Lunch Prog. - Non-Cash Assistance	10.565		443,695
*Summer Feeding Program - Cash Assistance	10.559	233-901	113,581
*Summer Feeding Program - Non-Cash Assistance	10.559	233-901	2,494
Total CFDA Number 10.559			<u>116,075</u>
Total Child Nutrition Cluster			<u>5,755,136</u>
Total Passed Through the State Department of Agriculture			<u>5,755,136</u>
TOTAL U.S. DEPARTMENT OF AGRICULTURE			<u>5,755,136</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS			<u>\$ 15,663,811</u>

*Clustered Programs

See Accompanying Notes to the Schedule of Expenditures of Federal Awards

SAN FELIPE DEL RIO CISD

NOTES ON ACCOUNTING POLICIES FOR FEDERAL AWARDS

YEAR ENDED AUGUST 31, 2016

1. For all Federal programs, the District uses the fund types specified in Texas Education Agency's *Financial Accountability System Resource Guide*. Special revenue funds are used to account for resources restricted to, or designated for, specific purposes by a grantor. Federal and state financial assistance generally is accounted for in a Special Revenue Fund.
2. The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. The Governmental Fund types 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. All federal grant funds with the exception of the Impact Aid and indirect cost revenues were accounted for in a Special Revenue Fund, which is a Governmental Fund type.

The modified accrual basis of accounting is used for the Governmental Fund types. 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.

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. Expenditures for the National School Lunch and Breakfast Program, and the Medicaid Administrative Claiming program are not specifically attributable to a federal revenue source and are shown on this schedule in an amount equal to revenue earned.
4. The District has elected not to use the 10 percent de minimis indirect cost rate allowed under the Uniform Guidance.
5. Federal Assistance Reconciliation

Federal Revenues:

Federal Revenue per Exhibit K-1	\$15,663,811
SHARS Revenue	<u>926,849</u>
Exhibit C-3 Federal Revenue	\$16,590,660

SCHOOLS FIRST QUESTIONNAIRE

EXHIBIT L-1

San Felipe Del Rio CISD

Fiscal Year 2016

SF2	Were there any disclosures in the Annual Financial Report and/or other sources of information concerning nonpayment of any terms of any debt agreement at fiscal year end?	No
SF4	Was there an unmodified opinion in the Annual Financial Report on the financial statements as a whole?	Yes
SF5	Did the Annual Financial Report disclose any instances of material weaknesses in internal controls over financial reporting and compliance for local, state, or federal funds?	No
SF6	Was there any disclosure in the Annual Financial Report of material noncompliance for grants, contracts, and laws related to local, state, or federal funds?	No
SF7	Did the school district make timely payments to the Teachers Retirement System (TRS), Texas Workforce Commission (TWC), Internal Revenue Service (IRS), and other government agencies?	Yes
SF8	Did the school district not receive an adjusted repayment schedule for more than one fiscal year for an over allocation of Foundation School Program (FSP) funds as a result of a financial hardship?	Yes
SF10	Total accumulated accretion on CABs included in government-wide financial statements at fiscal year-end.	1,198,573
SF11	Net Pension Assets (1920) at fiscal year-end.	0
SF12	Net Pension Liabilities (2540) at fiscal year-end.	22,815,410
SF13	Pension Expense (6147) at fiscal year-end.	3,680,936