

Agenda of Board Meeting
Charter Holder Corporate Board
South Texas Educational Technologies, Inc.

A Regular Meeting of the Charter Holder Corporate Board of South Texas Educational Technologies, Inc. will be held on Thursday, January 24, 2019 beginning at 6:30 PM at Horizon Montessori Public Schools 2402 E Business 83

Weslaco, TX 78596. The subjects to be discussed or considered or upon which any formal action may be taken are listed below. Items do not have to be taken in the order shown on this meeting notice.

1. Call to Order
2. Moment of Silence
3. Public Comments

Reasonable restraints on the number, length, and frequency of presentations are permissible. The board may limit the number of persons it will hear on a particular subject and the frequency with which they may appear, so long as the regulation does not abridge constitutionally guaranteed rights of freedom of speech and to petition, nor unfairly discriminate among views seeking expression. Atty. Gen. Op. H-188 (1973)

4. Consent Agenda:

A. Minutes of December 13, 2018

5. Superintendent's Report:

6. Information: none

7. Action Items:

A. Discuss and take appropriate action to dissolve agreement of \$500,000 Series 2018B taxable loan with Regions Bank.

8. Governance: none

9. Curriculum:

A. Information - Principal's School Reports

10. Items over \$5,000:

11. Finance:

A. Discuss and take appropriate action to approve 2017-2018 Annual Audit.

B. Information - Check Register for December 2018

12. Executive Session: none

13. Action, If Necessary on the Items Discussed in Closed Meeting:

14. Adjournment:

The Board of Trustees may, at anytime during this meeting, retire to executive session pursuant to §551.071 (2) of the Texas Government Code seek the advice of its attorney on any subject slated for discussion, where the duty of the attorney to the board of trustees under the Texas Disciplinary Rules of Professional Conduct of the State Bar of Texas clearly conflicts with the requirements of the Texas Open Meetings Act. At this meeting the Board of Trustees may receive information from, give information to, ask questions of, or receive questions from any third person, including an employee of the governmental body, about the public business items slated for discussion. The Board of Trustees may at anytime during this meeting elect to deliberate in open session on any matter, which is slated for discussion in executive session. The Board of Trustees will reconvene in open session to take appropriate action on any matter deliberated in executive session.

Alim U. Ansari

Superintendent

It is now ____ P.M. and this Board is retiring to executive session pursuant to the Texas Government Code 551.071.984, inclusive, of the Open Meetings Act.

Posted on:



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Minutes of Regular Meeting

The Board of Trustees Horizon Montessori Public Schools

A Regular Meeting of the Board of Trustees of Horizon Montessori Public Schools was held Thursday, December 13, 2018, beginning at 6:30 PM in the 2402 E Business 83, Weslaco, Texas.

1. Call to Order: at 6:32pm
2. Moment of Silence
3. Public Comments
Reasonable restraints on the number, length, and frequency of presentations are permissible. The board may limit the number of persons it will hear on a particular subject and the frequency with which they may appear, so long as the regulation does not abridge constitutionally guaranteed rights of freedom of speech and to petition, nor unfairly discriminate among views seeking expression. Atty. Gen. Op. H-188 (1973)
4. Consent Agenda:
 - A. Minutes of October 11, 2018: A motion was made by Dr. Quesada and seconded by Mrs. Saenz to approve minutes of October 11, 2018. A motion was passed unanimously.
 - B. Minutes of November 13, 2018: A motion was made by Dr. Quesada and seconded by Mrs. Saenz to approve minutes of November 13, 2018. A motion was passed unanimously.
5. Superintendent's Report: District benchmark given; Staff Development for areas needing improvement and looking at data; January Staff Development planning is in progress and starting with top down approach. Writing scores were low and strategies were given to teachers and Assistant Principals. Went over ARD process and how to breakdown data; Compared prior year benchmarks. Pearland still needs permits a lot of interest will hit the 800 stud.
6. Information:
7. Action Items:
 - A. Discuss and take appropriate action to approve Sprinkler System Contract for Weslaco Campus. A motion was made by Dr. Quesada and seconded by Mrs. Saenz to approve Sprinkler System Contract. A motion was passed unanimously.
 - B. Discuss and take appropriate action to approve Absolute Services Contract for PA System for Harlingen Campus. A motion was made by Dr. Quesada and seconded by Mrs. Saenz to approve Absolute Services Contract for PA System for Harlingen Campus. A motion was passed unanimously.

- C. Discuss and take appropriate action to approve deletion of check signer, R. Garcia and addition of check signer, A. De La Fuente for District Accounts Payable and Payroll. A motion was made by Dr. Hassan and seconded by Mrs. Saenz to approve deletion of check signer, R. Garcia and addition of check signer, A. De La Fuente for District Accounts Payable and Payroll. A motion was passed unanimously.
- D. Discuss and take appropriate action to approve SPED Mediation Agreement. A motion was made by Mrs. Saenz and seconded by Dr. Hassan to approve SPED Mediation Agreement. A motion was passed unanimously.
- 8. Governance: none
- 9. Curriculum:
 - A. Information - ESL Exam Reimbursement.
- 10. Discuss and take appropriate action to approve Textbook Adoption. A motion was made by Mrs. Saenz and seconded by Dr. Quesada to approve Textbook Adoption. A motion was passed unanimously.
- 11. Items over \$5,000:
- 12. Finance:
 - A. Information - Charter FIRST Report (FY 18)
 - B. Information - Audit Update
 - C. Information - Finance Summary November 2018
 - D. Information - Check Register for October & November 2018
- 13. Executive Session: Executive Session was called at 7:11pm.
- 14. Action, If Necessary on the Items Discussed in Closed Meeting:
- 15. Adjournment: A motion was made by Dr. Hassan and seconded by Dr. Quesada to adjourn meeting at 7:26pm . A motion was passed unanimously.

South Texas Educational Technologies, Inc.
Board of Directors of Governing Body of Charter School

Board Resolution

01/24/2019

Board of Trustees to dissolve agreement of \$500,000 Series 2018B taxable loan from Regions Bank.

Introduction and statement of intent:

Be it resolved that the Board of Trustees approve to dissolve agreement of \$500,000 Series 2018B taxable loan from Regions Bank.

Alim U. Ansari

Randall L. Summers

Sofia Kamal, J.D

Hassan Ahmad, Ph. D.

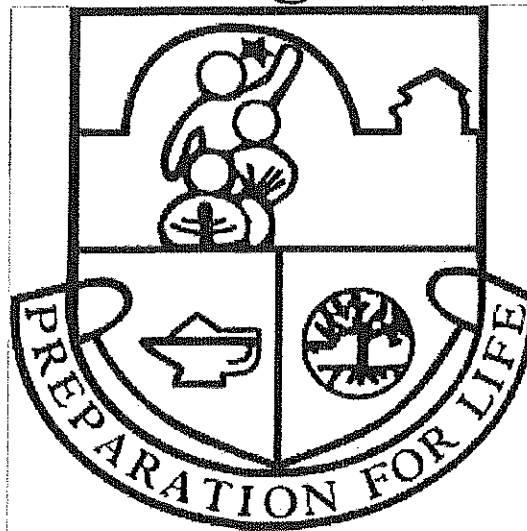
James O. Hayes, C.P.A.

Aurora Saenz

Patricia Quesada, Ed. D.

Date

South Texas Educational Technologies, Inc.



**Annual Financial Report
For the fiscal year ended
August 31, 2018**

**Raul Hernandez & Company, P.C.
CERTIFIED PUBLIC ACCOUNTANTS**

5402 Holly Rd. Suite 102 Corpus Christi, TX 78411 Office: (361) 980-0428 Fax: (361) 980-1002

SOUTH TEXAS EDUCATIONAL TECHNOLOGIES, INC
FINANCIAL STATEMENTS AND
INDEPENDENT AUDITORS' REPORT
For the Fiscal Year Ended August 31, 2018

SOUTH TEXAS EDUCATIONAL TECHNOLOGIES, INC.

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SOUTH TEXAS EDUCATIONAL TECHNOLOGIES, INC.
(COUNTY-DISTRICT NUMBER: 108-802)
CERTIFICATE OF BOARD

We, the undersigned, certify that the attached Annual Financial and Compliance Report of South Texas Educational Technologies, Inc. was reviewed and (check one)_____ approved disapproved for the year ended August 31, 2018, at a meeting of the governing body on the 24th day of January, 2019.

Signature of Board Secretary

Signature of Board President

NOTE: If the governing body of the charter holder does not approve the independent auditor's report, it must forward a written statement discussing the reason(s) for not approving the report.

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Raul Hernandez & Company, P. C.

Certified Public Accountants
5402 Holly Rd, Suite 102
Corpus Christi, Texas 78411
Office (361)980-0428 Fax (361)980-1002

INDEPENDENT AUDITORS' REPORT

Board of Directors
South Texas Educational Technologies, Inc.
Weslaco, Texas

Members of the Board of Directors:

Report on the Financial Statements

We have audited the accompanying financial statements of South Texas Educational Technologies, Inc. (a non-profit organization) which comprise the statement of financial position as of August 31, 2018 and the related statements of activities and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express an opinion 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 of 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 auditors' judgment, including 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 of the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of South Texas Educational Technologies, Inc. as of August 31, 2018, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Other Matters

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements of South Texas Educational Technologies, Inc., taken as a whole. The accompanying schedule of expenditures of federal awards, 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, along with the other supplementary information, is likewise presented for purposes of additional analysis and is not a required part of the basic 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 information is fairly stated, in all material respects, in relation to the financial statements taken as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated January 24, 2019, on our consideration of South Texas Educational Technologies, Inc.'s internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, 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 the 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 South Texas Educational Technologies, Inc.'s internal control over financial reporting and compliance.

Raal Hernandez & Company, P.C.

Corpus Christi, TX
January 24, 2019

FINANCIAL SECTION

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South Texas Educational Technologies, Inc.
Statement of Financial Position
August 31, 2018

Assets

Current assets:

Cash in bank	\$ 4,395,279
Certificate of deposit	279,540
Due from state	405,750
Inventories	5,652
Other assets	8,428
Total Current Assets	<u>5,094,649</u>

Fixed Assets:

Land	1,392,238
Building and improvements	9,881,009
Furniture and Equipment	991,335
Vehicles	520,959
Construction in Progress	37,828
Less: Accumulated Depreciation	<u>(2,429,938)</u>
Property and Equipment, net	<u>10,393,431</u>

Other Assets:

Restricted Cash	55,090
Bond Issuance (net of accumulated amortization)	<u>384,980</u>
Total Other Assets	<u>440,070</u>

Total Assets

\$ 15,928,150

Liabilities and Net Assets

Current liabilities:

Accounts payable	\$ 94,142
Accrued wages payable	84,506
Payroll liabilities payable	13,280
Accrued interest payable	13,103
Current portion of long-term debt	<u>624,424</u>
Total Current Liabilities	<u>829,455</u>

Long-term liabilities

Bond payable	5,195,593
Loan payable	2,291,924
Capital lease payable	<u>120,226</u>
Total Long-term liabilities	<u>7,607,743</u>

Total Liabilities

8,437,198

Net assets:

Unrestricted	2,262,837
Temporarily restricted	<u>5,228,115</u>
Total net assets	<u>7,490,952</u>

Total Liabilities and Net Assets

\$ 15,928,150

South Texas Educational Technologies, Inc
Statement of Activities
For the Fiscal Year Ended August 31, 2018

	Unrestricted	Temporarily Restricted	Total
REVENUE AND OTHER SUPPORT			
Local Support			
5740 Tuition, Rent and Afterschool	\$ 179,598	\$ -	\$ 179,598
5750 Food Sales	207,580	-	207,580
5748 Other Revenues from Local Sources-Locally Defined	-	-	-
5749 Other Revenues from Local Sources	-	-	-
Total local support	387,178	-	387,178
State Program Revenues			
5810 Foundation School Program	-	10,431,076	10,431,076
5820 State Program Revenues Distributed by the Texas Education Agency	-	4,785	4,785
5830 Revenues from Texas Government Agencies	-	-	-
Total State Program Revenue	-	10,435,861	10,435,861
Federal program revenues			
5920 Federal Revenues Distributed by the Texas Education Agency	-	1,852,522	1,852,522
5930 Federal Revenues Distributed Not by Texas Education Agency	-	274,785	274,785
Total Federal Program Revenue	-	2,127,307	2,127,307
Net assets released from restrictions: Restrictions satisfied by payments	10,906,549	(10,906,549)	-
Total Revenue and Other Support	11,293,727	1,656,619	12,950,346
EXPENSES			
11 Instruction	5,050,516	-	5,050,516
12 Instructional Resources and Media Services	70,592	-	70,592
13 Curriculum Development and Instructional Staff Development	18,174	-	18,174
21 Instructional Leadership	94,517	-	94,517
23 School Leadership	538,083	-	538,083
31 Guidance, Counseling, and Evaluation	157,289	-	157,289
33 Health Services	121,264	-	121,264
34 Transportation	-	-	-
35 Food Services	1,062,876	-	1,062,876
36 Cocurricular/Extracurricular Activities	159,304	-	159,304
41 General Administration	739,342	-	739,342
51 Plant Maintenance and Operations	2,286,938	-	2,286,938
52 Security and Monitoring Services	118,540	-	118,540
53 Data Processing	236,238	-	236,238
61 Community Services	217,012	-	217,012
71 Debt	350,224	-	350,224
81 Fund Raising	-	-	-
Total Expenses	11,220,909	-	11,220,909
CHANGE IN NET ASSETS	72,818	1,656,619	1,729,437
NET ASSETS BEGINNING OF YEAR	2,190,019	3,571,496	5,761,515
NET ASSETS END OF YEAR	\$ 2,262,837	\$ 5,228,115	\$ 7,490,952

South Texas Educational Technologies, Inc.
Statement of Cash Flows
For the Fiscal Year Ended August 31, 2018

Cash Flows From Operating Activities	
Change in Net Assets	\$ 1,729,437
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:	
Depreciation	399,579
(Increase) Decrease in:	
Due from State	(3,728)
(Increase) Decrease in:	
Inventories	4,783
Increase (Decrease) in:	
Other Assets	14,374
Accounts Payable	3,212
Accrued Wages Payable	(412,026)
Payroll Liabilities Payable	(10,098)
Accrued Expenses	-
Cash Flows From Operating Activities	<u>1,725,533</u>
Cash Flows From Investing Activities	
Purchase of fixed assets	<u>(2,319,251)</u>
	<u>(2,319,251)</u>
Cash Flows From Financing Activities	
Accrued Interest Payable	(19,083)
Issuance of Debt	2,339,832
Loan Issuance Cost	32,527
Principal Payments	<u>(497,411)</u>
	<u>1,855,865</u>
Net Increase (Decrease) in Cash	1,262,147
Cash at Beginning of Year	<u>3,467,762</u>
Cash at End of Year	<u>\$ 4,729,909</u>
Summary of Cash:	
Cash in Bank	4,395,279
Restricted Cash	55,090
Certificates of Deposit	279,540
Total Cash	<u>\$ 4,729,909</u>
Supplemental Information:	
Cash Paid for Interest	\$ 350,224

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NOTES TO FINANCIAL STATEMENTS

SOUTH TEXAS EDUCATIONAL TECHNOLOGIES, INC.

Notes to Financial Statements

For the Fiscal Year Ended August 31, 2018

NOTE 1 – ORGANIZATION

The South Texas Educational Technologies, Inc. (the Charter School's), which was established November 12, 1997, is a private, non-profit community-based organization exempt from taxation under 26 U.S.C., Section 501(c)(3). It operates as a single charter school.

The South Texas Educational Technologies, Inc (STET, Inc.) offers Montessori way of teaching in elementary schools. The Charter School operates under an open enrollment charter school granted by the Texas State Board of Education. The charter was issued for a period of ten years and it is renewed until year 2023. The South Texas Educational Technologies, Inc is part of the public school system of the state and is entitled to distribution from the State available school fund. The School provides educational services to students in grades K through 8th. The South Texas Educational Technologies, Inc. charter holder and charter school board members, officers and administration are in compliance with the education requirements as of August 31, 2018. On March 1, 2015 the Texas Education Agency approved the name of the charter from South Texas Educational Technologies, Inc. to utilize the DBA Horizon Montessori Public Schools for correspondence and reporting with the Texas Education Agency.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting system is organized under *Special Supplement to Financial Accounting and Reporting – Nonprofit Charter School Chart of Accounts*, a Module of the Texas Education Agency Financial Accountability Resource Guide. The significant accounting policies are as follows:

BASIS OF ACCOUNTING

The accompanying financial statements have been prepared using the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

BASIS OF PRESENTATION

In order to comply with accounting principles generally accepted in the United States of America, the Charter School must prepare financial statements in accordance with statements issued by the Financial Accounting Standards Board. The Financial Accounting Standards Board is the accepted standard setting body for establishing not-for-profit accounting and financial reporting principles.

The Charter School has adopted Statement of Financial Accounting Standards (SFAS) No. 117, *Financial Statement of Not-for-Profit Organizations*. In accordance with SFAS No. 117, net assets, revenues, expenses, gains and losses are classified based on the existence and nature or absence of donor imposed restrictions. Accordingly, net assets of the Charter School and changes therein are classified and reported as follows:

Unrestricted – net assets that are not subject to donor-imposed stipulations even though their use may be limited in other respects such as by contract or board designation.

SOUTH TEXAS EDUCATIONAL TECHNOLOGIES, INC.

Notes to Financial Statements

For the Fiscal Year Ended August 31, 2018

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Temporarily restricted – net assets subject to donor-imposed stipulations for specific purposes or time periods. When a purpose restriction is accomplished or a time restriction ends, temporarily restricted net assets are released to unrestricted net assets.

Permanently restricted – net assets required to be maintained in perpetuity due to donor-imposed restrictions. Investment return may be used to support general operations. The Charter School had no permanently restricted net assets as of August 31, 2018.

ESTIMATES

The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

CASH AND CASH EQUIVALENTS

For the purpose of the Statement of Cash Flows, cash and cash equivalents are comprised of cash on hand, in banks and certificates of deposit.

PROPERTY AND EQUIPMENT

In accordance with the Texas Education Agency-Resource Guide Supplement for Charter Schools, property and equipment are recorded at cost or, if donated, at the estimated fair market value on the date received, which is then treated as cost. Property and equipment with an individual cost of \$5,000 or more and an estimated useful life of greater than one year are capitalized. Expenditures for additions, major renewals and betterments are capitalized, and repairs and maintenance are charged to expense as incurred. Depreciation is provided for over the estimated useful lives of the assets on a straight line basis.

A summary of the range of lives by asset category follows:

Buildings and improvements	10 - 30 years
Leasehold improvements	5 - 10 years
Vehicles	5 years
Furniture and equipment	3 - 10 years

SOUTH TEXAS EDUCATIONAL TECHNOLOGIES, INC.

Notes to Financial Statements

For the Fiscal Year Ended August 31, 2018

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

REVENUES

Revenues from state's available school fund are based on reported attendance. Contributions received are recognized as revenue in the period received and are reported as either restricted or unrestricted support.

Governmental grant contracts are considered to be earned to the extent of expenses made under the provisions of the grant and accordingly, when such funds are received, they are recorded as deferred revenues until earned.

CONTRIBUTIONS

In accordance with Statement of Financial Accounting Standards (SFAS) No. 116, "Accounting for Contributions Received and Contributions Made", contributions are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence and/or nature of any donor restrictions. Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire in the reporting period in which the revenue is recognized. All other donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets, depending on the nature of the restrictions. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

DONATED SERVICES AND ASSETS

Donated goods and services that can be measured and meet certain other requirements are recorded in the financial statements as in-kind contributions and expenses of a like amount. Contributions of donated services are recorded at the estimated fair market value in the period received. Contributions of donated non-cash assets are recorded at the estimated fair market value in the period received.

PERSONAL LEAVE

All employees earn five days state sick leave per academic year and five local days of personal leave per year. However, employees may accumulate state sick leave days.

INCOME TAX STATUS

The Charter School is exempt from federal income taxes pursuant to Section 501(c)(3) of the Internal Revenue Code. The Internal Revenue Service has determined that the School is not a private foundation within the meaning of Section 509(a).

SOUTH TEXAS EDUCATIONAL TECHNOLOGIES, INC.

Notes to Financial Statements

For the Fiscal Year Ended August 31, 2018

NOTE 3 – CASH AND CASH EQUIVALENTS

Cash and cash equivalents consisted of the following at August 31:

	<u>2018</u>
Cash	\$ 4,395,279
Certificate of deposit and Money Market	279,540
Restricted Cash	<u>55,090</u>
Total	<u>\$ 4,729,909</u>

Restricted cash is a reserve for bonded debt payments.

NOTE 4 – CONCENTRATION OF CREDIT RISK

Financial instruments, which potentially subject the Charter School to concentrations of credit risk, as defined by Statement of Financial Accounting Standards (FASB) No. 105, consist principally of cash. The Charter School maintains its cash in a bank deposit account, which is insured up to 102% of its carry value. STET, has not experience any losses in such account.

NOTE 5 – INVESTMENTS

Investments are measured at fair value in accordance with SFAS 157 and consisted of the following at August 31:

	<u>2018</u>
Certificate of deposit, matures April 20,2019, 1.35%	\$ 279,498
Regions Money Market	42
Total	<u><u>\$ 279,540</u></u>

Interest income during the years ended August 31, 2018 was \$9,011.31.

SOUTH TEXAS EDUCATIONAL TECHNOLOGIES, INC.

Notes to Financial Statements

For the Fiscal Year Ended August 31, 2018

NOTE 6 – PROPERTY AND EQUIPMENT

A summary of changes in property and equipment during the year ended August 31, 2018 were as follows:

	Balance at Beginning of Year	Additions	Disposals and Transfers	Balance at End of Year
Land and Improvements	\$ 302,238	\$ 1,090,000	\$ -	\$ 1,392,238
Buildings & Improvements	8,971,009	910,000	-	9,881,009
Vehicles	334,534	193,913	(7,488)	520,959
Furniture and Equipments	869,741	146,794	(25,200)	991,335
Construction in Progress	37,828	-	-	37,828
Total	10,515,350	2,340,707	(32,688)	12,823,369
Less: Accumulated Depreciation	(2,030,359)	(399,579)		(2,429,938)
Total	\$ 8,484,991	\$ 1,941,128	\$ (32,688)	\$ 10,393,431

Depreciation expense for the year ended August 31, 2018 was \$399,579.

Capitalized property and equipment acquired with public funds received by the Charter School constitute public property pursuant to Chapter 12 of the Texas Educational Code. These assets are specifically identified on the Schedule of Capital Assets for Individual Charter School.

NOTE 7 – DEFINED BENEFIT PENSION PLAN

Plan Distribution

The Charter School contributes to the Teacher Retirement System of Texas (the System), a public employee retirement system. TRS is a cost-sharing, multiple employer defined pension plan with one exception: all risks and cost are not shared by the charter school, but are the liability of the State of Texas. The System provides service retirement and disability retirement benefits, and death benefits to plan members and beneficiaries. The System operates under the authority of provisions contained primarily in Texas Government code, title 8, Public Retirement Systems Subtitle C, Teacher Retirement System of Texas, which is subject to amendment by the Texas Legislature. The system's annual financial report and other required disclosure information are available by writing the Teacher Retirement System of Texas, 1000 Red River, Austin, Texas 78701-2698 or calling TRS at 1(800)877-0123.

SOUTH TEXAS EDUCATIONAL TECHNOLOGIES, INC.

Notes to Financial Statements

For the Fiscal Year Ended August 31, 2018

NOTE 7 – DEFINED BENEFIT PENSION PLAN (Continued)

Funding Policy

Under provision in State Law, plan members are required to contribute 7.70% of their annual covered salary and the State of Texas contributes an annual amount equal to 6.80% of the charter School's covered payroll. The charter school's employees' contributions to the system for the year ending August 31, 2018 were \$757,692.50 equal to the required contributions for the year. The Charter School was required to pay additional state contributions for the year ended August 31, 2018, in the amount of 1.50% totaling \$95,963.25.

Pension Disclosure

Plan Description

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

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

Name of Plan: Teacher Retirement System of Texas

Plan Number: N/A

Zone status: Unknown

1. Total Plan Assets	\$	165,379,342
2. Accumulated Benefit Obligations		179,336,534
3. The plan is 82,17% funded		

SOUTH TEXAS EDUCATIONAL TECHNOLOGIES, INC.

Notes to Financial Statements

For the Fiscal Year Ended August 31, 2018

NOTE 7 – DEFINED BENEFIT PENSION PLAN (Continued)

Benefits Provided

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

Contributions

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

SOUTH TEXAS EDUCATIONAL TECHNOLOGIES, INC.

Notes to Financial Statements

For the Fiscal Year Ended August 31, 2018

NOTE 7 – DEFINED BENEFIT PENSION PLAN (Continued)

Employee contribution rates are set in state statute, Texas Government Code 825.402. Senate Bill 1458 of the 83rd Texas Legislature amended Texas Government Code 825.402 for member contributions and established employee contribution rates for fiscal years 2014 thru 2017. It also added a 1.5% contribution for employers not paying Old Age Survivor and Disability Insurance (OASDI) on certain employees effective for fiscal year 2018 as discussed in Note 1 of the TRS 2014 CAFR. The 83rd Texas Legislature, General Appropriations Act (GAA) established the employer contribution rates for fiscal years 2017 and 2018.

Contribution Rates

	<u>2017</u>	<u>2018</u>
Member	7.2%	7.7%
Non-Employer Contributing Entity (State)	6.8%	6.8%
Employers	6.8%	6.8%

2018 Employer Contributions	\$ 95,963.25
2018 Member Contributions	\$ 757,692.50

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

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

SOUTH TEXAS EDUCATIONAL TECHNOLOGIES, INC.

Notes to Financial Statements

For the Fiscal Year Ended August 31, 2018

NOTE 7 – DEFINED BENEFIT PENSION PLAN (Continued)

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

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

There have been no changes that would affect the comparison of employer contributions from year to year.

NOTE 8 – HEALTH CARE COVERAGE

The Charter School pays the cost of health care benefits to all employees. Coverage of dependents is paid by the employee through payroll deductions.

NOTE 9 – BOND ISSUANCE COSTS

The costs of bond issuance are being amortized over a 15 year period. Bond issuance costs at August 31, 2018 consisted of the following:

	<u>Bond Cost</u>	<u>Accumulated Amortization</u>	<u>Unamortized Bond Cost</u>	<u>Current Year Amortization</u>
Mile 1 Issuance	13,287	(1,022)	12,265	1,022
Series 2014A Bond Issuance	272,730	(22,113)	250,617	22,113
Series 2016A Bond Issuance	131,490	(9,392)	122,098	9,392
Total	\$ 417,507	\$ (32,527)	\$ 384,980	\$ 32,527

SOUTH TEXAS EDUCATIONAL TECHNOLOGIES, INC.

Notes to Financial Statements

For the Fiscal Year Ended August 31, 2018

NOTE 10 – BONDS PAYABLE

Changes during the year ended August 31, 2018 in bonds payable are as follows:

	Interest Rate	Balance 9/1/2017	Retirements	Additions	Balance 8/31/18	Current Portion
Series 2014A Bond Issuance	5.50%	4,252,303	148,899	-	4,103,404	157,418
Series 2016A Bond Issuance	3.41%	1,581,741	168,914	-	1,412,827	174,765
Premium/Discount		65,933	3,067	-	62,866	3,067
Deferred Loss on refunding bonds		(50,891)	(2,366)	-	(48,525)	(2,366)
Total		<u>\$ 5,849,086</u>	<u>\$ 318,514</u>	<u>\$ -</u>	<u>5,530,572</u>	<u>\$ 332,884</u>
Less Current Portion					(332,884)	
Net Long-Term Bonds Payable					<u>\$ 5,197,688</u>	

Interest expense for the year ended August 31, 2018 was \$350,224.

Series 2014 A Bonds

On December 30, 2014, the Charter School issued \$4,600,000 of Education Revenue Bonds, Series 2014A. Proceeds of the bonds were for construction and future debt service. The Series 2014A bonds mature monthly, starting 2014 until 2034 with a stated interest rate of 5.5%. Interest on the Series A bond is due monthly.

The Charter School is required to maintain a debt service reserve fund, which currently is equal to the maximum annual principal and interest requirements of the 2014 bonds. The Charter School paid an insurance premium to ACA Financial Guaranty Corporation (ACA) to issue a bond insurance policy related to the Bonds. ACA guarantees the full payment required to be made on behalf of the Issuer. The Series 2014A bonds are subject to optional redemption, in whole or in part prior to scheduled maturity on any Business Day, at the option of the Company, at a price of par plus interest accrued thereon to the redemption date.

Debt service requirements for bonds payable are as follows for the years ending August 31:

Tax Credit

	Principal	Interest	Tax Credit Subsidy	Totals
2019	157,418	224,883	182,054	382,301
2020	165,819	216,482	175,409	382,301
2021	175,910	206,390	175,432	382,301
2022	185,975	196,326	175,486	382,301
2023	196,614	185,687	172,852	382,301
Thereafter	<u>3,221,668</u>	<u>1,142,265</u>	<u>947,298</u>	<u>4,363,933</u>
	<u>\$ 4,103,404</u>	<u>2,172,033</u>	<u>1,828,531</u>	<u>\$ 6,275,437</u>

SOUTH TEXAS EDUCATIONAL TECHNOLOGIES, INC.

Notes to Financial Statements

For the Fiscal Year Ended August 31, 2018

NOTE 10 – BONDS PAYABLE (Continued)

Series 2016A Bond

On August 26, 2016 the Charter School refinanced the Series 2011A Bond that was held with Lone Star National Bank and administered by Wells Fargo with Regions Bank.

The Charter School is required to maintain a debt service reserve fund, which currently is equal to the maximum annual principal and interest requirements of the 2016 bonds. The Charter School paid an insurance premium to ACA Financial Guaranty Corporation (ACA) to issue a bond insurance policy related to the Bonds. ACA guarantees the full payment required to be made on behalf of the Issuer. The Series 2016A bonds are subject to optional redemption with not less than 30 days nor more than 60 days prior to the redemption date.

Section 5.1 of the Series 2011 A “Series 2016A”, bond covenants establishes a debt service coverage ratio which stipulates that available revenues for each fiscal year (without excluding any discretionary expenses actually incurred in such fiscal year) must be equal to at least 1.10 times the annual debt service requirements of the Charter School as of the end of the first fiscal year after the date of issuance of the bonds and thereafter until the bonds have been paid in full. During the year ended August 31, 2018, the Charter School was in compliance with this covenant and all other applicable covenants contained in the loan agreement.

	Principal	Interest	Totals
2019	174,765	45,463	220,228
2020	180,819	39,409	220,228
2021	187,082	33,146	220,228
2022	193,562	26,666	220,228
2023	200,267	19,961	220,228
Thereafter	476,332	19,182	495,514
	\$ 1,412,827	183,827	\$ 1,596,654

NOTE 11 – NOTES PAYABLE

Notes payable consisted of the following at August 31:

2018 Navigator-

The Charter School acquired a 2018 Navigator for \$ 83,316.00 on April 2018. It is financed by Lincoln Automotive Financial Services for four years with a down payment of \$9,768.47. Monthly payments are for \$1,319.80. A total of four payments from May to August 2018 were made in the amount of \$5,279.52.

	\$ 68,268
Less current portion	(15,838)
	\$ 52,430

SOUTH TEXAS EDUCATIONAL TECHNOLOGIES, INC.

Notes to Financial Statements

For the Fiscal Year Ended August 31, 2018

NOTE 11 – NOTES PAYABLE (CONTINUED)

2018 Ford Transit Vans-

The Charter School acquired four Ford Transit Vans for \$ 120,365.24 on June 2018. It is financed by Regions Bank for five years. Monthly payments are for \$2,254.93. A total of payments from June to August 2018 were made in the amount of \$3,573.99.

	\$ 116,791
Less current portion	<u>(25,116)</u>
	<u>\$ 91,675</u>

Pearland Property-

The Charter School acquired a property for \$ 2,000,000 on April 30, 2018. It is financed through Regions Bank 5 years with 15 year amortization and 12 months interest to begin. Monthly payments are for \$6,544.56. A total of two payments from July to August 2018 were made in totaling \$13,060.95.

	\$ 1,986,939
Less current portion	<u>(78,535)</u>
	<u>\$ 1,908,404</u>

Mile 1 Property

The Charter School acquired a property located at 2900 N. Mile 1 East, in Mercedes, Texas on December 18, 2015. It is financed through Regions Bank for a total of five years. Monthly payments are \$2,215.

	\$ 198,059
Less current portion	<u>(17,030)</u>
	<u>\$ 181,029</u>

Series 2016B –Credit Agreement

On August 26, 2016 South Texas Educational Technologies Inc. entered into a credit agreement with Regions Bank in the amount of \$ 131,782. Proceeds from the credit agreement were for issuance cost to refinance Series2011A Bond as Series 2016A Bonds with Regions Bank. Series 2016B is a taxable promissory note. The Charter agreed to pay \$2,511.11 per month for 60 months.

	\$ 83,286
Less current portion	<u>(24,901)</u>
	<u>\$ 58,385</u>

SOUTH TEXAS EDUCATIONAL TECHNOLOGIES, INC.

Notes to Financial Statements

For the Fiscal Year Ended August 31, 2018

NOTE 12 – CAPITAL LEASES PAYABLE

COMPUTER SOFTWARE:

On July 16, 2015 South Texas Educational Technologies, Inc, entered into a lease with VAR Resources, Inc. The School agreed to pay \$2,720 per month for 48 months totaling \$120,000 of principle payments and \$10,560 of interest.

	<u>Principal</u>	<u>Interest</u>	<u>Totals</u>
2019	25,000	2,202	27,202
	_____	_____	_____
	\$ <u>25,000</u>	<u>2,202</u>	\$ <u>27,202</u>
	=====	=====	=====

Interest expense for the years ended August 31, 2018 was \$2,643.

FURNITURE AND EQUIPMENT:

On November 2014 South Texas Educational Technologies, Inc, entered into a lease with VAR Resources, Inc. The School agreed to pay \$5,310 per month for 60 months totaling \$275,074 of principle payments and \$43,504 of interest. . In February 2018, 30 Acer desktops were added for the McAllen computer lab. The monthly payments for the Acers is \$530.05 per month.

	<u>Principal</u>	<u>Interest</u>	<u>Totals</u>
2019	60,894	8,700	69,594
2020	22,470	1,450	23,920
Thereafter	_____	_____	_____
	\$ <u>83,364</u>	<u>10,150</u>	\$ <u>93,514</u>
	=====	=====	=====

Interest expense for the years ended August 31, 2018 was \$9,075.

SOUTH TEXAS EDUCATIONAL TECHNOLOGIES, INC.

Notes to Financial Statements

For the Fiscal Year Ended August 31, 2018

NOTE 12 – CAPITAL LEASES PAYABLE (CONTINUED)

FURNITURE AND EQUIPMENT: 100 LAPTOPS

On May 2018 South Texas Educational Technologies, Inc, entered into a lease with VAR Resources, Inc. for 100 new teacher laptops. The School agreed to pay \$1,861.67 per month for 36 months totaling \$64,791.36 of principle payments and \$2,228.76 of interest.

	<u>Principal</u>	<u>Interest</u>	<u>Totals</u>
2019	21,597	743	22,340
2020	21,597	743	22,340
Thereafter	<u>19,797</u>	<u>743</u>	<u>22,340</u>
	\$ <u>62,991</u>	<u>2,229</u>	\$ <u>67,020</u>

Interest expense for the years ended August 31, 2018 was \$0.

FURNITURE AND EQUIPMENT: CISCO ROUTERS

On May 2018 South Texas Educational Technologies, Inc, entered into a lease with VAR Resources, Inc. for 6 new high capacity Cisco Routers. The School agreed to pay \$1,124.12 per month for 60 months totaling \$56,762.40 of principle payments and \$10,684.80 of interest.

	<u>Principal</u>	<u>Interest</u>	<u>Totals</u>
2019	11,652	2,137	13,489
2020	11,352	2,137	13,489
2021	11,352	2,137	13,489
2022	11,352	2,137	13,489
Thereafter	<u>11,052</u>	<u>2,137</u>	<u>13,489</u>
	\$ <u>56,762</u>	<u>10,685</u>	\$ <u>67,447</u>

Interest expense for the years ended August 31, 2018 was \$0.

SOUTH TEXAS EDUCATIONAL TECHNOLOGIES, INC.

Notes to Financial Statements

For the Fiscal Year Ended August 31, 2018

NOTE 12 – CAPITAL LEASES PAYABLE (CONTINUED)

COMPUTER EQUIPMENT:

On October 25, 2016 South Texas Educational Technologies, Inc, entered into a lease with PCM Financial Services. The School agreed to pay \$941.05 per month for 42 months totaling \$38, 433 of principle payments and \$1,091 of interest.

	<u>Principal</u>	<u>Interest</u>	<u>Totals</u>
2019	10,981	312	11,293
2020	9,151	260	9,411
Thereafter	<u>\$ 20,132</u>	<u>572</u>	<u>\$ 20,704</u>

Interest expense for the years ended August 31, 2018 was \$311.72.

CAPITAL LEASE TOTALS:

Capital Lease Payable	\$ 120,226
Less Current Portion	(90,996)
Total	<u>\$ 29,230</u>

NOTE 13 – OPERATING LEASES

Effective September 1, 2015 South Texas Educational Technologies, Inc. entered into a lease with Mr. Alim U. Ansari, related party, for the rental of a school building facility for the campus Horizon Montessori at 1222 W. Sugar Cane Drive, Weslaco, Texas until August 31, 2020. The school agreed to pay monthly payments of \$ 12,352 plus all the expenses. Annual rental expense under this lease agreement was \$ 118,224. This lease agreement is expected to continue for the next five years, totaling \$ 591,120. Total payments for facility and other rental charges during the current year were \$ 126,268. This constitutes a related party transaction as noted in note 17.

In November of 2005 South Texas Educational Technologies, Inc entered into a lease with Paramount Enterprises, fifty percent owned by Mr. Alim U. Ansari, a related party, for the rental of a school building facility for the campus Horizon Montessori at 221 N. Main, McAllen, Texas in yearly basis. The school agreed to pay \$ 19,623 per month plus all the expenses. Total payments for facility and other rental charges during the current year were \$ 290,518. This constitutes a related party transaction as noted in note 17.

SOUTH TEXAS EDUCATIONAL TECHNOLOGIES, INC.

Notes to Financial Statements

For the Fiscal Year Ended August 31, 2018

NOTE 13 – OPERATING LEASES (CONTINUED)

In April of 2012 South Texas Educational Technologies, Inc entered into a copier operating lease with TFS Leasing a Program of De Lage requiring monthly payments in the amount of \$2,343 through May 2017. Total payments including other rental charges during the current year were \$ 9,980.

NOTE 14 – LONG-TERM DEBT

Combined maturities for all long-term debt principal are as follows for the years ending August 31

	Bonds Payable	Total Maturities
2019	332,183	332,183
2020	346,638	346,638
2021	362,992	362,992
2022	379,537	379,537
2023	396,881	396,881
There after	3,698,000	3,698,000
Total	\$ <u>5,516,231</u>	\$ <u>5,516,231</u>

NOTE 15 – TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets consisted of the following at August 31:

	2018
Child Nutrition Fund	\$ 464,628
Campus Activity Fund	66,043
Foundation School Fund	4,697,445
Total	\$ <u>5,228,116</u>

NOTE 16 – COMMITMENTS AND CONTINGENCIES

The charter School receives funds through federal programs, which are governed by various rules and regulation of the grantor. Expenses charges to the grant program are subject to audit and adjustment by the grantor agency. In the opinion of management, there are no contingent liabilities relating to compliance with the rules and regulations governing the grants; therefore, no provision has been made in the accompanying financial statements for such contingencies.

SOUTH TEXAS EDUCATIONAL TECHNOLOGIES, INC.

Notes to Financial Statements

For the Fiscal Year Ended August 31, 2018

NOTE 17 – RELATED PARTY TRANSACTIONS

The CEO also entered into a ten year operating lease agreement with the South Texas Educational Technologies, Inc for the lease of a school building on Sugar Cane Drive. Also the CEO, 50% owner, of Paramount Enterprises entered into an operating lease. Details to these transactions are found in note 13 to the financial statements. A board member, James O. Hayes, C.P.A. is on retainer in advisory capacity and is compensated \$4,000 per month plus expenses, with the stipulation that any work performed by members of his personal office staff are paid from his funds and not the school's. South Texas Educational Technologies, Inc. has adopted a policy regarding transactions between the charter school, the charter holder, and the related parties.

NOTE 18 – SUPPLEMENTARY FINANCIAL INFORMATION

South Texas Educational Technologies, Inc. operates a single charter school and does not conduct any non-charter activities; accordingly several of the financial schedules as prescribed by the *Special Supplement to the Financial Accountability System Resource Guide, Nonprofit Charter Schools* have been satisfied with the exhibits as presented in the general purpose financial statements.

NOTE 19 – SUBSEQUENT EVENTS

The Organization has evaluated subsequent events through January 24, 2019 the date which the financial statements were available to be issued.

NOTE 20 – RECONCILIATION OF REVENUES FROM FEDERAL PROGRAMS

The Charter School received revenues from federal programs for the year August 31, 2018 as follows:

Federal Expenditures total per SEFA	1,625,096
Federal revenues total per financial statements	2,127,307
Difference	<u>(502,211)</u>
Child Nutrition Excess Revenues	327,764
Federal Subsidy	168,314
Due from State	<u>6,133</u>
Balance	<u>\$0</u>

SUPPLEMENTARY INFORMATION

Horizon Montessori Public Schools
Statement of Financial Position for Individual Charter School
August 31, 2018

Assets

Current assets:

Cash in bank	\$ 4,395,279
Certificate of deposit	279,540
Due from state	405,750
Inventories	5,652
Other assets	8,428
Total Current Assets	5,094,649

Fixed Assets:

Land	1,392,238
Building and improvements	9,881,009
Furniture and Equipment	991,335
Vehicles	520,959
Construction in Progress	37,828
Less: Accumulated Depreciation	(2,429,938)
Property and Equipment, net	10,393,431

Other Assets:

Restricted Cash	55,090
Bond Issuance (net of accumulated amortization)	384,980
Total Other Assets	440,070

Total Assets

\$ 15,928,150

Liabilities and Net Assets

Current liabilities:

Accounts payable	\$ 94,142
Accrued wages payable	84,506
Payroll liabilities payable	13,280
Accrued Interest payable	13,103
Current portion of long-term debt	624,424
Total Current Liabilities	829,455

Long-term liabilities

Bond payable	5,195,593
Loan payable	2,291,924
Capital lease payable	120,226
Total Long-term liabilities	7,607,743

Total Liabilities

8,437,198

Net assets:

Unrestricted	2,262,837
Temporarily restricted	5,228,115
Total net assets	7,490,952

Total Liabilities and Net Assets

\$ 15,928,150

Horizon Montessori Public Schools
Statement of Activities for Individual Charter School
For the Fiscal Year Ended August 31, 2018

	Unrestricted	Temporarily Restricted	Total
REVENUE AND OTHER SUPPORT			
Local Support			
5740 Tuition, Rent and Afterschool	\$ 179,598	\$ -	\$ 179,598
5750 Food Sales	207,580	-	207,580
5748 Other Revenues from Local Sources-Locally Defined	-	-	-
5749 Other Revenues from Local Sources	-	-	-
Total local support	387,178	-	387,178
State Program Revenues			
5810 Foundation School Program	-	10,431,076	10,431,076
5820 State Program Revenues Distributed by the Texas Education Agency	-	4,785	4,785
5830 Revenues from Texas Government Agencies	-	-	-
Total State Program Revenue	-	10,435,861	10,435,861
Federal program revenues			
5920 Federal Revenues Distributed by the Texas Education Agency	-	1,852,522	1,852,522
5930 Federal Revenues Distributed Not by Texas Education Agency	-	274,785	274,785
Total Federal Program Revenue	-	2,127,307	2,127,307
Net assets released from restrictions: Restrictions satisfied by payments	10,906,549	(10,906,549)	-
Total Revenue and Other Support	11,293,727	1,656,619	12,950,346
EXPENSES			
11 Instruction	5,050,516	-	5,050,516
12 Instructional Resources and Media Services	70,592	-	70,592
13 Curriculum Development and Instructional Staff Development	18,174	-	18,174
21 Instructional Leadership	94,517	-	94,517
23 School Leadership	538,083	-	538,083
31 Guidance, Counseling, and Evaluation	157,289	-	157,289
33 Health Services	121,264	-	121,264
34 Transportation	-	-	-
35 Food Services	1,062,876	-	1,062,876
36 Cocurricular/Extracurricular Activities	159,304	-	159,304
41 General Administration	739,342	-	739,342
51 Plant Maintenance and Operations	2,286,938	-	2,286,938
52 Security and Monitoring Services	118,540	-	118,540
53 Data Processing	236,238	-	236,238
61 Community Services	217,012	-	217,012
71 Debt	350,224	-	350,224
81 Fund Raising	-	-	-
Total Expenses	11,220,909	-	11,220,909
CHANGE IN NET ASSETS	72,818	1,656,619	1,729,437
NET ASSETS BEGINNING OF YEAR	2,190,019	3,571,496	5,761,515
NET ASSETS END OF YEAR	\$ 2,262,837	\$ 5,228,115	\$ 7,490,952

Horizon Montessori Public Schools
Statement of Cash Flows for Individual Charter School
For the Fiscal Year Ended August 31, 2018

Cash Flows From Operating Activities	
Change in Net Assets	\$ 1,729,437
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:	
Depreciation	399,579
(Increase) Decrease in:	
Due from State	(3,728)
(Increase) Decrease in:	
Inventories	4,783
Increase (Decrease) in:	
Other Assets	14,374
Accounts Payable	3,212
Accrued Wages Payable	(412,026)
Payroll Liabilities Payable	(10,098)
Accrued Expenses	-
Cash Flows From Operating Activities	<u>1,725,533</u>
Cash Flows From Investing Activities	
Purchase of fixed assets	<u>(2,319,251)</u>
	<u>(2,319,251)</u>
Cash Flows From Financing Activities	
Accrued Interest Payable	(19,083)
Issuance of Debt	2,339,832
Loan Issuance Cost	32,527
Principal Payments	<u>(497,411)</u>
	<u>1,855,865</u>
Net Increase (Decrease) in Cash	1,262,147
Cash at Beginning of Year	<u>3,467,762</u>
Cash at End of Year	<u>\$ 4,729,909</u>
Summary of Cash:	
Cash in Bank	4,395,279
Restricted Cash	55,090
Certificates of Deposit	279,540
Total Cash	<u>\$ 4,729,909</u>
Supplemental Information:	
Cash Paid for Interest	\$ 350,224

**Horizon Montessori Public Schools
Schedule of Expenses
August 31, 2018**

Exhibit C-1

Expenses

6100 Payroll Costs	\$ 7,367,044
6200 Professional and Contract Services	1,408,700
6300 Supplies and Materials	1,085,705
6400 Other Operating Costs	1,009,235
6500 Interest Expense	350,224
Total Expenses	<u>\$ 11,220,908</u>

**Horizon Montessori Public Schools
Schedule of Capital Assets
August 31, 2018**

Exhibit D-1

	Ownership Interest			Total
	Local	State	Federal	
1510 Land and Improvements	\$ -	\$ 1,392,238	\$ -	\$ 1,392,238
1520 Buildings and Improvements	-	9,881,009	-	9,881,009
1531 Vehicles		520,959	-	520,959
1539 Furniture, Fixtures and Equipment	991,335	-	-	991,335
1580 Construction in Progress	37,828	-	-	37,828
	<u>1,029,163</u>	<u>11,794,206</u>	<u>-</u>	<u>12,823,369</u>
Total Property and Equipment	\$ <u>1,029,163</u>	\$ <u>11,794,206</u>	\$ <u>-</u>	\$ <u>12,823,369</u>

**Horizon Montessori Public Schools
Budgetary Comparison Schedule
For the Year Fiscal Ended August 31, 2018**

Exhibit E-1

	Budgeted Amounts		Actual Amounts	Variance from Final Budget
	Original	Final		
REVENUE AND OTHER SUPPORT				
Local Support				
5740 Tuition, Rent, and Earnings and Temporaray Investments	\$ 156,526	\$ 183,526	\$ 179,598	\$ 3,928
5750 Contributions	191,508	210,400	207,580	2,820
Total local support	<u>348,034</u>	<u>393,926</u>	<u>387,178</u>	6,748
State Program Revenues				
5810 Foundation School Program	10,078,440	10,478,440	10,431,076	47,364
5820 State Program Revenues Distributed by the Texas Education Agency	25,861	4,964	4,785	179
5830 Revenues from Texas Government Agencies	-	-	-	-
Total State Program Revenue	<u>10,104,301</u>	<u>10,483,404</u>	<u>10,435,861</u>	<u>47,543</u>
Federal program revenues				
5920 Federal Revenues Distributed by the Texas Education Agency	1,638,134	1,964,194	1,852,522	111,672
5930 Federal Revenues Not Distributed by the Texas Education Agency	223,000	289,716	274,785	14,931
Total Federal Program Revenue	<u>1,861,134</u>	<u>2,253,910</u>	<u>2,127,307</u>	<u>126,603</u>
Total Revenue and Other Support	<u>12,313,469</u>	<u>13,131,240</u>	<u>12,950,346</u>	<u>180,894</u>
EXPENSES				
11 Instruction	5,583,492	5,250,913	5,050,516	200,397
12 Instructional Resources and Media Services	90,046	73,981	70,592	3,389
13 Curriculum Development and Instructional Staff Development	31,509	19,023	18,174	849
21 Instructional Leadership	161,875	96,037	94,517	1,520
23 School Leadership	581,830	560,757	538,083	22,674
31 Guidance, Counseling, and Evaluation Services	257,318	162,318	157,289	5,029
33 Health Services	144,580	126,613	121,264	5,349
34 Transportation Services	3,094	-	-	-
35 Food Services	885,931	1,063,987	1,062,876	1,111
36 Cocurricular/Extracurricular Activities	150,961	165,119	159,304	5,815
41 General Administration	979,475	759,042	739,342	19,700
51 Plant Maintenance and Operations	2,178,450	2,339,215	2,286,938	52,277
52 Security and Monitoring Services	122,521	122,336	118,540	3,796
53 Data Processing	238,906	241,329	236,238	5,091
61 Community Services	216,502	225,982	217,012	8,970
71 Interest on Debt Service	315,594	382,094	350,224	31,870
81 Fundraising	25,661	20,161	-	20,161
Total Expenses	<u>11,967,745</u>	<u>11,608,907</u>	<u>11,220,909</u>	<u>387,998</u>
CHANGE IN NET ASSETS	345,724	1,522,332	1,729,437	207,105
NET ASSETS BEGINNING OF PERIOD	<u>2,190,019</u>	<u>3,571,496</u>	<u>5,761,515</u>	-
NET ASSETS END OF PERIOD	<u>\$ 2,535,743</u>	<u>\$ 5,093,828</u>	<u>\$ 7,490,952</u>	<u>\$ 207,105</u>

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**COMPLIANCE
AND
INTERNAL CONTROL SECTION**

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Raul Hernandez & Company, P. C.

Certified Public Accountants

5402 Holly Rd, Suite 102

Corpus Christi, Texas 78411

(361)980-0428 Fax (361)980-1002

**Independent Auditors' Report on Internal Control over Financial Reporting
and on Compliance and Other Matters Based on an Audit of Financial
Statements Performed In Accordance with Government Auditing Standards**

Board of Directors

South Texas Educational Technologies, Inc.

We have audited, 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, the financial statements of South Texas Educational Technologies, Inc. (a non-profit organization) which comprise the statement of financial position as of August 31, 2018, and related statements of activities, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated January 24, 2019.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered South Texas Educational Technologies, Inc.'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 opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of South Texas Educational Technologies, Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of South Texas Educational Technologies, Inc.'s internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we considered 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 South Texas Educational Technologies, Inc.'s financial statements are free of 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 organization'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 organization's internal control and compliance. Accordingly, the communication is not suitable for any other purpose.

Raul Hernandez & Company, P.C.

Corpus Christi, TX

January 24, 2019

Raul Hernandez & Company, P.C.

Certified Public Accountants

5402 Holly Rd, Suite 102

Corpus Christi, Texas 78411

Office (361)980-0428 Fax (361)980-1002

Independent Auditors' Report on Compliance for Each Major Federal Program and on Internal Control over Compliance Required by the Uniform Guidance

Board of Directors

South Texas Educational Technologies, Inc.

Report of Compliance for Each Major Federal Program

We have audited South Texas Educational Technologies, Inc.'s compliance with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that could have a direct and material effect on each of South Texas Educational Technologies, Inc.'s major federal programs for the year ended August 31, 2018. South Texas Educational Technologies, Inc.'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 requirements of laws, regulations, contracts, and grants applicable to federal programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each South Texas Educational Technologies, Inc.'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 South Texas Educational Technologies, Inc.'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 South Texas Educational Technologies, Inc.'s compliance.

Opinion on Each Major Federal Program

In our opinion, South Texas Educational Technologies, Inc. complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended August 31, 2018.

Report on Internal Control over Compliance

Management of South Texas Educational Technologies, Inc. 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 South Texas Educational Technologies, Inc.'s internal control over compliance with the requirements that could have a direct and material effect on a major federal program to determine the auditing procedures for the purpose of expressing our opinion on compliance 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 South Texas Educational Technologies, Inc.'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 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 internal control over compliance and the results of that testing based on the requirements of 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 South Texas Educational Technologies, Inc. as of and for the year ended August 31, 2018, and have issued our report thereon dated January 24, 2019, 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 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 of 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 expenditures of federal awards is fairly stated in all material respects in relation to the financial statements taken as a whole.

Raul Hernandez & Company, P.C.

Corpus Christi, TX
January 24, 2019

South Texas Educational Technologies, Inc.

Schedule of Findings and Questioned Costs

For the Fiscal Year Ended August 31, 2018

I. Summary of Auditors' Results

- | | |
|---|------------|
| 1. Type of auditors' report issued on the financial statements of the auditee | Unmodified |
| 2. Significant deficiencies in internal controls disclosed by the audit of the financial statements | None |
| a. Significant deficiencies that were material weaknesses | None |
| 3. Noncompliance material to the financial statements of the auditee disclosed by the audit of the financial statements | None |
| 4. Significant deficiencies in internal controls over major programs disclosed by the audit of the financial statements | None |
| a. Significant deficiencies that were material weaknesses | None |
| 5. Any audit findings disclosed that are required to be reported in accordance with 2 CFR section 200.516(a)? | No |
| 6. Type of auditors' report issued on compliance for major programs | Unmodified |
| 7. Findings disclosed by the audit of the financial statements which the auditor is required to report | None |
| 8. Major Programs: | |
| National School Breakfast Program (10.553) | |
| National School Lunch Program (10.555) | |
| 9. The dollar threshold used to distinguish between Type A and Type B programs | \$ 750,000 |
| 10. Auditee qualified as a low-risk auditee | Yes |

II. Findings related to the Financial Statements which are required to be reported in accordance with generally accepted government auditing standards.

A. Questioned Costs: \$ 0.

III. Findings and questioned costs for state and federal awards.

None identified

**South Texas Educational Technologies, Inc.
Schedule of Prior Audit Findings**

For the Fiscal year ended August 31, 2018

I. Status of Prior Year Findings:

None

**South Texas Educational Technologies, Inc.
Corrective Action Plan**

For the Fiscal year ended August 31, 2018

N/A

South Texas Educational Technologies, Inc
Schedule of Expenditure of Federal Awards
For the Year Ended August 31, 2018

Grant/Program	Federal CFDA Number	Pass Through Entity Identifying Number	Federal Expenditures
United States Department of Education			
Passed Through State Department of Education:			
ESEA Title I part A 2018	84.010A	18610101108802	\$ 373,034
IDEA Part-B Formula 2018	84.027A	186600011088026000	188,784
Title II, Part A-Teacher and Principal Training and Recruiting 2018	84.367A	18694501108802	38,391
Title III, Part A-LEP 2018	84.365A	18671001108802	47,494
IDEA-B Preschool	84.173A	186610011088026000	670
Title IV, Part A, Subpart 1	84.424A	18680101108802	6,880
Summer School LEP Program	84.369A	69551502	3,440
Project Rise TIF Grant	84.374A	28718HORIZON	<u>55,142</u>
Total United States Department of Education			713,835
Passed Through State Department of Agriculture			
National School Lunch	10.555	71301501	637,883
School Breakfast Program	10.553	71401501	<u>273,378</u>
Total State Department of Agriculture			911,261
Total Expenditures of Federal Awards			<u>\$ 1,625,096</u>

**SOUTH TEXAS EDUCATIONAL TECHNOLOGIES, INC
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

For the Fiscal Year Ended August 31, 2018

Note 1: Standard Financial Accounting System

For all federal programs, the Organization used the net assets classes and codes specified by the Texas Education Agency in the Special Supplement to Financial Accounting and Reporting, Nonprofit Charter School Chart of Accounts. Temporarily restricted net asset codes are used to account for resources restricted to or designated for specific purposes by a grantor. Federal and state financial assistance is generally accounted for in temporarily restricted net assets codes.

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Check Nbr	Paid Date	Credit Memo Nbr	Trans Date	Payee	Amount	EFT
000028	12-12-2018		12-30-2018	LAKESHORE LEARNING MATERIALS	32.27	N
000029	12-13-2018		12-30-2018	HEB GROCERY COMPANY	10.00	N
000106	12-14-2018		12-17-2018	TEXNET	66,932.64	N
000107	12-03-2018		12-17-2018	TEXNET	47,575.40	N
					4,016.20	N
					5,485.94	N
					1,216.39	N
					4,633.92	N
					3,855.58	N
					728.57	N
					535.00	N
					9,267.99	N
				Check 000107 Total:	77,314.99	
000108	12-08-2018		12-18-2018	REGIONS BANK	1,818.70	N
*					436.23	N
*					-436.23	N
					436.23	N
				Check 000108 Total:	2,254.93	
000110	12-15-2018		12-18-2018	U.S. BANK NATIONAL ASSOCIATION	2,500.00	N
					220.27	N
				Check 000110 Total:	2,720.27	
000111	12-14-2018		12-18-2018	U.S. BANK NATIONAL ASSOCIATION	1,799.76	N
					61.91	N
					153.58	N
				Check 000111 Total:	2,015.25	
000112	12-15-2018		12-18-2018	U.S. BANK NATIONAL ASSOCIATION	725.08	N
					4,584.57	N
					315.18	N
				Check 000112 Total:	5,624.83	
000114	12-18-2018		12-19-2018	REGIONS BANK	1,530.51	N
					684.82	N
				Check 000114 Total:	2,215.33	
000115	12-15-2018		12-19-2018	U.S. BANK NATIONAL ASSOCIATION	530.35	N
*					32.68	N
*					-32.68	N
				Check 000115 Total:	530.35	
000116	12-30-2018		12-19-2018	REGIONS BANK	6,451.13	N
000117	12-26-2018		12-19-2018	REGIONS BANK	2,164.39	N
					346.72	N
				Check 000117 Total:	2,511.11	
000118	12-26-2018		12-19-2018	REGIONS BANK	14,454.90	N
					3,897.44	N
				Check 000118 Total:	18,352.34	
000120	12-30-2018		12-30-2018	LONE STAR NATIONAL BANK	35.00	N
000125	12-31-2018		12-31-2019	LONE STAR NATIONAL BANK	62.72	N
000126	12-31-2018		12-31-2018	INTER NATIONAL BANK	49.29	N
000128	12-31-2018		12-30-2018	VANTAGE BANK TEXAS	16.17	N
000130	12-31-2018		12-31-2018	TEXAS CHILD SUPPORT SDU	2,356.00	N
				VANTAGE BANK TEXAS	101.94	N
				Check 000130 Total:	2,457.94	

Check Nbr	Paid Date	Credit Memo Nbr	Trans Date	Payee	Amount	EFT
000131	12-31-2018		12-31-2018	IRS USATAXPYMT	2,699.62	N
					1,388.91	N
					1,388.91	N
				VANTAGE BANK TEXAS	1.25	N
				Check 000131 Total:	5,478.69	
000132	12-31-2018		12-31-2018	IRS USATAXPYMT	32,614.83	N
					6,132.13	N
					6,132.13	N
				Check 000132 Total:	44,879.09	
000133	12-31-2018		12-31-2018	IRS USATAXPYMT	2,750.38	N
					1,184.15	N
					1,184.15	N
				Check 000133 Total:	5,118.68	
000150	12-31-2018		12-31-2018	REGIONS BANK	94.96	N
					69.99	N
					825.87	N
					825.87	N
					20.00	N
					23.98	N
					225.00	N
					56.76	N
					38.39	N
					50.25	N
					243.85	N
					85.97	N
					47.98	N
					174.79	N
					8.62	N
				Check 000150 Total:	2,792.28	
000151	12-31-2018		12-31-2018	REGIONS BANK	70.00	N
002585	12-06-2018		12-06-2018	STET ACCOUNTS PAYBLE FUND	32,754.26	N
					570.00	N
					69,449.96	N
				Check 002585 Total:	102,774.22	
002586	12-11-2018		12-11-2018	STET, INC	13,651.85	N
					13,646.22	N
					4,504.54	N
					95.68	N
					65,592.12	N
				Check 002586 Total:	97,490.41	
002587	12-13-2018		12-13-2018	STET ACCOUNTS PAYBLE FUND	3,541.55	N
					51,099.95	N
				Check 002587 Total:	54,641.50	
002588	12-17-2018		12-17-2018	STET, INC	18,565.39	N
002589	12-19-2018		12-19-2018	STET ACCOUNTS PAYBLE FUND	11,657.90	N
					332.20	N
					101,487.69	N
				Check 002589 Total:	113,477.79	
002590	12-20-2018		12-20-2018	STET ACCOUNTS PAYBLE FUND	28,483.38	N
002591	12-21-2018		12-20-2018	STET, INC	20,523.70	N
					24,802.49	N
					19,430.82	N
					7,750.16	N
					507,355.77	N

Check Nbr	Paid Date	Credit Memo Nbr	Trans Date	Payee	Amount	EFT
					Check 002591 Total:	579,862.94
013756	12-06-2018		12-06-2018	AMERITAS LIFE INSURANCE CORP.	3,020.84	N
013757	12-06-2018		12-06-2018	LINCOLN NATIONAL LIFE INSURANCE	753.43	N
013758	12-13-2018		12-07-2018	COLONIAL LIFE	669.33	N
						125.47
						872.94
						673.40
						641.89
						380.20
					Check 013758 Total:	3,363.23
013789	12-19-2018		12-18-2018	Fe Bautista	144.00	N
013790	12-20-2018		12-20-2018	EYETOPIA VISION CARE	913.00	N
024372 *	12-07-2018		12-07-2018	MICHAEL McGURK IN TRUST	-19,623.60	N
024452	12-06-2018		12-05-2018	SCHOOL SPECIALTY INC.	10.39	N
						248.68
						102.36
						116.97
						268.69
					Check 024452 Total:	747.09
024453	12-06-2018		12-05-2018	AIM MEDIA TEXAS	343.70	N
024454	12-06-2018		12-06-2018	REGION ONE ESC	13,763.25	N
						3,368.25
						7,499.25
						150.00
					Check 024454 Total:	24,780.75
024455	12-06-2018		12-05-2018	WAL-MART	114.19	N
024456	12-06-2018		12-06-2018	QUILL CORPORATION	20.00	N
						20.00
						20.00
					Check 024456 Total:	60.00
024457	12-06-2018		12-05-2018	AT&T	316.24	N
024458	12-06-2018		12-05-2018	AT&T	828.39	N
024459	12-06-2018		12-06-2018	GULF COAST PAPER CO INC	54.50	N
						667.90
						73.00
					Check 024459 Total:	795.40
024460	12-06-2018		12-06-2018	MONTESSORI OUTLET, INC.	159.85	N
024461	12-06-2018		12-05-2018	CLAIMS ADMINISTRATIVE SERVICES. INC	5,176.06	N
024462	12-06-2018		12-06-2018	BEST BUY	772.59	N
						196.74
					Check 024462 Total:	969.33
024463	12-06-2018		12-05-2018	TEXAS DEPARTMENT OF PUBLIC SAFETY	21.00	N
024464	12-06-2018		12-05-2018	LSO	95.79	N
024465	12-06-2018		12-05-2018	VIPERS BASKETBALL, LLC.	570.00	N
024466	12-06-2018		12-06-2018	Erasmo R Chapa Jr.	352.17	N
						149.00
					Check 024466 Total:	501.17
024467	12-06-2018		12-05-2018	WASTE MANAGEMENT	1,728.52	N
						84.28
					Check 024467 Total:	1,812.80

Check Nbr	Paid Date	Credit Memo Nbr	Trans Date	Payee	Amount	EFT
024468	12-06-2018		12-06-2018	CIELO OFFICE PRODUCTS, LLC	950.70	N
					950.70	N
				Check 024468 Total:	1,901.40	
024469	12-06-2018		12-05-2018	LABATT FOOD SERVICE	20,536.24	N
024470	12-06-2018		12-05-2018	RGV FUNDRAISERS INC.	67.20	N
024471	12-06-2018		12-05-2018	O'REILLY AUTO ENTERPRISES, LLC	109.74	N
024472	12-06-2018		12-05-2018	TOSHIBA BUSINESS SOLUTIONS, USA	12.50	N
					12.50	N
					12.50	N
					86.10	N
			12-06-2018		12.50	N
				Check 024472 Total:	136.10	
024473	12-06-2018		12-05-2018	WIRELESS NET CONNECTIONS, INC.	109.23	N
024474	12-06-2018		12-05-2018	SYSCO CENTRAL TEXAS INC.	8,782.17	N
024475	12-06-2018		12-05-2018	LMH & LMH LLC	120.00	N
024476	12-06-2018		12-06-2018	MICHAEL McGURK IN TRUST	19,623.60	N
024477	12-06-2018		12-05-2018	ESMERALDA ROQUE	46.55	N
024478	12-06-2018		12-05-2018	RGV TOTS-TWEENS	220.00	N
					125.00	N
					155.00	N
				Check 024478 Total:	500.00	
024479	12-06-2018		12-05-2018	PROSTAR SERVICES, INC.	69.21	N
024480	12-06-2018		12-05-2018	H2O CONDITIONING OF CAMERON COUNTY	42.50	N
024481	12-06-2018		12-05-2018	MILITARY HWY WATER SUPPLY CORP.	27.64	N
024482	12-06-2018		12-06-2018	JIM MELHART PIANO & ORGAN	299.99	N
024483	12-06-2018		12-06-2018	PCM SALES, INC.	73.13	N
024484	12-06-2018		12-05-2018	FRONTIER	684.18	N
					255.34	N
					105.63	N
				Check 024484 Total:	1,045.15	
024485	12-06-2018		12-05-2018	VIVIANA GARZA	1,100.00	N
024486	12-06-2018		12-05-2018	FOOD BANK OF THE RIO GRANDE VALLEY	68.40	N
					46.80	N
				Check 024486 Total:	115.20	
024487	12-06-2018		12-06-2018	3GS, LLC	60.00	N
024488	12-06-2018		12-05-2018	TRU BLEU PURE WATER, LLC.	95.00	N
024489	12-06-2018		12-05-2018	NICHO PRODUCE COMPANY, INC.	1,804.75	N
					521.50	N
				Check 024489 Total:	2,326.25	
024490	12-06-2018		12-05-2018	Tahir Mehmood	117.04	N
024491	12-06-2018		12-05-2018	NATURES INTERNATIONAL CERTIFICATION	105.00	N
024492	12-11-2018		12-11-2018	Scott Palermo	4,995.00	N
024493	12-13-2018		12-11-2018	CITY OF WESLACO WATER DEPT.	142.75	N
					73.25	N
				Check 024493 Total:	216.00	
024494	12-13-2018		12-07-2018	OFFICE DEPOT	492.03	N
					195.83	N
					733.19	N
					72.89	N
					302.10	N
					106.44	N

Check Nbr	Paid Date	Credit Memo Nbr	Trans Date	Payee	Amount	EFT
					33.18	N
					196.67	N
					223.57	N
					8.69	N
					2.40	N
					1,374.37	N
					43.12	N
					139.97	N
					196.10	N
					14.08	N
					102.78	N
					22.79	N
				Check 024494 Total:	4,260.20	
024495	12-13-2018		12-07-2018	CDW-G	91.14	N
024496	12-13-2018		12-11-2018	CITY OF MCALLEN	25.00	N
024497	12-13-2018		12-10-2018	BARNES & NOBLE	99.80	N
024498	12-13-2018		12-07-2018	Lincoln Automotive Financial Servic	1,319.80	N
024499	12-13-2018		12-10-2018	LAKESHORE LEARNING MATERIALS	327.64	N
024500	12-13-2018		12-10-2018	CINTAS CORPORATION	154.04	N
					281.36	N
					106.56	N
					92.04	N
				Check 024500 Total:	634.00	
024501	12-13-2018		12-13-2018	HARLINGEN WATER WORKS	7.93	N
					175.44	N
					595.06	N
				Check 024501 Total:	778.43	
024502	12-13-2018		12-07-2018	TIME WARNER / SPECTRUM	1,599.49	N
024503	12-13-2018		12-13-2018	COASTAL DELI, INC	296.55	N
024504	12-13-2018		12-07-2018	GRAINGER	116.17	N
024505	12-13-2018		12-10-2018	THE LEUKEMIA & LYMPHOMA SOCIETY	678.00	N
024506	12-13-2018		12-07-2018	CIELO OFFICE PRODUCTS, LLC	115.79	N
					196.11	N
					644.98	N
					12.72	N
					337.68	N
					3,899.15	N
					2,373.21	N
					13.64	N
				Check 024506 Total:	7,593.28	
024507	12-13-2018		12-07-2018	TOSHIBA BUSINESS SOLUTIONS, USA	40.55	N
					25.73	N
					30.52	N
				Check 024507 Total:	96.80	
024508	12-13-2018		12-11-2018	R. E. FRIEDRICHS COMPANY	140.00	N
					508.00	N
					30.00	N
					15.00	N
				Check 024508 Total:	693.00	

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024509	12-13-2018		12-10-2018	LMH & LMH LLC	119.70	N
024510	12-13-2018		12-10-2018	RAY'S BUSINESS PRODUCTS	200.00	N
			12-13-2018		315.19	N
					309.50	N
				Check 024510 Total:	824.69	
024511	12-13-2018		12-11-2018	ECS LEARNING SYSTEMS, INC.	893.00	N
					1,748.84	N
					686.00	N
					164.90	N
				Check 024511 Total:	3,492.74	
024512	12-13-2018		12-07-2018	JOSE LEAL FONSECA	320.00	N
024513	12-13-2018		12-13-2018	CONSOLIDATED ELECTRICAL DISTRIBUTOR	172.27	N
024514	12-13-2018		12-07-2018	TAURINO TRUJILLO	854.72	N
024515	12-13-2018		12-13-2018	ANGELA GONZALEZ	142.14	N
024516	12-13-2018		12-07-2018	FRONTIER	318.78	N
024517	12-13-2018		12-11-2018	DYNASTUDY, INC.	457.38	N
024518	12-13-2018		12-10-2018	PCM FINANCIAL SERVICES	1,124.12	N
024519	12-13-2018		12-07-2018	TRU BLEU PURE WATER, LLC.	35.00	N
024520	12-13-2018		12-10-2018	THERAPY SHOPPE, INC.	73.26	N
					72.77	N
				Check 024520 Total:	146.03	
024521	12-13-2018		12-11-2018	MLG PROTECTION SERVICES	7,238.07	N
					1,309.44	N
					1,291.50	N
				Check 024521 Total:	9,839.01	
024522	12-13-2018		12-07-2018	NICHO PRODUCE COMPANY, INC.	2,006.25	N
					556.00	N
					220.00	N
				Check 024522 Total:	2,782.25	
024523	12-13-2018		12-11-2018	ADVANTAGE IMAGING SUPPLY, INC.	581.00	N
024524	12-13-2018		12-13-2018	SAMUEL REYNOLDS	110.00	N
024525	12-13-2018		12-13-2018	Narciso Zamora Jr.	44.73	N
024526	12-13-2018		12-13-2018	WALSH GALLEGOS TREVINO RUSSO & KYLE	8,472.14	N
024527	12-13-2018		12-13-2018	BRANDON HOLGUIN	1,200.00	N
024528	12-13-2018		12-07-2018	RMZ KLEANING ZOLUTIONS, LLC	375.00	N
024529	12-13-2018		12-13-2018	GREGGORY E. WILLIAMS	87.50	N
024530	12-19-2018		12-18-2018	SAMS CLUB	34.23	N
024531	12-19-2018		12-17-2018	SCHOOL SPECIALTY INC.	53.90	N
024532	12-19-2018		12-14-2018	ALIM U ANSARI	12,352.00	N
024533	12-19-2018		12-14-2018	JAMES O. HAYES CPA	1,230.00	N
					132.20	N
					106.69	N
					45.01	N
				Check 024533 Total:	1,513.90	
024534	12-19-2018		12-14-2018	JAMES O. HAYES CPA	4,000.00	N
024535	12-19-2018		12-18-2018	REGION ONE ESC	1,685.90	N
					957.90	N
					1,187.80	N
					120.00	N
			12-19-2018	64	60.00	N
					60.00	N

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					60.00	N
				Check 024535 Total:	4,131.60	
024536	12-19-2018		12-17-2018	AT&T	646.20	N
024537	12-19-2018		12-14-2018	CDW-G	193.32	N
					128.88	N
				Check 024537 Total:	322.20	
024538	12-19-2018		12-14-2018	DICK BLICK COMPANY	4.04	N
					6.58	N
					307.31	N
				Check 024538 Total:	317.93	
024539	12-19-2018		12-14-2018	MAGIC VALLEY ELECTRIC CO-OP	1,769.71	N
024540	12-19-2018		12-14-2018	GULF COAST PAPER CO INC	638.20	N
					39.75	N
					224.00	N
					934.55	N
				Check 024540 Total:	1,836.50	
024541	12-19-2018		12-18-2018	CITY OF MCALLEN	50.00	N
024542	12-19-2018		12-18-2018	BARNES & NOBLE	520.00	N
024543	12-19-2018		12-14-2018	MCALLEN PUBLIC UTILITIES	81.79	N
					35.71	N
					592.62	N
					655.52	N
				Check 024543 Total:	1,365.64	
024544	12-19-2018		12-14-2018	DARIO GALLEGOS	850.00	N
024545	12-19-2018		12-14-2018	VALERO MARKETING & SUPPLY COMPANY	50.42	N
					30.29	N
					49.10	N
					387.05	N
					431.11	N
				Check 024545 Total:	947.97	
024546	12-19-2018		12-14-2018	INXS EMBROIDERY	471.00	N
					2,424.00	N
					264.00	N
					4,277.67	N
					4,277.67	N
					4,277.66	N
				Check 024546 Total:	15,992.00	
024547	12-19-2018		12-17-2018	JEHU VASQUEZ	130.00	N
			12-19-2018		475.00	N
					490.00	N
					495.00	N
				Check 024547 Total:	1,590.00	
024548	12-19-2018		12-17-2018	AT&T MOBILITY	1,102.23	N
					51.24	N
					320.84	N
				Check 024548 Total:	1,474.31	
024549	12-19-2018		12-17-2018	JOHNSON SUPPLY	1,109.90	N
024550	12-19-2018		12-14-2018	TIME WARNER / SPECTRUM	6,842.14	N
			12-17-2018		130.11	N
					1,629.12	N
					239.72	N
				Check 024550 Total:	8,841.09	

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024551	12-19-2018		12-18-2018	PITNEY BOWES	75.00	N
024552	12-19-2018		12-14-2018	TEXAS MUSIC EDUCATORS ASSOCIATION	60.00	N
024553	12-19-2018		12-18-2018	CHAPITAS RESTAURANT	402.75	N
024554	12-19-2018		12-14-2018	S&R TROPIC JUICES, LLC	269.92	N
024555	12-19-2018		12-14-2018	CITY OF WESLACO	155.00	N
024556	12-19-2018		12-14-2018	BORDEN DAIRY COMPANY OF TEXAS LLC	2,365.50	N
					2,492.57	N
			12-18-2018		2,590.16	N
				Check 024556 Total:	7,448.23	
024557	12-19-2018		12-18-2018	TEXAS DEPT. OF LICENSING & REGULATI	20.00	N
024558	12-19-2018		12-14-2018	ACADEMIC LEARNING COMPANY	988.35	N
024559	12-19-2018		12-17-2018	TFS LEASING A PROGRAM OF DE LAGE	1,590.07	N
					592.26	N
					455.52	N
					360.15	N
				Check 024559 Total:	2,998.00	
024560	12-19-2018		12-14-2018	TOSHIBA BUSINESS SOLUTIONS, USA	61.92	N
			12-18-2018		12.50	N
				Check 024560 Total:	74.42	
024561	12-19-2018		12-18-2018	R. E. FRIEDRICHS COMPANY	290.00	N
024562	12-19-2018		12-18-2018	LMH & LMH LLC	180.00	N
					165.00	N
				Check 024562 Total:	345.00	
024563	12-19-2018		12-14-2018	RAY'S BUSINESS PRODUCTS	428.50	N
					100.00	N
					200.00	N
					200.00	N
			12-18-2018		619.00	N
				Check 024563 Total:	1,547.50	
024564	12-19-2018		12-19-2018	REGIONS BANK	1,494.64	N
					3,253.97	N
				Check 024564 Total:	4,748.61	
024565	12-19-2018		12-14-2018	MICHAEL MCGURK IN TRUST	19,623.60	N
024566	12-19-2018		12-14-2018	IMAGINATION STATION	1,049.23	N
					596.16	N
					739.22	N
				Check 024566 Total:	2,384.61	
024567	12-19-2018		12-18-2018	CHERRY BROS., LLC	6,665.00	N
024568	12-19-2018		12-18-2018	CONSOLIDATED ELECTRICAL DISTRIBUTOR	96.76	N
024569	12-19-2018		12-17-2018	LORENZO RODRIGUEZ	64.97	N
024570	12-19-2018		12-19-2018	Amanda Najar	390.00	N
024571	12-19-2018		12-17-2018	PROTECTION ONE ALARM MONITORING	32.40	N
024572	12-19-2018		12-19-2018	FRONTIER	292.28	N
024573	12-19-2018		12-18-2018	FOOD BANK OF THE RIO GRANDE VALLEY	51.04	N
024574	12-19-2018		12-14-2018	THE HANOVER INSURANCE GROUP	213.50	N
					2,568.50	N
					2,015.25	N
					1,047.33	N
				Check 024574 Total:	5,844.58	

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024596	12-20-2018		12-20-2018	Natalee Renee Alvarez	47.51	N
					47.51	N
					47.51	N
					47.51	N
				Check 024596 Total:	190.04	
024597	12-20-2018		12-20-2018	Philip Daniel Coronado	47.51	N
					47.51	N
					47.51	N
				Check 024597 Total:	142.53	
024598	12-20-2018		12-20-2018	Lorraine Vasquez	47.51	N
					47.51	N
					32.21	N
					47.51	N
				Check 024598 Total:	174.74	
				Grand Totals	1,529,170.12	

End of Report