

**AGENDA OF SCHOOL DISTRICT REGULAR MEETING
BOARD OF TRUSTEES
RANDOLPH FIELD INDEPENDENT SCHOOL DISTRICT
OCTOBER 26, 2017**

A Regular Meeting of the Board of Trustees of Randolph Field Independent School District will be held **October 26, 2017, beginning at 4:15 PM in the RANDOLPH FIELD ISD, PO BOX 2217, Bldg 1100 Randolph AFB, Universal City, TX 78148.**

The subjects to be discussed or considered or upon which any formal action may be taken are as listed below. Items do not have to be taken in the order shown on this meeting notice.

Unless removed from the consent agenda, items identified within the consent agenda section will be acted on at one time.

1. Call to Order
2. Quorum
3. Pledge of Allegiance and Invocation
4. News and Information from Campus Principals
5. Public Comment
6. Executive Session As Authorized under Government Code of Texas: Personnel Matters §551.074, discussion regarding appointment of officers of board of trustees
7. Action to Reorganize the Randolph Field ISD Board of Trustees
8. Discussion of School FIRST Rating Report and Public Hearing 2
9. Consideration of Approval of Annual Audit Report for the year ending June 30, 2017 6
10. Consent Agenda
 - A. September 28, 2017 Official School Board Meeting Minutes 76
 - B. Consideration of Approval of First Quarter Investment Report 78
11. Discussion of Financial Statement 83
12. Superintendent Report
13. Consider and possible action to approve resolution for the construction delivery method, determining prevailing wage rate and delegating authority to superintendent for future construction of a new middle school wing.
14. Review of District Events
15. Adjourn

Agenda Title: School "FIRST" Report

**Purpose: [X] Discussion
[] Action**

Description: Randolph Field Independent School District received a rating of "P" for "Passed" under Texas' Schools FIRST financial accountability rating system. The "Passed" rating is the state's highest, demonstrating the quality of Randolph Field ISD's financial management and reporting system. The 2017 rating was based on data from the 2015-2016 school year.

This is the 15th year of Schools FIRST (Financial Accountability Rating System of Texas), a financial accountability system for Texas school districts developed by the Texas Education Agency in response to Senate Bill 875 of the 76th Texas Legislature in 1999. Major changes to the School FIRST system were implemented by the Texas Education Agency in August 2015 that combined financial indicators with solvency indicators, in accordance with House Bill 5, 83rd Texas Legislature, Regular Session, 2013. The primary goal of Schools FIRST is to achieve quality performance in the management of school districts' financial resources, a goal made more significant due to the complexity of accounting associated with Texas' school finance system.

The Texas Education Agency converted School FIRST to a two-tier rating system of either "P" for "Passed" or "F" for "Substandard Achievement" for the 2015-2016 rating year. Prior to the 2014-2015 rating year, the School FIRST accountability rating system assigned one of four financial accountability ratings to Texas school districts, with the highest being "Superior Achievement," followed by "Above-Standard Achievement," "Standard Achievement" and "Substandard Achievement." The Schools FIRST accountability rating system assigns one of two financial accountability ratings to Texas school districts, with the highest being "P" for "Passed," and the other rating being "F" for "Substandard Achievement." Districts that receive the "Substandard Achievement" ratings under Schools FIRST must file a corrective action plan with the Texas Education Agency.

Recommendations: The district scores must be available to the public along with the ratings criteria. School districts are required to hold and advertise a public hearing to report their financial accountability rating to parents and constituents. The rating must also be included in an annual financial management report for the public.

I. Alternatives Considered: None

II. Funding Impact: None

III. Contact Person: Lorrie Remick @ 357- 2479 with questions or concerns.

IV. Attachments: FIRST Report for fiscal year 2015-2016

User: Glendon Remick
 User Role: District

RATING YEAR

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Financial Integrity Rating System of Texas

2016-2017 RATINGS BASED ON SCHOOL YEAR 2015-2016 DATA - DISTRICT STATUS DETAIL

Name: RANDOLPH FIELD ISD(015906)	Publication Level 1: 8/8/2017 2:29:29 PM
Status: Passed	Publication Level 2: 8/8/2017 2:29:29 PM
Rating: A = Superior	Last Updated: 8/8/2017 2:29:29 PM
District Score: 100	Passing Score: 60

#	Indicator Description	Updated	Score
1	<u>Was the complete annual financial report (AFR) and data submitted to the TEA within 30 days of the November 27 or January 28 deadline depending on the school district's fiscal year end date of June 30 or August 31, respectively?</u>	3/28/2017 11:05:06 AM	Yes
2	Review the AFR for an unmodified opinion and material weaknesses. The school district must pass 2.A to pass this indicator. The school district fails indicator number 2 if it responds "No" to indicator 2.A. or to both indicators 2.A and 2.B.		
2.A	<u>Was there an unmodified opinion in the AFR on the financial statements as a whole? (The American Institute of Certified Public Accountants (AICPA) defines unmodified opinion. The external independent auditor determines if there was an unmodified opinion.)</u>	3/28/2017 11:05:06 AM	Yes
2.B	<u>Did the external independent auditor report that the AFR was free of any instance (s) of material weaknesses in internal controls over financial reporting and compliance for local, state, or federal funds? (The AICPA defines material weakness.)</u>	3/28/2017 11:05:07 AM	Yes
3	<u>Was the school district in compliance with the payment terms of all debt agreements at fiscal year end? (If the school district was in default in a prior fiscal year, an exemption applies in following years if the school district is current on its forbearance or payment plan with the lender and the payments are made on schedule for the fiscal year being rated. Also exempted are technical defaults that are not related to monetary defaults. A technical default is a failure to uphold the terms of a debt covenant, contract, or master promissory note even though payments to the lender, trust, or sinking fund are current. A debt agreement is a legal agreement between a debtor (= person, company, etc. that owes money) and their creditors, which includes a plan for paying back the debt.)</u>	3/28/2017 11:05:07 AM	Yes
4			Yes

	<u>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?</u>	3/28/2017 11:05:07 AM	
5	<u>Was the total unrestricted net position balance (Net of the accretion of interest for capital appreciation bonds) in the governmental activities column in the Statement of Net Position greater than zero? (If the school district's change of students in membership over 5 years was 10 percent or more, then the school district passes this indicator.)</u>	3/28/2017 11:05:07 AM	Yes
			1 Multiplier Sum
6	<u>Was the number of days of cash on hand and current investments in the general fund for the school district sufficient to cover operating expenditures (excluding facilities acquisition and construction)? (See ranges below.)</u>	3/28/2017 11:05:08 AM	10
7	<u>Was the measure of current assets to current liabilities ratio for the school district sufficient to cover short-term debt? (See ranges below.)</u>	3/28/2017 11:05:08 AM	10
8	<u>Was the ratio of long-term liabilities to total assets for the school district sufficient to support long-term solvency? (If the school district's change of students in membership over 5 years was 10 percent or more, then the school district passes this indicator.) (See ranges below.)</u>	3/28/2017 11:05:08 AM	10
9	<u>Did the school district's general fund revenues equal or exceed expenditures (excluding facilities acquisition and construction)? If not, was the school district's number of days of cash on hand greater than or equal to 60 days?</u>	3/28/2017 11:05:09 AM	10
10	<u>Was the debt service coverage ratio sufficient to meet the required debt service? (See ranges below.)</u>	5/18/2017 12:16:26 PM	10
11	<u>Was the school district's administrative cost ratio equal to or less than the threshold ratio? (See ranges below.)</u>	3/28/2017 11:05:09 AM	10
12	<u>Did the school district not have a 15 percent decline in the students to staff ratio over 3 years (total enrollment to total staff)? (If the student enrollment did not decrease, the school district will automatically pass this indicator.)</u>	6/21/2017 8:11:35 PM	10
13	<u>Did the comparison of Public Education Information Management System (PEIMS) data to like information in the school district's AFR result in a total variance of less than 3 percent of all expenditures by function?</u>	3/28/2017 11:05:10 AM	10
14	<u>Did the external independent auditor indicate the AFR was free of any instance(s) of material noncompliance for grants, contracts, and laws related to local, state, or federal funds? (The AICPA defines material noncompliance.)</u>	3/28/2017 11:05:10 AM	10
15	<u>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?</u>	3/28/2017 11:05:11 AM	10

		100 Weighted Sum
		1 Multiplier Sum
		100 Score

DETERMINATION OF RATING

A.	Did the district answer 'No' to Indicators 1, 3, 4, 5, or 2.A? If so, the school district's rating is F for Substandard Achievement regardless of points earned.	
B.	Determine the rating by the applicable number of points. (Indicators 6-15)	
	A = Superior	90-100
	B = Above Standard	80-89
	C = Meets Standard	60-79
	F = Substandard Achievement	<60
<p>No Rating = A school district receiving territory that annexes with a school district ordered by the commissioner under TEC 13.054, or consolidation under Subchapter H, Chapter 41. No rating will be issued for the school district receiving territory until the third year after the annexation/consolidation.</p>		

Home Page: [Financial Accountability](#) | Send comments or suggestions to FinancialAccountability@tea.texas.gov

THE TEXAS EDUCATION AGENCY
 1701 NORTH CONGRESS AVENUE · AUSTIN, TEXAS, 78701 · (512) 463-9734

FIRST 4.4.6.0

Agenda Title: Annual Audit

**Purpose: [X] Discussion
[X] Action**

Description: As required by law, an audit of the District's financial statements was conducted by an independent audit firm. The audit report has been completed and is ready for review and approval by the Board. The opinion issued by the auditors is an "unmodified" opinion. There were no reportable instances identified in the audit. As part of their report the auditors have also conducted a review of investment policies and have noted no instances of noncompliance with the Public Funds Investment Act. The audit report is included as a separate attachment.

Recommendations: Resolved that the Board approve the audit report for the year ended June 30, 2017 as presented.

I. Alternatives Considered: None

II. Funding Impact: Costs of \$44,350 associated with this audit are reflected in function 41 – general administration.

III. Contact Person: Lorrie Remick @ 357–2479 with questions or concerns.

IV. Attachments: June 30, 2017 Audited Financial Statements

Randolph Field Independent School District

Annual Financial Report
June 30, 2017

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Introductory Section

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Randolph Field Independent School District

Certificate of Board

Randolph Field Independent School District
Name of School District

Bexar
County

015-906
County District Number

We, the undersigned, certify that the attached annual financial report of the above-named school district was reviewed and (check one) _____ approved _____ disapproved for the year ended June 30, 2017, at a meeting of the Board of Trustees of such school district on the ____ day of _____, 2017.

Signature of Board Secretary

Signature of Board President

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

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Financial Section

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Independent Auditor's Report

To the Board of Trustees
Randolph Field 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 Randolph Field Independent School District (the District) as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the 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.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund and the aggregate remaining fund information of the District as of June 30, 2017, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matter—Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, the Budgetary Comparison Schedule—General Fund, Schedule of the District's Proportionate Share of the Net Position Liability—TRS and Schedule of the District's Contributions—TRS, identified as required supplementary information in 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 Governmental Accounting Standards Board, who considers it to be an essential part of the 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 inquires of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquires, 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 evidence sufficient to express an opinion or provide any assurance.

Other Matter—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 Schedule of Expenditures of Federal Awards, as required by Subpart F of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from, and relates directly to, the underlying accounting and other records used to prepare the basic financial statements. The 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 Schedule of Expenditures of Federal Awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 13, 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 District's internal control over financial reporting and compliance.

RSM US LLP

San Antonio, Texas
October 13, 2017

Randolph Field Independent School District

Management's Discussion and Analysis

This section of Randolph Field Independent School District's (the District) annual financial report presents management's discussion and analysis of the District's financial performance during the fiscal year ended June 30, 2017. Please read it in conjunction with the District's financial statements, which follow this section.

Financial Highlights

Government-Wide Highlights

- Changes in net position—The District's total net position increased by \$4.95 million for the year ended June 30, 2017.
- Net position—The assets and deferred outflow of resources of the District exceeded its liabilities and deferred inflow of resources at June 30, 2017, by \$42.35 million. Of this amount, \$10.50 million was reported as unrestricted net position. Unrestricted net position represents the amount available to be used to meet the District's ongoing obligations.
- The District was awarded a grant from the Department of Defense Education Activity (DoDEA) in the amount of \$1,498,500 during the June 30, 2014, fiscal year. The grant titled *Promoting K-12 Student Achievement at Military-Connected Schools* will further the District's efforts at advanced academic achievement for military students through professional development and technology integration within an integrated science, technology, engineering and mathematics focus. The grant is effective from July 5, 2013, through August 31, 2017. During 2017, the District spent \$161,161 of the grant budget.
- The District was awarded a grant from the DoDEA in the amount of \$1,250,000 on September 30, 2015. The new grant titled *Supporting Military Children and Families—Reaching the Whole Child* will further the District's efforts at meeting the social-emotional needs of the students. The grant is effective from September 30, 2015, through August 31, 2020. During 2017, the District spent \$339,055 of the grant budget.
- The District approved the construction of a new transportation fueling station at the January 2017 board meeting and a transportation parking lot at the November 2016 board meeting. The transportation fueling station is set to be up and running by August 2017 and the transportation parking lot was completed in February 2017. The total of these two projects is \$374 thousand.
- The District approved the construction of a new baseball and softball field at the November 2016 board meeting. The fields were completed at the end of June 2017 at a cost of \$701 thousand.
- The District approved the construction of a new cafetorium (gymnasium, cafeteria and auditorium) building at the December 2015 board meeting. The contractors broke ground on the building in April 2016 and completed the job in March 2017 at a cost of \$6.35 million.
- Student enrollment grew by 71 students (4.97 percent) from the prior fiscal year. The current fiscal year average daily attendance was 1,368.05, as compared to last year's average daily attendance of 1,307.40.

Randolph Field Independent School District

Management's Discussion and Analysis

Fund Statement Highlights

- Fund balances—As of the close of the fiscal year ended June 30, 2017, the District's total Governmental Funds reported a combined ending fund balance of \$10.87 million. This reflects a decrease of approximately \$1.64 million in fund balance. The major change that affected this decrease was the use of fund balance to pay for construction expenses for the new high school and cafeterium buildings that exceeded the grant funds. The District received a \$10.39 million dollar grant to pay for the new high school and cafeterium buildings. The District had to spend \$3.00 million out of local savings before the grant would kick in and start reimbursing the District for expenses.
- General Fund—The General Fund balance decreased by approximately \$3.56 million to \$8.90 million, with \$3.39 million unassigned fund balance, which is 20.68 percent of the total General Fund expenditures for the year.
- Capital Projects Funds—After the use of fund balances for construction, the Capital Projects Funds ended with approximately \$1.92 million in assigned fund balance, which is scheduled to be used for expenses related to construction projects.

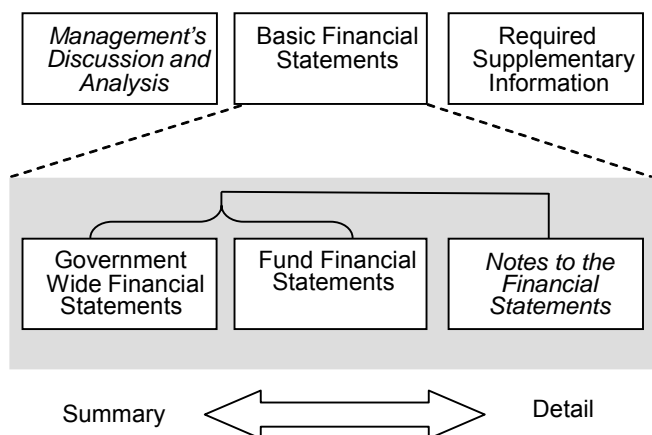
Overview of the Financial Statements

This annual report consists of three parts—*management's discussion and analysis* (this section), the *basic financial statements*, and *required supplementary information*. Table A-1 shows how the required parts of this annual report are arranged and related to one another. The basic financial statements include two kinds of statements that present different views of the District:

- The first two statements are *government-wide financial statements* that provide both *long-term* and *short-term* information about the District's *overall* financial status.
- The remaining statements are *fund financial statements* that focus on *individual parts* of the government, reporting the District's operations in *more detail* than the government-wide statements.
- The *Governmental Funds* statements tell how *general government* services were financed in the *short term*, as well as what remains for future spending.
- *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 financial statements also include *notes* that explain some of the information in the financial statements and provide more detailed data. The statements are followed by a section of *required supplementary information* that further explains and supports the information in the financial statements. Table A-2 summarizes the major features of the District's financial statements, including the portion of the District government they cover and the types of information they contain. The remainder of this overview section explains the structure and contents of each of the statements.

Table A-1. Required Components of the District's Annual Financial



Randolph Field Independent School District

Management’s Discussion and Analysis

Table A-2. Major Features of the District’s Government-Wide and Fund Financial Statements

Type of Statements	Fund Statements		
	Government-Wide	Governmental Funds	Fiduciary Funds
Scope	Entire District’s government (except Fiduciary Funds) and the District’s component units	The activities of the District that are not proprietary or fiduciary	Instances in which the District is the trustee or agent for someone else’s resources
Required financial statements	<ul style="list-style-type: none"> • Statement of net position • Statement of activities 	<ul style="list-style-type: none"> • Balance sheet • Statement of revenues, expenditures and changes in fund balances 	<ul style="list-style-type: none"> • Statement of fiduciary net position • Statement of changes in fiduciary net position
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus
Type of asset/liability information	All assets and liabilities, both financial and of capital, short-term and long-term	Only assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets included	All assets and liabilities, both short-term and long-term; the District’s funds do not currently contain capital assets
Type of inflow/outflow information	All revenues and expenses during year, regardless when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and payment is due during the year or soon thereafter	All revenues and expenses during the year, regardless of when cash is received or paid

Government-wide statements: The government-wide statements report information about the District as a whole using accounting methods similar to those used by private-sector companies. The statement of net position includes all the governmental activities’ assets, deferred outflow of resources, liabilities and deferred inflow of resources. All the current year’s revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

The two government-wide statements report the District’s net position and how they have changed. Net position—the difference between the District’s assets and deferred outflows and liabilities and deferred inflows—are one way to measure the District’s financial health or position.

Randolph Field Independent School District

Management's Discussion and Analysis

- Over time, increases or decreases in the District's net position are an indicator of whether its financial health is improving or deteriorating, respectively.
- To assess the overall health of the District, you need to consider additional nonfinancial factors, such as changes in the Impact Aid Law and changes in enrollment trends.

The government-wide financial statements of the District include the *governmental activities*. Most of the District's basic services are included here, such as instruction, cocurricular/extracurricular activities, curriculum and instructional staff development, health services and general administration. State Aid—Formula Grants, Impact Aid and other grants finance most of these activities, with charges for services being negligible. The food service function is the only function financed heavily with charges for services, 87.21 percent in 2017.

Fund financial statements: A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The fund financial statements provide more detailed information about the District's most significant funds—not the District as a whole. Funds are accounting devices the District uses to keep track of specific sources of funding and spending for particular purposes.

- Some funds are required by state law.
- Other funds are also established to control and manage money for particular purposes or to show they are properly using certain grants.

The District has two kinds of funds:

- Governmental funds—Most of the District's basic services are included in Governmental Funds, which focus on (1) how *cash and other financial assets* that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the Governmental Funds statements provide a detailed *short-term* view that helps determine whether there are more or fewer financial resources than can be spent in the near future to finance the District's programs.

Because the focus of Governmental Funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for Governmental Funds with similar information presented for governmental activities in the government-wide financial statements.

By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the Balance Sheet—Governmental Funds and the Statement of Revenues, Expenditures and Changes in Fund Balances—Governmental Funds provide a reconciliation to facilitate this comparison between Governmental Funds and the governmental activities. These reconciliations are presented on the page immediately following each Governmental Funds financial statement.

- Fiduciary funds—The District is the trustee, or *fiduciary*, for student activity funds. The District is responsible for ensuring the assets reported in these funds are used for their intended purposes. The District's fiduciary activities are reported in a separate Statement of Fiduciary Net Position—Fiduciary Fund. These activities are excluded from the District's government-wide financial statements because the District cannot use these assets to finance its operations.

Randolph Field Independent School District

Management's Discussion and Analysis

Notes to the financial statements: The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and the fund financial statements.

Required supplementary information: The basic financial statements are followed by a section of required supplementary information. This section includes a Budgetary Comparison Schedule—General Fund, Schedule of the District's Proportionate Share of the Net Position Liability—TRS and Schedule of the District's Contributions—TRS. The Budgetary Comparison Schedule—General Fund provides detail comparisons of expenditures and intra-agency transfers at the legal level of control. Comparisons can be made between the original budget, final budget and actual costs for the year. The Schedule of the District's Proportionate Share of the Net Position Liability—TRS and Schedule of the District's Contributions—TRS disclose covered payroll and related comparison information, as required by Governmental Accounting Standards Board (GASB) Statement No. 68.

Government-Wide Financial Analysis

Net position: As noted earlier, net position may serve over time as a useful indicator of a government's financial position. The District's combined net position totaled \$42.35 million at the end of 2017 (see Table A-3).

There is \$31.80 million (75.09 percent) of net position that represents capital assets, such as buildings, school buses and other vehicles and equipment and construction in progress. Restricted net position is approximately \$48 thousand (0.11 percent), with the remaining balance of \$10.50 million (24.80 percent) representing unrestricted net position that may be used to meet the District's ongoing obligations. Internally imposed designations of resources are not presented as restricted net position.

**Table A-3. The District's Net Position
(In Millions of Dollars)**

	Governmental Activities		Percentage Change
	2017	2016	
Current and other assets	\$ 12.22	\$ 16.19	(24.52%)
Capital assets	32.13	25.61	25.46%
Total assets	<u>\$ 44.35</u>	<u>\$ 41.80</u>	6.10%
Deferred outflow related to TRS	<u>\$ 0.13</u>	<u>\$ 0.20</u>	(35.00%)
Current liabilities	\$ 1.36	\$ 3.67	(62.94%)
Long-term liabilities	0.71	0.84	(15.48%)
Total liabilities	<u>\$ 2.07</u>	<u>\$ 4.51</u>	(54.10%)
Deferred inflow related to TRS	<u>\$ 0.06</u>	<u>\$ 0.09</u>	(33.33%)
Net position:			
Net invested in capital assets	\$ 31.80	\$ 25.20	26.19%
Restricted for special revenue grants	0.05	0.04	25.00%
Unrestricted	10.50	12.16	(13.65%)
Total net position	<u>\$ 42.35</u>	<u>\$ 37.40</u>	13.24%

Randolph Field Independent School District

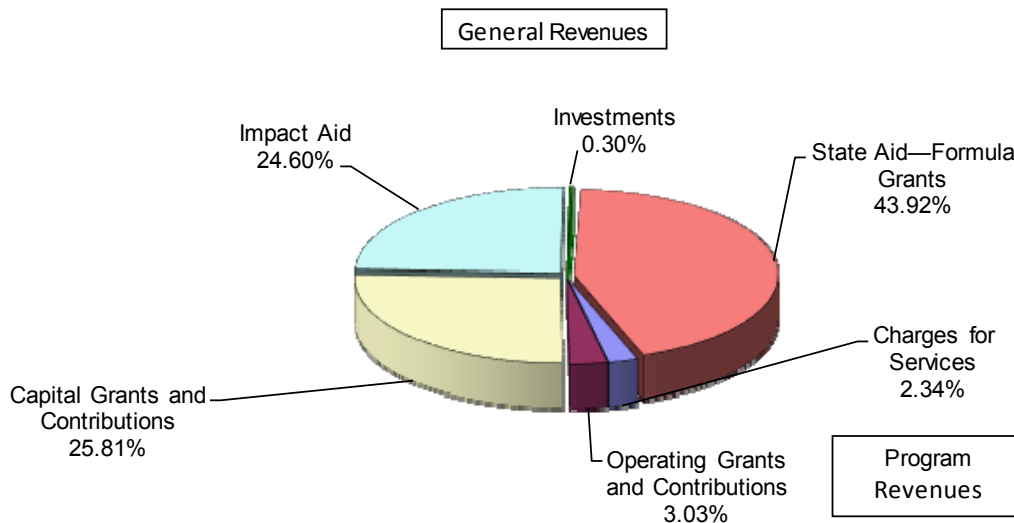
Management's Discussion and Analysis

Changes in net position: The District's net position increased by \$4.95 million or 13.24 percent from the prior year.

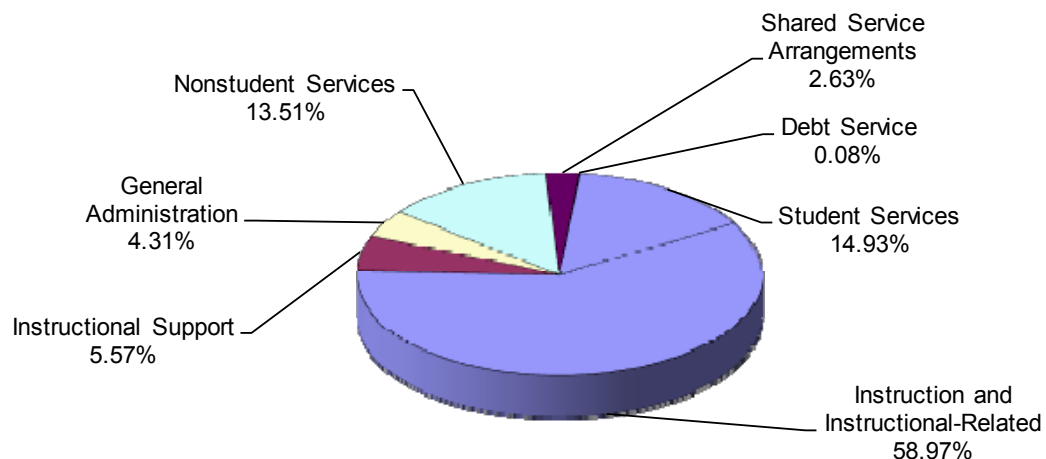
The District's revenues and other sources totaled \$23.58 million. Approximately 24.60 percent of the District's revenue came from Impact Aid funds, 43.92 percent came from State Aid—Formula Grants, 28.84 percent came from operating and capital grants, 2.34 percent relates to charges for services and 0.30 percent came from investment earnings (see Table A-4).

The District's expenses cover a range of services. The largest expense was for direct instructional service. In 2017, governmental activity expenditures totaled \$18.62 million, with \$10.98 million (58.97 percent) for instruction and instructional-related expenses.

Table A-4. Sources of Revenue



Expenses for Governmental Activities



Randolph Field Independent School District

Management's Discussion and Analysis

A comparison of the cost of services by function for the District's governmental activities is shown below (Table A-5), along with the revenues used to cover the expenses of the governmental activities.

**Table A-5. Changes in the District's Net Position
(In Millions of Dollars)**

	Governmental Activities		Percentage Change
	2017	2016	
Revenues:			
Program revenues:			
Charges for services	\$ 0.55	\$ 0.53	3.77%
Operating grants and contributions	0.71	0.74	(4.05%)
Capital grants and contributions	6.09	4.40	38.41%
General revenues:			
Investment earnings	0.07	0.04	84.21%
State Aid—Formula Grants	10.36	9.57	8.25%
Impact Aid	5.80	5.93	(2.19%)
Total revenues	<u>23.58</u>	<u>21.21</u>	11.18%
Expenses:			
Instruction and instructional-related	10.98	9.99	9.91%
Instructional support	1.04	0.89	16.85%
Student services	2.78	2.47	12.55%
General administration	0.80	0.79	1.27%
Nonstudent services	2.52	2.39	5.44%
Debt service	0.02	0.01	100.00%
Payments related to shared services arrangement	0.49	0.30	63.33%
Total expenses	<u>18.63</u>	<u>16.84</u>	10.63%
Increase in net position	4.95	4.37	13.32%
Net position at beginning of year	37.40	33.03	13.23%
Net position at end of year	<u>\$ 42.35</u>	<u>\$ 37.40</u>	13.24%

Governmental activities: Table A-6 presents the cost of each of the District's major functions, as well as each function's *net cost* (total cost less fees generated by the activities and intergovernmental aid). The remaining net cost reflects what was funded by state revenues, as well as Impact Aid dollars. The cost of all governmental activities this year was \$18.62 million.

- Charges for services and intergovernmental aid in forms of operating and capital grants contributed totaled \$0.55 million.
- General revenues, which are composed of State Aid and Impact Aid received in lieu of property taxes, as well as investment earnings, funded the remaining \$16.16 million.

Randolph Field Independent School District

Management's Discussion and Analysis

**Table A-6. Net Cost of Major District Functions
(In Millions of Dollars)**

	Total Cost of Services			Net Cost of Services		
	2017	2016	Percentage Change	2017	2016	Percentage Change
Instruction and instructional-related	\$ 10.98	\$ 9.99	9.91%	\$ 4.16	\$ 4.84	(14.05%)
School leadership	1.04	0.89	16.85%	1.04	0.89	16.85%
Student services	2.78	2.47	12.55%	2.25	1.95	15.38%
General administration	0.80	0.79	1.27%	0.80	0.79	1.27%
Nonstudent services	2.52	2.39	5.44%	2.52	2.39	5.44%
Debt service	0.02	0.01	100.00%	0.02	0.01	100.00%
Payments related to shared services arrangement	0.49	0.30	63.33%	0.49	0.30	63.33%
Total expenses	\$ 18.63	\$ 16.84	10.63%	\$ 11.28	\$ 11.17	0.98%

Financial Analysis of the District's Individual Funds

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

The focus of the District's Governmental Funds is to provide information on near-term inflows, outflows and balances of resources. Such information is useful in assessing the District's financing requirements. In particular, the unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the fiscal year, the Governmental Funds reported combined ending fund balances of \$10.87 million, a decrease of approximately \$1.64 million in comparison to the prior year. Total unassigned fund balance was \$3.39 million, or 31.20 percent. The remainder of fund balance is divided into nonspendable, restricted and assigned categories, as defined in the notes to the financial statements.

The General Fund is the chief operating fund of the District. The fund balance of the District's General Fund decreased by approximately \$3.56 million during the current fiscal year. The unassigned fund balance of \$3.39 million represents 20.68 percent of the total General Fund expenditures. This amount serves as a "rainy day" fund to assist the District when Impact Aid funding may be slow in coming or other funding contingencies.

Revenues from Governmental Funds types totaled \$23.61 million, an increase of approximately \$2.40 million from the preceding year. State funds increased by approximately \$772 thousand. Local revenues increased by approximately \$70 thousand, mostly due to an increase in food service lunch revenue. Also, there was an increase in federal funds of approximately \$1.56 million, mainly due to receiving grant payments for the construction of the new high school and cafetorium.

General fund budgetary highlights: The District amended its budget five times during the fiscal year. These amendments reclassified amounts between functions and are listed below.

- The first budget amendment in fiscal year (FY) 2017 was for the following: (a) budget transfer of \$647,285 to cover the cost of building a new baseball and a new softball field for student athletics; (b) budget transfer of \$147,000 to cover the costs of putting in a new bus/fleet vehicle parking lot for the transportation department; (c) budget transfer of \$171,000 to cover the costs of removing the old fuel tanks and labor and materials to add, purchase and install new fuel tanks for the transportation department and (d) budget amendment to record the lease of one additional copy machine for the special education department in the amount of \$8,148.

Randolph Field Independent School District

Management's Discussion and Analysis

- The second budget amendment in FY 2017 was to add an additional \$50,000 to function 21 (Instructional Leadership) and \$1,000 to function 71 (Debt Service) and a reduction of \$51,000 from function 11 (Instruction). These funds will cover additional costs for payroll in instructional leadership and an additional copy machine that was added. There is no effect to the overall budget with these changes.
- The third budget amendment for FY 2017 was to add an additional \$144,694 in both revenue and expense to increase the amount of funds that are paid by the state of Texas on behalf of the employees to the Teacher Retirement System of Texas pension fund and add an additional \$210,000 to function 93 payments related to a shared service arrangement for the special education cooperative, with an offset to function 11 instruction.
- The fourth budget amendment for FY 2017 was to add an additional \$170,000 to function 11 (Instruction), \$70,000 to function 23 (School Leadership) and \$40,000 to function 36 (Co-curricular/Extracurricular Activities), with reductions of \$130,000 to function 12 (Instructional Leadership), \$40,000 to function 13 (Curriculum), \$10,000 to function 31 (Guidance Counseling), \$30,000 to function 33 (Health Services), \$10,000 to function 34 (Student Transportation), \$30,000 to function 41 (General Administration) and \$30,000 to function 53 (Data Processing Services). These funds will offset each other and cover year end accruals to be made in June. There is no effect to the overall budget with these changes. This budget amendment also made an operating transfer of \$3,000,000 to fund the excess costs (\$1,650,000) on the high school/cafetorium project, fund the cost of a new maintenance/transportation facility (\$1.10 million) and fund one-third of the cost (\$250,000) of a new building for the Military Cooperative.
- The fifth and final budget amendment for FY 2017 was to add an additional \$10,000 to function 33 (Health Services) and \$50,000 to function 53 (Data Processing Services), with reductions of \$10,000 to function 12 (Instructional Leadership) and \$50,000 to function 36 (Co-curricular Activities). These funds will offset each other and cover year-end adjustments made. There is no effect to the overall budget with these changes.

Capital Assets and Debt Administration

Capital assets: At the end of 2017, the District had invested \$48.25 million in a broad range of capital assets, including buildings, vehicles and equipment (see Table A-7). This amount represents a net increase (including additions and deductions) of approximately \$7.89 million or 19.55 percent over last year. More detailed information about the District's capital assets is presented in the notes to the financial statements.

**Table A-7. The District's Capital Assets
(In Millions of Dollars)**

	Governmental Activities		Percentage Change
	2017	2016	
Buildings and improvements	\$ 44.71	\$ 29.31	52.54%
Vehicles and equipment	3.06	2.90	5.52%
Property under capital lease	0.45	0.44	2.27%
Construction in progress	0.03	7.71	(99.61%)
Totals at historical cost	48.25	40.36	19.55%
Total accumulated depreciation	(16.12)	(14.75)	9.29%
Net capital assets	\$ 32.13	\$ 25.61	25.46%

Randolph Field Independent School District

Management's Discussion and Analysis

Long-term debt: At year end, the District had \$712 thousand in outstanding debt. The debt is attributable to compensated absences, a capital lease and the net pension liability, from adoption of GASB Statement No. 68, as shown in Table A-8. More detailed information about the District's debt is presented in the notes to the financial statements.

**Table A-8. The District's Long-Term Debt
(In Millions of Dollars)**

	Governmental Activities		Percentage Change
	2017	2016	
Compensated absences payable	\$ 0.01	\$ 0.01	0.00%
Capital leases payable	0.32	0.41	(21.95%)
Net pension liability	0.38	0.41	(7.32%)
Total leases and other payables	<u>\$ 0.71</u>	<u>\$ 0.83</u>	(14.46%)

Economic Factors and Next Year's Budgets

- The District has taken measured steps to fund the 2017-2018 fiscal year budget conservatively to meet its projected revenue. The allocation of resources is designed to maximize student achievement. The District believes it is accountable to meet the needs of all its students. Focusing resources to accomplish this end is of highest priority. Campus leadership is actively involved in making focused requests that target dollars to improve student performance.
- The District's 2017 refined average daily attendance (ADA) increased due to the District allowing more students to enroll. An ADA of 1,354.96 students is projected based on an average 95.00 percent attendance rate. This equates to approximately 1,411 total students or an increase of 44 students. In order to achieve this ADA, the District will need an estimated 980 transfer students. Title VIII—Impact Aid—Impact Aid payments for 2017 will be paid without the Table 9, housing provision for students. This means the District needs to continue to accept transfer students, which are paid at 55.00 percent of the local contribution rate of \$9,016.80, or \$4,959.24, for each transfer student, in order to make up the difference for the loss in base housing.
- In estimating expenditures, the assumption is that the District will go back to a spending level that is similar to 2017-2018 fiscal year. The District has worked hard to reduce expenditures, while retaining all employees. The District has budgeted for a two percent salary increase for next year.

These factors were taken into account when adopting the General Fund budget for 2018. Amounts available for appropriation in the General Fund budget are \$17.15 million.

Expenditures are budgeted at \$17.15 million. The District has added no major new programs or initiatives to the 2018 budget and has taken measures to tighten expenditures. The District has a balanced budget for fiscal year 2018.

Contacting the District's Financial Management

This financial report is designed to provide the District's citizens, customers, investors and creditors with a general overview of its finances and to demonstrate the District's accountability for the money it receives. Questions concerning any of the information provided in this report or requests for additional information should be addressed to: Randolph Field Independent School District, Finance Department, P.O. Box 2217, Universal City, Texas 78148.

Basic Financial Statements

Randolph Field Independent School District

**Exhibit A-1 Statement of Net Position
June 30, 2017**

1

Data Control Codes		Governmental Activities
	Assets:	
1110	Cash, cash equivalents, and investments	\$ 9,998,821
1240	Due from other governments	2,220,820
1300	Inventories, at cost	5,107
1410	Prepaid expenditures	681
	Capital assets:	
1520	Buildings and improvements, net	30,757,695
1530	Vehicles and equipment, net	1,032,816
1550	Property under capital lease, net	306,056
1580	Construction in progress	30,991
1000	Total assets	\$ 44,352,987
	Deferred outflow of resources:	
1705	Deferred outflow—pension	\$ 130,070
	Liabilities:	
2110	Accounts payable	\$ 94,603
2120	Worker's compensation payable	12,890
2150	Payroll deductions and withholdings	1,468
2160	Accrued wages payable	1,149,525
2180	Due to other governments	8,303
2200	Accrued expenses	92,099
	Noncurrent liabilities:	
2501	Due within one year	102,216
2502	Due in more than one year	231,910
2540	Net pension liability—District's share	377,629
2000	Total liabilities	\$ 2,070,643
	Deferred inflow of resources:	
2605	Deferred inflow—pension	\$ 58,033
	Net position:	
3200	Net investment in capital assets	\$ 31,804,752
3820	Restricted for special revenue grants	47,587
3900	Unrestricted	10,502,042
3000	Total net position	\$ 42,354,381

See notes to financial statements.

Randolph Field Independent School District

**Exhibit B-1 Statement of Activities
For the Year Ended June 30, 2017**

Data Control Codes	Functions/Programs	1 Expenses	3 Charges for Services	4 Program Revenues		5 Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Position Governmental Activities
				Operating Grants and Contributions			
Governmental activities:							
0011	Instruction	\$ 10,489,085	\$ 24,749	\$ 688,473		\$ 6,086,420	\$ (3,689,443)
0012	Instructional resources and media services	212,509	-	-		-	(212,509)
0013	Curriculum development and instructional staff development	279,839	-	25,542		-	(254,297)
0021	Instructional leadership	91,686	-	-		-	(91,686)
0023	School leadership	945,627	-	-		-	(945,627)
0031	Guidance, counseling and evaluation services	540,423	-	-		-	(540,423)
0033	Health services	135,403	-	-		-	(135,403)
0034	Student (pupil) transportation	551,796	-	-		-	(551,796)
0035	Food services	615,318	480,677	-		-	(134,641)
0036	Cocurricular/extracurricular activities	937,918	45,717	-		-	(892,201)
0041	General administration	803,592	-	-		-	(803,592)
0051	Plant maintenance and operations	1,888,128	-	-		-	(1,888,128)
0053	Data processing services	627,147	-	-		-	(627,147)
0071	Debt service interest and fiscal charges	14,997	-	-		-	(14,997)
0093	Payments related to shared services arrangement	490,034	-	-		-	(490,034)
TG	Total governmental activities	<u>18,623,502</u>	<u>551,143</u>	<u>714,015</u>		<u>6,086,420</u>	<u>(11,271,924)</u>
TP	Total primary government	<u>\$ 18,623,502</u>	<u>\$ 551,143</u>	<u>\$ 714,015</u>		<u>\$ 6,086,420</u>	<u>(11,271,924)</u>
General revenues:							
IE	Investment earnings						73,020
GC	Grants and contributions not restricted to specific programs						16,158,095
TR	Total general revenues						<u>16,231,115</u>
CN	Change in net position						4,959,191
NB	Net position at beginning of year						<u>37,395,190</u>
NE	Net position at end of year						<u>\$ 42,354,381</u>

See notes to financial statements.

Randolph Field Independent School District

Exhibit C-1 Balance Sheet—Governmental Funds
June 30, 2017

Data Control Codes		10		98	
		General Fund	Capital Projects Funds	Nonmajor Governmental Funds	Total Governmental Funds
Assets:					
1110	Cash, cash equivalents and investments	\$ 8,573,470	\$ 1,369,461	\$ 55,890	\$ 9,998,821
1240	Due from other governments	1,474,213	590,104	156,503	2,220,820
1260	Due from other funds	150,225	-	-	150,225
1300	Inventories—at cost	5,107	-	-	5,107
1410	Prepaid expenditures	681	-	-	681
1000	Total assets	\$ 10,203,696	\$ 1,959,565	\$ 212,393	\$ 12,375,654
Liabilities:					
2110	Accounts payable	\$ 57,741	\$ 36,862	\$ -	\$ 94,603
2120	Worker's compensation payable	12,890	-	-	12,890
2150	Payroll deductions and withholdings	1,468	-	-	1,468
2160	Accrued wages payable	1,143,693	-	5,832	1,149,525
2170	Due to other funds	-	-	150,225	150,225
2180	Due to other governments	-	-	8,303	8,303
2200	Accrued expenditures	91,653	-	446	92,099
2000	Total liabilities	1,307,445	36,862	164,806	1,509,113
Fund balances:					
Nonspendable:					
3410	Food service—inventory	5,107	-	-	5,107
3430	Prepaid items	681	-	-	681
Restricted:					
3450	Federal and state grant programs	-	-	47,587	47,587
Assigned:					
3590	Impact Aid	4,000,000	-	-	4,000,000
3550	Construction	1,200,000	1,922,703	-	3,122,703
3570	Capital equipment	300,000	-	-	300,000
3600	Unassigned	3,390,463	-	-	3,390,463
3000	Total fund balances	8,896,251	1,922,703	47,587	10,866,541
4000	Total liabilities and fund balances	\$ 10,203,696	\$ 1,959,565	\$ 212,393	\$ 12,375,654

See notes to financial statements.

Randolph Field Independent School District

**Exhibit C-1R Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position
June 30, 2017**

Total fund balances—Governmental Funds balance sheet	\$ 10,866,541
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets, net of accumulated depreciation, used in governmental activities are not reported in the funds.	32,127,558
Payables for compensated absences and capital leases are not due and payable in the current period and, therefore, are not reported in the funds.	(334,126)
Recognition of the District's proportionate share of the net pension liability required by GASB Statement No. 68 in the amount of (\$377,629), a deferred resource inflow related to TRS in the amount of (\$58,033) and a deferred resource outflow related to TRS in the amount of \$130,070. These amounts decreased net position by \$305,592.	<u>(305,592)</u>
Net position of governmental activities—statement of net position	<u><u>\$ 42,354,381</u></u>

See notes to financial statements.

Randolph Field Independent School District

**Exhibit C-2 Statement of Revenues, Expenditures and Changes in Fund Balances—Governmental Funds
For the Year Ended June 30, 2017**

Data Control Codes		10 General Fund	Capital Projects Funds	Nonmajor Governmental Funds	98 Total Governmental Funds
Revenues:					
5700	Local and intermediate sources	\$ 602,856	\$ 15,000	\$ 26,564	\$ 644,420
5800	State program revenues	10,389,280	-	112,063	10,501,343
5900	Federal program revenues	5,800,192	6,071,420	596,695	12,468,307
5020	Total revenues	<u>16,792,328</u>	<u>6,086,420</u>	<u>735,322</u>	<u>23,614,070</u>
Expenditures:					
Current:					
0011	Instruction	8,416,128	342,337	683,216	9,441,681
0012	Instructional resources and media services	212,926	-	-	212,926
0013	Curriculum development and instructional staff development	254,886	-	25,542	280,428
0021	Instructional leadership	91,835	-	-	91,835
0023	School leadership	947,620	-	-	947,620
0031	Guidance, counseling and evaluation services	539,892	-	-	539,892
0033	Health services	135,696	-	-	135,696
0034	Student (pupil) transportation	414,583	121,002	-	535,585
0035	Food services	606,181	-	-	606,181
0036	Cocurricular/extracurricular activities	846,112	79,510	22,922	948,544
0041	General administration	794,302	-	-	794,302
0051	Plant maintenance and operations	1,928,161	-	-	1,928,161
0053	Data processing services	591,940	-	-	591,940
0071	Principal on long-term debt	97,883	-	-	97,883
0071	Interest on long-term debt	14,997	-	-	14,997
0081	Facilities acquisition and construction	8,148	7,601,462	-	7,609,610
0093	Payments related to shared services arrangement	490,034	-	-	490,034
6030	Total expenditures	<u>16,391,324</u>	<u>8,144,311</u>	<u>731,680</u>	<u>25,267,315</u>
1100	Excess (deficiency) of revenues over expenditures	<u>401,004</u>	<u>(2,057,891)</u>	<u>3,642</u>	<u>(1,653,245)</u>
Other financing sources (uses):					
7913	Proceeds from capital lease	8,148	-	-	8,148
7915	Transfers in	-	3,965,285	-	3,965,285
8911	Transfers out	(3,965,285)	-	-	(3,965,285)
7080	Total other financing sources (uses)	<u>(3,957,137)</u>	<u>3,965,285</u>	<u>-</u>	<u>8,148</u>
1200	Net change in fund balances	(3,556,133)	1,907,394	3,642	(1,645,097)
0100	Fund balances at beginning of year	12,452,384	15,309	43,945	12,511,638
3000	Fund balances at end of year	<u>\$ 8,896,251</u>	<u>\$ 1,922,703</u>	<u>\$ 47,587</u>	<u>\$ 10,866,541</u>

See notes to financial statements.

Randolph Field Independent School District

**Exhibit C-3 Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances
of Governmental Funds to the Statement of Activities
For the Year Ended June 30, 2017**

Net change in fund balances—total Governmental Funds	\$ (1,645,097)
Amounts reported for governmental activities in the statement of activities are different because:	
Capital outlays are reported as expenditures in the funds, but capitalized in the statement of net position.	7,884,741
Depreciation expense of capital assets is an expense in the statement of activities and not in the funds.	(1,362,846)
Capital lease is reported as an other financing source in the funds, but is recorded as debt in the statement of net position.	89,735
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 the governmental funds:	
Change in compensated absences	950
Pension expense—TRS	<u>(8,292)</u>
Change in net position of governmental activities—statement of activities	<u>\$ 4,959,191</u>

See notes to financial statements.

Randolph Field Independent School District

**Exhibit E-1 Statement of Fiduciary Net Position—Fiduciary Fund
For the Year Ended June 30, 2017**

Data Control Codes		<u>Agency Fund Student Activity Fund</u>
	Assets:	
1110	Cash and cash equivalents	<u>\$ 106,479</u>
1000	Total assets	<u><u>\$ 106,479</u></u>
	Liabilities:	
2190	Due to student groups	<u>\$ 106,479</u>
2000	Total liabilities	<u><u>\$ 106,479</u></u>

See notes to financial statements.

Randolph Field Independent School District

Notes to Financial Statements

Note A. Summary of Significant Accounting Policies

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

1. Reporting Entity

The Board of Trustees (the Board), a five-member group, has governance responsibilities over all activities related to public elementary and secondary education within the jurisdiction of the District. The Board is appointed and has the exclusive power and duty to govern and oversee the management of the public schools of the District. All powers and duties not specifically delegated by statute to the TEA or to the state Board of Education are reserved for the Board, and the TEA may not substitute its judgment for the lawful exercise of those powers and duties by the Board. The District receives funding from local, state and federal government sources and must comply with the requirements of those funding entities. However, the District is not included in any other governmental reporting entity, as defined by GASB in Section 2100, *Codification of Governmental Accounting and Financial Reporting Standards*. Based on this GASB section, there are no component units included within the reporting entity.

2. Basis of Presentation, Basis of Accounting

a. Basis of Presentation

Government-wide financial statements: The statement of net position and statement of activities include the financial activities of the overall government, except for fiduciary activities. Eliminations have been made to minimize the double-counting of internal activities. Governmental activities generally are financed through intergovernmental revenues and other nonexchange transactions.

The statement of activities presents a comparison between direct expenses and program revenues for each function of the District's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Program revenues include (a) fees, fines and charges paid by the recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are classified as program revenues are presented as general revenues.

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

The District reports the following major Governmental Funds:

General Fund: This is the District's primary operating fund. It accounts for all financial resources of the District except those required to be accounted for in another fund.

Capital Projects Funds: These funds are used to account for resources and expenditures relating to the construction and acquisition of capital facilities and facility improvements.

Randolph Field Independent School District

Notes to Financial Statements

Note A. Summary of Significant Accounting Policies (Continued)

The other governmental funds of the District are considered nonmajor and are as follows.

Special Revenue Funds: 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.

Fiduciary Funds: Fiduciary funds account for assets held by the District in a trustee or agency capacity for the benefit of others and cannot be used to support District activities. The District has the following fiduciary fund type:

- **Agency Fund:** This fund is used to report student activity funds and other resources held in a purely custodial capacity (assets equal liabilities). Agency funds typically involve only the receipt, temporary investment and remittance of fiduciary resources to individuals, private organizations, or other governments. Agency funds are presented in the fiduciary funds financial statement. However, because their assets are held in a trustee or agent capacity and, therefore, are not available to support District programs, these funds are not included in the government-wide statements.

b. Measurement Focus, Basis of Accounting

Government-wide and fiduciary fund financial statements: These financial statements are reported using the economic resources measurement focus. They are reported using the accrual basis of accounting. Revenues are recorded when earned, and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Nonexchange transactions, in which the District gives (or receives) value without directly receiving (or giving) equal value in exchange, include Impact Aid received in lieu of property taxes, grants, entitlements and donations. Revenue from Impact Aid received in lieu of property taxes is recognized in the fiscal year for which the funds are received. Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

Net position now represents the residual of assets and deferred outflows of resources less liabilities and deferred inflows of resources.

Governmental funds financial statements: Governmental Funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The District considers all nongrant revenues reported in the Governmental Funds to be available if the revenues are collected within 60 days after year-end, except for the state Foundation School Fund, as described below. Revenues from state and federal grants are recorded as revenues when received in cash (advance funded program with no time requirement restriction) or when allowable expenditures have been incurred (reimbursement funded program). Impact Aid revenues are recognized under the susceptible-to-accrual concept. The Foundation School Fund allotment passed through TEA is considered available if the revenue is collected generally within 90 days after year-end. 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. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in Governmental Funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

Randolph Field Independent School District

Notes to Financial Statements

Note A. Summary of Significant Accounting Policies (Continued)

When the District incurs an expenditure or expense for which both restricted and unrestricted resources may be used, it is the District's policy to use restricted resources first, then unrestricted resources. When expenditures are incurred for which assigned or unassigned fund balances are available, the District considers amounts to have been spent out of assigned funds and then unassigned funds, as needed, unless the District's Board has provided otherwise in its assignment actions.

3. Financial Statement Amounts

a. Cash and Cash Equivalents

The District's cash and cash equivalents are considered to be cash on hand, external investment pools, demand deposits and short-term investments that have a remaining term of one year or less at the time of purchase. External investment pools are reported at amortized cost or net asset value (NAV), as applicable.

b. Inventories and Prepaid Items

The District records purchases of supplies as expenditures, utilizing the purchase method of accounting for inventory.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid expenditures.

c. Capital Assets

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

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

Asset Class	Estimated Useful Lives
Buildings and improvements	15-30 years
Vehicles	7-10 years
Equipment	5-10 years

d. Receivable and Payable Balances

The District believes sufficient detail of receivable and payable balances is provided in the financial statements to avoid the obscuring of significant components by aggregation. Therefore, no disclosure is provided which disaggregates those balances.

There are no significant receivables which are not scheduled for collection within one year of year-end.

Randolph Field Independent School District

Notes to Financial Statements

Note A. Summary of Significant Accounting Policies (Continued)

e. Compensated Absences

The District's policies do not provide for accumulation of vacation time, but do provide for accumulation of local sick pay, which is payable on retirement or death, for employees retiring under the Teacher Retirement System of Texas (TRS). The total liability is \$11,320 at June 30, 2017. Compensated absences are recorded as expense at the government-wide level when earned by employees.

f. Pensions

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

g. Interfund Activity

Interfund activity results from loans, services provided, reimbursements or transfers between funds. Loans are reported as interfund receivables and payables as appropriate and are subject to elimination upon consolidation. Services provided, deemed to be at market or near market rates, are treated as revenues and expenditures or expenses. Reimbursements occur when one fund incurs a cost, charges the appropriate benefiting fund and reduces its related cost as a reimbursement. All other interfund transactions are treated as transfers.

h. Use of Estimates

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the amounts reported on the financial statements and accompanying notes. Actual results may differ from those estimates.

i. Data Control Codes

Data control codes appear in the rows and above the columns of certain financial statements. The TEA requires the display of these codes in the financial statements filed with the TEA in order to ensure accuracy in building a statewide database for policy development and funding plans.

j. Budgets

The District operates within the budget requirements for school districts as specified by state law. The District adopts its annual program budget on a U.S. GAAP basis of accounting.

As allowed by GASB Statement No. 41, *Budgetary Comparison Schedules—Perspective Differences*, the District presents the budgetary comparison as required supplementary information based on the program structure, as required by state statute for its legally adopted budget.

Randolph Field Independent School District

Notes to Financial Statements

Note A. Summary of Significant Accounting Policies (Continued)

k. Encumbrances

Encumbrances for goods or purchased services are documented by purchase orders or contracts. Under Texas law, appropriations lapse at June 30, and encumbrances outstanding at that time are to be either cancelled or appropriately provided for in the subsequent year's budget.

l. Accounting System

In accordance with the Resource Guide, the District has adopted and installed an accounting system which meets at least the minimum requirements prescribed by the state Board of Education and approved by the state auditor. Specifically, the District's accounting system uses codes and the code structure prescribed by the TEA in the Resource Guide. Mandatory codes are recorded in the order provided in that section.

m. Net Position

Net position represents the difference between assets plus deferred outflow of resources less liabilities less deferred inflows of resources. Net position invested in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets, if any. Net position restricted for special revenue grants is reported as restricted when there are limitations imposed on its use, either through the enabling legislation adopted by the District or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. Unrestricted net position is comprised of the remainder of net position that has no restrictions.

n. Fund Balance

Fund balance is divided into five classifications based primarily on the extent to which the District is bound to observe constraints imposed upon the use of the resources in the Governmental Funds. The classifications are as follows.

Nonspendable: The nonspendable fund balance category includes amounts that cannot be spent because they are not in spendable form, or legally or contractually are required to be maintained intact. The "not in spendable form" criterion includes items that are not expected to be converted to cash. It also includes the long-term amount of interfund loans.

Restricted: Fund balance is reported as restricted when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors or laws or regulations of other governments or are imposed by law through constitutional provisions or enabling legislation. Legal enforceability means that the District can be compelled by an external party, such as citizens, public interest groups or the judiciary, to use resources created by enabling legislation only for the purposes specified by the legislation.

Randolph Field Independent School District

Notes to Financial Statements

Note A. Summary of Significant Accounting Policies (Continued)

Committed: The committed fund balance classification includes amounts that can be used only for the specific purposes imposed by formal action (resolution) of the Board. Those committed amounts cannot be used for any other purpose unless the Board removes or changes the specified use by taking the same type of action (resolution) it employed to previously commit those amounts. In contrast to fund balance that is restricted by enabling legislation, committed fund balance classification may be redeployed for other purposes with appropriate due process. Constraints imposed on the use of committed amounts are imposed by the Board, separate from the authorization to raise the underlying revenue; therefore, compliance with these constraints is not considered to be legally enforceable. The committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements. As of June 30, 2017, there were no committed fund balances.

Assigned: Amounts in the assigned fund balance classification are 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. In the General Fund, assigned amounts represent intended uses established by the Board or a District official delegated that authority by the Board or by resolution.

Unassigned: Unassigned fund balance is the residual classification for the General Fund and includes all spendable amounts not contained in the other classifications. In other Governmental Funds, the unassigned classification is used only to report a deficit balance resulting from overspending for specific purposes for which amounts had been restricted, committed or assigned.

When expenditures are incurred for purposes for which both restricted and unrestricted fund balance is available, the District considers amounts to have been spent first out of restricted fund balances, followed by committed funds, then assigned funds and finally unassigned funds, as needed, unless the Board or its delegated official has provided otherwise in its commitment or assignment actions.

o. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expenses) until then. The District has one item qualifying for reporting in this category. In the government-wide financial statements, The District reports the deferred charge for pension contributions made after the measurement date of August 31, 2016, and during the District's current reporting period, the differences between expected and actual economic experience, the change in actuarial assumptions and the difference between projected and actual investment earnings and changes to the District's proportionate share in the pension plan.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The District has one item qualifying for reporting in this category. The District reports the deferred inflows for changes in the proportionate share of contributions in TRS' pension plan, the differences between expected and actual economic experience, and the change in actuarial assumptions.

Randolph Field Independent School District

Notes to Financial Statements

Note A. Summary of Significant Accounting Policies (Continued)

p. Future GASB Implementations

GASB Statement No. 82, *Pension Issues*, issued April 2016, will be effective for the District beginning with its fiscal year ending June 30, 2017. Statement No. 82 is designed to improve consistency in the application of the pension standards by clarifying or amending related areas of existing guidance with respect to GASB Statements No. 67, *Financial Reporting for Pension Plans*, No. 68, *Accounting and Financial Reporting for Pensions*, and No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*. Specifically, this statement addresses issues regarding (1) the presentation of payroll-related measures in required supplementary information, (2) the selection of assumptions and the treatment of deviations from the guidance in an Actuarial Standard of Practice for financial reporting purposes and (3) the classification of payments made by employers to satisfy employee (plan member) contribution requirements.

GASB Statement No. 84, *Fiduciary Activities*, issued February 2017, will be effective for the District beginning with its fiscal year ending June 30, 2020. The objective of GASB Statement No. 84 is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. This statement establishes criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities.

An activity meeting the criteria should be reported in a fiduciary fund in the basic financial statements. Governments with activities meeting the criteria should present a statement of fiduciary net position and a statement of changes in fiduciary net position. An exception to that requirement is provided for a business-type activity that normally expects to hold custodial assets for three months or less. This statement describes four fiduciary funds that should be reported, if applicable: (1) pension (and other employee benefit) trust funds, (2) investment trust funds, (3) private-purpose trust funds and (4) custodial funds. Custodial funds generally should report fiduciary activities that are not held in a trust or equivalent arrangement that meets specific criteria.

A fiduciary component unit, when reported in the fiduciary fund financial statements of a primary government, should combine its information with its component units that are fiduciary component units and aggregate that combined information with the primary government's fiduciary funds.

This statement also provides for recognition of a liability to the beneficiaries in a fiduciary fund when an event has occurred that compels the government to disburse fiduciary resources. Events that compel a government to disburse fiduciary resources occur when a demand for the resources has been made or when no further action, approval or condition is required to be taken or met by the beneficiary to release the assets.

GASB Statement No. 85, *Omnibus 2017*, issued March 2017, will be effective for the District beginning with its fiscal year ending June 30, 2018. GASB Statement No. 85 is designed to address the practice issues that have been identified during implementation and application of certain GASB statements. This statement addresses a variety of topics, including issues related to blending component units, goodwill, fair value measurement and application and postemployment benefits (pensions and other postemployment benefits).

Randolph Field Independent School District

Notes to Financial Statements

Note A. Summary of Significant Accounting Policies (Continued)

GASB Statement No. 87, *Leases*, issued June 2017, will be effective for the District beginning with its fiscal year ending June 30, 2021, with earlier adoption encouraged. GASB Statement No. 87 establishes a single approach to accounting for and reporting leases by state and local governments. Under this statement, a government entity that is a lessee must recognize (1) a lease liability and (2) an intangible asset representing the lessee's right to use the leased asset. In addition, the District must report the (1) amortization expense for using the lease asset over the shorter of the term of the lease or the useful life of the underlying asset, (2) interest expense on the lease liability and (3) note disclosures about the lease. The statement provides exceptions from the single-approach for short-term leases, financial purchases, leases of assets that are investments and certain regulated leases. This statement also addresses accounting for lease terminations and modifications, sale-leaseback transactions, nonlease components embedded in lease contracts (such as service agreements) and leases with related parties.

Note B. Compliance and Accountability

1. Finance-Related Legal and Contractual Provisions

In accordance with GASB Statement No. 38, *Certain Financial Statement Note Disclosures*, violations of finance-related legal and contractual provisions, if any, are reported below, along with actions taken to address such violations.

Violations	Action Taken
None reported	Not applicable

Note C. Deposits and Investments

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

Cash deposits: At June 30, 2017, the carrying amount of the District's deposits (cash, certificates of deposit [CDs] and interest-bearing savings accounts included in temporary investments) totaled \$1,247,492, and the bank balance totaled \$1,395,638. The District also had \$50 in petty cash. The District's cash deposits as of and for the year ended June 30, 2017, were covered by FDIC insurance or by pledged collateral held by the District's agent bank in the District's name.

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

- Depository: JPMorgan Chase Bank, N.A.
- The market value of securities pledged as of the date of the highest combined balance on deposit totaled \$6,082,834.

Randolph Field Independent School District

Notes to Financial Statements

Note C. Deposits and Investments (Continued)

- c. The highest combined balances of cash, savings and time deposit accounts amounted to \$5,425,755 and occurred during the month of December 2016.
- d. Total amount of FDIC coverage at the time of the largest combined balance was \$500,000.

Investments: The District is required by Government Code Chapter 2256, the Public Funds Investment Act (PFIA), to adopt, implement and publicize an investment policy. That policy must address the following areas: (1) safety of principal and liquidity, (2) portfolio diversification, (3) allowable investments, (4) acceptable risk levels, (5) expected rates of return, (6) maximum allowable stated maturity of portfolio investments, (7) maximum average dollar-weighted maturity allowed based on the stated maturity date for the portfolio, (8) investment staff quality and capabilities and (9) bid solicitation preferences for CDs.

PFIA determines the types of investments which are allowable for the District. These include, with certain restrictions, (1) obligations of the United States Treasury, certain United States agencies and the state of Texas; (2) CDs; (3) certain municipal securities; (4) money market savings accounts; (5) repurchase agreements; (6) bankers acceptances; (7) mutual funds; (8) investment pools and (9) guaranteed investment contracts.

Public funds investment pools: Public funds investment pools in Texas (Pools) are established under the authority of the Interlocal Cooperation Act, Chapter 791 of the Texas Government Code and are subject to the provisions of PFIA, Chapter 2256 of the Texas Government Code. In addition to other provisions of this act designed to promote liquidity and safety of principal, this act requires Pools to: (1) have an advisory board composed of participants in the pool and other persons who do not have a business relationship with the pool and are qualified to advise the pool; (2) maintain a continuous rating of no lower than AAA or AAAM, or an equivalent rating, by at least one nationally recognized rating service and (3) maintain the market value of its underlying investment portfolio within one half of one percent of the value of its shares.

The District's investments in Pools are reported at fair value, amortized cost or NAV, as applicable, in accordance with GASB Statement No. 72, *Fair Value Measurement and Application*, and GASB Statement No. 79, *Certain External Investment Pools and Pool Participants*.

Texas Cooperative Liquid Assets Securities Systems (Texas Class): Texas Class is an interlocal trust comprised solely of governmental entities and is, therefore, exempt from registration with the Securities and Exchange Commission (SEC). It is organized and run under PFIA. The administrator and investment advisor, MBIA Municipal Investors Service Corporation and MBIA Capital Management, are registered with the SEC as investment advisors.

Lone Star Investment Pool (Lone Star): Lone Star is a public funds investment pool created pursuant to the Interlocal Cooperation Act, Chapter 791 of the Texas Government Code and PFIA. It is not SEC-registered. Lone Star is managed by an 11-member board of trustees and, pursuant to the investment agreement, the board of trustees is authorized and directed to adopt and maintain bylaws consistent with the bylaws of the Texas School Cash Management Program. Pursuant to Section 2256.016(g) of PFIA, Lone Star has established an advisory board. The purpose of the advisory board is to gather and exchange information from participants and nonparticipants relating to Lone Star's operations. The advisory board has entered into an agreement with the Texas Association of School Boards (TASB), a Texas nonprofit corporation, pursuant to which TASB serves as administrator of Lone Star's operations. This external investment pool is reported at amortized cost pursuant to the criteria set forth in GASB Statement No. 79.

Randolph Field Independent School District

Notes to Financial Statements

Note C. Deposits and Investments (Continued)

Local Government Investment Cooperative (LOGIC): LOGIC is governed by five-member board of directors. During the fiscal year, First Southwest Company and JPMorgan Investment Management, Inc. served as LOGIC's general manager and investment manager, respectively.

Texas Local Government Investment Pool (TexPool): TexPool is a public funds investment pool created pursuant to the Interlocal Cooperation Act, Chapter 791 of the Texas Government Code and PFIA. It is not SEC-registered. 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 of Public Accounts has established an advisory board composed both of participants in TexPool and of other persons who do not have a business relationship with TexPool. The advisory board members review the investment policy and management fee structure. This external investment pool is reported at amortized cost pursuant to the criteria set forth in GASB Statement No. 79.

Interest rate risk: Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. One of the ways the District manages its exposure to interest rate risk is by purchasing a combination of shorter term and longer term investments and by timing cash flows from maturities so that a portion of the portfolio is maturing or coming close to maturity evenly over time as necessary to provide the cash flow and liquidity needed for operations.

Credit risk: Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization, which is in compliance with the District's investment policy. Presented below is the minimum rating required (where applicable) by the District's investment policy and the PFIA the actual rating as of June 30, 2017, for each investment:

Description	Minimum Required Rating	Investment Rating	Rating Organization	Balance	Percentage Invested
Texas Class Investment Pool	AAA	AAAm	Standard & Poor's	\$ 2,020,070	22.81%
Lone Star Government Pool	AAA	AAAm	Standard & Poor's	98,374	1.11%
Lone Star Corporate Pool	AAA	AAAm	Standard & Poor's	3,347,904	37.80%
LOGIC	AAA	AAAm	Standard & Poor's	3,296,284	37.21%
TexPool Investment Pool	AAA	AAAm	Standard & Poor's	95,126	1.07%
Total investments				<u>\$ 8,857,758</u>	<u>100.00%</u>

Concentration of credit risk: The District is required to disclose investments in any one issuer that represent 5 percent or more of total investments. However, investments issued or explicitly guaranteed by the United States government and investments in mutual funds, external investment pools and other pooled investments are excluded from this requirement. The District's investments exceeding 5 percent are excluded from this requirement. The District was not exposed to credit risk at June 30, 2017.

In addition, the investment policy of the District contains limitations on the amount that can be invested in any one issuer beyond that stipulated by PFIA. The District is not authorized to 1) invest in the aggregate more than 15 percent of its monthly average fund balance excluding bond proceeds, reserves and other funds held for the payment of debt service in corporate bonds or 2) invest more than 25 percent of the funds invested in corporate bonds in any one domestic business entity, including subsidiaries and affiliates of the entity.

Randolph Field Independent School District

Notes to Financial Statements

Note C. Deposits and Investments (Continued)

GASB Statement No. 72, *Fair Value Measurement and Application*, provides guidance for determining a fair value measurement for reporting purposes and applying fair value to certain investments and disclosures related to all fair value measurements. Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants. The District is permitted to establish the fair value of the investment pools that do not have a readily determinable fair value by using the NAV per share (or its equivalent), such as member units or an ownership interest in partners' capital to which a proportionate share of net assets is attributed.

The carrying amount of investments at June 30, 2017, is shown below:

Investments measured at amortized cost:

External investment pools:	
Lone Star	\$ 3,446,278
TexPool	95,126
Total investments measured at amortized cost	<u>3,541,404</u>

Investments measured at NAV:

External investment pools:	
Texas Class	2,020,070
LOGIC	3,296,284
Total investments measured at NAV	<u>5,316,354</u>
Total investments	<u>\$ 8,857,758</u>

The valuation method for investments measured at the NAV per share (or its equivalent) is presented on the following table.

	<u>Fair Value</u>	<u>Unfunded Commitments</u>	<u>Redemption Frequency</u>	<u>Redemption Notice Period</u>
Investments measured at NAV:				
External investment pools:				
Texas Class	\$ 2,020,070	N/A	Daily	N/A
LOGIC	<u>3,296,284</u>	N/A	Daily	N/A
Total investments measured at NAV	<u>\$ 5,316,354</u>			

LOGIC is a local government investment pool created under the Interlocal Cooperation Act specifically tailored to meet Texas state and local government investment objectives of preservation of principal, daily liquidity and competitive yield. The fund is rated AAAM by Standard & Poor's and maintains a maturity of 60 days or less, with a maximum maturity of 13 months for any individual security. The fund seeks to maintain a constant dollar objective and fulfills all requirements of the Texas PFIA for local government investment pools. The portfolio is a government repurchase agreement (REPO) pool, utilizing primarily U.S. Treasury securities, U.S. agency securities and REPO collateralized obligations, the principal and interest of which are unconditionally guaranteed or insured by the full faith and credit of the U.S. or its agencies or its instrumentalities. The fair values of the investments in this type have been determined using the NAV per share of the investments.

Randolph Field Independent School District

Notes to Financial Statements

Note C. Deposits and Investments (Continued)

Texas CLASS is a local government investment pool specifically tailored to meet Texas state and local government investment objectives of preservation of principal, daily liquidity and competitive yield. The fund is rated AAAM by Standard & Poor's and maintains a maturity of 60 days or less. The fund seeks to maintain a constant dollar objective and fulfills all requirements of the Texas PFIA for local government investment pools. The portfolio may include U.S. Treasury, agencies, state and local governmental obligations, collateralized CDs, REPOs and highly rated commercial paper. The fair values of the investments in this type have been determined using the NAV per share of the investments.

Note D. Due From Other Governments

The District participates in a variety of federal, state and local programs from which it receives grants to partially or fully finance certain activities. Amounts due from federal, state and local governments as of June 30, 2017, are summarized below and are reported on the government-wide statement of net position as due from other governments.

	State Grants	Federal Grants	Total Grants
General Fund	\$ 1,474,213	\$ -	\$ 1,474,213
Capital Projects Funds	-	590,104	590,104
Nonmajor Governmental Funds	-	156,503	156,503
	<u>\$ 1,474,213</u>	<u>\$ 746,607</u>	<u>\$ 2,220,820</u>

Note E. Interfund Balances and Activities

1. Interfund Receivable and Payables

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payable are classified as due from other funds or due to other funds. The composition of interfund balances as of June 30, 2017, is as follows:

	Due From Other Funds	Due To Other Funds
Governmental activities:		
General Fund	\$ 150,225	\$ -
Nonmajor Governmental Funds	-	150,225
	<u>\$ 150,225</u>	<u>\$ 150,225</u>

All amounts due are scheduled to be repaid with one year.

2. Transfers To and From Other Funds

Transfers to and from other funds at June 30, 2017, consisted of the following:

Transfers From	Transfers To	Amount	Reason
General Fund	Capital Projects Fund	<u>\$ 3,965,285</u>	Interfund transfers were attributable to operating transfers for construction activities.

Randolph Field Independent School District

Notes to Financial Statements

Note F. Capital Assets

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

	Beginning Balances	Increases	Transfers/ Decreases	Ending Balances
Governmental activities:				
Capital assets not being depreciated— construction in progress	\$ 7,710,033	\$ 7,590,387	\$ (15,269,429)	\$ 30,991
Total capital assets not being depreciated	7,710,033	7,590,387	(15,269,429)	30,991
Capital assets being depreciated:				
Buildings and improvements	29,307,354	128,560	15,269,429	44,705,343
Vehicles and equipment	2,900,096	157,646	-	3,057,742
Property under capital lease	443,760	8,148	-	451,908
Total capital assets being depreciated	32,651,210	294,354	15,269,429	48,214,993
Less accumulated depreciation for:				
Buildings and improvements	(12,884,211)	(1,063,437)	-	(13,947,648)
Vehicles and equipment	(1,838,087)	(186,839)	-	(2,024,926)
Property under capital lease	(33,282)	(112,570)	-	(145,852)
Total accumulated depreciation	(14,755,580)	(1,362,846)	-	(16,118,426)
Total capital assets being depreciated—net	17,895,630	(1,068,492)	15,269,429	32,096,567
Governmental activities capital assets—net	\$ 25,605,663	\$ 6,521,895	\$ -	\$ 32,127,558

See Note R, Construction Commitments, which details the future construction commitments.

Depreciation for the year ended June 30, 2017, was charged to functions as follows:

Instruction	\$ 1,152,739
Student (pupil) transportation	75,798
Food services	9,684
Cocurricular/extracurricular activities	20,560
General administration	10,705
Plant maintenance and operations	46,192
Data processing services	47,168
	<u>\$ 1,362,846</u>

Randolph Field Independent School District

Notes to Financial Statements

Note G. Long-Term Liabilities

Long-term liabilities consist of compensated absences payable and capital lease payable. Changes in long-term liabilities for the year ended June 30, 2017, are as follows:

	Beginning Balance	Increases	Decreases	Ending Balance	Amounts Due Within One Year
Governmental activities:					
Capital lease payable	\$ 412,541	\$ 8,148	\$ (97,883)	\$ 322,806	\$ 102,216
Compensated absences payable	12,270	700	(1,650)	11,320	-
Total governmental activities	<u>\$ 424,811</u>	<u>\$ 8,848</u>	<u>\$ (99,533)</u>	<u>\$ 334,126</u>	<u>\$ 102,216</u>

The funds typically used to liquidate other long-term liabilities in the past are as follows:

Liability	Activity Type	Fund
Capital lease payable	Governmental	General
Compensated absences payable	Governmental	General

Capital leases payable: The District entered into a four-year capital lease. Leased property under the capital lease, included in property and equipment in the accompanying financial statements, consists of various copiers and printers for a total cost of \$451,908. The effective interest rate on this capital lease is four percent and are payable through March 2020.

Future minimum lease payments under the capital lease as of June 30, 2017, were as follows:

Years ending June 30:	
2019	\$ 113,268
2020	113,268
2021	<u>156,902</u>
Future minimum lease payments	383,438
Less amount of net minimum lease payments attributable to interest	<u>60,632</u>
Present value of net minimum lease payments	322,806
Less current portion of capitalized lease obligations	<u>102,216</u>
Long-term portion of capitalized lease obligations	<u>\$ 220,590</u>

Interest expense for the year ended June 30, 2017, totaled \$14,997.

Randolph Field Independent School District

Notes to Financial Statements

Note H. Revenues From Local and Intermediate Sources

During the current year, revenues from local and intermediate sources consisted of the following:

	General Fund	Capital Projects Funds	Nonmajor Governmental Funds	Total
Investment earnings	\$ 73,020	\$ -	\$ -	\$ 73,020
Food sales	480,677	-	-	480,677
Cocurricular activities	24,410	-	21,307	45,717
Other	24,749	15,000	5,257	45,006
	<u>\$ 602,856</u>	<u>\$ 15,000</u>	<u>\$ 26,564</u>	<u>\$ 644,420</u>

Note I. General Fund Federal Source Revenues

Federal revenues included in the General Fund for the year ended June 30, 2017, are as follows:

Program or Source	Federal CFDA Number	Amount
Title VIII—Basic Payment	84.041	\$ 5,636,808
Department of Defense Supplemental—Section 572	12.999	163,384
		<u>\$ 5,800,192</u>

Note K. Defined Benefit Pension Plan

1. Plan Description

The District participates in a cost-sharing multiple employer defined benefit pension plan that has a special funding situation. The plan is administered by TRS. It is a defined benefit pension plan 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.

2. Pension Plan Fiduciary Net Position

Detailed information about the Texas Retirement System’s fiduciary net position is available in a separately issued Comprehensive Annual Financial Report (CAFR) 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, Texas, 78701-2698; or by calling (512) 542-6592.

Randolph Field Independent School District

Notes to Financial Statements

Note K. Defined Benefit Pension Plan (Continued)

3. Benefits Provided

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

4. 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 percent of the member's annual compensation and a state contribution rate of not less than 6 percent and not more than 10 percent 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, Section 825.402. Senate Bill 1458 of the 83rd Texas Legislature amended Texas Government Code, Section 825.402 for member contributions and established employee contribution rates for fiscal years 2014 through 2017. 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 years 2016 and 2017.

Contributors to the plan include members, the District and the state of Texas as the only nonemployer contributing entity (NECE). 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.

Randolph Field Independent School District

Notes to Financial Statements

Note K. Defined Benefit Pension Plan (Continued)

	Contribution Rates	
	2016	2017
Member	7.2%	7.7%
NECE	6.8%	6.8%
Employers	6.8%	6.8%
District's 2016 employer contributions		\$ 31,751
District's 2016 member contributions		673,568
District's 2016 NECE contributions		632,309

As the NECE for public education and junior colleges, the state of Texas contributes to TRS 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 District. The District is 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 noneducational and general or local funds.
- When the employing district is a public junior college or junior college district, the district shall contribute to TRS an amount equal to 50 percent of the state contribution rate for certain instructional or administrative employees and 100 percent of the state contribution rate for all other employees.

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

- When employing a retiree of TRS, the District 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 percent of the state contribution rate for certain instructional or administrative employees and 100 percent of the state contribution rate for all other employees.

Randolph Field Independent School District

Notes to Financial Statements

Note K. Defined Benefit Pension Plan (Continued)

5. Pension Liabilities, Pension Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At June 30, 2017, the District reported a liability of \$377,629 for its proportionate share of TRS's net pension liability. This liability reflects a reduction for state pension support provided to the District. The state's support and total are for disclosure purposes only. 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	\$ 377,629
State's proportionate share that is associated with the District	7,505,415
Total	\$ 7,883,044

The net pension liability was measured as of August 31, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportion of the net pension liability was based on the District's contributions to the pension plan relative to the contributions of all employers to the plan for the period September 1, 2015, through August 31, 2016.

At August 31, 2016, the District's proportion of the collective net pension liability was 0.0009993223 percent, which was a decrease of 13.58 percent from its proportion measured as of August 31, 2015.

Changes since the prior actuarial valuation: There were no changes to the actuarial assumptions or other inputs that affected the measurement of the total pension liability since the prior measurement period.

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

For the year ended June 30, 2017, the District recognized pension expense of \$778,883 and revenue of \$778,883 for support provided by the state. The District also recognized their proportionate share of pension expense of \$8,292.

At June 30, 2017, 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 Outflow of Resources	Deferred Inflow of Resources
Differences between expected and actual economic experience	\$ 5,921	\$ 11,276
Changes in actuarial assumptions	11,509	10,467
Difference between projected and actual investment earnings	31,977	-
Changes in proportion and difference between the District's contributions and the proportionate share of contributions	43,745	36,290
Contributions paid to TRS subsequent to the measurement date	36,918	-
Total	\$ 130,070	\$ 58,033

Randolph Field Independent School District

Notes to Financial Statements

Note K. Defined Benefit Pension Plan (Continued)

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

	<u>Pension Expense Amount</u>
Years ending June 30:	
2018	\$ 5,597
2019	5,597
2020	25,992
2021	4,030
2022	(1,676)
Thereafter	(4,421)
	<u>\$ 35,119</u>

6. Actuarial Assumptions

The total pension liability in the August 31, 2016, actuarial valuation was determined using the following actuarial assumptions:

Valuation date	August 31, 2016
Actuarial cost method	Individual entry age normal
Asset valuation method	Market value
Single discount rate	8.0 percent
Long-term expected investment rate of return	8.0 percent
Inflation	2.5 percent
Salary increases, including inflation	3.5 percent to 9.5 percent
Payroll growth rate	2.5 percent
Benefit changes during the year	None
Ad hoc post-employment benefit changes	None

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

7. Discount Rate

The discount rate used to measure the total pension liability was 8 percent. 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 District and the NECE 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 percent. 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.

Randolph Field Independent School District

Notes to Financial Statements

Note K. Defined Benefit Pension Plan (Continued)

Best estimates of geometric real rates of return for each major asset class included in TRS's target asset allocation as of August 31, 2016, are summarized below:

Asset Class	Target Allocation	Long-Term Expected Geometric Real Rate of Return	Expected Contribution to Long-Term Portfolio Returns*
Global Equity:			
U.S.	18%	4.6%	1.0%
Non-U.S. Developed	13%	5.1%	0.8%
Emerging Markets	9%	5.9%	0.7%
Directional Hedge Funds	4%	3.2%	0.1%
Private Equity	13%	7.0%	1.1%
Stable Value:			
U.S. Treasuries	11%	0.7%	0.1%
Absolute Return	0%	1.8%	0.0%
Stable Value Hedge Funds	4%	3.0%	0.1%
Cash	1%	(0.2%)	0.0%
Real Return:			
Global Inflation Linked Bonds	3%	(0.9%)	0.0%
Real Assets	16%	5.1%	1.1%
Energy and Natural Resources	3%	6.6%	0.2%
Commodities	0%	1.2%	0.0%
Risk Parity:			
Risk Parity	5%	6.7%	0.3%
Inflation Expected	0%	0.0%	2.2%
Alpha	0%	0.0%	1.0%
Total	<u>100%</u>		<u>8.7%</u>

*The Expected Contribution to Long-Term Portfolio Returns incorporates the volatility drag resulting from the conversion between arithmetic and geometric mean returns.

8. Discount Rate Sensitivity Analysis

The following schedule shows the impact of the net pension liability if the discount rate used was 1 percent less than and 1 percent greater than the discount rate that was used (8 percent) in measuring the 2016 net pension liability.

	1% Decrease in Discount Rate (7%)	Discount Rate (8%)	1% Increase in Discount Rate (9%)
District's proportionate share of the net pension liability	\$ 584,443	\$ 377,629	\$ 202,209

Randolph Field Independent School District

Notes to Financial Statements

Note L. Medicare Part D

Federal legislation enacted in January 2006 established prescription drug coverage for Medicare beneficiaries known as Medicare Part D. One provision of the law allows the Texas Public School Retired Employees Group Insurance Program (TRS-Care) to receive retiree drug subsidy payments from the federal government to offset certain prescription drug expenditures for eligible participants. These payments totaled \$46,100, \$27,393 and \$24,856 for fiscal years 2017, 2016 and 2015, respectively. Revenue and expenditures equal to the amount paid by the federal government were recognized during fiscal years 2017, 2016 and 2015. The recording of the revenue and expenditures paid on behalf of the District would have no effect on previously reported fund balance or net position.

Note M. School District Retiree Health Plan

1. Plan Description

The District contributes to TRS-Care, a cost-sharing multiple-employer defined benefit postemployment health care plan administered by TRS. TRS-Care provides health care coverage for certain persons, and their dependents, who retired under 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. TRS issues a publicly available financial report that includes financial statements and required supplementary information for TRS-Care. That report may be obtained by visiting the TRS web site at www.trs.state.tx.us, by writing to the Communications Department of TRS at 1000 Red River Street, Austin, Texas 78701, or by calling 1-800-223-8778.

2. 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. The state of Texas and active public school employee contribution rates were 1.00 percent and 0.65 percent of public school payroll, respectively, with school districts contributing a percentage of payroll set at 0.55 percent for fiscal years 2017, 2016 and 2015. According to Texas Insurance Code, Chapter 1575, the public school contribution may not be less than 0.25 percent or greater than 0.75 percent of the salary of each active employee of the public school. For fiscal years 2017, 2016 and 2015, the state's contributions to TRS-Care totaled \$98,982, \$92,361 and \$83,305, respectively; the active member contributions totaled \$64,338, \$60,390 and \$54,139, respectively; and the District's contributions totaled \$54,441, \$51,100 and \$45,818, respectively, which equaled the required contributions each year.

Note N. Health Care Coverage

During the year ended June 30, 2017, employees of the District were covered by a health insurance plan (the Plan). The District contributed \$375 per month, per employee to the Plan. Employees, at their option, authorized payroll withholdings to pay contributions for dependents. All contributions were paid into the state health insurance plan administered by TRS.

Randolph Field Independent School District

Notes to Financial Statements

Note O. Contingencies

1. Contingencies

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

2. Litigation

The District may be a party to legal proceedings, many of which occur in the normal course of operations. Management of the District is not aware of any outstanding litigation as of June 30, 2017.

Note P. Shared Services Arrangement (SSA)

1. SSA—Fiscal Agent

The District participates in a SSA for Special Education under Texas Education Code (TEC), Section 29.007, with two other school districts. Although 33 percent of the activity of the SSA is attributable to the District's participation, the District does not account for revenues or expenditures in this program and does not disclose them in these financial statements. The District has neither a joint ownership interest in fixed assets purchased by the fiscal agent, Fort Sam Houston Independent School District, nor does the District have a net equity interest in the fiscal agent. The fiscal agent is not accumulating significant financial resources or fiscal exigencies that would give rise to a future additional benefit or burden to the District. The fiscal agent manager is responsible for all financial activities of the SSA.

Presented below are the revenues and expenditures attributable to the District's participation.

Revenues:	
5812—State Foundation Program Revenue distributed by TEA	\$ 490,034
Expenditures:	
6100—Payroll costs	375,905
6200—Professional and contracted services	68,311
6300—Supplies and materials	11,516
6400—Other operating costs	33,910
6600—Capital outlay	392
	<u>\$ 490,034</u>

Note Q. Risk Management

1. General Liability

The District is exposed to various risks of loss related to torts; theft, damage or destruction of assets; errors and omissions; injuries to employees and natural disasters. During fiscal year 2017, the District purchased commercial insurance to cover general liabilities. There were no significant reductions in coverage in the past fiscal year, and there were no settlements exceeding insurance coverage for each of the past three fiscal years.

Randolph Field Independent School District

Notes to Financial Statements

Note Q. Risk Management

2. Property/Casualty Program

During the year ended June 30, 2017, the District participated in the Property Casualty Alliance of Texas (PCAT) with coverages in auto liability, auto physical damage, band equipment, crime, equipment breakdown, general liability, legal liability and property programs. PCAT is a risk-sharing pool created under the appropriate Texas statutes. All members participating in PCAT execute interlocal agreements that define the responsibilities of the parties. PCAT purchases stop-loss coverage for protection against catastrophic and larger than anticipated claims for most lines of coverage. The terms and limits of the stop-loss program vary by line of coverage. PCAT uses the services of an independent actuary to determine reserve adequacy and fully funds those reserves.

Based on information available as of today, for the year ended June 30, 2017, the District will have no additional liability beyond the contractual obligations for payment of contributions.

PCAT engages the services of an independent auditor to conduct a financial audit after the close of each plan year.

3. Unemployment Compensation Pool

During the year ended June 30, 2017, the District provided unemployment compensation coverage to its employees through participation in the Texas Association of School Boards Risk Management Fund (the TASB Fund). The TASB Fund was created, and is operated under, the provisions of the Interlocal Cooperation Act, Chapter 791, of the Texas Government Code. The TASB Fund's Unemployment Compensation Program is authorized by Section 22.005 of the TEC and Chapter 172 of the Texas Local Government Code. All members participating in the TASB Fund execute interlocal agreements that define the responsibilities of the parties. Based on information available as of today, for the year ended June 30, 2017, the District will have no additional liability beyond the contractual obligations for payment of contributions.

The TASB Fund meets its obligations to the Texas Workforce Commission. Expenses are accrued each month until the quarterly payment has been made. Expenses can be reasonably estimated; therefore, there is no need for specific or aggregate stop-loss coverage for unemployment compensation pool members.

The TASB Fund engages the services of an independent auditor to conduct a financial audit after the close of each plan year on June 30. The TASB Fund's most recent audited financial statements are available at TASB offices and have been filed with the Texas Department of Insurance in Austin.

4. Workers' Compensation Pool

During the year ended June 30, 2017, the District met its statutory workers' compensation obligations through participation in the Texas Workers' Compensation Solutions (TWCS). TWCS is a modified self-funded workers' compensation program created in accordance with Article 8309h, Section 2.4, of Vernon's Annotated Texas statutes. All claims are managed by Edwards Claims Administration. All districts participating in the plan execute an interlocal agreement that defines the responsibilities of the parties; there is no need for any additional liability beyond contractual payments. The plan provides statutory workers' compensation benefits to its members and their injured employees. Based on information available as of today, for the year ended June 30, 2017, the District will have no additional liability beyond the contractual obligations for payment of contributions.

Randolph Field Independent School District

Notes to Financial Statements

Note R. Construction Commitments

As of June 30, 2017, the District was obligated under the terms of an agreement for the construction of the following projects:

<u>Project Name</u>	<u>Contract Amount</u>	<u>Paid to Date</u>	<u>Commitment Balance Remaining</u>	<u>Retainage Payable Amount</u>
Capital Projects Fund:				
Cafetorium	\$ 6,352,076	\$ 6,315,214	\$ 36,862	\$ 36,862
Transportation fueling station	217,499	30,991	186,508	-
	<u>\$ 6,569,575</u>	<u>\$ 6,346,205</u>	<u>\$ 223,370</u>	<u>\$ 36,862</u>

Required Supplementary Information

Required supplementary information includes financial information and disclosures required by the Governmental Accounting Standards Board, but is not considered a part of the basic financial statements.

Randolph Field Independent School District

**Exhibit G-1 Budgetary Comparison Schedule—General Fund
For the Year Ended June 30, 2017**

Data Control Codes		Budgeted Amounts		Actual	Variance With Final Budget Positive (Negative)
		Original	Final		
Revenues:					
5700	Local and intermediate sources	\$ 668,910	\$ 668,910	\$ 602,856	\$ (66,054)
5800	State program revenues	9,872,794	10,017,488	10,389,280	371,792
5900	Federal program revenues	5,944,113	5,944,113	5,800,192	(143,921)
5020	Total revenues	16,485,817	16,630,511	16,792,328	161,817
Expenditures:					
Current:					
Instruction and instructional-related services:					
0011	Instruction	8,523,044	8,494,159	8,416,128	78,031
0012	Instructional resources and media services	370,955	234,480	212,926	21,554
0013	Curriculum development and instructional staff development	307,638	270,699	254,886	15,813
	Total instruction and instructional-related services	9,201,637	8,999,338	8,883,940	115,398
Instructional and school leadership:					
0021	Instructional leadership	33,045	98,045	91,835	6,210
0023	School leadership	857,448	950,848	947,620	3,228
	Total instructional and school leadership	890,493	1,048,893	1,039,455	9,438
Support services—student (pupil):					
0031	Guidance, counseling and evaluation services	564,072	559,015	539,892	19,123
0033	Health services	176,907	148,857	135,696	13,161
0034	Student (pupil) transportation	416,272	419,111	414,583	4,528
0035	Food services	625,214	625,214	606,181	19,033
0036	Cocurricular/extracurricular activities	870,097	865,983	846,112	19,871
	Total support services—student (pupil)	2,652,562	2,618,180	2,542,464	75,716
Administrative support services:					
0041	General administration	843,972	821,069	794,302	26,767
	Total administrative support services	843,972	821,069	794,302	26,767
Support services—nonstudent based:					
0051	Plant maintenance and operations	1,924,355	1,935,553	1,928,161	7,392
0053	Data processing services	569,650	593,330	591,940	1,390
	Total support services—nonstudent based	2,494,005	2,528,883	2,520,101	8,782
0071	Debt service	113,148	114,148	112,880	1,268
	Total debt service	113,148	114,148	112,880	1,268
Capital outlay:					
0081	Facilities acquisition and construction	-	8,148	8,148	-
	Total capital outlay	-	8,148	8,148	-
Intergovernmental charges:					
0093	Payments related to SSA	290,000	500,000	490,034	9,966
	Total intergovernmental charges	290,000	500,000	490,034	9,966
6030	Total expenditures	16,485,817	16,638,659	16,391,324	247,335

(Continued)

Exhibit G-1 Budgetary Comparison Schedule—General Fund (Continued)
For the Year Ended June 30, 2017

Data Control Codes		Budgeted Amounts		Actual	Variance With Final Budget Positive (Negative)
		Original	Final		
	Other financing sources:				
	Proceeds from capital lease	\$ -	\$ 8,148	\$ 8,148	\$ -
7020	Total other financing sources	<u>-</u>	<u>8,148</u>	<u>8,148</u>	<u>-</u>
	Other financing uses:				
	Transfers out	-	(3,965,285)	(3,965,285)	-
8030	Total other financing uses	<u>-</u>	<u>(3,965,285)</u>	<u>(3,965,285)</u>	<u>-</u>
1200	Net change in fund balance	-	(3,965,285)	(3,556,133)	409,152
0100	Fund balance at beginning of year	<u>12,452,384</u>	<u>12,452,384</u>	<u>12,452,384</u>	<u>-</u>
3000	Fund balance at end of year	<u>\$ 12,452,384</u>	<u>\$ 8,487,099</u>	<u>\$ 8,896,251</u>	<u>\$ 409,152</u>

Randolph Field Independent School District

**Exhibit G-2 Schedule of the District's Proportionate Share of the Net Pension Liability—TRS
For the Year Ended June 30, 2017**

	2017	2016	2015
District's proportion of the net pension liability	0.0009993%	0.0011564%	0.0009257%
District's proportionate share of net pension liability	\$ 377,629	\$ 408,772	\$ 247,267
State's proportionate share of the net pension liability associated with the district	7,505,415	6,763,235	5,370,973
Total	\$ 7,883,044	\$ 7,172,007	\$ 5,618,240
District's covered-employee payroll	\$ 9,355,094	\$ 8,539,082	\$ 7,628,403
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	4%	5%	3%
Plan fiduciary net position as a percentage of the total pension liability	78.00%	78.43%	83.25%

Note: Only three years of data are presented in accordance with GASB Statement No. 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.

Randolph Field Independent School District

**Exhibit G-3 Schedule of the District's Contributions—TRS
For the Year Ended June 30, 2017**

	2017	2016	2015
Contractually required contribution	\$ 39,855	\$ 31,794	\$ 33,853
Contribution in relation to the contractually required contribution	(39,855)	(31,794)	(33,853)
Contribution deficiency (excess)	\$ -	\$ -	\$ -
District's covered-employee payroll	\$ 9,898,209	\$ 9,236,123	\$ 8,330,524
Contributions as a percentage of covered-employee payroll	0.40%	0.34%	0.41%

Randolph Field Independent School District

Notes to Required Supplementary Information Year Ended June 30, 2017

Note 1. Budgets

The following procedures are followed in establishing the budgetary data:

- (1) Prior to June 20 of the preceding fiscal year, the District prepares a budget for the next succeeding fiscal year that begins July 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 after ten days public notice of the meeting has been given.
- (3) Prior to July 1, the budget is legally enacted through passage of a resolution by the Board.

Once a budget is approved, it can only be amended at the function and fund level by approval of a majority of the members of the Board. Amendments are presented to the Board at its regular meetings. Each amendment must have Board approval. As required by law, such amendments are made before the fact, are reflected in the official minutes of the Board and are not made after fiscal year-end. During the year, several amendments were necessary.

Annual budgets are adopted on a basis consistent with U.S. GAAP for the General Fund. The Special Revenue Funds and Capital Projects Funds adopt project-length budgets which do not correspond to the District's fiscal year. Each annual budget is presented on the modified accrual basis of accounting, which is consistent with U.S. GAAP. The budget was properly amended throughout the year by the Board. Such amendments are before the fact and are reflected in the official minutes of the Board.

Each budget is controlled by the budget coordinator at the revenue and expenditure function/object level. Budgeted amounts are as amended by the Board. All budget appropriations lapse at year-end.

During the year, five budget amendments increased budgeted expenditures by \$152,842.

Note 2. TRS Pension Plan

There were no changes of benefit terms that affected measurement of the total pension liability during the measurement period applicable to June 30, 2015, 2016 or 2017. The following assumptions are applied during each respective measurement period.

Valuation date	August 31, 2016	August 31, 2015	August 31, 2014
Actuarial cost method	Individual entry age normal	Individual entry age normal	Individual entry age normal
Asset valuation method	Market value	Market value	5 Year Smoothed Market
Single discount rate	8.0 percent	8.0 percent	8.0 percent
Long-term expected investment rate of return	8.0 percent	8.0 percent	8.0 percent
Inflation	2.5 percent	2.5 percent	3.0 percent
Salary increases, including inflation	3.5 percent to 9.5 percent	3.5 percent to 9.5 percent	4.25 percent to 7.25 percent
Payroll growth rate	2.5 percent	2.5 percent	3.5 percent
Benefit changes during the year	None	None	None
Ad hoc post-employment benefit changes	None	None	None



RSM US LLP

**Independent Auditor's Report on Internal Control Over
Financial Reporting and on Compliance and Other Matters
Based on an Audit of Financial Statements Performed in
Accordance With *Government Auditing Standards***

To the Board of Trustees
Randolph Field 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 Randolph Field Independent School District (the District) as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the basic financial statements, and have issued our report thereon dated October 13, 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 opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of District's internal control. Accordingly, we do not express an opinion on the effectiveness of District's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the District's financial statements will not be prevented or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

Compliance and Other Matters

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

Purpose of This Report

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

RSM US LLP

San Antonio, Texas
October 13, 2017



RSM US LLP

**Independent Auditor's Report on Compliance for a Major
Federal Program and Report on Internal Control Over
Compliance As Required by the Uniform Guidance**

To the Board of Trustees
Randolph Field Independent School District

Report on Compliance for a Major Federal Program

We have audited Randolph Field 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 the District's major federal program for the year ended June 30, 2017. The District's major federal program is identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts and grant agreements applicable to its federal program.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for the District's major federal program 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 Subpart F 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 the major federal program. However, our audit does not provide a legal determination of the District's compliance.

Opinion on a 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 its major federal program for the year ended June 30, 2017.

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 the major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for the 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 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 were not 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.

RSM US LLP

San Antonio, Texas
October 13, 2017

Randolph Field Independent School District

**Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2017**

A. Summary of Auditor's Results

1. Financial Statements

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

Material weakness(es) identified? _____ Yes X No

Significant deficiency(ies) identified? _____ Yes X None Reported

Noncompliance material to financial statements noted? _____ Yes X No

2. Federal Awards

Type of auditor's report issued on compliance for major programs: Unmodified

Internal control over major programs:

Material weakness(es) identified? _____ Yes X No

Significant deficiency(ies) identified? _____ Yes X None Reported

Any audit findings disclosed that are required to be reported in accordance with Section 2 CFR 200.516(a) of the Uniform Guidance? _____ Yes X No

Identification of major program:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
-----------------------	---

84.041	Title VIII—Basic Payment
--------	--------------------------

Dollar threshold used to distinguish between type A and type B programs: \$ 750,000

Auditee qualified as low-risk auditee? X Yes _____ No

B. Financial Statement Findings

None

C. Federal Award Findings and Questioned Costs

None

Randolph Field Independent School District

**Exhibit K-1 Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2017**

Data Control Codes	Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
<u>U.S. Department of Defense:</u>				
Direct Program:				
497	Department of Defense Supplement—Section 572	12.999		\$ 163,384
Total CFDA Number 12.999				<u>163,384</u>
289	DoDEA Grant—Promoting K-12 Student Achievement at Military-Connected Schools (PSAMCS)	12.556	HE1254-13-1-0012	161,161
289	DoDEA Grant—PSAMCS	12.556	HE1254-15-1-0056	339,055
Total CFDA Number 12.556				<u>500,216</u>
Total U.S. Department of Defense				<u>663,600</u>
<u>United States Department of Education:</u>				
Passed Through State Department of Education:				
211	ESEA Title I Part A—Improving Basic Programs	84.010A	S010A150043	67,617
255	ESEA Title II—Teacher and Principal Training	84.367A	342-427-6-04	25,542
244	Shared Service Arrangement Career and Technical Basic	84.048		2,769
263	ESEA Title III Part A—English Language Acquisition and Language Enhancement—SSA	84.365A		550
Total Passed Through State Department of Education				<u>96,478</u>
Direct Programs:				
311	Title VII—Basic Payment	84.041	53-TX-2017-0202	5,141,142
311	Title VIII—Basic Payment	84.041	53-TX-2015-0202	495,667
311	Title VII— Section 7007(a)	84.041	53-TX-2014-0202	77,114
Total CFDA Number 84.041				<u>5,713,923</u>
311	Title VIII—Section 8008*	84.040A	S040A-2015-0013	5,994,306
Total CFDA Number 84.040A				<u>5,994,306</u>
Total Direct Programs State Department of Education				<u>11,708,229</u>
Total United States Department of Education				<u>11,804,707</u>
Total Expenditures of Federal Awards				<u>\$ 12,468,307</u>

* This program is excluded from Compliance with the OMB *Compliance Supplement*—see Note 5 in the Notes to Schedule of Expenditures of Federal Awards.

Randolph Field Independent School District

Notes to Schedule of Expenditures of Federal Awards For the Year Ended June 30, 2017

Note 1. Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal award activity of the District under programs of the federal government for the year ended June 30, 2017. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the District, it is not intended to and does not present the financial position, changes in net position or cash flows of the District.

Note 2. Summary of Significant Accounting Policies

Expenditures: Expenditures reported on the Schedule are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Such expenditures are recognized following, as applicable, either the cost principles in Office of Management and Budget Circular A-87, *Cost Principles for State, Local, and Indian Tribal Governments*, or the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

Note 3. Indirect Cost Rate

The District has elected to not use the 10 percent de minimis indirect cost rate allowed under the Uniform Guidance.

Note 4. Subrecipients

Of the federal expenditures presented in the Schedule, the District did not provide any federal awards to any subrecipients.

Note 5. Not Subject to Uniform Guidance

The Title VIII—Section 8008 (CFDA #84.040A) grant, received from the U.S. Department of Education agency, as authorized by the Elementary and Secondary Education Act of 1965, as amended, Title VIII, Section 8008, was received during the year to maintain school facilities and restore or improve facilities where appropriate. Per the program information pulled from the Catalogue of Federal Domestic Assistance, this program is excluded from audit requirements and coverage under the Uniform Guidance; therefore, this program was excluded from the scope of the Uniform Guidance.

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AGENDA TITLE: September 28, 2017 Official Minutes

PURPOSE: Discussion of and possible action
 Action

Background: N/A Alternatives

Considered: N/A Funding: N/A

Recommendations and Impact: Board approve the September 28, 2017 Official Minutes as presented

Contact Person: Mr. Lance Johnson @ 357-2300

Attachments: Minutes with attachment

OFFICIAL MINUTES
RANDOLPH FIELD INDEPENDENT SCHOOL DISTRICT
BOARD OF EDUCATION
September 28, 2017

1. Mr. Patrick Luna called the meeting to order at 4:15 p.m.
2. Mr. Luna declared a quorum present. PRESENT: Patrick Luna, Jimmy Cornelius, William Morrison.
3. Discussion of 2016-2017 Testing Reports
4. Discussion of Progress toward 2016-2017 District and Campus Goals and Performance Objectives
5. Mr. Morrison moved and Mr. Jimmy Cornelius seconded the motion to approve the following consent agenda items. A 3-0 vote carried the motion.
 - A.** Consideration of Approval of August 31, 2017 School Board Meeting Minutes
 - B.** Consideration of Approval of Resolution regarding Extracurricular Status of 4 - H Organization
 - C.** Consideration of Approval of Campus Goals and Performance Objectives
6. Lorrie Remick, Chief Financial Officer, presented the Financial Statement to the board. No action was taken.
7. Discussion of creating a district wide Sick Leave Pool
8. Mr. Luna discussed routine calendar events that the board may wish to participate in. No action was taken.
10. Mr. Luna adjourned the meeting at 5:27 p.m.

ATTEST APPROVE

Jimmy Cornelius, Secretary

Patrick Luna, President

Agenda Title: 1st Quarter FY 2018 Investment Reports

Purpose: [X] Discussion
[X] Action

Description: As is required by school board policy CDA, a quarterly investment report is presented to the Randolph Field ISD Board of Trustees for review and approval. This report also serves as the first quarterly report for fiscal year 2018, as required by law. Interest earnings for the first quarter ended September 30, 2017 totaled \$27,582.82. The market value for all investments at the end of the quarter was at 100.00% of book value. All Investments met the District's investment strategies and policies, with the district's primary goal being safety of investments and purchased to be held until maturity.

Recommendations: We recommend the Board approve the first quarter investment report as presented as part of the consent agenda.

I. Alternatives Considered: None

II. Funding Impact: \$27,582.82 interest earned for the quarter ended September 30, 2017. Investment earnings are accounted for in the General Fund.

III. Contact Person: Lorrie Remick @ 357– 2479 with questions or concerns.

IV. Attachments: 1st Quarter Investment Report

Lance Johnson, Superintendent

Lorrie Remick, Chief Financial Officer

Linda Mills, Director of Human Resources

**RANDOLPH FIELD ISD
INVESTMENT SCHEDULE
September 30, 2017**

<u>Description</u>	<u>Current Market Value</u>	<u>QTRLY INTEREST</u>	<u>YEAR-TO-DATE INTEREST</u>	<u>Current Book Value</u>
Texas Class	\$ 2,026,273.90	\$ 6,203.72	\$ 6,203.72	\$ 2,026,273.90
Lone Star Corporate	3,358,095.12	10,191.38	10,191.38	3,358,095.12
Lone Star Govt	98,617.95	244.47	244.47	98,617.95
TexPool	95,365.20	238.77	238.77	95,365.20
LOGIC	3,306,788.12	10,504.03	10,504.03	3,306,788.12
Chase High Yield Fund	442,092.36	200.45	200.45	442,092.36
TOTAL ALL FUNDS	\$ 9,327,232.65	\$ 27,582.82	\$ 27,582.82	\$ 9,327,232.65

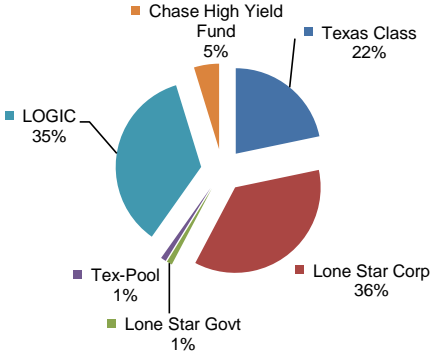
<u>Description</u>	<u>Monthly Interest for the Year</u>												<u>Total</u>
	<u>July</u>	<u>August</u>	<u>September</u>	<u>October</u>	<u>November</u>	<u>December</u>	<u>January</u>	<u>February</u>	<u>March</u>	<u>April</u>	<u>May</u>	<u>June</u>	
Texas Class	\$ 2,025.36	\$ 2,107.35	\$ 2,071.01	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 6,203.72
Lone Star Corporate	3,350.98	3,443.42	3,396.98	-	-	-	-	-	-	-	-	-	10,191.38
Lone Star Govt	79.16	82.95	82.36	-	-	-	-	-	-	-	-	-	244.47
TexPool	78.49	80.76	79.52	-	-	-	-	-	-	-	-	-	238.77
LOGIC	3,473.52	3,547.96	3,482.55	-	-	-	-	-	-	-	-	-	10,504.03
Chase High Yield	67.53	67.54	65.38	-	-	-	-	-	-	-	-	-	200.45
TOTAL ALL FUNDS	\$ 9,075.04	\$ 9,329.98	\$ 9,177.80	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 27,582.82

RANDOLPH FIELD ISD INVESTMENT REPORT

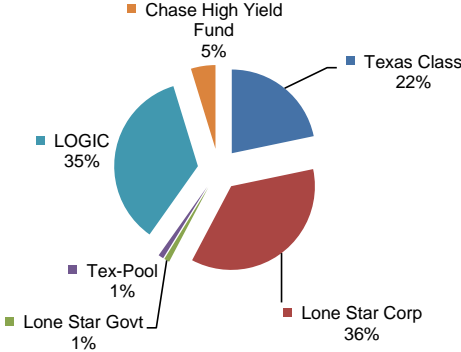
September 30, 2017

INVESTMENTS BY TYPE

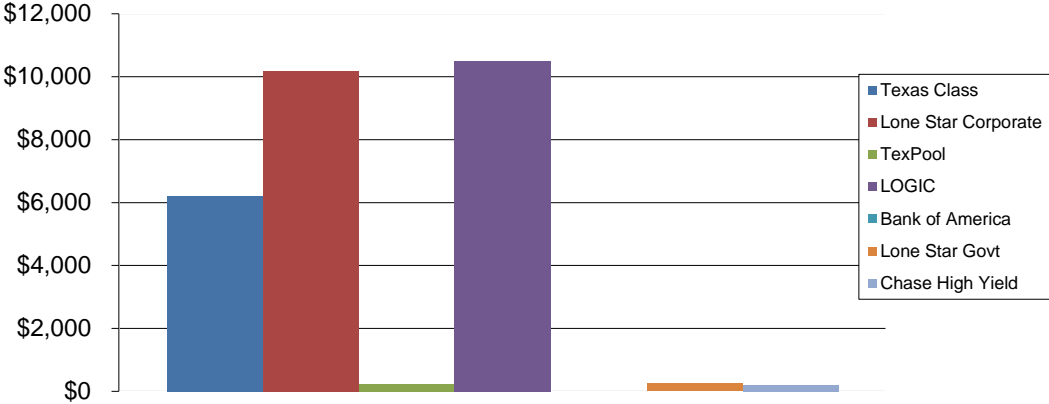
START OF QUARTER



END OF QUARTER



QUARTERLY INVESTMENT INCOME BY TYPE



Total Investment Income

QTRLY
\$ 27,582.82
YTD
\$ 27,582.82

**RANDOLPH FIELD ISD
INVESTMENT REPORT**
September 30, 2017

**Investment Pool
Monthly Averages**

Month	Year	Lone Star	Lone Star				Chase	90 Day	Fed
		Govt	Corp	Tex-Pool	Texas Class	LOGIC	High Yield	T-Bill	Funds
September	2017	1.02%	1.25%	1.02%	1.25%	1.28%	0.18%	1.03%	1.15%
August	2017	0.99%	1.21%	1.00%	1.23%	1.27%	0.18%	1.01%	1.16%
July	2017	0.95%	1.18%	0.97%	1.18%	1.24%	0.18%	1.07%	1.15%
June	2017	0.83%	1.07%	0.88%	1.13%	1.13%	0.18%	0.98%	1.04%
May	2017	0.73%	1.00%	0.77%	1.09%	1.08%	0.13%	0.89%	0.91%
April	2017	0.69%	0.98%	0.71%	1.06%	1.07%	0.13%	0.80%	0.90%
March	2017	0.59%	0.92%	0.62%	1.00%	1.01%	0.13%	0.77%	0.91%
February	2017	0.53%	0.86%	0.56%	0.97%	0.97%	0.08%	0.52%	0.66%
January	2017	0.52%	0.83%	0.54%	0.96%	0.96%	0.08%	0.51%	0.65%
December	2016	0.46%	0.77%	0.46%	0.89%	0.88%	0.08%	0.51%	0.54%
November	2016	0.40%	0.71%	0.40%	0.90%	0.84%	0.08%	0.45%	0.41%
October	2016	0.40%	0.70%	0.37%	0.83%	0.81%	0.08%	0.33%	0.40%
September	2016	0.40%	0.65%	0.38%	0.77%	0.72%	0.08%	0.29%	0.40%
August	2016	0.39%	0.58%	0.37%	0.70%	0.62%	0.08%	0.30%	0.40%
July	2016	0.37%	0.56%	0.37%	0.64%	0.57%	0.08%	0.30%	0.39%
June	2016	0.36%	0.54%	0.36%	0.63%	0.56%	0.08%	0.27%	0.38%
May	2016	0.33%	0.52%	0.34%	0.59%	0.55%	0.08%	0.27%	0.37%
April	2016	0.33%	0.50%	0.34%	0.57%	0.54%	0.08%	0.23%	0.37%
March	2016	0.33%	0.48%	0.33%	0.54%	0.52%	0.08%	0.29%	0.36%
February	2016	0.31%	0.44%	0.30%	0.49%	0.48%	0.08%	0.31%	0.38%
January	2016	0.28%	0.39%	0.27%	0.42%	0.39%	0.06%	0.26%	0.34%
December	2015	0.17%	0.27%	0.19%	0.29%	0.23%	0.03%	0.23%	0.24%
November	2015	0.09%	0.20%	0.11%	0.24%	0.16%	0.03%	0.12%	0.12%
October	2015	0.09%	0.19%	0.10%	0.21%	0.16%	0.03%	0.02%	0.12%
September	2015	0.09%	0.18%	0.09%	0.19%	0.14%	0.03%	0.02%	0.14%
August	2015	0.09%	0.16%	0.07%	0.18%	0.14%	0.03%	0.07%	0.14%
July	2015	0.08%	0.14%	0.06%	0.16%	0.13%	0.03%	0.03%	0.13%

Agenda Title: Review Monthly Financial Statements

Purpose: Discussion
 Action

Description: Financial data of the General Fund, Food Service Fund and Debt Service Fund for the period end September 30, 2017 is presented for review by the Board of Trustees in an effort to keep them informed on the financial condition of the District.

Recommendations: We recommend the Board review this financial statement as presented.

I. Alternatives Considered: None

II. Funding Impact: \$0

III. Contact Person: Lorrie Remick @ 357-2479

IV. Attachments: September 30, 2017 Unaudited Financial Statement

Randolph Field Independent School District
 General, Food Service, & Debt Service Funds
 Combined Balance Sheet
 As of September 30, 2017
 (Unaudited)

Cash and Investments

Cash in bank	\$ 760,684	
Investments	8,885,140	
Total cash and investments		\$ 9,645,824

Other Current Assets

Due from state	\$ -	
Due from other funds	-	
Inventory	5,107	
Pre-paid items	91,900	
Total current assets		97,007

Total Assets

\$ 9,742,831

Liabilities

Accounts payable	\$ 36,018	
Payroll deductions and withholdings	2,716	
Accrued wages payable	1,143,693	
Accrued expenses	91,653	
Encumbrances	135,776	
Total liabilities		\$ 1,409,856

Fund Balances

Unassigned fund balance	\$ 2,735,968	
Total unassigned fund balance		\$ 2,735,968
 Nonspendable fund balance	 \$ 97,007	
Total nonspendable fund balance		97,007
 Assigned fund balances		
Impact Aid contingency	\$ 4,000,000	
Construction	1,200,000	
Capital equipment	300,000	
Total designated fund balances		5,500,000
Total fund balances		8,332,975

Total Liabilities and Fund Balances

\$ 9,742,831

Randolph Field Independent School District
 General, Food Service, & Debt Service Funds
 Budget to Actual Report
 For the Period Ended September 30, 2017
 (Unaudited)

Revenues:	Budget	Actual	Unrealized	Percent of Budget
General Fund				
5700 Local Sources	\$ 83,510	\$ 37,399	\$ 46,111	44.78%
5800 State Sources	10,145,004	1,779,670	8,365,334	17.54%
5900 Federal Sources	6,328,278	1,330,299	4,997,979	21.02%
	<u>16,556,792</u>	<u>3,147,368</u>	<u>13,409,424</u>	19.01%
Food Service Fund				
5700 Local Sources	598,085	92,041	506,044	15.39%
5800 State Sources	-	-	-	0.00%
5900 Federal Sources	-	-	-	0.00%
	<u>598,085</u>	<u>92,041</u>	<u>506,044</u>	15.39%
Total	<u>\$ 17,154,877</u>	<u>\$ 3,239,409</u>	<u>\$ 13,915,468</u>	18.88%

Appropriations by Function:

11 Instructional	\$ 8,744,011	\$ 1,979,606	\$ 6,764,405	22.64%
12 Instructional Resc.	290,403	47,314	243,089	16.29%
13 Curr. & Personnel	268,987	54,594	214,393	20.30%
21 Instructional Serv.	100,000	18,349	81,651	18.35%
23 School Administration	1,059,196	222,341	836,855	20.99%
31 Guidance & Counseling	554,417	135,019	419,398	24.35%
32 Social Services	-	-	-	
33 Health Services	133,602	34,217	99,385	25.61%
34 Pupil Transportation	456,463	103,529	352,934	22.68%
35 Food Services	598,085	112,144	485,941	18.75%
36 Co-Curricular	933,658	245,234	688,424	26.27%
41 General Administration	864,084	253,047	611,037	29.29%
51 Plant Maintenance	1,956,963	403,806	1,553,157	20.63%
52 Security & Monitoring	-	-	-	
53 Data Processing	631,739	175,168	456,571	27.73%
61 Community Services	-	-	-	
71 Debt Services	113,269	28,317	84,952	0.00%
81 Constr. & Acquis.	-	-	-	
93 Shared Svc Arrangement	450,000	(10,000)	460,000	-2.22%
95 JJAEP Tuition Fees	-	-	-	
Total	<u>\$ 17,154,877</u>	<u>\$ 3,802,685</u>	<u>\$ 13,352,192</u>	22.17%

Net Income Before Transfers	\$ -	\$ (563,276)	\$ 563,276
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Other Resources & (Uses):

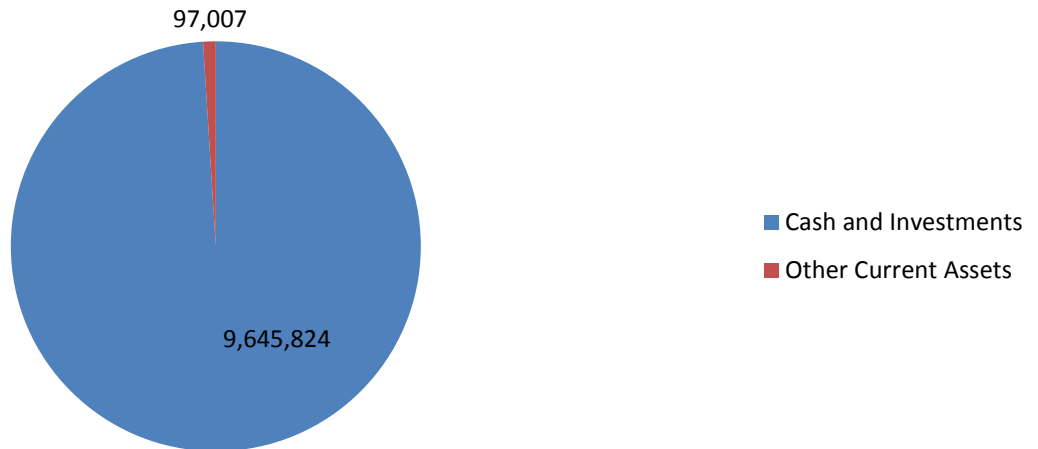
Other Resources	\$ -	\$ -	\$ -
Transfers to Other Funds	-	-	-
Total	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Net change in fund balances	\$ -	\$ (563,276)	\$ 563,276
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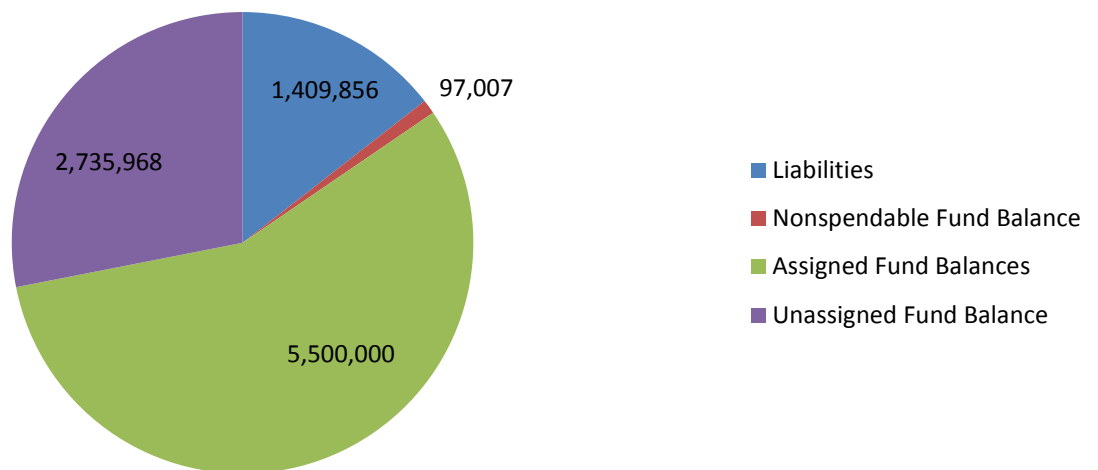
8,896,251	PY Audited Fund Balance
<u>\$ 8,332,975</u>	Ending Fund Balance

Randolph Field Independent School District
 Combined Balance Sheet - General, Food & Debt Service Funds
 As of September 30, 2017
 (Unaudited)

Assets



Liabilities and Fund Balances



Randolph Field Independent School District
Budget to Actual Report - General, Food & Debt Service Funds
For the Period Ended September 30, 2017
(Unaudited)

