

Comprehensive Annual Financial Report

Fiscal year Ended August 31, 2016



Donna Independent School District

116 North Tenth Street

Donna, Texas 78537

Hidalgo County

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INTRODUCTIONARY SECTION

Donna ISD.....

Be the Change

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DONNA INDEPENDENT SCHOOL DISTRICT
Donna, Texas

**COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED AUGUST 31, 2016
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Donna Independent School District

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

“Be the Change”

January 23rd, 2017

**Mr. Efren Cenicerros, President,
Members of the Board of Trustees, and
Citizens of the Donna Independent School District
Donna, Texas 78537**

Dear Mr. Cenicerros, Board of Trustees, and the Citizens:

We are pleased to present the Donna Independent School District (the “District”) Comprehensive Annual Financial Report (CAFR) for the year ending August 31, 2016. The report was prepared by the Business and Finance Office. 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.

The District’s annual audited financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information are presented in conformity with requirements established by the Texas Education Agency in their Financial Accountability Systems Resource Guide. To provide a reasonable basis for making these representations, management of the District has established a comprehensive internal control framework that is designed both to protect the government’s assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the District’s financial statement in conformity with GAAP. Because the cost of internal controls should not outweigh their benefits, the District’s comprehensive framework of internal controls has been designated to provide, reasonable rather than absolute, assurance that the financial statement will be free from material misstatement. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

The District’s independent auditors were **Luis C. Orozco, CPA** and their opinion letter is hereby made a part of this report. Texas law requires that each public school district in the state undergo an annual audit conducted by an independent audit firm of certified public accountants and publish within one-hundred fifty days of the close of each fiscal year a complete set of financial statements. This audit must be done in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States.

The goal of the independent audit was to provide reasonable assurance that the financial statements of Donna Independent School District for fiscal year ended August 31, 2016, are free of material misstatement and are presented in conformity with generally accepted accounting principles (GAAP). The independent audit involved examining, on a test basis, evidence supporting the

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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, 2016 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 requirement, 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 finding sand 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.

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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

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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 15,334 students for the 2015-2016 school year. Of these students, 99.6% are Hispanic and 0.3% White, 0.1% African-American, 92.9% of the students are economically disadvantaged, 48.7% of all students are identified as Limited English Proficient language learners.

The breakdown of our student membership is as follows:

Average daily attendance had grown in the past ranging 2.5 – 3.5% but now has grown at less than 1%. ADA is expected to continue at this pace in the near term. Projected membership for school year 2017-18 is expected to remain at approximately 15,300 students.

Mission Statement

The mission of the District is to ensure academic excellence for all students through a rigorous and supportive learning environment that provides a quality education in accordance with state and national standards.

District Goals

I. Donna ISD students will achieve academic success in all facets of their education through relevant, rigorous, and aligned curriculum.

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II. Donna ISD will provide students and all stakeholders with a safe and nurturing school environment that supports academic success.

III. Donna ISD will follow sound fiscal and managerial practices to provide a highly qualified staff, appropriate resources, technology, and well-maintained facilities to promote increased student achievement.

IV. Donna ISD will collaborate with parents, community members, and staff to promote continuous success for all students through an effective planning and advisory process.

District Vision

We envision being an exemplary school district staffed with highly qualified individuals working collaboratively to graduate college-ready students who will be a powerful force for positive change in our community.

Achievements

The District received a Superior rating on the School FIRST (Financial Integrity Rating System of Texas) financial accountability system for the fiscal year ending August 31, 2015. The rating system was established during the 77th Legislative session. School districts received its first official rating by TEA in August 2003 for the fiscal year 2001-2002.

Factors Affecting Financial Condition

The information presented in the financial statements is perhaps best understood when it is considered from the broader perspective of the specific environment within 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 495 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.

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 an increase of \$6.57 million which is attributed to an increase in Local Revenue, State Program Revenue, Loan Proceeds, and conservative spending.

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Growth in the District's tax base has continued, averaging 3.3% annual growth from fiscal years 2010-16. The District's fiscal 2016 taxable assessed valuation (TAV) grew to \$1.148 billion.

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, 2016, the District had \$83,710,000 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 \$8,371,761; this amount includes a prior year adjustment in the amount of \$8,133,387 due to the overstated property values calculated by the State.

In November 2011, Moody assigned A2 underlying and Aaa Enhanced rating to the District. "Moody's believes the district has demonstrated sound financial management in recent years, which is evident in the general reduction of expenditures and improvement in reserve levels." (quote from Moody's). Also in November 2011, 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, 2016, total assets for student activity funds were \$454,577.

Financial Management Awards

Donna ISD has received the highest financial accountability rating of "Superior Achievement" as awarded by the Texas Education Agency for the past 7 years. Senate Bill 218 of the 77th Legislature (2001) authorized the implementation of the financial accountability rating system referred to as School FIRST. The primary purpose of the Financial Integrity Rating System of Texas (FIRST) is to ensure school districts will be held accountable for the quality of their financial management practices and to achieve improved performance in the management of their financial resources.

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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 Finance Director, Ms. Sandra Martinez and the dedicated services of other 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

Mr. Fernando Castillo, Superintendent
Mrs. Velma Rangel, Chief Special Programs Officer
Mrs. Maricela Valdez, Chief Financial Officer
Mr. Jose J. Villanueva, Assistant Superintendent for Human Resources


Business and Finance

Mr. Gerardo Cavazos, Accounting Supervisor
Mr. Refugio de los Santos, Accounts Payable Supervisor
Mr. Abraham Gallegos, Accountant
Mr. Rigoberto Garcia, Accountant
Ms. Maria E. Gonzales, CFO Secretary/Bookkeeper
Mr. Jose L. Marines, Payroll Coordinator
Ms. Sandra Martinez, Director of Finance
Mrs. Olga Noriega, Purchasing Agent
Mrs. Nydia Rodriguez, Accountant

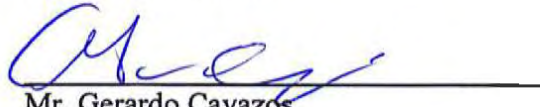
We would also like to thank the District's Board of Trustees, for their time, dedication, and support to the students and staff of Donna ISD. A sincere appreciation is also extended to our independent auditor, Luis Orozco, for their assistance in the preparation of this report.

Respectfully Submitted,

Mrs. Maricela Valdez
Chief Financial Officer



Ms. Sandra Martinez
Director of Finance



Mr. Gerardo Cavazos
Accounting Supervisor

It is the policy of the Donna Independent School District not to discriminate on the basis of race, color, national origin, gender, religion, limited English proficiency, or handicapping condition in its programs.

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DONNA INDEPENDENT SCHOOL DISTRICT

Donna, Texas

PRINCIPAL OFFICIALS, CONSULTANTS & ADVISORS

For the Year Ended August 31, 2016

ELECTED OFFICIALS

Alberto Sandoval-President

Nick Castillo-Vice President

Tammy Flores-Secretary

Efren Cenicerros-Member

David De Los Rios-Member

Ernesto Lugo-Member

Dennis Ramirez-Member

CONSULTANTS & ADVISORS

Financial Advisors Estrada-Hinojosa & Company, Inc.
..... Dallas and San Antonio, Texas

Bond Counsel The J. Ramirez Law Firm
..... San Juan, Texas

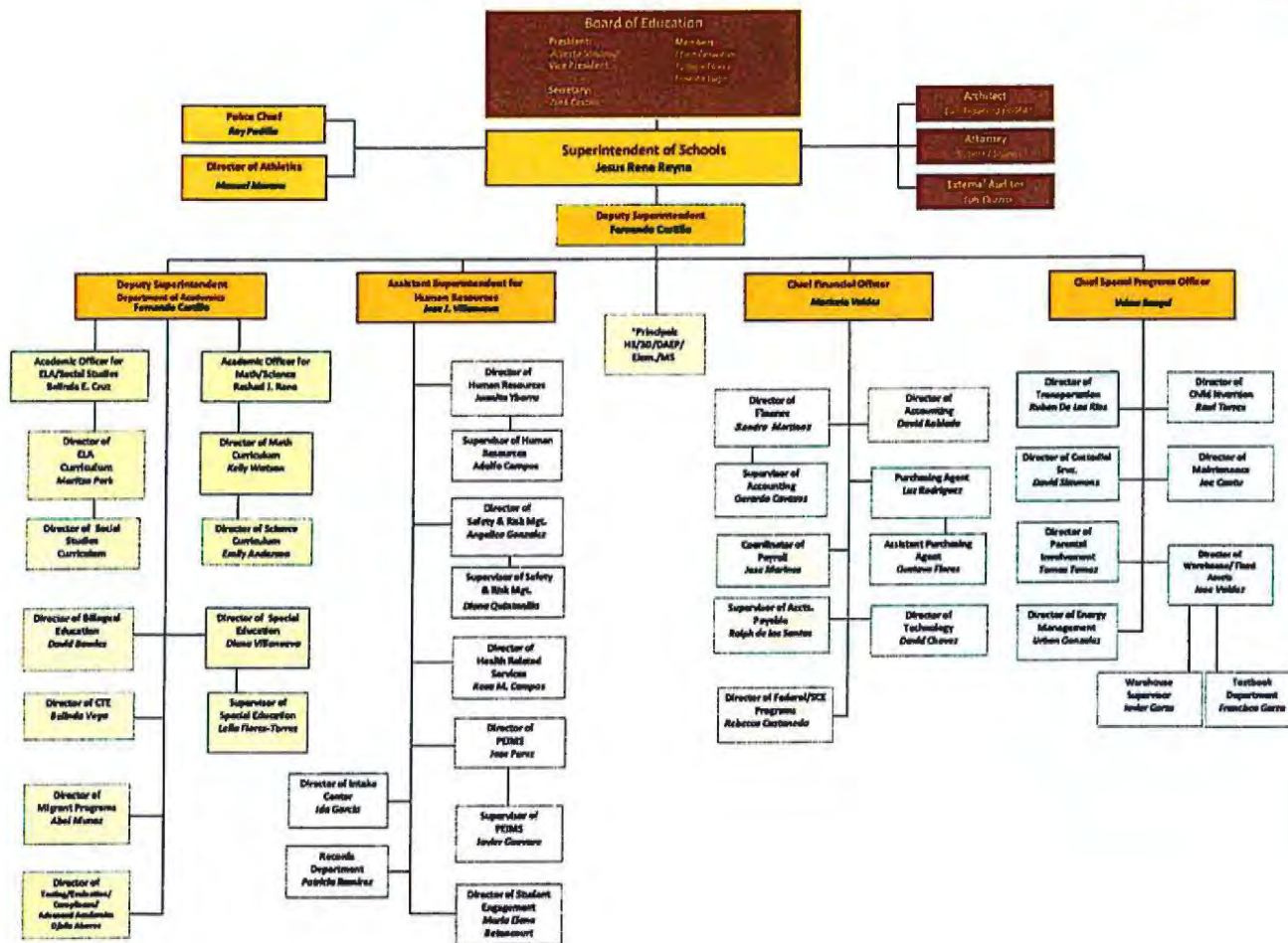
General Counsel The Salinas Law Office
..... Donna, Texas

Independent Auditors Luis C. Orozco, CPA
..... Pharr, Texas

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**DONNA INDEPENDENT SCHOOL DISTRICT
ORGANIZATIONAL CHART
2015-2016**

Board Approved
June 22, 2015
Updated:
February 22, 2016
Pending Board Approval



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CERTIFICATE OF BOARD

Donna Independent School District
Name of School District

Hidalgo
County

108-902
County/ District Number

We, the undersigned, certify that the attached annual financial reports of the above named school District were reviewed and X approved disapproved for the year ended August 31, 2016 at the meeting of the Board of Trustees of such school district on the 25th day of January, 2017.



Signature of Board Secretary



Signature of Board President

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DONNA INDEPENDENT SCHOOL DISTRICT

**ANNUAL FINANCIAL REPORT FOR THE
YEAR ENDED**

AUGUST 31, 2016

LUIS C OROZCO
CERTIFIED PUBLIC ACCOUNTANT
808 Del Oro Lane
Pharr, Tx 78577
lcocpa@lcocpa.com

INDEPENDENT AUDITOR'S REPORT

To the Board of School Trustees of
Donna Independent School District
116 North 10th Street
Donna, Texas 78537

We have audited the accompanying 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, 2016, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. 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, each major fund, and the aggregate remaining fund information of Donna Independent School District as of August 31, 2016, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis information 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
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CERTIFIED PUBLIC ACCOUNTANT

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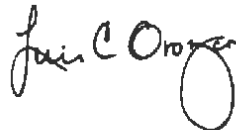
and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited 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 and individual nonmajor fund financial statements, the TEA required schedules, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

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



Luis C. Orozco
Certified Public Accountant

Pharr, TX
January 24, 2017

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Donna Independent School District

"Be the Change"

Mr. Fernando Castillo, Superintendent

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, 2016. 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 \$165,150,796 at August 31, 2016. Of this amount, \$27,453,797 (unrestricted net position) may be used to meet the District's on going obligations.
- The District's Statement of Activities reflects an increase in net position for Governmental Activities in the amount of \$10,847,694. This is a result of expenses being less than the \$194,336,683 generated in taxes, state aid, investment earnings, and other revenues such as charges for services and federal grants.
- The General Fund reported a fund balance in the governmental funds financial statement this year of \$50,449,580. Approximately 96.1% of this total amount, \$48,482,280, 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 \$59,250,997, an increase of \$13,995,082 in comparison with the prior year, primarily due to a prior year adjustment to the Debt service fund.

OVERVIEW OF THE FINANCIAL STATEMENTS

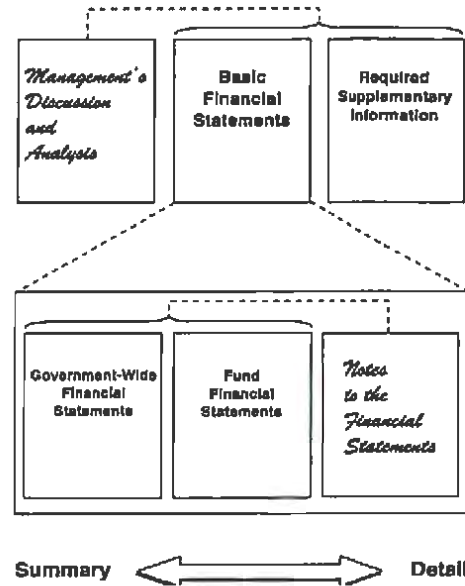
This annual report consists of three parts—*management's discussion and analysis* (this section), the *basic financial statements*, and *required supplementary information*. The basic financial statements include two kinds of statements that present different views of the District:

- 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.

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- 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 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 has the following kinds of funds:

- *Governmental funds*—Most of the District's basic services are included in governmental funds, which focus on (1) how *cash and other financial assets* that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental 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.
- We use *internal service funds* to report revenues and expenses related to services provided to organizations inside the District on a cost reimbursement basis are accounted for in internal service fund.
- *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. 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 \$165,150,796 at August 31, 2016 (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 \$27,453,797 or about 16.6% of net position. The government-wide increase in net position was \$10,847,392.

TABLE A-1

**DONNA INDEPENDENT SCHOOL DISTRICT
GOVERNMENTAL ACTIVITIES
NET POSITION**

	FY 2016	FY 2015	Percentage Change
Current Assets and Other Assets	\$66,683,796	\$63,366,700	5.2%
Capital Assets	229,862,625	221,883,312	3.6%
Total Assets	296,546,421	285,250,012	4.0%
Deferred Charge for Refunding	259,507	306,579	-15.4%
Deferred Outflow Related to TRS	15,755,407	4,586,692	100.0%
Total Deferred Outflows of Resources	16,014,914	4,893,271	100.0%
Current Liabilities	10,608,038	13,284,868	-20.1%
Long-Term Liabilities	134,108,080	116,646,797	15.0%
Total Liabilities	144,716,118	129,931,665	11.4%
Deferred Inflow Related to TRS	2,694,420	5,908,214	100.0%
Total Deferred Inflows of Resources	2,694,420	5,908,214	100.0%
Net Position:			
Net Investment in Capital Assets	127,444,937	133,659,906	-4.6%
Restricted for Federal and State Programs	1,880,301	1,908,232	-1.5%
Restricted for Debt Service	8,371,761	1,013,273	726.2%
Unrestricted	27,453,797	17,721,993	54.9%
Total Net Position	165,150,796	154,303,404	7.0%

Approximately 92.7% of the District's largest liability is for the repayment of general obligation bonds. Other liabilities, representing about 7.3% of the District's total liabilities, consist almost entirely of payables on accounts and salaries and benefits.

The largest portion of the District's net position 77.2% 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 6.2% represents resources that are subject to external restrictions on how they may be used. Restricted net position increased by \$7,330,557 during the year ended August 31, 2016. This increase resulted primarily from a prior year

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adjustment to the Debt Service fund balance. The remaining balance of unrestricted net position, \$27,453,797, 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 \$66,683,796 were sufficient to cover current liabilities of \$10,608,038. This represents a current ratio of 6.29, which means that for every dollar the District owes there is \$6.29 available in current assets.

Governmental Activities

Governmental activities increased the District's total net position by \$10,847,392, accounting for a 6.6 % increase in net position for the District.

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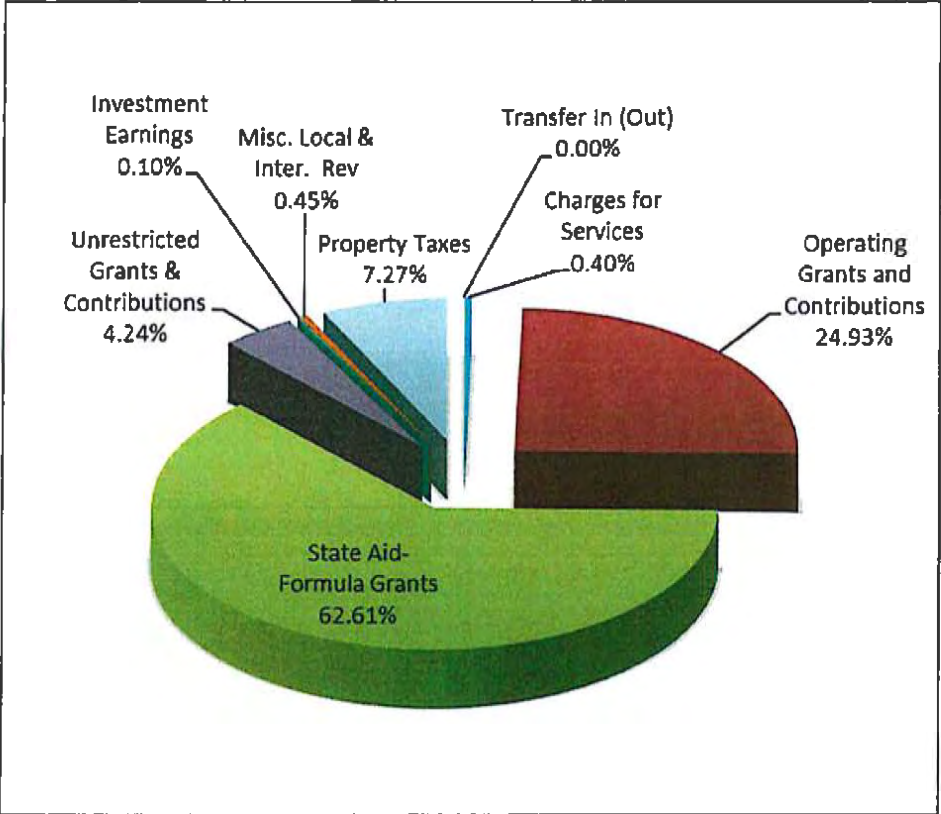
T ABLE A-2
DONNA INDEPENDENT SCHOOL DISTRICT
GOVERNMENTAL ACTIVITIES
CHANGES IN NET POSITION

Program Revenues:	<u>FY 2016</u>	<u>FY 2015</u>
Charges for Services	\$771,704	\$516,978
Operating Grants and Contributions	48,446,740	40,434,599
 General Revenues:		
State Aid- Formula Grants	121,682,893	122,028,788
Unrestricted Grants & Contributions	8,238,432	3,969,831
Investment Earnings	194,183	44,280
Misc. Local & Inter. Rev	874,304	1,373,592
Property Taxes	14,128,427	14,061,214
Transfer In (Out)	0	708,523
Total Program and General Revenues	<u>194,336,683</u>	<u>183,137,805</u>
 Expenses		
Instruction	106,880,247	96,168,387
Instructional Resources and Media Services	2,572,520	2,724,239
Curriculum Dev. And Instructional Staff Dev.	2,998,637	3,074,859
Instructional Leadership	3,001,216	2,828,873
School Leadership	7,744,313	7,596,144
Guidance, Counseling and	6,617,835	6,188,167
Social Work Services	1,228,680	1,334,917
Health Services	2,517,433	2,062,011
Student (Pupil) Transportation	6,074,153	4,817,662
Food Services	12,596,022	11,911,922
Curricular/Extracurricular Activities	6,198,459	6,571,489
General Administration	6,639,663	5,628,202
Facilities Maintenance & Oper.	16,446,936	15,975,999
Security & Monitoring Svcs.	3,144,522	2,670,271
Data Processing Services	2,620,196	1,608,877
Community Services	1,459,340	1,382,778
Debt Service	2,670,917	3,694,105
Facilities Acquisition and Construction	207,993	227,032
Payments to Juvenile Justice Alternative Ed Prg.	15,737	26,746
Total Expenses	<u>191,634,819</u>	<u>176,492,680</u>
Excess (Deficiency) of Revenues over Expenses	<u>2,701,864</u>	<u>6,645,125</u>
Increase (Decrease) in Net Position	<u>2,701,864</u>	<u>6,645,125</u>
 Net Position at Beginning of Year		
	<u>\$154,303,404</u>	<u>169,577,834</u>
Increase (Decrease) in Net Position	2,701,864	6,645,125
Prior Period Adjustment	8,145,528	(21,919,555)
Net Position at End of Year	<u>\$165,150,796</u>	<u>\$154,303,404</u>

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The following chart highlights the District's revenues by funding source for the governmental activities. As you can see, State Aid comprises 62.61% of the total.

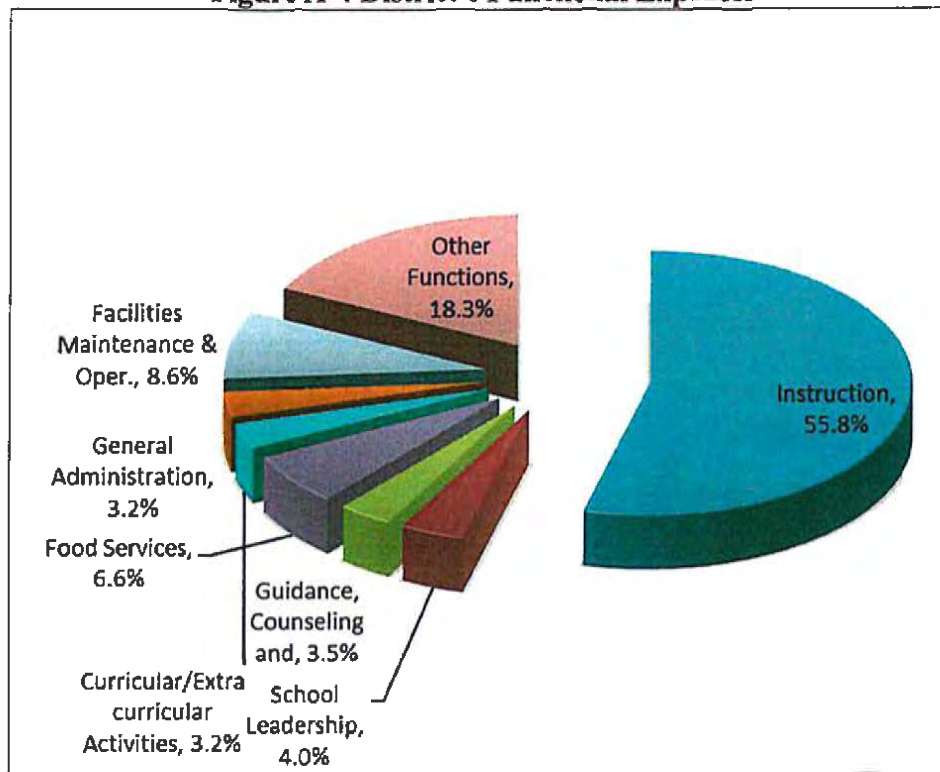
Figure A-3 District's Total Revenues



Total revenues were \$194,336,683. Revenues for the District's governmental activities increased 5.8% compared to prior year. The increase was due to an increase of funding from state aid foundation payments, investment earnings and property taxes.

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 \$106,880,247 or 55.8% followed by facilities maintenance & operations at \$16,446,936 or 8.6%.

Figure A-4 District's Functional Expenses



Total expenses were \$191,634,819. Total expenses increased by \$15,142,139 or 7.9% the increase in expenses was mostly for staffing pay increases and health insurance claims.

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 \$59,250,997 an increase of \$13,995,082 in comparison with the prior year. Approximately 81.8% or \$48,482,280 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 \$1,880,301 2) for retirement of long term debt \$8,371,761.

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 \$48,482,280, while total fund balance reached \$50,449,580. As a measure of the general fund's liquidity, it may be useful to

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compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 25.3% of total general fund expenditures, while total fund balance represents 26.3% of total general fund expenditures.

The \$6,789,709 increase in the unassigned fund balance gives the District a balance that is the equivalent of 82.22 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 \$8,371,761, which includes a prior year adjustment of \$8,133,387.

District's Analysis of Debt Service Fund

Debt Service Fund (599)			
	<u>2016</u>	<u>2015</u>	<u>% Change</u>
Revenues			
Property Taxes	\$1,093,636	\$1,138,518	-3.9%
State Program Revenues	6,419,730	4,069,589	57.7%
Total Revenues	7,513,366	5,208,107	44.3%
Expenditures by Function			
Principal Long Term Debt	5,510,000	5,344,623	3.1%
Interest on Long Term Debt	3,267,765	3,659,554	-10.7%
Other Fees	10,500	213,260	-95.1%
Total Expenditures	8,788,265	9,217,437	-4.7%
Other Financing Sources/(Uses)			
	500,000	4,003,960	-87.5%
	500,000	4,003,960	-87.5%
Net Change in Fund Balance			
Fund Balance, Beginning	1,013,273	1,018,643	-0.5%
Prior Period Adjustment	8,133,387	-	0.0%
Fund Balance, Ending	8,371,761	1,013,273	726.2%

Child Nutrition Fund. The Child Nutrition Fund as part of the General Fund has a total fund balance of \$1,696,752. The net increase in fund balance during the year was \$240,724 attributed to sound fiscal planning.

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District's Analysis of Child Nutrition Fund

Child Nutrition Fund (101)			
	<u>2016</u>	<u>2015</u>	<u>% Change</u>
Revenues			
Local Sources	\$228,563	\$271,666	-15.9%
State Program Revenues	76,750	73,541	4.4%
Federal Program Revenues	<u>11,751,904</u>	<u>10,340,973</u>	<u>13.6%</u>
Total Revenues	<u>12,057,217</u>	<u>10,686,179</u>	<u>12.8%</u>
Expenditures by Function			
Food Service	11,816,493	11,178,991	5.7%
Facilities Maintenance and Operations	-	-	#DIV/0!
Total Expenditures	<u>11,816,493</u>	<u>11,178,991</u>	<u>5.7%</u>
Net Change in Fund Balance	240,724	(492,812)	-148.8%
Fund Balance, Beginning	<u>1,456,028</u>	<u>1,948,840</u>	<u>-25.3%</u>
Fund Balance, Ending	<u>\$1,696,752</u>	<u>\$1,456,028</u>	<u>16.5%</u>

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 \$194,336,683 an increase of 5.8% over the preceding year. The increase in State Program revenues is a result of increased state aid revenue and operational grants.

General Fund Budgetary Highlights

The FY 2016 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 13 times. The original appropriation was increased by \$9,739,261 as of the final amended budget. This increase was due to:

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- An increase to support an operating transfer to Health Insurance Fund in the amount of \$4,486,000.
- To align instructional budgets in the amount of \$3,417,294 which includes salaries and related costs.

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 2016, the District had invested \$222,675,252 in a broad range of capital assets, including land, equipment, buildings, and vehicles. (See Table A-3.) This amount represents an increase of \$791,937 over 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	FYE 2016	FYE 2015	Percentage Change
Land	12,017,942	11,849,780	1.4%
Buildings and Improvements	228,172,964	228,172,964	0.0%
Furniture & Equipment	27,672,047	25,751,118	7.5%
Capital Leases	22,756,617	16,082,159	41.5%
Construction in Progress	0	0	0.0%
Totals at Historical Cost	290,619,570	281,856,021	3.1%
Less Accumulated Depreciation	(67,944,318)	(59,972,706)	13.3%
Net Capital Assets	222,675,252	221,883,315	0.4%

LONG TERM DEBT

At year end, the District has \$98,080,599 in bonds, notes, accreted interest, and capital leases 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:	FYE 2016	FYE 2015	Percentage Change
Bonds Payable	\$83,885,000	\$89,220,000	-6.0%
Unamortized Bond Premium	1,990,728	3,232,007	-38.4%
Note Payable	8,066,551	0	100.0%
Accreted Interest	1,722,558	1,655,275	4.1%
Capital Lease Payable	2,415,762	4,174,837	-42.1%
Totals	<u>\$98,080,599</u>	<u>\$98,282,119</u>	<u>0.2%</u>

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".

The note payable increased by 100% due to the acquisition of a note related to district-wide energy efficiency project. Capital Leases payable decreased due to the final payment of notes related to computer and printer equipment. The bonds payable decreased by 6.0% primarily due to the retirement of debt of \$5,510,000.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The District's board members considered many factors when setting the fiscal year 2016-17 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:

- The Average Daily Attendance (ADA) is projected to remain the same in fiscal year 2016-2017. The District's 2016-17 ADA is projected to be 14,158, which reflects a 0% increase.
- Any increases in revenue will be attributed to the changes in the ADA.
- 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 \$1,236,680,522 was used for the 2016-2017 budget preparation an increase of .08% over the previous year's \$1,148,531,241.

These indicators were taken into account when adopting the general fund budget for 2017. Amounts available for appropriation in the general fund budget for 2017 are \$166,977,543, an increase of 6.7% versus the final 2016 budget of \$155,751,250.

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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 Mrs. Maricela Valdez, Chief Financial Officer, Business & Finance Office, Donna I.S.D., 116 North 10th Street, Donna, Texas 78537 or by calling (956) 464-1620.

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DONNA INDEPENDENT SCHOOL DISTRICT
STATEMENT OF NET POSITION
AUGUST 31, 2016

EXHIBIT A-1

Data Control Codes	Primary Government Governmental Activities
ASSETS	
1110 Cash and Cash Equivalents	\$ 52,745,749
1210 Property Taxes - Current	1,103,360
1220 Property Taxes Receivable (Delinquent)	2,930,010
1230 Allowance for Uncollectible Taxes	(469,207)
1240 Due from Other Governments	8,637,919
1250 Accrued Interest	12,936
1267 Due from Fiduciary Funds	235,275
1290 Other Receivables, net	13,767
1300 Inventories	427,194
1410 Prepayments	1,046,793
Capital Assets:	
1510 Land	12,017,942
1520 Buildings, Net	182,031,503
1530 Furniture and Equipment, Net	8,700,674
1550 Leased Property Under Capital Leases, Net	19,925,133
1990 Other Assets	7,187,373
1000 Total Assets	296,546,421
DEFERRED OUTFLOWS OF RESOURCES	
1701 Deferred Charge for Refunding	259,507
1705 Deferred Outflow Related to TRS	15,755,407
1700 Total Deferred Outflows of Resources	16,014,914
LIABILITIES	
2110 Accounts Payable	2,971,923
2140 Interest Payable	163,502
2150 Payroll Deductions & Withholdings	1,187,412
2160 Accrued Wages Payable	5,351,303
2177 Due to Fiduciary Funds	278,864
2200 Accrued Expenses	46,960
2300 Unearned Revenue	608,074
Noncurrent Liabilities	
2501 Due Within One Year	7,460,784
2502 Due in More Than One Year	90,444,815
2540 Net Pension Liability (District's Share)	36,202,481
2000 Total Liabilities	144,716,118
DEFERRED INFLOWS OF RESOURCES	
2605 Deferred Inflow Related to TRS	2,694,420
2600 Total Deferred Inflows of Resources	2,694,420
NET POSITION	
3200 Net Investment in Capital Assets	127,444,937
3820 Restricted for Federal and State Programs	1,880,301
3850 Restricted for Debt Service	8,371,761
3900 Unrestricted	27,453,797
3000 Total Net Position	\$ 165,150,796

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

DONNA INDEPENDENT SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED AUGUST 31, 2016

EXHIBIT B-1

Data Control Codes	1	Program Revenues		Net (Expense) Revenue and Changes in Net Position
		3	4	6
	Expenses	Charges for Services	Operating Grants and Contributions	Primary Gov. Governmental Activities
Primary Government:				
GOVERNMENTAL ACTIVITIES:				
11 Instruction	\$ 106,880,247	\$ 361,272	\$ 25,358,303	\$ (81,160,672)
12 Instructional Resources and Media Services	2,572,520	-	1,056,748	(1,515,772)
13 Curriculum and Staff Development	2,998,637	-	713,251	(2,285,386)
21 Instructional Leadership	3,001,216	-	1,297,461	(1,703,755)
23 School Leadership	7,744,313	-	771,104	(6,973,209)
31 Guidance, Counseling and Evaluation Services	6,617,835	-	1,302,018	(5,315,817)
32 Social Work Services	1,228,680	-	270,055	(958,625)
33 Health Services	2,517,433	-	888,419	(1,629,014)
34 Student (Pupil) Transportation	6,074,153	-	567,029	(5,507,124)
35 Food Services	12,596,022	225,027	12,528,479	157,484
36 Extracurricular Activities	6,198,459	185,405	197,092	(5,815,962)
41 General Administration	6,639,663	-	681,629	(5,958,034)
51 Facilities Maintenance and Operations	16,446,936	-	1,248,535	(15,198,401)
52 Security and Monitoring Services	3,144,522	-	219,534	(2,924,988)
53 Data Processing Services	2,620,196	-	123,174	(2,497,022)
61 Community Services	1,459,340	-	1,223,910	(235,430)
72 Debt Service - Interest on Long Term Debt	2,670,917	-	-	(2,670,917)
73 Debt Service - Bond Issuance Cost and Fees	207,993	-	-	(207,993)
95 Payments to Juvenile Justice Alternative Ed. Prg.	15,737	-	-	(15,737)
[TP] TOTAL PRIMARY GOVERNMENT:	\$ 191,634,819	\$ 771,704	\$ 48,446,740	(142,416,375)

Data Control Codes	General Revenues:	
	Taxes:	
MT	Property Taxes, Levied for General Purposes	13,138,458
DT	Property Taxes, Levied for Debt Service	989,969
SF	State Aid - Formula Grants	121,682,893
GC	Grants and Contributions not Restricted	8,238,432
IE	Investment Earnings	194,183
MI	Miscellaneous Local and Intermediate Revenue	874,304
TR	Total General Revenues	145,118,239
CN	Change in Net Position	2,701,864
NB	Net Position - Beginning	154,303,404
PA	Prior Period Adjustment	8,145,528
NE	Net Position--Ending	\$ 165,150,796

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

DONNA INDEPENDENT SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
AUGUST 31, 2016

Data Control Codes	10 General Fund	50 Debt Service Fund	Other Funds	Total Governmental Funds
ASSETS				
1110 Cash and Cash Equivalents	\$ 47,434,480	\$ 4,032,797	\$ 6,800	\$ 51,474,077
1210 Property Taxes - Current	1,026,013	77,347	-	1,103,360
1220 Property Taxes - Delinquent	2,480,977	449,033	-	2,930,010
1230 Allowance for Uncollectible Taxes (Credit)	(411,016)	(58,191)	-	(469,207)
1240 Receivables from Other Governments	7,695,330	29,705	912,884	8,637,919
1250 Accrued Interest	12,936	-	-	12,936
1260 Due from Other Funds	16,343,260	4,322,205	2,737,538	23,403,003
1290 Other Receivables	13,767	-	-	13,767
1300 Inventories	427,194	-	-	427,194
1410 Prepayments	1,046,793	-	-	1,046,793
1900 Other Assets	7,187,373	-	-	7,187,373
1000 Total Assets	<u>\$ 83,257,107</u>	<u>\$ 8,852,896</u>	<u>\$ 3,657,222</u>	<u>\$ 95,767,225</u>
LIABILITIES				
2110 Accounts Payable	\$ 1,107,564	\$ 750	\$ 8,625	\$ 1,116,939
2150 Payroll Deductions and Withholdings Payable	1,176,676	10,736	-	1,187,412
2160 Accrued Wages Payable	5,235,879	-	115,424	5,351,303
2170 Due to Other Funds	21,950,925	1,460	2,735,953	24,688,338
2300 Unearned Revenues	240,511	-	367,563	608,074
2000 Total Liabilities	<u>29,711,555</u>	<u>12,946</u>	<u>3,227,565</u>	<u>32,952,066</u>
DEFERRED INFLOWS OF RESOURCES				
2601 Unavailable Revenue - Property Taxes	3,095,974	468,189	-	3,564,163
2600 Total Deferred Inflows of Resources	<u>3,095,974</u>	<u>468,189</u>	<u>-</u>	<u>3,564,163</u>
FUND BALANCES				
Nonspendable Fund Balance:				
3410 Inventories	516,655	-	-	516,655
Restricted Fund Balance:				
3450 Federal or State Funds Grant Restriction	1,450,645	-	429,656	1,880,301
3480 Retirement of Long-Term Debt	-	8,371,761	-	8,371,761
3600 Unassigned Fund Balance	48,482,280	-	-	48,482,280
3000 Total Fund Balances	<u>50,449,580</u>	<u>8,371,761</u>	<u>429,656</u>	<u>59,250,997</u>
4000 Total Liabilities, Deferred Inflows & Fund Balances	<u>\$ 83,257,109</u>	<u>\$ 8,852,896</u>	<u>\$ 3,657,221</u>	<u>\$ 95,767,226</u>

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

DONNA INDEPENDENT SCHOOL DISTRICT
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE
STATEMENT OF NET POSITION
AUGUST 31, 2016

EXHIBIT C-2

Total Fund Balances - Governmental Funds	\$	59,250,997
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.		611,474
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 \$270,847,110 and the accumulated depreciation was (\$59,972,709). 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.		104,058,070
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 2016 capital outlays and debt principal payments is to decrease net position.		28,779,197
4 Included in the items related to debt is the recognition of the District's proportionate share of the net pension liability required by GASB 68 in the amount of \$36,202,481, a Deferred Resource Inflow related to TRS in the amount of \$(2,694,420) and a Deferred Resource Outflow related to TRS in the amount of \$15,755,407. This amounted to a decrease in Net Position in the amount of \$(23,141,494).		(23,141,494)
5 The 2016 depreciation expense increases accumulated depreciation. The net effect of the current year's depreciation is to decrease net position.		(7,971,609)
6 Various other reclassifications and eliminations are necessary to convert from the modified accrual basis of accounting to accrual basis of accounting. These include recognizing unavailable revenue from property taxes as revenue, reclassifying the proceeds of bond sales as an increase in bonds payable, and recognizing the liabilities associated with maturing long-term debt and interest. The net effect of these reclassifications and recognitions is to increase net position.		3,564,161
19 Net Position of Governmental Activities	\$	165,150,796

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 BALANCE
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED AUGUST 31, 2016

Data Control Codes	10 General Fund	50 Debt Service Fund	Other Funds	Total Governmental Funds
REVENUES:				
5700 Total Local and Intermediate Sources	\$ 15,020,744	\$ 1,093,636	\$ 19,389	\$ 16,133,769
5800 State Program Revenues	136,331,883	6,419,730	2,541,903	145,293,516
5900 Federal Program Revenues	13,568,313	-	16,048,088	29,616,401
5020 Total Revenues	<u>164,920,940</u>	<u>7,513,366</u>	<u>18,609,380</u>	<u>191,043,686</u>
EXPENDITURES:				
Current:				
0011 Instruction	81,623,307	-	13,956,416	95,579,723
0012 Instructional Resources and Media Services	1,772,739	-	675,564	2,448,303
0013 Curriculum and Instructional Staff Development	2,330,063	-	552,548	2,882,611
0021 Instructional Leadership	2,103,911	-	699,834	2,803,745
0023 School Leadership	7,270,277	-	184,830	7,455,107
0031 Guidance, Counseling and Evaluation Services	5,738,333	-	577,069	6,315,402
0032 Social Work Services	1,030,279	-	141,164	1,171,443
0033 Health Services	1,732,863	-	698,239	2,431,102
0034 Student (Pupil) Transportation	5,830,242	-	-	5,830,242
0035 Food Services	12,193,224	-	-	12,193,224
0036 Extracurricular Activities	6,024,651	-	-	6,024,651
0041 General Administration	6,349,092	-	-	6,349,092
0051 Facilities Maintenance and Operations	15,819,350	-	9,272	15,828,622
0052 Security and Monitoring Services	3,019,234	-	-	3,019,234
0053 Data Processing Services	2,527,252	-	23,960	2,551,212
0061 Community Services	359,301	-	1,020,184	1,379,485
Debt Service:				
0071 Principal on Long Term Debt	1,337,482	5,510,000	-	6,847,482
0072 Interest on Long Term Debt	2,334	3,267,765	-	3,270,099
0073 Bond Issuance Cost and Fees	197,493	10,500	-	207,993
Capital Outlay:				
0081 Facilities Acquisition and Construction	6,804,193	-	-	6,804,193
Intergovernmental:				
0095 Payments to Juvenile Justice Alternative Ed. Prg.	15,738	-	-	15,738
6030 Total Expenditures	<u>164,081,358</u>	<u>8,788,265</u>	<u>18,539,080</u>	<u>191,408,703</u>
1100 Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>839,582</u>	<u>(1,274,899)</u>	<u>70,300</u>	<u>(365,017)</u>
OTHER FINANCING SOURCES (USES):				
7914 Non-Current Loans	8,066,551	-	-	8,066,551
7915 Transfers In	-	500,000	-	500,000
8911 Transfers Out (Use)	(2,351,980)	-	-	(2,351,980)
7080 Total Other Financing Sources (Uses)	<u>5,714,571</u>	<u>500,000</u>	<u>-</u>	<u>6,214,571</u>
1200 Net Change in Fund Balances	6,554,153	(774,899)	70,300	5,849,554
0100 Fund Balance - September 1 (Beginning)	43,883,286	1,013,273	359,356	45,255,915
1300 Prior Period Adjustment(s)	12,141	8,133,387	-	8,145,528
3000 Fund Balance - August 31 (Ending)	<u>\$ 50,449,580</u>	<u>\$ 8,371,761</u>	<u>\$ 429,656</u>	<u>\$ 59,250,997</u>

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

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, 2016

Total Net Change in Fund Balances - Governmental Funds	\$	5,849,554
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.		(668,020)
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 2016 capital outlays and debt principal payments is to increase net position.		8,143,662
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.		(7,971,609)
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.		(145,763)
The implementation of GASB 68 required that certain expenditures be de-expended and recorded as deferred resource outflows. These contributions made after the measurement date of 8/31/2015 caused the change in the ending net position to increase in the amount of \$3,092,157. Contributions made before the measurement but during the 2014 FY were also de-expended in the 2015 FY and recorded as an increase in the net pension expense for the district. This causes a decrease in the change in net position totaling \$3,032,563. The District's 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 \$2,565,553. The net result is to increase (decrease) the change in net position by (\$2,505,959)		(2,505,959)
Change in Net Position of Governmental Activities	\$	2,701,865

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, 2016

	Governmental Activities -
	Total Internal Service Funds
ASSETS	
Current Assets:	
Cash and Cash Equivalents	\$ 1,271,672
Due from Other Funds	<u>1,319,476</u>
Total Assets	<u>2,591,148</u>
LIABILITIES	
Current Liabilities:	
Accounts Payable	1,854,984
Payroll Deductions and Withholdings Payable	46,961
Due to Other Funds	<u>77,730</u>
Total Liabilities	<u>1,979,675</u>
NET POSITION	
Unrestricted Net Position	<u>611,472</u>
Total Net Position	<u>\$ 611,472</u>

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, 2016

	Governmental Activities -
	Total Internal Service Funds
OPERATING REVENUES:	
Local and Intermediate Sources	\$ 19,348,187
Total Operating Revenues	19,348,187
OPERATING EXPENSES:	
Professional and Contracted Services	1,126,698
Other Operating Costs	20,741,492
Total Operating Expenses	21,868,190
Income (Loss) Before Transfers	(2,520,003)
Transfer In	1,851,981
Change in Net Position	(668,022)
Total Net Position - September 1 (Beginning)	1,279,494
Total Net Position - August 31 (Ending)	\$ 611,472

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, 2016

	Governmental Activities -
	Total Internal Service Funds
<u>Cash Flows from Operating Activities:</u>	
Cash Received from User Charges	\$ 19,348,187
Cash Received from Assessments - Other Funds	69
Cash Payments to Employees for Services	(2,388,478)
Cash Payments for Other Operating Expenses	(18,383,694)
Net Cash Used for Operating Activities	<u>(1,423,916)</u>
<u>Cash Flows from Non-Capital Financing Activities:</u>	
Operating Transfer In/Out	<u>1,851,980</u>
Net Increase in Cash and Cash Equivalents	428,065
Cash and Cash Equivalents at Beginning of Year	<u>1,347,753</u>
Cash and Cash Equivalents at End of Year	<u>\$ 1,775,818</u>
<u>Reconciliation of Operating Income (Loss) to Net Cash</u>	
<u>Used for Operating Activities:</u>	
Operating Income (Loss):	\$ (2,520,001)
Effect of Increases and Decreases in Current Assets and Liabilities:	
Increase (decrease) in Accounts Payable	(1,261,782)
Increase (decrease) in Other Funds	<u>2,357,868</u>
Net Cash Used for Operating Activities	<u>\$ (1,423,915)</u>

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

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DONNA INDEPENDENT SCHOOL DISTRICT
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
AUGUST 31, 2016

	Private Purpose Trust Funds	836-849 Investment Trust Fund	Agency Funds
ASSETS			
Cash and Cash Equivalents	\$ 46,692	\$ 3,769	\$ 589,051
Due from Other Funds	12,227	-	292,629
Other Receivables	-	-	1,315
Total Assets	<u>58,919</u>	<u>3,769</u>	<u>\$ 882,995</u>
LIABILITIES			
Accounts Payable	-	-	\$ 420
Payroll Deductions and Withholdings Payable	-	-	9,445
Due to Other Funds	18,227	-	243,045
Due to Other Governments	-	-	152,787
Due to Student Groups	40,692	-	477,187
Payable from Restricted Assets	-	-	111
Total Liabilities	<u>58,919</u>	<u>-</u>	<u>\$ 882,995</u>
NET POSITION			
Restricted for Scholarships	-	2,769	
Restricted for Other Purposes	-	1,000	
Total Net Position	<u>\$ -</u>	<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, 2016

EXHIBIT E-2

	Private Purpose Trust Funds	836-849 Investment Trust Fund
Change in Net Position	-	-
Total Net Position - September 1 (Beginning)	<u>-</u>	<u>3,769</u>
Total Net Position - August 31 (Ending)	<u>\$ -</u>	<u>\$ 3,769</u>

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

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DONNA INDEPENDENT SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

Note 1: 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 body corporate 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 to the Texas Education Agency (TEA) or to the State Board of Education are reserved for the Trustees, and the Agency may not substitute its judgment 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 activities for which the Board exercises 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.

Note 2: GOVERNMENT-WIDE AND FUND 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 nonfiduciary activities of the primary government. For the most part, the effect of interfund 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.

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.

Note 3: 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.

Note 3: MEASUREMENT FOCUS, BASIS OF ACCOUNTING AND FINANCIAL STATEMENT PRESENTATION (continued)

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 government 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 *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.

The government 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 the following: print shop fund, vending machine (beverage) fund and worker's compensation fund.

Additionally, the government reports the following nonmajor funds:

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 *Capital Projects Fund*, a governmental fund type, accounts for the bond resources restricted to build, acquire, and renovate major general capital assets.

The government reports the following fiduciary funds:

Private Purpose Trust Funds, a fiduciary fund type, accounts for donations which have stipulations that the principal not be expended; only the income may be used for a specific purpose.

Agency funds, a fiduciary fund type, account for resources held for others in a custodial capacity.

Investment Trust Fund, a fiduciary fund type, 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.

As a general rule the effect of interfund 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, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. 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 *nonoperating* items. Operating revenues and expenses generally result from providing services in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the worker's compensation insurance internal service fund are District contributions. Operating expenses include claims expense and administrative expense for administering the insurance fund. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

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.

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.

Note 4: ASSETS, LIABILITIES, DEFERRED OUTFLOWS/INFLOWS OF RESOURCES AND NET POSITION OR EQUITY

Deposits and investments

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 for the District are reported at fair value. The local government investment pools are operated in accordance with appropriate state laws and regulations. The reported values of the pools are the same as the fair value of the pool shares.

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 interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund 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 historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Property, plant and equipment of the District are depreciated using the straight line method over the following estimated useful lives:

Assets	Years	Buildings	50
Building Improvements			20
Vehicles			5
Office & 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.

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.

Note 4: ASSETS, LIABILITIES, DEFERRED OUTFLOWS/INFLOWS OF RESOURCES AND NET POSITION OR EQUITY (continued)

Deferred Outflows/Inflows of Resources

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

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.

Note 5: 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 the Food Service General Revenue Fund. The remaining special revenue funds adopt project-length budgets that do not correspond to the District's fiscal year.

Note 6: DETAILED NOTES ON ALL FUNDS

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.

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 – deposits. The District's cash deposits at August 31, 2016, were entirely covered by FDIC insurance and pledged collateral held by the District's agent bank, Wells Fargo Bank of McAllen, TX, in the District's name.

Note 6: DETAILED NOTES ON ALL FUNDS (continued)

Investments

State statutes and Board policy authorize the District to invest in 1) obligations of the U.S. Treasury, certain U.S. agencies, and the State of Texas; (2) certificates of deposit; (3) certain municipal securities; (4) money market savings accounts; (5) repurchase agreements; (6) bankers' acceptances; (7) mutual funds; (8) investment pools; (9) guaranteed investment contracts; (10) and common trust funds.

District's investments at August 31, 2016, are shown below:

Investment Type	Fair Value	Weighted Average	
		Maturity (Days) *	Rating
TexPool	\$39,710,389	42	AAAm
CD's	\$7,205,741	298	
Total	\$46,916,130		

*To arrive at weighted average maturity, the maturity of floating rate and variable rate securities was deemed to be the final maturity of such securities.

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. Tex.Pool 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

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 42 days at August 31, 2016.

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. TexPool is rated AAAM by Standard & Poor's.

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.

Property Tax

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, 2015, upon which the levy for the August 31, 2016, fiscal year was based, was \$1,148,531,241. 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.

Note 6: DETAILED NOTES ON ALL FUNDS (continued)

Current tax collections for the year ended August 31, 2016 were 93.03% 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, 2016, property taxes receivable, net of estimated uncollectible taxes, totaled \$4,295,285.

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, 2016.

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. In the fund financial statements, amounts due from federal and state governments as of August 31, 2016, are summarized below.

Fund	Local Tax Revenue	State Grants/ Entitlements	Federal Grants	Total
General Fund	\$ 370,136	\$ 7,325,194	\$ -	\$ 7,695,330
Debt Service Fund	29,705	-	-	29,705
Nonmajor Government Funds	-	-	873,986	873,986
	<u>\$ 399,841</u>	<u>\$ 7,325,194</u>	<u>\$ 873,986</u>	<u>\$ 8,599,021</u>

Interfund Receivables and Payables

The composition of interfund balances as of August 31, 2016, is as follows:

	Due From Other Funds	Due To Other Funds
General Fund	\$ 13,468,074	\$ 11,902,024
Debt Service Fund	1,396	4,322,205
Internal Service Fund	2,309	1,215,956
Nonmajor Governmental Funds	2,636,229	2,668,284
Trust and Agency Funds	235,252	1,842,455
Debt Service Fund		
General Fund	4,322,205	1,396
Trust and Agency Funds		64
Nonmajor Governmental Funds	69,256	69,256
General Fund	2,668,284	2,636,229
Internal Service Fund		29,877
Trust and Agency Funds		590
Internal Service Fund	73,621	73,621
General Fund	1,215,956	
Nonmajor Governmental Funds	29,877	
Trust and Agency Funds	23	4,109
Trust and Agency Funds	119,896	118,395
General Fund	184,007	142,855
Debt Service Fund	64	
Internal Service Fund	300	23
Nonmajor Governmental Funds	590	
Total	<u>\$ 25,027,339</u>	<u>\$ 25,027,339</u>

Note 6: DETAILED NOTES ON ALL FUNDS (continued)

These interfund receivables and payables resulted from the time lag between the dates that 1) interfund 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 interfund payroll transactions and end of year reclassifications made between funds.

Interfund Transfers

		<u>Transfer in</u>	<u>Transfer Out</u>
General Fund			
Local Maintenance	199	-	2,351,980
Debt Service Fund	599	500,000	
Internal Service Fund			
Insurance	753	1,543,224	
Worker's comp	771	308,757	
		<u>\$ 2,351,980</u>	<u>\$ 2,351,980</u>

The purpose of the above transfers was to fund debt service obligations, remaining capital project expenditures, and to fund internal service obligations.

Capital Assets

Capital asset activity for the year ended August 31, 2016 was as follows:

	<u>Beginning Balances</u>	<u>Audit Adjustment</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balances</u>
Capital assets, not being depreciated:					
Land	\$ 11,849,780	\$ -	\$ 168,162	\$ -	\$ 12,017,942
Construction in progress	-	-	-	-	-
Total capital assets, not being depreciated	<u>11,849,780</u>	<u>-</u>	<u>168,162</u>	<u>-</u>	<u>12,017,942</u>
Capital assets being depreciated:					
Building and improvements	228,172,964	-	-	-	228,172,964
Furniture and equipment	25,751,118	-	2,318,467	(397,538)	27,672,047
Capital leased assets	16,082,159	-	6,674,458	-	22,756,617
Total capital assets being depreciated	<u>270,006,241</u>	<u>-</u>	<u>8,992,925</u>	<u>(397,538)</u>	<u>278,601,628</u>
Less accumulated depreciation for:					
Building and improvements	(43,180,109)	-	(2,961,352)	-	(46,141,461)
Furniture and equipment	(14,606,527)	-	(4,364,846)	-	(18,971,373)
Capital leased assets	(2,186,073)	-	(645,411)	-	(2,831,484)
Total accumulated depreciation	<u>(59,972,709)</u>	<u>-</u>	<u>(7,971,609)</u>	<u>-</u>	<u>(67,944,318)</u>
Total capital assets being depreciated, net:	<u>210,033,532</u>	<u>-</u>	<u>1,021,316</u>	<u>(397,538)</u>	<u>210,657,310</u>
Governmental activities capital assets net:	<u>\$ 221,883,312</u>	<u>-</u>	<u>\$ 1,189,478</u>	<u>\$ (397,538)</u>	<u>\$ 222,675,252</u>

Note 6: DETAILED NOTES ON ALL FUNDS (continued)

The District has open construction contracts for various campus projects under construction with remaining commitments of approximately \$0. at August 31, 2016.

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

11 Instruction	\$ 5,118,476
12 Instructional resources and media	96,653
13 Curriculum and staff development	55,092
21 Institutional leadership	107,273
23 School leadership	295,614
31 Guidance, counseling and evaluation services	170,762
32 Social work services	27,849
33 Health services	74,821
34 Student transportation	243,240
35 Food service	503,836
36 Extracurricular activities	178,956
41 General administration	217,544
51 Plant maintenance and operations	713,484
52 Security and monitoring services	91,098
53 Data processing services	65,512
61 Community services	11,399
Total depreciation expense - governmental activities	<u>\$ 7,971,609</u>

Note 7: RISK MANAGEMENT

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 2016, the District purchased commercial insurance to cover general liabilities. There were no significant reductions in coverage in the past fiscal year and there were no settlements exceeding insurance coverage for each of the past three fiscal years.

Note 8: CONTINGENCIES

The District is not a party to any legal actions that are believed by administration to have a material effect on the financial condition of the District. Accordingly, no provision for losses has been recorded in the accompanying basic financial statements for such contingencies.

The District participates in numerous state and federal grant programs that are governed by various rules and regulations of the grantor agencies. Costs charged to the respective grant programs are subject to audit and adjustment by the grantor agencies; therefore, to the extent that the District has not complied with the rules and regulations governing the grants, if any, refunds of any money received may be required and the collectability of any related receivable at August 31, 2016, may be impaired. In the opinion of the District, there are no significant contingent liabilities relating to compliance with the rules and regulations governing the respective grants; therefore, no provision has been recorded in the accompanying basic financial statements for such contingencies.

Note 9: ACCUMULATED UNPAID VACATION AND SICK LEAVE BENEFITS

Vacations are taken within the same year they are earned, and any unused days at the end of the year are forfeited. Therefore, no liability for vacation leave has been accrued in the accompanying financial statements. Employees of the District are entitled to sick leave based on category/class of employment. Sick leave is allowed to be accumulated but does

not vest. Therefore, a liability for unused sick leave has not been recorded in the accompanying financial statements.

Note 10: PENSION PLAN OBLIGATIONS

Plan Description -The District contributes to the Teacher Retirement System of Texas (TRS), a cost-sharing, multiple employer defined benefit pension plan. TRS administers retirement and disability annuities, and death and survivor benefits to employees and beneficiaries of employees of the public school systems of Texas. It operates primarily under the provisions of the Texas Constitution, Article XVI, Sec. 67, and Texas Government Code, Title 8, Subtitle C. TRS also administers proportional retirement benefits and service credit transfer under Texas Government Code, Title 8, Chapters 803 and 805, respectively. The Texas state legislature has the authority to establish and amend benefit provisions of the pension plan and may, under certain circumstances, grant special authority to the TRS Board of Trustees. TRS issues a publicly available financial report that includes financial statements and required supplementary information for the defined benefit pension plan. That report may be obtained by downloading the report from the TRS Internet website, 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 TRS Communications Department, 1000 Red River Street, Austin, Texas 78701.

Funding Policy -Contribution requirements are not actuarially determined but are established and amended pursuant to the following state funding policy: (1) The state constitution requires the legislature to establish a member contribution rate of not less than 6.0% of the member's annual compensation and a state contribution rate of not less than 6.0% and not more than 10% of the aggregate annual compensation of all members of the system during the fiscal year; (2) state statute 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.

Contribution rates and contributions for fiscal years 2014 to 2016 are shown in the table below. The rates are set by the General Appropriations Act. In certain instances, the reporting district is required to make all or a portion of the state's and/or member's contribution and on the portion of the employees' salaries that exceeded the statutory minimum.

Contribution Rates and Contribution Amounts

Year	Member		State		Exceeds Statutory
	Rate	Amount	Rate	Amount	Minimum Amount
2016	7.2%	\$ 7,548,857	6.8%	\$ -	\$ 818,179
2015	6.7%	\$ 6,792,391	6.8%	\$ 6,415,036	\$ 826,809
2014	6.4%	\$ 6,259,361	6.8%	\$ 6,650,571	\$ 802,922

NOTE 11: 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 2015 Net Pension Liability.

	1% Decrease in Discount Rate (7.0%)	Discount Rate (8.0%)	1% Increase in Discount Rate (9.0%)
DISD's proportionate share of the net pension liability:	\$ 56,722,464	\$ 36,202,481	\$ 19,110,610

NOTE 12: PENSION LIABILITIES, PENSION EXPENSE, AND DEFERRED OUTFLOWS OF RESOURCES AND DEFERRED INFLOWS OF RESOURCES RELATED TO PENSIONS.

At August 31, 2015, the District reported a liability of \$36,202,481 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	\$ 36,202,481
State's proportionate share that is associated with the District	<u>61,977,021</u>
Total	<u>\$ 98,179,502</u>

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

At August 31, 2015 the employer's proportion of the collective net pension liability was .1024154%, which was an increase (decrease) of .0301091% from its proportion measured as of August 31, 2014. The Notes to the Financial Statements for August 31, 2014 for TRS stated that the change in proportion was immaterial and, therefore, disregarded this year.

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

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

There was a change in employer contribution requirements that occurred after the measurement date of the net pension liability and the employer's reporting date. A 1.5% contribution for employers not paying Old Age Survivor and Disability Insurance (OASDI) on certain employees went into law effective 09/01/2013. The amount of the expected resultant change in the employer's proportion cannot be determined at this time.

For the year ended August 31, 2015, the District recognized pension expense of \$8,830,728 and revenue of \$8,830,728 for support provided by the State.

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ 248,416	\$ 1,391,294
Changes in actuarial assumptions	1,044,101	1,291,546
Difference between projected and actual investment earnings	4,488,502	-
Changes in proportion and difference between the employer's contributions and the proportionate share of contributions	6,882,231	11,580
Total as of August 31, 2015 measurement date	12,663,250	2,694,420
Contributions paid to TRS subsequent to the measurement date	3,092,157	-
Total	\$ 15,755,407	\$ 2,694,420

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
2017	\$ 1,724,102
2018	1,724,102
2019	1,724,103
2020	3,199,891
2021	955,430
Thereafter	641,203

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Total net amounts per August 31, 2015 measurement date	\$ 12,663,250	\$ 2,694,420
Contributions paid to TRS subsequent to the measurement date	\$ 3,092,157	\$ -
Total	<u>\$ 15,755,407</u>	<u>\$ 2,694,420</u>

Note 13: POSTEMPLOYMENT HEALTH BENEFITS

Plan Description -The District contributes to the Texas Public School Retired Employees Group Insurance Program (TRS-Care), a cost-sharing multiple-employer defined benefit postemployment health care plan administered by 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 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. Funding for free basic coverage is provided by the program based upon public school district payroll. Per Texas Insurance Code, Chapter 1575, the public school contribution may not be less than 0.25% or greater than 0.75% of the salary of each active employee of the public school. Funding for optional coverage is provided by those participants selecting the optional coverage. Contribution rates and amounts are shown in the table on the following page for fiscal years 2014 -2016.

Year	Contribution Rates					
	Active Member		State		School District	
	Rate	Amount	Rate	Amount	Rate	Amount
2016	0.65%	\$ 681,492	0.0%	\$ -	0.55%	\$ 576,654
2015	0.65%	\$ 658,939	1.0%	\$ 1,017,356	0.55%	\$ 557,566
2014	0.65%	\$ 543,249	1.0%	\$ 835,768	0.55%	\$ 459,672

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

Note 13: POSTEMPLOYMENT HEALTH BENEFITS (continued)

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 \$0.00, \$479,991 and \$301,247 for the years ended August 31, 2016, 2015, and 2014 respectively.

Note 14: 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 2015-2016:		\$	14,054,099
B: Subtract any non-medical expenditures:			
Life Insurance	\$	-	
Dental Insurance		-	
Vision Insurance		-	
Long-Term disability		-	
Short-term disability		-	
Alternate plans		-	
COBRA expense		-	
Retiree expense		-	
			<u>-</u>
C: 2014-2015 Maintenance of Effort:		\$	<u>14,054,099</u>

Note 15: WORKERS COMPENSATION INSURANCE

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 \$400,000 for any one accident or occurrence up to a maximum limit of \$3,000,000.

The following is a reconciliation of workers' compensation claims during the previous two years:

	2016	2015
Claims payable beginning of year	\$ 297,548	\$ 310,048
Claims incurred	813,349	951,834
Claims paid	<u>361,709</u>	<u>(964,334)</u>
Claims payable end of year	\$ <u>1,472,606</u>	\$ <u>297,548</u>

Note 16: UNEARNED REVENUE AND DEFERRED INFLOWS OF RESOURCES

Unearned revenue at year-end in the fund financial statements consisted of the following:

	General Fund	Debt Service Fund	Other Funds	Total
State and Local grant revenue	\$ 240,511	-	361,478	601,989
	<u>\$ 240,511</u>	<u>\$ -</u>	<u>\$ 361,478</u>	<u>\$ 601,989</u>

Deferred inflows of resources at year-end in the fund financial statements consisted of the following:

	General Fund	Debt Service	Total
Unavailable revenue- property ta:	\$ 3,156,291	\$ 479,295	\$ 3,635,586
	\$ <u>3,156,291</u>	\$ <u>479,295</u>	\$ <u>3,635,586</u>

Note 17: REVENUES FROM LOCAL AND INTERMEDIATE SOURCES

For the year ended August 31, 2016, 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	Other Governmental	Total
Property taxes	\$ 13,269,969	\$ 1,004,220	\$ -	\$ 14,274,189
Food Sales	\$ 228,563	\$ -	\$ -	\$ 228,563
Investment Income	\$ 179,151	\$ 15,032	\$ -	\$ 194,183
Penalties, interest & other tax rel	\$ 819,308	\$ 74,385	\$ -	\$ 893,693
Co-curricular student activities	\$ 135,810	\$ -	\$ -	\$ 135,810
Tuition and Fees	\$ 8,450	\$ -	\$ -	\$ 8,450
Gifts and bequests	\$ -	\$ -	\$ -	\$ -
Other	\$ 329,797	\$ -	\$ -	\$ 329,797
	\$ <u>14,971,049</u>	\$ <u>1,093,636</u>	\$ <u>-</u>	\$ <u>16,064,686</u>

Note 18: LONG-TERM OBLIGATIONS

Notes Payable

On FY 2015-2016, the District issued a note payable to ENTEGRAL for \$8,066,551 to finance the purchase of: . The note is payable in annual installments of, including interest at 2.75%. The note is collateralized by; A Schedule of future maturities of notes payable is as follow:

Maturity Date	Principal	Interest	P&I
01/01/17	711,790.21	221,830.15	\$933,620.36
01/01/18	731,364.44	202,255.92	\$933,620.36
01/01/19	751,476.96	182,143.40	\$933,620.36
01/01/20	772,142.58	161,477.78	\$933,620.36
01/01/21	793,378.50	140,243.86	\$933,620.36
01/01/22	815,194.35	118,426.01	\$933,620.36
01/01/23	837,612.20	96,008.16	\$933,620.36
01/01/24	860,646.53	72,973.83	\$933,620.36
01/01/25	884,314.31	49,308.05	\$933,620.36
01/01/26	908,632.92	24,987.44	\$933,620.36
	<u>8,066,551.00</u>	<u>1,269,652.60</u>	<u>9,336,203.60</u>

Bonds Payable

On September 25, 2002, the District issued \$17,000,000 in Unlimited Tax School Building Bonds, Series 2002 in order to acquire land, buildings and equipment previously financed by the District under a lease purchase agreement, construct new school instructional facilities, improve existing school instructional facilities, and to pay issuance costs. The bonds consisted of \$17,000,000 in current interest bonds with a rate of 2.0 -5.0%, with final maturity on February 15, 2020.

On August 31, 2004, the District issued \$16,000,000 in Unlimited Tax School Building Bonds, Series 2004 in order to construct and equip school buildings, purchase the necessary sites therefor, and to pay issuance costs. The bonds consisted of \$16,000,000 in current interest bonds with a rate of 3.0-4.3%, with final maturity on February 15, 2019.

On April 28, 2005, the District issued \$26,870,000 in Unlimited Tax Refunding Bonds, Series 2005 in order to refund certain outstanding unlimited tax obligations of the District in order to reduce the annual debt service of the District and to pay issuance costs. The bonds consisted of \$26,140,000 in current interest bonds with a rate of 3.0 -5.0%, with final maturity on February 15, 2020 and \$730,000 in Premium Capital Appreciation Bonds with a yield of 3.80%; the Premium Capital Appreciation Bonds matured on February 15, 2010.

On November 16, 2007, the District issued \$9,165,000 in Unlimited Tax Refunding Bonds, Series 2007 in order to refund certain outstanding unlimited tax obligations of the District in order to reduce the annual debt service of the District and to pay issuance costs. The bonds consisted of \$7,875,000 in current interest bonds with a rate of 4.0 -4.25%, with final maturity on February 15, 2025, \$1,280,000 in Term Bonds with a rate of 3.45% to 4.0%, with final maturity on February 15, 2020, and \$10,000 in Premium Capital Appreciation Bonds with a yield of 4.23%, with final maturity on February 15, 2021.

On October 20, 2010, the District issued \$7,990,000 in Unlimited Tax Refunding Bonds, Series 2010 in order to refund certain outstanding unlimited tax obligations of the District in order to reduce the annual debt service of the District and to pay issuance costs. The bonds consisted of \$7,990,000 in current interest bonds with a rate of 2.0 -4.0%, with final maturity on February 15, 2027.

On August 23, 2010, the District issued \$51,955,000 in Unlimited Tax School Building Bonds, Series 2010 in order to fund construction of a new high school and to pay issuance costs. The bonds consisted of \$27,890,000 in current interest bonds with a rate of 2.0 -5.0%, with final maturity on February 15, 2030 and \$24,065,000 in Term Bonds with a rate of 4.0% with final maturity on February 15, 2040.

On November 23, 2011, the District issued \$8,630,000 in Unlimited Tax Refunding Bonds, Series 2011 in order to refund certain outstanding unlimited tax obligations of the District in order to reduce the annual debt service of the District and to pay issuance costs. The bonds consisted of \$8,455,000 in current interest bonds with a rate of 2.0-4.0%, with final maturity on February 15, 2034 and \$175,000 in Premium Capital Appreciation Bonds with a yield of 2.06% -2.31 %, with final maturity on February 15, 2019.

On March 20, 2013, the District issued \$7,150,000 in Unlimited Tax Refunding Bonds, Series 2013 in order to refund certain outstanding unlimited tax obligations of the District in order to reduce the annual debt service of the District and to pay issuance costs. The bonds consisted of \$7,150,000 in current interest bonds with a rate of 2.0 -3.5%, with final maturity on February 15, 2029.

Refunding Bond Issuance

On October 23, 2014, the District issued \$12,390,000 in Unlimited Tax Refunding Bonds, Series 2014 in order to refund certain outstanding unlimited tax obligations of the District in order to reduce the annual debt service of the District and to pay issuance costs. The bonds consisted of \$12,390,000 in current interest bonds with a rate of 2.0 -4.0%, with final maturity on February 15, 2020. Debt service payments started semiannually beginning February 15, 2015. The net present value savings is \$1,110,22

Defeased Bonds Outstanding

The District defeased outstanding general obligation bonds through the Refunding General Obligation Series by placing the proceeds of the new bonds in an escrow fund to provide for the future debt service payment on the old bonds. Accordingly, the trust account assets and defeased bonds are not included in the District's financial statements. At August 31, 2016, there were no defeased bonds outstanding.

Debt service requirements on bonds payable are as follows:

Fiscal Year	Principal	Interest	Total
2017	\$ 5,665,000	\$ 3,095,381	\$ 8,760,381
2018	\$ 5,762,500	\$ 3,093,236	\$ 8,855,736
2019	\$ 3,772,500	\$ 2,941,813	\$ 6,714,313
2020	\$ 4,035,000	\$ 2,595,925	\$ 6,630,925
2021-2025	\$ 22,535,000	\$ 12,156,850	\$ 34,691,850
2026-2030	\$ 14,375,000	\$ 6,770,050	\$ 21,145,050
2031-2035	\$ 14,335,000	\$ 4,050,900	\$ 18,385,900
2036-2040	\$ 13,230,000	\$ 1,365,000	\$ 14,595,000
	<u>\$ 83,710,000</u>	<u>\$ 36,069,155</u>	<u>\$ 119,779,155</u>

Long-term obligations of the District are reflected in the statement of net position at August 31, 2016. A summary of the changes in long-term liabilities follows:

	Balance 8/31/15	Additions	Reductions	Balance 8/31/16	Due Within One Year
General obligation bonds	\$ 89,220,000	\$ -	\$ (5,510,000)	\$ 83,885,000	\$ 5,665,000
Premium on bond issuance	2,282,671	-	(291,943)	1,990,728	-
Accretion on capital	1,655,275	67,283	-	1,722,558	-
Notes Payable	-	8,066,551	-	8,066,551	711,790
Capital Leases payable	4,174,838	-	(1,759,076)	2,415,762	1,087,471
Total long-term liabilities	<u>\$ 97,332,784</u>	<u>\$ 8,133,834</u>	<u>\$ (7,561,019)</u>	<u>\$ 98,080,599</u>	<u>\$ 7,464,261</u>

Unamortized bond premiums on the 2010 refunding and building, 2013, and 2014 Series bonds are reported with long-term bonds payable on the statement of net position.

Capital Leases Payable

The District leases equipment under capital lease. The following is an analysis of the leased assets included in capital assets at August 31, 2016:

	2016
Equipment	\$ 16,107,338
Less accumulated depreciati	(2,831,484)
Net Value	<u>13,275,853</u>

The following is a schedule of future minimum payments required under the leases together with their prescnt values as of August 31, 2016:

Year Ending		
2017	\$	1,083,996
2018		658,174
2019		659,332
Total minimum lease payments		<u>2,401,502</u>
Less amount representing interest		<u>(11,342)</u>
Present value of minimum lease	\$	<u>2,390,160</u>

Note 19: 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, 2016, the District had \$427,194 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. As of August 31, 2016, \$1,696,752 was restricted for food service. Fund balance restricted for the retirement of funded indebtedness totaled \$283,373 as of August 31, 2016. Fund balance restricted for the federal or state grants totaled \$359,356 as of August 31, 2016.

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, 2016, the District had no committed fund balance.

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.

Note 20: GENERAL FUND FEDERAL SOURCE REVENUES

Revenues from federal sources, which are reported in the General Fund, consist of:

Program or service	CFDA	Amount
ROTC reimbursement	n/a	\$ 67,494
Medicaid reimbursement	93.778	\$ 367,938
School Breakfast Program	10.553	\$ 4,661,711
National School Lunch Program	10.555	\$ 7,467,378
National School Lunch Program - Noncash Assistance	10.555	\$ 299,642
E-rate funding	n/a	\$ 417,997
Indirect costs:		
Title I, Part A, Improving Basic Programs	84.01	\$ 208,633
Title I, Part C, Migrant	84.011	\$ 48,963
Title II, Part A, Teacher Principal, Training and Recrui	84.367	\$ 14,734
Title III, Part A, English Language Acquisition	84.365A	\$ 13,823
Total		<u>\$ 13,568,313</u>

Note 21: SUBSEQUENT EVENTS

Subsequent to year end, the District settled a pending litigation matter involving alleged breaches of contract by the District. The District will pay out of the General Fund the amount of \$156,343, subject to board approval.

The District has another separate pending litigation for which a probable unfavorable outcome exists the details of such have not been yet been determined.

Management has evaluated subsequent events on January 24, 2017 the date the financial statements were available to be issued.

Note 22: PRIOR YEAR ADJUSTMENTS

The following table illustrates the effects of the prior period adjustments on net position of governmental activities and governmental fund balance at August 31, 2016.

	Effect to Net Position Fund Balance at August 31, 2016
Net Position of Governmental Activities:	
Reflection of change of Inventories at year end	12,139
Funding for IFA from prior periods in debt service fund	<u>8,133,387</u>
	<u>\$ 8,145,526</u>
Governmental Fund Balance:	
Reflection of change of Inventories at year end	\$ 12,139
Funding for IFA from prior periods in debt service fund	<u>8,133,387</u>
	<u>\$ 8,145,526</u>

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**REQUIRED SUPPLEMENTARY
INFORMATION**

DONNA INDEPENDENT SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED AUGUST 31, 2016

EXHIBIT G-1

Data Control Codes		Budgeted Amounts		Actual Amounts (GAAP BASIS)	Variance With Final Budget Positive or (Negative)
		Original	Final		
REVENUES:					
5700	Total Local and Intermediate Sources	\$ 14,165,159	\$ 14,749,669	\$ 15,020,744	\$ 271,075
5800	State Program Revenues	129,260,500	129,143,169	136,331,883	7,188,714
5900	Federal Program Revenues	12,725,000	14,284,846	13,568,313	(716,533)
5020	Total Revenues	156,150,659	158,177,684	164,920,940	6,743,256
EXPENDITURES:					
Current:					
0011	Instruction	80,136,557	81,018,030	81,623,307	(605,277)
0012	Instructional Resources and Media Services	1,780,290	1,794,229	1,772,739	21,490
0013	Curriculum and Instructional Staff Development	2,609,106	2,465,931	2,330,063	135,868
0021	Instructional Leadership	2,199,566	2,189,659	2,103,911	85,748
0023	School Leadership	7,761,224	7,925,101	7,270,277	654,824
0031	Guidance, Counseling and Evaluation Services	5,483,786	5,968,841	5,738,333	230,508
0032	Social Work Services	1,116,731	1,103,584	1,030,279	73,305
0033	Health Services	1,820,444	1,802,522	1,732,863	69,659
0034	Student (Pupil) Transportation	4,802,283	6,309,721	5,830,242	479,479
0035	Food Services	11,695,987	13,276,312	12,193,224	1,083,088
0036	Extracurricular Activities	6,131,140	6,398,126	6,024,651	373,475
0041	General Administration	6,156,447	6,188,753	6,349,092	(160,339)
0051	Facilities Maintenance and Operations	17,651,918	16,405,495	15,819,350	586,145
0052	Security and Monitoring Services	2,760,357	3,031,155	3,019,234	11,921
0053	Data Processing Services	4,130,483	3,478,791	2,527,252	951,539
0061	Community Services	313,878	309,652	359,301	(49,649)
Debt Service:					
0071	Principal on Long Term Debt	2,591,000	1,375,237	1,337,482	37,755
0072	Interest on Long Term Debt	113,300	7,300	2,334	4,966
0073	Bond Issuance Cost and Fees	4,500	78,284	197,493	(119,209)
Capital Outlay:					
0081	Facilities Acquisition and Construction	-	8,055,009	6,804,193	1,250,816
Intergovernmental:					
0095	Payments to Juvenile Justice Alternative Ed. Prg.	113,760	113,760	15,738	98,022
6030	Total Expenditures	159,372,757	169,295,492	164,081,358	5,214,134
1100	Excess (Deficiency) of Revenues Over (Under) Expenditures	(3,222,098)	(11,117,808)	839,582	11,957,390
OTHER FINANCING SOURCES (USES):					
7914	Non-Current Loans	-	7,947,352	8,066,551	119,199
7915	Transfers In	-	1,713,000	-	(1,713,000)
8911	Transfers Out (Use)	-	(1,713,000)	(2,351,980)	(638,980)
7080	Total Other Financing Sources (Uses)	-	7,947,352	5,714,571	(2,232,781)
1200	Net Change in Fund Balances	(3,222,098)	(3,170,456)	6,554,153	9,724,609
0100	Fund Balance - September 1 (Beginning)	43,883,286	43,883,286	43,883,286	-
1300	Prior Period Adjustment(s)	12,141	12,141	12,141	-
3000	Fund Balance - August 31 (Ending)	\$ 40,673,329	\$ 40,724,971	\$ 50,449,580	\$ 9,724,609

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, 2016

EXHIBIT G-6

	<u>2016</u>	<u>2015</u>
District's Proportion of the Net Pension Liability (Asset)	0.1024154%	0.0723063%
District's Proportionate Share of Net Pension Liability (Asset)	\$ 36,202,481	\$ 19,314,013
State's Proportionate Share of the Net Pension Liability (Asset) associated with the District	61,977,021	51,381,407
Total	<u>\$ 98,179,502</u>	<u>\$ 70,695,420</u>
District's Covered-Employee Payroll	\$ 101,375,603	\$ 97,802,467
District's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered-Employee Payroll	35.71%	19.75%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	78.43%	83.25%

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

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

DONNA INDEPENDENT SCHOOL DISTRICT
 SCHEDULE OF DISTRICT CONTRIBUTIONS
 TEACHER RETIREMENT SYSTEM OF TEXAS
 FOR FISCAL YEAR 2016

EXHIBIT G-7

	2016	2015
Contractually Required Contribution	\$ 3,092,157	\$ 3,032,563
Contribution in Relation to the Contractually Required Contribution	(3,092,157)	(3,032,563)
Contribution Deficiency (Excess)	\$ -0-	\$ -0-
District's Covered-Employee Payroll	\$ 104,845,274	\$ 101,375,603
Contributions as a Percentage of Covered-Employee Payroll	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, 2014 for Fiscal Year 2015 and August 31, 2015 for Fiscal Year 2016.

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

COMBINING AND OTHER STATEMENTS

DONNA INDEPENDENT SCHOOL DISTRICT
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 AUGUST 31, 2016

Data Control Codes	204 HELP Grants Safe Schools	206 ESEA Title X, Pt.C Homeless	211 ESEA I. A Improving Basic Program	212 ESEA Title I Part C Migrant	
ASSETS					
1110	Cash and Cash Equivalents	\$ -	\$ -	\$ -	\$ -
1240	Receivables from Other Governments	12,864	7,107	210,231	315,538
1260	Due from Other Funds	-	-	846,182	24,855
1000	Total Assets	<u>\$ 12,864</u>	<u>\$ 7,107</u>	<u>\$ 1,056,413</u>	<u>\$ 340,393</u>
LIABILITIES					
2110	Accounts Payable	\$ -	\$ -	\$ 3,137	\$ 746
2160	Accrued Wages Payable	-	(14)	-	54,129
2170	Due to Other Funds	12,864	5,629	1,053,276	285,518
2300	Unearned Revenues	-	1,492	-	-
2000	Total Liabilities	<u>12,864</u>	<u>7,107</u>	<u>1,056,413</u>	<u>340,393</u>
FUND BALANCES					
Restricted Fund Balance:					
3450	Federal or State Funds Grant Restriction	-	-	-	-
3000	Total Fund Balances	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
4000	Total Liabilities and Fund Balances	<u>\$ 12,864</u>	<u>\$ 7,107</u>	<u>\$ 1,056,413</u>	<u>\$ 340,393</u>

224 IDEA - Part B Formula	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
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
(2,462)	30,133	11,167	99,412	-	79,491	3,776	-
781,849	46,805	4,399	83,931	-	129,232	3,998	441,631
<u>\$ 779,387</u>	<u>\$ 76,938</u>	<u>\$ 15,566</u>	<u>\$ 183,343</u>	<u>\$ -</u>	<u>\$ 208,723</u>	<u>\$ 7,774</u>	<u>\$ 441,631</u>
\$ 3,693	\$ -	\$ -	\$ (2)	\$ -	\$ -	\$ -	\$ -
-	(7,632)	811	4,167	-	41,280	3,776	-
775,436	80,235	14,754	179,178	-	165,951	3,998	-
258	4,335	-	-	-	1,492	-	60,364
<u>779,387</u>	<u>76,938</u>	<u>15,565</u>	<u>183,343</u>	<u>-</u>	<u>208,723</u>	<u>7,774</u>	<u>60,364</u>
-	-	-	-	-	-	-	381,267
-	-	-	-	-	-	-	<u>381,267</u>
<u>\$ 779,387</u>	<u>\$ 76,938</u>	<u>\$ 15,565</u>	<u>\$ 183,343</u>	<u>\$ -</u>	<u>\$ 208,723</u>	<u>\$ 7,774</u>	<u>\$ 441,631</u>

DONNA INDEPENDENT SCHOOL DISTRICT
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 AUGUST 31, 2016

Data Control Codes	274 GEAR UP	289 Other Federal Special Revenue Funds	385 Visually Impaired SSVI	386 Regional Day School for the Deaf
ASSETS				
1110 Cash and Cash Equivalents	\$ -	\$ -	\$ -	\$ -
1240 Receivables from Other Governments	121,198	(14,470)	-	38,899
1260 Due from Other Funds	56,702	48,909	3,225	10,799
1000 Total Assets	<u>\$ 177,900</u>	<u>\$ 34,439</u>	<u>\$ 3,225</u>	<u>\$ 49,698</u>
LIABILITIES				
2110 Accounts Payable	\$ 203	\$ -	\$ -	\$ -
2160 Accrued Wages Payable	18,907	-	-	-
2170 Due to Other Funds	158,790	-	-	-
2300 Unearned Revenues	-	34,439	3,225	49,999
2000 Total Liabilities	<u>177,900</u>	<u>34,439</u>	<u>3,225</u>	<u>49,999</u>
FUND BALANCES				
Restricted Fund Balance:				
3450 Federal or State Funds Grant Restriction	-	-	-	(301)
3000 Total Fund Balances	<u>-</u>	<u>-</u>	<u>-</u>	<u>(301)</u>
4000 Total Liabilities and Fund Balances	<u>\$ 177,900</u>	<u>\$ 34,439</u>	<u>\$ 3,225</u>	<u>\$ 49,698</u>

EXHIBIT H-1 (Cont'd)

397 Advanced Placement Incentives	409 High School Completion and Success	410 State Textbook Fund	429 Other State Special Revenue Funds	481 Goldman Sachs Discovery Grant	482 LatchKey Program	484 Ccms Day Care	485 Laura Bush Foundation
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 6,800
-	-	-	-	-	-	-	-
22,001	4,757	97,743	5,709	-	13,405	106,148	-
<u>\$ 22,001</u>	<u>\$ 4,757</u>	<u>\$ 97,743</u>	<u>\$ 5,709</u>	<u>\$ -</u>	<u>\$ 13,405</u>	<u>\$ 106,148</u>	<u>\$ 6,800</u>
\$ -	\$ (1)	\$ 824	\$ (1)	\$ -	\$ -	\$ 26	\$ -
-	-	-	-	-	-	-	-
-	188	-	-	-	-	136	-
22,001	4,570	96,919	5,271	-	-	71,140	6,800
<u>22,001</u>	<u>4,757</u>	<u>97,743</u>	<u>5,270</u>	<u>-</u>	<u>-</u>	<u>71,302</u>	<u>6,800</u>
-	-	-	439	-	13,405	34,846	-
-	-	-	439	-	13,405	34,846	-
<u>\$ 22,001</u>	<u>\$ 4,757</u>	<u>\$ 97,743</u>	<u>\$ 5,709</u>	<u>\$ -</u>	<u>\$ 13,405</u>	<u>\$ 106,148</u>	<u>\$ 6,800</u>

DONNA INDEPENDENT SCHOOL DISTRICT
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 AUGUST 31, 2016

Data Control Codes	499 Other Local Special Revenue Funds	Total Nonmajor Governmental Funds
ASSETS		
1110	\$ -	\$ 6,800
1240	-	912,884
1260	5,258	2,737,538
1000	<u>\$ 5,258</u>	<u>\$ 3,657,222</u>
LIABILITIES		
2110	\$ -	\$ 8,625
2160	-	115,424
2170	-	2,735,953
2300	5,258	367,563
2000	<u>5,258</u>	<u>3,227,565</u>
FUND BALANCES		
Restricted Fund Balance:		
3450	-	429,656
3000	<u>-</u>	<u>429,656</u>
4000	<u>\$ 5,258</u>	<u>\$ 3,657,221</u>

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DONNA INDEPENDENT SCHOOL DISTRICT
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
 FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED AUGUST 31, 2016

Data Control Codes	204 HELP Grants Safe Schools	206 ESEA Title X, Pt.C Homeless	211 ESEA I. A Improving Basic Program	212 ESEA Title I Part C Migrant
REVENUES:				
5700 Total Local and Intermediate Sources	\$ -	\$ -	\$ -	\$ -
5800 State Program Revenues	-	-	-	-
5900 Federal Program Revenues	-	47,836	8,588,221	3,089,430
5020 Total Revenues	-	47,836	8,588,221	3,089,430
EXPENDITURES:				
Current:				
0011 Instruction	-	-	5,957,793	2,082,610
0012 Instructional Resources and Media Services	-	-	675,564	-
0013 Curriculum and Instructional Staff Development	-	-	252,896	2,692
0021 Instructional Leadership	-	-	253,851	290,749
0023 School Leadership	-	6	8,757	158,784
0031 Guidance, Counseling and Evaluation Services	-	-	1,870	220,476
0032 Social Work Services	-	47,830	27,537	64,672
0033 Health Services	-	-	698,239	-
0051 Facilities Maintenance and Operations	-	-	770	7,318
0053 Data Processing Services	-	-	-	-
0061 Community Services	-	-	710,944	262,129
6030 Total Expenditures	-	47,836	8,588,221	3,089,430
1200 Net Change in Fund Balance	-	-	-	-
0100 Fund Balance - September 1 (Beginning)	-	-	-	-
3000 Fund Balance - August 31 (Ending)	\$ -	\$ -	\$ -	\$ -

224 IDEA - Part B Formula	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
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-	-
2,355,794	28,688	265,980	577,153	-	794,019	3,776	52,390
2,355,794	28,688	265,980	577,153	-	794,019	3,776	52,390
2,080,097	28,688	182,683	396,078	-	505,870	3,503	-
-	-	-	-	-	-	-	-
2,300	-	-	163,491	-	99,230	-	-
1,498	-	-	250	-	153,213	273	-
-	-	-	16,682	-	601	-	-
270,774	-	83,297	652	-	-	-	-
1,125	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	35,105	-	-
2,355,794	28,688	265,980	577,153	-	794,019	3,776	52,390
-	-	-	-	-	-	-	52,390
-	-	-	-	-	-	-	328,877
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 381,267

DONNA INDEPENDENT SCHOOL DISTRICT
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
 FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED AUGUST 31, 2016

Data Control Codes	274 GEAR UP	289 Other Federal Special Revenue Funds	385 Visually Impaired SSVI	386 Regional Day School for the Deaf
REVENUES:				
5700 Total Local and Intermediate Sources	\$ -	\$ -	\$ -	\$ -
5800 State Program Revenues	-	-	-	31,545
5900 Federal Program Revenues	220,841	-	-	-
5020 Total Revenues	220,841	-	-	31,545
EXPENDITURES:				
Current:				
0011 Instruction	219,386	-	-	1,126
0012 Instructional Resources and Media Services	-	-	-	-
0013 Curriculum and Instructional Staff Development	1,219	-	-	30,720
0021 Instructional Leadership	-	-	-	-
0023 School Leadership	-	-	-	-
0031 Guidance, Counseling and Evaluation Services	-	-	-	-
0032 Social Work Services	-	-	-	-
0033 Health Services	-	-	-	-
0051 Facilities Maintenance and Operations	-	-	-	-
0053 Data Processing Services	-	-	-	-
0061 Community Services	236	-	-	-
6030 Total Expenditures	220,841	-	-	31,846
1200 Net Change in Fund Balance	-	-	-	(301)
0100 Fund Balance - September 1 (Beginning)	-	-	-	-
3000 Fund Balance - August 31 (Ending)	\$ -	\$ -	\$ -	\$ (301)

397	409	410	429	481	482	484	485
Advanced Placement Incentives	High School Completion and Success	State Textbook Fund	Other State Special Revenue Funds	Goldman Sachs Discovery Grant	LatchKey Program	Ccms Day Care	Laura Bush Foundation
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 19,389	\$ -	\$ -
-	-	2,496,433	-	-	-	13,925	-
-	-	-	-	23,960	-	-	-
-	-	2,496,433	-	23,960	19,389	13,925	-
-	-	2,496,433	-	-	-	2,149	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	1,184	-
-	-	-	-	23,960	-	-	-
-	-	-	-	-	5,984	5,786	-
-	-	2,496,433	-	23,960	5,984	9,119	-
-	-	-	-	-	13,405	4,806	-
-	-	-	439	-	-	30,040	-
\$ -	\$ -	\$ -	\$ 439	\$ -	\$ 13,405	\$ 34,846	\$ -

DONNA INDEPENDENT SCHOOL DISTRICT
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
 FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED AUGUST 31, 2016

Data Control Codes	499 Other Local Special Revenue Funds	Total Nonmajor Governmental Funds
REVENUES:		
5700 Total Local and Intermediate Sources	\$ -	\$ 19,389
5800 State Program Revenues	-	2,541,903
5900 Federal Program Revenues	-	16,048,088
5020 Total Revenues	-	18,609,380
EXPENDITURES:		
Current:		
0011 Instruction	-	13,956,416
0012 Instructional Resources and Media Services	-	675,564
0013 Curriculum and Instructional Staff Development	-	552,548
0021 Instructional Leadership	-	699,834
0023 School Leadership	-	184,830
0031 Guidance, Counseling and Evaluation Services	-	577,069
0032 Social Work Services	-	141,164
0033 Health Services	-	698,239
0051 Facilities Maintenance and Operations	-	9,272
0053 Data Processing Services	-	23,960
0061 Community Services	-	1,020,184
6030 Total Expenditures	-	18,539,080
1200 Net Change in Fund Balance	-	70,300
0100 Fund Balance - September 1 (Beginning)	-	359,356
3000 Fund Balance - August 31 (Ending)	\$ -	\$ 429,656

DONNA INDEPENDENT SCHOOL DISTRICT
COMBINING STATEMENT OF NET POSITION
INTERNAL SERVICE FUNDS
AUGUST 31, 2016

	752	753	754	771	Total
	Print Shop	Insurance	Computer Operations	Worker's Compensation	Internal Service Funds
ASSETS					
Current Assets:					
Cash and Cash Equivalents	\$ -	\$ 990,860	\$ -	\$ 280,812	\$ 1,271,672
Due from Other Funds	69,306	506,454	427,320	316,396	1,319,476
Total Assets	<u>69,306</u>	<u>1,497,314</u>	<u>427,320</u>	<u>597,208</u>	<u>2,591,148</u>
LIABILITIES					
Current Liabilities:					
Accounts Payable	-	1,557,436	-	297,548	1,854,984
Payroll Deductions and Withholdings Payable	-	46,961	-	-	46,961
Due to Other Funds	-	75,930	1,800	-	77,730
Total Liabilities	<u>-</u>	<u>1,680,327</u>	<u>1,800</u>	<u>297,548</u>	<u>1,979,675</u>
NET POSITION					
Unrestricted Net Position	\$ 69,306	\$ (183,013)	\$ 425,520	\$ 299,659	\$ 611,472
Total Net Position	<u>\$ 69,306</u>	<u>\$ (183,013)</u>	<u>\$ 425,520</u>	<u>\$ 299,659</u>	<u>\$ 611,472</u>

DONNA INDEPENDENT SCHOOL DISTRICT
 COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
 INTERNAL SERVICE FUNDS
 FOR THE YEAR ENDED AUGUST 31, 2016

	752	753	754	771	Total
	Print Shop	Insurance	Computer Operations	Worker's Compensation	Internal Service Funds
OPERATING REVENUES:					
Local and Intermediate Sources	\$ -	\$ 18,881,239	\$ 17,639	\$ 449,309	\$ 19,348,187
Total Operating Revenues	-	18,881,239	17,639	449,309	19,348,187
OPERATING EXPENSES:					
Professional and Contracted Services	66	12,258	-	1,114,374	1,126,698
Other Operating Costs	-	20,740,537	-	955	20,741,492
Total Operating Expenses	66	20,752,795	-	1,115,329	21,868,190
Income (Loss) Before Transfers	(66)	(1,871,556)	17,639	(666,020)	(2,520,003)
Transfer In	-	1,543,224	-	308,757	1,851,981
Change in Net Position	(66)	(328,332)	17,639	(357,263)	(668,022)
Total Net Position - September 1 (Beginning)	69,372	145,319	407,881	656,922	1,279,494
Total Net Position - August 31 (Ending)	\$ 69,306	\$ (183,013)	\$ 425,520	\$ 299,659	\$ 611,472

DONNA INDEPENDENT SCHOOL DISTRICT
COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED AUGUST 31, 2016

	752	753	754	771	Total
	Print Shop	Insurance	Computer Operations	Worker's Compensation	Internal Service Funds
<u>Cash Flows from Operating Activities:</u>					
Cash Received from User Charges	\$ -	\$ 18,881,239	\$ 17,639	\$ 449,309	\$ 19,348,187
Cash Received from Assessments - Other Funds	69	-	-	-	69
Cash Payments to Employees for Services	(69)	(1,274,036)	-	(1,114,373)	(2,388,478)
Cash Payments for Other Operating Expenses	-	(18,532,342)	(17,639)	166,287	(18,383,694)
Net Cash Provided by (Used for) Operating Activities	-	(925,139)	-	(498,777)	(1,423,916)
<u>Cash Flows from Non-Capital Financing Activities:</u>					
Operating Transfer In/Out	-	1,543,223	-	308,757	1,851,980
Net Increase (Decrease) in Cash and Cash Equivalents	1	618,084	-	(190,020)	428,065
Cash and Cash Equivalents at Beginning of Year	-	876,921	-	470,832	1,347,753
Cash and Cash Equivalents at End of Year	\$ 1	\$ 1,495,005	\$ -	\$ 280,812	\$ 1,775,818
<u>Reconciliation of Operating Income (Loss) to Net Cash</u>					
<u>Provided by (Used for) Operating Activities:</u>					
Operating Income (Loss):	\$ (65)	\$ (1,871,555)	\$ 17,639	\$ (666,020)	\$ (2,520,001)
Effect of Increases and Decreases in Current Assets and Liabilities:					
Increase (decrease) in Accounts Payable	(3)	(1,261,779)	-	-	(1,261,782)
Increase (decrease) in Other Funds	69	2,208,195	(17,639)	167,243	2,357,868
Net Cash Provided by (Used for) Operating Activities	\$ 1	\$ (925,139)	\$ -	\$ (498,777)	\$ (1,423,915)

DONNA INDEPENDENT SCHOOL DISTRICT
 COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
 ALL AGENCY FUNDS
 FOR THE YEAR ENDED AUGUST 31, 2016

	BALANCE SEPTEMBER 1 2015	ADDITIONS	DEDUCTIONS	BALANCE AUGUST 31 2016
AGENCY FUND FOR TEXTBOOK WAIVER REFUNDS				
Assets:				
Cash and Temporary Investments	\$ 38,455	\$ -	\$ 16,384	\$ 22,070
Liabilities:				
Due to Other Funds	\$ 19,901	\$ -	\$ -	\$ 19,901
Due to Other Governments	18,553	-	16,384	2,169
Total Liabilities	\$ 38,455	\$ -	\$ 16,384	\$ 22,070
STUDENT ACTIVITY ACCOUNT				
Assets:				
Cash and Temporary Investments	\$ 275,938	\$ 73,800	\$ -	\$ 349,738
Due From Other Funds	107,339	-	2,500	104,839
Total Assets	\$ 383,278	\$ 73,800	\$ 2,500	\$ 454,577
Liabilities:				
Payroll Deductions & Withholdings	\$ 9,214	\$ -	\$ -	\$ 9,214
Due to Other Funds	20,511	440	786	20,165
Due to Student Groups	347,225	77,973	-	425,198
Total Liabilities	\$ 376,950	\$ 78,414	\$ 786	\$ 454,577
COUNTY EDUCATION DISTRICT				
Assets:				
Due From Other Funds	\$ 150,728	\$ -	\$ -	\$ 150,728
Liabilities:				
Due to Other Funds	\$ 111	\$ -	\$ -	\$ 111
Due to Other Governments	150,618	-	-	150,618
Total Liabilities	\$ 150,728	\$ -	\$ -	\$ 150,728
FOOD BACKPACK/KIDS				
Assets:				
Cash and Temporary Investments	\$ 230	\$ -	\$ -	\$ 230
Liabilities:				
Payroll Deductions & Withholdings	\$ 230	\$ -	\$ -	\$ 230
CAMPUS/AGENCY-NON HS				
Assets:				
Cash and Temporary Investments	\$ 33,057	\$ -	\$ 29,311	\$ 3,746
Due From Other Funds	5,270	22,561	-	27,832
Total Assets	\$ 38,328	\$ 22,561	\$ 29,311	\$ 31,578
Liabilities:				
Due to Other Funds	\$ 26,571	\$ -	\$ 663	\$ 25,908
Due to Student Groups	11,757	-	6,087	5,670
Total Liabilities	\$ 38,328	\$ -	\$ 6,750	\$ 31,578
CAMPUS CHECKING ACCOUNT				
Assets:				
Cash and Temporary Investments	\$ 198,259	\$ 2,294	\$ -	\$ 200,553
Due From Other Funds	4,567	-	1,461	3,106

DONNA INDEPENDENT SCHOOL DISTRICT
 COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
 ALL AGENCY FUNDS
 FOR THE YEAR ENDED AUGUST 31, 2016

	BALANCE SEPTEMBER 1 2015	ADDITIONS	DEDUCTIONS	BALANCE AUGUST 31 2016
Other Receivables	1,315	-	-	1,315
Total Assets	\$ 204,141	\$ 2,294	\$ 1,461	\$ 204,974
Liabilities:				
Due to Other Funds	\$ 195,010	\$ 378	\$ 1,086	\$ 194,302
Due to Student Groups	9,131	1,541	-	10,672
Total Liabilities	\$ 204,141	\$ 1,919	\$ 1,086	\$ 204,974
LIBRARY FUND				
Assets:				
Cash and Temporary Investments	\$ 12,592	\$ 122	\$ -	\$ 12,714
Due From Other Funds	5,941	-	-	5,941
Total Assets	\$ 18,533	\$ 122	\$ -	\$ 18,655
Liabilities:				
Due to Other Funds	\$ 2,976	\$ 420	\$ 151	\$ 3,245
Due to Student Groups	15,556	-	147	15,409
Total Liabilities	\$ 18,533	\$ 420	\$ 298	\$ 18,655
TOTAL AGENCY FUNDS				
Assets:				
Cash and Temporary Investments	\$ 558,530	\$ 76,216	\$ 45,695	\$ 589,051
Due From Other Funds	273,846	22,561	3,961	292,446
Other Receivables	1,315	-	-	1,315
Total Assets	\$ 833,691	\$ 98,777	\$ 49,657	\$ 882,812
Liabilities:				
Payroll Deductions & Withholdings	\$ 9,444	\$ -	\$ -	\$ 9,444
Due to Other Funds	265,081	1,238	2,687	263,632
Due to Other Governments	169,171	-	16,384	152,786
Due to Student Groups	383,669	79,514	6,233	456,950
Total Liabilities	\$ 827,364	\$ 80,752	\$ 25,305	\$ 882,812

DONNA INDEPENDENT SCHOOL DISTRICT
 COMBINING STATEMENT OF NET POSITION
 PRIVATE PURPOSE TRUST FUNDS
 AUGUST 31, 2016

	806 Scholarship Fund	807 Admin Scholarship Fund	808 School Board Scholarship Fund	Total Private Purpose Trust Funds
ASSETS				
Cash and Cash Equivalents	\$ 16,900	\$ 6,620	\$ 23,172	\$ 46,692
Due from Other Funds	-	12,227	-	12,227
Total Assets	<u>16,900</u>	<u>18,847</u>	<u>23,172</u>	<u>58,919</u>
LIABILITIES				
Due to Other Funds	12,127	3,000	3,100	18,227
Due to Student Groups	4,773	15,847	20,072	40,692
Total Liabilities	<u>16,900</u>	<u>18,847</u>	<u>23,172</u>	<u>58,919</u>

T.E.A. REQUIRED SCHEDULES

DONNA INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF DELINQUENT TAXES RECEIVABLE
FISCAL YEAR ENDED AUGUST 31, 2016

Last 10 Years Ended August 31	(1)	(2)	(3)
	Tax Rates		Assessed/Appraised Value for School Tax Purposes
	Maintenance	Debt Service	
2007 and prior years	Various	Various	\$ 821,644,196
2008	1.040000	0.160000	834,531,042
2009	1.040000	0.016000	894,315,675
2010	1.170000	0.007900	899,615,267
2011	1.170000	0.088200	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 (School year under audit)	1.170000	0.088200	1,148,531,241
1000 TOTALS			

(10) Beginning Balance 9/1/2015	(20) Current Year's Total Levy	(31) Maintenance Collections	(32) Debt Service Collections	(40) Entire Year's Adjustments	(50) Ending Balance 8/31/2016
\$ 1,229,871	\$ -	\$ 104,678	\$ 12,456	\$ 124,743	\$ 1,237,480
133,149	-	14,252	2,225	(13,099)	103,574
178,782	-	23,068	3,549	(15,781)	136,384
204,992	-	38,790	262	(8,207)	157,734
254,049	-	55,918	4,215	32,404	226,319
295,510	-	85,804	6,468	8,475	211,712
365,380	-	113,698	8,571	1,673	244,785
486,290	-	169,233	12,758	(36,908)	267,391
974,115	-	401,244	29,723	(22,827)	520,322
-	14,098,249	12,252,666	924,232	9,232	930,584
<u>\$ 4,122,138</u>	<u>\$ 14,098,249</u>	<u>\$ 13,259,351</u>	<u>\$ 1,004,458</u>	<u>\$ 79,706</u>	<u>\$ 4,036,285</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, 2016

Data Control Codes	Budgeted Amounts		Actual Amounts (GAAP BASIS)	Variance With Final Budget Positive or (Negative)
	Original	Final		
REVENUES:				
5700 Total Local and Intermediate Sources	\$ 703,409	\$ 304,000	\$ 228,563	\$ (75,437)
5800 State Program Revenues	77,481	77,481	76,750	(731)
5900 Federal Program Revenues	9,860,000	10,413,436	11,913,255	1,499,819
5020 Total Revenues	10,640,890	10,794,917	12,218,568	1,423,651
EXPENDITURES:				
0035 Food Services	11,365,100	12,945,417	11,816,493	1,128,924
0051 Facilities Maintenance and Operations	-	-	(77)	77
6030 Total Expenditures	11,365,100	12,945,417	11,816,416	1,129,001
1100 Excess (Deficiency) of Revenues Over (Under) Expenditures	(724,210)	(2,150,500)	402,152	2,552,652
OTHER FINANCING SOURCES (USES):				
7915 Transfers In	-	1,713,000	-	(1,713,000)
1200 Net Change in Fund Balances	(724,210)	(437,500)	402,152	839,652
0100 Fund Balance - September 1 (Beginning)	1,456,029	1,456,029	1,456,029	-
3000 Fund Balance - August 31 (Ending)	\$ 731,819	\$ 1,018,529	\$ 1,858,181	\$ 839,652

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, 2016

Data Control Codes	Budgeted Amounts		Actual Amounts (GAAP BASIS)	Variance With Final Budget Positive or (Negative)
	Original	Final		
REVENUES:				
5700 Total Local and Intermediate Sources	\$ 993,182	\$ 993,182	\$ 1,093,636	\$ 100,454
5800 State Program Revenues	3,148,823	6,393,082	6,419,730	26,648
5020 Total Revenues	4,142,005	7,386,264	7,513,366	127,102
EXPENDITURES:				
Debt Service:				
0071 Principal on Long Term Debt	5,605,000	5,510,000	5,510,000	-
0072 Interest on Long Term Debt	3,560,000	3,650,850	3,267,765	383,085
0073 Bond Issuance Cost and Fees	15,000	15,000	10,500	4,500
6030 Total Expenditures	9,180,000	9,175,850	8,788,265	387,585
1100 Excess (Deficiency) of Revenues Over (Under) Expenditures	(5,037,995)	(1,789,586)	(1,274,899)	514,687
OTHER FINANCING SOURCES (USES):				
7915 Transfers In	-	-	500,000	500,000
1200 Net Change in Fund Balances	(5,037,995)	(1,789,586)	(774,899)	1,014,687
0100 Fund Balance - September 1 (Beginning)	1,013,273	1,013,273	1,013,273	-
1300 Prior Period Adjustment(s)	-	-	8,133,297	8,133,297
3000 Fund Balance - August 31 (Ending)	\$ (4,024,722)	\$ (776,313)	\$ 8,371,671	\$ 9,147,984

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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>
Financial Trends Information	
<i>These schedules contain information to help the reader understand how the District's financial performance has changed over time.</i>	80 to 86
Revenue and Expenditure Capacity	
<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>	88 to 94
Debt Capacity Information	
<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>	95 to 108
Demographic and Economic Information	
<i>These schedules offer demographic and economic indicators to help the reader understand the environment within which the District's financial activities take place.</i>	109 to 112
Operating Information	
<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>	113 to 119

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.



FINANCIAL TRENDS INFORMATION

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LUIS C OROZCO, CPA

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
2007	51,941,226	4,549,020	15,526,921	72,017,167
2008	55,142,321	2,697,172	18,992,220	76,831,713
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

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			
	2007	2008	2009	2010
Expenses				
Governmental Activities:				
Instruction	\$ 70,953,997	\$ 73,564,961	\$ 77,920,193	\$ 86,639,759
Instructional Resources & Media Services	2,142,634	2,316,145	2,155,817	2,411,943
Curriculum & Staff Development	3,262,599	2,164,097	2,986,891	2,660,923
Instructional Leadership	2,581,021	2,927,012	3,590,789	2,791,505
School Leadership	5,598,917	5,114,758	5,892,075	5,911,981
Guidance, Counseling & Evaluation Services	4,442,296	4,596,597	4,999,818	5,461,383
Social Work Services	680,431	794,676	976,856	779,665
Health Services	1,658,313	1,589,003	1,636,355	1,632,190
Student (Pupil) Transportation	3,146,436	3,552,747	3,928,291	3,498,225
Food Services	9,375,551	9,604,584	9,140,238	9,137,831
Cocurricular/Extracurricular Activities	2,926,848	2,863,382	3,225,149	3,109,095
General Administration	4,543,575	4,529,401	4,487,311	3,651,431
Facilities Maintenance & Operations	14,551,296	14,596,026	15,528,270	14,238,763
Security & Monitoring Services	2,319,245	2,145,077	2,404,411	1,962,748
Data Processing Services	1,300,037	1,276,971	1,285,458	1,274,017
Community Service & ESC (62)	1,055,647	1,004,604	1,061,136	1,133,760
Debt Service - Interest on Long Term Debt	3,635,045	4,560,763	3,566,711	3,304,577
Debt Service - Bond Issuance Cost and Fees	-	-	-	-
Facilities Acquisition and Construction	-	-	-	-
Payments to Juvenile Justice Alternative Ed. Prg.	28,910	113,760	-	8,927
Total Governmental Activities	134,202,798	137,314,564	144,785,769	149,608,723
Program Revenues				
Charges for Services				
Instruction	219,321	469,302	281,798	7,375
Instructional Resources and Media Services	4,476	9,578	10,437	-
Curriculum and Instructional Staff Development	4,476	9,578	10,437	-
Instructional Leadership	4,476	9,578	15,655	-
School Leadership	22,380	47,888	20,874	-
Guidance, Counseling and Evaluation Services	13,428	28,733	20,874	-
Social Work Services	-	-	5,218	-
Health Services	4,476	9,578	5,218	47,590
Student (Pupil) Transportation	13,428	28,733	15,655	-
Food Services	404,044	366,215	319,204	330,939
Extracurricular Activities	129,043	192,885	84,575	96,467
General Administration	76,091	162,819	15,655	216,284
Facilities Maintenance and Operations	89,616	158,547	85,199	152,172
Security and Monitoring Services	8,952	19,155	10,437	-
Data Processing Services	4,476	9,578	5,218	-
Community Services & ESC (62)	1,270	1,804	-	30,284
Debt Service - Interest on Long Term Debt	-	-	-	-
Operating Grants and Contributions	29,914,284	30,402,572	33,698,369	45,690,295
Total Governmental Activities	30,914,237	31,926,543	34,604,823	46,571,406
Net Governmental Activities				
Revenue/(Expense)	\$ (103,288,561)	\$ (105,388,021)	\$ (110,180,946)	\$ (103,037,317)

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

		Fiscal Year					
		2011	2012	2013	2014	2015	2016
\$	86,326,231	\$ 77,300,681	\$ 81,972,747	\$ 87,387,522	\$ 96,168,387	\$ 106,880,247	
	2,220,169	2,029,449	2,341,117	2,449,631	2,724,239	2,572,520	
	2,874,356	2,413,753	2,411,339	2,646,150	3,074,859	2,998,637	
	2,956,089	2,954,997	2,720,745	2,431,218	2,828,873	3,001,216	
	5,825,824	5,831,746	6,915,932	6,720,242	7,596,144	7,744,313	
	5,494,943	5,195,801	5,562,415	6,133,190	6,188,167	6,617,835	
	681,714	824,204	922,422	1,113,654	1,334,917	1,228,680	
	2,025,251	1,877,525	2,059,341	2,046,147	2,062,011	2,517,433	
	3,713,419	3,831,318	4,408,911	4,379,595	4,817,662	6,074,153	
	9,064,614	9,567,517	10,804,179	10,600,019	11,911,922	12,596,022	
	3,063,751	2,989,869	5,307,959	5,709,568	6,571,489	6,198,459	
	3,613,924	5,723,605	7,562,423	4,532,916	5,628,202	6,639,663	
	13,343,828	13,312,712	13,612,836	14,612,182	15,975,999	16,446,936	
	1,820,604	1,738,595	2,046,844	2,411,637	2,670,271	3,144,522	
	1,236,943	1,439,788	1,605,700	1,470,093	1,608,877	2,620,196	
	1,057,036	1,063,861	1,153,400	1,169,832	1,382,778	1,459,340	
	6,225,016	5,401,040	4,540,986	3,854,612	3,694,105	2,670,917	
	-	-	-	8,463	227,032	207,993	
	-	-	-	1,606	-	-	
	113,760	4,661	46,215	7,224	26,746	15,737	
	<u>151,657,472</u>	<u>143,501,122</u>	<u>155,995,511</u>	<u>159,685,501</u>	<u>176,492,680</u>	<u>191,634,819</u>	
	5,375	140,631	101,082	66,834	99,003	361,272	
	-	-	-	-	-	-	
	-	-	-	-	-	-	
	-	-	-	-	-	-	
	-	-	-	-	-	-	
	-	-	-	-	-	-	
	-	-	-	-	-	-	
	91,265	-	-	-	-	-	
	341,893	320,851	277,714	282,128	270,549	225,027	
	78,787	130,930	162,165	118,853	147,426	185,405	
	219,238	46,077	29,646	-	-	-	
	-	-	-	-	-	-	
	-	-	-	-	-	-	
	-	-	-	-	-	-	
	-	-	-	-	-	-	
	-	-	-	-	-	-	
	56,434,151	41,122,929	37,169,647	36,092,850	40,434,599	48,446,740	
	<u>57,170,709</u>	<u>41,761,418</u>	<u>37,740,254</u>	<u>36,560,665</u>	<u>40,951,577</u>	<u>49,218,444</u>	
\$	<u>(94,486,763)</u>	<u>\$ (101,739,704)</u>	<u>\$ (118,255,257)</u>	<u>\$ (123,124,836)</u>	<u>\$ (135,541,103)</u>	<u>\$ (142,416,375)</u>	

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

LAST TEN YEARS

(Unaudited)

	Fiscal Year			
	2007	2008	2009	2010
Net Governmental Activities				
Revenue /(Expense)	\$ (103,288,561)	\$ (105,388,021)	\$ (110,180,946)	\$ (103,037,317)
General Revenues and Changes in Net Position:				
Property Taxes - M&O	8,546,890	8,479,104	10,088,753	10,585,331
Property Taxes - Debt Service	1,277,312	1,122,097	1,316,169	65,498
State Aid	80,469,526	86,318,184	90,970,002	104,141,565
Grants & Contributions not Restricted	13,001,023	13,111,225	12,717,637	11,184,701
Investment Earnings	1,278,324	521,662	200,140	56,504
Special Item -Misc. Revenue	-	-	-	-
Special - Premium new bond	2,072,963	211,485	2,159,807	142,157
Special Item - (use)	-	-	(1,099,962)	-
Transfer In (Out)	-	-	-	-
Miscellaneous Local and Intermediate Revenue	625,642	888,457	532,521	960,187
Total General Revenues	107,271,680	110,652,214	116,885,067	127,135,943
Change in Net Position	\$ 3,983,119	\$ 5,264,193	\$ 6,704,121	\$ 24,098,626

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

Fiscal Year					
2011	2012	2013	2014	2015	2016
\$ (94,486,763)	\$ (101,739,704)	\$ (118,255,257)	(123,124,836)	(135,541,103)	(142,416,375)
11,173,904	11,496,760	11,618,705	11,474,974	13,073,525	13,138,458
726,431	770,508	799,521	874,962	987,689	989,969
106,933,453	98,575,441	103,612,874	110,937,658	122,028,788	121,682,893
497,758	9,003,877	9,782,208	3,971,165	3,969,831	8,238,432
383,187	112,235	83,837	60,972	44,280	194,183
-	-	-	-	-	-
1,930	-	-	-	-	-
-	-	2,498	-	-	-
-	-	-	-	708,523	-
709,434	948,769	1,045,009	1,471,704	1,373,592	874,304
120,426,097	120,907,590	126,944,652	128,791,435	142,186,228	145,118,239
\$ 25,939,334	\$ 19,167,886	\$ 8,689,395	\$ 5,666,599	\$ 6,645,125	\$ 2,701,864

SCHEDULE 4
DONNA INDEPENDENT SCHOOL DISTRICT
FUND BALANCES
GOVERNMENTAL FUNDS

LAST TEN YEARS

(Unaudited)

	2007	2008	2009	2010	2011
General Fund					
PRE GASB 54					
<i>Reserved Fund Balances:</i>					
Investments in Inventory	\$ 579,955	\$ 508,396	\$ 598,937	\$ 689,410	\$ -
<i>Unreserved Designated For:</i>					
Claims and Judgments	1,441,034	1,441,035	-	-	-
<i>Unreserved and Undesignated:</i>					
Reported in the General Fund	6,367,158	6,885,694	6,705,054	24,664,646	-
POST GASB 54					
<i>Nonspendable:</i>					
Investments in Inventory	-	-	-	-	514,417
<i>Restricted:</i>					
Restricted - Federal or State Funds Grant Restriction	-	-	-	-	-
<i>Assigned:</i>					
Assigned for Construction	-	-	-	-	10,000,000
<i>Unassigned:</i>					
Reported in the General Fund	-	-	-	-	32,697,987
Total General Fund Balance	8,388,147	8,835,125	7,303,991	25,354,056	43,212,404
All Other Governmental Funds					
PRE GASB 54					
<i>Reserved, Reported In:</i>					
Special Revenues					
Retirement of Long-Term Debt	870,027	1,212,268	-	869,162	-
Other Purposes	-	852,604	749,314	456,094	-
Debt Service					
Retirement of Long Term Debt	-	-	1,707,399	-	-
Capital Projects					
Other Purposes	3,099,038	-	-	-	-
<i>Unreserved and Undesignated:</i>					
Reported in the General Fund	-	-	-	-	-
Reported in the Capital Projects funds	-	-	-	-	-
Reported in Special Revenue funds	-	123,904	167,133	222,171	-
POST GASB 54					
Special Revenues					
<i>Unassigned:</i>					
Federal or State Funds Grant Restriction	-	-	-	-	274,461
Debt Service					
<i>Restricted:</i>					
Retirement of Long-Term Debt	-	-	-	-	660,980
Other Funds					
<i>Restricted:</i>					
Restricted - Federal or State Funds Grant Restriction	-	-	-	-	-
Capital Projects					
<i>Restricted:</i>					
Other Purposes	-	-	-	-	456,094
<i>Assigned:</i>					
Other Assigned Fund Balance	-	-	-	-	47,031,928
Total All Other Governmental Fund Balance	3,969,065	2,188,776	2,623,846	1,547,427	48,423,463
Total Government Funds -- Fund Balance	\$ 12,357,212	\$ 11,023,901	\$ 9,927,837	\$ 26,901,483	\$ 91,635,867
Governmental Funds					
Beginning Fund Balance	\$ 19,590,839	\$ 12,357,212	\$ 11,023,901	\$ 9,927,837	\$ 26,901,483
Net Change in Fund Balance	(7,233,627)	(1,333,311)	(1,096,064)	16,973,646	64,734,384
Ending Balance	\$ 12,357,212	\$ 11,023,901	\$ 9,927,837	\$ 26,901,483	\$ 91,635,867

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 & 2015-2016) (Exhibit C-2 for fiscal year 2014).

	2012	2013	2014	2015	2016
\$	-	\$	-	\$	-
	-	-	-	-	-
	-	-	-	-	-
	483,272	545,389	493,935	505,295	516,655
	-	-	1,873,005	1,415,420	1,450,645
	19,500,000	2,500,000	2,500,000	-	-
	29,000,803	44,440,834	40,604,942	41,962,571	48,482,280
	48,984,075	47,486,223	45,471,882	43,883,286	50,449,580
	-	-	-	-	-
	-	-	-	-	-
	-	-	-	-	-
	-	-	-	-	-
	-	-	-	-	-
	-	-	-	-	-
	244,696	239,044	(23,831)	-	-
	683,308	1,133,673	1,018,643	1,013,273	8,371,761
	-	-	359,356	359,356	429,656
	-	-	-	-	-
	-	-	-	-	-
	17,651,253	-	-	-	-
	18,579,257	1,372,717	1,354,168	1,372,629	8,801,417
\$	67,563,332	\$ 48,858,940	\$ 46,826,050	\$ 45,255,915	\$ 59,250,997
\$	91,635,867	\$ 67,563,332	\$ 48,858,940	\$ 46,826,050	\$ 45,255,915
	(24,072,535)	(18,704,392)	(2,032,890)	(1,570,135)	13,995,384
\$	67,563,332	\$ 48,858,940	\$ 46,826,050	\$ 45,255,915	\$ 59,251,299



REVENUE AND EXPENDITURE CAPACITY

Donna ISD.....

Be the Change

LUIS C OROZCO, CPA

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		
2007	11,415,404	5,500	2,603,234	77,541,820	4,759,098	14,159,608	26,883,011	137,367,675
2008	10,051,156	9,000	3,002,172	81,638,011	5,110,289	16,372,248	26,671,950	142,854,826
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

Source: The District's Governmental Funds Statements of Revenues, Expenditures, and Changes in Fund Balances (Exhibit C-3 for fiscal years 2005-2013 & 2015 & 2016)(Exhibit C-2 for fiscal year 2014); and Notes to Financial Statements.

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
2007	74,921,727	8,002,367	24,017,572	4,220,685	17,903,303	1,033,520
2008	78,084,211	8,082,193	23,463,385	4,606,416	18,030,622	1,044,343
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

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 & 2015-2016) (Exhibit C-2 for fiscal year :

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
3,507,168	3,574,158	11,144,301	28,910	148,353,711	2.17%
4,331,488	3,540,155	4,334,231	113,760	145,630,804	4.63%
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%

2014).

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

LAST TEN YEARS

(Unaudited)

	2007	2008	2009	2010
Excess of Revenues Over (Under) Expenditures	\$ (10,986,036)	\$ (2,775,978)	\$ (8,777,141)	\$ 15,956,709
Other Financing Sources (Uses)				
Issuance of Bonds	-	-	-	-
Capital-Related Debt Issued	-	9,165,000	-	-
Capital Leases	1,690,568	1,405,466	5,568,376	622,078
Prepaid Interest	-	65,862	-	-
Sale of Real and Personal Property	-	-	-	-
Non-Current Loans	-	-	-	-
Transfers In	-	-	-	40,000
Insurance Recovery	-	-	-	142,157
Premium or Discount on Issuance of Bonds	-	-	-	-
Other Resources	2,072,963	145,623	2,159,807	-
Transfers Out	-	-	-	(40,000)
Non Operating Expenses	-	-	-	-
Other Uses	-	(9,165,000)	-	-
Total Other Financing Sources (Uses)	3,763,531	1,616,951	7,728,183	764,235
Special Items	-	-	-	-
Net Change in Fund Balances	\$ (7,222,505)	\$ (1,159,027)	\$ (1,048,958)	\$ 16,720,944

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 & 2015-2016) (Exhibit C-2 for fiscal year 2014).

	2011	2012	2013	2014	2015	2016
\$	12,323,834	\$ (24,103,337)	\$ (20,891,513)	\$ (3,970,527)	\$ 1,409,873	\$ (365,017)
	-	-	-	-	-	-
	59,945,000	8,630,000	7,150,000	-	12,390,000	-
	-	-	773,493	2,937,637	2,635,015	-
	-	-	-	-	-	-
	-	-	-	-	16,003	-
	-	-	1,391,191	-	-	8,066,551
	-	1,850,000	6,812,185	7,348,514	3,800,000	500,000
	1,930	-	-	-	-	-
	1,192,957	904,685	542,817	-	949,336	-
	-	-	-	-	-	-
	-	(1,850,000)	(6,812,185)	(8,348,514)	(9,635,000)	(2,351,980)
	-	-	-	-	-	-
	(8,565,118)	(9,392,852)	(7,512,617)	-	(13,135,376)	-
	52,574,769	141,833	2,344,884	1,937,637	(2,980,022)	6,214,571
	-	-	-	-	14	-
\$	64,898,603	\$ (23,961,504)	\$ (18,546,629)	\$ (2,032,890)	\$ (1,570,135)	\$ 5,849,554

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
2007	12,839	5,835	623	1,871	329	1,394
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

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 & 2016) (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
80	273	278	868	2	11,555
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



DEBT CAPACITY INFORMATION

Donna ISD.....

Be the Change

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			
2007	784,747,162	97,164,052	881,911,214	1,127,757,848	78.20%	1.530000
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

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
2007	11,091,938	9,833,437	88.65%	1,493,196	11,326,633	102.12%	6,534,098	58.91%
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%

Source: Donna Independent School District Annual Financial and Compliance Reports (Exhibit I-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		Original Levy Total
	General Fund	Debt Service Fund	Total	General Fund	Debt Service Fund	
2007	1.370000	0.160000	1.530000	9,931,996	1,159,942	11,091,938
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

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	
2007	2006	1.530000	0.039200	0.989999	0.210000	0.590000	0.041300	0.154800	2.837586
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

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 2016		
		Tax Year 2015 Assessed Valuation	Rank	Percentage of Total Assessed Valuation
Wal-Mart Real Estate Business Trust	Retail	\$ 14,268,191	1	0.79%
MHC Victoria Palms LLC	RV Park - Hotel	10,012,500	2	0.55%
AEP Texas Central Co	Electric Utility	9,843,890	3	0.54%
Palm Shadows Resort	RV Park - Hotel	6,462,030	4	0.36%
Dewbre Petroleum Corp	Oil & Gas	6,022,370	5	0.33%
W Silver Recycling Inc	Recycling Center	5,203,249	6	0.29%
Tennessee Gas Pipeline	Gas Utility	4,444,050	7	0.24%
CHCT Texas LLC	Healthcare	3,377,197	8	0.19%
Packaging Corporation of America	Manufacturing	3,359,021	9	0.19%
Magic Valley Elec Coop	Electric Utility	3,299,690	10	0.18%
Helena Chemical Corp	Chemical	-		0.00%
W Silver Recycling Inc	Recycling Center	-		0.00%
Allied Waste North America Inc	Waste Disposal	-		0.00%
Driveline International Inc.	Transportation	-		0.00%
Howard Johnson	RV Park - Hotel	-		0.00%
Southwestern Bell Tele	Telephone Utility	-		0.00%
BP America Production	Oil & Gas	-		0.00%
General Electric Capital	Electric Utility	-		0.00%
South Texas Moulding, Inc.	Warehouse/Distribution Center	-		0.00%
Totals		\$ 66,292,188		3.65%

Source: Hidalgo County Appraisal District

Fiscal Year 2007

Tax Year 2006 Assessed Valuation	Rank	Percentage of Total Assessed Valuation
		0.00%
5,867,790	3	0.55%
3,390,471	7	0.32%
-		0.00%
-		0.00%
-		0.00%
-		0.00%
-		0.00%
-		0.00%
-		0.00%
-		0.00%
7,894,069	1	0.75%
6,649,016	2	0.63%
4,811,450	4	0.45%
4,090,916	5	0.39%
3,659,366	6	0.35%
2,941,340	8	0.28%
2,760,010	9	0.26%
2,719,859	10	0.26%
<u>\$ 44,784,287</u>		<u>4.23%</u>

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
2007	71,630,000	900,000	2,237,968	-	617,072
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

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>
75,385,040	1%	3,841.86	6.68%	5,649
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	5%	3,874.20	5.21%	6,396

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

As of August 31, 2016

(Unaudited)

Political Subdivision	Net Debt Amounts	As of	Estimated Percentage Applicable	Estimated Share of Overlapping Debt	Net Taxable Value
Hidalgo County	\$ 198,210,000	A 12/31/16	4.71%	\$ 9,330,004	32,500,611,220
Hidalgo County Drainage District No. 1	137,910,000	A 12/31/16	4.81%	6,631,000	31,817,387,327
City of Donna	47,790,000	A 09/30/15	100.00%	47,790,000	547,324,665
South Texas College	161,905,000	A 12/31/16	4.63%	7,493,946	33,051,982,985
				<u>\$ 71,244,950</u>	
Donna ISD Direct Debt		B 08/31/16	100.00%	<u>\$ 98,092,845</u>	1,529,846,269
Total Direct and Overlapping Debt				<u>\$ 169,337,795</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.

SCHEDULE 16
DONNA INDEPENDENT SCHOOL DISTRICT
COMPUTATION OF LEGAL DEBT MARGIN

LAST TEN YEARS

(Unaudited)

	2007	2008	2009	2010
Assessed Valuation	\$ 881,911,214	\$ 962,791,060	\$ 1,110,786,772	\$ 1,131,303,049
Debt Limit - 10% of Assessed Valuation	\$ 88,191,121	\$ 96,279,106	\$ 111,078,677	\$ 113,130,305
General Obligation Bonds	71,630,000	68,430,000	65,215,000	62,640,000
Deduct Amount Available in Debt Service Fund	870,027	1,212,268	1,707,399	869,162
Applicable Debt	70,759,973	67,217,732	63,507,601	61,770,838
Legal Debt Margin	\$ 17,431,148	\$ 29,061,374	\$ 47,571,076	\$ 51,359,467
Debt Margin as a Percentage of the Debt Limit	19.77%	30.18%	42.83%	45.40%

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.

2011	2012	2013	2014	2015	2016
\$ 1,292,474,750	\$ 1,350,985,848	\$ 1,366,483,175	\$ 1,393,755,555	\$ 1,529,846,269	\$ 1,603,584,850
\$ 129,247,475	\$ 135,098,585	\$ 136,648,318	\$ 139,375,556	\$ 152,984,627	\$ 160,358,485
110,080,000	105,225,000	100,215,000	95,135,000	89,045,000	83,885,000
660,980	683,308	713,237	1,018,643	1,013,273	8,371,761
109,419,020	104,541,692	99,501,763	94,116,357	88,031,727	75,513,239
\$ 19,828,455	\$ 30,556,892	\$ 37,146,555	\$ 45,259,199	\$ 64,952,900	\$ 84,845,246
15.34%	22.62%	27.18%	32.47%	42.46%	52.91%

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
2007	13,346	1,127,757,848	75,385,040	870,027	74,515,013	6.61%	5,583.32
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

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
2007	3,507,168	3,574,158	7,081,326	109,104,998	6.49%
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%

Source: Donna Independent School District Annual Financial and Compliance Reports

Note: *Excludes Other Fees



**DEMOGRAPHIC AND ECONOMIC
INFORMATION**

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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 **
2007	715,264	14,034,725,000	19,622	12,839	6.4%
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	2,070,287,600	24,579	14,182	7.8%
2016***	867,573	2,132,396,228	25,316	14,220	7.7%

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 2015 reports last updated November 17,2016.

** 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	2016 *			2007*		
	Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
Donna ISD	2,603	1	18.17%	2,202	1	16.10%
A&E Health Services, Inc.	513	2	3.58%			0.00%
Walmart	318	3	2.22%			
Idea Public Schools	114	4	0.80%			0.00%
HEB Food Store	112	5	0.78%	50	4	0.37%
City of Donna	109	6	0.76%	56	3	0.41%
Bland Distribution	97	7	0.68%			0.00%
Paramount Citrus	82	8	0.57%			0.00%
Victoria Palms Resort	76	9	0.53%	70	2	0.51%
McDonalds	63	10	0.44%	20	8	0.15%
Whataburger	58	11	0.40%	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%
Total	4,145		24.98%	2,422		18.63%

Source:

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

(2) *Census.gov Est. Population is 16,523 and Unemployment Rate is 7.65%. Population x Unemployment Rate = Unemployed.
Population: 2013 estimate 16,270 increased by 2% for 2014 data. = 16,595

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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
2007	125	51,600	1,127,757,848
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*	N/A	N/A	1,883,969,328

Source: City of Donna

* Information not available by publication date.



OPERATING INFORMATION

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

LAST TEN YEARS

(Unaudited)

Classification	2007	2008	2009	2010
Number of Employees				
Teachers	876	929	982	995
Professional Support	177	193	218	196
Campus Administration	40	43	54	52
Central Administration	17	18	6	5
Educational Aides	326	352	328	310
Auxiliary Staff	873	922	928	769
Total Employees	2,308	2,458	2,516	2,326
Percent of Total				
Teachers	37.95%	37.81%	39.04%	42.77%
Professional Support	7.67%	7.86%	8.67%	8.42%
Campus Administration	1.75%	1.75%	2.15%	2.23%
Central Administration	0.71%	0.74%	0.24%	0.21%
Educational Aides	14.11%	14.34%	13.02%	13.32%
Auxiliary Staff	37.80%	37.50%	36.89%	33.05%
	100.00%	100.00%	100.00%	100.00%

Source: The District's Human Resources Department and the Academic Excellence Indicator System (AEIS).
Data taken from P.E.I.M.S. report(s).

2011	2012	2013	2014	2015	2016
999	941	944	1023	1067	1068
202	200	216	261	257	269
50	49	50	45	45	45
6	5	5	18	20	17
239	229	220	267	275	288
773	857	889	867	879	916
<u>2,269</u>	<u>2,280</u>	<u>2,324</u>	<u>2,481</u>	<u>2,544</u>	<u>2,603</u>
44.02%	41.26%	40.62%	41.23%	41.96%	41.03%
8.92%	8.76%	9.29%	10.52%	10.10%	10.33%
2.18%	2.15%	2.15%	1.81%	1.77%	1.73%
0.26%	0.22%	0.22%	0.73%	0.79%	0.65%
10.55%	10.05%	9.47%	10.76%	10.82%	11.06%
34.06%	37.57%	38.25%	34.95%	34.56%	35.19%
<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>

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				
2007	36,650	51,500	42,550	9.3	88.2%	10.7%
2008	36,650	51,500	43,040	8.9	89.3%	10.0%
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%

Source: Texas Academic Performance Reports (TARP) FY 2013-2016 &
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
2007	12,839	13,346	96.20%
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%

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
2007	12,839	107,167,431	8,347	9.11%	130,538,843	10,167	5.10%
2008	12,839	110,645,055	8,618	3.25%	132,640,041	10,331	1.61%
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%

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
2007	15.2	89%	12,577	94.5%
2008	15.0	89%	13,359	95.9%
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%

Source: 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
HIGH SCHOOLS			ELEMENTARY SCHOOLS		
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
MIDDLE SCHOOLS			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
SPECIAL CAMPUSES			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, 2016 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.



SINGLE AUDIT

Donna ISD.....

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

LUIS C OROZCO
CERTIFIED PUBLIC ACCOUNTANT
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INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND
ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To the Board of School Trustees of the
Donna Independent School District
116 North 10th
Donna, Texas 78537

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 the Donna Independent School District, as of and for the year ended August 31, 2016, and the related notes to the financial statements, which collectively comprise the Donna Independent School District's basic financial statements, and have issued our report thereon dated January 24, 2017

Internal Control over Financial Reporting

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

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

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

Compliance and Other Matters

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

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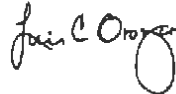
LUIS C OROZCO

CERTIFIED PUBLIC ACCOUNTANT

808 Del Oro Lane
Pharr, Tx 78577
lcocpa@lcocpa.com

Purpose of this Report

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



Luis C. Orozco
Certified Public Accountant

Pharr, TX
January 24, 2017

LUIS C OROZCO
CERTIFIED PUBLIC ACCOUNTANT
808 Del Oro Lane
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lcocpa@lcocpa.com

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

To the Board of School Trustees of the
Donna Independent School District
116 North 10th
Donna, Texas 78537

Report on Compliance for Each Major Federal Program

We have audited the 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 the Donna Independent School District's major federal programs for the year ended August 31, 2016. 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 the 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 the 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 the Donna Independent School District 's compliance.

Opinion on Each Major Federal Program

In our opinion, the 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, 2016.

Other Matters

The results of our auditing procedures disclosed no instances of noncompliance, which are required to be reported in accordance with the Uniform Guidance. Our opinion on each major federal program is not modified with respect to these matters.

Report on Internal Control over Compliance

Management of the 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

LUIS C OROZCO

CERTIFIED PUBLIC ACCOUNTANT

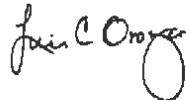
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performing our audit of compliance, we considered the Donna Independent School District's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing 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 the 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.



Luis C. Orozco
Certified Public Accountant

Pharr, TX
January 24, 2017

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DONNA INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED AUGUST 31, 2016

I. Summary of the Auditor's Results:

1. The type of report issued on the financial statements of the Donna Independent School District was a(n): Unmodified
2. No significant deficiencies in internal control were disclosed by the audit of the financial statements and whether they were material weaknesses.
3. Noncompliance which is material to the financial statements: None
4. No significant deficiencies in internal control over major programs were disclosed in the audit.
5. The type of report the auditor issued on compliance for major programs. : Unmodified
6. Did the audit disclosed any audit findings which the auditor is required to report under Section ____,510(a). These include: No
7. The major programs include:
 - Child Nutrition Cluster:
 - CFDA 10.553 School Breakfast Program
 - CFDA 10.555 National School Lunch Program
 - Other Programs:
 - CFDA 10.582 Fresh Fruit and Vegetable Program
 - CFDA 84.011 Migrant Education State Grant Program
8. The dollar threshold used to distinguish between Type A and Type B programs: \$853,586.
9. Low Risk Auditee: Yes

II. Findings Relating to the Financial Statements Which Are Required To Be Reported in Accordance with *Generally Accepted Government Auditing Standards*.

The audit disclosed no findings required to be reported.

III. Findings and Questioned Costs for Federal Awards Including Audit Findings as Described in I.f

The Audit disclosed no findings and questioned costs required to be reported.

DONNA INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL A WARDS
FOR THE YEAR ENDED AUGUST 31, 2016

(1)	(2)	(3)	(4)
FEDERAL GRANTOR/ PASS-THROUGH GRANTOR/ PROGRAM or CLUSTER TITLE	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
U.S. DEPARTMENT OF EDUCATION			
<u>Passed Through State Department of Education</u>			
ESEA, Title I, Part A - Improving Basic Programs	84.010A	16 -16610100000000	\$ 8,173,362
ESEA, Title I, Part A - Improving Basic Programs	84.010A	17 -16610100000000	414,860
Total CFDA Number 84.010A			8,588,222
ESEA, Title I, Part C - Migratory Children	84.011	15 -16615000000000	249,892
ESEA, Title I, Part C - Migratory Children	84.011	16 -16615000000000	2,631,426
ESEA, Title I, Part C - Migratory Children	84.011	17 -16615000000000	208,111
Total CFDA Number 84.011			3,089,429
*IDEA - Part B, Formula	84.027	15 -1666000000000000	67,937
*IDEA - Part B, Formula	84.027	16 -1666000000000000	2,287,856
Total CFDA Number 84.027			2,355,793
*IDEA - Part B, Preschool	84.173	16 -1666100000000000	28,688
Total Special Education Cluster (IDEA)			2,384,481
Career and Technical - Basic Grant	84.048	16 -16420000000000	248,065
Career and Technical - Basic Grant	84.048	17 -16420000000000	17,915
Total CFDA Number 84.048			265,980
ESEA, Title X, Part C -Homeless Children	84.196	15 -056	6
ESEA, Title X, Part C -Homeless Children	84.196	16 -056	47,822
ESEA, Title X, Part C -Homeless Children	84.196	17 -056	8
Total CFDA Number 84.196			47,836
Title IV, Pt B-21st Cent. Community Learning Cent.	84.287		3,776
GEAR UP	84.334S	15 -P334A110180-12	30
GEAR UP	84.334S	16 -P334A110180-12	201,904
GEAR UP	84.334S	17 -P334A110180-12	18,907
Total CFDA Number 84.334S			220,841
Title III, Part A - English Language Acquisition	84.365A	15 -16671000000000	11
Title III, Part A - English Language Acquisition	84.365A	16 -16671000000000	732,724
Title III, Part A - English Language Acquisition	84.365A	17 -16671000000000	61,284
Total CFDA Number 84.365A			794,019
ESEA, Title II, Part A, Teacher/Principal Training	84.367A	15 -16694500000000	27,765
ESEA, Title II, Part A, Teacher/Principal Training	84.367A	16 -16694500000000	549,388
Total CFDA Number 84.367A			577,153
Total Passed Through State Department of Education			\$ 15,971,737
TOTAL U.S. DEPARTMENT OF EDUCATION			\$ 15,971,737
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			
<u>Passed Through Texas Dept of Human Services</u>			
Medicaid Administrative Claiming Program - MAC	93.778		\$ 52,391
Total Passed Through Texas Dept of Human Services			\$ 52,391
TOTAL U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			\$ 52,391
U.S. DEPARTMENT OF AGRICULTURE			
<u>Passed Through the State Department of Agriculture</u>			
*School Breakfast Program	10.553	71401601	\$ 4,306,104
*National School Lunch Program - Cash Assistance	10.555	71301601	7,467,378

DONNA INDEPENDENT SCHOOL DISTRICT
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 FOR THE YEAR ENDED AUGUST 31, 2016

(1) FEDERAL GRANTOR/ PASS-THROUGH GRANTOR/ PROGRAM or CLUSTER TITLE	(2) Federal CFDA Number	(3) Pass-Through Entity Identifying Number	(4) Federal Expenditures
*National School Lunch Prog. - Non-Cash Assistance	10.555	3001601	<u>299,642</u>
Total CFDA Number 10.555			<u>7,767,020</u>
Total Child Nutrition Cluster			<u>12,073,124</u>
Fresh Fruit & Vegetable Program	10.582	00564	<u>355,607</u>
Total Passed Through the State Department of Agriculture			<u>\$ 12,428,731</u>
TOTAL U.S. DEPARTMENT OF AGRICULTURE			<u>\$ 12,428,731</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS			<u>\$ 28,452,859</u>

*Clustered Programs

See Accompanying Notes to the Schedule of Expenditures of Federal Awards

DONNA INDEPENDENT SCHOOL DISTRICT
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED AUGUST 31, 2016

1. The District uses the fund types specified in the *Resource Guide*.
2. Special revenue funds are used to account for resources restricted to, or designated for, specific purposes by a grantor. Federal and state financial assistance generally is accounted for in a Special Revenue Fund. Generally, unused balances are returned to the grantor at the close of specified projects periods.
3. The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All Federal grant funds were accounted for in the Special Revenue Fund, a component of the Governmental Fund types, except for indirect costs funded by federal grants and Impact Aid and ROTC reimbursements, which are recorded in the General Fund. Medicaid reimbursements are recorded in the General Fund as federal revenue but this does not meet the definition of federal awards for purposes of preparing the schedule of federal awards.
 - a. The modified accrual basis of accounting is used for the Governmental Funds. This basis of accounting recognizes revenues in the accounting period in which they become 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. Expenditures generally are recorded when a liability is incurred.
 - b. Federal grants are considered to be earned to the extent of expenditures made under the provisions of the grant, and, accordingly, when such funds are received, they are recorded as deferred revenues until earned.
4. The period of availability for federal grant funds for the purpose of liquidation of outstanding obligations made on or before the ending date of the federal project period extended 90 days beyond the federal project period ending date, in accordance with provisions in OMB Uniform Guidance Compliance statement, Part 3, Section H, Period of Availability of Federal Funds.
5. All of the ESEA, Title I, Part A expenditures are for school wide programs.
6. The District has elected not to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.

SCHOOLS FIRST QUESTIONNAIRE

Donna Independent School District

Fiscal Year 2016

SF2	Were there any disclosures in the Annual Financial Report and/or other sources of information concerning nonpayment of any terms of any debt agreement at fiscal year end?	No
SF4	Was there an unmodified opinion in the Annual Financial Report on the financial statements as a whole?	Yes
SF5	Did the Annual Financial Report disclose any instances of material weaknesses in internal controls over financial reporting and compliance for local, state, or federal funds?	No
SF6	Was there any disclosure in the Annual Financial Report of material noncompliance for grants, contracts, and laws related to local, state, or federal funds?	No
SF7	Did the school district make timely payments to the Teachers Retirement System (TRS), Texas Workforce Commission (TWC), Internal Revenue Service (IRS), and other government agencies?	Yes
SF8	Did the school district not receive an adjusted repayment schedule for more than one fiscal year for an over allocation of Foundation School Program (FSP) funds as a result of a financial hardship?	No
SF10	Total accumulated accretion on CABs included in government-wide financial statements at fiscal year-end.	1722558
SF11	Net Pension Assets (1920) at fiscal year-end.	15755407
SF12	Net Pension Liabilities (2540) at fiscal year-end.	36202481
SF13	Pension Expense (6147) at fiscal year-end.	8830728