



## UNITED INDEPENDENT SCHOOL DISTRICT AGENDA ACTION ITEM

**TOPIC:** Approval of Independent Audit Report for the Year Ended August 31, 2015

**SUBMITTED BY:** Samuel D. Flores **OF:** Comptroller

**APPROVED FOR TRANSMITTAL TO SCHOOL BOARD:** \_\_\_\_\_

**DATE ASSIGNED FOR BOARD CONSIDERATION:** December 16, 2015

**RECOMMENDATION:**

It is recommended that the Board of Trustees approve the independent audit report for the year ended August 31, 2015, as presented by the independent audit firm of Pattillo, Brown & Hill, L.L.P.

**RATIONALE:**

The Board is required to have accounting documents and records audited annually by an independent auditor. The current audit report contains an "unmodified" opinion indicating the financial statements and all accompanying notes and information present fairly the financial position of the District.

The audit firm will present preliminary audit findings at the Business Committee Meeting and will present the final audit report at the regularly scheduled board meeting of December 16, 2015.

**BUDGETARY INFORMATION:**

N/A

**BOARD POLICY REFERENCE AND COMPLIANCE:**

UNITED INDEPENDENT SCHOOL DISTRICT  
STATEMENT OF NET POSITION  
AUGUST 31, 2015

EXHIBIT A-1

Data Control Codes	Primary Government
	Governmental Activities
<b>ASSETS</b>	
1110 Cash and Cash Equivalents	\$ 219,357,186
1120 Current Investments	45,040,000
1220 Property Taxes Receivable (Delinquent)	5,157,956
1230 Allowance for Uncollectible Taxes	(1,721,798)
1240 Due from Other Governments	10,473,194
1250 Accrued Interest	8,459
1260 Internal Balances	-
1290 Other Receivables, net	177,497
1300 Inventories	923,738
1410 Prepayments	722,210
Capital Assets:	
1510 Land	45,787,307
1520 Buildings, Net	286,926,978
1530 Furniture and Equipment, Net	12,967,852
1580 Construction in Progress	23,639,762
1000 Total Assets	<u>649,460,341</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	
1701 Deferred Charge for Refunding	3,467,004
1705 Deferred Outflow Related to TRS	12,314,514
1700 Total Deferred Outflows of Resources	<u>15,781,518</u>
<b>LIABILITIES</b>	
2110 Accounts Payable	10,789,839
2160 Accrued Wages Payable	10,915,581
2180 Due to Other Governments	453,048
2190 Due to Student Groups	48,683
2300 Unearned Revenue	207,087
2400 Payable from Restricted Assets	116,377
Noncurrent Liabilities	
2501 Due Within One Year	20,351,052
2502 Due in More Than One Year	418,562,221
2540 Net Pension Liability (District's Share)	46,408,677
2000 Total Liabilities	<u>507,852,565</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>	
2601 Unavailable Revenue - Property Taxes	-
2605 Deferred Inflow Related to TRS	14,196,552
2600 Total Deferred Inflows of Resources	<u>14,196,552</u>
<b>NET POSITION</b>	
3200 Net Investment in Capital Assets	89,434,808
3850 Restricted for Debt Service	8,419,534
3860 Restricted for Capital Projects	71,745,751
3890 Restricted for Other Purposes	3,605,805
3900 Unrestricted	(30,013,156)
3000 Total Net Position	<u>\$ 143,192,742</u>

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

UNITED INDEPENDENT SCHOOL DISTRICT  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED AUGUST 31, 2015

EXHIBIT B-1

Data  
Control  
Codes

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		Program Revenues		Net (Expense)
				Revenue and
				Changes in Net
				Position
	1	3	4	6
			Operating	Primary Gov.
		Charges for	Grants and	Governmental
	Expenses	Services	Contributions	Activities
<b>Primary Government:</b>				
GOVERNMENTAL ACTIVITIES:				
11 Instruction	\$ 232,355,416	\$ 1,868,764	\$ 29,567,129	\$ (200,919,523)
12 Instructional Resources and Media Services	6,339,147	-	295,513	(6,043,634)
13 Curriculum and Staff Development	4,006,032	-	3,915,991	(90,041)
21 Instructional Leadership	8,615,248	-	2,388,544	(6,226,704)
23 School Leadership	25,089,800	-	1,360,045	(23,729,755)
31 Guidance, Counseling and Evaluation Services	15,067,057	-	3,034,508	(12,032,549)
32 Social Work Services	2,871,387	-	134,124	(2,737,263)
33 Health Services	4,537,741	-	222,828	(4,314,913)
34 Student (Pupil) Transportation	17,558,146	-	684,447	(16,873,699)
35 Food Services	27,927,170	22,741	26,050,297	(1,854,132)
36 Extracurricular Activities	12,478,996	2,953,125	107,562	(9,418,309)
41 General Administration	11,922,646	934,382	417,879	(10,570,385)
51 Facilities Maintenance and Operations	40,111,269	-	932,059	(39,179,210)
52 Security and Monitoring Services	8,420,975	-	370,665	(8,050,310)
53 Data Processing Services	2,765,522	-	106,193	(2,659,329)
61 Community Services	461,278	-	251,734	(209,544)
72 Debt Service - Interest on Long Term Debt	10,937,640	-	-	(10,937,640)
73 Debt Service - Bond Issuance Cost and Fees	1,385,013	-	-	(1,385,013)
95 Payments to Juvenile Justice Alternative Ed. Prg.	147,255	-	-	(147,255)
99 Other Intergovernmental Charges	2,043,065	-	-	(2,043,065)
[TP] TOTAL PRIMARY GOVERNMENT:	\$ 435,040,803	\$ 5,779,012	\$ 69,839,518	(359,422,273)

Data  
Control  
Codes

General Revenues:

Taxes:

MT	Property Taxes, Levied for General Purposes	154,008,688
DT	Property Taxes, Levied for Debt Service	25,890,352
SF	State Aid - Formula Grants	178,339,308
GC	Grants and Contributions not Restricted	5,896,278
IE	Investment Earnings	349,021
MI	Miscellaneous Local and Intermediate Revenue	3,779,136
SI	Special Item -	1,121,000
TR	Total General Revenues and Special Items	369,383,784
CN	Change in Net Position	9,961,511
NB	Net Position - Beginning	185,412,274
PA	Prior Period Adjustment	(52,181,042)
NE	Net Position--Ending	\$ 143,192,742

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

UNITED INDEPENDENT SCHOOL DISTRICT  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
AUGUST 31, 2015

Data Control Codes	10 General Fund	50 Debt Service Fund	60 Capital Projects
<b>ASSETS</b>			
1110 Cash and Cash Equivalents	\$ 89,264,468	\$ 5,091,838	\$ 124,087,927
1120 Investments - Current	5,000,000	-	40,000,000
1220 Property Taxes - Delinquent	4,441,550	716,406	-
1230 Allowance for Uncollectible Taxes (Credit)	(1,482,718)	(239,080)	-
1240 Receivables from Other Governments	6,805,281	-	-
1250 Accrued Interest	2,471	-	5,981
1260 Due from Other Funds	2,239,938	-	-
1290 Other Receivables	137,109	-	40,388
1300 Inventories	923,738	-	-
1410 Prepayments	722,210	-	-
1000 Total Assets	<u>\$ 108,054,047</u>	<u>\$ 5,569,164</u>	<u>\$ 164,134,296</u>
<b>LIABILITIES</b>			
2110 Accounts Payable	\$ 4,064,863	\$ -	\$ 5,688,565
2160 Accrued Wages Payable	10,359,215	-	-
2170 Due to Other Funds	160,000	-	-
2180 Due to Other Governments	-	452,893	-
2190 Due to Student Groups	-	-	-
2300 Unearned Revenues	163,920	-	-
2400 Payable from Restricted Assets	116,377	-	-
2000 Total Liabilities	<u>14,864,375</u>	<u>452,893</u>	<u>5,688,565</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
2601 Unavailable Revenue - Property Taxes	3,245,936	477,326	-
2600 Total Deferred Inflows of Resources	<u>3,245,936</u>	<u>477,326</u>	<u>-</u>
<b>FUND BALANCES</b>			
Nonspendable Fund Balance:			
3410 Inventories	923,738	-	-
3430 Prepaid Items	722,210	-	-
Restricted Fund Balance:			
3450 Child Nutrition Program Grant Restriction	2,624,652	-	-
3470 Capital Acquisition and Contractual Obligation	-	-	158,445,731
3480 Retirement of Long-Term Debt	3,780,589	4,638,945	-
Committed Fund Balance:			
3530 Capital Expenditures for Equipment	1,260,020	-	-
Assigned Fund Balance:			
3580 Self-Insurance	125,000	-	-
3590 Other Assigned Fund Balance	-	-	-
3600 Unassigned Fund Balance	80,507,527	-	-
3000 Total Fund Balances	<u>89,943,736</u>	<u>4,638,945</u>	<u>158,445,731</u>
4000 Total Liabilities, Deferred Inflows & Fund Balances	<u>\$ 108,054,047</u>	<u>\$ 5,569,164</u>	<u>\$ 164,134,296</u>

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

		Total	
Other		Governmental	
Funds		Funds	
\$	912,953	\$	219,357,186
	40,000		45,040,000
	-		5,157,956
	-		(1,721,798)
	3,667,913		10,473,194
	7		8,459
	-		2,239,938
	-		177,497
	-		923,738
	-		722,210
\$	4,620,873	\$	282,378,380
\$	1,036,411	\$	10,789,839
	556,366		10,915,581
	2,079,938		2,239,938
	155		453,048
	48,683		48,683
	43,167		207,087
	-		116,377
	3,764,720		24,770,553
	-		3,723,262
	-		3,723,262
	-		923,738
	-		722,210
	-		2,624,652
	-		158,445,731
	-		8,419,534
	-		1,260,020
	-		125,000
	856,153		856,153
	-		80,507,527
	856,153		253,884,565
\$	4,620,873	\$	282,378,380

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UNITED INDEPENDENT SCHOOL DISTRICT  
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE  
STATEMENT OF NET POSITION  
AUGUST 31, 2015

<b>Total Fund Balances - Governmental Funds</b>	<b>\$ 253,884,565</b>
1 Capital assets used in governmental activities are not financial resources and therefore are not reported in governmental funds. At the beginning of the year, the cost of these assets was \$ 599,480,576, the accumulated depreciation was \$ 257,660,367 and the deferred resource outflow of \$ 2,559,800. In addition, long-term liabilities, including bonds payable, Public Property Finance Contractual Obligations (PPFCO's), and leases totaled \$ 348,241,888 and other long-term liabilities of \$ 3,391,793 are not due and payable in the current period, and, therefore are not reported as liabilities in the funds. The net effect of including the beginning balances for capital assets (net of depreciation) and long-term debt in the governmental activities is to (decrease) net position.	(7,253,671)
2 Current year capital outlays of \$ 47,627,415 (\$ 46,779,544 from facilities acquisition and construction with the remaining \$ 847,871 coming from the various other functions) and long-term debt principal payments of \$ 19,870,868, amortization of premiums in the amount of \$2,717,453, refunded bonds of \$ 52,905,000, and reductions of \$ 4,812,401 of other liabilities, and \$ 907,202 in deferred resource outflows are expenditures in the fund financial statements, but they should be shown as increases in capital assets and reductions in long-term debt in the government-wide financial statements. The retirement of capital assets of \$3,130,734, the net effect of issuing General Obligation Bonds of \$ 87,960,000, refunding bonds in the amount of \$ 48,270,000, a new lease of \$ 4,956,966, the premium on the refunding bonds of \$ 6,403,641 and the premium of the new GO bonds \$ 12,949,471, the accretion on Capital Appreciation Bonds of \$ 1,924,630, and the accumulation of other benefits of \$ 5,120,606 in the financial statements should be as decreases in capital assets and increases in long-term debt in the government-wide financial statements. The net effect of including the 2015 capital outlays and debt principal payments is to (decrease) net position.	(41,875,709)
3 Included in the items related to debt is the recognition of the District's proportionate share of the net pension liability required by GASB 68 in the amount of \$46,408,677, a Deferred Resource Inflow related to TRS in the amount of \$14,196,552 and a Deferred Resource Outflow related to TRS in the amount of \$12,314,514. This amounted to a (decrease) in Net Position in the amount of \$48,290,715.	(48,290,715)
4 The 2015 depreciation expense of \$ 19,690,214 net of adjustments/disposals of \$ 2,695,224 increases accumulated depreciation. The net effect of the current year's depreciation is to (decrease) net position.	(16,994,990)
5 Various other reclassifications and eliminations are necessary to convert from the modified accrual basis of accounting to accrual basis of accounting. These include recognizing unavailable revenue from property taxes as revenue, eliminating interfund transactions, reclassifying the proceeds of bond sales as an increase in bonds payable, and recognizing the liabilities associated with maturing long-term debt and interest. The net effect of these reclassifications and recognitions is to increase net position.	3,723,260
<b>19 Net Position of Governmental Activities</b>	<b>\$ 143,192,742</b>

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UNITED INDEPENDENT SCHOOL DISTRICT  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED AUGUST 31, 2015

Data Control Codes	10 General Fund	50 Debt Service Fund	60 Capital Projects
REVENUES:			
5700 Total Local and Intermediate Sources	\$ 160,710,282	\$ 26,134,774	\$ 145,300
5800 State Program Revenues	192,580,901	2,136,871	-
5900 Federal Program Revenues	30,083,310	-	-
5020 Total Revenues	383,374,493	28,271,645	145,300
EXPENDITURES:			
Current:			
0011 Instruction	204,816,088	-	-
0012 Instructional Resources and Media Services	5,832,985	-	-
0013 Curriculum and Instructional Staff Development	356,138	-	-
0021 Instructional Leadership	6,697,255	-	-
0023 School Leadership	21,991,751	-	-
0031 Guidance, Counseling and Evaluation Services	13,000,925	-	-
0032 Social Work Services	2,889,271	-	-
0033 Health Services	4,573,387	-	-
0034 Student (Pupil) Transportation	15,506,199	-	-
0035 Food Services	26,012,508	-	-
0036 Extracurricular Activities	11,288,287	-	-
0041 General Administration	11,751,236	-	-
0051 Facilities Maintenance and Operations	37,412,794	-	-
0052 Security and Monitoring Services	8,279,926	-	-
0053 Data Processing Services	2,603,422	-	-
0061 Community Services	223,729	-	-
Debt Service:			
0071 Principal on Long Term Debt	3,525,869	16,345,000	-
0072 Interest on Long Term Debt	662,797	10,723,253	-
0073 Bond Issuance Cost and Fees	1,370	521,603	862,040
Capital Outlay:			
0081 Facilities Acquisition and Construction	10,350,380	-	36,429,164
Intergovernmental:			
0095 Payments to Juvenile Justice Alternative Ed. Prg.	147,255	-	-
0099 Webb County Appraisal District	2,043,065	-	-
6030 Total Expenditures	389,966,637	27,589,856	37,291,204
1100 Excess (Deficiency) of Revenues Over (Under) Expenditures	(6,592,144)	681,789	(37,145,904)
OTHER FINANCING SOURCES (USES):			
7901 Refunding Bonds Issued	-	48,270,000	-
7911 Capital Related Debt Issued (Regular Bonds)	-	-	87,960,000
7912 Sale of Real and Personal Property	1,121,000	-	-
7913 Non-Capital Leases	4,956,966	-	-
7916 Premium or Discount on Issuance of Bonds	-	6,403,641	12,949,471
8940 Payment to Bond Refunding Escrow Agent (Use)	-	(54,156,617)	-
7080 Total Other Financing Sources (Uses)	6,077,966	517,024	100,909,471
1200 Net Change in Fund Balances	(514,178)	1,198,813	63,763,567
0100 Fund Balance - September 1 (Beginning)	90,457,914	3,440,132	94,682,164
3000 Fund Balance - August 31 (Ending)	\$ 89,943,736	\$ 4,638,945	\$ 158,445,731

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

		Total	
Other		Governmental	
Funds		Funds	
\$	2,876,473	\$	189,866,829
	2,457,523		197,175,295
	26,816,498		56,899,808
	32,150,494		443,941,932
	19,660,937		224,477,025
	34,281		5,867,266
	3,764,458		4,120,596
	1,996,374		8,693,629
	2,930,516		24,922,267
	2,279,322		15,280,247
	-		2,889,271
	4,761		4,578,148
	4,800		15,510,999
	1,030,295		27,042,803
	-		11,288,287
	-		11,751,236
	38,624		37,451,418
	8,036		8,287,962
	-		2,603,422
	243,974		467,703
	-		19,870,869
	-		11,386,050
	-		1,385,013
	-		46,779,544
	-		147,255
	-		2,043,065
	31,996,378		486,844,075
	154,116		(42,902,143)
	-		48,270,000
	-		87,960,000
	-		1,121,000
	-		4,956,966
	-		19,353,112
	-		(54,156,617)
	-		107,504,461
	154,116		64,602,318
	702,037		189,282,247
\$	856,153	\$	253,884,565

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

<b>Total Net Change in Fund Balances - Governmental Funds</b>	<b>\$ 64,602,318</b>
Current year capital outlays of \$ 47,627,415 (\$ 46,779,544 from facilities acquisition and construction with the remaining \$847,871 coming from the various other functions) and long-term debt principal payments of \$ 19,870,868, amortization of premiums in the amount of \$ 2,717,453, refunded bonds of \$ 52,905,000, and reductions of \$ 4,812,401 of other liabilities and \$ 907,202 in deferred resource outflows are expenditures in the fund financial statements, but they should be shown as increases in capital assets and reductions in long-term debt in the government-wide financial statements. The retirement of capital assets of \$3,130,734, the net effect of issuing General Obligation Bonds of \$ 87,960,000, refunding bonds in the amount of \$ 48,270,000, a new capital lease of \$ 4,956,966, the premium on the refunding bonds of \$ 6,403,641 and the premium of the new GO bonds of \$ 12,949,471, the accretion on Capital Appreciation Bonds of \$ 1,924,630, and the accumulation of other benefits of \$ 5,120,606 in the financial statements should be as decreases in capital assets and increases in long-term debt in the government-wide financial statements. The net effect of removing the 2015 capital outlays and debt principal payments is to (decrease) net position.	(41,875,709)
Depreciation is not recognized as an expense in governmental funds since it does not require the use of current financial resources. The net effect of the current year's depreciation is to (decrease) net position.	(16,994,990)
Various other reclassifications and eliminations are necessary to convert from the modified accrual basis of accounting to accrual basis of accounting. These include recognizing unavailable revenue from property taxes as revenue, adjusting current year revenue to show the revenue earned from the current year's tax levy, eliminating interfund transactions, reclassifying the proceeds of bond sales, and recognizing the liabilities associated with maturing long-term debt and interest. The net effect of these reclassifications and recognitions is to increase net position.	(60,619)
The implementation of GASB 68 required that certain expenditures be de-expended and recorded as deferred resource outflows. These contributions made after the measurement date of 8/31/2014 caused the change in the ending net position to increase in the amount of \$8,580,173. The amounts expensed for FY 2015 were \$ 7,209,194 and the amounts de-expended for the net deferred resource inflow for TRS were \$ 2,919,532. The District recorded their proportionate share of the pension expense during the measurement period as part of the net pension liability. This caused a net decrease in the change in net position of \$4,289,662. The impact of all of these is to increase the change in net position by \$4,290,511.	4,290,511
<b>Change in Net Position of Governmental Activities</b>	<b>\$ 9,961,511</b>

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UNITED INDEPENDENT SCHOOL DISTRICT  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL - GENERAL FUND  
FOR THE YEAR ENDED AUGUST 31, 2015

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	\$ 158,660,453	\$ 156,660,453	\$ 160,710,282	\$ 4,049,829
5800	State Program Revenues	176,588,865	195,216,475	192,580,901	(2,635,574)
5900	Federal Program Revenues	25,396,293	28,246,293	30,083,310	1,837,017
5020	Total Revenues	360,645,611	380,123,221	383,374,493	3,251,272
EXPENDITURES:					
Current:					
0011	Instruction	191,206,625	208,239,735	204,816,088	3,423,647
0012	Instructional Resources and Media Services	5,422,781	5,984,304	5,832,985	151,319
0013	Curriculum and Instructional Staff Development	488,651	641,627	356,138	285,489
0021	Instructional Leadership	6,721,114	6,949,873	6,697,255	252,618
0023	School Leadership	21,300,932	22,243,981	21,991,751	252,230
0031	Guidance, Counseling and Evaluation Services	12,578,378	13,471,054	13,000,925	470,129
0032	Social Work Services	2,771,360	2,915,490	2,889,271	26,219
0033	Health Services	4,421,009	4,668,902	4,573,387	95,515
0034	Student (Pupil) Transportation	15,457,594	16,740,974	15,506,199	1,234,775
0035	Food Services	23,882,941	26,192,684	26,012,508	180,176
0036	Extracurricular Activities	10,807,536	11,685,248	11,288,287	396,961
0041	General Administration	10,598,656	12,012,427	11,751,236	261,191
0051	Facilities Maintenance and Operations	37,300,974	38,927,421	37,412,794	1,514,627
0052	Security and Monitoring Services	7,537,320	8,348,550	8,279,926	68,624
0053	Data Processing Services	2,578,959	2,961,493	2,603,422	358,071
0061	Community Services	225,201	244,087	223,729	20,358
Debt Service:					
0071	Principal on Long Term Debt	3,518,812	3,547,812	3,525,869	21,943
0072	Interest on Long Term Debt	668,768	668,768	662,797	5,971
0073	Bond Issuance Cost and Fees	8,000	8,000	1,370	6,630
Capital Outlay:					
0081	Facilities Acquisition and Construction	1,000,000	13,478,796	10,350,380	3,128,416
Intergovernmental:					
0095	Payments to Juvenile Justice Alternative Ed. Prg.	200,000	223,780	147,255	76,525
0099	Webb County Appraisal District	1,950,000	2,050,000	2,043,065	6,935
6030	Total Expenditures	360,645,611	402,205,006	389,966,637	12,238,369
1100	Excess (Deficiency) of Revenues Over (Under) Expenditures	-	(22,081,785)	(6,592,144)	15,489,641
OTHER FINANCING SOURCES (USES):					
7912	Sale of Real and Personal Property	-	1,121,000	1,121,000	-
7913	Non-Capital Leases	-	5,190,807	4,956,966	(233,841)
7080	Total Other Financing Sources (Uses)	-	6,311,807	6,077,966	(233,841)
1200	Net Change in Fund Balances	-	(15,769,978)	(514,178)	15,255,800
0100	Fund Balance - September 1 (Beginning)	90,457,914	90,457,914	90,457,914	-
3000	Fund Balance - August 31 (Ending)	\$ 90,457,914	\$ 74,687,936	\$ 89,943,736	\$ 15,255,800

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

UNITED INDEPENDENT SCHOOL DISTRICT  
STATEMENT OF FIDUCIARY NET POSITION  
FIDUCIARY FUNDS  
AUGUST 31, 2015

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	Agency Fund
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ASSETS	
Cash and Cash Equivalents	\$ 1,471,087
Other Receivables	24,500
Total Assets	<u>\$ 1,495,587</u>
LIABILITIES	
Due to Student Groups	\$ 1,495,587
Total Liabilities	<u>\$ 1,495,587</u>

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

UNITED INDEPENDENT SCHOOL DISTRICT  
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
 BUDGET AND ACTUAL - CHILD NUTRITION PROGRAM  
 FOR THE YEAR ENDED AUGUST 31, 2015

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	\$ 2,392,906	\$ 392,906	\$ 149,044	\$ (243,862)
5800 State Program Revenues	136,000	845,743	676,595	(169,148)
5900 Federal Program Revenues	22,017,918	24,867,918	24,347,034	(520,884)
5020 Total Revenues	24,546,824	26,106,567	25,172,673	(933,894)
EXPENDITURES:				
0035 Food Services	23,882,941	26,192,684	26,012,508	180,176
0051 Facilities Maintenance and Operations	663,883	663,883	413,678	250,205
6030 Total Expenditures	24,546,824	26,856,567	26,426,186	430,381
1200 Net Change in Fund Balances	-	(750,000)	(1,253,513)	(503,513)
0100 Fund Balance - September 1 (Beginning)	3,172,481	3,172,481	3,172,481	-
3000 Fund Balance - August 31 (Ending)	\$ 3,172,481	\$ 2,422,481	\$ 1,918,968	\$ (503,513)

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UNITED INDEPENDENT SCHOOL DISTRICT  
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
 BUDGET AND ACTUAL - DEBT SERVICE FUND  
 FOR THE YEAR ENDED AUGUST 31, 2015

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	\$ 25,109,390	\$ 25,109,390	\$ 26,134,774	\$ 1,025,384
5800 State Program Revenues	1,921,729	1,921,729	2,136,871	215,142
5020 Total Revenues	27,031,119	27,031,119	28,271,645	1,240,526
EXPENDITURES:				
Debt Service:				
0071 Principal on Long Term Debt	19,631,148	16,345,000	16,345,000	-
0072 Interest on Long Term Debt	7,391,971	11,390,026	10,723,253	666,773
0073 Bond Issuance Cost and Fees	8,000	525,022	521,603	3,419
6030 Total Expenditures	27,031,119	28,260,048	27,589,856	670,192
1100 Excess (Deficiency) of Revenues Over (Under) Expenditures	-	(1,228,929)	681,789	1,910,718
OTHER FINANCING SOURCES (USES):				
7901 Refunding Bonds Issued	-	48,270,000	48,270,000	-
7916 Premium or Discount on Issuance of Bonds	-	6,403,641	6,403,641	-
8940 Payment to Bond Refunding Escrow Agent (Use)	-	54,156,617	(54,156,617)	(108,313,233)
7080 Total Other Financing Sources (Uses)	-	108,830,257	517,024	(108,313,233)
1200 Net Change in Fund Balances	-	107,601,328	1,198,813	(106,402,515)
0100 Fund Balance - September 1 (Beginning)	3,440,132	3,440,132	3,440,132	-
3000 Fund Balance - August 31 (Ending)	\$ 3,440,132	\$ 111,041,461	\$ 4,638,945	\$ (106,402,516)

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UNITED INDEPENDENT SCHOOL DISTRICT  
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY  
TEACHER RETIREMENT SYSTEM OF TEXAS  
FOR THE YEAR ENDED AUGUST 31, 2015

EXHIBIT G-6

	<u>2015</u>
District's Proportion of the Net Pension Liability (Asset)	0.1737412%
District's Proportionate Share of Net Pension Liability (Asset)	\$ 46,408,677
State's Proportionate Share of the Net Pension Liability (Asset) associated with the District	134,346,191
Total	<u>\$ 180,754,868</u>
District's Covered-Employee Payroll	\$ 248,317,358
District's Proportionate Share of the Net Pension Liability (Asset) as a percentage of its covered-Employee Payroll	18.69%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	83.25%

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

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

UNITED INDEPENDENT SCHOOL DISTRICT  
SCHEDULE OF DISTRICT CONTRIBUTIONS  
TEACHER RETIREMENT SYSTEM OF TEXAS  
FOR FISCAL YEAR 2015

EXHIBIT G-7

	<u>2015</u>
Contractually Required Contribution	\$ 8,580,173
Contribution in Relation to the Contractually Required Contribution	<u>(8,580,173)</u>
Contribution Deficiency (Excess)	<u>\$ -0-</u>
District's Covered-Employee Payroll	\$ 264,087,437
Contributions as a Percentage of Covered-Employee Payroll	3.25%

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

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

UNITED INDEPENDENT SCHOOL DISTRICT  
Laredo, Texas  
For The Year Ended August 31, 2015

**DRAFT**

J. DEFINED BENEFIT PENSION PLAN

*Plan Description*

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

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

*Pension Plan Fiduciary Net Position*

Detailed information about the Teacher Retirement System's fiduciary net position is available in a separately-issued Comprehensive Annual Financial Report that includes financial statements and required supplementary information. That report may be obtained on the Internet at <http://www.trs.state.tx.us/about/documents/cafr.pdf#CAFR>; by writing to TRS at 1000 Red River Street, Austin, TX 78701-2698; or by calling (512) 542-6592. The information provided in the Notes to the Financial Statements in the 2014 Comprehensive Annual Financial Report for TRS provides the following information regarding the Pension Plan fiduciary net position as of August 31, 2014.

Net Pension Liability	Total
Total Pension Liability	\$ 159,496,075,886
Less: Plan Fiduciary Net Position	(132,779,243,085)
Net Pension Liability	<u>\$ 26,716,832,801</u>
Net Position as percentage of Total Pension Liability	83.25%

*Benefits Provided*

TRS provides service and disability retirement, as well as death and survivor benefits, to eligible employees (and their beneficiaries) of public and higher education in Texas. The pension formula is calculated using 2.3 percent (multiplier) times the average of the five highest annual creditable salaries times years of credited service to arrive at the annual standard annuity except for members who are grandfathered, the three highest annual salaries are used. The normal service retirement is at age 65 with 5 years of credited service or when the sum of the member's age and years of credited service equals 80 or more years.



UNITED INDEPENDENT SCHOOL DISTRICT  
Laredo, Texas  
For The Year Ended August 31, 2015

DRAFT

J. DEFINED BENEFIT PENSION PLAN (Continued)

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 no automatic post-employment benefit changes; including automatic COLAs. Ad hoc post-employment benefit changes, including ad hoc COLAs can be granted by the Texas Legislature as noted in the Plan description above.

*Contributions*

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

Employee contribution rates are set in state statute, Texas Government Code 825.402. Senate Bill 1458 of the 83<sup>rd</sup> Texas Legislature amended Texas Government code 825.402 for member contributions and established employee contribution rates for fiscal years 2014 thru 2017. It also added a 1.5% contribution for employers not paying Old Age Survivor and Disability Insurance (OASDI) on certain employees effective for fiscal year 2015 as discussed in Note 1 of the TRS 2014 CAFR. The 83<sup>rd</sup> Texas Legislature, General Appropriations Act (GAA) established the employer contribution rates for fiscal years 2014 and 2015.

Contribution Rates		
	<u>2014</u>	<u>2015</u>
Member	6.4%	6.7%
Non-Employer Contributing Entity (State)	6.8%	6.8%
Employers	6.8%	6.8%
2014 Employer Contributions		\$ 4,404,823
2014 Member Contributions		\$ 15,892,285
2014 NECE On-Behalf Contributions		\$ 12,724,160

Contributions to the plan include members, employers and the State of Texas as the only non-employer contributing entity. The State contributes to the plan in accordance with state statutes and the General Appropriations Act (GAA).

UNITED INDEPENDENT SCHOOL DISTRICT  
Laredo, Texas  
For The Year Ended August 31, 2015

**DRAFT**

J. DEFINED BENEFIT PENSION PLAN (Continued)

As the non-employer contributing entity for public education, 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 including public 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 source or a privately sponsored source.

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

*Actuarial Assumptions*

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

Valuation Date	August 31, 2014
Actuarial Cost Method	Individual Entry
Age Normal	
Amortization Method	Level Percentage
of Payroll Open	
Remaining Amortization Period	30 years
Asset Valuation Method	5 year Market
Value	
Discount Rate	8.00%
Long-term expected Investment Rate of Return*	8.00%
Salary Increases*	4.25% to 7.25%
Weighted-Average at Valuation Date	5.55%
Payroll Growth Rate	3.50%
*Includes Inflation of 3%	

The actuarial methods and assumptions are primarily based on a study of actual experience for the four year period ending August 31, 2010 and adopted on April 8, 2011. With the exception of the post-retirement mortality rates for healthy lives and a minor change to the expected retirement age for inactive vested members stemming from the actuarial audit performed in the Summer of 2014, the assumptions and methods are the same as used in the prior valuation. When the mortality assumptions were adopted in 2011 they contained a significant margin for possible future mortality improvement. As of the date of the valuation there has been a significant erosion of this margin to the point that the margin has been eliminated.

UNITED INDEPENDENT SCHOOL DISTRICT  
Laredo, Texas  
For The Year Ended August 31, 2015

DRAFT

J. DEFINED BENEFIT PENSION PLAN (Continued)

Therefore, the post-retirement mortality rates for current and future retirees were decreased to add additional margin for future improvement in mortality in accordance with the Actuarial Standards of Practice No. 35.

*Discount Rate*

The discount rate used to measure the total pension liability as 8.0%. There was no change in the discount rate since the previous year. The projection of cash flow used to determine the discount rate assumed that contributions from plan members and those of the contributing employers and the non-employer contributing entity are made at the statutorily required rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. The long-term rate of return on pension plan investments is 8%. The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimates ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of geometric real rates of return for each major asset class included in the Systems target asset allocation as of August 31, 2014 are summarized below:

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

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

UNITED INDEPENDENT SCHOOL DISTRICT  
Laredo, Texas  
For The Year Ended August 31, 2015

**DRAFT**

J. DEFINED BENEFIT PENSION PLAN (Continued)

*Discount Rate Sensitivity Analysis*

The following schedule shows the impact of the Net Pension Liability if the discount rate used was 1% less than and 1% greater than the discount rate that was used (8%) in measuring the 2014 Net Pension Liability.

	1% Decrease in Discount Rate (7.0%)	Discount Rate (8.0%)	1% Increase in Discount Rate (9.0%)
Proportionate share of the net pension liability:	\$ 82,929,492	\$ 46,408,677	\$ 19,097,909

*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 \$46,408,677 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 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	\$ 46,408,677
State's proportionate share that is associated with the District	134,346,191
Total	\$ 180,754,868

The net pension liability was measured as of August 31, 2014 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The employer's portion of the net pension liability was based on the employer's contributions to the pension plan relative to the contributions of all employers to the plan for the period September 1, 2013 thru August 31, 2014.

At August 31, 2014 the employer's proportion of the collective net pension liability was 0.1737412%. Since this is the first year of implementation, the District does not have the proportion measured as of August 31, 2013. The Notes to the Financial Statements for August 31, 2014 for TRS stated that the change in proportion was immaterial and, therefore, disregarded this year.

There were not changes of benefit terms that affected measurement of the total pension liability during the measurement period.

UNITED INDEPENDENT SCHOOL DISTRICT  
Laredo, Texas  
For The Year Ended August 31, 2015

DRAFT

J. DEFINED BENEFIT PENSION PLAN (Continued)

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

At August 31, 2014, the District recognized pension expense of \$12,420,055 and revenue of \$12,420,055 for support provided by the State.

At August 31, 2014 the District reported its proportionate share of the TRS's deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experiences	\$ 717,725	\$ -
Changes in actuarial assumptions	3,016,616	-
Differences between projected and actual investment earnings	-	14,184,387
Changes in proportion and differences between the employer's contributions and the proportionate share of contributions	-	12,165
Total	\$ 3,734,341	\$ 14,196,552

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

<u>Year ended August 31,</u>	<u>Pension Expense Amount</u>
2015	\$ (2,918,167)
2016	(2,918,167)
2017	(2,918,167)
2018	(2,918,167)
2019	627,930
Thereafter	582,527

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Total net amounts per August 31, 2014 measurement date	\$ 3,734,341	\$ 1,419,652
Contributions paid to TRS subsequent to the measurement date	8,580,173	-
Total	\$ 12,314,514	\$ 1,419,652