

**CARRIZO SPRINGS CONSOLIDATED  
INDEPENDENT SCHOOL DISTRICT**

**Carrizo Springs, Texas**

**ANNUAL FINANCIAL REPORT**

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

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# CARRIZO SPRINGS CONSOLIDATED INDEPENDENT SCHOOL DISTRICT ANNUAL FINANCIAL REPORT FOR THE YEAR ENDED AUGUST 31, 2018

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**CARRIZO SPRINGS CONSOLIDATED  
INDEPENDENT SCHOOL DISTRICT  
ANNUAL FINANCIAL REPORT  
FOR THE YEAR ENDED AUGUST 31, 2018**

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## **INTRODUCTORY SECTION**

## CERTIFICATE OF BOARD

Carrizo Springs Consolidated Independent School District  
Name of School District

Dimmit  
County

064-903  
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, 2018, at a meeting of the Board of Trustees of such school district on the 22 day of January 2019.

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

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

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

## **FINANCIAL SECTION**



**BILL C. ROCHA**  
**CERTIFIED PUBLIC ACCOUNTANT**

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P.O. Box 160127  
San Antonio, TX 78280-2327

## INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees of  
Carrizo Springs Consolidated Independent School District  
City of Carrizo Springs, Texas

### **Report on the Financial Statements**

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

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

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

### **Auditor's Responsibility**

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

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

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

### **Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the District, as of August 31, 2018, and the respective changes in financial position, thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### **Emphasis of Matter**

As described in the notes to the financial statements, in fiscal year 2018, the District adopted new accounting guidance, Governmental Accounting Standards Boards (GASB) Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* amending GASB Statement No. 45. GASB Statement No. 75, requires state and local government employers to display the actuarially determined Net OPEB Liability in its financial statements. Our opinion is not modified with respect to this matter.



## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information for the general fund, and the Teacher Retirement System pension and OPEB information, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### *Other Information*

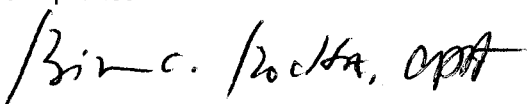
Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements, required Texas Education Agency (TEA) schedules and the statistical section, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is also 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 and individual nonmajor fund financial statements, required TEA 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 and individual nonmajor fund financial statements, required TEA Schedules, and the schedule of expenditures of federal awards are fairly stated in all material respects in relation to the basic financial statements as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

### **Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated January 21, 2019, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.



Bill C. Rocha  
Certified Public Accountant  
San Antonio, Texas  
January 21, 2019

## **CARRIZO SPRINGS CONSOLIDATED INDEPENDENT SCHOOL DISTRICT MANAGEMENT'S DISCUSSION AND ANALYSIS**

This section of Carrizo Springs Consolidated Independent School District's (the District) annual financial report presents our discussion and analysis of the District's financial performance for the fiscal year ended August 31, 2018. Please read it in conjunction with the Independent Auditor's Report and the District's Basic Financial Statements, which follow this section.

### **Financial Highlights**

- The District's total combined net positions were \$ 47.1 million at August 31, 2018, which is a decrease of \$ 10.5 million from the previous year. The district's overall financial position remains strong.
- During the year, the District's expenses were \$ 7.1 million less than the \$ 60.6 million generated in taxes and other revenues for the governmental activities (all funds, including grants) primarily due to a significant decrease in local tax collections.
- The total cost of the District's programs, including Chapter 41 payments, decreased by \$5.2 million from last year. The most significant factor is decreased costs in payments for Incremental cost for weighted average daily attendance (WADA) (Chapter 41).
- The General Fund ended the year with a combined fund balance of \$ 22.3 million, an increase of \$ 3.3 million from last year primarily due to a significant increase in cash and cash equivalents. However, the District exceeds required fund balance amounts as required.

### **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.

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.

### **Reporting the District as a Whole**

#### ***The Statement of Net Position and the Statement of Activities***

The primary purpose of the Statement of Net Position and the Statement of Activities is to show whether the District's financial standing is improving or worsening as a result of the year's activities

## **Reporting the District as a Whole (continued)**

The statement of Net Position includes all the District's assets plus outflows minus liabilities plus inflows 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 statements apply the same basis of accounting as 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 outside the District (currently, the District has no tuition income) and grants provided from the U.S. Department of Education and other Federal Agencies to assist children with disabilities or from disadvantaged backgrounds (program revenues), and revenues provided by the taxpayers (in the form of local property taxes) or by the Texas Education Agency (TEA) in equalization funding processes (general revenues).

All the District's assets and deferred outflows are reported whether they serve the current year or future years. Liabilities and deferred inflows are considered regardless of whether they must be paid in the current or future years.

These two statements report the District's net position and changes in those net positions. The District's net position (the difference between assets plus outflows minus liabilities plus inflows) provides one measure of the District's financial health, or financial position. 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 (ADA), its property tax bases and the condition of the District's facilities.

The government-wide financial statements of the District are primarily supported by taxes and intergovernmental revenues. The governmental activities of the District include: instruction, counseling, co-curricular activities, food services, transportation, maintenance, community services, and general administration.

In fiscal year 2018, the District adopted the Governmental Accounting Standards Board Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions – which superseded GASB Statement No. 45. Statement No. 75 establishes financial reporting standards and/or accounting standards for state and local government defined benefit OPEB plans and defined contribution OPEB plans. Statement No. 75 requires that, at transition, a government recognizes a beginning deferred outflow of resources for its OPEB contributions, if any, made subsequent to the measurement date of the beginning net OPEB liability. The effects of the adoption of this statement has no impact on the District's governmental fund financial statements. However, adoption has resulted in certain changes to the presentation of the financial statements of the District's government-wide financial statements. More information on the adoption of this statement and the District's OPEM plan is available in the Notes to the Basic Financial Statements.

## **Reporting the District's Most Significant Funds**

### ***Fund Financial Statements***

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the District can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds:

## Reporting the District's Most Significant Funds (continued)

**Governmental funds** – Most of the District's basic services are reported in governmental funds. 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.

**Proprietary funds** – The District reports the activities for which it charges users (whether outside customers or other units of the District) in proprietary funds using the same accounting methods employed in the statement of net position and the statement of activities. Currently, the District does not have resources segregated as proprietary funds.

**Fiduciary funds** – Fiduciary funds are used to account for resources held for the benefit of students and for a scholarship fund. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the District's own programs.

### *Financial Analysis of the District as a Whole*

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

Combined net position of the District is approximately \$ 47.1 million at August 31, 2018. See Table 1 below:

**Table I**  
**Carrizo Springs Consolidated ISD**  
**NET POSITION**  
**in thousands**

	Governmental Activities 2018	Governmental Activities 2017	Percent Change (%)
Assets	\$ 29,686	\$ 25,480	17%
Capital Assets	77,932	81,179	-4%
Total Assets	107,618	106,659	1%
Deferred Outflows of Resources	1,575	3,088	-49%
Total Deferred Outflow of Resources	1,575	3,088	-49%
Liabilities	57,199	51,486	11%
Deferred Inflows of Resources	4,899	709	591%
Total Liabilities and Deferred Inflows	62,098	52,195	19%
Net Investment in Capital Assets	34,450	37,188	-7%
Restricted for Debt Service	426	426	0%
Restricted for Capital Projects	340	-	100%
Restricted for Other Purposes	665	184	261%
Unrestricted Net Position	11,213	19,754	-43%
Total Net Position	\$ 47,094	\$ 57,552	-18%

***Financial Analysis of the District as a Whole (continued)***

Combined total revenues of the District were \$ 60.6 million and combined expenses were \$ 53.5 million at August 31, 2018. See Table II below.

**Table II**  
**Carrizo Springs Consolidated ISD**

**CHANGES IN NET POSITION**  
**in thousands**

	<u>Governmental Activities 2018</u>	<u>Governmental Activities 2017</u>	<u>Percent Change (%)</u>
Revenues:			
Program Revenues:			
Charges for Services	\$ 483	\$ 338	43%
Operating Grants and Contributions	854	3,719	-77%
Capital Grants and Contributions	-	-	0%
General Revenues:			
Maintenance and Operation Taxes	55,853	39,043	43%
Debt Service Taxes	2,950	3,390	-13%
State Aid - Formula Grants	708	-	0%
Grants and Contributions not Restricted to Specific Functions	320	6,088	-95%
Investment Earnings	500	255	96%
Extraordinary Item Contributions	-	-	0%
Contribution	-	-	0%
Miscellaneous	(1,068)	1,821	-159%
Total Revenue	<u>60,600</u>	<u>54,654</u>	<u>11%</u>
Expenses:			
Instruction, Curriculum and Media Services	11,452	14,677	-22%
Instructional and School Leadership	1,484	2,122	-30%
Student Support Services	1,444	1,957	-26%
Child Nutrition	1,687	2,031	-17%
Co-curricular Activities	2,189	2,274	-4%
General Administration	866	1,108	-22%
Plant Maintenance, Security and Data Processing	3,351	4,161	-19%
Community Services	80	65	23%
Debt Service	1,658	1,998	-17%
Facilities, Acquisition and Construction	-	2	-100%
Other Intergovernmental Payments	29,261	28,282	3%
Total Expenses	<u>53,472</u>	<u>58,677</u>	<u>-9%</u>
Total Change in Net Position	7,128	(4,023)	-277%
Net Position - Beginning	57,552	70,353	-18%
Prior Period Adjustments	(17,585)	(8,778)	100%
Net Position - Ending	<u>\$ 47,095</u>	<u>\$ 57,552</u>	<u>-18%</u>

### ***Financial Analysis of the District as a Whole (Continued)***

The District's total revenues were \$ 60.6 million. A significant portion, 92.2%, of the District's revenues came from Maintenance and Operation Taxes, 1.2% from State programs, and 6.6% came from federal program grants. The total cost of all programs and services was \$ 53.5 million; of these costs, the largest was WADA (Chapter 41) 53.6%.

The district has ended the year with an estimated decrease in net position of \$ 10.5 million. The decrease is due to the implementation of GASB 75 in the current year, which required a restatement in the amount of \$13.9 million to reflect the beginning balance of the Net OPEB Liability and related accounts.

### **Capital Asset and Debt Administration**

#### **Capital Assets**

At the end of 2018, the District had \$ 77.9 million invested in a broad range of capital assets, including facilities and equipment for instruction, transportation, athletics, administration, and maintenance. This amount represents a decrease of \$ 2.8 million from last year primarily due to building improvements and ongoing construction projects. See Table III below. For Capital Asset Activity, please refer to Note E of the notes to the financial statements.

**Table III**  
**Carrizo Springs Consolidated ISD**

	<b>CAPITAL ASSETS</b> in thousands		
	2018	2017	Percent Change (%)
Land & Land Improvements	\$ 725,674	\$ 725,674	0%
Buildings and Improvements	120,659,536	120,609,541	0%
Furniture and Equipment	5,934,279	5,386,357	10%
Construction in Progress	-	-	0%
Totals at Historical Costs	127,319,489	126,721,572	0%
Accumulated Depreciation	(49,387,077)	(45,951,656)	7%
Net Capital Assets	<u>\$ 77,932,412</u>	<u>\$ 80,769,916</u>	<u>-4%</u>

#### **Debt Administration**

At year-end, the District had \$ 43.4 million in bonds and notes outstanding versus \$ 44.9 million last year. See Table IV below. For detailed information of the District's long term debt refer to Note K of the notes to the financial statements. The District's general obligation bond rating remained the same.

**Table IV**  
**Carrizo Springs Consolidated ISD**  
**THE DISTRICT'S LONG TERM DEBT**  
in thousands

	2018	2017	Percent Change (%)
General Obligation Debt	\$ 43,403	\$ 44,890	-3%
Total Long Term Debt	<u>\$ 43,403</u>	<u>\$ 44,890</u>	<u>-3%</u>

### **Economic Factors and Next Years Budgets and Rates**

Carrizo Springs Consolidated Independent School District's 2017-2018 Maintenance & Operations tax rate was approved at \$ 1.06; the debt service tax rate was approved at \$ 0.0561 for a total tax rate of \$1.1161.

The District's enrollment had a slight decrease and is estimating the decrease to continue through fiscal year 2018-2019 school year.

The District collected 98% of the estimated tax collections for fiscal year 2017-2018.

The appraised property values are expected to increase for the 2018-2019 school year. This increase expected to increase the chapter 41 recapture obligations. For 2017-2018, the ration of chapter 41 recapture obligations to tax collections was 52% to 48%. With the expected increase in appraised property values, the ration is expected to change to 64% to 36%.

The 2018-2019 budget will be restricted to a deficit balance of approximately \$3 million which will be funded through the fund balance of the general fund. The deficit is related to the significant increase in chapter 41 recapture obligations.

### **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 information, contact the District's Business Office at Carrizo Springs CISD, 300 N. 7<sup>th</sup> Street, Carrizo Springs, Texas 78834.

## **BASIC FINANCIAL STATEMENTS**



## **GOVERNMENT-WIDE STATEMENTS**

CARRIZO SPRINGS CONSOLIDATED I S D  
STATEMENT OF NET POSITION  
AUGUST 31, 2018

EXHIBIT A-1

Data	Primary Government
Control	Governmental
Codes	Activities
<b>ASSETS</b>	
1110 Cash and Cash Equivalents	\$ 22,157,340
1220 Property Taxes Receivable (Delinquent)	5,358,810
1230 Allowance for Uncollectible Taxes	(267,941)
1240 Due from Other Governments	2,099,962
1267 Due from Fiduciary Funds	202,521
1290 Other Receivables, net	93,516
1300 Inventories	6,014
1410 Prepayments	10,630
1490 Other Current Assets	25,431
Capital Assets:	
1510 Land	725,674
1520 Buildings, Net	75,451,463
1530 Furniture and Equipment, Net	1,755,275
1000 Total Assets	107,618,695
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	
1705 Deferred Outflow Related to TRS Pension	1,356,504
1706 Deferred Resource Outflow Related to TRS OPEB	218,961
1700 Total Deferred Outflows of Resources	1,575,465
<b>LIABILITIES</b>	
2110 Accounts Payable	116,201
2140 Interest Payable	141,366
2160 Accrued Wages Payable	679,033
2180 Due to Other Governments	936,827
2200 Accrued Expenses	241,250
Noncurrent Liabilities:	
2501 Due Within One Year	1,538,060
2502 Due in More Than One Year	41,864,784
2540 Net Pension Liability (District's Share)	3,827,422
2545 Net OPEB Liability (District's Share)	7,854,357
2000 Total Liabilities	57,199,300
<b>DEFERRED INFLOWS OF RESOURCES</b>	
2605 Deferred Inflow Related to TRS Pension	1,613,730
2606 Deferred Resource Inflow Related to TRS OPEB	3,285,493
2600 Total Deferred Inflows of Resources	4,899,223
<b>NET POSITION</b>	
3200 Net Investment in Capital Assets	34,450,313
3850 Restricted for Debt Service	426,397
3860 Restricted for Capital Projects	340,357
3890 Restricted for Other Purposes	665,415
3900 Unrestricted	11,213,155
3000 Total Net Position	\$ 47,095,637

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

CARRIZO SPRINGS CONSOLIDATED I S D  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED AUGUST 31, 2018

EXHIBIT B-1

Data Control Codes	1	Program Revenues		Net (Expense) Revenue and Changes in Net Position
		3	4	
	Expenses	Charges for Services	Operating Grants and Contributions	6 Primary Gov. Governmental Activities

**Primary Government:**

GOVERNMENTAL ACTIVITIES:

11 Instruction	\$ 10,438,850	\$ -	\$ (238,916)	\$ (10,677,766)
12 Instructional Resources and Media Services	384,775	-	(35,749)	(420,524)
13 Curriculum and Staff Development	628,845	-	287,219	(341,626)
21 Instructional Leadership	423,611	-	154,205	(269,406)
23 School Leadership	1,060,057	-	(152,270)	(1,212,327)
31 Guidance, Counseling and Evaluation Services	516,521	-	58,483	(458,038)
32 Social Work Services	52,163	-	(6,034)	(58,197)
33 Health Services	154,500	-	(20,204)	(174,704)
34 Student (Pupil) Transportation	720,998	-	(109,708)	(830,706)
35 Food Services	1,686,940	89,904	1,334,642	(262,394)
36 Extracurricular Activities	2,188,750	393,203	(60,097)	(1,855,644)
41 General Administration	866,593	-	(106,701)	(973,294)
51 Facilities Maintenance and Operations	2,612,417	-	(243,611)	(2,856,028)
52 Security and Monitoring Services	214,320	-	(46,298)	(260,618)
53 Data Processing Services	524,264	-	(56,801)	(581,065)
61 Community Services	79,915	-	96,023	16,108
72 Debt Service - Interest on Long Term Debt	1,655,173	-	-	(1,655,173)
73 Debt Service - Bond Issuance Cost and Fees	2,750	-	-	(2,750)
91 Contracted Instructional Services Between Schools	28,649,909	-	-	(28,649,909)
93 Payments related to Shared Services Arrangements	42,300	-	-	(42,300)
99 Other Intergovernmental Charges	568,587	-	-	(568,587)
[TP] TOTAL PRIMARY GOVERNMENT:	\$ 53,472,238	\$ 483,107	\$ 854,183	(52,134,948)

Data  
Control  
Codes

General Revenues:

Taxes:

MT	Property Taxes, Levied for General Purposes	55,853,240
DT	Property Taxes, Levied for Debt Service	2,949,944
SF	State Aid - Formula Grants	707,843
GC	Grants and Contributions not Restricted	320,373
IE	Investment Earnings	500,145
MI	Miscellaneous Local and Intermediate Revenue	(1,068,497)
TR	Total General Revenues	59,263,048
CN	Change in Net Position	7,128,100
NB	Net Position - Beginning	57,552,356
PA	Prior Period Adjustment	(17,584,819)
NE	Net Position--Ending	\$ 47,095,637

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

## **GOVERNMENTAL FUND FINANCIAL STATEMENTS**

CARRIZO SPRINGS CONSOLIDATED I S D  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
AUGUST 31, 2018

Data Control Codes	10 General Fund	Major Special Revenue Fund	Other Funds	Total Governmental Funds
<b>ASSETS</b>				
1110 Cash and Cash Equivalents	\$ 21,768,219	\$ -	\$ 389,121	\$ 22,157,340
1220 Property Taxes - Delinquent	5,089,453	-	269,357	5,358,810
1230 Allowance for Uncollectible Taxes (Credit)	(254,473)	-	(13,468)	(267,941)
1240 Receivables from Other Governments	997,716	842,942	259,304	2,099,962
1260 Due from Other Funds	1,381,210	-	-	1,381,210
1290 Other Receivables	43,600	-	49,916	93,516
1300 Inventories	6,014	-	-	6,014
1410 Prepayments	10,630	-	-	10,630
1490 Other Current Assets	25,431	-	-	25,431
1000 Total Assets	<u>\$ 29,067,800</u>	<u>\$ 842,942</u>	<u>\$ 954,230</u>	<u>\$ 30,864,972</u>
<b>LIABILITIES</b>				
2110 Accounts Payable	\$ 107,586	\$ 3,968	\$ 4,647	\$ 116,201
2160 Accrued Wages Payable	660,113	14,250	4,670	679,033
2170 Due to Other Funds	-	823,748	354,941	1,178,689
2180 Due to Other Governments	936,653	-	174	936,827
2200 Accrued Expenditures	238,303	976	1,971	241,250
2000 Total Liabilities	<u>1,942,655</u>	<u>842,942</u>	<u>366,403</u>	<u>3,152,000</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
2601 Unavailable Revenue - Property Taxes	4,835,030	-	255,889	5,090,919
2600 Total Deferred Inflows of Resources	<u>4,835,030</u>	<u>-</u>	<u>255,889</u>	<u>5,090,919</u>
<b>FUND BALANCES</b>				
Nonspendable Fund Balance:				
3430 Prepaid Items	36,061	-	-	36,061
Restricted Fund Balance:				
3480 Retirement of Long-Term Debt	-	-	426,397	426,397
3490 Other Restricted Fund Balance	-	-	95,541	95,541
Committed Fund Balance:				
3530 Capital Expenditures for Equipment	340,357	-	-	340,357
3545 Other Committed Fund Balance	452,380	-	-	452,380
Assigned Fund Balance:				
3590 Other Assigned Fund Balance	-	-	81,433	81,433
3600 Unassigned Fund Balance	21,461,317	-	(271,433)	21,189,884
3000 Total Fund Balances	<u>22,290,115</u>	<u>-</u>	<u>331,938</u>	<u>22,622,053</u>
4000 Total Liabilities, Deferred Inflows & Fund Balances	<u>\$ 29,067,800</u>	<u>\$ 842,942</u>	<u>\$ 954,230</u>	<u>\$ 30,864,972</u>

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

CARRIZO SPRINGS CONSOLIDATED I S D  
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE  
STATEMENT OF NET POSITION  
AUGUST 31, 2018

EXHIBIT C-2

<b>Total Fund Balances - Governmental Funds</b>	\$ 22,622,053
1 Capital assets used in governmental activities are not financial resources and therefore are not reported in governmental funds. At the beginning of the year, the cost of these assets was \$126,721,572 and the accumulated depreciation was (\$45,951,656). In addition, long-term liabilities, including bonds payable, are not due and payable in the current period, and, therefore are not reported as liabilities in the funds. The net effect of including the beginning balances for capital assets \$80,769,916 and long-term debt in the governmental activities is to decrease net position (\$45,036,075). Note: Beginning Balances related to TRS are NOT included in this amount.	35,733,841
2 Current year capital outlays and long-term debt principal payments are expenditures in the fund financial statements, but they should be shown as increases in capital assets and reductions in long-term debt in the government-wide financial statements. The net effect of including the 2018 capital outlays \$597,917 and debt principal payments \$1,491,865 is to decrease net position.	2,089,782
3 Included in the items related to debt is the recognition of the District's proportionate share of the net pension liability required by GASB 68. At the beginning of the year, the net position related to TRS was a Deferred Resource Outflow in the amount of \$1,356,504, a Deferred Resource Inflow in the amount of \$(1,613,730) and a net pension liability in the amount of \$3,827,422. The impact of this on Net Position is (\$4,084,648).	(4,084,648)
4 Included in the items related to debt is the recognition of the District's proportionate share of the TRS-Care net OPEB liability (\$7,854,357) and a deferred inflow of resources (\$3,285,493 ) and a deferred outflow of resources (\$218,961). This had the effect of net decrease in net position.	(10,920,889)
5 The 2018 depreciation expense increases accumulated depreciation. The net effect of the current year's depreciation is to decrease net position.	(3,435,421)
6 Various other reclassifications and eliminations are necessary to convert from the modified accrual basis of accounting to accrual basis of accounting. These include recognizing unavailable revenue from property taxes as revenue, reclassifying the proceeds of bond sales as an increase in bonds payable, and recognizing the liabilities associated with maturing long-term debt and interest. The net effect of these reclassifications and recognitions is to increase net position.	5,090,919
<b>19 Net Position of Governmental Activities</b>	<u><u>\$ 47,095,637</u></u>

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

CARRIZO SPRINGS CONSOLIDATED I S D  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED AUGUST 31, 2018

Data Control Codes	10 General Fund	Major Special Revenue Fund	Other Funds	Total Governmental Funds
<b>REVENUES:</b>				
5700 Total Local and Intermediate Sources	\$ 55,380,076	\$ -	\$ 3,047,769	\$ 58,427,845
5800 State Program Revenues	1,795,029	-	158,128	1,953,157
5900 Federal Program Revenues	1,522,876	1,615,677	718,612	3,857,165
5020 Total Revenues	58,697,981	1,615,677	3,924,509	64,238,167
<b>EXPENDITURES:</b>				
<b>Current:</b>				
0011 Instruction	11,700,642	970,273	546,683	13,217,598
0012 Instructional Resources and Media Services	331,564	4,140	-	335,704
0013 Curriculum and Instructional Staff Development	335,577	303,943	31,015	670,535
0021 Instructional Leadership	415,116	131,437	87,161	633,714
0023 School Leadership	1,385,624	47,396	34,566	1,467,586
0031 Guidance, Counseling and Evaluation Services	555,545	19,687	128,200	703,432
0032 Social Work Services	51,075	-	-	51,075
0033 Health Services	188,649	4,247	-	192,896
0034 Student (Pupil) Transportation	1,130,874	4,949	-	1,135,823
0035 Food Services	1,752,440	16,496	78,933	1,847,869
0036 Extracurricular Activities	989,867	-	136,479	1,126,346
0041 General Administration	1,123,011	-	-	1,123,011
0051 Facilities Maintenance and Operations	2,948,161	17,985	-	2,966,146
0052 Security and Monitoring Services	315,802	1,193	-	316,995
0053 Data Processing Services	558,459	1,025	-	559,484
0061 Community Services	2,963	92,906	3,117	98,986
<b>Debt Service:</b>				
0071 Principal on Long Term Debt	-	-	1,405,000	1,405,000
0072 Interest on Long Term Debt	-	-	1,742,038	1,742,038
0073 Bond Issuance Cost and Fees	-	-	2,750	2,750
<b>Capital Outlay:</b>				
0081 Facilities Acquisition and Construction	49,995	-	-	49,995
<b>Intergovernmental:</b>				
0091 Contracted Instructional Services Between Schools	28,649,909	-	-	28,649,909
0093 Payments to Fiscal Agent/Member Districts of SSA	42,300	-	-	42,300
0099 Other Intergovernmental Charges	568,587	-	-	568,587
6030 Total Expenditures	53,096,160	1,615,677	4,195,942	58,907,779
1100 Excess (Deficiency) of Revenues Over (Under) Expenditures	5,601,821	-	(271,433)	5,330,388
<b>OTHER FINANCING SOURCES (USES):</b>				
7949 Other Resources	231,845	-	-	231,845
8911 Transfers Out (Use)	(231,845)	-	-	(231,845)
7080 Total Other Financing Sources (Uses)	-	-	-	-
1200 Net Change in Fund Balances	5,601,821	-	(271,433)	5,330,388
0100 Fund Balance - September 1 (Beginning)	18,959,593	-	610,384	19,569,977
1300 Prior Period Adjustment	(2,271,299)	-	(7,013)	(2,278,312)
3000 Fund Balance - August 31 (Ending)	\$ 22,290,115	\$ -	\$ 331,938	\$ 22,622,053

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

CARRIZO SPRINGS CONSOLIDATED I S D  
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED AUGUST 31, 2018

EXHIBIT C-4

<b>Total Net Change in Fund Balances - Governmental Funds</b>	\$ 5,330,388
Current year capital outlays and long-term debt principal payments are expenditures in the fund financial statements, but they should be shown as increases in capital assets and reductions in long-term debt in the government-wide financial statements. The net effect of removing the 2018 capital outlays and debt principal payments is to decrease net position.	2,089,782
Depreciation is not recognized as an expense in governmental funds since it does not require the use of current financial resources. The net effect of the current year's depreciation is to decrease net position.	(3,435,421)
Various other reclassifications and eliminations are necessary to convert from the modified accrual basis of accounting to accrual basis of accounting. These include recognizing unavailable revenue from property taxes as revenue, adjusting current year revenue to show the revenue earned from the current year's tax levy, reclassifying the proceeds of bond sales, and recognizing the liabilities associated with maturing long-term debt and interest. The net effect of these reclassifications and recognitions is to decrease net position.	290,094
Current year changes due to GASB 68 increased revenues in the amount of \$190,183 but also increased expenditures in the amount of \$191,761. The net effect on the change in the ending net position was a decrease in the amount of \$1,578.	1,578
The net change in net OPEB liability, deferred outflows, and deferred inflows is reported in the statement of activities but does not require the use of current financial resources and therefore, is not reported as expenditures in the governmental funds. The net change consists of adjustments to contributions made after measurement date were deexpended and recorded as deferred resource outflows, contributions made before the measurement were also deexpended, adjustments to the contribution was made and adjust for the District's proportionate share of OPEB expense and recognize from other sources	2,851,679
<b>Change in Net Position of Governmental Activities</b>	<u><u>\$ 7,128,100</u></u>

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



## **FIDUCIARY FUND FINANCIAL STATEMENTS**

CARRIZO SPRINGS CONSOLIDATED I S D  
STATEMENT OF FIDUCIARY NET POSITION  
FIDUCIARY FUNDS  
AUGUST 31, 2018

	Agency Funds
<hr/>	
ASSETS	
Cash and Cash Equivalents	\$ 385,518
Other Receivables	206
Prepayments	46,321
Total Assets	<u>\$ 432,045</u>
LIABILITIES	
Accounts Payable	\$ 3,233
Payroll Deductions and Withholdings Payable	68,526
Due to Other Funds	202,521
Due to Student Groups	157,765
Total Liabilities	<u>\$ 432,045</u>

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

**CARRIZO SPRINGS CONSOLIDATED  
INDEPENDENT SCHOOL DISTRICT  
CARRIZO SPRINGS, TEXAS**

**NOTES TO THE FINANCIAL STATEMENTS**

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

**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The Carrizo Springs Consolidated 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 GASB Statement No. 76, and it complies with the requirements of the appropriate version of the Texas Education Agency's (TEA) *Financial Accountability System Resource Guide* (the "Resource Guide"), and the requirements of contracts and grants of agencies from which it receives funds.

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

The District applies Governmental Accounting Standards Board ("GASB") Statement No. 72, Fair Value Measurement and Application. GASB Statement No. 72 provides guidance for determining a fair value measurement for reporting purposes and applying fair value to certain investments and disclosures related to all fair value measurements. The District's investments are accounted for using the cost amortization method.

In fiscal year 2018, the District adopted Governmental Accounting Standards Board (GASB) Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions. GASB 75 requires state and local government agencies to report the actuarially determined net other postemployment benefit liability in its financial statements. The primary objective of the Statement is to improve accounting and financial reporting by state and local governments for postemployment benefits other than pensions (other postemployment benefits or OPEB). The scope of the Statement addresses accounting and financial reporting for OPEB that is provided to the employees of state and local governmental employers. This Statement establishes standards for recognizing and measuring liabilities, deferred outflows of resources, deferred inflows of resources, and expense/expenditures. The disclosures for the OPEB plan required in accordance with GASB 75 are included in this report.

The fiduciary net position of the Teacher Retirement System of Texas (TRS) TRS Care Plan has been determined using the flow of economic resources measurement focus and full accrual basis of accounting in accordance with GASB 75 and is the same basis used by the Plan. This includes for purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflow of resources related to other post-employment benefits, OPEB expense, and information about assets, liabilities and additions to/deductions from TRS Care's fiduciary net position. Benefit payments are recognized when due and payable in accordance with the benefit terms. There are no investments as this is a pay-as-you-go plan and all cash is held in a cash account.

**CARRIZO SPRINGS CONSOLIDATED  
INDEPENDENT SCHOOL DISTRICT  
CARRIZO SPRINGS, TEXAS**

**NOTES TO THE FINANCIAL STATEMENTS**

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

**A. REPORTING ENTITY**

The Board is elected by the public and it has the authority to make decisions, approve/disapprove appointment of administrators and managers, and significantly influence operations. The Board has 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," and it is not included as part of any other governmental 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. These statements report information on all the District's nonfiduciary activities with the interfund activities removed. Government activities include programs supported primarily by property taxes, state foundation funds, grants and other governmental revenues.

The Statement of Activities demonstrates how other people or entities that participate in programs the District operates have shared in the payment of the direct costs. The "charges for services" column includes payments made by parties that purchase, use, or directly benefit from goods or services provided by a given function or segment of the District. Examples include tuition paid by students not residing in the district, school lunch charges, etc.

The "grants and contributions" column includes amounts paid by organizations outside the District to help meet operational or capital requirements of a given function. Examples include grants under the Elementary and Secondary Education Act. If revenue is not program revenue, it is general revenue used to support all of the District's functions. Taxes are always general revenues.

Interfund activities between governmental funds appear as due to/due from on the Governmental Fund Balance Sheet and as other resources and other uses on the governmental fund Statement of Revenues, Expenditures and Changes in Fund Balance. All interfund transactions between governmental funds are eliminated on the government-wide statements. Interfund activities between governmental funds and fiduciary funds remain as due to/due from on the government-wide Statement of Activities.

The fund financial statements provide reports on the financial 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 funds major and reports their financial condition and results of operations in a separate column. The District does have proprietary funds.

School districts are required to report all expenses by function, except certain indirect expenses. General administration and data processing service functions (data control codes 41 and 53, respectively) include expenses that are indirect expenses of other functions. These indirect expenses are not allocated to other functions.

**CARRIZO SPRINGS CONSOLIDATED  
INDEPENDENT SCHOOL DISTRICT  
CARRIZO SPRINGS, TEXAS**

**NOTES TO THE FINANCIAL STATEMENTS**

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

**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.

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 positions, and unrestricted net positions. The District does not have Proprietary Funds.

**CARRIZO SPRINGS CONSOLIDATED  
INDEPENDENT SCHOOL DISTRICT  
CARRIZO SPRINGS, TEXAS**

**NOTES TO THE FINANCIAL STATEMENTS**

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

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

Agency Funds utilize the accrual basis of accounting but do not have a measurement focus as they report only assets and liabilities.

D. FUND ACCOUNTING

The District reports the following major governmental funds.

**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. It is a budgeted fund, and any fund balances are considered resources available for current operations. General Fund primary revenue sources include property taxes and state funding.

**Major Special Revenue Fund** – This fund accounts for the Title I, Part A Improving Basic Grant Program.

Additionally, the District reports the following fund types:

*Governmental Funds:*

**Special Revenue Funds** – the District accounts for resources restricted to, or committed for, specific purposes by the District or a grantor in Special Revenue Funds. Most federal financial assistance, including the Child Nutrition Program and some state financial assistance is accounted for in these Funds. In some instances unused grant balances must be returned to grantors at the close of specified project periods.

*Fiduciary Funds:*

**Agency Funds** – the District accounts for resources held for others in a custodial capacity in Agency Funds. It accounts for the Student Activity Fund as an Agency Fund.

E. OTHER ACCOUNTING POLICIES

1. Cash and Cash Equivalents

The District’s cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from date of acquisition. Investments are reported at fair value.

The funds of the District must be deposited and invested under the terms of a depository contract, contents of which are set out in the Depository Contract Law. The depository bank must pledge eligible securities as collateral for the District’s deposits plus accrued interest less FDIC insurance of the District. In accordance with the Public Funds Collateral Act and the Texas Education Code, the collateral margin coverage is at 102% (110% if pledging eligible declining principal securities).

**CARRIZO SPRINGS CONSOLIDATED  
INDEPENDENT SCHOOL DISTRICT  
CARRIZO SPRINGS, TEXAS**

**NOTES TO THE FINANCIAL STATEMENTS**

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

*E.* OTHER ACCOUNTING POLICIES (continued)

2. Receivables and Payables

Interfund activities that represent lending/borrowing arrangements which are outstanding at the end of the fiscal year are referred to as “due to/ due from other funds”.

3. 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 Code. Taxes are due upon receipt of the tax bill and are delinquent if not paid before February 1 of the year following the year in which imposed.

On January 31 of each year, a tax lien attaches to property to secure payment of all taxes, penalties, and interest ultimately imposed.

The appraisal and recording of all property within the District is the responsibility of the Dimmit Central Appraisal District (DCAD). The DCAD is an independent governmental unit with a board of directors appointed by the taxing jurisdictions within the county and funded from assessments against those taxing jurisdictions. DCAD is required by law to assess property at 100% of its appraised value. Real property must be reappraised at least every two years. Under certain circumstances, taxpayers and taxing units, including the District, may challenge orders of the DCAD Review Board through various appeals and, if necessary, legal action.

Tax collections are prorated between the General Fund and Debt Service Fund based on a tax rate approved by the Board. For the period ended August 31, 2018, the General and Debt Service fund rates were \$1.06 and \$.0561, respectively, per \$100 of assessed value.

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. The property tax receivable allowance is equal to 1 percent of outstanding property taxes at August 31, 2018.

**CARRIZO SPRINGS CONSOLIDATED  
INDEPENDENT SCHOOL DISTRICT  
CARRIZO SPRINGS, TEXAS**

**NOTES TO THE FINANCIAL STATEMENTS**

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

**E. OTHER ACCOUNTING POLICIES (continued)**

**4. Inventories**

The District reports inventories of supplies on the balance sheet at weighted average cost and they include consumable, custodial, maintenance, transportation, instructional and office supplies, and athletic items. Inventories of governmental funds are recorded as expenditures when they are consumed rather than when purchased. Inventories of food commodities are recorded at market values supplied by the Texas Department of Human Services and recorded as inventory and deferred revenue when received in the governmental funds. When requisitioned, inventory and deferred revenue are relieved, expenditures are charged, and revenue is recognized for an equal amount.

**5. Prepayments**

Certain payments to vendors/employees reflect costs applicable to future accounting periods and are recorded as prepayments in both government-wide and fund financial statements. The amount reported as prepayment at August 31, 2018 will be relieved using the consumption method.

**6. Capital Assets**

Capital assets, which include land, buildings and improvements, furniture, equipment, vehicles, and construction in progress, are reported in the governmental activities column in the government-wide financial statements. Capital assets are defined by the District as assets with an initial, individual cost of \$5,000 or more and an estimated useful life in excess of one year for depreciation purposes. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets, donated works of art and similar items, and capital assets received in a service concession arrangement are recorded at acquisition value.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

When assets are retired or otherwise disposed of, the related costs or other recorded amounts are removed.



**CARRIZO SPRINGS CONSOLIDATED  
INDEPENDENT SCHOOL DISTRICT  
CARRIZO SPRINGS, TEXAS**

**NOTES TO THE FINANCIAL STATEMENTS**

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

6. Capital Assets (continued)

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

Asset Class	Estimated Useful Life in Years
Buildings and Improvements	20-30
Furniture and Equipment	3-5
All Vehicles	5-10

7. Accumulated Unpaid Vacation and Sick Leave Benefits

The District adopts the State of Texas sick leave program which consists of five days per year of sick leave with no limit on accumulating and transferability among District employees. The District also provides an additional five days of local sick leave per year. Sick leave is not vested, therefore upon resignation, termination, or non-renewal of contract accumulated sick leave is not paid.

The District's annual leave policy provides a maximum of ten days leave per year to all non-professional personnel in a twelve-month position. Upon resignation or termination annual accumulated leave is not compensated.

8. Long-term Obligations

Effective July 1, 2014, the District adopted Governmental Accounting Standards Board (GASB) Statement No. 65, *Items Previously Reported as Assets and Liabilities* ("GASB Statement No. 65"). GASB Statement No. 65 establishes accounting and financial reporting standards that reclassify as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities.

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the Statement of Net Position. It is the District's policy to record bond premiums and discounts as deferred costs and amortize them over the life of the bonds using the effective interest method if material or straight line when not material. Loss on refunded debt is amortized over the term of the related bond using the straight line method. The balance of the loss on refunded debt is reported as a deferred outflow of resources with the adoption of GASB 65. Bonds payable are reported net of the applicable bond premiums and discounts.

**CARRIZO SPRINGS CONSOLIDATED  
INDEPENDENT SCHOOL DISTRICT  
CARRIZO SPRINGS, TEXAS**

**NOTES TO THE FINANCIAL STATEMENTS**

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

**E. OTHER ACCOUNTING POLICIES (continued)**

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. 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, if any. Issuance costs, whether or not withheld from the actual proceeds received, are reported as debt service expenditures.

Effective July 1, 2015, the District adopted new accounting guidance, Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions an amendment of GASB Statement No. 27*. This statement requires state and local government agencies to display the actuarially determined Net Pension Liability in its financial statements.

**9. Fund Balance**

In the fund financial statements, the District uses the following criteria when classifying fund balance amounts:

*Nonspendable* – amounts not in spendable form or that are legally or contractually earmarked for a specific use. Examples include inventories and endowment principal.

*Restricted* – amounts that have been legally separated for a specific purpose by law or external funding source. Examples include grants, capital acquisitions, and long-term debt.

*Committed* – amounts that can only be set aside for a specific purpose by the District's highest level of decision-making authority, the Board, through formal action by adopting a resolution. This Board action to commit funds must occur prior to fiscal year end and can only be modified or removed through Board resolution. Examples include capital expenditures, self insurance, and campus activity funds.

*Assigned* – amounts that do not require Board approval but are intended to be used for a specific purpose. As established by the District's fund balance policy, the Superintendent or his designee is authorized to assign amounts for a specific purpose. These amounts do not meet the criteria to be classified as restricted or committed.

*Unassigned* – residual amount in the general fund that is available to finance operating expenditures. In other funds, this classification is used only to report a deficit balance resulting from over-spending for specific purposes for which amounts had been restricted, committed, or assigned, as applicable. The District's policy is to maintain a minimum threshold of 10% (\$5,326,190) of the prior year's expenditures in unassigned fund balance for the general fund. The District's unassigned fund balance amount at August 31, 2018 is \$21,461,317, which exceeds the required minimum amount by \$16,135,127.

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED AUGUST 31, 2018**

**E. OTHER ACCOUNTING POLICIES (continued)**

**10. Spending Order**

Fund balance amounts that are restricted, committed, or assigned are considered to have been spent when the expenditure is incurred for the respective purpose. If an expenditure incurred meets the criteria for more than one fund balance category, the District relieves fund balance in the following order: restricted, committed, assigned, and then unassigned.

**11. Accounting System and Data Control Codes**

In accordance with the Texas Education Code, Chapter 44, Subchapter A, the District has adopted and installed an accounting system which meets at least the minimum requirements prescribed by the State Board of Education and approved by the State Auditor. The data control codes refer to the account code structure prescribed by TEA in the Resource Guide. School districts are required to display these codes in the financial statements filed with Texas Education Agency in order to ensure accuracy in building a statewide data base for policy development and funding plans.

**12. Accrual of Foundation School Program Revenues**

The State of Texas provides funding to Districts through the Foundation School Program based on instructional days, average daily attendance by fiscal year, and other relevant factors. The Academic year for the District typically begins after the fourth Monday in August and before the beginning of the subsequent fiscal year (September1). During this period, expenditures are incurred that relate directly to revenues received in the subsequent fiscal year. In the current fiscal year, the District accrued Foundation School revenues that would be received next year to match August days of instructional expenditures.

**13. Restricted/Unrestricted Resources**

Under the terms of grant agreements, the District funds certain programs by a combination of specific cost-reimbursement grants and general revenues. Thus, when program expenses are incurred, there are both restricted and unrestricted resources available to finance the program. It is the District's policy to first apply cost-reimbursement grant (restricted) resources to such programs and then general revenues.

**14. Estimates**

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect certain report amounts and disclosures. Accordingly, actual results could differ from those estimates.

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E. OTHER ACCOUNTING POLICIES (continued)

15. Indirect Expenses

School districts are required to report all expenses by function. All general administration and other intergovernmental expenses reported in functions 41 and 99, respectively, and some data processing service expenses reported in function 53 represent indirect expenses of other functions.

16. Investments

At August 31, 2018, the District's current investments are comprised of local government investment pools, and a Freddie Mac (FHLMC) certificate. Both are reported as investments.

The District's investments in public funds investment pools include those with Lone Star Investment Pool (Lone Star) and TexasTERM Investment Pool. The pools were created pursuant to the Interlocal Cooperation Act, Chapter 791, of the Texas Government Code and are subject to the provisions of the Public Funds Investment Act, Chapter 2256, of the Texas Government Code. The pools operate in a manner consistent with the SEC's Rule 2a7 of the Investment Company Act of 1940. The pools use amortized cost rather than fair value to report net position to compute share prices. Accordingly, the fair value of the District's position in these pools is the same as the value of the pool shares. Participation in the pools is voluntary.

Lone Star is administered and distributed by the Texas Association of School Boards' wholly owned subsidiary, First Public. Lone Star is governed by an eleven-member Board of Trustees (Board) made up of active participants in the pool. The Board has the responsibility of adopting and monitoring compliance with the investment policy, appointing investment officers, overseeing the selection of an investment advisor, custodian, investment consultant, administrator, and other service providers. The Board is also responsible for monitoring the performance of the pool. Financial information for the pool can be obtained by writing to First Public at 12007 Research Blvd., Austin, Texas 78759 or by calling 1-800-558-8875.

The TexasTERM Local Government Investment Pool (the "Pool" or "TexasTERM") was created by and for Texas local governments to provide investment programs tailored to the needs of Texas cities, counties, school districts and other public investors. TexasTERM portfolios seek to provide these investors with safety, flexibility and competitive yields. TexasTERM offers a series of four professionally managed portfolios that are available to government entities in the State of Texas. The District's investments are in the Texas Daily Portfolio. TexasDAILY is a money market portfolio with daily liquidity that is rated AAA by Standard & Poor's. Financial information for the pool can be obtained by calling [Program Representatives](#) at 1-866-839-8376.

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E. OTHER ACCOUNTING POLICIES (continued)

On February 2016, GASB issued the new pronouncement for Statement No. 72, *Fair Value Measurement and Application* (GASB 72). The objectives of this Statement are to improve financial reporting by clarifying the definition of fair value for financial reporting purposes, establishing general principles for measuring fair value, providing additional fair value application guidance, and enhancing disclosures around fair value measurements. The provisions of this Statement are effective for financial statements in periods after June 15, 2016. The District adopted GASB 72 for the year ending August 31, 2017.

**II. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY**

A. BUDGETARY INFORMATION

The Board adopts an “appropriated budget” on a basis consistent with generally accepted accounting principles for the General, Debt Service and Child Nutrition Program Fund. The District is required to present the original and the final amended budgets for revenues and expenditures compared to actual revenues and expenditures for these three funds. The General Fund Budget report is presented in Exhibit E-1, the Child Nutrition Program Fund Budget report in Exhibit G-2, and the Debt Service Fund Budget report in Exhibit G-3.

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

- Prior to August 20<sup>th</sup>, of the preceding year, the District prepared a budget based on budgeting concepts for the next succeeding fiscal year, beginning September 1. The operating budget included proposed expenditures and the means of financing them.
- After several budget workshops with the Board, a meeting was called for the purpose of adopting the proposed budget. At least ten days, but not more than 30 days, of public notice of the meeting is required.
- Prior to September 1, the Board adopted the budget for the General Fund, Debt Service Fund, Child Nutrition Program Fund.

After the budget for the above listed funds was approved, any amendment that caused an increase or decrease in a fund or functional spending category, or total revenue or other resources object category, required Board approval. These amendments were presented to the Board at its regular monthly meeting and were reflected in the official minutes.

- Because the District has a policy of careful budgetary control, several budgetary amendments were necessary throughout the year.

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**A. BUDGETARY INFORMATION (continued)**

- Expenditure budgets are controlled at the expenditure functional and object level by the appropriate budget coordinator (principals or department director). Budget coordinators may authorize transfers within functional and organizational categories that do not affect the total functional and organizational appropriations.
- Encumbrance accounting, under which purchase orders, contracts and other commitments are recorded in order to reserve that portion of the applicable appropriation, is used in all governmental funds. Encumbrances outstanding at year-end do not constitute expenditures or liabilities. Encumbrances for specific purposes for which amounts have not been previously restricted or committed were included within assigned fund balance. Since appropriations lapse at the end of each year, outstanding encumbrances are appropriately provided for in the subsequent fiscal year's budget to provide for the liquidation of the prior commitments.

**III. DETAILED NOTES ON ALL FUNDS**

**A. DEPOSITS AND INVESTMENTS**

Deposits and investments are comprised of the following:

	Governmental Funds			
	General Fund	Debt Service	Other Funds	Total
<i>Cash and Cash Equivalents:</i>				
Demand Accounts	\$1,087,580	\$199,379	\$ 189,742	\$ 1,476,701
Cash on Hand	6,912	-	-	6,912
Investment Pools	12,512,538	-	-	12,512,538
Freddie Mac (FHMLC)	8,161,189			8,161,189
Total	<u>\$21,768,219</u>	<u>\$199,379</u>	<u>\$ 189,742</u>	<u>\$22,157,340</u>

	Agency Funds
	Student Activity Funds
<i>Cash and cash Equivalents:</i>	
Demand Accounts	\$385,518
Total	<u></u>

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**NOTES TO THE FINANCIAL STATEMENTS**

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

**A. DEPOSITS AND INVESTMENTS**

August 31, 2018, the carrying amount of the District's deposits (cash and interest-bearing savings accounts), including agency funds, was \$22,542,858 and the bank balance was \$23,053,491. To control custody risk, in accordance with the District's policy, the District's cash deposits at August 31, 2018, and during the year ended August 31, 2018, were entirely covered by FDIC insurance or by pledged collateral held by the District's agent bank in the District's name.

Following is additional information regarding coverage of combined balances on the date of the highest deposit:

1. Name of Bank: Capital Bank of Texas
2. The highest combined balances of cash and interest-bearing savings accounts amounted to \$26,694,018 and occurred during the month of November 2017.
3. Total amount of pledged collateral and FDIC coverage at the time of the highest combined balance was \$27,151,760.

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

Statutes authorize the District to invest in

- (1) Obligations of the U.S. Treasury, certain U.S. agencies, and the State of Texas;
- (2) Certificates of deposit,
- (3) Certain municipal securities,
- (4) Money market savings accounts,
- (5) Repurchase agreements,
- (6) Bankers acceptances,
- (7) Mutual Funds,
- (8) Investment pools,
- (9) Guaranteed investment contracts,
- (10) Common trust funds.

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A. DEPOSITS AND INVESTMENTS (continued)

The Act also requires the District to have independent auditors perform test procedures related to investment practices as provided by the Act. The District is in substantial compliance with the requirements of the Act and with local policies.

As of August 31, 2018, the District, including agency funds, had the following investments:

Investment	Fair Value	Weighted Average Maturity (Days)	Ratings
Lone Star Investment Pool	\$11,410,021	1	S&P AAAm
TexasTERM Investment Pool	1,102,517	1	S&P AAAm
Freddie Mac (FHLMC)	8,161,188	1	S&P AA+
	<u>\$20,673,726</u>		

**Interest Rate Risk** – As a means of limiting its exposure to fair value losses arising from rising interest rates, the District’s investment policy limits maturities of investments to two years from the date of purchase.

**Credit Risk** – In accordance with the District’s investment policy, investments in investment pools must be rated at least AAA or equivalent, and investments in obligations of the U.S. government or its agencies must be rated at least A or equivalent.

**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.



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**NOTES TO THE FINANCIAL STATEMENTS**

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

**A. DEPOSITS AND INVESTMENTS (continued)**

GASB 72 establishes general principles for measuring fair value and standards of accounting and financial reporting for assets and liabilities measured at fair value. As defined in GASB 72 paragraph 5 *fair value* is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants as of the measurement date. The objective of a fair value is to estimate the exit price of assets and liabilities.

The District has adopted GASB 72. The table below illustrates the fair value of the District's investments at August 31, 2018:

		Fair Value Measurements Using		
		Quoted Prices In Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
	August 31, 2018			
<b>Investments by Fair Value Level</b>				
U.S. Agency	\$ 10,000,000	\$ 10,000,000	\$ -	\$ -

In addition, the District has funds held in 2a-7 like external investment pools valued at amortized cost, in the amount of \$12,512,538.

GASB 72 Paragraph 18 states that a governmental entity should use valuation techniques consistent with one or more of the following approaches to measuring fair value:

- *Market approach* – uses prices and other relevant data derived from market transactions for identical or similar assets, liabilities, or a group of assets and liabilities.
- *Cost approach* – reflects the amount that would be required currently to replace the present service capacity of an asset.
- *Income approach* – converts future amounts to a single discounted amount. The fair value measurement would also reflect any current market expectations for future amounts.

As outlined in GASB 72, *inputs* refer broadly to the assumptions, or parameters, that any market participant might use when pricing an asset or liability, including assumptions about risk. Inputs may be observable or unobservable. When applying valuation techniques(s) one of the three (3) inputs below can be used to best represent fair value:

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**A. DEPOSITS AND INVESTMENTS (continued)**

- *Level 1* – Most reliable such as quoted prices (unadjusted) in active markets for identical assets or liabilities.
- *Level 2* – Reliable such as quoted prices similar assets for liabilities, quoted prices for identical or similar assets or liabilities in markets that are not active, or other observables.
- *Level 3* – Least Reliable such as unobservable inputs.

The District's investments, in the table above, used Level 1 inputs in the fair value determination.

**B. RECEIVABLES**

Receivables as of August 31, 2018, for the District's individual major fund and other funds, including the applicable allowances for uncollectible accounts, are as follows:

	Major Fund				
	General Fund	Major Special Revenue	Debt Service Fund	Other Governmen tal Funds	Total
Property Taxes - Delinquent	\$5,089,453	\$ -	\$269,357	\$ -	\$5,358,810
Receivables from Other Governments	997,716	842,942	-	259,304	2,099,962
Other Receivables	43,600	-	-	49,916	93,516
Gross Receivables	6,130,769	842,942	269,357	309,220	7,552,288
Less : Allowance for Uncollectible Taxes	(254,473)	-	(13,468)	-	(267,941)
Total Receivables (Net)	\$5,876,296	\$842,942	\$255,889	\$309,220	\$7,284,347

These amounts are expected to be collected within one year. Delinquent property taxes may be collected over several years, which are considered reasonable.

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**B. RECEIVABLES (continued)**

The amounts reflected as Receivables from Other Governments above are comprised of the following:

	<u>Major Fund</u>			
	General Fund	Major Special Revenue	Other Governmental Funds	Total
Due From State Agencies	\$ 1,031,868	\$ -	\$ 50,614	\$ 1,082,482
Due From (To) Federal Agencies	(34,040)	842,942	208,690	1,017,592
Due From Other Governmental Agencies	(112)	-	-	(112)
	<u>\$ 997,716</u>	<u>\$ 842,942</u>	<u>\$ 259,304</u>	<u>\$ 2,099,962</u>

The amount reflected as Other Receivables above is comprised of the following:

	<u>Major Fund</u>		
	General Fund	Other Governmental Funds	Total
Taxes	\$ 43,600	\$ -	\$ 43,600
Campus Activity Funds	-	2,826	2,826
Summer Food Service	-	47,090	47,090
Others	-	-	-
	<u>\$ 43,600</u>	<u>\$ 49,916</u>	<u>\$ 93,516</u>

**C. UNEARNED REVENUE AND DEFERRED INFLOWS**

As of August 31, 2018, the unavailable revenue reported as deferred inflows of resources in the governmental funds were as follows:

	<u>Major Fund</u>			
	General Fund	Debt Service	Special Revenue	Total
Unavailable Revenue-Property Taxes	\$ 4,835,030	\$ 255,889	\$ -	\$ 5,090,919
	<u>\$ 4,835,030</u>	<u>\$ 255,889</u>	<u>\$ -</u>	<u>\$ 5,090,919</u>

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**D. DUE TO / DUE FROM OTHER FUNDS AND TRANSFERS IN / OUT**

The amounts due to/from other funds as of August 31, 2018 are as follows:

	Receivable	Payable
General Fund:		
Payroll	\$ 202,521	\$ -
Special Revenue	1,178,689	-
Capital Projects	-	-
Total General Fund	1,381,210	-
Special Revenue Funds:		
General Fund	-	1,381,210
Total Special Revenue Fund	-	1,381,210
Total Interfund Receivables and Payables	\$ 1,381,210	\$ 1,381,210

Receivables in the General Fund represent amounts transferred to Special Revenue Funds pending reimbursement from grantors and amounts due from the Debt Service Fund for property tax collections allocated to the General Fund. These interfund balances are expected to be repaid within one year from the date of the financial statements.

Interfund transfers are defined as "flow of assets without equivalent flows of assets in return and without requirement of repayment." Interfund transfers for the year ended August 31, 2018 were as follows:

	Transfers In	Transfers Out
Governmental Funds:		
<i>General Fund:</i>		
Other Governmental Funds	-	231,845
<i>Other Governmental Funds:</i>		
Other Governmental Funds	231,845	-
Total transfers - Governmental Funds	\$ 231,845	\$ 231,845

The transfer from the General Fund to Other Governmental Funds was for (1) subsidizing the Child Nutrition Program for meals served to students that meet the "reduced" payment status.

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**E. CAPITAL ASSETS**

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

	Beginning Balance	Increases	Decreases	Reclass	Ending Balance
<b>Governmental Activities</b>					
<i>Capital Assets, Not Being Depreciated</i>					
Land	\$ 275,681	\$ -	\$ -	\$ -	\$ 275,681
Land Improvements	449,993	-	-	-	449,993
Construction in Progress	-	-	-	-	-
Total Capital Assets, Not Being Depreciated	725,674	-	-	-	725,674
<i>Capital Assets, Being Depreciated</i>					
Building and Improvements	120,609,541	49,995	-	-	120,659,536
Furniture and Equipment - Other	5,386,357	90,163	-	(3,739,996)	1,736,524
Furniture and Equipment - Buses	-	384,694	-	2,887,424	3,272,118
Furniture and Equipment - Cars, Trucks & Vans	-	73,065	-	852,572	925,637
Total Capital Assets, Being Depreciated	125,995,898	597,917	-	-	126,593,815
<i>Accumulated Depreciated For:</i>					
Buildings and Improvements	(41,246,064)	(3,077,728)	-	(884,281)	(45,208,073)
Furniture and Equipment - Other	(4,705,592)	(141,899)	-	3,754,454	(1,093,037)
Furniture and Equipment - Buses	-	(159,603)	-	(2,141,798)	(2,301,401)
Furniture and Equipment - Cars, Trucks & Vans	-	(56,191)	-	(728,375)	(784,566)
Total Accumulated Depreciation	(45,951,656)	(3,435,421)	-	-	(49,387,077)
Total Capital Assets, Being Depreciated, Net	80,044,242	(2,837,504)	-	-	77,206,738
<b>Governmental Activities Capital Assets, Net</b>	<b>\$ 80,769,916</b>	<b>\$ (2,837,504)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 77,932,412</b>

Depreciation expenses were charged to various functions of the District as follows:

**Governmental Activities:**

Instruction	6011	\$ 1,207,526
Instructional Resources & Media Services	6012	142,173
Curriculum & Staff Development	6013	57,829
Instructional Leadership	6021	340
School Leadership	6023	86,226
Guidance, Counseling & Evaluation Services	6031	18,753
Social Work Services	6032	11,574
Health Services	6033	15,374
Student (Pupil) Transportation	6034	222,637
Food Services	6035	242,481
Extracurricular Activities	6036	1,195,065
General Administration	6041	2,766
Facilities and Maintenance Operations	6051	137,275
Security and Monitoring Services	6052	21,272
Data Processing Services	6053	71,564
Community Services	6061	641
Facilities Acquisition and Construction	6081	1,925
Total Depreciation Expense, Governmental Activities		<u>\$ 3,435,421</u>

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**F. LONG TERM INVESTMENT**

For long term investments, the District applies specific identification for purposes of credit risk. The District's investment policy does not address concentration of credit risk as related to the long term investment.

**G. DUE TO OTHER GOVERNMENTS**

The amount reflected as due to other governments is comprised of the following:

	<u>Major Fund</u>		Other Governmental Funds	Total
	General Fund			
Due To:				
Texas Education Agency	\$ -	\$	936,827	\$ 936,827

**H. GENERAL FUND FEDERAL SOURCE REVENUES**

The following federal source revenues are included in the General Fund:

Program or Source	CFDA Number	Amount
National School Lunch Program	10.555	1,068,959
School Breakfast Program	10.553	313,059
		<u>1,382,018</u>

**I. REVENUE FROM LOCAL AND INTERMEDIATE SOURCES**

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

	<u>Major Fund</u>		Total
	General Fund	Debt Service Fund	
Property Taxes	\$55,571,178	\$ 2,952,535	\$58,523,713
Penalties, Interest and Other Tax Revenue	(1,045,422)	(51,448)	(1,096,870)
Food Sales	89,904	-	89,904
Rent	31,189	-	31,189
Investment Income	496,106	4,041	500,147
Athletic Activity	83,871	-	83,871
Contribution	3,770	-	3,770
Other Revenues from Local Sources	149,480	142,641	292,121
	<u>\$55,380,076</u>	<u>\$3,047,769</u>	<u>\$58,427,845</u>

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

**J. DEFERRED INFLOWS OF RESOURCES**

At August 31, 2018, unavailable revenues reported as deferred inflows of resources in the governmental funds were as follows:

	General Fund	Debt Service	Total
Property Taxes Receivable	\$5,089,503	\$269,357	\$5,358,860
Allowance for Uncollectibles	(254,473)	(13,468)	(267,941)
Unavailable Revenues for Property Taxes	4,835,030	255,889	4,611,503
Other	-	-	-
	<u>\$4,835,030</u>	<u>\$255,889</u>	<u>\$5,090,919</u>

The unavailable revenue of \$5,090,919 relates to uncollected property taxes, less allowance for uncollectible amounts. These are shown as deferred inflows of resources in Exhibit C-1 in accordance with GASB Statement No. 65.

**K. LONG TERM DEBT**

- a) During fiscal year 2012, the District issued \$ 35,965,000 in Unlimited Tax School Building Bonds, Series 2012. The bonds were issued for constructing, renovating, designing, acquiring, and equipping school facilities and acquiring necessary sites for school facilities. The bonds have an annual interest rate of 2% to 5%. During 2017 the District refunded \$6,950,000 of these bonds with the issuance of Unlimited Tax Refunding Bonds, Series 2018.
- b) During fiscal year 2013, the District issued \$ 9,300,000 in Unlimited Tax School Building Bonds, Series 2013. The bonds were issued for constructing, renovating, designing, acquiring, and equipping school facilities and acquiring necessary sites for school facilities. The bonds have an annual interest rate of 3.5% to 5%.
- c) During fiscal year 2015, the District issued \$ 5,340,000 in Unlimited Tax Refunding Bonds, Series 2015. The proceeds were used to defease the Unlimited Tax Refunding Bonds, Series 2005 and to pay bond issue costs. The bonds have an annual interest rate of 2% to 4%.
- d) During fiscal year 2017, the District issued \$6,880,000 in Unlimited Tax Refunding Bonds, Series 2017. The proceeds were used to defease \$6,950,000 of Unlimited Tax Refunding Bonds, Series 2012 and to pay related bond issue costs. The bonds have an annual interest rate of 2% to 4.5%.

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**NOTES TO THE FINANCIAL STATEMENTS**

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

**K. LONG TERM DEBT (continued)**

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

	Beginning Balance	Additions	Reductions,	Ending Balance	Amounts Due Within One Year
Unlimited Tax School Building Bonds, Series 2012	\$ 24,120,000	\$ -	\$ (760,000)	\$ 23,360,000	\$ 785,000
Unlimited Tax School Building Bonds, Series 2013	8,035,000	-	(350,000)	7,685,000	360,000
Unlimited Tax Refunding Bonds, Series 2015	4,700,000	-	(295,000)	4,405,000	310,000
Unlimited Tax Refunding Bonds, Series 2017	6,790,000	-	-	6,790,000	-
	43,645,000	-	(1,405,000)	42,240,000	1,455,000
Unamortized Premium , Series 2017	1,245,904	-	(83,060)	1,162,844	83,060
<b>Total Bonds Payable</b>	<b>\$ 44,890,904</b>	<b>\$ -</b>	<b>\$ (1,488,060)</b>	<b>\$ 43,402,844</b>	<b>\$ 1,538,060</b>

Payments on bonds that pertain to the District's governmental activities are made from the Debt Service Fund.

Any compensated absences liability attributable to governmental activity has typically been liquidated by the General Fund.

The annual debt service requirements to maturity for all bonds outstanding are as follows:

Year Ended August 31,	Principal	Interest	Total Requirements
2019	\$1,455,000	\$1,696,388	\$3,151,388
2020	1,505,000	1,645,538	3,150,538
2021	1,560,000	1,584,688	3,144,688
2022	1,615,000	1,529,888	3,144,888
2023	1,680,000	1,473,038	3,153,038
2024 - 2028	9,370,000	6,367,738	15,737,738
2029 - 2033	10,135,000	4,232,300	14,367,300
2034 - 2038	7,655,000	2,355,750	10,010,750
2039 - 2042	8,427,844	740,800	9,168,644
Total	\$ 43,402,844	\$ 21,626,128	\$ 65,028,972



**CARRIZO SPRINGS CONSOLIDATED  
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**K. LONG TERM DEBT (continued)**

**Net Pension Liability Activity**

	Beginning Balance	Additions	Reductions	Ending Balance
Changes in Net Pension Liability from TRS	<u>\$ 11,185,051</u>	<u>\$ -</u>	<u>\$ (7,357,629)</u>	<u>\$ 3,827,422</u>
Changes in OPEB Liability from TRS	<u>\$ -</u>	<u>\$ 13,866,471</u>	<u>\$ (6,012,114)</u>	<u>\$ 7,854,357</u>

The District issues general obligation bonds for the governmental activities to provide funds for the acquisition and construction of major capital facilities. The bonds are supported by a pledge of the District's full faith and credit. The bond indentures require a levy and collection of taxes without limitation as to rate or amount on all property subject to taxation by the District sufficient in amount to pay the principal and interest on such bonds as they become due. The indentures also require that a debt service fund be created and administered by the District solely for paying principal and interest when due.

Bond indebtedness of the District is reflected in the government-wide financial statements, and current requirements for principal and interest expenditures are accounted for in the Debt Service Fund.

The District has never defaulted on any principal or interest payments. There are a number of limitations and restrictions contained in the general obligation bond indentures. The District is in compliance with all significant limitations and restrictions at August 31, 2018.

In prior years, the District defeased certain general obligation bonds by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and liabilities for the defeased bonds are not included in the District's financial statements. On August 31, 2018 \$12,055,000 (Series 2005 and 2013) of bonds considered defeased are still outstanding.

The Federal Tax Reform Act of 1986 requires issuers of tax-exempt debt to make payments to the United States Treasury for investment income received at yields that exceed the issuer's tax exempt borrowing rates. The Treasury requires payment for each issue every five years. The liability is not recorded until payment is actually made or the liability has become due and payable. The District does not have an arbitrage liability as of August 31, 2018.

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**L. DEFINED BENEFIT PENSION PLAN**

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

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

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

<u>Net Pension Liability</u>	<u>Total</u>
Total Pension Liability	\$ 179,336,531,819
Less: Plan Fiduary Net Position	<u>(147,361,922,120)</u>
Net Pension Liability	<u>\$ 31,974,609,699</u>
Net Position as a % of Total Pension Liability	82.17%

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

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**L. DEFINED BENEFIT PENSION PLAN (continued)**

**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 83<sup>rd</sup> Texas Legislature amended Texas Government Code 825.402 for member contributions and established employee contribution rates for fiscal years 2016 and 2017. The 84th Texas Legislature, General Appropriations Act (GAA) established the employer contribution rates for (fiscal years 2016 and 2017. Contribution Rates can be found in the TRS 2017 CAFR, Note 12, on page 88.

	<u>Contribution Rates</u>	
	<u>2017</u>	<u>2018</u>
Member	7.7%	7.7%
Non-Employer Contributing Entity (State)	6.8%	6.8%
Employers	6.8%	6.8%
District's 2018 FY Employer Contributions	\$	107,025
District's 2018 FY Member Contributions	\$	92,747
Measurement Year NECE on-Half Contributions	\$	557,734

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 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 (including public schools) are required to pay the employer contribution rate in the following the 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 source or a privately sponsored source.

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**L. DEFINED BENEFIT PENSION PLAN (continued)**

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

Valuation Date	August 31, 2017
Actuarial Cost Method	Individual Entry Age Normal
Asset Valuation Method	Market Value
Single Discount Rate	8.00%
Long-term expected Investment Rate of Return	8.00%
Inflation	2.50%
Salary Increases Including Inflation	3.50% to 9.50%
Payroll Growth Rate	2.50%
Benefit Changes During The Year	None
Ad hoc post employment benefit changes	None

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

**Discount Rate** The discount rate used to measure the total pension liability was 8.0%. The discount rate can be found in the 2017 TRS CAFR on page 90. 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.

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L. DEFINED BENEFIT PENSION PLAN (continued)

Best estimates of geometric real rates of return for each major asset class included in the Systems target asset allocation as of August 31, 2017 (see page 62 of the TRS CAFR) are summarized below:

Asset Class	Target Allocation	Real Return Geometric Basis	Long-Term Expected Portfolio Real Rate of Return*
<b>Global Equity</b>			
U.S.	18%	4.6%	1.0%
Non-U.S. Developed	13%	5.1%	.8%
Emerging Markets	9%	5.9%	.7%
Directional Hedge Funds	4%	3.2%	0.1%
Private Equity	13%	7.0%	1.1%
<b>Stable Value</b>			
U.S. Treasuries	11%	.7%	0.1%
Absolute Return	0%	1.8%	0.0%
Stable Value Hedge Funds	4%	3.0%	0.1%
Cash	1%	-0.2%	0.0%
<b>Real Return</b>			
Global Inflation Linked Bonds	3%	.9%	0.0%
Real Assets	16%	5.1%	1.1%
Energy and Natural Resources	3%	6.6%	0.2%
Commodities	0%	1.2%	0.0%
<b>Risk Parity</b>			
Risk Parity	5%	6.7%	0.3%
Inflation Expectations	-	-	2.2%
Alpha	-	-	1.0%
<b>Total</b>	<b>100%</b>		<b>8.7%</b>

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

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**L. DEFINED BENEFIT PENSION PLAN (continued)**

**Discount Rate Sensitivity Analysis** The following schedule shows the impact of the Net Pension Liability if the discounted rate used was 1% less than and 1% greater than the discount rate that was used (8%) in measuring the 2017 TRS CAFR, Note 12, Page 91:

	1% Decrease In Discount rate 7%	Discount Rate 8%	1% Increase In Discount rate 9%
Proportionate share of the net pension liability:	\$ 6,452,278	\$ 3,827,422	\$ 1,641,804

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

At August 31, 2018, the District reported a liability of \$3,827,422 for its proportionate share of the TRS's net pension liability. This liability reflects a reduction for State pension support provided to the District. The amount recognized by the District as its proportionate share of the net pension liability, the related State support, and the total portion of the net pension liability that was associated with the District were as follows:

District's proportionate share of the collective net pension liability	\$3,827,422
State's proportionate share that is associated with the District	<u>7,312,046</u>
<b>Total Collective Net Pension Liability</b>	<b><u>\$11,139,468</u></b>

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

At August 31, 2018 the employer's proportion of the collective net pension liability was 0.0119702% which was a decrease of .00023404% from its proportion measured as of August 31, 2017.

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**NOTES TO THE FINANCIAL STATEMENTS  
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**L. DEFINED BENEFIT PENSION PLAN (continued)**

**Changes Since the Prior Actuarial Valuation.**

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

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

For the year ended August 31, 2018, the District recognized pension expense of \$557,734 and revenue of \$557,734 for support provided by the State.

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual economic experiences	\$ 55,997	\$ 206,408
Changes in actuarial assumptions	174,345	99,809
Differences between projected and actual investment earnings	-	278,934
Changes in proportion and differences between the employer's contribution and the proportionate share of contributions	743,349	1,028,579
Contributions paid to TRS subsequent to the Measurement Date	382,813	-
<b>Totals</b>	<b>\$ 1,356,504</b>	<b>\$ 1,613,730</b>

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 (Does not include the Contributions paid to TRS subsequent to the Measurement Date):

Year Ended August 31,	Pension Expense Amount
2019	\$ 119,060
2020	(144,021)
2021	(220,495)
2022	(174,527)
2023	(125,256)
Thereafter	(94,800)
	<b>\$ (640,039)</b>

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**NOTES TO THE FINANCIAL STATEMENTS**

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

**M. DEFINED OTHER POST-EMPLOYMENT BENEFIT PLANS**

**Plan Description.** The District participates in the Texas Public School Retired Employees Group Insurance Program (TRS-Care). It is a cost-sharing multiple-employer defined Other Post Employment Benefit (OPEB) plan that has a special funding situation. The plan is administered through a trust by the Teacher Retirement System of Texas (TRS) Board of Trustees. TRS-Care provides health care coverage for certain persons (and their dependents) who retires under the Teacher Retirement System of Texas. The statutory authority for the program is Texas Insurance Code, Chapter 1575.

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

Components of the OPEB liability of the TRS-Care plan as of August 31, 2017 are as follows:

Net OPEB Liability	Total
Total OPEB Liability	\$ 43,885,784,621
Less: plan fiduciary net position	399,535,986
Net OPEB Liability	<u>\$ 43,486,248,635</u>
Net position as a % of total OPEB Liability	0.91%

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

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



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**M. DEFINED OTHER POST-EMPLOYMENT BENEFIT PLANS (continued)**

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

TRS-Care Plan Premium Rates Effective 09/01/2016 - 12/31/2017			
	TRS-Care-1 <u>Basic Plan</u>	TRS-Care-2 <u>Optional Plan</u>	TRS-Care-3 <u>Optional Plan</u>
Retiree*	\$ -	\$ 70	\$ 100
Retiree and Spouse	20	175	255
Retiree* and Children	41	132	182
Retiree and Family	61	237	337
Surviving Children Only	28	62	82
* or surviving Spouse			

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

Texas Insurance Code, Sections 1575.202 establishes the state's contributions rate which is 1.0% of the employee's salary. Sections 1575.203 establish the active employee's rate which is .65% of pay, Section 1575.204 establish contribution rate of not less than .25% or not more than .75% of the salary of each active employee of the district. The actual employer contribution rate is prescribed in the General Appropriations Act. The following table shows contributions to the TRS-Care plan by type of contributor.

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**M. DEFINED OTHER POST-EMPLOYMENT BENEFIT PLANS (continued)**

<u>Contribution Rates</u>		
	<u>2017</u>	<u>2018</u>
Active Employee	0.65%	0.65%
Non-Employer Contributing Entity (State)	1.00%	1.25%
Employers	0.55%	0.75%
Federal/private Funding Remitted by Employers	1.00%	1.25%
District's 2018 FY Employer Contributions	\$ 129,667	
District's 2018 FY Member Contributions	\$ 94,033	
Measurement Year NECE on-Behalf Contributions	\$3,572,766	

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

TRS-Care received supplemental appropriations from the State of Texas as the Non-Employer Contributing Entity in the amount of \$15.6 million in fiscal year 2017. House Bill 21 was passed in special session and provided a supplemental appropriation in the amount of \$212 million in fiscal year 2018.

The District's proportionate of share of the \$212,000,000 received during the district's 2018 fiscal year is reported in the fund level financial statements as an on-behalf contribution as required by GASB 85 and GASB 24.

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

The actuarial valuation of TRS-Care is similar to the actuarial valuation performed for the pension plan, except that the OPEB valuation is more complex. All of the demographic assumptions, including mortality, and most of the economic assumptions are identical to those which were adopted by the Board of Trustees in 2015 and based on the 2014 actuarial experience study of TRS.

The active mortality rates were based on 90 % of the RP-2014 Employee Mortality Tables for males and females. The post-retirement rates were based on the 2015 TRS of Texas Healthy Pensioner Mortality Tables.

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**M. DEFINED OTHER POST-EMPLOYMENT BENEFIT PLANS (continued)**

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

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

**Additional Actuarial Methods and Assumptions:**

Valuation Date	August 31, 2017
Actuarial Cost Method	Individual Entry Age Normal
Inflation	2.50%
Discount Rate	3.42%
Aging Factors	Based on Plan Specific Experience
Expenses	Third-party administrative expenses related to the delivery of health care benefits are included in the age-adjusted claims costs.
Payroll Growth Rate	2.50%
Projected Salary Increases	3.5%-9.50%
Health Care Trend Rates	4.5%-12.0%
Election Rates	Normal Retirement: 70% Participation prior to age 65 and 75% participation after age 65.
Ad-hoc Post Employment Benefit Changes	None

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

**Discount Rate Sensitivity Analysis:** The following schedule shows the impact of the net OPEB liability if the discounted rate used was 1% less than and 1% greater than the discount rate that was used (3.42%) in measuring the net OPEB liability:

	1% Decrease in Discount Rate (2.42%)	Discount Rate (3.42%)	1% Increase in Discount Rate (4.42%)
District's proportionate share of the Net OPEB Liability:	\$ 9,270,092	\$ 7,854,357	\$ 6,716,426

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

**M. DEFINED OTHER POST-EMPLOYMENT BENEFIT PLANS (continued)**

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

	1% Decrease	Current Healthcare Cost Trend Rate	1% Increase
District's proportionate share of the Net OPEB Liability:	\$ 6,539,537	\$7,854,357	\$9,579,567

**OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB.** At August 31, 2018, the District reported a liability of \$7,854,357 for its proportionate share of the TRS's net OPEB liability. This liability reflects a reduction for State OPEB support provided to the District. The amount recognized by the District as its proportionate share of the net OPEB liability, the related State support, and the total portion of the net OPEB liability that was associated with the District were as follows:

District's proportionate share of the collective net OPEB liability	\$ 7,854,357
State's proportionate share that is associated with the District	<u>10,676,874</u>
Total	<u>\$ 18,531,231</u>

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

At August 31, 2017 the District's proportion of the collective net OPEB liability was 000180617038% since this is the first year of implementation, the plan did not compute the proportion measured as of August 31, 2016.

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

For the year ended August 31, 2018, the District recognized OPEB expense of \$3,272,766 and revenue of \$127,648 for support provided by the state.

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**M. DEFINED OTHER POST-EMPLOYMENT BENEFIT PLANS (continued)**

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experiences	\$ -	\$ 163,966
Changes in actuarial assumptions	-	3,121,527
Differences between projected and actual investment earnings	1,193	-
Changes in proportion and differences between the employer's contribution and the proportionate share of contributions	37	-
Contributions paid to TRS subsequent to the Measurement Date	217,731	
Total	<u>\$ 218,961</u>	<u>\$ 3,285,493</u>

The net amounts of the District's balances of deferred outflows and inflows of resources related to OPEB will be recognized in OPEB expense as follows (Does not include Contributions paid to TRS subsequent to the Measurement Date):

Year Ended August 31,	OPEB Expense Amount
2019	\$ (433,362)
2020	(433,362)
2021	(433,362)
2022	(433,362)
2023	(433,362)
Thereafter	(1,117,453)
	<u>\$ (3,284,263)</u>

**CARRIZO SPRINGS CONSOLIDATED  
INDEPENDENT SCHOOL DISTRICT  
CARRIZO SPRINGS, TEXAS**

**NOTES TO THE FINANCIAL STATEMENTS**

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

**M. DEFINED OTHER POST-EMPLOYMENT BENEFIT PLANS (continued)**

**Medicare Part D** The Medicare Prescription Drug, Improvement, and Modernization Act of 2003, 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. For the fiscal year ended August 31, 2018, 2017, and 2016 the subsidy payments received by TRS-Care on-behalf of the District were \$43,568, \$43,580 and \$56,912 respectively. The information for the year ended August 31, 2018 is an estimate provided by the Teacher Retirement System. These payments are recorded as equal revenues and expenditures in the governmental funds financial statements of the District.

**N. HEALTH CARE COVERAGE**

During the year-ended August 31, 2018, employees of the District were covered by a District Health Plan ("the Plan"). The District paid premiums of \$ 389.75 per month per employee to the plan. Employees, at their option, authorize payroll withholdings to pay premiums for dependents. All premiums were paid to a licensed insurer.

**O. RISK MANAGEMENT**

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters. The District participates in the Texas Association School Board (TASB) Risk Management Fund (Fund), which provides coverage for covered losses related to general liability coverage, auto liability, crime, and physical damage coverage. The Fund is not an insurance company; rather, the coverage Agreement is an agreement between the Fund, and the Fund members to pay all covered losses subject to all provisions of the Agreement.

The District pays an annual premium for the general liability, auto liability, crime, and physical damage coverage. There were no significant reductions in coverage from the past fiscal year and settled claims resulting from this risk have not exceeded insurance coverage in any of the past three years.

**CARRIZO SPRINGS CONSOLIDATED  
INDEPENDENT SCHOOL DISTRICT  
CARRIZO SPRINGS, TEXAS**

**NOTES TO THE FINANCIAL STATEMENTS**

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

**P. WORKER'S COMPENSATION**

The District participates in Workers' Compensation Solutions (WCS) a modified self-funded program. WCS is a cooperative agency established by participating school districts. Under this program, WCS computes a premium by utilizing the District's payroll, by fiscal year, and other factors. The premium is used as the basis to determine the amount of the District's fixed administrative costs and maximum loss fund. During the year, the District paid \$147,271 in fees, which was assessed at \$68,072 of fixed costs (i.e. administrative fees) plus 10% of the maximum loss fund for 2018-2019 of \$8,553. The District is also required to maintain, throughout the year, a deposit with WCS equal to 10% of the maximum loss fund for each fiscal year. The maximum loss fund represents the maximum estimated amount in workers compensation claims for which the District is contractually liable. WCS is liable for amounts above the maximum loss fund.

Governmental accounting standards require that liabilities be recognized based on reasonable estimates based on historical experience and/or actuarial methods. In prior years, the District had recognized the self-insurance fund liabilities based on the maximum loss contractual estimates. The maximum loss contractual estimates have not been exceeded in the last ten (10) years.

**Q. COMMITMENTS AND CONTINGENCIES**

Legal Contingencies

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

State and Federal Programs Contingencies

The District participates in numerous Federal and state grant programs that are governed by the rules and regulations of the grantor agencies. Costs charged to the respective grant programs are subject to audit and adjustment by the grantor agencies. If the District is found to be out of compliance with any rules or regulations governing the grants, the grantor may either deny requests for reimbursement or may require that grant proceeds received be returned. In the opinion of the District, there are no significant contingent liabilities relating to compliance with the rules and regulations governing the respective grants; therefore, no provision has been recorded in the accompanying financial statements for such contingencies.

**CARRIZO SPRINGS CONSOLIDATED  
INDEPENDENT SCHOOL DISTRICT  
CARRIZO SPRINGS, TEXAS**

**NOTES TO THE FINANCIAL STATEMENTS**

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

**R. INCREMENTAL COST ASSOCIATED WITH TEXAS STATE LAW - CHAPTER 41**

Expenditures of \$28,649,909 for incremental costs associated with Chapter 41 consist of Chapter 41 recapture payments to TEA. Under Texas State Law (TEC Chapter 41), the State recaptured ad valorem taxes collected by the District; recapture is a mechanism in state funding formulas that ensures that a district's property wealth per student does not exceed certain levels, known as equalized wealth levels. A district is subject to the provisions of Chapter 41 if its property wealth per Weighted Average Daily Attendance (WADA) exceeds certain equalized wealth levels set in statute. The District sent the state \$28,649,909 in the current year based on the latest recapture estimates provided by TEA.

**S. PRIOR PERIOD ADJUSTMENTS**

During fiscal year 2018, the District adopted GASB Statement No. 75 for Accounting and Reporting for postemployment Benefits Other Than Pensions. With GASB 75, the District must recognize their proportionate share of the Net OPEB Liability of the Teacher Retirement System of Texas. Adoption of GASB 75 required a prior period adjustment to report the effect of GASB 75 retroactively. The net amount of this and other prior period adjustments is as follows:

Related To	Government- Wide	Governmental Fund Level	Total
<i>Net Position/Fund Balance 08/31/2017</i>	\$ 57,552,356	\$ 19,569,977	\$ 77,122,333
Net OPEB Liability	(13,866,471)	-	(13,866,471)
Accounts Receivable Collected in Previous Periods	-	(794,570)	(794,570)
Expenditures in 2018 applicable to 2017	-	(335,294)	(335,294)
TEA Liability of Over Allocation		(936,653)	(936,653)
Others (Net)	(1,440,036)	(211,795)	(1,651,831)
<i>Total Prior Period Adjustments</i>	<u>(15,306,507)</u>	<u>(2,278,312)</u>	<u>(17,584,819)</u>
<i>Net Position/Fund Balance 09/01/2017 Restated</i>	<u>\$ 42,245,849</u>	<u>\$ 17,291,665</u>	<u>\$ 59,537,514</u>

**T. EXCESS OF EXPENDITURES OVER APPROPRIATIONS BY FUNCTION**

The TEA requires the budgets for certain governmental funds to be filed with them. The budget should not be exceeded in any functional category under TEA requirements. Expenditures exceeded appropriations in one functional category in the General Fund for the fiscal year ended August 31, 2018.



**CARRIZO SPRINGS CONSOLIDATED  
INDEPENDENT SCHOOL DISTRICT  
CARRIZO SPRINGS, TEXAS**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED AUGUST 31, 2018**

**U. DISCOUNTS ON PROPERTY TAXES**

The District during the year offered and taxpayers took discounts for early payment of property taxes. The District accounted for these discounts in account 5719 - Penalty, Interest and Other Tax Revenues. The transactions posted to this account resulted in a yearend negative balance of \$1,410,975. As a result, during the preparation of these financial statements in Exhibit B-1, Line MI Miscellaneous Local and Intermediate Revenue a negative balance of (\$1,068,497) was generated. This balance normally is not a negative one.

**V. SUBSEQUENT EVENTS**

Subsequent events were evaluated through January 21, 2019, the date the financial statements were available to be issued.

## **REQUIRED SUPPLEMENTARY INFORMATION**

CARRIZO SPRINGS CONSOLIDATED IS D  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL - GENERAL FUND  
FOR THE YEAR ENDED AUGUST 31, 2018

Data Control Codes		Budgeted Amounts		Actual Amounts (GAAP BASIS)	Variance With Final Budget Positive or (Negative)
		Original	Final		
REVENUES:					
5700	Total Local and Intermediate Sources	\$ 56,842,039	\$ 56,845,809	\$ 55,380,076	\$ (1,465,733)
5800	State Program Revenues	1,739,716	1,739,716	1,795,029	55,313
5900	Federal Program Revenues	1,512,165	1,518,165	1,522,876	4,711
5020	Total Revenues	60,093,920	60,103,690	58,697,981	(1,405,709)
EXPENDITURES:					
Current:					
0011	Instruction	11,675,277	11,774,714	11,700,642	74,072
0012	Instructional Resources and Media Services	335,493	333,093	331,564	1,529
0013	Curriculum and Instructional Staff Development	385,389	385,389	335,577	49,812
0021	Instructional Leadership	427,132	431,782	415,116	16,666
0023	School Leadership	1,524,308	1,521,008	1,385,624	135,384
0031	Guidance, Counseling and Evaluation Services	691,658	590,351	555,545	34,806
0032	Social Work Services	51,099	51,099	51,075	24
0033	Health Services	202,185	201,285	188,649	12,636
0034	Student (Pupil) Transportation	958,653	1,199,223	1,130,874	68,349
0035	Food Services	1,672,702	1,722,702	1,752,440	(29,738)
0036	Extracurricular Activities	997,450	989,870	989,867	3
0041	General Administration	1,506,917	1,193,342	1,123,011	70,331
0051	Facilities Maintenance and Operations	3,002,247	3,076,720	2,948,161	128,559
0052	Security and Monitoring Services	309,641	342,055	315,802	26,253
0053	Data Processing Services	555,739	563,699	558,459	5,240
0061	Community Services	300	3,600	2,963	637
Capital Outlay:					
0081	Facilities Acquisition and Construction	49,995	49,995	49,995	-
Intergovernmental:					
0091	Contracted Instructional Services Between Schools	29,792,692	29,792,692	28,649,909	1,142,783
0093	Payments to Fiscal Agent/Member Districts of SSA	60,000	60,000	42,300	17,700
0099	Other Intergovernmental Charges	543,328	568,587	568,587	-
6030	Total Expenditures	54,742,205	54,851,206	53,096,160	1,755,046
1100	Excess of Revenues Over Expenditures	5,351,715	5,252,484	5,601,821	349,337
OTHER FINANCING SOURCES (USES):					
7949	Other Resources	168,646	218,646	231,845	13,199
8911	Transfers Out (Use)	(168,646)	(168,646)	(231,845)	(63,199)
7080	Total Other Financing Sources (Uses)	-	50,000	-	(50,000)
1200	Net Change in Fund Balances	5,351,715	5,302,484	5,601,821	299,337
0100	Fund Balance - September 1 (Beginning)	-	18,754,812	18,959,593	204,781
1300	Prior Period Adjustment	(1,334,646)	(1,334,646)	(2,271,299)	(936,653)
3000	Fund Balance - August 31 (Ending)	\$ 4,017,069	\$ 22,722,650	\$ 22,290,115	\$ (432,535)

CARRIZO SPRINGS CONSOLIDATED I S D  
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY  
TEACHER RETIREMENT SYSTEM OF TEXAS  
FOR THE YEAR ENDED AUGUST 31, 2018

	FY 2018 Plan Year 2017	FY 2017 Plan Year 2016	FY 2016 Plan Year 2015	FY 2015 Plan Year 2014
District's Proportion of the Net Pension Liability (Asset)	1.119701908%	1.43106%	1.63437%	0.0114199%
District's Proportionate Share of Net Pension Liability (Asset)	\$ 3,827,422	\$ 5,407,775	\$ 5,777,280	\$ 3,050,412
State's Proportionate Share of the Net Pension Liability (Asset) associated with the District	7,312,046	8,659,231	8,634,779	7,242,508
Total	<u>\$ 11,139,469</u>	<u>\$ 14,067,007</u>	<u>\$ 14,412,061</u>	<u>\$ 10,292,920</u>
District's Covered Payroll	\$ 14,126,795	\$ 14,126,795	\$ 14,166,259	\$ 13,951,435
District's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	27.09%	38.28%	40.78%	21.86%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	51.76%	75.27%	78.43%	83.25%

Note: GASB 68, Paragraph 81 requires that the information on this schedule be data from the period corresponding with the periods covered as of the measurement dates of August 31, 2017 for year 2018, August 31, 2016 for Year 2017, August 31, 2015 for Year 2016 and August 31, 2014 for 2015.

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

CARRIZO SPRINGS CONSOLIDATED I S D  
SCHEDULE OF DISTRICT CONTRIBUTIONS FOR PENSIONS  
TEACHER RETIREMENT SYSTEM OF TEXAS  
FOR FISCAL YEAR 2018

	2018	2017	2016	2015
Contractually Required Contribution	\$ 382,813	\$ 449,311	\$ 436,792	\$ 479,469
Contribution in Relation to the Contractually Required Contribution	(382,813)	(449,311)	(436,792)	(479,469)
Contribution Deficiency (Excess)	\$ -0-	\$ -0-	\$ -0-	\$ -0-
District's Covered Payroll	\$ 14,429,699	\$ 15,032,169	\$ 14,354,571	\$ 14,166,259
Contributions as a Percentage of Covered Payroll	2.65%	2.99%	3.04%	3.39%

Note: GASB 68, Paragraph 81 requires that the data in this schedule be presented as of the District's respective fiscal years as opposed to the time periods covered by the measurement dates ending August 31 of the preceding year.

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

CARRIZO SPRINGS CONSOLIDATED I S D  
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET OPEB LIABILITY  
TEACHER RETIREMENT SYSTEM OF TEXAS  
FOR THE YEAR ENDED AUGUST 31, 2018

	FY 2018 Plan Year 2017
District's Proportion of the Net Liability (Asset) for Other Post Employment Benefits	0.000180617%
District's Proportionate Share of Net Post Employment Benefit Liability (Asset)	\$ 7,854,357
State's Proportionate Share of the Net Post Employment Benefit Liability (Asset) associated with the District	10,676,874
Total	<u>\$ 18,531,231</u>
District's Covered Payroll	\$ 14,429,699
District's Proportionate Share of the Net OPEB Liability (Asset) as a Percentage of its Covered Payroll	54.43%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	0.91%

Note: GASB Codification, Vol. 2, P50.238 states that the information on this schedule should be determined as of the measurement date. Therefore the amounts reported for FY 2018 are based on the August 31, 2017 measurement date.

This schedule shows only the year for which this information is available. Additional information will be added until 10 years of data are available and reported.

CARRIZO SPRINGS CONSOLIDATED I S D  
SCHEDULE OF DISTRICT CONTRIBUTIONS FOR OTHER POST EMPLOYMENT BENEFITS  
TEACHER RETIREMENT SYSTEM OF TEXAS  
FOR THE YEAR ENDED AUGUST 31, 2018

	2018
Contractually Required Contribution	\$ 129,667
Contribution in Relation to the Contractually Required Contribution	129,667
Contribution Deficiency (Excess)	\$ -0-
District's Covered Payroll	\$ 14,429,699
Contributions as a Percentage of Covered Payroll	0.90%

Note: GASB Codification, Vol. 2, P50.238 requires that the data in this schedule be presented as of the District's respective fiscal years as opposed to the time periods covered by the measurement dates ending August 31 of the preceding year.

Information in this schedule should be provided only for the years where data is available. Eventually 10 years of data should be presented.

CARRIZO SPRINGS CONSOLIDATED I S D  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
FOR THE YEAR ENDED AUGUST 31, 2018

A. Notes to Schedules for the TRS Pension

*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.*

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

B. Notes to Schedules for the TRS OPEB Plan

*Changes in Benefit.*

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

*Changes in Assumptions.*

The following were changes to the actuarial assumptions or other inputs that affected measurement of Total OPEB liability since the prior measurement period:

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



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

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

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

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

## **OTHER SUPPLEMENTARY INFORMATION**

**NON MAJOR GOVERNMENTAL FUNDS – SPECIAL REVENUE FUNDS**

CARRIZO SPRINGS CONSOLIDATED I S D  
COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
AUGUST 31, 2018

Data Control Codes		224 IDEA - Part B Formula	225 IDEA - Part B Preschool	242 Summer Feeding Program
<b>ASSETS</b>				
1110	Cash and Cash Equivalents	\$ 103,106	\$ -	\$ -
1220	Property Taxes - Delinquent	-	-	-
1230	Allowance for Uncollectible Taxes (Credit)	-	-	-
1240	Receivables from Other Governments	205,810	2,000	-
1290	Other Receivables	-	-	47,090
1000	Total Assets	<u>\$ 308,916</u>	<u>\$ 2,000</u>	<u>\$ 47,090</u>
<b>LIABILITIES</b>				
2110	Accounts Payable	\$ 828	\$ -	\$ -
2160	Accrued Wages Payable	4,670	-	-
2170	Due to Other Funds	302,066	1,381	-
2180	Due to Other Governments	-	-	-
2200	Accrued Expenditures	1,352	619	-
2000	Total Liabilities	<u>308,916</u>	<u>2,000</u>	<u>-</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
2601	Unavailable Revenue - Property Taxes	-	-	-
2600	Total Deferred Inflows of Resources	<u>-</u>	<u>-</u>	<u>-</u>
<b>FUND BALANCES</b>				
Restricted Fund Balance:				
3480	Retirement of Long-Term Debt	-	-	-
3490	Other Restricted Fund Balance	-	-	88,363
Assigned Fund Balance:				
3590	Other Assigned Fund Balance	-	-	-
3600	Unassigned Fund Balance	-	-	(41,273)
3000	Total Fund Balances	<u>-</u>	<u>-</u>	<u>47,090</u>
4000	Total Liabilities, Deferred Inflows & Fund Balances	<u>\$ 308,916</u>	<u>\$ 2,000</u>	<u>\$ 47,090</u>

244 Career and Technical - Basic Grant	270 ESEA VI, Pt B Rural & Low Income	289 Other Federal Special Revenue Funds	410 State Textbook Fund	427 Region 20 Migrant	429 Other State Special Revenue Funds	461 Campus Activity Funds	Total Nonmajor Special Revenue Funds
\$ -	\$ -	\$ -	\$ 7,352	\$ -	\$ -	\$ 79,284	\$ 189,742
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
9,619	-	11,072	-	30,803	-	-	259,304
-	-	-	-	-	-	2,826	49,916
<u>\$ 9,619</u>	<u>\$ -</u>	<u>\$ 11,072</u>	<u>\$ 7,352</u>	<u>\$ 30,803</u>	<u>\$ -</u>	<u>\$ 82,110</u>	<u>\$ 498,962</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 677	\$ 1,505
-	-	-	-	-	-	-	4,670
9,619	-	11,072	-	30,803	-	-	354,941
-	-	-	174	-	-	-	174
-	-	-	-	-	-	-	1,971
<u>9,619</u>	<u>-</u>	<u>11,072</u>	<u>174</u>	<u>30,803</u>	<u>-</u>	<u>677</u>	<u>363,261</u>
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	7,178	-	-	-	95,541
-	-	-	-	-	-	81,433	81,433
-	-	-	-	-	-	-	(41,273)
<u>-</u>	<u>-</u>	<u>-</u>	<u>7,178</u>	<u>-</u>	<u>-</u>	<u>81,433</u>	<u>135,701</u>
<u>\$ 9,619</u>	<u>\$ -</u>	<u>\$ 11,072</u>	<u>\$ 7,352</u>	<u>\$ 30,803</u>	<u>\$ -</u>	<u>\$ 82,110</u>	<u>\$ 498,962</u>

CARRIZO SPRINGS CONSOLIDATED I S D  
COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
AUGUST 31, 2018

Data Control Codes		511	Total
		Debt Service	Nonmajor Governmental Funds
<b>ASSETS</b>			
1110	Cash and Cash Equivalents	\$ 199,379	\$ 389,121
1220	Property Taxes - Delinquent	269,357	269,357
1230	Allowance for Uncollectible Taxes (Credit)	(13,468)	(13,468)
1240	Receivables from Other Governments	-	259,304
1290	Other Receivables	-	49,916
1000	Total Assets	<u>\$ 455,268</u>	<u>\$ 954,230</u>
<b>LIABILITIES</b>			
2110	Accounts Payable	\$ 3,142	\$ 4,647
2160	Accrued Wages Payable	-	4,670
2170	Due to Other Funds	-	354,941
2180	Due to Other Governments	-	174
2200	Accrued Expenditures	-	1,971
2000	Total Liabilities	<u>3,142</u>	<u>366,403</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
2601	Unavailable Revenue - Property Taxes	255,889	255,889
2600	Total Deferred Inflows of Resources	<u>255,889</u>	<u>255,889</u>
<b>FUND BALANCES</b>			
Restricted Fund Balance:			
3480	Retirement of Long-Term Debt	426,397	426,397
3490	Other Restricted Fund Balance	-	95,541
Assigned Fund Balance:			
3590	Other Assigned Fund Balance	-	81,433
3600	Unassigned Fund Balance	(230,160)	(271,433)
3000	Total Fund Balances	<u>196,237</u>	<u>331,938</u>
4000	Total Liabilities, Deferred Inflows & Fund Balances	<u>\$ 455,268</u>	<u>\$ 954,230</u>

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CARRIZO SPRINGS CONSOLIDATED I S D  
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED AUGUST 31, 2018

Data Control Codes		224 IDEA - Part B Formula	225 IDEA - Part B Preschool	242 Summer Feeding Program
<b>REVENUES:</b>				
5700	Total Local and Intermediate Sources	\$ -	\$ -	\$ -
5800	State Program Revenues	-	-	-
5900	Federal Program Revenues	488,360	5,204	37,660
5020	Total Revenues	488,360	5,204	37,660
<b>EXPENDITURES:</b>				
Current:				
0011	Instruction	290,277	3,204	-
0013	Curriculum and Instructional Staff Development	17,675	2,000	-
0021	Instructional Leadership	55,788	-	-
0023	School Leadership	-	-	-
0031	Guidance, Counseling and Evaluation Services	120,588	-	-
0035	Food Services	-	-	78,933
0036	Extracurricular Activities	915	-	-
0061	Community Services	3,117	-	-
Debt Service:				
0071	Principal on Long Term Debt	-	-	-
0072	Interest on Long Term Debt	-	-	-
0073	Bond Issuance Cost and Fees	-	-	-
6030	Total Expenditures	488,360	5,204	78,933
1200	Net Change in Fund Balance	-	-	(41,273)
0100	Fund Balance - September 1 (Beginning)	-	-	88,363
1300	Prior Period Adjustment	-	-	-
3000	Fund Balance - August 31 (Ending)	\$ -	\$ -	\$ 47,090



244 Career and Technical - Basic Grant	270 ESEA VI, Pt B Rural & Low Income	289 Other Federal Special Revenue Funds	410 State Textbook Fund	427 Region 20 Migrant	429 Other State Special Revenue Funds	461 Campus Activity Funds	Total Nonmajor Special Revenue Funds
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 142,641	\$ 142,641
-	-	-	143,628	-	-	-	143,628
33,324	33,100	42,661	-	78,303	-	-	718,612
33,324	33,100	42,661	143,628	78,303	-	142,641	1,004,881
17,686	33,100	1,553	143,628	50,158	-	7,077	546,683
4,798	-	6,542	-	-	-	-	31,015
10,840	-	-	-	20,533	-	-	87,161
-	-	34,566	-	-	-	-	34,566
-	-	-	-	7,612	-	-	128,200
-	-	-	-	-	-	-	78,933
-	-	-	-	-	-	135,564	136,479
-	-	-	-	-	-	-	3,117
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
33,324	33,100	42,661	143,628	78,303	-	142,641	1,046,154
-	-	-	-	-	-	-	(41,273)
-	-	2,482	13,686	-	-	79,456	183,987
-	-	(2,482)	(6,508)	-	-	1,977	(7,013)
\$ -	\$ -	\$ -	\$ 7,178	\$ -	\$ -	\$ 81,433	\$ 135,701

CARRIZO SPRINGS CONSOLIDATED I S D  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN  
 FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS  
 FOR THE YEAR ENDED AUGUST 31, 2018

Data Control Codes		511  Debt Service	Total Nonmajor Governmental Funds
<b>REVENUES:</b>			
5700	Total Local and Intermediate Sources	\$ 2,905,128	\$ 3,047,769
5800	State Program Revenues	14,500	158,128
5900	Federal Program Revenues	-	718,612
5020	Total Revenues	<u>2,919,628</u>	<u>3,924,509</u>
<b>EXPENDITURES:</b>			
Current:			
0011	Instruction	-	546,683
0013	Curriculum and Instructional Staff Development	-	31,015
0021	Instructional Leadership	-	87,161
0023	School Leadership	-	34,566
0031	Guidance, Counseling and Evaluation Services	-	128,200
0035	Food Services	-	78,933
0036	Extracurricular Activities	-	136,479
0061	Community Services	-	3,117
Debt Service:			
0071	Principal on Long Term Debt	1,405,000	1,405,000
0072	Interest on Long Term Debt	1,742,038	1,742,038
0073	Bond Issuance Cost and Fees	2,750	2,750
6030	Total Expenditures	<u>3,149,788</u>	<u>4,195,942</u>
1200	Net Change in Fund Balance	(230,160)	(271,433)
0100	Fund Balance - September 1 (Beginning)	426,397	610,384
1300	Prior Period Adjustment	-	(7,013)
3000	Fund Balance - August 31 (Ending)	<u>\$ 196,237</u>	<u>\$ 331,938</u>

## **REQUIRED TEA SCHEDULES**

CARRIZO SPRINGS CONSOLIDATED I S D  
SCHEDULE OF DELINQUENT TAXES RECEIVABLE  
FISCAL YEAR ENDED AUGUST 31, 2018

Last 10 Years Ended August 31	(1)	(2)	(3)
	Tax Rates		Assessed/Appraised Value for School Tax Purposes
	Maintenance	Debt Service	
2009 and prior years	\$ 1.170000	\$ 0.067000	\$ 366,255,816
2010	1.170000	0.024000	414,346,824
2011	1.145000	0.055000	449,621,738
2012	1.040000	0.030000	1,086,487,881
2013	1.040000	0.100200	2,478,619,273
2014	1.060000	0.067000	5,010,098,049
2015	1.040000	0.100200	6,826,581,614
2016	1.060000	0.053300	5,929,822,282
2017	1.060000	0.092300	3,517,297,934
2018 (School year under audit)	1.060000	0.056100	5,264,725,979
1000 TOTALS			

(10) Beginning Balance 9/1/2017	(20) Current Year's Total Levy	(31) Maintenance Collections	(32) Debt Service Collections	(40) Entire Year's Adjustments	(50) Ending Balance 8/31/2018
\$ 1,284,495	\$ -	\$ 24,315	\$ 1,543	\$ (5,959)	\$ 1,252,678
166,643	-	6,416	367	(83)	159,777
440,807	-	5,916	284	(82)	434,525
235,366	-	8,885	256	(192)	226,033
277,037	-	22,854	2,202	(450)	251,531
346,948	-	37,365	2,376	2,900	310,107
533,890	-	82,761	3,295	1,534	449,368
680,010	-	119,955	6,032	(26,366)	527,657
1,159,078	-	339,371	29,385	(52,697)	737,625
-	58,897,238	54,913,255	2,906,257	(68,217)	1,009,509
<u>\$ 5,124,274</u>	<u>\$ 58,897,238</u>	<u>\$ 55,561,093</u>	<u>\$ 2,951,997</u>	<u>\$ (149,612)</u>	<u>\$ 5,358,810</u>

CARRIZO SPRINGS CONSOLIDATED I S D  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL - CHILD NUTRITION PROGRAM  
FOR THE YEAR ENDED AUGUST 31, 2018

Data Control Codes	Budgeted Amounts		Actual Amounts (GAAP BASIS)	Variance With Final Budget Positive or (Negative)
	Original	Final		
REVENUES:				
5700 Total Local and Intermediate Sources	\$ 80,316	\$ 80,316	\$ 89,904	\$ 9,588
5800 State Program Revenues	9,600	9,600	8,316	(1,284)
5900 Federal Program Revenues	1,374,415	1,374,415	1,382,017	7,602
5020 Total Revenues	1,464,331	1,464,331	1,480,237	15,906
EXPENDITURES:				
0035 Food Services	1,632,977	1,682,977	1,712,082	(29,105)
6030 Total Expenditures	1,632,977	1,682,977	1,712,082	(29,105)
1100 Excess (Deficiency) of Revenues Over (Under) Expenditures	(168,646)	(218,646)	(231,845)	(13,199)
OTHER FINANCING SOURCES (USES):				
7949 Other Resources	168,646	218,646	231,845	13,199
1200 Net Change in Fund Balances	-	-	-	-
0100 Fund Balance - September 1 (Beginning)	-	-	-	-
3000 Fund Balance - August 31 (Ending)	\$ -	\$ -	\$ -	\$ -

CARRIZO SPRINGS CONSOLIDATED I S D  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL - DEBT SERVICE FUND  
FOR THE YEAR ENDED AUGUST 31, 2018

Data Control Codes		Budgeted Amounts		Actual Amounts (GAAP BASIS)	Variance With Final Budget Positive or (Negative)
		Original	Final		
REVENUES:					
5700	Total Local and Intermediate Sources	\$ 2,940,727	\$ 2,926,227	\$ 2,905,128	\$ (21,099)
5800	State Program Revenues	-	14,500	14,500	-
5020	Total Revenues	2,940,727	2,940,727	2,919,628	(21,099)
EXPENDITURES:					
Debt Service:					
0071	Principal on Long Term Debt	1,405,000	1,405,000	1,405,000	-
0072	Interest on Long Term Debt	1,742,038	1,742,038	1,742,038	-
0073	Bond Issuance Cost and Fees	5,000	5,000	2,750	2,250
6030	Total Expenditures	3,152,038	3,152,038	3,149,788	2,250
1200	Net Change in Fund Balances	(211,311)	(211,311)	(230,160)	(18,849)
0100	Fund Balance - September 1 (Beginning)	-	426,397	426,397	-
3000	Fund Balance - August 31 (Ending)	\$ (211,311)	\$ 215,086	\$ 196,237	\$ (18,849)

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**FEDERAL AUDITS SECTION**



**BILL C. ROCHA**  
**CERTIFIED PUBLIC ACCOUNTANT**

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P.O. Box 160127  
San Antonio, TX 78280-2327

**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 City Board of Trustees of  
Carrizo Springs Consolidated Independent School District  
Carrizo Springs, Texas

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Carrizo Springs Consolidated Independent School District (the District), as of and for the year ended August 31, 2018, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated January 21, 2019.

**Internal Control over Financial Reporting**

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

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

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

**Compliance and Other Matters**

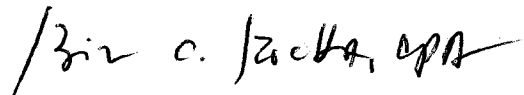
As part of obtaining reasonable assurance about whether the District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and questioned costs as Item 2018-001.

## **Carrizo Springs Consolidated Independent School District's Response to Findings**

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

### **Purpose of this Report**

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

A handwritten signature in black ink, appearing to read "Bill C. Rocha, CPA".

Bill C. Rocha  
Certified Public Accountant  
San Antonio, Texas  
January 21, 2019



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P.O. Box 160127

San Antonio, TX 78280-2327

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

To the Board of Trustees of  
Carrizo Springs Consolidated Independent School District  
Carrizo Springs, Texas

**Report on Compliance for Each Major Federal Program**

We have audited the Carrizo Springs Consolidated Independent School District's (the District) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the year ended August 31, 2018. District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

***Management's Responsibility***

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

***Auditor's Responsibility***

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

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

***Opinion on Each Major Federal Program***

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

***Other Matters***

The results of our auditing procedures disclosed instances of noncompliance which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying schedule of findings and questioned costs as 2018-001. Our opinion on each major federal program is not modified with respect to this matter.

The District's response to the noncompliance finding identified in our audit is described in the accompanying schedule of findings and questioned costs. The District's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

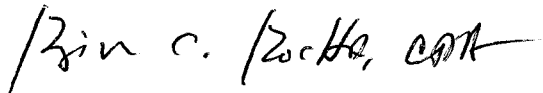
## Report on Internal Control over Compliance

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



Bill C. Rocha  
Certified Public Accountant  
San Antonio, Texas  
January 21, 2019

**CARRIZO SPRINGS CONSOLIDATED  
INDEPENDENT SCHOOL DISTRICT  
CARRIZO SPRINGS, TEXAS**

**SCHEDULE OF FINDINGS AND QUESTIONED COST**

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

**I. Summary of Audit Results**

**FINANCIAL STATEMENTS**

- |  |          |                   |
|--|----------|-------------------|
| a. Type of report issued on GAAP financial statements                            |          | <u>Unmodified</u> |
| b. Internal control over financial reporting:                                    |          |                   |
| Material weakness(es) identified?  | ___yes   | __✓__none         |
| Significant deficiency(ies) identified not considered to be material weaknesses? | __✓__yes | ___none           |
| c. Noncompliance material to financial statements                                | ___yes   | __✓__none         |

**FEDERAL AWARDS**

- |  |        |                   |
|--|--------|-------------------|
| d. Internal control over major programs:   |        |                   |
| Material weakness(es) identified?  | ___yes | __✓__none         |
| Significant deficiency(ies) identified not considered to be material weaknesses?   | ___yes | __✓__none         |
| e. Type of auditor's report Issued on compliance for major programs  |        | <u>Unmodified</u> |
| f. Any audit finding disclosed that are required to be reported in accordance with the Uniform Guidance, Section 200.516(a)? | ___yes | __✓__none         |

*Identification of Major Federal Programs:*

CFDA No.	Name of Federal Program or Cluster
84.010A	ESEA, Title, Part A - Improving Basic Education

- |   |  |                      |
|---|--|----------------------|
| g. Dollar threshold used to distinguish between Type A and Type B programs: |  | <u>\$ 750,000</u>    |
| h. Auditee qualified as low-risk?   |  | <u>__✓__Yes __No</u> |

**CARRIZO SPRINGS CONSOLIDATED  
INDEPENDENT SCHOOL DISTRICT  
CARRIZO SPRINGS, TEXAS**

**SCHEDULE OF FINDINGS AND QUESTIONED COST**

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

**II. Financial Statements Findings**

2018-001: Non Compliance

**Condition and Criteria:** During our review of the 2016 State Compliance issues we noticed the District had Insurance bonding from a Mutual Insurance Company, which is not permitted by Texas Education Agency.

**Effect:** The District has possible been non-compliant for three years.

**Cause:** For the past three years this issue has been brought up on the Management Letter to the School Administration. The School Administration has communicated with TEA and TEA has responded to the effect that they may be out of compliance. At this time we are elevating the issue from a Management comment to a finding due to the fact that is has been outstanding for three years.

**Recommendation:** School Administration should get this issue resolved.

**III. Federal Award Findings and Questioned Costs**

There were no federal award findings and questioned costs required to be reported in accordance with Uniform Guidance, Section 200.516(a).

**CARRIZO SPRINGS CONSOLIDATED INDEPENDENT SCHOOL DISTRICT  
CARRIZO SPRINGS, TEXAS**

**SCHEDULE OF STATUS OF PRIOR YEAR AUDIT FINDINGS**

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

No Findings in the Prior Year, Thus No Reporting Required.



**CARRIZO SPRINGS CONSOLIDATED INDEPENDENT SCHOOL DISTRICT  
CARRIZO SPRINGS, TEXAS**

**CORRECTIVE ACTION PLAN**

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

We have contacted the County and discussed this issue. We will continue to attempt to resolve the item.

CARRIZO SPRINGS CONSOLIDATED I S D  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED AUGUST 31, 2018

(1)	(2)	(3)	(4)
FEDERAL GRANTOR/ PASS-THROUGH GRANTOR/ PROGRAM or CLUSTER TITLE	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
<b>U.S. DEPARTMENT OF EDUCATION</b>			
<u>Passed Through State Department of Education</u>			
ESEA, Title I, Part A - Improving Basic Programs	84.010A	18 - 1861001064903	\$ 1,615,677
*IDEA - Part B, Formula	84.027	18 - 660001064903660	488,360
*IDEA - Part B, Preschool	84.173	18 - 661001064903661	5,204
Total Special Education Cluster (IDEA)			493,564
Career and Technical - Basic Grant	84.048	18 - 420006064903	33,324
ESEA, Title VI, Part B - Rural & Low Income Prog.	84.358B	18 - 696001064903	33,100
English Language Acquisition Grant	84.369A		42,661
Total Passed Through State Department of Education			2,218,326
<b>TOTAL U.S. DEPARTMENT OF EDUCATION</b>			2,218,326
<b>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</b>			
<u>Passed Through Texas Dept of Human Services</u>			
Healthy Futures of Texas	93.297	TPA2AH000044-02-00	1
Total Passed Through Texas Dept of Human Services			1
<b>TOTAL U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</b>			1
<b>U.S. DEPARTMENT OF AGRICULTURE</b>			
<u>Passed Through the State Department of Agriculture</u>			
*School Breakfast Program	10.553		313,059
*National School Lunch Program - Cash Assistance	10.555		938,642
*National School Lunch Prog. - Non-Cash Assistance	10.555		130,317
Total CFDA Number 10.555			1,068,959
Total Child Nutrition Cluster			1,382,018
Total Passed Through the State Department of Agriculture			1,382,018
<b>TOTAL U.S. DEPARTMENT OF AGRICULTURE</b>			1,382,018
<b>TOTAL EXPENDITURES OF FEDERAL AWARDS</b>			\$ 3,600,345

\*Clustered Programs

See Accompanying Notes to the Schedule of Expenditures of Federal Awards

**CARRIZO SPRINGS CONSOLIDATED INDEPENDENT SCHOOL DISTRICT  
CARRIZO SPRINGS, TEXAS**

**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

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

**NOTE 1   BASIS OF PRESENTATION**

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of the District under programs of the federal government for the year ended August 31, 2018. The information in this Schedule is presented in accordance with the 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). Because the Schedule presents only a selected portion of the operations of the District, it is not intended to and does not present the financial position, changes in net positions, or cash flows of the District.

For all Federal programs, the District uses the fund types specified in Texas Education Agency's *Financial Accountability System Resource Guide*.

Special revenue funds are used to account for resources restricted to, or designated for, specific purposes by a grantor. Federal and state financial assistance generally is accounted for in the Special Revenue Fund. All Federal grant funds, with the exception of funds for the Impact Aid, Army JROTC, Summer School LEP, and the indirect cost revenues, were accounted for in this Fund which is a Governmental Fund type. Generally, unused balances must be returned to the grantor at the close of specified project periods.

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. The Governmental Fund types are accounted for using a current financial resources measurement focus. The revenues received for the previously mention programs (Impact Aid, etc.) were accounted for in the General Fund, which is also a component of the Governmental Fund type. With this measurement focus, only current assets and current liabilities and the fund balance are included on the balance sheet. Operating statements of these funds present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets.

The modified accrual basis of accounting is used for the Governmental Fund types. This basis of accounting recognizes revenues in the accounting period in which they become susceptible to accrual, i.e. both measurable and available, and expenditures in the accounting period in which the fund liability is incurred, if measurable, except for unmatured interest on General Long-Term Debt, which is recognized when due, and certain compensated absences and claims and judgments, which are recognized when the obligations are expected to be liquidated with expendable available financial resources.

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

**CARRIZO SPRINGS CONSOLIDATED INDEPENDENT SCHOOL DISTRICT  
CARRIZO SPRINGS, TEXAS**

**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

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

**NOTE 2 PERIOD OF PERFORMANCE**

The period of performance for most federal grant funds for the purpose of liquidation of outstanding obligations made on or before the ending date of the federal project period extended 30 days beyond the federal project period ending date.

**NOTE 3 BASIS OF FUNDING**

Federal funding for Food Services under child nutrition programs is primarily based upon the number and type of meals served and in user charges as reported to the U.S. Department of Agriculture (USDA).

National School Lunch Program – Non-Cash Assistance – Commodity receipts represents USDA donated commodities received during the year. The related expenditures relate to the issuance of the commodities to the District’s campuses.

National School Breakfast and Lunch Program Expenditures are not specifically attributable to the Federal revenue source and are shown on the schedule in an amount equal to Federal revenue for balancing purposes only.

Federal funding received related to various grant programs is based upon periodic reports detailing reimbursable expenditures made in compliance with program guidelines to the grantor agencies. The programs are governed by various rules and regulations of the grantors. Amounts received and receivable under these various funding programs are subject to periodic audit and adjustments by the funding agencies. To the extent, if any, that the District has not complied with all the rules and regulations with respect to performance, financial or otherwise, adjustment to or return of funding monies may be required. In the opinion of the District’s management, there are no significant contingent liabilities relating to matters of compliance and, accordingly, no provision has been made in the basic financial statements for such contingencies.

**NOTE 4 SUBRECIPIENTS**

In fiscal year 2018, the District had no subrecipients.