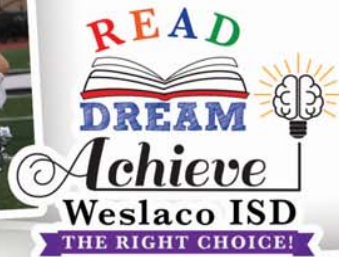


Comprehensive Annual Financial Report for the Fiscal Year Ended August 31, 2018 Weslaco, Texas





**COMPREHENSIVE
ANNUAL FINANCIAL REPORT**

**FOR THE
YEAR ENDED AUGUST 31, 2018**

**PREPARED BY BUSINESS
DEPARTMENT**

**312 W. 5th STREET
WESLACO, TEXAS 78599**

WESLACO INDEPENDENT SCHOOL DISTRICT
Weslaco, Texas

COMPREHENSIVE ANNUAL FINANCIAL REPORT

AUGUST 31, 2018

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Weslaco, Texas

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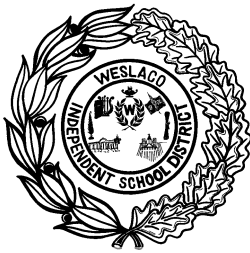
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Weslaco Independent School District Business Office

P.O. Box 266
Weslaco, Texas 78599-0266
(956) 969-6523 – Fax (956) 969-6808

Priscilla Canales, Ph.D.
Superintendent of Schools

January 7, 2019

Dear Citizens and Board of Trustees of the
Weslaco Independent School District,

The Texas Education Code requires that all school districts file and publish a complete set of financial statements with the Texas Education Agency ("TEA") within 150 days of the close of each fiscal year. The financial statements must be presented in conformity with accounting principles generally accepted in the United States of America. The financial statements must be audited by a firm of licensed certified public accountants in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Pursuant to these requirements, we hereby issue the Comprehensive Annual Financial Report (CAFR) of the Weslaco Independent School District (the District) for the fiscal year ended August 31, 2018.

This report is presented in four sections as described below:

1. **Introductory Section** – This section includes this transmittal letter, a list of principal District officials, and the District's organization chart.
2. **Financial Section** – This section includes the independent auditor's report on the audit of the financial statements, management's discussion and analysis of the District's financial performance for the year, the District's financial statements, notes to the financial statements, and supplementary statements and schedules.
3. **Statistical Section** – This section is not audited. It includes selected financial and demographic information, primarily in table form for multiple years.
4. **Single Audit Section** – This section includes the independent auditor's reports on internal control and compliance with laws, regulations, and grant provisions. Related schedules and documents required by laws and regulations are also included as listed in the table of contents.

The District's Finance Department has prepared this CAFR, assuming full responsibility for the accuracy and completeness of the information contained therein, based upon a comprehensive framework of internal control that has been established for this purpose. Because the cost of internal control should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements.

We believe the data is presented in a manner to fairly represent the financial position and results of operations of the District, and that all disclosures necessary to enable the reader to gain the maximum understanding of the District's financial affairs have been included. The CAFR for the year ended August 31, 2018, is prepared in accordance with generally accepted accounting principles (GAAP) and is in conformance with standards of financial reporting established by the Governmental

Accounting Standards Board (GASB) using guidelines recommended by the Government Finance Officers Association (GFOA).

Noel Garza, CPA, PC has issued an unmodified (“clean”) opinion on the Weslaco Independent School District’s financial statements for the year ended August 31, 2018. The independent auditor’s report is located at the front of the Financial Section.

The Management’s Discussion and Analysis (MD&A) immediately follows the independent auditor’s report and provides a narrative introduction, overview, and analysis of the basic financial statements. The MD&A complements this letter of transmittal and should be read in conjunction with it.

This report provides valuable information for management as well as other users of the financial statements. Copies will be made available to the public, the Texas Education Agency, financial rating services, and other interested parties.

Profile of the District

Weslaco is located in the southern tip of Texas in the heart of the Rio Grande Valley, which is considered to be one of the top growth areas in the state, and in the country. Weslaco city officials organized the school district soon after the city’s establishment in 1919. With an enrollment of 350 in its first school year, 1921-22, the District had a faculty of ten and a graduating class of nine students. The first official school building, which still stands on the corner of Illinois and 7th Streets, was completed in February 1922.

Today, Weslaco ISD encompasses approximately 54.40 square miles. The District is empowered to levy property taxes on all real and personal property within its boundaries. The District is governed by a seven member Board of Trustees (the Board) elected by the registered voters of the District. The Board is responsible, among other things, for adopting and amending the annual budget, making policy, setting goals, approving contracts and personnel appointments, and hiring the superintendent. The superintendent is responsible for carrying out the policies of the Board and for overseeing the day-to-day operations of the District. With an official budget of around \$173 million and over 2,300 employees, Weslaco ISD is the largest employer in the city of Weslaco.

The annual budget is the foundation of the District’s financial planning and control. After public hearings, the budget is legally enacted by Board resolution each year prior to September 1. Once it is approved, the budget can only be changed at the function and fund level by amendments approved by a majority of the members of the Board. Budget-to-actual comparisons are provided in this report for the General Fund, the Food Service Program, and the Debt Service Fund. The comparison for the General Fund is presented in Exhibit C-5, and the Child Nutrition Program and Debt Service Fund in Exhibits J-2 and J-3, respectively. Most of the other special revenue funds are controlled by project-length budgets approved by State and Federal grantor agencies, for which budget-to-actual comparisons are not included in this report. A project-length spending plan, as outlined in the ordinances, which authorized the bond issues, is used for any Capital Project Fund.

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.

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, internal auditing, 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 recognized 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.

Weslaco ISD serves a student population of over 17,000 students with four high schools, four middle schools, and 11 elementary schools. It offers a technology infused and challenging curriculum aligned to college and career readiness standards taught by highly qualified and effective teachers. The District's mission is to deliver a complete educational experience grounded in creativity, synergy, problem solving, and critical thinking that develops lifelong learners, confident leaders, and engaged citizens. The District follows a school feeder pattern. Students from its eleven elementary schools' students (Grades Pre-K to 5) are zoned to one of four middle schools. Middle school students (6th – 8th grade) are zoned to one of the two 9-12th grade high schools. The District also operates one CTE Early College high school, one Alternative high school, a disciplinary alternative education program, as well as a 21st Century Early Learning Foundation Academy. The District's 1,200 teachers are offered ongoing professional learning opportunities on best practice strategies in instruction, differentiation, pedagogy, technology and various other topics of interest. It provides opportunities for students to participate in a multitude of programs designed to accommodate their individual needs and interests that prepare them for life, college, and career.

Current Economic Condition

Located in the center of the Rio Grande Valley, Weslaco continues to experience steady growth. Property values reflect an increase in comparison to prior year and are expected to continue growing in the next few years.

According to the Texas Workforce Commission data link (TRACER), the unemployment rate has remained between 7 and 9 percent during the last few years. For the first part of 2018, the rates have held steady at around 7.9 percent average. Also, the per capita personal income has increased 14.5 percent over the last ten years.

Due to a strong and healthy economy, Weslaco ISD has maintained a credit rating of A+/Stable from S&P's Global Ratings.

Long-Term Financial Planning

The District continues to experience a decline in student membership of approximately 2.63% over the past 5 years. Our anticipated enrollment for the 2018-2019 school year is to maintain the 17,000 plus students. The 20 school sites that serve the students of Weslaco ISD were built as early as 1922 to the most recent elementary school built in 2010.

Local funding is expected to increase slightly over the next few years due to an increase in new construction and appraisal values. The District's tax rate for tax year 2018 is \$1.1397 per \$100 valuation for maintenance and operations, and \$0.02 for interest and sinking. State funding for the general fund is about 71% of the total general fund revenue. Federal funding is expected to decrease due to the sequestration of federal funds at the National level. Grant funding plays an important role as a resource to supplement regular funding and to expand programs needed for greater academic achievement. The District is focusing on greater efficiency through the use of technology to help reduce labor and time consuming paperwork. Future plans for a bond are continuously evaluated based on facility needs, local economic conditions, and the support of state legislative funding.

The educational stakeholders of the District are working on a five-year strategic plan that accounts for educational programs, technology resources, facilities and staffing that will be implemented over the next several years. By applying conservative principles and proactive staffing guidelines and practices, Weslaco ISD has been able to maintain a strong financial position. Future budgets will be based on the same principles and the District should be able to meet all its needs.

Awards

Weslaco ISD has received the highest financial accountability rating of "Superior Achievement" on the Financial Integrity Rating System of Texas (FIRST) as awarded by the Texas Education Agency for the past sixteen years. Senate Bill 218 of the 77th Legislature (2001) authorized the implementation of a financial accountability rating system referred to as School FIRST. The last two years, Weslaco ISD has received a perfect score. The primary purpose of the Financial Integrity Rating System of Texas (FIRST) is to ensure that 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.

Acknowledgements

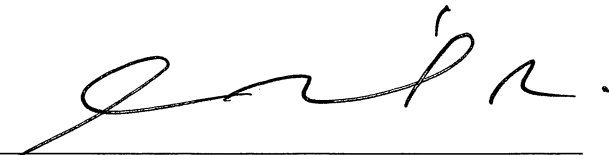
Preparation of the Comprehensive Annual financial Report on a timely basis was made possible by the dedicated service of the Finance Department. We appreciate the contribution made in the preparation of this report.

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

Respectfully,



Priscilla Canales, Ph.D.
Superintendent



Andrés Sánchez Jr., CPA
Assistant Superintendent of Business & Finance

WESLACO INDEPENDENT SCHOOL DISTRICT

WESLACO, TEXAS

LIST OF PRINCIPAL OFFICIALS

For the Year Ended August 31, 2018

BOARD OF TRUSTEES

Erasmo López, President

Óscar Caballero, Vice President

Isidoro Nieto, Secretary

Andrew González, Trustee

Patrick B. Kennedy, Trustee

Dr. Richard Rivera, Trustee

Dr. Jaime Rodríguez, Trustee

ADMINISTRATORS

Priscilla Canales, Ph.D., Superintendent

Andrés Sánchez Jr., CPA, Assistant Superintendent of Business & Finance

Sergio García, Assistant Superintendent for Administration & Support Services

Susan Peterson, Assistant Superintendent for Secondary Education & Leadership

Abel Aguilar, Assistant Superintendent for Elementary Education & Leadership

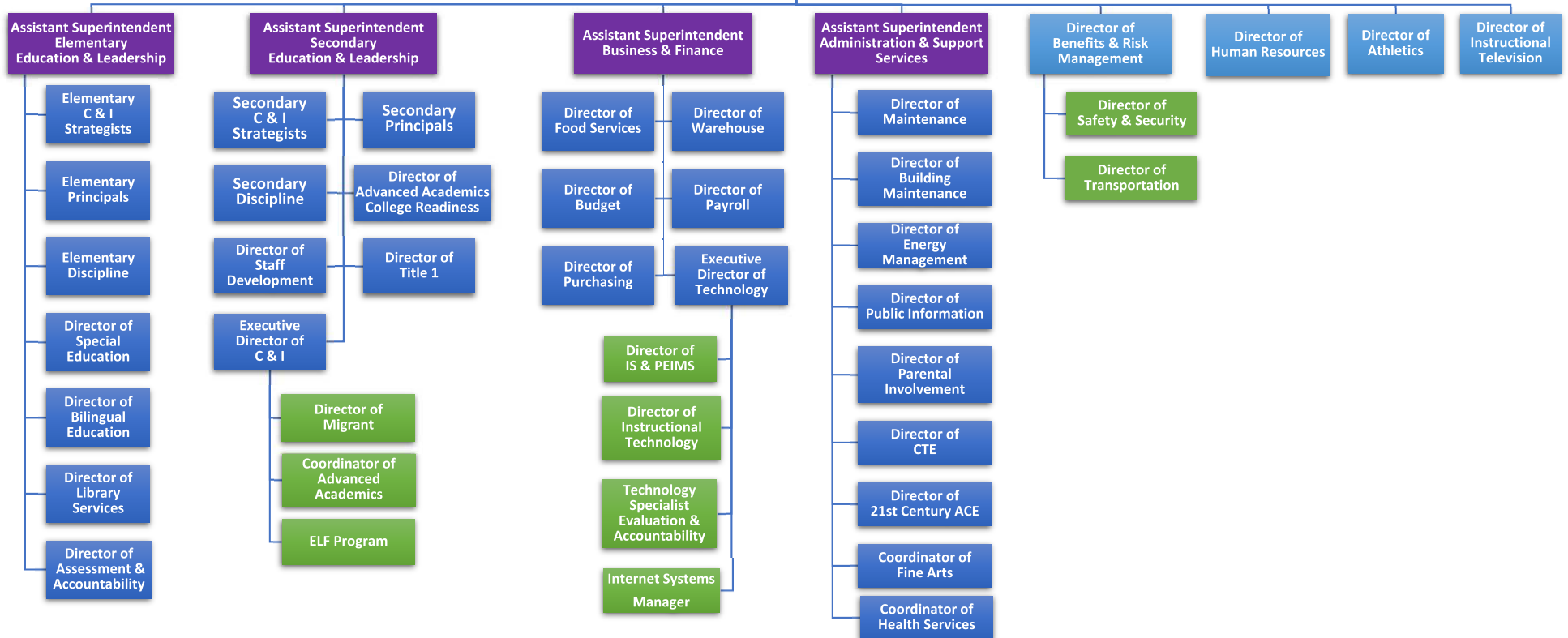
2017-2018 ORGANIZATIONAL CHART



WESLACO INDEPENDENT SCHOOL DISTRICT

BOARD OF TRUSTEES

Superintendent of Schools
Dr. Priscilla Canales



CERTIFICATE OF BOARD

Weslaco Independent School District
Name of School District

Hidalgo
County

108-913
Co-District Number

We, the undersigned, certify that the attached annual financial reports of the above-named school district were reviewed and (check one) ✓ approved disapproved for the year ended August 31, 2018, at a meeting of the Board of Trustees of such school district on the 14th day of January, 2019.



Signature of Board Secretary



Signature of Board President

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

FINANCIAL SECTION

Noel Garza, CPA, PC

Certified Public Accountant

4418 S. McColl Rd.

Edinburg, TX 78539

956-393-8743

INDEPENDENT AUDITOR'S REPORT

To the President and Members of the School Board
Weslaco Independent School District
Weslaco, Tx

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Weslaco Independent School District, as of August 31, 2018, and the respective changes in financial position, the budgetary comparison for the general fund and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Change in Accounting Principle

As discussed in Notes L-N and Note V to the financial statements, the District adopted the provisions of Government Accounting Standards Board (“GASB”) Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions, as of August 31, 2018. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management’s discussion and analysis on pages 12-19 and pension information and other-post employment benefit information on pages 68-71 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management’s responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

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

The combining and individual nonmajor fund financial statements and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information, except for that portion marked “Unaudited” on which we express no opinion, 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, other supplementary information and the schedule of expenditures of federal awards, except for that portion marked “Unaudited” on which we express no opinion, 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.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 20, 2018, on our consideration of the Weslaco Independent School District’s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Weslaco Independent School District’s internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Weslaco Independent School District’s internal control over financial reporting and compliance.

Noel Garza CPA PC.

Noel Garza, CPA PC
Edinburg, Tx
December 20, 2018

MANAGEMENT'S DISCUSSION AND ANALYSIS

This section of Weslaco Independent School District's annual financial report presents our discussion and analysis of the District's financial performance during the fiscal year ended August 31, 2018. Please read it in conjunction with the District's financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

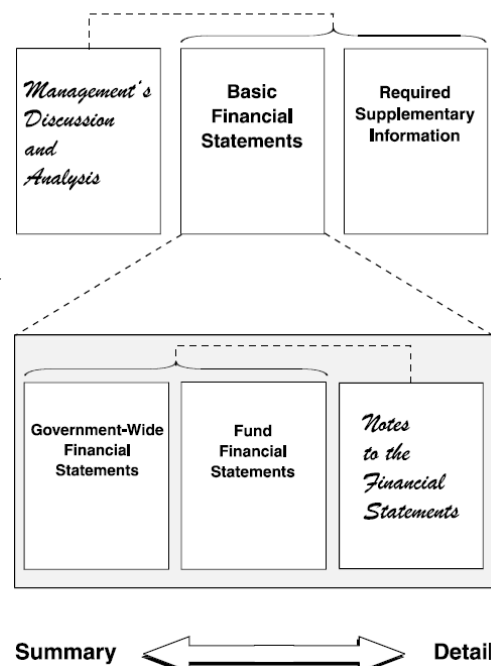
- The District's total net position is \$7,474,673 at August 31, 2018. This amounted to a decrease in net position of \$119,050,203 due to a prior period adjustment as a result of the implementation of GASB 75, and an increase of \$32,282,846 as a result of current year's operations.
- During the year, the District's expenditures were \$ 9,189,142 more than the \$198,749,384 generated in taxes, state funds, and other revenues for governmental programs. This compares to last year when expenditures exceeded revenues by \$1,493,880.
- Total cost of all of the District's programs increased by \$19,399,743 due to increases in salaries, health insurance, on-behalf calculations, and construction costs. The District also had expenditures to replace buses, other school vehicles, and other assets lost and repair buildings damaged in the June 20th flood (See Note W).
- The general fund reported a fund balance this year of \$ 41,861,790, representing a decrease of \$6,457,946 from last year.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

Figure A-1F, 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 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.

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 assets 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, deferred inflows/outflows, and liabilities—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 nonfinancial 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, extracurricular activities, curriculum and staff development, health services and general administration. Property taxes and grants 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 and by bond covenants.
- The Board of Trustees establishes other funds to control and manage money for particular purposes or to show that it is properly using certain taxes and grants.

The District 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.

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 position	• Balance sheet	• Statement of net position	• Statement of fiduciary net position
	• Statement of activities	• Statement of revenues, expenditures & changes in fund balances	• Statement of revenues, expenses and changes in fund net position • Statement of cash flows	• Statement of changes in fiduciary net position
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus	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

- *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 activities that provide supplies and services for the District's other programs and activities...
- *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.

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

Net position. The District's combined net position decreased by \$86,767,357, between fiscal years 2017 and 2018 to \$7,474,673 as of August 31, 2018. The decrease was due to a prior period adjustment as a result of the implementation of GASB 75 (See Table A-1).

Table A-1
Weslaco Independent School District
Net Position

	Governmental Activities			Total Percentage
	2018	2017	Change	Change
Current and Other Assets	\$ 92,902,093	\$ 85,003,031	\$ 7,899,062	9.3%
Capital and Non-Current Assets	136,347,551	131,196,400	5,151,151	3.9%
Total Assets	229,249,644	216,199,431	13,050,212	6.0%
Deferred Outflows of Resources	15,318,822	19,399,614	(4,080,792)	-21.5%
Current Liabilities	17,230,097	10,695,033	6,535,064	61.1%
Long Term Liabilities	184,869,029	128,051,529	56,817,499	44.8%
Total Liabilities	202,099,126	138,746,562	63,352,564	45.7%
Deferred Inflows of Resources	34,994,667	2,610,453	32,384,214	1,240.6%
Net Position:				
Net Investment in Capital Assets	65,403,874	53,852,720	11,551,155	21.5%
Restricted	34,045,172	31,073,280	2,971,892	9.6%
Unrestricted	(91,974,374)	9,316,031	(101,290,405)	-1,087.3%
Total Net Position	\$ 7,474,673	\$ 94,242,030	\$(86,767,357)	-92.1%

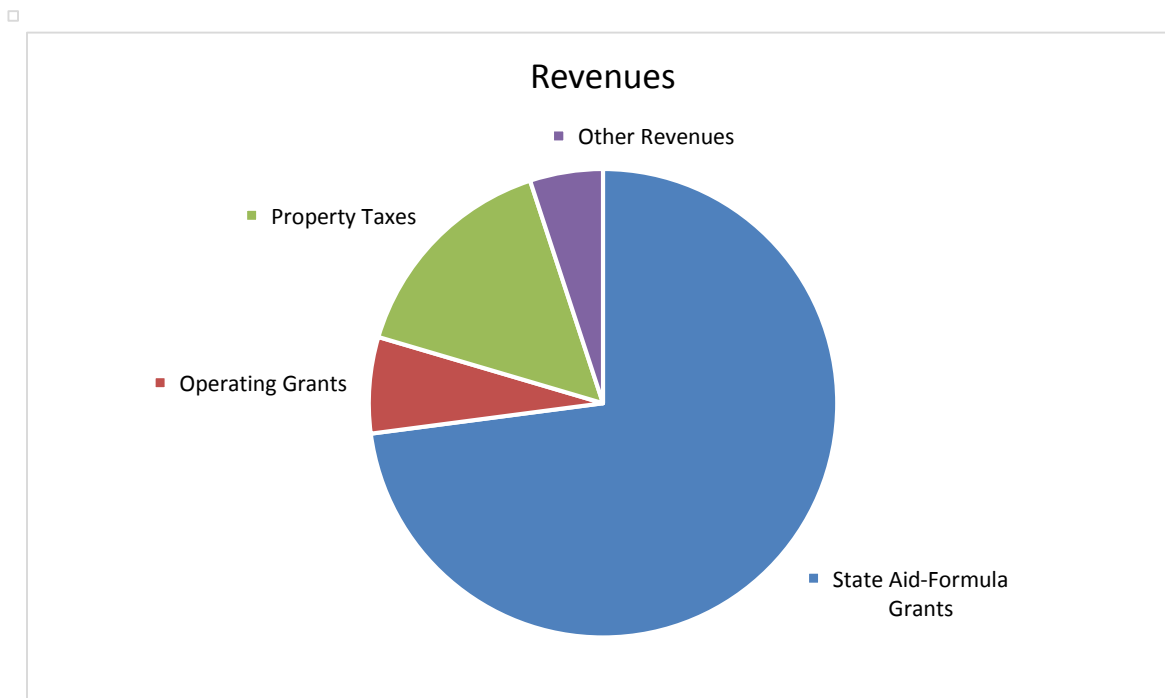
Net position of the District's governmental activities decreased 92.1% to \$7,474,673. However, most of the total net position is either invested in capital assets or is restricted as to the purposes they can be used for. Unrestricted net position amounted to \$25,116,152 at the end of this fiscal year. The unrestricted balance decreased by 7% from the prior year. The decrease in the unrestricted balance was mainly due to the increase in net investment in capital assets.

Governmental Activities

Changes in net assets. The District's total revenues were \$174,058,359 for fiscal year ended August 31, 2018. A significant portion of revenue is derived from the following: 72.9% comes from state-aid formula grants, 6.6% of the District's revenue comes from operating grants, and 15.4% is related to property taxes collected, 5.0% of total revenue is composed of investment earnings received, charges for services, extraordinary item and miscellaneous revenue. (See Figure A-3).

Governmental Activities

□ **FIGURE A-3 WISD SOURCES OF REVENUE FOR FISCAL YEAR 2018**



The property tax rate was 1.1597 in 2017-18. The Maintenance and Operations tax rate was 1.1397 and the Debt Service tax rate was 0.02. The property tax rate will remain constant in 2018-19 as 1.1397 for maintenance and operations and the Debt Service tax rate at 0.02.

The total cost of all programs and services was \$141,775,514 of which 43.6% of these costs are for instruction, 13.37% was for general administration, 9.6% is for Facilities Maintenance and Operations, and 7.0% for food services to students which represent the major function percentages for fiscal year ended August 31, 2018. (See Figure A-4)

Governmental Activities – Changes in the District's Net Position Table A-2 Continues in next page.

Table A-2
Weslaco Independent School District
Changes in Net Position

	Governmental Activities		Change	Total Percentage Change
	2018	2017		
Program Revenues:				
Charges for Services	\$ 4,283,549	\$ 3,887,964	\$ 395,585	10.17%
Operating Grants & Contributions	11,559,296	41,621,847	(30,062,551)	-72.23%
Capital Grants & Contributions	-	-	-	-
General Revenues:				
Property Taxes	26,799,772	24,929,515	1,870,258	7.50%
Grants and Contributions, Unrestricted State Aid-Formula	126,931,141	119,855,162	7,075,979	5.90%
Investment Earnings	1,375,217	564,446	810,771	143.64%
Miscellaneous	21,126	69,727	(48,602)	-69.70%
Extraordinary Item-Net	3,088,259	-	3,088,259	N/A
Total Revenues	<u>\$ 174,058,359</u>	<u>\$ 190,928,661</u>	<u>\$ (16,870,302)</u>	<u>-8.84%</u>
Total Expenses (By-Function)				
Instruction	\$ 61,875,457	\$ 92,471,673	\$ (30,596,217)	-33.09%
Instructional Resources and Media Services	2,133,005	3,270,878	(1,137,873)	-34.79%
Curriculum and Staff Development	3,444,618	6,672,451	(3,227,833)	-48.38%
Instructional Leadership	1,457,965	2,102,624	(644,658)	-30.66%
School Leadership	4,182,155	5,525,639	(1,343,484)	-24.31%
Guidance, Counseling and Evaluation Services	3,675,415	6,274,128	(2,598,713)	-41.42%
Social Work Services	1,123,254	2,078,113	(954,858)	-45.95%
Health Services	1,175,267	1,991,617	(816,351)	-40.99%
Student (Pupil) Transportation	4,463,629	4,841,325	(377,696)	-7.80%
Food Services	9,934,616	12,346,731	(2,412,115)	-19.54%
Extracurricular Activities	6,951,528	8,491,903	(1,540,376)	-18.14%
General Administration	18,956,735	24,261,944	(5,305,209)	-21.87%
Facilities Maintenance and Operations	13,666,829	16,614,367	(2,947,537)	-17.74%
Security and Monitoring Services	1,685,302	2,235,845	(550,543)	-24.62%
Data Processing Services	1,639,951	2,034,553	(394,602)	-19.40%
Community Services	2,239,217	3,991,891	(1,752,674)	-43.91%
Debt Service - Interest on Long Term Debt	2,623,023	2,273,503	349,520	15.37%
Debt Service - Bond Issuance Cost and Fees	138,222	626,815	(488,593)	-77.95%
Payments to Juvenile Justice Alternative Ed. Program	129,946	248,000	(118,054)	-47.60%
Other Intergovernmental Charges	279,379	161,539	117,841	72.95%
Total Expenses	<u>\$ 141,775,514</u>	<u>\$ 198,515,540</u>	<u>\$ (56,740,026)</u>	<u>-28.58%</u>
Increase (Decrease) in Net Position	32,282,846	(7,586,879)	39,869,725	-525.51%
Net Position Beginning	94,242,030	101,828,909	(7,586,879)	-7.45%
Prior Period Adjustment	(119,050,203)	-	(119,050,203)	N/A
Net Position - Beginning, as Restated	(24,808,173)	101,828,909	(126,637,082)	-124.36%
Net Position Ending	<u>\$ 7,474,673</u>	<u>\$ 94,242,030</u>	<u>\$ (86,767,357)</u>	<u>-92.07%</u>

Governmental Activities-Continued

- The cost of all governmental activities this year was \$141,775,514.
- Some of the cost were paid by those who directly benefited from the programs in the amount of \$4,283,549.
- Other cost were paid by Operating Grants, Capital Grants and Contributions of \$11,559,296.
- However, the amount that our taxpayers paid for these activities through property taxes was \$26,799,772.

Table A-4 presents the cost of each of the District's largest functions as well as each function's net cost (total cost less fees generated by the activities and intergovernmental aid). The net cost reflects what was funded by state revenues as well as local tax dollars.

Table A-4
Net Cost of District's Major Governmental Activities

	Costs			Net Costs		
	2018	2017	% Change	2018	2017	% Change
Instruction	\$ 61,875,457	\$ 92,471,673	-33.09%	\$ 64,407,533	\$ 78,297,175	-17.74%
Food Services	9,934,616	12,346,731	-19.54%	(2,228,665)	(641,608)	-247.39%
Extracurricular Activities	6,951,528	8,491,903	-18.14%	7,026,340	7,716,442	-8.94%
General Administration	18,956,735	24,261,944	-21.87%	16,201,060	21,082,482	23.15%
Facilities Maintenance / Operations	13,666,829	16,614,367	-17.74%	14,407,357	15,358,655	-6.19%

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

Governmental Funds

The focus of the District's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources.

As of August 31, 2018, the District's governmental funds reported ending fund balances of \$68,876,650. Of the current ending fund balances, the general fund reported an ending fund balance of \$41,861,790 while the rest of the funds amounted to a fund balance of \$27,014,859. The following categories are recorded and primary uses noted in accordance with implementing GASB No. 54.

- \$2,198,924 is recorded as non-spendable, of which \$848,180 is for as non-spendable for inventories and \$1,350,744 is non-spendable for Prepaid Items.
- \$32,623,904 is recorded as restricted, of which \$5,862,080 is restricted for Federal or State Programs; \$23,768,132 is in Capital Acquisitions and Contractual Obligations; and \$2,993,691 is in Retirement of Long-Term Debt.
- \$243,452 is recorded as committed fund balance for Student Activities.
- \$15,810,371 is recorded as assigned, of which \$9,584 is assigned for scholarships and \$15,800,786 is assigned for various other projects.
- \$18,000,000 is recorded as unassigned and is available for spending at the government's discretion.

Revenues from governmental fund types totaled \$198,749,384 as of August 31, 2018. This is an increase of \$11,704,480 from August 31, 2017's total of \$187,044,904. The increase was due to increases in tax collections, TIER II funding, IFA funding, and On Behalf revenue calculations.

General Fund Budgetary Highlights

Over the course of the year, the District revised its budget numerous times. Even with these adjustments, actual expenditures were \$12,013,083 below final budget amounts. The most significant positive variance resulted from staffing. Staffing is budgeted for full employment throughout the full year. Budget amounts for vacant positions throughout the year are not revised. Also, due to lower than expected ADA, many vacant positions were not filled during the year.

- Instructional expenses were budgeted at a total of \$89,804,672 and actual expenditures totaled \$86,686,140. This created the single most significant expenditure variance in the budget which totaled a savings of \$3,118,532 of expected expenses.

On the other hand, resources available were budgeted at a total of \$180,099,528 and actual revenues totaled \$176,365,033, netting a difference of \$3,734,525 less than what was expected. The variance is due to food service federal revenues lower than expected and to insurance proceeds for the June 20th flood being reclassified to Other Resources as an Extraordinary Item.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At the end of 2018, the District had invested \$285,024,432 in a broad range of capital assets, including land, equipment, buildings, and vehicles. (See Table A-5.) This amount represents a net increase of \$5,151,151 or 3.67% (including additions, deductions and depreciation).

Table A-5
Weslaco Independent School District
District's Capital Assets

	2018	2017	Change	Percentage
Land	\$ 19,403,219	\$ 17,533,338	\$ 1,869,881	10.66%
Construction in Progress	7,854,859	572,382	7,282,478	1,272.31%
Buildings and Improvements	241,464,709	241,414,209	50,500	0.02%
Furniture and Equipment	23,916,345	25,504,503	(1,588,158)	(6.23%)
Totals at Historical Cost	292,639,132	285,024,432	7,614,700	2.67%
Accumulated Depreciation	(156,291,581)	(153,828,032)	(2,463,550)	1.60%
Net Capital Assets	\$ 136,347,551	\$ 131,196,400	\$ 5,151,151	3.67%

More detailed information about the District's capital assets is presented in the notes to the financial statements (Note F).

Long Term Debt

At year-end the District had \$ 44,815,000 million in bonds and \$ 24,614,000 notes outstanding as shown in Table A-6. More detailed information about the District's debt is presented in the notes to the financial statements (Note G).

Bond Ratings

The District's bonds presently carry "AAA/Stable" ratings with underlying ratings as follows: S & P Global Ratings "A+/Stable"

District's Long Term Debt – Table A-6 continues on next page.

Table A-6
Weslaco Independent School District
District's Long Term Debt

	2018	2017	Change	Percentage
Bond Payable	\$ 44,815,000	\$ 47,515,000	\$ (2,700,000)	-5.68%
Notes Payable	24,614,000	26,295,000	(1,681,000)	-6.39%
Premium on Bonds	9,583,275	9,838,118	(254,843)	-2.59%
Compensated Absences	795,040	914,510	(119,470)	-13.06%
Capital Lease Payable	1,514,676	-	1,514,676	N/A
Net Pension Liability	35,675,261	43,488,901	(7,813,640)	-17.97%
Net OPEB Liability	67,871,776	-	67,871,776	N/A
Total Long Term Debt	\$ 184,869,028	\$ 128,051,529	\$ 56,817,499	44.37%

NEXT YEAR'S BUDGETS AND RATE

The District's elected and appointed officials considered many factors when setting the fiscal year 2019 budget and tax rates.

These indicators were taken into account when adopting the General Fund budget for 2019. Amounts available for appropriation in the General Fund budget are \$ 169.9 million, with a decrease of 5.6% over the final 2018 budget of \$ 180.1 million. State per capita payments and estimated insurance recovery proceeds account for all of the revenue decrease. The District will use its revenues to finance programs we currently offer. Budgeted expenditures are expected to decline nearly 0.8 percent to \$169.0 million from \$ 170.3 million original budget in 2018. A reduction in vacancies, professional contracted services, and decrease in other operating expenditures resulted in this decrease. The District has added no new major programs or initiatives to the 2019 budget.

If these estimates are realized, the District's budgetary General Fund fund balance is expected to stay the same by the close of 2019.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, investors and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the District's business office, at WESLACO ISD, 312 West Fifth Street, Weslaco, Texas.

BASIC FINANCIAL STATEMENTS

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

Data Control Codes		Primary Government	
		Governmental Activities	
ASSETS			
1110	Cash and Cash Equivalents	\$	70,055,714
1220	Property Taxes Receivable (Delinquent)		4,077,159
1230	Allowance for Uncollectible Taxes		(176,027)
1240	Due from Other Governments		8,467,630
1290	Other Receivables		7,995,283
1300	Inventories - supplies and materials		983,921
1410	Prepayments		1,498,413
1510	Land and Land Improvements, net		12,736,868
1520	Buildings, net		107,839,062
1530	Furniture and Equipment, net		7,916,761
1580	Construction in Progress		7,854,859
1000	TOTAL ASSETS	\$	229,249,644
DEFERRED OUTFLOWS OF RESOURCES			
1701	Deferred charge on Refunding		1,941,886
1705	Deferred Resource Outflows for TRS		12,305,371
1706	Deferred Resource Outflows for TRS OPEB		1,071,565
1700	TOTAL DEFERRED OUTFLOWS OF RESOURCES	\$	15,318,822
LIABILITIES			
2110	Accounts Payable		6,151,025
2140	Interest Payable		258,063
2150	Payroll Deductions & Withholdings		1,179,196
2160	Accrued Wages Payable		5,116,011
2180	Due to Other Governments		9,359
2300	Unearned Revenues		4,516,442
	Noncurrent liabilities:		
2501	Due within one year		3,506,567
2502	Due in more than one year		68,232,150
2516	Premium & Discount on Issuance of Bonds		9,583,275
2540	Net Pension Liabilities		35,675,261
2545	Net OPEB Liability (Proportionate Share)		67,871,776
2000	TOTAL LIABILITIES	\$	202,099,126
DEFERRED INFLOWS OF RESOURCES			
2605	Deferred Inflow for TRS Pension		6,603,775
2606	Deferred Resource Inflow Related to TRS OPEB		28,390,892
2600	TOTAL DEFERRED INTFLOWS OF RESOURCES	\$	34,994,667
NET POSITION			
3200	Invested in capital assets, net of related debt		65,403,874
	Restricted for:		
3820	Federal and state programs		7,028,187
3850	Debt service		2,995,818
3860	Capital projects		23,768,132
3870	Campus activities		243,452
3880	Scholarships		9,584
3900	Unrestricted		(91,974,374)
3000	TOTAL NET POSITION	\$	7,474,673

The accompanying notes are an integral part of this statement.

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

Data Control Codes	10			2017		Total
	General	Construction	Tax Notes	Other	Governmental	
	Fund	Fund	Fund	Funds	Funds	
ASSETS						
1110 Cash and Cash Equivalents	\$ 39,558,221	\$ 14,856,430	\$ 9,575,034	\$ 3,123,641	\$ 67,113,326	
1220 Property Taxes - Delinquent	3,945,209	-	-	131,950	4,077,159	
1230 Allowance for Uncollectible Taxes (Credit)	(157,560)	-	-	(18,467)	(176,027)	
1240 Due from Other Governments	5,467,773	-	-	2,999,856	8,467,630	
1260 Due from Other Funds	1,001,841	-	-	-	1,001,841	
1290 Other Receivables	5,539,583	2,006,478	-	287	7,546,348	
1300 Inventories	983,921	-	-	-	983,921	
1410 Deferred Expenditures	1,350,744	-	-	147,670	1,498,413	
1000 Total Assets	<u>\$ 57,689,733</u>	<u>\$ 16,862,908</u>	<u>\$ 9,575,034</u>	<u>\$ 6,384,936</u>	<u>\$ 90,512,611</u>	
LIABILITIES						
Liabilities:						
2110 Accounts Payable	\$ 3,290,071	\$ 1,625,619	\$ 1,044,191	\$ 183,348	\$ 6,143,229	
2150 Payroll Deductions & Withholdings Payable	1,179,196	-	-	-	1,179,196	
2160 Accrued Wages Payable	4,729,399	-	-	386,612	5,116,011	
2170 Due to Other Funds	-	-	-	1,001,841	1,001,841	
2180 Due to Other Governments	9,359	-	-	-	9,359	
2300 Unearned Revenues	<u>2,832,268</u>	<u>-</u>	<u>-</u>	<u>1,452,926</u>	<u>4,285,194</u>	
2000 Total Liabilities	<u>12,040,293</u>	<u>1,625,619</u>	<u>1,044,191</u>	<u>3,024,727</u>	<u>17,734,829</u>	
DEFERRED INFLOWS OF RESOURCES						
2601 Unavailable Revenue - Property Taxes	\$ 3,787,649	\$ -	\$ -	\$ 113,483	\$ 3,901,132	
2600 Total Deferred Inflows of Resources	<u>\$ 3,787,649</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 113,483</u>	<u>\$ 3,901,132</u>	
Fund Balances:						
3410 Nonspendable Inventories	\$ 848,180	\$ -	\$ -	\$ -	\$ 848,180	
3430 Nonspendable Prepaid Items	1,350,744	-	-	-	1,350,744	
3450 Restricted for Grant Restrictions	5,862,080	-	-	-	5,862,080	
3470 Restricted for Capital Acquisitions	-	15,237,289	8,530,843	-	23,768,132	
3480 Restricted for Retirement of Debt	-	-	-	2,993,691	2,993,691	
3545 Other Committed Fund Balances	-	-	-	243,452	243,452	
3590 Other Assigned Fund Balance	15,800,786	-	-	9,584	15,810,371	
3600 Undesignated/Unassigned Fund Balance	<u>18,000,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>18,000,000</u>	
Total Fund Equity	<u>\$ 41,861,790</u>	<u>\$ 15,237,289</u>	<u>\$ 8,530,843</u>	<u>\$ 3,246,727</u>	<u>\$ 68,876,650</u>	
4000 Total Liabilities, Deferred Inflows & Fund Balances	<u>\$ 57,689,733</u>	<u>\$ 16,862,908</u>	<u>\$ 9,575,034</u>	<u>\$ 6,384,936</u>	<u>\$ 90,512,611</u>	

The accompanying notes are an integral part of this statement.

WESLACO INDEPENDENT SCHOOL DISTRICT
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE
STATEMENT OF NET POSITION
FOR THE YEAR ENDED AUGUST 31, 2018

Total Fund Balance - Governmental Funds	\$ 68,876,650
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 position. The net effect of this consolidation is to increase (decrease) net position.	3,152,277
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 \$ 285,024,432 and the accumulated depreciation was \$153,828,032. 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 increase (decrease) net position.	57,386,400
Current year capital outlays and long-term debt principal payments are expenditures in the fund financial statement, but they should be shown as increases in capital assets and reductions in long-term debt in the government-wide financial statements. The net effect of including the 2018 capital outlays and debt principal payments is to increase (decrease) net position.	20,935,863
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. The net position related to TRS included a deferred resource outflow in the amount of \$12,305,371, a deferred resource inflow in the amount of \$6,603,775, and a net pension liability in the amount of \$35,675,261. This resulted in a decrease in net position.	(29,973,665)
Included in the items related to debt is the recognition of the District's proportionate share of the net OPEB liability required by GASB 75. The net position related to TRS included a deferred resource outflow in the amount of \$1,071,565, a deferred resource inflow in the amount of \$28,390,892, and a net OPEB liability in the amount of \$67,871,776. This resulted in a decrease in net position.	(95,191,103)
The 2018 depreciation expense increases accumulated depreciation. The net effect of the current year's depreciation is to decrease net position.	(8,328,419)
Carrying value of fixed assets lost in the June 20, 2018 flood. The net effect is to decrease net position.	(3,012,802)
Various other reclassifications and eliminations are necessary to convert from the modified accrual basis of accounting to accrual basis of accounting. These include recognizing deferred revenue as revenue, eliminating interfund transactions, reclassifying the proceeds of bond sales as an increase in bonds payable, and recognizing the liabilities associated with maturing long-term debt and interest. The net effect of these reclassifications and recognitions is to increase (decrease)	(6,370,529)
Net Position of Governmental Activities	<u>\$ 7,474,673</u>

The accompanying notes are an integral part of this statement.

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

Data Control Codes		10 General Fund	Construction Fund	2017 Tax Notes Fund	Other Funds	Total Governmental Funds
	REVENUES:					
5700	Local and Intermediate Sources	\$ 28,505,466	\$ 196,817	\$ 215,612	\$ 898,761	\$ 29,816,656
5800	State Program Revenues	132,958,070	-	-	4,334,083	137,292,153
5900	Federal Program Revenues	14,901,467	-	-	16,739,109	31,640,576
	Total Revenues	<u>\$ 176,365,003</u>	<u>\$ 196,817</u>	<u>\$ 215,612</u>	<u>\$ 21,971,952</u>	<u>\$ 198,749,384</u>
	EXPENDITURES:					
	Current					
0011	Instruction	\$ 86,686,140	\$ 61,445	\$ 997,200	\$ 9,341,056	\$ 97,085,842
0012	Instruction Resources & Media Services	2,686,130	-	-	948,491	3,634,621
0013	Curriculum & Staff Development	3,457,554	-	-	2,491,516	5,949,071
0021	Instructional Leadership	1,875,760	-	-	687,092	2,562,852
0023	School Leadership	6,450,708	-	-	98,408	6,549,115
0031	Guidance, Counseling & Evaluation Services	5,482,002	-	-	1,226,679	6,708,681
0032	Social Work Services	923,268	-	-	917,219	1,840,486
0033	Health Services	1,471,707	-	-	745,735	2,217,442
0034	Student (Pupil) Transportation	11,535,049	-	79,390	115,941	11,730,380
0035	Food Services	12,248,341	-	-	-	12,248,341
0036	Co-curricular/Extracurricular Activities	7,110,037	-	-	225,529	7,335,567
0041	General Administration	5,387,771	-	-	-	5,387,771
0051	Plant Maintenance & Operations	16,658,304	1,529,749	655,971	1,819	18,845,844
0052	Security & Monitoring Services	2,618,957	32,873	931	655	2,653,417
0053	Data Processing Services	2,366,089	-	-	-	2,366,089
0061	Community Services	1,347,093	-	-	2,407,804	3,754,897
	Debt Service:					
0071	Debt Service - Principal on Long Term Debt	1,743,492	-	-	2,700,000	4,443,492
0072	Debt Service - Interest on Long Term Debt	923,112	-	-	2,086,500	3,009,612
0073	Debt Service - Bond Issuance Cost & Fees	950	-	-	1,875	2,825
	Capital Outlay					
0081	Facilities Acquisitions and Construction	-	5,397,047	3,805,811	-	9,202,858
	Intergovernmental:					
0095	Payments to Juvenile Justice Alternative Ed. Prog.	129,946	-	-	-	129,946
0099	Other Intergovernmental Charges	279,379	-	-	-	279,379
6030	Total Expenditures	<u>\$ 171,381,789</u>	<u>\$ 7,021,115</u>	<u>\$ 5,539,303</u>	<u>\$ 23,996,320</u>	<u>\$ 207,938,527</u>
1100	Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>\$ 4,983,214</u>	<u>\$ (6,824,298)</u>	<u>\$ (5,323,691)</u>	<u>\$ (2,024,367)</u>	<u>\$ (9,189,142)</u>
	OTHER FINANCING SOURCES (USES)					
7912	Sale of Real and Personal Property	\$ 21,126	\$ -	\$ -	\$ -	\$ 21,126
7913	Capital Lease Proceeds	1,577,168	-	-	-	1,577,168
7915	Transfers In	-	12,657,989	1,560	1,700,000	14,359,549
7919	ExtraOrdinary Items	5,480,095	2,006,320	-	-	7,486,415
8911	Transfers Out (Uses)	(18,519,549)	-	-	-	(18,519,549)
7080	Total Other Financing Sources (Uses)	<u>\$ (11,441,160)</u>	<u>\$ 14,664,309</u>	<u>\$ 1,560</u>	<u>\$ 1,700,000</u>	<u>\$ 4,924,709</u>
1200	Net Change in Fund Balances	\$ (6,457,946)	\$ 7,840,011	\$ (5,322,132)	\$ (324,367)	\$ (4,264,434)
0100	Fund Balance - September 1 (Beginning)	48,319,737	7,397,278	13,852,975	3,571,095	73,141,084
3000	Fund Balance - August 31 (Ending)	<u>\$ 41,861,790</u>	<u>\$ 15,237,289</u>	<u>\$ 8,530,843</u>	<u>\$ 3,246,727</u>	<u>\$ 68,876,650</u>

The accompanying notes are an integral part of this statement.

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

Total Net Change in Fund Balance - Governmental Funds	\$ (4,264,434)
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 (decrease) net position.	5,726,813
Current year capital outlays and long-term principal payments are expenditures in the fund financial statements, but they should be shown as increases in capital assets and reductions in long-term debt in the government-wide financial statements. The net effect of removing the 2018 capital outlays and debt principal payments is to increase (decrease) net position.	20,935,863
Depreciation is not recognized as an expense in governmental funds since it does not require the use of current financial resources. The net effect of the current year's depreciation is to decrease net position.	(8,328,419)
Carrying value of fixed assets lost in the June 20, 2018 flood. The net effect is to decrease net position.	(3,012,802)
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 taxes as revenue, adjusting current year revenue to show the revenue earned from the current year's tax levy, eliminating interfund transactions, reclassifying the proceeds of bond sales, and recognizing the liabilities associated with maturing long-term debt and interest. The net effect of these reclassifications and recognitions is to decrease net position.	(1,436,633)
GASB 68 required that certain plan expenditures be de-expended and recorded as deferred resource outflows. These contributions made after the measurement date of the plan caused the change in ending net position to increase by \$3,809,404. Contributions made before the measurement date and during the previous fiscal year were also expended and recorded as a reduction in net pension liability. This caused a decrease in net position totaling \$3,402,049. Finally, the proportionate share of the TRS pension expense on the plan as a whole had to be recorded. The net pension expense decreased the change in net position by \$1,603,997. The net result is a decrease in the change in net position.	(1,196,642)
GASB 75 required that certain plan expenditures be de-expended and recorded as deferred resource outflows. These contributions made after the measurement date of the plan caused the change in ending net position to increase by \$1,060,941. Contributions made before the measurement date and during the previous fiscal year were also expended and recorded as a reduction in net pension liability. This caused a decrease in net position totaling \$773,989. Finally, the proportionate share of the TRS pension expense on the plan as a whole had to be recorded. The net pension expense decreased the change in net position by \$23,572,148. The net result is an increase in the change in net position.	23,859,100
Change in Net Position of Governmental Activities	\$ 32,282,846

The accompanying notes are an integral part of this statement.

WESLACO INDEPENDENT SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE YEAR ENDED AUGUST 31, 2018

Data Control Codes		Original	Final	Actual Amounts	Variance With Final Budget Positive or (Negative)
	REVENUES:				
5700	Local and Intermediate Sources	\$ 26,383,577	\$ 31,859,057	\$ 28,505,466	\$ (3,353,591)
5800	State Program Revenues	130,985,911	131,500,627	132,958,070	1,457,443
5900	Federal Program Revenues	14,712,629	16,739,844	14,901,467	(1,838,377)
	Total Revenues	<u>172,082,117</u>	<u>180,099,528</u>	<u>176,365,003</u>	<u>(3,734,525)</u>
	EXPENDITURES:				
	Current				
0011	Instruction	\$ 89,070,724	\$ 89,804,672	86,686,140	3,118,532
0012	Instruction Resources & Media Services	2,702,577	2,867,857	2,686,130	181,727
0013	Curriculum & Instructional Staff Development	3,816,267	4,019,932	3,457,554	562,378
0021	Instructional Leadership	2,024,521	2,049,741	1,875,760	173,981
0023	School Leadership	6,328,710	6,563,635	6,450,708	112,927
0031	Guidance, Counseling & Evaluation Services	5,851,373	5,898,987	5,482,002	416,985
0032	Social Work Services	947,074	1,027,039	923,268	103,771
0033	Health Services	1,370,322	1,526,096	1,471,707	54,389
0034	Student (Pupil) Transportation	4,436,754	12,334,195	11,535,049	799,146
0035	Food Services	12,702,470	14,896,878	12,248,341	2,648,537
0036	Co-curricular/Extracurricular Activities	7,276,959	7,541,309	7,110,037	431,272
0041	General Administration	5,825,917	5,856,660	5,387,771	468,889
0051	Plant Maintenance & Operations	18,458,452	18,924,199	16,658,304	2,265,895
0052	Security & Monitoring Services	2,658,910	2,868,910	2,618,957	249,953
0053	Data Processing Services	2,480,719	2,545,418	2,366,089	179,329
0061	Community Services	1,305,327	1,406,812	1,347,093	59,719
0071	Debt Service - Principal on Long Term Debt	1,681,000	1,681,000	1,681,000	-
	Debt Service - Principal on Capital Leases	-	62,492	62,492	-
0072	Debt Service - Interest on Long Term Debt	923,113	923,113	923,112	1
0073	Debt Service - Bond Issuance Cost & Fees	5,000	5,000	950	4,050
0095	Payments to Juvenile Justice Alternative Ed. Prog.	270,000	270,000	129,946	140,054
0099	Other Intergovernmental Charges	245,928	320,928	279,379	41,549
6030	Total Expenditures	<u>170,382,117</u>	<u>183,394,873</u>	<u>171,381,789</u>	<u>12,013,083</u>
1100	Excess (Deficiency) of Revenues Over (Under)	<u>1,700,000</u>	<u>(3,295,345)</u>	<u>4,983,214</u>	<u>8,278,559</u>
	OTHER FINANCING SOURCES (USES)				
7912	Sale of Real and Personal Property	\$ -	\$ -	\$ 21,126	\$ 21,126
7913	Capital Lease Proceeds	-	1,577,169	1,577,168	(1)
7919	Extraordinary Items	-	-	5,480,095	5,480,095
8911	Transfers Out (Uses)	(1,700,000)	(18,519,550)	(18,519,549)	1
7080	Total Other Financing Sources (Uses)	<u>(1,700,000)</u>	<u>(16,942,381)</u>	<u>(11,441,160)</u>	<u>5,501,221</u>
1200	Net Change in Fund Balances	-	(20,237,726)	(6,457,946)	13,779,779
0100	Fund Balance - September 1 (Beginning)	<u>48,319,737</u>	<u>48,319,737</u>	<u>48,319,737</u>	<u>-</u>
3000	Fund Balance - August 31 (Ending)	<u>\$ 48,319,737</u>	<u>\$ 28,082,011</u>	<u>\$ 41,861,790</u>	<u>\$ 13,779,779</u>

The accompanying notes are an integral part of this statement

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

	Self Insurance Fund	Workers Comp Fund	Unemployment Fund	Total Internal Service Funds
ASSETS				
Current Assets:				
Cash and Cash Equivalents	\$ 2,272,983	\$ 254,860	\$ 414,545	\$ 2,942,388
Other Receivables	<u>448,769</u>	<u>166</u>	<u>-</u>	<u>448,935</u>
Total Assets	<u>\$ 2,721,752</u>	<u>\$ 255,025</u>	<u>\$ 414,545</u>	<u>\$ 3,391,322</u>
LIABILITIES				
Current Liabilities:				
Account Payables	\$ 7,797	\$ -	\$ -	\$ 7,797
Unearned Revenues	<u>1,300,565</u>	<u>-</u>	<u>-</u>	<u>1,300,565</u>
Total Liabilities	<u>\$ 1,308,362</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,308,362</u>
NET POSITION				
Unrestricted	<u>\$ 1,413,390</u>	<u>\$ 255,025</u>	<u>\$ 414,545</u>	<u>\$ 2,082,961</u>
Total Net Position	<u><u>\$ 1,413,390</u></u>	<u><u>\$ 255,025</u></u>	<u><u>\$ 414,545</u></u>	<u><u>\$ 2,082,961</u></u>

The accompanying notes are an integral part of this statement.

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

	Self Insurance Fund	Workers Comp Fund	Unemployment Fund	Total Internal Service Funds
OPERATING REVENUES:				
Charges for Services	\$ 16,054,872	\$ 369,173	\$ 108,379	\$ 16,532,424
Total Operating Revenues	<u>16,054,872</u>	<u>369,173</u>	<u>108,379</u>	<u>16,532,424</u>
Operating Income	16,054,872	369,173	108,379	16,532,424
OPERATING EXPENSES:				
Attorney Fees	-	21,353	-	21,353
Fees	2,092,376	48,565	21,143	2,162,084
Insurance Fees	154,512	68,379	-	222,891
Insurance Claims and Expenses	<u>12,423,265</u>	<u>164,984</u>	<u>-</u>	<u>12,588,249</u>
Total Operating Expenses	<u>14,670,153</u>	<u>303,281</u>	<u>21,143</u>	<u>14,994,577</u>
Operating Income (Loss)	<u>1,384,719</u>	<u>65,891</u>	<u>87,236</u>	<u>1,537,846</u>
NON-OPERATING REVENUES (EXPENSES)				
Interest and Investment Revenue	23,838	4,299	5,834	33,971
Total Non-Operating Revenue (Expenses)	<u>23,838</u>	<u>4,299</u>	<u>5,834</u>	<u>33,971</u>
(Income (Loss) before Contributions and Transfers	1,408,557	70,190	93,070	1,571,817
Transfers In (Out)	4,160,000	-	-	4,160,000
Change in Net Position	<u>5,568,557</u>	<u>70,190</u>	<u>93,070</u>	<u>5,731,817</u>
Total Net Position-September 1, (Beginning)	<u>(4,155,166)</u>	<u>184,835</u>	<u>321,475</u>	<u>(3,648,856)</u>
Total Net Position - August 31, (Ending)	<u>\$ 1,413,390</u>	<u>\$ 255,025</u>	<u>\$ 414,545</u>	<u>\$ 2,082,961</u>

The accompanying notes are an integral part of this statement.

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

	Self Insurance Fund	Workers Comp Fund	Unemployment Fund	Total Internal Service Funds
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from interfund services provided	\$ 10,388,196	\$ 369,173	\$ 108,379	\$ 10,865,748
Receipts from employees	2,878,521	-	-	2,878,521
Receipts from other participants	10,273	-	-	10,273
Receipts from reimbursements and refunds	126,644	(56)	-	126,589
Payments for benefit claims	(12,704,421.85)	(165,093.85)	-	(12,869,516)
Payments for administration	(2,610,068)	(138,297)	(21,143)	(2,769,509)
Net cash provided in operating activities	(1,910,855)	65,726	87,236	(1,757,893)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Non-operating Transfer In	4,160,000	-	-	4,160,000
Net cash provided by noncapital and related financing activities	4,160,000	-	-	4,160,000
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest received	23,838	4,299	5,834	33,971
Net cash provided from investing activities	23,838	4,299	5,834	33,971
Net increase in cash and cash equivalents	2,272,983	70,025	93,070	2,436,077
Cash and Cash equivalents-beginning	-	184,835	321,475	506,310
Cash and Cash equivalents-ending	<u>\$ 2,272,983</u>	<u>\$ 254,860</u>	<u>\$ 414,545</u>	<u>\$ 2,942,388</u>
Reconciliation of operating income to net cash provided by operating activities				
Operating income/(loss)	\$ 1,384,719	\$ 65,891	87,236	1,537,846
Adjustments to reconcile operating loss to net cash provided:				
(Increase) decrease in miscellaneous receivables	(326,109)	(166)	-	(326,275)
(Increase) decrease in other current assets	89,977	62,507	-	152,484
Increase (Decrease) in account payables	(281,561)	(62,507)	-	(344,068)
Increase (Decrease) in due to other funds	(2,798,213)	-	-	(2,798,213)
Increase (Decrease) in deferred revenues	20,332	-	-	20,332
Total adjustments	(3,295,574)	(166)	-	(3,295,740)
Net cash provided by operating activities	<u>\$ (1,910,855)</u>	<u>\$ 65,726</u>	<u>\$ 87,236</u>	<u>\$ (1,757,893)</u>

The accompanying notes are an integral part of this statement

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

	Agency Funds
<hr/>	
ASSETS	
Cash and Cash Equivalents	\$ 583,317
	<hr/>
Total Assets	\$ 583,317
	<hr/> <hr/>
LIABILITIES	
Due to Student Groups	\$ 583,317
	<hr/>
Total Liabilities	\$ 583,317
	<hr/> <hr/>

The accompanying notes are an integral part of this statement

WESLACO INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED AUGUST 31, 2018

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Weslaco Independent School District (the "District") is a public educational agency operating under the applicable laws and regulations of the State of Texas. It is governed by a seven member Board of Trustees (the "Board") elected by registered voters of the District. The District prepares its basic financial statements in conformity with generally accepted accounting principles promulgated by the Governmental Accounting Standards Board and other authoritative sources identified in *Statement No. 76* and it complies with the requirements of the appropriate version of Texas Education Agency's *Financial Accountability System Resource Guide* (the "Resource Guide") and the requirements of contracts and grants of agencies from which it receives funds.

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 the purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, pension expense, and information about assets, liabilities and additions to/deductions from TRS's fiduciary net position. Benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Other Post-Employment Benefits. The fiduciary net position of the Teacher Retirement System of Texas (TRS) TRS Care Plan has been determined using the flow of economic resources measurement focus and full accrual basis of accounting. This includes for purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to other post-employment benefits, OPEB expense, and information about assets, liabilities and additions to/deductions from TRS Care's fiduciary net position. Benefit payments are recognized when due and payable in accordance with the benefit terms. There are no investments as this is a pay-as you-go plan and all cash is held in a cash account.

A. REPORTING ENTITY

The Board of Trustees (the "Board") is elected by the public and it has the authority to make decisions, appoint administrators and managers, and significantly influence operations. It also has the primary accountability for fiscal matters. Therefore, the District is a financial reporting entity as defined by the Governmental Accounting Standards Board ("GASB") in its Statement No. 14, "The Financial Reporting Entity", as revised by GASB Statement No. 39, and there are no component units included within the reporting entity.

B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

The Statement of Net Position and the Statement of Activities are government-wide financial statements. They report information on all of the Weslaco Independent School District non-fiduciary activities with most of the inter-fund activities removed. *Governmental activities* include programs supported primarily by taxes, State foundation funds, grants and other intergovernmental revenues.

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

WESLACO INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED AUGUST 31, 2018

Inter-fund activities between governmental funds appear as due to/due from on the Governmental Fund Balance Sheet and as other resources and other uses on the governmental fund Statement of Revenues, Expenditures and Changes in Fund Balance. All inter-fund transactions between governmental funds are eliminated on the government-wide statements. Inter-fund activities between governmental funds remain on the government-wide statements and appear on the government-wide Statement of Net Position as internal balances and on the Statement of Activities as inter-fund transfers. Inter-fund activities between governmental funds and fiduciary funds remain as due to/due from on the government-wide Statement of Activities. The fund financial statements provide reports on the financial conditions and results of operations for two fund categories – governmental and fiduciary. Since the resources in the fiduciary funds cannot be used for District Operations, they are not included in the government-wide statements. The District considers some governmental funds major and reports their financial conditions and results of operations in a separate column.

C. MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND FINANCIAL STATEMENT PRESENTATION

The government-wide financial statements use the economic resources measurement focus and the accrual basis of accounting, and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

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

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

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

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

WESLACO INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED AUGUST 31, 2018

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

D. FUND ACCOUNTING

The District reports the following major governmental funds:

1. **The General Fund** – The general fund is the District's primary operating fund. It accounts for all financial resources except those required to be accounted for in another fund.
2. **The Capital Projects Fund** – The proceeds from long-term debt financing and revenues and expenditures related to authorized construction and other capital assets acquisitions are accounted for in a capital project fund.
3. **2017 Tax Notes Fund** – The District accounts for projects to be funded by long-term debt financing from the 2017 Maintenance Tax Notes Proceeds.

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

Governmental Funds:

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

Proprietary Funds:

5. **Internal Service Funds** – Revenues and expenses related to services provided to organizations inside the District on a cost reimbursement basis are accounted for in an internal service fund.

Fiduciary Funds:

6. **Agency Funds** – The District accounts for resources held for others in a custodial capacity in agency funds. The District's Agency Funds are.
 - ☐ Textbooks Funds
 - ☐ Student Activity Funds
 - ☐ Faculty Funds

WESLACO INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED AUGUST 31, 2018

E. OTHER ACCOUNTING POLICIES

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

In the fund financial statements, governmental fund types recognized 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.

4. It is the District's policy to permit employees to accumulate state sick leave and local leave shall be non-cumulative. There is a liability for unpaid accumulated state sick leave. The District has a policy to pay professional \$ 100 per day and Paraprofessional \$ 60 per day when employees retire from service with the District. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements.
5. Capital assets, which include land, buildings, furniture and equipment, are reported in the applicable governmental columns in the government-wide financial statements. Capital assets are defined by the District as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

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

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

WESLACO INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED AUGUST 31, 2018

Assets	Years
Buildings	40
Building Improvements	40
Buses	10
Vehicles	5
Office Equipment	5
Computer Equipment	5
Land Improvements	12

6. The District has a central receiving warehouse where all equipment and supplies are received. All assets received are tagged and labeled before they are delivered. The equipment is posted and confirmed with the purchase order. The items are labeled for delivery to make sure they reach their destination. Transfer forms are used when the assets are moved from one location to another.
7. The District complies with GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net position*, which provides guidance for reporting the financial statement elements of deferred outflows of resources, which represent the consumption of the District's net position that is applicable to a future reporting period, and deferred inflows of resources, which represent the District's acquisition of net position applicable to a future reporting period.

The District complies with GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*, which establishes accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities.

8. The District complies with GASB Statement No. 68, *Accounting and Financial Reporting for Pensions – an Amendment to GASB Statement No. 27*. The fiduciary net position of the Teacher Retirement System of Texas ("TRS") has been determined using the flow of economic resources measurement focus and full accrual basis of accounting. This includes for purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, pension expense, and information about assets, liabilities and additions to/deductions from TRS's fiduciary net position. Benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value
9. The District adopted GASB Statement No. 72, *Fair Value Measurement and Application*, which defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction. Fair value accounting requires characterization of the inputs used to measure fair value into a three-level fair value hierarchy as follows:
 - Level 1 inputs are based on unadjusted quoted market prices for identical assets or liabilities in an active market the entity has the ability to access
 - Level 2 inputs are observable inputs that reflect the assumptions market participants would use in pricing the asset or liability developed based on market data obtained from sources independent from the entity

WESLACO INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED AUGUST 31, 2018

- Level 3 are unobservable inputs that reflect the entity's own assumptions about the assumptions market participants would use in pricing the asset or liability developed based on the best information available.

There are three general valuation techniques that may be used to measure fair value:

- Market approach - uses prices generated by market transactions involving identical or comparable assets or liabilities
- Cost approach - uses the amount that currently would be required to replace the service capacity of an asset (replacement cost)
- Income approach - uses valuation techniques to convert future amounts to present amounts based on current market expectations.

Implementation of GASB Statement No. 72 did not have a significant impact on the District's financial Statements for the year ended August 31, 2018.

10. The following District insurances programs are self-funded insured plans: the workmen's compensation, health, and unemployment are self-funded programs. The health insurance program met the minimum state requirement per employee. The health insurance low plan is a 70/30 plan, the health insurance high plan is an 80/20 plan, and the health insurance state plan is a 90/10 plan. The District cost per employee \$470.00.
11. The District complies with GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, which establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. In the fund financial statements, certain resources of the governmental funds are set aside for the repayment or use of specific programs and are recorded to four categories of designations:

Nonspendable – Amounts that cannot be spent because they are either not in a spendable form or are legally or contractually required to be maintained intact.

Restricted – Amounts that can be spent only for specific purposes because of constraints imposed by external providers, or imposed by constitutional provisions or enabling legislation.

Committed – Amounts that can only be used for specific purposes pursuant to approval by formal action by the Board.

Assigned - For the General Fund, amounts that are appropriated by the Board or a Board designee that are to be used for specific purposes. For all other governmental funds, any remaining positive amounts not previously classified as nonspendable, restricted or committed.

WESLACO INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED AUGUST 31, 2018

Unassigned fund balances are amounts that are available for any purpose; these amounts can be reported only in the District's General Fund. The District's unassigned fund balance will be maintained to provide the District with sufficient working capital and a margin of safety to address local and regional emergencies without borrowing. The unassigned General Fund fund balance may only be appropriated by resolution of the Board of Trustees. Amendments or modifications of the committed fund balance must also be approved by formal action of the Board of Trustees. When it is appropriate for fund balance to be assigned, the Board of Trustees has delegated authority by resolution to the Superintendent or Chief Financial Officer. In circumstances where expenditures are to be made for a purpose for which amounts are available in multiple fund balance classifications, the order in which resources will be expended is as follows: restricted, committed, assigned, and unassigned. The purpose of the Debt Service Fund is to account for funds used to pay the long and short term debt obligations used to fund the District's capital projects.

The District's governmental fund balance designations can be identified as follows:

General Fund

Nonspendable	
Inventories	\$ 848,180
Prepaid Items	1,350,744

Restricted	
Food Service	2,895,346
State Compensatory Education	2,095,552
High School Allotment	165,025
State Bilingual Education	259,801
Rider 78 Pre-School	446,357

Other Assigned	15,800,786
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Total Nonspendable, Restricted, Assigned- General Fund	\$ 23,861,790
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Capital Projects Fund

Restricted	
For Capital Acquisition	\$ 15,237,289

2017 Tax Notes Fund

Restricted	
For Capital Acquisition	8,530,843

Total Nonspendable, Restricted- Construction Major Funds	\$ 23,768,132
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WESLACO INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED AUGUST 31, 2018

Nonmajor Funds		
Restricted		
For Retirement of Debt	\$	2,993,691
Committed		
Campus Activity Funds		243,452
Assigned		
Scholarship Fund		9,584
Total Restricted, Committed, Assigned – Nonmajor Funds	\$	3,246,727
Total Nonspendable, Restricted, Committed, Assigned Governmental Fund Balances	\$	50,876,650

12. When the District incurs an expense for which it may use either restricted or unrestricted assets, it uses the restricted assets first unless unrestricted assets will have to be returned because they were not used.
13. The Data Control Codes refer to the account code structure prescribed by TEA in the ***Financial Accountability System Resource Guide***. Texas Education Agency requires school districts to display these codes in the financial statements filed with the Agency in order to insure accuracy in building a statewide data base for policy development and funding plans.
14. **Recently Issued Accounting Pronouncements**-The District implemented GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, effective for the fiscal years beginning after June 15, 2017. The objective of GASB Statement No. 75 is to improve accounting and financial reporting by state and local governments for postemployment benefits other than pensions. GASB Statement No. 75 establishes standards for measuring and recognizing liabilities, deferred outflows of resources and deferred inflows of resources, and expense/expenditures. GASB Statement No. 75 also identifies the methods and assumptions that are required to be used to project benefit payments, discount projected benefit payments to their actuarial present value, and attribute that present value to periods of employee service. In addition, GASB Statement No. 75 addresses the recognition and disclosure requirements for employers with liabilities (payables) to a defined benefit other postemployment benefits plan and for employers whose employees are provided with defined contribution other postemployment benefits plan and for employers whose employees are provided with defined contribution other postemployment benefits.

WESLACO INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED AUGUST 31, 2018

II. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

A. EXPLANATION OF CERTAIN DIFFERENCES BETWEEN THE GOVERNMENTAL FUND BALANCE SHEET AND THE GOVERNMENT-WIDE STATEMENT OF NET ASSETS

Exhibit C-2 provides the reconciliation between the fund balance for total governmental funds on the governmental fund balance sheet and the net assets for governmental activities as reported in the government-wide statement of net assets. One element of that reconciliation explains that capital assets are not financial resources and are therefore not reported in governmental funds. In addition, long-term liabilities, including bonds payable, are not due and payable in the current period and are not reported as liabilities in the funds.

The details of capital assets and long-term debt at the beginning of the year were as follows:

Capital Assets at the Beginning of the year	Historic Cost	Accumulated Depreciation	Net Value at the Beginning of the Year	Change in Net Assets
Depreciable Land Improvements	\$ 17,533,338	\$ (5,802,576)	\$ 11,730,762	
Buildings	241,414,209	(128,330,153)	113,084,056	
Furniture & Equipment	25,504,503	(19,695,303)	5,809,200	
Construction in Progress	572,382	-	572,382	
				<u>\$ 131,196,400</u>
Change in Net Assets				
Long-term Liabilities at the Beginning of the year			Payable at the Beginning of the Year	
Bonds Payable	76,039,992		47,515,000	
Notes Payable	34,507,000		26,295,000	
				<u>(73,810,000)</u>
Net Adjustment to Net Assets				<u>\$ 57,386,400</u>

B. EXPLANATION OF CERTAIN DIFFERENCES BETWEEN THE GOVERNMENTAL FUND STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES AND THE GOVERNMENT-WIDE STATEMENT OF ACTIVITIES

Exhibit C-4 provides reconciliation between the net changes in fund balance as shown on the governmental fund statement of revenues, expenditures, and changes in fund balances and the changes in net assets of governmental activities as reported on the government-wide statement of activities. One element of that reconciliation explains that current year capital outlays and debt principal payments are expenditures in the fund financial statements, but should be shown as increases in capital assets and decreases in long-term debt in the government-wide statements. This adjustment affects both the net asset balance and the change in net assets. The details of this adjustment are as follows:

WESLACO INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED AUGUST 31, 2018

	Amount	Adjustments to Changes in Net Assets	Adjustments to Net Assets
Current Year Capital Outlay			
Land	\$ 1,308,499	-	
Buildings & Improvements	49,500	-	
Furniture & Equipment	7,289,513	-	
Construction in Progress	7,844,859	-	
Total Capital Outlay			\$ 16,492,371
 Debt Principal Payments			
Bond Principal	\$ 2,700,000		
Notes Principal	1,681,000		
Capital Lease Principal	62,492		
Total Principal Payments			<u>4,443,492</u>
Total Adjustment to Net Assets			<u>\$ 20,935,863</u>

Another element of the reconciliation on Exhibit C-4 is described as various other reclassifications and eliminations necessary to convert from the modified accrual basis of accounting to accrual basis of accounting. This adjustment is the result of several items. The details for this element are as follows:

	Amount	Adjustments to Change in Net Assets	Adjustments to Net Assets
Adjustments to Revenue and Deferred Revenue			
Taxes Collected from Prior Year Levies	\$ 1,228,911	\$ (1,228,911)	\$ -
Uncollected taxes(assumed collectible) from Current Year Levy	1,197,046	1,197,046	1,197,046
Uncollected Taxes (assumed collectible) from Prior Year Levy	2,704,086	(198,263)	2,704,086
Reclassify Proceeds of Bonds, Loans & Capital Leases			
Discount (Premium) on Issuance of Bonds	\$ 9,583,275	\$ 254,843	\$(9,583,275)
Loss on Refunding	1,941,886	(135,397)	1,941,886
Interest Payable	258,063	131,746	(258,063)
Capital Leases	1,577,168	(1,577,168)	(1,577,168)

Reclassify liabilities incurred but not liquidated this year

Unused Vacation Pay and/or unused sick leave	795,040	<u>119,470</u>	<u>(795,040)</u>
Total		<u>\$ (1,436,633)</u>	<u>\$(6,370,529)</u>

WESLACO INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED AUGUST 31, 2018

III. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. BUDGETARY DATA

The Board of Trustees adopts an "appropriated budget" for the General Fund, Debt Service Fund and the Food Service Fund which is included in the General Fund. The District is required to present the adopted and final amended budgeted revenues and expenditures for each of these funds. The District compares the final amended budget to actual revenues and expenditures. The General Fund Budget report appears in Exhibit C-5 and the other two reports are in Exhibit J2 and J3.

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

1. Prior to August 20 the District prepares a budget for the next succeeding fiscal year beginning September. The operating budget includes proposed expenditures and the means of financing them.
2. A meeting of the Board is then called for the purpose of adopting the proposed budget. At least ten days public notice of the meeting must be given.
3. Prior to September 1, the budget is legally enacted through passage of a resolution by the Board. Once a budget is approved, it can only be amended at the function and fund level by approval of a majority of the members of the Board. Amendments are presented to the Board at its regular meetings. Each amendment must have Board approval. As required by law, such amendments are made before the fact, are reflected in the official minutes of the Board, and are not made after fiscal year end. Because the District has a policy of careful budgetary control, several amendments were necessary during the year.
4. Each budget is controlled by the budget coordinator at the revenue and expenditure function/object levels. Budgeted amounts are as amended by the Board. All budget appropriations lapse at year end. Reconciliation of fund balances for both appropriated budget and non-appropriated budget special revenue funds are as follows:

August 31, 2018 Fund Balance	
Non-appropriated Budget Funds	<u>\$ 253,452</u>
All Special Revenue Funds	<u>\$ 253,452</u>

IV. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS

A. DEPOSITS AND INVESTMENTS

The funds of the District must be deposited and invested under the terms of a contract, contents of which are set out in the Depository Contract Law. The depository bank places approved pledged securities for safekeeping and trust with the District's agent bank in an amount sufficient to protect District funds on a day-to-day basis during the period of the contract. At August 31, 2018 the carrying amount of the District's deposits (cash, certificates of deposit, and interest-bearing savings accounts included in temporary investments) was \$1,885,708 and the bank balance was \$4,875,778. The District's cash deposits at August 31, 2018 and during the year ended August 31, 2018 were entirely covered by FDIC insurance and by pledged collateral held by the District's agent bank in the District's name.

WESLACO INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED AUGUST 31, 2018

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

- a. Depository: Texas National Bank
- b. The market value of securities pledged as of the date of the highest combined balance on deposit was \$ 12,244,480.
- c. The highest combined balances of cash, savings, and time deposit accounts amounted to \$12,104,708 and occurred during the month of August 2018.
- d. Total amount of FDIC coverage at the time of the highest combined balance was \$ 371,099.

District Policies and Legal and Contractual Provisions Governing Deposits

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

Foreign Currency Risk The District limits the risk that changes in exchange rates will adversely affect the fair value of an investment or a deposit by (state an appropriate policy, such as, limiting all deposits denominated in a foreign currency to less than 5% of all deposits.)

The **Public Funds Investment Act** (Government Code Chapter 2256) contains specific provisions in the areas of investment practices, management reports and establishment of appropriate policies. Among other things, it requires the District to adopt, implement, and publicize an investment policy. That policy must address the following areas: (1) safety of principal and liquidity, (2) portfolio diversification, (3) allowable investments, (4) acceptable risk levels, (5) expected rates of return, (6) maximum allowable stated maturity of portfolio investments, (7) maximum average dollar-weighted maturity allowed based on the stated maturity date for the portfolio, (8) investment staff quality and capabilities, (9) and bid solicitation preferences for certificates of deposit. Statutes authorize the District to invest in (1) obligations of the U.S. Treasury, certain U.S. agencies, and the State of Texas; (2) certificates of deposit, (3) certain municipal securities, (4) money market savings accounts, (5) repurchase agreements, (6) bankers acceptances, (7) Mutual Funds, (8) Investment pools, (9) guaranteed investment contracts, and (10) common trust funds. The Act also requires the District to have independent auditors perform test procedures related to investment practices as provided by the Act. The district is in substantial compliance with the requirements of the Act and with local policies.

As of August 31, 2018, Weslaco Independent School District had the following investments:

<u>Investment Type</u>	Investment Maturities (in years)				
	Fair Value	Less than 1	1-5	6-10	More Than 10
First Public Investment Pool	\$51,704,899	\$ 51,704,899			
Texas Term	11,005,370	11,005,370			
Texpool	5,914,689	5,914,689			
Total	\$68,624,958	\$ 68,624,958			

Additional policies and contractual provisions governing deposits and investments for Weslaco Independent School District are specified below:

WESLACO INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED AUGUST 31, 2018

Credit Risk In accordance with state law and the District's investment policy, investments in mutual funds and investment pools must be rated at least AAA or have an equivalent rating, commercial paper must be rated at least A-1, P-1 or have equivalent rating, and obligations of states, agencies, counties, and cities must be at least A or its equivalent. As of August 31, 2018 the district's investments in First Public Investment Pool were rated AAA, by Standard & Poor's (S&P), Texas Term was rated AAAs by Standard and Poor's (S&P) and Texpool was rated AAAs by Standard and Poor's (S&P).

Custodial Credit Risk for Investments For an investment, this is the risk that, in the event of the failure of the counterparty, the District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. All of the investments held by third parties were fully collateralized and held in the District's name.

Concentration of Credit Risk The investment portfolio is 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 single issuer. As of August 31, 2018, the District had 75% of its investments in First Public Investment Pools rated AAA as noted above, 16% of its investments in Texas Term rated AAAs, and 9% in Texpool rated AAAs.

Interest Rate Risk In accordance with state law and District's investment policy, the District does not purchase any investments greater than one (1) year for its operating funds

Foreign Currency Risk for Investments The District limits the risk that changes in exchange rates will adversely affect the fair value of an investment. At year-end, the District was not exposed to foreign currency risk.

B. PROPERTY TAXES

Property taxes are levied by October 1 on the assessed value listed as of the prior January 1 for all real and business personal property located in the District in conformity with Subtitle E, Texas Property Tax Code. The District property taxes are levied on \$ 1.1597 per \$ 100 property tax valuation, \$1.1397 for M & O and \$0.02 for I & S. Taxes are due on receipt of the tax bill and are delinquent if not paid before February 1st of the year following the year in which imposed. On February 1st of each year, a tax lien attaches to property to secure the payment of all taxes, penalties, and interest ultimately imposed. Property tax revenues are considered available (1) when they become due or past due and receivable within the current period and (2) when they are expected to be collected during a 60-day period after the close of the school fiscal year.

C. DELINQUENT TAXES RECEIVABLE

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

WESLACO INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED AUGUST 31, 2018

D. DISAGGREGATION OF RECEIVABLES AND PAYABLES

Receivables at August 31, 2018 were as follows:

	Property Taxes	Other Governments	Due From Other Funds	Other	Total Receivables
Governmental Activities:					
General Fund	\$ 3,945,209	\$ 5,467,773	\$ 1,001,841	\$ 5,539,583	\$ 15,954,407
Special Revenue Funds	-	1,425,067	-	287	1,425,353
Debt Service Fund	131,950	1,574,789	-	-	1,706,739
Capital Projects Fund	-	-	-	2,006,478	2,006,478
Internal Service Fund	-	-	-	448,935	448,935
Total - Governmental Activities	<u>4,077,159</u>	<u>8,467,630</u>	<u>1,001,841</u>	<u>7,995,282</u>	<u>21,541,912</u>
Less: Allowance for Uncollectible	<u>\$ (176,027)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (176,027)</u>
Net Total Receivable	<u>\$ 3,901,132</u>	<u>\$ 8,467,630</u>	<u>\$ 1,001,841</u>	<u>\$ 7,995,282</u>	<u>\$21,365,885</u>

Payables at August 31, 2018 were as follows:

	Accounts Payable	Salaries And Benefits	Due to Other Funds	Due to Other Governments	Other	Total Payables
Governmental Activities:						
General Fund	\$ 3,290,071	\$ 4,729,399	\$ -	\$ 9,359	\$ 1,179,196	\$ 9,208,025
Special Revenue Funds	183,348	386,612	1,001,841	-	-	1,571,801
Capital Projects Fund	2,669,810	-	-	-	-	2,669,810
Internal Service Funds	7,796	-	-	-	-	7,796
Trust & Agency Fund	-	-	-	-	583,317	583,317
Total - Governmental Activities	<u>\$ 6,151,025</u>	<u>\$ 5,116,011</u>	<u>\$ 1,001,841</u>	<u>\$ 9,359</u>	<u>\$ 1,762,512</u>	<u>\$ 14,040,749</u>

WESLACO INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED AUGUST 31, 2018

E. INTERFUND RECEIVABLES AND PAYABLES

Inter-fund balances at August 31, 2018 consisted of the following individual fund balances:

	Due From Other Funds	Due To Other Funds
General Fund:		
Special Revenue Fund	\$1,001,841	\$ -0-
Special Revenue Funds:		
General Fund	<u>-0-</u>	<u>1,001,841</u>
TOTAL	<u>\$1,001,841</u>	<u>\$1,001,841</u>

F. CAPITAL ASSET ACTIVITY

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

	Beginning Balance	Additions	Retire.	Re- Classification	Ending Balance
Governmental Activities:					
Land	\$ 17,533,338	\$ 1,308,499	\$ -0-	\$ 561,382	\$ 19,403,219
Buildings and Improve.	241,414,209	49,500	-0-	1,000	241,464,709
Furniture and Equip.	25,504,503	7,289,513	(8,877,671)	-0-	23,916,345
Construction in progress	572,382	7,844,859	-0-	(562,382)	7,854,859
Totals at Historic Cost	\$ 285,024,432	\$ 16,492,371	\$ (8,877,671)	-0-	\$ 292,639,132
Less Accumulated Deprec. for:					
Land Improvement Deprec.	\$ (5,802,576)	\$ (863,775)	\$ -0-	\$ -0-	\$ (6,666,351)
Buildings and Improve.	(128,330,153)	(5,295,494)	-0-		(133,625,647)
Furniture and Equipment	(19,695,303)	(2,169,150)	5,864,870		(15,999,583)
Total Accumulated Deprec.	<u>\$ (153,828,032)</u>	<u>\$(8,328,419)</u>	<u>\$ 5,864,870</u>	<u>\$ -0-</u>	<u>\$ (156,291,581)</u>
Governmental Activities Capital Assets, Net	<u>\$ 131,196,400</u>	<u>\$ 8,163,952</u>	<u>\$ 3,012,802</u>	<u>\$ -0-</u>	<u>\$ 136,347,551</u>

WESLACO INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED AUGUST 31, 2018

Depreciation expense was charged to governmental functions as follows:

Instruction	\$	3,506,271
Instructional Resources and Media Services		107,366
Curriculum Development and Instructional Staff Development		124,473
Instructional Leadership		12,283
School Leadership		246,542
Guidance, Counseling and Evaluation Services		143,580
Social Work Services		28,723
Health Services		68,846
Student (Pupil) Transportation		1,263,358
Food Services		636,065
Co-curricular/Extracurricular Activities		1,261,935
General Administration		8,425
Plant Maintenance and Operations		535,887
Security and Monitoring Service		90,858
Data Processing Services		87,242
Community Services		<u>206,566</u>
Total Depreciation Expense	\$	8,328,419

G. BONDS PAYABLE AND CONTRACTUAL OBLIGATIONS

Bonded indebtedness of the District is reflected in the General Long-Term Debt Account Group. Current requirements for principal and interest expenditures are accounted for in the Debt Service Fund and General Fund. A summary of changes in general long-term debt for the year ended August 31, 2018 is as follows:

WESLACO INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED AUGUST 31, 2018

DESCRIPTION	Interest Rate Payable	Amounts Original Issue	Interest Current Year	Payable Amounts Outstanding 9/1/17	Issued	Retired	Outstanding 8/31/18
Maintenance Tax Notes Series 2008A	3.75% 4.50%	\$ 4,840,000	\$ 13,950	\$ 620,000	\$ -0-	\$ 620,000	\$ -0-
Unlimited Tax School Building Bonds, Series 2008	2.300% 5.080%	\$ 24,999,992	\$ 12,400	\$ 620,000	\$ -0-	\$ 620,000	\$ -0-
Public Property Finance Contractual Obligations Series 2009	2.29% 5.12%	\$ 1,935,000	\$ 17,356	\$ 455,000	\$ -0-	\$ 220,000	\$ 235,000
Public Property Note Contractual Obligations Series 2014	4.57%	\$ 12,712,000	\$ 20,400	\$ 10,200,000	\$ -0-	\$ 841,000	\$ 9,359,000
Unlimited Tax Refunding Bonds, 2015A	2.00% 5.00%	\$14,470,000	\$ 475,250	\$ 10,545,000	\$ -0-	\$ 2,080,000	\$ 8,465,000
Unlimited Tax Refunding Bonds, 2015B	2.00% 5.00%	\$17,100,000	\$ 827,250	\$ 17,000,000	\$ -0-	\$ -0-	\$17,000,000
Unlimited Tax Refunding Bonds, 2016	2.00% 5.00%	\$19,470,000	\$ 771,600	\$ 19,350,000	\$ -0-	\$ -0-	\$19,350,000
Maintenance Tax Notes Series 2017	3.00% 5.00%	<u>\$ 15,020,000</u>	<u>\$ 871,406</u>	<u>\$ 15,020,000</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ 15,020,000</u>
TOTAL			<u>\$ 3,009,612</u>	<u>\$73,810,000</u>	<u>\$ -0-</u>	<u>\$ 4,381,000</u>	<u>\$69,429,000</u>

In addition to the outstanding bonds and contractual obligations in the amount of \$69,429,000 at year end, the District also reported unamortized premiums and discounts on issuance of bonds of \$9,583,275, Capital Lease Payable of \$1,514,676 (refer to Note H), a long term liability for sick leave benefits in the amount of \$795,040 (refer to Note J), a liability of \$35,675,261 of Net Pension Liability as per GASB 68 (refer to Note M), and a liability of Net OPEB Liability of \$67,871,776 as per GASB 75 (refer to Note N). These amounts, in aggregate, represent total long term liabilities in the amount of \$184,869,029, as reflected in the *Statement of Net Position*.

WESLACO INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED AUGUST 31, 2018

Debt service requirements are as follows:

Year Ended August 31,	General Obligations		Total Requirements
	Principal	Interest	
2019	\$ 3,282,000	\$ 2,729,959	\$ 6,011,959
2020	3,394,000	2,617,709	6,011,709
2021	3,516,000	2,498,271	6,014,271
2022	3,642,000	2,375,629	6,017,629
2023	3,774,000	2,243,585	6,017,585
2024-2028	18,452,000	9,024,606	27,476,606
2029-2033	17,174,000	5,644,893	22,818,893
2034-2038	16,195,000	1,559,875	17,754,875
Total	<u>\$ 69,429,000</u>	<u>\$ 28,694,527</u>	<u>\$ 98,123,527</u>

Refunding

In prior years, the District defeased certain general obligation bonds by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and liabilities for the defeased bonds are not included in the District's financial statements. On August 31, 2018, the following balances of considered defeased are still outstanding:

Refunded 2006	
Unlimited Tax School Building 2000	\$ 8,545,000
Refunded 2015	
Unlimited Tax Refunded Bonds 2006	8,630,000
Unlimited Tax School Building 2006	17,970,000
Refunded 2016	
Unlimited Tax School Building 2008	<u>20,375,000</u>
	<u>\$55,520,000</u>

There are a number of limitations and restrictions contained in the general obligation bond indenture. Management has indicated that the District is in compliance with all significant limitations and restrictions at August 31, 2018.

WESLACO INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED AUGUST 31, 2018

H. CAPITAL LEASES

The District entered into three capital lease purchase obligations during the year. These leases qualify as capital leases for accounting purposes since the titles/assets transfer to the District at the end of the lease term. The first was for a Palo Alto Networks PA-5220 Internet Firewall. This bears interest of 0% and was recorded at the fair market value. The second was for 46 AED's (Automatic External Defibrillators) and the maintenance cost for 4 years. This lease also bears interest of 0% and was recorded at the fair market value of the AED's and services. The third lease was for a Daktronics LED Outdoor Video Display (Scoreboard) at Bobby Lackey Stadium. This bears interest of 5.25% and was recorded at the present value of the future minimum lease payments as of the date of the inception.

Capital Lease required payments are as follows:

Year Ended August 31,	Principal	Interest	Total Requirements
2019	\$ 224,567	\$ 57,617	\$ 282,184
2020	220,857	61,327	282,183
2021	200,007	52,810	252,817
2022	175,857	43,834	219,692
2023	185,315	34,377	219,692
2024	195,282	24,410	219,692
2025	205,785	13,907	219,692
2026	107,006	2,840	109,846
Total	<u>\$ 1,514,676</u>	<u>\$ 291,122</u>	<u>\$ 1,805,797</u>

I. COMMITMENTS UNDER OPERATING LEASES

Commitments under operating (non-capitalized) lease agreements for facilities and equipment provide for minimum future rental payments as of August 31, 2018 as follows:

Year Ending August 31,	
2019	\$ 245,734
2020	189,276
2021	67,097
Total	<u>\$ 502,107</u>

Rental Expenditures in Fiscal Year 2018 \$ 357,138

J. ACCUMULATED UNPAID SICK LEAVE BENEFITS

Upon retirement or death of certain employees, the District pays any accrued sick leave in a lump cash payment to such employee or his/her estate. A summary of changes in the accumulated sick leave liability follows:

	Sick Leave
Balance September 1, 2017	\$ 914,510
Additions – New Entrants and Salary Increments	107,670
Deductions – Payments/Reductions to Participants	<u>(227,140)</u>
Balance August 31, 2018	<u>\$ 795,040</u>

WESLACO INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED AUGUST 31, 2018

K. ON-BEHALF PAYMENTS

The District has recognized as revenues and expenditures retiree drug subsidy reimbursements under the provisions of Medicare Part D made by the federal government to TRS on behalf of the District. For the year ended August 31, 2018, 2017, and 2016 reimbursements of \$356,549, \$339,245, and \$420,217, respectively were received by TRS and allocated to the District. The District also reported \$7,163,302, \$4,474,249, and \$5,434,658, of on behalf State Retirement Contributions for the years ended August 31, 2018, 2017, and 2016, respectively.

L. DEFINED BENEFIT PENSION PLAN

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

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

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

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

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

WESLACO INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED AUGUST 31, 2018

Employee contribution rates are set in state statute, Texas Government Code 825.402. Senate Bill 1458 of the 83rd Texas Legislature amended Texas Government Code 825.402 for member contributions and established employee contribution rates for fiscal years 2014 thru 2017. The 83rd Texas Legislature, General Appropriations Act (GAA) established the employer contribution rates for fiscal years 2014 and 2015. The 84th Texas Legislature, General Appropriations Act (GAA) established the employer contribution rates for fiscal years 2016 and 2017. *Contribution Rates can be found in the TRS 2016 CAFR, Note 12, on page 82.*

Contribution Rates

	<u>2017</u>	<u>2018</u>
Member	7.7%	7.7%
Non-Employer Contributing Entity (State)	6.8%	6.8%
Employers	6.8%	6.8%
2018 Employer Contributions		\$3,809,404
2018 Member Contributions		\$8,964,845
2017 NECE On-Behalf Contributions		\$5,416,728

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

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

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

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

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

WESLACO INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED AUGUST 31, 2018

Actuarial Assumptions-The total pension liability in the August 31, 2018 actuarial valuation was determined using the following actuarial assumptions: *Actuarial Assumptions can be found in the 2017 TRS CAFR, Note 12, page 90.*

Valuation Date	August 31, 2017
Actuarial Cost Method	Individual Entry Age Normal
Asset Valuation Method	Market Value
Single Discount Rate	8.00%
Long-term expected Investment Rate of Return	8.00%
Inflation	2.5%
Salary Increases including inflation	3.50% to 9.5%
Payroll Growth Rate	2.50%
Benefit Changes during the year	None
Ad hoc post-employment benefit changes	None

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

Discount Rate-The discount rate used to measure the total pension liability was 8.0%. There was no change in the discount rate since the previous year. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and those of the contributing employers and the non-employer contributing entity are made at the statutorily required rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. The long-term rate of return on a pension plan investments is 8%. The long-term expected rate of return on pension plan investments was determined using a building-block method in which best estimates ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of geometric real rates of return for each major asset class included in the Systems target asset allocation as of August 31, 2017 are summarized below:

WESLACO INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED AUGUST 31, 2018

	TARGET ALLOCATION	LONG TERM EXPECTED GEOMETRIC REAL RATE OF RETURN	EXPECTED CONTRIBUTION TO LONG-TERM PORTFOLIO RETURN*
GLOBAL EQUITY			
U.S.	18%	4.6%	1.0%
Non-U.S. Developed	13%	5.1%	0.8%
Emerging Markets	9%	5.9%	0.7%
Directional Hedge Funds	4%	3.2%	0.1%
Private Equity	13%	7.0%	1.1%
STABLE VALUE			
U.S. Treasuries	11%	0.7%	0.1%
Absolute Return	0%	1.8%	0.0%
Hedge Funds (Stable Value)	4%	3.0%	0.1%
Cash	1%	(0.2%)	0.0%
REAL RETURN			
Global Inflation-Linked Bonds	3%	0.9%	0.0%
Real Assets	16%	5.1%	1.1%
Energy and Natural Resources	3%	6.6%	0.2%
Commodities	0%	1.2%	0.0%
Risk Parity			
Risk Parity	5%	6.7%	0.3%
Inflation Expectation			2.2%
Alpha			1.0%
TOTAL	<u>100%</u>		<u>8.7%</u>

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

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

	1% Decrease in Discount Rate (7%)	Discount Rate (8%)	1% Increase in Discount Rate (9%)
Proportionate share of the net pension liability:	\$60,141,441	\$35,675,261	\$15,303,195

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pension-At August 31, 2018, the District reported a liability of \$35,675,261 for its proportionate share of the TRS's net pension liability. This Liability reflects a reduction for State pension support provided to the District. The amount recognized by the District as its proportionate of the net pension liability, the related State support, and the total portion of the net pension liability that was associated with the District we are follows:

WESLACO INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED AUGUST 31, 2018

District's proportionate share of the collective net pension liability	\$ 35,675,261
State's proportionate share that is associated with the District	<u>\$ 52,956,929</u>
Total	<u>\$ 88,632,190</u>

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

At August 31, 2017, the employer's proportion of the collective net pension liability was 0.1115737071% which was a decrease of 0.0035112673% from its proportion measured as of August 31, 2016.

Changes Since the Prior Actuarial Valuation –There were no changes to the actuarial assumptions or other inputs that affected measurement of the total pension liability since the prior measurement period.

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

For the year ended August 31, 2018, the District recognized pension expense of \$9,045,390 and revenue of \$4,039,344 for support provided by the State.

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experiences	\$ 521,945	\$ 1,923,920
Changes in actuarial assumptions	1,625,065	930,312
Differences between projected and actual investment earnings	-	2,599,935
Changes in proportion and differences between the employer's	<u>6,348,957</u>	<u>1,149,608</u>
Total as of August 31, 2017	<u>\$ 8,495,967</u>	<u>\$ 6,603,775</u>
Contributions paid to TRS subsequent to the measurement date	<u>3,809,404</u>	<u>-</u>
Total as of year-end	<u>\$ 12,305,371</u>	<u>\$ 6,603,775</u>

The \$3,809,404 reported as deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended August 31, 2019. The net amounts of employer's balances of deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

	Pension Expense Amount
Year ended August 31,	
2019	\$ 257,665
2020	\$ 2,534,910
2021	\$ 82,698
2022	\$ (615,965)
2023	\$ (195,351)
Thereafter	\$ (171,765)

WESLACO INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED AUGUST 31, 2018

NOTE M. DEFINED OTHER POST-EMPLOYMENT BENEFIT PLANS

Plan Description

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

OPEB Plan Fiduciary Net Position

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

Benefits Provided

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

Eligible retirees and their dependents not enrolled in Medicare may pay premiums to participate in one of two optional insurance plans with more comprehensive benefits (TRS-Care 2 and TRS-Care 3). Eligible retirees and dependents enrolled in Medicare may elect to participate in one of the two Medicare health plans for an additional fee. To qualify for TRS-Care coverage, a retiree must have at least 10 years of service credit in the TRS pension system. The Board of Trustees is granted the authority to establish basic and optional group insurance coverage for participants as well as to amend benefit terms as needed under Chapter 1575.052. There are no automatic post-employment benefit changes; including automatic COLAs.

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

TRS-Care Plan Premium Rates Effective Sept. 1, 2016 - Dec. 31, 2017				
		TRS-Care 1	TRS-Care 2	TRS-Care 3
		Basic Plan	Optional Plan	Optional Plan
Retiree*	\$	0	\$ 70	\$ 100
Retiree and Spouse		20	175	255
Retiree* and Children		41	132	182
Retiree and Family		61	237	337
Surviving Children only		28	62	82

* or surviving spouse

WESLACO INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED AUGUST 31, 2018

Contributions

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

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

Contribution Rates

	<u>2017</u>	<u>2018</u>
Active Employee	0.65%	0.65%
Non-Employer Contributing Entity (State)	1.00%	1.25%
Employers	0.55%	0.75%
Federal/private Funding remitted by Employers	1.00%	1.25%

District's 2018 FY Employer Contributions	\$ 1,060,941
District's 2018 FY Member Contributions	\$ 756,774
District's 2017 NECE On-Behalf Contributions	\$ 977,842

In addition to the employer contributions listed above, there is an additional surcharge all TRS employers are subject to (*regardless of whether or not they participate in the TRS Care OPEB program*). When employers hire a TRS retiree, they are required to pay to TRS Care, a monthly surcharge of \$535 per retiree.

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

Actuarial Assumptions

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

WESLACO INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

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

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

Additional Actuarial Methods and Assumptions:

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

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

Discount Rate

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

WESLACO INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED AUGUST 31, 2018

Discount Rate Sensitivity Analysis

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

	1% Decrease in Discount Rate (2.42%)	Current Single Discount Rate (3.42%)	1% Increase in Discount Rate (4.42%)
Proportionate share of the Net OPEB Liability:	\$80,105,545	\$67,871,776	\$58,038,584

Healthcare Cost Trend Rates Sensitivity Analysis

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

	1% Decrease	Current Healthcare Cost Trend Rate	1% Increase
Proportionate share of the Net OPEB Liability:	\$56,510,034	\$67,871,776	\$82,779,813

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

At August 31, 2018, the [employer] reported a liability of \$67,871,776 for its proportionate share of the TRS's Net OPEB Liability. This liability reflects a reduction for State OPEB support provided to the [employer]. The amount recognized by the [employer] as its proportionate share of the net OPEB liability, the related State support, and the total portion of the net OPEB liability that was associated with the [employer] were as follows:

District's Proportionate share of the collective Net OPEB Liability	\$ 67,871,776
State's Proportionate share that is associated with the District	<u>81,789,934</u>
Total	<u>\$149,661,710</u>

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

At August 31, 2017 the employer's proportion of the collective Net OPEB Liability was .1560764102%. Since this is the first year of implementation, the District does not have the proportion measured as of August 31, 2016. The Notes to the Financial Statements for August 31, 2106 for TRS stated that the change in proportion was immaterial and, therefore, disregarded this year.

WESLACO INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED AUGUST 31, 2018

Changes Since the Prior Actuarial Valuation – The following were changes to the actuarial assumptions or other inputs that affected measurement of the Total OPEB liability since the prior measurement period:

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

In this valuation the impact of the Cadillac Tax has been calculated as a portion of the trend assumption. Assumptions and methods used to determine the impact of the Cadillac Tax include:

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

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

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

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

For the year ended August 31, 2018, the District recognized OPEB expense of \$(50,167,246) and revenue of \$(27,369,087) for support provided by the State.

WESLACO INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED AUGUST 31, 2018

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ -	\$ 1,416,875
Changes in actuarial assumptions	-	26,974,017
Difference between projected and actual investment earnings	10,310	-
Changes in proportion and difference between the employer's contributions and the proportionate share of contributions	\$ 10,624	\$ 28,390,892
Contributions paid to TRS subsequent to the measurement date [to be calculated by employer]	1,060,941	
Total	\$ 1,071,565	\$ 28,390,892

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

Year ended August 31:	OPEB Expense Amount
2019	\$ (3,744,809)
2020	\$ (3,744,809)
2021	\$ (3,744,809)
2022	\$ (3,744,809)
2023	\$ (3,747,386)
Thereafter	\$ (9,653,646)

N. NEGATIVE OPERATING GRANTS AND CONTRIBUTIONS - STATEMENT OF ACTIVITIES

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

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

WESLACO INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED AUGUST 31, 2018

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

	Operating Grants and Contributions	Negative On- Behalf Accruals	Operating Grants and Contributions (excluding On- Behalf Accruals)
11 - Instruction	\$ (2,651,704)	\$ (16,510,061)	\$13,858,357
12 - Instructional Resources and Media Services	440,557	(604,836)	1,045,393
13 - Curriculum and Instructional Staff Development	1,630,905	(1,024,598)	2,655,503
21 – Instructional Leadership	310,759	(448,128)	758,887
23 - School Leadership	(876,100)	(1,159,424)	283,324
31 - Guidance, Counseling and Evaluation Services	168,040	(1,260,718)	1,428,758
32 – Social Work Services	666,562	(298,423)	964,985
33 - Health Services	408,046	(402,148)	810,194
34 - Student (Pupil) Transportation	75,176	(890,955)	966,131
35 - Food Services	11,820,113	-	11,820,113
36 - Extracurricular Activities	(684,292)	(817,808)	133,516
41 - General Administration	(182,081)	(728,220)	546,139
51 - Facilities Maintenance and Operations	(814,042)	(1,833,467)	1,019,425
52 – Security and Monitoring Services	(397,660)	(474,189)	76,529
53 - Data Processing Services	(266,632)	(325,285)	58,653
61 - Community Services	<u>1,911,648</u>	<u>(590,827)</u>	<u>2,502,475</u>
	\$ <u>11,559,296</u>	\$ <u>(27,369,087)</u>	\$ <u>38,928,383</u>

WESLACO INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED AUGUST 31, 2018

O. CHANGES IN LONG-TERM LIABILITIES

Long-term activity for the year ended August 31, 2018 was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental Activities:					
Bonds and Notes Payable:					
General Obligation Bonds	\$ 73,810,000	\$ 0	\$ 4,381,000	\$ 69,429,000	\$ 3,282,000
And Maintenance Tax Notes					
Unamortized Prem./Discounts	9,838,118	0	254,843	9,583,275	0
Total Bonds and Notes Payable	\$ 83,648,118	\$ 0	\$ 4,635,843	\$ 79,012,275	\$ 3,282,000
Other Liabilities:					
Sick Leave Benefits	\$ 914,510	\$ 107,670	\$ 227,140	\$ 795,040	\$ 0
Capital Lease Payable	0	1,577,168	62,492	1,514,676	224,567
Net Pension Liabilities	43,488,901	(4,156,905)	3,656,735	35,675,261	0
Net OPEB Liabilities	119,824,192	(51,140,973)	811,443	67,871,776	0
Total Other Liabilities	\$ 164,227,603	\$ (53,613,040)	\$ 4,757,810	\$ 105,856,753	\$ 224,567
Total Governmental Activities Long-term Liabilities	\$ 247,875,721	\$ (53,613,040)	\$ 9,393,653	\$ 184,869,028	\$ 3,506,567

P. UNEARNED REVENUE

Unearned revenue at year end consisted of the following:

	General Fund	Special Revenue Fund	Total
Athletic Receipts	\$ 39,883	\$ 0	\$ 39,883
Tuition	500	0	500
Marching Festival Receipts	800	0	800
State Funding	2,653,344	0	2,653,344
Score Board Advertising	2,000	0	2,000
Food Service Commodities	135,741	0	135,741
Summer LEP	0	140,402	140,402
Loss Control Grant	0	2,000	2,000
T-Stem Blueprint Implementation	0	3,333	3,333
AP/IB Campus Award	0	48,691	48,691
GR-AP Teacher Grant	0	18,789	18,789
Children's Defense Fund	0	4,909	4,909
I.M.A. Funds	0	769,745	769,745
Best Buy Cyber Grant	0	3,465	3,465
Project Lead the Way	0	9,058	9,058
Medicaid Adm. Fund	0	452,534	452,534
Total Unearned Revenue	\$ 2,832,268	\$ 1,452,926	\$ 4,285,194

WESLACO INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED AUGUST 31, 2018

Q. DUE FROM STATE AGENCIES

The District participates in a variety of federal and state programs from which it receives grants to partially or fully finance certain activities. In addition, the District receives entitlements from the State through the School Foundation and Per Capita Programs. Amounts due from federal and state governments as of August 31, 2018 are summarized below. All federal grants shown below are passed through the TEA and are reported on the combined financial statements as Due from State Agencies except for the Gear-Up program which is received from Region One, and the NSLP Equipment Assistance, Child and Adult Care, and Fresh Fruits and Vegetables programs which pass through the Texas Department of Agriculture. The amount reported in Due from other Governments is \$8,467,630, and includes non-entitlement receivables of \$1,134,640. The receivable balance, \$7,332,990 is as follows:

Fund	State Entitlement	Federal Grants	Total
General	\$ 3,981,573	\$ 351,520	\$ 4,333,093
Special Revenues	0	1,425,067	1,425,067
I & S Fund	1,574,830	0	1,574,830
Total	<u>\$ 5,556,403</u>	<u>\$ 1,776,587</u>	<u>\$ 7,332,990</u>

R. REVENUE FROM LOCAL AND INTERMEDIATE SOURCES

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

	General Fund	Special Revenue Fund	Debt Service Fund	Capital Projects Fund	Sub-Total	Self-Insurance	Total
Property Taxes	\$ 25,731,734	\$ 0	\$ 440,495	\$ 0	\$ 26,172,229	\$ 0	\$ 26,172,229
Penalties, Int. and Other							
Tax-related Income	837,869	0	19,802	0	857,671	0	857,671
Investment Income	874,438	0	54,379	412,428	1,341,246	33,971	1,375,217
Food Sales	364,768	0	0	0	364,768	0	364,768
Co-curricular Student Activities	284,978	341,660	0	0	626,637	0	626,637
Other	411,679	42,425	0	0	454,104	16,532,424	16,986,528
Total	<u>\$ 28,505,466</u>	<u>\$ 384,085</u>	<u>\$ 514,676</u>	<u>\$ 412,428</u>	<u>\$ 29,816,656</u>	<u>\$16,566,394</u>	<u>\$ 46,383,050</u>

S. LITIGATION

The District is a defendant in a number of lawsuits arising out of the normal course of operations. In the opinion of the administration, the outcome of these lawsuits will not have a material adverse effect on the accompanying combined financial statements and accordingly, no provision for potential losses has been recorded.

WESLACO INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED AUGUST 31, 2018

T. MAINTENANCE OF EFFORT

The District Health Insurance Plan is a self-funded plan. The following is the total amount paid by the district for its employees.

Total District Employers Premium paid for health care 2017– 2018		\$ 12,914,714
Subtract any non-medical expenditures		
Life Insurance	\$ 33,439	
Dental Insurance	253,961	
Cobra	0	
		\$ (287,400)
c) 2017 -2018 Maintenance of Effort		<u>\$ 12,627,314</u>

U. DEFERRED OUTFLOWS AND INFLOWS OF RESOURCES

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

As of August 31, 2018 the various components of deferred outflows and inflows of resources are as follows:

At the fund level financial statements (Exhibit C-1), the District has the following Deferred Inflows of Resources:

	<u>General Fund</u>	<u>Debt Service Fund</u>	<u>Total</u>
Property Tax, unavailable	\$3,787,649	\$113,483	\$3,901,132

At the government-wide financial statements (Exhibit A-1), the District reports deferred charges on refunding as Deferred Outflows of Resources in the amount of \$1,941,886, a Deferred Outflows due to GASB 68 of \$12,305,371, and a Deferred Outflow for TRS OPEB of 1,071,565 for a total of \$15,318,822 of Deferred Outflows. The District also reported \$6,603,775 of Deferred Inflows due to GASB 68 and \$28,390,892 of Deferred Inflows due to GASB 75 for a total of \$34,994,667 of Deferred Inflows.

	Beginning Balance	Additions	Reductions	Ending Balance
Deferred Loss on refunding	2,077,283	-	135,397	1,941,886
Deferred Outflows-GASB 68	17,322,331	17,791,812	22,808,772	12,305,371
Deferred Outflows-GASB 75	-	1,845,554	773,989	1,071,565
Total Deferred Outflows	19,399,614	19,637,366	23,718,158	15,318,822
Deferred Inflows-GASB 68	2,610,453	12,090,216	8,096,894	6,603,775
Deferred Inflows-GASB 75	-	28,390,892	-	28,392,892
Total Deferred Inflows	2,610,453	40,481,108	8,096,894	34,996,667

WESLACO INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED AUGUST 31, 2018

V. SHARED SERVICE ARRANGEMENT

The District belongs to a Shared Service Arrangement (SSA) in which Mcallen ISD is the fiscal agent that provides deaf education services to member districts whose students are enrolled in the Regional Day School Program for the Deaf. Other Districts that belong Program for the Deaf. Other Districts that belong to this Shared Service Arrangement are Donna ISD, Edcouch-Elsa ISD, Edinburg CISD, Hidalgo ISD, IDEA Public Schools, La Feria ISD, La Joya ISD, La Villa ISD, Mercedes ISD, Mission CISD, Monte Alto ISD, Premier High Schools, Progreso ISD, Pharr-San Juan-Alamo ISD (PSJA), Rio Grande City ISD, Roma ISD, San Isidro ISD, Santa Maria ISD, Sharyland ISD, South Texas ISD, Valley View ISD, and Vanguard Academy.

Mcallen ISD, acting as the fiscal agent, receives monies from the granting agencies and administers the program. The fiscal agent is responsible for employment of personnel, budgeting, accounting and reporting.

According to the SSA agreement, costs incurred by the SSA shall be divided among the Member Districts in proportion to the number of students of each member district attending the Regional Day School program. Expenditures allocated to the SSA members as of June 30, 2018 are summarized below:

Member District	Fund			
	315	340	435	Total
Donna	\$ 32,218	\$ 627	\$ 428,739	\$ 461,584
Edcouch-Elsa	9,326	-	124,109	133,435
Edinburg	30,522	628	406,172	437,322
Hidalgo	848	-	11,283	12,131
IDEA	15,261	-	203,087	218,348
La Feria	1,696	-	22,565	24,261
La Joya	31,370	-	417,456	448,826
Mcallen	43,236	-	575,414	618,650
Mercedes	6,783	-	90,261	97,044
Mission	26,283	209	349,761	376,253
Monte Alto	1,696	-	22,565	24,261
Progreso	1,696	-	22,565	24,261
PSJA	11,870	-	157,956	169,826
Rio Grande City	16,109	209	214,370	230,688
Roma	8,478	-	112,826	121,304
San Isidro	848	-	11,283	12,131
Sharyland	848	-	11,283	12,131
South Texas	1,696	-	22,565	24,261
Valley View	4,239	-	56,413	60,652
Vanguard	2,543	-	33,848	36,391
Weslaco	27,131	209	361,043	388,383
Total Allocated	\$ 274,697	\$ 1,882	\$ 3,655,564	\$ 3,932,143

W. EXTRAORDINARY ITEMS

On June 20, 2018, Weslaco, Texas was struck by a catastrophic flood. Many residential and commercial properties in and around Weslaco were severely damaged. The District had approximately \$3.1 million in building damages and \$827 thousand in content damage. District personnel immediately embarked upon the clean-up and restoration of facilities to try to get these buildings ready by the beginning of the 2018-2019 school year. However, the damage at F. D. Roosevelt Elementary was so severe, it could not be restored for the beginning of the 2018-2019 school year. All the students and staff were transferred to Airport Drive and PFC Mario Ybarra Elementary Schools for the 2018-2019 school year. The District has not decided whether F. D. Roosevelt Elementary will be reopened in the future. The flood also damaged 90 buses, 44 other vehicles, and other fixed assets. These fixed assets had an original value of around \$8.7 million with a book value of a little over \$3 million. The District estimates it will receive around \$7.5 million in insurance proceeds. The District also issued Limited Maintenance Tax Notes in the 2018-2019 fiscal year to replace some of these assets (see note W, Subsequent Events).

X. PRIOR PERIOD ADJUSTMENT

During the fiscal year 2018, the District adopted GASB Statement No. 75 for Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions. With GASB 75, the District must assume their proportionate share of the Net OPEB liability of the Teacher Retirement System of Texas. Adoption of GASB 75 required a prior period adjustment to report the effect of GASB 75 retroactively. The prior period adjustment totaled \$(119,050,203) which resulted in a restated beginning net position balance of \$(24,808,173).

Y. SUBSEQUENT EVENTS

On July 12, 2018, the Weslaco ISD Board of Trustees authorized legal counsel to proceed with the purchase of 9.9 acres of land located northwest of Weslaco East High School. The negotiated purchase price is \$431,894. Although the contract for purchase was executed in July 2018, the actual purchase was completed on December 12, 2018.

Also on July 12, 2018, the Weslaco ISD Board of Trustees authorized a reimbursement resolution to authorize the District to reimburse itself from proceeds of a Tax Note, once they are received, for any school buses, other vehicles, or equipment that would have been purchased /paid for with District's existing funds to replace assets damaged by the June 20, 2018 flood (see Note V). On October 15, 2018, the Weslaco ISD Board of Trustees authorized the Issuance of Limited Maintenance Tax Notes, Series 2018. The Notes were delivered on November 7, 2018. The Tax Notes had a par value of \$4,905,000 with a net offering premium of \$209,704.75.

REQUIRED SUPPLEMENTARY SCHEDULES

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

	Measurement Year Ended August 31,			
	2017	2016	2015	2014
District's Proportion of the Net Pension Liability (Asset)	0.1115737071%	0.1150849744%	0.1209544000%	0.0789022000%
District's Proportionate Share of Net Pension Liability (Asset)	\$ 35,675,261	\$ 43,488,901	\$ 42,755,770	\$ 21,075,868
States Proportionate Share of the Net Pension Liability (Asset) associated with the District	52,956,929	62,706,553	60,514,661	54,025,417
Total	<u>\$ 88,632,190</u>	<u>\$ 106,195,454</u>	<u>\$ 103,270,431</u>	<u>\$ 75,101,285</u>
District's Covered Payroll	\$ 114,553,639	\$ 110,273,732	\$ 107,243,868	\$ 104,235,177
District's Proportionate Share of the Net Pension Liability (Asset) as a percentage of its Covered Payroll	31.14%	39.44%	39.87%	20.22%
Plan Fiduciary Net Position as a percentage of the Total Pension Liability	82.17%	78.00%	78.43%	83.25%

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

WESLACO INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF THE DISTRICT'S CONTRIBUTIONS FOR PENSIONS
TEACHER RETIREMENT SYSTEM OF TEXAS
FOR THE YEAR ENDED AUGUST 31, 2018

	Fiscal Year Ended August 31,			
	2018	2017	2016	2015
Contractually Required Contribution	\$ 3,811,690	\$ 3,656,734	\$ 3,488,340	\$ 3,335,759
Contribution in Relation to the Contractually Required Contribution	(3,809,404)	(3,656,734)	(3,488,340)	(3,335,759)
Contribution Deficiency (Excess)	<u>\$ 2,286</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's Covered Payroll	\$ 116,426,339	\$ 114,553,639	\$ 110,273,732	\$ 107,243,868
Contributions as a percentage of Covered Payroll	3.27%	3.19%	3.16%	3.11%

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

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

	Measurement Year Ended August 31, 2017
District's Proportion of the Net OPEB Liability (Asset)	0.1560764102%
District's Proportionate Share of the Net OPEB Liability (Asset)	\$ 67,871,776
State's Proportionate Share of the Net OPEB Liability (Asset) associated with the District	<u>81,789,934</u>
Total	<u><u>\$ 149,661,710</u></u>
District's Covered Payroll	\$ 114,553,639
District's Proportionate Share of the Net OPEB Liability (Asset) as a percentage of its Covered Payroll	59.25%
Plan Fiduciary Net Position as a percentage of the Total OPEB Liability	0.91%

Note: Only one year of data is presented in accordance with GASB #75, paragraph 245. "The information for all fiscal years 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."

WESLACO INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF THE DISTRICT'S OPEB CONTRIBUTIONS
TEACHER RETIREMENT SYSTEM OF TEXAS
FOR THE YEAR ENDED AUGUST 31, 2018

	Fiscal Year Ended August 31, 2018
Contractually Required Contribution	\$ 1,061,361
Contribution in Relation to the Contractually Required Contribution	<u>(1,060,941)</u>
Contribution Deficiency (Excess)	<u><u>\$ 420</u></u>
District's Covered Payroll	\$ 116,426,642
Contributions as a percentage of Covered Payroll	0.91%

Note: Only one year of data is presented in accordance with GASB #75, paragraph 245. "The information for all fiscal years 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 STATEMENTS

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

Data Control Codes		203 Pre-K Partnership Planning Grant	211 ESEA I, A Improving Basic Program	212 ESEA Title I Part C Migrant	224 IDEA Part - B Formula
	ASSETS				
1110	Cash and Cash Equivalents	\$ -	\$ -	\$ -	\$ -
1220	Property Taxes - Delinquent	-	-	-	-
1230	Allowance for Uncollectible Taxes (Credit)	-	-	-	-
1240	Due from Other Governments	-	727,961	191,458	190,017
1290	Other Receivables	-	246	41	-
1410	Deferred Expenditures	-	-	-	-
1000	Total Assets	<u>\$ -</u>	<u>\$ 728,207</u>	<u>\$ 191,499</u>	<u>\$ 190,017</u>
	LIABILITIES				
2110	Accounts Payable	\$ -	\$ 1,040	\$ 7,806	\$ -
2160	Accrued Wages Payable	-	171,720	17,344	119,474
2170	Due to Other Funds	-	555,447	166,349	70,543
2300	Unearned Revenues	-	-	-	-
2000	Total Liabilities	<u>\$ -</u>	<u>\$ 728,207</u>	<u>\$ 191,499</u>	<u>\$ 190,017</u>
	DEFERRED INFLOWS OF RESOURCES				
2601	Unavailable Revenue - Property Taxes	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
2600	Total Deferred Inflows of Resources	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
	Fund Balances:				
3480	Restricted for Retirement of Debt	\$ -	\$ -	\$ -	\$ -
3545	Restricted for Capital Acquisitions	-	-	-	-
3590	Other Committed Fund Balances	-	-	-	-
	Other Assigned Fund Balance				
	Total Fund Equity	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
4000	Total Liabilities, Deferred Inflows & Fund Balances	<u>\$ -</u>	<u>\$ 728,207</u>	<u>\$ 191,499</u>	<u>\$ 190,017</u>

225 IDEA Part - B Pre-School	244 Vocational Ed. Basic Grant	255 ESEA II, A Training & Recruiting	263 English Language Acquisition	265 21st Century Community	272 Medicaid Adm. Claiming Program	274 Gear - Up	289 Other Federal Grants
\$ -	\$ -	\$ -	\$ -		\$ 452,534	\$ -	\$ 133,166
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
263	28,143	101,460	30,136	135,315	-	7,080	13,234
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>\$ 263</u>	<u>\$ 28,143</u>	<u>\$ 101,460</u>	<u>\$ 30,136</u>	<u>\$ 135,315</u>	<u>\$ 452,534</u>	<u>\$ 7,080</u>	<u>\$ 146,401</u>
\$ -	\$ 1,384	\$ 16,148	\$ -	\$ 517	\$ -	\$ -	\$ 5,999
-	1,055	29,854	24,888	19,048	-	-	-
263	25,703	55,458	5,248	115,750	-	7,080	-
-	-	-	-	-	452,534	-	140,402
<u>\$ 263</u>	<u>\$ 28,143</u>	<u>\$ 101,460</u>	<u>\$ 30,136</u>	<u>\$ 135,315</u>	<u>\$ 452,534</u>	<u>\$ 7,080</u>	<u>\$ 146,401</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<u>\$ 263</u>	<u>\$ 28,143</u>	<u>\$ 101,460</u>	<u>\$ 30,136</u>	<u>\$ 135,315</u>	<u>\$ 452,534</u>	<u>\$ 7,080</u>	<u>\$ 146,401</u>

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

Data Control Codes		393 Texas Successful Schools Prog.	397 Advanced Placement Incentives	410 State Textbook Fund	429 Misc. State Spec. Revenues
	ASSETS				
1110	Cash and Cash Equivalents	\$ -	\$ 48,691	\$ 769,745	\$ 22,019
1220	Property Taxes - Delinquent	-	-	-	-
1230	Allowance for Uncollectible Taxes (Credit)	-	-	-	-
1240	Due from Other Governments	-	-	-	-
1290	Other Receivables	-	-	-	-
1410	Deferred Expenditures	-	-	147,670	-
		<u>-</u>	<u>-</u>	<u>147,670</u>	<u>-</u>
1000	Total Assets	<u>\$ -</u>	<u>\$ 48,691</u>	<u>\$ 917,415</u>	<u>\$ 22,019</u>
	LIABILITIES				
2110	Accounts Payable	\$ -	\$ -	\$ 147,670	\$ -
2160	Accrued Wages Payable	-	-	-	3,229
2170	Due to Other Funds	-	-	-	-
2300	Unearned Revenues	-	48,691	769,745	18,789
		<u>-</u>	<u>48,691</u>	<u>769,745</u>	<u>18,789</u>
2000	Total Liabilities	<u>\$ -</u>	<u>\$ 48,691</u>	<u>\$ 917,415</u>	<u>\$ 22,019</u>
	DEFERRED INFLOWS OF RESOURCES				
2601	Unavailable Revenue - Property Taxes	\$ -	\$ -	\$ -	\$ -
2600	Total Deferred Inflows of Resources	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
	Fund Balances:				
3480	Restricted for Retirement of Debt	\$ -	\$ -	\$ -	\$ -
3545	Other Committed Fund Balances	-	-	-	-
3590	Other Assigned Fund Balance	-	-	-	-
	Total Fund Equity	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
		<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
4000	Total Liabilities, Deferred Inflows & Fund Balances	<u>\$ -</u>	<u>\$ 48,691</u>	<u>\$ 917,415</u>	<u>\$ 22,019</u>

461 Campus Activity Fund	481 B. Bush Texas Fund	482 Gates Foundation	483 Healthy Kids Initiative	484 AP Incentive Grant	485 Loss Control Grant	486 Toshiba America Foundation
\$ 246,235	\$ -	\$ -	\$ -	\$ -	\$ 2,000	\$ -
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>\$ 246,235</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,000</u>	<u>\$ -</u>
\$ 2,783	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	2,000	-
<u>\$ 2,783</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,000</u>	<u>\$ -</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
243,452	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>\$ 243,452</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<u>\$ 246,235</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,000</u>	<u>\$ -</u>

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

Data Control Codes		487 Discover Brighter Futures	488 T-Stem Blueprint Implementation	489 Project Lead The Way	490 Children's Defense Fund	491 Best Buy Cyber Grant
	ASSETS					
1110	Cash and Cash Equivalents	\$ -	\$ 3,333	\$ 9,058	\$ 4,909	\$ 3,465
1220	Property Taxes - Delinquent	-	-	-	-	-
1230	Allowance for Uncollectible Taxes (Credit)	-	-	-	-	-
1240	Due from Other Governments	-	-	-	-	-
1290	Other Receivables	-	-	-	-	-
1410	Deferred Expenditures	-	-	-	-	-
1000	Total Assets	<u>\$ -</u>	<u>\$ 3,333</u>	<u>\$ 9,058</u>	<u>\$ 4,909</u>	<u>\$ 3,465</u>
	LIABILITIES					
2110	Accounts Payable	\$ -	\$ -	\$ -	\$ -	\$ -
2160	Accrued Wages Payable	-	-	-	-	-
2170	Due to Other Funds	-	-	-	-	-
2300	Unearned Revenues	-	3,333	9,058	4,909	3,465
2000	Total Liabilities	<u>\$ -</u>	<u>\$ 3,333</u>	<u>\$ 9,058</u>	<u>\$ 4,909</u>	<u>\$ 3,465</u>
	DEFERRED INFLOWS OF RESOURCES					
2601	Unavailable Revenue - Property Taxes	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
2600	Total Deferred Inflows of Resources	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
	Fund Balances:					
3480	Restricted for Retirement of Debt	\$ -	\$ -	\$ -	\$ -	\$ -
3545	Other Committed Fund Balances	-	-	-	-	-
3590	Other Assigned Fund Balance	-	-	-	-	-
	Total Fund Equity	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
4000	Total Liabilities, Deferred Inflows & Fund Balances	<u>\$ -</u>	<u>\$ 3,333</u>	<u>\$ 9,058</u>	<u>\$ 4,909</u>	<u>\$ 3,465</u>

EXHIBIT H-1 (Cont'd)

499 Other Local Special Revenue Funds	Total Nonmajor Special Revenue Funds	599 I & S Fund	Total Nonmajor Governmental Funds
\$ 9,584	\$ 1,704,739	\$ 1,418,902	\$ 3,123,641
-	-	131,950	131,950
-	-	(18,467)	(18,467)
-	1,425,067	1,574,789	2,999,856
-	287	-	287
-	147,670	-	147,670
<u>\$ 9,584</u>	<u>\$ 3,277,762</u>	<u>\$ 3,107,174</u>	<u>\$ 6,384,936</u>
\$ -	\$ 183,348	\$ -	\$ 183,348
-	386,612	-	386,612
-	1,001,841	-	1,001,841
-	1,452,926	-	1,452,926
<u>\$ -</u>	<u>\$ 3,024,727</u>	<u>\$ -</u>	<u>\$ 3,024,727</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 113,483</u>	<u>\$ 113,483</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 113,483</u>	<u>\$ 113,483</u>
\$ -	\$ -	\$ 2,993,691	\$ 2,993,691
-	243,452	-	243,452
9,584	9,584	-	9,584
<u>\$ 9,584</u>	<u>\$ 253,036</u>	<u>\$ 2,993,691</u>	<u>\$ 3,246,727</u>
<u>\$ 9,584</u>	<u>\$ 3,277,762</u>	<u>\$ 3,107,174</u>	<u>\$ 6,384,936</u>

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

Data Control Codes		203 Pre-K Partnership Planning Grant	211 ESEA I, A Improving Basic Program	212 ESEA Title I Part C Migrant	224 IDEA Part B Formula
	REVENUES:				
5700	Total Local & Intermediate Sources	\$ -	\$ -	\$ -	\$ -
5800	State Program Revenues	-	-	-	-
5900	Federal Program Revenues	217,514	7,832,616	2,460,200	2,869,891
5020	Total Revenues	<u>\$ 217,514</u>	<u>\$ 7,832,616</u>	<u>\$ 2,460,200</u>	<u>\$ 2,869,891</u>
	EXPENDITURES:				
	Current				
0011	Instruction	\$ 124,450	\$ 2,179,572	\$ 994,877	\$ 2,417,102
0012	Instruction Resources & Media Services	-	947,951	540	-
0013	Curriculum & Staff Development	92,869	2,027,979	195,639	3,445
0021	Instructional Leadership	195	448,017	155,083	83,797
0023	School Leadership	-	91,991	3,267	-
0031	Guidance, Counseling & Evaluation Services	-	580,784	183,034	319,762
0032	Social Work Services	-	897	915,305	-
0033	Health Services	-	716,208	2,999	26,527
0034	Student (Pupil) Transportation	-	9,570	-	19,257
0036	Co-curricular/Extracurricular Activities	-	-	-	-
0051	Plant Maintenance & Operations	-	-	1,382	-
0052	Security & Monitoring Services	-	-	655	-
0061	Community Services	-	829,648	7,418	-
	Debt Service:				
0071	Debt Service - Principal on Long Term Debt	-	-	-	-
0072	Debt Service - Interest on Long Term Debt	-	-	-	-
0073	Debt Service - Bond Issuance Cost & Fees	-	-	-	-
6030	Total Expenditures	<u>\$ 217,514</u>	<u>\$ 7,832,616</u>	<u>\$ 2,460,200</u>	<u>\$ 2,869,891</u>
1100	Excess (Deficiency) of Revenues Over (Under) Expenditures	\$ -	\$ -	\$ -	\$ -
	OTHER FINANCING SOURCES (USES)				
7915	Transfers In	\$ -	\$ -	\$ -	\$ -
7080	Total Other Financing Sources (Uses)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
1200	Net Change in Fund Balances	\$ -	\$ -	\$ -	\$ -
0100	Fund Balance - September 1 (Beginning)	-	-	-	-
3000	Fund Balance - August 31 (Ending)	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

225 IDEA Part B Pre-School	244 Vocational Basic Grant	255 ESEA II Training & Recruiting	263 English Language Acquisition	265 21st Century Community	274 Gear - Up	289 Other Federal Grants	393 Texas Successful Schools Prog.
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-	-
25,633	244,370	747,701	474,153	1,703,371	7,080	156,580	-
<u>\$ 25,633</u>	<u>\$ 244,370</u>	<u>\$ 747,701</u>	<u>\$ 474,153</u>	<u>\$ 1,703,371</u>	<u>\$ 7,080</u>	<u>\$ 156,580</u>	<u>\$ -</u>
\$ 24,931	\$ 99,344	\$ 676,597	\$ 471,933	\$ -	\$ 448	\$ 144,530	\$ 10,668
-	-	-	-	-	-	-	-
702	8,321	71,104	-	50,000	187	12,050	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	136,655	-	-	-	6,445	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	87,114	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	50	-	2,220	1,566,257	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>\$ 25,633</u>	<u>\$ 244,370</u>	<u>\$ 747,701</u>	<u>\$ 474,153</u>	<u>\$ 1,703,371</u>	<u>\$ 7,080</u>	<u>\$ 156,580</u>	<u>\$ 10,668</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (10,668)
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (10,668)
-	-	-	-	-	-	-	10,668
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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

Data Control Codes		397 Advanced Placement Incentives	410 State Textbook Fund	429 Other State Special Rev.	461 Campus Activity Fund	481 B. Bush Texas Fund
	REVENUES:					
5700	Total Local & Intermediate Sources	\$ -	\$ -	\$ -	\$ 341,920	\$ 2,000
5800	State Program Revenues	17,140	2,012,339	43,237	-	-
5900	Federal Program Revenues	-	-	-	-	-
5020	Total Revenues	<u>\$ 17,140</u>	<u>\$ 2,012,339</u>	<u>\$ 43,237</u>	<u>\$ 341,920</u>	<u>\$ 2,000</u>
	EXPENDITURES:					
	Current					
0011	Instruction	\$ 17,140	\$ 2,012,339	\$ 16,046	\$ 118,954	\$ -
0012	Instruction Resources & Media Services	-	-	-	-	-
0013	Curriculum & Staff Development	-	-	27,190	-	2,000
0021	Instructional Leadership	-	-	-	-	-
0023	School Leadership	-	-	-	900	-
0031	Guidance, Counseling & Evaluation Services	-	-	-	-	-
0032	Social Work Services	-	-	-	-	-
0033	Health Services	-	-	-	-	-
0034	Student (Pupil) Transportation	-	-	-	-	-
0036	Co-curricular/Extracurricular Activities	-	-	-	222,995	-
0051	Plant Maintenance & Operations	-	-	-	438	-
0052	Security & Monitoring Services	-	-	-	-	-
0061	Community Services	-	-	-	-	-
	Debt Service:					
0071	Debt Service - Principal on Long Term Debt	-	-	-	-	-
0072	Debt Service - Interest on Long Term Debt	-	-	-	-	-
0073	Debt Service - Bond Issuance Cost & Fees	-	-	-	-	-
6030	Total Expenditures	<u>\$ 17,140</u>	<u>\$ 2,012,339</u>	<u>\$ 43,237</u>	<u>\$ 343,286</u>	<u>\$ 2,000</u>
1100	Excess (Deficiency) of Revenues Over (Under) Expenditures	\$ -	\$ -	\$ -	\$ (1,367)	\$ -
	OTHER FINANCING SOURCES (USES)					
7915	Transfers In	\$ -	\$ -	\$ -	\$ -	\$ -
7080	Total Other Financing Sources (Uses)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
1200	Net Change in Fund Balances	\$ -	\$ -	\$ -	\$ (1,367)	\$ -
0100	Fund Balance - September 1 (Beginning)	<u>-</u>	<u>-</u>	<u>-</u>	<u>244,819</u>	<u>-</u>
3000	Fund Balance - August 31 (Ending)	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 243,452</u></u>	<u><u>\$ -</u></u>

482 Gates Foundation	483 Healthy Kids Initiative	484 AP Incentive Grant	485 Loss Control Grant	486 Toshiba America Foundation	487 Discover Brighter Futures	488 T-Stem Blueprint Implem.	489 Project Lead The Way
\$ 456	\$ 44	\$ 30	\$ -	\$ 416	\$ 20	\$ 16,667	\$ 17,787
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>\$ 456</u>	<u>\$ 44</u>	<u>\$ 30</u>	<u>\$ -</u>	<u>\$ 416</u>	<u>\$ 20</u>	<u>\$ 16,667</u>	<u>\$ 17,787</u>
\$ 456	\$ 44	\$ -	\$ -	\$ 416	\$ 20	\$ 15,650	\$ 15,537
-	-	-	-	-	-	-	-
-	-	30	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	2,250
-	-	-	-	-	-	-	-
-	-	-	-	-	-	1,017	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>\$ 456</u>	<u>\$ 44</u>	<u>\$ 30</u>	<u>\$ -</u>	<u>\$ 416</u>	<u>\$ 20</u>	<u>\$ 16,667</u>	<u>\$ 17,787</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-	-
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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

EXHIBIT H-2 Cont's

Data Control Codes		490 Children's Defense Fund	491 Best Buy Cyber Grant	499 Other Local Special Revenue Funds	Total Nonmajor Special Rev. Funds	599 I & S Fund	Total Nonmajor Governmental Funds
	REVENUES:						
5700	Total Local & Intermediate Sources	\$ 2,211	\$ 2,535	\$ -	\$ 384,084.83	\$ 514,676	\$ 898,760.82
5800	State Program Revenues	-	-	-	2,072,716	2,261,367	4,334,083
5900	Federal Program Revenues	-	-	-	16,739,109	-	16,739,109
5020	Total Revenues	<u>\$ 2,211</u>	<u>\$ 2,535</u>	<u>\$ -</u>	<u>\$ 19,195,909</u>	<u>\$ 2,776,043</u>	<u>\$ 21,971,952</u>
	EXPENDITURES:						
	Current						
0011	Instruction	\$ -	\$ -	\$ -	\$ 9,341,056.14	\$ -	\$ 9,341,056
0012	Instruction Resources & Media Services	-	-	-	948,491	-	948,491
0013	Curriculum & Staff Development	-	-	-	2,491,516	-	2,491,516
0021	Instructional Leadership	-	-	-	687,092	-	687,092
0023	School Leadership	-	-	-	98,408	-	98,408
0031	Guidance, Counseling & Evaluation Services	-	-	-	1,226,679	-	1,226,679
0032	Social Work Services	-	-	-	917,219	-	917,219
0033	Health Services	-	-	-	745,735	-	745,735
0034	Student (Pupil) Transportation	-	-	-	115,941	-	115,941
0036	Co-curricular/Extracurricular Activities	-	2,535	-	225,529	-	225,529
0051	Plant Maintenance & Operations	-	-	-	1,819	-	1,819
0052	Security & Monitoring Services	-	-	-	655	-	655
0061	Community Services	2,211	-	-	2,407,804	-	2,407,804
	Debt Service:						
0071	Debt Service - Principal on Long Term Debt	-	-	-	-	2,700,000	2,700,000
0072	Debt Service - Interest on Long Term Debt	-	-	-	-	2,086,500	2,086,500
0073	Debt Service - Bond Issuance Cost & Fees	-	-	-	-	1,875	1,875
6030	Total Expenditures	<u>\$ 2,211</u>	<u>\$ 2,535</u>	<u>\$ -</u>	<u>\$ 19,207,945</u>	<u>\$ 4,788,375</u>	<u>\$ 23,996,320</u>
1100	Excess (Deficiency) of Revenues Over (Under) Expenditures	\$ -	\$ -	\$ -	\$ (12,035)	\$ (2,012,332)	\$ (2,024,367)
	OTHER FINANCING SOURCES (USES)						
7915	Transfers In	\$ -	\$ -	\$ -	\$ -	\$ 1,700,000	\$ 1,700,000
7080	Total Other Financing Sources (Uses)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,700,000</u>	<u>\$ 1,700,000</u>
1200	Net Change in Fund Balances	\$ -	\$ -	\$ -	\$ (12,035)	\$ (312,332)	\$ (324,367)
0100	Fund Balance - September 1 (Beginning)	-	-	9,584	265,071	3,306,023	3,571,095
3000	Fund Balance - August 31 (Ending)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 9,584</u>	<u>\$ 253,036</u>	<u>\$ 2,993,691</u>	<u>\$ 3,246,727</u>

REQUIRED TEA SCHEDULES

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

Last 10 Years Ended August 31,	(1)	(2)	(3)
	Tax Rates		Assessed/Appraised Value for School Tax Purpose
	Maintenance	Debt Service	
2009 & Prior	Various	Various	Various
2010	1.0307	0.1090	1,782,246,195
2011	1.0307	0.1090	1,802,628,745
2012	1.1397	-	1,828,879,472
2013	1.1397	-	1,860,366,711
2014	1.1397	-	1,891,048,258
2015	1.1397	-	2,018,278,834
2016	1.1397	-	2,058,098,631
2017	1.1397	-	2,169,706,968
2018 (School Year under Audit)	1.1397	0.0200	2,292,112,169
1000 TOTALS			

EXHIBIT J-1

(10) Beginning Balance 9/1/2017	(20) Current Year's Levy	(31) Maintenance Total Collection	(32) Interest & Sinking Total Collection	(40) Entire Year's Adjustments	(50) Ending Balance 8/31/2018
\$ 1,001,647	\$ -	\$ 59,662	\$ 6,234	\$ (12,646)	\$ 923,104
160,477	-	18,185	1,923	(2,422)	137,947
173,711	-	21,123	2,025	(3,939)	146,624
192,483	-	32,174	-	(4,701)	155,608
217,808	-	45,585	-	(2,388)	169,836
291,723	-	85,756	-	(31)	205,936
400,256	-	130,378	-	(9,834)	260,045
600,023	-	210,485	-	(52,984)	336,554
1,260,157	-	606,960	-	(114,752)	538,445
	26,145,817	24,521,426	430,313	8,983	1,203,061
<u>\$ 4,298,285</u>	<u>\$ 26,145,817</u>	<u>\$ 25,731,734</u>	<u>\$ 440,495</u>	<u>\$ (194,714)</u>	<u>\$ 4,077,159</u>

WESLACO INDEPENDENT SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
CHILD NUTRITION PROGRAM
AUGUST 31, 2018

Data Control Codes			Budgeted Amount		Actual Amount GAAP Basis	Variance With Final Budget Positive or (Negative)
			Original	Final		
REVENUES:						
5700	Total Local and Intermediate Sources		\$ 407,310	\$ 408,810	\$ 403,923	\$ (4,887)
5800	State Program Revenues		60,000	60,000	60,353	353
5900	Federal Program Revenues		13,047,629	14,318,629	12,472,724	(1,845,905)
5020	Total Revenues		13,514,939	14,787,439	12,937,000	(1,850,439)
EXPENDITURES:						
0035	Food Services		12,687,470	14,881,878	12,236,708	2,645,170
0051	Plant Maintenance and Operations		827,469	859,469	770,231	89,238
6030	Total Expenditures		13,514,939	15,741,347	13,006,939	2,734,408
1100	Excess (Deficiency) of Revenues Over (Under) Expenditures		-	(953,908)	(69,938)	883,970
OTHER FINANCING SOURCES (USES)						
7912	Sale of Real and Personal Property		-	-	7,008	7,008
7919	ExtraOrdinary Items		-	-	259,835	259,835
7080	Total Other Financing Sources (Uses)		-	-	266,843	266,843
1200	Net Change in Fund Balance		-	(953,908)	196,905	1,150,813
0100	Fund Balance - September 1 (Beginning)		2,841,318	2,841,318	2,841,318	-
3000	Fund Balance - August 31 (Ending)		\$ 2,841,318	\$ 1,887,410	\$ 3,038,222	\$ 1,150,813

WESLACO INDEPENDENT SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
DEBT SERVICE FUND
AUGUST 31, 2018

Data Control Codes		Budgeted Amount		Actual Amount GAAP Basis	Variance With Final Budget Positive or (Negative)
		Original	Final		
	REVENUES:				
5700	Total Local and Intermediate Sources	\$ 459,861	\$ 514,861	\$ 514,676	\$ (185)
5800	State Program Revenues	712,251	1,378,587	2,261,367	882,780
5020	Total Revenues	<u>1,172,112</u>	<u>1,893,448</u>	<u>2,776,043</u>	<u>882,595</u>
	EXPENDITURES:				
0071	Debt Service - Principal and Long-Term Debt	2,700,000	2,700,000	2,700,000	-
0072	Debt Service - Interest on Long-Term Debt	2,086,500	2,086,500	2,086,500	-
0073	Debt Service - Bond Issuance Cost and Fees	5,000	5,000	1,875	3,125
6030	Total Expenditures	<u>4,791,500</u>	<u>4,791,500</u>	<u>4,788,375</u>	<u>3,125</u>
1100	Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(3,619,388)</u>	<u>(2,898,052)</u>	<u>(2,012,332)</u>	<u>885,720</u>
	OTHER FINANCING SOURCES (USES)				
7915	Operating Transfer In	<u>1,700,000</u>	<u>1,700,000</u>	<u>1,700,000</u>	-
7080	Total Other Financing Sources (Uses)	<u>1,700,000</u>	<u>1,700,000</u>	<u>1,700,000</u>	-
1200	Net Change in Fund Balances	(1,919,388)	(1,198,052)	(312,332)	885,720
0100	Fund Balance - September 1 (Beginning)	<u>3,306,023</u>	<u>3,306,023</u>	<u>3,306,023</u>	-
3000	Fund Balance - August 31 (Ending)	<u>\$ 1,386,635</u>	<u>\$ 2,107,971</u>	<u>\$ 2,993,691</u>	<u>\$ 885,720</u>

STATISTICAL SECTION

WESLACO INDEPENDENT SCHOOL DISTRICT

STATISTICAL SECTION OVERVIEW

(Unaudited)

This part of the District's comprehensive annual financial report presents detailed information to provide the readers of the District's financial information with a background for a better understanding of the information in the financial statements, note disclosures, and required supplementary information.

The statistical section is organized in the following sections:

Government-Wide Information – This section contains schedules that reflect current year and past years amounts on the District's government-wide financial statements.

Fund Information – This section contains schedules that reflect current year and past years amounts on the District's fund financial statements.

Revenue Capacity Information – 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.

Debt Capacity Information – This section contains schedules that provide information on the District's current levels of outstanding debt, the District's ability to repay the debt, and to issue additional debt in the future.

Demographic and Economic Information – This section contains schedule that provide an understanding of the environment within which the District's financial activities take place.

Operating Information – This section contains schedules that provide information about the services the District provides and the activities it performs; such as, employees and facilities of the District.

WESLACO INDEPENDENT SCHOOL DISTRICT
NET POSITION BY COMPONENT
LAST TEN YEARS

TABLE L-1

	2009	2010	2011	2012	2013	2014	2015 *	2016	2017	2018 **
Governmental Activities										
<i>Net Investment in Capital Assets</i>	\$43,020,884	\$58,807,896	\$66,572,016	\$69,662,775	\$67,109,281	\$57,955,030	\$65,082,018	\$70,172,243	\$53,852,720	\$65,403,874
<i>Restricted</i>	31,466,744	13,615,686	13,764,073	7,955,149	9,567,330	17,964,766	13,318,765	20,308,022	31,073,280	34,045,172
<i>Unrestricted</i>	21,618,813	28,103,888	28,317,501	36,610,978	38,892,701	40,694,713	13,712,717	11,348,644	9,316,031	-91,974,374
<i>Total Net Position</i>	<u>\$96,106,441</u>	<u>\$100,527,470</u>	<u>\$108,653,590</u>	<u>\$114,228,902</u>	<u>\$115,569,312</u>	<u>\$116,614,509</u>	<u>\$92,113,501</u>	<u>\$101,828,909</u>	<u>\$94,242,030</u>	<u>\$7,474,673</u>

Source: Financial Statements and Independent Auditor's Report
Statement of Net Position (Exhibit A-1)
2009-2018 Fiscal Year End 8/31
*Implementation of GASB 65
**Implementation of GASB 75

WESLACO INDEPENDENT SCHOOL DISTRICT
GOVERNMENTAL /BUSINESS TYPE ACTIVITIES EXPENSES AND PROGRAM REVENUES
LAST TEN YEARS

TABLE L-2

Expenses	2009	2010	2011	2012	2013	2014	2015 *	2016	2017	2018 **
<i>Governmental Activities:</i>										
<i>Instruction</i>	\$82,145,341	\$86,030,384	\$86,148,829	\$82,073,900	\$82,820,029	\$86,818,655	\$89,938,794	\$93,758,756	\$92,471,673	\$61,875,457
<i>Instructional Resource and Media Services</i>	3,048,260	3,007,296	3,165,490	3,126,658	3,147,877	3,138,683	3,219,111	3,407,707	3,270,878	2,133,005
<i>Curriculum and Staff Development</i>	5,144,707	6,655,625	7,227,046	7,168,419	5,981,991	5,771,075	5,833,373	7,866,159	6,672,451	3,444,618
<i>Instructional Leadership</i>	2,004,108	1,878,756	1,842,193	1,614,531	1,763,693	1,741,556	1,918,149	1,958,667	2,102,624	1,457,965
<i>School Leadership</i>	5,788,254	5,600,566	5,635,650	4,848,957	4,851,895	4,896,405	5,353,983	5,347,324	5,525,639	4,182,155
<i>Guidance, Counseling and Evaluation Services</i>	5,045,886	5,094,891	5,282,492	5,357,658	5,805,284	5,873,335	5,922,963	6,457,628	6,274,128	3,675,415
<i>Social Work Services</i>	1,918,900	1,942,594	1,897,984	1,951,984	1,851,636	1,590,345	1,744,838	1,893,278	2,078,113	1,123,254
<i>Health Services</i>	1,731,561	1,768,177	1,801,320	1,866,796	1,903,517	1,833,597	1,917,008	2,031,580	1,991,617	1,175,267
<i>Student Transportation</i>	3,068,385	3,205,949	3,491,384	3,445,601	3,637,229	3,877,637	4,053,767	4,372,443	4,841,325	4,463,629
<i>Food Services</i>	9,027,202	9,521,527	9,936,549	10,529,742	11,100,321	11,065,882	10,967,135	12,651,725	12,346,731	9,934,616
<i>Cocurricular/Extracurricular Activities</i>	4,972,543	5,822,399	6,273,296	6,542,716	6,975,634	7,063,184	7,850,006	8,388,595	8,491,903	6,951,528
<i>General Administration</i>	16,927,618	16,660,646	15,119,601	15,782,665	16,482,896	17,115,853	20,123,067	21,627,390	24,261,944	18,956,735
<i>Facilities Maintenance and Operations</i>	14,143,643	14,715,609	14,970,462	15,911,132	15,596,403	15,587,518	15,576,051	17,098,058	16,614,367	13,666,829
<i>Security and Monitoring Services</i>	1,394,042	1,612,865	1,487,063	1,602,277	1,604,098	2,058,835	2,100,843	2,057,040	2,235,845	1,685,302
<i>Data Processing Services</i>	1,658,489	1,829,298	1,781,587	1,860,420	2,141,748	2,016,328	2,019,983	2,163,703	2,034,553	1,639,951
<i>Community Services</i>	1,672,399	1,958,365	2,113,316	2,049,804	2,099,332	2,181,705	2,121,282	2,261,487	3,991,891	2,239,217
<i>Debt Service-Interest and Fees on Long Term Del</i>	4,368,596	3,519,393	3,917,022	2,448,647	3,399,527	3,377,883	3,448,931	2,620,552	2,900,318	2,761,245
<i>Facilities Acquisition and Construction</i>	411,480	702,185	614,633	50,717	-	-	-	-	-	-
<i>Payments Related to Shared Services Arrangemen</i>	-	-	-	-	-	-	-	-	-	-
<i>Payment to Juvenile Justice Alternative Ed. Prg</i>	240,000	231,380	220,000	184,460	189,500	242,000	220,000	239,520	248,000	129,946
<i>Other Intergovernmental Charges</i>	-	179,371	173,582	185,752	204,067	196,658	230,394	245,133	161,539	279,379
Total Governmental Activities Expenses	164,711,412	171,937,276	173,099,498	168,602,835	171,556,677	176,447,134	184,559,678	196,446,745	198,515,540	141,775,514
<i>Program Revenues</i>										
<i>Charges for Services:</i>										
<i>Instruction</i>	\$466,502	\$201,522	\$207,308	\$170,849	\$148,192	\$209,036	\$132,283	\$152,654	\$113,191	\$119,627
<i>Instructional Resources and Media Services</i>	27,074	143	-	-	-	3,375	-	83	470	121
<i>Curriculum and Staff Development</i>	-	-	1,205	-	154	288	645	269	367	182
<i>Instructional Leadership</i>	-	-	-	-	-	-	-	-	-	-
<i>School Leadership</i>	19,223	227	1,895	1,633	1,568	-	519	-	791	896
<i>Guidance, Counseling and Evaluation Services</i>	-	-	-	-	-	-	-	-	-	-
<i>Social Work Services</i>	-	-	-	-	-	-	-	-	-	-
<i>Health Services</i>	-	-	-	-	-	-	-	-	-	-
<i>Student Transportation</i>	8,020	1,056	10,191	9,239	19,455	20	52,641	20	15	4,302
<i>Food Services</i>	828,229	843,552	734,023	696,412	693,023	697,330	582,296	463,055	374,151	343,168
<i>Cocurricular/Extracurricular Activities</i>	614,463	596,215	799,758	707,984	798,852	677,440	725,639	593,179	602,391	609,479
<i>General Administration</i>	1,929,244	1,873,180	1,891,549	2,142,898	2,014,912	1,891,137	2,087,523	3,101,767	2,590,722	2,937,756
<i>Facilities Maintenance and Operations</i>	122,162	125,896	133,863	59,232	102,444	93,702	72,560	303,091	35,734	73,515
<i>Security and Monitoring Services</i>	-	-	3,229	-	-	-	-	-	-	-
<i>Data Processing Services</i>	42	-	118	-	-	-	-	-	-	-
<i>Community Services</i>	121,602	150,994	148,071	166,356	174,118	172,343	197,761	190,100	170,131	194,503
<i>Debt Service-Interest and Fees on Long Term Del</i>	-	-	-	-	-	-	-	-	-	-
<i>Facilities Acquisition and Construction</i>	-	-	-	-	-	-	-	-	-	-
<i>Other Intergovernmental Charges</i>	-	-	-	-	-	-	-	-	-	-
<i>Operating Grants/Capital and Contributions</i>	38,500,683	48,092,848	53,045,902	41,310,808	38,414,155	36,330,426	40,834,221	42,251,555	41,621,847	11,559,296
Total Governmental Activities Program Revenues	42,637,243	51,885,631	56,977,111	45,265,410	42,366,872	40,075,097	44,686,089	47,055,774	45,509,811	15,842,845
Net Government Activities Revenue/(Expenses)	\$(122,074,169)	\$(120,051,645)	\$(116,122,387)	\$(123,337,425)	\$(129,189,804)	\$(136,372,037)	\$(139,873,589)	\$(149,390,971)	\$(153,005,729)	\$(125,932,669)

Source: Financial Statements and Independent Auditor's Report
Statement of Activities(Exhibit B-1)
2009-2018 Fiscal Year End 8/31
*Implementation of GASB 65
**Implementation of GASB 75

WESLACO INDEPENDENT SCHOOL DISTRICT
GENERAL/BUSINESS REVENUE AND CHANGES IN NET POSITION
LAST TEN YEARS

TABLE L-3

	2009	2010	2011	2012	2013	2014	2015 *	2016	2017	2018 **
Net Governmental Activities										
Revenue/(Expenses)	\$(122,074,169)	\$(120,051,645)	\$(116,122,387)	\$(123,337,425)	\$(129,189,804)	\$(136,372,037)	\$(139,873,589)	\$(149,390,971)	\$(153,005,729)	\$(125,932,669)
General Revenue and Changes in Net Position:										
<i>Governmental Activities:</i>										
<i>Property Taxes-General</i>	18,690,509	18,737,690	18,863,335	21,150,387	21,932,794	21,618,492	23,546,542	23,882,403	24,915,531	26,329,885
<i>Property Taxes-Debt Services</i>	2,367,521	1,966,244	1,815,130	44,825	59,893	34,993	18,319	17,547	13,984	469,888
<i>Grants & Contributions Not Restricted</i>	101,670,471	103,455,054	103,449,609	102,902,449	109,184,686	114,534,319	115,521,053	130,154,799	119,855,162	126,931,141
<i>Investment Earnings</i>	804,528	282,041	81,992	110,381	96,168	70,414	78,825	222,846	564,446	1,375,217
<i>Miscellaneous</i>	17,941	31,645	38,441	41,474	21,897	20,741	86,890	17,789	69,727	21,126
<i>Extraordinary Item-Net</i>	-	-	-	-	-	-	-	-	-	3,088,259
<i>Special Item - (Use)</i>	-	-	-	-	-	-	-	-	-	-
<i>Sale of Real Property</i>	-	-	-	-	-	-	-	-	-	-
<i>Transfers In (Out)</i>	-	-	-	-	-	-	-	-	-	-
Total Governmental Activities	123,550,969	124,472,674	124,248,506	124,249,516	131,295,437	136,278,958	139,251,628	154,295,385	145,418,850	158,215,514
Changes in Net Position	\$1,476,801	\$4,421,030	\$8,126,119	\$912,091	\$2,105,633	\$(93,078)	\$(621,961)	\$4,904,414	\$(7,586,879)	\$32,282,846

Source: Financial Statements and Independent Auditor's Report
Statement of Activities(Exhibit B-1)
2009-2018 Fiscal Year End 8/31
*Implementation of GASB 65
**Implementation of GASB 75

WESLACO CONSOLIDATED INDEPENDENT SCHOOL DISTRICT
FUND BALANCES OF GOVERNMENTAL FUNDS
LAST TEN YEARS

TABLE L-4

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
General										
PRE GASB 54										
<i>Reserved Fund Balances:</i>										
<i>Investment in Inventory</i>	\$792,937	\$873,679	-	-	-	-	-	-	-	-
<i>Prepaid Items</i>	800,743	955,296	-	-	-	-	-	-	-	-
<i>Outstanding Encumbrances</i>	650,376	70,489	-	-	-	-	-	-	-	-
<i>Reserve for Food Service</i>	1,032,876	1,546,976	-	-	-	-	-	-	-	-
<i>Other Reserves for Fund Balance</i>	1,827,449	6,292,785	-	-	-	-	-	-	-	-
<i>Other Designated of Fund Balance</i>	-	-	-	-	-	-	-	-	-	-
<i>Unreserved and Undesignated:</i>										
<i>Reported in General Fund</i>	16,829,839	15,697,714	-	-	-	-	-	-	-	-
POST GASB 54										
<i>Non-spendable:</i>										
<i>Inventories</i>	-	-	902,671	904,773	939,967	938,278	903,195	847,969	960,789	848,180
<i>Prepaid Items</i>	-	-	1,402,071	1,671,484	1,783,576	1,760,386	1,564,045	1,584,354	1,379,451	1,350,744
<i>Restricted:</i>										
<i>Federal/State Funds Grant Restrictions</i>	-	-	2,943,719	3,544,964	4,381,575	4,494,889	5,695,725	7,302,864	5,093,955	5,862,080
<i>Other Restrictions of Fund Balance</i>	-	-	-	1,547,158	4,632,264	-	-	-	-	-
<i>Assigned:</i>										
<i>Construction</i>	-	-	-	-	-	-	-	-	-	-
<i>Capital Expenditures for Equipment</i>	-	-	-	-	-	-	-	-	-	-
<i>Other</i>	-	-	-	-	4,104,229	11,114,670	11,245,626	19,470,602	23,385,542	15,800,786
<i>Unassigned:</i>	-	-	19,009,349	23,582,400	15,500,000	16,000,000	16,500,000	17,000,000	17,500,000	18,000,000
Total General Fund Balance	\$21,934,219	\$25,436,938	\$24,257,809	\$31,250,779	\$31,341,611	\$34,308,222	\$35,908,591	\$46,205,789	\$48,319,737	\$41,861,790
All Other Governmental Funds										
PRE GASB 54										
<i>Reserved, Reported In:</i>										
<i>Special Revenue</i>										
<i>Other Reserves</i>	496,219	483,010	-	-	-	-	-	-	-	-
<i>Debt Service/Retirement of Long Term Debt</i>										
<i>Retirement of Long Term Debt</i>	2,437,086	2,407,103	-	-	-	-	-	-	-	-
<i>Capital, Projects</i>										
<i>Outstanding Encumbrances</i>	17,366,392	622,818	-	-	-	-	-	-	-	-
<i>Construction</i>	8,219,425	8,159,056	-	-	-	-	-	-	-	-
<i>Unreserved and Undesignated:</i>										
<i>Reported in General Fund</i>	-	-	-	-	-	-	-	-	-	-
<i>Reported in Special Revenue Funds</i>	-	-	-	-	-	-	-	-	-	-
<i>Reported in Capital Projects Funds</i>	-	-	-	-	-	-	-	-	-	-
POST GASB 54										
<i>Restricted:</i>										
<i>Federal/State Funds Grant Restrictions</i>	-	-	444,242	10,668	10,668	10,668	10,668	10,668	10,668	-
<i>Capital Acquisition and Contractual Obligation</i>	-	-	6,100,790	2,534,596	3,574,020	10,691,736	5,043,128	4,278,991	21,250,253	23,768,132
<i>Retirement of Long Term Debt</i>	-	-	3,645,675	3,985	273,431	1,499,721	1,287,408	7,427,367	3,306,023	2,993,691
<i>Other Restrictions of Fund Balance</i>	-	-	-	-	-	-	-	-	-	-
<i>Committed:</i>										
<i>Construction</i>	-	-	-	-	-	-	-	-	-	-
<i>Capital Expenditures for Equipment</i>	-	-	-	-	-	-	-	-	-	-
<i>Other Commitments of Fund Balance</i>	-	-	196,629	191,887	260,805	245,912	292,792	270,009	244,819	243,452
<i>Assigned:</i>										
<i>Other</i>	-	-	35,253	35,278	35,278	9,584	9,584	9,584	9,584	9,584
<i>Unassigned:</i>	-	-	-	-	-	-	-	-	-	-
Total All	28,519,122	11,671,986	10,422,589	2,776,414	4,154,202	12,457,620	6,643,581	11,996,619	24,821,347	27,014,860
Total Governmental Funds -Fund Balance	\$50,453,341	\$37,108,923	\$34,680,398	\$34,027,193	\$35,495,813	\$46,765,842	\$42,552,172	\$58,202,409	\$73,141,084	\$68,876,650
Governmental Funds -										
<i>Beginning Fund Balance</i>	47,630,484	50,453,341	37,108,923	34,680,398	34,027,193	35,495,813	46,765,842	42,552,172	58,202,409	73,141,084
<i>Prior Period Adjustment</i>	-	-	-	4,663,222	-	1,138,275	-	4,810,995	-	-
<i>Net Change in Fund Balance</i>	2,822,858	(13,344,418)	(2,428,526)	(5,316,427)	1,468,621	10,131,754	(4,213,670)	10,839,242	14,938,675	0
Ending Fund Balance	\$50,453,341	\$37,108,923	\$34,680,398	\$34,027,193	\$35,495,813	\$46,765,842	\$42,552,172	\$58,202,409	\$73,141,084	\$68,876,650

Source: Financial Statements and Independent Auditor's Report
Balance Sheet - Governmental Funds (Exhibit C-1) 2009-2018
Statement of Revenues, Expenditures, and Changes in Fund Balances (Exhibit C-3)
2009-2018 Fiscal Year End 8/31
Per GASB 54 - 2011

WESLACO INDEPENDENT SCHOOL DISTRICT
GOVERNMENTAL FUND REVENUE BY SOURCE
LAST TEN YEARS

TABLE L-5

Fiscal Year	Local and Intermediate Sources			State Programs			Federal Programs	Total
	Property Tax	Investment Income	Other	Per Capita and Foundation	On Behalf TRS Payments	Other		
2009	20,597,276	766,728	2,256,386	99,142,283	5,591,696	7,170,601	28,231,555	163,756,524
2010	20,709,196	277,305	1,965,801	100,090,477	5,670,594	5,957,211	39,805,820	174,476,403
2011	20,796,366	78,037	1,972,928	98,595,138	5,531,485	6,653,224	45,695,778	179,322,955
2012	21,377,518	100,837	2,179,126	104,671,853	5,529,121	149,301	33,817,761	167,825,518
2013	21,799,267	84,580	1,950,888	109,686,971	5,799,485	554,976	31,555,773	171,431,941
2014	21,860,201	59,178	1,874,415	115,075,604	6,027,826	1,225,436	28,523,599	174,646,259
2015	23,828,401	69,479	1,790,487	116,096,469	6,552,087	3,360,290	30,392,295	182,089,508
2016	23,878,352	206,734	1,738,866	128,561,142	5,854,875	3,655,672	31,065,845	194,961,485
2017	24,900,863	561,541	1,416,357	120,529,452	4,813,494	1,596,924	33,226,272	187,044,904
2018	26,172,229	1,341,246	2,303,180	125,377,866	7,519,851	4,394,436	31,640,576	198,749,384

Source: Financial Statements and Independent Auditor's Report
Statement of Revenues, Expenditures, and Changes in Fund Balances (Exhibit C-3)
2009-2018 Fiscal Year End 8/31

WESLACO INDEPENDENT SCHOOL DISTRICT
GOVERNMENTAL FUND EXPENDITURES BY FUNCTION
LAST TEN YEARS

TABLE L-6

	Instructional And	Instructional	Support		Support					Facilities			Ratio of
	Instructional	and	Services	Administrative	Services		Debt	Service	Debt	Acquisition &	Inter-	Total	Debt Services
Fiscal	Related	School	Student	Support	Non-Student	Ancillary	Service	Interest	Service	Constructio	Governmen	Governmental	to Non-Capital
Year	Services	Leadership	Other	Services	Based	Services	Principal	and Other	Other Fees	Capital	tal	Fund	Expenditures
										Outlay	Charges	Expenditures	Expenditures
2009	92,329,620	8,105,655	25,926,661	4,396,007	18,102,221	1,732,246	3,451,698	4,016,618	325,000	31,562,470	240,000	190,188,194	4.91%
2010	98,187,003	7,844,323	27,736,484	4,856,639	19,371,860	1,972,683	3,567,294	4,241,467	4,143	19,659,820	410,751	187,852,467	4.65%
2011	99,014,829	7,820,540	28,964,925	4,401,917	19,207,249	2,080,189	3,510,500	4,299,171	2,593	12,194,426	393,582	181,889,922	4.60%
2012	94,785,719	6,734,797	30,100,121	4,630,078	20,693,813	1,981,619	3,367,499	4,209,311	2,518	6,907,732	370,212	173,783,418	4.54%
2013	93,837,846	6,894,608	30,726,311	4,437,268	20,307,498	2,015,672	4,208,000	3,373,197	2,556	1,788,693	393,567	167,985,217	4.56%
2014	97,149,232	6,906,652	31,023,969	4,059,382	20,567,994	2,160,887	4,379,000	3,193,816	193,729	7,173,927	438,658	177,247,245	4.57%
2015	101,502,586	7,607,364	33,756,126	4,785,079	20,799,472	2,066,825	5,595,000	2,835,623	398,973	8,961,815	450,394	188,759,258	4.91%
2016	103,403,648	7,333,985	35,547,335	4,818,619	21,667,224	2,109,182	4,947,000	2,668,955	3,455	1,155,976	484,653	184,140,033	4.16%
2017	103,876,653	7,848,224	37,345,499	5,056,378	21,649,161	3,853,593	4,654,000	2,191,565	491,418	1,162,753	409,539	188,538,783	3.92%
2018	106,669,533	9,111,967	42,080,897	5,387,771	23,865,350	3,754,897	4,443,492	3,009,612	2,825	9,202,858	409,325	207,938,527	3.75%

Source: Financial Statements and Independent Auditor's Report
Statement of Revenues, Expenditures, and Changes in Fund Balances (Exhibit C-3)
2009-2018 Fiscal Year End 8/31

WESLACO INDEPENDENT SCHOOL DISTRICT
GOVERNMENTAL FUNDS OTHER SOURCES, USES
AND CHANGES IN FUND BALANCES
LAST TEN YEARS

TABLE L-7

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
<i>Excess of Revenue Over</i>										
<i>(Under) Expenditures</i>	\$(26,431,670)	\$(13,376,063)	\$(2,466,966)	\$(5,957,901)	\$3,446,724	\$(2,600,987)	\$(6,669,750)	\$10,821,452	\$(1,493,880)	\$(9,189,142)
<i>Other Financing Sources (Uses)</i>										
<i>Issuance of Bonds</i>	24,999,992	-	-	-	-	-	-	-	-	-
<i>Refunding Bonds Issued</i>	-	-	-	-	-	-	31,570,000	-	19,470,000	-
<i>Sale of Real and Personal Property</i>	17,941	31,645	38,441	41,474	21,897	20,741	36,472	17,789	69,727	21,126
<i>Proceeds from Sales of Fixed Assets</i>	-	-	-	-	-	-	-	-	-	-
<i>Issuance of Capital Leases</i>	-	-	-	-	-	-	-	-	-	1,577,168
<i>Issuance of Loans</i>	1,935,000	-	-	-	-	12,712,000	-	-	15,020,000	-
<i>Issuance on Non-Current Debt</i>	-	-	-	-	-	-	-	-	-	-
<i>Transfer In</i>	34,616,891	3,600,000	12,233,755	7,980,000	9,279,145	20,526,320	11,251,447	5,700,039	21,609,631	14,359,549
<i>Premium on Issuance of Bonds</i>	301,595	-	-	-	-	-	5,463,084	-	4,623,821	-
<i>Other Resources</i>	-	-	-	-	-	-	-	-	-	-
<i>Transfer Out</i>	(32,616,891)	(3,600,000)	(12,233,755)	(7,380,000)	(11,279,145)	(20,526,320)	(9,251,447)	(5,700,039)	(22,749,631)	(18,519,549)
<i>Other Uses</i>	-	-	-	-	-	-	(36,613,477)	-	(21,610,993)	-
<i>Total Other Financing Sources (Uses)</i>	29,254,528	31,645	38,441	641,474	(1,978,103)	12,732,741	2,456,079	17,789	16,432,555	(2,561,706)
<i>Special Items</i>	-	-	-	-	-	-	-	-	-	-
<i>Extraordinary Items (Resources)</i>	-	-	-	-	-	-	-	-	-	7,486,415
<i>Net Changes in Fund Balances</i>	<u>\$2,822,858</u>	<u>\$(13,344,418)</u>	<u>\$(2,428,526)</u>	<u>\$(5,316,427)</u>	<u>\$1,468,621</u>	<u>\$10,131,754</u>	<u>\$(4,213,670)</u>	<u>\$10,839,242</u>	<u>\$14,938,675</u>	<u>\$(4,264,434)</u>

Source: Financial Statements and Independent Auditor's Report
Statement of Revenues, Expenditures, and Changes in Fund Balances (Exhibit C-3)
2009-2018 Fiscal Year End 8/31

EDINBURG CONSOLIDATED INDEPENDENT SCHOOL DISTRICT
GOVERNMENTAL FUND EXPENDITURES BY FUNCTION
PER AVERAGE DAILY ATTENDANCE
LAST TEN YEARS

TABLE L-8

		Instructional and	Instructional	Support		Support			Debt			
	Average	Instructional	and	Services	Administrative	Services		Debt	Service		Inter-	Total
Fiscal	Daily	Related	School	Student	Support	Non-Student	Ancillary	Service	Interest	Capital	Governmental	Governmental
Year	Attendance	Services	Leadership	Other	Services	Based	Services	Principal	and Other	Outlay	Charges	Fund
												Expenditures
2009	15,451	5,976	525	1,678	285	1172	112	223	281	2043	16	12,309
2010	16,029	6,126	489	1,730	303	1209	123	223	265	1227	26	11,720
2011	16,319	6,068	479	1,775	270	1177	127	215	264	747	24	11,146
2012	16,289	5,819	413	1,848	284	1270	122	207	259	424	23	10,669
2013	16,310	5,754	423	1,884	272	1245	124	258	207	110	24	10,300
2014	16,320	5,953	423	1,901	249	1260	132	268	208	440	27	10,861
2015	15,991	6,347	476	2,111	299	1301	129	350	202	560	28	11,804
2016	16,253	6,362	451	2,187	296	1333	130	304	164	71	30	11,330
2017	16,023	6,483	490	2,331	316	1351	240	290	167	73	26	11,766
2018	15,850	6,730	575	2,655	340	1506	237	280	190	581	26	13,119

Source: Financial Statements and Independent Auditor's Report
PEIMS DATA Report (PFR7D001) 2009-2018
Stat Statement of Revenues, Expenditures, and Changes in Fund Balances (Exhibit C-3)
2009-2018 Fiscal Year End 8/31

WESLACO INDEPENDENT SCHOOL DISTRICT
ASSESSED VALUE AND ESTIMATED ACTUAL VALUE
OF TAXABLE PROPERTY
LAST TEN YEARS

TABLE L-9

Ratio of Total							
Assessed Value					Taxable Assessed Value		
Fiscal	Personal Property		Less	Total Taxable	Estimated Actual	to Estimated	Total Direct
Year	Real Property	& Mineral	Exemptions	Assessed Value	Taxable Value	Actual Taxable Value	Tax Rate
2009	2,266,301,971	248,861,878	777,141,808	1,738,022,041	2,515,163,849	69.10%	1.1397
2010	2,334,580,888	237,960,540	790,295,233	1,782,246,195	2,572,541,428	69.28%	1.1397
2011	2,338,476,081	255,356,623	791,203,959	1,802,628,745	2,593,832,704	69.50%	1.1397
2012	2,367,783,766	258,366,051	797,270,345	1,828,879,472	2,626,149,817	69.64%	1.1397
2013	2,411,429,436	262,506,917	813,599,642	1,860,336,711	2,673,936,353	69.57%	1.1397
2014	2,422,290,310	282,384,716	813,626,768	1,891,048,258	2,704,675,026	69.92%	1.1397
2015	2,588,036,036	285,634,774	855,391,976	2,018,278,834	2,873,670,810	70.23%	1.1397
2016	2,732,705,107	303,776,931	978,383,407	2,058,098,631	3,036,482,038	67.78%	1.1397
2017	2,835,567,160	312,988,562	978,848,754	2,169,706,968	3,148,555,722	68.91%	1.1397
2018	3,007,673,308	319,921,470	1,035,482,609	2,292,112,169	3,327,594,778	68.88%	1.1597

Source: Financial Statements and Independent Auditor's Report
Schedule of Delinquent Taxes Receivable (Exhibit J-1)
Assessment Roll Grand Totals from Hidalgo County Appraisal District (Supplement I)
2009-2018 Fiscal Year End 8/31

WESLACO NDEPENDENT SCHOOL DISTRICT
PROPERTY LEVIES AND COLLECTIONS
LAST TEN YEARS

TABLE L-10

Fiscal Year	Total Original Tax Levy	Total Adjusted Tax Levy	Collected within the		Collection	Total Collections to Date	
			Fiscal year of Levy		Subsequent Years	% of Adjusted	
			Amount	% of Original Levy		Amount	Levy
2009	19,581,182	20,084,507	18,266,321	93.29%	1,687,262.14	19,953,584	99.35%
2010	19,965,490	19,892,188	18,278,824	91.55%	1,475,417.28	19,754,242	99.31%
2011	20,156,456	19,902,513	18,422,759	91.40%	1,333,130.20	19,755,889	99.26%
2012	20,472,469	20,330,937	19,065,966	93.13%	1,109,362.98	20,175,329	99.23%
2013	20,814,899	20,680,712	19,485,245	93.61%	1,025,630.79	20,510,876	99.18%
2014	21,200,328	21,008,975	19,766,065	93.23%	1,036,975.01	20,803,040	99.02%
2015	22,612,366	22,705,077	21,526,880	95.20%	918,152.19	22,445,032	98.85%
2016	23,079,685	22,985,304	21,886,165	94.83%	762,585.09	22,648,750	98.54%
2017	24,363,529	24,042,025	22,896,620	93.98%	606,960.11	23,503,580	97.76%
2018	26,145,817	26,154,801	24,951,740	95.43%	N/A	24,951,740	95.40%

Source: Financial Statements and Independent Auditor's Report
Schedule of Delinquent Taxes Receivable (Exhibit J-1)
2009-2018 Fiscal Year End 8/31

WESLACO INDEPENDENT SCHOOL DISTRICT
ALLOCATION OF PROPERTY TAX RATES AND LEVIES
LAST TEN YEARS

TABLE L-11

Fiscal Year	Tax Rates (Per \$100 of Assessed Value)			Tax Levies		
	Debt		Total	Debt		Original
	General	Service		General	Service	Levy
	Fund	Fund		Fund	Fund	Total
2009	1.0107	0.1290	1.1397	17,364,834	2,216,349	19,581,182
2010	1.0307	0.1090	1.1397	18,056,007	1,909,484	19,965,490
2011	1.0307	0.1090	1.1397	18,393,186	1,763,270	20,156,456
2012	1.1397	0.0000	1.1397	20,472,469	0	20,472,469
2013	1.1397	0.0000	1.1397	20,814,899	0	20,814,899
2014	1.1397	0.0000	1.1397	21,200,328	0	21,200,328
2015	1.1397	0.0000	1.1397	22,612,366	0	22,612,366
2016	1.1397	0.0000	1.1397	23,079,685	0	23,079,685
2017	1.1397	0.0000	1.1397	24,363,529	0	24,363,529
2018	1.1397	0.0200	1.1597	25,694,911	450,907	26,145,817

Source: Financial Statements and Independent Auditor's Report
Schedule of Delinquent Taxes Receivable (Exhibit J-1)
Detail General Ledger Reports
2009-2018 Fiscal Year End 8/31

WESLACO INDEPENDENT SCHOOL DISTRICT
PROPERTY TAX RATES-DIRECT AND OVERLAPPING GOVERNMENTS
(PER \$100 ASSESSED VALUATION)
LAST TEN YEARS

TABLE L-12

Fiscal	Tax	Hidalgo	South	Drainage	Weslaco		City of	Total Direct and Overlapping	Original Levy
Year	Year	County	Texas ISD	District No.1	ISD	STC	Weslaco	.	Total
2009	2008	0.5900	0.0492	0.0700	1.1397	0.1498	0.6997	2.6984	19,581,182
2010	2009	0.5900	0.0492	0.0725	1.1397	0.1497	0.6967	2.6978	19,965,490
2011	2010	0.5900	0.0492	0.0725	1.1397	0.1497	0.6967	2.6978	20,156,456
2012	2011	0.5900	0.0492	0.0725	1.1397	0.1497	0.6967	2.6978	20,472,469
2013	2012	0.5900	0.0492	0.0733	1.1397	0.1507	0.6967	2.6996	20,814,899
2014	2013	0.5900	0.0492	0.0957	1.1397	0.1500	0.6867	2.7113	21,200,328
2015	2014	0.5900	0.0492	0.0957	1.1397	0.1850	0.6767	2.7363	22,612,366
2016	2015	0.5900	0.0492	0.0951	1.1397	0.1850	0.6767	2.7357	23,079,685
2017	2016	0.5800	0.0492	0.0951	1.1397	0.1850	0.6667	2.7157	24,363,529
2018	2017	0.5800	0.0492	0.0951	1.1597	0.1780	0.6667	2.7287	26,145,817

Source: Financial Statements and Independent Auditor's Report
Schedule of Delinquent Taxes Receivable (Exhibit J-1)
Hidalgo County Tax Assessor-Collector Tax Rate Schedule (website)
City of Weslaco
2009-2018 Fiscal Year End 8/31

WESLACO INDEPENDENT SCHOOL DISTRICT
PRINCIPAL PROPERTY TAXPAYERS
2018 AND 2009 Page 1 of 2

TABLE L-13

Fiscal Year 2018				Fiscal Year 2009			
		Tax Year 2017 Assessed Valuation	Percentage Total Assessed Valuation			Tax Year 2008 Assessed Valuation	Percentage Total Assessed Valuation
1	H.E.Butt Grocery Company	\$44,931,468	1.96%	1	H.E.Butt Grocery Company	\$42,171,599	2.43%
2	Pioneer Hi-Bred Int'l, Inc.	26,519,114	1.16%	2	Wal-Mart Property Tax Dept.	18,600,854	1.07%
3	AEP Texas Central Co.	22,069,060	0.96%	3	Pioneer Hi-Bred Int'l, Inc.	14,197,364	0.82%
4	HEB Weslaco Transportation	17,057,317	0.74%	4	HEB Weslaco Transportation	13,567,182	0.78%
5	Capcor Weslaco LTD	14,772,224	0.64%	5	Clearview Weslaco LLP	10,864,607	0.63%
6	Wal-Mart Real Estate Business TR	14,052,154	0.61%	6	John Knox Village	10,828,823	0.62%
7	G3C Weslaco LP	13,774,335	0.60%	7	AEP Texas Central Co.	9,820,710	0.57%
8	John Knox Village	10,120,764	0.44%	8	Woodcrafter TX, LP	9,613,044	0.55%
9	Weslaco MHC Limited Prtnrshp	8,661,135	0.38%	9	Verizon Southwest	9,326,390	0.54%
10	Lowe's Home Centers, Inc.	8,455,350	0.37%	10	Weslaco Palm Plaza, LTD	8,705,924	0.50%
		\$180,412,921	7.87%			\$147,696,497	8.50%

Source: Hidalgo Appraisal District
Top Taxpayer 2018 & 2009
Weslaco Approval Tax Roll

WESLACO INDEPENDENT SCHOOL DISTRICT
OUTSTANDING DEBT BY TYPE
LAST TEN YEARS

TABLE L-14

Fiscal Year	General Bonded Debt			Other Governmental Activities Debt			Total Debt	**Total Debt to Personal Income	***Total Debt to Per Capita	Ratio of Total	Total Debt
	General	Premium on	Accretion	Maintenance	Premium/(Discount)	Loans				Debt to Estimated	to Average
	Obligation	Bonds	of Bonds	Tax Notes	on Tax Notes	Payable				Actual	Daily
	Bonds	Bonds	of Bonds	Tax Notes	on Tax Notes	Payable	Debt	Income	to Per Capita	Taxable Value	Membership
2009	75,528,294	2,072,071	1,644,932	9,783,000	12,829	-	89,041,125	17.53%	2,670	3.54%	5,534
2010	73,094,999	1,620,631	1,252,970	8,649,000	5,887	-	84,623,487	16.46%	2,439	3.29%	5,063
2011	70,763,499	1,079,737	1,313,684	7,470,000	(2,078)	-	80,624,842	15.19%	2,260	3.11%	4,733
2012	68,385,000	533,521	-	6,481,000	(9,108)	-	75,390,413	13.21%	2,046	2.87%	4,431
2013	65,205,000	494,480	-	18,165,000	(4,882)	-	83,859,598	14.47%	2,261	3.14%	4,859
2014	61,890,000	317,639	-	17,101,000	107	-	79,308,746	13.46%	2,109	2.93%	4,629
2015	54,140,000	4,979,384	-	15,156,000	3,391	-	74,278,775	12.12%	1,882	2.58%	4,408
2016	51,110,000	4,887,934	-	13,239,000	(3,028)	-	69,233,906	10.07%	1,729	2.28%	4,063
2017	47,515,000	7,622,679	-	26,295,000	2,215,439	-	83,648,118	12.04%	2,073	2.66%	5,001
2018	44,815,000	7,363,577	-	24,614,000	2,219,699	-	79,012,275	11.36%	1,981	2.37%	4,764

Source: Financial Statements and Independent Auditor's Report
Notes to Financial Statements Long-Term Debt Obligations 2009-2018
Academic Excellence Indicator System (AEIS Report)
2009-2018 Fiscal Year End 8/31

WESLACO INDEPENDENT SCHOOL DISTRICT
DIRECT AND OVERLAPPING DEBT
GOVERNMENTAL ACTIVITIES DEBT

TABLE L-15

Political Subdivision	*Gross Debt Amounts		As of	**Percentage Applicable to WISD	***Estimated Share of Direct and Overlapping Debt
DIRECT DEBT					
<i>Weslaco ISD</i>	\$69,429,000	*	8/31/2018	100.00%	\$69,429,000
					<u>\$69,429,000</u>
OVERLAPPING DEBT					
<i>City Of Weslaco</i>	\$65,180,000	*	8/31/2018	99.53%	\$64,873,654
<i>Hidalgo County</i>	196,855,000	*	8/31/2018	7.64%	15,039,722
<i>City Of Mercedes</i>	18,120,000	*	8/31/2018	18.07%	3,274,284
<i>Hidalgo Co Drainage District #1</i>	129,300,000	*	8/31/2018	8.01%	10,356,930
<i>South Texas College</i>	143,065,000	*	8/31/2018	5.81%	8,312,077
<i>Total Net Overlapping Debt</i>					<u>101,856,667</u>
<i>Total Direct and Overlapping Debt:</i>					<u><u>\$171,285,667</u></u>
Percent of Assessed Valuation:					7.80%
Direct Overlapping Debt per Capita:					\$2,409

* Gross Debt. Please note that some debt may be supported by other revenues and thus be considered self supporting debt.
Using gross debt may overstate the actual amount of debt supported by ad valorem taxes.

** Overlapping percentage is calculated as follows:
Shared market value between entities from the Appraisal
District divided by the total market value of each entity.

*** The overlapping debt is calculated as follows:
The gross debt multiplied by the overlapping percentage = overlapping debt

Source: Municipal Advisory Council of Texas

WESLACO INDEPENDENT SCHOOL DISTRICT
COMPUTATION OF LEGAL DEBT MARGIN
LAST TEN YEARS

TABLE L-16

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
<i>Assessed Valuation</i>	<u>\$1,738,022,041</u>	<u>\$1,782,246,195</u>	<u>\$1,802,628,745</u>	<u>1,828,879,472</u>	<u>\$1,860,336,711</u>	<u>\$1,891,048,258</u>	<u>2,018,278,834</u>	<u>2,058,098,631</u>	<u>2,169,706,968</u>	<u>2,292,112,169</u>
<i>Debt Limit-10% of</i>										
<i>Assessed Valuation</i>	<i>\$173,802,204</i>	<i>\$178,224,620</i>	<i>\$180,262,875</i>	<i>\$182,887,947</i>	<i>\$186,033,671</i>	<i>\$189,104,826</i>	<i>\$201,827,883</i>	<i>\$205,809,863</i>	<i>\$216,970,697</i>	<i>\$229,211,217</i>
<i>General Obligation Bonds</i>	75,528,294	73,094,999	70,763,499	68,385,000	65,205,000	61,890,000	54,140,000	51,110,000	47,515,000	44,815,000
<i>Deduct Amount Available in</i>										
<i>Debt Services Fund</i>	<u>(2,437,086)</u>	<u>(2,407,103)</u>	<u>(3,645,675)</u>	<u>(3,985)</u>	<u>(273,431)</u>	<u>(1,499,721)</u>	<u>(1,287,408)</u>	<u>(7,427,367)</u>	<u>(3,306,023)</u>	<u>(2,993,691)</u>
<i>Net General Bonded Debt</i>	73,091,208	70,687,897	67,117,824	68,381,015	64,931,569	60,390,279	52,852,592	43,682,633	44,208,977	41,821,309
<i>Maintenance Tax Note</i>	9,783,000	8,649,000	7,470,000	6,481,000	18,165,000	17,101,000	15,156,000	13,239,000	26,295,000	24,614,000
<i>Loans Payable</i>	-	-	-	-	-	-	-	-	-	-
<i>Capital Leases</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,514,676</u>
<i>Less : Applicable Debt Margin</i>	<u>82,874,208</u>	<u>79,336,897</u>	<u>74,587,824</u>	<u>74,862,015</u>	<u>83,096,569</u>	<u>77,491,279</u>	<u>68,008,592</u>	<u>56,921,633</u>	<u>70,503,977</u>	<u>67,949,985</u>
<i>Legal Debt Margin</i>	<u><u>\$90,927,996</u></u>	<u><u>\$98,887,723</u></u>	<u><u>\$105,675,051</u></u>	<u><u>\$108,025,933</u></u>	<u><u>\$102,937,102</u></u>	<u><u>\$111,613,546</u></u>	<u><u>\$133,819,291</u></u>	<u><u>\$148,888,230</u></u>	<u><u>\$146,466,720</u></u>	<u><u>\$161,261,232</u></u>
<i>Debt Margin as a Percentage of the Debt Limit</i>	52.32%	55.48%	58.62%	59.07%	55.33%	59.02%	66.30%	72.34%	67.51%	70.35%

Source: Financial Statements and Independent Auditor's Report
Notes to Financial Statements Computation of ECISD's Legal Debt Margin
Notes to Financial Statements Long-Term Debt Obligations 2009-2018
Tax Roll Report Hidalgo County Tax Assessor
Budgetary Comparison Schedule Exhibit J-4
2009-2018 Fiscal Year End 8/31

WESLACO INDEPENDENT SCHOOL DISTRICT
RATIO OF NET GENERAL OBLIGATION BONDED DEBT
TO ESTIMATED ACTUAL TAXABLE VALUE AND
PER AVERAGE DAILY MEMBERSHIP
LAST TEN YEARS

TABLE L-17

Fiscal Year	Average Daily Membership	Estimated Actual Taxable Value	General Obligation Bonds	Premium on Bonds	Accretion of Bonds	Less: Amount	Net Bonded Debt	Net Bonded Debt to Estimated Actual Taxable Value	General Obligation Bonds Per Average Daily Membership
						Available In			
						Debt			
						Service			
2009	16,090	2,515,163,849	75,528,294	2,072,071	1,644,932	2,437,086	76,808,210	3.05%	4,694
2010	16,713	2,572,541,428	73,094,999	1,620,631	1,252,970	2,407,103	73,561,497	2.86%	4,373
2011	17,036	2,593,832,704	70,763,499	1,079,737	1,313,684	3,645,675	69,511,245	2.68%	4,154
2012	17,016	2,626,149,817	68,385,000	533,521	-	3,985	68,914,536	2.62%	4,019
2013	17,258	2,673,936,353	65,205,000	494,480	-	273,431	65,426,049	2.45%	3,778
2014	17,133	2,704,675,026	61,890,000	317,639	-	1,499,721	60,707,918	2.24%	3,612
2015	16,849	2,873,670,810	54,140,000	4,979,384	-	1,287,408	57,831,977	2.01%	3,213
2016	17,041	3,036,482,038	51,110,000	4,887,934	-	7,427,367	48,570,567	1.60%	2,999
2017	16,727	3,148,555,722	47,515,000	7,622,679	-	3,306,023	51,831,656	1.65%	2,841
2018	16,585	3,327,594,778	44,815,000	7,363,577	-	2,993,691	49,184,885	1.48%	2,702

Source: Financial Statements and Independent Auditor's Report
Notes to Financial Statements Long-Term Debt Obligations 2009-2018
Assessment Roll Grand Totals Hidalgo County Tax Assessor-Collector
2009-2018 Fiscal Year End 9/30

WESLACO INDEPENDENT SCHOOL DISTRICT
RATIO OF ANNUAL DEBT SERVICE FOR GENERAL BONDED DEBT
TO TOTAL GENERAL FUND EXPENDITURES
LAST TEN YEARS

TABLE L-18

Fiscal Year	Principal	Interest*	Annual	Total	Ratio of
			Debt	General Fund	Annual Debt Service
			Service	Expenditures	to Total General
					Fund Expenditures
2009	2,526,698	3,682,723	6,209,421	129,564,826	4.79%
2010	2,433,294	3,861,764	6,295,059	131,564,690	4.78%
2011	2,331,500	3,967,015	6,298,515	128,769,393	4.89%
2012	2,378,499	3,919,441	6,297,940	136,370,338	4.62%
2013	3,180,000	3,121,396	6,301,396	139,896,249	4.50%
2014	3,315,000	2,981,603	6,296,603	146,570,954	4.30%
2015	3,650,000	2,641,997	6,291,997	154,063,148	4.08%
2016	3,030,000	2,521,713	5,551,713	158,759,955	3.50%
2017	2,690,000	2,094,150	4,784,150	159,717,528	3.00%
2018	2,700,000	2,086,500	4,786,500	4,983,214	96.05%

Source: Financial Statements and Independent Auditor's Report
 Budgetary Comparison Schedule Exhibit J-3, J-4
 Budgetary Comparison Schedule Exhibit C-5
 2009-2018 Fiscal Year End 8/31

WESLACO INDEPENDENT SCHOOL DISTRICT
PRINCIPAL EMPLOYERS
CALENDAR YEAR 2017 AND 2007

TABLE L-19

Employer	2017			2007		
	Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
<i>Weslaco Independent School District</i>	2,400	1	37.07%	2,817	1	43.99%
<i>Knapp Medical Center</i>	888	2	13.71%	1,000	2	15.62%
<i>South Texas College</i>	500	3	7.72%	214	8	3.34%
<i>IDEA Academy</i>	500	4	7.72%	-	-	-
<i>Border Patrol</i>	450	5	6.95%	-	-	-
<i>Wal-Mart</i>	394	6	6.08%	260	7	4.06%
<i>Woodcrafters</i>	365	7	5.64%	592	3	9.24%
<i>HEB (3 locations)</i>	350	8	5.41%	407	4	6.36%
<i>Payne Auto Group</i>	325	9	5.02%	389	5	6.07%
<i>City of Weslaco</i>	303	10	4.68%	351	6	5.48%
<i>International Wood</i>	-	-	-	206	9	3.22%
<i>Foremost Paving</i>	-	-	-	168	10	2.62%
<i>Total Top Ten</i>	6,475		100.00%	6,404		100.00%

Source: Weslaco Economic Development Corporation
Texas Labor Market Information

* Data not available

WESLACO INDEPENDENT SCHOOL DISTRICT
DEMOGRAPHIC AND ECONOMIC STATISTICS
LAST TEN YEARS

TABLE L-20

			*Per			Percentage
			Capita		Average	Economically
Fiscal	Estimated ⁽¹⁾	*Personal	Personal	Unemployment	Daily	Disadvantage
Year	Population	Income	Income	Rate	Attendance	Students
2009	33,354	507,814,650	15,225	8.30%	15,451	86.0%
2010	34,701	514,199,418	14,818	9.90%	16,029	85.9%
2011	35,670	530,698,260	14,878	11.30%	16,319	86.0%
2012	36,846	570,744,540	15,490	11.40%	16,289	86.0%
2013	37,093	579,466,846	15,622	10.20%	16,310	85.7%
2014	37,601	589,433,276	15,676	8.20%	16,320	85.6%
2015	39,474	612,754,902	15,523	10.00%	15,991	74.0%
2016	40,033	687,726,907	17,179	9.70%	16,253	80.1%
2017	40,358	694,803,328	17,216	8.00%	16,023	81.7%
2018	39,881	695,325,235	17,435	7.90%	15,850	82.4%

Source: U.S. Census Bureau 2009-2018
Econmagic.com
PEIMS DATA +
PEIMS Edit + Report (PRF7D001)
Texas Academic Performance Report (TAPR formerly AEIS)
2009-2018 Fiscal Year End 8/31
* MSA statistics
Department of Number website
City of Weslaco
Weslaco Chamber of Commerce
Texas Hometown Locator Website

WESLACO INDEPENDENT SCHOOL DISTRICT
WORKFORCE COMPOSITION BY EMPLOYEE CLASSIFICATION
LAST TEN YEARS

TABLE L-21

Classification	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
<i>Number of Employees</i>										
<i>Teachers</i>	1,078	1,077	1,079	1,054	1,082	1,093	1,084	1,084	1,094	1,105
<i>Professional Support</i>	206	194	194	199	208	210	222	228	241	238
<i>Campus Administration</i>	43	43	39	27	24	20	20	17	20	21
<i>Central Administration</i>	25	24	23	22	21	19	19	18	19	21
<i>Educational Aides</i>	226	221	203	239	179	196	196	176	204	205
<i>Auxiliary Staff</i>	817	811	805	760	811	756	790	755	745	769
<i>Total Employees</i>	2,395	2,370	2,343	2,301	2,324	2,294	2,330	2,278	2,324	2,358
<i>Percent of Total</i>										
<i>Teachers</i>	45.00%	45.45%	46.07%	45.80%	46.54%	47.65%	46.53%	46.54%	47.09%	46.84%
<i>Professional Support</i>	8.59%	8.17%	8.29%	8.67%	8.94%	9.14%	9.53%	8.74%	10.39%	10.08%
<i>Campus Administration</i>	1.80%	1.81%	1.67%	1.17%	1.03%	0.86%	0.84%	1.80%	0.86%	0.89%
<i>Central Administration</i>	1.03%	1.00%	0.98%	0.95%	0.90%	0.83%	0.80%	0.30%	0.82%	0.89%
<i>Educational Aides</i>	9.45%	9.34%	8.64%	10.37%	7.70%	8.55%	8.41%	10.00%	8.78%	8.70%
<i>Auxiliary Staff</i>	34.13%	34.22%	34.34%	33.05%	34.89%	32.96%	33.90%	32.62%	32.06%	32.60%
	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%

Source: Texas Academic Performance Report (TAPR formerly AEIS)
PEIMS Edit + Reports (PRF4D004)
2009-2018 Fiscal Year End 8/31

WESLACO INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF TEACHER INFORMATION
LAST TEN YEARS

TABLE L-22

Fiscal Year	Bachelor's Degree		Master's Degree		Doctorate Degree		Average Teacher's	Average		
	Minimum	Maximum	Minimum	Maximum	Minimum	Maximum	Salary	Years of Experience	Bachelor's Education	Master's Education
2009	22,658	64,393	43,500	71,524	51,360	60,620	49,624	10.8	86.0%	13.2%
2010	23,392	66,193	44,100	73,516	53,160	62,420	51,247	11.6	85.2%	15.8%
2011	24,144	67,015	44,700	74,908	53,000	63,620	52,134	12.1	83.5%	17.0%
2012	24,713	68,122	45,700	76,547	54,000	64,620	52,889	12.9	80.8%	18.1%
2013	25,682	68,893	46,100	79,852	55,000	65,620	53,345	13.2	82.0%	18.2%
2014	26,601	70,493	48,300	87,604	56,600	67,220	54,651	13.2	81.2%	18.3%
2015	50,300	50,300	50,300	50,300	50,300	50,300	50,300	12.8	76.3%	19.8%
2016	50,300	50,300	50,300	50,300	50,300	50,300	50,300	13.0	76.1%	18.5%
2017	50,300	50,300	50,300	50,300	50,300	50,300	50,300	13.3	76.5%	20.8%
2018	47,700	75,273	48,400	84,143	60,200	72,020	57,221	13.6	77.3%	20.3%

Source: District's Human Resource Department
Texas Academic Performance Report (TAPR Report formerly AEIS)
PEIMS Edit + Reports Data Review PRF4D004
2009-2018 Fiscal Year End 8/31

WESLACO INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF ATTENDANCE AND MEMBERSHIP
LAST TEN YEARS

TABLE L-23

Fiscal	Average	Average	Percent of
Year	Daily	Daily	
	Attendance	Membership	Attendance
2009	15,451	16,090	96.03%
2010	16,029	16,713	95.91%
2011	16,319	17,036	95.79%
2012	16,289	17,016	95.73%
2013	16,310	17,258	94.51%
2014	16,320	17,133	95.25%
2015	15,991	16,849	94.91%
2016	16,253	17,041	95.38%
2017	16,023	16,727	95.79%
2018	15,850	16,585	95.57%

Source: Texas Academic Performance Report (TAPR formerly AEIS)
PEIMS Edit + Reports Data Review (PRF7D001)
TEA Budgeted Financial Data
2009-2018 Fiscal Year End 8/31

WESLACO INDEPENDENT SCHOOL DISTRICT
OPERATING STATISTICS TABLE
LAST TEN YEARS

TABLE L-24

	Average	General Fund	Cost	Per	•Governmental	Cost	Per
Fiscal	Daily	Operating	Per	Pupil	Operating	Per	Pupil
Year	Attendance	Expenditures*	Pupil	Change	Expenditures*	Pupil	Change
2009	15,451	127,982,107	8,283	-0.83%	150,832,409	9,762	-0.47%
2010	16,029	130,047,869	8,113	-2.05%	160,379,742	10,006	2.50%
2011	16,319	127,256,493	7,798	-3.88%	161,883,231	9,920	-0.85%
2012	16,289	135,089,800	8,293	6.35%	159,296,358	9,779	-1.42%
2013	16,310	138,614,743	8,499	2.48%	158,612,771	9,725	-0.55%
2014	16,320	145,102,348	8,891	4.62%	162,306,774	9,946	2.27%
2015	15,991	151,892,543	9,498	6.83%	170,967,848	10,691	7.50%
2016	16,253	156,693,732	9,641	1.50%	175,364,647	10,790	0.92%
2017	16,023	157,300,562	9,817	1.82%	180,039,047	11,236	4.13%
2018	15,850	168,714,235	10,645	8.43%	191,279,740	12,068	7.41%

*General Fund and Governmental Operating Expenditures less debt service and capital projects (Function 70 and 80)

Source: PEIMS Edit + Reports Data Review (PRF7D001)
 Financial Statements and Auditor's Independent Report
 Statement of Activities (Exhibit C-3)
 Budgetary Comparison Schedule (Exhibit C-5)
 2009-2018 Fiscal Year End 8/31

WESLACO INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF STUDENT INFORMATION
LAST TEN YEARS

TABLE L-25

Fiscal	Teacher/ Student	Percentage of Free and Reduced Lunch	Number of Economically Disadvantage Students	Percentage of Economically Disadvantage Students
Year	Ratio			
2009	15.3	11.45%	14,285	86.0%
2010	16.0	7.27%	14,843	85.9%
2011	16.5	4.13%	15,346	86.0%
2012	16.8	1.03%	15,305	86.0%
2013	16.5	1.38%	15,367	85.7%
2014	16.1	0.40%	15,186	85.6%
2015	16.0	47.09%	12,878	74.0%
2016	16.4	51.58%	14,269	80.1%
2017	15.9	54.40%	14,228	81.7%
2018	15.5	58.27%	14,145	82.4%

Source: Texas Academic Performance Reports (TAPR formerly AEIS Report)
 Child Nutrition Program
 2009-2018 Fiscal Year End 8/31

	Estimated Square Footage	Building Capacity	Portable Square Footage	Year built
<i>High Schools</i>				
<i>Weslaco High School</i>	365,516	3,000	320	1975
<i>Weslaco East High School</i>	339,369	3,000	-	2000
<i>South Palm Gardens High School</i>	10,973	275	3,762	1982
<i>Early College High School</i>	57,297	850	-	1962
Sub-Total	773,155	7,125	4,082	
<i>Middle Schools</i>				
<i>Mary Hoge Middle School</i>	140,792	1,425	-	1997
<i>Cuellar Middle School</i>	114,618	1,275	-	2011
<i>Central Middle School</i>	233,267	1,625	-	2010
<i>B Garza Middle School</i>	141,244	1,325	-	1997
Sub-Total	800,099	5,650	-	
<i>Elementary Schools</i>				
<i>F. D. Roosevelt Elementary</i>	91,766	1,034		2009
<i>Sam Houston Elementary</i>	99,316	968		2012
<i>Rodolfo Rudy Silva Jr. Elementary</i>	87,675	1,056		2002
<i>Justice A. Gonzalez Elementary</i>	92,875	1,078		2002
<i>Margo Elementary</i>	119,403	1,826		1983
<i>Airport Elementary</i>	126,953	1,276		1990
<i>Memorial Elementary</i>	126,953	1,298		1990
<i>North Bridge Elementary</i>	129,953	1,298		1992
<i>A.N. (Tony) Rico Elementary</i>	89,022	1,232		1994
<i>Cleckler-heald Elementary</i>	89,772	1,232		1994
<i>PFC Mario Ybarra Elementary</i>	96,250	1,078		2011
Sub-Total	1,149,938	13,376	-	
<i>Other</i>				
<i>Calvillo CATE Center</i>	64,440	350		2002
<i>Horton DAEP</i>	17,356	350	-	1924
Sub-Total	17,356	700	-	
Total	2,740,548	26,851	4,082	

Source: Weslaco ISD Facilities

FEDERAL AWARD SECTION

Noel Garza, CPA, PC

Certified Public Accountant

4418 S. McColl Rd.

Edinburg, TX 78539

956-393-8743

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 President and Members of the School Board
Weslaco Independent School District
Weslaco, Tx

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, the business-type activities, each major fund, and the aggregate remaining fund information of the Weslaco Independent School District, as of and for the year ended August 31, 2018, and the related notes to the financial statements, which collectively comprise the Weslaco Independent School District's basic financial statements, and have issued our report thereon dated December 20, 2018.

Internal Control over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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

Noel Garza CPA, P.C.

Noel Garza, CPA PC
Edinburg, Tx
December 20, 2018

Noel Garza, CPA, PC

Certified Public Accountant

4418 S. McColl Rd.

Edinburg, TX 78539

956-393-8743

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

To the President and Members of the School Board
Weslaco Independent School District
Weslaco, Tx

Report on Compliance for Each Major Federal Program

We have audited the Weslaco 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 Weslaco Independent School District's major federal programs for the year ended August 31, 2018. Weslaco 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 Weslaco 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 Weslaco 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 Weslaco Independent School District's compliance.

Opinion on Each Major Federal Program

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

Report on Internal Control over Compliance

Management of the Weslaco Independent School District, is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Weslaco 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 Weslaco 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 a 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.

Noel Garza CPA, P.C.

Noel Garza, CPA PC
Edinburg, Tx
December 20, 2018

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED AUGUST 31, 2018

I. Summary of the Auditor's Results:

A. The type of report issued:	Unmodified opinion.
B. Internal control over financial statements:	
Material Weakness(es) indentified?	No
Significant Deficiency(ies) identified which were not considered material weaknesses?	No
C. Noncompliance material to the financial statements noted?	No
D. Federal Awards: Type of Report on Compliance with major programs.	Unmodified opinion
E. Internal control over Major Programs:	
Material Weakness(es) identified?	No
Significant Deficiency(ies) identified which were not considered material weaknesses?	No
F. Findings & Questioned Costs for Federal Awards as Required in accordance with 2 CFR section 200.516(a)?	No
F. Dollar threshold used to distinguish between Type A and Type B programs.	\$876,355
G. Auditee qualified as a low-risk auditee?	Yes
H. Major Federal Program(s)	ESEA Title I, Part A CFDA - 84.010

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

None

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

None

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

None Reported

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

(1)	(2)	(3)	(4)
FEDERAL GRANTOR/ PASS-THROUGH GRANTOR/ PROGRAM OR CLUSTER TITLE	FEDERAL CFDA NUMBER	PASS-THROUGH ENTITY IDENTIFYING NUMBER	FEDERAL EXPENDITURES
US DEPARTMENT OF EDUCATION			
Passed Through Region One Service Center			
Gear-Up	84.334A	P-334A110180	\$ 7,080
Total Passed Through Region One Service Center			\$ 7,080
Passed Through State Department of Education			
PreK Partnership Planning Grant	93.575	173921017110021	\$ 217,514
Total CFDA Number 93.575			\$ 217,514
ESEA Title I Part A - Improving Basic Programs	84.010A	19610101108913	\$ 643,608
ESEA Title I Part A - Improving Basic Programs	84.010A	18610101108913	\$ 7,161,617
ESEA Title I Part D, Subpart 2-Del	84.010A	18610103108913	\$ 27,391
Total CFDA Number 84.010A			\$ 7,832,616
ESEA Title I Part C - Migratory Children	84.011	19615001108913	\$ 151,344
ESEA Title I Part C - Migratory Children	84.011	18615001108913	\$ 2,308,857
Total CFDA Number 84.011			\$ 2,460,200
IDEA - Part B, Formula	84.027	196600011089136000	\$ 164,363
IDEA - Part B, Formula	84.027	186600011089136000	\$ 2,705,528
Total CFDA Number 84.027			\$ 2,869,891
IDEA - Part B, Pre-School	84.173A	186610011089136610	\$ 25,633
Total CFDA Number 84.173A			\$ 25,633
Vocational Education - Basic Grant	84.048	19420006108913	\$ 25,769
Vocational Education - Basic Grant	84.048	18420006108913	\$ 218,601
Total CFDA Number 84.048			\$ 244,370

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

(1)	(2)	(3)	(4)
FEDERAL GRANTOR/ PASS-THROUGH GRANTOR/ PROGRAM OR CLUSTER TITLE	FEDERAL CFDA NUMBER	PASS-THROUGH ENTITY IDENTIFYING NUMBER	FEDERAL EXPENDITURES
ESEA Title II, Part A-Supporting Effective Instruction	84.367A	19694501108913	\$ 29,854
ESEA Title II, Part A-Supporting Effective Instruction	84.367A	18694501108913	\$ 717,847
Total CFDA Number 84.367A			\$ 747,701
English Lang. Acquisitions and Lang. Enhancement	84.365A	19671001108913	\$ 24,888
English Lang. Acquisitions and Lang. Enhancement	84.365A	18671001108913	\$ 449,265
Total CFDA Number 84.365A			\$ 474,153
ESEA Title IV, Part A, Subpart 1	84.424A	18680101108913	\$ 156,580
Total CFDA Number 84.424A			\$ 156,580
21st Century Community Centers	84.287C	196950247110031	\$ 130,558
21st Century Community Centers	84.287C	186950247110031	\$ 1,572,813
Total CFDA Number 84.287C			\$ 1,703,371
Total Passed Through State Department of Education			\$ 16,732,028
TOTAL DEPARTMENT OF EDUCATION			\$ 16,739,109
US DEPARTMENT OF AGRICULTURE			
Child Nutrition Cluster:			
Passed Through Texas Education Agency:			
National School Lunch Program	10.555	186TX332N1099	\$ 135,734
National School Lunch Program	10.555	186TX332N1099	\$ 6,896,453
National School Breakfast Program	10.553	186TX332N1099	\$ 50,580
National School Breakfast Program	10.553	186TX332N1099	\$ 4,248,721
Total Passed Through Texas Education Agency			\$ 11,331,488
Passed Through Texas Department of Human Services:			
Non-cash assistance-Food Distribution Program	10.569		\$ 297,592
Total Passed Through Texas Department of Human Services			\$ 297,592
Passed Through Texas Department of Agriculture:			
National School Lunch Program-Child and Adult Care	10.558	186TX332N1099	\$ 254,350
National School Lunch Program-Fresh Fruits and Vegetables	10.582	186TX375L1603	\$ 589,295
Total Passed Through Texas Department of Agriculture			\$ 843,645
TOTAL DEPARTMENT OF AGRICULTURE			\$ 12,472,724
TOTAL EXPENDITURES OF FEDERAL AWARDS			\$ 29,211,833

WESLACO INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF REQUIRED RESPONSES TO SELECTED SCHOOL FIRST INDICATORS
AS OF AUGUST 31, 2018

SF2	Were there any disclosures in the Annual Financial Report and/or other sources of information concerning nonpayment of any terms of any debt agreement at fiscal year end?	No
SF4	Was there an unmodified opinion in the Annual Financial Report on the financial statements as a whole?	Yes
SF5	Did the Annual Financial Report disclose any instances of material weaknesses in internal controls over financial reporting and compliance for local, state, or federal funds?	No
SF6	Was there any disclosure in the Annual Financial Report of material noncompliance for grants, contracts, and laws related to local, state, or federal funds?	No
SF7	Did the school district make timely payments to the Teachers Retirement System (TRS), Texas Workforce Commission (TWC), Internal Revenue Service (IRS), and other government agencies?	Yes
SF8	Did the school district not receive an adjusted repayment schedule for more than one fiscal year for an over allocation of Foundation School Program (FSP) funds as a result of a financial hardship?	No
SF10	Total accumulated accretion on CABs included in government-wide financial statements at fiscal year-end.	\$ -
SF11	Net Pension Assets (1920) at fiscal year-end.	\$ -
SF12	Net Pension Liabilities (2540) at fiscal year-end.	\$ 35,675,261
SF13	Net OPEB Liability (2545) at fiscal year-end	\$ 67,871,776

WESLACO INDEPENDENT SCHOOL DISTRICT

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For the Year Ended August 31, 2018

1. GENERAL

The Schedule of Expenditures of Federal Awards presents the activity of all applicable federal award programs of Weslaco ISD. The District's reporting entity is defined in Note I of the financial statements. Federal awards received directly from federal agencies, as well as federal awards passed through other government agencies, are included on the Schedule of Expenditures of Federal Awards.

In accordance with TEA instructions, federal funds for the School Health and Related Services (SHARS) have been excluded from the Schedule of Expenditures of Federal Awards.

Federal funds for R.O.T.C, the Child Nutrition Cluster, School Health and Related Services (SHARS), and revenues for indirect costs are reported in the General Fund. All other federal programs are accounted for and reported in Special Revenue Funds.

2. BASIS OF ACCOUNTING AND PRESENTATION

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. The Governmental Fund types are accounted for using a current financial resources measurement focus. All Federal grant funds were accounted for in a Special Revenue Fund or, in some instances, in the General Fund which are Governmental Fund type funds.

With this measurement focus, only current assets and current liabilities and the fund balance are included on the balance sheet. Operating statements of these funds present increases and decreases in net current assets. The modified accrual basis of accounting is used for the Governmental Fund types. This basis of accounting recognizes revenues in the accounting period in which they become susceptible to accrual, i.e., both measurable and available, and expenditures in the accounting period in which the fund liability is incurred, if measurable, except for unmatured interest on General Long-Term Debt, which is recognized when due, and certain compensated absences and claims and judgments, which are recognized when the obligations are expected to be liquidated with expendable available financial resources.

Federal grant funds 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 unearned revenues until earned.

The period performance 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 Section H, Period of Performance of Federal Funds, Part 3, Uniform Guidance Compliance Supplement.

CFDA numbers for commodity assistance are the CFDA numbers of the programs under which USDA donated the commodities.

3. PASS-THROUGH EXPENDITURES

None of the federal programs expended by the District were provided to subrecipients.

4. INDIRECT COSTS

The District received a negotiated indirect cost rate from TEA through June 30, 2018. As of July 1, 2018, the District received an indirect cost rate from TEA based on a worksheet prepared by the District.