

ROMA INDEPENDENT SCHOOL DISTRICT

COMPREHENSIVE
ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED
AUGUST 31, 2016



608 North Garcia Street, Roma, Texas, 78584

**ROMA INDEPENDENT
SCHOOL DISTRICT**

*COMPREHENSIVE ANNUAL
FINANCIAL REPORT*

FOR THE FISCAL YEAR ENDED AUGUST 31, 2016

PREPARED BY:

The Roma Independent School District
Business and Finance Office

ROMA INDEPENDENT SCHOOL DISTRICT
COMPREHENSIVE ANNUAL FINANCIAL REPORT
YEAR ENDED AUGUST 31, 2016

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INTRODUCTORY SECTION



Roma Independent School District

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Business Manager

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Fax: 956.849.4874



School Board of Trustees

Mrs. Leticia Garza-Galvan, President
Mr. Raul P. Moreno, Jr., Vice President
Mr. Juan Antonio Saenz, Secretary
Mrs. Clarissa B. Alvarez, Member
Mr. Arturo S. Perez, Member
Mr. Reynaldo Rodriguez, Member
Mr. Dagoberto Salinas, Member

January 26, 2017

Mrs. Leticia Garza-Galvan, President,
Board of Trustees, Carlos Guzman, Superintendent
and Patrons of the Roma Independent School District

Dear Mrs. Garza-Galvan, Board of Trustees, Superintendent and Patrons:

Management hereby submits the Comprehensive Annual Financial Report ("CAFR") for the fiscal year ended August 31, 2016. The Roma Independent School District's (the "District") Business Office prepared the CAFR in accordance with generally accepted accounting principles (GAAP). The CAFR is management's report of financial operations to the Board of Trustees (the "Board"), taxpayers, grantor agencies, employees, the Texas Education Agency, and other interested parties.

The financial statements in this report provide an overview of the District's operation and financial position as a whole and of its individual funds. Responsibility for the accuracy and completeness of the financial statements and fairness of the presentation, including all disclosures, rests with the District. We believe the data, as presented, is accurate in all material respects.

The Texas Education Agency (TEA) requires all school districts publish within 150 days of the close of each fiscal year a complete set of financial statements presented in conformity with GAAP and audited in accordance with generally accepted auditing standards (GAAS) by a firm of licensed certified public accountants.

Management's Discussion and Analysis ("MD&A") is a required narrative introduction, overview, and analysis of the basic financial statements and should be read in conjunction with this letter of transmittal. The District's MD&A can be found immediately following the report of the independent auditors.

"Committed To Student Excellence"

DISTRICT PROFILE

The District provides a full range of educational services appropriate to grade levels Pre-K through 12. These include regular and enriched academic education, special education for students with disabilities, gifted and talented classes and many individualized programs, such as specialized instruction for at-risk students and those with limited English proficiency. These basic programs are supplemented by a wide variety of offerings in career and technology, fine arts, and athletics.

The District encompasses approximately 490 square miles in western Starr County along the U.S. Mexico border. The District has projected enrollment of more than 6,400 students for the 2015-2016 school year. All campuses are fully accredited by the TEA. The District tailors its instructional programs to enrich and expand student learning and exposure to the tenets of responsible citizenship. District leaders believe this philosophy is instrumental in keeping the completion rate high and the District's number of college-bound students high. The Board constitutes the governing body elected from seven single-member districts and sets the tone for instruction and service to students and patrons with its mission statement and goals.

Internal and Budgetary Controls

The District has established a comprehensive internal control framework designed both to protect the District's assets from loss, theft or misuse and to compile sufficiently reliable information for the preparation of the District's financial statements in conformity with GAAP. Internal controls are designed to provide management with reasonable, but not absolute, assurance assets are safeguarded against loss from unauthorized use or disposition and those transactions are executed in accordance with management's authorization and recorded properly. The concept of reasonable assurance recognizes the cost of a control should not exceed the benefits likely to be derived, and the evaluation of costs and benefits requires estimates and judgments by management.

As a recipient of federal, state and local grants, the District is also responsible for an adequate internal control structure that ensures compliance with applicable laws and regulations related to the grants. All funded grants are subject to testing as part of the District's 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). The results of the District's Uniform Guidance audit for the fiscal year ended August 31, 2016, provided no instances of material weaknesses in the internal control structure or significant violations of applicable laws and regulations. The report may be viewed in the Federal Awards section of the CAFR.

Budgetary controls are established in accordance with TEA regulations and District policy for all managers with line-item responsibility. TEA regulations set the level of budgetary control at the functional expenditure level. The Board authorized the administration, through resolution, to provide budgetary transfers when there is no impact on the fund balance. These transfers are approved by the Board in a subsequent budget amendment. The Board must approve all budget amendments impacting fund balance of the General, Debt Service and National Breakfast and Lunch Program Funds. The District utilizes a line-item budget of proposed expenditures and the means of financing them. The emphasis of the budget process is to identify the activities requiring resources and to rank those activities according to the needs of the entire District. Administrators have the responsibility to develop and manage their own program budgets once approved. Budget amendments are presented to the Board for approval throughout the fiscal year.

After the budget is approved, any amendment that causes an increase or decrease in a fund or functional spending category or total revenue or other resources object category requires Board approval prior to the fact. These amendments are presented to the Board at its regular monthly meeting and are reflected in the official minutes.

Summary of Achievements

The District's achievements continue to be heralded in local and state publications. The success of the District is evidenced in its students' high standardized test scores, Advanced Placement Program participation and abundant scholarships and awards presented to the District's students. The District enjoys a well-deserved reputation for academic and financial excellence, and continues to receive numerous accolades for the performance of its students. Most recently, the District has been recognized for the following:

The Roma Independent School District received a rating of "Superior Achievement" under Texas' Schools FIRST financial accountability rating system based upon an analysis of staff, student, budgetary and actual financial data reported for the 2014-2015 fiscal year. The rating is the state's highest, demonstrating the quality of Roma ISD's financial management and reporting system.

School FIRST (Financial Integrity Rating System of Texas), is a financial accountability system for Texas school districts developed by the Texas Education Agency (TEA) in response to Senate Bill 875 of the 76th Texas Legislature in 1999. The primary goal of School FIRST is to achieve quality performance in the management of school districts' financial resources. This goal is made more significant due to the complexity of accounting associated with Texas' school finance system.

ECONOMIC CONDITION AND OUTLOOK

School districts in the State of Texas are funded through two main sources of revenue: local property taxes and State aid that is based on the number of students in the District, the type of instructional services provided, and the school district's property wealth and tax collection efforts. In 2012-2013 and prior years, the funding provided by the State was tied to specific target revenue per student which effectively reduced the State's portion as property tax revenue increased. This system had the effect of eliminating growth in revenue per student while operating costs continued to increase. Changes made to the funding formulas in the most recent legislative session have eliminated the target revenue system for the District and many other school districts beginning in 2013-2014.

Property tax revenue can be increased by increasing the property tax rate or by an increase in valuation of property within the District. Property values within the District are projected to increase over twelve percent for the 2016-2017 fiscal year. The property tax rate for school district maintenance and operations (M&O) is at the maximum \$1.17 per hundred dollars of valuation rate that the District can levy.

The change for funding formula elements authorized with the passage of Senate Bill 1 and House Bill 1025, 83rd Texas Legislature include: An increased basic allotment (from \$5,040 in 2014-2015 per student to \$5,140 in 2015-2016).

The District's total funding from the State decreased from \$54,851,801 for the 2014-2015 to \$53,742,653 to the 2015-2016 fiscal year, a decrease of a little over one million dollars.



Long-Term Financial Planning

Our General Fund Balance at year end is \$25.6 million. The adopted 2016-2017 budget for the General Fund includes a reduction in fund balance of \$3.9 million.

Roma Independent School District is planning ahead. Student enrollment and demographics drives the District's planning process along with management's commitment to providing the best education possible to our students. The District's strategic planning is an ongoing process lead by the Superintendent and Administrative Staff. The planning process begins with statistical analysis of the results of State mandated standardized testing and leads to the development of campus plans and educational programs to achieve the District's goals. This planning process identifies the educational needs of the District to drive the campus plans and the proper allocation of all District resources.

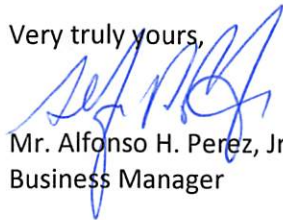
It is the responsibility of the Finance and Accounting Department to oversee the financial planning, tracking and accounting for the finances of the District in serving the community and its students. The Superintendent's Office and Administrative Staff oversee and coordinate all the elements involved in the strategic and financial planning process for the District on a long-term basis each fiscal year.

Acknowledgments

The preparation of this report on a timely basis involves the entire staff of the Finance and Accounting Department, Payroll, Accounts Payable, Personnel, Federal Programs and Curriculum Departments. We also want to express our appreciation to all personnel for their contributions to the process. We are grateful for everyone's assistance in making this system work smoothly and efficiently.

We thank our independent auditor, whose professional competence and leadership assisted us in developing this report.

Very truly yours,

A handwritten signature in blue ink, appearing to read 'Alfonso H. Perez, Jr.', is written over the typed name.

Mr. Alfonso H. Perez, Jr.
Business Manager



Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to

**Roma Independent School District
Texas**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

August 31, 2015



Executive Director/CEO

ROMA INDEPENDENT SCHOOL DISTRICT

ROMA, TEXAS

YEAR ENDED AUGUST 31, 2016

TRUSTEES

Leticia Garza-Galvan, President

Raul P. Moreno Jr., Vice-President

Juan Antonio Saenz, Secretary

Reynaldo Rodriguez, Member

Arturo S. Perez, Member

Clarissa B. Alvarez, Member

Dagoberto Salinas, Member

SUPERINTENDENT

Carlos Guzman

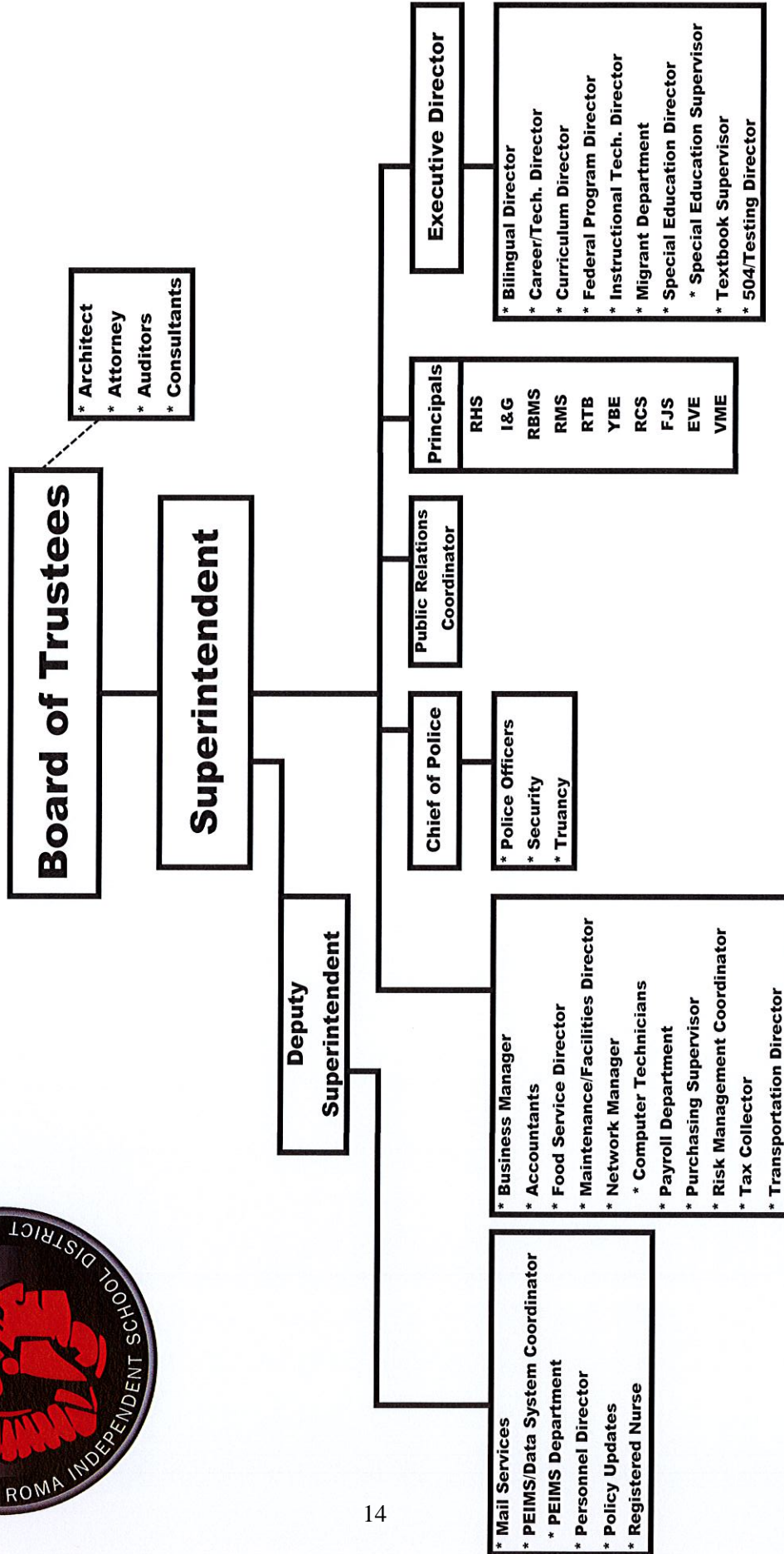
BUSINESS MANAGER

Alfonso Perez



Roma ISD

Administrative Organizational Chart



CERTIFICATE OF THE BOARD

Roma Independent School District
Name of School District

Starr
County

214-903
Co.-Dist. Number

We the undersigned, do hereby certify that the attached annual financial reports of the above named school district

were reviewed and ☒ approved -- ☐ disapproved for the year ended August 31, 2016 at a meeting of the

(Check one)

board of school trustees of such school district on the 26th day of January, 2017.


Signature of Board Secretary


Signature of Board President



FINANCIAL SECTION

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INDEPENDENT AUDITORS' REPORT

To the Board of Trustees
Roma Independent School District

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Roma Independent School District (the "District") as of and for the year ended August 31, 2016, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

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Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Roma Independent School District, as of August 31, 2016, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, General Fund - Budgetary Comparison Schedule and the pension information on pages 25-37 and 84-87 as listed in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Roma Independent School District's basic financial statements. The introductory section, other supplementary information - combining fund financial statements, debt service budgetary comparison, Agency Fund Schedule of Changes in Assets and Liabilities, other supplementary information listed as Texas Education Agency Required Schedules and the statistical section as listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements.

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The combining fund statements, debt service budgetary comparison, Agency Fund Schedule of Changes in Assets and Liabilities, the Texas Education Agency Required Schedules and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining fund statements, debt service budgetary comparison, Agency Fund Schedule of Changes in Assets and Liabilities, Texas Education Agency Required Schedules and the schedule of expenditures of federal awards are fairly stated in all material respects in relation to the basic financial statements as a whole.

The introductory section and the 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 January 26, 2017, on our consideration of the Roma 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 to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Roma Independent School District's internal control over financial reporting and compliance.

Carr, Riggs & Ingram, L.L.C.

Harlingen, Texas
January 26, 2017

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ROMA INDEPENDENT SCHOOL DISTRICT MANAGEMENT'S DISCUSSION AND ANALYSIS

This section of Roma 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, 2016. Please read it in conjunction with the District's financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

- The District's total combined net position was \$91,136,396 at August 31, 2016. This is a decrease of \$3,143,379 from the prior year.
- During the year the District's expenses were \$3,143,379 more than the \$79,408,248 generated in taxes and other revenues for governmental activities.
- The general fund reported a fund balance this year of \$25,644,831, a decrease of \$4,471,170.
- The District received an "A" rating for the Financial Integrity Reporting System of Texas (FIRST) for 2016, earning 88 of 100 points. Effective this school year 2015-2016 the Texas Administrative Rule 109.1001 "Financial Accountability Ratings" provides for an expanded rating system of A, B, C or F with the commissioner establishing the applicable ranges for each rating. The FIRST rating evaluates the quality of performance in the management of the school district's financial resources.
- The District was awarded the Certificate of Excellence in Financial Reporting from the Government Finance Officers Association (GFOA). This is the third year to receive this award.

OVERVIEW OF THE FINANCIAL STATEMENTS

The Comprehensive Annual Financial Report is composed of three main sections – (A) Introductory Section, (B) Financial Section and (C) the Statistical Section. The Financial Section of this Comprehensive Annual Financial Report consists of four parts: (1) *management's discussion and analysis* (this section), (2) the *basic financial statements*, (3) *required supplementary information*, and (4) *other supplementary information*, which is an optional section that presents additional information such as *combining fund statements* major governmental fund budget to actual comparison schedule and Texas Education Agency required compliance information.

The Management's Discussion and Analysis section is intended to serve as an introduction to the District's Basic Financial Statements. The District's Basic Financial Statements comprise three components: (1) Government-Wide Financial Statements (2) Fund Financial Statements, and (3) Notes to the Basic Financial Statements.

The basic financial statements include two kinds of statements that present different views of the District:

ROMA INDEPENDENT SCHOOL DISTRICT MANAGEMENT’S DISCUSSION AND ANALYSIS – CONTINUED

The first two statements are *government-wide financial statements* that provide both *long-term* and *short-term* information about the District’s overall financial status. The remaining statements are *fund financial statements* that focus on *individual parts* of the government, reporting the District’s operations in more detail than the government-wide statements.

- *The governmental funds* statements tell how *general government* services were financed in the *short term* as well as what remains for future spending.
- *Fiduciary fund* statements provide information about the financial relationships in which the District acts solely as a *trustee or agent* for the benefit of others, to whom the resources in question belong.

The financial statements also include *notes* that explain some of the information in the financial statements and provide more detailed data. The statements are followed by a section of *required supplementary information* that further explains and supports the information in the financial statements. The remainder of this overview section of management’s discussion and analysis explains the structure and contents of each of the statements.

BASIC FINANCIAL 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 position includes all of the government’s assets and deferred outflows and liabilities and deferred inflows. 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 and deferred outflows and liabilities and deferred inflows, is one way to measure the District’s financial health or *position*.

- Over time, increases or decreases in the District’s net position is 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 Statement of Activities presents information on all of the current year’s revenues and expenses regardless of when cash is received or paid. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods.

ROMA INDEPENDENT SCHOOL DISTRICT MANAGEMENT'S DISCUSSION AND ANALYSIS – CONTINUED

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, extra-curricular activities, curriculum and staff development, health services and general administration. Property taxes and grants finance most of these activities.

The government-wide financial statements of the District are principally supported by taxes and intergovernmental revenues (governmental activities). All of the District's services are reported in the government-wide financial statements, including instructional leadership, student support services, general administration, support services, and debt services.

New Accounting Standards

In fiscal year 2016, the District adopted four new statements of financial accounting standards issued by the Governmental Accounting Standards Board:

- GASB Statement No. 72, *Fair Value Measurement and Application*
- GASB Statement No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement No. 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*
- GASB Statement No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*
- GASB Statement No. 79, *Certain External Investment Pools and Pool Participants*

GASB Statement No. 72 requires disclosures to be made about fair value measurements, the level of fair value hierarchy, and valuation techniques. Governments should organize these disclosures by type of asset or liability reported at fair value. It also requires additional disclosures regarding investments in certain entities that calculate net asset value per share (or its equivalent).

GASB Statement No. 73 extends the approach to accounting and financial reporting established in Statement 68 to all pensions, with modifications as necessary to reflect that for accounting and financial reporting purposes, any assets accumulated for pensions that are provided through pension plans that are not administered through trusts that meet the criteria specified in Statement 68 should not be considered pension plan assets. It also requires that information similar to that required by Statement 68 be included in notes to financial statements and required supplementary information by all similarly situated employers and nonemployer contributing entities.

GASB Statement No. 76 reduces the GAAP hierarchy to two categories of authoritative GAAP and addresses the use of authoritative and nonauthoritative literature in the event that the accounting treatment for a transaction or other event is not specified within a source of authoritative GAAP.

GASB Statement No. 79 establishes additional note disclosure requirements for qualifying external investment pools that measure all of their investments at amortized cost for financial reporting purposes and for governments that participate in those pools. Those disclosures for both the qualifying external investment pools and their participants include information about any limitations or restrictions on participant withdrawals.

ROMA INDEPENDENT SCHOOL DISTRICT MANAGEMENT'S DISCUSSION AND ANALYSIS – CONTINUED

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.
- *Fiduciary funds*—The District is the trustee, or *fiduciary*, for certain funds. It is also responsible for other assets that—because of a trust arrangement—can be used only for the trust beneficiaries. The District is responsible for ensuring that the assets reported in these funds are used for their intended purposes. All of the District's fiduciary activities are reported in a separate statement of fiduciary net position and a statement of changes in fiduciary net position. We exclude these activities from the District's government-wide financial statements because the District cannot use these assets to finance its operations.

Notes to Financial Statements

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

**ROMA INDEPENDENT SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS – CONTINUED**

Required Supplementary Information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information that further explains and supports the information in the financial statements. The Required Supplementary Information relates to comparison of the original adopted budget, the final amended budget, and the actual results for the fiscal year ended. This is required supplementary information for the general fund and any major special revenue funds. The District did not have any major special revenue funds, therefore, only the general fund is presented as Required Supplementary Information. Also included in RSI are the Schedule of the District's Proportional Share of the Net Pension Liability of a Cost-Sharing Multiple-Employer Pension Plan and the Schedule of District Contributions to the Teacher Retirement System Pension Plan (TRS).

Combining Fund Statements

This section contains information for the purpose of additional analysis and is not a required part of the basic financial statements. It includes combining statements for non-major governmental funds, internal service funds and fiduciary fund.

Texas Education Agency Required Schedules

This section contains information for the purpose of additional analysis and is not a required part of the basic financial statements. This section includes certain compliance schedules required by the Texas Education Agency.

The District provides for a hierarchy of five possible fund balance classifications as follows. Nonspendable fund balances are balances that cannot be spent because they are not expected to be converted to cash or they are legally or contractually required to remain intact. The District has inventories and prepaid insurance that are considered nonspendable.

The spendable fund balances include restricted, committed, assigned and unassigned based upon the hierarchy of spending constraints. **Restricted:** fund balances that are constrained by external parties, constitutional provisions or enabling legislation; **committed:** fund balances that contain self-imposed constraints of the government from its highest level of decision making authority (the board of trustees); **assigned:** fund balances that contained self-imposed constraints of the government to be used for a particular purpose (the superintendent or the Assistant Superintendent for Business Services have the authority to assign funds for specific purposes); and **unassigned:** fund balance of the general fund that has not been constrained for any particular purpose.

ROMA INDEPENDENT SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS – CONTINUED

Table A-1
NET POSITION
(in thousands of dollars)

	<u>2016</u>	<u>2015</u>
Current and other assets	\$ 41,659	\$ 42,453
Capital assets	<u>124,760</u>	<u>127,091</u>
Total assets	<u>166,419</u>	<u>169,544</u>
Deferred outflows of resources	<u>10,448</u>	<u>1,767</u>
Current liabilities	4,601	6,403
Long-term liabilities	<u>79,847</u>	<u>69,542</u>
Total liabilities	<u>84,448</u>	<u>75,945</u>
Deferred inflows of resources	1,284	1,086
Net position		
Net investment in capital assets	62,524	63,389
Restricted	683	879
Unrestricted	<u>27,929</u>	<u>30,012</u>
Total net position	<u>\$ 91,136</u>	<u>\$ 94,280</u>

As depicted in Table A-1, a significant portion of the District's net position, 69%, reflects its investment in capital assets less any related debt used to acquire those assets that is still outstanding. The District uses these capital assets to provide services to students; consequently, these assets are not available for future spending. Although the District's investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources since the capital assets themselves cannot be used to liquidate these liabilities. Also, approximately 1% of the net position of the District represents resources that are subject to external restriction on how they may be used. The remaining 30% of net position are unrestricted and may be used to meet the District's ongoing obligations.

**ROMA INDEPENDENT SCHOOL DISTRICT
MANAGEMENT’S DISCUSSION AND ANALYSIS – CONTINUED**

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

The District’s combined net position was \$91,136,396 as of August 31, 2016, a decrease of 3.3% (See Table A-1).

Net position may serve over time as a useful indicator of a government’s financial position. In the case of Roma ISD, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$91,136,396 at the close of August 31, 2016.

By far, the largest portion of the Roma ISD’s net position (69%) reflects the net investment in capital assets (e.g., land, buildings, machinery, and equipment), less any related debt used to acquire those assets that is still outstanding. The Roma ISD uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the Roma ISD’s investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the net position (1%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position (31%) or \$27,929,619 may be used to meet the government’s ongoing obligations to citizens and creditors.

Changes in net position (See Table A-2)

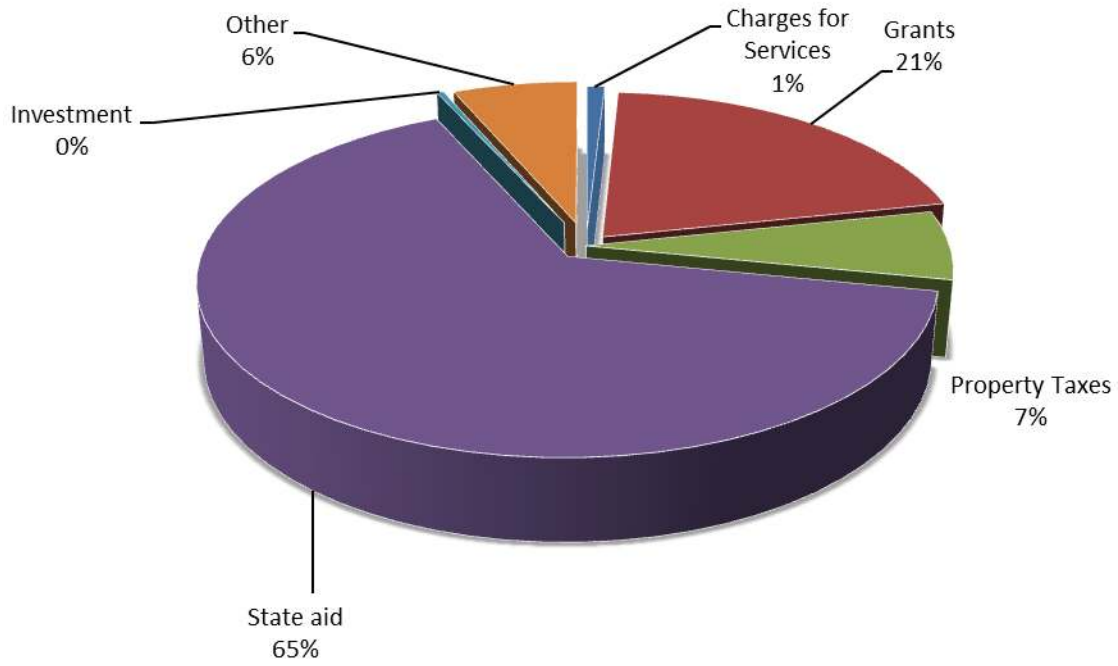
The District experienced a decrease in current assets of about \$0.8 due to the use of cash to complete capital projects.

Governmental Activities

- Property tax rates increased to 1.55366/\$100. Property taxable values increased by 5% from the prior year.
- The cost of all governmental activities this year was \$82,551,627, an increase of \$2,593,150.
- Some of the cost was paid by those who directly benefited from the programs, \$720,804, or by grants and contributions totaling \$16,531,791.

ROMA INDEPENDENT SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS – CONTINUED

Sources of Revenues for FY 2015-2016



ROMA INDEPENDENT SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS – CONTINUED

Table A-2
CHANGES IN NET POSITION
(in thousands of dollars)

	<u>Governmental Activities</u>	
	<u>2016</u>	<u>2015</u>
Program revenues		
Charges for services	\$ 721	\$ 1,112
Operating grants and contributions	16,532	15,228
General revenue		
Property taxes	5,178	5,001
State Aid – formula and grants	51,854	53,400
Investment earnings	277	272
Other	<u>4,846</u>	<u>541</u>
Total revenues	79,408	75,554
Instruction	41,924	40,324
Instructional resources and media services	1,216	1,321
Curriculum development and instructional staff development	589	260
Instructional leadership	1,221	987
School leadership	4,191	4,005
Guidance, counseling and evaluation services	2,416	2,387
Social work services	320	294
Health services	795	757
Student (pupil) transportation	2,706	2,547
Food services	5,550	5,637
Curricular/extracurricular activities	3,391	3,255
General administration	3,076	3,297
Plant maintenance and operations	9,847	9,301
Security and monitoring services	1,624	1,630
Data processing services	1,267	1,027
Community services	96	117
Debt service	1,767	2,445
Bond issuance fees	253	214
Capital outlay	151	-
Other intergovernmental charges	<u>152</u>	<u>153</u>
Total expenses	<u>82,552</u>	<u>79,958</u>
Change in net position	(3,144)	(4,404)
Beginning net position	94,280	108,067
Prior period adjustment	-	<u>(9,383)</u>
Beginning net position, as restated	<u>94,280</u>	<u>98,684</u>
Ending net position	\$ <u>91,136</u>	\$ <u>94,280</u>

**ROMA INDEPENDENT SCHOOL DISTRICT
MANAGEMENT’S DISCUSSION AND ANALYSIS – CONTINUED**

Table A-3 presents the cost of each of the District’s largest functions/programs 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-3
NET COST OF SELECTED DISTRICT FUNCTIONS
(in thousands of dollars)

	Total Cost of Services			Net Cost of Services		
	<u>2016</u>	<u>2015</u>	<u>% Change</u>	<u>2016</u>	<u>2015</u>	<u>% Change</u>
Instruction	\$41,924	\$40,324	4%	\$33,352	\$31,936	4%
School leadership	4,191	4,006	4%	3,929	3,813	3%
Food services	5,550	5,637	(102)%	75	503	(671)%
Facilities maintenance and operations	9,847	9,302	6%	9,572	9,091	5%

FINANCIAL ANALYSIS OF THE DISTRICT’S FUNDS

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

General Fund

The fund balance of the Roma ISD’s General Fund was \$25,644,831 at August 31, 2016, a decrease of \$(4,471,170).

Capital Projects Fund

Fund balance of Roma ISD’s Capital Projects Fund increased by \$2,237,313 from \$(749,368) as of August 31, 2016.

General Fund Budgetary Highlights

Over the course of the year, the District revised the budget two times. The amendments were needed to record additional revenues, capital outlay and to increase the transfer budget amounts to the capital projects fund.

**ROMA INDEPENDENT SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS – CONTINUED**

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At the end of 2016, the District had invested \$192,967,155 in a broad range of capital assets, including land, equipment, buildings, vehicles, and construction in progress. (See Table A-4.) This amount represents a net increase (including additions and deductions) of 1.4% over last year.

Most of the increase in capital assets resulted from the new elementary campus that is being constructed. The District also made A/C improvements at the Roma High School. The District also purchased four new school buses, vehicles and other equipment and replaced computers at various school campuses.

The following projects were started and completed during the fiscal year ended August 31, 2016.

FJ Scott HVAC Replacement	\$ 476,256
High School & Middle School A/C Controls	273,346
Roel & Celia R. Saenz walking trail	30,896
Construction in progress	
High School roof	370,512
New YBE elementary	742,339

The following vehicles & equipment were acquired during the fiscal year ended August 31, 2016.

2 2016 (77) passenger school buses	187,482
2016 Freightliner truck	74,098
2 John Deere grass mowers	34,573
2016 Big Tex GN 20+5	9,000

Other furniture & equipment acquired during the fiscal year ended August 31, 2016.

167 radios & 108 DMR portable GPS	250,449
Band instruments	59,955
450 student desks	55,698
Walk-in freezer	49,315
Fire alarm system (Special Ed Office)	34,813
Security camera system (Roma Middle School)	18,753
Library decorations (Roma High School)	18,606

Other technology expenditures acquired during the fiscal year ended August 31, 2016.

Software and site licenses	391,930
Computers	217,365

Projects for the next fiscal year include:

Roma High School Roof
New YBE school

ROMA INDEPENDENT SCHOOL DISTRICT
MANAGEMENT’S DISCUSSION AND ANALYSIS – CONTINUED

Table A-4
CAPITAL ASSETS
(in thousands of dollars)

	<u>Governmental Activities</u>	
	<u>2016</u>	<u>2015</u>
Land	\$ 4,257	\$ 4,257
Buildings and improvements	168,815	168,764
Furniture and equipment	18,546	17,008
Construction in progress	<u>1,349</u>	<u>236</u>
Totals at historical cost	192,967	190,265
 Total accumulated depreciation	 <u>68,207</u>	 <u>63,174</u>
 Net capital assets	 <u>\$124,760</u>	 <u>\$127,091</u>

More detailed information about the District’s capital assets is presented in the notes to the financial statements. See note NOTE H - Capital Assets.

Long-Term Debt

At year-end the District had \$56,470,000 in General Obligation Bonds outstanding as shown in Table A-5. Of this amount, \$2,715,000 is due within the next year. The total long-term debt outstanding as of August 31, 2016 is \$79,846,916. More detailed information about the District’s debt is presented in the notes to the financial statements.

The District’s current underlying credit rating is “AAA” by Fitch based on a guaranty provided by the Texas Permanent School Fund (PSF), whose bond guaranty program is rated “AAA” by Fitch.

**ROMA INDEPENDENT SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS – CONTINUED**

**Table A-5
LONG-TERM DEBT**
(in thousands of dollars)

	<u>Governmental Activities</u>	
	<u>2016</u>	<u>2015</u>
General obligation bonds		
Unlimited tax school building		
Bonds – Series 2006	\$ 1,185	\$ 1,745
Bonds – Series 2008	755	13,795
Bonds – Series 2010	9,545	9,805
Unlimited tax refunding bonds		
Bonds – Series 2012	7,760	8,240
Bonds – Series 2013	7,935	8,035
Bonds – Series 2014	8,420	8,500
Bonds – Series 2015	8,570	9,365
Bonds – Series 2016	<u>12,300</u>	<u>-</u>
	56,470	59,485
Bond interest accretion	166	82
Premium on issuance, bonds – Series 2006	5,552	4,481
Discount on issuance, bonds – Series 2014	(54)	(58)
Property Finance Contract	268	-
Compensated absences	195	190
Net pension liability	<u>17,250</u>	<u>8,281</u>
Total long-term debt	<u>\$79,847</u>	<u>\$72,461</u>

More detailed information about the District's long-term debt is presented in the notes to the financial statements. See NOTE I - Long-term Obligations.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

- Total property adjusted taxable value increased from \$362,971,670 to \$410,423,850, a 13.1% increase.
- State revenue per student will increase from \$8,282 to \$8,724.
- Local revenue per student will decrease from \$865 to \$855.
- The board approved the 2016-2017 budget with expenditures totaling \$65,150,776, a decrease of 3.16% over the 2015-2016 revised budget of \$67,276,100.
- Student enrollment will remain constant for the next year.

These indicators were taken into account when adopting the general fund budget for FY 2016-2017

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 demonstrate 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 Financial Services Department at 608 North Garcia Street, Roma, Texas 78584.



BASIC FINANCIAL STATEMENTS



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

EXHIBIT A-1

Data	Primary Government
Control Codes	Governmental Activities
ASSETS	
1110 Cash and Cash Equivalents	\$ 7,842,610
1120 Current Investments	21,314,621
1220 Property Taxes Receivable (Delinquent)	11,254,861
1230 Allowance for Uncollectible Taxes	(1,688,229)
1240 Due from Other Governments	2,253,170
1250 Accrued Interest	18,162
1267 Due from Fiduciary Funds	2,542
1290 Other Receivables, net	2,570
1300 Inventories	86,362
1410 Prepayments	573,106
Capital Assets:	
1510 Land	4,257,148
1520 Buildings, Net	114,752,670
1530 Furniture and Equipment, Net	4,401,179
1580 Construction in Progress	1,348,712
1000 Total Assets	166,419,484
DEFERRED OUTFLOWS OF RESOURCES	
1701 Deferred Charge for Refunding	2,079,257
1702 Deferred Outflow Related to TRS	8,369,237
1700 Total Deferred Outflows of Resources	10,448,494
LIABILITIES	
2110 Accounts Payable	1,751,693
2140 Interest Payable	46,472
2150 Payroll Deductions & Withholdings	378,020
2160 Accrued Wages Payable	2,093,758
2180 Due to Other Governments	39,549
2200 Accrued Expenses	205,188
2300 Unearned Revenue	86,362
Noncurrent Liabilities	
2501 Due Within One Year	3,311,218
2502 Due in More Than One Year	59,286,078
2540 Net Pension Liability (District's Share)	17,249,620
2000 Total Liabilities	84,447,958
DEFERRED INFLOWS OF RESOURCES	
2605 Deferred Inflow Related to TRS	1,283,624
2600 Total Deferred Inflows of Resources	1,283,624
NET POSITION	
3200 Net Investment in Capital Assets	62,523,564
3820 Restricted for Federal and State Programs	276,075
3850 Restricted for Debt Service	407,138
3900 Unrestricted	27,929,619
3000 Total Net Position	\$ 91,136,396

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

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

EXHIBIT B-1

Data Control Codes	1	Program Revenues		6 Primary Gov. Governmental Activities
		3 Charges for Services	4 Operating Grants and Contributions	
	Expenses			Net (Expense) Revenue and Changes in Net Position
Primary Government:				
GOVERNMENTAL ACTIVITIES:				
11 Instruction	\$ 41,924,391	\$ -	\$ 8,572,068	\$ (33,352,323)
12 Instructional Resources and Media Services	1,215,730	-	71,593	(1,144,137)
13 Curriculum and Staff Development	588,608	-	214,300	(374,308)
21 Instructional Leadership	1,221,561	-	113,025	(1,108,536)
23 School Leadership	4,190,734	-	262,138	(3,928,596)
31 Guidance, Counseling and Evaluation Services	2,416,169	-	550,530	(1,865,639)
32 Social Work Services	320,174	-	179,806	(140,368)
33 Health Services	795,123	75,826	52,058	(667,239)
34 Student (Pupil) Transportation	2,705,716	-	313,464	(2,392,252)
35 Food Services	5,549,583	173,301	5,301,147	(75,135)
36 Extracurricular Activities	3,390,922	-	111,613	(3,279,309)
41 General Administration	3,076,125	471,677	268,806	(2,335,642)
51 Facilities Maintenance and Operations	9,847,073	-	275,525	(9,571,548)
52 Security and Monitoring Services	1,623,965	-	119,620	(1,504,345)
53 Data Processing Services	1,266,569	-	80,776	(1,185,793)
61 Community Services	95,991	-	45,322	(50,669)
72 Debt Service - Interest on Long Term Debt	1,767,423	-	-	(1,767,423)
73 Debt Service - Bond Issuance Cost and Fees	252,588	-	-	(252,588)
81 Capital Outlay	150,897	-	-	(150,897)
99 Other Intergovernmental Charges	152,285	-	-	(152,285)
[TP] TOTAL PRIMARY GOVERNMENT:	\$ 82,551,627	\$ 720,804	\$ 16,531,791	(65,299,032)
Data Control Codes	General Revenues:			
	Taxes:			
MT	Property Taxes, Levied for General Purposes			3,953,568
DT	Property Taxes, Levied for Debt Service			1,224,725
SF	State Aid - Formula Grants			47,209,408
GC	Grants and Contributions not Restricted			4,644,657
IE	Investment Earnings			276,812
MI	Miscellaneous Local and Intermediate Revenue			4,846,483
TR	Total General Revenues			62,155,653
CN	Change in Net Position			(3,143,379)
NB	Net Position - Beginning			94,279,775
NE	Net Position--Ending			\$ 91,136,396

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

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

Data Control Codes	10 General Fund	60 Capital Projects	Other Funds	Total Governmental Funds
ASSETS				
1110 Cash and Cash Equivalents	\$ 3,775,633	\$ 4,002,768	\$ 64,209	\$ 7,842,610
1120 Investments - Current	21,314,621	-	-	21,314,621
1220 Property Taxes - Delinquent	9,801,832	-	1,453,029	11,254,861
1230 Allowance for Uncollectible Taxes (Credit)	(1,470,275)	-	(217,954)	(1,688,229)
1240 Receivables from Other Governments	466,544	-	1,786,626	2,253,170
1250 Accrued Interest	18,162	-	-	18,162
1260 Due from Other Funds	4,889,828	321,712	284,111	5,495,651
1290 Other Receivables	2,570	-	-	2,570
1300 Inventories	86,362	-	-	86,362
1410 Prepayments	573,106	-	-	573,106
1000 Total Assets	<u>\$ 39,458,383</u>	<u>\$ 4,324,480</u>	<u>\$ 3,370,021</u>	<u>\$ 47,152,884</u>
LIABILITIES				
2110 Accounts Payable	\$ 670,273	\$ 990,481	\$ 90,939	\$ 1,751,693
2150 Payroll Deductions and Withholdings Payable	378,020	-	-	378,020
2160 Accrued Wages Payable	1,805,226	-	288,532	2,093,758
2170 Due to Other Funds	2,442,854	1,846,054	1,204,201	5,493,109
2180 Due to Other Governments	17,010	-	22,539	39,549
2200 Accrued Expenditures	176,912	-	28,276	205,188
2300 Unearned Revenues	86,362	-	-	86,362
2000 Total Liabilities	<u>5,576,657</u>	<u>2,836,535</u>	<u>1,634,487</u>	<u>10,047,679</u>
DEFERRED INFLOWS OF RESOURCES				
2601 Unavailable Revenue - Property Taxes	8,236,895	-	1,215,149	9,452,044
2600 Total Deferred Inflows of Resources	<u>8,236,895</u>	<u>-</u>	<u>1,215,149</u>	<u>9,452,044</u>
FUND BALANCES				
Nonspendable Fund Balance:				
3410 Inventories	86,362	-	-	86,362
3430 Prepaid Items	573,106	-	-	573,106
Restricted Fund Balance:				
3450 Federal or State Funds Grant Restriction	-	-	276,075	276,075
3470 Capital Acquisition and Contractual Obligation	-	1,487,945	-	1,487,945
3480 Retirement of Long-Term Debt	-	-	244,310	244,310
Committed Fund Balance:				
3510 Construction	7,348,000	-	-	7,348,000
3600 Unassigned Fund Balance	17,637,363	-	-	17,637,363
3000 Total Fund Balances	<u>25,644,831</u>	<u>1,487,945</u>	<u>520,385</u>	<u>27,653,161</u>
4000 Total Liabilities, Deferred Inflows & Fund Balances	<u>\$ 39,458,383</u>	<u>\$ 4,324,480</u>	<u>\$ 3,370,021</u>	<u>\$ 47,152,884</u>

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

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

Total Fund Balances - Governmental Funds	\$ 27,653,161
1 Capital assets used in governmental activities are not financial resources and therefore are not reported in governmental funds. The cost of these assets was \$192,967,154 and the accumulated depreciation was \$(68,207,445). The net effect of including the beginning balances for capital assets (net of depreciation) in the governmental activities is to increase (decrease) net position.	124,759,709
2 Long-term liabilities, including bonds payable totaling \$(56,470,000) and property finance contract in the amount of \$(267,476), are not due and payable in the current period and therefore are not reported in the funds.	(56,737,476)
3 Gains/losses on defeasance of debt refundings is recognized as deferred outflows or inflows and amortized over the remaining life of the old debt or the life of the new debt, whichever is shorter, as an increase or (decrease) in net position. Deferred inflows/outflows due to debt refundings are not reported in the funds.	2,079,257
4 Premiums totalling \$(5,552,453) and discounts in the amount of \$53,784 resulting from the issuance of bonds are capitalized, net of amortization, on the government-wide statements.	(5,498,669)
5 Long-term liabilities, including interest accretion on bonds payable and accrued interest on outstanding, unmatured bonds, are not due and payable in the current period and therefore are not reported in the funds.	(212,150)
6 Included in the items related to debt is the recognition of the District's proportionate share of the net pension liability required by GASB Statement No. 68 in the amount of \$(17,249,620), a deferred resource outflow related to TRS in the amount of \$8,369,237, and a deferred resource inflow related to TRS in the amount of \$(1,283,624). This resulted in a decrease of net position of \$(10,164,007).	(10,164,007)
7 Property taxes receivable will be collected this year, but are not available soon enough to pay for the current period's expenditures and, therefore, are unavailable in the funds.	9,452,044
8 Compensated absences are not due and payable in the current period and therefore are not reported in the funds.	(195,473)
19 Net Position of Governmental Activities	<u><u>\$ 91,136,396</u></u>

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

ROMA INDEPENDENT SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED AUGUST 31, 2016

EXHIBIT C-3

Data Control Codes	10 General Fund	60 Capital Projects	Other Funds	Total Governmental Funds
REVENUES:				
5700 Total Local and Intermediate Sources	\$ 5,144,954	\$ 124,795	\$ 1,264,147	\$ 6,533,896
5800 State Program Revenues	50,070,577	-	3,425,189	53,495,766
5900 Federal Program Revenues	5,918,578	-	7,606,970	13,525,548
5020 Total Revenues	61,134,109	124,795	12,296,306	73,555,210
EXPENDITURES:				
Current:				
0011 Instruction	31,521,681	-	6,146,785	37,668,466
0012 Instructional Resources and Media Services	1,115,739	-	-	1,115,739
0013 Curriculum and Instructional Staff Development	336,107	-	186,895	523,002
0021 Instructional Leadership	1,035,114	-	64,247	1,099,361
0023 School Leadership	3,747,099	-	13,833	3,760,932
0031 Guidance, Counseling and Evaluation Services	1,736,004	-	425,555	2,161,559
0032 Social Work Services	110,757	-	175,023	285,780
0033 Health Services	713,679	-	2,687	716,366
0034 Student (Pupil) Transportation	2,666,475	-	160,106	2,826,581
0035 Food Services	4,908,000	-	196,414	5,104,414
0036 Extracurricular Activities	3,108,643	-	-	3,108,643
0041 General Administration	2,615,940	-	191,729	2,807,669
0051 Facilities Maintenance and Operations	9,145,261	74,098	-	9,219,359
0052 Security and Monitoring Services	1,500,992	-	-	1,500,992
0053 Data Processing Services	1,146,402	-	558	1,146,960
0061 Community Services	45,101	-	43,138	88,239
Debt Service:				
0071 Principal on Long Term Debt	-	-	2,765,000	2,765,000
0072 Interest on Long Term Debt	-	-	2,086,036	2,086,036
0073 Bond Issuance Cost and Fees	-	-	252,588	252,588
Capital Outlay:				
0081 Facilities Acquisition and Construction	-	2,080,860	-	2,080,860
Intergovernmental:				
0099 Other Intergovernmental Charges	152,285	-	-	152,285
6030 Total Expenditures	65,605,279	2,154,958	12,710,594	80,470,831
1100 Excess (Deficiency) of Revenues Over (Under) Expenditures	(4,471,170)	(2,030,163)	(414,288)	(6,915,621)
OTHER FINANCING SOURCES (USES):				
7911 Capital Related Debt Issued (Regular Bonds)	-	-	12,435,000	12,435,000
7915 Transfers In	-	336,987	-	336,987
7916 Premium or Discount on Issuance of Bonds	-	-	1,753,554	1,753,554
7949 Other Resources	-	4,267,476	-	4,267,476
8911 Transfers Out (Use)	-	(336,987)	-	(336,987)
8949 Other (Uses)	-	-	(13,942,523)	(13,942,523)
7080 Total Other Financing Sources (Uses)	-	4,267,476	246,031	4,513,507
1200 Net Change in Fund Balances	(4,471,170)	2,237,313	(168,257)	(2,402,114)
0100 Fund Balance - September 1 (Beginning)	30,116,001	(749,368)	688,642	30,055,275
3000 Fund Balance - August 31 (Ending)	\$ 25,644,831	\$ 1,487,945	\$ 520,385	\$ 27,653,161

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

ROMA INDEPENDENT SCHOOL DISTRICT
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED AUGUST 31, 2016

Total Net Change in Fund Balances - Governmental Funds	\$ (2,402,114)
Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets, \$2,702,281 is allocated over their useful lives as depreciation expense which totaled \$(5,033,801) at year end. This is the amount of capital assets in excess of depreciation expense in the current period.	(2,331,520)
Property tax revenues in the statement of activities do not provide current financial resources and are not reported as revenues in the funds.	488,496
Repayment of bond principal is an expenditure in the funds but is not an expense in the statement of activities.	2,765,000
The issuance of long-term debt bonds \$(12,702,476) and property finance contract \$(267,476) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position.	(12,702,476)
Governmental funds report the effect of current period premiums issued of \$(1,753,554) and related amortization of \$481,405, amortization of discounts \$(4,715), gains/losses amortized totaling \$(78,012), and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This is the net effect of these differences.	(1,354,876)
Some expenses such as the effect of changes in compensated absences reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds.	(5,415)
GASB Statement No. 68 required that certain expenditures be de-expended and recorded as deferred resource inflows. These contributions made after the measurement date of August 31, 2015 caused the change in the ending net position to increase in the amount of \$1,395,852. Contributions made before the measurement date and during the previous fiscal year were also expended and recorded as a reduction in net pension liability for the District. This caused a decrease in the change in net position totaling \$(1,444,936), the District's proportionate share of the TRS pension expense on the plan as a whole had to be recorded. The net pension expense decreased the change in net position by \$(1,413,848). The net result is to increase (decrease) the change in net position by \$(1,462,932).	(1,462,932)
The current period accretion of interest on capital appreciation bond totaled \$(83,353), and the change in accrued interest on unpaid, unmatured bonds due at the end of the year totaled \$3,288.	(80,065)
Payment to escrow agent for refunded bonds is an expenditure in the governmental funds, but the payment to the escrow agent reduces long-term liabilities in the statement of net position and does not affect the statement of activities.	13,942,523
Change in Net Position of Governmental Activities	\$ (3,143,379)

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

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

	Agency Fund
<hr/>	
ASSETS	
Cash and Cash Equivalents	\$ 235,440
Total Assets	<u>\$ 235,440</u>
LIABILITIES	
Due to Other Funds	\$ 2,542
Due to Student Groups	232,898
Total Liabilities	<u>\$ 235,440</u>

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



NOTES TO FINANCIAL STATEMENTS

ROMA INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED AUGUST 31, 2016

NOTE A - REPORTING ENTITY

The Roma Independent School District (the "District") is an independent public education agency operating under applicable laws and regulations of the State of Texas. This report includes the financial statements of the funds required to account for those activities, organizations and functions, which are related to the District and which are controlled by or dependent upon the District's governing body, the Board of Trustees.

The Board of Trustees (the Board), includes seven eligible members elected at large by the qualified voters of the Roma Independent School District. The Board has the exclusive power and duty to govern and oversee the management of the public schools of the District. All powers and duties not specifically delegated by statute to the Texas Education Agency (TEA) or to the State Board of Education are reserved for the Board, and TEA may not substitute its judgment for the lawful exercise of those powers and duties by the Board.

The District is considered an independent entity for financial reporting purposes and is considered a primary government. As required by generally accepted accounting principles, these basic financial statements have been prepared, based on considerations regarding the potential for inclusion of other entities, organizations, or functions, as part of the District's financial reporting entity. Based on these considerations, no other entities have been included in the District's financial reporting entity. The District receives funding from local, state and federal government sources and must comply with the requirements of these funding source entities. Additionally, as the District is considered a primary government for financial reporting purposes, its activities are not considered a part of any other government or other type of reporting entity.

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

1. Basis of Presentation

Government-wide Statements

The government-wide financial statements consist of the statement of net position and the statement of activities. These statements report information on all of the non-fiduciary activities of the District. The effect of the interfund activity has been removed from these statements. *Governmental Activities* include programs supported primarily by taxes, State funds, grants and other intergovernmental revenues.

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

ROMA INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
YEAR ENDED AUGUST 31, 2016

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

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

Fund Financial Statements

The accounts of the District are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues and expenditures, or expenses, as appropriate. Government resources are allocated to, and accounted for the purpose of, carrying on specific activities in accordance with laws, regulations, or other appropriate requirements. The emphasis of fund financial statements is on major governmental funds, each displayed in a separate column. All remaining governmental funds are aggregated and reported as non-major funds.

The District reports the following major governmental funds:

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

Capital Project Fund. The District uses this fund to account for bond proceeds used for construction.

Debt Service. The District accounts for the resources accumulated and payments made for principal and interest on long-term general obligation debt of governmental funds in the debt service fund.

Governmental Funds:

Special Revenue Funds. The District accounts for resources restricted to, or committed for, a specific purpose by the District or a grantor in a special revenue fund. Most federal and some state financial award programs are accounted for in these funds and sometimes unused balances must be returned to the grantor at the close of specified project periods.

The District reports the following fiduciary fund types:

Fiduciary Funds:

Fiduciary funds are reported in the fiduciary fund financial statements. However, because their assets are held in a trustee or agency capacity and are not available to support District programs, these funds are not included in the government-wide statements.

ROMA INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
YEAR ENDED AUGUST 31, 2016

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Agency Funds. These funds are used to report student activity funds and other resources held in a purely custodial capacity (assets equal liabilities). Agency funds typically involve only the receipt, temporary investment, and remittance of fiduciary resources to individuals, private organizations, or other governments.

During the course of operations the government has activity between funds for various purposes. Any residual balances outstanding at year end are reported as due from/to other funds and advances to/from other funds. While these balances are reported in the fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Balances between the funds included in governmental activities are eliminated so that only the net amount is included as internal balances in the governmental activities column.

Further, certain activity occurs during the year involving transfers of resources between funds. In fund financial statements these amounts are reported at gross amounts as transfers in/out. While reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Transfers between the funds included in governmental activities are eliminated so that only the net amount is included as transfers in the governmental activities column.

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

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund financial statements. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Non-exchange transactions, in which the District gives (or receives) value without directly receiving (or giving) equal value in exchange, include property taxes, grants, entitlements, and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. The basis of accounting recognizes revenues in the accounting period in which they become available and measurable. The District considers revenues as available if they are collected within 60 days after year end. Revenues susceptible to accrual are property taxes, fiscal year state funding, and interest revenues. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

ROMA INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
YEAR ENDED AUGUST 31, 2016

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Property taxes and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred, all other eligibility requirements have been met and the amount is received during the period or within the availability period for this revenue source (within 60 days of year-end). All other revenue items are considered to be measurable and available only when cash is received by the government.

3. New Accounting Standards Adopted

In fiscal year 2016, the District adopted five new statements of financial accounting standards issued by the Governmental Accounting Standards Board:

- GASB Statement No. 72, *Fair Value Measurement and Application*
- GASB Statement No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement No. 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*
- GASB Statement No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*
- GASB Statement No. 79, *Certain External Investment Pools and Pool Participants*

GASB Statement No. 72, *Fair Value Measurement and Application*, addresses accounting and financial reporting issues related to fair value measurements. The definition of fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. This Statement provides guidance for determining a fair value measurement for financial reporting purposes. This Statement also provides guidance for applying fair value to certain investments and disclosures related to all fair value measurements.

GASB Statement No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*, clarifies the application of certain provisions of Statement No. 68 with regard to information that is required to be presented as notes to the 10-year schedules of required supplementary information about investment-related factors that significantly affect trends in the amounts reported.

GASB Statement No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments* reduces the GAAP hierarchy to two categories of authoritative GAAP and addresses the use of authoritative and nonauthoritative literature in the event that the accounting treatment for a transaction or other event is not specified within a source of authoritative GAAP.

ROMA INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
YEAR ENDED AUGUST 31, 2016

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

GASB Statement No. 79, *Certain External Investment Pools and Pool Participants*, addresses accounting and financial reporting for certain external investment pools and pool participants. Specifically, it establishes criteria for an external investment pool to qualify for making the election to measure all of its investments at amortized cost for financial reporting purposes. This Statement establishes additional note disclosure requirements for qualifying external investment pools that measure all of their investments at amortized cost for financial reporting purposes and for governments that participate in those pools. Those disclosures include information about any limitations or restrictions on participant withdrawals.

4. Budgets

The official school budget was prepared for adoption for required Governmental Fund Types by August 20, 2015. The budget was formally adopted by the board of school trustees at a duly advertised public meeting prior to the expenditure of funds. The budget was amended by the board of school trustees once during the year. Expenditures may not legally exceed budgeted appropriations at the function level.

5. Cash and Cash Equivalents

Investments are considered to be cash equivalents if they are highly liquid with maturity within three months or less.

6. Investments

Money market investments which are short-term, highly liquid debt instruments including commercial paper, bankers acceptances and U.S. Treasury and agency obligations that have a remaining maturity at time of purchase of one year or less are reported at amortized cost. Investments in 2a-7 like investment pools are also reported at amortized cost. Nonparticipating interest-earning investment contracts, including repurchase agreements, are reported using a cost-based measure. The term nonparticipating means that the investment's value does not vary with market interest rate changes. All other investments are reported at fair value.

7. Inventory

Inventory is valued at cost (average). The District accounts for school supply and food inventories by using the consumption method whereby expenditures are recognized only when inventory items are used. Maintenance supplies inventory is accounted for by using the purchase method whereby purchases of inventories are recognized as expenditures when the goods are received and the transaction is vouchered. Reported inventories are equally offset by a non-spendable fund balance which indicates that they do not constitute "available spendable resources" even though they are a component of net current assets.

ROMA INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
YEAR ENDED AUGUST 31, 2016

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

8. Prepayments

Prepayments are prepaid expenses that will benefit periods beyond August 31, 2016. The only prepayments included are for unexpired insurance policy premiums paid by August 31, 2016, and which extend beyond that date. The reported prepaid insurance is equally offset by a non-spendable fund balance, which indicates that they do not constitute "available expendable resources" even though they are a component of net current assets. Prepaid expenditures are recorded when purchased rather than when consumed.

9. Capital Assets

Purchased or constructed capital assets are reported at cost or estimated historical cost. Donated capital assets are recorded at their estimated fair value at the date of the donation. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized. A capitalization threshold of \$5,000 is used. Capital assets are being depreciated using the straight-line method over the following estimated useful lives:

<u>Assets Class</u>	<u>Estimated Useful Lives</u>
Buildings and Improvements	50
Vehicles	5-10
Furniture and Equipment	3-15

10. Interfund Activity

Interfund activity results from loans, services provided, reimbursements or transfers between funds. Loans are reported as interfund receivables and payables as appropriate and are subject to elimination upon consolidation. Services provided are treated as revenues and expenditures or expenses. Reimbursements occur when one fund incurs a cost, charges the appropriate benefiting fund and reduces its related cost as a reimbursement. All other interfund transactions are treated as transfers. Transfers In and Transfers Out are netted and presented as a single "Transfers" line on the government-wide statement of activities. Similarly, interfund receivables and payables are netted and presented as a single "Internal Balances" line of the government-wide statement of net position.

11. Long-term Obligations

In government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities. Bond premiums and discounts are deferred charges and amortized over the term of the related debt.

ROMA INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
YEAR ENDED AUGUST 31, 2016

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. Premiums received and discounts incurred on debt issuances are reported as other financing sources and uses. Issuance costs, whether or not withheld from debt proceeds, are reported as debt service requirements.

12. Fair Value Measurements

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
- 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, 2016.

13. Use of Estimates

The preparation of financial statements in conformity with GAAP requires the use of management's estimates. Actual results could differ.

ROMA INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
YEAR ENDED AUGUST 31, 2016

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

14. Compensated Absences

The District's policy allows employees with at least ten years of employment with the District to accumulate unused sick leave up to 30 days. Sick leave in excess of the 30 day maximum is not paid at termination, but will be paid only upon illness while in the employ of the District.

15. Accounting System

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

16. Data Control Codes

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

17. Encumbrance Accounting

The District employs encumbrance accounting, whereby encumbrances for goods or purchased services are documented by purchase orders and contracts. An encumbrance represents a commitment of Board appropriation related to unperformed contracts for goods and services. The issuance of a purchase order or the signing of a contract creates an encumbrance but does not represent an expenditure for the period, only a commitment to expend resources. Appropriations lapse at August 31st and encumbrances outstanding at that time are either cancelled or appropriately provided for in the subsequent year's budget.

18. Deferred Outflows and Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflow of resources*, represents a consumption of net position that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expense/expenditure) until then. The government has two items that qualify for reporting in this category. It is the deferred charge on refunding reported in the government-wide statement of net position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunding debt. The District also reports deferred outflow of resources related the employee TRS pension.

ROMA INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
YEAR ENDED AUGUST 31, 2016

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

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

19. Fund Balance Reporting

Fund balances are reported in two major categories, which are nonspendable and spendable. Nonspendable fund balances are balances that cannot be spent because they are not expected to be converted to cash or they are legally or contractually required to remain intact. Examples of this classification are prepaid items and inventories. The District has prepaid items and inventories that are considered nonspendable.

In addition to the nonspendable fund balance, There is a hierarchy of spendable fund balances, based on a hierarchy of spending constraints.

- **Restricted:** fund balances that are constrained by external parties, constitutional provisions, or enabling legislation.
- **Committed:** fund balances that contain self-imposed constraints of the government from its highest level of decision making authority. The responsibility to commit funds rests with the Board of Trustees. Committed amounts cannot be used for any other purpose unless the governing board changes or lifts the constraint taking the same formal action that imposed the constraint originally. The District establishes (and modifies or rescinds) fund balance commitments by passage of a resolution.
- **Assigned:** fund balances that contain self-imposed constraints of the government to be used for a particular purpose. The responsibility to assign funds rests with the Superintendent.
- **Unassigned:** fund balance of the general fund that is not constrained for any particular purpose.

When an expenditure is incurred for a purpose for which both restricted and unrestricted fund balance is available, the District considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the District considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds.

ROMA INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
YEAR ENDED AUGUST 31, 2016

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

20. Net Position Flow Assumption

Sometimes the government will fund outlays for a particular purpose from both restricted and unrestricted resources. In order to calculate the amount to report as restricted net position and unrestricted net position in the government-wide financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the government's policy to consider restricted net position to have been depleted before unrestricted net position applied.

NOTE C – DEPOSITS AND INVESTMENTS

Investment Accounting Policy

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

The Act requires an annual audit of investment practices. Audit procedures in this area conducted as a part of the audit of the basic financial statements disclosed that in the areas of investment practices, management reports, and establishment of appropriate policies, the District adhered to the requirements of the Act. Additionally, investment practices of the District were in accordance with local policies.

The District's general policy is to report money market investments and short-term participating interest-earning investment contracts at amortized cost and to report nonparticipating interest-earning investment contracts using a cost-based measure. However, if the fair value of an investment is significantly affected by the impairment of the credit standing of the issuer or by other factors, it is reported at fair value. All other investments are reported at fair value unless a legal contract exists which guarantees a higher value. The term "short-term" refers to investments which have a remaining term of one year or less at time of purchase. The term "nonparticipating" means the investment's value does not vary with market interest rate changes. Non-negotiable certificates of deposit are examples of nonparticipating interest-earning investment contracts.

The Act determines the types of investments, which are allowable for the District. These include, with certain restrictions, (1) obligations of the U.S. Treasury, certain U.S. agencies, 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 District policy authorizes all the State allowable investments.

ROMA INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
YEAR ENDED AUGUST 31, 2016

NOTE C - DEPOSITS AND INVESTMENTS - Continued

The District's management believes that it has complied in all material respects with the requirements of the act and the District's investment policies.

Custodial Credit Risk

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The Public Funds Investment Act, the District's investment policy, and Government Code Chapter 2257 "Collateral for Public Funds" contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits or investments. To be eligible to receive funds from and invest funds on behalf of an entity under this chapter, a public fund investment pool created to function as a money market mutual fund must mark its portfolio to market daily, and, to the extent reasonably possible, stabilize at a \$1 net asset value. If the ratio of the market value of the portfolio divided by the book value of the portfolio is less than .0995 or greater than 1.005, portfolio holdings shall be sold as necessary to maintain the ratio between 0.995 and 1.005.

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

Cash Deposits

At August 31, 2016, the carrying amount of the District's deposits had a balance of \$8,079,089 (cash, certificates of deposit, and interest-bearing savings accounts) and the bank balance was \$8,813,161. The District's cash deposits at August 31, 2016 and during the year ended August 31, 2016 were entirely covered by FDIC insurance or by pledged collateral held in the District's name by a bank other than the pledging bank.

The District's cash deposits at August 31, 2016 are maintained primarily at Lone Star National Bank. The deposits were collateralized in accordance with Texas Law, and the Texas Education Agency maintains copies of all safekeeping receipts in the name of the District. Deposits were properly secured at all times.

ROMA INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
YEAR ENDED AUGUST 31, 2016

NOTE C - DEPOSITS AND INVESTMENTS – Continued

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

- a. Name of Bank Lone Star National Bank
- b. Amount of bond and/or market value of securities pledged as of the date of the highest combined balance on deposit was \$39,610,839.
- c. Largest cash, savings and time deposit combined account balance amounted to \$17,490,415 and occurred during the month of February 1, 2016.
- d. Total amount of FDIC coverage at the time of largest combined balance was \$250,000.

Interest Rate Risk

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

<u>Description</u>	<u>CUSIP</u>	<u>Amount</u>	<u>Maturity</u>	<u>Days</u>
TexPool	N/A	\$ 89,954*	N/A	Daily
Lone Star National Bank Certificates of Deposit	N/A	<u>21,314,621</u> <u>\$21,404,575</u>	10-4-2017	Daily

****Included as cash and cash equivalents.***

Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. Presented below is the minimum rating required by the District's investment policy and the Texas Public Fund Investment Act and the actual rating as of year end for each investment.

<u>Description</u>	<u>Minimum Legal Rating</u>	<u>Amount</u>	<u>Rating</u>	<u>%</u>
TexPool	AAA	\$ 89,954*	AAA	1%
Lone Star National Bank Certificates of Deposit	AAA	<u>21,314,621</u> <u>\$21,404,575</u>	AAA	<u>99</u> <u>100%</u>

****Included as cash and cash equivalents.***

ROMA INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
YEAR ENDED AUGUST 31, 2016

NOTE C - DEPOSITS AND INVESTMENTS – Continued

Concentration of Credit Risk

The Investment policy of the District contains no limitations on the amount that can be invested in any one issuer beyond that stipulated by the Public Funds Investment Act. There were no investments in any one issuer (other than U.S. Treasury securities, mutual funds, and external investment pools) that represent 5% or more of total District investments.

Public Funds Investment Pools

TexPool is a public funds investment pool created by the Texas Treasury Safekeeping Trust Company (Trust Company) to provide a safe environment for the placement of local government funds in authorized short-term, fully-collateralized investments, including direct obligations of, or obligations guaranteed by, the United States or State of Texas or their agencies; federally insured certificates of deposit issued by Texas banks or savings and loans; and fully collateralized direct repurchase agreements secured by United States Government agency securities and placed through a primary government securities dealer.

The Trust Company was incorporated by the State Treasurer by authority of the Texas Legislature as a special purpose trust company with direct access to the services of the Federal Reserve Bank to manage, disburse, transfer, safekeep, and invest public funds and securities more efficiently and economically. The State Comptroller of Public Accounts exercises oversight responsibility over TexPool. Oversight includes the ability to significantly influence operations, designation of management, and accountability for fiscal matters. TexPool operates in a manner consistent with the Security and Exchange Commission's Rule 2a7 of the Investment Company Act of 1940. TexPool uses amortized cost rather than market value to report net position to compute share prices. The fair value of the position in TexPool is the same as the value of TexPool shares. Accordingly, the District's investments in TexPool are stated at cost, which approximates fair value. TexPool is currently rated AAAM by Standard and Poor's. This rating indicates excellent safety and a superior capacity to maintain principal value and limit exposure to loss.

The District's investment in Pools are reported at an amount determined by the fair value per share of the pool's underlying portfolio, unless the pool is 2a7-like, in which case they are reported at amortized cost. A 2a7-like pool is one which is not registered with the Securities and Exchange Commission ("SEC") as an investment company, but nevertheless has a policy that it will, and does, operate in a manner consistent with the SEC's Rule 2a7 of the Investment Company Act of 1940. All of the Investment Pools that the District is invested in qualify as 2a7-like pools which have met the criteria established under GASB Statement No. 79 to report their value at amortized cost. Additionally, all of the investment pools strive to maintain a \$1 per share net asset value.

NOTE D - PROPERTY TAX

Property taxes are levied by October 1 in conformity with Subtitle E, Texas Property Tax Code. Taxes are due on receipt of the tax bill and are delinquent if not paid before February 1 of the year following the year in which imposed. On January 1 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 when they become due or past due and receivable within the current period and those expected to be collected during a 60 day period after the close of the school fiscal year.

ROMA INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
YEAR ENDED AUGUST 31, 2016

NOTE D - PROPERTY TAX – Continued

Delinquent taxes are prorated between maintenance and debt service based on rates adopted for the year of the levy. The District's 2015 tax rate was \$1.17 for maintenance and \$.38366 for debt service per \$100 assessed valuation. The 2015 assessed valuation was \$362,971,670. Allowances for uncollectibles within the General and Debt Service Funds are based upon 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.

At August 31, 2016, outstanding taxes were \$9,801,832 and \$1,453,029 in the general fund and debt service fund with a corresponding allowance of \$1,470,275 and \$217,954.

NOTE E - DUE FROM OTHER GOVERNMENTS AND AGENCIES

Amounts due from other governments and agencies are as follows:

	<u>Due from</u>	<u>Due to</u>
Governmental Funds:		
<i>General Fund:</i>		
Texas Education Agency		
Foundation revenues	\$ 466,544	\$ 17,010
<i>Other Governmental Funds</i>		
Texas Education Agency		
ESEA Title I Part A – Improving Basic Programs	986,910	-
ESEA Title I Part C – Migratory Children	100,160	-
IDEA Part B, Formula	162,619	-
IDEA Part B, Preschool	2,617	-
Summer Feeding Program	14,503	22,539
Career and Technical – Basic Grant	34,170	-
ESEA Title II Part A – Teacher & Principal Training & Recruitment	141,979	-
ESEA Title III Part A, English Language Acquisition	81,372	-
ESEA Title VI Part B – Rural & Low Income Program	31,180	-
Gear Up	45,296	-
Instructional Facilities Allotment (IFA)	<u>185,820</u>	<u>-</u>
Total other governmental funds	<u>1,786,626</u>	<u>22,539</u>
Total	<u><u>\$2,253,170</u></u>	<u><u>\$ 39,549</u></u>

ROMA INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
YEAR ENDED AUGUST 31, 2016

NOTE F - INTERFUND RECEIVABLES, PAYABLES

Interfund receivable and payable balances at August 31, 2016 were:

<u>Due From</u>	<u>Due To</u>	
General Fund	General Fund – Food Service	\$1,053,329
General Fund – Food Service	General Fund	445,000
General Fund	Nonmajor Fund	284,111
General Fund	Capital Projects Fund	321,712
Nonmajor Funds	General Fund	3,024,608
Debt Service Fund	General Fund	25,645
Agency Fund	General Fund	2,542
General Fund – Payroll Clearing	General Fund	<u>338,705</u>
Total		<u>\$5,495,652</u>

The remaining balances resulted from a routine lag between the dates that transactions such as year-end payroll accruals and worker's compensation adjustments payments between the funds are made.

All amounts are rescheduled to be repaid within one year.

NOTE G – DISAGGREGATION OF RECEIVABLES AND PAYABLES

Receivables at August 31, 2016, were as follows:

	<u>Property Taxes</u>	<u>Other Governments</u>	<u>Accrued Interest</u>	<u>Due From Other Funds</u>	<u>Total Receivables</u>
Governmental Activities:					
General Fund	\$8,331,557	\$ 466,544	\$ 18,162	\$4,889,828	\$13,706,091
Debt Service Fund	1,235,075	-	-	-	1,235,075
Capital Projects Fund	-	-	-	321,712	321,712
Nonmajor Funds	<u>-</u>	<u>1,786,626</u>	<u>-</u>	<u>284,111</u>	<u>2,070,737</u>
Total	<u>\$9,566,632</u>	<u>\$2,253,170</u>	<u>\$ 18,162</u>	<u>\$5,495,651</u>	<u>\$17,333,615</u>

Payables at August 31, 2016, were as follows:

	<u>Accounts Payable</u>	<u>Salaries and Benefits</u>	<u>Due to Other Funds</u>	<u>Due to Other Governments</u>	<u>Total Payables</u>
Governmental Activities:					
General Fund	\$ 670,273	\$2,183,246	\$2,442,854	\$ 17,010	\$5,313,383
Capital Projects Fund	990,481	-	1,846,054	-	2,836,535
Nonmajor Funds	<u>90,939</u>	<u>288,532</u>	<u>1,204,201</u>	<u>22,539</u>	<u>1,606,211</u>
Total	<u>\$1,751,693</u>	<u>\$2,471,778</u>	<u>\$5,493,109</u>	<u>\$ 39,549</u>	<u>\$9,756,129</u>

ROMA INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
YEAR ENDED AUGUST 31, 2016

NOTE H – CAPITAL ASSETS

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

	General Capital Assets <u>Sept.1, 2015</u>	<u>Additions</u>	<u>Deletions</u>	<u>Transfers</u>	General Capital Assets <u>Aug. 31, 2016</u>
Governmental activities					
Capital assets not being depreciated					
Land	\$ 4,257,148	\$ -	\$ -	\$ -	\$ 4,257,148
Construction in progress	<u>235,861</u>	<u>1,112,851</u>	<u>-</u>	<u>-</u>	<u>1,348,712</u>
Total capital assets not being depreciated	4,493,009	1,112,851	-	-	5,605,860
Capital assets being depreciated					
Building and improvements	168,763,957	51,302	-	-	168,815,259
Furniture and equipment	8,470,508	1,276,548	-	-	9,747,056
Vehicles	<u>8,537,400</u>	<u>261,580</u>	<u>-</u>	<u>-</u>	<u>8,798,980</u>
Total capital assets being depreciated	<u>185,771,865</u>	<u>1,589,430</u>	<u>-</u>	<u>-</u>	<u>187,361,295</u>
Less accumulated depreciation for:					
Building and improvements	50,283,111	3,779,478	-	-	54,062,589
Furniture and equipment	6,165,259	820,036	-	-	6,985,295
Vehicles	<u>6,725,275</u>	<u>434,287</u>	<u>-</u>	<u>-</u>	<u>7,159,562</u>
Total accumulated depreciation	63,173,645	5,033,801	-	-	68,207,446
Total capital assets being depreciated, net	<u>122,598,220</u>	<u>(3,444,371)</u>	<u>-</u>	<u>-</u>	<u>119,153,849</u>
Governmental activities capital assets, net	<u>\$127,091,229</u>	<u>\$ (2,331,520)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$124,759,709</u>

Depreciation was charged to the following functions:

Government Activities:

11 – Instruction	\$2,592,536
12 – Instructional Resources and Media Services	76,791
13 – Curriculum and Staff Development	35,996
21 – Instructional Leadership	75,664
23 – School Leadership	258,847
31 – Guidance, Counseling and Evaluation Services	148,769
32 – Social Work Services	19,669
33 – Health Services	49,304
34 – Student Transportation	194,540
35 – Food Services	351,312
36 – Extracurricular Activities	213,953
41 – General Administration	193,579
51 – Plant Maintenance and Operations	634,523
52 – Security and Monitoring Services	103,306
53 – Data Processing Services	78,940
61 – Community Services	<u>6,072</u>
	<u>\$5,033,801</u>

ROMA INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
YEAR ENDED AUGUST 31, 2016

NOTE I - LONG-TERM OBLIGATIONS

Long-term obligations include bonds payable and capital leases payable. Changes in long-term obligations for the year ended August 31, 2016 are as follows:

	Beginning Balance Sept. 1, 2015	Increase	Decrease	Ending Balance Aug. 31, 2016	Due Within One Year
Governmental Activities					
General Obligation Bonds:					
Unlimited Tax School Building					
Bonds - Series 2006	\$ 1,745,000	\$ -	\$ (560,000)	\$ 1,185,000	\$ 580,000
Bonds - Series 2008	13,795,000	-	(13,040,000)	755,000	370,000
Bonds - Series 2010	9,805,000	-	(260,000)	9,545,000	265,000
Unlimited Tax Refunding Bonds					
Bonds - Series 2012	8,240,000	-	(480,000)	7,760,000	490,000
Bonds - Series 2013	8,035,000	-	(100,000)	7,935,000	105,000
Bonds - Series 2014	8,500,000	-	(80,000)	8,420,000	85,000
Bonds - Series 2015	9,365,000	-	(795,000)	8,570,000	820,000
Bonds - Series 2016	-	<u>12,435,000</u>	<u>(135,000)</u>	<u>12,300,000</u>	-
	59,485,000	12,435,000	(15,450,000)	56,470,000	2,715,000
Interest accretion CAB bonds					
Bonds - Series 2013	42,853	25,187	-	68,040	-
Bonds - Series 2014	39,472	58,166	-	97,638	-
Premium on issuance, bonds	4,480,899	1,753,554	(682,000)	5,552,453	550,108
Discount on issuances, bonds	(58,499)	-	4,715	(53,784)	(4,685)
Property finance contract	-	267,476	-	267,476	50,795
Compensated absences	<u>190,058</u>	<u>255,473</u>	<u>(250,058)</u>	<u>195,473</u>	-
	64,179,783	14,794,856	(16,377,343)	62,597,296	3,311,218
Net pension liability	<u>8,281,357</u>	<u>10,413,209</u>	<u>(1,444,946)</u>	<u>17,249,620</u>	-
Total governmental activities	<u>\$72,461,140</u>	<u>\$25,208,065</u>	<u>\$(17,822,289)</u>	<u>\$79,846,916</u>	<u>\$3,311,218</u>

The District's other non-current liabilities, including compensated absences, are liquidated in the fund where the liability was incurred. Thus, the general fund satisfies most liabilities for governmental activities.

General Obligation Bonds:

Bonds payable at August 31, 2016 are comprised of the following individual issues:

The Roma Independent School District Board of Trustees authorized the issuance of \$23,005,000 in Unlimited Tax School Building Bonds, Series 2006. The bonds are officially dated August 24, 2006, but proceeds were received October 6, 2006. They mature every interest rates range from 4.25% to 5.00% and will be payable semiannually on the 15th of February and August. The bonds were being issued to construct a new middle school and a new elementary. In April 2013, the District refunded a portion of these bonds.

\$ 1,185,000

In October 2008, the District issued \$15,500,000 in Unlimited Tax School Building Bonds, Series 2008. The bond components consist of \$355,000 in capital appreciation bonds (CAB), \$6,760,000 in serial bonds and \$8,385,000 in term bonds. Interest rates range from 2.75% to 5.00% and mature on August 15 of each year until 2038. Interest is paid semi-annually on February 15 and August 15. The bonds were issued to complete construction of the new middle school and new elementary.

755,000

ROMA INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
YEAR ENDED AUGUST 31, 2016

NOTE I - LONG-TERM OBLIGATIONS - Continued

On August 12, 2010, the Board of Trustees authorized the issuance of \$11,035,000 of Series 2010 School Building Bonds. The bonds were issued on August 25, 2010, although the proceeds were received in September 2010. The bonds consist of current interest bonds (CIBs) totaling \$6,430,000 and term bonds totaling \$4,650,000. The principal and interest on CIBs are due annually on August 15, through the year 2013. Principal payments range from \$240,000 to \$420,000 and interest rates range from 2.00% to 4.00%. Two term bond payments are due on August 15, 2035 and August 15, 2040 totaling \$1,850,000 and \$2,755,000, respectively. The proceeds were used to build a new pre-k campus to replace an existing campus.

\$ 9,545,000

The Roma Independent School District Board of Trustees authorized the issuance of \$8,565,000 in Unlimited Tax Refunding Bonds, Series 2012. The bond components consist of \$8,380,000 in current interest bonds (CIBs) and \$185,000 in premium capital appreciation bonds (CABs). Interest rates range from 3.00% to 3.50% and mature on August 15 of each year until 2029. Interest is paid semi-annually on February 15 and August 15. The bonds were issued to refund a portion of the District's currently outstanding debt and to pay the costs of issuance of the bonds. The net proceeds were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments on the refunded bonds and to pay the costs of issuance of the bonds. As a result, the refunded bonds totaling \$8,565,000 are considered defeased and the liability for those bonds, has been removed from the long-term debt account.

7,760,000

The Roma Independent School District Board of Trustees authorized the issuance of \$8,370,000 in Unlimited Tax Refunding Bonds, Series 2013. The bond components consist of \$4,865,000 in current interest bonds (CIBs), \$3,430,000 in term bonds and \$75,000 in premium capital appreciation bonds (CABs). Interest rates range from 1.00% to 3.50% and mature on August 15 of each year until 2034. Interest is paid semi-annually on February 15 and August 15. The bonds were issued to refund a portion of the District's currently outstanding debt and to pay the cost of issuance of the bonds. The net proceeds were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments on the refunded bonds and to pay the costs of issuance of the bonds. As a result, the refunded bond totaling \$8,370,000 are considered defeased and the liability for those bonds, has been removed from the long-term debt account.

7,935,000

The Roma Independent School District Board of Trustees authorized the issuance of \$8,740,000 in Unlimited Tax Refunding Bonds, Series 2014. The bond components consist of \$8,700,000 in current interest bonds (CIBs), \$40,000 in premium capital appreciation bonds (CABs). Principal and interest on CIBs are due annually on August 15 through the year 2029. Principal payments range from \$80,000 to \$935,000 and interest rates range from 2.00% to 3.50%. CAB principal matures on August 15, 2019 and carry an interest rate of 1.57%. The bonds were issued to refund a portion of the District's currently outstanding debt and to pay the cost of issuance of the bonds. The net proceeds were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments on the refunded bonds and to pay the costs of issuance of the bonds. As a result, the refunded bond totaling \$8,740,000 are considered defeased and the liability for those bonds, has been removed from the long-term debt account.

8,420,000

ROMA INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
YEAR ENDED AUGUST 31, 2016

NOTE I - LONG-TERM OBLIGATIONS - Continued

The Roma Independent School District Board of Trustees authorized the issuance of \$9,535,000 in Unlimited Tax Refunding Bonds, Series 2015. The bond components consist of \$9,535,000 in current interest bonds (CIBs). Principal and interest are due annually on August 15 through the year 2025. Principal payments range from \$125,000 to \$1,075,000 and interest rates range from 2.00% to 5.00%. The bonds were issued to refund a portion of the District's currently outstanding debt and to pay the cost of issuance of the bonds. The bonds were issued at \$9,535,000, par with an issuance premium totaling \$1,362,629. The net proceeds were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments on the refunded bonds and to pay the costs of issuance of the bonds. As a result, the refunded bond totaling \$10,690,751 are considered defeased and the liability for those bond, has been removed from the long-term debt account.

\$ 8,570,000

The Roma Independent School District Board of Trustees authorized the issuance of \$12,435,000 in Unlimited Tax Refunding Bonds, Series 2016. The bond components consist of \$9,860,000 in current interest bonds (CIBs) and \$2,575,000 in term bonds. Principal and interest are due annually on August 15 through the year 2035. Principal payments range from \$135,000 to \$775,000 and interest rates range from 2.00% to 5.00% and the term bonds totaling \$2,575,000 are due in the year 2038 at a rate of 5.00%. The bonds were issued to refund a portion of the District's currently outstanding debt and to pay the cost of issuance of the bonds. The bonds were issued at \$12,435,000, par with an issuance premium totaling \$1,753,554. The net proceeds were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments on the refunded bonds and to pay the costs of issuance of the bonds. As a result, the refunded bond totaling \$12,685,000 are considered defeased and the liability for those bond, has been removed from the long-term debt account.

Total general obligations bonds

12,300,000
\$56,470,000

Debt service requirements on long-term debt at August 31, 2016 are as follows:

Year Ending August 31,	Bonds Payable		Total Requirement
	Principal	Interest	
2017	\$ 2,765,000	\$ 2,083,875	\$ 4,848,875
2018	2,750,000	1,995,800	4,745,800
2019	2,215,000	2,578,413	4,793,413
2020	2,980,000	1,827,088	4,807,088
2021	2,475,000	1,678,313	4,153,313
2022-2026	14,070,000	5,788,203	19,858,203
2027-2031	11,720,000	5,733,341	17,453,341
2032-2036	10,825,000	3,923,620	14,748,620
2037-2041	<u>6,670,000</u>	<u>647,650</u>	<u>7,317,650</u>
	<u>\$56,470,000</u>	<u>\$26,256,303</u>	<u>\$82,726,303</u>

ROMA INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
YEAR ENDED AUGUST 31, 2016

NOTE I - LONG-TERM OBLIGATIONS - Continued

There are a number of limitations and restrictions contained in the general obligation bond indentures. Management has indicated that the District is in compliance with all significant limitations and restrictions at August 31, 2016.

Advance Refunding

In 2016, the District issued \$12,435,000 in Unlimited Tax Refunding Bonds, Series 2016 for the purpose of refunding a portion of the District's outstanding bonds Series 2008 and to provide resources to cover costs of issuance to purchase qualifying securities that were placed in an irrevocable trust for the purpose of generating resources for all future debt service payments of the refunded debt. As a result, the refunded bonds are considered to be defeased and the liability has been removed from the accounts of the District. The refunding bonds were sold at a premium in the amount of \$1,753,554. The cost of issuance totaled \$246,031. Principal payments range from \$135,000 to \$775,000 plus interest and interest rates range from 2% to 5%. Term bonds totaling \$2,575,000 are due in the year 2038 at a rate of 5.00%.

The advance refunding was undertaken to reduce total debt service payments over the next 23 years by \$1,644,883 to obtain an economic gain (difference between the present value of the debt service payment of the refunded and refunding bonds) of \$1,217,426.

In prior years, the District defeased certain outstanding 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 respective trust account assets and related liabilities for the defeased bonds are not included in the District's financial statements. At August 31, 2016, the following outstanding bonds are considered defeased:

<u>Series</u>	<u>Ending Balance</u>
2004	\$ 8,150,000
2005	10,430,000
2006A	8,370,000
2006B	8,740,000
2008	12,685,000

Public Property Finance Contract

In May 2016, the District approved an order to enter into a public property finance contract totaling \$267,476 with a stated interest of 2.59%. Payments are due in five monthly payments of \$57,723 on the first of June through the year 2021. The purpose was to upgrade the cooling system and one middle school and high school.

ROMA INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
YEAR ENDED AUGUST 31, 2016

NOTE J – DEFERRED INFLOWS OF RESOURCES

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

	Statement of Net Position	Balance Sheet - Governmental Funds	
	Governmental Activities	General Fund	Nonmajor Fund
Deferred outflows of resources:			
Deferred charge on refunding	\$ 2,079,257	\$ -	\$ -
Deferred outflows from pension activities	<u>8,369,237</u>	<u>-</u>	<u>-</u>
Total deferred outflows of resources	<u>\$10,448,494</u>	<u>\$ -</u>	<u>\$ -</u>
Deferred inflows of resources:			
Deferred inflows from pension activities	\$ 1,283,624	\$ -	\$ -
Unavailable property taxes	<u>-</u>	<u>8,236,895</u>	<u>1,215,149</u>
Total deferred inflows of resources	<u>\$ 1,283,624</u>	<u>\$8,236,895</u>	<u>\$1,215,149</u>

NOTE K - REVENUES FROM LOCAL AND INTERMEDIATE SOURCES

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

	General Fund	Debt Service	Capital Projects	Total
Property taxes	\$3,812,428	\$1,189,979	\$ -	\$5,002,407
Food sales	174,881	-	-	174,881
Investment income	270,534	2,969	-	273,503
Penalty and interest income	462,675	76,199	-	538,874
Co-curricular student activities	77,826	-	-	77,826
Miscellaneous	<u>346,610</u>	<u>-</u>	<u>124,795</u>	<u>471,405</u>
Total	<u>\$5,144,954</u>	<u>\$1,264,147</u>	<u>\$124,795</u>	<u>\$6,538,896</u>

Included in other resources from Other Financing Sources on the Statement of Revenues, Expenditures and Changes in Fund Balance are \$4,000,000 in a legal settlement related to construction of a campus and \$267,476 in proceeds for a property finance contract to upgrade the cooling system at a middle school and high school.

ROMA INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
YEAR ENDED AUGUST 31, 2016

NOTE L - GENERAL FUND FEDERAL SOURCE REVENUES

Federally financed programs are generally accounted for in the Special Revenue Funds of the District, except for indirect costs charged to federal programs, which are accounted for in the General Fund as prescribed by the TEA and certain direct revenues. The District recognized in the General fund such revenues for the year ended August 31, 2016, from various federal sources as follows:

<u>Programs or Source</u>	<u>CFDA Number</u>	<u>Amount</u>
School Breakfast	10.553	\$1,723,599
National School Lunch	10.555	2,809,035
Commodity Supplemental Fund	10.565	265,706
School Health and Related Services (SHARS)	-	654,851
Indirect costs		
Migrant Program		12,387
Child Nutrition Program		<u>453,000</u>
Total general fund federal revenue		<u>\$5,918,578</u>

NOTE M – DEFINED BENEFIT PENSION PLAN

Plan Description

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

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

Pension Plan Fiduciary Net Position

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

ROMA INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
YEAR ENDED AUGUST 31, 2016

NOTE M – DEFINED BENEFIT PENSION PLAN - Continued

Benefits Provided

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

Contributions

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

Employee contribution rates are set in state statute, Texas Government Code 825.402. Senate Bill 1458 of the 83rd Texas Legislature amended Texas Government Code 825.402 for member contributions and established employee contribution rates for fiscal years 2014 thru 2017. It also added a 1.5% contribution for employers not paying Old Age Survivor and Disability Insurance (OASDI) on certain employees effective for fiscal year 2015 as discussed in Note 1 of the TRS 2014 CAFR. The 83rd Texas Legislature, General Appropriations Act (GAA) established the employer contribution rates for fiscal years 2015 and 2016.

Contribution Rates

	<u>2015</u>	<u>2016</u>
Member	6.7%	7.2%
Non-employer contributing entity (state)	6.8%	6.8%
Employer	6.8%	6.8%

ROMA INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
YEAR ENDED AUGUST 31, 2016

NOTE M – DEFINED BENEFIT PENSION PLAN - Continued

Contributors to the plan include members, employers and the State of Texas as the only non-employer contributing entity. The State contributes to the plan in accordance with state statutes and the General Appropriations Act (GAA). Contributions as of the pension plan measurement date were as follows:

2016	Employer contributions	\$1,398,119
2016	Member contributions	\$3,165,115
2015	Nonemployer contributing agency (state) contributions	\$2,079,505

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

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

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

ROMA INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
YEAR ENDED AUGUST 31, 2016

NOTE M – DEFINED BENEFIT PENSION PLAN - Continued

Actuarial Assumptions

The total pension liability in the August 31, 2015 actuarial valuation was determined using the following actuarial assumptions:

Valuation Date	August 31, 2015
Actuarial Cost Method	Individual Entry Age Normal
Asset Valuation Method	Market Value
Single Discount Rate	8.00%
Long-term expected Investment Rate of Return*	8.00%
Inflation	2.5%
Salary increases including inflation	3.5% to 9.5%
Payroll growth rate	2.5%
Benefit changes during the year	None
Ad hoc post-employment benefit changes	None

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

Discount Rate

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

ROMA INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
YEAR ENDED AUGUST 31, 2016

NOTE M – DEFINED BENEFIT PENSION PLAN – Continued

Best estimates of geometric real rates of return for each major asset class included in the Systems target asset allocation as of August 31, 2015 are summarized below:

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

ROMA INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
YEAR ENDED AUGUST 31, 2016

NOTE M – DEFINED BENEFIT PENSION PLAN – Continued

Discount Rate Sensitivity Analysis

The following schedule shows the impact of the Net Pension Liability if the discount rate used was 1% less than and 1% greater than the discount rate that was used (8%) in measuring the 2015 Net Pension Liability.

	1% Decrease In Discount <u>Rate (7.0%)</u>	Discount <u>Rate (8.0%)</u>	1% Increase in Discount <u>Rate (9.0%)</u>
District's proportionate share of the net pension liability	\$27,026,904	\$17,249,620	\$9,105,751

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

At August 31, 2015, the District reported a liability of \$17,249,620 for its proportionate share of the TRS's net pension liability. This liability reflects a reduction for State pension support provided to the District. The amount recognized by the District as its proportionate share of the net pension liability, the related State support, and the total portion of the net pension liability that was associated with the District were as follows:

District's proportionate share of the collective net pension liability	\$17,249,620
State's proportionate share that is associated with the District	<u>24,817,591</u>
Total	<u>\$42,067,211</u>

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

At August 31, 2015 the employer's proportion of the collective net pension liability was .0487985% which was an increase (decrease) of 0.0177954% from its proportion measured as of August 31, 2014.

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

Economic Assumptions

- The inflation assumption was decreased from 3.00% to 2.50%.
- The ultimate merit assumption for long-service employees was decreased from 1.25% to 1.00%.
- In accordance with the observed experience, there were small adjustments in the service-based promotional/longevity component of the salary scale.
- The payroll growth assumption was lowered from 3.50% to 2.50%.

ROMA INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
YEAR ENDED AUGUST 31, 2016

NOTE M – DEFINED BENEFIT PENSION PLAN – Continued

Mortality Assumptions

- The post-retirement mortality tables for non-disabled retirees were updated to reflect recent TRS member experience. Mortality rates will be assumed to continue to improve in the future using a fully generational approach and Scale BB.
- The post-retirement mortality tables for disabled retirees were updated to reflect recent TRS member experience. Mortality rates will be assumed to continue to improve in the future using a fully generational approach and Scale BB.
- The pre-retirement mortality tables for active employees were updated to use 90% of the recently published RP-2014 mortality table for active employees. Mortality rates will be assumed to continue to improve in the future using a fully generational approach and Scale BB.

Other Demographic Assumptions

- Previously, it was assumed 10% of all members who had contributed in the past 5 years to be an active member. This was an implicit rehire assumption because teachers have historically had a high incidence of terminating employment for a time and then returning to the workforce at a later date. This methodology was modified to add a more explicit valuation of the rehire incidence in the termination liabilities, and therefore these 10% are no longer being counted as active members.
- There were adjustments to the termination patterns for members consistent with experience and future expectations. The termination patterns were adjusted to reflect the rehire assumption. The timing of the termination decrement was also changed from the middle of the year to the beginning to match the actual pattern in the data.
- Small adjustments were made to the retirement patterns for members consistent with experience and future expectations.
- Small adjustments to the disability patterns were made for members consistent with experience and future expectations. Two separate patterns were created based on whether the member has 10 years of service or more.
- For members that become disabled in the future, it is assumed 20% of them will choose a 100% joint and survivor annuity option.

Actuarial Methods and Policies

- The method of using celled data in the valuation process was changed to now using individual data records to allow for better reporting of some items, such as actuarial gains and losses by source.

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

ROMA INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
YEAR ENDED AUGUST 31, 2016

NOTE M – DEFINED BENEFIT PENSION PLAN – Continued

For the year ended August 31, 2016, the District recognized pension expense of \$3,536,107 and revenue of \$3,536,107 for support provided by the State.

At August 31, 2016, the District reports its proportionate share of the TRS's deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ 106,515	\$ 662,918
Changes in actuarial assumptions	447,684	615,391
Difference between projected and actual investment earnings	2,349,856	-
Changes in proportion and difference between the employer's contributions and the proportionate share of contributions	<u>4,067,063</u>	<u>5,315</u>
Total net amounts per August 31, 2015 measurement date	6,971,118	1,283,624
Contributions paid to TRS subsequent to the measurement date	<u>1,398,119</u>	<u>-</u>
Total	<u>\$8,369,237</u>	<u>\$1,283,624</u>

The \$1,398,119 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, 2016. The net amounts of the employer's balances of deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Pension Plan Years Ended August 31:</u>	Pension Expense Amount
2016	\$1,012,920
2017	1,012,920
2018	1,012,920
2019	1,645,702
2020	577,009
Thereafter	426,025

ROMA INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
YEAR ENDED AUGUST 31, 2016

NOTE N - SCHOOL DISTRICT RETIREE HEALTH PLAN

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

Funding Policy. Contribution requirements are not actuarially determined but are legally established each biennium by the Texas Legislature. Texas Insurance Code, Sections 1575.202, 203 and 204 establish state, active employee and public school contributions, respectively. Funding for free basic coverage is provided by the program based upon public school district payroll. Per Texas Insurance Code, Chapter 1575, the public school contribution may not be less than 0.25% or greater than 0.75% of the salary of each active employee of the public school. Funding for optional coverage is provided by those participants selecting the optional coverage. Contribution rates and amounts are shown in the table below for fiscal years 2014–2016. During the years 2014-2016, the District made 100% of contractually required contributions.

Fiscal Year	Contribution Rates and Contribution Amounts						
	Member		State on-behalf		District		Covered Payroll
	Rate	Amount	Rate	Amount	Rate	Amount	
2016	6.500%	\$285,740	1.00%	\$374,388	0.550%	\$241,700	\$43,957,935
2015	6.500%	281,510	1.00%	363,093	0.550%	238,201	43,309,255
2014	6.500%	259,615	1.00%	332,015	0.550%	219,675	39,940,823

The Medicare Prescription Drug, Improvement, and Modernization Act of 2003 established prescription drug coverage for Medicare beneficiaries known as Medicare Part D. Under Medicare Part D, TRS-Care receives retiree drug subsidy payments from the federal government to offset certain prescription drug expenditures for eligible TRS-Care participants. Subsidy payments received by TRS-Care on behalf of the District are shown in the table below for fiscal years 2014-2016.

Fiscal Year	Medicare Part D
2016	\$164,195
2015	182,820
2014	104,363

Contributions made by the State on behalf of the District have been recorded in the government-wide financial statements and in the fund financial statements of the General Fund as both state revenues and payroll expenditures.

ROMA INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
YEAR ENDED AUGUST 31, 2016

NOTE O - RISK MANAGEMENT

The District is exposed to various risks of loss related to torts, theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During fiscal year 2015, the District purchased commercial insurance to cover general liabilities. There were no significant reductions in coverage in the past fiscal year. In addition, there were no settlements exceeding insurance for each of the past three fiscal years.

Health Coverage

During the year, ended August 31, 2016 employees of the Roma Independent School District were covered by a health insurance plan (the Plan). The District paid premiums of \$464.55 per month per employee to the plan, and the employees at their option, authorized payroll withholdings to pay premiums for dependents. All premiums were paid to Blue Cross/Blue Shield of Texas. The plan was authorized by Section 21.922, Texas Education Code, or Article 3.51-2, Texas Insurance Code and was documented by contractual agreement.

The contract between the Roma Independent School District and Blue Cross/Blue Shield of Texas is renewable September 1, 2015. The Plan was renewed subsequent to year end. This is a fully-funded, pure premium plan, and the terms of coverage and premium costs are included in the contractual provisions.

Workers' Compensation

The District entered into a plan beginning September 1, 1999 with Texas Political Subdivision. The District pays premiums based on total compensation. Under the terms of the contract, coverage is in effect for bodily injury by accident and disease up to \$500,000 limit per employee. The District is not responsible for their own paid claims.

The District is a party to various legal actions none of which is believed by administration to have a material effect on the financial condition of the District. Accordingly, no provision for losses has been recorded in the accompanying financial statements for such contingencies.

ROMA INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
YEAR ENDED AUGUST 31, 2016

NOTE P - CONTINGENT LIABILITIES

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

Construction commitments

Construction in progress at August 31, 2016 is comprised of the following:

	Estimated Projected <u>Costs</u>	Expended through <u>August 31, 2016</u>	Amount <u>Committed</u>
Roma High School Phase 2 re-roofing	\$3,836,000	\$ 606,373	\$3,229,627
New YBE elementary school	<u>5,600,000</u>	<u>742,339</u>	<u>4,857,661</u>
	<u>\$9,436,000</u>	<u>\$1,348,712</u>	<u>\$8,087,288</u>

NOTE Q – COMPLIANCE AND ACCOUNTABILITY

Finance-Related Legal and Contractual Provision

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

The District's capital projects fund had a deficit fund balance at August 31, 2016. The general fund's purchase of land for the site of a future campus resulted in a deficit fund balance in the capital projects fund. The District anticipates the repayment of the purchase of this land by the summer of 2016, when the District issues school construction bonds.

School districts in Texas must comply with constitutional provisions, statutory laws, public policy established by common law, Title 19 of the Texas Administrative Code, and with regulations of the Texas Education Agency.

ROMA INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
YEAR ENDED AUGUST 31, 2016

NOTE R – FUND BALANCES

Committed for Construction – the School Board has taken action to commit the fund balance in the general fund for future construction of an elementary campus.

Assigned – the School Board has authorized by board resolution the superintendent to assign funds for specifically identified purposes.

Unassigned – the unassigned fund balance has no constraints.

	<u>General Fund</u>	<u>Capital Projects</u>	<u>Nonmajor Funds</u>	<u>Total Governmental Funds</u>
Fund Balances:				
Nonspendable Fund Balance				
Inventories	\$ 86,362	\$ -	\$ -	\$ 86,362
Prepaid Items	573,106	-	-	573,106
Restricted Fund Balance:				
Federal or State Funds Grant				
Restriction	-	-	276,075	276,075
Capital Acquisition and				
Contractual Obligation	-	1,487,945	-	1,487,945
Retirement of Long-Term Debt	-	-	244,310	244,310
Committed Fund Balance				
Construction	7,348,000	-	-	7,348,000
Unassigned Fund Balance	<u>17,637,363</u>	<u>-</u>	<u>-</u>	<u>17,637,363</u>
Total Fund Balances	<u>\$25,644,831</u>	<u>\$1,487,945</u>	<u>\$520,385</u>	<u>\$27,653,161</u>

NOTE S – SUBSEQUENT EVENT

Issuance of Bonds

On May 9, 2015, the District authorized the issuance of \$23,420,000 in Unlimited Tax School Building Bonds, Series 2016. The proceeds of the bonds will be used to provide resources for the construction of a new campus. The bonds were issued in October 2016.

REQUIRED

SUPPLEMENTARY INFORMATION

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

Data Control Codes		Budgeted Amounts		Actual Amounts (GAAP BASIS)	Variance With Final Budget Positive or (Negative)
		Original	Final		
REVENUES:					
5700	Total Local and Intermediate Sources	\$ 5,035,000	\$ 5,090,000	\$ 5,144,954	\$ 54,954
5800	State Program Revenues	49,225,000	49,750,000	50,070,577	320,577
5900	Federal Program Revenues	5,555,000	5,715,000	5,918,578	203,578
5020	Total Revenues	59,815,000	60,555,000	61,134,109	579,109
EXPENDITURES:					
Current:					
0011	Instruction	32,306,000	32,311,000	31,521,681	789,319
0012	Instructional Resources and Media Services	1,166,000	1,166,000	1,115,739	50,261
0013	Curriculum and Instructional Staff Development	263,500	359,500	336,107	23,393
0021	Instructional Leadership	809,400	1,039,400	1,035,114	4,286
0023	School Leadership	3,884,500	3,794,500	3,747,099	47,401
0031	Guidance, Counseling and Evaluation Services	1,738,000	1,738,000	1,736,004	1,996
0032	Social Work Services	119,000	119,000	110,757	8,243
0033	Health Services	791,000	791,000	713,679	77,321
0034	Student (Pupil) Transportation	2,747,000	2,747,000	2,666,475	80,525
0035	Food Services	5,081,700	5,286,700	4,908,000	378,700
0036	Extracurricular Activities	3,041,500	3,136,500	3,108,643	27,857
0041	General Administration	2,821,000	2,660,000	2,615,940	44,060
0051	Facilities Maintenance and Operations	9,166,000	9,166,000	9,145,261	20,739
0052	Security and Monitoring Services	1,601,000	1,551,000	1,500,992	50,008
0053	Data Processing Services	1,025,000	1,185,000	1,146,402	38,598
0061	Community Services	55,500	55,500	45,101	10,399
Intergovernmental:					
0099	Other Intergovernmental Charges	170,000	170,000	152,285	17,715
6030	Total Expenditures	66,786,100	67,276,100	65,605,279	1,670,821
1100	Excess (Deficiency) of Revenues Over (Under) Expenditures	(6,971,100)	(6,721,100)	(4,471,170)	2,249,930
OTHER FINANCING SOURCES (USES):					
8911	Transfers Out (Use)	-	(2,700,000)	-	2,700,000
1200	Net Change in Fund Balances	(6,971,100)	(9,421,100)	(4,471,170)	4,949,930
0100	Fund Balance - September 1 (Beginning)	30,116,001	30,116,001	30,116,001	-
3000	Fund Balance - August 31 (Ending)	\$ 23,144,901	\$ 20,694,901	\$ 25,644,831	\$ 4,949,930

ROMA INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
TEACHER RETIREMENT SYSTEM
YEAR ENDED AUGUST 31, 2016

	<u>2016</u>	<u>2015</u>
District's proportion of the net pension liability (asset)	0.0487985%	0.0310031%
District's proportionate share of net pension liability (asset)	\$17,249,620	\$ 8,281,357
State's proportionate share of the net pension liability (asset) associated with the District	<u>24,817,591</u>	<u>20,589,492</u>
Total	<u>\$42,067,211</u>	<u>\$28,870,849</u>
District's covered employee payroll	\$43,309,255	\$39,940,823
District's proportionate share of the net pension liability (asset) as a percentage of its covered employee payroll	39.83%	20.73%
Plan fiduciary net position as a percentage of the total pension liability	78.43%	83.25%

Note: Only two 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."

ROMA INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF THE DISTRICT CONTRIBUTIONS
TEACHER RETIREMENT SYSTEM
YEAR ENDED AUGUST 31, 2016

	<u>2016</u>	<u>2015</u>
Contractually required contribution	\$ 1,398,119	\$ 1,444,936
Contribution in relation to the contractually required contribution	(1,398,119)	(1,444,936)
Contribution deficiency (excess)	\$ <u> -</u>	\$ <u> -</u>
District's covered employee payroll	\$43,959,935	\$43,309,255
Contributions as a percentage of covered employee payroll	3.18%	3.34%

Note: GASB 68, paragraph 81.2.b requires that the data in this schedule be presented as of the District's current fiscal year as opposed to the time period covered by the measurement date of September 1, 2014 – August 31, 2015.

Note: Only two 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."

ROMA INDEPENDENT SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
YEAR ENDED AUGUST 31, 2016

Stewardship, compliance, and accountability

Budgetary information

The Board adopts an “appropriated budget” on a basis consistent with GAAP for the general fund and major special revenue funds. At a minimum, the District is required to present the original and the final amended budgets for revenues and expenditures compared to actual revenues and expenditures for these two funds.

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

- Prior to August 20 for a fiscal year start date of September 1, the District prepares a budget based on the modified zero-based budgeting concept for the next succeeding fiscal year. The operating budget includes proposed expenditures and the means of financing them.
- After one or more budget workshops with the Board, a meeting is called for the purpose of adopting the proposed budget. At least ten days but not more than 30 days public notice of the meeting is required.
- Prior to August 31st for a fiscal year start date of September 1, the Board legally adopts the budget for the general fund and debt service fund.
- After the budget is approved, any amendment that causes an increase or decrease in a fund or functional spending category or total revenue or other resources object category requires Board approval prior to the fact. These amendments are presented to the Board at its regular monthly meeting and are reflected in the official minutes.
- Expenditure budgets are controlled at the expenditure functional and object level by the appropriate budget manager (principal, department director or divisional administrator). Budget managers may authorize transfers within organizational categories that do not affect the total functional appropriation. All budget appropriations lapse at year-end.

Encumbrance accounting, under which purchase orders, contracts and other commitments are recorded in order to reserve that portion of the applicable appropriation, is used in all governmental funds. Encumbrances outstanding at year-end are commitments that do not constitute expenditures or liabilities. Since appropriations lapse at the end of each year, outstanding encumbrances are appropriately provided for in the subsequent fiscal year’s budget to provide for the liquidation of the prior commitments.

II. Pension

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

Economic Assumptions

- The inflation assumption was decreased from 3.00% to 2.50%.
- The ultimate merit assumption for long-service employees was decreased from 1.25% to 1.00%.
- In accordance with the observed experience, there were small adjustments in the service-based promotional/longevity component of the salary scale.
- The payroll growth assumption was lowered from 3.50% to 2.50%.

ROMA INDEPENDENT SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION - CONTINUED
YEAR ENDED AUGUST 31, 2016

Mortality Assumptions

- The post-retirement mortality tables for non-disabled retirees were updated to reflect recent TRS member experience. Mortality rates will be assumed to continue to improve in the future using a fully generational approach and Scale BB.
- The post-retirement mortality tables for disabled retirees were updated to reflect recent TRS member experience. Mortality rates will be assumed to continue to improve in the future using a fully generational approach and Scale BB.
- The pre-retirement mortality tables for active employees were updated to use 90% of the recently published RP-2014 mortality table for active employees. Mortality rates will be assumed to continue to improve in the future using a fully generational approach and Scale BB.

Other Demographic Assumptions

- Previously, it was assumed 10% of all members who had contributed in the past 5 years to be an active member. This was an implicit rehire assumption because teachers have historically had a high incidence of terminating employment for a time and then returning to the workforce at a later date. This methodology was modified to add a more explicit valuation of the rehire incidence in the termination liabilities, and therefore these 10% are no longer being counted as active members.
- There were adjustments to the termination patterns for members consistent with experience and future expectations. The termination patterns were adjusted to reflect the rehire assumption. The timing of the termination decrement was also changed from the middle of the year to the beginning to match the actual pattern in the data.
- Small adjustments were made to the retirement patterns for members consistent with experience and future expectations.
- Small adjustments to the disability patterns were made for members consistent with experience and future expectations. Two separate patterns were created based on whether the member has 10 years of service or more.
- For members that become disabled in the future, it is assumed 20% of them will choose a 100% joint and survivor annuity option.

Actuarial Methods and Policies

- The method of using celled data in the valuation process was changed to now using individual data records to allow for better reporting of some items, such as actuarial gains and losses by source.

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

Benefit Changes

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

OTHER SUPPLEMENTARY INFORMATION

NON-MAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS

The Special Revenue Funds are used to account for all federal, state and locally-funded grants. These grants are awarded to the District with the purpose of accomplishing specific educational goals. Grants included in the Special Revenue Funds are described below.

Fund Name and Description

ESEA, Title I, Part A - Improving Basic Programs – supplemental service designed to accelerate the academic achievement of economically disadvantaged students, especially in the tested areas, to ensure that state Standards are met on identified campuses.

ESEA, Title I, Part C – Education of Migratory Children – ensure that all migrant students reach challenging academic standards and graduate with a high school diploma (or complete a GED) that prepares them for responsible citizenship, further learning, and productive employment.

IDEA, Part B – Formula – Salaries and supplies to aid children with disabilities with low reading achievement.

IDEA, Part B – Preschool – aids preschool students with disabilities.

Summer Feeding Program – federal program that provides children in low-income areas could continue to receive nutritious meals during long school vacations, when they do not have access to school lunch or breakfast.

Vocational Education – Basic – funds are for the use of various vocationally-included students in regular, disadvantaged and disability classes.

ESEA, Title II, Part A (Teacher and Principal Training and Recruiting) – supplements the professional development, retention and recruitment programs district-wide, specifically on high need campuses.

ESEA, Title III, Part A – English Language Acquisition and Language Enhancement – provides additional educational opportunities to supplement programs for students of limited English proficiency and immigrant children by assisting the children to learn English and meet challenging State academic content and student academic achievements standards.

ESEA, Title II, Part A (Teacher and Principal Training and Recruiting) – supplements the professional development, retention and recruitment programs district-wide, specifically on high needs campuses.

ESEA, Title VI, Part B – Rural Education Achievement Program (Rural and Low-Income School Program) – provides financial assistance to rural districts to meet local academic needs. RLIS funds a variety of activities including teacher recruitment and professional development, support for educational technology, parental involvement activities, and more.

Campus Activity Fund – Proceeds from fundraising activities, vending sales, corporate and private donations to school-sponsored activities benefiting students and staff of the campus.

COMBINING STATEMENTS

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

Data Control Codes		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	Receivables from Other Governments	986,910	100,160	162,619
1260	Due from Other Funds	-	-	-
1000	Total Assets	<u>\$ 986,910</u>	<u>\$ 100,160</u>	<u>\$ 162,619</u>
LIABILITIES				
2110	Accounts Payable	\$ 28,815	\$ 474	\$ -
2160	Accrued Wages Payable	210,027	-	65,021
2170	Due to Other Funds	727,485	99,686	91,226
2180	Due to Other Governments	-	-	-
2200	Accrued Expenditures	20,583	-	6,372
2000	Total Liabilities	<u>986,910</u>	<u>100,160</u>	<u>162,619</u>
DEFERRED INFLOWS OF RESOURCES				
2601	Unavailable Revenue - Property Taxes	-	-	-
2600	Total Deferred Inflows of Resources	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES				
Restricted Fund Balance:				
3450	Federal or State Funds Grant Restriction	-	-	-
3480	Retirement of Long-Term Debt	-	-	-
3000	Total Fund Balances	<u>-</u>	<u>-</u>	<u>-</u>
4000	Total Liabilities, Deferred Inflows & Fund Balances	<u>\$ 986,910</u>	<u>\$ 100,160</u>	<u>\$ 162,619</u>

225 IDEA - Part B Preschool	242 Summer Feeding Program	244 Career and Technical - Basic Grant	255 ESEA II,A Training and Recruiting	263 Title III, A English Lang. Acquisition	270 ESEA VI, Pt B Rural & Low Income	274 GEAR UP	Total Nonmajor Special Revenue Funds
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
2,617	14,503	34,170	141,979	81,372	31,180	45,296	1,600,806
-	284,111	-	-	-	-	-	284,111
<u>\$ 2,617</u>	<u>\$ 298,614</u>	<u>\$ 34,170</u>	<u>\$ 141,979</u>	<u>\$ 81,372</u>	<u>\$ 31,180</u>	<u>\$ 45,296</u>	<u>\$ 1,884,917</u>
\$ -	\$ -	\$ 26,940	\$ 18,966	\$ 15,744	\$ -	\$ -	\$ 90,939
-	-	-	13,484	-	-	-	288,532
2,617	-	7,230	108,208	65,628	31,180	45,296	1,178,556
-	22,539	-	-	-	-	-	22,539
-	-	-	1,321	-	-	-	28,276
<u>2,617</u>	<u>22,539</u>	<u>34,170</u>	<u>141,979</u>	<u>81,372</u>	<u>31,180</u>	<u>45,296</u>	<u>1,608,842</u>
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	276,075	-	-	-	-	-	276,075
-	-	-	-	-	-	-	-
<u>-</u>	<u>276,075</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>276,075</u>
<u>\$ 2,617</u>	<u>\$ 298,614</u>	<u>\$ 34,170</u>	<u>\$ 141,979</u>	<u>\$ 81,372</u>	<u>\$ 31,180</u>	<u>\$ 45,296</u>	<u>\$ 1,884,917</u>



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

Data Control Codes		599	Total
		Debt Service Fund	Nonmajor Governmental Funds
ASSETS			
1110	Cash and Cash Equivalents	\$ 64,209	\$ 64,209
1220	Property Taxes - Delinquent	1,453,029	1,453,029
1230	Allowance for Uncollectible Taxes (Credit)	(217,954)	(217,954)
1240	Receivables from Other Governments	185,820	1,786,626
1260	Due from Other Funds	-	284,111
1000	Total Assets	<u>\$ 1,485,104</u>	<u>\$ 3,370,021</u>
LIABILITIES			
2110	Accounts Payable	\$ -	\$ 90,939
2160	Accrued Wages Payable	-	288,532
2170	Due to Other Funds	25,645	1,204,201
2180	Due to Other Governments	-	22,539
2200	Accrued Expenditures	-	28,276
2000	Total Liabilities	<u>25,645</u>	<u>1,634,487</u>
DEFERRED INFLOWS OF RESOURCES			
2601	Unavailable Revenue - Property Taxes	1,215,149	1,215,149
2600	Total Deferred Inflows of Resources	<u>1,215,149</u>	<u>1,215,149</u>
FUND BALANCES			
Restricted Fund Balance:			
3450	Federal or State Funds Grant Restriction	-	276,075
3480	Retirement of Long-Term Debt	244,310	244,310
3000	Total Fund Balances	<u>244,310</u>	<u>520,385</u>
4000	Total Liabilities, Deferred Inflows & Fund Balances	<u>\$ 1,485,104</u>	<u>\$ 3,370,021</u>

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

Data Control Codes		211 ESEA I, A Improving Basic Program	212 ESEA Title I Part C Migrant	224 IDEA - Part B Formula
REVENUES:				
5700	Total Local and Intermediate Sources	\$ -	\$ -	\$ -
5800	State Program Revenues	-	-	-
5900	Federal Program Revenues	4,331,324	544,443	1,043,245
5020	Total Revenues	4,331,324	544,443	1,043,245
EXPENDITURES:				
Current:				
0011	Instruction	3,974,133	242,007	696,116
0013	Curriculum and Instructional Staff Development	-	-	-
0021	Instructional Leadership	3,087	-	-
0023	School Leadership	7,021	-	-
0031	Guidance, Counseling and Evaluation Services	1,940	76,735	346,852
0032	Social Work Services	-	175,023	-
0033	Health Services	2,344	343	-
0034	Student (Pupil) Transportation	159,548	-	-
0035	Food Services	-	-	-
0041	General Administration	178,821	12,908	-
0053	Data Processing Services	-	-	-
0061	Community Services	4,430	37,427	277
Debt Service:				
0071	Principal on Long Term Debt	-	-	-
0072	Interest on Long Term Debt	-	-	-
0073	Bond Issuance Cost and Fees	-	-	-
6030	Total Expenditures	4,331,324	544,443	1,043,245
1100	Excess (Deficiency) of Revenues Over (Under) Expenditures	-	-	-
OTHER FINANCING SOURCES (USES):				
7911	Capital Related Debt Issued (Regular Bonds)	-	-	-
7916	Premium or Discount on Issuance of Bonds	-	-	-
8949	Other (Uses)	-	-	-
7080	Total Other Financing Sources (Uses)	-	-	-
1200	Net Change in Fund Balance	-	-	-
0100	Fund Balance - September 1 (Beginning)	-	-	-
3000	Fund Balance - August 31 (Ending)	\$ -	\$ -	\$ -

225 IDEA - Part B Preschool	242 Summer Feeding Program	244 Career and Technical - Basic Grant	255 ESEA II,A Training and Recruiting	263 Title III, A English Lang. Acquisition	270 ESEA VI, Pt B Rural & Low Income	274 GEAR UP	Total Nonmajor Special Revenue Funds
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-	-
16,632	196,414	121,718	655,806	471,457	124,385	101,546	7,606,970
16,632	196,414	121,718	655,806	471,457	124,385	101,546	7,606,970
16,632	-	121,718	466,004	464,945	124,385	40,845	6,146,785
-	-	-	186,895	-	-	-	186,895
-	-	-	-	459	-	60,701	64,247
-	-	-	1,763	5,049	-	-	13,833
-	-	-	28	-	-	-	425,555
-	-	-	-	-	-	-	175,023
-	-	-	-	-	-	-	2,687
-	-	-	558	-	-	-	160,106
-	196,414	-	-	-	-	-	196,414
-	-	-	-	-	-	-	191,729
-	-	-	558	-	-	-	558
-	-	-	-	1,004	-	-	43,138
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
16,632	196,414	121,718	655,806	471,457	124,385	101,546	7,606,970
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	276,075	-	-	-	-	-	276,075
\$ -	\$ 276,075	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 276,075

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

Data Control Codes		599 Debt Service Fund	Total Nonmajor Governmental Funds
REVENUES:			
5700	Total Local and Intermediate Sources	\$ 1,264,147	\$ 1,264,147
5800	State Program Revenues	3,425,189	3,425,189
5900	Federal Program Revenues	-	7,606,970
5020	Total Revenues	<u>4,689,336</u>	<u>12,296,306</u>
EXPENDITURES:			
Current:			
0011	Instruction	-	6,146,785
0013	Curriculum and Instructional Staff Development	-	186,895
0021	Instructional Leadership	-	64,247
0023	School Leadership	-	13,833
0031	Guidance, Counseling and Evaluation Services	-	425,555
0032	Social Work Services	-	175,023
0033	Health Services	-	2,687
0034	Student (Pupil) Transportation	-	160,106
0035	Food Services	-	196,414
0041	General Administration	-	191,729
0053	Data Processing Services	-	558
0061	Community Services	-	43,138
Debt Service:			
0071	Principal on Long Term Debt	2,765,000	2,765,000
0072	Interest on Long Term Debt	2,086,036	2,086,036
0073	Bond Issuance Cost and Fees	252,588	252,588
6030	Total Expenditures	<u>5,103,624</u>	<u>12,710,594</u>
1100	Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(414,288)</u>	<u>(414,288)</u>
OTHER FINANCING SOURCES (USES):			
7911	Capital Related Debt Issued (Regular Bonds)	12,435,000	12,435,000
7916	Premium or Discount on Issuance of Bonds	1,753,554	1,753,554
8949	Other (Uses)	<u>(13,942,523)</u>	<u>(13,942,523)</u>
7080	Total Other Financing Sources (Uses)	<u>246,031</u>	<u>246,031</u>
1200	Net Change in Fund Balance	(168,257)	(168,257)
0100	Fund Balance - September 1 (Beginning)	<u>412,567</u>	<u>688,642</u>
3000	Fund Balance - August 31 (Ending)	<u><u>\$ 244,310</u></u>	<u><u>\$ 520,385</u></u>

ROMA INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - DEBT SERVICE FUND
FOR THE YEAR ENDED AUGUST 31, 2016

Data Control Codes		Budgeted Amounts		Actual Amounts (GAAP BASIS)	Variance With Final Budget Positive or (Negative)
		Original	Final		
REVENUES:					
5700	Total Local and Intermediate Sources	\$ 1,134,897	\$ 1,134,897	\$ 1,264,147	\$ 129,250
5800	State Program Revenues	3,584,042	3,584,042	3,425,189	(158,853)
5020	Total Revenues	4,718,939	4,718,939	4,689,336	(29,603)
EXPENDITURES:					
Debt Service:					
0071	Principal on Long Term Debt	2,630,000	2,630,000	2,765,000	(135,000)
0072	Interest on Long Term Debt	2,239,221	-	2,086,036	(2,086,036)
0073	Bond Issuance Cost and Fees	5,000	-	252,588	(252,588)
6030	Total Expenditures	4,874,221	2,630,000	5,103,624	(2,473,624)
1100	Excess (Deficiency) of Revenues Over (Under) Expenditures	(155,282)	2,088,939	(414,288)	(2,503,227)
OTHER FINANCING SOURCES (USES):					
7911	Capital Related Debt Issued (Regular Bonds)	-	-	12,435,000	12,435,000
7916	Premium or Discount on Issuance of Bonds	-	-	1,753,554	1,753,554
8949	Other (Uses)	-	-	(13,942,523)	(13,942,523)
7080	Total Other Financing Sources (Uses)	-	-	246,031	246,031
1200	Net Change in Fund Balances	(155,282)	2,088,939	(168,257)	(2,257,196)
0100	Fund Balance - September 1 (Beginning)	412,568	412,567	412,567	-
3000	Fund Balance - August 31 (Ending)	\$ 257,286	\$ 2,501,506	\$ 244,310	\$ (2,257,196)

ROMA INDEPENDENT SCHOOL DISTRICT
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
AGENCY FUND
FOR THE YEAR ENDED AUGUST 31, 2016

	BALANCE SEPTEMBER 1 2015	ADDITIONS	DEDUCTIONS	BALANCE AUGUST 31 2016
STUDENT ACTIVITY ACCOUNT				
Assets:				
Cash and Temporary Investments	\$ 183,833	\$ 1,282,126	\$ 1,230,519	\$ 235,440
Liabilities:				
Due to Other Funds	\$ -	\$ 7,142	\$ 4,600	\$ 2,542
Due to Student Groups	183,833	1,274,984	1,225,919	232,898
Total Liabilities	\$ 183,833	\$ 1,282,126	\$ 1,230,519	\$ 235,440
TOTAL AGENCY FUNDS				
Assets:				
Cash and Temporary Investments	\$ 183,833	\$ 1,282,126	\$ 1,230,519	\$ 235,440
Liabilities:				
Due to Other Funds	\$ -	\$ 7,142	\$ 4,600	\$ 2,542
Due to Student Groups	183,833	1,274,984	1,225,919	232,898
Total Liabilities	\$ 183,833	\$ 1,282,126	\$ 1,230,519	\$ 235,440

TEXAS EDUCATION AGENCY

REQUIRED SCHEDULES

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

Last 10 Years Ended August 31	(1)	(2)	(3)
	Tax Rates		Assessed/Appraised Value for School Tax Purposes
	Maintenance	Debt Service	
2007 and prior years	\$ 1.370000	\$ 0.151000	\$ 465,237,560
2008	1.010000	0.194000	440,896,880
2009	1.170000	0.267680	480,145,750
2010	1.170000	0.246680	447,197,040
2011	1.170000	0.294760	406,401,590
2012	1.170000	0.289920	368,178,140
2013	1.170000	0.289090	347,776,140
2014	1.170000	0.289090	344,268,560
2015	1.170000	0.289090	347,565,810
2016 (School year under audit)	1.170000	0.383660	362,971,670
1000 TOTALS			

(10) Beginning Balance 9/1/2015	(20) Current Year's Total Levy	(31) Maintenance Collections	(32) Debt Service Collections	(40) Entire Year's Adjustments	(50) Ending Balance 8/31/2016
\$ 4,911,277	\$ -	\$ 117,427	\$ 6,656	\$ (5,512)	\$ 4,781,682
405,294	-	17,818	3,324	(412)	383,740
577,212	-	31,774	7,269	(639)	537,530
609,863	-	31,457	6,632	(635)	571,139
673,943	-	35,624	8,975	(2,248)	627,096
717,423	-	40,568	10,053	(3,059)	663,743
827,720	-	47,435	11,720	(3,491)	765,074
883,296	-	64,082	15,834	(6,814)	796,566
1,084,585	-	121,961	30,134	(11,404)	921,086
-	5,592,419	3,309,823	1,085,342	9,951	1,207,205
<u>\$ 10,690,613</u>	<u>\$ 5,592,419</u>	<u>\$ 3,817,969</u>	<u>\$ 1,185,939</u>	<u>\$ (24,263)</u>	<u>\$ 11,254,861</u>



STATISTICAL SECTION

OVERVIEW

FINANCIAL TRENDS

INFORMATION

ROMA INDEPENDENT SCHOOL DISTRICT
NET POSITION BY COMPONENT
LAST TEN FISCAL YEARS
(ACCRUAL BASIS OF ACCOUNTING)

	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
Primary government				
Net investment in capital assets	\$62,434,472	\$63,171,570	\$62,642,952	\$57,151,157
Restricted for federal and state programs	241,860	255,680	400,445	257,644
Restricted for debt service	-	84,535	368,895	155,795
Restricted for capital projects	-	1,176,461	5,300,161	-
Unrestricted	<u>24,195,536</u>	<u>23,790,749</u>	<u>23,788,325</u>	<u>37,912,973</u>
Total primary government activities net position	<u>\$86,871,868</u>	<u>\$88,478,995</u>	<u>\$92,500,778</u>	<u>\$95,477,569</u>

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

Table 1

2011	2012	2013	2014	2015	2016
\$ 63,710,877	\$ 63,212,361	\$ 54,011,900	\$ 64,041,922	\$ 63,389,183	\$ 62,523,564
256,631	256,631	-	276,075	363,296	276,075
82,376	-	141,143	188,808	515,466	407,138
17,031,516	29,379,516	21,366,067	-	-	-
<u>19,761,619</u>	<u>12,330,992</u>	<u>32,872,148</u>	<u>43,559,940</u>	<u>30,011,830</u>	<u>27,929,619</u>
<u>\$ 100,843,019</u>	<u>\$ 105,179,500</u>	<u>\$ 108,391,258</u>	<u>\$ 108,066,745</u>	<u>\$ 94,279,775</u>	<u>\$ 91,136,396</u>

ROMA INDEPENDENT SCHOOL DISTRICT
CHANGES IN NET POSITION
LAST TEN FISCAL YEAR
(ACCRUAL BASIS OF ACCOUNTING)

	2007	2008	2009
Expenses			
Governmental Activities:			
Instruction	\$ 30,982,158	\$ 33,682,316	\$ 34,746,103
Instructional Resources & Media Services	889,029	1,040,119	976,782
Curriculum & Staff Development	119,558	221,876	222,943
Instructional Leadership	873,198	883,297	864,554
School Leadership	2,432,108	2,792,331	3,173,728
Guidance, Counseling & Evaluation Services	1,541,593	1,507,892	1,599,645
Social Work Services	120,531	306,155	267,436
Health Services	520,259	567,738	643,254
Student (Pupil) Transportation	2,027,396	2,380,456	2,262,634
Food Services	3,875,257	4,437,554	4,400,540
Cocurricular/Extracurricular Activities	1,755,694	1,888,936	2,068,397
General Administration	1,635,854	1,683,503	1,424,412
Plant Maintenance & Operations	6,373,478	7,080,416	7,423,128
Security & Monitoring Services	909,391	982,655	937,800
Data Processing Services	536,167	576,148	570,460
Community Services	162,346	123,008	106,968
Debt Service - Interest on Long Term Debt	2,177,168	2,383,917	3,058,724
Debt Service - Bond Issuance Cost & Fees	2,963	1,774	11,300
Capital Outlay	-	-	-
Other Intergovernmental Charges	-	-	161,420
Total Governmental Activities	<u>56,934,148</u>	<u>62,540,091</u>	<u>64,920,228</u>
Program Revenues			
Governmental Activities:			
Charges for Services			
Instruction	-	-	-
Health Services	-	-	-
Food Services	249,640	232,850	297,183
Cocurricular/Extracurricular Activities	38,567	31,194	38,710
General Administration	-	-	94,331
Operating Grants and Contributions	<u>19,557,978</u>	<u>19,067,587</u>	<u>20,095,417</u>
Total governmental Activities Program Revenues	<u>19,846,185</u>	<u>19,331,631</u>	<u>20,525,641</u>
Net (Expense)/Revenue			
Total Primary Governmental Net Expense	(37,087,963)	(43,208,460)	(44,394,587)
General Revenues			
Property Taxes, Levied for General Purposes	6,616,663	4,825,282	5,420,051
Property Taxes, Levied for Debt Service	707,117	854,176	1,250,376
Grants and Contributions not Restricted to Specific Programs	33,808,532	37,385,468	40,738,797
Investment Earnings	2,454,673	1,676,730	397,861
Miscellaneous	<u>53,690</u>	<u>73,931</u>	<u>609,285</u>
Total Primary Government General Revenues	<u>43,640,675</u>	<u>44,815,587</u>	<u>48,416,370</u>
Total Change in Net Position	<u>\$ 6,552,712</u>	<u>\$ 1,607,127</u>	<u>\$ 4,021,783</u>

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

Table 2

	2010	2011	2012	2013	2014	2015	2016
\$	36,999,482	\$ 35,415,764	\$ 34,451,430	\$ 35,633,480	\$ 37,949,465	\$ 40,323,645	\$ 41,924,391
	957,375	1,009,492	966,627	1,016,705	1,175,300	1,320,761	1,215,730
	231,746	237,864	241,976	249,177	227,387	260,380	588,608
	870,530	834,254	777,448	769,486	845,413	987,020	1,221,561
	3,244,338	3,379,649	3,289,239	3,264,954	3,653,777	4,005,850	4,190,734
	1,641,823	1,727,290	1,734,911	1,786,814	1,985,107	2,386,571	2,416,169
	227,843	267,990	262,575	254,582	276,307	293,814	320,174
	652,931	696,367	690,987	710,391	722,826	756,865	795,123
	2,432,229	2,694,517	2,572,967	2,685,067	2,700,359	2,546,858	2,705,716
	4,442,284	5,020,402	4,638,936	4,903,433	5,009,811	5,637,195	5,549,583
	2,445,513	2,411,036	2,510,837	2,763,074	2,878,705	3,255,142	3,390,922
	1,645,856	1,678,781	1,660,584	1,699,756	2,250,219	3,297,147	3,076,125
	7,673,181	8,027,905	7,598,812	8,081,405	8,331,488	9,301,671	9,847,073
	1,028,750	1,060,726	948,219	977,210	1,382,509	1,629,827	1,623,965
	611,164	655,773	677,615	789,986	808,720	1,027,221	1,266,569
	137,303	116,835	102,311	86,439	89,908	116,987	95,991
	1,606,689	3,114,534	3,663,720	2,819,550	3,695,797	2,445,098	1,767,423
	1,418,156	11,699	2,350	205,053	148,768	213,584	252,588
	-	-	-	-	-	-	150,897
	155,845	136,578	170,786	114,853	149,316	152,841	152,285
	<u>68,423,038</u>	<u>68,497,456</u>	<u>66,962,330</u>	<u>68,811,415</u>	<u>74,281,182</u>	<u>79,958,477</u>	<u>82,551,627</u>
	-	-	51,624	-	-	-	-
	38,886	53,177	39,812	47,301	47,569	45,287	75,826
	287,821	364,151	330,632	320,168	349,317	234,764	173,301
	-	-	-	-	-	-	-
	1,499,344	599,861	637,202	972,465	843,646	832,106	471,677
	<u>16,630,048</u>	<u>19,247,951</u>	<u>15,552,553</u>	<u>14,523,041</u>	<u>15,340,056</u>	<u>15,227,784</u>	<u>16,531,791</u>
	<u>18,456,099</u>	<u>20,265,140</u>	<u>16,611,823</u>	<u>15,862,975</u>	<u>16,580,588</u>	<u>16,339,941</u>	<u>17,252,595</u>
	(49,966,939)	(48,232,316)	(50,350,507)	(52,948,440)	(57,700,594)	(63,618,536)	(65,299,032)
	5,064,001	5,071,416	4,065,233	3,828,719	4,100,877	4,012,396	3,953,568
	1,069,726	582,961	1,002,000	940,886	1,009,546	988,978	1,224,725
	46,493,710	47,088,993	48,599,493	51,707,513	51,455,289	53,400,009	51,854,065
	73,503	301,387	319,256	323,669	326,857	271,632	276,812
	<u>242,790</u>	<u>553,009</u>	<u>397,564</u>	<u>440,666</u>	<u>483,512</u>	<u>541,365</u>	<u>4,846,483</u>
	<u>52,943,730</u>	<u>53,597,766</u>	<u>54,383,546</u>	<u>57,241,453</u>	<u>57,376,081</u>	<u>59,214,380</u>	<u>62,155,653</u>
\$	<u>2,976,791</u>	<u>\$ 5,365,450</u>	<u>\$ 4,033,039</u>	<u>\$ 4,293,013</u>	<u>\$ (324,513)</u>	<u>\$ (4,404,156)</u>	<u>\$ (3,143,379)</u>

ROMA INDEPENDENT SCHOOL DISTRICT
FUND BALANCES OF GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(MODIFIED ACCRUAL BASIS OF ACCOUNTING)

	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
General Fund				
<i>Nonspendable Fund Balances:</i>				
Inventories	\$ 131,004	\$ 26,767	\$ 8,406	\$ 72,147
Prepaid Items	932,647	687,495	602,814	373,930
<i>Committed Fund Balances:</i>				
Construction	7,800,000	7,800,000	10,300,000	12,348,000
<i>Unassigned:</i>				
Reported in the General Fund	<u>8,791,790</u>	<u>8,592,934</u>	<u>10,904,556</u>	<u>11,352,274</u>
Total General Fund Balance	<u>17,655,441</u>	<u>17,107,196</u>	<u>21,815,776</u>	<u>24,146,351</u>
 All Other Governmental Funds				
<i>Reserved, Reported In:</i>				
<i>Restricted Fund Balances:</i>				
Federal or State Funds Grant Restriction	198,724	210,632	220,442	228,716
Retirement of Long Term Debt	83,892	84,535	368,895	44,473
Capital Acquisition & Contractual Obligations	28,171,279	1,176,461	5,300,161	5,679,965
<i>Committed Fund Balance:</i>				
Reported in Special Revenue funds	<u>43,136</u>	<u>45,048</u>	<u>180,003</u>	<u>110,089</u>
Total All Other Governmental Fund Balances	<u>28,497,031</u>	<u>1,516,676</u>	<u>6,069,501</u>	<u>6,063,243</u>
Total Governmental funds -- Fund Balance	<u><u>\$46,152,472</u></u>	<u><u>\$18,623,872</u></u>	<u><u>\$27,885,277</u></u>	<u><u>\$30,209,594</u></u>

Source: The District's Governmental Funds Balance Sheets and Combined Statements of Revenues, Expenditures and Changes in Fund Balances.

Fund balance classifications for fiscal years prior to 2011 have been recast to reflect GASB Statement No. 54 classifications for comparative purposes.

Table 3

<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
\$ 66,965	\$ 86,475	\$ 101,764	\$ 91,990	\$ 87,223	\$ 86,362
1,038,249	1,450,226	501,804	1,162,991	536,038	573,106
12,348,000	12,348,000	12,348,000	7,348,000	7,348,000	7,348,000
<u>15,592,688</u>	<u>19,761,398</u>	<u>24,016,692</u>	<u>25,246,752</u>	<u>22,144,739</u>	<u>17,637,363</u>
<u>29,045,902</u>	<u>33,646,099</u>	<u>36,968,260</u>	<u>33,849,733</u>	<u>30,116,000</u>	<u>25,644,831</u>
256,631	248,955	252,514	276,075	276,075	276,075
94,636	-	59,721	108,090	412,568	244,310
17,031,516	15,243,189	10,079,255	3,049,297	-	1,487,945
<u>126,467</u>	<u>135,540</u>	<u>108,414</u>	<u>-</u>	<u>(749,368)</u>	<u>-</u>
<u>17,509,250</u>	<u>15,627,684</u>	<u>10,499,904</u>	<u>3,433,462</u>	<u>(60,725)</u>	<u>2,008,330</u>
<u>\$ 46,555,152</u>	<u>\$ 49,273,783</u>	<u>\$ 47,468,164</u>	<u>\$ 37,283,195</u>	<u>\$ 30,055,275</u>	<u>\$ 27,653,161</u>

	2007	2008	2009	2010
Revenues				
Local and Intermediate Sources	9,756,640	7,482,305	7,748,323	7,780,254
State Programs	41,392,218	44,173,253	48,345,487	44,791,267
Federal Programs	11,974,292	12,279,802	12,488,726	18,332,491
Total governmental Activities Program Revenues	63,123,150	63,935,360	68,582,536	70,904,012
Expenses				
Current:				
Instruction	\$ 29,722,087	\$ 32,119,432	\$ 34,041,628	\$ 35,191,969
Instructional Resources & Media Services	848,061	986,991	1,066,491	895,734
Curriculum & Staff Development	114,049	210,543	211,720	216,825
Instructional Leadership	832,959	838,180	821,032	814,481
School Leadership	2,320,030	2,649,703	3,013,960	3,035,450
Guidance, Counseling & Evaluation Services	1,470,552	1,430,871	1,519,118	1,536,114
Social Work Services	114,977	290,517	253,973	213,173
Health Services	496,284	538,739	610,872	610,892
Student (Pupil) Transportation	2,321,584	2,371,654	2,568,355	2,689,353
Food Services	3,921,680	4,338,456	4,419,308	4,228,183
Cocurricular/Extracurricular Activities	1,682,375	1,792,452	1,964,272	2,288,058
General Administration	1,560,470	1,597,512	1,376,258	1,539,886
Plant Maintenance & Operations	6,364,337	6,851,891	7,697,534	7,295,731
Security & Monitoring Services	911,440	949,876	890,590	968,806
Data Processing Services	511,459	546,719	541,743	571,813
Community Services	154,865	116,725	101,583	128,463
Debt Service:				
Principal on Long-term Debt	1,350,000	1,355,000	1,780,000	1,625,000
Interest on Long-term Debt	2,061,452	2,256,627	2,775,669	1,580,249
Bond Issuance Costs and Fees	318,016	1,774	272,945	1,418,155
Capital Outlay:				
Facilities Acquisition and Constructin	5,203,451	30,220,298	8,994,288	1,575,513
Intergovernmental:				
Other Intergovernmental Charges	-	-	161,420	155,845
Total Expenditures	62,280,128	91,463,960	75,082,759	68,579,693
Excess (Deficiency) of Revenues Over (Under) Expenditures	843,022	(27,528,600)	(6,500,223)	2,324,319
Other Financing Sources (Uses) and Special Items				
Refunding Bonds Issued	-	-	-	-
Issuance of Capital Related Debt (Regular Bonds)	23,342,884	-	15,500,000	-
Premium or Discount on Issuance of Bonds	-	-	261,645	-
Capital Leases	-	-	-	-
Transfer In	3,891,332	-	2,534,102	6,140,781
Transfer Out	(3,891,332)	-	(2,534,102)	(6,140,781)
Payment to Refunded Bond Escrow Agent	-	-	-	-
Total Other Financing Sources (Uses)	23,342,884	-	15,761,645	-
Net Change in Fund Balances	\$ 24,185,906	\$ (27,528,600)	\$ 9,261,422	\$ 2,324,319
Debt Service as a Percentage of				
Noncapital Expenditures*	.0%	6.3%	7.9%	7.4%

* Including capital expenditures from functions 11-61.

Source: The District's Financial Statements - Statement of Revenues, Expenditures and Changes in Fund Balances (Exhibit C-2)

Table 4

	2011	2012	2013	2014	2015	2016
	7,198,350	6,491,041	6,559,772	6,836,044	6,546,407	6,533,896
	49,220,352	50,033,711	51,990,902	53,024,138	54,851,801	53,495,766
	17,116,594	14,118,334	14,239,652	13,771,207	13,775,993	13,525,548
	<u>73,535,296</u>	<u>70,643,086</u>	<u>72,790,326</u>	<u>73,631,389</u>	<u>75,174,201</u>	<u>73,555,210</u>
\$	33,461,012	\$ 32,022,658	\$ 33,256,009	\$ 35,585,402	\$ 38,290,232	\$ 37,668,466
	964,009	898,234	949,123	1,100,988	1,247,051	1,115,739
	221,697	224,855	232,614	212,992	245,848	523,002
	777,551	722,441	718,337	791,892	931,935	1,099,361
	3,149,939	3,056,513	3,047,928	3,422,464	3,782,285	3,760,932
	1,609,888	1,612,159	1,668,042	1,859,434	2,253,378	2,161,559
	249,775	243,997	237,660	258,815	277,417	285,780
	649,036	642,097	663,170	677,065	714,624	716,366
	2,733,903	2,684,155	2,822,985	2,922,098	2,744,080	2,826,581
	4,703,403	4,313,901	4,577,495	4,719,481	5,329,791	5,104,414
	2,247,161	2,333,186	2,690,024	2,704,890	3,083,426	3,108,643
	1,564,676	1,543,091	1,576,121	2,115,005	3,113,133	2,807,669
	7,517,224	7,354,407	7,589,968	8,024,797	8,823,499	9,219,359
	988,630	881,129	928,648	1,343,463	1,624,505	1,500,992
	611,201	629,671	737,475	757,522	969,892	1,146,960
	108,893	95,072	80,693	84,216	110,459	88,239
	1,482,026	1,582,963	2,305,000	2,510,000	2,464,998	2,765,000
	3,761,900	3,648,003	2,777,733	2,539,659	2,568,098	2,086,036
	239,270	215,745	205,053	143,983	213,584	252,588
	1,274,537	3,566,228	7,621,986	12,032,434	3,667,922	2,080,860
	136,578	170,786	114,853	149,316	152,841	152,285
	<u>68,452,309</u>	<u>68,441,291</u>	<u>74,800,917</u>	<u>83,955,916</u>	<u>82,608,998</u>	<u>80,470,831</u>
	5,082,987	2,201,795	(2,010,591)	(10,324,527)	(7,434,797)	(6,915,621)
	-	8,565,000	8,370,000	8,740,000	9,535,000	4,267,476
11,035,000	-	-	-	-	-	12,435,000
227,571	1,146,675	1,547,134	1,066,548	1,362,629	1,753,554	
-	-	-	-	-	-	-
1,935,230	1,834,840	1,475,000	5,000,000	-	336,987	
(1,935,230)	(1,834,840)	(1,475,000)	(5,000,000)	-	(336,987)	
-	(9,498,280)	(9,712,081)	(9,666,990)	(10,690,751)	(13,942,523)	
<u>11,262,571</u>	<u>213,395</u>	<u>205,053</u>	<u>139,558</u>	<u>206,878</u>	<u>4,513,507</u>	
<u>\$ 16,345,558</u>	<u>\$ 2,415,190</u>	<u>\$ (1,805,538)</u>	<u>\$ (10,184,969)</u>	<u>\$ (7,227,919)</u>	<u>\$ (2,402,114)</u>	
	8.9%	9.2%	8.5%	7.8%	6.8%	6.6%



REVENUE CAPACITY INFORMATION

ROMA INDEPENDENT SCHOOL DISTRICT
GOVERNMENTAL FUNDS REVENUES BY SOURCE
LAST TEN YEARS

	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
Local Sources:					
Property tax	\$ 6,589,911	\$ 5,080,158	\$ 6,310,951	\$ 5,637,909	\$ 5,425,049
Other	3,166,729	2,402,147	1,437,372	2,142,345	1,773,301
State sources	41,392,218	44,173,253	48,345,487	44,791,267	49,220,352
Federal sources	<u>11,974,292</u>	<u>12,279,802</u>	<u>12,488,726</u>	<u>18,332,491</u>	<u>17,116,594</u>
Total	<u>\$ 63,123,150</u>	<u>\$ 63,935,360</u>	<u>\$ 68,582,536</u>	<u>\$ 70,904,012</u>	<u>\$ 73,535,296</u>

Source: District Financial Statements and Notes to the Basic Financial Statements

Table 5

<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
\$ 4,714,952	\$ 4,455,503	\$ 4,785,143	\$ 4,621,253	\$ 4,689,797
1,776,089	2,104,269	2,050,901	1,925,154	1,844,099
50,033,711	51,990,902	53,024,138	54,851,801	53,495,766
<u>14,118,334</u>	<u>14,239,652</u>	<u>13,771,207</u>	<u>13,775,993</u>	<u>13,525,548</u>
<u>\$ 70,643,086</u>	<u>\$ 72,790,326</u>	<u>\$ 73,631,389</u>	<u>\$ 75,174,201</u>	<u>\$ 73,555,210</u>

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

Fiscal Year	Residential Property	Commercial Property Value	Personal Property Value	Total Actual Value
2007	\$ 160,584,260	\$ 276,537,730	\$ 251,148,570	\$ 688,270,560
2008	166,651,000	245,622,470	251,049,052	663,322,522
2009	182,921,250	249,634,820	338,266,060	770,822,130
2010	182,921,250	278,919,510	308,981,370	770,822,130
2011	193,946,400	216,296,090	288,381,310	698,623,800
2012	196,535,250	146,353,520	318,021,890	660,910,660
2013	201,326,460	122,808,650	317,203,970	641,339,080
2014	205,422,510	126,143,880	316,540,670	648,107,060
2015	211,034,600	126,208,770	313,860,070	651,103,440
2016	215,250,140	118,165,980	365,117,010	698,533,130

Source: Starr County Appraisal District
*per \$100 of assessed value

Table 6

Exemptions		Adjusted Assessed Value	*Total Direct Tax Rate
\$	223,088,858	\$ 465,181,702	\$ 1.521000
	222,618,063	440,704,459	1.235000
	303,126,210	467,695,920	1.437680
	303,126,210	467,695,920	1.416680
	294,960,520	403,663,280	1.464760
	293,509,916	367,400,744	1.459920
	295,438,875	345,900,205	1.459090
	295,438,875	352,668,185	1.459090
	294,434,285	356,669,155	1.459090
	328,632,410	369,900,720	1.553660



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

Table 7

Fiscal Year	Tax Year	Direct Tax Rate			Overlapping Tax Rates				Total Direct and Overlapping Tax Rate
		Roma Independent School District			South	City of Roma	City of Escobares	Starr County	
		Maintenance	Debt Service	Total Direct	Texas College				
2007	2006	\$ 1.370000	\$0.150000	\$1.520000	\$ 0.150000	\$ 0.390000	\$ -	\$ 0.610000	\$ 2.670000
2008	2007	1.040050	0.194040	1.234090	0.154000	0.453780	0.300000	0.699200	2.541070
2009	2008	1.170000	0.267683	1.437683	0.149800	0.444600	0.300000	0.699200	2.731283
2010	2009	1.170000	0.246680	1.416680	0.149100	0.446330	0.300000	0.699200	2.711310
2011	2010	1.170000	0.294760	1.464760	0.149700	0.508710	0.322050	0.699200	2.822370
2012	2011	1.170000	0.289920	1.459920	0.150700	0.508710	0.340000	0.699200	2.818530
2013	2012	1.170000	0.289090	1.459090	0.150700	0.516500	0.340000	0.779200	2.905490
2014	2013	1.170000	0.289090	1.459090	0.150000	0.519030	0.364809	0.779200	2.907320
2015	2014	1.170000	0.289090	1.459090	0.185000	0.523000	0.364809	0.779200	2.946290
2016	2015	1.170000	0.383660	1.553660	0.185000	0.523055	0.403517	0.778400	3.040115

Source: Roma Independent School District Tax Office

ROMA INDEPENDENT SCHOOL DISTRICT
PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN FISCAL YEARS

<u>Fiscal Year</u>	<u>Tax Levy</u>	<u>Current Tax Collections</u>	<u>Percent of Adjusted Tax Levy</u>	<u>Collections in Subsequent Years</u>
2007	\$ 7,089,188	\$ 6,078,169	85.74%	\$ 539,113
2008	5,384,901	4,603,038	85.48%	560,474
2009	6,813,796	5,769,543	84.67%	523,498
2010	6,250,661	5,203,777	83.25%	436,264
2011	5,877,294	4,840,649	82.36%	544,425
2012	5,290,819	4,252,409	80.37%	484,090
2013	5,002,964	3,899,749	77.95%	517,993
2014	5,125,772	4,081,545	79.63%	638,803
2015	5,224,345	4,069,635	77.90%	633,521
2016	5,592,419	4,400,374	78.68%	627,796

Source: Roma Independent School District Annual Financial and Compliance Reports

Table 8

<u>Total Tax Collections</u>	<u>Ratio of Total Tax Collections to Total Tax Levy Plus Outstanding Delinquent Taxes</u>	<u>Outstanding Delinquent Taxes</u>	<u>Ratio of Delinquent Taxes to Total Tax Levy</u>
\$ 6,617,282	45.58%	\$ 7,427,822	104.78%
5,163,512	39.78%	7,595,386	141.05%
6,293,041	42.39%	8,032,142	117.88%
5,640,041	37.94%	8,616,575	137.85%
5,385,074	36.08%	9,047,112	153.93%
4,736,499	32.14%	9,444,657	178.51%
4,417,742	29.73%	9,858,610	197.06%
4,720,348	31.02%	10,093,134	196.91%
4,703,156	29.55%	10,690,613	204.63%
5,028,170	33.17%	9,566,632	171.06%

ROMA INDEPENDENT SCHOOL DISTRICT
PRINCIPAL PROPERTY TAXPAYERS
CURRENT YEAR AND NINE YEARS AGO

Taxpayer	Type of Business	Fiscal Year 2016	
		2015 Assessed Valuation	Percentage of Total Assessed Valuation
Kinder Morgan Texas Pipeline	Oil and Gas	\$ 24,625,790	6.66%
Los Vientos Windpower IV LLC	Utility	22,399,000	6.06%
AEP Texas Central Co.	Oil and Gas	10,073,540	2.72%
Cantera Operating LLC	Oil and Gas	9,312,650	2.52%
AEP Electric Transmission of Texas	Oil and Gas	7,180,930	1.94%
Cantera Operating LLC	Oil and Gas	6,478,930	1.75%
Kinder Morgan Tejas Pipeline LP	Oil and Gas	6,156,900	1.66%
Bluestone Natural Resources II LC	Oil and Gas	4,650,890	1.26%
RLU Operating LLC	Oil and Gas	3,245,380	0.88%
Legacy Advance Development	Financial	2,706,330	0.73%
Totals		<u>\$ 96,830,340</u>	<u>26.18%</u>

Source: Roma Independent School District Tax Office

Table 9

Taxpayer	Type of Business	Fiscal Year 2007	
		Tax Year 2006 Assessed Valuation	Percentage of Total Assessed Valuation
El Paso Prod Oil & Gas Company	Oil and Gas	\$ 65,039,460	20.23%
El Paso Prod Oil & Gas Company	Oil and Gas	11,025,720	3.43%
El Paso Prod Oil & Gas Company	Oil and Gas	7,542,420	2.35%
AEP Central Power & Light Company	Utility	5,026,640	1.56%
Patterson Drilling	Oil and Gas	4,120,000	1.28%
Kinder Morgans TX Pipeline LP	Oil and Gas	3,931,240	1.22%
Verizon Southwest	Utility	3,546,670	1.10%
Starr County Gathering Company	Agriculture	3,422,960	1.06%
Kinder Morgans TX Pipeline LP	Oil and Gas	3,403,980	1.06%
Guerra Mineral Trust	Oil and Gas	<u>2,915,040</u>	<u>0.91%</u>
Totals		<u>\$ 109,974,130</u>	<u>34.21%</u>



DEBT CAPACITY INFORMATION

ROMA INDEPENDENT SCHOOL DISTRICT
OUTSTANDING DEBT BY TYPE
LAST TEN FISCAL YEARS

Table 10

Fiscal Year	<u>Governmental Activities</u>		Total Debt	Ratio of Toal Debt to Estimated Actual Property Value (1)	Total Debt PerAverage Daily Membership	Ratio of Debt to Personal Income (2)	Net Bonded Debt per Capita (3)
	General Bonds	Refunding Bonds					
2007	\$ 35,320,012	\$ 13,629,989	\$ 48,950,001	7.11%	7,628	29%	\$ 4,595
2008	34,065,012	13,529,989	47,595,001	7.18%	7,531	25%	4,407
2009	47,890,012	13,424,989	61,315,001	7.95%	9,750	31%	5,600
2010	46,370,000	13,319,989	59,689,989	7.74%	9,445	28%	5,379
2011	56,250,000	12,992,963	69,242,963	10%	10,449	31%	6,152
2012	46,390,000	21,270,000	67,660,000	10%	10,199	29%	5,928
2013	36,720,000	28,635,000	65,355,000	10%	10,038	27%	5,866
2014	26,480,000	36,365,000	62,845,000	10%	9,683	24%	5,633
2015	25,345,000	34,140,000	59,485,000	9%	9,238	23%	5,383
2016	11,485,000	44,985,000	56,470,000	8%	8,666	21%	5,023

Source: Roma Independent School District Annual Financial and Compliance Reports

(1) See schedule 17 for adjusted assessed values

(2) See Schedule 21 for personal income

(3) See schedule 21 for average daily attendance

ROMA INDEPENDENT SCHOOL DISTRICT
RATIO OF NET GENERAL OBLIGATION BONDED DEBT OUTSTANDING
PER AVERAGE DAILY MEMBERSHIP
LAST TEN FISCAL YEARS

Table 11

<u>Fiscal Year</u>	<u>Average Daily Membership</u>	<u>Estimated Actual Value</u>	<u>General Bonded Debt</u>	<u>Less Reserve for Retirement of Bonded Debt</u>	<u>General Bonded Debt</u>	<u>Bonded Debt to Estimated Actual Value</u>	<u>Debt Per Average Daily Membership</u>
2007	6,417	\$ 688,270,560	\$ 48,950,001	\$ 573,277	\$48,376,724	7.03%	\$ 7,539
2008	6,320	663,322,522	47,595,001	664,856	46,930,145	7.08%	7,426
2009	6,289	770,822,130	61,315,001	658,110	60,656,891	7.87%	9,645
2010	6,320	770,822,130	59,689,989	447,229	59,242,760	7.69%	9,374
2011	6,627	698,623,800	69,242,963	324,764	68,918,199	9.86%	10,400
2012	6,634	660,910,660	67,660,000	928,712	66,731,288	10.10%	10,059
2013	6,511	641,339,080	65,355,000	59,721	65,295,279	10.18%	10,028
2014	6,490	648,107,060	62,845,000	108,090	62,736,910	9.68%	9,667
2015	6,439	651,103,440	63,989,725	412,568	63,577,157	9.76%	9,874
2016	6,516	698,533,130	56,470,000	244,310	56,225,690	8.05%	8,629

Note: Average Daily Membership represents the average daily enrollment of students.

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

ROMA INDEPENDENT SCHOOL DISTRICT
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
August 31, 2016

Table 12

<u>Political Subdivision</u>	<u>Net Debt Amounts</u>	<u>As of</u>	<u>Percentage Applicable to Roma ISD (1)</u>	<u>Roma ISD's Share of Debt</u>
Roma ISD	\$ 62,134,347	8/31/2016	100.00%	\$ 62,134,347
Total direct debt	62,134,347			62,134,347
<u>OVERLAPPING DEBT</u>				
City of Roma	\$ 6,086,000	9/30/2014*	100.00%	6,086,000
South Texas College	171,015,000	08/31/16	1.15%	1,966,673
Sarr County	2,930,000	9/30/2014*	19.46%	570,178
Total overlapping debt	180,031,000			8,622,851
Total Direct and Overlapping Debt	<u><u>\$ 242,165,347</u></u>			<u><u>\$ 70,757,198</u></u>

* Most recent data available

Source: City of Roma and Sarr County Financial Data

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

(1) The percentage of overlapping debt is estimated using taxable property values. Percentages were estimated by determining portion of the overlapping taxing authority's taxable assessed value that is within the District's boundaries and dividing it be the overlapping taxing authority'es total taxable assessed value.

**DEMOGRAPHIC
AND
ECONOMIC INFORMATION**

ROMA INDEPENDENT SCHOOL DISTRICT
DEMOGRAPHIC AND ECONOMIC STATISTICS
LAST TEN FISCAL YEARS

Table 13

<u>Fiscal Year</u>	<u>Estimated Population</u>	<u>Personal Income</u>	<u>Per Capita Personal Income (PCPI)</u>	<u>Average Daily Attendance</u>	<u>Unemployment Rate</u>
2007	10,653	\$ 168,722,214	\$ 15,838	6,384	10.5%
2008	10,801	186,803,295	17,295	6,293	11.3%
2009	** 10,949	200,114,873	18,277	6,182	16.4%
2010	11,097	215,070,957	19,381	6,215	17.3%
2011	11,255	225,674,005	20,051	6,574	16.2%
2012	11,413	232,083,355	20,335	6,113	14.5%
2013	11,571	240,804,081	20,811	6,017	14.8%
2014	11,729	257,580,569	21,961	5,984	13.5%
2015	11,888	275,516,288	23,176	5,952	13.1%
2016	11,243	274,981,294	24,458	6,014	13.7%

Sources: City of Roma, Texas

Bureau of Economic Analysis - US Department of Commerce-Starr County MPA (PCPI)

* Estimate

ROMA INDEPENDENT SCHOOL DISTRICT
PRINCIPAL EMPLOYERS
CURRENT YEAR AND NINE YEARS AGO

Table 14

2016			
Employer	Employees	Rank	Percentage of Total City Employment
Roma Independent School District	1000-1500	1	*
Starr County	600-650	2	*
City of Roma	100-150	3	*
Riverview Enterprises	100-150	4	*
Whataburger	25-50 (45)	5	*
Citizens State Bank	25-50 (40)	6	*
McDonalds	25-50 (31)	7	*
Stripes Convenience Stores	10-25 (23)	8	*
Burger King	10-25 (20)	9	*
IBC Bank	10-25 (13)	10	*
Total Principal Employers	*		*
Other Employers	*		*
Total Employers	*		*

2007			
Employer	Employees	Rank	Percentage of Total City Employment
Roma Independent School District	1,050	1	*
City of Roma, Texas	112	2	*
Starr County	67	3	*
Riverview Enterprises	*	4	*
Citizens State Bank	*	5	*
Rosita Gravel	*	6	*
Whataburger	*	7	*
Pizza Hut	*	8	*
Burger King	*	9	*
IBC Bank	*	10	*
Total Principal Employers	1,229		*
Other Employers	*		*
Total Employers	*		*

Source: City of Roma

* Information not available



OPERATING INFORMATION



ROMA INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF ATTENDANCE AND MEMBERSHIP
LAST TEN FISCAL YEARS

Table 15

<u>Fiscal Year</u>	<u>Average Daily Attendance</u>	<u>Average Daily Membership</u>	<u>Percent of Attendance</u>
2007	6,384	6,417	99.49%
2008	6,293	6,320	99.57%
2009	6,182	6,289	98.30%
2010	6,215	6,320	98.34%
2011	6,574	6,627	99.20%
2012	6,113	6,634	92.15%
2013	6,017	6,511	92.41%
2014	5,984	6,490	92.20%
2015	5,952	6,439	92.44%
2016	6,014	6,516	92.30%

Source: The District's PEIMS & Student Accounting Office

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

ROMA INDEPENDENT SCHOOL DISTRICT
FULL-TIME EQUIVALENT DISTRICT EMPLOYEES BY POSITION
LAST TEN FISCAL YEARS

Classification	2007	2008	2009	2010
STAFF INFORMATION				
Total Staff:	985.1	1,000.9	1,009.7	974.9
Professional Staff:	511.5	520.6	542.8	532.3
Teachers	424.5	431.6	450.8	437.3
Professional Support	50.0	50.0	53.0	54.0
Campus Administration	24.0	26.0	28.0	28.0
Central Administration	13.0	13.0	11.0	13.0
Educational Aides	154.2	145.1	131.0	114.6
Auxiliary Staff	319.3	335.2	335.9	328.0
Teachers by Highest Degree Held:	424.5	431.6	450.8	437.2
No Degree	4.3	3.0	2.0	-
Bachelor's	358.9	366.8	390.8	365.4
Masters	61.3	61.8	58.0	71.8
Doctorate	-	-	-	-
Teachers by Years of Experience:	424.5	431.6	450.8	437.3
Beginning Teachers	20.6	43.7	36.8	19.6
1-5 Years Experience	184.3	161.0	180.0	171.8
6-10 Years Experience	74.0	88.0	88.0	105.0
11-20 Years Experience	83.8	91.0	99.0	92.0
Over 20 Years Experience	61.8	47.9	47.0	48.9

Source: The District's Human Resources Department and the Academic Excellence Indicator System (AEIS).

Table 16

<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
965.7	945.3	906.4	948.6	1,027.5	1,043.8
538.2	535.6	537.9	541.6	584.3	574.3
444.1	441.7	446.0	447.0	471.2	459.3
54.1	52.9	53.0	55.0	69.1	73.0
29.0	29.0	27.9	27.6	32.0	31.0
11.0	12.0	11.0	12.0	12.0	11.0
114.1	104.5	109.7	112.8	115.9	136.1
313.4	305.2	258.8	294.2	327.3	333.4
444.1	441.7	445.4	447.0	471.2	459.3
1.0	-	-	-	1.8	-
358.1	345.7	348.4	356.0	376.4	366.6
85.0	96.0	97.0	90.0	91.0	92.7
-	-	-	1.0	2.0	-
444.1	441.8	446.0	447.1	471.1	459.3
30.3	22.9	28.0	19.8	37.2	34.0
140.8	133.9	112.9	99.5	85.4	99.6
111.0	118.0	124.8	131.9	140.7	112.4
107.0	111.0	120.8	133.9	145.0	158.3
55.0	56.0	59.5	62.0	62.8	55.0

ROMA INDEPENDENT SCHOOL DISTRICT
OPERATING STATISTICS
LAST TEN FISCAL YEARS

Table 17

<u>Fiscal Year</u>	<u>Daily Attendance</u>	<u>Operating Expenditures</u>	<u>Cost per Student</u>	<u>Percent Change</u>	<u>Government Wide Expenses</u>	<u>Cost per Student</u>	<u>Percent Change</u>	<u>Teaching Staff</u>	<u>Student to Teacher Ratio</u>
2007	6,384	\$ 62,280,128	\$ 9,756	-0.75%	\$ 56,934,148	\$ 8,918	3.70%	425	15.02
2008	6,293	91,463,960	14,534	48.97%	62,540,091	9,938	11.44%	432	14.57
2009	6,182	75,082,759	12,145	-16.44%	64,920,228	10,501	5.67%	451	13.71
2010	6,215	68,579,693	11,035	-9.14%	68,423,038	11,009	4.84%	437	14.22
2011	6,574	68,452,309	10,413	-5.64%	68,497,456	10,419	-5.36%	444	14.81
2012	6,113	68,441,291	11,196	7.52%	66,962,330	10,954	5.13%	442	13.83
2013	6,017	74,800,917	12,432	11.04%	68,811,415	11,436	4.40%	446	13.49
2014	5,984	83,955,916	14,030	12.85%	74,281,182	12,413	8.54%	447	13.39
2015	5,952	82,608,998	13,879	-1.08%	79,958,477	13,434	8.23%	471	12.64
2016	6,014	80,470,831	13,381	-3.59%	82,551,627	13,727	2.18%	447	13.45

Source: Average Daily Attendance provided by the District's PEIMS and A.E.I.S. reports.

ROMA INDEPENDENT SCHOOL DISTRICT
TEACHER BASE SALARIES
LAST TEN FISCAL YEARS

Table 18

<u>Fiscal Year</u>	<u>District Salary (1)</u>	<u>County Average Salary</u>	<u>City of Roma Average Salary</u>	<u>Statewide Average Salary (2)</u>
2007	\$ 42,535	*	*	\$ 44,897
2008	42,939	*	*	46,178
2009	43,330	*	*	47,157
2010	45,677	*	*	48,263
2011	46,557	*	*	48,639
2012	47,471	*	*	48,375
2013	48,282	*	*	48,821
2014	49,208	*	*	49,692
2015	50,406	*	*	50,715
2016	51,175	*	*	52,090

Source: Academic Excellence Indicator System (AEIS)

* Information not available

ROMA INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF SCHOOL BUILDINGS
2016

Table 19

	Estimated Square Footage	Recommended Capacity	Enrollment
HIGH SCHOOLS			
Roma High School	330,706	2,400	1,764
MIDDLE SCHOOLS			
Roma Middle School	122,156	1,000	738
Ramiro Barrera Middle School	<u>133,968</u>	<u>1,000</u>	<u>640</u>
TOTAL	<u>256,124</u>	<u>2,000</u>	<u>1,378</u>
SPECIAL CAMPUSES			
Instructional and Guidance	33,551	350	37
ELEMENTARY SCHOOLS			
Emma Vera	55,427	800	437
Florence J. Scott	65,945	700	628
Rafaela T. Barrera	53,857	800	521
Roel and Celia Saenz	57,439	800	614
Veterans Memorial	62,653	880	704
YB Escobar	<u>69,493</u>	<u>700</u>	<u>439</u>
TOTAL	<u>364,814</u>	<u>4,680</u>	<u>3,343</u>

Source: Facility Area information provided by District Operations

SINGLE AUDIT SECTION

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**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL
OVER FINANCIAL REPORTING AND ON COMPLIANCE AND
OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL
STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS**

To the Board of Trustees
Roma Independent School District

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Roma Independent School District, as of and for the year ended August 31, 2016, and the related notes to the financial statements, which collectively comprise Roma Independent School District's basic financial statements, and have issued our report thereon dated January 26, 2017.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Roma 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 Roma Independent School District's internal control. Accordingly, we do not express an opinion on the effectiveness of Roma 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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. 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.

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Compliance and Other Matters

As part of obtaining reasonable assurance about whether Roma 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 one instance of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of findings and questioned costs as item 2016-001.

Roma Independent School District's Response to Findings

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

We also noted certain other matters that are reported to management of the Roma Independent School District in a separate letter dated January 26, 2017.

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.

Carr, Riggs & Ingram, L.L.C.

Harlingen, Texas
January 26, 2017

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

To the Board of Trustees
Roma Independent School District

Report on Compliance for Each Major Federal Program

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

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of Roma 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 Roma 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 Roma Independent School District's compliance.

Opinion on Each Major Federal Program

In our opinion, Roma Independent School District, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended August 31, 2016.

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Report on Internal Control Over Compliance

Management of Roma 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 Roma 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 Roma Independent School District's internal control over compliance.

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

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

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

Carr, Riggs & Ingram, L.L.C.

Harlingen, Texas
January 26, 2017

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ROMA INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED AUGUST 31, 2016

Section I - Summary of Auditors' Results

Financial Statements

Type of auditors' report issued:

Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? _____ yes _____X_____ no
- Significant deficiencies identified that are not considered to be material weakness(es)? _____yes _____X_____ none noted

Noncompliance material to financial statements noted?

_____ yes _____X_____ no

Federal Awards

Internal control over major programs:

- Material weakness(es) identified? _____ yes _____X_____ no
- Significant deficiencies identified that are not considered to be material weakness(es)? _____ yes _____X_____ none noted

Type of auditors' report issued on compliance for major programs:

Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?

_____ yes _____X_____ no

Identification of major programs:

CFDA Number(s)

10.553, 10.555 and 10.559
84.365

Name of Federal Program or Cluster

Child Nutrition Cluster
English Language Acquisitions Grant

Dollar threshold used to distinguish between Type A and Type B programs:

\$750,000

Auditee qualified as low-risk auditee?

_____X_____ yes _____ no

ROMA INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS - CONTINUED
YEAR ENDED AUGUST 31, 2016

**Section II – Findings Related to the Financial Statement Audit as Required to Be
Reported in Accordance with Generally Accepted Government Auditing Standards**

A. Significant Deficiencies in Internal Control

None reported

B. Compliance Findings

<u>PROGRAM</u>	<u>DESCRIPTION</u>
Schedule Reference Number: (2016-001)	Procurement/Competitive Bidding
Criteria:	Texas Education Code 44.031 (a) states that all contracts, except for the purchase of produce or vehicle fuel, valued at \$50,000 or more in the aggregate, for each twelve month period are to be made by the method that provides the best value to the District. The law enumerates several options for competitive procurement that are available.
Condition Found:	There is no documentation for the selection process. RFQs or RFPs were not requested for contract for services of the same type within the same time period.
Context:	Same type services, within the same timeframe exceeded \$50,000 and were awarded to two separate vendors with no documentation for selection or award process.
Effect:	The District may not have complied with District policy and with state procurement/competitive bidding requirements.
Cause:	District failed to recognize that the services performed were of the same type and may not have followed the competitive bidding guidelines.
Recommendation:	We recommend that the District review and evaluate its existing policies and procedures that are in place and make appropriate changes as needed to improve the documentation of the selection process for awarding contracts that are valued at a cost of higher than \$50,000 and those in particular that involve similar services, as mandated by the Texas Education Code 44.031 (a).

ROMA INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS - CONTINUED
YEAR ENDED AUGUST 31, 2016

Section III – Federal Award Findings and Questioned Costs

None reported

ROMA INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS – CONTINUED
SCHEDULE OF STATUS OF PRIOR FINDINGS
YEAR ENDED AUGUST 31, 2016

None that were required to be reported.

ROMA INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS - CONTINUED
CORRECTIVE ACTION PLAN
YEAR ENDED AUGUST 31, 2016

PROGRAM DESCRIPTION

Schedule Reference Number: (2016-001)

Corrective Action Plan:

CORRECTIVE ACTION PLAN

Procurement/Competitive Bidding

Our findings are that, at the time this audit report was prepared, the District had already taken action to address this potential issue. In May or June of 2016, with the approval of the Board of Trustees, the District took steps to supplement its then-existing Board Policies (which require Board approval for all purchases over \$25,000) and internal purchasing practices. The RISD Superintendent prepared a set of Superintendent's Administrative Regulations Regarding School Purchasing and Acquisition that were designed to further develop purchasing safeguards and maintain compliance with procurement requirements. The Regulations were presented to the Board and approved in concept on June 23, 2016, and subsequently put into effect. Thus, the District has taken steps to improve the documentation of the selection process for awarding all contracts (including transactions valued both below and above \$50,000 in value), and the finance office has created additional methods to document and track arguably similar expenses within common time frames. Among other safeguards, the supplemental Regulations also direct the finance office to act proactively and make vendors aware of their contracting obligations, by supplying each prospective vendor with information to promote conformance with Texas requirements regarding the disclosure of conflicts of interest and the disclosure of interested parties.

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

(1)	(2)	(3)	(4)
FEDERAL GRANTOR/ PASS-THROUGH GRANTOR/ PROGRAM or CLUSTER TITLE	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
U.S. DEPARTMENT OF EDUCATION			
<u>Passed Through State Department of Education</u>			
ESEA, Title I, Part A - Improving Basic Programs	84.010A	16610101214903	\$ 4,343,709
ESEA, Title I, Part C - Migratory Children	84.011	15615001214903	86,165
ESEA, Title I, Part C - Migratory Children	84.011	16615001214903	458,278
*IDEA - Part B, Formula	84.027	156600012149036	18,633
*IDEA - Part B, Formula	84.027	166600012149036	1,024,612
Total CFDA Number 84.027			1,043,245
*IDEA - Part B, Preschool	84.173	166610012149036	16,632
Total Special Education Cluster (IDEA)			1,059,877
Career and Technical - Basic Grant	84.048	164200006214903	121,718
GEAR UP	84.334S	1st Gen Y6-6	101,546
ESEA, Title VI, Part B - Rural & Low Income Prog.	84.358B	166996001214903	124,385
Title III, Part A - English Language Acquisition	84.365A	15671001214903	10,211
Title III, Part A - English Language Acquisition	84.365A	16671001214903	461,246
Total CFDA Number 84.365A			471,457
ESEA, Title II, Part A, Teacher/Principal Training	84.367A	15694501214903	13,704
ESEA, Title II, Part A, Teacher/Principal Training	84.367A	16694501214903	642,102
Total CFDA Number 84.367A			655,806
Total Passed Through State Department of Education			\$ 7,422,941
TOTAL U.S. DEPARTMENT OF EDUCATION			\$ 7,422,941
U.S. DEPARTMENT OF AGRICULTURE			
<u>Passed Through the State Department of Agriculture</u>			
*School Breakfast Program	10.553	01002	\$ 1,723,599
*National School Lunch Program - Cash Assistance	10.555	01002	3,262,035
*National School Lunch Prog. - Non-Cash Assistance	10.555	01002	265,706
Total CFDA Number 10.555			3,527,741
*Summer Feeding Program - Cash Assistance	10.559	01002	196,414
Total Child Nutrition Cluster			5,447,754
Total Passed Through the State Department of Agriculture			\$ 5,447,754
TOTAL U.S. DEPARTMENT OF AGRICULTURE			\$ 5,447,754
TOTAL EXPENDITURES OF FEDERAL AWARDS			\$ 12,870,695

*Clustered Programs

See Accompanying Notes to the Schedule of Expenditures of Federal Awards

ROMA INDEPENDENT SCHOOL DISTRICT
NOTES ON ACCOUNTING POLICIES FOR FEDERAL AWARDS
 YEAR ENDED AUGUST 31, 2016

Basis of Presentation

The accompanying schedule of expenditures of federal awards includes the federal grant activity of Roma Independent School District and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of the Uniform Guidance, Audits of States, Local Governments, and Non-Profit Organizations. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of the general purpose financial statements.

Reconciliation:

Amount of federal revenues Exhibit C-3	\$13,525,546
Less amounts not considered to be federal awards, excluded on the Schedule of Expenditures of Federal Awards:	
School Health and Related Services Program (SHARS)	<u>(654,851)</u>
Total expenditures of federal awards, per Schedule of Expenditures of Federal Awards (Exhibit K-1)	<u>\$12,870,695</u>