

The logo for Donna Independent School District features the word "DONNA" in a large, bold, maroon serif font with a gold outline. The letter "D" is stylized to include a graphic of a Native American headdress. Below the name, the words "INDEPENDENT SCHOOL DISTRICT" are written in a smaller, black, sans-serif font.

**DONNA**  
INDEPENDENT SCHOOL DISTRICT

**Comprehensive Annual Financial Report**

**For the fiscal year ended August 31, 2018**

**Raul Hernandez & Company, P.C.**

**CERTIFIED PUBLIC ACCOUNTANTS**

5402 Holly Rd. Suite 102 Corpus Christi, TX 78411 Office: (361) 980-0428 Fax: (361) 980-1002



**DONNA INDEPENDENT SCHOOL DISTRICT**  
**ANNUAL FINANCIAL REPORT FOR THE YEAR ENDED**  
**AUGUST 31, 2018**



## **INTRODUCTIONARY SECTION**

THIS PAGE LEFT BLANK INTENTIONALLY

DONNA INDEPENDENT SCHOOL DISTRICT

ANNUAL FINANCIAL REPORT  
FOR THE YEAR ENDED AUGUST 31, 2018

TABLE OF CONTENTS

<u>Exhibit</u>	<u>Page</u>
<b><u>Introductory Section</u></b>	
Table of Contents	i
Letter of Transmittal	1
Principal Officials, Consultants and Advisors	8
Organizational Chart	9
Certificate of the Board	10
<b><u>Financial Section</u></b>	
Independent Auditors' Report	11
Management's Discussion and Analysis	14
<b><u>Basic Financial Statements</u></b>	
Government Wide Statements:	
A-1 Statement of Net Position	28
B-1 Statement of Activities	29
Governmental Fund Financial Statements:	
C-1 Balance Sheet	30
C-2 Reconciliation for C-1	32
C-3 Statement of Revenues, Expenditures, and Changes in Fund Balance	33
C-4 Reconciliation for C-3	35
Proprietary Fund Financial Statements:	
D-1 Statement of Net Position	36
D-2 Statement of Revenues, Expenses, and Changes in Fund Net Position	37
D-3 Statement of Cash Flows	38
Fiduciary Fund Financial Statements:	
E-1 Statement of Fiduciary Net Position	39
E-2 Statement of Changes in Fiduciary Net Position	40
Notes to the Financial Statements	41
<b><u>Required Supplementary Information</u></b>	
G-1 Budgetary Comparison Schedule - General Fund	84
G-2 Schedule of the District's Proportionate Share of the Net Pension Liability (TRS)	85
G-3 Schedule of District Contributions to TRS Pension Plan	86
G-4 Schedule of the District's Proportionate Share of the Net OPEB Liability (TRS)	87
G-5 Schedule of District Contributions to the TRS OPEB Plan	88
Notes to Required Supplementary Information	89
<b><u>Combining and Other Schedules</u></b>	
Nonmajor Governmental Funds:	
H-1 Combining Balance Sheet	90
H-2 Combining Statement of Revenues, Expenditures, and Changes in Fund Balances	95
Internal Service Funds:	
H-3 Combining Statement of Net Position	100
H-4 Combining Statement of Revenues, Expenses, and Changes in Fund Net Position	101
H-5 Combining Statement of Cash Flows	102
Agency Funds:	
H-6 Combining Statement of Changes in Assets and Liabilities - Agency Funds	103

TABLE OF CONTENTS (CONTINUED)

<u>Exhibit</u>		<u>Page</u>
<b><u>Combining and Other Schedules</u></b> <i>(Continued)</i>		
Private Purpose Trust Funds:		
H-7	Combining Statement of Net Position	105
H-8	Combining Statement of Revenues, Expenses, and Changes in Fund Net Position	107
<b><u>Required TEA Schedules</u></b>		
J-1	Schedule of Delinquent Taxes	109
J-4	Budgetary Comparison Schedule - Child Nutrition Fund	111
J-5	Budgetary Comparison Schedule - Debt Service Fund	112
<b><u>Statistical Section</u></b>		
	Statistical Section Overview	113
<b>Financial Trends Information</b>		
Table 1	Net Position by Component	114
Table 2	Governmental Activities Expenses & Program Revenues	115
Table 3	General Revenues and Change in Net Position	117
Table 4	Fund Balances - Governmental Funds	119
<b>Revenue and Expenditure Capacity</b>		
Table 5	Governmental Fund Revenues by Source	121
Table 6	Governmental Fund Expenditures by Function	122
Table 7	Governmental Funds Other Sources, Uses and Changes in Fund Balance	124
Table 8	Governmental Fund Expenditures by Function per Average Daily Attendance	126
<b>Debt Capacity Information</b>		
Table 9	Assessed and Estimated Actual Value of Property	128
Table 10	Property Tax Levies and Collections	129
Table 11	Allocation of Property Tax Rates and Levies	130
Table 12	Property Tax Rates - Direct and Overlapping Governments	131
Table 13	Principal Property Taxpayers	132
Table 14	Outstanding Debt by Type	134
Table 15	Direct and Overlapping Debt - General Obligations Bonds	136
Table 16	Computation of Legal Debt Margin	137
Table 17	Ratio of Net General Obligations Bonded Debt to Estimated Actual Value and per Average Daily Membership	139
Table 18	Ratio of Annual Debt Service for General Bonded Debt to Total General Fund Expenditures	140
<b>Demographic and Economic Information</b>		
Table 19	Demographic Information	141
Table 20	Principal Employers	142
Table 21	Construction and Property Values	143



TABLE OF CONTENTS (CONTINUED)

<u>Exhibit</u>		<u>Page</u>
<b>Demographic and Economic Information(Continued)</b>		
<b>Operating Information</b>		
Table 22	Work Force Composition by Employee Classification	144
Table 23	Schedule of Teacher Information	146
Table 24	Schedule of Attendance and Membership	147
Table 25	Operating Statistics	148
Table 26	Schedule of Student Information	149
Table 27	Schedule of School Building	150
<b><u>Reports on Compliance, Internal Control, and Federal Awards</u></b>		
	Report on Internal Control Over Financial Reporting and Compliance Based on an audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	151
	Report on Compliance with Requirements Applicable to Each Major Program and Report on Internal Control Over Compliance as Required by Uniform Guidance	153
	Schedule of Findings and Questioned Costs	156
	Schedule of Status of Prior Findings	159
	Corrective Action Plan	161
K-1	Schedule of Expenditures of Federal Awards	162
	Notes to Schedule of Expenditures of Federal Awards	163

THIS PAGE LEFT BLANK INTENTIONALLY



## Donna Independent School District

116 North 10th Street \* Donna, Texas 78537  
Telephone (956) 461-4320 \* Fax (956) 464-1636

---

**December 19, 2018**

**Mrs. Eva C. Watts, President, and  
Members of the Board of Trustees  
Donna Independent School District  
116 North 10<sup>th</sup> Street  
Donna, Texas 78537**

Dear Mrs. Watts, Board of Trustees, and Citizens:

The Texas Education Code requires that all school districts file a complete set of financial statements with the Texas Education Agency (TEA) within 150 days of the close of each fiscal year. The financial statements must be presented in conformity with generally accepted accounting principles (GAAP) and audited by a firm of licensed certified public accountants in accordance with generally accepted auditing standards. Pursuant to that requirement, we hereby issue the Comprehensive Annual Financial Report of the Donna Independent School District (the District) for the fiscal year ended August 31, 2018.

Responsibility for both the accuracy of the presented data and the completeness and fairness of the presentation, including all disclosures contained in the report, rests solely with the District. To the best of our knowledge and belief, the enclosed data are accurate in all material respects and are reported in a manner designed to present fairly the position and results of operation of the various funds and account groups of the District. All disclosures necessary to enable the reader to gain an understanding of the District's financial activities have been included.

Management of the District is responsible for establishing and maintaining internal control structures designed to ensure that the assets of the District are protected from loss, theft or misuse and to ensure that adequate accounting data are compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles. The internal control structure is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognized that: (1) the cost of a control should not exceed the benefits likely to be derived; and (2) the valuation of costs and benefits requires estimates and judgements by management.

The financial statements of the District have been audited by Raul Hernandez & Company, P.C., a firm of licensed certified public accountants. The goal of the independent audit is to provide reasonable assurance that the financial statements of the District for the fiscal year ended August 31, 2018, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall

financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unmodified opinion that the District's financial statements for the fiscal year ended August 31, 2018 are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

The independent audit of the financial statements of the District was part of a broader, federally mandated "Single Audit" designated to meet the special needs of federal grantor agencies. The standards governing Single Audit engagements require the independent auditor to report not only on the fair presentation of the financial statement, but also on the audited government's internal controls and compliance with legal requirements, with special emphasis on internal controls and legal requirements involving the administration of federal awards. Information related to this single audit, including a schedule of expenditures of federal awards, the independent auditors' reports on the internal controls and compliance with applicable laws and regulations, and a schedule of findings and questioned costs are included in the Federal Awards Section of the report.

GAAP requires that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement MD&A and should be read in conjunction with it. The District's MD&A can be found immediately following the report of the independent auditors.

This comprehensive annual financial report consists of four major sections: (1) the Introductory Section which describes our District and the contents of the report; (2) the Financial Section which contains the basic financial statements and notes, combining schedules and required TEA schedules; (3) the Statistical Section which shows prior years' information for comparison purposes and other general information; and (4) the Federal Awards Section, as required.

## **GOVERNING BODY**

The District is a political subdivision of the State of Texas and governed and operating as an independent school district under the laws thereof. The District is located entirely in Hidalgo County, Texas and serves a population of approximately 50,000 persons and provides services to the City of Donna and surrounding areas. The District originally chartered by the State on or about 1919, now encompasses eighty-nine and a third square miles.

The policy-making functions of the District lie with a seven-member Board of Trustees (the Board) composed of District residents, each of which is elected by the voters of the district for four-year staggered terms. Regular meetings are scheduled the second Tuesday of the month and are held in the Staff Development/Board Room of the Administrative building. Special called meetings, committee meetings and workshop sessions are scheduled as needed and announced to the public in compliance with public notice requirements.

The Board has final control over local school matters limited only by the state legislature, the court system and by the will of its citizens as expressed in school Board elections and bond referendums. Board decisions are based on a majority vote of those present.

In general, the Board is responsible for adopting policy, employing and evaluating the Superintendent and overseeing the operations of the District and its schools. The Board is also responsible for setting the tax rate, adopting the annual budget along with periodic amendments, setting salary schedules, approving pay increases and serving as a board of appeals in personnel and student matters. The Board receives funding from local, state and federal source entities. This report contains all funds pertaining to the District. Serving without compensation, Board members establish the policies by which schools operate. In carrying out the task of setting policy, the board identifies needs and establishes priorities for the school system, allocates financial and human resources among the priority areas and evaluates school performance. The District's Superintendent of Schools and staff assist the Board with financial and administrative matters and oversee the day-to-day operations of the District.

### ***Budgetary Controls***

On an annual basis, the District presents the Board of Trustees with the proposed budgets for the General Operating Fund, the Debt Service Fund, and the Food Service Fund for approval as required by the Texas Education Code and as described in the Texas Education Agency's Financial Accountability Systems Resource Guide. The proposed budget is presented to the Board summarized at the function level for each of the funds above. The Board is required to hold a public hearing on the proposed budget and to adopt a final budget no later than August 31, the close of the District's fiscal year. After adoption of the budget, the appropriation amounts are entered into the District's accounting and encumbrance system and monitoring of the expenditures and encumbrances in relation to the approved budget begins.

Budget managers have the authority to approve budget transfers anytime during the year. A budget transfer is the movement of appropriations between budget line items within the same function. Any request to move appropriations between budget line items to different functions is considered a budget amendment. Any budget amendment requested by budget managers requires Board approval. Expenditure requests will not be processed unless appropriations are available in the line item.

The District feels that the budgetary controls currently in place are adequate to ensure that expenditures remain within the approved budget and that the District complies with regulations established by the Texas Education Code and the Financial Accountability Systems Resource Guide.

The District evaluates the existing system of internal controls annually through self-evaluation and the annual independent financial and compliance audit. Internal controls are designed to provide reasonable, but not absolute, assurance regarding: 1) the safeguarding of assets against loss from authorized use or disposition; and 2) the reliability of financial records for preparing financial statements and maintaining accountability for assets. The concept of reasonable assurance recognizes that: 1) the cost of controls should not exceed benefits expected to be derived; and 2) the evaluation of costs and benefits requires estimates and judgments by management.

### ***Services Provided***

The District provides a safe and learning environment that ensures a quality education for grade levels Pre-kindergarten through the 12th grade. Beginning in the 14 elementary schools, four middle schools, one alternative education program and extending through the three high schools which include a nontraditional magnet high school, 3-D Academy; students study the essential elements of language arts, reading, science, mathematics, art, music, physical education and computer literacy. This includes a special education program for students with disabilities, occupational education, bilingual instruction for those with limited English proficiency, and specialized instruction for disadvantaged students.

***Enrollment***

Donna I.S.D is a Title I District and has a total enrollment of 14,818 students for the 2017-2018 school year. Of these students, 99.7% are Hispanic, 0.2% White, 0.07% African-American and 0.02% Asian; 93.8% of the students are economically disadvantaged, 48.9% of all students are identified as Limited English Proficient language learners.

The breakdown of our student membership is as follows:

• Early Ed (Sp. Ed)	50
• Pre-K	561
• K-5	6,538
• 6-8	3,314
• 9-12	<u>4,355</u>
TOTAL	14,818

Projected membership for school year 2018-19 is expected to decrease approximately 297 students, Average Daily Attendance (ADA) growth is forecasted to decrease at less than 2%.

***Mission Statement***

The mission of the Donna I.S.D. is to provide a rigorous and supportive learning environment with meaningful and relevant learning experiences that inspire creativity, character development, and critical thinking that ensures educational excellence for all students.

***District Goals***

- I. Donna ISD students will prepare all students for strong academic success by establishing a strong foundation through excellence in early childhood education.
- II. Donna ISD will educate all students to be college and career ready so that they can use their natural talents and gifts to pursue their passions and accelerate their economic opportunities.
- III. Donna ISD will foster strong communication and relationship with families and the community to promote a caring environment that supports student achievement and success.
- IV. Donna ISD will set an appropriate tax rate and approve a sustainable budget that provides resources to support the district’s vision, mission and goals and encouraging strong fiscal management of resources and operations thereby, maximizing the District’s fiscal and financial strength.

***District Vision***

The vision of Donna I.S.D. is to be a bold district at the forefront of educating all students to be passionate, motivated leaders who will be a powerful force for positive change in our community, state, and nation.

### **Factors Affecting Financial Condition**

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

### **Local Economy**

#### ***Employment and the Labor Force***

Donna is considered the "Heart of the Valley" and is a strategically positioned land port that connects Mexico's city of Rio Bravo to FM 493 and Expressway 83. International trade, transportation, retail trade, oil and gas, residential site for "Winter Texans" and tourism continue to play a major role in the Donna area economy. The economic outlook for the city of Donna is positive as new retailers have moved to the city. Walmart Supercenter opened a 180,000 + square retail store in 2015 and construction for additional retail shops began in early 2017. The 2017-2018 school year saw adjusted property value growth of 16%.

### **Long-term Financial Planning**

The District continues to maintain a healthy General Fund Balance. The District has maintained the fund balance to ensure that needed resources are available when required to meet unexpected revenue shortfalls and one-time expenditures that may exceed the annual available resources. The fund balance reflects a decrease of \$3.1 million which is attributed to construction of the W. A. Todd Middle School Wing.

Growth in the District's tax base has averaged 6% in annual growth from fiscal years 2011-18. The District's fiscal 2018 taxable assessed valuation (TAV) grew to \$1.429 billion an increase of 16% over 2017. The estimated property tax value growth for 18-19 school year is 2%.

### **Debt Service**

Debt Service is a major area of cost due to the District's building program which is primarily financed by the sale of general obligation bonds. The Texas Education Code (TEC) authorizes the District to issue negotiable coupon bonds to construct, acquire, or equip school buildings, to purchase necessary sites, or to acquire or refinance property financed under a contract entered into under the Public Property Finance Act. The District is further authorized to levy and assess annual ad valorem taxes sufficient to pay the principal and interest on the bonds as they become due. The District's primary objective in debt management is to keep the level of indebtedness within available resources and within legal debt limitations.

All bond elections are held in accordance with statutory requirements and bonds are issued and taxes are levied in compliance with Sections 45.001, 45.003(b) (1), and 45.003(e) of the Texas Education Code.

As of August 31, 2018, the District had \$71,615,000 of School Building Unlimited Tax Bonds and Capital Appreciation Bonds, with maturities extending into the year 2040. The District's Debt Service fund balance is \$5,809,616.

In November 2016, Moody assigned A2 underlying and Aaa Enhanced rating to the District. Also in November 2016, Standard & Poor's assigned the District a rating of A+ and views the outlook for this rating as stable.

### **Fiduciary Operations**

The District maintains the fiduciary responsibility of monitoring the individual campus' student activity funds. The District ensures that proper control over cash is maintained and that all procedures are in accordance with TEA's Financial Accountability Systems Resource Guide. As of August 31, 2018, total assets for student activity funds were \$522,28



## Acknowledgments

The preparation of the Comprehensive Annual Financial Report on a timely basis was made possible by the dedicated service of the Finance Department directly under Assistant Superintendent, Ms. Ludivina Cansino and the dedicated services of other staff members district-wide. The Business & Finance Office would like to thank the following personnel for the time and effort given to the preparation of this report:

### Executive Administration

Dr. Hafedh Azaiez, Superintendent  
Ms. Ludivina Cansino, Assistant Superintendent for Business & Finance  
Dr. Lazaro Ramirez, Assistant Superintendent for Human Resources  
Mrs. Velma Rangel, Assistant Superintendent for District Operations  
Mr. Rashad Rana, Assistant Superintendent for Curriculum & Instruction

### Business and Finance

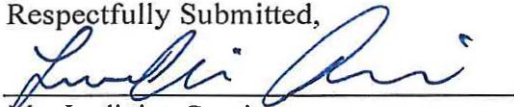
Mr. Gerardo Cavazos, Accounting Supervisor  
Mr. Rigoberto Garcia, Accountant  
Mrs. Nydia Rodriguez, Accountant  
Mr. Jose L. Marines, Payroll Coordinator  
Mrs. Olga Noriega, Purchasing Agent  
Ms. Luz Rodriguez, Accounts Payable Supervisor  
Ms. Maria E. Gonzales, CFO Secretary/Bookkeeper  
Ms. Marcy Rodriguez, Bookkeeper  
Ms. Norma Rodriguez, Bookkeeper

### Federal Programs

Ms. Rebecca Castaneda, Federal Programs Director  
Ms. Nelida Alvarado, Federal Programs Coordinator  
Mr. Ignacio Amezcua, Accountant

We would also like to thank the District's Board of Trustees, for their time, dedication, and support to the students and staff of Donna ISD. A sincere appreciation is also extended to our independent auditors, Raul Hernandez & Company, P.C., for their assistance in the preparation of this report.

Respectfully Submitted,



Ms. Ludivina Cansino,  
Assistant Superintendent for Business & Finance



Mr. Gerardo Cavazos,  
Accounting Supervisor

THIS PAGE LEFT BLANK INTENTIONALLY

# **DONNA INDEPENDENT SCHOOL DISTRICT**

**Donna, Texas**

## **PRINCIPAL OFFICIALS, CONSULTANTS & ADVISORS**

**For the Year Ended August 31, 2018**

### **ELECTED OFFICIALS**

<b>EFREN CENICEROS</b>	<b>PRESIDENT</b>
<b>VALENTIN GUERRERO</b>	<b>VICE-PRESIDENT</b>
<b>ALICIA REYNA</b>	<b>SECRETARY</b>
<b>ELOY AVILA</b>	<b>MEMBER</b>
<b>JOHN BILLMAN</b>	<b>MEMBER</b>
<b>DR. DONNA MERY</b>	<b>MEMBER</b>
<b>EVA C. WATTS</b>	<b>MEMBER</b>

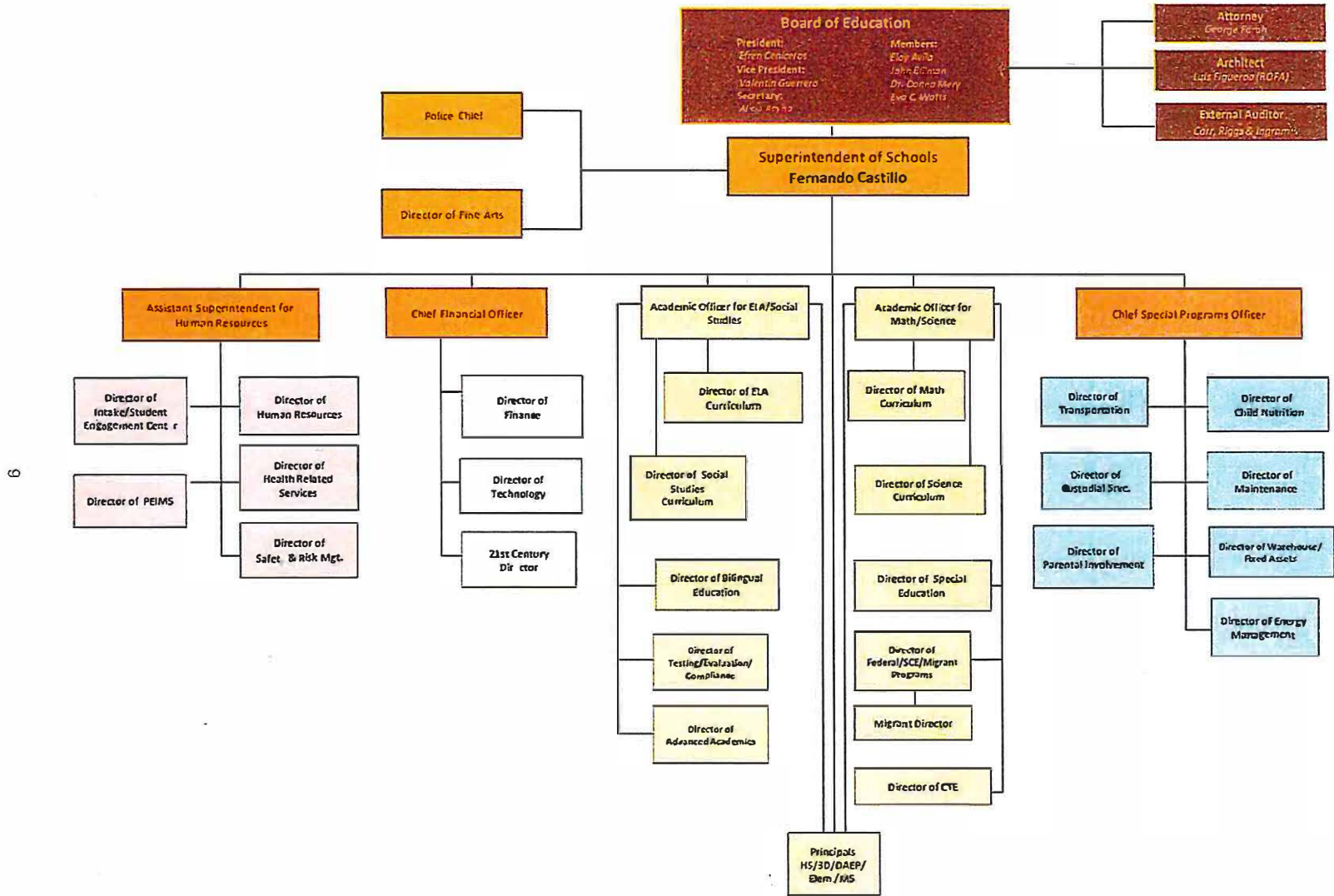
### **CONSULTANTS & ADVISOR**

<b>Financial Advisors</b>	<b>Estrada-Hinojosa &amp; Company, Inc. Dallas and San Antonio, Texas</b>
<b>Bond Counsel</b>	<b>The J. Ramirez Law Firm San Juan, Texas</b>
<b>General Counsel</b>	<b>Guerra &amp; Farah, PLLC McAllen, Texas</b>
<b>Independent Auditors</b>	<b>Raul Hernandez &amp; Company, P.C. Corpus Christi, Texas</b>

THIS PAGE LEFT BLANK INTENTIONALLY

**DONNA INDEPENDENT SCHOOL DISTRICT  
ORGANIZATIONAL CHART  
2017-2018**

Board Approved:  
September 12, 2017



THIS PAGE LEFT BLANK INTENTIONALLY



THIS PAGE LEFT BLANK INTENTIONALLY



# **FINANCIAL SECTION**

THIS PAGE LEFT BLANK INTENTIONALLY

## **Raul Hernandez & Company, P.C.**

Certified Public Accountants  
5402 Holly Rd, Suite 102  
Corpus Christi, Texas 78411  
Office (361)980-0482 Fax (361)980-1002

### **INDEPENDENT AUDITORS' REPORT**

To the Board of Trustees  
Donna Independent School District  
Donna, Texas

#### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Donna Independent School District (the "District") as of and for the year ended August 31, 2018, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

#### ***Management's Responsibility for the Financial Statements***

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

#### ***Auditors' Responsibility***

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

### ***Opinions***

In our 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, each major fund, and the aggregate remaining fund information of the Donna Independent School District as of August 31, 2018, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Emphasis of Matter***

As discussed in Note 1 and Note 16 to the financial statements, the District adopted the provisions of Government Accounting Standards Board (“GASB”) Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions, as of August 31, 2018. Our 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 Schedule of Revenues, Expenditures, and Changes in Fund Balance Budget and Actual – General Fund, the Schedule of District's Proportionate Share of the Net Pension Liability and the Schedule of the District Contributions – Teacher Retirement System of Texas, the Schedule of the District Proportionate Share of the Net OPEB Liability – Teacher Retirement System of Texas, the Schedule of District Contributions to the Teacher Retirement System of Texas OPEB Plan, and the related Notes to Required Supplementary Information 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. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

#### ***Other Information***

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

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

The introductory, combining and individual nonmajor fund financial statements, the TEA required schedules, schedule of expenditures of federal awards and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated December 19, 2018, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

*Raul Hernandez & Company, P.C.*  
Corpus Christi, Texas  
December 19, 2018

THIS PAGE LEFT BLANK INTENTIONALLY



# Donna Independent School District

"Be the Change"

## MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the Donna Independent School District (the "District"), we are providing readers of the District's financial statements this narrative overview and analysis of the District's financial performance for the fiscal year ended August 31, 2018. Please read this discussion in conjunction with the transmittal letter, which can be found at the front of this report, and the District's financial statements, which follow this section.

### FINANCIAL HIGHLIGHTS

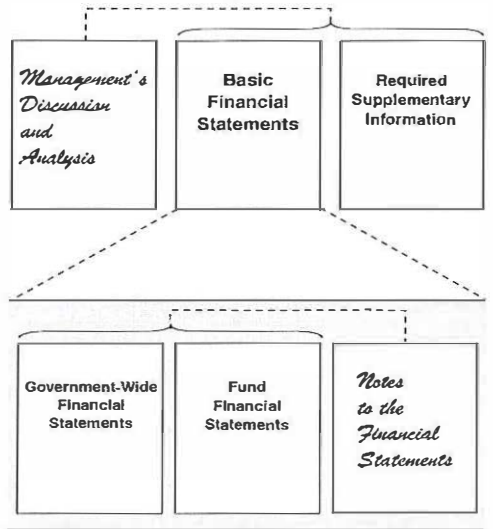
- The District's total combined net position as reflected in the government-wide Statement of Net Position were \$45,182,384 at August 31, 2018.
- The District's Statement of Activities reflects an increase in net position for Governmental Activities in the amount of \$27,922,322. Net position at the end of year reflects a decrease of \$83,099,003; this is a result of prior period adjustments in the amount of \$111,021,324. See note 21 for further explanation on the prior period adjustments.
- The General Fund reported a fund balance in the governmental funds financial statement this year of \$49,121,037. Approximately 89% of this total amount, \$44,055,423 is available for spending at the District's discretion (unassigned fund balance).
- As of the close of the fiscal year, the District governmental funds reported combined ending fund balances of \$59,209,589, a decrease of \$475,401 in comparison with the prior year.

## OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

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



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

Figure A-2 summarizes the major features of the District’s financial statements, including the portion of the District’s government they cover and the types of information they contain. The remainder of this overview section of management’s discussion and analysis explains the structure and contents of each of the statements.



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

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

### Government-wide Statements

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

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

- Over time, increases or decreases in the District's net position are an indicator of whether its financial health is improving or deteriorating, respectively.
- To assess the overall health of the District, one needs to consider additional non-financial factors such as changes in the District's tax base.

The government-wide financial statements of the District include the *Governmental activities*. Most of the District's basic services are included here, such as instruction, curriculum and staff development, school district administrative support services and general administration. Grants and charges for services finance most of these activities.

## Fund Financial Statements

The fund financial statements provide more detailed information about the District's most significant *funds*—not the District as a whole. Funds are accounting devices that the District uses to keep track of specific sources of funding and spending for particular purposes.

- Some funds are required by State law.
- The Board of Trustees establishes other funds to control and manage money for particular purposes or to show that it is properly using certain grants and local sources.

The District's funds are divided into four (4) categories as follows:

- *Governmental funds*—Most of the District's basic services are included in governmental funds, which focus on (1) how *cash and other financial assets* that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental fund statements provide a detailed *short-term* view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. Because this information does not encompass the additional long-term focus of the government-wide statements, we provide additional information at the bottom of the governmental funds statement, or on the subsequent page, that explain the relationship (or differences) between them.
- *Proprietary funds*—Services for which the District charges customers a fee are generally reported in proprietary funds. Proprietary funds, like the government-wide statements, provide both long-term and short-term financial information.
- *Internal service funds* are used to report revenues and expenses related to services provided to organizations inside the District on a cost reimbursement basis.
- *Fiduciary funds*—The District is the trustee, or *fiduciary*, for certain funds. It is also responsible for other assets that—because of a trust arrangement—can be used only for the trust beneficiaries. The District is responsible for ensuring that the assets reported in these funds are used for their intended purposes. The District's other fiduciary funds are agency funds used to account for resources held for the benefit of students. The agency funds are the student activity funds. All of the District's fiduciary activities are reported in a separate statement of fiduciary net position and a statement of changes in fiduciary net position. We exclude these activities from the District's government-wide financial statements because the District cannot use these assets to finance its operations.

## Notes to the Financial Statements

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

## Other Information

In addition to the basic financial statements and accompanying notes, this report also presents certain Required Supplementary Information concerning budget to actual presentations for the General Fund in accordance with State Board of Education rules. In addition, budget to actual presentations for the Food Service Fund and the Debt Service Fund are included in the TEA Required Schedules section.

The combining statements referred to earlier in connection with Nonmajor governmental funds are presented immediately following the Required Supplementary Information.

## FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

Net position may serve over time as a useful indicator of a government's financial position. The District's combined net position were \$45,182,384 at August 31, 2018 (See Table A-1); of which, unrestricted net position (those net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation, or other legal requirements) equaled (\$61,498,704) or about (136.1)% of net position. The government-wide decrease in net position was \$83,099,003 attributed to prior period adjustments.

**TABLE A-1**

DONNA INDEPENDENT SCHOOL DISTRICT  
GOVERNMENTAL ACTIVITIES  
NET POSITION

	FY 2018	FY 2017	Change
Current Assets and Other Assets	\$ 83,267,036	\$ 75,508,860	\$ 7,758,176
Capital Assets	174,328,997	179,714,014	(5,385,017)
Total Assets	257,596,033	255,222,874	2,373,159
Deferred Charge for Refunding	158,686	438,029	(279,343)
Deferred Outflow Related to TRS OPEB	914,832	-	914,832
Deferred Outflow Related to TRS Pension	9,602,296	13,665,056	(4,062,760)
Total Deferred Outflows of Resources	10,675,814	14,103,085	(3,427,271)
Current Liabilities	20,075,420	11,831,977	8,243,443
Long-Term Liabilities	172,686,034	126,774,374	45,911,660
	192,761,454	138,606,351	54,155,103
Deferred Inflows of Resources			
Deferred Resource Inflow Related To TRS OPEB	24,918,632	-	24,918,632
Deferred Resource Inflow Related to TRS Pension	5,409,378	2,438,221	2,971,157
Total Deferred Inflows of Resources	30,328,010	2,438,221	27,889,789
Net Position:			
Net Investment in Capital Assets	92,021,898	94,224,776	(2,202,878)
Restricted for Federal and State Program	4,619,463	4,450,207	169,256
Restricted for Debt Service	5,809,616	7,033,157	(1,223,541)
Restricted for Capital Projects	4,230,111	-	4,230,111
Unrestricted	(61,498,704)	22,573,247	(84,071,951)
Total Net Position	\$ 45,182,384	\$ 128,281,387	\$ (83,099,003)

Approximately 89.6% of the District's largest liability is for the repayment of general obligation bonds. Other liabilities, representing about 10.5% of the District's total liabilities, consist primarily of payables on accounts and salaries.

The largest portion of the District's net position \$92,021,898 reflects its investment in capital assets (e.g., land, buildings, and equipment) less any related debt used to acquire those assets that are still outstanding. The District uses these capital assets to provide services to students; consequently, these assets are not available for future spending. Although the District's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources (generally property taxes and state aid), since the capital assets themselves cannot be used to liquidate these liabilities.

The smallest portion of the District's net position \$14,659,190 represents resources that are subject to external restrictions on how they may be used. Restricted net position increased by \$3,175,826 during the year ended August 31, 2018. The remaining balance of unrestricted net position, (\$61,498,704), may be used to meet the District's ongoing obligations to students, employees, and creditors and to honor next year's budget.

The District's current assets of \$83,267,036 were sufficient to cover current liabilities of \$20,075,542. This represents a current ratio of \$4.15, which means that for every dollar the District owes there is \$4.15 available in current assets.

### **Governmental Activities**

Governmental activities decreased the District's total net position by \$83,099,003 accounting for a 64.7 % decrease in net position for the District attributed to prior period adjustments.

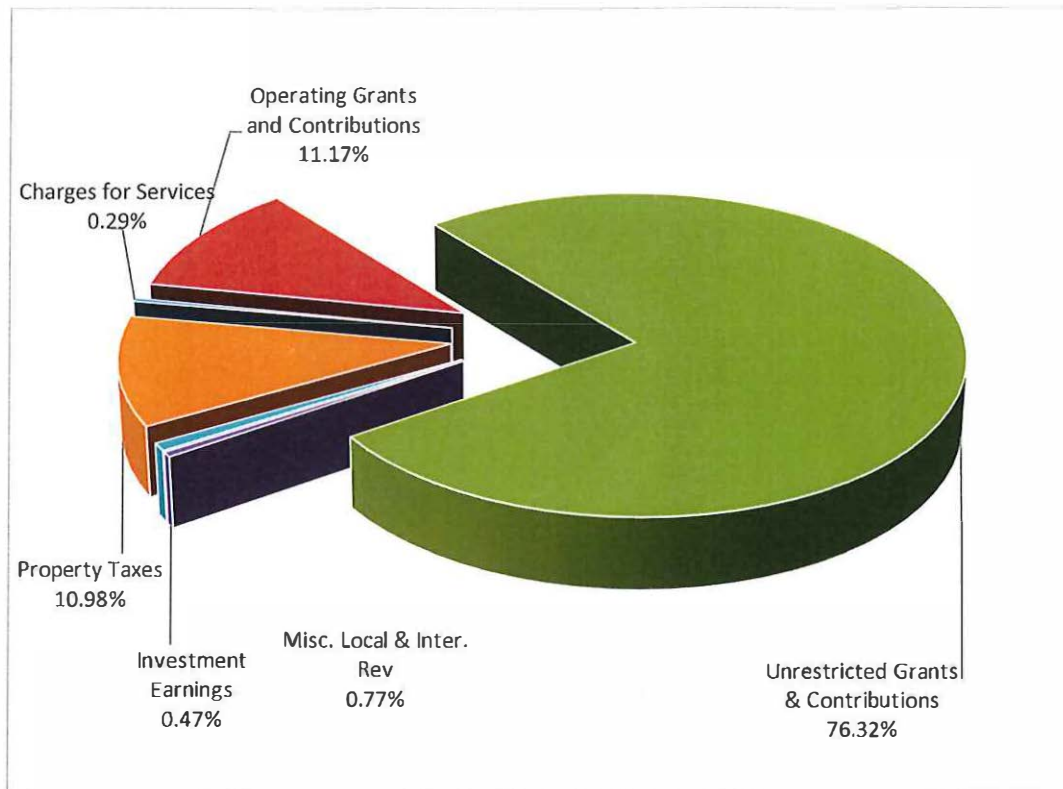
**T ABLE A-2**  
**DONNA INDEPENDENT SCHOOL DISTRICT**  
**GOVERNMENTAL ACTIVITIES**  
**CHANGES IN NET POSITION**

	FY 2018	FY 2017
Program Revenues:		
Charges for Services	\$ 464,977	\$ 404,397
Operating Grants and Contributions	17,959,396	41,273,927
 General Revenues:		
Unrestricted Grants & Contribution*	122,726,551	131,191,136
Investment Earnings	755,633	356,753
Misc. Local & Inter. Rev	1,242,309	205,855
Property Taxes	17,650,305	15,130,709
Total Program and General Revenues	<u>160,799,171</u>	<u>188,562,777</u>
 Expenses		
Instruction	66,199,817	100,279,869
Instructional Resources and Media Services	1,687,837	2,692,165
Curriculum Dev. And Instrustional Staff Dev.	3,531,680	3,366,957
Instructional Leadership	1,887,763	3,206,101
School Leadership	5,069,773	7,775,839
Guidance, Counseling and Evaluation Services	4,050,082	6,389,294
Social Work Services	781,300	1,100,464
Health Services	1,494,297	2,539,540
Student (Pupil) Transportation	4,946,089	6,306,057
Food Services	11,714,865	12,503,742
Curricular/Extracurricular Activities	4,910,982	6,841,449
General Administration	5,353,024	6,116,071
Facilities Maintenance & Operations	12,695,346	15,666,704
Security & Monitoring Services	1,928,873	3,096,049
Data Processing Services	2,300,398	3,172,912
Community Services	738,531	1,430,301
Debt Service - Interest on Long-Term Debt	3,323,079	1,561,959
Debt Service - Bond Issuance Cost and Fees	4,250	186,248
Payments to Juvenile Justice Alternative Ed Prg.	12,040	-
Other Intergovernmental Charges	246,823	9,976
Total Deferred Inflows of Resources	<u>132,876,849</u>	<u>184,241,697</u>
 Increase (Decrease) In Net Position	<u>27,922,322</u>	<u>4,321,080</u>
 Net Position at Beginning of Yeae	128,281,387	165,150,796
Prior Period Adjustment	<u>(111,021,324)</u>	<u>(41,190,489)</u>
Net Position at Beginning of Year, as Restated	<u>17,260,062</u>	<u>123,960,307</u>
Net Position Ending	<u>45,182,384</u>	<u>128,281,387</u>

\*State Aid-Formula Grants are included in Unrestricted Grants & Contributions

The following chart highlights the District's revenues by funding source for the governmental activities. As depicted in the chart, Grants and Contributions not Restricted, which consists primarily of State Aid, comprises 76.32% of the total.

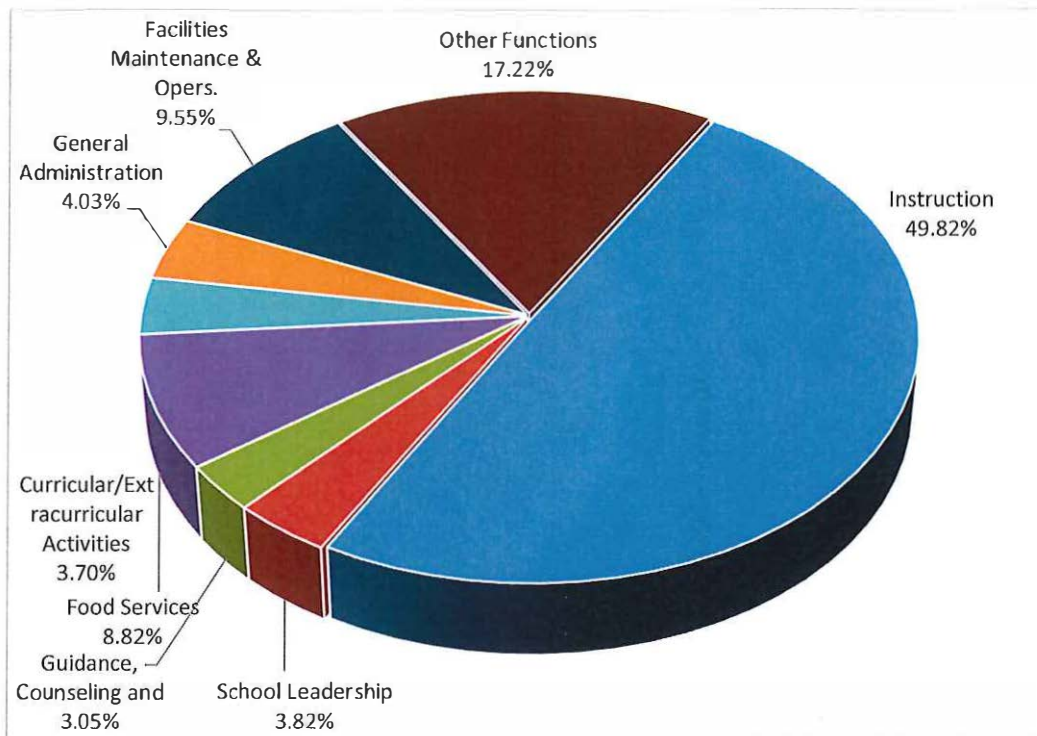
**Figure A-3 District's Total Revenues**



Total revenues were \$160,799,171. Revenues for the District's governmental activities decreased \$27,763,606 or 14.7% compared to prior year. The decrease was primarily due to a decrease in Program Revenues.

The next chart presents the cost of each of the District's largest functions. Of the total expenses, instructional services represent the largest dollar expense \$66,199,817 or 49.6% followed by facilities maintenance & operations at \$12,695,346 or 9.5%.

**Figure A-4 District's Functional Expenses**



Total expenses were \$132,876,849. Total expenses decreased by \$51,364,848 or 27.9%, the decrease in expenses is primarily attributed to savings in the facilities maintenance and operations area due to lower utility cost and contracted services and staffing expenses.

### **Governmental Funds**

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

As of the end of the fiscal year, the District's governmental funds reported combined ending fund balances of \$59,209,589 a decrease of \$475,401 in comparison with the prior year. Approximately 74.4% or \$44,055,122 of this total amount constitutes unassigned fund balance, which is available for spending at the district's discretion. The remainder of fund balance is restricted to indicate that it is not available for new spending because it has already been assigned: 1) Federal or State Funds Grant Restriction \$4,619,463, 2) for Retirement of Long-Term Debt \$5,809,616, 3) for Capital Projects \$4,230,111.

*General Fund.* The General Fund is the chief operating fund of the District. At the end of the current fiscal year, unassigned fund balance of the General fund was \$44,055,423 while total fund balance reached \$49,121,037. As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 28.5% of total general fund expenditures, while total fund balance represents 31.8% of total general fund expenditures.

The District's unassigned fund balance is the equivalent of 105.55 days of expenditures. This fund balance is adequate to minimize the likelihood of the District entering the short-term debt market to pay for current operating expenditures. The District will be using the increase in the fund balance to maintain the monthly minimum expenditures required by the Texas Education Agency.

*Debt Service Fund.* The Debt Service Fund ended with a total combined fund balance of \$5,809,616.

### District's Analysis of Debt Service Fund

<b>Debt Service Fund (599)</b>			
	FY 2018	FY 2017	Change
Revenues			
Property Taxes	\$ 1,329,762	\$ 1,149,907	\$ 179,855
State Program Revenues	6,270,599	6,156,533	114,066
Total Revenues	7,600,361	7,306,440	293,921
Expenditures by Function			
Principal Long Term Debt	5,639,999	5,814,998	(174,999)
Interest on Long Term Debt	3,045,794	2,943,637	102,157
Other Fees	4,250	186,248	(181,998)
Total Expenditures	8,690,043	8,944,883	(254,840)
Other Financing Sources/(Uses)	-	177,237	(177,237)
	-	177,237	(177,237)
Net Change in Fund Balance	(1,089,682)	(1,461,206)	371,524
Fund Balance, Beginning	6,899,298	8,371,761	(1,472,463)
Prior Period Adjustment	-	(11,256)	11,256
Fund Balance, Ending	\$ 5,809,616	\$ 6,899,299	\$ (1,089,683)



*Child Nutrition Fund.* The Child Nutrition Fund as part of the General Fund has a total fund balance of \$4,640,898. The net increase in fund balance during the year was \$651,846.

### District's Analysis of Child Nutrition Fund

	Child Nutrition Fund (101)		
	FY 2018	FY 2017	Change
Revenues			
Local Sources	\$ 237,618	\$ 241,804	\$ (4,186)
State Program Revenues	59,284	77,537	(18,253)
Federal Program Revenues	11,803,033	12,357,442	(554,409)
Total Revenues	12,099,935	12,676,783	(576,848)
Expenditures by Function			
Food Service	11,448,089	11,441,532	6,557
Total Expenditures	11,448,089	11,441,532	6,557
Net Change in Fund Balance	651,846	1,235,251	(583,405)
Fund Balance, Beginning	3,989,052	2,753,801	1,235,251
Fund Balance, Ending	\$ 4,640,898	\$ 3,989,052	\$ 651,846

### Business-Type Activities

The District did not have any business type of activities.

### FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

Revenues from governmental fund types totaled \$160,799,171 a decrease of 14.7% over the preceding year. The decrease is a result of decreased Operating Grants and Contributions.

### General Fund Budgetary Highlights

The FY 2018 budget was developed by balancing the challenge of student/staff ratios while maintaining the same property tax rate. The most significant fund for the District is the General Fund, funded primarily through state aid and property tax revenue. Over the course of the year, the District revised its budget several times.

The general fund budget was amended ten (10) times. The original appropriation was decreased by \$8,283,253 as of the final amended budget. This decrease was due to:

- A decrease in end of year projected expenditures for On-Behalf Payments of \$5,139,499
- A decrease of \$4,500,000 for Capital Projects
- An increase of \$5,864 for UIL competition revenue
- An increase of \$1,350,382 for Fresh Fruit and Vegetable Program and rollover budgets for Career and Technology Program and Gifted and Talented Program.

### **CAPITAL ASSETS AND DEBT ADMINISTRATION**

The Capital Projects Fund is used to account for the costs incurred in acquiring and improving sites, constructing and remodeling facilities, and procuring equipment necessary for providing educational programs for all students in the District. At the end of 2018, the District had invested \$174,328,997 in a broad range of capital assets, including land, equipment, buildings, and vehicles. (See Table A-3.) This amount represents a decrease of \$5,385,017 or 3% compared to last year. For readers interested in more detailed information please refer to the notes to the financials.

**TABLE A-3**

**DONNA INDEPENDENT SCHOOL DISTRICT  
GOVERNMENTAL ACTIVITIES  
SCHEDULE OF CAPITAL ASSETS**

Capital Assets	FY 2018	FY 2017	Change
Land	\$ 7,078,411	\$ 7,078,411	\$ -
Construction in Progress	569,889	-	569,889
Building and Improvements	230,593,067	230,118,412	474,655
Furniture & Equipment	34,647,616	32,978,007	1,044,544
Capital Leases	2,739,448	2,635,014	2,089,088
Totals at Historical Cost	<u>275,628,430</u>	<u>272,809,844</u>	2,818,586
Less Accumulated Depreciation	<u>(101,299,433)</u>	<u>(93,095,830)</u>	(8,203,603)
Net Capital Assets	<u>\$ 174,328,997</u>	<u>\$ 179,714,014</u>	<u>\$ (5,385,017)</u>

### **LONG TERM DEBT**

At year-end, the District has \$172,686,034 in bonds, notes, accreted interest, capital leases, compensated absences, net pension liability, and net OPEB liability outstanding as shown in Table A-4. More detailed information about the District's debt is presented in the notes to the financial statements.

**TABLE A-4**

**DONNA INDEPENDENT SCHOOL DISTRICT  
GOVERNMENTAL ACTIVITIES  
SCHEDULE OF LONG-TERM DEBT**

Governmental Activities:	FY 2018	FY 2017	Change
Bonds Payable	\$ 71,615,000	\$ 77,265,000	\$ (5,650,000)
Unamortized Bond Premium	2,974,803	3,355,121	(380,318)
Note Payable	6,623,397	7,354,761	(731,364)
Accreted Interest	206,667	396,276	(189,609)
Capital Lease Payable	727,772	1,317,507	(589,735)
Compensated Absences	318,147	297,378	20,769
Net Pension	30,649,319	36,788,331	(6,139,012)
Net OPEB	59,570,930	-	59,570,930
Totals	172,686,034	126,774,374	45,911,660

**Bond Ratings:** The District's bonds carry "AAA" rating with underlying ratings as follows: Moody's Investor Services "A2" and Standard & Poor's "A/Stable".

**ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES**

The District's board members considered many factors when setting the fiscal year 2018-19 budget and tax rates. Some of these factors were the district needs, the campus needs, appraised values, and the Donna economy. The following factors are highlights of the budget:

- Student enrollment is projected to decrease in fiscal year 2018-2019. The District's 2018-19 student enrollment is projected to be 14,400 which reflects a 3% decrease.
- Any decreases in revenue will be attributed to the changes in student enrollment and property values.
- The total budgeted tax rate is \$1.2582 which is composed of \$1.17 compressed rate for maintenance and operations and \$.0882 for the payment of principal and interest on bonds.
- The taxable value amount of \$1,457,278,404 was used for the 2018-2019 budget preparation an increase of 2.0% over the previous year's \$1,429,157,741.

These indicators were taken into account when adopting the general fund budget for 2019. Amounts available for appropriation in the general fund budget are \$159,143,976, a decrease of 2.0% compared to the 2018 final budget of \$162,416,582.

## **CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT DEPARTMENT**

This comprehensive financial report is designed to provide our citizens, customers, investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. Questions concerning any of the information provided in this report or requests for additional information should be addressed to Ms. Ludivina Cansino, Assistant Superintendent of Business and Finance, Business & Finance Office, Donna I.S.D., 116 North 10<sup>th</sup> Street, Donna, Texas 78537 or by calling (956) 464-1620.

# **BASIC FINANCIAL STATEMENTS**

THIS PAGE LEFT BLANK INTENTIONALLY

DONNA INDEPENDENT SCHOOL DISTRICT  
STATEMENT OF NET POSITION  
AUGUST 31, 2018

EXHIBIT A-1

Data Control Codes	Primary Government
	Governmental Activities
<b>ASSETS</b>	
1110 Cash and Cash Equivalents	\$ 23,334,788
1120 Current Investments	45,914,344
1210 Property Taxes - Current	4,379,093
1230 Allowance for Uncollectible Taxes	(1,358,830)
1240 Due from Other Governments	10,478,862
1250 Accrued Interest	6,291
1290 Other Receivables, Net	17,210
1300 Inventories	495,277
Capital Assets:	
1510 Land	7,078,411
1520 Buildings, Net	160,100,815
1530 Furniture and Equipment, Net	5,486,248
1550 Leased Property Under Capital Leases, Net	1,093,635
1580 Construction in Progress	569,888
1000 Total Assets	257,596,033
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	
1701 Deferred Charge for Refunding	158,686
1703 Deferred Outflow Related to TRS OPEB	914,832
1705 Deferred Outflow Related to TRS Pension	9,602,296
1700 Total Deferred Outflows of Resources	10,675,814
<b>LIABILITIES</b>	
2110 Accounts Payable	10,654,761
2140 Interest Payable	699,930
2150 Payroll Deductions and Withholdings	352,670
2160 Accrued Wages Payable	4,757,214
2177 Due to Fiduciary Funds	87
2180 Due to Other Governments	1,625,114
2200 Accrued Expenses	1,591,112
2300 Unearned Revenue	370,437
2400 Payable from Restricted Assets	24,094
Noncurrent Liabilities:	
2501 Due Within One Year	5,089,450
2502 Due in More Than One Year	77,376,335
2540 Net Pension Liability (District's Share)	30,649,319
2545 Net OPEB Liability (District's Share)	59,570,930
2000 Total Liabilities	192,761,454
<b>DEFERRED INFLOWS OF RESOURCES</b>	
2603 Deferred Resource Inflow Related to TRS OPEB	24,918,632
2605 Deferred Resource Inflow Related to TRS Pension	5,409,378
2600 Total Deferred Inflows of Resources	30,328,010
<b>NET POSITION</b>	
3200 Net Investment in Capital Assets	92,021,898
3820 Restricted for Federal and State Programs	4,619,463
3850 Restricted for Debt Service	5,809,616
3860 Restricted for Capital Projects	4,230,111
3900 Unrestricted	(61,498,704)
3000 Total Net Position	\$ 45,182,384

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

THIS PAGE LEFT BLANK INTENTIONALLY



DONNA INDEPENDENT SCHOOL DISTRICT  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED AUGUST 31, 2018

EXHIBIT B-1

Data Control Codes	Program Revenues			Net (Expense) Revenue and Changes in Net Position
	1	3	4	6
	Expenses	Charges for Services	Operating Grants and Contributions	Primary Gov. Governmental Activities
<b>Primary Government:</b>				
<b>GOVERNMENTAL ACTIVITIES:</b>				
11 Instruction	\$ 66,199,817	\$ 71,270	\$ 8,777,094	\$ (57,351,453)
12 Instructional Resources and Media Services	1,687,837	-	421,946	(1,265,891)
13 Curriculum and Instructional Staff Development	3,531,680	-	1,967,346	(1,564,334)
21 Instructional Leadership	1,887,763	-	578,948	(1,308,815)
23 School Leadership	5,069,773	-	(780,003)	(5,849,776)
31 Guidance, Counseling and Evaluation Services	4,050,082	-	(163,688)	(4,213,770)
32 Social Work Services	781,300	-	42,625	(738,675)
33 Health Services	1,494,297	-	321,532	(1,172,765)
34 Student (Pupil) Transportation	4,946,089	-	(898,586)	(5,844,675)
35 Food Services	11,714,865	237,415	11,862,317	384,867
36 Extracurricular Activities	4,910,982	156,292	(912,011)	(5,666,701)
41 General Administration	5,353,024	-	(858,763)	(6,211,787)
51 Facilities Maintenance and Operations	12,695,346	-	(2,387,982)	(15,083,328)
52 Security and Monitoring Services	1,928,873	-	(401,690)	(2,330,563)
53 Data Processing Services	2,300,398	-	(531,474)	(2,831,872)
61 Community Services	738,531	-	921,785	183,254
72 Debt Service - Interest on Long-Term Debt	3,323,079	-	-	(3,323,079)
73 Debt Service - Bond Issuance Cost and Fees	4,250	-	-	(4,250)
81 Capital Outlay	-	-	-	-
95 Payments to Juvenile Justice Alternative Ed. Prg.	12,040	-	-	(12,040)
99 Other Intergovernmental Charges	246,823	-	-	(246,823)
<b>[TP] TOTAL PRIMARY GOVERNMENT:</b>	<b>\$ 132,876,849</b>	<b>\$ 464,977</b>	<b>\$ 17,959,396</b>	<b>(114,452,476)</b>

Data Control Codes	General Revenues:		
	Taxes:		
MT	Property Taxes, Levied for General Purposes		16,464,842
DT	Property Taxes, Levied for Debt Service		1,185,463
SF	State Aid - Formula Grants		122,162,181
GC	Grants and Contributions not Restricted		564,370
IE	Investment Earnings		755,633
MI	Miscellaneous Local and Intermediate Revenue		1,242,309
TR	<b>Total General Revenues</b>		<b>142,374,798</b>
CN	Change in Net Position		27,922,322
NB	Net Position - Beginning		128,281,386
PA	Prior Period Adjustment		(111,021,324)
NE	<b>Net Position--Ending</b>		<b>\$ 45,182,384</b>

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

DONNA INDEPENDENT SCHOOL DISTRICT  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
AUGUST 31, 2018

Data Control Codes	10 General Fund	ESEA I, A Improving Basic Program	Debt Service Fund
<b>ASSETS</b>			
1110 Cash and Cash Equivalents	\$ 16,938,237	\$ -	\$ 36,861
1120 Investments - Current	44,090,654	-	1,400,138
1210 Property Taxes - Current	3,833,878	-	545,215
1230 Allowance for Uncollectible Taxes	(1,246,536)	-	(112,294)
1240 Due from Other Governments	4,275,696	2,961,826	177,841
1250 Accrued Interest	6,291	-	-
1260 Due from Other Funds	2,112,175	-	4,196,171
1290 Other Receivables	17,210	-	-
1300 Inventories	495,277	-	-
1000 Total Assets	<u>\$ 70,522,882</u>	<u>\$ 2,961,826</u>	<u>\$ 6,243,932</u>
<b>LIABILITIES</b>			
2110 Accounts Payable	\$ 3,470,542	\$ 2,769,984	\$ -
2150 Payroll Deductions and Withholdings Payable	352,670	-	-
2160 Accrued Wages Payable	4,330,316	191,842	-
2170 Due to Other Funds	9,046,129	-	1,396
2180 Due to Other Governments	1,590,752	-	-
2300 Unearned Revenue	-	-	-
2400 Payable from Restricted Assets	24,094	-	-
2000 Total Liabilities	<u>18,814,503</u>	<u>2,961,826</u>	<u>1,396</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
2601 Unavailable Revenue - Property Taxes	2,587,342	-	432,920
2600 Total Deferred Inflows of Resources	<u>2,587,342</u>	<u>-</u>	<u>432,920</u>
<b>FUND BALANCES</b>			
Nonspendable Fund Balance:			
3410 Inventories	495,277	-	-
Restricted Fund Balance:			
3450 Federal or State Funds Grant Restriction	4,570,337	-	-
3470 Capital Acquisition and Contractual Obligation	-	-	-
3480 Retirement of Long-Term Debt	-	-	5,809,616
3600 Unassigned Fund Balance	44,055,423	-	-
3000 Total Fund Balances	<u>49,121,037</u>	<u>-</u>	<u>5,809,616</u>
4000 Total Liabilities, Deferred Inflows & Fund Balances	<u>\$ 70,522,882</u>	<u>\$ 2,961,826</u>	<u>\$ 6,243,932</u>

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

Other Funds	Total Governmental Funds
\$ 4,726,963	\$ 21,702,061
-	45,490,792
-	4,379,093
-	(1,358,830)
3,063,499	10,478,862
-	6,291
-	6,308,346
-	17,210
-	495,277
<u>\$ 7,790,462</u>	<u>\$ 87,519,102</u>
\$ 2,871,671	\$ 9,112,197
-	352,670
235,056	4,757,214
-	9,047,525
34,362	1,625,114
370,437	370,437
-	24,094
<u>3,511,526</u>	<u>25,289,251</u>
-	3,020,262
-	3,020,262
-	495,277
49,126	4,619,463
4,230,111	4,230,111
-	5,809,616
(301)	44,055,122
<u>4,278,936</u>	<u>59,209,589</u>
<u>\$ 7,790,462</u>	<u>\$ 87,519,102</u>

THIS PAGE LEFT BLANK INTENTIONALLY

DONNA INDEPENDENT SCHOOL DISTRICT  
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE  
STATEMENT OF NET POSITION  
AUGUST 31, 2018

EXHIBIT C-2

<b>Total Fund Balances - Governmental Funds</b>	\$	59,209,589
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.		1,661,695
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 \$272,809,844 and the accumulated depreciation was (\$93,095,831). 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. Note: Beginning Balances related to TRS are NOT included in this amount.		89,587,319
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 2018 capital outlays and debt principal payments is to decrease net position.		(4,384,327)
4 Included in the items related to debt is the recognition of the District's proportionate share of the net position liability required by GASB 68. The net position related to TRS included a deferred resource outflow in the amount of \$9,602,296, a deferred resource inflow in the amount of \$5,409,378, and a net pension liability in the amount of \$30,649,319. This resulted in an increase (decrease) in net position.		(26,456,401)
5 Included in the items related to debt is the recognition of the District's proportionate share of the net OPEB liability required by GASB 75. The net position related to TRS included a deferred resource outflow in the amount of \$914,832, a deferred resource inflow in the amount of \$24,918,632, and a net OPEB liability in the amount of \$59,570,930. This resulted in an increase (decrease) in net position.		(83,574,730)
6 The 2018 depreciation expense increases accumulated depreciation. The net effect of the current year's depreciation is to decrease net position.		(8,203,602)
7 Various other reclassifications and eliminations are necessary to convert from the modified accrual basis of accounting to accrual basis of accounting. These include recognizing unavailable revenue from property taxes as revenue, reclassifying the proceeds of bond sales as an increase in bonds payable, and recognizing the liabilities associated with maturing long-term debt and interest. The net effect of these reclassifications and recognitions is to increase net position.		17,342,841
<b>19 Net Position of Governmental Activities</b>	<b>\$</b>	<b>45,182,384</b>

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

DONNA INDEPENDENT SCHOOL DISTRICT  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED AUGUST 31, 2018

Data Control Codes	10 General Fund	ESEA I, A Improving Basic Program	Debt Service Fund
<b>REVENUES:</b>			
5700 Total Local and Intermediate Sources	\$ 18,671,030	\$ -	\$ 1,329,762
5800 State Program Revenues	129,641,544	-	6,270,599
5900 Federal Program Revenues	16,185,892	8,721,102	-
5020 Total Revenues	<u>164,498,466</u>	<u>8,721,102</u>	<u>7,600,361</u>
<b>EXPENDITURES:</b>			
<b>Current:</b>			
0011 Instruction	81,423,664	4,279,723	-
0012 Instructional Resources and Media Services	1,629,134	696,545	-
0013 Curriculum and Instructional Staff Development	2,328,634	1,723,276	-
0021 Instructional Leadership	1,774,720	320,032	-
0023 School Leadership	7,153,748	220,272	-
0031 Guidance, Counseling and Evaluation Services	5,401,292	162,546	-
0032 Social Work Services	862,676	21,632	-
0033 Health Services	1,685,135	604,851	-
0034 Student (Pupil) Transportation	5,824,309	-	-
0035 Food Services	11,448,089	-	-
0036 Extracurricular Activities	6,330,700	-	-
0041 General Administration	4,660,012	-	-
0051 Facilities Maintenance and Operations	16,942,366	1,596	-
0052 Security and Monitoring Services	2,569,381	-	-
0053 Data Processing Services	2,124,076	-	-
0061 Community Services	179,025	690,629	-
<b>Debt Service:</b>			
0071 Principal on Long-Term Debt	1,425,533	-	5,639,999
0072 Interest on Long-Term Debt	204,575	-	3,045,794
0073 Bond Issuance Cost and Fees	-	-	4,250
<b>Capital Outlay:</b>			
0081 Facilities Acquisition and Construction	368,134	-	-
<b>Intergovernmental:</b>			
0095 Payments to Juvenile Justice Alternative Ed. Prg.	12,040	-	-
0099 Other Intergovernmental Charges	246,823	-	-
6030 Total Expenditures	<u>154,594,066</u>	<u>8,721,102</u>	<u>8,690,043</u>
1100 Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>9,904,400</u>	<u>-</u>	<u>(1,089,682)</u>
<b>OTHER FINANCING SOURCES (USES):</b>			
7913 Capital Leases	104,434	-	-
7915 Transfers In	509,994	-	-
8911 Transfers Out (Use)	(9,141,247)	-	-
7080 Total Other Financing Sources (Uses)	<u>(8,526,819)</u>	<u>-</u>	<u>-</u>
1200 Net Change in Fund Balances	1,377,581	-	(1,089,682)
0100 Fund Balance - September 1 (Beginning)	52,308,054	-	6,899,298
1300 Increase (Decrease) in Fund Balance	(4,564,598)	-	-
3000 Fund Balance - August 31 (Ending)	<u>\$ 49,121,037</u>	<u>\$ -</u>	<u>\$ 5,809,616</u>

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

Other Funds	Total Governmental Funds
\$ -	\$ 20,000,792
233,438	136,145,581
8,968,176	33,875,170
9,201,614	190,021,543
6,880,054	92,583,441
-	2,325,679
574,562	4,626,472
574,520	2,669,272
102,372	7,476,392
539,102	6,102,940
151,897	1,036,205
-	2,289,986
-	5,824,309
-	11,448,089
-	6,330,700
-	4,660,012
7,383	16,951,345
8,061	2,577,442
-	2,124,076
282,482	1,152,136
-	7,065,532
-	3,250,369
-	4,250
569,889	938,023
-	12,040
-	246,823
9,690,322	181,695,533
(488,708)	8,326,010
-	104,434
4,800,000	5,309,994
(509,994)	(9,651,241)
4,290,006	(4,236,813)
3,801,298	4,089,197
477,638	59,684,990
-	(4,564,598)
\$ 4,278,936	\$ 59,209,589

DONNA 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, 2018

EXHIBIT C-4

<b>Total Net Change in Fund Balances - Governmental Funds</b>	\$	4,089,197
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.		2,256,570
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 2018 capital outlays and debt principal payments is to decrease net position.		(4,384,327)
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.		(8,203,602)
Various other reclassifications and eliminations are necessary to convert from the modified accrual basis of accounting to accrual basis of accounting. These include recognizing unavailable revenue from property taxes as revenue, adjusting current year revenue to show the revenue earned from the current year's tax levy, reclassifying the proceeds of bond sales, and recognizing the liabilities associated with maturing long-term debt and interest. The net effect of these reclassifications and recognitions is to decrease net position.		14,176,852
GASB 68 required that certain plan expenditures be de-expended and recorded as deferred resource outflows. These contributions made after the measurement date of the plan caused the change in ending net position to increase by \$3,212,214. Contributions made before the measurement date and during the previous fiscal year were also expended and recorded as a reduction in net pension liability. This caused a decrease in net position totaling \$3,141,617. Finally, the proportionate share of the TRS pension expense on the plan as a whole had to be recorded. The net pension expense decreased the change in net position by \$965,502. The net result in an increase (decrease) in the change in net position.		(894,905)
GASB 75 required that certain plan expenditures be de-expended and recorded as deferred resource outflows. These contributions made after the measurement date of the plan caused the change in ending net position to increase by \$905,509. Contributions made before the measurement date and during the previous fiscal year were also expended and recorded as a reduction in net pension liability. This caused a decrease in net position totaling \$712,202. Finally, the proportionate share of the TRS pension expense on the plan as a whole had to be recorded. The net pension expense decreased the change in net position by (\$20,689,230). The net result is an increase (decrease) in the change in net position.		20,882,537
<b>Change in Net Position of Governmental Activities</b>	<b>\$</b>	<b><u>27,922,322</u></b>

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



DONNA INDEPENDENT SCHOOL DISTRICT  
STATEMENT OF NET POSITION  
PROPRIETARY FUNDS  
AUGUST 31, 2018

	Governmental Activities -
	Total Internal Service Funds
<b>ASSETS</b>	
Current Assets:	
Cash and Cash Equivalents	\$ 1,632,727
Investments - Current	423,552
Due from Other Funds	2,812,712
Total Assets	4,868,991
<b>LIABILITIES</b>	
Current Liabilities:	
Accounts Payable	1,542,564
Due to Other Funds	73,620
Accrued Expenses	1,591,112
Total Liabilities	3,207,296
<b>NET POSITION</b>	
Unrestricted Net Position	1,661,695
Total Net Position	\$ 1,661,695

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

DONNA INDEPENDENT SCHOOL DISTRICT  
 STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION  
 PROPRIETARY FUNDS  
 FOR THE YEAR ENDED AUGUST 31, 2018

	Governmental Activities -
	Total Internal Service Funds
<b>OPERATING REVENUES:</b>	
Local and Intermediate Sources	\$ 18,755,281
Total Operating Revenues	18,755,281
<b>OPERATING EXPENSES:</b>	
Professional and Contracted Services	764,998
Other Operating Costs	20,074,960
Total Operating Expenses	20,839,958
Income Before Transfers	(2,084,677)
Transfer In	4,341,247
Change in Net Position	2,256,570
Total Net Position - September 1 (Beginning)	(594,875)
Total Net Position - August 31 (Ending)	\$ 1,661,695

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

DONNA INDEPENDENT SCHOOL DISTRICT  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS  
FOR THE YEAR ENDED AUGUST 31, 2018

	Governmental Activities -
	Total Internal Service Funds
<u>Cash Flows from Operating Activities:</u>	
Cash Received from Customers	\$ 10,898
Interfund Services Provided and Used	16,916,029
Cash Payments for Claims	(20,565,299)
Cash Payments for Suppliers	(291,926)
Net Cash Used for Operating Activities	(3,930,298)
<u>Cash Flows from Non-Capital Financing Activities:</u>	
Operating Transfer In	4,341,247
<u>Cash Flows from Investing Activities:</u>	
Interest and Dividends on Investments	6,113
Net Increase in Cash and Cash Equivalents	417,062
Cash and Cash Equivalents at Beginning of Year	1,215,665
Cash and Cash Equivalents at End of Year	\$ 1,632,727
<u>Reconciliation of Operating Income (Loss) to Net Cash</u>	
<u>Used for Operating Activities:</u>	
Operating Income (Loss):	\$ (2,084,677)
Effect of Increases and Decreases in Current Assets and Liabilities:	
Decrease (increase) in Receivables	(1,119,074)
Increase (decrease) in Accounts Payable	365,757
Increase (decrease) in Accrued Expenses	(383,025)
Increase (decrease) in Interfund Payables	(709,279)
Net Cash Used for Operating Activities	\$ (3,930,298)

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

DONNA INDEPENDENT SCHOOL DISTRICT  
STATEMENT OF FIDUCIARY NET POSITION  
FIDUCIARY FUNDS  
AUGUST 31, 2018

	Private Purpose Trust Funds	Agency Funds
<b>ASSETS</b>		
Cash and Cash Equivalents	\$ 78,132	\$ 594,804
Due from Other Funds	-	87
Other Receivables	-	1,315
Total Assets	<u>78,132</u>	<u>\$ 596,206</u>
<b>LIABILITIES</b>		
Accounts Payable	6,300	\$ 24,853
Due to Other Governments	-	2,186
Due to Student Groups	68,063	569,167
Total Liabilities	<u>74,363</u>	<u>\$ 596,206</u>
<b>NET POSITION</b>		
Restricted for Scholarships	2,769	
Restricted for Other Purposes	1,000	
Total Net Position	<u>\$ 3,769</u>	

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

DONNA INDEPENDENT SCHOOL DISTRICT  
STATEMENT OF CHANGES IN FIDUCIARY FUND NET POSITION  
FIDUCIARY FUNDS  
FOR THE YEAR ENDED AUGUST 31, 2018

---

	Private Purpose Trust Funds
Change in Net Position	-
Total Net Position - September 1 (Beginning)	<u>3,769</u>
Total Net Position - August 31 (Ending)	<u>\$ 3,769</u>

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

THIS PAGE LEFT BLANK INTENTIONALLY

**DONNA INDEPENDENT SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED AUGUST 31, 2018**

**Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Reporting Entity**

The Board of Trustees, a seven-member group, has fiscal accountability over all activities related to public elementary and secondary education within the jurisdiction of the Donna Independent School District (the District). The public elects the members of the Board of Trustees. The Trustees, as a corporate body, have the exclusive power and duty to govern and oversee the management of the public schools of the District. All powers and duties not specifically delegated by statute of the Texas Education Agency (TEA) or to the State Board of Education are reserved for the trustees, and the Agency may not substitute its judgement for the lawful exercise of those powers and duties by the Trustees. The District is not included in any other governmental "reporting entity" as defined in Section 2100, Codification of Governmental Accounting and Financial Reporting Standards. There are no component units included within the reporting entity. The financial statements of the District include all activist for which the Board exercise these governance responsibilities.

The District receives funding from local, state, and federal government sources and must comply with the requirements of these funding source entities.

**B. New Accounting Standards**

Donna Independent School District's basic financial statements have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units in conjunction with the Texas Education Agency's Financial Accountability System Resource Guide (the Resource Guide). The Governmental Accounting Standards Board (GASB) is the accepted standards setting body for establishing governmental accounting and financial reporting principles.

*New Accounting Standards Adopted*

In fiscal year 2017, GASB Statement No. 82, Pension Issues - An Amendment of GASB Statements No. 67, No. 68 and No. 73, was implemented. The following are applicable accounting standards issued by the Governmental Accounting Standards Board:

- Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*
- Statement No. 84, *Fiduciary Activities*
- Statement No. 87, *Leases*

Statement No. 75 replaces the requirements of Statement No. 45, Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions, as amended, and No. 57, OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans, for OPEB. The requirements of this Statement are effective for reporting periods beginning after June 15, 2017.

**DONNA INDEPENDENT SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED AUGUST 31, 2018**

**Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**B. New Accounting Standards (Continued)**

Statement No. 84 establishes criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities. An activity meeting the criteria should be reported in a fiduciary fund in the basic financial statements. Governments with activities meeting the criteria should present a statement of fiduciary net position and a statement of changes in fiduciary net position. The requirements of this Statement are effective for reporting periods beginning after December 15, 2018.

Statement No. 87 improves the accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. The requirements of this Statement are effective for reporting periods beginning after December 15, 2019.

**C. Government-Wide and Fund Financial Statements**

Government-Wide Financial Statements: The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the non-fiduciary activities of the primary government. For the most part, the effect of inter-fund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.



**DONNA INDEPENDENT SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED AUGUST 31, 2018**

**Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**C. Government-Wide and Fund Financial Statements (Continued)**

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though fiduciary funds are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements.

**D. Measurement Focus, Basis of Accounting and Financial Statement Presentation**

The government-wide financial statements, as well as the proprietary and fiduciary fund financial statements, are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Agency funds have no measurement focus. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of 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 are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to claims and judgments, are recorded only when payment is due.

Property taxes and penalties and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when the government receives cash.

The District reports the following major governmental funds:

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

The ESEA I, A – Improving Basic Program, a special revenue fund type, accounts for financial resources that are restricted, committed or assigned for specific purposes by the District or a grantor.

The Debt Service Fund, a governmental fund type, accounts for financial resources that are restricted, committed or assigned for principal and interest on long-term debt of governmental activities.

**DONNA INDEPENDENT SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED AUGUST 31, 2018**

**Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**D. Measurement Focus, Basis of Accounting and Financial Statement Presentation (Continued)**

Additionally, the District reports the following non-major funds:

The Capital Projects Fund, accounts for financial resources that are related to capital improvements.

The Special Revenue Funds, a governmental fund type, account for the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. The District accounts for each federal and state grant in a separate special revenue fund. The special revenue funds include 1) ESEA Title X, Pt. C Homeless, 2) ESEA Title I Part C Migrant, 3) IDEA – Part B Formula, 4) IDEA – Part B Preschool, 5) Career and Technical Basic Grant, 6) ESEA II, A Training and Recruiting, 7) Title II, D Education Technology, 8) Title III, A English Language Acquisition, 9) Title VI, B Community Learning, 10) Medicaid Admin Claim MAC, 11) GEAR UP, 12) Title I, SIP Academy Grant, 13) Education Jobs Fund, 14) Other Federal Special Revenue Funds, 15) Regional Day School for the Deaf, 16) State Textbook, 17) Pre-K Grants, Literacy Grants Fund, 18) Aetna Foundation Fund, 19) Latchkey Program Fund, 20) Ccms Day Care Fund, 21) Verizon Innovative Project Fund, and 22) Other Local Special Revenue.

The District reports the following proprietary funds:

Internal service funds account for revenues and expenses related to services provided to parties inside the District on a cost reimbursement basis. The District's internal service funds include 1) Print Shop, 2) Health Insurance, 3) Computer Operations, and 4) Workers Compensation.

The District reports the following fiduciary funds:

Agency Funds, a fiduciary fund type, account for resources held for others in a custodial capacity. The District's agency funds include 1) Private Purpose Trust fund, which accounts for donations that state the principal cannot be not be expended, but the interest income may be used for a specific purpose and 2) Investment Trust fund, which accounts for assets held by the District in trust for other entities participating in an investment program managed by the District. The District has one such fund which accounts for the Rosita Alcorn Scholarship activity (Exhibit E-1).

**DONNA INDEPENDENT SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED AUGUST 31, 2018**

**Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

As a general rule the effect of inter-fund activity has been eliminated from the government-wide financial statements.

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided and 2) operating grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services in connection with a proprietary fund's principal ongoing operations.

**D. Measurement Focus, Basis of Accounting and Financial Statement Presentation (Continued)**

The principal operating revenues of the worker's compensation fund and the health insurance fund are District contributions. Operating expenses include claims expense and administrative expense. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

Because the principal users of the internal service activities are the District's governmental activities, the financial statement of the internal service fund is consolidated into the governmental column when presented in the government-wide financial statements. Only the net profit or loss before investment income is allocated to the operating programs benefited.

When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first, and then unrestricted resources, as they are needed.

**E. Assets, Liabilities, Deferred Outflows/Inflows and Net Position/ Equity**

**Cash and Cash Equivalents**

The District's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

**Investments**

Investments are recorded at amortized cost. All other investments are recorded at fair value based upon current market conditions. Fair value is the amount at which a financial instrument could be exchanged in a current transaction between willing parties.

**DONNA INDEPENDENT SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED AUGUST 31, 2018**

**Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**E. Assets, Liabilities, Deferred Outflows/Inflows and Net Position/ Equity (Continued)**

Receivables and payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of inter-fund loans) or "advances to/from other funds" (i.e., the non-current portion of inter-fund loans).

Inventories

All inventories are valued at cost using the first-in/first-out (FIFO) method. Inventories of governmental funds are recorded as expenditures when consumed rather than when purchased.

Capital assets

Capital assets, which include property, plant and equipment, are reported in the governmental activities column in the statement of net position. The District defines capital assets as assets with an initial, individual cost of \$5,000 or more and an estimated useful life in excess of two years. Such assets are recorded at cost or estimated historical cost. Donated capital assets are recorded at acquisition 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. Property, plant and equipment of the District are depreciated using the straight line method over the following estimated useful lives:

<u>Depreciable Lives of Assets</u>	<u>Years</u>
Buildings	50
Building Improvements	20
Vehicles	5
Office and Computer Equipment	5

Long-term obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities. 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 premiums or discount.

**DONNA INDEPENDENT SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED AUGUST 31, 2018**

**Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**E. Assets, Liabilities, Deferred Outflows/Inflows and Net Position/ Equity (Continued)**

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, 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.

**Deferred Outflows/Inflows of Resources**

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and will not be recognized as an outflow of resources (expense/expenditure) until then.

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

**Deferred Outflows of Resources**

In the government-wide financial statements, insurance costs arising from the issuance of debt are reported as deferred outflows and amortized over the term of the related debt. Deferred amounts from a refunding of debt (debits) are reported as deferred outflows of resources and are amortized over the lesser life of the refunded bonds or refunding debt.

Deferred outflows of resources for pension are reported in the government-wide financial statement of net position. Deferred outflows result from pension plan contributions made after the measurement date of the net pension liability. Deferred outflows also include the District's proportionate share of the deferred outflows of resources of the TRS plan. These deferred outflows include the differences between expected and actual economic experience and changes in actuarial assumptions. The deferred outflows of resources related to the District's contributions which are subsequent to the measurement date will be recognized as a reduction of the net pension liability in the next fiscal year. The other pension related deferred outflows will be amortized over the expected remaining service lives of all employees (active and inactive employees) that are provided with pensions through the pension plan which is currently between 5.00 and 6.94 years.

**DONNA INDEPENDENT SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED AUGUST 31, 2018**

**Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**E. Assets, Liabilities, Deferred Outflows/Inflows and Net Position/ Equity (Continued)**

Deferred Inflows of Resources

Grant amounts received in advance of meeting timing requirements and advances of revenue from imposed nonexchange transactions such as property taxes or transactions recorded as a receivable prior to the period when resources are required to be used or are available, are reported as deferred inflows of resources at the fund level and are recognized as revenues at the government-wide level. Deferred amounts from refunding debt (credits) are reported as deferred inflows of resources and are amortized over the lesser life of the refunded bonds or refunding debt.

Deferred inflows of resources for pension - Reported in the government-wide financial statement of net position, these deferred inflows result primarily from differences between projected and actual earnings on pension plan investments. These amounts will be amortized between 6.90 and 6.94 years.

Use of Other Assets and Liabilities—Prepayments are reported as assets. Grant amounts received in advance of meeting requirements other than timing and receipts of prepayments continue to be reported as liability.

Fund Balance

The District classifies governmental fund balance in accordance with Government Accounting Standards Board (GASB) Statement No. 54, Fund Balance Reporting and Governmental Fund Type Definitions:

*Nonspendable* fund balance includes fund balance that cannot be spent either because it is not in spendable form or because of legal or contractual constraints. At August 31, 2018, the District had \$495,277 nonspendable fund balance for inventory.

*Restricted* fund balance includes amounts that can be spent only for the specific purposes stipulated by constitution, external resource providers, or through enabling legislation. Fund balance restricted for the retirement of funded indebtedness totaled \$5,809,616 as of August 31, 2018. As of August 31, 2018, \$4,619,463 was restricted for federal or state funds grant restriction and \$4,230,111 was restricted for capital projects.

*Committed* fund balance is established and modified by a resolution from the District's Board, the District's highest level of decision-making authority, and can be used only for the specific purposes determined by the Board's resolution. At August 31, 2018, the District had no committed fund balance.

**DONNA INDEPENDENT SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED AUGUST 31, 2018**

**Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**E. Assets, Liabilities, Deferred Outflows/Inflows and Net Position/ Equity (Continued)**

*Assigned* fund balance is intended to be used by the District for specific purposes but does not meet the criteria to be classified as restricted or committed. The Board has delegated the authority to assign fund balance to the Superintendent. The assigned amounts can only be assigned or removed by written approval of the Superintendent.

*Unassigned* fund balance is the residual classification for the District's general fund and includes all spendable amounts not contained in the other classifications.

The District uses restricted amounts first when both restricted and unrestricted fund balance is available. Additionally, the District would first use committed, then assigned, and lastly unassigned amounts of unrestricted fund balance when expenditures are made.

**Government-wide Net Position**

Net position represents the difference between assets and liabilities. The District's net position is composed of the following:

*Net Investment in Capital Assets:* The component of net position that represents capital assets less capital debt.

*Restricted for State and Federal Programs:* The component of net position that reports the difference between assets and liabilities of the Federal and State special revenue programs that consists of assets with constraints placed on their use by federal and state entities.

*Restricted for Debt Service:* The component of net position that reports the restricted assets set aside in a sinking fund, net of accrued interest, that have constraints placed on their use by the debt covenant.

*Unrestricted:* The difference between the assets and liabilities that are not reported in net position invested in capital assets, restricted for debt service, restricted for state and federal programs, restricted for campus activities.

**F. Other Policies**

**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 expenses, and information about assets, liabilities and additions to/deductions from TRS's fiduciary net pension. 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.

**DONNA INDEPENDENT SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED AUGUST 31, 2018**

**Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**F. Other Policies (Continued)**

Other post-Employment Benefits

The fiduciary net position of the Teacher Retirement System of Texas (TRS) TRS Care Plan 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 OPEB liability, deferred outflows of resources and deferred inflows of resources related to other post-employment benefits, OPEB expense, and information about assets, liabilities and additions to/deductions from TRS Care's fiduciary net position. Benefit payments are recognized when due and payable in accordance with the benefit terms. There are no investments as this is a pay-as you-go plan and all cash is held in a cash account.

Compensated Absences

All employees shall earn five workdays of paid local leave per school year in accordance with administrative regulations. Local leave shall accumulate without limit. Local leave shall be used according to the terms and conditions of state sick leave accumulated before the 1995–96 school year, except that an employee may donate local leave to a sick leave pool. Employees shall be reimbursed for all or part of their local sick days at the rate of \$20 per day. This payment shall be included with the June payroll check and must be requested by the last day of school.

As of August 31, 2018, the District had a total of \$318,147 in compensated absences.

Use of estimates

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

Property Taxes

In the fund financial statements, property tax revenues are considered available when collected within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period. The District levies its taxes on October 1 in conformity with Subtitle E, Texas Property Tax Code. Taxes are due upon receipt of the tax bill and are past due and subject to interest if not paid by January 31 of the year following the October 1 levy date. The assessed value of the property tax roll (net of exemptions) on January 1, 2017, upon which the levy for the August 31, 2018, fiscal year was based, was \$1,429,157,741. Taxes are delinquent if not paid by February 1. Delinquent taxes are subject to both penalty and interest charges plus delinquent collection fees for attorney costs.



**DONNA INDEPENDENT SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED AUGUST 31, 2018**

**Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**F. Other Policies (Continued)**

Current tax collections for the year ended August 31, 2018 were 92% of the year-end adjusted tax levy. Allowances for uncollectible taxes within the General and Debt Service Funds are based on historical experience in collecting 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. As of August 31, 2018, property taxes receivable, net of estimated uncollectible taxes, totaled \$3,020,262.

The tax rate to finance general governmental services other than payment of principal and interest on long-term obligations was \$1.17 per \$100 and the tax rate to finance the payment of principal and interest on long-term obligations was \$0.0882 per \$100 for the year ended August 31, 2018.

**Fair Value Measurements**

Statement No. 72 requires the District to use general valuation techniques that may be used to measure fair value, which are appropriate under the circumstances and are either a market approach, a cost approach or an income approach. Market approach uses prices generated by market transactions involving identical or comparable assets or liabilities, the cost approach uses the amount that currently would be required to replace the service capacity of an asset (replacement cost), and the income approach uses valuation techniques to convert future amounts to present amounts based on current market expectations.

Statement No. 72 establishes a hierarchy of inputs used to measure fair value consisting of three levels. Level 1 inputs are quoted prices in active markets for identical assets or liabilities. Level 2 inputs are inputs, other than quoted prices included within Level 1, which are observable for the asset or liability, either directly or indirectly. Level 3 inputs are unobservable inputs, such as management's assumption of the default rate among underlying mortgages of a mortgage-backed security.

**Accounting System**

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

**Data Control Codes**

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

**DONNA INDEPENDENT SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED AUGUST 31, 2018**

**Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**G. Stewardship, Compliance, and Accountability**

**Budgetary information**

Formal budgetary accounting is employed for all required Governmental Fund Types, as outlined in TEA's Financial Accounting Resource module, and is presented on the modified accrual basis of accounting consistent with generally accepted accounting principles. The budget is prepared and controlled at the function level within each organization to which responsibility for controlling operations is assigned.

The official school budget is prepared for adoption for required Governmental Fund Types prior to August 20 of the preceding fiscal year for the subsequent fiscal year beginning September 1. The budget is formally adopted by the Board of Trustees at a public meeting held at least ten days after public notice has been given.

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for the General Fund, Debt Service Fund and Food Service Fund. The remaining special revenue funds adopt project-length budgets that do not correspond to the District's fiscal year.

**Finance Related**

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

**Expenditures Exceeding Appropriations**

None Noted

**Deficit Fund Balance or Fund Net Assets of Individual Funds**

As of August 31, 2018, the District had deficit net position in Regional Day School for the Deaf fund of \$301.

**DONNA INDEPENDENT SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED AUGUST 31, 2018**

**Note 2: DEPOSITS, SECURITIES AND INVESTMENTS**

**Deposits**

Under Texas state law, the District's funds are required to be deposited and invested under the terms of a depository contract. The depository bank deposits for safekeeping and trust with the District's agent, bank approved pledged securities in an amount sufficient to protect District funds on a day-to-day basis during the period of the contract. The pledge of approved securities is waived only to the extent of the depository bank's dollar amount of Federal Deposit Insurance Corporation FDIC insurance. At year-end, the carrying amount of the District's deposits was \$23,635,874 and the bank balance of \$22,363,043. The District's investment policies and types of investments are governed by the Public Funds Investment Act (PFIA). The District's management believes that they complied with all significant requirements of the PFIA and the District's investment policies.

Custodial credit risk: the risk that in the event of a bank failure, the District's deposits may not be covered by depository insurance and the deposits are uncollateralized, collateralized with securities held by the pledging financial institution, or collateralized with securities held by the pledging financial institution's trust department or agent but not in the District's name. The District's cash deposits at August 31, 2018 and during the year ended August 31, 2018 were adequately covered by pledged securities held in the District's name by the pledging bank.

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

- a. Name of Bank: Plains Capital Bank
- b. The amount of pledged securities as of the date of the highest combined balance on deposit was \$30,775,062.
- c. The largest combined balances of cash and savings accounts amounted to \$27,527,769 and occurred during the month of July 2018.
- d. The amount of FDIC coverage at the time of the largest combined balance was \$250,000.

**DONNA INDEPENDENT SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED AUGUST 31, 2018**

**Note 2: DEPOSITS, SECURITIES AND INVESTMENTS *(Continued)***

Investments

In compliance with the Public Investment Act, the District has adopted a deposit and investment policy. The Act requires an annual review of the investment policy and investment strategy. The District's management believes that it complied with the requirements of the Act and the District's investment policies.

The District's investment policies and types of investments are governed by the Public Funds Investments Act ("Act") of 1995. The following types of investment instruments are authorized:

- 1) Obligations of, or guaranteed by, governmental entities as permitted by Government Code 2256.009
- 2) Certificates of deposit and share certificates as permitted by Government Code 2256.010
- 3) Fully collateralized repurchase agreements as permitted by Government Code 2256.011
- 4) A securities lending program as permitted by Government Code 2256.0115
- 5) Banker's acceptances as permitted by Government Code 2256.012 Commercial paper as permitted by Government Code 2256.013
- 6) No-load money market mutual funds and no-load mutual funds as permitted by Government Code 2256.014
- 7) A guaranteed investment contract as an investment vehicle for bond proceeds, provided it meets the criteria and eligibility requirements as established by Government Code 2256.01
- 8) Public funds investment pools as permitted by Government Code 2256.016

State law and the District's Investment Policy restrict depository time and demand deposits to those fully collateralized or FDIC insured from eligible depositories (banks) doing business in Texas. By policy, depository CDs are limited to maturities not exceeding two (2) years and require collateralization to 102% with pledged securities (and 110% if collateral is a mortgage backed security). All collateral is to be held by an independent custodian. The pledging bank is contractually responsible for monitoring and maintaining the collateral margins daily.

Brokered CD securities must be FDIC insured and delivered versus payment to the District's depository. The maximum maturity for brokered CDs is one year and FDIC insurance must be verified before purchase. The policy requires that FDIC status of the brokered CD banks be monitored weekly and any mergers exposing the District to non-FDIC coverage requires immediate liquidation.

**DONNA INDEPENDENT SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED AUGUST 31, 2018**

**Note 2: DEPOSITS, SECURITIES AND INVESTMENTS *(Continued)***

State law and the District's adopted Investment Policy limit repurchase agreements to primary dealers or banks doing business in Texas. The policy requires independent safekeeping of collateral, and a 102% margin on collateral. Repurchase agreements are limited to a maximum maturity of three (3) years executed under a Master Repurchase Agreement. Constant dollar, local-government investment pools, as by state law (2256.016) and approved by the adopted Policy are authorized. By state law, all local government pools are rated AAA or equivalent by at least one NRSRO (Nationally Recognized Securities Ratings Organization). All pools by Policy must strive to maintain a \$1 NAV.

Debt issued by states, local governments and other political subdivisions must be general obligations of the issuer and be rated A or better by at least one NRSRO and are restricted to two (2) years to maturity.

AAA rated, SEC registered money market mutual funds are authorized if they strive to maintain a \$1 NAV.

As of August 31, 2018:

- Holdings in local government investment pools rated AAAM represented 65.43% of the total portfolio
- Holdings in fully FDIC insured or collateralized interest bearing bank accounts and certificates of deposit represented 34.57% of the total portfolio

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations.

The ratings of securities by nationally recognized rating agencies are designed to give an indication of credit risk. Information on the credit rating and credit risk associated with debt securities (excluding U.S. government obligations and obligations guaranteed by the full faith and credit of the U.S. government), external investment pools, money market funds, bond mutual funds and other pooled investments of fixed-income securities at year-end is required. TexPool is currently rated AAAM by Standard & Poor's.

*Interest rate risk.* In accordance with state law and its investment policy, the District does not purchase any investments greater than five (5) years for its operating funds. The weighted-average maturity for TexPool was 28 days at August 31, 2018.

**DONNA INDEPENDENT SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED AUGUST 31, 2018**

**Note 2: DEPOSITS, SECURITIES AND INVESTMENTS (Continued)**

*Credit risk.* State law and District policy limit investments in public funds investment pools to those rated no lower than AAA or AAAM or an equivalent rating by at least one nationally recognized rating service.

*Concentration of credit risk.* The District's investment policy does not limit investments in any one issuer except that the investment portfolio shall be diversified in terms of investment instruments, maturity scheduling, and financial institutions to reduce risk of loss resulting from over-concentration of assets in a specific class of investments, specific maturity, or specific issuer.

The District's adopted Investment Policy requires diversification on all authorized investment types and monthly monitoring of credit ratings. See concentrations of investments detailed under the credit risk section above.

**Public Funds Investment Pools**

Public funds investment pools in Texas ("Pools") are established under the authority of the interlocal Cooperation Act, Chapter 79 of the Texas Government Code, and are subject to the provisions of the Public Funds Investment Act (the "Act"). Chapter 2256 of the Texas Government Code, in addition to other provisions of the Act designed to promote liquidity and safety of principal, the Act requires Pools to: 1) have an advisory board composed of participants in the pool and other persons who do not have a business relationship with the pool and are qualified to advise the pool; 2) maintain a continuous rating of no lower than AAA or AAAM or an equivalent rating by at least one nationally recognized rating service; and 3) maintain the market value of its underlying investment portfolio within one half of one percent of the value of its shares.

All of the investment pools that the District is invested in have met the criteria established under GASB Statement No. 79 to report their value at amortized cost.

All of the investment pools strive to maintain a \$1 per share net asset value. Additionally, the pools do not have any limitations or restrictions on withdrawals such as notice periods or maximum transaction amounts. The pools do not impose any liquidity or redemption gates.

The District's investments at August 31, 2018 are shown below:

<u>Investment Type Exposure</u>	<u>Reported Amount</u>	<u>Weighted Average Maturity</u>	<u>Rating</u>	<u>Exposure</u>
Reported at Amortized Cost				
TexPool	\$ 44,674,344	28 days	AAAM	100%
CD's	<u>1,240,000</u>	426 days (Various)	N/A	N/A
	<u>\$ 45,914,344</u>			

**DONNA INDEPENDENT SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED AUGUST 31, 2018**

**Note 2: DEPOSITS, SECURITIES AND INVESTMENTS (Continued)**

Under the TexPool Participation Agreement, administrative and investment services to TexPool are provided by Federated Investors, Inc. through an agreement with the State of Texas Comptroller of Public Accounts. The State Comptroller is the sole officer, director, and shareholder of the Texas Treasury Safekeeping Trust Company authorized to operate TexPool. The reported value of the pool is the same as the fair value of the pool shares. TexPool is subject to annual review by an independent auditor consistent with the Public Funds Investment Act. Audited financial statements of the pool are available at First Public, 12008 Research Blvd., Austin, Texas 78759. In addition, TexPool is subject to review by the State Auditor's Office and by the Internal Auditor of the Comptroller's Office.

The following is a reconciliation of the District's total cash and investments:

Deposits	\$ 23,635,874
Investments	<u>45,914,344</u>
Total	<u><u>\$ 69,550,218</u></u>
Exhibit A-1	
Cash and Cash Equivalents	\$ 23,334,788
Investments	<u>45,914,344</u>
Total Exhibit A-1	<u><u>\$ 69,249,132</u></u>
Exhibit E-1	
Cash and Cash Equivalents	<u>\$ 301,086</u>
Total Exhibit E-1	<u><u>\$ 301,086</u></u>

**Note 3: Due from Other Governments**

The District participates in a variety of federal and state programs from which it receives grants to partially or fully finance certain activities. In addition, the District receives entitlements from the State through the School Foundation and Per Capita Programs.

**DONNA INDEPENDENT SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED AUGUST 31, 2018**

Amounts due to and from other governments are reflected in the following funds:

<u>Due from Other Governments:</u>	<u>General fund</u>	<u>Debt Service</u>	<u>Other Funds</u>
<u>Federal/State Funding:</u>			
Texas Education Agency	\$ 4,043,291	\$ 169,294	\$ 6,009,982
Other governments	232,405	8,547	15,343
Exhibit C-1	<u>\$ 4,275,696</u>	<u>\$ 177,841</u>	<u>\$ 6,025,325</u>
 <u>Due to Other Governments:</u>			
<u>Federal/State Funding:</u>			
Texas Education Agency	\$ 1,590,752	\$ -	\$ 34,362
Exhibit C-1	<u>\$ 1,590,752</u>	<u>\$ -</u>	<u>\$ 34,362</u>

**NOTE 4: INTER-FUND RECEIVABLES AND PAYABLES**

The composition of inter-fund balances as of August 31, 2018 is as follows:

	<u>Due From Other Funds</u>	<u>Due To Other Funds</u>
<b>General Fund</b>		
General Fund	\$ 2,110,779	\$ -
Debt Service Fund	1,396	4,196,171
Internal Service Fund	-	2,739,091
Trust and Agency Funds	-	87
Payroll Fund	-	2,110,780
<b>Debt Service Fund</b>		
General Fund	4,196,171	1,396
<b>Internal Service Fund</b>		
General Fund	2,739,091	-
Worker Compensation Fund	73,620	-
Insurance Fund	-	73,620
<b>Trust and Agency Funds</b>		
General Fund	87	-
Total	<u>\$ 9,121,145</u>	<u>\$ 9,121,145</u>

These inter-fund receivables and payables resulted from the time lag between the dates that 1) inter-fund goods and services are provided when reimbursable expenditures occur, and 2) transactions are recorded in the accounting system, and 3) payments between funds are made. Balances also result from inter-fund payroll transactions and end of year reclassifications made between funds.



**DONNA INDEPENDENT SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED AUGUST 31, 2018**

**NOTE 5: CAPITAL ASSETS**

Capital asset activity for the year ended August 31, 2018 is as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
<b>Governmental Activities</b>				
Capital assets, not being depreciated:				
Land	\$ 7,078,411	\$ -	\$ -	\$ 7,078,411
Construction In Progress	-	569,888	-	569,888
Total capital assets, not being depreciated	<u>7,078,411</u>	<u>569,888</u>	<u>-</u>	<u>7,648,299</u>
<b>Capital assets being depreciated:</b>				
Buildings and improvements	230,118,412	474,655	-	230,593,067
Furniture and equipment	32,978,007	1,669,609	-	34,647,616
Capital leased assets	<u>2,635,014</u>	<u>104,434</u>	<u>-</u>	<u>2,739,448</u>
Total capital assets being depreciated	<u>265,731,433</u>	<u>2,248,698</u>	<u>-</u>	<u>267,980,131</u>
<b>Less accumulated depreciation for:</b>				
Building and improvements	(65,456,222)	(5,036,030)	-	(70,492,252)
Furniture and equipment	(26,541,685)	(2,619,683)	-	(29,161,368)
Capital leased assets	<u>(1,097,923)</u>	<u>(547,890)</u>	<u>-</u>	<u>(1,645,813)</u>
Total accumulated depreciation	<u>(93,095,830)</u>	<u>(8,203,603)</u>	<u>-</u>	<u>(101,299,433)</u>
Total capital assets being depreciated, net:	<u>172,635,603</u>	<u>(5,954,905)</u>	<u>-</u>	<u>166,680,698</u>
Governmental activities capital assets net:	<u>\$179,714,014</u>	<u>\$(5,385,017)</u>	<u>\$ -</u>	<u>\$ 174,328,997</u>

Depreciation expense was charged to the District's functions as follows:

11	Instruction	\$ 4,152,326
12	Instructional Resources & Media Services	87,187
23	Curriculum & Instructional Staff Development	5,557
32	Social Work Studies	19,067
34	Student Pupil Transportation	1,132,565
35	Food Services	600,181
36	Concurrucular/Extracurricular Activities	374,818
41	General Administration	56,746
51	Plan Maintenance and Operations	398,715
52	Security and Monitoring Services	65,359
53	Data Processing Services	<u>1,311,082</u>
Total depreciation expense - governmental activities		<u>\$ 8,203,603</u>

**DONNA INDEPENDENT SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED AUGUST 31, 2018**

**NOTE 6: INTER-FUND TRANSFERS**

The following represent the inter-fund transfers for the District as of August 31, 2018:

	<u>Fund</u>	<u>Transfer In</u>	<u>Transfer Out</u>
General Fund			
Local Maintenance	199	\$ 509,994	\$ 9,141,247
Special Revenue Fund			
MAC	272		509,994
Capital Projects Fund	699	4,800,000	
Internal Service Fund			
Insurance	753	4,341,247	-
		<u>\$ 9,651,241</u>	<u>\$ 9,651,241</u>

The purpose of the above transfers was to fund internal service obligations.

**NOTE 7: DISAGGREGATION OF RECEIVABLES AND PAYABLES**

As of August 31, 2018, the district's individual major and nonmajor receivables and payables in aggregate are as follows:

	<u>General Fund</u>	<u>Debt Service Fund</u>	<u>Nonmajor Governmental</u>	<u>Total Governmental</u>
Property Taxes, Net	<u>\$ 2,587,342</u>	<u>\$ 432,920</u>	<u>\$ -</u>	<u>\$ 3,020,262</u>
Other Receivables				
Miscellaneous	<u>\$ 17,210</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 17,210</u>
Accrued liabilities				
Accrued Wages Payable	\$ 4,330,316	\$ -	\$ 426,898	\$ 4,757,214
Payroll Deductions	352,670	-	-	352,670
Total Accrued Liabilities	<u>\$ 4,682,986</u>	<u>\$ -</u>	<u>\$ 426,898</u>	<u>\$ 5,109,884</u>

**NOTE 8: DEFERRED OUTFLOWS AND DEFERRED INFLOWS OF RESOURCES**

Governmental funds report deferred inflows in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned. At the fund level financial statements, the District has the following deferred inflows of resources:

	<u>General Fund</u>	<u>Debt Service</u>
Property Taxes, unavailable	\$ 2,587,342	\$ 432,920
Total Exhibit C-1	<u>\$ 2,587,342</u>	<u>\$ 432,920</u>

**DONNA INDEPENDENT SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED AUGUST 31, 2018**

**NOTE 8: DEFERRED OUTFLOWS AND DEFERRED INFLOWS OF RESOURCES (Continued)**

At the government-wide financial statements (Exhibit A-1), the District reports cumulative charges on refunding as net deferred outflows in the amount of \$158,686.

Deferred outflows of resources and deferred inflows resources related to pensions is \$9,602,296 and \$5,409,378, respectively. Deferred outflows of resources and deferred inflows resources related to other post-employment benefits is \$914,832 and \$24,918,632, respectively See related details of pension plan obligations in Note 15 and other post-employment benefits in Note 16.

**NOTE 9: UNEARNED REVENUES**

At August 31, 2018, the District had the following unearned revenues:

Advance on Summary of Finances	\$ 191,780
Advance on Donations	142,728
Refundable Advances	35,930
Total	\$ 370,437

**NOTE 10: LONG-TERM DEBT**

Changes in debt long-term obligations for the year ended August 31, 2018 are as follows:

Governmental Activities	Beginning Balance	Increase	Decrease	Ending Balance	Due Within One Year
<b>Bonds Payable</b>					
General Obligations	\$ 77,255,000	\$ -	\$ 5,640,000	\$ 71,615,000	\$ 3,645,000
Capital Appreciation Bonds	10,000	-	10,000	-	-
Premium on Bond Issuance	3,355,121	-	380,318	2,974,803	-
Accretion on CAB's	396,276	9,475	199,084	206,667	-
Sub-Total Bonds	81,016,397	9,475	6,229,402	74,796,470	3,645,000
Notes Payable	7,354,761	-	731,364	6,623,397	751,477
Capital Leases Payable	1,317,507	104,434	694,170	727,772	692,974
Total Long-Term Debt	89,688,665	113,909	7,654,936	82,147,638	5,089,450
<b>Other Long-Term Liabilities</b>					
Compensated Absences	295,378	22,769	-	318,147	-
Net Pension Liability	36,788,331	-	6,139,012	30,649,319	-
Net OPEB Liability	-	59,570,930	-	59,570,930	-
Total Other Long-Term Liabilities	37,083,709	59,593,699	6,139,012	90,538,396	-
Total Governmental Activities	\$ 126,772,374	\$ 59,707,608	\$ 13,793,948	\$ 172,686,034	\$ 5,089,450

**DONNA INDEPENDENT SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED AUGUST 31, 2018**

**NOTE 10: LONG-TERM DEBT (Continued)**

Bonded debt will be paid by the Debt Service Fund, claims payable will be paid by the Internal Service Fund, compensated absences will be paid by the General Fund and Federal and State Funds, as applicable, and notes payable as well as capital leases payable will be paid by the General Fund.

Bonds Payable

Bonds payable at August 31, 2018 are comprised of the following:

Unlimited Tax School building and Refunding Bonds:

\$51,955,000 Series 2010A due in varying installments through 2040, interest at 2.00% to 5.00%	\$ 43,005,000
\$7,990,000 Series 2010B due in varying installments through 2027, interest at 2.00% to 4.00%	5,365,000
\$8,630,000 Series 2011 due in varying installments through 2034, interest at 2.00% to 4.00%	8,110,000
\$7,150,000 Series 2013 due in varying installments through 2029, interest at 2.00% to 3.50%	5,235,000
\$12,390,000 Series 2014 due in varying installments through 2020, interest at 2.00% to 4.00%	2,540,000
\$7,595,000 Series 2016 due in varying installments through 2025, interest at 2.00% to 4.00%	7,360,000
	\$ 71,615,000

Bond future debt service requirements are as follows:

Years Ending August 31,	Principal	Interest	Total
2019	\$ 3,645,000	\$ 2,897,452	\$ 6,542,452
2020	3,990,000	2,554,114	6,544,114
2021	2,840,000	2,425,376	5,265,376
2022	4,535,000	2,274,976	6,809,976
2023	4,720,000	2,094,964	6,814,964
2024-2028	19,080,000	8,012,037	27,092,037
2029-2033	14,055,000	5,195,488	19,250,488
2034-2038	13,140,000	2,401,000	15,541,000
2039-2043	5,610,000	226,600	5,836,600
	\$ 71,615,000	\$ 28,082,007	\$ 99,697,007

**DONNA INDEPENDENT SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED AUGUST 31, 2018**

**NOTE 10: LONG-TERM DEBT (Continued)**

Notes payable at August 31, 2018 are as follows:

Note payable to Governmental Capital Corporation  
for new LED lamping technology, in annual payments  
of \$933,620 through 2026 with an interest rate of 2.75% \$ 6,623,397

Notes Payable future debt service requirements are as follows:

Years Ending August 31,	Principal	Interest	Total
2019	\$ 751,477	\$ 182,143	\$ 933,620
2020	772,143	161,478	933,621
2021	793,377	140,244	933,621
2022	815,194	118,426	933,620
2023	837,612	96,008	933,620
2024-2027	2,653,595	147,266	2,800,861
	<u>\$ 6,623,397</u>	<u>\$ 845,565</u>	<u>\$ 7,468,962</u>

Capital Leases Payable

Capital leases payable at August 31, 2018 are as follows:

Capital lease payable to Insight Investments, LLC  
for HP ProDesks, in annual payments of \$660,493 with  
through 2019. Texas Education Code Sec. 61.003. \$ 659,333

Capital lease payable to Apple for cumsters  
for riding lawn mower, in annual payments of \$35,995 with  
through 2020. Texas Education Code Sec. 61.003. 68,439  
\$ 727,772

Capital Leases future debt service requirements are as follows:

Years Ending August 31,	Principal	Interest	Total
2019	\$ 692,973	\$ 3,515	\$ 696,488
2020	34,799	1,197	35,996
2021	-	-	-
2022	-	-	-
2023	-	-	-
	<u>\$ 727,772</u>	<u>\$ 4,712</u>	<u>\$ 732,484</u>

**DONNA INDEPENDENT SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED AUGUST 31, 2018**

**NOTE 10: LONG-TERM DEBT (Continued)**

**Advance Refunding in Prior Years**

In 2010, the District advance refunded \$135,000, Series 2000 Bonds, and \$7,910,000, Series 2002 Bonds. The District issued \$7,990,000 of Bonds, Series 2010 to provide resources to cover costs of issuance to purchase qualifying securities that were placed in an irrevocable trust for the purpose of generating resources for all future debt service payments of the refunded debt. Accordingly, the liability for the defeased bonds is not included in the District's financial statements.

At August 31, 2017, \$5,965,000 of these 2000 and 2002 outstanding bonds is considered defeased.

In 2011, the District advance refunded \$3,070,000, Series 2002 Bonds, and \$5,560,000, Series 2004 Bonds. The District issued \$8,630,000 of Bonds, Series 2011 to provide resources to cover costs of issuance to purchase qualifying securities that were placed in an irrevocable trust for the purpose of generating resources for all future debt service payments of the refunded debt. Accordingly, the liability for the defeased bonds is not included in the District's financial statements.

At August 31, 2017, \$8,630,000 of these 2002 and 2004 outstanding bonds is considered defeased.

In 2013, the District advance refunded \$7,185,000, Series 2004 Bonds. The District issued \$7,150,000 of Bonds, Series 2013 to provide resources to cover costs of issuance to purchase qualifying securities that were placed in an irrevocable trust for the purpose of generating resources for all future debt service payments of the refunded debt. Accordingly, the liability for the defeased bonds is not included in the District's financial statements.

At August 31, 2017, \$5,955,000 of this 2004 outstanding bond is considered defeased.

In 2014, the District advance refunded \$12,815,000, Series 2005 Bond. The District issued \$12,390,000 of Bonds, Series 2014 to provide resources to cover costs of issuance to purchase qualifying securities that were placed in an irrevocable trust for the purpose of generating resources for all future debt service payments of the refunded debt. Accordingly, the liability for the defeased bonds is not included in the District's financial statements.

At August 31, 2017, \$6,400,000 of this 2005 outstanding bond is considered defeased.

**Refunding Bond Issuance**

On November 30, 2016, the District issued \$7,595,000 in Unlimited Tax Refunding Bonds, Series 2016 to refund the balance of Unlimited Tax Refunding Bonds, Series 2007 and to pay costs of issuance related to that bond. The bond 2016 consists of \$7,595,000 in current interest bonds with a rate of 2.0 - 4.0%, with final maturity on February 15, 2025. Debt service payments started semi-annually beginning February 15, 2017. The net present value savings is \$749,865.

At August 31, 2017, \$8,050,000 of this 2007 outstanding bond is considered defeased.

**DONNA INDEPENDENT SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED AUGUST 31, 2018**

**NOTE 11: MAINTENANCE OF EFFORT**

The District sponsors a modified self-insurance plan to provide health care benefits to staff members and their dependents:

A: Total District premium paid for health care for 2017-2018:	\$ 14,644,109
B: Subtract any non-medical expenditures:	<u>-</u>
C: 2017-2018 Maintenance of Effort:	<u><u>\$ 14,644,109</u></u>

**NOTE 12: REVENUES FROM LOCAL AND INTERMEDIATE SOURCES**

For the year ended August 31, 2018, revenues from local and intermediate sources reported in the fund financial statements for governmental fund types consisted of the following:

	General Fund	Debt Service Fund	Total
Property Taxes	\$ 15,192,214	\$ 1,094,115	\$ 16,286,329
Penalties, Interest and Other tax related	2,310,125	186,518	2,496,643
Food sales	237,415	-	237,415
Investment income	700,392	49,129	749,521
Co-curricular student activities	174,858	-	174,858
Gifts and bequests	3,323	-	3,323
Other	52,702	-	52,702
	<u>\$ 18,671,030</u>	<u>\$ 1,329,762</u>	<u>\$ 20,000,792</u>

**Note 13: GENERAL FUND FEDERAL SOURCE REVENUES**

The following summarizes general fund federal program revenues:

	CFDA	Amount
National School Lunch/Breakfast	10.555/10.553	\$ 10,682,663
Commodity Supplemental Food Program	10.555	774,537
Fresh Fruit and Vegetable Program	10.582	345,832
Medicaid	Not applicable	2,693,553
Indirect Cost Revenue Various Federal Programs	Various	1,298,531
E-Rate Infrastructure	Not applicable	390,776
		<u><u>\$ 16,185,892</u></u>

**DONNA INDEPENDENT SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED AUGUST 31, 2018**

**Note 14: SHARED SERVICE AGREEMENT**

Donna ISD is a member in a Shared Service Arrangement (SSA) with McAllen ISD, which provides deaf education services to district members whose students are enrolled in the Regional Day School Program for the Deaf. According to the SSA agreement, costs incurred by the SSA shall be divided among the member districts in proportion to the number of students of each member district attending the Regional Day School program. As of August 31, 2018, expenditures allocated to Donna ISD are in the amount of \$242,559.

**Note 15: PENSION PLAN OBLIGATIONS**

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). It is a defined benefit pension plan established and administered in accordance with the Texas Constitution, Article XVI, Section 67 and Texas Government Code, Title 8, Subtitle C. The pension trust fund is a qualified pension trust under Section 401(a) of the Internal Revenue Code. The Texas Legislature establishes benefits and contribution rates within the guidelines of the Texas Constitution. The pension's Board of Trustees does not have the authority to establish or amend benefit terms. All employees of public, state-supported educational institutions in Texas who are employed for one-half or more of the standard work load and who are not exempted from membership under Texas Government Code, Title 8, Section 822.002 are covered by the system.

Pension Plan Fiduciary Net Position

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

Benefits Provided

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



**DONNA INDEPENDENT SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED AUGUST 31, 2018**

**Note 15: PENSION PLAN OBLIGATIONS (Continued)**

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 83<sup>rd</sup> Texas Legislature amended Texas Government Code 825.402 for member contributions and established employee contribution rates for fiscal years 2014 thru 2017. The 84th Texas Legislature, General Appropriations Act (GAA) established the employer contribution rates for fiscal years 2016 and 2017.

<b>Contribution Rates</b>		
	<b>2017</b>	<b>2018</b>
Member	7.7%	7.7%
Non-Employer Contributing Entity (State)	6.8%	6.8%
Employers	6.8%	6.8%
Donna ISD 2017 Employer Contributions		\$ 3,212,214
Donna ISD 2017 Member Contributions		\$ 8,045,988
Donna ISD 2017 NECE On-Behalf Contributions		\$ 5,605,597

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

As the non-employer contributing entity for public education and junior colleges, the State of Texas contributes to the retirement system an amount equal to the current employer contribution rate times the aggregate annual compensation of all participating members of the pension trust fund during that fiscal year reduced by the amounts described below which are paid by the employers.

**DONNA INDEPENDENT SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED AUGUST 31, 2018**

**Note 15: PENSION PLAN OBLIGATIONS (Continued)**

Employers (public school, junior college, other entities or the State of Texas as the employer for senior universities and medical schools) are required to pay the employer contribution rate in the following instances:

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

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

- When employing a retiree of the Teacher Retirement System the employer shall pay both the member contribution and the state contribution as an employment after retirement surcharge.
- When a school district or charter school does not contribute to the Federal Old-Age, Survivors and Disability Insurance (OASDI) Program for certain employees, they must contribute 1.5% of the state contribution rate for certain instructional or administrative employees; and 100% of the state contribution rate for all other employees.

**Actuarial Assumptions**

The total pension liability in the August 31, 2017 actuarial valuation was determined using the following actuarial assumptions:

Valuation Date	August 31, 2017
Actuarial Cost Method	Individual Entry Age Normal
Asset Valuation Method	Market Value
Single Discount Rate	8.00%
Long-term expected Investment Rate of Return	8.00%
Inflation	2.5%
Salary Increases including inflation	3.5% to 9.5%
Benefit Changes during the year	None
Ad hoc post-employment benefit changes	None

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

**DONNA INDEPENDENT SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED AUGUST 31, 2018**

**Note 15: PENSION PLAN OBLIGATIONS (Continued)**

**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, 2017 are summarized below:

**Teacher Retirement System of Texas  
Asset Allocation and Long-Term Expected Real Rate of Return  
As of August 31, 2017**

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

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

**DONNA INDEPENDENT SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED AUGUST 31, 2018**

**Note 15: PENSION PLAN OBLIGATIONS (Continued)**

Discount Rate Sensitivity Analysis

The following schedule shows the impact of the Net Pension Liability if the discount rate used was 1% less than and 1% greater than the discount rate that was used (8%) in measuring the 2017 Net Pension Liability.

	1% Decrease in Discount Rate (7.0%)	Discount Rate (8.0%)	1% Increase in Discount Rate (9.0%)
Donna's proportionate share of the net pension liability:	\$ 51,668,695	\$ 30,649,319	\$ 13,147,276

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

At August 31, 2018, the District reported a liability of \$30,649,319 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	\$ 30,649,319
State's proportionate share that is associated with the District	54,803,422
Total	<u>\$ 85,452,741</u>

The net pension liability was measured as of August 31, 2017 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The employer's proportion of the net pension liability was based on the employer's contributions to the pension plan relative to the contributions of all employers to the plan for the period September 1, 2016 thru August 31, 2017.

At August 31, 2017 the employer's proportion of the collective net pension liability was .0958551674% which was an increase (decrease) of (.0014980441%) from its proportion measured as of August 31, 2016.

**DONNA INDEPENDENT SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED AUGUST 31, 2018**

**Note 1S: PENSION PLAN OBLIGATIONS (Continued)**

Changes Since the Prior Actuarial Valuation

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

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

For the year ended August 31, 2018, the District recognized pension expense of \$8,287,306 and revenue of \$4,180,187 for support provided by the State.

At August 31, 2018, the District reported its proportionate share of the TRS's deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ 448,413	\$ 1,652,877
Changes in actuarial assumptions	1,396,125	799,249
Difference between projected and actual investment earnings	-	2,233,656
Changes in proportion and difference between the employer's contributions and the proportionate share of contributions	4,545,544	723,596
Total as August 31, 2017 measurement date	6,390,082	5,409,378
Contributions paid to TRS subsequent to the measurement date	3,212,214	-
Total as of fiscal year-end	\$ 9,602,296	\$ 5,409,378

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

Year ended August 31:	Pension Expense Amount
2019	27,647
2020	1,984,073
2021	(122,668)
2022	(700,243)
2023	(119,596)
Thereafter	(88,509)

**DONNA INDEPENDENT SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED AUGUST 31, 2018**

**Note 16: DEFINED OTHER POST-EMPLOYMENT BENEFIT PLANS**

**Plan Description**

The Donna Independent School District participates in the Texas Public School Retired Employees Group Insurance Program (TRS-Care). It is a multiple-employer, cost-sharing defined Other Post-Employment Benefit (OPEB) plan that has a special funding situation. The plan is administered through a trust by the Teacher Retirement System of Texas (TRS) Board of Trustees. It is established and administered in accordance with the Texas Insurance Code, Chapter 1575.

**OPEB Plan Fiduciary Net Position**

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

**Benefits Provided**

TRS-Care provides a basic health insurance coverage (TRS-Care 1), at no cost to all retirees from public schools, charter schools, regional education service centers and other educational districts who are members of the TRS pension plan. Optional dependent coverage is available for an additional fee.

Eligible retirees and their dependents not enrolled in Medicare may pay premiums to participate in one of two optional insurance plans with more comprehensive benefits (TRS-Care2 and TRS-Care 3). Eligible retirees and dependents enrolled in Medicare may elect to participate in one of the two Medicare health plans for an additional fee. To qualify for TRS-Care coverage, a retiree must have at least 10 years of service credit in the TRS pension system. The Board of Trustees is granted the authority to establish basic and optional group insurance coverage for participants as well as to amend benefit terms as needed under Chapter 1575.052. There are no automatic post-employment benefit changes; including automatic COLAs.

The premium rates for the optional health insurance are based on years of service of the member. The schedule below shows the monthly rates for the average retiree with Medicare parts A&B coverage, with 20 to 29 years of service for the basic plan and the two optional plans.

<b>TRS-Care Plan Premium Rates</b>			
Effective Sept. 1, 2016 - Dec. 31, 2017			
	<b>TRS-Care 1</b>	<b>TRS-Care 2</b>	<b>TRS-Care 3</b>
	<b>Basic Plan</b>	<b>Optional Plan</b>	<b>Optional Plan</b>
Retiree*	\$ -	\$ 70	\$ 100
Retiree and Spouse	20	175	255
Retiree* and Children	41	132	182
Retiree and Family	61	237	337
Surviving Children Only	28	62	82

*\*or surviving spouse*

**DONNA INDEPENDENT SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED AUGUST 31, 2018**

**Note 16: DEFINED OTHER POST-EMPLOYMENT BENEFIT PLANS (Continued)**

Contributions

Contribution rates for the TRS-Care plan are established in state statute by the Texas Legislature, and there is no continuing obligation to provide benefits beyond each fiscal year. The TRS-Care plan is currently funded on a pay-as-you-go basis and is subject to change based on available funding. Funding for TRS-Care is provided by retiree premium contributions and contributions from the state, active employees, and school districts based upon public school district payroll. The TRS Board of trustees does not have the authority to set or amend contribution rates.

Texas Insurance Code, section 1575.202 establishes the state’s contribution rate which is 1.0% of the employee’s salary. Section 1575.203 establishes the active employee’s rate which is .65% of pay. Section 1575.204 establishes an employer contribution rate of not less than 0.25 percent or not more than 0.75 percent of the salary of each active employee of the public. The actual employer contribution rate is prescribed by the Legislature in the General Appropriations Act. The following table shows contributions to the TRS-Care plan by type of contributor.

	2017	2018
Active Employee	0.65%	0.65%
Non-Employer Contributing Entity (State)	1.00%	1.25%
Employers	0.55%	0.75%
Federal/private Funding remitted by Employers	1.00%	1.25%
Donna ISD 2017 Employer Contributions		\$ 905,509
Donna ISD 2017 Member Contributions		\$ 681,229
Donna ISD 2017 NECE On-Behalf Contributions		\$ 60,714

In addition to the employer contributions listed above, there is an additional surcharge all TRS employers are subject to (*regardless of whether or not they participate in the TRS Care OPEB program*). When employers hire a TRS retiree, they are required

TRS-Care received supplemental appropriations from the State of Texas as the Non-Employer Contributing Entity in the amount of \$15.6 million in fiscal year 2017 and \$182.6 million in fiscal year 2018.

**DONNA INDEPENDENT SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED AUGUST 31, 2018**

**Note 16: DEFINED OTHER POST-EMPLOYMENT BENEFIT PLANS (Continued)**

Actuarial Assumptions

The total OPEB liability in the August 31, 2017 actuarial valuation was determined using the following actuarial assumptions: *Actuarial Assumptions can be found in the 2017 TRS CAFR, Note 10, page 82.*

The following assumptions and other inputs used for members of the TRS-Care are identical to the assumptions used in the August 31, 2017 TRS pension actuarial valuation:

Rates of Mortality	General Inflation
Rates of Retirement	Wage Inflation
Rates of Termination	Expected Payroll Growth
Rates of Disability Incidence	

Additional Actuarial Methods and Assumptions:

Valuation Date	August 31, 2017
Actuarial Cost Method	Individual Entry Age Normal
Inflation	2.50%
Discount Rate*	3.42%*
Aging Factors	Based on plan specific experience
Expenses	Third-party administrative expenses related to the delivery of health care benefits are included in the age-adjusted claims costs.
Payroll Growth Rate	2.50%
Projected Salary Increases**	3.50%-9.50%**
Healthcare Trend Rates***	4.50%-12.00%***
Election Rates	Normal Retirement : 70% participation prior to age 65 and 75% participation after age 65
Ad hoc post-employment benefit changes	None

*\*Source: Fixed Income municipal bonds with 20 years to maturity that include only federal tax-exempt municipal bonds as reported in Fidelity Index's "20-Year Municipal GO AA Index" as of August 31, 2017.*

*\*\*Includes Inflation at 2.50%*

*\*\*\*Initial trend rates are 7.00% for non-Medicare retirees: 10.00% for Medicare retirees and 12.00% for prescriptions for all retirees. Initial trend rates decrease to an ultimate trend rate of 4.50% over a period of 10 years.*



**DONNA INDEPENDENT SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED AUGUST 31, 2018**

**Note 16: DEFINED OTHER POST-EMPLOYMENT BENEFIT PLANS (Continued)**

Other Information:

There was a significant plan change adopted in fiscal year ending August 31, 2017. Effective January 1, 2018, only one health plan option will be offered and all retirees will be required to contribute monthly premiums for coverage. Assumption changes made for the August 31, 2017 valuation include a change to the assumption regarding the phase-out of the Medicare Part D subsidies and a change to the discount rate from 2.98% as of August 31, 2016 to 3.42% as of August 31, 2017.

Discount Rate.

A single discount rate of 3.42% was used to measure the total OPEB liability. There was a change of .44 percent in the discount rate since the previous year. *The Discount Rate can be found in the 2017 TRS CAFR on page 83.* Because the plan is essentially a “pay-as-you-go” plan, the single discount rate is equal to the prevailing municipal bond rate. The projection of cash flows used to determine the discount rate assumed that contributions from active members and those of the contributing employers and the non-employer contribution entity are made at the statutory required rates. Based on those assumptions, the OPEB plan’s fiduciary net position was projected to *not be able* to make all future benefit payments of current plan members. Therefore, the municipal bond rate was applied to all periods of projected benefits payments to determine the total OPEB liability.

Discount Rate Sensitivity Analysis

The following schedule shows the impact of the Net OPEB Liability if the discount rate used was 1% or less than and 1% greater than the discount rate that was used in measuring the Net OPEB Liability.

	1% Decrease in Discount Rate (2.42%)	Current Single Discount Rate (3.42%)	1% Increase in Discount Rate (4.42%)
Donna's proportionate share of the Net OPEB liability:	\$ 70,308,487	\$ 59,570,930	\$ 50,940,356

Healthcare Cost Trend Rates Sensitivity Analysis

The following presents the net OPEB liability of the plan using the assumed healthcare cost trend rate, as well as what the net OPEB liability would be if it were calculated using a trend rate that is one-percentage point lower or one-percentage point higher than the assumed healthcare cost trend rate.

	1% Decrease	Current Healthcare Cost Trend Rate	1% Increase
Donna's proportionate share of the Net OPEB liability:	\$ 49,598,751	\$ 59,570,930	\$ 72,655,687

**DONNA INDEPENDENT SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED AUGUST 31, 2018**

**Note 16: DEFINED OTHER POST-EMPLOYMENT BENEFIT PLANS (Continued)**

OPEB Liabilities, OPEB Expense, and Deferred Outflow of Resources and Deferred Inflows of Resources Related to OPEBs

At August 31, 2018, the District reported a liability of \$59,570,930 for its proportionate share of the TRS's Net OPEB liability. This liability reflects a reduction for State OPEB support provided to the District. The amount recognized by the District as its proportionate share of the Net OPEB liability, the related State support, and the total portion of the net OPEB liability that was associated with the District were as follows:

District's Proportionate share of the collective Net OPEB liability	\$ 59,570,930
State's proportionate share that is associated with the District	<u>80,357,296</u>
Total	<u><u>\$ 139,928,226</u></u>

The Net OPEB liability was measured as of August 31, 2017 and the Total OPEB Liability used to calculate the Net OPEB Liability was determined by an actuarial valuation as of that date. The employer's proportion of the Net OPEB Liability was based on the employer's contributions to the OPEB plan relative to the contributions of all employers to the plan for the period September 1, 2016 thru August 31, 2017.

At August 31, 2018 the employer's proportion of the collective Net OPEB Liability was .1369879727%. Since this is the first year of implementation, the District does not have the proportion measured as of August 31, 2016. The Notes to the Financial Statements for August 31, 2016 for TRS stated that the change in proportion was immaterial and, therefore, disregarded this year.

**Changes Since the Prior Actuarial Valuation**

The following were changes to the actuarial assumptions or other inputs that affected measurement of the Total OPEB liability since the prior measurement period:

1. Significant plan changes were adopted during fiscal year ending August 31, 2017. Effective January 1, 2018, only one health plan option will exist (instead of three), and all retirees will be required to contribute monthly premiums for coverage. The health plan changes triggered changes to several of the assumptions, including participation rates, retirement rates, and spousal participation rates.
2. The August 31, 2016 valuation had assumed that the savings related to the Medicare Part D reimbursements would phase out by 2022. This assumption was removed for the August 31, 2017 valuation. Although there is uncertainty regarding these federal subsidies, the new assumption better reflects the current substantive plan. This change was unrelated to the plan amendment, and its impact was included as an assumption change in the reconciliation of the total OPEB liability. This change significantly lowered the OPEB liability.
3. The discount rate changed from 2.98 percent as of August 31, 2016 to 3.42 percent as of August 31, 2017. This change lowered the total OPEB liability.

**DONNA INDEPENDENT SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED AUGUST 31, 2018**

**Note 16: DEFINED OTHER POST-EMPLOYMENT BENEFIT PLANS (Continued)**

In this valuation the impact of the Cadillac Tax has been calculated as a portion of the trend assumption.

Assumptions and methods used to determine the impact of the Cadillac Tax include:

- 2018 thresholds of \$850/\$2,292 were indexed annually by 2.50 percent.
- Premium data submitted was not adjusted for permissible exclusions to the Cadillac Tax.
- There were no special adjustments to the dollar limit other than those permissible for non-Medicare retirees over 55.

Results indicate that the value of the excise tax would be reasonably represented by a 25 basis point addition to the long term trend rate assumption.

Future actuarial measurements may differ significantly from the current measurement due to such factors as the following: plan experience differing from that anticipated by the economic or demographic assumptions; changes in economic or demographic assumptions; increases or decreases expected as part of the natural operation of the methodology used for these measurements; and changes in plan provisions or applicable law.

There were no changes of benefit terms that affected measurement of the Total OPEB Liability during the measurement period.

For the year ended August 31, 2018, the District recognized OPEB expense of (\$46,866,716) and revenue of (\$26,889,688) for support provided by the State.

At August 31, 2018, the District reported its proportionate share of the TRS's deferred outflows of resources and deferred inflows of resources related to post-employment benefits from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ -	\$ 1,243,588
Changes in actuarial assumptions	-	23,675,044
Difference between projected and actual investment earnings	9,049	-
Changes in proportion and difference between the employer's contributions and the proportionate share of contributions	274	-
Total as of August 31, 2017 measurement date	9,323	24,918,632
Contributions paid to TRS subsequent to the measurement date	905,509	-
Total as of fiscal year-end	\$ 914,832	\$ 24,918,632

**DONNA INDEPENDENT SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED AUGUST 31, 2018**

**Note 16: DEFINED OTHER POST-EMPLOYMENT BENEFIT PLANS (Continued)**

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

Year ended August 31:	Pension Expense Amount
2019	(3,286,812)
2020	(3,286,812)
2021	(3,286,812)
2022	(3,286,812)
2023	(3,289,074)
Thereafter	(8,472,987)

**Note 17: POSTEMPLOYMENT HEALTH BENEFITS**

Plan Description

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

Funding Policy

Contribution requirements are not actuarially determined but are legally established each biennium by the Texas Legislature. Texas Insurance Code, Sections 1575.202, 203 and 204 establish state, active employee and public school contributions, respectively.

The State of Texas and active public school employee contribution rates were 1.0% and 0.65% of public school payroll, respectively, with school districts contributing a percentage of payroll set at 0.55% for the years ended August 31, 2018, 2017 and 2016. Effective September 1, 2014 the State’s contribution rate for TRS-Care increased to 1.0% and increased to 1.25% effective September 1, 2017.

**DONNA INDEPENDENT SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED AUGUST 31, 2018**

**Note 17: POSTEMPLOYMENT HEALTH BENEFITS *(Continued)***

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. For the years ended August 31, 2018, 2017 and 2016, the State's contributions to TRS-Care were \$129,955, \$108,114, and \$104,846, respectively, the active member contributions were \$675,766, \$702,739, and \$681,492 respectively, were recognized by the District, and the District's contributions were \$779,729, \$594,625 and \$576,654, respectively, which equaled the required contributions each year.

**Medicare Part D – On Behalf Payments for Reporting Entities**

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. These on-behalf payments have been recognized as equal revenues and expenditures by the District, in the amount of \$338,276, \$372,050, and \$468,163 for the years ended August 31, 2018, 2017, and 2016 respectively.

**Note 18: RISK MANAGEMENT**

**General**

The District is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During fiscal year 2018, the District purchased commercial insurance to cover general liabilities. There were no significant reductions in coverage in the past fiscal year and there were no settlements exceeding insurance coverage for each of the past fiscal year.

**Worker's Compensation**

The District's workers' compensation plan is administered by an independent claims administrator who reviews and processes all workers' compensation claims. The District pays each month an amount equal to the actual paid losses plus a fee based on the number of claimants. The District has in place specific stop loss coverage of \$400 for any one accident or occurrence up to a maximum limit of \$1,000,000.

**DONNA INDEPENDENT SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED AUGUST 31, 2018**

**Note 18: RISK MANAGEMENT (Continued)**

The following is a reconciliation of workers' compensation claims:

	Worker's Compensation
Claims Payable Beginning of Year	\$ 1,555,000
Current Year Claims and Changes in Estimates	3,812,000
Claim Payments Net of Stop Loss	(4,233,000)
Claims Payable End of Year	\$ 1,134,000

**Health and Dental Benefit Plan**

The District provides the employees with a health insurance plan. As a self-insured program, premiums of \$505 per month are paid by the District per employee; and employees, at their option, authorized payroll withholdings to pay premiums for dependents. The plan was authorized by Article 21.922, Texas Education Code, and was documented by contractual agreement.

**Claims Liabilities**

The claims for health and dental insurance liability reported in the Internal Service Fund at August 31, 2018 is based on the requirements of Governmental Accounting Standards Board Statement No. 10, which requires that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it 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.

Balances related to health and dental insurance are below:

	Health and Dental
Beginning of Fiscal Year Claims Liability	\$ 419,137
Current Year Claims and Charges in Estimates	37,974
End of Fiscal Year Claims Liability	\$ 457,112

**DONNA INDEPENDENT SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED AUGUST 31, 2018**

**NOTE 19: CONTINGENCIES**

The District participates in a number of state and federally assisted programs. These programs are subject to program compliance audits by the grantors or their representatives. Accordingly, the District's compliance with applicable grant requirements will be finally determined at some future date. The amount, if any, of expenditures which may be disallowed by the granting agencies cannot be determined at this time although the District expects such amounts, if any, to be immaterial.

The District is independently self-insured for health and dental and worker's compensation insurance. Claims paid are reported in the Internal Service Fund. Claims incurred but not reported have been considered in determining the accrual for claims and the District management believes adequate accruals have been provided at August 31, 2018.

The District participates in a public entity risk pool for various governmental functions. The District believes any adjustments to premiums for claims would be immaterial.

The District is involved in various legal proceedings arising from its operations. Management in consultation with its attorneys believes the outcomes will have no material effect on the District's financial position.

**NOTE 20: OPERATING LEASES**

Rental expenditures during the year totaled \$2,000,723 for governmental activities, which included month to month leases. The District has operating leases for computer, office equipment, and portable building. Commitments under lease agreements as of August 31, 2018 provide for future minimum lease obligations as follows:

<u>Year Ending August 31,</u>	<u>Operating Leases</u>
2019	\$ 1,176,067
2020	-
2021	-
2022	-
2023	-

**NOTE 21: SUBSEQUENT EVENTS**

Management has evaluated subsequent events through December 19, 2018 which is the date financial statements are available to be issued.

**DONNA INDEPENDENT SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED AUGUST 31, 2018**

**NOTE 22: PRIOR PERIOD ADJUSTMENTS**

During fiscal year 2018, the District adopted GASB statement No. 75 for *Accounting and Financial Reporting for Post-employment Benefits Other Than Pension*. With GASB 75, the District assumed their proportional share of net OPEB liability of the Teacher Retirement System of Texas. Adoption of GASB 75 required a prior period adjustment to report the effect of GASB 75 retroactively. The prior period adjustment totaled (\$104,457,267) which resulted in a restated beginning net position balance of \$23,824,120. A prior period adjustment of (\$1,999,458) was made to adjust beginning net position for the government wide statements. Additionally, a prior period adjustment of (\$4,564,598) was made to the General Fund which resulted in a decrease in fund balance and net position.

Beginning Net OPEB Liability		\$ (105,169,469)
Deferred Resource Outflow Related to TRS OPEB		712,202
Government Wide Statement		(1,999,459)
General Fund Corrections:		
Over accrual of State revenue incorrectly calculated in prior year	\$ (4,295,915)	
Outstanding checks omitted from outstanding checklist	(221,432)	
Record ACH transaction that posted in prior year	603,702	
Deferred revenue from special revenue funds	25,773	
Due from State not received	(229)	
Adjustment for bank reconciliation	15	
Adjustment to taxes receivable	(676,511)	(4,564,598)
Total Prior Period Adjustment		<u>\$ (111,021,324)</u>

**NOTE 23: COMMITMENTS**

The District has commitments in an ongoing construction contract as of the end of the fiscal year. The amount of work remaining under ongoing contracts is \$2,691,841 for the Todd Middle School Classroom addition.

**NOTE 24: NEGATIVE OPERATING GRANTS AND CONTRIBUTIONS – STATEMENT OF ACTIVITIES**

Expense activity is required to be recorded by districts who are participants in cost-sharing pension and OPEB benefit plans with a special funding situation where non-employer contributing entities (NECE) also participate in contributions to the plans. TRS-retirement and TRS-care benefit plans are both cost-sharing plans with special funding situations. Therefore, on-behalf expense activity of the NECE must be recorded at the government-wide level of reporting on the Statement of Activities in accordance with GASB 68 and 75.

During the year under audit, the NECE expense was negative due to changes in benefits within the TRS-care plan. The accrual for proportionate share of that expense was a negative on-behalf revenue and negative on-behalf expense. This resulted in negative revenue for operating grants and contributions on the Statement of Activities. According to guidance provided directly from GASB, this is the correct reporting.



**DONNA INDEPENDENT SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED AUGUST 31, 2018**

**NOTE 24: NEGATIVE OPERATING GRANTS AND CONTRIBUTIONS – STATEMENT OF ACTIVITIES  
(Continued)**

Following are the effects on the Statement of Activities as a result of the negative on-behalf accruals recorded:

	Operating Grants and Contributions	Negative On-Behalf Accruals	Operating Grants and Contributions (excluding on- behalf accruals)
Instruction	\$ 8,777,094	\$ (15,409,081)	\$ 24,186,175
Instructional Resources and Media Services	421,946	(336,748)	758,694
Curriculum Development and Instructional Staff Development	1,967,346	(405,291)	2,372,637
Instructional Leadership	578,948	(387,034)	965,982
School Leadership	(780,003)	(1,352,208)	572,205
Guidance, Counseling and Evaluation Services	(163,688)	(1,061,186)	897,498
Social Work Services	42,625	(160,532)	203,157
Health Services	321,532	(347,442)	668,974
Student (Pupil) Transportation	(898,586)	(1,101,961)	203,375
Food Services	11,862,317	-	11,862,317
Extracurricular Activities	(912,011)	(1,118,425)	206,414
General Administration	(858,763)	(1,053,126)	194,363
Facilities Maintenance and Operations	(2,387,982)	(2,939,461)	551,479
Security and Monitoring Services	(401,690)	(502,489)	100,799
Data Processing Services	(531,474)	(651,761)	120,287
Community Services	921,785	(62,943)	984,728
	<u>\$ 17,959,396</u>	<u>\$ (26,889,688)</u>	<u>\$ 44,849,084</u>

THIS PAGE LEFT BLANK INTENTIONALLY

**REQUIRED SUPPLEMENTARY  
INFORMATION**

THIS PAGE LEFT BLANK INTENTIONALLY

DONNA INDEPENDENT SCHOOL DISTRICT  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL - GENERAL FUND  
FOR THE YEAR ENDED AUGUST 31, 2018

Data Control Codes		Budgeted Amounts		Actual Amounts (GAAP BASIS)	Variance With Final Budget Positive or (Negative)
		Original	Final		
<b>REVENUES:</b>					
5700	Total Local and Intermediate Sources	\$ 19,069,756	\$ 17,791,050	\$ 18,671,030	\$ 879,980
5800	State Program Revenues	138,431,386	129,367,668	129,641,544	273,876
5900	Federal Program Revenues	14,534,598	16,485,026	16,185,892	(299,134)
5020	Total Revenues	172,035,740	163,643,744	164,498,466	854,722
<b>EXPENDITURES:</b>					
Current:					
0011	Instruction	87,486,990	83,104,555	81,423,664	1,680,891
0012	Instructional Resources and Media Services	1,871,862	1,682,938	1,629,134	53,804
0013	Curriculum and Instructional Staff Development	2,266,645	2,347,835	2,328,634	19,201
0021	Instructional Leadership	2,424,952	1,993,314	1,774,720	218,594
0023	School Leadership	7,568,796	7,515,598	7,153,748	361,850
0031	Guidance, Counseling and Evaluation Services	5,870,514	5,694,992	5,401,292	293,700
0032	Social Work Services	896,466	900,950	862,676	38,274
0033	Health Services	1,944,100	1,900,729	1,685,135	215,594
0034	Student (Pupil) Transportation	5,767,757	6,249,624	5,824,309	425,315
0035	Food Services	12,500,674	12,852,087	11,448,089	1,403,998
0036	Extracurricular Activities	6,280,895	6,431,735	6,330,700	101,035
0041	General Administration	5,998,771	5,486,994	4,660,012	826,982
0051	Facilities Maintenance and Operations	16,503,146	16,942,366	16,942,366	-
0052	Security and Monitoring Services	2,817,351	2,782,987	2,569,381	213,606
0053	Data Processing Services	3,543,621	3,764,897	2,124,076	1,640,821
0061	Community Services	343,991	201,533	179,025	22,508
Debt Service:					
0071	Principal on Long-Term Debt	11,907,944	1,559,515	1,425,533	133,982
0072	Interest on Long-Term Debt	-	206,160	204,575	1,585
Capital Outlay:					
0081	Facilities Acquisition and Construction	6,000,000	424,793	368,134	56,659
Intergovernmental:					
0095	Payments to Juvenile Justice Alternative Ed. Prg.	113,760	113,760	12,040	101,720
0099	Other Intergovernmental Charges	-	255,473	246,823	8,650
6030	Total Expenditures	182,108,235	162,412,835	154,594,066	7,818,769
1100	Excess (Deficiency) of Revenues Over (Under) Expenditures	(10,072,495)	1,230,909	9,904,400	8,673,491
<b>OTHER FINANCING SOURCES (USES):</b>					
7913	Capital Leases	-	-	104,434	104,434
7915	Transfers In	-	-	509,994	509,994
8911	Transfers Out (Use)	-	(9,141,324)	(9,141,247)	77
7080	Total Other Financing Sources (Uses)	-	(9,141,324)	(8,526,819)	614,505
1200	Net Change in Fund Balances	(10,072,495)	(7,910,415)	1,377,581	9,287,996
0100	Fund Balance - September 1 (Beginning)	52,308,054	52,308,054	52,308,054	-
1300	Increase (Decrease) in Fund Balance	-	-	(4,564,598)	(4,564,598)
3000	Fund Balance - August 31 (Ending)	\$ 42,235,559	\$ 44,397,639	\$ 49,121,037	\$ 4,723,398

DONNA INDEPENDENT SCHOOL DISTRICT  
 SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY  
 TEACHER RETIREMENT SYSTEM OF TEXAS  
 FOR THE YEAR ENDED AUGUST 31, 2018

	FY 2018 Plan Year 2017	FY 2017 Plan Year 2016	FY 2016 Plan Year 2015	FY 2015 Plan Year 2014
District's Proportion of the Net Pension Liability (Asset)	0.095855167%	0.0973532%	0.1024154%	0.0723063%
District's Proportionate Share of Net Pension Liability (Asset)	\$ 30,649,319	\$ 36,788,331	\$ 36,202,481	\$ 19,314,013
State's Proportionate Share of the Net Pension Liability (Asset) Associated with the District	54,803,422	65,026,187	61,977,021	51,381,407
Total	\$ 85,452,741	\$ 101,814,518	\$ 98,179,502	\$ 70,695,420
District's Covered Payroll	\$ 108,113,665	\$ 104,845,274	\$ 101,375,603	\$ 97,802,467
District's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	28.35%	35.09%	35.71%	19.75%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	82.17%	78.00%	78.43%	83.25%

Note: GASB 68, Paragraph 81 requires that the information on this schedule be data from the period corresponding with the periods covered as of the measurement dates of August 31, 2017 for year 2018, August 31, 2016 for Year 2017, August 31, 2015 for Year 2016 and August 31, 2014 for 2015.

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

DONNA INDEPENDENT SCHOOL DISTRICT  
 SCHEDULE OF DISTRICT'S CONTRIBUTIONS FOR PENSIONS  
 TEACHER RETIREMENT SYSTEM OF TEXAS  
 FOR FISCAL YEAR 2018

	2018	2017	2016	2015
Contractually Required Contribution	\$ 3,212,214	\$ 3,141,617	\$ 3,092,157	\$ 3,032,563
Contribution in Relation to the Contractually Required Contribution	(3,212,214)	(3,141,617)	(3,092,157)	(3,032,563)
Contribution Deficiency (Excess)	\$ -0-	\$ -0-	\$ -0-	\$ -0-
District's Covered Payroll	\$ 103,963,924	\$ 108,113,665	\$ 104,845,274	\$ 101,375,603
Contributions as a Percentage of Covered Payroll	3.09%	2.91%	2.95%	2.99%

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

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

DONNA INDEPENDENT SCHOOL DISTRICT  
 SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET OPEB LIABILITY  
 TEACHER RETIREMENT SYSTEM OF TEXAS  
 FOR THE YEAR ENDED AUGUST 31, 2018

	<u>FY 2018</u> <u>Plan Year 2017</u>
District's Proportion of the Net Liability (Asset) for Other Post Employment Benefits	0.136987973%
District's Proportionate Share of Net Post Employment Benefit Liability (Asset)	\$ 59,070,930
State's Proportionate Share of the Net Post Employment Benefit Liability (Asset) Associated with the District	80,357,296
Total	<u>\$ 139,428,226</u>
District's Covered Payroll	\$ 108,113,665
District's Proportionate Share of the Net OPEB Liability (Asset) as a Percentage of its Covered Payroll	55.10%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	0.91%

Note: GASB Codification, Vol. 2, P50.238 states that the information on this schedule should be determined as of the measurement date. Therefore the amounts reported for FY 2018 are based on the August 31, 2017 measurement date.

This schedule shows only the year for which this information is available. Additional information will be added until 10 years of data are available and reported.



DONNA INDEPENDENT SCHOOL DISTRICT  
 SCHEDULE OF DISTRICT'S CONTRIBUTIONS FOR OTHER POSTEMPLOYMENT BENEFITS (OPEB)  
 TEACHER RETIREMENT SYSTEM OF TEXAS  
 FOR FISCAL YEAR 2018

	2018
Contractually Required Contribution	\$ 905,509
Contribution in Relation to the Contractually Required Contribution	(905,509)
Contribution Deficiency (Excess)	\$ -0-
District's Covered Payroll	\$ 103,963,924
Contributions as a Percentage of Covered Payroll	0.87%

Note: GASB Codification, Vol. 2, P50.238 requires that the data in this schedule be presented as of the District's respective fiscal years as opposed to the time periods covered by the measurement dates ending August 31 of the preceding year.

Information in this schedule should be provided only for the years where data is available. Eventually 10 years of data should be presented.

**DONNA INDEPENDENT SCHOOL DISTRICT  
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION  
FOR THE YEAR ENDED AUGUST 31, 2018**

**Budget:**

The official Budget was prepared for adoption for all Governmental Fund Types. The budget was prepared in accordance with accounting practices generally accepted in the United States of America. The following procedures are followed in establishing the budgetary data:

- a. Prior to August 20 of the preceding fiscal year, the District prepares a budget for the next succeeding fiscal year. The operating budget includes proposed expenditures and the means of financing them.
- b. A meeting of the Board is then called for the purpose of adopting the proposed budget after ten days' public notice of the meeting has been given.
- c. Prior to the beginning of the fiscal year, the budget is legally enacted through passage of a resolution by the Board.

Once a budget is approved, it can be amended at function and fund level only 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. Such amendments are made before the fact, are reflected in the official minutes of the Board and are not made after fiscal year end as required by law.

Each amendment 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.

Encumbrances for goods or purchased services are documented by purchase orders or contracts. Under Texas law, appropriations lapse at August 31, and encumbrances outstanding at that time are to be either cancelled or appropriately provided for in the subsequent year's budget. There were no end-of-year outstanding encumbrances that were provided for in the subsequent year's budget.

**Defined Benefit Pension Plan**

*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.

**Other Post-Employment Benefit Plan**

*Changes of benefit terms.*

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

*Changes of assumptions.*

The following were changes to the actuarial assumptions or other inputs that affected measurement of the total OPEB liability since the prior measurement period:

1. Significant plan changes were adopted during fiscal year ending August 31, 2017. Effective January 1, 2018, only one health plan option will exist (instead of three), and all retirees will be required to contribute monthly premiums for coverage. The health plan changes triggered changes to several of the assumptions, including participation rates, retirement rates, and spousal participation rates.
2. The August 31, 2016 valuation had assumed that the savings related to the Medicare Part D reimbursements would phase out by 2022. This assumption was removed for the August 31, 2017 valuation. Although there is uncertainty regarding these federal subsidies, the new assumption better reflects the current substantive plan. This change was unrelated to the plan amendment, and its impact was included as an assumption change in the reconciliation of the total OPEB liability. This change significantly lowered the OPEB liability.
3. The discount rate changed from 2.98 percent as of August 31, 2016 to 3.42 percent as of August 31, 2017. This change lowered the total OPEB liability.

## **COMBINING AND OTHER STATEMENTS**

DONNA INDEPENDENT SCHOOL DISTRICT  
 COMBINING BALANCE SHEET  
 NONMAJOR GOVERNMENTAL FUNDS  
 AUGUST 31, 2018

Data Control Codes	206 ESEA Title X, Pt.C Homeless	212 ESEA Title I Part C Migrant	224 IDEA - Part B Formula
<b>ASSETS</b>			
1110 Cash and Cash Equivalents	\$ -	\$ -	\$ -
1240 Due from Other Governments	15,345	191,118	1,415,507
1000 Total Assets	<u>\$ 15,345</u>	<u>\$ 191,118</u>	<u>\$ 1,415,507</u>
<b>LIABILITIES</b>			
2110 Accounts Payable	\$ 13,184	\$ 127,519	\$ 1,319,530
2160 Accrued Wages Payable	669	39,658	95,719
2180 Due to Other Governments	-	23,941	258
2300 Unearned Revenue	1,492	-	-
2000 Total Liabilities	<u>15,345</u>	<u>191,118</u>	<u>1,415,507</u>
<b>FUND BALANCES</b>			
Restricted Fund Balance:			
3450 Federal or State Funds Grant Restriction	-	-	-
3470 Capital Acquisition and Contractual Obligation	-	-	-
3600 Unassigned Fund Balance	-	-	-
3000 Total Fund Balances	<u>-</u>	<u>-</u>	<u>-</u>
4000 Total Liabilities and Fund Balances	<u>\$ 15,345</u>	<u>\$ 191,118</u>	<u>\$ 1,415,507</u>

EXHIBIT H-1 (Cont'd)

225 IDEA - Part B Preschool	244 Career and Technical - Basic Grant	255 ESEA II, A Training and Recruiting	262 Title II, D Education Technology	263 Title III, A English Lang. Acquisition	265 Title IV, B Community Learning	272 Medicaid Admin. Claim MAC	274 GEAR UP
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
8,926	131,792	246,487	-	450,133	306,076	-	-
<u>\$ 8,926</u>	<u>\$ 131,792</u>	<u>\$ 246,487</u>	<u>\$ -</u>	<u>\$ 450,133</u>	<u>\$ 306,076</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 3,648	\$ 130,535	\$ 246,487	\$ -	\$ 424,954	\$ 284,353	\$ -	\$ -
943	1,257	-	-	19,351	21,723	-	-
4,335	-	-	-	5,828	-	-	-
-	-	-	-	-	-	-	-
<u>8,926</u>	<u>131,792</u>	<u>246,487</u>	<u>-</u>	<u>450,133</u>	<u>306,076</u>	<u>-</u>	<u>-</u>
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>\$ 8,926</u>	<u>\$ 131,792</u>	<u>\$ 246,487</u>	<u>\$ -</u>	<u>\$ 450,133</u>	<u>\$ 306,076</u>	<u>\$ -</u>	<u>\$ -</u>

DONNA INDEPENDENT SCHOOL DISTRICT  
 COMBINING BALANCE SHEET  
 NONMAJOR GOVERNMENTAL FUNDS  
 AUGUST 31, 2018

Data Control Codes	276 Title I - SIP Academy Grant	287 Education Jobs Fund	289 Other Federal Special Revenue Funds	386 Regional Day School for the Deaf
<b>ASSETS</b>				
1110	\$ -	\$ -	\$ -	\$ -
1240	139,345	19,539	100,332	38,899
1000	<u>\$ 139,345</u>	<u>\$ 19,539</u>	<u>\$ 100,332</u>	<u>\$ 38,899</u>
<b>LIABILITIES</b>				
2110	\$ 83,609	\$ 19,539	\$ 65,893	\$ 39,200
2160	55,736	-	-	-
2180	-	-	-	-
2300	-	-	34,439	-
2000	<u>139,345</u>	<u>19,539</u>	<u>100,332</u>	<u>39,200</u>
<b>FUND BALANCES</b>				
Restricted Fund Balance:				
3450	-	-	-	-
3470	-	-	-	-
3600	-	-	-	(301)
3000	<u>-</u>	<u>-</u>	<u>-</u>	<u>(301)</u>
4000	<u>\$ 139,345</u>	<u>\$ 19,539</u>	<u>\$ 100,332</u>	<u>\$ 38,899</u>

EXHIBIT H-1 (Cont'd)

410 State Textbook Fund	429 Pre-K Grants, Literacy Grants Fund	480 Aetna Foundation Fund	482 Latchkey Program Fund	484 Ccms Day Care Fund	489 Verizon Innovative Project Fund	499 Other Local Special Revenue Funds	Total Nonmajor Special Revenue Funds
\$ 177,055	\$ 15,599	\$ 3,988	\$ 26,175	\$ 121,120	\$ 29,437	\$ 10,258	\$ 383,632
-	-	-	-	-	-	-	3,063,499
<u>\$ 177,055</u>	<u>\$ 15,599</u>	<u>\$ 3,988</u>	<u>\$ 26,175</u>	<u>\$ 121,120</u>	<u>\$ 29,437</u>	<u>\$ 10,258</u>	<u>\$ 3,447,131</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,758,451
-	-	-	-	-	-	-	235,056
-	-	-	-	-	-	-	34,362
<u>177,055</u>	<u>14,724</u>	<u>3,988</u>	<u>12,770</u>	<u>86,274</u>	<u>29,437</u>	<u>10,258</u>	<u>370,437</u>
<u>177,055</u>	<u>14,724</u>	<u>3,988</u>	<u>12,770</u>	<u>86,274</u>	<u>29,437</u>	<u>10,258</u>	<u>3,398,306</u>
-	875	-	13,405	34,846	-	-	49,126
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	(301)
<u>-</u>	<u>875</u>	<u>-</u>	<u>13,405</u>	<u>34,846</u>	<u>-</u>	<u>-</u>	<u>48,825</u>
<u>\$ 177,055</u>	<u>\$ 15,599</u>	<u>\$ 3,988</u>	<u>\$ 26,175</u>	<u>\$ 121,120</u>	<u>\$ 29,437</u>	<u>\$ 10,258</u>	<u>\$ 3,447,131</u>

DONNA INDEPENDENT SCHOOL DISTRICT  
 COMBINING BALANCE SHEET  
 NONMAJOR GOVERNMENTAL FUNDS  
 AUGUST 31, 2018

Data Control Codes	699 Capital Projects Fund	Total Nonmajor Governmental Funds	
<b>ASSETS</b>			
1110	Cash and Cash Equivalents	\$ 4,343,331	\$ 4,726,963
1240	Due from Other Governments	-	3,063,499
1000	Total Assets	<u>\$ 4,343,331</u>	<u>\$ 7,790,462</u>
<b>LIABILITIES</b>			
2110	Accounts Payable	\$ 113,220	\$ 2,871,671
2160	Accrued Wages Payable	-	235,056
2180	Due to Other Governments	-	34,362
2300	Unearned Revenue	-	370,437
2000	Total Liabilities	<u>113,220</u>	<u>3,511,526</u>
<b>FUND BALANCES</b>			
Restricted Fund Balance:			
3450	Federal or State Funds Grant Restriction	-	49,126
3470	Capital Acquisition and Contractual Obligation	4,230,111	4,230,111
3600	Unassigned Fund Balance	-	(301)
3000	Total Fund Balances	<u>4,230,111</u>	<u>4,278,936</u>
4000	Total Liabilities and Fund Balances	<u>\$ 4,343,331</u>	<u>\$ 7,790,462</u>



THIS PAGE LEFT BLANK INTENTIONALLY

DONNA INDEPENDENT SCHOOL DISTRICT  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN  
 FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS  
 FOR THE YEAR ENDED AUGUST 31, 2018

Data Control Codes	206 ESEA Title X, Pt.C Homeless	212 ESEA Title I Part C Migrant	224 IDEA - Part B Formula
<b>REVENUES:</b>			
5800 State Program Revenues	\$ -	\$ -	\$ -
5900 Federal Program Revenues	78,837	1,808,866	2,914,692
5020 Total Revenues	<u>78,837</u>	<u>1,808,866</u>	<u>2,914,692</u>
<b>EXPENDITURES:</b>			
Current:			
0011 Instruction	-	1,053,386	2,667,067
0013 Curriculum and Instructional Staff Development	-	2,157	2,874
0021 Instructional Leadership	-	275,253	-
0023 School Leadership	-	72,656	-
0031 Guidance, Counseling and Evaluation Services	-	82,398	244,159
0032 Social Work Services	78,837	72,468	592
0051 Facilities Maintenance and Operations	-	7,383	-
0052 Security and Monitoring Services	-	-	-
0061 Community Services	-	243,165	-
Capital Outlay:			
0081 Facilities Acquisition and Construction	-	-	-
6030 Total Expenditures	<u>78,837</u>	<u>1,808,866</u>	<u>2,914,692</u>
1100 Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>-</u>	<u>-</u>	<u>-</u>
<b>OTHER FINANCING SOURCES (USES):</b>			
7915 Transfers In	-	-	-
8911 Transfers Out (Use)	-	-	-
7080 Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>
1200 Net Change in Fund Balance	-	-	-
0100 Fund Balance - September 1 (Beginning)	<u>-</u>	<u>-</u>	<u>-</u>
3000 Fund Balance - August 31 (Ending)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

225 IDEA - Part B Preschool	244 Career and Technical - Basic Grant	255 ESEA II,A Training and Recruiting	262 Title II, D Education Technology	263 Title III, A English Lang. Acquisition	265 Title IV, B Community Learning	272 Medicaid Admin. Claim MAC	274 GEAR UP
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
34,356	201,681	449,891	-	741,948	869,459	80,745	-
34,356	201,681	449,891	-	741,948	869,459	80,745	-
34,356	106,184	107,703	-	437,122	712,682	-	-
-	-	320,482	-	109,863	5,203	-	-
-	-	108	-	155,646	143,513	-	-
-	-	21,598	-	-	-	-	-
-	95,497	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	8,061	-	-
-	-	-	-	39,317	-	-	-
-	-	-	-	-	-	-	-
34,356	201,681	449,891	-	741,948	869,459	-	-
-	-	-	-	-	-	80,745	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	(509,994)	-
-	-	-	-	-	-	(509,994)	-
-	-	-	-	-	-	(429,249)	-
-	-	-	-	-	-	429,249	-
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

DONNA INDEPENDENT SCHOOL DISTRICT  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN  
 FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS  
 FOR THE YEAR ENDED AUGUST 31, 2018

Data Control Codes	276 Title I - SIP Academy Grant	287 Education Jobs Fund	289 Other Federal Special Revenue Funds	386 Regional Day School for the Deaf
<b>REVENUES:</b>				
5800 State Program Revenues	\$ -	\$ -	\$ -	\$ -
5900 Federal Program Revenues	1,528,910	103,438	144,790	-
5020 Total Revenues	<u>1,528,910</u>	<u>103,438</u>	<u>144,790</u>	<u>-</u>
<b>EXPENDITURES:</b>				
Current:				
0011 Instruction	1,447,653	-	75,136	-
0013 Curriculum and Instructional Staff Development	7,516	103,438	18,229	-
0021 Instructional Leadership	-	-	-	-
0023 School Leadership	8,118	-	-	-
0031 Guidance, Counseling and Evaluation Services	65,623	-	51,425	-
0032 Social Work Services	-	-	-	-
0051 Facilities Maintenance and Operations	-	-	-	-
0052 Security and Monitoring Services	-	-	-	-
0061 Community Services	-	-	-	-
Capital Outlay:				
0081 Facilities Acquisition and Construction	-	-	-	-
6030 Total Expenditures	<u>1,528,910</u>	<u>103,438</u>	<u>144,790</u>	<u>-</u>
1100 Excess (Deficiency) of Revenues Over (Under) Expenditures	-	-	-	-
<b>OTHER FINANCING SOURCES (USES):</b>				
7915 Transfers In	-	-	-	-
8911 Transfers Out (Use)	-	-	-	-
7080 Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
1200 Net Change in Fund Balance	-	-	-	-
0100 Fund Balance - September 1 (Beginning)	-	-	-	(301)
3000 Fund Balance - August 31 (Ending)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (301)</u>

410 State Textbook Fund	429 Pre-K Grants, Literacy Grants Fund	480 Aetna Foundation Fund	482 Latchkey Program Fund	484 Ccms Day Care Fund	489 Verizon Innovative Project Fund	499 Other Local Special Revenue Funds	Total Nonmajor Special Revenue Funds
\$ 37,247	\$ 178,706	\$ 17,485	\$ -	\$ -	\$ -	\$ -	\$ 233,438
-	-	-	-	-	10,563	-	8,968,176
37,247	178,706	17,485	-	-	10,563	-	9,201,614
37,247	178,270	17,485	-	-	5,763	-	6,880,054
-	-	-	-	-	4,800	-	574,562
-	-	-	-	-	-	-	574,520
-	-	-	-	-	-	-	102,372
-	-	-	-	-	-	-	539,102
-	-	-	-	-	-	-	151,897
-	-	-	-	-	-	-	7,383
-	-	-	-	-	-	-	8,061
-	-	-	-	-	-	-	282,482
-	-	-	-	-	-	-	-
37,247	178,270	17,485	-	-	10,563	-	9,120,433
-	436	-	-	-	-	-	81,181
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	(509,994)
-	-	-	-	-	-	-	(509,994)
-	436	-	-	-	-	-	(428,813)
-	439	-	13,405	34,846	-	-	477,638
\$ -	\$ 875	\$ -	\$ 13,405	\$ 34,846	\$ -	\$ -	\$ 48,825

DONNA INDEPENDENT SCHOOL DISTRICT  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN  
 FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS  
 FOR THE YEAR ENDED AUGUST 31, 2018

Data Control Codes	699 Capital Projects Fund	Total Nonmajor Governmental Funds
<b>REVENUES:</b>		
5800 State Program Revenues	\$ -	\$ 233,438
5900 Federal Program Revenues	-	8,968,176
5020 Total Revenues	-	9,201,614
<b>EXPENDITURES:</b>		
Current:		
0011 Instruction	-	6,880,054
0013 Curriculum and Instructional Staff Development	-	574,562
0021 Instructional Leadership	-	574,520
0023 School Leadership	-	102,372
0031 Guidance, Counseling and Evaluation Services	-	539,102
0032 Social Work Services	-	151,897
0051 Facilities Maintenance and Operations	-	7,383
0052 Security and Monitoring Services	-	8,061
0061 Community Services	-	282,482
Capital Outlay:		
0081 Facilities Acquisition and Construction	569,889	569,889
6030 Total Expenditures	569,889	9,690,322
1100 Excess (Deficiency) of Revenues Over (Under) Expenditures	(569,889)	(488,708)
<b>OTHER FINANCING SOURCES (USES):</b>		
7915 Transfers In	4,800,000	4,800,000
8911 Transfers Out (Use)	-	(509,994)
7080 Total Other Financing Sources (Uses)	4,800,000	4,290,006
1200 Net Change in Fund Balance	4,230,111	3,801,298
0100 Fund Balance - September 1 (Beginning)	-	477,638
3000 Fund Balance - August 31 (Ending)	\$ 4,230,111	\$ 4,278,936

THIS PAGE LEFT BLANK INTENTIONALLY

DONNA INDEPENDENT SCHOOL DISTRICT  
 COMBINING STATEMENT OF NET POSITION  
 INTERNAL SERVICE FUNDS  
 AUGUST 31, 2018

	752 Print Shop Fund	753 Health Insurance Fund	754 Computer Operations Fund	771 Workers Compensation Fund	Total Internal Service Funds
<b>ASSETS</b>					
Current Assets:					
Cash and Cash Equivalents	\$ 69,249	\$ 953,200	\$ 449,504	\$ 160,774	\$ 1,632,727
Investments - Current	-	268,481	-	155,071	423,552
Due from Other Funds	-	1,500,137	-	1,312,575	2,812,712
Total Assets	69,249	2,721,818	449,504	1,628,420	4,868,991
<b>LIABILITIES</b>					
Current Liabilities:					
Accounts Payable	-	1,435,046	-	107,518	1,542,564
Due to Other Funds	-	73,620	-	-	73,620
Accrued Expenses	-	457,112	-	1,134,000	1,591,112
Total Liabilities	-	1,965,778	-	1,241,518	3,207,296
<b>NET POSITION</b>					
Unrestricted Net Position	\$ 69,249	\$ 756,040	\$ 449,504	\$ 386,902	\$ 1,661,695
Total Net Position	\$ 69,249	\$ 756,040	\$ 449,504	\$ 386,902	\$ 1,661,695



DONNA INDEPENDENT SCHOOL DISTRICT  
 COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION  
 INTERNAL SERVICE FUNDS  
 FOR THE YEAR ENDED AUGUST 31, 2018

	752 Print Shop Fund	753 Health Insurance Fund	754 Computer Operations Fund	771 Workers Compensation Fund	Total Internal Service Funds
<b>OPERATING REVENUES:</b>					
Local and Intermediate Sources	\$ -	\$ 17,523,602	\$ 10,898	\$ 1,220,781	\$ 18,755,281
Total Operating Revenues	-	17,523,602	10,898	1,220,781	18,755,281
<b>OPERATING EXPENSES:</b>					
Professional and Contracted Services	52	62,011	-	702,935	764,998
Other Operating Costs	-	20,074,960	-	-	20,074,960
Total Operating Expenses	52	20,136,971	-	702,935	20,839,958
Income (Loss) Before Transfers	(52)	(2,613,369)	10,898	517,846	(2,084,677)
Transfer In	-	3,788,547	-	552,700	4,341,247
Change in Net Position	(52)	1,175,178	10,898	1,070,546	2,256,570
Total Net Position - September 1 (Beginning)	69,301	(419,138)	438,606	(683,644)	(594,875)
Total Net Position - August 31 (Ending)	\$ 69,249	\$ 756,040	\$ 449,504	\$ 386,902	\$ 1,661,695

DONNA INDEPENDENT SCHOOL DISTRICT  
 COMBINING STATEMENT OF CASH FLOWS  
 INTERNAL SERVICE FUNDS  
 FOR THE YEAR ENDED AUGUST 31, 2018

	752 Print Shop Fund	753 Health Insurance Fund	754 Computer Operations Fund	771 Workers Compensation Fund	Total Internal Service Funds
<b><u>Cash Flows from Operating Activities:</u></b>					
Cash Received from Customers	\$ -	\$ -	\$ 10,898	\$ -	\$ 10,898
Interfund Services Provided and Used	-	16,446,042	-	469,987	16,916,029
Cash Payments for Claims	-	(20,000,126)	-	(565,173)	(20,565,299)
Cash Payments for Suppliers	(52)	169,967	-	(461,841)	(291,926)
<b>Net Cash Provided by (Used for) Operating Activities</b>	<b>(52)</b>	<b>(3,384,117)</b>	<b>10,898</b>	<b>(557,027)</b>	<b>(3,930,298)</b>
<b><u>Cash Flows from Non-Capital Financing Activities:</u></b>					
Operating Transfer In	-	3,788,547	-	552,700	4,341,247
<b><u>Cash Flows from Investing Activities:</u></b>					
Interest and Dividends on Investments	-	3,875	-	2,238	6,113
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	<b>(52)</b>	<b>408,305</b>	<b>10,898</b>	<b>(2,089)</b>	<b>417,062</b>
<b>Cash and Cash Equivalents at Beginning of Year</b>	<b>69,301</b>	<b>544,895</b>	<b>438,606</b>	<b>162,863</b>	<b>1,215,665</b>
<b>Cash and Cash Equivalents at End of Year</b>	<b>\$ 69,249</b>	<b>\$ 953,200</b>	<b>\$ 449,504</b>	<b>\$ 160,774</b>	<b>\$ 1,632,727</b>
<b><u>Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities:</u></b>					
<b>Operating Income (Loss):</b>	<b>\$ (52)</b>	<b>\$ (2,613,369)</b>	<b>\$ 10,898</b>	<b>\$ 517,846</b>	<b>\$ (2,084,677)</b>
<b>Effect of Increases and Decreases in Current Assets and Liabilities:</b>					
Decrease (increase) in Receivables	-	(368,281)	-	(750,793)	(1,119,074)
Increase (decrease) in Accounts Payable	-	268,837	-	96,920	365,757
Increase (decrease) in Accrued Expenses	-	37,975	-	(421,000)	(383,025)
Increase (decrease) in Interfund Payables	-	(709,279)	-	-	(709,279)
<b>Net Cash Provided by (Used for) Operating Activities</b>	<b>\$ (52)</b>	<b>\$ (3,384,117)</b>	<b>\$ 10,898</b>	<b>\$ (557,027)</b>	<b>\$ (3,930,298)</b>

THIS PAGE LEFT BLANK INTENTIONALLY

DONNA INDEPENDENT SCHOOL DISTRICT  
 COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES  
 ALL AGENCY FUNDS  
 FOR THE YEAR ENDED AUGUST 31, 2018

	BALANCE SEPTEMBER 1 2017	ADDITIONS	DEDUCTIONS	BALANCE AUGUST 31 2018
<b>AGENCY FUND FOR TEXTBOOK WAIVER REFUNDS</b>				
Assets:				
Cash and Temporary Investments	\$ 2,186	\$ -	\$ -	\$ 2,186
Liabilities:				
Due to Other Governments	\$ 2,186	\$ -	\$ -	\$ 2,186
<b>STUDENT ACTIVITY ACCOUNT</b>				
Assets:				
Cash and Temporary Investments	\$ 473,311	\$ 1,557,639	\$ 1,508,757	\$ 522,193
Due From Other Governments	88	-	1	87
Total Assets	\$ 473,399	\$ 1,557,639	\$ 1,508,758	\$ 522,280
Liabilities:				
Accounts Payable	\$ -	\$ 1,072,931	\$ 1,048,267	\$ 24,664
Payroll Deductions & Withholdings	9,214	-	9,214	-
Due to Student Groups	464,185	1,113,759	1,080,328	497,616
Total Liabilities	\$ 473,399	\$ 2,186,690	\$ 2,137,809	\$ 522,280
<b>FOOD BACKPACK PROGRAM</b>				
Assets:				
Cash and Temporary Investments	\$ 230	\$ -	\$ 230	\$ -
<b>CAMPUS CHECKING ACCOUNT</b>				
Assets:				
Cash and Temporary Investments	\$ 13,134	\$ 82,273	\$ 83,490	\$ 11,917
Other Receivables	1,315	-	-	1,315
Total Assets	\$ 14,449	\$ 82,273	\$ 83,490	\$ 13,232
Liabilities:				
Accounts Payable	\$ -	\$ 32,698	\$ 32,603	\$ 95
Due to Student Groups	14,449	33,563	34,875	13,137
Total Liabilities	\$ 14,449	\$ 66,261	\$ 67,478	\$ 13,232
<b>LIBRARY FUND</b>				
Assets:				
Cash and Temporary Investments	\$ 15,835	\$ 80,388	\$ 74,675	\$ 21,548
Liabilities:				
Accounts Payable	\$ -	\$ 58,533	\$ 58,439	\$ 94
Due to Student Groups	15,835	41,579	35,960	21,454
Total Liabilities	\$ 15,835	\$ 100,112	\$ 94,399	\$ 21,548
<b>CAMPUS STAFF ACCOUNT</b>				
Assets:				
Cash and Temporary Investments	\$ 38,270	\$ 46,867	\$ 48,177	\$ 36,960
Liabilities:				
Due to Student Groups	\$ 38,270	\$ 67,459	\$ 68,769	\$ 36,960
<b>TOTAL AGENCY FUNDS</b>				
Assets:				

DONNA INDEPENDENT SCHOOL DISTRICT  
 COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES  
 ALL AGENCY FUNDS  
 FOR THE YEAR ENDED AUGUST 31, 2018

	BALANCE SEPTEMBER 1			BALANCE AUGUST 31	
	2017	ADDITIONS	DEDUCTIONS	2018	
Cash and Temporary Investments	\$ 542,966	\$ 1,767,167	\$ 1,715,329	\$ 594,804	
Due From Other Governments	88	-	1	87	
Other Receivables	1,315	-	-	1,315	
Total Assets	<u>\$ 544,369</u>	<u>\$ 1,767,167</u>	<u>\$ 1,715,330</u>	<u>\$ 596,206</u>	
<b>Liabilities:</b>					
Accounts Payable	\$ -	\$ 1,164,162	\$ 1,139,309	\$ 24,853	
Payroll Deductions & Withholdings	9,214	-	9,214	-	
Due to Other Governments	2,186	-	-	2,186	
Due to Student Groups	532,739	1,256,360	1,219,932	569,167	
Total Liabilities	<u>\$ 544,139</u>	<u>\$ 2,420,522</u>	<u>\$ 2,368,455</u>	<u>\$ 596,206</u>	

DONNA INDEPENDENT SCHOOL DISTRICT  
 COMBINING STATEMENT OF NET POSITION  
 PRIVATE PURPOSE TRUST FUNDS  
 AUGUST 31, 2018

	801 Fine Arts Scholarship Fund	802 REACH Scholarship Fund	806 Scholarship Fund	807 Admin Scholarship Fund
<b>ASSETS</b>				
Cash and Cash Equivalents	\$ 128	\$ 4,131	\$ 3,873	\$ 57,795
Total Assets	<u>128</u>	<u>4,131</u>	<u>3,873</u>	<u>57,795</u>
<b>LIABILITIES</b>				
Accounts Payable	-	500	-	500
Due to Student Groups	128	3,631	3,873	57,295
Total Liabilities	<u>128</u>	<u>4,131</u>	<u>3,873</u>	<u>57,795</u>
<b>NET POSITION</b>				
Restricted for Scholarships	-	-	-	-
Restricted for Other Purposes	-	-	-	-
Total Net Position	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

808 School Board Scholarship Fund	809 Chisholm Trl Fest Schlship Fund	836 Rosita Alcorn Scholarship Fund	Total Private Purpose Trust Funds
\$ 6,936	\$ 1,500	\$ 3,769	\$ 78,132
6,936	1,500	3,769	78,132
5,300	-	-	6,300
1,636	1,500	-	68,063
6,936	1,500	-	74,363
-	-	2,769	2,769
-	-	1,000	1,000
\$ -	\$ -	\$ 3,769	\$ 3,769

DONNA INDEPENDENT SCHOOL DISTRICT  
 COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION  
 PRIVATE PURPOSE TRUST FUNDS  
 FOR THE YEAR ENDED AUGUST 31, 2018

	801 Fine Arts Scholarship Fund	802 REACH Scholarship Fund	806 Scholarship Fund	807 Admin Scholarship Fund
Change in Net Position	-	-	-	-
Total Net Position - September 1 (Beginning)	-	-	-	-
Total Net Position - August 31 (Ending)	\$ -	\$ -	\$ -	\$ -



808 School Board Scholarship Fund	809 Chisholm Trl Fest Schlship Fund	836 Rosita Alcorn Scholarship Fund	Total Private Purpose Trust Funds
-	-	-	-
-	-	3,769	3,769
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,769</u>	<u>\$ 3,769</u>

THIS PAGE LEFT BLANK INTENTIONALLY

## **T.E.A. REQUIRED SCHEDULES**

DONNA INDEPENDENT SCHOOL DISTRICT  
SCHEDULE OF DELINQUENT TAXES RECEIVABLE  
FISCAL YEAR ENDED AUGUST 31, 2018

Last 10 Years Ended August 31	(1)	(2)	(3)
	Tax Rates		Assessed/Appraised Value for School Tax Purposes
	Maintenance	Debt Service	
2009 and prior years	Various	Various	\$ Various
2010	1.040000	0.160000	899,615,267
2011	1.170000	0.007900	967,480,534
2012	1.170000	0.088200	1,010,956,895
2013	1.170000	0.088200	1,021,676,581
2014	1.170000	0.088200	1,038,735,273
2015	1.170000	0.088200	1,157,884,013
2016	1.170000	0.088200	1,148,531,241
2017	1.170000	0.088200	1,236,680,522
2018 (School year under audit)	1.170000	0.088200	1,429,157,741
1000 TOTALS			

(10) Beginning Balance 9/1/2017	(20) Current Year's Total Levy	(31) Maintenance Collections	(32) Debt Service Collections	(40) Entire Year's Adjustments	(50) Ending Balance 8/31/2018
\$ 1,235,203	\$ -	\$ 108,638	\$ 12,556	\$ (31,200)	\$ 1,082,808
146,749	-	14,797	100	(5,642)	126,210
172,694	-	15,628	1,178	(6,624)	149,264
184,031	-	19,997	1,507	(8,369)	154,158
197,728	-	96,352	7,263	82,941	177,054
245,347	-	116,252	8,764	73,829	194,160
356,795	-	162,746	12,268	79,625	261,406
573,179	-	249,981	18,845	63,652	368,005
1,194,523	-	509,015	38,371	(31,623)	615,514
-	17,612,741	14,915,594	1,124,406	(322,225)	1,250,516
<u>\$ 4,306,249</u>	<u>\$ 17,612,741</u>	<u>\$ 16,209,002</u>	<u>\$ 1,225,258</u>	<u>\$ (105,637)</u>	<u>\$ 4,379,093</u>

DONNA INDEPENDENT SCHOOL DISTRICT  
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
 BUDGET AND ACTUAL - CHILD NUTRITION PROGRAM  
 FOR THE YEAR ENDED AUGUST 31, 2018

Data Control Codes	Budgeted Amounts		Actual Amounts (GAAP BASIS)	Variance With Final Budget Positive or (Negative)
	Original	Final		
<b>REVENUES:</b>				
5700 Total Local and Intermediate Sources	\$ 319,000	\$ 319,000	\$ 237,618	\$ (81,382)
5800 State Program Revenues	78,059	78,059	59,284	(18,775)
5900 Federal Program Revenues	12,455,026	12,455,026	11,803,033	(651,993)
5020 Total Revenues	12,852,085	12,852,085	12,099,935	(752,150)
<b>EXPENDITURES:</b>				
0035 Food Services	12,852,087	12,852,087	11,448,089	1,403,998
6030 Total Expenditures	12,852,087	12,852,087	11,448,089	1,403,998
1200 Net Change in Fund Balances	(2)	(2)	651,846	651,848
0100 Fund Balance - September 1 (Beginning)	3,989,052	3,989,052	3,989,052	-
3000 Fund Balance - August 31 (Ending)	\$ 3,989,050	\$ 3,989,050	\$ 4,640,898	\$ 651,848

DONNA INDEPENDENT SCHOOL DISTRICT  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL - DEBT SERVICE FUND  
FOR THE YEAR ENDED AUGUST 31, 2018

Data Control Codes	Budgeted Amounts		Actual Amounts (GAAP BASIS)	Variance With Final Budget Positive or (Negative)	
	Original	Final			
<b>REVENUES:</b>					
5700	Total Local and Intermediate Sources	\$ 1,284,570	\$ 1,284,570	\$ 1,329,762	\$ 45,192
5800	State Program Revenues	6,051,335	6,051,335	6,270,599	219,264
5020	Total Revenues	7,335,905	7,335,905	7,600,361	264,456
<b>EXPENDITURES:</b>					
<b>Debt Service:</b>					
0071	Principal on Long-Term Debt	5,639,999	5,639,999	5,639,999	-
0072	Interest on Long-Term Debt	3,045,794	3,045,794	3,045,794	-
0073	Bond Issuance Cost and Fees	22,607	22,607	4,250	18,357
6030	Total Expenditures	8,708,400	8,708,400	8,690,043	18,357
1200	Net Change in Fund Balances	(1,372,495)	(1,372,495)	(1,089,682)	282,813
0100	Fund Balance - September 1 (Beginning)	6,899,298	6,899,298	6,899,298	-
3000	Fund Balance - August 31 (Ending)	\$ 5,526,803	\$ 5,526,803	\$ 5,809,616	\$ 282,813

THIS PAGE LEFT BLANK INTENTIONALLY



## **STATISTICAL SECTION**

THIS PAGE LEFT BLANK INTENTIONALLY

## STATISTICAL SECTION OVERVIEW

(Unaudited)

*The Statistical Section of the District's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the District's overall financial health.*

<u>CONTENTS</u>	<u>PAGE</u>
<b>Financial Trends Information</b>	
<i>These schedules contain information to help the reader understand how the District's financial performance has changed over time.</i>	114
<b>Revenue and Expenditure Capacity</b>	
<i>This section contains schedules that provide information about the District's most significant major own-source revenue, which is property taxes, and the factors that impact the District's ability to generate such revenue.</i>	121
<b>Debt Capacity Information</b>	
<i>These schedules contain information to help the reader assess the affordability of the District's current levels of outstanding debt, the District's ability to repay the debt, and the District's ability to issue additional debt in the future.</i>	128
<b>Demographic and Economic Information</b>	
<i>These schedule offer demographic and economic indicators to help the reader understand the environment within the District's financial activities take place.</i>	141
<b>Operating Information</b>	
<i>These schedules contain service and infrastructure data to help the reader understand how the information in the District's financial reports relates to the services the District provides and activities it performs.</i>	144

## SOURCES

*Unless otherwise noted, the information in these schedules is derived from the annual Financial reports for the relevant year. The District implemented GASB Statement No. 34 in 2002; schedules presenting government-wide information include information beginning in that year.*

THIS PAGE LEFT BLANK INTENTIONALLY

SCHEDULE 1  
DONNA INDEPENDENT SCHOOL DISTRICT  
NET POSITION BY COMPONENT

LAST TEN YEARS

(Unaudited)

**Governmental Activities**

---

Fiscal Year	Net Investment in Capital Assets	Restricted	Unrestricted	Total Net Position
2009	61,919,917	3,222,783	19,216,127	84,358,827
2010	68,706,785	2,236,837	38,242,954	109,186,576
2011	30,391,064	58,937,880	45,796,966	135,125,910
2012	74,864,776	38,562,529	40,866,491	154,293,796
2013	106,407,127	989,488	56,514,620	163,911,235
2014	118,040,932	3,251,004	48,285,898	169,577,834
2015	133,659,906	2,921,505	17,721,993	154,303,404
2016	127,444,937	10,252,062	27,453,797	165,150,796
2017	94,224,776	13,496,375	20,560,236	128,281,387
2018	92,021,898	14,007,345	(60,846,859)	45,182,384

Source: The District's Statement of Net Position (Exhibit A-1)

SCHEDULE 2  
DONNA INDEPENDENT SCHOOL DISTRICT  
GOVERNMENTAL ACTIVITIES EXPENSES & PROGRAM REVENUES

LAST TEN YEARS

(Unaudited)

	Fiscal Year	
	2009	2010
<b>Expenses</b>		
<b>Governmental Activities:</b>		
Instruction	\$ 77,920,193	\$ 86,639,759
Instructional Resources & Media Services	2,155,817	2,411,943
Curriculum & Staff Development	2,986,891	2,660,923
Instructional Leadership	3,590,789	2,791,505
School Leadership	5,892,075	5,911,981
Guidance, Counseling & Evaluation Services	4,999,818	5,461,383
Social Work Services	976,856	779,665
Health Services	1,636,355	1,632,190
Student (Pupil) Transportation	3,928,291	3,498,225
Food Services	9,140,238	9,137,831
Cocurricular/Extracurricular Activities	3,225,149	3,109,095
General Administration	4,487,311	3,651,431
Facilities Maintenance & Operations	15,528,270	14,238,763
Security & Monitoring Services	2,404,411	1,962,748
Data Processing Services	1,285,458	1,274,017
Community Service & ESC (62)	1,061,136	1,133,760
Debt Service - Interest on Long Term Debt	3,566,711	3,304,577
Debt Service - Bond Issuance Cost and Fees	-	-
Facilities Acquisition and Construction	-	-
Payments to Juvenile Justice Alternative Ed. Prg.	-	8,927
Other Inergovernmental Charges		
Total Governmental Activities	144,785,769	149,608,723
<b>Program Revenues</b>		
<b>Charges for Services</b>		
Instruction	281,798	7,375
Instructional Resources and Media Services	10,437	-
Curriculum and Instructional Staff Development	10,437	-
Instructional Leadership	15,655	-
School Leadership	20,874	-
Guidance, Counseling and Evaluation Services	20,874	-
Social Work Services	5,218	-
Health Services	5,218	47,590
Student (Pupil) Transportation	15,655	-
Food Services	319,204	330,939
Extracurricular Activities	84,575	96,467
General Administration	15,655	216,284
Facilities Maintenance and Operations	85,199	152,172
Security and Monitoring Services	10,437	-
Data Processing Services	5,218	-
Community Services & ESC (62)	-	30,284
Debt Service - Interest on Long Term Debt	-	-
Operating Grants and Contributions	33,698,369	45,690,295
Total Governmental Activities	34,604,823	46,571,406
<b>Program Revenues</b>	<b>34,604,823</b>	<b>46,571,406</b>
<b>Net Governmental Activities</b>		
Revenue/(Expense)	\$ (110,180,946)	\$ (103,037,317)

Source: The District's Statement of Activities (Exhibit B-1)

		Fiscal Year							
		2011	2012	2013	2014	2015	2016	2017	2018
\$	86,326,231	\$ 77,300,681	\$ 81,972,747	\$ 87,387,522	\$ 96,168,387	\$ 106,880,247	\$ 100,279,869	\$ 66,199,817	
	2,220,169	2,029,449	2,341,117	2,449,631	2,724,239	2,572,520	2,692,165	1,687,837	
	2,874,356	2,413,753	2,411,339	2,646,150	3,074,859	2,998,637	3,366,957	3,531,680	
	2,956,089	2,954,997	2,720,745	2,431,218	2,828,873	3,001,216	3,206,101	1,887,763	
	5,825,824	5,831,746	6,915,932	6,720,242	7,596,144	7,744,313	7,775,839	5,069,773	
	5,494,943	5,195,801	5,562,415	6,133,190	6,188,167	6,617,835	6,389,294	4,050,082	
	681,714	824,204	922,422	1,113,654	1,334,917	1,228,680	1,100,464	781,300	
	2,025,251	1,877,525	2,059,341	2,046,147	2,062,011	2,517,433	2,539,540	1,494,297	
	3,713,419	3,831,318	4,408,911	4,379,595	4,817,662	6,074,153	6,306,057	4,946,089	
	9,064,614	9,567,517	10,804,179	10,600,019	11,911,922	12,596,022	12,503,742	11,714,865	
	3,063,751	2,989,869	5,307,959	5,709,568	6,571,489	6,198,459	6,841,449	4,910,982	
	3,613,924	5,723,605	7,562,423	4,532,916	5,628,202	6,639,663	6,116,071	5,353,024	
	13,343,828	13,312,712	13,612,836	14,612,182	15,975,999	16,446,936	15,666,704	12,695,346	
	1,820,604	1,738,595	2,046,844	2,411,637	2,670,271	3,144,522	3,096,049	1,928,873	
	1,236,943	1,439,788	1,605,700	1,470,093	1,608,877	2,620,196	3,172,912	2,300,398	
	1,057,036	1,063,861	1,153,400	1,169,832	1,382,778	1,459,340	1,430,301	738,531	
	6,225,016	5,401,040	4,540,986	3,854,612	3,694,105	2,670,917	1,561,959	3,323,079	
	-	-	-	8,463	227,032	207,993	186,248	4,250	
	-	-	-	1,606	-	-	-	-	
	113,760	4,661	46,215	7,224	26,746	15,737	9,976	12,040	
								246,823	
	151,657,472	143,501,122	155,995,511	159,685,501	176,492,680	191,634,819	184,241,697	132,876,849	
	5,375	140,631	101,082	66,834	99,003	361,272	7,750	71,270	
	-	-	-	-	-	-	-	-	
	-	-	-	-	-	-	-	-	
	-	-	-	-	-	-	-	-	
	-	-	-	-	-	-	-	-	
	-	-	-	-	-	-	-	-	
	-	-	-	-	-	-	-	-	
	91,265	-	-	-	-	-	-	-	
	341,893	320,851	277,714	282,128	270,549	225,027	241,464	237,415	
	78,787	130,930	162,165	118,853	147,426	185,405	155,183	156,292	
	219,238	46,077	29,646	-	-	-	-	-	
	-	-	-	-	-	-	-	-	
	-	-	-	-	-	-	-	-	
	-	-	-	-	-	-	-	-	
	-	-	-	-	-	-	-	-	
	-	-	-	-	-	-	-	-	
	56,434,151	41,122,929	37,169,647	36,092,850	40,434,599	48,446,740	41,273,927	17,959,396	
	57,170,709	41,761,418	37,740,254	36,560,665	40,951,577	49,218,444	41,678,324	18,424,373	
\$	(94,486,763)	\$ (101,739,704)	\$ (118,255,257)	\$ (123,124,836)	\$ (135,541,103)	\$ (142,416,375)	\$ (142,563,373)	\$ (114,452,476)	

SCHEDULE 3  
DONNA INDEPENDENT SCHOOL DISTRICT  
GENERAL REVENUES AND CHANGES IN NET POSITION

LAST TEN YEARS

(Unaudited)

	Fiscal Year	
	2009	2010
<b>Net Governmental Activities</b>		
<b>Revenue/(Expense)</b>	<b>\$ (110,180,946)</b>	<b>\$ (103,037,317)</b>
General Revenues and Changes in Net Position:		
Property Taxes - M&O	10,088,753	10,585,331
Property Taxes - Debt Service	1,316,169	65,498
State Aid	90,970,002	104,141,565
Grants & Contributions not Restricted	12,717,637	11,184,701
Investment Earnings	200,140	56,504
Special Item -Misc. Revenue	-	-
Special - Premium new bond	2,159,807	142,157
Special Item - (use)	(1,099,962)	-
Transfer In (Out)	-	-
Miscellaneous Local and Intermediate Revenue	532,521	960,187
Total General Revenues	<u>116,885,067</u>	<u>127,135,943</u>
Change in Net Position	<u><b>\$ 6,704,121</b></u>	<u><b>\$ 24,098,626</b></u>

Source: The District's Statement of Activities (Exhibit B-1)



<b>Fiscal Year</b>							
<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>
\$ (94,486,763)	\$ (101,739,704)	\$ (118,255,257)	(123,124,836)	(135,541,103)	(142,416,375)	(142,563,373)	(114,452,476)
11,173,904	11,496,760	11,618,705	11,474,974	13,073,525	13,138,458	14,060,899	16,464,842
726,431	770,508	799,521	874,962	987,689	989,969	1,069,810	1,185,463
106,933,453	98,575,441	103,612,874	110,937,658	122,028,788	121,682,893	121,757,504	122,162,181
497,758	9,003,877	9,782,208	3,971,165	3,969,831	8,238,432	9,433,632	564,370
383,187	112,235	83,837	60,972	44,280	194,183	356,753	755,633
-	-	-	-	-	-	-	-
1,930	-	-	-	-	-	-	-
-	-	2,498	-	-	-	-	-
-	-	-	-	708,523	-	-	-
709,434	948,769	1,045,009	1,471,704	1,373,592	874,304	205,855	1,242,309
120,426,097	120,907,590	126,944,652	128,791,435	142,186,228	145,118,239	146,884,453	142,374,798
\$ 25,939,334	\$ 19,167,886	\$ 8,689,395	\$ 5,666,599	\$ 6,645,125	\$ 2,701,864	\$ 4,321,080	\$ 27,922,322

SCHEDULE 4  
DONNA INDEPENDENT SCHOOL DISTRICT  
FUND BALANCES  
GOVERNMENTAL FUNDS

LAST TEN YEARS

(Unaudited)

	2009	2010	2011	2012	2013
<b>General Fund</b>					
<b>PREGASB54</b>					
<i>Reserved Fund Balances:</i>					
Investments in Inventory	\$ 598,937	\$ 689,410	\$ -	\$ -	\$ -
<i>Unreserved Designated For:</i>					
Claims and Judgments	-	-	-	-	-
<i>Unreserved and Undesignated:</i>					
Reported in the General Fund	6,705,054	24,664,646	-	-	-
<b>POST GASB 54</b>					
<i>Nonspendable:</i>					
Investments in Inventory	-	-	514,417	483,272	545,389
<i>Restricted:</i>					
Restricted - Federal or State Funds Grant Restriction	-	-	-	-	-
<i>Assigned:</i>					
Assigned for Construction	-	-	10,000,000	19,500,000	2,500,000
<i>Unassigned:</i>					
Reported in the General Fund	-	-	32,697,987	29,000,803	44,440,834
Reported in the Other Funds	-	-	-	-	-
<b>Total General Fund Balance</b>	<b>7,303,991</b>	<b>25,354,056</b>	<b>43,212,404</b>	<b>48,984,075</b>	<b>47,486,223</b>
<b>All Other Governmental Funds</b>					
<b>PRE GASB 54</b>					
<i>Reserved, Reported In:</i>					
<i>Special Revenues</i>					
Retirement of Long-Term Debt		869,162	-	-	-
Other Purposes	749,314	456,094	-	-	-
<i>Debt Service</i>					
Retirement of Long Term Debt	1,707,399	-	-	-	-
<i>Capital Projects</i>					
Other Purposes	-	-	-	-	-
<i>Unreserved and Undesignated:</i>					
Reported in the General Fund	-	-	-	-	-
Reported in the Capital Projects funds	-	-	-	-	-
Reported in Special Revenue funds	167,133	222,171	-	-	-
<b>POST GASB54</b>					
<i>Special Revenues</i>					
<i>Unassigned:</i>					
Federal or State Funds Grant Restriction	-	-	274,461	244,696	239,044
<i>Debt Service</i>					
<i>Restricted:</i>					
Retirement of Long-Term Debt	-	-	660,980	683,308	1,133,673
<i>Other Funds</i>					
<i>Restricted:</i>					
Restricted - Federal or State Funds Grant Restriction	-	-	-	-	-
<i>Capital Projects</i>					
<i>Restricted:</i>					
Other Purposes	-	-	456,094	-	-
<i>Assigned:</i>					
Other Assigned Fund Balance	-	-	47,031,928	17,651,253	-
<b>Total All Other Governmental Fund Balance</b>	<b>2,623,846</b>	<b>1,547,427</b>	<b>48,423,463</b>	<b>18,579,257</b>	<b>1,372,717</b>
<b>Total Government Funds -- Fund Balance</b>	<b>\$ 9,927,837</b>	<b>\$ 26,901,483</b>	<b>\$ 91,635,867</b>	<b>\$ 67,563,332</b>	<b>\$ 48,858,940</b>
<b>Governmental Funds</b>					
Beginning Fund Balance	\$ 11,023,901	\$ 9,927,837	\$ 26,901,483	\$ 91,635,867	\$ 67,563,332
Net Change in Fund Balance	(1,096,064)	16,973,646	64,734,384	(24,072,535)	(18,704,392)
<b>Ending Balance</b>	<b>\$ 9,927,837</b>	<b>\$ 26,901,483</b>	<b>\$ 91,635,867</b>	<b>\$ 67,563,332</b>	<b>\$ 48,858,940</b>

Source: The District's Governmental Funds Balance Sheets (Exhibit C-1) and Combined Statements of Revenues, Expenditures and changes in Fund Balances (Exhibit C-3 for fiscal years 2005-2013 & 2015-2017) (Exhibit C-2 for fiscal year 2014).

	2014	2015	2016	2017	2018
\$	-	\$ -	\$ -	\$ -	\$ -
	-	-	-	-	-
	-	-	-	-	-
	493,935	505,295	516,655	523,010	495,277
	1,873,005	1,415,420	1,450,645	5,985,581	4,570,337
	2,500,000	-	-	-	-
	40,604,942	41,962,571	48,482,280	45,799,463	44,055,423
	-	-	-	-	-
	<u>45,471,882</u>	<u>43,883,286</u>	<u>50,449,580</u>	<u>52,308,054</u>	<u>49,121,037</u>
	-	-	-	-	-
	-	-	-	-	-
	-	-	-	-	-
	-	-	-	-	-
	-	-	-	-	-
	-	-	-	-	-
	-	-	-	-	-
	(23,831)	-	-	-	-
	1,018,643	1,013,273	8,371,761	6,899,299	5,809,616
	359,356	359,356	429,656	477,638	49,126
	-	-	-	-	4,230,111
	-	-	-	-	(301)
	<u>1,354,168</u>	<u>1,372,629</u>	<u>8,801,417</u>	<u>7,376,937</u>	<u>10,088,552</u>
	<u>\$ 46,826,050</u>	<u>\$ 45,255,915</u>	<u>\$ 59,250,997</u>	<u>\$ 59,684,991</u>	<u>\$ 59,209,589</u>
	\$ 48,858,940	\$ 46,826,050	\$ 45,255,915	\$ 59,250,996	\$ 59,684,990
	(2,032,890)	(1,570,135)	13,995,384	433,995	(475,401)
	<u>\$ 46,826,050</u>	<u>\$ 45,255,915</u>	<u>\$ 59,251,299</u>	<u>\$ 59,684,991</u>	<u>\$ 59,209,589</u>

SCHEDULE 5  
DONNA INDEPENDENT SCHOOL DISTRICT  
GOVERNMENTAL FUND REVENUES BY SOURCE

LAST TEN YEARS

(Unaudited)

Fiscal Year	Local and Intermediate Sources			State Programs			Federal Programs	Total
	Property Tax	Tuition	Other	Per Capita and Foundation	On-behalf TRS Payments	Other		
2009	10,777,546	6,900	1,901,665	85,060,725	5,623,821	16,929,149	29,731,099	150,030,905
2010	11,219,664	7,375	2,094,438	97,051,412	5,787,869	15,405,161	42,672,836	174,238,755
2011	11,480,135	5,375	1,989,906	95,176,438	5,816,758	18,694,832	44,177,334	177,340,778
2012	12,452,116	2,400	1,741,876	98,575,441	5,628,921	10,528,579	33,932,604	162,861,937
2013	12,824,144	12,145	1,705,761	103,612,874	5,850,791	10,777,220	30,305,391	165,088,326
2014	12,880,563	13,075	1,947,540	110,937,658	6,560,608	3,803,029	29,739,477	165,881,950
2015	14,714,949	7,875	1,773,229	114,156,918	11,552,833	9,968,225	30,755,241	182,929,271
2016	13,256,209	8,450	2,869,110	119,125,645	12,526,382	13,641,489	29,616,401	191,043,686
2017	14,023,916	7,750	2,936,865	121,757,504	6,592,616	7,064,934	35,192,162	187,575,747
2018	15,192,210	-	4,808,578	122,233,721	7,407,823	6,504,037	33,875,170	190,021,539

Source: The District's Governmental Funds Statements of Revenues, Expenditures, and Changes in Fund Balances (Exhibit C-3 for fiscal years 2005-2013 & 2015-2017)(Exhibit C-2 for fiscal year 2014); and Notes (12) to Financial Statements.

THIS PAGE LEFT BLANK INTENTIONALLY

SCHEDULE 6  
DONNA INDEPENDENT SCHOOL DISTRICT  
GOVERNMENTAL FUND EXPENDITURES BY FUNCTION

LAST TEN YEARS

(Unaudited)

Fiscal Year	Instruction and Instructional - Related Services	Instructional and School Leadership	Support Services - Student (Pupil)	Administrative Support Services	Support Services - Nonstudent Based	Auxiliary Services
2009	82,211,458	9,362,041	23,739,684	4,501,329	19,375,063	1,070,966
2010	90,285,205	8,605,179	24,000,770	4,782,368	19,025,831	1,126,855
2011	90,021,057	8,696,197	23,976,810	3,988,533	16,055,942	1,051,149
2012	79,886,795	8,791,688	24,718,765	4,288,074	16,124,951	1,057,368
2013	84,282,314	9,571,780	29,371,087	4,326,972	16,778,409	1,146,446
2014	90,593,266	8,786,027	31,164,768	4,344,061	18,369,195	1,140,617
2015	97,496,719	9,838,439	26,829,720	5,322,424	24,113,156	2,859,253
2016	100,910,637	10,258,852	27,941,413	6,349,092	24,872,507	3,930,697
2017	97,654,075	10,522,008	26,658,716	5,920,504	24,852,552	3,897,173
2018	99,535,592	10,145,664	26,701,529	4,660,012	25,859,487	3,276,212

Source: The District's Annual Financial Report - Governmental Funds Statements of Revenues, Fund Expenditures, and Changes in Balances (Exhibit C-3 for fiscal years 2005-2013 & 2015-2017) (Exhibit C-2 for fiscal year 2014).

Note: Operating expenditures excludes capital outlay (Function 81)

Debt Service Principal	Debt Service Interest	Capital Outlay	Inter-Governmental Charges	Total Governmental Fund Expenditures	Ratio of Debt Service to Operating Expenditures
5,016,543	3,464,357	10,066,605	-	158,808,046	4.00%
4,797,355	3,982,756	1,666,800	8,927	158,282,046	5.94%
6,523,490	4,900,822	9,689,184	113,760	165,016,944	7.95%
6,708,083	4,479,312	40,905,577	4,661	186,965,274	8.30%
6,978,782	3,824,867	29,652,967	46,215	185,979,839	7.43%
6,282,311	3,927,391	5,237,617	7,224	169,852,477	6.61%
7,964,400	3,629,283	3,499,258	26,746	181,579,398	6.96%
7,055,475	3,270,099	6,804,193	15,738	191,408,703	5.93%
7,554,195	3,171,232	2,682,997	9,976	182,923,428	6.33%
7,069,782	3,250,369	938,023	258,863	181,695,533	6.06%

SCHEDULE 7  
DONNA INDEPENDENT SCHOOL DISTRICT  
GOVERNMENTAL FUNDS OTHER SOURCES, USES  
AND CHANGES IN FUND BALANCES

LAST TEN YEARS

(Unaudited)

	2009	2010	2011	2012
Excess of Revenues Over (Under) Expenditures	\$ (8,777,141)	\$ 15,956,709	\$ 12,323,834	\$ (24,103,337)
Other Financing Sources (Uses)				
Issuance of Bonds	-	-	-	-
Capital-Related Debt Issued	-	-	59,945,000	8,630,000
Capital Leases	5,568,376	622,078	-	-
Prepaid Interest	-	-	-	-
Sale of Real and Personal Property	-	-	-	-
Non-Current Loans	-	-	-	-
Transfers In	-	40,000	-	1,850,000
Insurance Recovery	-	142,157	1,930	-
Premium or Discount on Issuance of Bonds	-	-	1,192,957	904,685
Other Resources	2,159,807	-	-	-
Transfers Out	-	(40,000)	-	(1,850,000)
Non Operating Expenses	-	-	-	-
Other Uses	-	-	(8,565,118)	(9,392,852)
Total Other Financing Sources (Uses)	<u>7,728,183</u>	<u>764,235</u>	<u>52,574,769</u>	<u>141,833</u>
Special Items	-	-	-	-
Net Change in Fund Balances	<u>\$ (1,048,958)</u>	<u>\$ 16,720,944</u>	<u>\$ 64,898,603</u>	<u>\$ (23,961,504)</u>

Source: The District's Governmental Funds Balance Sheets and Combined Statements of Revenues, Expenditures and Changes in Fund Balances (Exhibit C-3 for fiscal years 2005-2013 & 2015-2017) (Exhibit C-2 for fiscal year 2014).



2013	2014	2015	2016	2017	2018
\$ (20,891,513)	\$ (3,970,527)	\$ 1,409,873	\$ (365,017)	\$ 4,652,319	\$ 8,326,010
-	-	-	-	7,595,000	-
7,150,000	-	12,390,000	-	-	-
773,493	2,937,637	2,635,015	-	-	104,434
-	-	-	-	-	-
-	-	16,003	-	13,036	-
1,391,191	-	-	8,066,551	-	-
6,812,185	7,348,514	3,800,000	500,000	-	5,309,994
-	-	-	-	-	-
542,817	-	949,336	-	795,374	-
-	-	-	-	-	-
(6,812,185)	(8,348,514)	(9,635,000)	(2,351,980)	(3,703,731)	(9,651,241)
-	-	-	-	-	-
(7,512,617)	-	(13,135,376)	-	(8,213,137)	-
2,344,884	1,937,637	(2,980,022)	6,214,571	(3,513,458)	(4,236,813)
-	-	14	-	-	-
\$ (18,546,629)	\$ (2,032,890)	\$ (1,570,135)	\$ 5,849,554	\$ 1,138,861	\$ 4,089,197

SCHEDULE 8  
DONNA INDEPENDENT SCHOOL DISTRICT  
GOVERNMENTAL FUND EXPENDITURES BY FUNCTION  
PER AVERAGE DAILY ATTENDANCE

LAST TEN YEARS

(Unaudited)

Fiscal Year	Average Daily Attendance *	Instruction and Instructional Related Services	Instructional and School Leadership	Support Services Student (Pupil)	Administrative Support Services	Support Services Nonstudent Based
2008	13,438	5,811	601	1,746	343	1,342
2009	13,859	5,932	676	1,713	325	1,398
2010	14,175	6,369	607	1,693	337	1,342
2011	14,306	6,293	608	1,676	279	1,122
2012	13,785	5,795	638	1,793	311	1,170
2013	13,941	6,046	687	2,107	310	1,204
2014	14,203	6,378	619	2,194	306	1,293
2015	14,182	6,875	694	1,892	375	1,700
2016	14,220	7,096	721	1,965	446	1,749
2017	14,154	6,899	743	1,883	418	1,756
2018	13,643	7,296	744	1,957	342	1,895

Source: Average Daily Attendance provided by the District's PEIMS and A.E.I.S. reports. Function expenditures are from the Governmental Funds Statements of Revenues, Expenditures, and Changes in Fund Balances (Exhibit C-3 for fiscal years 2005-2013 & 2015-2017) (Exhibit C-2 for fiscal year 2014-2015).

Note: \* Average Daily Attendance - the average daily attendance of eligible enrollees, district-wide, over the official number of instructional days.

Ancillary Services	Debt Service Principal	Debt Service Interest and Other	Capital Outlay	Inter-Governmental Charges	Total
78	322	263	323	8	10,837
77	362	250	726	-	11,459
79	338	281	118	1	11,166
73	456	343	677	8	11,535
77	487	325	2,967	-	13,563
82	501	274	2,127	3	13,340
80	442	277	369	1	11,959
202	562	256	247	2	12,804
276	496	230	478	1	13,461
275	534	224	190	1	12,924
240	518	238	69	19	13,318

SCHEDULE 9  
DONNA INDEPENDENT SCHOOL DISTRICT  
ASSESSED AND ESTIMATED ACTUAL VALUE OF PROPERTY

LAST TEN YEARS

(Unaudited)

Fiscal Year	Assessed Taxable Value			Estimated Actual Market Value	Ratio of Total Assessed To Total Estimated Actual Value	*Total Direct Tax Rate
	Real Property	Personal Property	Total			
2008	867,597,781	95,193,279	962,791,060	1,235,363,636	77.94%	1.200000
2009	1,011,896,280	98,890,492	1,110,786,772	1,527,949,702	72.70%	1.200000
2010	1,037,839,373	93,463,676	1,131,303,049	1,551,657,766	72.91%	1.177900
2011	1,202,480,951	89,993,799	1,292,474,750	1,541,491,832	83.85%	1.258200
2012	1,262,532,049	88,453,799	1,350,985,848	1,617,194,609	83.54%	1.258200
2013	1,277,941,251	88,541,924	1,366,483,175	1,629,388,176	83.86%	1.258200
2014	1,303,693,450	90,062,105	1,393,755,555	1,650,616,629	84.44%	1.258200
2015	1,433,897,740	95,948,529	1,529,846,269	1,815,558,170	84.26%	1.258200
2016	1,513,838,292	89,746,558	1,603,584,850	1,883,969,328	85.12%	1.258200
2017	1,575,877,688	130,224,878	1,706,102,566	1,976,485,528	86.32%	1.258200
2018	1,744,648,335	170,674,662	1,915,322,997	2,207,727,301	86.76%	1.258200

Source: Hidalgo County Appraisal District

\* Per \$100 of assessed value

SCHEDULE 10  
DONNA INDEPENDENT SCHOOL DISTRICT  
PROPERTY TAX LEVIES AND COLLECTIONS

LAST TEN YEARS

(Unaudited)

Fiscal Year	Total Tax Levy	Current Tax Collections	Percent of Current Taxes Collected	Delinquent Tax Collections	Total Tax Collections	Ratio of Total Tax Collections to Total Tax Levy	Outstanding Delinquent Taxes	Ratio of Delinquent Taxes to Total Tax Levy
2008	9,551,595	8,325,034	87.16%	1,584,798	9,909,832	103.75%	6,298,074	65.94%
2009	11,244,495	9,899,777	88.04%	1,106,006	11,005,783	97.88%	6,675,911	59.37%
2010	11,202,344	9,765,659	87.18%	1,558,733	11,324,392	101.09%	5,946,949	53.09%
2011	11,758,170	10,362,750	88.13%	1,283,486	11,646,236	99.05%	5,951,578	50.62%
2012	12,337,441	11,055,434	89.61%	1,404,764	12,460,198	100.99%	5,718,284	46.35%
2013	12,462,349	11,362,097	91.17%	1,462,047	12,824,144	102.90%	5,267,265	42.27%
2014	12,715,480	11,902,563	93.61%	1,597,113	13,499,676	106.17%	4,677,860	36.79%
2015	14,195,490	13,198,549	92.98%	1,516,562	14,715,111	103.66%	4,122,138	29.04%
2016	14,098,249	13,259,351	94.05%	1,004,458	14,263,809	101.17%	4,036,285	28.63%
2017	15,236,606	14,044,276	92.17%	1,061,051	15,105,327	99.14%	4,306,249	28.26%
2018	17,612,741	16,209,002	92.03%	1,225,259	17,434,261	98.99%	4,379,092	24.86%

Source: Donna Independent School District Annual Financial and Compliance Reports (Exhibit J-1)/Hidalgo County Tax Assessor-Collector

Note (1): The tax levy shown above is the adjusted tax levy as of the fiscal year end.

Note (2): Total Tax Collections include only the taxes collected for current and prior year. Penalty charges and interest are not included in Total Tax Collections.

SCHEDULE 11  
DONNA INDEPENDENT SCHOOL DISTRICT  
ALLOCATION OF PROPERTY TAX RATES AND LEVIES

LAST TEN YEARS

(Unaudited)

Fiscal Year	Tax Rates (Per \$100 of Assessed Value)			Tax Levies			
	General Fund	Debt		General Fund	Debt		Original Levy Total
		Service Fund	Total		Service Fund	Total	
2008	1.040000	0.160000	1.200000	8,446,079	1,105,516	9,551,595	
2009	1.040000	0.160000	1.200000	9,747,408	1,497,087	11,244,495	
2010	1.170000	0.007900	1.177900	10,918,701	283,643	11,202,344	
2011	1.170000	0.088200	1.258200	10,904,852	853,318	11,758,170	
2012	1.170000	0.088200	1.258200	11,445,777	891,664	12,337,441	
2013	1.170000	0.088200	1.258200	11,588,737	873,612	12,462,349	
2014	1.170000	0.088200	1.258200	11,824,123	891,357	12,715,480	
2015	1.170000	0.088200	1.258200	13,200,386	995,104	14,195,490	
2016	1.170000	0.088200	1.258200	13,109,962	1,000,976	14,098,249	
2017	1.170000	0.088200	1.258200	14,168,520	1,081,799	15,236,606	
2018	1.170000	0.088200	1.258200	16,378,088	1,250,505	17,612,741	

Source: Donna Independent School District Annual Financial and Compliance Reports

Note: The basis for the property tax rate is \$100 assessed valuation.

SCHEDULE 12  
DONNA INDEPENDENT SCHOOL DISTRICT  
PROPERTY TAX RATES - DIRECT AND OVERLAPPING GOVERNMENTS  
(PER \$100 ASSESSED VALUATION)

LAST TEN YEARS

(Unaudited)

Fiscal Year	Tax Year	Direct Tax Rate	Overlapping Tax Rates						Total Direct and Overlapping Tax Rate
		Donna Independent School District	South Texas ISD	City of Donna	Donna Water District # 1	Hidalgo County	Drainage District #1	South Texas College	
2008	2007	1.200000	0.049200	0.989999	0.210000	0.590000	0.049200	0.154000	2.700527
2009	2008	1.200000	0.049200	0.989999	0.210000	0.590000	0.070000	0.149800	2.386577
2010	2009	1.177900	0.049200	1.038320	0.210000	0.590000	0.072500	0.149100	3.287020
2011	2010	1.258200	0.049200	1.125900	0.210000	0.590000	0.072500	0.149700	3.455500
2012	2011	1.258200	0.049200	1.252300	0.210000	0.590000	0.073300	0.150700	3.583700
2013	2012	1.258200	0.049200	1.252376	0.210000	0.590000	0.075000	0.150700	3.585476
2014	2013	1.258200	0.049200	1.252376	0.210000	0.590000	0.095700	0.150000	3.605476
2015	2014	1.258200	0.049200	0.982828	0.210000	0.590000	0.095100	0.185000	3.370328
2016	2015	1.258200	0.049200	0.923201	0.210000	0.590000	0.095100	0.185000	3.310701
2017	2016	1.258200	0.049200	0.798855	0.210000	0.580000	0.095100	0.185000	3.176355
2018	2017	1.258200	0.049200	0.798855	0.210000	0.580000	0.095100	0.185000	3.176355

Source: Hidalgo County Tax Assessor-Collector

SCHEDULE 13  
DONNA INDEPENDENT SCHOOL DISTRICT  
PRINCIPAL PROPERTY TAXPAYERS

CURRENT YEAR AND NINE YEARS PRIOR

(Unaudited)

Taxpayer	Type of Business	Fiscal Year 2018		
		Tax Year 2017 Assessed Valuation	Rank	Percentage of Total Assessed Valuation
Ron Hoover Companies of Donna Inc	Retail	\$ 18,653,958	1	0.94%
Wal-Mart Real Estate Business Trust	Retail	18,296,896	2	0.93%
MHC Victoria Palms LLC	RV Park - Hotel	12,803,000	3	0.65%
Wal Mart Property Tax Department	Retail	8,377,359	4	0.42%
AEP Texas INC	Electricity Utility	5,283,330	5	0.27%
W Silver Recycling Inc	Recycling Center	5,132,378	6	0.26%
Hoover Ronald C	Retail	3,448,484	7	0.17%
BH Hester Donna LLC	Real Estate Sales	3,339,059	8	0.17%
Magnolia MHP LLC	RV Park	3,083,722	9	0.16%
Securcare Moveit McAllen LLC	Storage	2,976,769	10	0.15%
Victoria Palms I LP	RV Park - Hotel	-		0.00%
Arbor Cove LTD	Residential	-		0.00%
Helmerich & Payne Intl Drl Co	Oil & Gas	-		0.00%
Southwestern Bell Tele	Telephone Utility	-		0.00%
Ventex Operating Corp	Oil & Gas	-		0.00%
Tennessee Gas Pipeline	Oil & Gas	-		0.00%
Magic Valley Elec Coop	Electricity Utility			0.00%
Rio Grande Plastics	Manufacturing	-		0.00%
P & P Properties LTD	Real Estate Sales	\$ 81,394,955		4.12%

Source: Hidalgo County Appraisal District



Fiscal Year 2009

Tax Year 2008 Assessed Valuation	Rank	Percentage of Total Assessed Valuation
		0.00%
		0.00%
		0.00%
5,521,010	5	0.45%
		0.00%
		0.00%
		0.00%
		0.00%
9,065,239	1	0.73%
7,068,798	2	0.57%
6,367,200	3	0.52%
6,132,730	4	0.50%
4,572,840	6	0.37%
3,584,120	7	0.29%
3,573,820	8	0.29%
3,352,870	9	0.27%
2,885,671	10	0.23%
\$ 52,124,298		4.22%

SCHEDULE 14  
DONNA INDEPENDENT SCHOOL DISTRICT  
OUTSTANDING DEBT BY TYPE

LAST TEN YEARS

(Unaudited)

Fiscal Year	Bonds Payable	Notes Payable	Capital Lease Payable	Unamortized Bond Premium	Accreted Interest
2008	68,430,000	795,000	2,616,945	-	1,624,685
2009	65,215,000	680,000	6,498,748	-	1,723,884
2010	62,640,000	560,000	5,018,471	-	1,042,216
2011	110,080,000	435,000	3,079,981	-	1,087,195
2012	105,225,000	300,000	1,345,802	-	1,134,098
2013	100,215,000	1,079,176	727,529	2,550,111	1,528,040
2014	95,135,000	466,323	3,075,708	2,416,391	1,590,452
2015	89,045,000	-	4,160,563	3,232,007	1,655,275
2016	83,885,000	8,066,551	2,415,762	1,990,728	1,722,558
2017	77,265,000	7,354,761	1,317,507	3,355,121	396,276
2018	71,625,000	6,623,397	727,771	2,974,803	206,667

Source: Donna Independent School District Annual Financial and Compliance Reports

\* Note: See Estimated Actual Property Value and Average Daily Membership amounts in Demographic and Economic Information Schedule in Demographic and Economic Information section of this report.

<u>Total Debt</u>	<u>* Total Debt as % of Personal Income</u>	<u>* Total Debt Per Capita Income</u>	<u>* Ratio of Total Debt to Estimated Actual Property Value</u>	<u>* Total Debt Per Average Daily Membership</u>
73,466,630	0%	3,525.27	5.95%	5,244
74,117,632	0%	3,513.35	4.85%	5,096
69,260,687	0%	3,195.86	4.46%	4,661
114,682,176	1%	5,135.10	7.44%	7,644
108,004,900	1%	4,766.74	6.68%	7,247
106,099,856	1%	4,619.06	6.51%	6,946
102,683,874	1%	4,322.99	6.22%	6,916
98,092,845	0%	4,009.42	5.40%	6,390
98,080,599	0%	3,874.20	5.21%	6,396
89,688,665	0%	3,615.75	4.54%	5,951
82,157,638	0%	3,312.14	3.72%	5,544

2

SCHEDULE 15  
DONNA INDEPENDENT SCHOOL DISTRICT  
DIRECT AND OVERLAPPING DEBT  
GENERAL OBLIGATION BONDS

As of August 31, 2018

(Unaudited)

Political Subdivision	Net Debt Amounts	As of	Estimated Percentage Applicable	Estimated Share of Overlapping Debt	Net Taxable Value
Hidalgo County	\$ 221,669,645	A 08/21/17	4.61%	\$ 10,218,971	33,736,389,208
Hidalgo County Drainage District No. 1	119,805,000	A 09/22/17	4.82%	5,774,601	33,025,123,406
City of Donna	4,537,395	A 09/30/17	99.97%	4,536,034	614,694,339
South Texas College	143,065,000	A 09/30/17	3.56%	5,093,114	34,595,999,774
				<u>\$ 25,622,719</u>	
Donna ISD Direct Debt		B 08/31/17	100.00%	<u>\$ 82,157,638</u>	1,915,322,997
Total Direct and Overlapping Debt				<u><u>\$ 107,780,358</u></u>	
A - Municipal Advisory Council of Texas					
B - Long-Term Liabilities Note					

Note: Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the District. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and business of the District. This process recognizes that, when considering the District's ability to issue and repay long term debt, the entire debt burden borne by the residents and businesses should be taken into account. However, this does not imply that every taxpayer is a resident, and therefore responsible for repaying the debt, of each overlapping governmental.

THIS PAGE LEFT BLANK INTENTIONALLY

SCHEDULE 16  
DONNA INDEPENDENT SCHOOL DISTRICT  
COMPUTATION OF LEGAL DEBT MARGIN

LAST TEN YEARS

(Unaudited)

	2009	2010	2011	2012	2013
Assessed Valuation	\$ 1,110,786,772	\$ 1,131,303,049	\$ 1,292,474,750	\$ 1,350,985,848	\$ 1,366,483,175
Debt Limit - 10% of Assessed Valuation	\$ 111,078,677	\$ 113,130,305	\$ 129,247,475	\$ 135,098,585	\$ 136,648,318
General Obligation Bonds	65,215,000	62,640,000	110,080,000	105,225,000	100,215,000
Deduct Amount Available in Debt Service Fund	1,707,399	869,162	660,980	683,308	713,237
Applicable Debt	63,507,601	61,770,838	109,419,020	104,541,692	99,501,763
Legal Debt Margin	\$ 47,571,076	\$ 51,359,467	\$ 19,828,455	\$ 30,556,892	\$ 37,146,555
Debt Margin as a Percentage of the Debt Limit	42.83%	45.40%	15.34%	22.62%	27.18%

Source: Donna Independent School District Annual Financial and Compliance Reports: Assessed Valuation (Exhibit J-1); General Obligations Bonds (Notes to Financial Statements); and Debt Service Fund, Amount Available in Debt Service (Exhibit C-1).

Note: Texas statutes do not prescribe a debt limit; however, by custom, a practical economic debt limit of 10% of the assessed valuation is used.

2014	2015	2016	2017	2018
\$ 1,393,755,555	\$ 1,529,846,269	\$ 1,603,584,850	\$ 1,706,102,566	\$ 1,915,322,997
\$ 139,375,556	\$ 152,984,627	\$ 160,358,485	\$ 170,610,257	\$ 191,532,300
95,135,000	89,045,000	83,885,000	77,265,000	71,625,000
1,018,643	1,013,273	8,371,761	6,899,299	5,809,616
94,116,357	88,031,727	75,513,239	70,365,701	65,815,384
\$ 45,259,199	\$ 64,952,900	\$ 84,845,246	\$ 100,244,556	\$ 125,716,916
32.47%	42.46%	52.91%	58.76%	65.64%

SCHEDULE 17  
DONNA INDEPENDENT SCHOOL DISTRICT  
RATIO OF NET GENERAL OBLIGATION BONDED DEBT  
TO ESTIMATED ACTUAL VALUE AND  
PER AVERAGE DAILY MEMBERSHIP

LAST TEN YEARS

(Unaudited)

Fiscal Year	Average Daily Membership	Estimated Actual Value	Total Bonded Debt	Debt Service Fund Balance	Net Bonded Debt	Ratio of Net Bonded Debt to Estimated Actual Value	Net Bonded Debt Per Average Daily Membership
2008	14,009	1,235,363,636	73,466,630	1,212,268	72,254,362	5.85%	5,157.71
2009	14,545	1,527,949,702	74,117,632	1,707,399	72,410,233	4.74%	4,978.36
2010	14,859	1,551,657,766	69,260,687	869,162	68,391,525	4.41%	4,602.70
2011	15,002	1,541,491,832	114,682,176	660,980	114,021,196	7.40%	7,600.40
2012	14,904	1,617,194,609	108,004,900	683,308	107,321,592	6.64%	7,200.86
2013	15,276	1,629,388,176	106,099,856	713,237	105,386,619	6.47%	6,898.84
2014	14,848	1,650,616,629	102,683,874	1,018,643	101,665,231	6.16%	6,847.07
2015	15,351	1,815,558,170	98,092,845	1,013,273	97,079,572	5.35%	6,323.99
2016	15,334	1,883,969,328	98,080,599	8,371,761	89,708,838	4.76%	5,850.32
2017	15,072	1,976,485,528	89,688,665	6,899,299	82,789,366	4.19%	5,492.93
2018	14,818	2,207,727,301	82,157,638	5,809,616	76,348,022	3.46%	5,152.38

Source: Average Daily Membership provided by the District's PEIMS Office. Estimated Actual Value obtained from the Hidalgo County Tax Assessor-Collector.

Note (1): Average Daily Membership represents the average daily enrollment of students, district-wide, over the official number of instructional days.

Note (2): Estimated actual property value and average daily membership are used because they are more relevant to the school district than personal income and population



SCHEDULE 18  
DONNA INDEPENDENT SCHOOL DISTRICT  
RATIO OF ANNUAL DEBT SERVICE FOR GENERAL BONDED DEBT  
TO TOTAL GENERAL FUND EXPENDITURES

LAST TEN YEARS

(Unaudited)

Fiscal Year	Principal	Interest*	Total Debt Service	Total General Fund Expenditures	Ratio of Debt Service To General Fund Expenditures
2008	4,331,488	3,540,155	7,871,643	114,116,487	6.90%
2009	5,016,543	3,464,357	8,480,900	127,083,239	6.67%
2010	4,797,355	3,982,759	8,780,114	114,338,882	7.68%
2011	6,523,490	4,900,822	11,424,312	112,835,006	10.12%
2012	6,708,083	4,479,312	11,187,395	125,212,435	8.93%
2013	6,978,782	4,255,232	11,234,014	135,452,557	8.29%
2014	6,282,311	3,918,928	10,201,239	143,841,864	7.09%
2015	7,964,400	3,629,283	11,593,683	153,823,458	7.54%
2016	7,055,475	3,270,099	10,325,574	164,081,358	6.29%
2017	7,554,195	3,171,232	10,725,427	155,268,904	6.91%
2018	7,069,782	3,250,369	10,320,151	154,594,066	6.68%

Source: Donna Independent School District Annual Financial and Compliance Reports

Note: \* Excludes Other Fees

SCHEDULE 19  
DONNA INDEPENDENT SCHOOL DISTRICT  
DEMOGRAPHIC INFORMATION

LAST TEN YEARS

(Unaudited)

Calendar Year	Population *	Personal Income *	Per Capita Income*	Average Daily Attendance	Unemployment Rate **
2008	736,694	15,353,037,000	20,840	12,839	7.8%
2009	757,468	15,979,708,000	21,096	13,859	11.6%
2010	779,194	16,886,696,000	21,672	14,175	12.2%
2011	795,303	17,761,750,000	22,333	14,306	12.1%
2012	807,725	18,301,724,000	22,658	13,785	11.1%
2013	818,942	18,810,847,000	22,970	13,941	10.5%
2014	831,073	19,740,566,000	23,753	14,203	9.1%
2015	842,304	20,702,876,000	24,579	14,182	7.8%
2016***	867,573	21,323,962,280	25,316	14,220	7.7%
2017	849,843	21,080,611,000	24,805	14,154	7.9%
2018	849,843	21,080,611,000	24,805	13,643	5.5%

Source: \* Statistics for Population, Personal Income, and Per Capita Income, were taken from the Bureau of Economic Analysis based on the McAllen-Edinburg-Mission, TX Metropolitan Area (BEARFACTS) Based on Hidalgo County reports last updated November 16, 2017.

\*\* The unemployment rates for the McAllen-Edinburg-Mission, TX Metropolitan Area were used as reported by the Bureau of Labor Statistics

\*\*\* The information was not available by the time of printing. Therefore a 3% increase was added to the 2015 amounts.

SCHEDULE 20  
DONNA INDEPENDENT SCHOOL DISTRICT  
PRINCIPAL EMPLOYERS

CURRENT YEAR AND NINE YEARS PRIOR

(Unaudited)

Employer	2018			2009*		
	Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
Donna ISD	2,533	1	15.33%	2,202	1	16.10%
A&E Health Services, Inc.	617	2	3.74%			0.00%
Walmart	252	3	1.53%			
City of Donna	146	4	0.88%	50	4	0.37%
Bland Distribution	100	5	0.61%	56	3	0.41%
HEB Food Store	99	6	0.60%			0.00%
Paramount Citrus	79	7	0.48%			0.00%
Victoria Palms Resort	71	8	0.43%	70	2	0.51%
McDonalds	56	9	0.34%	20	8	0.15%
Whataburger	54	10	0.33%	24	7	0.18%
Wells Fargo				11	9	0.08%
Burger King				10	10	0.07%
Rio Grande Container				30	5	0.22%
Rio Grande Canning Company				23	6	0.17%
<b>Total</b>	<u>4,007</u>		<u>24.15%</u>	<u>2,422</u>		<u>18.63%</u>

Source:

(1) \*City of Donna EDC information and direct communication with employers.

(2) \*Census.gov Est. Population is 16,638 and Unemployment Rate is 6.0%. Population x Unemployment Rate = Unemployed.

Population: July 1, 2017 estimate 16,638 increased by 5.7% for 2010 data.

Unemployed: 16,638 x 6.0%=998

SCHEDULE 21  
DONNA INDEPENDENT SCHOOL DISTRICT  
CONSTRUCTION AND PROPERTY VALUES

LAST TEN YEARS

(Unaudited)

Fiscal Year	Single-Family Construction Permits	Average Construction Value	Total Property Value
2008	71	51,500	1,235,363,636
2009	27	46,000	1,527,949,702
2010	30	58,900	1,551,657,766
2011	45	58,335	1,541,491,832
2012	49	59,230	1,617,194,609
2013	23	54,068	1,629,388,176
2014	25	54,756	1,650,616,629
2015	36	58,370	1,815,558,170
2016*	31	N/A	1,883,969,328
2017*	37	N/A	1,976,485,528
2018	35	67,524	2,207,727,301

Source: City of Donna

\* Information from "socds.huduser.gov/permits/" as of 2017

THIS PAGE LEFT BLANK INTENTIONALLY

SCHEDULE 22  
DONNA INDEPENDENT SCHOOL DISTRICT  
WORK FORCE COMPOSITION BY EMPLOYEE CLASSIFICATION

LAST TEN YEARS

(Unaudited)

Classification	2009	2010	2011	2012
<b>Number of Employees</b>				
Teachers	982	995	999	941
Professional Support	218	196	202	200
Campus Administration	54	52	50	49
Central Administration	6	5	6	5
Educational Aides	328	310	239	229
Auxiliary Staff	928	769	773	857
<b>Total Employees</b>	<b>2,516</b>	<b>2,326</b>	<b>2,269</b>	<b>2,280</b>
<b>Percent of Total</b>				
Teachers	39.04%	42.77%	44.02%	41.26%
Professional Support	8.67%	8.42%	8.92%	8.76%
Campus Administration	2.15%	2.23%	2.18%	2.15%
Central Administration	0.24%	0.21%	0.26%	0.22%
Educational Aides	13.02%	13.32%	10.55%	10.05%
Auxiliary Staff	36.89%	33.05%	34.06%	37.57%
	100.00%	100.00%	100.00%	100.00%

Source: 2018 -2016/2017 Texas Academic Performance Report  
The District's Human Resources Department and the Academic Excellence Indicator System (AEIS).  
Data taken from P.E.I.M.S. report(s).

2013	2014	2015	2016	2017	2018
944	1023	1067	1068	1058	1064
216	261	257	269	299	284
50	45	45	45	45	44
5	18	20	17	19	17
220	267	275	288	289	298
889	867	879	916	898	843
2,324	2,481	2,544	2,603	2,608	2,550
40.62%	41.23%	41.96%	41.03%	40.57%	41.73%
9.29%	10.52%	10.10%	10.33%	11.46%	11.14%
2.15%	1.81%	1.77%	1.73%	1.73%	1.73%
0.22%	0.73%	0.79%	0.65%	0.73%	0.67%
9.47%	10.76%	10.82%	11.06%	11.08%	11.69%
38.25%	34.95%	34.56%	35.19%	34.43%	33.06%
100.00%	100.00%	100.00%	100.00%	100.00%	100.00%

SCHEDULE 23  
DONNA INDEPENDENT SCHOOL DISTRICT  
SCHEDULE OF TEACHER INFORMATION

LAST TEN YEARS

(Unaudited)

Fiscal Year	Teacher Hiring Salaries		Average Teacher Salary	Average Years of Experience	Bachelor's Education	Master's Education
	Minimum	Maximum				
2009	37,650	53,000	43,662	8.7	89.5%	8.8%
2010	40,000	56,475	46,748	8.8	89.0%	9.8%
2011	40,500	54,959	47,031	9.0	88.5%	10.6%
2012	40,500	54,244	46,363	8.8	88.1%	10.8%
2013	42,650	54,844	47,652	8.8	87.2%	11.8%
2014	43,000	54,876	48,117	7.9	86.2%	12.6%
2015	44,000	55,176	48,754	8.4	85.6%	13.0%
2016	45,500	56,676	49,025	8.7	86.5%	13.0%
2017	45,086	62,506	50,703	9.2	85.2%	13.9%
2018	45,086	62,506	50,464	9.8	85.2%	14.9%

Source: Texas Academic Performance Reports (TAPR) FY 2013-2018 &  
Academic Excellence Indicator System (AEIS) FY2006-2012



SCHEDULE 24  
DONNA INDEPENDENT SCHOOL DISTRICT  
SCHEDULE OF ATTENDANCE AND MEMBERSHIP

LAST TEN YEARS

(Unaudited)

Fiscal Year	Average Daily Attendance *	Average Daily Membership	Percent of Attendance
2008	13,438	14,009	95.92%
2009	13,859	14,545	95.28%
2010	14,175	14,859	95.40%
2011	14,306	15,002	95.36%
2012	13,785	14,904	92.49%
2013	13,941	15,276	91.26%
2014	14,203	14,848	95.66%
2015	14,182	15,351	92.38%
2016	14,220	15,334	92.74%
2017	14,154	15,072	93.91%
2018	13,643	14,818	92.07%

Source: The District's PEIMS Office

\* Average Daily Attendance - the average daily attendance of eligible enrollees, district-wide, over the official number of instructional days.

SCHEDULE 25  
DONNA INDEPENDENT SCHOOL DISTRICT  
OPERATING STATISTICS

LAST TEN YEARS

(Unaudited)

Fiscal Year	Average Daily Attendance	Operating Expenditures	Cost per Pupil	Percent Change	Operating Expenses	Cost per Pupil	Percent Change
2009	13,859	115,164,390	8,310	-3.58%	141,219,058	10,190	-1.37%
2010	14,175	110,787,496	7,816	-5.95%	146,295,219	10,321	1.29%
2011	14,306	106,536,179	7,447	-4.72%	145,318,696	10,158	-1.58%
2012	13,785	115,765,601	8,398	12.77%	138,095,421	10,018	-1.38%
2013	13,941	127,656,743	9,157	9.04%	151,408,310	10,861	8.41%
2014	14,203	137,468,113	9,679	5.70%	155,813,596	10,970	1.01%
2015	14,182	147,921,208	10,430	7.76%	172,544,797	12,166	10.90%
2016	14,220	155,724,118	10,951	4.99%	188,740,172	13,273	9.09%
2017	14,154	152,583,784	10,780	-1.56%	129,537,480	9,152	-31.05%
2018	13,643	152,583,784	11,184	3.75%	129,537,480	9,495	3.75%

Source: Average Daily Attendance provided by the District's PEIMS and A.E.I.S. reports.  
Operating Expenditures and Expenses obtained from the District's Annual Financial Reports.

SCHEDULE 26  
DONNA INDEPENDENT SCHOOL DISTRICT  
SCHEDULE OF STUDENT INFORMATION

LAST TEN YEARS

(Unaudited)

Fiscal Year	Teacher / Student Ratio	Percentage of Free and Reduced Lunch	No. of Economically Disadvantaged Students	Percentage of Economically Disadvantaged Students
2009	14.8	89%	13,964	95.9%
2010	14.9	89%	14,404	96.9%
2011	15.0	89%	14,571	97.0%
2012	15.9	89%	14,527	97.2%
2013	16.2	89%	14,818	97.0%
2014	15.0	100%	14,941	97.2%
2015	14.4	100%	12,502	81.6%
2016	14.3	100%	14,230	92.9%
2017	14.2	100%	14,095	93.7%
2018	13.9	100%	14,095	93.7%

Source: 2018- 2016/2017 Texas Academic Performance Report

Academic Excellence Indicator System (AEIS) & District's PEIMS office.

The District currently has Provision 2 status with Texas Department of Agriculture for the percentage of Free and Reduced Lunch.

SCHEDULE 27  
DONNA INDEPENDENT SCHOOL DISTRICT  
SCHEDULE OF SCHOOL BUILDINGS

(Unaudited)

	Estimated Square Footage	Recommended Capacity		Estimated Square Footage	Recommended Capacity
<b>HIGH SCHOOLS</b>			<b>ELEMENTARY SCHOOLS</b>		
DONNA HIGH SCHOOL	321,801	1,800	ADAME	86,069	880
DONNA NORTH HIGH SCHOOL	321,000	2,400	CACERES	57,390	704
TOTAL	642,801	4,200	GARZA	76,438	1,056
			GUZMAN	51,227	616
<b>MIDDLE SCHOOLS</b>			LENOIR	86,733	528
A.P. SOLIS	139,150	1,700	MUNOZ	76,438	968
SAUCEDA	147,500	1,248	OCHOA	62,811	638
VETERANS	149,872	1,300	PRICE	52,752	575
W.A. TODD	118,099	825	RIVAS	59,396	616
TOTAL	554,621	5,073	RUNN	59,096	616
			SALAZAR	63,663	682
<b>SPECIAL CAMPUSES</b>			SALINAS	87,467	1,012
3-D ACADEMY	16,435	328	SINGLETERRY	63,404	638
DONNA ALTERNATIVE ED. PROGRAM	19,571	165	STAINKE	64,873	660
TOTAL	36,006	493	TOTAL	947,757	10,189

Source: DISD Facilities School Building Information

Note: The information presented above is as of August 31, 2018 and are indicators of the volume and usage of the District's buildings, which are the material capital assets. Ten years of data is not available for presentation.

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

THIS PAGE LEFT BLANK INTENTIONALLY

**Raul Hernandez & Company, P.C.**  
Certified Public Accountants  
5402 Holly Rd, Suite 102  
Corpus Christi, Texas 78411  
Office (361)980-0482 Fax (361)980-1002

**Report on Internal Control Over Financial Reporting and on Compliance and  
Other Matters Based on an Audit of Financial Statements Performed in Accordance  
with *Government Auditing Standards***

Independent Auditors' Report

Donna Independent School District  
Donna, Texas

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Donna Independent School District, as of and for the year ended August 31, 2018, and the related notes to the financial statements, which collectively comprise Donna Independent School District's basic financial statements, and have issued our report thereon dated December 19, 2018.

**Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered Donna Independent School District's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Donna Independent School District's internal control. Accordingly, we do not express an opinion on the effectiveness of Donna Independent School District's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as items 2018-001 that we consider to be significant deficiencies.

## **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Donna Independent School District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and questioned costs as items 2018-001.

## **Donna Independent School District**

Donna Independent School District's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned cost. Donna Independent School District's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

## **Purpose of this Report**

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

*Raul Hernandez & Company, P.C.*

Corpus Christi, Texas

December 19, 2018



**Raul Hernandez & Company, P.C.**  
Certified Public Accountants  
5402 Holly Rd, Suite 102  
Corpus Christi, Texas 78411  
Office (361)980-0482 Fax (361)980-1002

**Report on Compliance for Each Major Federal Program; Report on Internal Control Over Compliance; and Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance**

Independent Auditors' Report

Donna Independent School District  
Donna, Texas

**Report on Compliance for Each Major Federal Program**

We have audited Donna Independent School District's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Donna Independent School District's major federal programs for the year ended August 31, 2018. Donna Independent School District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

***Management's Responsibility***

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

***Auditor's Responsibility***

Our responsibility is to express an opinion on compliance for each of Donna Independent School District's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Donna Independent School District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

### ***Opinion on Each Major Federal Program***

In our opinion, Donna Independent School District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended August 31, 2018.

### **Report on Internal Control over Compliance**

Management of Donna Independent School District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Donna Independent School District's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Donna Independent School District's internal control over compliance.

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

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

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

## **Report on Schedule of Expenditures of Federal Awards by the Uniform Guidance**

We have audited the financial statements of Donna Independent School District as of and for the year ended August 31, 2018, and have issued our report thereon dated December 19, 2018, which contained an unmodified opinion on those financial statements. Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the financial statements as a whole.

*Raul Hernandez & Company, P.C.*

Corpus Christi, Texas

December 19, 2018

**DONNA INDEPENDENT SCHOOL DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED AUGUST 31, 2018**

**A. Summary of Auditor's Results**

1. Financial Statements

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

One or more material weaknesses identified?  Yes  No

One or more significant deficiencies identified that are not considered to be material weaknesses?  Yes  None Reported

Noncompliance material to financial statements noted?  Yes  No

2. Federal Awards

Internal control over major programs:

One or more material weaknesses identified?  Yes  No

One or more significant deficiencies identified that are not considered to be material weaknesses?  Yes  None Reported

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

Any audit findings disclosed that are required to be reported in accordance with Title 2 U.S. Code of Federal Regulations (CFR) Part 200?  Yes  No

Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
10.553	School Breakfast Program
10.555	National School Lunch Program

Dollar threshold used to distinguish between type A and type B programs: \$901,699

Auditee qualified as low-risk auditee?  Yes  No

**DONNA INDEPENDENT SCHOOL DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED AUGUST 31, 2018**

**B. Financial Statement Findings**

**Finding No. 2018-001**

**Criteria:** A governmental accounting system must make it possible both: (a) to present fairly and with full disclosure the funds and activities of the government in conformity with generally accepted accounting principles, and (b) to determine and demonstrate compliance with finance-related legal and contractual provisions.

**Condition:** At year end the school district did not accurately maintain general ledgers, schedules of debt, schedules of depreciation. Preparation of some of the year-end adjusting journal entries and schedules and the review and reconciliation of those amounts for accuracy was not complete. The following items were noted:

- Senior Management with experience and knowledge of school and fund accounting was hired by the district in May 2018. During the planning phase of our audit she brought our attention that the prior year financial statements contained numerous errors. After a thorough review of the district's ledger, the net of these corrections resulted in a net prior period adjustment of \$3,888,087. This adjustment included \$4,295,915 to remove an over accrual of State Revenue which was calculated incorrectly in the prior year. An adjustment of \$221,432 was made to remove outstanding checks that were omitted from the outstanding checklist also in the prior year. An adjustment of (\$603,702) was made to correctly record an ACH transaction that posted in the prior year. An adjustment of (\$25,772) included clearing deferred revenue from special revenue funds. Additional adjustments of \$229 and (\$15) were made to clear due from State not received and adjustment for bank reconciliation, respectively.
- The District entered into two leases with Insight Investments for computers in July and August 2004 and upon the end of the lease term was scheduled to return equipment. The District was charged penalties, which included an additional month's rent, which was caused by a delay in the return of equipment in which the District was unable to locate. The total amount paid in penalties to Insight Investment totaled \$31,627 and \$32,202, respectively.
- The Fixed Asset Deprecation Schedule was not complete at fiscal year-end. During the course our audit, we noted an additional \$217,653 in assets needed to be added to the Fixed Asset Deprecation Schedule.
  - An adjustment of \$113,219 was made to recognize retainage payable, accrue payable, and record construction costs through fiscal year end for NM Contracting.
  - An adjustment of \$104,434 was made to recognize computers purchased through capital lease.
- The Long-Term Debt Schedule initially provided did not contain a new capital lease for computers.
  - An adjustment of \$104,434 was made to recognize financing for computers purchased through capital lease financing.
  - After a review of the ledger the District provided an adjustment of \$84,979 to remove expenditures for operating leases from long-term debt principal payment account.
- The District remitted approximately \$250,000 to the State of Texas (TRS) for retirement, that was not credited to each respective employee retirement account.
- At the end of the fiscal year, the District over-remitted \$57,431 to the State of Texas (TRS) for retirement.

**DONNA INDEPENDENT SCHOOL DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED AUGUST 31, 2018**

**Finding No. 2018-001 (Continued)**

**Cause:** There were several general ledger accounts that needed adjustments, the fixed asset schedule, and long-term debt schedule did not agree to the general ledger, as well as various corrections to prior period balances lead to a net prior period adjustment of \$3.9 million.

**Effect:** As a result, this placed the school district in a high-risk auditee condition, which makes it susceptible to the possibility of material misstatements of its' audited financial statements, and the risk of loss of state & federal funding.

**Recommendation:** Management and staff should be instructed and trained regarding the understanding of basic accounting rules & principles, along with proper internal control, and financial reporting.

**Management Response:** The District will review and update internal procedures to improve the year-end adjustments journal entry, review and reconciliation process so that the General Ledger properly reflects the current status of the finances of the District.

**C. Federal Award Findings and Questioned Costs**  
NONE

**DONNA INDEPENDENT SCHOOL DISTRICT  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
FOR THE YEAR ENDED AUGUST 31, 2018**

Finding/Recommendation

Current Status

2017-001-General Ledger Year-End  
Maintenance for Annual Financial

The District hired a Chief Financial Officer filling a key position, in addition, training will continue to be provided for individuals in key operation areas. Training will be mandatory for all individuals in key operation areas. Monthly deadlines have been set and are being monitored in order to assure that reconciliation processes are completed in a timely manner and to assure that the General Ledger properly reflects the current status of finances of the District.

Current Status: Monthly deadlines have been set and are being monitored to ensure that reconciliation processes are completed timely.

2017-002-Monitoring of Securities  
Pledged

In order to assure that District's cash and investment accounts are not under-collateralized, procedures have been implemented to monitor cash and investment accounts on a daily basis to ascertain that adequate levels of coverage are maintained; in addition, our depository institution notifies and requests written authorization from an authorized bank signatory to release specific securities pledged in the name of the District.

Current Status: Finding has been corrected.

2017-003-Excess Expenditures over  
Appropriations

The District reviews the budget and budgeted line items and proposes amendments at a minimum on a monthly basis in order to ensure compliance with State Law. The District will continue to review and monitor the budget throughout the year in order to propose amendments ensuring compliance with State Law.

Current Status: Finding has been corrected.

2017-004-Compliance-Activites  
Allowed or Unallowed

The District will assure that procurement policies and procedures are adhered to for all purchases. In addition, the District will continue to provide training to Principals, Directors and other individuals in key operating areas regarding State Allotment Monitoring Programs (SAMP) compliance and Federal, State and Local Purchasing guidelines and requirements.

Current Status: Finding has been corrected.

**DONNA INDEPENDENT SCHOOL DISTRICT  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
FOR THE YEAR ENDED AUGUST 31, 2018**

Finding/Recommendation

Current Status

2017-005-Compliance-Activities  
Allowed or Unallowed

The District will assure that procurement policies and procedures are adhered to for all purchases. In addition, the District will continue to provide mandatory training to Principals, Directors and other individuals in key operating areas regarding State Allotment Monitoring Programs (SAMP) compliance and Federal, State and Local Purchasing guidelines and requirements.

Current Status: Finding has been corrected.

2017-006-Foundation School Program  
(FSP) Allotments

The District has implemented procedures that include monthly meetings with Program Directors and Campus Principals to review and monitor their respective Department/campus budgets in order to ensure that Expenditures are made to the levels required by the State. In addition, the District will continue to provide mandatory training to Principals, Directors and other individuals in key operating areas regarding State Allotment Monitoring Programs (SAMP) compliance in Order to assure that procurement policies and procedures are adhered to for all purchases.

Current Status: Monthly and quarterly reviews of foundation school program funds will be conducted by the Business and Finance Office to ensure compliance. Monthly and quarterly meetings with department heads will be held to promote communication among all stakeholders.

2017-007-Noncompliance and  
Significant Deficiency over Compliance  
-Procurement

The District will continue to provide mandatory training opportunities for personnel in key operating areas including Purchasing in order to ensure that the proper documentation is maintained, and proper procurement procedures are followed. In addition, the District will continue to provide mandatory procurement training for all principals and directors and other personnel in key operating areas. The District will implement and maintain additional internal controls over compliance with federal statutes and regulations, and the terms and conditions of Federal Awards as required by the Uniform Guidance. The District Purchasing manual will be updated to include EDGAR compliance requirements pertaining to Sole Source purchases.

Current Status: Finding has been corrected.



**DONNA INDEPENDENT SCHOOL DISTRICT  
CORRECTIVE ACTION PLAN  
FOR THE YEAR ENDED AUGUST 31, 2018**

The District will review and update internal procedures to improve the year-end adjustments journal entry, review and reconciliation process so that the General Ledger properly reflects the current status of the finances of the District.

The Assistant Superintendent of Business and Finance is the contact person and will oversee corrective action.

During the audit we reviewed the conservators action plan for November 2018 and we noted the status of the report:

	<u>Conservators Comments</u>
Financial Accountability	
Year-end financials training:	Slightly off track
Cash flow analysis:	Slightly off track
Centralized purchasing department:	Slightly off track
Other/General Activities	
Address staffing ratio:	Slightly off track

DONNA INDEPENDENT SCHOOL DISTRICT  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED AUGUST 31, 2018

(1)	(2)	(3)	(4)
FEDERAL GRANTOR/ PASS-THROUGH GRANTOR/ PROGRAM or CLUSTER TITLE	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
<b>U.S. DEPARTMENT OF DEFENSE</b>			
<u>Direct Programs:</u>			
U.S. DEPARTMENT OF DEFENSE	12.U01	108902	\$ 16,616
Total Direct Programs			16,616
<b>TOTAL U.S. DEPARTMENT OF DEFENSE</b>			16,616
<b>U.S. DEPARTMENT OF EDUCATION</b>			
<u>Passed Through State Department of Education</u>			
ESEA, Title I, Part A - Improving Basic Programs	84.010A	17-610112108902000	10,491
ESEA, Title I, Part A - Improving Basic Programs	84.010A	18-610101108902	8,926,198
Total CFDA Number 84.010A			8,936,689
ESEA, Title I, Part C - Migratory Children	84.011	18-615001108902	1,859,747
*IDEA - Part B, Formula	84.027	18-6600011089026000	2,914,692
*IDEA - Part B, Preschool	84.173	18-6610011089026000	34,356
Total Special Education Cluster (IDEA)			2,949,048
Career and Technical - Basic Grant	84.048	18-420006108902	198,001
Career and Technical - Basic Grant	84.048	19-420006108902	9,261
Total CFDA Number 84.048			207,262
ESEA, Title X, Part C -Homeless Children	84.196	18-033	80,821
Title IV, Pt B-21st Cent. Community Learning Cent.	84.287	18-6950247110008	820,243
Title IV, Pt B-21st Cent. Community Learning Cent.	84.287	19-6950247110008	69,841
Total CFDA Number 84.287			890,084
Title III, Part A - English Language Acquisition	84.365A	18-671001108902	757,772
ESEA, Title II, Part A, Supporting Effective Instr	84.367A	18-694501108902	461,104
Title I SIP Academy Grant	84.377A	16-6107307110003	1,565,185
Project RISE	84.374A	U384A16002-17A	103,438
Title IV, Part A	84.424A	18-680101108902	148,008
Total Passed Through State Department of Education			17,959,158
<b>TOTAL U.S. DEPARTMENT OF EDUCATION</b>			17,959,158
<b>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</b>			
<u>Passed Through Texas Dept of Human Services</u>			
Medicaid Administrative Claiming Program - MAC	93.778	108902	80,745
Total Passed Through Texas Dept of Human Services			80,745
<b>TOTAL U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</b>			80,745
<b>U.S. DEPARTMENT OF AGRICULTURE</b>			
<u>Passed Through the State Department of Agriculture</u>			
*School Breakfast Program	10.553	71401801	4,398,642
*National School Lunch Program - Cash Assistance	10.555	71301801	7,204,746
*National School Lunch Prog. - Non-Cash Assistance	10.555	3001801	774,538
Total CFDA Number 10.555			7,979,284
Total Child Nutrition Cluster			12,377,926
Fresh Fruit & Vegetable Program	10.582	0564	345,833
Total Passed Through the State Department of Agriculture			12,723,759
<b>TOTAL U.S. DEPARTMENT OF AGRICULTURE</b>			12,723,759
<b>TOTAL EXPENDITURES OF FEDERAL AWARDS</b>			<b>\$ 30,780,278</b>

\*Clustered Programs

See Accompanying Notes to the Schedule of Expenditures of Federal Awards

**DONNA INDEPENDENT SCHOOL DISTRICT  
 NOTES TO THE SCHEDULE EXPENDITURES OF FEDERAL AWARDS  
 FOR THE YEAR ENDED AUGUST 31, 2018**

**Basis of Presentation:**

The accompanying schedule of expenditures of federal awards includes the federal grant activity of Donna Independent School District. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards (Uniform Guidance). Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of the basic financial statements.

**Summary of Significant Accounting Policies:**

Expenditures reported on the Schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance and OMB Compliance Supplement, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

**Indirect Cost Rate:**

Donna Independent School District has elected not to use the 10% of the minimis indirect cost rate allowed under the Uniform Guidance.

**Sub-recipients:**

During the year ended August 31, 2018, the District had no sub-recipients.

**Federal Loans and Loan Guarantees:**

During the year ended August 31, 2018, the District had no outstanding federal loans payable or loan guarantees.

**Federally Funded Insurance:**

During the year ended August 31, 2018, the District had no federally funded insurance.

**Noncash awards:**

During the year ended August 31, 2018, the District received \$774,538 as noncash-assistance under the National School Lunch Program.

**Reconciliation from the Schedule of Expenditures of Federal Awards to Exhibit C-3:**

Total Federal Award Expended	\$ 30,780,278
ERATE	390,776
SHARS	2,693,553
Project Lead The Way	10,563
Exhibit C-3	<u>\$ 33,875,170</u>

THIS PAGE LEFT BLANK INTENTIONALLY

## SCHOOLS FIRST QUESTIONNAIRE

Donna Independent School District

Fiscal Year 2018

---

SF2	Were there any disclosures in the Annual Financial Report and/or other sources of information concerning nonpayment of any terms of any debt agreement at fiscal year end?	No
SF4	Was there an unmodified opinion in the Annual Financial Report on the financial statements as a whole?	Yes
SF5	Did the Annual Financial Report disclose any instances of material weaknesses in internal controls over financial reporting and compliance for local, state, or federal funds?	No
SF6	Was there any disclosure in the Annual Financial Report of material noncompliance for grants, contracts, and laws related to local, state, or federal funds?	No
SF7	Did the school district make timely payments to the Teachers Retirement System (TRS), Texas Workforce Commission (TWC), Internal Revenue Service (IRS), and other government agencies?	Yes
SF8	Did the school district not receive an adjusted repayment schedule for more than one fiscal year for an over allocation of Foundation School Program (FSP) funds as a result of a financial hardship?	Yes
SF10	Total accumulated accretion on CABs included in government-wide financial statements at fiscal year-end.	\$ 206,667
SF11	Net Pension Assets (1920) at fiscal year-end.	
SF12	Net Pension Liabilities (2540) at fiscal year-end.	\$90,220,249
SF13	Pension Expense (6147) at fiscal year-end.	