

**FRUITVALE INDEPENDENT SCHOOL DISTRICT**  
**ANNUAL FINANCIAL REPORT**  
**YEAR ENDED AUGUST 31, 2017**

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FRUITVALE INDEPENDENT SCHOOL DISTRICT  
ANNUAL FINANCIAL REPORT  
YEAR ENDED AUGUST 31, 2017

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**CERTIFICATE OF BOARD**

Fruitvale Independent School District  
Name of School District

Van Zandt  
County

234-909  
Co.-Dist. Number

We, the undersigned, certify that the attached auditor's report of the above named school district was reviewed and approved ~~disapproved~~ for the year ended August 31, 2017, at a meeting of the board of school trustees of such school district on 11/16/2017.



\_\_\_\_\_  
Signature of Board Secretary

Acting



\_\_\_\_\_  
Signature of Board President

If the auditor's report was checked above as disapproved, the reasons(s) therefore is/are (attach list if necessary):

## FINANCIAL SECTION

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**INDEPENDENT AUDITOR'S REPORT**

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Members of the Board:

**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 Fruitvale Independent School District (District), as of and for the year ended August 31, 2017, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

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

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

**Auditor's Responsibility**

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

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

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

**Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Fruitvale Independent School District as of August 31, 2017, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

**Change in Accounting Principle**

As discussed in Note Q to the financial statements, in 2017 the District adopted various accounting pronouncements issued by the Governmental Accounting Standards Board. Our opinions are not modified with respect to this matter.

**Other Matters**

*Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information 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 District's basic financial statements as a whole. The schedules identified in the table of contents as other supplementary information are presented for the purpose of additional analysis, and are not a required part of the basic financial statements. These other supplementary information schedules 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 November 14, 2017, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is 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 the District's internal control over financial reporting and compliance.

November 14, 2017  
Greenville, Texas



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

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**Members of the Board:**

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 Fruitvale Independent School District (District), as of and for the year ended August 31, 2017, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated November 14, 2017.

**Internal Control over Financial Reporting**

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

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

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

**Compliance and Other Matters**

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

Report on Internal Control – Continued

**Purpose of this Report**

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

November 14, 2017  
Greenville, Texas

*Rutherford, Taylor & Company PC*



FRUITVALE INDEPENDENT SCHOOL DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
YEAR ENDED AUGUST 31, 2017

**Financial Statement Findings (Section II)**

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NONE

FRUITVALE INDEPENDENT SCHOOL DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
YEAR ENDED AUGUST 31, 2017

**Prior Year Findings (Section IV)**

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NONE

FRUITVALE INDEPENDENT SCHOOL DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
YEAR ENDED AUGUST 31, 2017

**Corrective Action Plans (Section V)**

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NONE

FRUITVALE INDEPENDENT SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED AUGUST 31, 2017

This section of Fruitvale Independent School District's annual financial report presents our discussion and analysis of the District's financial performance during the year ended August 31, 2017. Please read it in conjunction with the District's basic financial statements, which follow this section.

**FINANCIAL HIGHLIGHTS**

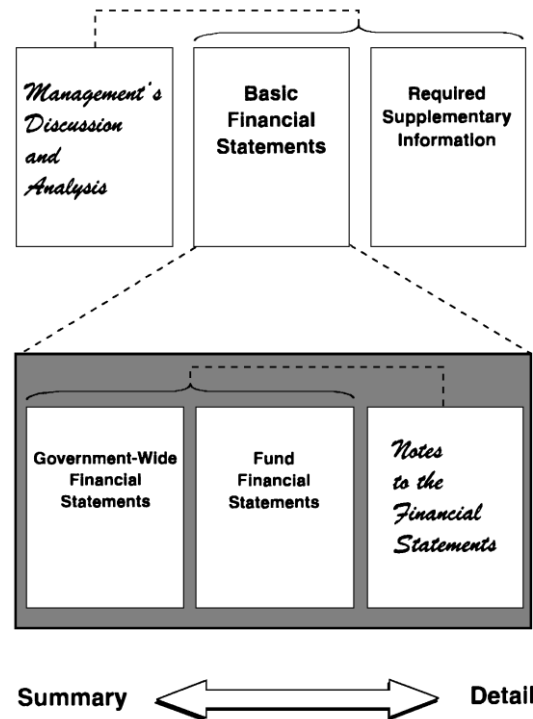
- The District's total combined net position was \$ 6,456,454 at August 31, 2017.
- During the year, the District's expenses were \$ 230,127, more than the \$ 5,544,109 generated in taxes and other revenues for governmental activities.
- The total cost of the District's programs was increased from last year to provide for overall increased operations.
- The General Fund reported a fund balance this year of \$ 2,369,207 an increase of \$ 112,627 over the previous year.
- The District issued \$ 1,500,000 in general obligation debt for facility improvements.

**OVERVIEW OF THE FINANCIAL STATEMENTS**

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

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

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



The basic financial statements also include notes that explain some of the information in the basic 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 basic financial statements. Figure A-1 shows how the required parts of this annual report are arranged and related to one another.

FRUITVALE INDEPENDENT SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED AUGUST 31, 2017

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

**GOVERNMENT-WIDE STATEMENTS**

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

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

<i>Type of Statements</i>	<b>Fund Statements</b>			
	<b>Government-wide</b>	<b>Governmental Funds</b>	<b>Proprietary Funds</b>	<b>Fiduciary Funds</b>
<i>Scope</i>	Entire Agency's government (except fiduciary funds) and the Agency's component units	The activities of the district that are not proprietary or fiduciary	Activities the district operates similar to private businesses: self insurance	Instances in which the district is the trustee or agent for someone else's resources
<i>Required financial statements</i>	<ul style="list-style-type: none"> <li>• Statement of net assets</li> <li>• Statement of activities</li> </ul>	<ul style="list-style-type: none"> <li>• Balance sheet</li> <li>• Statement of revenues, expenditures &amp; changes in fund balances</li> </ul>	<ul style="list-style-type: none"> <li>• Statement of net assets</li> <li>• Statement of revenues, expenses and changes in fund net assets</li> <li>• Statement of cash flows</li> </ul>	<ul style="list-style-type: none"> <li>• Statement of fiduciary net assets</li> <li>• Statement of changes in fiduciary net assets</li> </ul>
<i>Accounting basis and measurement focus</i>	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus	Accrual accounting and economic resources focus
<i>Type of asset/liability information</i>	All assets and liabilities, both financial and capital, short-term and long-term	Only assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets included	All assets and liabilities, both financial and capital, and short-term and long-term	All assets and liabilities, both short-term and long-term; the Agency's funds do not currently contain capital assets, although they can
<i>Type of inflow/outflow information</i>	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and payment is due during the year or soon thereafter	All revenues and expenses during year, regardless of when cash is received or paid	All revenues and expenses during year, regardless of when cash is received or paid

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 liabilities—is one way to measure the District's financial health or position.

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

The government-wide financial statements of the District include the governmental activities. Most of the District's basic services are included here, such as instruction, extracurricular activities, curriculum and staff development, health services and general administration. Property taxes and grants finance most of these activities.

**FUND FINANCIAL STATEMENTS**

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

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

The District has the following kinds of funds:

- Governmental funds—Most of the District's basic services are included in governmental funds, which focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental fund statements provide a detailed short-term view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. Because this information does not encompass the additional long-term focus of the government-wide statements, we provide additional information on the subsequent page that explains the relationship (or differences) between them.

FRUITVALE INDEPENDENT SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED AUGUST 31, 2017

- **Fiduciary funds**—The District is the trustee, or fiduciary, for certain funds. 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. We exclude these activities from the District's government-wide financial statements because the District cannot use these assets to finance its operations.

**FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE**

The District's combined net position was \$ 6,456,454 at August 31, 2017.

<b>Fruitvale Independent School District's Net Position</b>			<b>Table A-1</b>
	Governmental Activities		Total Percentage Change
	2017	2016	2016-2017
<b>Assets:</b>			
Cash and Investments	\$ 3,053,854	\$ 2,481,098	23.1%
Other Assets	432,708	466,606	-7.3%
Capital Assets less Accumulated Depreciation	7,084,122	5,979,724	18.5%
<b>Total Assets</b>	<b>\$ 10,570,684</b>	<b>\$ 8,927,428</b>	<b>18.4%</b>
Total Deferred Net Outflows of Resources	\$ 524,717	\$ 559,200	-6.2%
<b>Liabilities:</b>			
Current Liabilities	\$ 946,137	\$ 597,498	58.3%
Long-term Liabilities	3,627,671	2,123,769	70.8%
<b>Total Liabilities</b>	<b>\$ 4,573,808</b>	<b>\$ 2,721,267</b>	<b>68.1%</b>
Total Deferred Net Inflows of Resources	\$ 65,139	\$ 78,779	-17.3%
<b>Net Position:</b>			
Net Investment in Capital Assets	\$ 4,676,762	\$ 5,020,802	-6.9%
Restricted	40,563	44,203	-8.2%
Unrestricted	1,739,129	1,621,577	-7.2%
<b>Total Net Position</b>	<b>\$ 6,456,454</b>	<b>\$ 6,686,582</b>	<b>-3.4%</b>

The District has restricted \$ 22,763 to represent funds held for debt retirement. The unrestricted net asset represents resources available to fund the programs of the District next year.

**CHANGES IN NET POSITION**

The District's total revenues were \$ 5,544,109. Approximately 10% of the District's revenue comes from local property taxes (See Table A-2). 82% comes from state aid and federal grants, while 8% relates to charges for services and other miscellaneous revenues including investment earnings.

The total cost of all programs and services was \$ 5,774,236. 49% of these costs are for instruction and instructional related services.

The District's current tax collection rate (base tax only – current and delinquent) was 97.85%. The total collection rate (base tax and penalty and interest) was 100.99%.

FRUITVALE INDEPENDENT SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED AUGUST 31, 2017

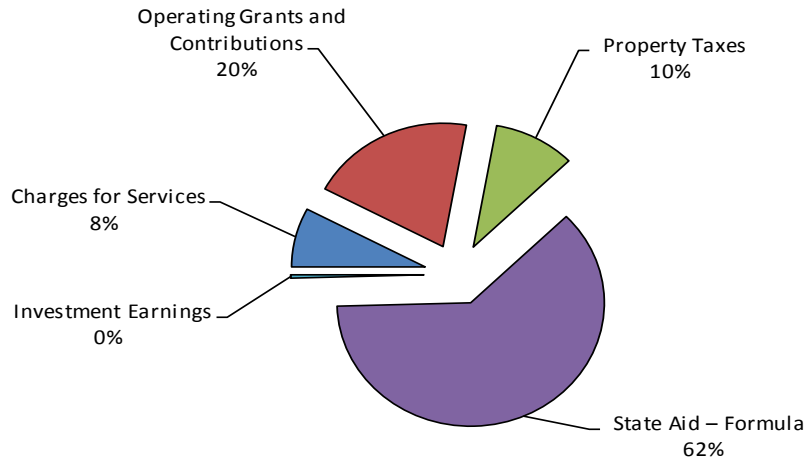
**Table A-2**

**Changes in Fruitvale Independent School District's Net Position**

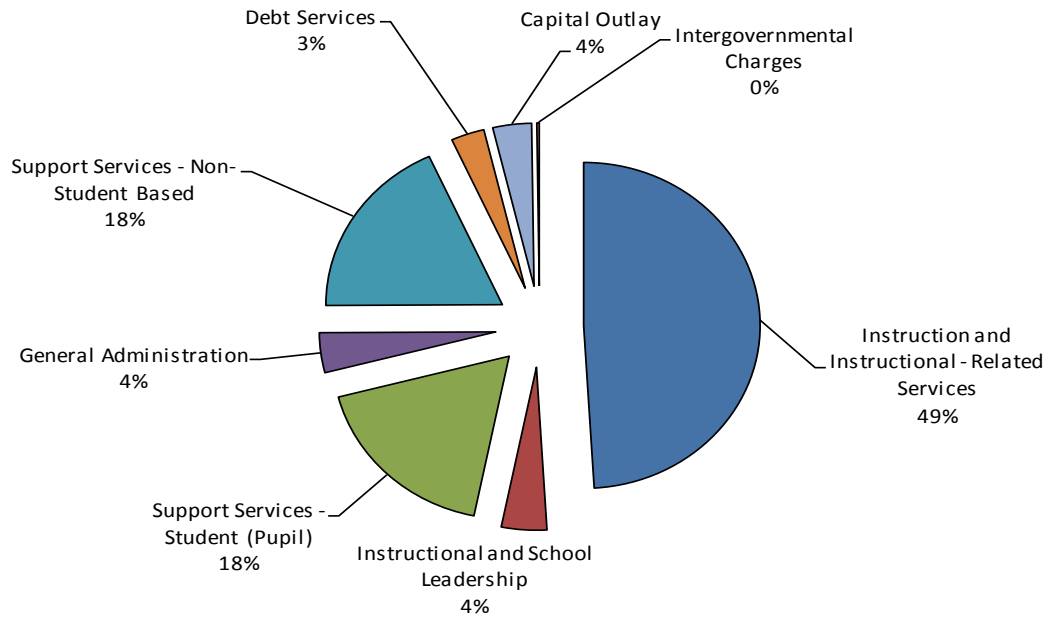
	Governmental Activities		Total Percentage Change
	2017	2016	2016-2017
<b>Program Revenues:</b>			
Charges for Services	\$ 429,104	\$ 59,801	617.55%
Operating Grants and Contributions	1,110,051	995,661	11.49%
<b>General Revenues:</b>			
Property Taxes	546,947	522,335	4.71%
State Aid – Formula	3,425,642	2,941,214	16.47%
Investment Earnings	24,065	20,947	14.89%
Miscellaneous	8,300	16,373	-49.31%
<b>Total Revenues</b>	<b>\$ 5,544,109</b>	<b>\$ 4,556,331</b>	<b>21.68%</b>
<b>Expenses:</b>			
Instruction	\$ 2,641,333	\$ 2,571,763	2.71%
Instructional Resources and Media Services	98,792	106,783	-7.48%
Curriculum and Staff Development	91,939	75,274	22.14%
School Leadership	239,940	233,459	2.78%
Guidance, Counseling and Evaluation Services	224,463	226,594	-0.94%
Health Services	123,627	119,204	3.71%
Student (Pupil) Transportation	131,497	147,351	-10.76%
Food Services	301,243	318,478	-5.41%
Cocurricular/Extracurricular Activities	244,813	243,746	0.44%
General Administration	228,534	229,879	-0.59%
Plant Maintenance and Operations	902,563	496,774	81.68%
Security and Monitoring Services	3,242	3,172	2.21%
Data Processing Services	148,799	147,539	0.85%
Other Governmental Charges	12,019	12,606	-4.66%
Debt Service	176,066	21,712	710.92%
Payments for Shared Service Arrangements	597	603	-1.00%
Capital Outlay	204,769	-	100.00%
<b>Total Expenses</b>	<b>\$ 5,774,236</b>	<b>\$ 4,954,937</b>	<b>16.54%</b>
<b>Excess (Deficiency) Before Other Resources,</b>			
Uses and Transfers	\$ (230,127)	\$ (398,606)	-42.27%
<b>Increase (Decrease) in Net Position</b>	<b>\$ (230,127)</b>	<b>\$ (398,606)</b>	<b>-42.27%</b>
Net Position - Beginning (September 1)	6,686,581	7,085,187	-5.63%
<b>Net Position - Ending (August 31)</b>	<b>\$ 6,456,454</b>	<b>\$ 6,686,581</b>	<b>-3.44%</b>

FRUITVALE INDEPENDENT SCHOOL DISTRICT  
 MANAGEMENT'S DISCUSSION AND ANALYSIS  
 YEAR ENDED AUGUST 31, 2017

**Sources of Revenue for Fiscal Year 2017 - See Table A-2**



**Functional Expenses for Fiscal Year 2017 - See Table A-2**





FRUITVALE INDEPENDENT SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED AUGUST 31, 2017

- Table A-3 presents the cost of selected District functions as well as the selected 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.
- The cost of all governmental activities this year was \$ 5,774,236.
- However, the amount that our taxpayers paid for these activities through property taxes was only \$ 546,947,
- Some of the cost was paid by those who directly benefited from the programs, \$ 429,104, or
- By grants and contributions \$ 1,110,051.

<b>Fruitvale Independent School District's Net Cost of Selected District Functions</b>							<b>Table A-3</b>
	Total Cost of Services		%	Net Cost of Services		%	
	2017	2016		2017	2016		Change
Instruction	\$ 2,641,333	\$ 2,571,763	2.71%	\$ 2,103,418	\$ 2,067,043	1.76%	
School Leadership	239,940	233,459	2.78%	227,747	221,725	2.72%	
General Administration	228,534	229,879	-0.59%	219,494	220,528	-0.47%	
Plant Maintenance and Operations	902,563	496,774	81.68%	530,531	483,808	9.66%	
Debt Service	176,066	21,712	710.92%	56,310	(29,789)	-289.03%	

**FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS**

The District's fund equity in the governmental funds totaled \$ 2,542,694.

Revenues from governmental fund types totaled \$ 5,503,787 which is an increase of \$ 1,067,267 from the prior year. The decrease is representative of the increase in state aid and local revenue relating to tornado damage.

Expenditures of governmental fund types totaled \$ 6,880,551 which is an increase of \$ 2,234,152 from the prior year. The increase was due to capital projects in the District as well as repairs to correct tornado damage.

**GENERAL FUND BUDGETARY HIGHLIGHTS**

Over the course of the year, the District revised its General Fund budget several times. Even with these adjustments, actual expenditures were \$ 406,096 below final General Fund budget amounts. The most significant positive variance resulted from instruction.

Resources available were \$ 18,115 above the final General Fund budgeted amount. The favorable variance was primarily due to increased state aid.

FRUITVALE INDEPENDENT SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED AUGUST 31, 2017

**CAPITAL ASSETS AND DEBT ADMINISTRATION**

**CAPITAL ASSETS**

At year end, the District had invested \$ 10,912,280 in a broad range of capital assets, including land, equipment, buildings, and vehicles (See Table A-4).

<b>Fruitvale Independent School District's Capital Assets</b>			<b>Table A-4</b>
	Governmental Activities		Total Percentage Change
	2017	2016	2016-2017
Land	\$ 141,350	\$ 141,350	0.00%
Construction in Progress	1,399,724	8,535,011	-83.60%
Buildings and Improvements	8,535,011	8,535,011	0.00%
Vehicles	593,290	593,290	0.00%
Equipment	242,905	242,905	0.00%
Totals at Historical Cost	\$ 10,912,280	\$ 9,512,556	14.71%
Total Accumulated Depreciation	(3,828,158)	(3,532,832)	8.36%
Net Capital Assets	<u>\$ 7,084,122</u>	<u>\$ 5,979,724</u>	18.47%

**DEBT**

At year-end, the District had \$ 2,491,132 in debt outstanding as shown in Table A-5. More detailed information about the District's debt is presented in the notes to the basic financial statements.

<b>Fruitvale Independent School District's Debt</b>			<b>Table A-5</b>
	Governmental Activities		Total Percentage Change
	2017	2016	2016-2017
Bonds Payable	\$ 2,180,000	\$ 820,000	165.85%
Other Debt Payable	311,132	245,006	26.99%
Total Debt Payable	<u>\$ 2,491,132</u>	<u>\$ 1,065,006</u>	133.91%

FRUITVALE INDEPENDENT SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED AUGUST 31, 2017

**ECONOMIC FACTORS**

The District's property valuation has dropped significantly due to economic conditions in the area. Local property tax rates are restricted by state statute, without local elections, to \$ 1.04 for maintenance and operations. The taxpayers of the District approved a tax ratification election in prior year that increased the limit to \$ 1.17. The state funding formula was changed in prior years to provide state funds to replace the lost local property tax revenue. This change in funding and other legislative changes could impact the District's financial operations, including cash flows.

Student population has leveled off in the prior year with anticipated steadying at the current level. The economic outlook for the area is for growth to be relatively slow, as indicated by the stagnation of local property values. Housing has not expanded at the rate of other north central Texas communities. These economic conditions allow the District to maintain constant funding and staffing levels.

The State has increased funding levels for the 2017-2018 biennium, which will affect the revenue levels of the District. With these increases in funding, the District anticipates monitoring expenditure levels to ensure financial stability remains strong.

A challenge to the State's funding system resulted in the system being held constitutional. Future legislative sessions could produce minor changes to funding for student populations. The legal process ended the challenges by the various interested parties including the State. State funding will continue under the present system until legislative changes occur.

**CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT**

This financial report is designed to provide our citizens, taxpayers, customers, and 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 Rebecca Bain, Superintendent of the District.

**BASIC FINANCIAL STATEMENTS**

FRUITVALE INDEPENDENT SCHOOL DISTRICT  
STATEMENT OF NET POSITION  
AUGUST 31, 2017

Data Control Codes	1  Governmental Activities
<b>ASSETS</b>	
1110 Cash and Investments	\$ 3,053,854
1225 Property Taxes Receivable, Net	44,733
1240 Due from Other Governments	346,407
1290 Other Receivables, Net	41,568
Capital Assets:	
1510 Land	141,350
1520 Building and Improvements, Net	5,292,747
1530 Furniture and Equipment, Net	250,301
1580 Construction in Progress	<u>1,399,724</u>
<b>1000 Total Assets</b>	<b><u>\$ 10,570,684</u></b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	
1705 Deferred Outflows - Pensions	<u>\$ 524,717</u>
<b>1700 Total Deferred Outflows of Resources</b>	<b><u>\$ 524,717</u></b>
<b>LIABILITIES</b>	
2110 Accounts Payable	\$ 728,877
2140 Interest Payable	34,834
2165 Accrued Liabilities	168,875
2177 Due to Fiduciary	7,293
2300 Unearned Revenue	6,258
Noncurrent Liabilities:	
2501 Due within one year	99,344
2502 Due in more than one year	2,398,425
2540 Net Pension Liability	<u>1,129,902</u>
<b>2000 Total Liabilities</b>	<b><u>\$ 4,573,808</u></b>
<b>DEFERRED INFLOWS OF RESOURCES</b>	
2605 Deferred Inflows - Pensions	<u>\$ 65,139</u>
<b>2600 Total Deferred Inflows of Resources</b>	<b><u>\$ 65,139</u></b>
<b>NET POSITION</b>	
3200 Net Investment in Capital Assets	\$ 4,676,762
Restricted For:	
3820 Federal and State Programs	4,607
3850 Debt Service	22,763
3890 Other Programs	13,193
3900 Unrestricted	<u>1,739,129</u>
<b>3000 Total Net Position</b>	<b><u>\$ 6,456,454</u></b>

The accompanying notes are an integral part of this statement.

FRUITVALE INDEPENDENT SCHOOL DISTRICT  
STATEMENT OF ACTIVITIES  
YEAR ENDED AUGUST 31, 2017

Data Control Code:	Functions/Programs	1	3	4	Revenue and
		Program Revenues			Governmental
		Expenses	Charges for Services	Operating Grants and Contributions	Activities
Governmental Activities:					
11	Instruction	\$ 2,641,333	\$ 420	\$ 537,495	\$ (2,103,418)
12	Instructional Resources and Media Services	98,792	-	4,272	(94,520)
13	Curriculum and Staff Development	91,939	-	71,653	(20,286)
23	School Leadership	239,940	-	12,193	(227,747)
31	Guidance, Counseling and Evaluation Services	224,463	-	54,421	(170,042)
33	Health Services	123,627	-	37,367	(86,260)
34	Student (Pupil) Transportation	131,497	-	2,429	(129,068)
35	Food Services	301,243	28,003	237,008	(36,232)
36	Cocurricular/Extracurricular Activities	244,813	41,699	3,803	(199,311)
41	General Administration	228,534	-	9,040	(219,494)
51	Plant Maintenance and Operations	902,563	358,982	13,050	(530,531)
52	Security and Monitoring Services	3,242	-	2	(3,240)
53	Data Processing Services	148,799	-	7,562	(141,237)
72	Interest on Long-term Debt	68,891	-	119,756	50,865
73	Debt Issuance Costs and Fees	107,175	-	-	(107,175)
81	Capital Outlay	204,769	-	-	(204,769)
93	Payments to Shared Service Arrangements	597	-	-	(597)
99	Other Intergovernmental Charges	12,019	-	-	(12,019)
TG	Total Governmental Activities	<u>\$ 5,774,236</u>	<u>\$ 429,104</u>	<u>\$ 1,110,051</u>	<u>\$ (4,235,081)</u>
TP	Total Primary Government	<u>\$ 5,774,236</u>	<u>\$ 429,104</u>	<u>\$ 1,110,051</u>	<u>\$ (4,235,081)</u>
General Revenues:					
MT	Property Taxes, Levied for General Purpose				\$ 546,877
DT	Property Taxes, Levied for Debt Service				70
IE	Investment Earnings				24,065
GC	Grants and Contributions Not Restricted to Specific Programs				3,425,642
MI	Miscellaneous				8,300
TR	Total General Revenues				<u>\$ 4,004,954</u>
CN	Change in Net Position				\$ (230,127)
NB	Net Position - Beginning (September 1)				<u>6,686,581</u>
NE	Net Position - Ending (August 31)				<u>\$ 6,456,454</u>

The accompanying notes are an integral part of this statement.

FRUITVALE INDEPENDENT SCHOOL DISTRICT  
BALANCE SHEET - GOVERNMENTAL FUNDS  
AUGUST 31, 2017

Data Control Codes	10 General Fund	60 Capital Projects Fund	Other Governmental Funds	98 Total Governmental Funds
<b>ASSETS</b>				
1110 Cash and Investments	\$ 2,440,974	\$ 613,315	\$ -	\$ 3,054,289
1225 Property Taxes Receivable, Net	44,529	-	204	44,733
1240 Due from Other Governments	242,528	-	103,879	346,407
1290 Other Receivables	41,564	-	4	41,568
<b>1000 Total Assets</b>	<b><u>\$ 2,769,595</u></b>	<b><u>\$ 613,315</u></b>	<b><u>\$ 104,087</u></b>	<b><u>\$ 3,486,997</u></b>
<b>LIABILITIES</b>				
Current Liabilities:				
2110 Accounts Payable	\$ 192,144	\$ 522,906	\$ 2,094	\$ 717,144
2160 Accrued Wages Payable	153,304	-	11,575	164,879
2170 Due to Other Funds	7,293	-	-	7,293
2200 Accrued Expenditures	3,118	-	878	3,996
2300 Deferred Revenues	-	-	6,258	6,258
<b>2000 Total Liabilities</b>	<b><u>\$ 355,859</u></b>	<b><u>\$ 522,906</u></b>	<b><u>\$ 20,805</u></b>	<b><u>\$ 899,570</u></b>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
2600 Total Deferred Inflows of Resources	\$ 44,529	\$ -	\$ 204	\$ 44,733
<b>FUND BALANCES</b>				
Restricted Fund Balances:				
3450 Federal/State Funds Grants	\$ -	\$ -	\$ 4,607	\$ 4,607
3480 Retirement of Long-Term Debt	-	-	57,393	57,393
3490 Other Restrictions of Fund Balance	-	90,409	13,194	103,603
Committed Fund Balances:				
3530 Capital Expenditures for Equipment	260,000	-	-	260,000
3545 Other Committed Fund Balance	400,000	-	7,884	407,884
3600 Unassigned	1,709,207	-	-	1,709,207
<b>3000 Total Fund Balances</b>	<b><u>\$ 2,369,207</u></b>	<b><u>\$ 90,409</u></b>	<b><u>\$ 83,078</u></b>	<b><u>\$ 2,542,694</u></b>
<b>4000 Total Liabilities, Deferred Inflows of Resources and Fund Balances</b>	<b><u>\$ 2,769,595</u></b>	<b><u>\$ 613,315</u></b>	<b><u>\$ 104,087</u></b>	<b><u>\$ 3,486,997</u></b>

The accompanying notes are an integral part of this statement.

FRUITVALE INDEPENDENT SCHOOL DISTRICT  
RECONCILIATION OF THE BALANCE SHEET (GOVERNMENTAL FUNDS)  
TO THE STATEMENT OF NET POSITION  
AUGUST 31, 2017

Total fund balances - Balance Sheet (governmental funds)	\$	2,542,694
<p>Amounts reported for governmental activities in the statement  of net position are different because:</p>		
Capital assets used in governmental activities are not reported in the funds.		7,084,122
Property taxes receivable unavailable to pay for current period expenditures are deferred in the funds.		44,733
The assets and liabilities of internal service funds are included in governmental activities in the SNA.		(12,168)
Payables for bond principal which are not due in the current period are not reported in the funds.		(2,180,000)
Payables for capital leases which are not due in the current period are not reported in the funds.		(45,978)
Payables for bond interest which are not due in the current period are not reported in the funds.		(34,834)
Payables for notes which are not due in the current period are not reported in the funds.		(122,262)
Other long-term liabilities which are not due and payable in the current period are not reported in the funds.		6,763
Recognition of the District's proportionate share of the net pension liability is not reported in the funds.		(1,129,902)
Deferred Resource Inflows related to TRS are not reported in the funds.		(65,139)
Deferred Resource Outflows related to TRS are not reported in the funds.		524,717
Bond premiums are amortized in the SNA but not in the funds.		<u>(156,292)</u>
Net position of governmental activities - Statement of Net Position	\$	<u>6,456,454</u>

The accompanying notes are an integral part of this statement.



FRUITVALE INDEPENDENT SCHOOL DISTRICT  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCES - GOVERNMENTAL FUNDS  
YEAR ENDED AUGUST 31, 2017

Data Control Codes	10 General Fund	60 Capital Projects Fund	Other Governmental Funds	98 Total Governmental Funds
<b>REVENUES</b>				
5700 Local and Intermediate Sources	\$ 948,041	\$ 3,457	\$ 61,102	\$ 1,012,600
5800 State Program Revenues	3,592,877	-	172,961	3,765,838
5900 Federal Program Revenues	214,161	-	511,188	725,349
<b>5020 Total Revenues</b>	<b>\$ 4,755,079</b>	<b>\$ 3,457</b>	<b>\$ 745,251</b>	<b>\$ 5,503,787</b>
<b>EXPENDITURES</b>				
Current:				
0011 Instruction	\$ 2,167,465	\$ -	\$ 215,722	\$ 2,383,187
0012 Instructional Resources and Media Services	88,949	-	-	88,949
0013 Curriculum and Staff Development	16,591	-	71,174	87,765
0023 School Leadership	230,318	-	-	230,318
0031 Guidance, Counseling and Evaluation Services	171,756	-	44,942	216,698
0033 Health Services	87,000	-	32,290	119,290
0034 Student (Pupil) Transportation	87,964	-	-	87,964
0035 Food Services	5,540	-	261,387	266,927
0036 Cocurricular/Extracurricular Activities	179,153	-	22,473	201,626
0041 General Administration	220,833	-	-	220,833
0051 Plant Maintenance and Operations	888,041	-	-	888,041
0052 Security and Monitoring Services	3,015	-	-	3,015
0053 Data Processing Services	145,928	-	-	145,928
0071 Principal on Long-term Debt	104,059	-	60,000	164,059
0072 Interest on Long-term Debt	17,517	-	34,150	51,667
0073 Debt Issuance Cost and Fees	-	106,775	400	107,175
0081 Capital Outlay	191,445	1,413,048	-	1,604,493
0093 Payments for Shared Service Arrangements	597	-	-	597
0099 Other Intergovernmental Charges	12,019	-	-	12,019
<b>6030 Total Expenditures</b>	<b>\$ 4,618,190</b>	<b>\$ 1,519,823</b>	<b>\$ 742,538</b>	<b>\$ 6,880,551</b>
<b>1100 Excess (Deficiency) of Revenues Over Expenditures</b>	<b>\$ 136,889</b>	<b>\$ (1,516,366)</b>	<b>\$ 2,713</b>	<b>\$ (1,376,764)</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
7911 Capital-Related Debt Issued (Regular Bonds)	\$ -	\$ 1,500,000	\$ -	\$ 1,500,000
7915 Transfers In	-	-	24,262	24,262
7916 Premium or Discount on Issuance of Bonds	-	106,775	6,637	113,412
8911 Transfers Out	(24,262)	-	-	(24,262)
<b>7080 Net Other Financing Sources (Uses)</b>	<b>\$ (24,262)</b>	<b>\$ 1,606,775</b>	<b>\$ 30,899</b>	<b>\$ 1,613,412</b>
<b>1200 Net Changes in Fund Balances</b>	<b>\$ 112,627</b>	<b>\$ 90,409</b>	<b>\$ 33,612</b>	<b>\$ 236,648</b>
0100 Fund Balances - Beginning (September 1)	2,256,580	-	49,466	2,306,046
<b>3000 Fund Balances - Ending (August 31)</b>	<b>\$ 2,369,207</b>	<b>\$ 90,409</b>	<b>\$ 83,078</b>	<b>\$ 2,542,694</b>

The accompanying notes are an integral part of this statement.

FRUITVALE INDEPENDENT SCHOOL DISTRICT  
 RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,  
 AND CHANGES IN FUND BALANCE OF GOVERNMENTAL FUNDS  
 TO THE STATEMENT OF ACTIVITIES  
 YEAR ENDED AUGUST 31, 2017

Net change in fund balances - total governmental funds

Amounts reported for governmental activities in the statement	236,648
of activities are different because:	
Capital outlays are not reported as expenses in the SOA.	1,399,724
The depreciation of capital assets used in governmental activities is not reported in the funds.	(295,326)
Certain property tax revenues are deferred in the funds. This is the change in these amounts this year.	2,289
Revenues in the SOA not providing current financial resources are not reported as revenues in the funds.	38,033
Expenses not requiring the use of current financial resources are not reported as expenditures in the funds.	6,763
Repayment of bond principal is an expenditure in the funds but is not an expense in the SOA.	140,000
Repayment of capital lease principal is an expenditure in the funds but is not an expense in the SOA.	6,768
Repayment of loan principal is an expenditure in the funds but is not an expense in the SOA.	17,292
The accretion of interest on capital appreciation bonds is not reported in the funds.	9,826
(Increase) decrease in accrued interest expense from beginning of period to end of period.	(33,813)
The net revenue (expense) of internal service funds is reported with governmental activities.	(14,904)
Proceeds of bonds do not provide revenue in the SOA, but are reported as current resources in the funds.	(1,500,000)
Bond premiums are reported in the funds but not in the SOA.	(113,412)
Implementing GASB 68 required certain expenditures to be de-expended and recorded as deferred resource outflows.	95,191
Pension contributions made after the measurement date but in current FY were de-expended and reduced NPO.	5,080
The District's share of the unrecognized deferred inflows and outflows for the pension plan was amortized.	(25,923)
Pension expense relating to GASB 68 is recorded in the SOA but not in the funds.	<u>(204,363)</u>
Change in net position of governmental activities - Statement of Activities	<u>\$ (230,127)</u>

The accompanying notes are an integral part of this statement.

FRUITVALE INDEPENDENT SCHOOL DISTRICT  
STATEMENT OF FUND NET POSITION - PROPRIETARY FUNDS  
AUGUST 31, 2017

<u>Data Control Codes</u>	<u>Internal Service Fund</u>
<b>ASSETS</b>	
Current Assets:	
1110 Cash and Investments	<u>\$ 1,659</u>
<b>1000 Total Assets</b>	<b><u>\$ 1,659</u></b>
<b>LIABILITIES</b>	
Current Liabilities:	
2110 Accounts Payable	<u>\$ 13,827</u>
<b>2000 Total Liabilities</b>	<b><u>\$ 13,827</u></b>
<b>NET POSITION</b>	
3900 Unrestricted Net Position	<u>\$ (12,168)</u>
<b>3000 Total Net Position</b>	<b><u>\$ (12,168)</u></b>

The accompanying notes are an integral part of this statement.

FRUITVALE INDEPENDENT SCHOOL DISTRICT  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND NET POSITION - PROPRIETARY FUNDS  
YEAR ENDED AUGUST 31, 2017

Data Control Codes		Internal Service Fund
	<b>OPERATING REVENUES</b>	
5700	Local and Intermediate Sources	\$ 39
<b>5020</b>	<b>Total Revenues</b>	<b>\$ 39</b>
	<b>OPERATING EXPENSES</b>	
6400	Other Operating Costs	\$ 14,943
<b>6030</b>	<b>Total Expenses</b>	<b>\$ 14,943</b>
1200	Change in Net Position	\$ (14,904)
0100	Total Net Position - Beginning (September 1)	2,736
<b>3000</b>	<b>Total Net Position - Ending (August 31)</b>	<b>\$ (12,168)</b>

The accompanying notes are an integral part of this statement.

FRUITVALE INDEPENDENT SCHOOL DISTRICT  
STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS  
YEAR ENDED AUGUST 31, 2017

	Internal Service Fund
Cash Flows from Operating Activities:	
Cash Receipts from Other Sources	\$ 36
Cash Receipts from Investment Earnings	3
Cash Payments for Claims	(9,612)
Cash Payments for Administration	(3,874)
	(13,447)
Net Cash Provided by (Used for) Operating Activities	\$ (13,447)
Cash Flows from Capital and Other Related Financing Activities:	
NONE	
Cash Flows from Noncapital Financing Activities:	
NONE	
Cash Flows from Investing Activities:	
NONE	
Net Increase (Decrease) in Cash and Investments	\$ (13,447)
Cash and Investments - Beginning (September 1)	15,106
<b>Cash and Investments - Ending (August 31)</b>	<b>\$ 1,659</b>
Reconciliation of Operating Income to Net Cash Provided by Operating Activities	
Operating Income (Loss)	\$ (14,904)
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:	
(Increase) Decrease in Unrealized Expenses	-
Increase (Decrease) in Claims Liability	1,457
	1,457
<b>Net Cash Provided by (Used for) Operating Activities</b>	<b>\$ (13,447)</b>

The accompanying notes are an integral part of this statement.

FRUITVALE INDEPENDENT SCHOOL DISTRICT  
STATEMENT OF FIDUCIARY NET POSITION - FIDUCIARY FUNDS  
AUGUST 31, 2017

Data Control Codes		Agency Funds
<u>          </u>		<u>          </u>
	<b>ASSETS</b>	
1110	Cash and Investments	\$ 16,757
1260	Due from Other Funds	<u>7,293</u>
<b>1000</b>	<b>Total Assets</b>	<b><u>\$ 24,050</u></b>
	<b>LIABILITIES</b>	
	Current Liabilities:	
2190	Due to Student Groups	<u>\$ 24,050</u>
<b>2000</b>	<b>Total Liabilities</b>	<b><u>\$ 24,050</u></b>
	<b>NET POSITION</b>	
<b>3000</b>	<b>Total Net Position</b>	<b><u><u>\$ -</u></u></b>

The accompanying notes are an integral part of this statement.

FRUITVALE INDEPENDENT SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
YEAR ENDED AUGUST 31, 2017

A. Summary of Significant Accounting Policies

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

1. Reporting Entity

The Board of School Trustees (Board), a seven member group, has governance responsibilities over all activities related to public elementary and secondary education within the jurisdiction of the District. The Board is elected by the public and as a body corporate 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 (Agency) or to the State Board of Education are reserved for the Board, and the Agency may not substitute its judgment for the lawful exercise of those powers and duties by the Board. The District is not included in any other governmental "reporting entity" as defined by GASB in its Statement No. 14, "The Financial Reporting Entity." There are no component units included within the reporting entity.

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

2. Basis of Presentation – Basis of Accounting

a. Basis of Presentation

*Government-wide Statements* – The statement of net position (SNP) and the statement of activities include the financial activities of the overall government, except for fiduciary activities. Eliminations have been made to minimize the double-counting of internal activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange transactions.

The statement of activities (SOA) presents a comparison between direct expenses and program revenues for each function of the District's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. The District does not allocate indirect expenses in the statement of activities. Program revenues include (a) fees, fines, and charges paid by the recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

*Fund Financial Statements* – The fund financial statements provide information about the District's funds, with separate statements presented for each fund category. 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 nonmajor 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 Projects Fund – This fund accounts for proceeds of long-term debt financing and revenues and expenditures related to authorized construction and other capital asset acquisitions. Upon completion of a project, any unused bond proceeds are transferred to the Debt Service Fund and are used to retire related bond principal.

FRUITVALE INDEPENDENT SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
YEAR ENDED AUGUST 31, 2017

A. Summary of Significant Accounting Policies (Continued)

In addition, the District reports the following fund types:

Debt Service Fund – This fund is used to account for the accumulation of resources for, and the payment of general long-term Debt principal, interest and related costs.

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

Internal Service Funds – These funds are used to account for revenues and expenses related to services provided to parties inside the District. These funds facilitate distribution of support costs to the users of support services on a cost-reimbursement basis. Because the principal users of the internal services are the District's governmental activities, this fund type is included in the "Governmental Activities" column of the government-wide financial statements.

Agency Funds – These funds are reported in the fiduciary fund financial statements. These funds are used to report student activity funds and other resources held in 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.

b. Measurement Focus – Basis of Accounting

*Government-wide and Fiduciary Fund Financial Statements* – These financial statements are reported using the economic resources measurement focus. The government-wide fund financial statements are reported using the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Nonexchange 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* – Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The District considers all revenues reported in the governmental funds to be available if the revenues are collected within sixty days after year-end. Revenues from local sources consist primarily of property taxes. Property tax revenues and revenues received from the State are recognized under the susceptible-to-accrual concept. Miscellaneous revenues are recorded as revenue when received in cash because they are generally not measurable until actually received. Investment earnings are recorded as earned, since they are both measurable and available. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on long-term debt, which are recognized as expenditures to the extent they have matured. Capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of long-term debt and acquisitions under capital lease are reported as other financing sources.

When the District incurs an expenditure or expense for which both restricted and unrestricted resources may be used, it is the District's policy to use restricted resources first, then unrestricted resources.



FRUITVALE INDEPENDENT SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
YEAR ENDED AUGUST 31, 2017

A. Summary of Significant Accounting Policies (Continued)

Under GASB Statement No. 20, "Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities That Use Proprietary Fund accounting," all proprietary funds will continue to follow Financial Accounting Standards Board (FASB) standards issued on or before November 30, 1989. However, from that date forward, proprietary funds will have the option of either 1) choosing not to apply future FASB standards (including amendments of earlier pronouncements), or 2) continuing to follow new FASB pronouncements unless they conflict with GASB guidance. The District has chosen not to apply future FASB Standards.

3. Budgetary Data

The official budget was prepared for adoption for the general, food service and debt service funds. The following procedures are followed in establishing the budgetary data reflected in the basic financial statements:

- a. Prior to August 20 of the preceding fiscal year, the District prepares a budget for the next succeeding fiscal year beginning September 1.
- b. A meeting of the Board is called for the purpose of adopting the proposed budget with public notice given at least 10 days prior to the meeting.
- c. Prior to the expenditure of funds, the budget is adopted by the Board.

After adoption, the budget may be amended through action by the Board. Budget amendments are approved at the functional expenditure level. All amendments are before the fact and reflected in the official minutes of the Board. Budgets are controlled at the function level by personnel responsible for organizational financial reporting. All budget appropriations lapse at the year end. Budget amendments throughout the year were not significant.

4. Encumbrance Accounting

Encumbrances for goods or purchased services are documented by purchase orders or contracts. Under Texas law, appropriations lapse at August 31, and encumbrances outstanding at that time are to be either canceled or appropriately provided for in the subsequent year's budget. End-of-year outstanding encumbrances that were provided for in the subsequent year's budget are:

General Fund	\$	0
Special Revenue Fund		0
Debt Service Fund		0
Total	\$	0

5. Financial Statement Amounts

Cash and Investments

The District pools cash resources of its various funds in order to facilitate the management of cash. Cash applicable to a particular fund is readily identifiable. The balance in the pooled accounts is available to meet current operating requirements. Cash in excess of current requirements is invested in various interest-bearing securities and disclosed as a part of the District's cash and temporary investments.

For the purpose of the statement of cash flows, highly liquid investments are considered to be cash and investments if they have a maturity of three months or less when purchased.

Inventories

The purchase method is used to account for inventories of school supplies, athletic equipment and food products. Under this method supplies and materials are debited as expenditures when purchased.

FRUITVALE INDEPENDENT SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
YEAR ENDED AUGUST 31, 2017

A. Summary of Significant Accounting Policies (Continued)

Fund Equity

Governmental funds utilize a fund balance presentation for equity. Fund balance is categorized as spendable, restricted, committed, assigned or unassigned.

*Nonspendable fund balance* – represents amounts that cannot be spent because they are either not in spendable form (such as inventory or prepaids) or legally required to remain intact (such as notes receivable or principal of a permanent fund).

*Restricted fund balance* – represents amounts with external constraints placed on the use of these resources (such as debt covenants, grantors, other governments, etc.) or imposed by enabling legislation. Restrictions may be changed or lifted only with the consent of resource providers.

*Committed fund balance* – represents amounts that can only be used for specific purposes imposed by a formal action of the District's highest level of decision-making authority, the Board. Committed resources cannot be used for any other purpose unless the Board removes or changes the specific use by taking the same formal action that imposed the constraint originally.

*Assigned fund balance* – represents amounts the District intends to use for specific purposes as expressed by the Board or an official delegated the authority. The Board has delegated the authority to assign fund balances to the Superintendent.

*Unassigned fund balance* – represents the residual classification for the general fund or deficit balances in other funds.

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

The following schedule provides information about the specific fund balance classification by fund:

	General	Capital Project Fund	Other Governmental	Total
Restricted				
Food Service	\$ -	\$ -	\$ 4,607	\$ 4,607
Retirement of Long Term Debt	-	-	57,393	57,393
Bobcat Supplies	-	-	532	532
Scholarships	-	-	12,269	12,269
Capital Projects	-	90,409	-	90,409
Other Restricted	-	-	393	393
Committed				
Capital Expenditures for Equipment	260,000	-	-	260,000
Campus Activity Funds	-	-	7,884	7,884
Other Purposes	400,000	-	-	400,000
Unassigned	1,709,207	-	-	1,709,207
Totals	<u>\$ 2,369,207</u>	<u>\$ 90,409</u>	<u>\$ 83,078</u>	<u>\$ 2,542,694</u>

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.

FRUITVALE INDEPENDENT SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
YEAR ENDED AUGUST 31, 2017

A. Summary of Significant Accounting Policies (Continued)

Capital assets are being depreciated using the straight-line method over the following estimated useful lives:

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

6. Deferred Outflows and Inflows of Resources

The District implemented GASB Statement Number 68, *Accounting and Financial Reporting for Pensions*. In addition to assets and liabilities, the government-wide Statement of Net Position and governmental fund Balance Sheet report separate sections for deferred outflows and deferred inflows of resources. Deferred outflows of resources represent a consumption of net position/fund balance that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until then. Deferred inflows of resources represent the acquisition of net position/fund balance that applies to a future period and will not be recognized as an inflow of resources (revenue) until that time. The District reports certain deferred inflows and outflows related to pensions on the government-wide Statement of Net Position. At the governmental fund level, earned but unavailable revenue is reported as a deferred inflow of resources. To the extent practical, this change in accounting principle is required to be reported as an adjustment to prior periods.

The District also implemented GASB Statement Number 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*, which amends the transition provisions of GASB 68. GASB 71 requires that, at transition, governments recognize a beginning deferred outflow of resources for pension contributions made subsequent to the measurement date of the beginning Net Pension liability. Implementation is reflected in the financial statements and the prior period adjustment.

7. Receivable and Payable Balances

The District believes that sufficient detail of receivable and payable balances is provided in the financial statements to avoid the obscuring of significant components by aggregation. Therefore, no disclosure is provided which disaggregates those balances.

There are no significant receivables which are not scheduled for collection within one year of year end.

8. Interfund Activities

Interfund activity results from loans, service 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, deemed to be at market or near market rates, 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 "Transfer" 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.

9. Vacation, Sick Leave, and Other Compensated Absences

District employees are entitled to certain compensated absences based on their length of employment. Sick leave accrues at various rates established by the State and adopted by the Board of Trustees. Sick leave does not vest but accumulates and is recorded as an expenditure as it is paid.

FRUITVALE INDEPENDENT SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
YEAR ENDED AUGUST 31, 2017

A. Summary of Significant Accounting Policies (Continued)

10. Pensions

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

11. Accretion

Accretion is an adjustment of the difference between the price of a bond issued at an original discount and the par value of the bond. For governmental activities debt, the accreted value is recognized as it accrues by fiscal year.

12. Use of Estimates

The preparation of financial statements in conformity with GAAP requires the use of management's estimates and assumptions that effect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

13. Data Control Codes

Data control codes refer to the account code structure prescribed by the Agency in the *Guide*. The Agency requires the District to display these codes in its financial statements filed with the Agency in order to ensure accuracy in building a statewide database for policy development and funding plans.

14. Accounting System

In accordance with Texas Education Code, Chapter 44, Subchapter A, the District adopted and implemented an accounting system which at least meets the minimum requirements prescribed by the State Board of Education and approved by the State Auditor. The District's accounting system uses codes and the code structure presented in the accounting code section of the *Guide*. Mandatory codes are utilized in the form provided in that section.

B. Deposits, Securities, and Investments

The District's funds are deposited and invested under the terms of a depository contract. The contract requires the depository to pledge approved securities in an amount significant to protect the District's day-to-day balances. The pledge is waived only to the extent of the dollar amount of Federal Deposit Insurance Corporation (FDIC) insurance. At year end, all District cash deposits appear to be covered by FDIC insurance or by pledged collateral held by the District's agent bank in the name of the District. The District's deposits appear to have been properly secured throughout the fiscal year.

The District's investment policies and types of investments are governed by the Public Funds Investment Act. The Act requires specific training, reporting and establishment of local policies. The District appears to have been in substantial compliance with the requirements of the Act.

FRUITVALE INDEPENDENT SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
YEAR ENDED AUGUST 31, 2017

B. Deposits, Securities, and Investments (Continued)

State statutes and local policy authorize the District to invest in the following types of investment goods:

- a. obligations of the U.S. or its agencies or instrumentalities,
- b. obligations of the State of Texas or its agencies,
- c. obligations guaranteed by the U.S. or State of Texas or their agencies or instrumentalities,
- d. obligations of other states, agencies or political subdivisions having a national investment rating of "A" or greater,
- e. guaranteed or secured certificates of deposit issued by a bank domiciled in the State of Texas, or
- f. fully collateralized repurchase agreements.

District investments include investments in external investment pools, such as TexPool and Lone Star Investment Pool as well as certificates of deposit with local financial institutions. All external investment pool balances are reported at share price (fair value) and are presented as cash and investments.

The *Lone Star Investment Pool* is an investment pool available to governmental entities. The pool was established under the guidance of the Texas Public Funds Investment Act. A board of directors made up of members of the pool is responsible for the overall operation of the pool. The Board has employed various third party organizations to assist in the operations. These third parties are as follows: American Beacon Advisors and BNY Mellon Cash Investment Strategies – Investment Managers, RBC Wealth Management – Investment Consultant, Bank of New York Mellon – Custodian, First Public – Administration. In combination with these third party organizations, the pool has received a AAAM rating from Standard and Poor's. This rating allows the pool to meet the standards required by the Texas Public Funds Investment Act.

*Texas Local Government Investment Pool (TexPool)* has been organized in conformity with the Interlocal Cooperation Act, Chapter 791 of the Texas Government Code, and the Public Funds Investment Act, Chapter 2256 of the Texas Government Code. These two acts provide for the creation of public funds investment pools and permit eligible governmental entities to jointly invest their funds in authorized investments.

The Comptroller of Public Accounts (Comptroller) is the sole officer, director and shareholder of the Texas Treasury Safekeeping Trust Company, (Trust Company), which is authorized to operate TexPool. Pursuant to the TexPool Participation Agreement, administrative and investment services to TexPool are provided by Federated Investors, Inc. (Federated), under an agreement with the Comptroller, acting on behalf of the Trust Company.

The Comptroller maintains oversight of the services provided to TexPool by Federated. In addition, the TexPool Advisory Board advises on TexPool's Investment Policy and approves any fee increases. As required by the Public Funds Investment Act, the Advisory Board is composed equally of participants in TexPool and other persons who do not have a business relationship with TexPool who are qualified to advise TexPool.

The fund is rated AAAM by Standard & Poor's rating agency. This rating is the highest principal stability fund rating assigned by Standard & Poor's. This rating as well as the operational policies and procedures allow the fund to comply with the requirements of the Public Funds Investment Act.

The following table provides a listing of the District's investment at year end:

	<u>Credit Rating</u>	<u>Fair Value</u>
Lone Star Investment Pool	AAAM	\$ 1,454
TexPool	AAAM	1
Certificates of Deposit	n/a	<u>1,871,080</u>
Total		<u>\$ 1,872,535</u>

FRUITVALE INDEPENDENT SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
YEAR ENDED AUGUST 31, 2017

B. Deposits, Securities, and Investments (Continued)

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

- a. Name of bank: City National Bank, Sulphur Springs, Texas.
- b. Amount of bond and/or security pledged as of the date of the highest combined balance on deposit was \$ 5,207,043.
- c. Largest cash, savings and time deposit combined account balances amounted to \$ 4,555,866, and occurred during the month of January 2017.
- d. Total amount of FDIC coverage at the time of the highest combined balance was \$ 308,412.

GASB Statement No. 40 requires a determination as to whether the District was exposed to the following specific investment risks at year end and if so, the reporting of certain related disclosures:

a. Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The ratings of securities by nationally recognized agencies are designed to give an indication of credit risk. At year end, the District was not significantly exposed to credit risk.

b. Custodial Credit Risk

Deposits are exposed to custodial credit risk if they are not covered by depository insurance and the deposits are uncollateralized, collateralized with securities held by the pledging financial institution, or collateralized with securities held by the pledging financial institution's trust department or agent but not in the District's name.

Investment securities are exposed to custodial risk if the securities are uninsured, are not registered in the name of the government, and are held by either the counterparty or the counterparty's trust department or agent but not in the District's name. At year end, the District was not exposed to custodial credit risk.

c. Concentration of Credit Risk

This risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. At year end, the District was not exposed to concentration of credit risk.

d. Interest Rate Risk

This is the risk that changes in interest rates will adversely affect the fair value of an investment. At year end, the District was not exposed to interest rate risk.

e. Foreign Currency Risk

This is the risk that exchange rates will adversely affect the fair value of an investment. At year end, the District was not exposed to foreign currency risk.

C. Property Taxes

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 October 1 levy date. 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 collected within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period.

FRUITVALE INDEPENDENT SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
YEAR ENDED AUGUST 31, 2017

C. Property Taxes (Continued)

Property taxes are prorated between maintenance and debt service based on rates adopted for the year of the levy. Allowances for uncollectibles within the General and Debt Service Funds are based upon historical experience in collecting property taxes. Section 33.05, Property Tax Code, requires the tax collector for the District to cancel and remove from the delinquent tax rolls a tax on real property that has been delinquent for more than 20 years or a tax on personal property that has been delinquent for more than 10 years. Delinquent taxes meeting this criteria may not be canceled if litigation concerning these taxes is pending.

The District levied taxes on property within the District at \$ 1.17 to fund general operations. The District did not levy a tax for the retirement of debt in the fiscal year. The rates were levied on property assessed totaling \$ 45,995,632.

D. Capital Assets

Capital asset activities during the year were as follows:

	Beginning Balances	Increases	Decreases	Ending Balances
Capital Assets not Being Depreciated:				
Land	\$ 141,350	\$ -	\$ -	\$ 141,350
Construction in Progress	-	1,399,724	-	1,399,724
<b>Total Capital Assets not being Depreciated</b>	<b>\$ 141,350</b>	<b>\$ 1,399,724</b>	<b>\$ -</b>	<b>\$ 1,541,074</b>
Capital Assets being Depreciated:				
Building and Improvements	\$ 8,535,011	\$ -	\$ -	\$ 8,535,011
Equipment	242,905	-	-	242,905
Vehicles	593,290	-	-	593,290
<b>Total Capital Assets being Depreciated</b>	<b>\$ 9,371,206</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 9,371,206</b>
Less Accumulated Depreciation for :				
Buildings and Improvements	\$ 3,002,770	\$ 239,494	\$ -	\$ 3,242,264
Equipment	207,351	12,825	-	220,176
Vehicles	322,711	43,007	-	365,718
<b>Total Accumulated Depreciation</b>	<b>\$ 3,532,832</b>	<b>\$ 295,326</b>	<b>\$ -</b>	<b>\$ 3,828,158</b>
<b>Total Capital Assets being Depreciated, Net</b>	<b>\$ 5,838,374</b>	<b>\$ (295,326)</b>	<b>\$ -</b>	<b>\$ 5,543,048</b>
<b>Governmental Activities Capital Assets, Net</b>	<b>\$ 5,979,724</b>	<b>\$ 1,104,398</b>	<b>\$ -</b>	<b>\$ 7,084,122</b>

FRUITVALE INDEPENDENT SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
YEAR ENDED AUGUST 31, 2017

D. Capital Assets (Continued)

Depreciation was charged to governmental activities functions as follows:

Instruction	\$ 161,160
Instructional Resources and Media Services	7,772
School Leadership	3,648
Guidance, Counseling and Evaluation Services	818
Health Services	417
Student (Pupil) Transportation	41,712
Food Services	29,023
Cocurricular/Extracurricular Activities	38,844
General Administration	2,731
Plant Maintenance and Operations	8,974
Security	227
	<hr/>
Total	<u><u>\$ 295,326</u></u>

E. Long Term Obligations

Long-term obligation activities during the year were as follows:

	Beginning Balances	Increases	Decreases	Ending Balances	Amounts Due Within One Year
General Obligation Bonds	\$ 820,000	\$ 1,500,000	\$ 140,000	\$ 2,180,000	\$ 75,000
Capital Leases	52,746	-	6,768	45,978	7,009
Loans	139,554	-	17,292	122,262	17,335
Bond Premium (Discount)	42,880	106,775	6,763	142,892	-
Accreted Interest	9,826	174	10,000	-	-
	<hr/>				
Total Governmental Activities	<u>\$ 1,065,006</u>	<u>\$ 1,606,949</u>	<u>\$ 180,823</u>	<u>\$ 2,491,132</u>	<u>\$ 99,344</u>

Bonds

The District has issued various series of general obligation bonds to fund facility construction and improvements. Bonds mature at various times with varying rates of interest. The bonds issued require the District to levy an ad valorem tax annually to retire the current maturities.

The following bonded debt issues are outstanding at year end:

Description	Interest Rate	Original Balance	Outstanding Balances
Unlimited Tax School Refunding Bonds, Series 2014	2.2279%	\$ 940,000	\$ 760,000
Unlimited Tax School Building Bonds, Series 2016	2.7116%	1,500,000	<u>1,420,000</u>
Totals			<u><u>\$ 2,180,000</u></u>



FRUITVALE INDEPENDENT SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
YEAR ENDED AUGUST 31, 2017

E. Long Term Obligations (Continued)

Maturity requirements on bonded debt at year end are as follows:

Year Ending August 31	Principal	Interest	Total Requirements
2018	\$ 75,000	\$ 92,835	\$ 167,835
2019	100,000	69,975	169,975
2020	100,000	66,675	166,675
2021	100,000	63,375	163,375
2022	105,000	60,000	165,000
2023-2027	515,000	242,925	757,925
2028-2032	215,000	179,725	394,725
2033-2037	265,000	136,581	401,581
2038-2042	320,000	89,375	409,375
2043-2047	385,000	32,419	417,419
Totals	<u>\$ 2,180,000</u>	<u>\$ 1,033,885</u>	<u>\$ 3,213,885</u>

Loans

The District issued various agreements identified here as loans. The following schedule lists the outstanding loans at year end:

Description	Interest Rate	Original Balance	Outstanding Balances
SECO Grant Loan CL-281 - Energy Management	0.25%	\$ 43,296	\$ 37,931
SECO Grant Loan CL-282 - Energy Management	0.25%	96,258	84,331
Totals			<u>\$ 122,262</u>

Maturity requirements on loans at year end are as follows:

Year Ending August 31	Principal	Interest	Total Requirements
2018	\$ 17,335	\$ 289	\$ 17,624
2019	17,379	246	17,625
2020	17,422	203	17,625
2021	17,466	159	17,625
2022-2025	52,660	214	52,874
Totals	<u>\$ 122,262</u>	<u>\$ 1,111</u>	<u>\$ 123,373</u>

FRUITVALE INDEPENDENT SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
YEAR ENDED AUGUST 31, 2017

E. Long Term Obligations (Continued)

Leases

The District is obligated under certain leases accounted for as capital leases. The leases recorded here meet the criteria of a capital lease as defined by Statement of Financial Accounting Standards No. 13, "Accounting for Leases," which defines a capital lease generally as one which transfers benefits and risks of ownership to the lessee.

The following schedule lists personal property leased:

Description	Interest Rate	Original Balance	Outstanding Balances
Governmental Lease - Lighting Retrofit	3.53%	\$ 52,746	\$ 45,978

The lease terms are for various years not exceeding seven years. The terms call for semi-annual payments over the life of the lease.

Commitments under capitalized lease agreements for facilities and equipment provide for minimum future lease payments as of year end, are as follows:

Year Ending August 31	Total Requirements
2018	\$ 8,571
2019	8,571
2020	8,571
2021	8,571
2022	8,571
Thereafter	8,571
Total Minimum Lease Payment	\$ 51,426
Less Amount Representing Interest	(5,448)
Present Value of Net Minimum Lease Payments	<u>\$ 45,978</u>

F. Pension Plan

1. *Plan Description*

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

FRUITVALE INDEPENDENT SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
YEAR ENDED AUGUST 31, 2017

F. Pension Plan (Continued)

2. *Benefits Provided*

TRS provides service and disability retirement, as well as death and survivor benefits, to eligible employees (and their beneficiaries) of public and higher education in Texas. The pension formula is calculated using 2.3 percent (multiplier) times the average of the five highest annual creditable salaries times years of credited service to arrive at the annual standard annuity except for members who are grandfathered, the three highest annual salaries are used. The normal service retirement is at age 65 with 5 years of credited service or when the sum of the member's age and years of credited service equals 80 or more years. Early retirement is at age 55 with 5 years of service credit or earlier than 55 with 30 years of service credit. There are additional provisions for early retirement if the sum of the member's age and years of service credit total at least 80, but the member is less than age 60 or 62 depending on date of employment, or if the member was grandfathered in under a previous rule. There are no automatic post-employment benefit changes; including automatic COLAs. Ad hoc post-employment benefit changes, including ad hoc COLAs can be granted by the Texas Legislature as noted in the Plan description in (1) above.

3. *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.

Employees' contribution rates are set in state statute, Texas Government Code 825.402. Senate Bill 1458 of the 83<sup>rd</sup> Texas Legislature amended Texas Government Code 825.402 for member contributions and established employee contribution rates for fiscal years 2014 thru 2017. The 83<sup>rd</sup> Texas Legislature, General Appropriations Act (GAA) established the employer contribution rates for fiscal years 2014 and 2015. The 84<sup>th</sup> Texas Legislature, General Appropriations Act (GAA) established the employer contribution rates for fiscal years 2016 and 2017.

		<b><u>Contribution Rates</u></b>	
		<b><u>2016</u></b>	<b><u>2017</u></b>
	Member	7.2%	7.7%
	Non-Employer Contributing Entity (State)	6.8%	6.8%
	Employers	6.8%	6.8%
2017	Employer Contributions	\$	99,048
2017	Member Contributions	\$	198,454
2016	NECE On-Behalf Contributions	\$	141,634

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

FRUITVALE INDEPENDENT SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
YEAR ENDED AUGUST 31, 2017

F. Pension Plan (Continued)

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 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.

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

When employing a retiree of the Teacher Retirement System the employer shall pay both the member contribution and the state contribution as an employment after retirement surcharge.

When a school district or charter school does not contribute to the Federal Old-Age, Survivors and Disability Insurance (OASDI) Program for certain employees, they must contribute 1.5% of the state contribution rate for certain instructional or administrative employees; and 100% of the state contribution rate for all other employees.

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

At August 31, 2017, the District reported a liability of \$ 1,129,102 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	\$ 1,129,902
State's proportionate share that is associated with the District	<u>1,681,173</u>
Total	<u>\$ 2,811,075</u>

The net pension liability was measured as of August 31, 2016 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 contribution to the pension plan relative to the contributions of all employers to the plan for the period September 1, 2015 thru August 31, 2016.

At August 31, 2016 the employer's proportion of the collective net pension liability was 0.0029901% which was a decrease of 0.0000051% from its proportion measured as of August 31, 2015.

*Changes Since the Prior Actuarial Valuation*

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

For the year ended August 31, 2017, the District recognized pension expense of \$ 174,466 and revenue of \$ 174,466 for support provided by the State.

FRUITVALE INDEPENDENT SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
YEAR ENDED AUGUST 31, 2017

F. Pension Plan (Continued)

At August 31, 2017 the District reported its proportionate share of the TRS's deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 17,717	\$ 33,738
Changes of actuarial assumptions	34,437	31,319
Difference between projected and actual investment earnings	95,678	-
Changes in proportion and difference between the employer's contributions and the proportionate share of contributions	<u>277,837</u>	<u>82</u>
Total as of August 31, 2016 measurement date	\$ 425,669	\$ 65,139
Contributions paid to TRS subsequent to the measurement date	<u>99,048</u>	<u>-</u>
Total as of fiscal year end	<u>\$ 524,717</u>	<u>\$ 65,139</u>

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>Fiscal Year Ending August 31</u>	<u>Amount</u>
2018	\$ 64,149
2019	64,149
2020	125,177
2021	59,461
2022	40,351
Thereafter	7,243

5. *Actuarial Assumptions*

The total pension liability in the August 31, 2016 actuarial valuation was determined using the following actuarial assumptions:

Valuation Date	August 31, 2016
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	2.50%
Salary Increases including Inflation	3.50% to 9.50%
Payroll Growth Rate	2.50%
Benefit Changes during the year	None
Ad hoc post-employment benefit changes	None

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

FRUITVALE INDEPENDENT SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
YEAR ENDED AUGUST 31, 2017

F. Pension Plan (Continued)

6. *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 future real rates of return (expected returns, net pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of geometric real rates of return for each major asset class included in the Systems target asset allocation as of August 31, 2016 are summarized below:

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

FRUITVALE INDEPENDENT SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
YEAR ENDED AUGUST 31, 2017

F. Pension Plan (Continued)

7. *Discount Rate Sensitivity Analysis*

The following presents the District's share of the net pension liability of the plan using the discount rate of 8%, as well as what the District's share of the net pension liability would be if it were calculated using a discount rate that is 1 – percentage point lower (7%) or 1 – percentage point higher (9%) than the current rate:

	1% Decrease in Discount Rate	Discount Rate	1% Increase in Discount Rate
District's proportionate share of the net pension liability	\$ 1,748,707	\$ 1,129,802	\$ 605,030

8. *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. The information provided in the Notes to the Financial Statements in the 2016 Comprehensive Annual Financial Report for TRS provides the following information regarding the Pension Plan fiduciary net position as of August 31, 2016 and 2015.

<u>Net Pension Liability</u>	<u>August 31, 2016</u>	<u>August 31, 2015</u>
Total Pension Liability	\$ 171,797,150,487	\$ 163,887,375,172
Less: Plan Fiduciary Net Position	(134,008,637,473)	(128,538,706,212)
Net Pension Liability	<u>\$ 37,788,513,014</u>	<u>\$ 35,348,668,960</u>
Net Position as percentage of Total Pension Liability	78.00%	78.43%

G. School District Retiree Health Plan

1. Plan Description

The District contributes to the Texas Public School Retired Employees Group Insurance Program (TRS-Care), a cost-sharing multiple-employer defined benefit post-employment health care plan administered by the Teacher Retirement System of Texas. TRS-Care Retired Plan provides health care coverage for certain persons (and their dependents) who retired under the Teacher Retirement System of Texas. The statutory authority for the program is Texas Insurance Code, Chapter 1575. Section 1575.052 grants the TRS Board of Trustees the authority to establish and amend basic and optional group insurance coverage for participants. The TRS issues a publicly available financial report that includes financial statements and required supplementary information for TRS-Care. That report may be obtained by writing the Teacher Retirement System of Texas, 1000 Red River Street, Austin, TX 78701-2698 or by calling (800) 223-8778 or by downloading the report from the TRS internet website, [www.trs.texas.gov](http://www.trs.texas.gov), under the TRS publication heading.

FRUITVALE INDEPENDENT SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
YEAR ENDED AUGUST 31, 2017

G. School District Retiree Health Plan (Continued)

2. Funding Policy

Contribution requirements are not actuarially determined but are legally established each biennium by the Texas Legislature. Texas Insurance Code, Sections 1575.202, 203, and 204 establish state, active employee, and public school contributions, respectively. The State of Texas and active public school employees contributed amounts to the plan during the year. Per Texas Insurance Code, Chapters 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 are shown in the table below for fiscal years 2016-2014.

<b>Contribution Rates</b>			
<b>Year</b>	<b>Active Member</b>	<b>State</b>	<b>District</b>
2017	0.65%	1.00%	0.55%
2016	0.65%	1.00%	0.55%
2015	0.65%	1.00%	0.55%

3. On Behalf Payments

In accordance with GASB Statement 24, "Accounting and Financial Reporting for Certain Grants and Other Financial Assistance," on-behalf payments (payments made by the State) of \$ 21,112 are reflected in the basic financial statements for Retiree Health Plan contributions. Additionally, the District benefited from payments made by the State totaling \$ 11,861 for subsidies for Medicare Part D and Early Retirement Reinsurance Programs.

H. Risk Management

Health Care

During the year ended, employees of the Fruitvale Independent School District were covered by a health insurance plan (the Plan). The District paid premiums of \$ 225 per month per employee and employees, at their option, authorized payroll withholdings to provide dependents coverage under the Plan. All premiums were paid to a TRS Activecare (Aetna). The Plan was authorized by Article 3.51-2, Texas Insurance Code and was documented by contractual agreement.

The contract between the Fruitvale Independent School District and the TRS Activecare (Aetna) is renewable September 1 of each year and terms of coverage and premium costs are included in the contractual provisions.

Latest financial statements for Aetna are available for the year ended December 31, 2016, and have been filed with the Texas State Board of Insurance, Austin, Texas, and are public records.

Unemployment Compensation Pool

During the year ended, the District provided unemployment compensation coverage to its employees through participation in the TASB Risk Management Fund (the Fund). The Fund was created and is operated under the provisions of the Interlocal Cooperation Act, Chapter 791 of the Texas Government Code. The Fund's Unemployment Compensation Program is authorized by Section 22.005 of the Texas Education Code and Chapter 172 of the Texas Local Government Code. All members participating in the Fund execute interlocal agreements that define the responsibilities of the parties.

The Fund meets its quarterly obligation to the Texas Workforce Commission. Expenses are accrued each month until the quarterly payment has been made. Expenses can be reasonably estimated; therefore, there is no need for specific or aggregate stop loss coverage for Unemployment Compensation pool.



FRUITVALE INDEPENDENT SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
YEAR ENDED AUGUST 31, 2017

H. Risk Management (Continued)

The Fund engages the services of an independent auditor to conduct a financial audit after the close of each plan year on August 31. The audit is accepted by the Fund's Board of Trustees in February of the following year. The Fund's audited financial statements as of year end, are available at the TASB offices and have been filed with the Texas Department of Insurance in Austin.

Workers' Compensation

The District participates in the East Texas Educational Insurance Association Workers' Compensation Self Insurance Joint Fund. The District is partially self funded to a loss fund maximum of \$ 18,352 for the 15-16 fiscal year. Additionally, the District incurred fixed costs of \$ 10,275 for their share of claims administration, loss control, record keeping and cost of excess insurance.

Claims administration is provided by Claims Administrative Services, Inc. Reinsurance is provided for aggregate claim losses exceeding \$ 225,000. The fixed cost charge is based on total payroll paid by the District. Increases or decreases in the fixed costs will adjust subsequent year charges.

The accrued liability for workers compensation self insurance of \$ 13,827 includes \$ 4,866 of incurred but not reported claims. This liability is based on the requirements of GASB Statement No. 10, "Accounting and Financial Reporting for Risk Financing and Related Insurance Issues," which require that a liability for claims be reported if information indicates that it is probable that a liability has been incurred and the amount of loss can be reasonably estimated. The liability recorded is an undiscounted actuary calculation.

Changes in the workers' compensation claims liability amounts in fiscal periods 2017 and 2016 are represented below:

	<u>2017</u>	<u>2016</u>
Claims Payable - Beginning	\$ 12,370	\$ 15,483
Claims Incurred and Changes in Estimate	3,838	(883)
Claim Payments	<u>(2,381)</u>	<u>(2,230)</u>
Claims Payable - Ending	<u>\$ 13,827</u>	<u>\$ 12,370</u>

Other 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, the District purchased commercial insurance to cover these liabilities. There were not significant reductions in coverage in the past fiscal year, and there were no settlements exceeding insurance coverage for each of the past three fiscal years.

I. Litigation

The District is not involved in any litigation as of year end.

J. Commitments and Contingencies

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 collectability of any related receivable at year end, 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 combined financial statements for such contingencies.

FRUITVALE INDEPENDENT SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
YEAR ENDED AUGUST 31, 2017

K. Interfund Balances and Activities

Interfund Transfers

The composition of transfers between funds occurring during the year ended, is as follows:

Transfers To	Transfers From	Amount	Reason
Debt Service Fund	General Fund	\$ 24,262	Debt Retirement

L. Revenue from Local and Intermediate Sources

During the year, the District received revenue from local and intermediate sources consisting of the following:

	General	Capital Projects	Other Governmental	Totals
Property Tax Collections	\$ 544,520	\$ -	\$ 137	\$ 544,657
Investment Income	20,384	3,457	227	24,068
Food Service Income	-	-	28,003	28,003
Cocurricular/Extracurricular Activities	15,855	-	32,199	48,054
Other	367,282	-	-	367,282
Gifts and Bequests	-	-	536	536
<b>Totals</b>	<b>\$ 948,041</b>	<b>\$ 3,457</b>	<b>\$ 61,102</b>	<b>\$ 1,012,600</b>

M. Receivables

Receivables at year end, for the District's individual major funds and aggregate nonmajor funds, including any applicable allowances for uncollectible accounts are as follows:

	General	Capital Projects	Other Governmental	Totals
Due from Other Governments	\$ 242,528	\$ -	\$ 98,706	\$ 341,234
Property Taxes Receivable	49,447	-	227	49,674
Less: Allowance for Uncollectible				
Property Taxes	(4,948)	-	(23)	(4,971)
Other Receivables	41,564	-	4	41,568
<b>Net Receivables</b>	<b>\$ 328,591</b>	<b>\$ -</b>	<b>\$ 98,914</b>	<b>\$ 427,505</b>

N. Subsequent Events

The District's management has evaluated subsequent events through November 14, 2017, the date which the financial statements were available for use.

FRUITVALE INDEPENDENT SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
YEAR ENDED AUGUST 31, 2017

O. State Aid Reconciliation

The State provides various types of funding for local school districts as provided for in state statute. The following reconciliation presents funding earned by the District in each category presented. Because of the State's delay in reconciling the funding to local districts, the summary below represents an estimate of earnings. The settle-up with the State will occur some 9 to 10 months following the fiscal year end.

Funding is earned for: 1) Available – annual allocation based on prior year enrollment; 2) Foundation – annual allocation based on student attendance, property tax collections and valuations, and special student population; 3) Instructional Facilities Allotment – based on property wealth; and 4) Existing Debt Allotment – based on eligible debt, student attendance and property wealth. Various other sources are received but not reconciled here as these are the major sources of funding.

	Available	Foundation	IFA	EDA
CY Summary of Finances (SOF)	\$ 131,729	\$ 3,211,150	\$ 119,756	Not
August Instructional Days Change	(2,143)	22,879	-	Eligible
Prior Period Settle-ups	-	62,027	-	
Financial Statement Earnings	<u>\$ 129,586</u>	<u>\$ 3,296,056</u>	<u>\$ 119,756</u>	<u>\$ -</u>
Financial Statement Classifications:				
August Instructional Days Receivable	\$ 4,018	\$ 170,467	\$ -	\$ -
SOF Receivable (Overpayment) *	-	68,043	-	-

\* Overpayments are reported as Unearned Revenue in the government-wide Statements and governmental fund type financial statements.

P. Compliance, Stewardship and Accountability

Expenditures over Appropriations

The following individual funds incurred expenditures in excess of appropriations at functional expenditure levels:

	Budget	Actual	Excess
General Fund:			
Food Service	\$ -	\$ 5,540	\$ 5,540

FRUITVALE INDEPENDENT SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
YEAR ENDED AUGUST 31, 2017

Q. Change in Accounting Principles

In fiscal year 2017, the District adopted the following new statements of financial accounting standards issued by the Governmental Accounting Standards Board (GASB):

- *Statement 79, Certain External Investment Pools on Pool Participants*  
The Statement addresses accounting and financial reporting for certain external investment pools and pool participants. If external investment pools account for their investments using amortized cost values, member participants must report their investment in the pools at amortized cost.
- *Statement 80, Blending Requirements for Certain Component Units*  
The Statement amends the blending requirements for the financial statement presentation of component units of all state and local governments. The additional criterion requires blending of a component unit incorporated as a not for profit corporation in which the primary government is the sole member.
- *Statement 82, Pension Issues – an amendment of GASB Statements No. 67, No. 68 and No. 72*  
The Statement was issued to address certain issues that have been raised with respect to Statements No. 67, No. 68 and No. 72. The Statement addresses issues regarding (1) the presentation of payroll related measures is required supplementary information, (2) the selection of assumption and the treatment of deviation from the guidance in an Actuarial Standard of Practice for financial reporting purposes and (3) the classification of payments made by employers to satisfy employee (plan member) contribution requirements.

REQUIRED SUPPLEMENTARY INFORMATION

FRUITVALE INDEPENDENT SCHOOL DISTRICT  
GENERAL FUND  
BUDGETARY COMPARISON SCHEDULE  
YEAR ENDED AUGUST 31, 2017

Data Control Codes	Budgeted Amounts			Variance with Final Budget Positive (Negative)	
	Original	Final	Actual		
<b>REVENUES</b>					
5700	Local and Intermediate Sources	\$ 593,550	\$ 1,041,036	\$ 948,041	\$ (92,995)
5800	State Program Revenues	3,271,003	3,483,733	3,592,877	109,144
5900	Federal Program Revenues	96,000	212,195	214,161	1,966
<b>5020</b>	<b>Total Revenues</b>	<u>\$ 3,960,553</u>	<u>\$ 4,736,964</u>	<u>\$ 4,755,079</u>	<u>\$ 18,115</u>
<b>EXPENDITURES</b>					
Instruction and Instructional Related Services:					
0011	Instruction	\$ 2,124,708	\$ 2,248,443	\$ 2,167,465	\$ 80,978
0012	Instructional Resources and Media Services	96,032	98,971	88,949	10,022
0013	Curriculum and Staff Development	22,130	22,880	16,591	6,289
	Total Instruction and Instr. Related Services	<u>\$ 2,242,870</u>	<u>\$ 2,370,294</u>	<u>\$ 2,273,005</u>	<u>\$ 97,289</u>
Instructional and School Leadership:					
0023	School Leadership	\$ 231,441	\$ 235,465	\$ 230,318	\$ 5,147
	Total Instructional and School Leadership	<u>\$ 231,441</u>	<u>\$ 235,465</u>	<u>\$ 230,318</u>	<u>\$ 5,147</u>
Support Services - Student (Pupil):					
0031	Guidance, Counseling and Evaluation Services	\$ 184,272	\$ 191,707	\$ 171,756	\$ 19,951
0033	Health Services	90,445	94,282	87,000	7,282
0034	Student (Pupil) Transportation	107,112	109,612	87,964	21,648
0035	Food Service	-	-	5,540	(5,540)
0036	Cocurricular/Extracurricular Activities	205,028	207,035	179,153	27,882
	Total Support Services - Student (Pupil)	<u>\$ 586,857</u>	<u>\$ 602,636</u>	<u>\$ 531,413</u>	<u>\$ 71,223</u>
Administrative Support Services:					
0041	General Administration	\$ 226,921	\$ 236,921	\$ 220,833	\$ 16,088
	Total Administrative Support Services	<u>\$ 226,921</u>	<u>\$ 236,921</u>	<u>\$ 220,833</u>	<u>\$ 16,088</u>
Support Services - Nonstudent Based:					
0051	Plant Maintenance and Operations	\$ 491,225	\$ 1,008,285	\$ 888,041	\$ 120,244
0052	Security and Monitoring Services	3,200	3,200	3,015	185
0053	Data Processing Services	150,519	155,346	145,928	9,418
	Total Support Services - Nonstudent Based	<u>\$ 644,944</u>	<u>\$ 1,166,831</u>	<u>\$ 1,036,984</u>	<u>\$ 129,847</u>
Debt Service:					
0071	Principal on Long-Term Debt	\$ -	\$ 120,000	\$ 104,059	\$ 15,941
0072	Interest on Long-Term Debt	-	4,495	17,517	(13,022)
	Total Debt Service	<u>\$ -</u>	<u>\$ 124,495</u>	<u>\$ 121,576</u>	<u>\$ 2,919</u>
Capital Outlay:					
0081	Capital Outlay	\$ -	\$ 272,944	\$ 191,445	\$ 81,499
	Total Capital Outlay	<u>\$ -</u>	<u>\$ 272,944</u>	<u>\$ 191,445</u>	<u>\$ 81,499</u>
Intergovernmental Charges:					
0093	Payments for Shared Service Arrangements	\$ 700	\$ 700	\$ 597	\$ 103
0099	Other Intergovernmental Charges	14,000	14,000	12,019	1,981
	Total Intergovernmental Charges	<u>\$ 14,700</u>	<u>\$ 14,700</u>	<u>\$ 12,616</u>	<u>\$ 2,084</u>
<b>6030</b>	<b>Total Expenditures</b>	<u>\$ 3,947,733</u>	<u>\$ 5,024,286</u>	<u>\$ 4,618,190</u>	<u>\$ 406,096</u>
1100	Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 12,820</u>	<u>\$ (287,322)</u>	<u>\$ 136,889</u>	<u>\$ 424,211</u>
<b>OTHER FINANCING SOURCES (USES)</b>					
8911	Transfers Out	\$ -	\$ -	\$ (24,262)	\$ (24,262)
<b>7080</b>	<b>Net Other Financing Sources (Uses)</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (24,262)</u>	<u>\$ (24,262)</u>
<b>1200</b>	<b>Net Change in Fund Balance</b>	<u>\$ 12,820</u>	<u>\$ (287,322)</u>	<u>\$ 112,627</u>	<u>\$ 399,949</u>
0100	Fund Balance - Beginning (September 1)	2,256,580	2,256,580	2,256,580	-
<b>3000</b>	<b>Fund Balance - Ending (August 31)</b>	<u><u>\$ 2,269,400</u></u>	<u><u>\$ 1,969,258</u></u>	<u><u>\$ 2,369,207</u></u>	<u><u>\$ 399,949</u></u>

FRUITVALE INDEPENDENT SCHOOL DISTRICT  
 SCHEDULES OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY  
 TEACHER RETIREMENT SYSTEM OF TEXAS  
 YEAR ENDED AUGUST 31, 2017

	<u>2016</u>	<u>2015</u>	<u>2014</u>
District's proportion of the net pension liability	0.0029901%	0.0029952%	0.0017655%
District's proportionate share of the net pension liability	\$ 1,129,902	\$ 1,058,763	\$ 471,589
State's proportionate share of the net pension liability associated with the District	<u>1,681,173</u>	<u>1,800,376</u>	<u>1,477,900</u>
Total	<u>\$ 2,811,075</u>	<u>\$ 2,859,139</u>	<u>\$ 1,949,489</u>
District's covered-employee payroll (for Measurement Year)	\$ 2,603,216	\$ 2,830,362	\$ 2,568,400
District's proportionate share of the net pension liability as a percentage of it's covered-employee payroll	43.40%	37.41%	18.36%
Plan fiduciary net position as a percentage of the total pension liability	78.00%	78.43%	83.25%

Note: Only three 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."

FRUITVALE INDEPENDENT SCHOOL DISTRICT  
 SCHEDULE OF DISTRICT CONTRIBUTIONS  
 TEACHER RETIREMENT SYSTEM OF TEXAS  
 LAST 10 FISCAL YEARS

	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually required contributions	\$ 99,048	\$ 93,968	\$ 86,813
Contributions in relations to the contractual required contributions	<u>(99,048)</u>	<u>(93,968)</u>	<u>(86,813)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered employee payroll	\$ 2,577,320	\$ 2,603,216	\$ 2,830,362
Contributions as a percentage of covered employee payroll	3.84%	3.61%	3.07%

Note: Only three years of date 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."



FRUITVALE INDEPENDENT SCHOOL DISTRICT  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
YEAR ENDED AUGUST 31, 2017

A. Budget

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

1. Prior to August 20 of the preceding fiscal year, the District prepares a budget for the next succeeding fiscal year beginning September 1. The operating budget includes proposed expenditures and the means of financing them.
2. A meeting of the Board is then called for the purpose of adopting the proposed budget after ten days' public notice of the meeting has been given.
3. Prior to September 1, the budget is legally enacted through passage of a resolution by the Board.

Once a budget is approved, it can be amended at function and fund level only by approval of a majority of the members of the Board. Amendments are presented to the Board at its regular meetings.

Each amendment must have Board approval. Such amendments are made before the fact, are reflected in the official minutes of the Board and are not made after fiscal year end as required by law.

Each amendment is controlled by the budget coordinator at the revenue and expenditure function/object level. Budgeted amounts are as amended by the Board. All budget appropriations lapse at year end.

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

B. Defined Benefit Pension Plan

1. Changes of Assumptions

No changes in assumptions were made that affected the measurement of the total pension liability during the measurement period.

2. Changes of Benefit Terms

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

OTHER SUPPLEMENTARY INFORMATION

FRUITVALE INDEPENDENT SCHOOL DISTRICT  
 SCHEDULE OF DELINQUENT TAXES RECEIVABLE  
 YEAR ENDED AUGUST 31, 2013

Tax Roll Year	Last Ten Years Ended August 31	1 Tax Rates		3 Assessed/Appraised Value For School Tax Purposes	10 Beginning Balance 9/1/2016	20 Current Year's Total Levy	30 Maintenance Tax Collections	30a Debt Service Tax Collections	40 Entire Year's Adjustments	50 Ending Balance 8/31/2017
		Maintenance	2 Debt Service							
XXXX	2008 and Prior Years	Various	Various	Various	\$ 3,254	\$ -	\$ 97	\$ 7	\$ (1,160)	\$ 1,990
2008	2009	1.04000	0.07070	55,397,195	1,251	-	118	8	-	1,125
2009	2010	1.04000	0.07070	56,287,977	1,199	-	162	11	-	1,026
2010	2011	1.17000	0.00000	59,577,897	1,412	-	350	-	-	1,062
2011	2012	1.17000	0.00000	52,513,846	2,424	-	1,037	-	-	1,387
2012	2013	1.17000	0.00000	58,511,363	2,850	-	1,447	-	99	1,502
2013	2014	1.17000	0.00000	56,024,701	5,593	-	3,080	-	52	2,565
2014	2015	1.17000	0.00000	52,660,536	6,808	-	3,534	-	(230)	3,044
2015	2016	1.17000	0.00000	44,426,689	22,369	-	12,059	-	(1,042)	9,268
2016	2017	1.17000	0.00000	45,995,632	-	538,149	504,667	-	(6,747)	26,735
<b>1000</b>	<b>TOTALS</b>				<b>\$ 47,160</b>	<b>\$ 538,149</b>	<b>\$ 526,551</b>	<b>\$ 26</b>	<b>\$ (9,028)</b>	<b>\$ 49,704</b>

FRUITVALE INDEPENDENT SCHOOL DISTRICT  
SCHOOL BREAKFAST AND NATIONAL SCHOOL LUNCH PROGRAM  
BUDGETARY COMPARISON SCHEDULE  
YEAR ENDED AUGUST 31, 2017

Data Control Codes	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)	
	Original	Final			
<b>REVENUES</b>					
5700	Local and Intermediate Sources	\$ 32,600	\$ 32,600	\$ 28,003	\$ (4,597)
5800	State Program Revenues	6,974	6,974	1,365	(5,609)
5900	Federal Program Revenues	216,000	216,000	230,099	14,099
<b>5020</b>	<b>Total Revenues</b>	<b>\$ 255,574</b>	<b>\$ 255,574</b>	<b>\$ 259,467</b>	<b>\$ 3,893</b>
<b>EXPENDITURES</b>					
Current:					
Support Services - Student (Pupil):					
0035	Food Services	\$ 281,529	\$ 283,814	\$ 261,387	\$ 22,427
	Total Support Services - Student (Pupil)	\$ 281,529	\$ 283,814	\$ 261,387	\$ 22,427
<b>6030</b>	<b>Total Expenditures</b>	<b>\$ 281,529</b>	<b>\$ 283,814</b>	<b>\$ 261,387</b>	<b>\$ 22,427</b>
1100	Excess (Deficiency) of Revenues Over Expenditures	\$ (25,955)	\$ (28,240)	\$ (1,920)	\$ 26,320
<b>1200</b>	<b>Net Change in Fund Balance</b>	<b>\$ (25,955)</b>	<b>\$ (28,240)</b>	<b>\$ (1,920)</b>	<b>\$ 26,320</b>
0100	Fund Balance - Beginning (September 1)	6,527	6,527	6,527	-
<b>3000</b>	<b>Fund Balance - Ending (August 31)</b>	<b>\$ (19,428)</b>	<b>\$ (21,713)</b>	<b>\$ 4,607</b>	<b>\$ 26,320</b>

FRUITVALE INDEPENDENT SCHOOL DISTRICT  
DEBT SERVICE FUND  
BUDGETARY COMPARISON SCHEDULE  
YEAR ENDED AUGUST 31, 2017

Data Control Codes	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
5700 Local and Intermediate Sources	\$ 65	\$ 65	\$ 219	\$ 154
5800 State Program Revenues	<u>52,000</u>	<u>52,000</u>	<u>119,756</u>	<u>67,756</u>
<b>5020 Total Revenues</b>	<u>\$ 52,065</u>	<u>\$ 52,065</u>	<u>\$ 119,975</u>	<u>\$ 67,910</u>
<b>EXPENDITURES</b>				
Debt Service:				
0071 Principal on Long-term Debt	\$ 60,000	\$ 60,000	\$ 60,000	\$ -
0072 Interest on Long-term Debt	34,150	34,150	34,150	-
0073 Debt Issuance Costs and Fees	<u>1,250</u>	<u>1,250</u>	<u>400</u>	<u>850</u>
Total Debt Service	<u>\$ 95,400</u>	<u>\$ 95,400</u>	<u>\$ 94,550</u>	<u>\$ 850</u>
<b>6030 Total Expenditures</b>	<u>\$ 95,400</u>	<u>\$ 95,400</u>	<u>\$ 94,550</u>	<u>\$ 850</u>
1100 Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (43,335)</u>	<u>\$ (43,335)</u>	<u>\$ 25,425</u>	<u>\$ 68,760</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
7915 Transfers in	\$ -	\$ -	\$ 24,262	\$ 24,262
7916 Premium or Discount on Issuance of Bonds	<u>-</u>	<u>-</u>	<u>6,637</u>	<u>6,637</u>
<b>7080 Net Other Financing Sources (Uses)</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 30,899</u>	<u>\$ 30,899</u>
<b>1200 Net Change in Fund Balance</b>	\$ (43,335)	\$ (43,335)	\$ 56,324	\$ 99,659
0100 Fund Balance - Beginning (September 1)	<u>1,069</u>	<u>1,069</u>	<u>1,069</u>	<u>-</u>
<b>3000 Fund Balance - Ending (August 31)</b>	<u>\$ (42,266)</u>	<u>\$ (42,266)</u>	<u>\$ 57,393</u>	<u>\$ 99,659</u>

FRUITVALE INDEPENDENT SCHOOL DISTRICT  
 SCHEDULE OF REQUIRED RESPONSES TO SELECTED SCHOOL FIRST INDICATORS  
 AS OF AUGUST 31, 2017

<u>Data Control Codes</u>		<u>Response</u>
SF2	Were there any disclosures in the Annual Financial Report and/or other sources of information concerning nonpayment of any terms of any debt agreement at fiscal year end?	No
SF4	Was there an unmodified opinion in the annual Financial Report on the financial statements as a whole?	Yes
SF5	Did the Annual Financial Report disclose any instances of material weaknesses in internal controls over financial reporting and compliance for local, state, or federal funds?	No
SF6	Was there any disclosure in the Annual Financial Report of material noncompliance for grants, contracts, and laws related to local, state or federal funds?	No
SF7	Did the school district make timely payments to the Teachers Retirement System (TRS), Texas Workforce Commission (TWC), Internal Revenue Service (IRS), and other government agencies?	Yes
SF8	Did the school district not receive an adjusted repayment schedule for more than one fiscal year for an over allocation of Foundation School Program (FSP) funds as a result of a financial hardship?	Yes
SF10	Total accumulated accretion on CABs included in government-wide financial statements at fiscal year-end.	\$ -0-
SF11	Net Pension Assets (1920) at fiscal year-end.	\$ -0-
SF12	Net Pension Liabilities (2540) at fiscal year-end.	\$ 1,129,902
SF13	Pension Expense (6147) at fiscal year-end.	\$ -0-