

RIVIERA INDEPENDENT SCHOOL DISTRICT

ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED AUGUST 31, 2015

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RIVIERA INDEPENDENT SCHOOL DISTRICT
ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED AUGUST 31, 2015

TABLE OF CONTENTS

	<u>Page</u>	<u>Exhibit</u>
Certificate of Board	1	
<u>Independent Auditor's Report:</u>		
Unmodified Opinion on Basic Financial Statements Accompanied by Required Supplementary Information and Other Information	2	
Management's Discussion and Analysis	4	
<u>Basic Financial Statements:</u>		
Government-Wide Financial Statements:		
Statement of Net Position	10	A-1
Statement of Activities	11	B-1
Governmental Fund Financial Statements:		
Balance Sheet-Governmental Funds	12	C-1
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position	13	C-2
Statement of Revenues, Expenditures, and Changes in Fund Balance-Governmental Funds	14	C-3
Reconciliation of the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances to the Statement of Activities	15	C-4
Proprietary Fund Financial Statements:		
Statement of Net Position-Proprietary Funds	16	D-1
Statement of Revenues, Expenses, and Changes in Fund Net Position- Proprietary Funds	17	D-2
Statement of Cash Flows-Proprietary Funds	18	D-3
Fiduciary Fund Financial Statements:		
Statement of Fiduciary Net Position-Fiduciary Funds	19	E-1
Notes to the Financial Statements	20	
<u>Required Supplementary Information:</u>		
Budgetary Comparison Schedule-General Fund	37	G-1
Schedule of District's Proportionate Share of the Net Pension Liability (TRS)	38	G-2
Schedule of District Contributions to TRS	39	G-3
Notes to Required Supplementary Information	40	
<u>Combining Schedules:</u>		
Combining Balance Sheet-Nonmajor Governmental Funds	42	H-1
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances-Nonmajor Governmental Funds	44	H-2
Statement of Changes in Assets and Liabilities - Agency Fund	46	H-9
<u>Required TEA Schedules:</u>		
Schedule of Delinquent Taxes Receivable	48	J-1
Budgetary Comparison Schedule-Child Nutrition Program	50	J-4
<u>Overall Compliance and Internal Controls Section:</u>		
Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	52	
Summary Schedule of Prior Audit Findings	53	
Schedule of Findings and Questioned Costs	54	
Corrective Action Plan	55	

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CERTIFICATE OF BOARD

Riviera Independent School District
Name of School District

Kleberg
County

137-903
Co.-Dist. Number

We, the undersigned, certify that the attached auditor's reports of the above named school district were reviewed and ___approved
- ___disapproved for the year ended August 31, 2015, at a meeting of the board of school trustees of such school district on the
___ day of _____, 2016.

Signature of Board Secretary

Signature of Board President

If the auditor's reports were checked above as disapproved, the reason(s) therefore is/are (attach list if necessary):

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Independent Auditor's Report

UNMODIFIED OPINION ON BASIC FINANCIAL STATEMENTS ACCOMPANIED BY REQUIRED SUPPLEMENTARY INFORMATION AND OTHER INFORMATION

Board of Trustees
Riviera Independent School District
203 Seahawk Drive
Riviera, Texas 78379

Report on the Financial Statements

I have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information for Riviera Independent School District (the "District") as of and for the year ended August 31, 2015, 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

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my 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 I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. 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. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinions.

Opinions

In my opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Riviera Independent School District as of August 31, 2015, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with account principles generally accepted in the United States of America.

Change in Accounting Principle

As discussed in Note Y to the financial statements, the District adopted new accounting guidance, GASB Statement No. 68, Accounting and Reporting for Pensions. My opinion is not modified with respect to this matter.

Other Matters

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 for the General Fund, Schedule of District's Proportionate Share of the Net Pension Liability (TRS) and Schedule of District Contributions to TRS as listed 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 the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. I have applied certain limited procedure to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to my inquiries, the basic financial statements, and other knowledge I obtained during my audit of the basic financial statements. I do not express an opinion or provide any assurance on the information because the limited procedures do not provide me with sufficient evidence to express an opinion or provide any assurance.

Other Information

My audit was made for the purpose of forming an opinion on the financial statements that collectively comprise the District's basic financial statements. The combining and individual nonmajor fund financial statements and the TEA required schedules listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual nonmajor fund financial statements and the TEA required schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In my opinion, the combining and individual nonmajor fund financial statements and the TEA required schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole. The combining and individual nonmajor fund financial statements and the TEA required schedules have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, I do not express an opinion or provide any assurance on them.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, I have also issued my report dated January 14, 2016, on my consideration of the District's internal control over financial reporting and on my 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 my testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Cameron L. Gulley
Certified Public Accountant

January 14, 2016

Riviera I. S. D.

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Phone 361-296-3101 Fax 361-296-3108

Kaufer High School
361-296-3607

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361-296-3610

Nanny Elementary
361-296-3603

MANAGEMENT'S DISCUSSION AND ANALYSIS

In this section of the Annual Financial and Compliance Report, we, the managers of Riviera Independent School District, discuss and analyze the District's financial performance for the fiscal year ended August 31, 2015. Please read it in conjunction with the independent auditor's report on page 2 and the District's Basic Financial Statements which begin on page 10.

USING THIS ANNUAL REPORT

This annual report consists of a series of financial statements. The government-wide financial statements include the Statement of Net Position and the Statement of Activities (on pages 10 and 11). These provide information about the activities of the District as a whole and present a longer-term view of the District's property and debt obligations and other financial matters. They reflect the flow of total economic resources in a manner similar to the financial reports of a business enterprise.

Fund financial statements (starting on page 12) report the District's operations in more detail than the government-wide statements by providing information about the District's most significant funds. For governmental activities, these statements tell how services were financed in the short term as well as what resources remain for future spending. They reflect the flow of current financial resources and supply the basis for tax levies and the appropriations budget. For proprietary activities, fund financial statements tell how goods or services of the District were sold to departments within the District or to external customers and how the sales revenues covered the expenses of the goods or services. The remaining statements, fiduciary statements, provide financial information about activities for which the District acts solely as a trustee or agent for the benefit of those outside of the District.

The notes to the financial statements (starting on page 20) provide narrative explanations or additional data needed for full disclosure in the government-wide statements or the fund financial statements.

The combining statements for nonmajor funds contain even more information about the District's individual funds. These are not required by TEA. The sections labeled TEA Required Schedules and Federal Awards Section contain data used by monitoring or regulatory agencies for assurance that the District is using funds supplied in compliance with the terms of grants.

Reporting the District as a Whole

The Statement of Net Position and the Statement of Activities

The analysis of the District's overall financial condition and operations begins on page 5. Its primary purpose is to show whether the District is better off or worse off as a result of the year's activities. The Statement of Net Position includes all the District's assets and liabilities at the end of the year while the Statement of Activities includes all the revenues and expenses generated by the District's operations during the year. These apply the accrual basis of accounting which is the basis used by private sector companies.

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

These two statements report the District's net position and changes in them. The District's net position (the difference between assets and liabilities) provide one measure of the District's financial health, or financial position. Over time, increases or decreases in the District's net position are one indicator of whether its financial health is improving or deteriorating. To fully

assess the overall health of the District, however, you should consider nonfinancial factors as well, such as changes in the District's average daily attendance or its property tax base and the condition of the District's facilities.

In the Statement of Net Position and the Statement of Activities, we divide the District into one activity:

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

Reporting the District's Most Significant Funds

Fund Financial Statements

The fund financial statements begin on page 12 and provide detailed information about the most significant funds - not the District as a whole. Laws and contracts require the District to establish some funds, such as grants received under the No Child Left Behind Act from the U.S. Department of Education. The District's administration establishes many other funds to help it control and manage money for particular purposes (like campus activities). The District's two kinds of funds - governmental and proprietary - use different accounting approaches.

Governmental funds - Most of the District's basic services are reported in governmental funds. These use the modified accrual accounting (a method that measures the receipt and disbursement of cash and all other financial assets that can be readily converted to cash) and report balances that are available for future spending. The governmental fund statements provide a detailed short-term view of the District's general operations and the basic services it provides. We describe the differences between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds in reconciliation schedules following each of the fund financial statements.

Proprietary funds - the District reports the activities for which it charges users (whether outside customers or other units of the District) in proprietary funds using the same accounting methods employed in the Statement of Net Position and the Statement of Activities. In fact, the District's enterprise funds (one category of proprietary funds) are the business-type activities reported in the government-wide statements but containing more detail and additional information, such as cash flows. The internal service funds (the other category of proprietary funds) report activities that provide supplies and services for the District's other programs and activities - such as the District's self-insurance program.

The District as Trustee

Reporting the District's Fiduciary Responsibilities

The District is the trustee, or fiduciary, for money raised by student activities. All of the District's fiduciary activities are reported in a separate Statements of Fiduciary Net Position on page 19. We exclude these resources from the District's other financial statements because the District cannot use these assets to finance its operations. The District is only responsible for ensuring that the assets reported in these funds are used for their intended purposes.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

The following analyses of comparative balances and changes therein is inclusive of the current year's and prior year's operations. Our analysis focuses on the net position (Table I) and changes in net position (Table II) of the District's governmental activities.

Total net position of the District's governmental activities decreased from \$7,966,236 to \$7,257,356. Unrestricted net position - the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation, or other legal requirements - decreased from \$2,067,040 to \$1,636,087 at August 31, 2015 due to implementation of GASB Statement 68 which resulted in a beginning balance decrease of nearly \$600,000. Current assets decreased by \$33,273 primarily as a result of decreases in cash of approximately \$135,000 offset by increases in state receivables of \$95,000. Capital assets decreased by \$277,927 as a result of current year depreciation expense in excess of asset additions. Long-term liabilities increased by \$528,138 due to the District's share of net pension liability relative to its participation in the Teacher Retirement System of Texas (the "TRS") accrued this year due to implementation of GASB 68. Other liabilities decreased by \$159,579 due to ending unearned revenue related to current year state foundation overpayments. Deferred resource inflows and outflows are balances related to implementation of GASB 68 not accrued last year.

Table I Riviera Independent School District Net Position			
	Governmental Activities 2015	Governmental Activities 2014	Variance Increase/ (Decrease)
Current and other assets	\$ 3,342,146	\$ 3,375,419	\$ (33,273)
Capital assets	4,823,252	5,101,179	(277,927)
Deferred resource outflows related to TRS	132,437	0	132,437
Total assets and deferred resource outflows	8,297,835	8,476,598	(178,763)
Long-term liabilities	528,138	0	528,138
Other liabilities	350,783	510,362	(159,579)
Deferred resource inflows related to TRS	16,158	0	16,158
Total liabilities and deferred resource inflows	895,079	510,362	384,717
Net position:			
Net investment in capital assets	4,823,252	5,101,179	(277,927)
Restricted for capital projects and food service	798,017	798,017	0
Unrestricted	1,636,087	2,067,040	(430,953)
Total net position	\$ 7,257,356	\$ 7,966,236	\$ (708,880)

Table II Riviera Independent School District Changes in Net Position			
	Governmental Activities 2015	Governmental Activities 2014	Variance Favorable/ (Unfavorable)
Revenues:			
Program Revenues:			
Charges for services	\$ 193,902	\$ 564,369	\$ (370,467)
Operating grants and contributions	642,535	681,392	(38,857)
General Revenues:			
Maintenance and operations taxes	2,552,099	2,372,396	179,703
State aid - formula grants	1,872,056	1,634,147	237,909
Investment earnings	1,788	1,568	220
Miscellaneous	46,529	56,397	(9,868)
Total Revenues	5,308,909	5,310,269	(1,360)

Table II - Continued
Riviera Independent School District
Changes in Net Position

	Governmental Activities 2015	Governmental Activities 2014	Variance Favorable/ (Unfavorable)
Expenses:			
Instruction, curriculum and media services	2,932,763	3,155,823	223,060
Instructional and school leadership	235,654	263,482	27,828
Student support services	339,027	379,958	40,931
Child nutrition	251,282	285,626	34,344
Extracurricular activities	307,935	351,975	44,040
General administration	437,729	370,875	(66,854)
Plant maintenance, security & data processing	864,247	859,113	(5,134)
Other intergovernmental charges	50,772	52,082	1,310
Total Expenses	5,419,409	5,718,934	299,525
Increase in Net Position	(110,500)	(408,665)	298,165
Net Position - beginning of year	7,966,236	8,374,901	(408,665)
Prior period adjustment	(598,380)	0	(598,380)
Net Position - end of year	\$ 7,257,356	\$ 7,966,236	\$ (708,880)

The District's total revenues were relatively the same as last year. Charges for services were \$370,000 less than last year due to reduced tuition fees charged to other districts for student transfers. That decrease was offset by higher state foundation revenues totaling approximately \$238,000. Maintenance and operations taxes were nearly \$180,000 more than last year due to prior year valuation adjustments for properties omitted from original tax rolls for the previous two fiscal years.

Total expenses of the District decreased by \$299,525 from the previous year. Nearly all of the net decrease was due to reductions in payroll costs which were \$284,000 less than last year. Other than payroll cost decreases, child nutrition expenses were lower due to reduced food costs, co-curricular expenses were lower due to travel expenses. Increases in general administration expenses were due to attorney fees, payroll costs and workers compensation expense more than last year. The prior period adjustment was due to implementation of GASB 68 related to beginning TRS net pension liabilities.

THE DISTRICT'S FUNDS

As the District completed the year, its governmental funds (as presented in the balance sheet on page 12) reported a combined fund balance of \$2,823,957, an increase of \$122,378 from last year's fund balance of \$2,701,579. The primary reasons parallel the items described in the previous section plus depreciation and capital asset activity not recorded on the fund-level financial statements.

Over the course of the year, the Board of Trustees revised the District's budget only a few times. The most significant amendment was for instructional payroll costs which were not a part of the originally adopted budget and totaled approximately \$50,000.

The District's General Fund balance of \$2,823,957 reported on pages 14 and 37 differs from the General Fund's budgetary fund balance of \$2,651,579 reported in the budgetary comparison schedule on page 37. This is principally due to local revenues (related to property tax collections) being more than budgeted.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At the end of fiscal year 2015, the District had \$12,305,921 invested in a broad range of capital assets including facilities and equipment for instruction, transportation, athletics, administration, and maintenance. This amount represents an increase of \$42,912 from last fiscal year. The following additions were made during the year:

Elementary playground equipment	\$ 32,643
External backup hard drive unit	5,000
Football public address sound system	5,269
Total Asset Additions	\$ 42,912

Debt

At year-end, the District had no outstanding long-term debt.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The District should remain financially strong during the 2015-16 fiscal year. Budgeted revenues for the year are \$4.9 million and expenditures are also budgeted at \$4.9 million. The tax rate adopted by the board of trustees was set at \$1.04 (the same rate that was adopted for the 2014-15 fiscal year). The District's projected fund balance at the end of the 2015-16 fiscal year will approximate \$2.8 million.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors a general overview of the District's finances and to show the District's accountability for the money it receives. If you have any questions about this report or need additional financial information, contact the District's business office at: Riviera Independent School District, 203 Seahawk Drive, Riviera, Texas 78379; (361) 296-3101.

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BASIC FINANCIAL STATEMENTS

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

EXHIBIT A-1

Data Control Codes	Primary Government
	Governmental Activities
ASSETS	
1110 Cash and Cash Equivalents	\$ 1,438,054
1120 Current Investments	1,560,705
1220 Property Taxes Receivable (Delinquent)	240,733
1230 Allowance for Uncollectible Taxes	(135,840)
1240 Due from Other Governments	213,649
1490 Other Current Assets	24,845
Capital Assets:	
1510 Land	405,607
1520 Buildings, Net	3,767,960
1530 Furniture and Equipment, Net	649,685
1000 Total Assets	8,165,398
DEFERRED OUTFLOWS OF RESOURCES	
1705 Deferred Outflow Related to TRS	132,437
1700 Total Deferred Outflows of Resources	132,437
LIABILITIES	
2110 Accounts Payable	29,562
2160 Accrued Wages Payable	124,119
2200 Accrued Expenses	3,157
2300 Unearned Revenue	193,945
Noncurrent Liabilities	
2540 Net Pension Liability (District's Share)	528,138
2000 Total Liabilities	878,921
DEFERRED INFLOWS OF RESOURCES	
2605 Deferred Inflow Related to TRS	161,558
2600 Total Deferred Inflows of Resources	161,558
NET POSITION	
3200 Net Investment in Capital Assets	4,823,252
3860 Restricted for Capital Projects	798,017
3900 Unrestricted	1,636,087
3000 Total Net Position	\$ 7,257,356

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

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

EXHIBIT B-1

Data Control Codes	1	Program Revenues		6
Codes	Expenses	3 Charges for Services	4 Operating Grants and Contributions	Net (Expense) Revenue and Changes in Net Position Primary Gov. Governmental Activities
Primary Government:				
GOVERNMENTAL ACTIVITIES:				
11 Instruction	\$ 2,816,725	\$ 130,659	\$ 363,533	\$ (2,322,533)
12 Instructional Resources and Media Services	78,907	-	1,576	(77,331)
13 Curriculum and Staff Development	37,131	-	17,503	(19,628)
21 Instructional Leadership	9,091	-	201	(8,890)
23 School Leadership	226,563	-	12,365	(214,198)
31 Guidance, Counseling and Evaluation Services	94,745	-	4,922	(89,823)
33 Health Services	55,513	-	3,536	(51,977)
34 Student (Pupil) Transportation	188,769	-	4,268	(184,501)
35 Food Services	251,282	44,281	158,541	(48,460)
36 Extracurricular Activities	307,935	16,862	7,330	(283,743)
41 General Administration	437,729	-	17,358	(420,371)
51 Facilities Maintenance and Operations	723,648	2,100	47,465	(674,083)
52 Security and Monitoring Services	1,215	-	-	(1,215)
53 Data Processing Services	139,384	-	3,937	(135,447)
99 Other Intergovernmental Charges	50,772	-	-	(50,772)
[TP] TOTAL PRIMARY GOVERNMENT:	<u>\$ 5,419,409</u>	<u>\$ 193,902</u>	<u>\$ 642,535</u>	<u>(4,582,972)</u>

Data Control Codes	General Revenues:	
	Taxes:	
MT	Property Taxes, Levied for General Purposes	2,552,099
SF	State Aid - Formula Grants	1,872,056
IE	Investment Earnings	1,788
MI	Miscellaneous Local and Intermediate Revenue	46,529
TR	Total General Revenues	<u>4,472,472</u>
CN	Change in Net Position	(110,500)
NB	Net Position - Beginning	7,966,236
PA	Prior Period Adjustment	(598,380)
NE	Net Position--Ending	<u>\$ 7,257,356</u>

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

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

Data Control Codes	10 General Fund	Other Funds	Total Governmental Funds
ASSETS			
1110 Cash and Cash Equivalents	\$ 1,366,037	\$ 1,106	\$ 1,367,143
1120 Investments - Current	1,539,541	-	1,539,541
1220 Property Taxes - Delinquent	240,733	-	240,733
1230 Allowance for Uncollectible Taxes (Credit)	(135,840)	-	(135,840)
1240 Receivables from Other Governments	72,183	141,466	213,649
1260 Due from Other Funds	124,123	-	124,123
1490 Other Current Assets	24,845	-	24,845
1000 Total Assets	<u>\$ 3,231,622</u>	<u>\$ 142,572</u>	<u>\$ 3,374,194</u>
LIABILITIES			
2160 Accrued Wages Payable	\$ 106,921	\$ 17,198	\$ 124,119
2170 Due to Other Funds	-	124,123	124,123
2200 Accrued Expenditures	1,906	1,251	3,157
2300 Unearned Revenues	193,945	-	193,945
2000 Total Liabilities	<u>302,772</u>	<u>142,572</u>	<u>445,344</u>
DEFERRED INFLOWS OF RESOURCES			
2601 Unavailable Revenue - Property Taxes	104,893	-	104,893
2600 Total Deferred Inflows of Resources	<u>104,893</u>	<u>-</u>	<u>104,893</u>
FUND BALANCES			
Nonspendable Fund Balance:			
3430 Prepaid Items	24,845	-	24,845
Committed Fund Balance:			
3510 Construction	798,017	-	798,017
3600 Unassigned Fund Balance	2,001,095	-	2,001,095
3000 Total Fund Balances	<u>2,823,957</u>	<u>-</u>	<u>2,823,957</u>
4000 Total Liabilities, Deferred Inflows & Fund Balances	<u>\$ 3,231,622</u>	<u>\$ 142,572</u>	<u>\$ 3,374,194</u>

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

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

Total Fund Balances - Governmental Funds	\$	2,823,957
1 The District uses internal service funds to charge the costs of certain activities, such as self-insurance and printing, to appropriate functions in other funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net position. The net effect of this consolidation is to increase net position.		62,513
2 Capital assets used in governmental activities are not financial resources and therefore are not reported in governmental funds. At the beginning of the year, the cost of these assets was \$12,263,009 and the accumulated depreciation was (\$7,161,830). In addition, long-term liabilities, including bonds payable, are not due and payable in the current period, and, therefore are not reported as liabilities in the funds. The net effect of including the beginning balances for capital assets (net of depreciation) and long-term debt in the governmental activities is to decrease net position.		5,101,179
3 Current year capital outlays and long-term debt principal payments are expenditures in the fund financial statements, but they should be shown as increases in capital assets and reductions in long-term debt in the government-wide financial statements. The net effect of including the 2015 capital outlays and debt principal payments is to decrease net position.		42,912
4 Included in the items related to debt is the recognition of the District's proportionate share of the net pension liability required by GASB 68 in the amount of \$528,138, a deferred resource inflow related to TRS in the amount of \$161,558 and a deferred resource outflow related to TRS in the amount of \$132,437. This resulted in a decrease in net position.		(557,259)
5 The 2015 depreciation expense increases accumulated depreciation. The net effect of the current year's depreciation is to decrease net position.		(320,839)
6 Various other reclassifications and eliminations are necessary to convert from the modified accrual basis of accounting to accrual basis of accounting. These include recognizing unavailable revenue from property taxes as revenue. The net effect of these reclassifications and recognitions is to increase net position.		104,893
19 Net Position of Governmental Activities	\$	<u>7,257,356</u>

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

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

Data Control Codes	10 General Fund	Other Funds	Total Governmental Funds	
REVENUES:				
5700	Total Local and Intermediate Sources	\$ 2,738,185	\$ 49,322	\$ 2,787,507
5800	State Program Revenues	2,059,184	39,930	2,099,114
5900	Federal Program Revenues	-	377,834	377,834
5020	Total Revenues	<u>4,797,369</u>	<u>467,086</u>	<u>5,264,455</u>
EXPENDITURES:				
Current:				
0011	Instruction	2,464,508	241,720	2,706,228
0012	Instructional Resources and Media Services	76,292	-	76,292
0013	Curriculum and Instructional Staff Development	17,970	17,503	35,473
0021	Instructional Leadership	7,417	-	7,417
0023	School Leadership	220,271	-	220,271
0031	Guidance, Counseling and Evaluation Services	93,342	-	93,342
0033	Health Services	54,120	-	54,120
0034	Student (Pupil) Transportation	158,802	-	158,802
0035	Food Services	-	225,248	225,248
0036	Extracurricular Activities	259,594	-	259,594
0041	General Administration	393,432	-	393,432
0051	Facilities Maintenance and Operations	721,141	-	721,141
0052	Security and Monitoring Services	1,215	-	1,215
0053	Data Processing Services	138,730	-	138,730
Intergovernmental:				
0099	Other Intergovernmental Charges	50,772	-	50,772
6030	Total Expenditures	<u>4,657,606</u>	<u>484,471</u>	<u>5,142,077</u>
1100	Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>139,763</u>	<u>(17,385)</u>	<u>122,378</u>
OTHER FINANCING SOURCES (USES):				
7915	Transfers In	-	17,385	17,385
8911	Transfers Out (Use)	(17,385)	-	(17,385)
7080	Total Other Financing Sources (Uses)	<u>(17,385)</u>	<u>17,385</u>	<u>-</u>
1200	Net Change in Fund Balances	122,378	-	122,378
0100	Fund Balance - September 1 (Beginning)	<u>2,701,579</u>	<u>-</u>	<u>2,701,579</u>
3000	Fund Balance - August 31 (Ending)	<u>\$ 2,823,957</u>	<u>\$ -</u>	<u>\$ 2,823,957</u>

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

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

Total Net Change in Fund Balances - Governmental Funds	\$	122,378
The District uses internal service funds to charge the costs of certain activities, such as self-insurance and printing, to appropriate functions in other funds. The net income (loss) of internal service funds are reported with governmental activities. The net effect of this consolidation is to increase net position.		(40,516)
Current year capital outlays and long-term debt principal payments are expenditures in the fund financial statements, but they should be shown as increases in capital assets and reductions in long-term debt in the government-wide financial statements. The net effect of removing the 2015 capital outlays and debt principal payments is to decrease net position.		42,912
Depreciation is not recognized as an expense in governmental funds since it does not require the use of current financial resources. The net effect of the current year's depreciation is to decrease net position.		(320,839)
Various other reclassifications and eliminations are necessary to convert from the modified accrual basis of accounting to accrual basis of accounting. These include recognizing unavailable revenue from property taxes as revenue and adjusting current year revenue to show the revenue earned from the current year's tax levy. The net effect of these reclassifications and recognitions is to decrease net position.		44,444
The implementation of GASB 68 required that certain expenditures be de-expended and recorded as deferred resource outflows. These contributions made after the measurement date of 8/31/2014 caused the change in the ending net position to increase in the amount of \$89,939. The District's proportionate share of the TRS pension expense on the plan as a whole had to be recorded as an expense. The net pension expense decreased the change in net position by \$48,818. The result of these amounts is to increase the change in net position.		41,121
Change in Net Position of Governmental Activities	\$	(110,500)

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

RIVIERA INDEPENDENT SCHOOL DISTRICT
 STATEMENT OF NET POSITION
 PROPRIETARY FUNDS
 AUGUST 31, 2015

	Governmental Activities -
	Internal Service Fund
ASSETS	
Current Assets:	
Cash and Cash Equivalents	\$ 70,911
Investments - Current	<u>21,164</u>
Total Assets	<u>92,075</u>
LIABILITIES	
Current Liabilities:	
Accounts Payable	<u>29,562</u>
Total Liabilities	<u>29,562</u>
NET POSITION	
Unrestricted Net Position	<u>62,513</u>
Total Net Position	<u><u>\$ 62,513</u></u>

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

RIVIERA INDEPENDENT SCHOOL DISTRICT
 STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
 PROPRIETARY FUNDS
 FOR THE YEAR ENDED AUGUST 31, 2015

	Governmental Activities -
	Internal Service Fund
OPERATING EXPENSES:	
Other Operating Costs	\$ 40,526
Total Operating Expenses	40,526
Operating Income (Loss)	(40,526)
NONOPERATING REVENUES (EXPENSES):	
Earnings from Temporary Deposits & Investments	10
Total Nonoperating Revenues (Expenses)	10
Change in Net Position	(40,516)
Total Net Position - September 1 (Beginning)	103,029
Total Net Position - August 31 (Ending)	\$ 62,513

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

RIVIERA INDEPENDENT SCHOOL DISTRICT
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED AUGUST 31, 2015

	Governmental Activities -
	Internal Service Fund
<u>Cash Flows from Operating Activities:</u>	
Cash Received from Assessments - Other Funds	\$ -
Cash Payments for Insurance Claims	(25,616)
Net Cash Used for Operating Activities	<u>(25,616)</u>
Net Decrease in Cash and Cash Equivalents	(25,616)
Cash and Cash Equivalents at Beginning of Year	<u>96,527</u>
Cash and Cash Equivalents at End of Year	<u>\$ 70,911</u>
<u>Reconciliation of Operating Income (Loss) to Net Cash</u>	
<u>Used for Operating Activities:</u>	
Operating Income (Loss):	\$ (40,527)
Effect of Increases and Decreases in Current Assets and Liabilities:	
Increase (decrease) in Accounts Payable	<u>14,911</u>
Net Cash Used for Operating Activities	<u>\$ (25,616)</u>
<u>Reconciliation of Total Cash and Cash Equivalents:</u>	
Cash and Cash Equivalents on Balance Sheet	\$ 70,911
Pooled Cash and Cash Equivalents on Balance Sheet	<u>-</u>
Total Cash and Cash Equivalents	<u>\$ 70,911</u>

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

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

	Agency Funds
<hr/>	
ASSETS	
Cash and Cash Equivalents	\$ 61,835
Total Assets	<u>\$ 61,835</u>
LIABILITIES	
Accounts Payable	\$ 808
Due to Student Groups	61,027
Total Liabilities	<u>\$ 61,835</u>

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

RIVIERA INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
AT AND FOR THE YEAR ENDED AUGUST 31, 2015

I. Summary of significant accounting policies

Riviera Independent School District (the "District") is a public educational agency operating under the applicable laws and regulations of the State of Texas. It is governed by a seven member Board of Trustees (the "Board") elected by registered voters of the District. The District prepares its basic financial statements in conformity with generally accepted accounting principles promulgated by the Governmental Accounting Standards Board and other authoritative sources identified in *Statement on Auditing Standards No. 69* of the American Institute of Certified Public Accountants; and it complies with the requirements of the appropriate version of Texas Education Agency's *Financial Accountability System Resource Guide* (the "Resource Guide") and the requirements of contracts and grants of agencies from which it receives funds.

A. Reporting entity

The Board of School Trustees (the "Board"), a seven member group, has governance responsibilities over all activities related to public elementary and secondary education within the jurisdiction of Riviera Independent School District (the "District"). Because members of the Board are elected by the public; have the authority to make decisions, appoint administrators and managers, and significantly influence operations; and have the primary accountability for fiscal matters; the District is not included in any other governmental "reporting entity" as defined by Governmental Accounting Standards Board ("GASB"), Statement No. 14, "The Financial Reporting Entity." There are no component units included within the reporting entity.

B. Government-wide and fund financial statements

The Statement of Net Position and the Statement of Activities are government-wide financial statements. They report information on all of the District nonfiduciary activities with most of the interfund activities removed. *Governmental activities* include programs supported primarily by taxes, State foundation funds, grants and other intergovernmental revenues. *Business-type activities* include operations that rely to a significant extent on fees and charges for support.

The Statement of Activities demonstrates how other people or entities that participate in programs the District operates have shared in the payment of the direct costs. The "charges for services" column includes payments made by parties that purchase, use, or directly benefit from goods or services provided by a given function or segment of the District. Examples include tuition paid by students not residing in the district, school lunch charges, etc. The "grants and contributions" column includes amounts paid by organizations outside the District to help meet the operational or capital requirements of a given function. Examples include grants under the Elementary and Secondary Education Act. If a revenue is not a program revenue, it is a general revenue used to support all of the District's functions. Taxes are always general revenues.

Interfund activities between governmental funds appear as due to/due from on the Governmental Fund Balance Sheet and as other resources and other uses on the governmental fund Statement of Revenues, Expenditures and Changes in Fund Balance. All interfund transactions between governmental funds and between governmental funds and internal service funds are eliminated on the government-wide statements. Interfund activities between governmental funds and fiduciary funds remain as due to/due from on the government-wide Statement of Activities.

The fund financial statements provide reports on the financial condition and results of operations for three fund categories - governmental, proprietary, and fiduciary. Since the resources in the fiduciary funds cannot be used for District operations, they are not included in the government-wide statements. The District considers some governmental funds major and reports their financial condition and results of operations in a separate column.

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

C. Measurement focus, basis of accounting, and financial statement presentation

The government-wide financial statements use the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants

and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

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

The modified accrual basis of accounting recognizes revenues in the accounting period in which they become both measurable and available, and it recognizes expenditures in the accounting period in which the fund liability is incurred, if measurable, except for unmatured interest and principal on long-term debt, which is recognized when due. The expenditures related to certain compensated absences and claims and judgments are recognized when the obligations are expected to be liquidated with expendable available financial resources. The District considers all revenues available if they are collectible within 60 days after year end.

Revenues from local sources consist primarily of property taxes. Property tax revenues and revenues received from the State are recognized under the susceptible-to-accrual concept. Miscellaneous revenues are recorded as revenue when received in cash because they are generally not measurable until actually received. Investment earnings are recorded as earned, since they are both measurable and available.

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

The Proprietary Fund Types and Fiduciary Funds are accounted for on a flow of economic resources measurement focus and utilize the accrual basis of accounting. This basis of accounting recognizes revenues in the accounting period in which they are earned and become measurable and expenses in the accounting period in which they are incurred and become measurable. The District applies all GASB pronouncements as well as the Financial Accounting Standards Board pronouncements issued on or before November 30, 1989, unless these pronouncements conflict or contradict GASB pronouncements. With this measurement focus, all assets and all liabilities associated with the operation of these funds are included on the fund Statement of Net Position. The fund equity is segregated into invested in capital assets net of related debt, restricted net position, and unrestricted net position.

D. Fund accounting

The District reports the following major governmental funds:

1. **The General Fund** – The general fund is the District's primary operating fund. It accounts for all financial resources except those required to be accounted for in another fund.

Additionally, the District reports the following fund type(s):

Governmental Funds:

2. **Special Revenue Funds** – The District accounts for resources restricted to, or designated for, specific purposes by the District or a grantor in a special revenue fund. Most Federal and some State financial assistance is accounted for in a Special Revenue Fund, and sometimes unused balances must be returned to the grantor at the close of specified project periods.

Proprietary Funds:

3. **Internal Service Funds** - Revenues and expenses related to services provided to organizations inside the District on a cost reimbursement basis are accounted for in an internal service fund. The District's internal service fund is the Worker's Comp fund.

Fiduciary Funds:

4. **Agency Funds** – The District accounts for resources held for others in a custodial capacity in agency funds. The District's Agency Funds are the "Riviera Student Activity Fund", the "Brookshire Scholarship Fund", the "Small School Academic Competition Fund." and the "Craig Kraatz Scholarship Fund."

E. Pensions

The fiduciary net position of the Teacher Retirement System of Texas (TRS) has been determined using the flow of economic resources measurement focus and full accrual basis of accounting. This includes for purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, pension expense, and information about assets, liabilities and additions to/deductions from TRS's fiduciary net position. Benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

F. Other accounting policies

1. For purposes of the statement of cash flows for proprietary and similar fund-types, the District considers highly liquid investments to be cash equivalents if they have a maturity of three months or less when purchased.
2. The District reports inventories of supplies at weighted average cost including consumable maintenance, instructional, office, athletic, and transportation items. Supplies are recorded as expenditures when they are consumed. Inventories of food commodities are recorded at market values supplied by the Texas Department of Human Services. Although commodities are received at no cost, their fair market value is supplied by the Texas Department of Human Services and recorded as inventory and deferred revenue when received. When requisitioned, inventory and deferred revenue are relieved, expenditures are charged, and revenue is recognized for an equal amount.
3. In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount.

In the fund financial statements, governmental fund types recognized bond premiums and discounts during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

4. The District's policy does not permit employees to accumulate unused vacation and sick pay benefits. Therefore, there is no liability for unpaid accumulated sick leave since the District does not have a policy to pay any amounts when employees separate from service with the government. All vacation pay is accrued when incurred in the government-wide, proprietary, and fiduciary fund financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements.
5. Capital assets, which include land, buildings, furniture and equipment are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the District as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

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

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

<u>Asset:</u>	<u>Years</u>
Buildings	20-70
Building Improvements	20-70
Vehicles	10
Equipment	3-15
Technology Equipment	5-15

6. Since Internal Service Funds support the operations of governmental funds, they are consolidated with the governmental funds in the government-wide financial statements. The expenditures of governmental funds that create the revenues of internal service funds are eliminated to avoid "grossing up" the revenues and expenses of the District as a whole.

7. Governmental fund balances are characterized into the following categories:

Non-spendable fund balances include amounts that are not in spendable form (i.e. inventory or prepaid items) or amounts that are required to be maintained intact legally or contractually (i.e. principal in an endowment fund)

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

Committed fund balances include amounts that can be used only for the specific purposes determined by a formal action of the government's highest level of decision-making authority.

Assigned fund balances are intended to be used by the government 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.

Unassigned fund balance is the residual classification for the government's general fund and includes all spendable amounts not contained in the other classifications. In other funds, the unassigned classification should be used only to report a deficit balance resulting from overspending for specific purposes for which amounts had been restricted, committed, or assigned. Governments are required to disclose information about the processes through which constraints are imposed on amounts in the committed and assigned classifications.

District policies concerning fund balances are as follows:

The District's Unassigned General Fund Balance will be maintained to provide the District with sufficient working capital and a margin of safety to address local and regional emergencies without borrowing. The Unassigned General Fund Balance may only be appropriated by resolution of the Board of Trustees.

Fund Balance of the District may be committed for a specific source by formal action of the Board of Trustees. Amendments or modifications of the committed fund balance must also be approved by formal action of the Board of Trustees.

When it is appropriate for fund balance to be assigned, only the Board of Trustees has the authority to assign fund balance by formal action by the board.

In circumstances where an expenditure is to be made for a purpose for which amounts are available in multiple fund balance classifications, the order in which resources will be expended is as follows: restricted fund balance, followed by committed fund balance, assigned fund balance, and lastly, unassigned fund balance.

At August 31, 2015, the District's general fund balances were nonspendable, restricted, committed or assigned as follows:

Non-spendable fund balance	\$ 24,845.
Committed for future construction	\$798,017.

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

II. Stewardship, compliance, and accountability

A. Budgetary data

The Board of Trustees adopts an "appropriated budget" for the General Fund, Debt Service Fund and the Food Service Fund (which is included in the Special Revenue Funds). The District is required to present the adopted and final amended budgeted revenues and expenditures for each of these funds. The District compares the final amended budget

to actual revenues and expenditures. The General Fund Budget report appears in Exhibit G-1 and the other two reports are in Exhibits J4 and J5 (if applicable).

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

1. Prior to August 20 the District prepares a budget for the next succeeding fiscal year beginning September 1. The operating budget includes proposed expenditures and the means of financing them.
2. A meeting of the Board is then called for the purpose of adopting the proposed budget. At least ten days' public notice of the meeting must be given.
3. Prior to September 1, the budget is legally enacted 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. Because the District has a policy of careful budgetary control, several amendments were necessary during the year. However, none of these were significant.
4. 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. There were no appropriated or nonappropriated budget special revenue funds at the end of the current fiscal year.

B. Excess of expenditures over appropriations by more than \$2,500

Following are the functional expenditures that exceeded the final amended budget of the District by more than \$2,500 as reported in the General Fund on Exhibit G-1:

Function 11 - Instruction	\$ 46,014.
Function 51 - Facilities Maintenance and Operations	\$ 5,405.

C. Deficit fund equity

None.

III. Detailed notes on all funds

A. Deposits and investments

District Policies and Legal and Contractual Provisions Governing Deposits

Custodial Credit Risk for Deposits - State law requires governmental entities to contract with financial institutions in which funds will be deposited to secure those deposits with insurance or pledged securities with a fair value equaling or exceeding the amount on deposit at the end of each business day. The pledged securities must be in the name of the governmental entity and held by the entity or its agent. Since the District complies with this law, it has no custodial credit risk for deposits.

Foreign Currency Risk - The District limits the risk that changes in exchange rates will adversely affect the fair value of an investment or a deposit by not investing in any foreign currency.

District Policies and Legal and Contractual Provisions Governing Investments

The **Public Funds Investment Act** (Government Code Chapter 2256) contains specific provisions in the areas of investment practices, management reports and establishment of appropriate policies. Among other things, it requires the District to adopt, implement, and publicize an investment policy. Statutes authorize the District to invest in (1) obligations of the U.S. Treasury, certain U.S. agencies, and the State of Texas; (2) certificates of deposit, (3) certain municipal securities, (4) money market savings accounts, (5) repurchase agreements, (6) bankers acceptances, (7) Mutual Funds, (8) Investment pools, (9) guaranteed investment contracts, (10) and common trust funds. The Act also requires the District to have independent auditors perform test procedures related to investment practices as provided by the Act. The District is in substantial compliance with the requirements of the Act and with local policies.

As of August 31, 2015, the District had the following investments.

Investment Type	Investment Maturities (in years)				
	Fair Value	Less than 1 Year	1-5	6-10	More Than 10
Investment Pools	\$1,560,705	\$1,560,705			
Total	\$1,560,705	\$1,560,705			

Additional policies and contractual provisions governing deposits and investments for the District are specified below:

Credit Risk - To limit the risk that an issuer or other counterparty to an investment will not fulfill its obligations the District limits investments in certificates of deposit or publicly funded investment pools to the top ratings issued by nationally recognized statistical rating organizations (NRSROs). As of August 31, 2015, the District's investments in certificates of deposit and investment pools were rated A1 by Standard and Poor's.

Custodial Credit Risk for Investments - To limit the risk that, in the even of the failure of the counterparty to a transaction, a government will not be able to recover the value of investment or collateral securities that are in possession of an outside party the District requires counterparties to register the securities in the name of the District and hand them over to the District or its designated agent. This included securities in securities lending transactions. All of the securities are in the District's name and held by the District or its agent.

Concentration of Credit Risk - To limit the risk of loss attributed to the magnitude of a government's investment in a single issuer, the District limits investments to less than 5% of its total investments. The District further limits investments in a single issuer when they would cause investment risk to be significantly greater in the governmental and business-type activities, individual major funds, aggregate non-major funds and fiduciary fund types than they are in the primary government. Usually this limitation is 20%.

Interest Rate Risk - To limit the risk that changes in interest rates will adversely affect the fair value of investments, the District requires at least half of the investment portfolio to have maturities of less than one year on a weighted average maturity basis.

Foreign Currency Risk for Investments - The District limits the risk that changes in exchange rates will adversely affect the fair value of an investment by limiting all investments denominated in a foreign currency to zero.

B. Property taxes

Property taxes are levied by October 1 on the assessed value listed as of the prior January 1 for all real and business personal property located in the District in conformity with Subtitle E, Texas Property Tax Code. Taxes are due on receipt of the tax bill and are delinquent if not paid before February 1 of the year following the year in which imposed. On January 31 of each year, a tax lien attaches to property to secure the payment of all taxes, penalties, and interest ultimately imposed. Property tax revenues are considered available (1) when they become due or past due and receivable within the current period and (2) when they are expected to be collected during a 60-day period after the close of the school fiscal year.

C. Delinquent taxes receivable

Delinquent taxes are prorated between maintenance and debt service based on rates adopted for the year of the levy. Allowances for uncollectible tax receivables within the General and Debt Service Funds are based on historical experience in collecting property taxes. Uncollectible personal property taxes are periodically reviewed and written off, but the District is prohibited from writing off real property taxes without specific statutory authority from the Texas Legislature.

D. Interfund balances and transfers

Interfund balances at August 31, 2015 consisted of the following individual fund balances:

Fund	Due From	Due To	Purpose	Current?
General Fund	\$ 124,123		Cash flow advance	Yes
Nonmajor Special Revenue Fund		\$ 124,123	Cash flow advance	Yes
Total	<u>\$ 124,123</u>	<u>\$ 124,123</u>		

Interfund transfers for the year ended August 31, 2015 consisted of the following individual amounts:

Fund	Transfers In	Transfers Out	Purpose
General Fund		\$ 17,385	Operating deficit transfer
Child Nutrition Program	\$ 17,385		Operating deficit transfer
Total	<u>\$ 17,385</u>	<u>\$ 17,385</u>	

E. Disaggregation of receivables and payables

Receivables at August 31, 2015 were as follows:

	Property Taxes	Other Government	Total Receivables
Governmental Activities:			
General Fund	\$ 240,733	\$ 72,183	\$ 312,916
Nonmajor Governmental Funds		141,466	141,466
Total Governmental Activities	<u>\$ 240,733</u>	<u>\$ 213,649</u>	<u>\$ 454,382</u>

Payables at August 31, 2015 were as follows:

	Accounts	Salaries and Benefits	Total Payables
Governmental Activities:			
General Fund		\$ 108,827	\$ 108,827
Nonmajor Governmental Funds		18,449	18,449
Total Governmental Activities		<u>\$ 127,276</u>	<u>\$ 127,276</u>
Proprietary Activities:			
Internal Service Fund	\$ 29,562		\$ 29,562
Total Proprietary Activities	<u>\$ 29,562</u>		<u>\$ 29,562</u>

F. Capital asset activity

Capital asset activity for the District for the year ended August 31, 2015, was as follows:

	Balance 8/31/14	Additions	Deletions	Balance 8/31/15
Governmental activities:				
Land	\$ 405,607			\$ 405,607
Buildings and improvements	9,359,146			9,359,146
Furniture and equipment	2,498,256	\$ 42,912		2,541,168
Totals	12,263,009	42,912		12,305,921
Less accum depreciation for:				
Buildings and improvements	5,421,726	169,460		5,591,186
Furniture and equipment	1,740,104	151,379		1,891,483
Total accum depreciation	7,161,830	320,839		7,482,669
Governmental activities capital assets, net	\$ 5,101,179	\$ (277,927)		\$ 4,823,252

Depreciation expense was charged to functions/programs of the primary government as follows:

Governmental activities:	
Function 11 - instruction	\$ 142,273
Function 12 - instructional resources	2,768
Function 13 - curriculum and instructional staff development	1,658
Function 21 - instructional leadership	1,696
Function 23 - school leadership	7,751
Function 31 - guidance, counseling and evaluation services	2,288
Function 33 - health services	1,877
Function 34 - student (pupil) transportation	30,388
Function 35 - food service	27,664
Function 36 - Extracurricular activities	54,806
Function 41 - general administration	5,455
Function 51 - plant maintenance and operations	36,103
Function 53 - data processing services	6,112
Total depreciation expense - governmental activities	<u>\$ 320,839</u>

G. Loans payable

N/A.

H. Bonds payable

N/A.

I. Commitments under operating leases

N/A.

J. Debt service requirements - bonds and capital leases

N/A.

K. Accumulated unpaid vacation and sick leave benefits

N/A.

L. Defined benefit pension plan

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

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

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

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

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

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

Contribution Rates		
	2014	2015
Member	6.4%	6.7%
Non-Employer Contributing Entity (State)	6.8%	6.8%
Employers	6.8%	6.8%

Employer # 137903 - 2014 District Contributions	\$50,127
Employer # 137903 - 2014 Member Contributions	\$206,317
Employer # 137903 - 2014 NECE On-behalf Contributions	\$184,036

Contributors to the plan include members, districts and the State of Texas as the only non-employer contributing entity. The State is the employer for senior colleges, medical schools and state agencies including TRS. In each respective role, the State contributes to the plan in accordance with state statutes and the General Appropriations Act (GAA).

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

- On the portion of the member's salary that exceeds the statutory minimum for members entitled to the statutory minimum under Section 21.402 of the Texas Education Code.
- During a new member's first 90 days of employment.
- When any part or all of an employee's salary is paid by federal funding sources, a privately sponsored source, from non-educational and general, or local funds.
- When the employing district is a public junior college or junior college district, the employer shall contribute to the retirement system an amount equal to 50% of the state contribution rate for certain instructional or administrative employees; and 100% of the state contribution rate for all other employees.

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

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

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

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

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

	1% Decrease in Discount Rate (7.0%)	Discount Rate (8.0%)	1% Increase in Discount Rate (9.0%)
District's proportionate share of the net pension liability	\$943,750	\$528,138	\$217,338

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions. At August 31, 2014, the District reported a liability of \$528,138 for its proportionate share of the TRS's net pension liability. This liability reflects a reduction for State pension support provided to the District. The amount recognized by the District as its proportionate share of the net pension liability, the related State support, and the total portion of the net pension liability that was associated with the District were as follows:

District's proportionate share of the collective net pension liability	\$528,138
State's proportionate share that is associated with the District	1,943,122
Total	<u>\$2,471,260</u>

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

At August 31, 2014 the District's proportion of the collective net pension liability was 0.0019772%. Since this is the first year of implementation, the District does not have the proportion measured as of August 31, 2013. The Notes to the Financial Statements for August 31, 2014 for TRS stated that the change in proportion was immaterial and, therefore, disregarded this year.

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

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

There was a change in employer contribution requirements that occurred after the measurement date of the net pension liability and the employer's reporting date. A 1.5% contribution for employers not paying Old Age Survivor and Disability Insurance (OASDI) on certain employees went into law effective September 1, 2014. The amount of the expected resultant change in the employer's proportion cannot be determined at this time.

For the year ended August 31, 2014, the District recognized pension expense of \$179,638 and revenue of \$179,638 for support provided by the State.

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual economic experiences	\$8,168	
Changes in actuarial assumptions	34,330	
Differences between projected and actual investment earnings		\$161,420
Changes in proportion and differences between the District's contributions and the proportionate share of contributions		138
Total	\$42,498	\$161,558

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:

Year ended August 31,	Pension Expense Amount
2015	\$(33,209)
2016	\$(33,209)
2017	\$(33,209)
2018	\$(33,209)
2019	\$7,146
Thereafter	\$6,630

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

	Deferred Outflows of Resources	Deferred Inflows of Resource
Total net amounts per August 31, 2014 measurement date	\$42,498	\$161,558
Contributions paid to TRS subsequent to the measurement date	89,939	
Total	\$132,437	\$161,558

M. Health care coverage

During the year ended August 31, 2015, employees of the District were covered by a health insurance plan (the “Plan”). The District contributed premiums of \$225 per month per employee to the Plan. Employees, at their option, authorized payroll withholdings to pay contributions or premiums for dependents. The Plan was authorized by Article 3.51-2, Texas Insurance Code and was documented by contractual agreement. Latest financial statements for TRS - Care are available for the year ended August 31, 2015, and have been filed with the Texas State Board of Insurance, Austin, Texas, and are public records.

N. Self-insurance coverage

Beginning September 1, 1992, the District established a self-insurance plan for workers’ compensation benefits as authorized by Section 504.011 of the Labor Code. The District participates in this plan (Texas Public Schools Workers’ Compensation Project self-funded workers’ compensation program) along with other participating entities. The District contributes annual amounts determined by School Comp. As claims arise, they are submitted to and paid by School Comp on behalf of the District under terms of a contractual agreement. According to state statute, the District is protected against unanticipated catastrophic claims an aggregate loss by coverage carried through a commercial insurer licensed or eligible to do business in Texas in accordance with the Texas Insurance Code.

Coverage was in effect for specific occurrences exceeding \$225,000 and aggregate retention at \$2,000,000.

The costs associated with this self-insurance plan are reported as interfund transactions to the extent of amounts actuarially determined. Accordingly, they are treated as operating revenues of the Internal Service Fund and operating expenditures of the General Fund. The liabilities of the plan include incurred but not reported claims. These liabilities reported in the Funds at August 31, 2015, are based on the requirements of Governmental Accounting Standards Board No. 10, which requires that a liability for claims be reported if information prior to the issuance of the financial statements indicates that is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated. These liabilities include an amount for claims that have been incurred but not reported. Because actual claims liabilities depend on such complex factors as inflation, changes in legal doctrines and damage awards, the process used in computing claims liability does not necessarily result in an exact amount. Claims liabilities are reevaluated periodically to take into consideration recently settled claims, the frequency

of claims and other economic and social factors. Workers' compensation liabilities for incurred losses to be settled by fixed or reasonably determinable payments over a long period of time were computed by an actuary and are reported at their present value using an expected future investment yield assumption.

Estimates of claims payable and of claims incurred, but not reported at August 31, 2015, are reflected as accounts and claims payable of the Fund. The plan is funded to discharge liabilities of the Fund as they become due.

Changes in the balances of claims liabilities during the past year are as follows:

	Year Ended August 31, 2015
Unpaid claims, beginning of the year	\$ 14,651
Incurred claims (including IBNR's)	40,526
Claim payments	(25,615)
Unpaid claims, end of the year	<u>\$ 29,562</u>

O. Changes in long-term liabilities

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Net Pension Liability	\$0	\$528,138		\$528,138	\$0

P. Unearned revenues

Unearned revenue at year-end consisted of the following:

	General Fund
State foundation revenue overpayment	\$ 163,945
Local unearned contributions	30,000
Total Unearned Revenue	<u>\$ 193,945</u>

Q. Due from state agencies

The District participates in a variety of federal and state programs from which it receives grants to partially or fully finance certain activities. In addition, the District receives entitlements from the State through the School Foundation and Per Capita Programs. Amounts due from federal and state governments as of August 31, 2015, are summarized below. All federal grants shown below are passed through the TEA and are reported on the combined financial statements as Due from State Agencies.

Fund	State Entitlements	Federal Grants	Total
General	\$ 72,183		\$ 72,183
Special Revenue		\$ 141,466	141,466
Net Total Receivables	<u>\$ 72,183</u>	<u>\$ 141,466</u>	<u>\$ 213,649</u>

R. Revenue from local and intermediate sources

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

Description	General Fund	Special Revenue Fund	Internal Service Fund	Total
Property taxes	\$ 2,456,846			\$ 2,456,846
Penalties, interest and other tax related income	50,809			50,809
Food sales		\$ 44,281		44,281
Investment income	1,778		\$ 10	1,788
Extracurricular student activities	16,862			16,862
Services to other districts	130,659			130,659
Other income	81,231	5,041		86,272
Total	\$ 2,738,185	\$ 49,322	\$ 10	\$ 2,787,517

S. School district retiree health plan

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

Funding Policy. Contribution requirements are not actuarially determined but are legally established each biennium by the Texas Legislature. Texas Insurance Code, Sections 1575.202, 203, and 204 establish state, active employee, and public school employee contributions, respectively. Funding for free basic coverage is provided by the program based upon public school district payroll. Per Texas Insurance Code, Chapter 1575, the public school contribution may not be less than 0.25% or greater than 0.75% of the salary of each active employee of the public school. Funding for optional coverage is provided by those participants selecting the optional coverage. Contribution rates and amounts are shown in the table below for fiscal years 2015-2013.

Contribution Rates and Contribution Amounts						
Year	Member		State		School District	
	Rate	Amount	Rate	Amount	Rate	Amount
2015	0.65%	\$ 19,316	1.00%	\$ 29,715	0.55%	\$ 16,344
2014	0.65%	\$ 21,008	1.00%	\$ 32,237	0.55%	\$ 17,729
2013	0.65%	\$ 20,281	0.50%	\$ 15,601	0.55%	\$ 17,161

Federal Government Retiree Drug Subsidy - Medicare Part D. The Medicare Prescription Drug, Improvement, and Modernization Act of 2003, which was effective January 1, 2006 established prescription drug coverage for Medicare beneficiaries known as Medicare Part D. One of the provisions of Medicare Part D allows for the TRS-Care to receive retiree drug subsidy payments from the federal government to offset certain prescription drug expenditures for eligible TRS-Care participants. On-behalf payments recognized as equal revenues and expenditures by the District for the years ended August 31, 2015, 2014 and 2013 were \$12,347, \$9,266 and \$8,399, respectively.

T. Litigation

N/A.

U. Construction and other significant commitments and contingencies

N/A.

V. Risk management

The District is exposed to various risks of loss related to torts, thefts, damages to and destruction of assets, errors and omissions, injuries to employees, and other natural disasters. The District maintains commercial insurance to cover losses related to damages to and destruction of assets and losses due to general and specific liabilities. There were no significant reductions in coverage in the past fiscal year, and there were no settlements that exceeding insurance coverage for each of the past three fiscal years.

W. Subsequent events

Management has evaluated subsequent events through January 18, 2016; the date which the financial statements were available for distribution. There were none noted.

X. Commitments and contingencies

The District participates in grant programs which are governed by various rules and regulations of the grantor agencies. Costs charged to the respective grant programs are subject to audit and adjustment by the grantor agencies; therefore, to the extent that the District has not complied with the rules and regulations governing the grants, refunds of any money received may be required and the collectibility of any related receivable may be impaired. In the opinion of the District, there are no significant contingent liabilities related 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.

Y. Prior period adjustment - change in accounting principles

During fiscal year 2015, the District adopted GASB Statement No. 68 for Accounting and Reporting for Pensions. With GASB 68, the District assumed their proportionate share of the Net Pension Liability of the Teacher Retirement System of Texas. Adoption of GASB 68 required a prior period adjustment to report the effect of GASB 68 retroactively. The amount of the prior period adjustment is \$(598,380). The restated beginning net position is \$7,367,856.

REQUIRED SUPPLEMENTARY INFORMATION

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

Data Control Codes	Budgeted Amounts		Actual Amounts (GAAP BASIS)	Variance With Final Budget Positive or (Negative)	
	Original	Final			
REVENUES:					
5700	Total Local and Intermediate Sources	\$ 2,464,662	\$ 2,474,412	\$ 2,738,185	\$ 263,773
5800	State Program Revenues	2,196,690	2,196,690	2,059,184	(137,506)
5020	Total Revenues	4,661,352	4,671,102	4,797,369	126,267
EXPENDITURES:					
Current:					
0011	Instruction	2,368,494	2,418,494	2,464,508	(46,014)
0012	Instructional Resources and Media Services	73,977	73,977	76,292	(2,315)
0013	Curriculum and Instructional Staff Development	24,625	24,625	17,970	6,655
0021	Instructional Leadership	8,180	8,180	7,417	763
0023	School Leadership	226,908	226,908	220,271	6,637
0031	Guidance, Counseling and Evaluation Services	103,828	103,828	93,342	10,486
0033	Health Services	66,916	66,916	54,120	12,796
0034	Student (Pupil) Transportation	161,689	161,689	158,802	2,887
0036	Extracurricular Activities	319,642	302,642	259,594	43,048
0041	General Administration	373,789	400,539	393,432	7,107
0051	Facilities Maintenance and Operations	682,736	715,736	721,141	(5,405)
0052	Security and Monitoring Services	1,200	1,200	1,215	(15)
0053	Data Processing Services	185,368	165,368	138,730	26,638
Intergovernmental:					
0099	Other Intergovernmental Charges	64,000	51,000	50,772	228
6030	Total Expenditures	4,661,352	4,721,102	4,657,606	63,496
1100	Excess (Deficiency) of Revenues Over (Under) Expenditures	-	(50,000)	139,763	189,763
OTHER FINANCING SOURCES (USES):					
8911	Transfers Out (Use)	-	-	(17,385)	(17,385)
1200	Net Change in Fund Balances	-	(50,000)	122,378	172,378
0100	Fund Balance - September 1 (Beginning)	2,701,579	2,701,579	2,701,579	-
3000	Fund Balance - August 31 (Ending)	\$ 2,701,579	\$ 2,651,579	\$ 2,823,957	\$ 172,378

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

	2015
District's Proportion of the Net Pension Liability (Asset)	0.0019772%
District's Proportionate Share of Net Pension Liability (Asset)	\$ 528,138
States Proportionate Share of the Net Pension Liability (Asset) associated with the District	1,943,122
Total	\$ 2,471,260
District's Covered Employee Payroll	\$ 3,223,708
District's Proportionate Share of the Net Pension Liability (Asset) as a percentage of its Covered Employee Payroll	16.38%
Plan Fiduciary Net Position as a percentage of the Total Pension Liability	83.25%

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

RIVIERA INDEPENDENT SCHOOL DISTRICT
 SCHEDULE OF THE DISTRICT CONTRIBUTIONS
 TEACHER RETIREMENT SYSTEM
 FOR FISCAL YEAR 2015

	2015
Contractually Required Contribution	\$ 89,939
Contribution in Relation to the Contractually Required Contribution	(89,939)
Contribution Deficiency (Excess)	\$ -
District's Covered Employee Payroll	\$ 2,971,549
Contributions as a percentage of Covered Employee Payroll	3.03%

Note: GASB 68, Paragraph 81.2.b requires that the data in this schedule be presented as of the District's current fiscal year as opposed to the time period covered by the measurement date of September 1, 2013 - August 31, 2014.

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

RIVIERA INDEPENDENT SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED AUGUST 31, 2015

Changes of benefit terms.

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

Changes of assumptions.

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

COMBINING SCHEDULES

RIVIERA INDEPENDENT SCHOOL DISTRICT
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 AUGUST 31, 2015

Data Control Codes	211 ESEA I, A Improving Basic Program	224 IDEA - Part B Formula	240 National Breakfast and Lunch Program	255 ESEA II,A Training and Recruiting	
ASSETS					
1110	Cash and Cash Equivalents	\$ -	\$ -	\$ 1,106	\$ -
1240	Receivables from Other Governments	66,368	49,941	4,184	20,973
1000	Total Assets	<u>\$ 66,368</u>	<u>\$ 49,941</u>	<u>\$ 5,290</u>	<u>\$ 20,973</u>
LIABILITIES					
2160	Accrued Wages Payable	\$ 5,186	\$ 6,819	\$ 5,193	\$ -
2170	Due to Other Funds	60,685	42,465	-	20,973
2200	Accrued Expenditures	497	657	97	-
2000	Total Liabilities	<u>66,368</u>	<u>49,941</u>	<u>5,290</u>	<u>20,973</u>
4000	Total Liabilities and Fund Balances	<u>\$ 66,368</u>	<u>\$ 49,941</u>	<u>\$ 5,290</u>	<u>\$ 20,973</u>

270 ESEA VI, Pt B Rural & Low Income	410 State Textbook Fund	Total Nonmajor Governmental Funds
\$ -	\$ -	\$ 1,106
-	-	141,466
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 142,572</u>
\$ -	\$ -	\$ 17,198
-	-	124,123
-	-	1,251
<u>-</u>	<u>-</u>	<u>142,572</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 142,572</u>

RIVIERA INDEPENDENT SCHOOL DISTRICT
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
 FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED AUGUST 31, 2015

Data Control Codes	211 ESEA I, A Improving Basic Program	224 IDEA - Part B Formula	240 National Breakfast and Lunch Program	255 ESEA II,A Training and Recruiting
REVENUES:				
5700 Total Local and Intermediate Sources	\$ -	\$ -	\$ 49,322	\$ -
5800 State Program Revenues	-	-	6,754	-
5900 Federal Program Revenues	109,807	73,289	151,787	26,543
5020 Total Revenues	<u>109,807</u>	<u>73,289</u>	<u>207,863</u>	<u>26,543</u>
EXPENDITURES:				
Current:				
0011 Instruction	109,807	73,289	-	25,448
0013 Curriculum and Instructional Staff Development	-	-	-	1,095
0035 Food Services	-	-	225,248	-
6030 Total Expenditures	<u>109,807</u>	<u>73,289</u>	<u>225,248</u>	<u>26,543</u>
1100 Excess (Deficiency) of Revenues Over (Under) Expenditures	-	-	(17,385)	-
OTHER FINANCING SOURCES (USES):				
7915 Transfers In	-	-	17,385	-
1200 Net Change in Fund Balance	-	-	-	-
0100 Fund Balance - September 1 (Beginning)	-	-	-	-
3000 Fund Balance - August 31 (Ending)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

270 ESEA VI, Pt B Rural & Low Income	410 State Textbook Fund	Total Nonmajor Governmental Funds
\$ -	\$ -	\$ 49,322
-	33,176	39,930
16,408	-	377,834
<u>16,408</u>	<u>33,176</u>	<u>467,086</u>
-	33,176	241,720
16,408	-	17,503
-	-	225,248
<u>16,408</u>	<u>33,176</u>	<u>484,471</u>
-	-	(17,385)
-	-	17,385
-	-	-
-	-	-
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

RIVIERA INDEPENDENT SCHOOL DISTRICT
 COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
 ALL AGENCY FUNDS
 FOR THE YEAR ENDED AUGUST 31, 2015

	BALANCE SEPTEMBER 1 2014	ADDITIONS	DEDUCTIONS	BALANCE AUGUST 31 2015
STUDENT ACTIVITY ACCOUNT				
Assets:				
Cash and Temporary Investments	\$ 70,449	\$ 175,565	\$ 184,987	\$ 61,027
Liabilities:				
Due to Student Groups	\$ 70,449	\$ 175,565	\$ 184,987	\$ 61,027
BROOKSHIRE SCHOLARSHIP FUND				
Assets:				
Cash and Temporary Investments	\$ 1,000	\$ 1,000	\$ 2,000	\$ -
Liabilities:				
Accounts Payable	\$ 1,000	\$ 1,000	\$ 2,000	\$ -
SMALL SCHOOL ACADEMIC FUND				
Assets:				
Cash and Temporary Investments	\$ 1,883	\$ 2,000	\$ 3,575	\$ 308
Liabilities:				
Accounts Payable	\$ 1,883	\$ 2,000	\$ 3,575	\$ 308
CRAIG B KRAATZ SCHOLARSHIP FUND				
Assets:				
Cash and Temporary Investments	\$ 500	\$ -	\$ -	\$ 500
Liabilities:				
Accounts Payable	\$ 500	\$ -	\$ -	\$ 500
TOTAL AGENCY FUNDS				
Assets:				
Cash and Temporary Investments	\$ 73,832	\$ 178,565	\$ 190,562	\$ 61,835
Liabilities:				
Accounts Payable	\$ 3,383	\$ 3,000	\$ 5,575	\$ 808
Due to Student Groups	70,449	175,565	184,987	61,027
Total Liabilities	\$ 73,832	\$ 178,565	\$ 190,562	\$ 61,835

REQUIRED TEA SCHEDULES

RIVIERA INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF DELINQUENT TAXES RECEIVABLE
FISCAL YEAR ENDED AUGUST 31, 2015

Last 10 Years Ended August 31	(1)	(2)	(3)
	Tax Rates		Assessed/Appraised Value for School Tax Purposes
	Maintenance	Debt Service	
2006 and prior years	Various	Various	\$ Various
2007	1.370000	0.000000	187,623,818
2008	1.040000	0.000000	246,300,322
2009	1.040000	0.000000	340,874,347
2010	1.040000	0.000000	335,755,656
2011	1.040000	0.000000	267,519,843
2012	1.040000	0.000000	281,871,830
2013	1.040000	0.000000	247,396,673
2014	1.040000	0.000000	227,168,570
2015 (School year under audit)	1.040000	0.000000	225,565,770
1000 TOTALS			

(10) Beginning Balance 9/1/2014	(20) Current Year's Total Levy	(31) Maintenance Collections	(32) Debt Service Collections	(40) Entire Year's Adjustments	(50) Ending Balance 8/31/2015
\$ 92,271	\$ -	\$ 74	\$ -	\$ (1,882)	\$ 90,315
11,982	-	20	-	-	11,962
4,882	-	82	-	-	4,800
3,766	-	130	-	-	3,636
4,781	-	1,099	-	-	3,682
4,781	-	1,298	-	835	4,318
6,166	-	2,295	-	2,537	6,408
13,769	-	55,683	-	103,802	61,888
33,197	-	101,635	-	82,661	14,223
-	2,345,884	2,294,530	-	(11,853)	39,501
<u>\$ 175,595</u>	<u>\$ 2,345,884</u>	<u>\$ 2,456,846</u>	<u>\$ -</u>	<u>\$ 176,100</u>	<u>\$ 240,733</u>

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

Data Control Codes	Budgeted Amounts		Actual Amounts (GAAP BASIS)	Variance With Final Budget Positive or (Negative)	
	Original	Final			
REVENUES:					
5700	Total Local and Intermediate Sources	\$ 79,365	\$ 79,365	\$ 49,322	\$ (30,043)
5800	State Program Revenues	13,975	13,975	6,754	(7,221)
5900	Federal Program Revenues	162,000	162,000	151,787	(10,213)
5020	Total Revenues	255,340	255,340	207,863	(47,477)
EXPENDITURES:					
0035	Food Services	255,340	255,340	225,248	30,092
6030	Total Expenditures	255,340	255,340	225,248	30,092
1100	Excess (Deficiency) of Revenues Over (Under) Expenditures	-	-	(17,385)	(17,385)
OTHER FINANCING SOURCES (USES):					
7915	Transfers In	-	-	17,385	17,385
1200	Net Change in Fund Balances	-	-	-	-
0100	Fund Balance - September 1 (Beginning)	-	-	-	-
3000	Fund Balance - August 31 (Ending)	\$ -	\$ -	\$ -	\$ -

OVERALL COMPLIANCE AND INTERNAL CONTROLS SECTION

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Cameron L. Gulley

CERTIFIED PUBLIC ACCOUNTANT

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Independent Auditor's Report

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENTAL AUDITING STANDARDS

Board of Trustees
Riviera Independent School District
203 Seahawk Drive
Riviera, Texas 78379

I 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, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Riviera Independent School District (the "District") as of and for the year ended August 31, 2015, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued my report thereon dated January 14, 2016.

Internal Control Over Financial Reporting

In planning and performing my audit of the financial statements, I 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 my opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, I do not express an opinion on the effectiveness of the District's internal control.

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

My 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 my audit I did not identify any deficiencies in internal control that I 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 Rivieras Independent School District's financial statements are free of material misstatement, I 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 my audit and, accordingly, I do not express such an opinion. The results of my tests disclosed one instance of noncompliance or other matters that is required to be reported under *Government Auditing Standards* listed as item 2015-1 on the accompanying Schedule of Findings and Questioned Costs.

Purpose of this Report

The purpose of this report is solely to describe the scope of my 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.

Cameron L. Gulley
Certified Public Accountant

January 14, 2016

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RIVIERA INDEPENDENT SCHOOL DISTRICT
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED AUGUST 31, 2015

Finding	Statement of Condition	Material Weakness?	Questioned Costs
2014-1	<p>State Compliance - Failure to Properly Meet Expenditure Requirement for State Mandated Program Revenues</p> <p>The District did not expend all of mandated program revenues associated with career & technology funding in accordance with the minimum expenditure requirements.</p> <p><u>Status:</u> The District expended the carryover funds as well as all current year mandated program revenues in accordance with the minimum expenditure requirements.</p>	No	None
2014-2	<p>Internal Control Structure - Bank Accounts Were Not Reconciled to General Ledger</p> <p>The District's cash balances related to operating account were not reconciled to the general ledger.</p> <p><u>Status:</u> The cash balances were reconciled to the general ledger for the current year under audit.</p>	No	None

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RIVIERA INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED AUGUST 31, 2015

I. Summary of Auditor's Results

A. Financial Statements

Type of auditor's report issued:	Unmodified.
Internal control over financial reporting:	
Material weakness(es) identified?	No.
Significant deficiency(ies) identified that are not considered to be material weaknesses?	None reported.
Noncompliance material to financial statements noted?	No.

B. Federal Awards Not applicable.

II. Findings Relating to the Financial Statements which are Required to be Reported in Accordance with Generally Accepted Government Auditing Standards

2015-1 State Compliance - Approved Budget Exceeded in Two Functional Categories by More Than \$2,500

Criteria State law requires that public school districts and all governmental entities adopt a budget prior to the expenditure of funds and that budget amendments must be made prior to the expenditure of funds where the originally adopted budget is projected to be insufficient to cover projected expenditure needs.

Statement of Condition During the year under audit, there were two functional categories that exceeded the District's final amended budget by more than \$2,500 listed as follows from the General Fund (see Exhibit G-1).

Functional Category	Over Budget
Function 11 - instruction	\$ 46,014
Function 51 - facilities maintenance and operations	\$ 5,405

Questioned Costs None. All expenditures were approved by the District's board of trustees. However, budget amendments were not made to cover expenditures at year-end which caused the above functional categories to exceed their respective budgets.

Cause and Effect The cause of the budget overage was due to end of year costs for August monthly bills not accounted for in final budgetary amounts.

Recommendations The District should review its budget on a monthly budget and make budget amendments where functional expenditures are projected to be more than budgeted.

III. Findings and Questioned Costs for Federal Awards

Not applicable.

RIVIERA INDEPENDENT SCHOOL DISTRICT
CORRECTIVE ACTION PLAN
FOR THE YEAR ENDED AUGUST 31, 2015

2015-1 The District will review its budget on a monthly budget and make budget amendments where functional expenditures are projected to be more than budgeted.

Contact representative: Jose Betancourt, business manager
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