

LA GRANGE INDEPENDENT SCHOOL DISTRICT

ANNUAL FINANCIAL AND
COMPLIANCE REPORT

FOR THE YEAR ENDED
AUGUST 31, 2016



SINGLETON, CLARK
& COMPANY, PC CERTIFIED PUBLIC ACCOUNTANTS

LA GRANGE INDEPENDENT SCHOOL DISTRICT
ANNUAL FINANCIAL AND COMPLIANCE REPORT
FOR THE YEAR ENDED AUGUST 31, 2016

TABLE OF CONTENTS

<u>Exhibit</u>		<u>Page</u>
	CERTIFICATE OF BOARD	1
	Independent Auditor's Report	2
	Management's Discussion and Analysis	5
<u>Basic Financial Statements</u>		
Government-Wide Statements:		
A-1	Statement of Net Position	12
B-1	Statement of Activities	13
Governmental Fund Financial Statements:		
C-1	Balance Sheet	14
C-1R	Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position	16
C-2	Statement of Revenues, Expenditures, and Changes in Fund Balance	17
C-2R	Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	19
C-3	Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual - General Fund	20
Fiduciary Fund Financial Statements:		
E-1	Statement of Fiduciary Net Position	21
	Notes to the Financial Statements	22
<u>Required Supplementary Information</u>		
G-1	Schedule of the District's Proportionate Share of the Net Pension Liability – Teacher Retirement System	44
G-2	Schedule of District Contributions – Teacher Retirement System	45
	Notes to Required Supplementary Information	46
<u>Other Supplementary Information</u>		
Combining Schedules:		
H-1	Combining Balance Sheet – Nonmajor Governmental Funds	47
H-2	Combining Schedule of Revenues, Expenditures, and Changes in Fund Balances – Nonmajor Governmental Funds	50

LA GRANGE INDEPENDENT SCHOOL DISTRICT
ANNUAL FINANCIAL AND COMPLIANCE REPORT
FOR THE YEAR ENDED AUGUST 31, 2016

TABLE OF CONTENTS
(continued)

Other Supplementary Information (continued)

	TEA Required Schedules:	
J-1	Schedule of Delinquent Taxes	53
J-4	Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – Child Nutrition Fund	55
J-5	Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – Debt Service Fund	56
	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 <i>Government Auditing Standards</i>	57
	Independent Auditor’s Report on Compliance for Each Major Program; Report on Internal Control Over Compliance; and Report on the Schedule of Expenditures of Federal Awards Required by Uniform Guidance	59
K-1	Schedule of Expenditures of Federal Awards	61
	Notes to Schedule of Expenditures of Federal Awards	62
	Schedule of Findings and Questioned Costs	
	Section I: Summary of Auditor’s Results	63
	Section II: Financial Statement Findings	64
	Section III: Federal Awards Findings and Questioned Costs	64
L-1	Schedule of Required Responses to Selected School First Indicators	65

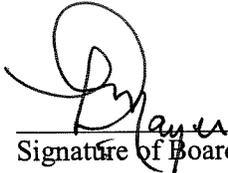
CERTIFICATE OF BOARD

La Grange Independent School District
Name of School District

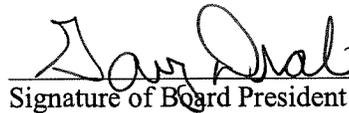
Fayette
County

075-902
Co.-Dist. Number

We, the undersigned, certify that the attached annual financial reports of the above named school district were reviewed and (check one) approved disapproved for the year ended August 31, 2016, at a meeting of the Board of Trustees of such school district on the 12th day of December, 2016.



Signature of Board Secretary



Signature of Board President

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



UNMODIFIED OPINIONS ON BASIC FINANCIAL STATEMENTS ACCOMPANIED BY
REQUIRED SUPPLEMENTARY INFORMATION AND OTHER INFORMATION INCLUDING THE
SUPPLEMENTARY SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Independent Auditor's Report

To the Board of Trustees of
La Grange Independent School District

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis section preceding the basic financial statements and the pension related schedules following the notes to the financial statements 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 Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise La Grange Independent School District's basic financial statements. The combining schedules of individual nonmajor funds and the Texas Education Agency required schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 22, 2016 on our consideration of La Grange Independent School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering La Grange Independent School District's internal control over financial reporting and compliance.

A handwritten signature in cursive script that reads "Singleton, Clark & Company, PC". The signature is written in black ink on a light-colored background.

Singleton, Clark & Company, PC
Cedar Park, Texas

November 22, 2016

LA GRANGE INDEPENDENT SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED AUGUST 31, 2016

MANAGEMENT'S DISCUSSION AND ANALYSIS

In this section of the Annual Financial and Compliance Report, we, the managers of La Grange Independent School District, discuss and analyze the District's financial performance for the fiscal year ended August 31, 2016. Please read it in conjunction with the independent auditor's report on page 2 and the District's Basic Financial Statements which follow this section.

FINANCIAL HIGHLIGHTS

- The District's net position for governmental activities declined by \$873,532 as a result of this year's operations, to end at \$28,848,728.
- The General Fund of the District reported a fund balance increase of \$202,718 for the year, to end at \$5,343,953.
- Total Governmental Funds of the District (the General Fund plus all Special Revenue Funds, the Debt Service Fund, and Capital Project Funds) reported an overall fund balance decrease of \$68,222, to end at \$8,454,345.

USING THIS ANNUAL REPORT

This annual report consists of a series of financial statements. The government-wide financial statements include the Statement of Net Position and the Statement of Activities. These provide information about the activities of the District as a whole and present a longer-term view of the District's property and debt obligations and other financial matters. They reflect the flow of total economic resources in a manner similar to the financial reports of a business enterprise.

The fund financial statements report the District's operations in more detail than the government-wide statements by providing information about the District's most significant funds. For governmental activities, these statements tell how services were financed in the short term as well as what resources remain for future spending. They reflect the flow of current financial resources, and supply the basis for tax levies and the appropriations budget. For proprietary activities, fund financial statements tell how goods or services of the District were sold to departments within the District or to external customers and how the sales revenues covered the expenses of the goods or services. The remaining statements, fiduciary statements, provide financial information about activities for which the District acts solely as a trustee or agent for the benefit of those outside of the district.

The notes to the financial statements provide narrative explanations or additional data needed for full disclosure in the government-wide statements or the fund financial statements.

The Other Supplementary Information section contains even more information about the District's individual nonmajor funds. This information is not required by TEA, but is included for its usefulness. The Other Supplementary Information section includes TEA Required Schedules and information required by federal monitoring or regulatory agencies for assurance that the District is using funds supplied in compliance with the terms of grants.

LA GRANGE INDEPENDENT SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED AUGUST 31, 2016

Reporting the District as a Whole

The Statement of Net Position and the Statement of Activities

The analysis of the District's overall financial condition and operations begins with the government-wide financial statements which immediately follow this section. The government-wide financial statements include the Statement of Net Position and the Statement of Activities. The primary purpose of these financial statements is to show whether the District is better off or worse off as a result of the year's activities. The Statement of Net Position includes all the District's assets and liabilities at the end of the year while the Statement of Activities includes all the revenues and expenses generated by the District's operations during the year. These apply the accrual basis of accounting which is the basis used by private sector companies.

All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid. The District's revenues are divided into those provided by outside parties who share the costs of some programs, such as tuition received from students from outside the district and grants provided by the U.S. Department of Education to assist children with disabilities or from disadvantaged backgrounds (program revenues), and revenues provided by the taxpayers or by the State of Texas in equalization funding processes (general revenues). All the District's assets are reported whether they serve the current year or future years. Liabilities are considered regardless of whether they must be paid in the current or future years.

The Statement of Net Position and the Statement of Activities report the District's net position and changes in net position. The District's net position (the difference between assets and liabilities) provides one measure of the District's financial health. Over time, increases or decreases in the District's net position are one indicator of whether its financial health is improving or deteriorating. To fully assess the overall health of the District, however, you should consider nonfinancial factors as well, such as changes in the District's average daily attendance or its property tax base and the condition of the District's facilities.

In the Statement of Net Position and the Statement of Activities, school districts are divided into two kinds of activities:

- Governmental activities – School districts report basic services here, including the instruction of students, counseling, co-curricular activities, food services, transportation, maintenance, community services, and general administration. Property taxes, tuition, fees, and state and federal grants finance most of these activities.
- Business-type activities – School districts may charge a fee to "customers" to help it cover all or most of the cost of services it provides for child care programs or other activities that closely model a business venture.

Our school district reported governmental activities this year, however, we did not engage in business-type activities.

LA GRANGE INDEPENDENT SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED AUGUST 31, 2016

Reporting the District's Most Significant Funds

Fund Financial Statements

The fund financial statements follow the government-wide statements and provide detailed information about the most significant funds of the District, not the District as a whole. Laws and contracts require the District to establish some funds, such as grants received under the No Child Left Behind Act from the U.S. Department of Education in order to display separate accountability. The District's administration establishes many other funds to help it control and manage money for particular purposes (such as for campus activities). School districts use two different kinds of funds for operations, governmental and proprietary, which use different accounting approaches.

- A school district will use *governmental funds* to account for basic services. These use modified accrual accounting (a method that measures the receipt and disbursement of cash and all other financial assets that can be readily converted to cash) and report balances that are available for future spending. The governmental fund statements provide a detailed short-term view of the district's general operations and the basic services it provides. We describe the differences between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds in reconciliation schedules following each of the fund financial statements.
- A school district will use *proprietary funds* to account for the activities for which it charges users (whether outside customers or other units of the district). Proprietary funds use the same accounting methods employed in the Statement of Net Position and the Statement of Activities. In fact, when a district utilizes enterprise funds, (one category of proprietary funds) these are the business-type activities reported in the government-wide statements but they contain more detail and additional information, such as cash flows. Internal service funds (the other category of proprietary funds) report activities that provide supplies and services for a district's other programs and activities, such as a district's self-insurance programs.

Our school district reported several governmental funds this year, however, we did not utilize proprietary funds.

The District as Trustee

Reporting the District's Fiduciary Responsibilities

The District is the trustee, or fiduciary, for money raised by student activities and alumnae scholarship programs. All of the District's fiduciary activities are reported in separate Statements of Fiduciary Net Position and Changes in Fiduciary Net Position on pages that follow the governmental fund and proprietary fund financial statements. We exclude these resources from the District's other financial statements because the District cannot use these assets to finance its operations. The District is only responsible for ensuring that the assets reported in these funds are used for their intended purposes.

LA GRANGE INDEPENDENT SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED AUGUST 31, 2016

GOVERNMENT-WIDE FINANCIAL ANALYSIS

The following analysis focuses on the net position (Table I below) and changes in net position (Table II below) of the District's governmental activities.

Net position of the District's governmental activities decreased from \$29,722,260 to \$28,848,728. Unrestricted net position – the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation, or other legal requirements – was \$6,567,493 at August 31, 2016. The decrease in governmental net position was primarily due to results from 2015-2016 operations. More information regarding the decrease is presented in the paragraph following Table II on the next page.

**Table I
LA GRANGE INDEPENDENT SCHOOL DISTRICT
NET POSITION**

	Governmental Activities 2016	Governmental Activities 2015	Change
Current & other assets	\$ 9,628,697	\$ 9,721,272	\$ (92,575)
Capital assets	21,584,815	22,044,121	(459,306)
Deferred outflows	2,377,434	359,620	2,017,814
Total assets and deferred outflows	<u>33,590,946</u>	<u>32,125,013</u>	<u>1,465,933</u>
Current liabilities	653,257	668,501	(15,244)
Long-term liabilities	3,522,495	1,328,010	2,194,485
Deferred inflows	566,466	406,242	160,224
Total liabilities and deferred inflows	<u>4,742,218</u>	<u>2,402,753</u>	<u>2,339,465</u>
Net Position:			
Net investment in capital assets	21,584,815	22,044,121	(459,306)
Restricted	696,420	1,646,297	(949,877)
Unrestricted	6,567,493	6,031,842	535,651
Total net position	<u>\$ 28,848,728</u>	<u>\$ 29,722,260</u>	<u>\$ (873,532)</u>

LA GRANGE INDEPENDENT SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED AUGUST 31, 2016

Table II
LA GRANGE INDEPENDENT SCHOOL DISTRICT
CHANGES IN NET POSITION

	Governmental Activities 2016	Governmental Activities 2015	Change
Revenues:			
Program Revenues:			
Charges for services	\$ 2,328,484	\$ 1,981,446	\$ 347,038
Operating grants & contributions	2,830,544	2,646,269	184,275
General Revenues:			
Maintenance & operations taxes	10,854,420	10,873,779	(19,359)
Debt service taxes	2,296	6,663	(4,367)
State aid - formula grants	4,476,312	3,696,501	779,811
Grants & contributions not restr.	893,470	344,587	548,883
Investment earnings	116,082	128,194	(12,112)
Miscellaneous	22,897	19,032	3,865
Total Revenue	<u>21,524,505</u>	<u>19,696,471</u>	<u>1,828,034</u>
Expenses:			
Instruction	11,304,344	10,371,105	933,239
Instr. resources & media services	237,525	237,795	(270)
Curriculum and staff development	363,227	248,026	115,201
Instructional leadership	278,019	232,693	45,326
School leadership	977,733	916,288	61,445
Guidance/counseling services	827,126	713,256	113,870
Health services	133,233	112,007	21,226
Student transportation	719,203	901,051	(181,848)
Food services	1,193,942	1,120,593	73,349
Cocurricular/extracurricular act.	983,869	1,004,952	(21,083)
General administration	753,024	627,695	125,329
Plant maintenance and operations	2,479,780	2,480,476	(696)
Security and monitoring services	60,069	54,102	5,967
Data processing services	136,051	180,055	(44,004)
Community services	3,790	712	3,078
Payments to fiscal agents	1,721,038	1,281,793	439,245
Other intergovernmental charges	227,864	208,865	18,999
Total Expenses	<u>22,399,837</u>	<u>20,691,464</u>	<u>1,708,373</u>
Gain (Loss) on sale of assets	1,800	2,835	(1,035)
Change in net position	<u>(873,532)</u>	<u>(992,158)</u>	<u>118,626</u>
Net position at 9/1/15 and 9/1/14	29,722,260	32,219,061	(2,496,801)
Prior period adjustment	-	(1,504,643)	1,504,643
Net position at 8/31/16 and 8/31/15	<u>\$ 28,848,728</u>	<u>\$ 29,722,260</u>	<u>\$ (873,532)</u>

LA GRANGE INDEPENDENT SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED AUGUST 31, 2016

THE DISTRICT'S FUNDS

As the District completed this annual period, the General Fund reported a fund balance of \$5,343,953, which is \$202,718 more than last year's total of \$5,141,235. The increase in fund balance is mainly attributable to higher than anticipated state program revenues.

The District's major Capital Projects Funds reported a fund balance of \$1,387,933 which is \$154,327 less than last year's total of \$1,542,260. The decrease is due to expenditures related to construction projects.

The District's SSA IDEA-B, Formula Fund reported a fund balance of \$0 as the current year revenues equaled expenditures. The District accounts for some of its activities as the fiscal agent of the Colorado River Shared Services Arrangement (CRSSA) in this fund.

The District's SSA Special Education Fund reported a fund balance of \$886,143 which is \$153,314 less than last year's total of \$1,039,457. The District accounts for some of its activities as the fiscal agent of the Colorado River Shared Services Arrangement (CRSSA) in this fund.

The District's other governmental funds reported a fund balance of \$836,316 as compared to \$799,615 in 2015, which is \$36,701 more than the previous year. The primary difference between fiscal year 2015 and fiscal year 2016 governmental funds fund balance was the moderate current year increase in both the Child Nutrition Fund and Campus Activity Fund.

Over the course of the year, the Board of Trustees revised the District's budget several times. These amendments involved moving funds from programs that did not need all the resources originally appropriated to them to programs with resource needs.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

As of August 31, 2016, the District had \$21,584,815 (net of accumulated depreciation) invested in a broad range of capital assets, including facilities and equipment for instruction, transportation, athletics, administration, and maintenance. A summary of the ending balances of capital assets by major category for both 2016 and 2015 is as follows:

	Governmental Activities 2016	Governmental Activities 2015	Change
Land	\$ 1,364,395	\$ 1,364,395	\$ -
Buildings	29,795,349	29,106,584	688,765
Furniture and Equipment	3,876,941	3,615,748	261,193
Total	<u>35,036,685</u>	<u>34,086,727</u>	<u>949,958</u>
Less Accumulated Depreciation	<u>(13,451,870)</u>	<u>(12,042,606)</u>	<u>(1,409,264)</u>
Capital assets, net of depreciation	<u>\$ 21,584,815</u>	<u>\$ 22,044,121</u>	<u>\$ (459,306)</u>

LA GRANGE INDEPENDENT SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED AUGUST 31, 2016

Debt

At year-end, the District had \$3,522,495 in long-term liabilities versus \$1,328,010 last year. The increase is attributable to the recognition of additional net pension liability during the fiscal year. A summary of the ending balances of long-term debt by type for both 2016 and 2015 is as follows:

	Governmental Activities 2016	Governmental Activities 2015	Change
Net Pension Liability	\$ 3,522,495	\$ 1,328,010	\$ 2,194,485
Total	\$ 3,522,495	\$ 1,328,010	\$ 2,194,485

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The District's elected and appointed officials considered many factors when setting the fiscal year 2016-2017 budget and tax rates. Those factors include property values, changes in enrollment, the economy, projections of future budget years, and legislative mandates. A steadily increasing enrollment population, coupled with a moderate increase in property values, has led to a General Fund budget of \$16.5 million for the 2016-2017 fiscal year. The budget increased from fiscal year 2015-2016 to fiscal year 2016-2017 by approximately \$680 thousand, a direct result from increased average daily attendance, which generates more state revenues.

For the 2016-2017 budget year, the District has held constant its maintenance and operations tax rate at \$1.04 per hundred of taxable value. The District has the capability to call a tax ratification election which could authorize up to \$1.17 cents for maintenance and operations. The District has no current plans to call a tax ratification election. The District did not adopt a debt service tax rate for the 2016-2017 budget year as it currently does not have any repayment obligations. The total tax rate of the District for the 2016-2017 budget year is \$1.04 per hundred of taxable value.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, investors, and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the District's Business Office, at La Grange Independent School District, 560 N. Monroe Street, La Grange, Texas, 78945, or by calling (979) 968-4700.

GOVERNMENT-WIDE FINANCIAL STATEMENTS

LA GRANGE INDEPENDENT SCHOOL DISTRICT
STATEMENT OF NET POSITION
AUGUST 31, 2016

Data Control Codes	Primary Government 1 Governmental Activities
ASSETS	
1110 Cash and Cash Equivalents	\$ 1,157,121
1120 Current Investments	6,311,275
1225 Property Taxes Receivable, Net	521,094
1240 Due from Other Governments	1,639,207
Capital Assets:	
1510 Land	1,364,395
1520 Buildings and Improvements, Net	19,190,460
1530 Furniture and Equipment, Net	1,029,960
1000 Total Assets	31,213,512
DEFERRED OUTFLOWS OF RESOURCES	
1705 Deferred Outflows-Pension	2,377,434
Total Deferred Outflows of Resources	2,377,434
LIABILITIES	
2110 Accounts Payable	26,591
2150 Payroll Deductions & Withholdings	31,907
2160 Accrued Wages Payable	580,968
2180 Due to Other Governments	1,256
2200 Accrued Expenses	4,576
2300 Unearned Revenue	7,959
Noncurrent Liabilities:	
2540 Net Pension Liability	3,522,495
2000 Total Liabilities	4,175,752
DEFERRED INFLOWS OF RESOURCES	
2605 Deferred Inflows-Pension	566,466
Total Deferred Inflows of Resources	566,466
NET POSITION	
3200 Investment in Capital Assets	21,584,815
Restricted for:	
3820 Federal & State Programs	155,006
3850 Debt Service	14,557
3890 Other Restricted	526,857
3900 Unrestricted	6,567,493
3000 Total Net Position	\$ 28,848,728

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

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

Data Control Codes	1 Expenses	Program Revenues		Net (Expense) Rev. & Changes in Net Position
		3 Charges for Services	4 Operating Grants and Contributions	6 Primary Gov. Governmental Activities
Primary Government:				
GOVERNMENTAL ACTIVITIES:				
11 Instruction	\$ 11,304,344	\$ 1,515,170	\$ 1,296,640	\$ (8,492,534)
12 Instructional Resources & Media Services	237,525	-	9,733	(227,792)
13 Curriculum & Staff Development	363,227	-	70,812	(292,415)
21 Instructional Leadership	278,019	-	101,289	(176,730)
23 School Leadership	977,733	-	44,466	(933,267)
31 Guidance/Counseling/Evaluation Services	827,126	-	253,763	(573,363)
33 Health Services	133,233	-	4,393	(128,840)
34 Student Transportation	719,203	-	27,469	(691,734)
35 Food Services	1,193,942	403,107	22,773	(768,062)
36 Extracurricular Activities	983,869	402,030	159,816	(422,023)
41 General Administration	753,024	8,177	40,458	(704,389)
51 Plant Maintenance and Operations	2,479,780	-	53,040	(2,426,740)
52 Security and Monitoring Services	60,069	-	422	(59,647)
53 Data Processing Services	136,051	-	5,060	(130,991)
61 Community Services	3,790	-	276	(3,514)
93 Payments to Fiscal Agent/Member Dist. of SSA	1,721,038	-	740,134	(980,904)
99 Other Intergovernmental Charges	227,864	-	-	(227,864)
TP TOTAL PRIMARY GOVERNMENT:	<u>\$ 22,399,837</u>	<u>\$ 2,328,484</u>	<u>\$ 2,830,544</u>	<u>(17,240,809)</u>
General Revenues:				
Taxes:				
MT Property Taxes, Levied for General Purposes				10,854,420
DT Property Taxes, Levied for Debt Service				2,296
SF State Aid - Formula Grants				4,476,312
GC Grants and Contributions, not Restricted				893,470
IE Investment Earnings				116,082
MI Miscellaneous Local and Intermediate Revenue				22,897
Total General Revenues				<u>16,365,477</u>
S1 Gain on Sale of Capital Assets				1,800
TR Total General Revenues and Special Item				<u>16,367,277</u>
CN Change in Net Position				(873,532)
NB Net Position -- Beginning				29,722,260
NE Net Position -- Ending				<u>\$ 28,848,728</u>

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

FUND BASIS FINANCIAL STATEMENTS

LA GRANGE INDEPENDENT SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
AUGUST 31, 2016

Data Control Codes	10 General Fund	30 Shared Services Arrangement IDEA-Part B, Formula	40 Shared Services Arrangement Special Education
ASSETS			
1110 Cash and Cash Equivalents	\$ 100,543	\$ -	\$ 254,460
1120 Investments - Current	4,695,152	-	364,646
1220 Property Taxes - Delinquent	567,679	-	-
1230 Allowance for Uncollectible Taxes (Credit)	(56,768)	-	-
1240 Due from Other Governments	763,032	544,610	-
1260 Due from Other Funds	637,331	-	532,548
1000 Total Assets	<u>\$ 6,706,969</u>	<u>\$ 544,610</u>	<u>\$ 1,151,654</u>
LIABILITIES			
2110 Accounts Payable	\$ 16,498	\$ 1,000	\$ 2,843
2150 Payroll Ded. and Withholdings Payable	31,907	-	-
2160 Accrued Wages Payable	471,939	28,853	41,846
2170 Due to Other Funds	327,185	514,757	220,822
2180 Due to Other Governments	-	-	-
2200 Accrued Expenditures	4,576	-	-
2300 Unearned Revenues	-	-	-
2000 Total Liabilities	<u>852,105</u>	<u>544,610</u>	<u>265,511</u>
DEFERRED INFLOWS OF RESOURCES			
2600 Deferred Inflows	510,911	-	-
Total Deferred Inflows of Resources	<u>510,911</u>	<u>-</u>	<u>-</u>
FUND BALANCES			
Nonspendable:			
3425 Endowment Principal	-	-	-
Restricted for:			
3450 Federal or State Funds Restricted	-	-	-
3470 Capital Acq. and Contractual Oblig.	-	-	-
3480 Retirement of Long-Term Debt	-	-	-
3490 Other Restricted Fund Balance	-	-	-
Committed for:			
3510 Construction	-	-	-
3545 Other Committed Fund Balance	-	-	-
Assigned for:			
3590 Other Assigned Fund Balance	2,380,000	-	-
3600 Unassigned Fund Balance	2,963,953	-	886,143
3000 Total Fund Balances	<u>5,343,953</u>	<u>-</u>	<u>886,143</u>
4000 Total Liabilities, Deferred Inflows, and Fund Balances	<u>\$ 6,706,969</u>	<u>\$ 544,610</u>	<u>\$ 1,151,654</u>

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

60		98	
Capital Projects Funds	Other Funds	Total Governmental Funds	
\$ 409,990	\$ 392,128	\$ 1,157,121	
718,050	533,427	6,311,275	
-	11,315	578,994	
-	(1,132)	(57,900)	
-	331,565	1,639,207	
259,893	56,801	1,486,573	
<u>\$ 1,387,933</u>	<u>\$ 1,324,104</u>	<u>\$ 11,115,270</u>	
\$ -	\$ 6,250	\$ 26,591	
-	-	31,907	
-	38,330	580,968	
-	423,809	1,486,573	
-	1,256	1,256	
-	-	4,576	
-	7,959	7,959	
<u>-</u>	<u>477,604</u>	<u>2,139,830</u>	
-	10,184	521,095	
-	10,184	521,095	
-	309,516	309,516	
-	155,006	155,006	
58,054	-	58,054	
-	4,373	4,373	
-	159,287	159,287	
1,329,879	-	1,329,879	
-	208,134	208,134	
-	-	2,380,000	
-	-	3,850,096	
<u>1,387,933</u>	<u>836,316</u>	<u>8,454,345</u>	
<u>\$ 1,387,933</u>	<u>\$ 1,324,104</u>	<u>\$ 11,115,270</u>	

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

		1
Total Fund Balances - Governmental Funds	\$	8,454,345
¹ Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in the governmental funds.		
Governmental capital assets	\$	35,036,685
Less accumulated depreciation	<u>(13,451,870)</u>	21,584,815
² Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.		
Net pension liability	<u>(3,522,495)</u>	(3,522,495)
³ Deferred outflows and inflows of resources related to pensions are applicable to future periods and, therefore, are not reported in the funds.		
Deferred outflows of resources related to pensions	2,377,434	
Deferred inflows of resources related to pensions	<u>(566,466)</u>	1,810,968
⁴ Property taxes are recognized as revenue in the governmental funds when collected, but recognized on the Statement of Activities in the year levied. Therefore, property taxes receivable, net of allowance for uncollectible accounts, is added to the Statement of Net Position for governmental activities.		
		521,095
¹⁹ Net Position of Governmental Activities	<u>\$</u>	<u>28,848,728</u>

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

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

Data Control Codes	10 General Fund	30 Shared Services Arrangement IDEA-Part B, Formula	40 Shared Services Arrangement Special Education
REVENUES:			
5700 Local and Intermediate Sources	\$ 11,470,541	\$ -	\$ 1,127,381
5800 State Program Revenues	5,144,337	-	30,611
5900 Federal Program Revenues	310,032	746,064	-
5020 Total Revenues	<u>16,924,910</u>	<u>746,064</u>	<u>1,157,992</u>
EXPENDITURES:			
0011 Instruction	8,856,640	260,957	347,548
0012 Instructional Resources & Media Services	207,938	-	-
0013 Curriculum & Instructional Staff Development	225,822	15,443	2,314
0021 Instructional Leadership	112,154	-	119,504
0023 School Leadership	848,121	-	-
0031 Guidance, Counseling & Evaluation Services	411,028	30,757	220,143
0033 Health Services	110,507	-	-
0034 Student (Pupil) Transportation	836,239	-	-
0035 Food Services	-	-	-
0036 Cocurricular/Extracurricular Activities	713,433	-	-
0041 General Administration	654,248	-	23,570
0051 Plant Maintenance and Operations	2,152,488	-	3,000
0052 Security and Monitoring Services	41,557	-	-
0053 Data Processing Services	118,546	-	-
0061 Community Services	-	-	-
0081 Facilities Acquisition and Construction	-	-	-
0093 Payments to Fiscal Agent/Member Dist. of SSA	555,724	438,907	595,227
0099 Other Intergovernmental Charges	212,872	-	-
6030 Total Expenditures	<u>16,057,317</u>	<u>746,064</u>	<u>1,311,306</u>
1100 Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>867,593</u>	<u>-</u>	<u>(153,314)</u>
OTHER FINANCING SOURCES (USES):			
7912 Sale of Property	1,800	-	-
7915 Transfers In	10,000	-	-
8911 Transfers Out	(676,675)	-	-
7080 Total Other Financing Sources (Uses)	<u>(664,875)</u>	<u>-</u>	<u>-</u>
1200 Net Change in Fund Balance	202,718	-	(153,314)
0100 Fund Balance - Beginning	5,141,235	-	1,039,457
3000 Fund Balance - Ending	<u>\$ 5,343,953</u>	<u>\$ -</u>	<u>\$ 886,143</u>

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

60		98	
Capital Projects Funds	Other Funds	Total Governmental Funds	
\$ 28,783	\$ 706,583	\$ 13,333,288	
-	118,396	5,293,344	
-	1,272,148	2,328,244	
<u>28,783</u>	<u>2,097,127</u>	<u>20,954,876</u>	
-	580,848	10,045,993	
-	-	207,938	
-	68,313	311,892	
-	7,815	239,473	
-	-	848,121	
-	68,009	729,937	
-	-	110,507	
-	-	836,239	
-	1,107,946	1,107,946	
-	197,150	910,583	
-	-	677,818	
650	1,405	2,157,543	
-	600	42,157	
-	-	118,546	
-	393	393	
859,135	-	859,135	
-	17,947	1,607,805	
-	-	212,872	
<u>859,785</u>	<u>2,050,426</u>	<u>21,024,898</u>	
<u>(831,002)</u>	<u>46,701</u>	<u>(70,022)</u>	
-	-	1,800	
676,675	-	686,675	
-	(10,000)	(686,675)	
<u>676,675</u>	<u>(10,000)</u>	<u>1,800</u>	
<u>(154,327)</u>	<u>36,701</u>	<u>(68,222)</u>	
1,542,260	799,615	8,522,567	
<u>\$ 1,387,933</u>	<u>\$ 836,316</u>	<u>\$ 8,454,345</u>	

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

	Total Net Change in Fund Balances – Governmental Funds	\$	(68,222)
1	Governmental funds report the portion of capital outlay for capitalized assets as expenditures. However, in the Statement of Activities, the costs of those assets are allocated over their estimated useful lives as depreciation expense.		
	Expenditures for capitalized assets	\$	960,908
	Less current year depreciation	<u>(1,420,214)</u>	(459,306)
2	Property taxes are recognized as revenue in the governmental funds when collected but recognized on the Statement of Activities in the year levied. Therefore the uncollected amount of the current year levy is added to current year property tax revenue on the Statement of Activities.		(9,109)
3	Governmental funds report pension contributions as expenditures. However, pension contributions are reported as deferred outflows of resources on the Statement of Net Position if made after the net pension liability measurement date. In addition, the change in the net pension liability, adjusted for changes in deferred pension items, is reported as pension expense in the Statement of Activities. The following pension related items contributed to the difference between the current year change in fund balance and change in net position.		
	District's share of TRS pension expense	(334,632)	
	Amortization of deferred inflows and outflows from prior years	83,544	
	Contributions made after the measurement date	280,027	
	Other items affecting pension expense	<u>(365,834)</u>	(336,895)
19	Change in Net Position of Governmental Activities	<u>\$</u>	<u>(873,532)</u>

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

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

Data Control Codes	Budgeted Amounts		Actual	Variance With Final Budget
	Original	Final	Amounts (GAAP BASIS)	
REVENUES:				
5700 Local & Intermediate Sources	\$ 11,357,226	\$ 11,357,226	\$ 11,470,541	\$ 113,315
5800 State Program Revenues	4,244,889	4,244,889	5,144,337	899,448
5900 Federal Program Revenues	305,000	305,000	310,032	5,032
5020 Total Revenues	<u>15,907,115</u>	<u>15,907,115</u>	<u>16,924,910</u>	<u>1,017,795</u>
EXPENDITURES:				
0011 Instruction	8,719,531	8,919,538	8,856,640	62,898
0012 Instructional Resources & Media Services	232,412	232,412	207,938	24,474
0013 Curriculum and Staff Development	304,440	304,442	225,822	78,620
0021 Instructional Leadership	120,813	120,813	112,154	8,659
0023 School Leadership	848,159	848,159	848,121	38
0031 Guidance/Counseling/Evaluation Services	412,974	412,975	411,028	1,947
0033 Health Services	103,846	133,846	110,507	23,339
0034 Student Transportation	807,621	1,057,621	836,239	221,382
0036 Extracurricular Activities	674,569	749,570	713,433	36,137
0041 General Administration	597,172	747,173	654,248	92,925
0051 Facilities Maintenance & Operations	2,019,993	2,269,994	2,152,488	117,506
0052 Security and Monitoring Services	45,900	53,900	41,557	12,343
0053 Data Processing Services	162,146	162,147	118,546	43,601
0061 Community Services	25	25	-	25
Intergovernmental:				
0093 Payments to Fiscal Agent/Member Dist. of SSA	538,000	588,000	555,724	32,276
0099 Other Intergovernmental Charges	233,000	233,000	212,872	20,128
6030 Total Expenditures	<u>15,820,601</u>	<u>16,833,615</u>	<u>16,057,317</u>	<u>776,298</u>
1100 Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>86,514</u>	<u>(926,500)</u>	<u>867,593</u>	<u>1,794,093</u>
OTHER FINANCING SOURCES (USES):				
7912 Sale of Property	-	-	1,800	1,800
7915 Transfers In	-	-	10,000	10,000
8911 Transfers Out	-	(1,000,000)	(676,675)	323,325
7080 Total Other Financing Sources (Uses)	<u>-</u>	<u>(1,000,000)</u>	<u>(664,875)</u>	<u>335,125</u>
1200 Net Change in Fund Balances	86,514	(1,926,500)	202,718	2,129,218
0100 Fund Balance-September 1 (Beginning)	5,141,235	5,141,235	5,141,235	-
3000 Fund Balance-August 31 (Ending)	<u>\$ 5,227,749</u>	<u>\$ 3,214,735</u>	<u>\$ 5,343,953</u>	<u>\$ 2,129,218</u>

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

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

Data Control Codes	Agency Funds
ASSETS	
1110 Cash and Cash Equivalents	\$ 169,302
1000 Total Assets	<u>169,302</u>
LIABILITIES	
Current Liabilities:	
2190 Due to Student Groups	169,302
2000 Total Liabilities	<u>\$ 169,302</u>

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

NOTES TO THE FINANCIAL STATEMENTS

LA GRANGE INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2016

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

La Grange Independent School District (the "District") is a public educational agency operating under the applicable laws and regulations of the State of Texas. It is governed by a seven member Board of Trustees (the "Board") elected by registered voters of the District. The District prepares its basic financial statements in conformity with generally accepted accounting principles promulgated by the Governmental Accounting Standards Board (GASB) and other authoritative sources identified in *Statement on Auditing Standards No. 69* of the American Institute of Certified Public Accountants; and it complies with the requirements of the appropriate version of Texas Education Agency's *Financial Accountability System Resource Guide* (the "Resource Guide") and the requirements of contracts and grants of agencies from which it receives funds.

A. REPORTING ENTITY

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

B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

The Statement of Net Position and the Statement of Activities are government-wide financial statements. They report information on all of the La Grange Independent School District nonfiduciary activities with most of the interfund activities removed. *Governmental activities* include programs supported primarily by taxes, state foundation funds, grants and other intergovernmental revenues. *Business-type activities* include operations that rely to a significant extent on fees and charges for support.

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

Interfund activities between governmental funds and between governmental funds and proprietary funds appear as due to/due from's on the Governmental Fund Balance Sheet and Proprietary Fund Statement of Net Position and as other resources and other uses on the governmental fund Statement of Revenues, Expenditures and Changes in Fund Balance and on the Proprietary Fund Statement of Revenues, Expenses and Changes in Fund Net Position. All interfund transactions between governmental funds and between governmental funds and internal service funds are eliminated on the government-wide statements. Interfund activities between governmental funds and enterprise funds remain on the government-wide statements and appear on the government-wide Statement of Net Position as internal balances and on the Statement of Activities as interfund transfers. Interfund activities between governmental funds and fiduciary funds remain as due to/due from's on the government-wide Statement of Activities.

LA GRANGE INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2016

The fund financial statements provide reports on the financial condition and results of operations for three fund categories - governmental, proprietary, and fiduciary. Since the resources in the fiduciary funds cannot be used for District operations, they are not included in the government-wide statements. The District considers some governmental and enterprise funds major and reports their financial condition and results of operations in a separate column.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues result from providing goods and services in connection with a proprietary fund's principal ongoing operations; they usually come from exchange or exchange-like transactions. All other revenues are nonoperating. Operating expenses can be tied specifically to the production of the goods and services, such as materials and labor and direct overhead. Other expenses are nonoperating.

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

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

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

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

Revenues from local sources consist primarily of property taxes. Property tax revenues and revenues received from the State are recognized under the "susceptible to accrual" concept, that is, when they are both measurable and available. The District considers them "available" if they will be collected within 60 days of the end of the fiscal year. Miscellaneous revenues are recorded as revenue when received in cash because they are generally not measurable until actually received. Investment earnings are recorded as earned, since they are both measurable and available.

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

LA GRANGE INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2016

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

D. FUND ACCOUNTING

The District reports the following major governmental funds:

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

SSA IDEA-Part B, Formula Fund - The District accounts for its Colorado River Shared Services Arrangement (CRSSA) fiscal agent activities related to IDEA-Part B, Formula in this fund.

SSA Special Education Fund - The District accounts for its Colorado River Shared Services Arrangement (CRSSA) fiscal agent activities related to special education in this fund.

Capital Projects Funds- The revenues and expenditures related to authorized construction and other capital asset acquisitions are accounted for in a capital projects fund.

Additionally, the District reports the following fund types:

Governmental Funds:

Special Revenue Funds - The District accounts for resources restricted, committed, or assigned 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.

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

Permanent Fund - The District accounts for donations for which the donor has stipulated that the principal may not be expended and where the income may only be used for purposes that support the District's programs in a permanent fund.

Fiduciary Funds:

Agency Funds - The District accounts for resources held for others in a custodial capacity in agency funds. Student activity funds are accounted for using an agency fund.

LA GRANGE INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2016

E. OTHER ACCOUNTING POLICIES

1. Cash Equivalents

For purposes of the statement of cash flows for proprietary funds, the District considers highly liquid investments to be cash equivalents if they have a maturity of three months or less when purchased.

2. Inventories

The District does not report inventories of supplies for consumable maintenance, instructional, office, athletic, or transportation items due to the unused amount of these items being on hand at any given time being deemed immaterial.

3. Long-Term Debt

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method, unless the straight-line method is not materially different, in which case the straight-line method is used. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as expense in the year of issuance of the debt.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

4. Vacation and Sick Leave

It is the District's policy to permit some employees to accumulate earned but unused vacation and sick pay benefits. There is no liability for unpaid accumulated sick leave since the District does not have a policy to pay any amounts when employees separate from service with the district. Vacation pay is accrued when incurred in the government-wide, proprietary, and fiduciary fund financial statements if determined to be material at year end. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

LA GRANGE INDEPENDENT SCHOOL DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED AUGUST 31, 2016

5. Capital Assets

Capital assets, which include land, buildings, furniture and equipment are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the District as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

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

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

<u>Assets</u>	<u>Years</u>
Buildings	40
Building Improvements	20-30
Vehicles	8-10
Office Equipment	5-20
Computer Equipment	5

6. Fund Balances – Governmental Funds

Fund balances of the governmental funds are classified as follows:

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

Restricted Fund Balance represents amounts that are constrained by external parties, constitutional provisions or enabling legislation.

Committed Fund Balance represents amounts that can only be used for a specific purpose because of a formal action by the District's governing board. Committed amounts cannot be used for any other purpose unless the governing board removes those constraints by taking the same type of formal action. Committed fund balance amounts may be used for other purposes with appropriate due process by the governing board. Commitments are typically done through adoption and amendment of the budget. Committed fund balance amounts differ from restricted balances in that the constraints on their use do not come from outside parties, constitutional provisions, or enabling legislation.

LA GRANGE INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2016

Assigned Fund Balance represents amounts which the District intends to use for a specific purpose, but that do not meet the criteria to be classified as restricted or committed. Intent may be stipulated by the governing board or by an official or body to which the governing board delegates the authority. Specific amounts that are not restricted or committed in a special revenue, capital projects, debt service or permanent fund are assigned for purposes in accordance with the nature of their fund type or the fund's primary purpose. Assignments within the General Fund convey that the intended use of those amounts is for a specific purpose that is narrower than the general purposes of the District itself.

Unassigned Fund Balance represents amounts which are unconstrained in that they may be spent for any purpose. Only the General Fund reports a positive unassigned fund balance. Other governmental funds might report a negative balance in this classification because of overspending for specific purposes for which amounts had been restricted, committed or assigned.

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

7. Pensions

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

8. Risk Management

The District is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During fiscal year 2016, the District purchased commercial insurance to cover general liabilities. Employees of the District were covered during the year by a workers' compensation insurance plan, which is described within Section III of the Notes to the Financial Statements. There were no significant reductions in coverage in the past fiscal year, and no settlements exceeding insurance coverage for each of the past three fiscal years.

9. Data Control Codes

The Data Control Codes refer to the account code structure prescribed by the Texas Education Agency (TEA) in the *Financial Accountability System Resource Guide*. TEA requires school districts to display these codes in the financial statements filed with the TEA in order to ensure accuracy in building a state-wide data base for policy development and funding plans.

LA GRANGE INDEPENDENT SCHOOL DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED AUGUST 31, 2016

II. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. BUDGETARY DATA

The Board of Trustees adopts an "appropriated budget" for the General Fund, Child Nutrition Fund, and the Debt Service Fund. The District is required to present the adopted and final amended budgeted revenues and expenditures for each of these funds. The District compares the final amended budget to actual revenues and expenditures. The General Fund budget report appears as Exhibit C-3 and the other two budget reports appear as Exhibit J-4 and Exhibit J-5, respectively.

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

1. Prior to the end of each fiscal year, the District prepares a budget for the next succeeding fiscal year. The operating budget includes proposed expenditures and the means of financing them.
2. A meeting of the Board is then called for the purpose of adopting the proposed budget. At least ten days public notice of the meeting must be given.
3. Prior to the first day of the fiscal year, the budget is legally enacted through passage of a resolution by the Board. Once a budget is approved, it can only be amended at the function and fund level by approval of a majority of the members of the Board. Amendments are presented to the Board at its regular meetings. Each amendment must have Board approval. As required by law, such amendments are made before the fact, are reflected in the official minutes of the Board, and are not made after fiscal year end. Because the District has a policy of careful budgetary control, several amendments were necessary during the year. However, none of these were significant.
4. Each budget 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. A reconciliation of fund balances for both appropriated budget and nonappropriated budget special revenue funds is as follows:

Fund Balance - Special Revenue Funds	
Appropriated Budget Funds - Child Nutrition	\$ 132,680
Non-Appropriated Budget Funds - Advanced Placement Incentives	618
Non-Appropriated Budget Funds - Summer Feeding Program	3,316
Non-Appropriated Budget Funds - Permanent Scholarship Fund	468,185
Non-Appropriated Budget Funds - State Funded Special Rev. Funds	1,602
Non-Appropriated Budget Funds - SSA State/Local Funded	903,551
Non-Appropriated Budget Funds - Campus Activity Funds	208,134
All Special Revenue Funds	\$ 1,718,086

B. EXCESS OF EXPENDITURES OVER APPROPRIATIONS

There were no expenditures reported in excess of appropriations during the year in relation to any of the District's legally adopted budgets.

LA GRANGE INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2016

C. DEFICIT FUND EQUITY

The District had no funds with deficit fund equity at year end.

III. DETAILED NOTES ON ALL FUNDS

A. DEPOSITS AND INVESTMENTS

District Policies and Legal and Contractual Provisions Governing Deposits

The funds of the District must be deposited and invested under terms of a contract, contents of which are set out in Depository Contract Law. The depository bank places approved pledged securities for safekeeping and trust with the District's agency bank in an amount sufficient to protect District funds on a day-to-day basis during the period of the contract. The pledge of approved securities is waived only to the extent of the depository bank's dollar amount of Federal Deposit Insurance Corporation (FDIC) insurance.

At August 31, 2016, the carrying amount of the District's deposits (cash, certificates of deposit, and interest-bearing savings accounts) was \$1,326,423 and the bank balance was \$1,769,310. The District's combined deposits were fully insured at all times by federal depository insurance or collateralized with securities pledged to the District and held by the District's agent.

The following is disclosed regarding coverage of combined balances on the date of highest deposit:

- a. Depository: National Bank and Trust, Texas.
- b. The fair market value of collateral pledged to the District, as of the date of the highest combined balance on deposit was \$11,510,037.
- c. The largest combined balances of cash, savings, and time deposit accounts amounted to \$9,986,539. These balances occurred during the month of April 2016.
- d. The total amount of FDIC coverage at the time of the largest combined balance was \$250,000.
- e. The amount of unsecured deposits was \$-0-.

Custodial Credit Risk for Deposits

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

Foreign Currency Risk for Deposits

The District does not invest in securities relating to foreign currencies and therefore has no foreign currency risk.

LA GRANGE INDEPENDENT SCHOOL DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED AUGUST 31, 2016

District Policies and Legal and Contractual Provisions Governing Investments

The Public Funds Investment Act (Government Code Chapter 2256) contains specific provisions in the areas of investment practices, management reports, and establishment of appropriate policies. Among other things, it requires a governmental entity to adopt, implement, and publicize an investment policy. That policy must address the following areas: (1) safety of principal and liquidity, (2) portfolio diversification, (3) allowable investments, (4) acceptable risk levels, (5) expected rates of return, (6) maximum allowable stated maturity of portfolio investments, (7) maximum average dollar-weighted maturity allowed based on the stated maturity date for the portfolio, (8) investment staff quality and capabilities, (9) and bid solicitation preferences for certificates of deposit.

Statutes authorize the entity to invest in (1) obligations of the U.S. Treasury, certain U.S. agencies, and the State of Texas; (2) certificates of deposit, (3) certain municipal securities, (4) money market savings accounts, (5) repurchase agreements, (6) bankers acceptances, (7) mutual funds, (8) investment pools, (9) guaranteed investment contracts, (10) and common trust funds. The Act also requires the entity to have independent auditors perform test procedures related to investment practices as provided by the Act. La Grange Independent School District is in substantial compliance with the requirements of the Act and with local policies.

As of August 31, 2016, La Grange Independent School District had the following investments:

Investment Name	Investment Type	Maturity in Years				Recording Fund
		Less than 1	1-5	6-10	More Than 10	
National Bank & Trust	Certificate of Deposit	\$ 6,243,280	\$ -	\$ -	\$ -	199, 437, 479, 699
Lone Star	Investment Pools	66,787	-	-	-	199, 699
TexPool	Investment Pools	1,208	-	-	-	199, 240, 599, 699
Total Investments		<u>\$ 6,311,275</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	

Additional policies and contractual provisions governing investments for La Grange Independent School District are specified below:

Credit Risk

To limit the risk that an issuer or other counterparty to an investment will not fulfill its obligations, the District limits investments in the U.S. Government or the State of Texas or its agencies and instrumentalities, commercial paper, corporate bonds, and mutual bond funds to only ones with quality ratings issued by nationally recognized statistical rating organizations (NRSROs). As of August 31, 2016, the district's investments in TexPool and Lone Star were rated AAAM by Standard & Poor's.

Custodial Credit Risk for Investments

To limit the risk that, in the event of the failure of the counterparty to a transaction, a government will not be able to recover the value of investment or collateral securities that are in possession of an outside party the District requires counterparties to register the securities in the name of the district and hand them over to the District or its designated agent. This includes securities in securities lending transactions. All of the securities are in the District's name and held by the District or its agent.

LA GRANGE INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2016

Concentration of Credit Risk

To limit the risk of loss attributed to the magnitude of a government's investment in a single issuer, the District limits investments to less than 5% of its total investments. However, investments in local government investment pools are excluded from this 5% requirement due to the low-risk nature of the underlying investments within government investment pools.

Interest Rate Risk

To limit the risk that changes in interest rates will adversely affect the fair value of investments, the District requires that at least half of the investment portfolio to have maturities of less than one year on a weighted average maturity basis.

Foreign Currency Risk for Investments

The District does not invest in securities relating to foreign currencies and therefore has no foreign currency risk relating to investments.

B. PROPERTY TAXES

Property taxes are levied by October 1 on the assessed value listed as of the prior January 1 for all real and business personal property located in the District in conformity with Subtitle E, Texas Property Tax Code. Taxes are due on receipt of the tax bill and are delinquent and subject to interest if not paid before February 1st of the year following the year in which imposed. On June 30th of each year, a tax lien attaches to property to secure the payment of all taxes, penalties, and interest ultimately imposed. Property tax revenues are considered available (1) when they become due or past due and receivable within the current period and (2) when they are expected to be collected during a 60-day period after the close of the school fiscal year.

C. DELINQUENT TAXES RECEIVABLE

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

LA GRANGE INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2016

D. INTERFUND BALANCES AND TRANSFERS

Interfund balances at August 31, 2016, consisted of the following amounts:

	<u>Due From Other Funds</u>	<u>Due To Other Funds</u>
General Fund:		
General Fund	\$ 67,291	\$ 67,291
Special Revenue Funds	563,621	-
Debt Service Fund	6,419	-
Capital Projects Fund	-	259,893
Total General Fund	<u>637,331</u>	<u>327,184</u>
Special Revenue Funds:		
General Fund	-	563,621
Special Revenue Funds	589,349	589,349
Total Special Revenue Funds	<u>589,349</u>	<u>1,152,970</u>
Debt Service Fund:		
General Fund	-	6,419
Total Debt Service Fund	<u>-</u>	<u>6,419</u>
Capital Projects Fund		
General Fund	259,893	-
Total Capital Projects Fund	<u>259,893</u>	<u>-</u>
Grand Total	<u>\$ 1,486,573</u>	<u>\$ 1,486,573</u>

Interfund transfers for the year ended August 31, 2016, consisted of the following individual amounts:

The General Fund transferred \$676,675 to the Capital Projects Fund to provide additional resources for projects. The Debt Service Fund transferred \$10,000 to the General Fund related to residual collections/fund balance; the District is currently not servicing any debt and has not had an Interest & Sinking property tax levy in five years.

E. DISAGGREGATION OF RECEIVABLES AND PAYABLES

Receivables at August 31, 2016, were as follows:

	<u>Property Taxes (net)</u>	<u>Other Governments</u>	<u>Total Receivables</u>
Governmental Activities:			
General Fund	\$ 510,911	\$ 763,032	\$ 1,273,943
SSA - IDEA B, Formula	-	544,610	544,610
Other Governmental Funds	10,183	331,565	341,748
Total - Governmental Activities	<u>\$ 521,094</u>	<u>\$ 1,639,207</u>	<u>\$ 2,160,301</u>

LA GRANGE INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2016

Payables at August 31, 2016, were as follows:

	Accounts Payable	Salaries/ Benefits	Due to Other Govs.	Accrued Expenditures	Total Payables
Governmental Activities:					
General Fund	\$ 16,498	\$ 503,846	\$ -	\$ 4,576	\$ 524,920
SSA - IDEA B, Formula	1,000	28,853	-	-	29,853
SSA - Special Education	2,843	41,846	-	-	44,689
Other Governmental Funds	6,250	38,330	1,256	-	45,836
Total - Governmental Activities	<u>\$ 26,591</u>	<u>\$ 612,875</u>	<u>\$ 1,256</u>	<u>\$ 4,576</u>	<u>\$ 645,298</u>

F. CAPITAL ASSET ACTIVITY

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

	Beginning Balance 9/1/15	Additions	Retirements	Ending Balance 8/31/16
Governmental Activities:				
Land	\$ 1,364,395	\$ -	\$ -	\$ 1,364,395
Buildings and Improvements	29,106,584	688,765	-	29,795,349
Furniture and Equipment	3,615,748	272,143	(10,950)	3,876,941
Totals at Historical Cost	<u>34,086,727</u>	<u>960,908</u>	<u>(10,950)</u>	<u>35,036,685</u>
Less Accumulated Depreciation for:				
Buildings and Improvements	(9,381,951)	(1,222,938)	-	(10,604,889)
Furniture and Equipment	(2,660,655)	(197,276)	10,950	(2,846,981)
Total Accumulated Depreciation	<u>(12,042,606)</u>	<u>(1,420,214)</u>	<u>10,950</u>	<u>(13,451,870)</u>
Governmental Activities Capital Assets, Net	<u>\$22,044,121</u>	<u>\$ (459,306)</u>	<u>\$ -</u>	<u>\$21,584,815</u>

LA GRANGE INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2016

Depreciation expense was charged to governmental functions as follows:

Function	Depreciation Allocation
11 Instruction	\$ 707,508
12 Instructional Resources & Media	14,644
13 Curriculum & Staff Development	21,966
21 Instructional Leadership	16,865
23 School Leadership	59,731
31 Guidance/Counseling/Evaluation Services	51,407
33 Health Services	7,783
34 Student Transportation	58,894
35 Food Services	78,029
36 Cocurricular/Extracurricular Activities	64,130
41 General Administration	47,737
51 Plant Maintenance and Operations	151,949
52 Security and Monitoring Services	2,969
53 Data Processing Services	8,349
61 Community Services	28
93 Payments related to SSAs	113,233
99 Other Intergovernmental Charges	14,992
Totals	<u>\$ 1,420,214</u>

G. LONG-TERM OBLIGATIONS

Long-term obligations of the District are reflected in the government-wide financial statements. A summary of changes in general long-term debt for the year ended August 31, 2016 is as follows:

Description	Outstanding 9/1/15	Additions	Deletions	Outstanding 8/31/16
Other Long-Term Debt				
Net Pension Liability	\$ 1,328,010	\$ 2,194,485	\$ -	\$ 3,522,495
Grand Total Long-Term Debt	<u>\$ 1,328,010</u>	<u>\$ 2,194,485</u>	<u>\$ -</u>	<u>\$ 3,522,495</u>

LA GRANGE INDEPENDENT SCHOOL DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED AUGUST 31, 2016

H. DEFINED BENEFIT PENSION PLAN

Plan Description

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

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

Pension Plan Fiduciary Net Position

Detailed information about the Teacher Retirement System's fiduciary net position is available in a separately issued Comprehensive Annual Financial Report that includes financial statements and required supplementary information. That report may be obtained on the Internet at <http://www.trs.state.tx.us/about/documents/cafr.pdf#CAFR>; by writing to TRS at 1000 Red River Street, Austin, Texas, 78701-2698; or by calling (512) 542-6592. The information provided in the Notes to the Financial Statements in the 2014 Comprehensive Annual Financial Report for TRS provides the following information regarding the Pension Plan fiduciary net position as of August 31, 2015.

<u>Net Pension Liability</u>	<u>Total</u>
Total Pension Liability	\$ 163,887,375,172
Less: Plan Fiduciary Net Position	(128,538,706,212)
Net Pension Liability	<u>\$ 35,348,668,960</u>
 Net Position as a Percentage of Total Pension Liability	 78.43%

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 the date of employment, or if the member was grandfathered under a previous rule. There are no automatic post-employment benefit changes; including automatic cost-of-living-adjustments (COLAs). Ad hoc post-employment benefit changes, including ad hoc COLAs can be granted by the Texas Legislature as noted in the Plan description above.

LA GRANGE INDEPENDENT SCHOOL DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED AUGUST 31, 2016

Contributions

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

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

<u>Contribution Rates</u>	<u>2015</u>	<u>2016</u>
Member	6.7%	7.2%
Non-Employer Contributing Entity (State)	6.8%	6.8%
Employers	6.8%	6.8%
 <u>District Contribution Information</u>		
Employer Contribution	\$ 252,760	\$ 280,027
Member Contributions	791,287	848,455
State On-Behalf Contributions	688,315	557,485

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

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

- On the portion of the member's salary that exceeds the statutory minimum for members entitled to the statutory minimum under Section 21.402 of the Texas Education Code.
- During a new member's first 90 days of employment.
- When any part or all of an employee's salary is paid by federal funding sources, or a privately sponsored source.

LA GRANGE INDEPENDENT SCHOOL DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED AUGUST 31, 2016

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

Actuarial Assumptions

Valuation Date	August 31, 2015
Actuarial Cost Method	Individual Entry Age Normal
Asset Valuation Method	Market Value
Single Discount Rate	8.00%
Long-Term Expected Investment Rate of Return	8.00%
Inflation	2.5%
Salary Increases Including Inflation	3.5% to 9.5%
Payroll Growth Rate	2.5%
Benefit Changes During the Year	None
Ad hoc Post Employment Benefit Changes	None

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

Discount Rate

The discount rate used to measure the total pension liability was 8.0%. There was no change in the discount rate since the previous year. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and those of the contributing employers and the non-employer contributing entity are made at the statutorily required rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. The long-term rate of return on pension plan investments is 8%. The long-term expected rate of return on pension plan investments was determined using a building-block method in which best estimates ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of geometric real rates of return for each major asset class included in the systems target asset allocation as of August 31, 2015 are summarized below:

LA GRANGE INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2016

Asset Class	Target Allocation	Real Return Geometric Basis	Long-Term Expected Portfolio Real Rate of Return*
Global Equity			
U.S.	18%	4.6%	1.0%
Non-U.S. Developed	13%	5.1%	0.8%
Emerging Markets	9%	5.9%	0.7%
Directional Hedge Funds	4%	3.2%	0.1%
Private Equity	13%	7.0%	1.1%
Stable Value			
U.S. Treasuries	11%	0.7%	0.1%
Absolute Return	0%	1.8%	0.0%
Stable Value Hedge Funds	4%	3.0%	0.1%
Cash	1%	-0.2%	0.0%
Real Return			
Global Inflation Linked Bonds	3%	0.9%	0.0%
Real Assets	16%	5.1%	1.1%
Energy and Natural Resources	3%	6.6%	0.2%
Commodities	0%	1.2%	0.0%
Risk Parity			
Risk Parity	5%	6.7%	0.3%
Inflation Expectations			2.2%
Alpha			1.0%
Total	<u>100%</u>		8.7%

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

Discount Rate Sensitivity Analysis

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

	1% Decrease in Discount Rate (7.0%)	Discount Rate 8.0%	1% Increase in Discount Rate (9.0%)
District's Proportionate Share of the Net Pension Liability:	\$ 5,519,086	\$ 3,522,495	\$ 1,859,459

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

At August 31, 2016, La Grange Independent School District reported a liability of \$3,522,495 for its proportionate share of the TRS's net pension liability. This liability reflects a reduction for State pension support provided to La Grange Independent School District. The amount recognized by La Grange Independent School 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 La Grange Independent School District were as follows:

District's Proportionate Share of the Collective Net Pension Liability	\$ 3,522,495
State's Proportionate Share that is Associated with the District	<u>7,974,397</u>
Total	<u>\$ 11,496,892</u>

LA GRANGE INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2016

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

At August 31, 2015 the employer's proportion of the collective net pension liability was .009965% which was an increase of .0049933% percentage points from its proportion measured as of August 31, 2014.

Changes Since the Prior Actuarial Valuation

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

Economic Assumptions

1. The inflation assumption was decreased from 3.00% to 2.5%
2. The ultimate merit assumption for long-service employees was decreased from 1.25% to 1.00%
3. In accordance with the observed experience, there were small adjustments in the service-based promotional/longevity component of the salary scale
4. The payroll growth assumption was lowered from 3.5% to 2.5%

Mortality Assumptions

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

Other Demographic Assumptions

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

LA GRANGE INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2016

12. For members that become disabled in the future, it is assumed 20% of them will choose a 100% joint and survivor annuity option.

Actuarial Methods and Policies

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

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

For the measurement period August 31, 2015, La Grange Independent School District recognized pension expense of \$336,895 and revenue of \$1,136,223 for support provided by the State in the government-wide Statement of Activities.

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Economic Experience	\$ 17,081	\$ 135,373
Changes in Actuarial Assumptions	71,791	125,667
Difference Between Projected and Actual Investment Earnings	867,512	304,421
Changes in Proportion and Difference Between the Employer's Contributions and the Proportionate Share of Contributions	1,141,023	1,005
Contributions Paid to TRS Subsequent to the Measurement Date	280,027	-
Total	\$ 2,377,434	\$ 566,466

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

Year Ended 8/31:	Pension Expense Amount
2017	\$ 282,289
2018	282,289
2019	282,289
2020	383,762
2021	165,820
Thereafter	134,492

I. EMPLOYEE HEALTH CARE COVERAGE

For the year ended August 31, 2016, employees of the District were covered by a state-wide plan, TRS Active Care. The District paid premiums of \$222 per month per employee to the Plan with the State providing an additional \$75. Employees, at their option may authorize payroll withholdings to pay premiums for dependent coverage. The Teacher Retirement System of Texas (TRS) manages TRS Active Care. The Plan is administered by Aetna while Caremark was assigned the prescription drug plan.

LA GRANGE INDEPENDENT SCHOOL DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED AUGUST 31, 2016

J. RETIREE HEALTH CARE PLANS

1. TRS-Care

Plan Description

The District contributes to the Texas Public School Retired Employees Group Insurance Program (TRS-Care), a cost-sharing multiple-employer defined benefit postemployment health care plan administered by the Teacher Retirement System of Texas. TRS-Care 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 visiting the TRS website at www.trs.state.tx.us under the TRS Publications heading, by writing to the Communications Department of the Teacher Retirement System of Texas at 1000 Red River Street, Austin, Texas 78701, or by calling the TRS Communications Department at 1-800-223-8778.

Funding Policy

Contribution requirements are not actuarially determined but are legally established each biennium by the Texas Legislature. Texas Insurance Code, Sections 1575.202, 203, and 204 establish state, active employee, and public school contributions, respectively. Funding for free basic coverage is provided by the program based upon public school district payroll. Per Texas Insurance Code, Chapter 1575, the public school contribution may not be less than 0.25% or greater than 0.75% of the salary of each active employee of the public school. Funding for optional coverage is provided by those participants selecting the optional coverage. The State of Texas and active public school employee contribution rates were 1.0% and 0.65% of the public school payroll, respectively, with school districts contributing a percentage of payrolls set at 0.55% for fiscal years 2016, 2015, and 2014.

2. Medicare Part-D Subsidies

The Medicare Prescription Drug, Improvement, and Modernization Act of 2003, which was effective January 1, 2006, established prescription drug coverage for Medicare beneficiaries known as Medicare Part-D. One of the provisions of Medicare Part-D allows for the Texas Public School Retired Employee Group Insurance Program (TRS-Care) to receive retiree drug subsidy payments from the federal government to offset certain prescription drug expenditures for eligible TRS-Care participants.

A summary of the subsidy payments received by TRS-Care on behalf of the District for the last two fiscal years is as follows:

Fiscal Year	Medicare Part-D State On-Behalf Payments
2016	\$ 37,592
2015	40,361

LA GRANGE INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2016

K. UNEARNED REVENUE

Unearned revenue at August 31, 2016 consisted of the following amounts:

Fund	State Grants	Federal Grants	Total
Non-Major Governmental Funds	\$ 5,746	\$ 2,213	\$ 7,959
Total	<u>\$ 5,746</u>	<u>\$ 2,213</u>	<u>\$ 7,959</u>

L. DUE FROM STATE AGENCIES

The District participates in a variety of federal and state programs from which it receives grants to partially or fully finance certain activities. In addition, the District receives entitlements from the State through the School Foundation and Per Capita Programs. Amounts due from federal and state governments as of August 31, 2016, are summarized below. All federal grants shown below are passed through the TEA and are reported on the combined financial statements as Due from State Agencies.

Fund	State Entitlements	Federal Grants	Other Governments	Total
General Fund	\$ 744,900	\$ -	\$ 18,131	\$ 763,031
SSA - IDEA B, Formula	-	544,610	-	544,610
Non-Major Governmental Funds	35,979	295,436	151	331,566
Total	<u>\$ 780,879</u>	<u>\$ 840,046</u>	<u>\$ 18,282</u>	<u>\$ 1,639,207</u>

M. REVENUE FROM LOCAL AND INTERMEDIATE SOURCES

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

Type	General Fund	SSA Special Education	Capital Projects Fund	Non-Major Governmental Funds	Total
Property Taxes	\$ 10,863,529	\$ -	\$ -	\$ 2,296	\$ 10,865,825
Investment Income	93,685	7,526	8,783	6,089	116,083
Rent	8,177	-	-	-	8,177
Gifts	22,897	-	-	-	22,897
Food Sales	-	-	-	403,106	403,106
Athletics	195,938	-	-	-	195,938
Enterprising Revenues	-	-	-	206,092	206,092
Miscellaneous Local Revenue	286,315	1,119,855	20,000	89,000	1,515,170
Total	<u>\$ 11,470,541</u>	<u>\$ 1,127,381</u>	<u>\$ 28,783</u>	<u>\$ 706,583</u>	<u>\$ 13,333,288</u>

N. LITIGATION

As of year end, there was either no litigation pending against or no litigation meeting the requirements of disclosure.

LA GRANGE INDEPENDENT SCHOOL DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED AUGUST 31, 2016

O. SUBSEQUENT EVENTS

There were no subsequent events that occurred after year end meeting the requirements for disclosure.

P. COMMITMENTS AND CONTINGENCIES

The District participates in 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, refunds of any money received may be required and the collectability of any related receivable may be impaired. In the opinion of the District, there are no significant contingent liabilities relating to compliance with the rules and regulations governing the respective grants; therefore, no provision has been recorded in the accompanying basic financial statements for such contingencies.

Q. SHARED SERVICES ARRANGEMENT – FISCAL AGENT

Shared Services Arrangement - Fiscal Agent

During the year, the District was the fiscal agent for the Colorado River Shared Services Arrangement (CRSSA) which provides special education services to the students of the CRSSA’s member districts. All services are provided by the fiscal agent. The District also served as the fiscal agent for the County-Wide Alternative Education Shared Services Arrangement which provides an alternative education program for participating member district students. All services for this alternative education program were also provided by the fiscal agent.

The shared services arrangements grouped by accounting model are listed below:

<u>Model #1 SSAs</u>				
IDEA-Part B, Formula (Fund 313)			3 Member Districts	
IDEA-Part B, Preschool (Fund 314)			3 Member Districts	
<u>Model #3 SSAs</u>				
Special Education Cooperative (Fund 437)			3 Member Districts	
County-Wide Alternative Education Program (Fund 459)			4 Member Districts	
Member Districts	313 IDEA, Part B Formula	314 IDEA, Part B Preschool	437 Special Ed. Cooperative	459 Alternative Education
La Grange ISD	\$ 339,534	\$ 8,168	\$ 459,892	\$ 15,010
Smithville ISD	366,317	8,812	496,170	-
Fayetteville ISD	-	967	54,468	15,010
Round-Top-Carmine ISD	-	-	-	15,010
Schulenburg ISD	-	-	-	15,010
Flatonia ISD	40,213	-	-	15,010
Totals	<u>\$ 746,064</u>	<u>\$ 17,947</u>	<u>\$ 1,010,530</u>	<u>\$ 75,050</u>

REQUIRED SUPPLEMENTARY INFORMATION

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

	<u>2016</u>	<u>2015</u>
District's Proportion of the Net Pension Liability	0.00009965	0.000049717
District's Proportionate Share of the Net Pension Liability	\$ 3,522,495	\$ 1,328,010
State's Proportionate Share of the District Net Pension Liability	<u>7,974,397</u>	<u>7,109,562</u>
Total	<u>\$ 11,496,892</u>	<u>\$ 8,437,572</u>
District's Covered-Employee Payroll	\$ 11,798,094	\$ 11,820,897
District's Proportionate Share of the Net Pension Liability as a percentage of its covered-employee payroll	29.9%	11.2%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	78.43%	83.25%

LA GRANGE INDEPENDENT SCHOOL DISTRICT
 SCHEDULE OF DISTRICT CONTRIBUTIONS –
 TEACHER RETIREMENT SYSTEM
 FOR THE YEAR ENDED AUGUST 31, 2016

	2016	2015
Contractually Required Contribution	\$ 280,027	\$ 252,760
Contribution in Relation to the Contractually Required Contribution	<u>(280,027)</u>	<u>(252,760)</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>
District's Covered-Employee Payroll	\$ 11,798,094	\$ 11,820,897
Contributions as a Percentage of Covered-Employee Payroll	2.4%	2.1%

LA GRANGE INDEPENDENT SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED AUGUST 31, 2016

Changes of benefit terms.

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

Changes of assumptions.

The following are changes to the actuarial assumptions or other inputs that affected the measurement of the total pension liability since the prior measurement period.

Economic Assumptions

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

Mortality Assumptions

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

Other Demographic Assumptions

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

Actuarial Methods and Policies

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

COMBINING SCHEDULES

LA GRANGE INDEPENDENT SCHOOL DISTRICT
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED AUGUST 31, 2016

Data Control Codes	211 ESEA, Title I, Part A	224 IDEA-Part B, Formula	225 IDEA-Part B, Preschool	240 National Breakfast and Lunch Program	242 Summer Feeding Program, TDA
ASSETS					
1110 Cash and Cash Equivalents	\$ 35,062	\$ -	\$ -	\$ 59,680	\$ -
1120 Investments - Current	-	-	-	65,201	-
1220 Property Taxes - Delinquent	-	-	-	-	-
1230 Allowance for Uncollectible Taxes (Credit)	-	-	-	-	-
1240 Due from Other Governments	35,637	195,812	8,974	25,897	7,471
1260 Due from Other Funds	-	-	-	4,739	584
1000A Total Assets	<u>\$ 70,699</u>	<u>\$ 195,812</u>	<u>\$ 8,974</u>	<u>\$ 155,517</u>	<u>\$ 8,055</u>
LIABILITIES					
2110 Accounts Payable	\$ -	\$ -	\$ -	\$ 8,330	\$ -
2160 Accrued Wages Payable	17,861	-	-	2,231	-
2170 Due to Other Funds	52,838	195,812	8,974	12,276	4,739
2180 Due to Other Governments	-	-	-	-	-
2300 Unearned Revenues	-	-	-	-	-
2000 Total Liabilities	<u>70,699</u>	<u>195,812</u>	<u>8,974</u>	<u>22,837</u>	<u>4,739</u>
DEFERRED INFLOWS OF RESOURCES					
2600 Unavailable Revenue	-	-	-	-	-
Total Deferred Inflows of Resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES					
Nonspendable:					
3425 Endowment Principal	-	-	-	-	-
Restricted for:					
3450 Federal or State Funds Restricted	-	-	-	132,680	3,316
3480 Retirement of Long-Term Debt	-	-	-	-	-
3490 Other Restricted Fund Balance	-	-	-	-	-
Committed for:					
3545 Other Committed Fund Balance	-	-	-	-	-
3000 Total Fund Balances	<u>-</u>	<u>-</u>	<u>-</u>	<u>132,680</u>	<u>3,316</u>
4000 Total Liab., Def. Inflows, and Fund Balances	<u>\$ 70,699</u>	<u>\$ 195,812</u>	<u>\$ 8,974</u>	<u>\$ 155,517</u>	<u>\$ 8,055</u>

255	263	289	314	385	397	410	429
ESEA, Title II, Part A	Title III, Part A	Federally Funded SRF, LEP Summer School	Services Arrangements- IDEA-Part B, Preschool	State Supplemental Visually Impaired	Advanced Placement Incentives	State Textbook Fund	State Funded SRF, Literacy Achievement Academies
\$ 54,184	\$ 6,354	\$ 2,213	\$ 1,304	\$ -	\$ 618	\$ -	\$ 7,348
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	3,697	-	17,947	-	-	18,679	-
-	-	-	-	-	-	-	-
<u>\$ 54,184</u>	<u>\$ 10,051</u>	<u>\$ 2,213</u>	<u>\$ 19,251</u>	<u>\$ -</u>	<u>\$ 618</u>	<u>\$ 18,679</u>	<u>\$ 7,348</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
9,216	-	-	-	-	-	-	-
44,968	10,051	-	17,995	-	-	18,679	-
-	-	-	1,256	-	-	-	-
-	-	2,213	-	-	-	-	5,746
<u>54,184</u>	<u>10,051</u>	<u>2,213</u>	<u>19,251</u>	<u>-</u>	<u>-</u>	<u>18,679</u>	<u>5,746</u>
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	1,602
-	-	-	-	-	-	-	-
-	-	-	-	-	618	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	618	-	1,602
<u>\$ 54,184</u>	<u>\$ 10,051</u>	<u>\$ 2,213</u>	<u>\$ 19,251</u>	<u>\$ -</u>	<u>\$ 618</u>	<u>\$ 18,679</u>	<u>\$ 7,348</u>

LA GRANGE INDEPENDENT SCHOOL DISTRICT
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED AUGUST 31, 2016

Data Control Codes	459 Services Arrangements- State/Local Funded	461 Campus Activity Funds	479 Permanent Fund	599 Debt Service Fund	Total Non- Major Governmental Funds	
ASSETS						
1110	Cash and Cash Equivalents	\$ 19,825	\$ 205,539	\$ -	\$ 1	\$ 392,128
1120	Investments - Current	-	-	468,185	41	533,427
1220	Property Taxes - Delinquent	-	-	-	11,315	11,315
1230	Allowance for Uncollectible Taxes (Credit)	-	-	-	(1,132)	(1,132)
1240	Due from Other Governments	17,300	-	-	151	331,565
1260	Due from Other Funds	40,378	500	-	10,600	56,801
1000A	Total Assets	<u>\$ 77,503</u>	<u>\$ 206,039</u>	<u>\$ 468,185</u>	<u>\$ 20,976</u>	<u>\$ 1,324,104</u>
LIABILITIES						
2110	Accounts Payable	\$ 15	\$ (2,095)	\$ -	\$ -	\$ 6,250
2160	Accrued Wages Payable	9,022	-	-	-	38,330
2170	Due to Other Funds	51,058	-	-	6,419	423,809
2180	Due to Other Governments	-	-	-	-	1,256
2300	Unearned Revenues	-	-	-	-	7,959
2000	Total Liabilities	<u>60,095</u>	<u>(2,095)</u>	<u>-</u>	<u>6,419</u>	<u>477,604</u>
DEFERRED INFLOWS OF RESOURCES						
2600	Unavailable Revenue	-	-	-	10,184	10,184
	Total Deferred Inflows of Resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>10,184</u>	<u>10,184</u>
FUND BALANCES						
Nonspendable:						
3425	Endowment Principal	-	-	309,516	-	309,516
Restricted for:						
3450	Federal or State Funds Restricted	17,408	-	-	-	155,006
3480	Retirement of Long-Term Debt	-	-	-	4,373	4,373
3490	Other Restricted Fund Balance	-	-	158,669	-	159,287
Committed for:						
3545	Other Committed Fund Balance	-	208,134	-	-	208,134
3000	Total Fund Balances	<u>17,408</u>	<u>208,134</u>	<u>468,185</u>	<u>4,373</u>	<u>836,316</u>
4000	Total Liab., Def. Inflows, and Fund Balances	<u>\$ 77,503</u>	<u>\$ 206,039</u>	<u>\$ 468,185</u>	<u>\$ 20,976</u>	<u>\$ 1,324,104</u>

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

Data Control Codes	211	224	225	240	242
	ESEA, Title I, Part A	IDEA-Part B, Formula	IDEA-Part B, Preschool	National Breakfast and Lunch Program	Summer Feeding Program, TDA
REVENUES:					
5700 Local and Intermediate Sources	\$ -	\$ -	\$ -	\$ 403,278	\$ -
5800 State Program Revenues	-	-	-	28,663	-
5900 Federal Program Revenues	264,545	195,812	8,974	655,155	32,988
5020 Total Revenues	264,545	195,812	8,974	1,087,096	32,988
EXPENDITURES:					
0011 Instruction	199,252	127,803	8,974	-	-
0013 Curriculum & Instructional Staff Dev.	65,293	-	-	-	-
0021 Instructional Leadership	-	-	-	-	-
0031 Guidance, Counseling & Evaluation Svcs.	-	68,009	-	-	-
0035 Food Services	-	-	-	1,077,690	30,256
0036 Cocurricular/Extracurricular Activities	-	-	-	-	-
0051 Plant Maintenance and Operations	-	-	-	-	-
0052 Security and Monitoring Services	-	-	-	-	-
0061 Community Services	-	-	-	-	-
0093 Pmts. to Fiscal Agent/Member Dist. of SSA	-	-	-	-	-
6030 Total Expenditures	264,545	195,812	8,974	1,077,690	30,256
1100 Excess (Deficiency) of Revenues Over (Under) Expenditures	-	-	-	9,406	2,732
OTHER FINANCING SOURCES (USES):					
8911 Transfers Out	-	-	-	-	-
7080 Total Other Financing Sources (Uses)	-	-	-	-	-
1200 Net Change in Fund Balance	-	-	-	9,406	2,732
0100 Fund Balance - Beginning	-	-	-	123,274	584
3000 Fund Balance - Ending	\$ -	\$ -	\$ -	\$ 132,680	\$ 3,316

255	263	289	314	385	397	410	429
ESEA, Title II, Part A	Federally Funded SRF, LEP S		Shared Services Arrangements- IDEA-Part B, Preschool	State Supplemental Visually Impaired	Advanced Placement Incentives	State Textbook Fund	State Funded SRF, Literacy Achivement Academies
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	2,475	-	83,801	-
73,204	22,410	1,113	17,947	-	-	-	-
73,204	22,410	1,113	17,947	2,475	-	83,801	-
73,204	11,662	1,113	-	2,475	-	83,801	-
-	2,540	-	-	-	-	-	-
-	7,815	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	393	-	-	-	-	-	-
-	-	-	17,947	-	-	-	-
73,204	22,410	1,113	17,947	2,475	-	83,801	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	618	-	1,602
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 618	\$ -	\$ 1,602

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

Data Control Codes	459 Shared Services Arrangements- State/Local Funded	461 Campus Activity Funds	479 Permanent Fund	599 Debt Service Fund	Total Non- Major Governmenta l Funds
REVENUES:					
5700 Local and Intermediate Sources	\$ 89,000	\$ 206,092	\$ 5,734	\$ 2,479	\$ 706,583
5800 State Program Revenues	3,457	-	-	-	118,396
5900 Federal Program Revenues	-	-	-	-	1,272,148
5020 Total Revenues	<u>92,457</u>	<u>206,092</u>	<u>5,734</u>	<u>2,479</u>	<u>2,097,127</u>
EXPENDITURES:					
0011 Instruction	72,564	-	-	-	580,848
0013 Curriculum & Instructional Staff Dev.	480	-	-	-	68,313
0021 Instructional Leadership	-	-	-	-	7,815
0031 Guidance, Counseling & Evaluation Svcs.	-	-	-	-	68,009
0035 Food Services	-	-	-	-	1,107,946
0036 Cocurricular/Extracurricular Activities	-	197,150	-	-	197,150
0051 Plant Maintenance and Operations	1,405	-	-	-	1,405
0052 Security and Monitoring Services	600	-	-	-	600
0061 Community Services	-	-	-	-	393
0093 Pmts. to Fiscal Agent/Member Dist. of SSA	-	-	-	-	17,947
6030 Total Expenditures	<u>75,049</u>	<u>197,150</u>	<u>-</u>	<u>-</u>	<u>2,050,426</u>
1100 Excess (Deficiency) of Revenues Over (Under) Expenditures	17,408	8,942	5,734	2,479	46,701
OTHER FINANCING SOURCES (USES):					
8911 Transfers Out	-	-	-	(10,000)	(10,000)
7080 Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>(10,000)</u>	<u>(10,000)</u>
1200 Net Change in Fund Balance	17,408	8,942	5,734	(7,521)	36,701
0100 Fund Balance - Beginning	-	199,192	462,451	11,894	799,615
3000 Fund Balance - Ending	<u>\$ 17,408</u>	<u>\$ 208,134</u>	<u>\$468,185</u>	<u>\$ 4,373</u>	<u>\$ 836,316</u>

TEA REQUIRED SCHEDULES

LA GRANGE INDEPENDENT SCHOOL DISTRICT
 SCHEDULE OF DELINQUENT TAXES RECEIVABLE
 FOR THE YEAR ENDED AUGUST 31, 2016

Last 10 Years Ended August 31,	1		2		3	
	Tax Rates				Assessed/Appraised Value for School Tax Purposes	
	Maintenance		Debt Service			
2007	Various		Various		Various	
2008	1.37000		0.06000		\$	865,890,067
2009	1.04000		0.05300			945,076,687
2010	1.04000		0.05300			922,919,000
2011	1.04000		0.01600			922,171,969
2012	1.04000		-			932,663,433
2013	1.04000		-			1,017,573,987
2014	1.04000		-			1,024,258,349
2015	1.04000		-			1,035,195,026
2016	1.04000		-			1,043,115,192
TOTALS						

10	20	31	32	40	50
Beginning Balance 9/1/15	Current Year's Total Levy	Maintenance Collections	Debt Service Collections	Entire Year's Adjustments	Ending Balance 8/31/16
\$ 231,807	\$ -	\$ 628	\$ 27	\$ (1,003)	\$ 230,149
9,197	-	412	18	(25)	8,742
7,842	-	589	30	140	7,363
18,009	-	2,245	114	235	15,885
13,184	-	2,648	41	372	10,867
16,278	-	7,099	-	1,487	10,666
41,215	-	12,967	-	1,256	29,504
75,427	-	34,888	-	2,636	43,175
145,151	-	76,764	-	(2,790)	65,597
-	10,848,398	10,607,538	-	(83,814)	157,046
<u>\$ 558,110</u>	<u>\$ 10,848,398</u>	<u>\$ 10,745,778</u>	<u>\$ 230</u>	<u>\$ (81,506)</u>	<u>\$ 578,994</u>

LA GRANGE INDEPENDENT SCHOOL DISTRICT
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
 BUDGET AND ACTUAL – CHILD NUTRITION PROGRAM
 FOR THE YEAR ENDED AUGUST 31, 2016

Data Control Codes	Budgeted Amounts		Actual	Variance With Final Budget	
	Original	Final	Amounts (GAAP BASIS)		
REVENUES:					
5700	Local & Intermediate Sources	\$ 506,475	\$ 506,475	\$ 403,277	\$ (103,198)
5800	State Program Revenues	34,000	34,000	28,664	(5,336)
5900	Federal Program Revenues	638,000	638,000	655,155	17,155
5020	Total Revenues	<u>1,178,475</u>	<u>1,178,475</u>	<u>1,087,096</u>	<u>(91,379)</u>
EXPENDITURES:					
0035	Food Services	1,178,475	1,178,475	1,077,690	100,785
6030	Total Expenditures	<u>1,178,475</u>	<u>1,178,475</u>	<u>1,077,690</u>	<u>100,785</u>
1100	Excess (Deficiency) of Revenues Over (Under) Expenditures	-	-	9,406	9,406
1200	Net Change in Fund Balances	-	-	9,406	9,406
0100	Fund Balance-September 1 (Beginning)	123,274	123,274	123,274	-
3000	Fund Balance-August 31 (Ending)	<u>\$ 123,274</u>	<u>\$ 123,274</u>	<u>\$ 132,680</u>	<u>\$ 9,406</u>

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

Data Control Codes	Budgeted Amounts		Actual	Variance With Final Budget
	Original	Final	Amounts (GAAP BASIS)	
REVENUES:				
5700 Local & Intermediate Sources	\$ -	\$ 10,000	\$ 2,479	\$ (7,521)
5020 Total Revenues	-	10,000	2,479	(7,521)
OTHER FINANCING SOURCES (USES):				
8911 Transfers Out	-	(10,000)	(10,000)	-
7080 Total Other Finance Sources (Uses)	-	(10,000)	(10,000)	-
1200 Net Change in Fund Balances	-	-	(7,521)	(7,521)
0100 Fund Balance-September 1 (Beginning)	11,894	11,894	11,894	-
3000 Fund Balance-August 31 (Ending)	\$ 11,894	\$ 11,894	\$ 4,373	\$ (7,521)

FEDERAL AWARDS SECTION



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

To the Board of Trustees of
La Grange Independent School District

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of La Grange Independent School District, as of and for the year ended August 31, 2016, and the related notes to the financial statements, which collectively comprise La Grange Independent School District's basic financial statements, and have issued our report thereon dated November 22, 2016.

Internal Control over Financial Reporting

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or 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 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 La Grange Independent School District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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

A handwritten signature in black ink that reads "Singleton, Clark & Company, PC". The signature is written in a cursive style and is set against a light gray rectangular background.

Singleton, Clark & Company, P.C.
Cedar Park, Texas

November 22, 2016



INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE AND INTERNAL CONTROL
FOR EACH MAJOR PROGRAM AS REQUIRED BY UNIFORM GUIDANCE AND
REPORT ON THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

To the Board of Trustees of
La Grange Independent School District

Report on Compliance for Each Major Federal Program

We have audited La Grange Independent School District's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of La Grange Independent School District's major federal programs for the year ended August 31, 2016. La Grange Independent School District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

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

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

Opinion on Each Major Federal Program

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

Report on Internal Control over Compliance

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

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis.

A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

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

Report on Schedule of Expenditures of Federal Awards Required by Uniform Guidance

We have audited the financial statements of La Grange Independent School District as of and for the year ended August 31, 2016, and have issued our report thereon dated November 22, 2016, which contained an unmodified opinion on those financial statements. Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditure of federal awards is fairly stated in all material respects in relation to the financial statements as a whole.



Singleton, Clark & Company, PC
Cedar Park, Texas

November 22, 2016

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

FEDERAL GRANTOR/ PASS-THROUGH GRANTOR/ PROGRAM OR CLUSTER TITLE	1 Federal CFDA Number	2a Pass-Through Entity Identifying Number	3 Federal Expenditures
U.S. DEPARTMENT OF EDUCATION			
<u>Passed Through Texas Education Agency:</u>			
ESEA-Title I, Part A	84.010A	15610101075902	\$ 264,545
IDEA-Part B, Formula*	84.027A	166600010759026000	195,812
IDEA-Part B, Preschool*	84.173A	156610010759026000	8,974
Title II, Part A, Improving Teacher Quality	84.367A	15694501075902	73,204
Title III, Part A, Language	84.365A	15671001075902	22,410
Federally Funded Special Revenue Funds (LEP Summer School)	84.365A	69551502	1,113
Shared Services Arrangements - IDEA-Part B, Formula*	84.027A	166600010759026000	746,064
Shared Services Arrangements - IDEA-Part B, Preschool*	84.173A	156610010759026000	17,947
Total Passed Through Texas Education Agency			1,330,069
TOTAL U.S. DEPARTMENT OF EDUCATION			1,330,069
U.S. DEPARTMENT OF AGRICULTURE			
<u>Passed Through Texas Education Agency:</u>			
School Breakfast Program*	10.553	71401601	118,936
National School Lunch Program - Cash Assistance*	10.555	71301601	468,496
Summer Food Service Program for Children*	10.559	16-075902	32,988
Total Passed Through Texas Education Agency			620,420
<u>Passed Through the Texas Department of Agriculture:</u>			
Non-Cash Assistance - Food Distribution Program*	10.555	16-075902	67,723
Total Passed Through Texas Department of Agriculture			67,723
TOTAL DEPARTMENT OF AGRICULTURE			688,143
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			
<u>Passed Through Texas Health and Human Services Commission:</u>			
Medical Assistance Program	93.778	16-075902	47,301
TOTAL EXPENDITURES OF FEDERAL AWARDS			\$ 2,065,513
School Health and Related Services (SHARS) Revenue - <i>Not considered Federal Financial Assistance</i>			\$ 262,731
TOTAL FEDERAL REVENUE PER THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE			\$ 2,328,244

* Clustered programs as defined in OMB Compliance Supplement 2016.

LA GRANGE INDEPENDENT SCHOOL DISTRICT
NOTES TO THE SCHEDULE OF FEDERAL AWARDS
FOR THE YEAR ENDED AUGUST 31, 2016

General – The accompanying schedule of expenditures of federal awards presents all federal expenditures of the La Grange Independent School District (the “District”).

Basis of Accounting – The expenditures on the accompanying schedule of expenditures of federal awards are presented using the modified accrual basis of accounting, with the exception of the National School Lunch Program, School Breakfast Program, and the Food Distribution Program. Under the modified accrual basis of accounting, revenue is recognized in the accounting period in which it becomes available and measurable, and expenditures in the accounting period in which the fund liability is incurred, if measurable. Expenditures in the National School Lunch Program, School Breakfast Program, and the Food Distribution Program are not specifically attributable to this revenue source and are shown on the accompanying schedule of expenditures of federal awards in an amount equal to revenue for balancing purposes only.

Relationship to the Basic Financial Statements – Expenditures of federal awards are reported in the District’s basic financial statements in special revenue funds.

Relationship to Federal Financial Reports – Amounts reported in the accompanying schedule of expenditures of federal awards agree with the amounts reported in the related federal financial reports in all significant respects.

Valuation of Non-cash Programs – The District values revenues and expenditures for the Food Distribution Program based on the value of commodities received.

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

SECTION I – SUMMARY OF AUDITOR’S RESULTS

FINANCIAL STATEMENTS

Type of auditor’s report issued: Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? Yes No
- Significant deficiencies identified that are not considered to be material weaknesses? Yes None reported

Noncompliance material to financial statements noted? Yes No

FEDERAL AWARDS

Internal control over major programs:

- Material weakness(es) identified? Yes No
- Significant deficiencies identified that are not considered to be material weaknesses? Yes None reported

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

National School Breakfast & Lunch Cluster	Unmodified
---	------------

Any audit findings disclosed that are required to be reported in accordance with the federal Uniform Guidance? Yes No

Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
10.553, 10.555, 10.559	National School Breakfast & Lunch Cluster

Dollar threshold used to distinguish Type A and Type B programs: \$750,000

Auditee qualified as low-risk auditee? Yes No

LA GRANGE INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (Continued)
FOR THE YEAR ENDED AUGUST 31, 2016

SECTION II – FINANCIAL STATEMENT FINDINGS

Findings Related to Financial Statements Which are Required to be Reported in Accordance with Government Auditing Standards:

No findings or questioned costs required to be reported in accordance with *Government Auditing Standards* for the years ended August 31, 2016 and 2015.

SECTION III – FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS

Findings Related to Federal Awards Which are Required to be Reported in Accordance with federal Uniform Guidance:

No findings or questioned costs required to be reported in accordance with federal Uniform Guidance for the years ended August 31, 2016 and 2015.

LA GRANGE INDEPENDENT SCHOOL DISTRICT
 SCHEDULE OF REQUIRED RESPONSES TO SELECTED SCHOOL FIRST INDICATORS
 FOR THE YEAR ENDED AUGUST 31, 2016

Data Control Codes		1 Responses
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 Fiancial 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 Comission (TWC), Internal Revenue Service (IRS), and other government agencies as applicable?	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 capital appreciation bonds included in the government-wide financial statements at fiscal year-end.	\$ -
SF11	Net Pension Assets (1920) at fiscal year-end	\$ -
SF12	Net Pension Liabilities (2540) at fiscal year-end	\$ 3,522,495
SF13	Pension Expense (6147) at fiscal year-end	\$ 336,895