

**CARRIZO SPRINGS CONSOLIDATED  
INDEPENDENT SCHOOL DISTRICT**  
Carrizo Springs, Texas

**ANNUAL FINANCIAL AND COMPLIANCE REPORT**

For The Year Ended August 31, 2019



**CARRIZO SPRINGS CONSOLIDATED INDEPENDENT SCHOOL DISTRICT**  
**Carrizo Springs, Texas**

**ANNUAL FINANCIAL AND COMPLIANCE REPORT**

**For The Year Ended August 31, 2019**

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**CARRIZO SPRINGS CONSOLIDATED INDEPENDENT SCHOOL DISTRICT**  
Carrizo Springs, Texas

**ANNUAL FINANCIAL AND COMPLIANCE REPORT**

For The Year Ended August 31, 2019

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## INTRODUCTORY SECTION

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**CARRIZO SPRINGS CONSOLIDATED  
INDEPENDENT SCHOOL DISTRICT**

**DIMMIT**

**064903**

**Name of School District**

**County**

**Co. Dist. Number**

We, the undersigned, do hereby certify that the attached annual financial reports of the above named school district was reviewed and \_\_\_\_ approved \_\_\_\_ disapproved for the year ended August 31, 2019 at a meeting of the board of trustees of such school district on the \_\_\_\_\_ day of January, 2020.

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

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

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

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## FINANCIAL SECTION

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# Garza/Gonzalez & Associates

CERTIFIED PUBLIC ACCOUNTANTS

## INDEPENDENT AUDITOR'S REPORT

Board of School Trustees  
Carrizo Springs Consolidated Independent School District  
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, 2019 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 District'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 District'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.

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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, 2019, and the respective changes in financial position, and, where applicable, cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

### **Other Matters**

#### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the 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 combining financial statements and the required Texas Education Agency (TEA) schedules, as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements.

The combining financial statements, the 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, this information is fairly stated in all material respects in relation to the basic financial statements as a whole.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated January 17, 2020, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.



January 17, 2020

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## **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, 2019. 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 was \$46.1 million at August 31, 2019, which is a decrease of \$1.0 million from the previous year. The district's overall financial position remains strong.
- During the year, the District's expenses were \$1 million more than the \$71.1 million generated in taxes and other revenues for the governmental activities (all funds, including grants) primarily due recapture since property taxes were higher than prior year.
- The total cost of the District's programs, including Chapter 41 payments, increased by \$18.7 million from last year. The most significant factor is increased payments for Incremental cost for weighted average daily attendance (WADA) (Chapter 41) for \$11 million.
- The General Fund ended the year with a combined fund balance of \$23.5 million, an increase of \$1.2 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

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

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.

### **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:

**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.

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

**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 \$46.1 million at August 31, 2019. See Table 1 below:

**Table I  
NET POSITION  
(in thousands)**

	Governmental Activities 2019	Governmental Activities 2018	Percent Change (%)
Current Assets	\$ 30,340	\$ 29,686	2%
Capital Assets	74,624	77,932	-4%
Total Assets	104,964	107,618	-2%
Deferred Outflows of Resources	4,392	1,575	179%
Total Deferred Outflow of Resources	4,392	1,575	179%
Liabilities	59,055	57,199	3%
Deferred Inflows of Resources	4,209	4,899	-14%
Total Liabilities and Deferred Inflows	63,264	62,098	2%
Net Investment in Capital Assets	33,839	34,450	-2%
Restricted for Debt Service	100	426	-77%
Restricted for Capital Projects	-	340	-100%
Restricted for Other Purposes	-	665	-100%
Unrestricted Net Position	12,152	11,213	8%
Total Net Position	\$ 46,092	\$ 47,094	-2%

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

Combined total revenues of the District were \$71.1 million and combined expenses were \$72.1 million at August 31, 2019. See Table II below.

**Table II  
CHANGES IN NET POSITION  
(in thousands)**

	Governmental Activities 2019	Governmental Activities 2018	Percent Change (%)
<b>Revenues</b>			
<b>Program Revenues</b>			
Charges for Services	\$ 425	\$ 483	-12%
Operating Grants and Contributions	3,904	854	357%
<b>General Revenues</b>			
Maintenance and Operation Taxes	59,049	55,853	6%
Debt Service Taxes	3,252	2,950	10%
State Aid – Formula Grants	-	708	-100%
Grants and Contributions not Restricted to Specific Functions	3,204	320	901%
Investment Earnings	917	500	83%
Miscellaneous	360	(1,068)	-134%
<b>Total Revenue</b>	<b>71,111</b>	<b>60,600</b>	<b>17%</b>
<b>Expenses</b>			
Instruction, Curriculum and Media Services	16,172	11,452	41%
Instructional and School Leadership	2,278	1,484	54%
Student Support Services	1,961	1,444	36%
Child Nutrition	2,237	1,687	33%
Co-curricular Activities	2,233	2,189	2%
General Administration	1,289	866	49%
Plant Maintenance, Security and Data Processing	3,977	3,351	19%
Community Services	84	80	5%
Debt Service	1,612	1,658	-3%
Facilities, Acquisition and Construction	4	-	100%
Other Intergovernmental Payments	40,285	29,261	38%
<b>Total Expenses</b>	<b>72,132</b>	<b>53,472</b>	<b>35%</b>
<b>Total Change in Net Position</b>	<b>(1,020)</b>	<b>7,128</b>	<b>-114%</b>
<b>Net Position – Beginning</b>	<b>47,095</b>	<b>57,552</b>	<b>-18%</b>
<b>Prior Period Adjustments</b>	<b>17</b>	<b>(17,585)</b>	<b>-100%</b>
<b>Net Position – Ending</b>	<b>\$ 46,092</b>	<b>\$ 47,095</b>	<b>-2%</b>

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

The District's total revenues were \$71.1 million. A significant portion, 83.0%, of the District's revenues came from Maintenance and Operation Taxes, and 6.1% came from federal program grants. The total cost of all programs and services was \$72.1 million; of these costs, the largest was WADA (Chapter 41) 54.9%.

The district has ended the year with an estimated decrease in net position of \$1.0 million.

## CAPITAL ASSET AND DEBT ADMINISTRATION

### Capital Assets

At the end of 2019, the District had \$74.6 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 4% from last year primarily due to depreciation. See Table III below. For capital asset activity, please refer to Note E of the notes to the financial statements.

**Table III**  
**CAPITAL ASSETS**  
(in thousands)

	Governmental Activities 2019	Governmental Activities 2018	Percent Change (%)
Land & Land Improvements	\$ 726	\$ 726	0%
Buildings and Improvements	120,722	120,660	0%
Furniture and Equipment	6,008	5,934	1%
Construction in Progress	-	-	-
Totals at Historical Costs	127,455	127,319	0%
Accumulated Depreciation	(52,831)	(49,387)	7%
Total Net Capital Assets	\$ 74,624	\$ 77,932	-4%

### Debt Administration

At year-end, the District had \$41.8 million in bonds and notes outstanding versus \$43.4 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 is Moody Rating A1.

**Table IV**  
**THE DISTRICT'S LONG-TERM DEBT**  
(in thousands)

	2019	2018	Percent Change (%)
General Obligation Debt	\$ 41,865	\$ 43,403	-4%
Total Long-Term Debt	\$ 41,865	\$ 43,403	-4%

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

### **ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES**

Carrizo Springs Consolidated Independent School District's 2019-2020 Maintenance & Operations tax rate was approved at \$0.99 the debt service tax rate was approved at \$0.046 for a total tax rate of \$1.036.

The District's enrollment had a slight decrease and is estimating the decrease to continue through fiscal year 2019-2020 school year.

The District collected 99% of the estimated tax collections for fiscal year 2019-2020.

The appraised property values are expected to increase for the 2019-2020 school year. This increase expected to increase the chapter 41 recapture obligations. For 2019-2020, the ratio of chapter 41 recapture obligations to tax collections was 70% to 30%. With the expected increase in appraised property values, the ratio is expected to change to 72% to 28%.

### **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

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## Government-Wide Financial Statements

CARRIZO SPRINGS CONSOLIDATED ISD  
STATEMENT OF NET POSITION  
AUGUST 31, 2019

EXHIBIT A-1

Data Control Codes	Primary Government Governmental Activities
<b>ASSETS</b>	
1110 Cash and Cash Equivalents	\$ 23,280,136
1220 Property Taxes - Delinquent	5,373,629
1230 Allowance for Uncollectible Taxes	(268,681)
1240 Due from Other Governments	1,781,871
1290 Other Receivables, Net	65,863
1300 Inventories	10,572
1410 Prepayments	71,615
1490 Other Current Assets	25,431
Capital Assets:	
1510 Land	725,674
1520 Buildings, Net	72,440,423
1530 Furniture and Equipment, Net	1,457,835
1000 Total Assets	<u>104,964,368</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	
1705 Deferred Outflow Related to TRS Pension	3,337,825
1706 Deferred Outflow Related to TRS OPEB	1,053,868
1700 Total Deferred Outflows of Resources	<u>4,391,693</u>
<b>LIABILITIES</b>	
2110 Accounts Payable	166,370
2140 Interest Payable	137,128
2160 Accrued Wages Payable	664,750
2180 Due to Other Governments	314,776
2200 Accrued Expenses	197,485
2300 Unearned Revenue	18,039
Noncurrent Liabilities:	
2501 Due Within One Year	1,588,060
2502 Due in More Than One Year	40,276,724
2540 Net Pension Liability (District's Share)	6,426,347
2545 Net OPEB Liability (District's Share)	9,265,334
2000 Total Liabilities	<u>59,055,013</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>	
2605 Deferred Inflow Related to TRS Pension	1,279,315
2606 Deferred Inflow Related to TRS OPEB	2,929,922
2600 Total Deferred Inflows of Resources	<u>4,209,237</u>
<b>NET POSITION</b>	
3200 Net Investment in Capital Assets	33,838,932
3850 Restricted for Debt Service	100,324
3900 Unrestricted	12,152,555
3000 Total Net Position	<u><u>\$ 46,091,811</u></u>

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

CARRIZO SPRINGS CONSOLIDATED ISD  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED AUGUST 31, 2019

EXHIBIT B-1

FOR THE YEAR ENDED AUGUST 31, 2019

		Program Revenues		Net (Expense) Revenue and Changes in Net Position
Data	1	3	4	6
Control			Operating	Primary Gov.
Codes	Expenses	Charges for Services	Grants and Contributions	Governmental Activities
<b>Primary Government:</b>				
<b>GOVERNMENTAL ACTIVITIES:</b>				
11 Instruction	\$ 15,020,445	\$ -	\$ 1,273,750	\$ (13,746,695)
12 Instructional Resources and Media Services	476,382	-	4,774	(471,608)
13 Curriculum and Instructional Staff Development	675,002	-	491,697	(183,305)
21 Instructional Leadership	780,951	-	274,763	(506,188)
23 School Leadership	1,496,982	-	44,319	(1,452,663)
31 Guidance, Counseling and Evaluation Services	612,013	-	140,221	(471,792)
32 Social Work Services	67,600	-	993	(66,607)
33 Health Services	228,736	-	4,902	(223,834)
34 Student (Pupil) Transportation	1,052,176	-	2,627	(1,049,549)
35 Food Services	2,237,441	83,522	1,587,107	(566,812)
36 Extracurricular Activities	2,233,385	186,890	641	(2,045,854)
41 General Administration	1,289,018	148,825	3,170	(1,137,023)
51 Facilities Maintenance and Operations	3,081,775	5,440	25,520	(3,050,815)
52 Security and Monitoring Services	352,934	-	4,405	(348,529)
53 Data Processing Services	542,242	-	1,087	(541,155)
61 Community Services	83,929	-	44,035	(39,894)
72 Debt Service - Interest on Long-Term Debt	1,609,090	-	-	(1,609,090)
73 Debt Service - Bond Issuance Cost and Fees	2,749	-	-	(2,749)
81 Capital Outlay	4,031	-	-	(4,031)
91 Contracted Instructional Services Between Schools	39,622,153	-	-	(39,622,153)
93 Payments Related to Shared Services Arrangements	51,240	-	-	(51,240)
99 Other Intergovernmental Charges	611,514	-	-	(611,514)
[TP] TOTAL PRIMARY GOVERNMENT:	\$ 72,131,788	\$ 424,677	\$ 3,904,011	(67,803,100)

Data Control Codes		
	<b>General Revenues:</b>	
	<b>Taxes:</b>	
MT	Property Taxes, Levied for General Purposes	59,049,239
DT	Property Taxes, Levied for Debt Service	3,251,689
GC	Grants and Contributions not Restricted	3,204,424
IE	Investment Earnings	917,187
MI	Miscellaneous Local and Intermediate Revenue	360,196
TR	<b>Total General Revenues</b>	<b>66,782,735</b>
CN	<b>Change in Net Position</b>	<b>(1,020,365)</b>
NB	Net Position - Beginning	47,095,639
PA	Prior Period Adjustment	16,537
NE	<b>Net Position--Ending</b>	<b>\$ 46,091,811</b>

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

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## **Governmental Fund Financial Statements**

**CARRIZO SPRINGS CONSOLIDATED ISD**  
**BALANCE SHEET**  
**GOVERNMENTAL FUNDS**  
**AUGUST 31, 2019**

Data Control Codes	10 General Fund	Major Special Revenue Fund	Other Funds	Total Governmental Funds
<b>ASSETS</b>				
1110 Cash and Cash Equivalents	\$ 22,946,130	\$ -	\$ 334,006	\$ 23,280,136
1220 Property Taxes - Delinquent	5,100,749	-	272,880	5,373,629
1230 Allowance for Uncollectible Taxes	(255,037)	-	(13,644)	(268,681)
1240 Due from Other Governments	88,035	995,772	698,064	1,781,871
1260 Due from Other Funds	1,637,875	-	-	1,637,875
1290 Other Receivables	65,863	-	-	65,863
1300 Inventories	10,572	-	-	10,572
1410 Prepayments	71,615	-	-	71,615
1490 Other Current Assets	25,431	-	-	25,431
1000 Total Assets	<u>\$ 29,691,233</u>	<u>\$ 995,772</u>	<u>\$ 1,291,306</u>	<u>\$ 31,978,311</u>
<b>LIABILITIES</b>				
2110 Accounts Payable	\$ 150,996	\$ 6,354	\$ 9,020	\$ 166,370
2160 Accrued Wages Payable	638,817	20,485	5,448	664,750
2170 Due to Other Funds	-	967,163	670,712	1,637,875
2180 Due to Other Governments	314,776	-	-	314,776
2200 Accrued Expenditures	195,120	1,770	595	197,485
2300 Unearned Revenue	-	-	18,039	18,039
2000 Total Liabilities	<u>1,299,709</u>	<u>995,772</u>	<u>703,814</u>	<u>2,999,295</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
2601 Unavailable Revenue - Property Taxes	4,845,712	-	259,236	5,104,948
2600 Total Deferred Inflows of Resources	<u>4,845,712</u>	<u>-</u>	<u>259,236</u>	<u>5,104,948</u>
<b>FUND BALANCES</b>				
Nonspendable Fund Balance:				
3410 Inventories	10,572	-	-	10,572
3430 Prepaid Items	71,615	-	-	71,615
Restricted Fund Balance:				
3450 Federal or State Funds Grant Restriction	-	-	7,178	7,178
3480 Retirement of Long-Term Debt	-	-	237,452	237,452
Assigned Fund Balance:				
3590 Other Assigned Fund Balance	-	-	83,626	83,626
3600 Unassigned Fund Balance	23,463,625	-	-	23,463,625
3000 Total Fund Balances	<u>23,545,812</u>	<u>-</u>	<u>328,256</u>	<u>23,874,068</u>
4000 Total Liabilities, Deferred Inflows & Fund Balances	<u>\$ 29,691,233</u>	<u>\$ 995,772</u>	<u>\$ 1,291,306</u>	<u>\$ 31,978,311</u>

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

CARRIZO SPRINGS CONSOLIDATED ISD  
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE  
STATEMENT OF NET POSITION  
AUGUST 31, 2019

EXHIBIT C-2

<b>Total Fund Balances - Governmental Funds</b>	<b>\$ 23,874,068</b>
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 \$127,319,489 and the accumulated depreciation was (\$49,387,077). 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, \$77,932,412 and long-term debt in the governmental activities is to decrease net position (\$43,544,210).	34,388,202
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 2019 capital outlays, \$135,780, and debt principal payments and change in interest payable of \$1,542,298 is to decrease net position.	1,678,078
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 \$3,337,825, a Deferred Resource Inflow in the amount of (\$1,279,315) and a net pension liability in the amount of (\$6,426,347). The impact of this on Net Position is (\$4,367,837).	(4,367,837)
The District participates in the TRS-Care plan for retirees through TRS. The District's share of the TRS plan resulted in a net OPEB liability of (\$9,265,334), a deferred outflow of \$1,053,868 and a deferred inflow of (\$2,929,922). This resulted in a difference between the ending fund balance and the ending net position of (\$11,141,388).	(11,141,388)
The 2019 depreciation expense increases accumulated depreciation. The net effect of the current year's depreciation is to decrease net position.	(3,444,260)
Various other reclassifications and eliminations are necessary to convert from the modified accrual basis of accounting to accrual basis of accounting. To recognize unavailable revenue from the current year tax levy as revenues in the amount of \$4,252,487 and from prior year tax levies in the amount of \$852,461. The net effect of these reclassifications and recognitions is to increase net position.	5,104,948
<b>Net Position of Governmental Activities</b>	<b>\$ 46,091,811</b>

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

CARRIZO SPRINGS CONSOLIDATED ISD  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED AUGUST 31, 2019

Data Control Codes	10 General Fund	Major Special Revenue Fund	Other Funds	Total Governmental Funds
<b>REVENUES:</b>				
5700 Total Local and Intermediate Sources	\$ 60,653,766	\$ -	\$ 3,335,195	\$ 63,988,961
5800 State Program Revenues	2,283,789	-	491,231	2,775,020
5900 Federal Program Revenues	1,715,095	1,055,581	820,952	3,591,628
5020 Total Revenues	64,652,650	1,055,581	4,647,378	70,355,609
<b>EXPENDITURES:</b>				
<b>Current:</b>				
0011 Instruction	11,742,703	495,645	831,913	13,070,261
0012 Instructional Resources and Media Services	310,049	4,774	-	314,823
0013 Curriculum and Instructional Staff Development	91,357	291,100	200,597	583,054
0021 Instructional Leadership	448,352	139,563	135,200	723,115
0023 School Leadership	1,290,354	21,992	22,329	1,334,675
0031 Guidance, Counseling and Evaluation Services	426,684	5,718	134,503	566,905
0032 Social Work Services	54,718	993	-	55,711
0033 Health Services	195,474	4,902	-	200,376
0034 Student (Pupil) Transportation	850,900	2,627	-	853,527
0035 Food Services	1,869,436	13,267	29,073	1,911,776
0036 Extracurricular Activities	948,106	-	93,001	1,041,107
0041 General Administration	1,211,804	3,170	-	1,214,974
0051 Facilities Maintenance and Operations	2,864,118	25,520	-	2,889,638
0052 Security and Monitoring Services	313,609	4,405	-	318,014
0053 Data Processing Services	456,699	1,087	-	457,786
0061 Community Services	39,265	40,818	3,217	83,300
<b>Debt Service:</b>				
0071 Principal on Long-Term Debt	-	-	1,455,000	1,455,000
0072 Interest on Long-Term Debt	-	-	1,696,388	1,696,388
0073 Bond Issuance Cost and Fees	-	-	2,749	2,749
<b>Capital Outlay:</b>				
0081 Facilities Acquisition and Construction	62,045	-	-	62,045
<b>Intergovernmental:</b>				
0091 Contracted Instructional Services Between Schools	39,622,153	-	-	39,622,153
0093 Payments to Fiscal Agent/Member Districts of SSA	51,240	-	-	51,240
0099 Other Intergovernmental Charges	611,514	-	-	611,514
6030 Total Expenditures	63,460,580	1,055,581	4,603,970	69,120,131
1200 Net Change in Fund Balances	1,192,070	-	43,408	1,235,478
0100 Fund Balance - September 1 (Beginning)	22,290,115	-	331,938	22,622,053
1300 Prior Period Adjustment	63,627	-	(47,090)	16,537
3000 Fund Balance - August 31 (Ending)	\$ 23,545,812	\$ -	\$ 328,256	\$ 23,874,068

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



CARRIZO SPRINGS CONSOLIDATED ISD  
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, 2019

EXHIBIT C-4

<b>Total Net Change in Fund Balances - Governmental Funds</b>	<b>\$ 1,235,478</b>
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 2019 capital outlays in the amount of \$135,780, and debt principal payments and change in interest payable in the amount of \$1,542,298, is to increase net position.	1,678,078
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.	(3,444,260)
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. The net effect of these reclassifications and recognitions is to increase net position.	14,027
Current year changes due to GASB 68 increased revenues in the amount of \$504,271 but also increased expenditures in the amount of (\$787,460). The net effect on the change in the ending net position was a decrease in the amount of (\$283,189).	(283,189)
Current year changes due to GASB 75 increased revenues in the amount of \$237,516 but also increased expenditures in the amount of (\$458,015). The net effect on the change in the ending net position was a decrease in the amount of (\$220,499).	(220,499)
<b>Change in Net Position of Governmental Activities</b>	<b>\$ (1,020,365)</b>

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

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**Fiduciary Fund Financial Statements**

CARRIZO SPRINGS CONSOLIDATED ISD  
STATEMENT OF FIDUCIARY NET POSITION  
FIDUCIARY FUNDS  
AUGUST 31, 2019

	Agency Funds
<hr/>	
<b>ASSETS</b>	
Cash and Cash Equivalents	\$ 160,998
Total Assets	<u>\$ 160,998</u>
<b>LIABILITIES</b>	
Accounts Payable	\$ 3,233
Due to Student Groups	<u>157,765</u>
Total Liabilities	<u>\$ 160,998</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, 2019

**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.

**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. BASIS OF PRESENTATION, BASIS OF ACCOUNTING**

*Government-wide Statements:* The Statement of Net Position and the Statement of Activities include the financial activities of the overall government, except for fiduciary activities. Eliminations have been made to minimize the double-counting of internal activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange transactions.

The statement of activities presents a comparison between direct expenses and program revenues for each function of the District's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. The District does not allocate indirect expenses in the statement of activities. Program revenues include (a) fees, fines, and charges paid by the recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues. Proprietary funds distinguish *operating* revenues and expenses from *nonoperating* items. Operating revenues and expenses result from providing services in connection with the internal service funds of the self-insurance program. Operating expenses for internal service fund include the administrative expenses. All other revenues and expenses are nonoperating.

*Governmental Fund Financial Statements:* The fund financial statements provide information about the District's funds, with separate statements presented for each fund category. The emphasis of fund financial statements is on major governmental funds, each displayed in a separate column. All remaining governmental funds are aggregated and reported as other governmental funds.

CARRIZO SPRINGS CONSOLIDATED  
INDEPENDENT SCHOOL DISTRICT  
Carrizo Springs, Texas

NOTES TO THE FINANCIAL STATEMENTS

For The Year Ended August 31, 2019

**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

The District reports the following major governmental funds:

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

Special Revenue Fund – The ESEA Title I, Part A-Improving Basic Programs, a special revenue fund met the criteria of a major fund in the current year. All other special revenue funds are reported as Nonmajor governmental funds.

Additionally, the District reports the following fund types:

Special Revenue Funds – These funds (other than Title I, Part A, described above) are used to account for the majority of federal and state funded grants. These grants are awarded to the District with the purpose of accomplishing specific educational tasks. Generally, unused balances are returned to the grantor at the close of specified project periods.

Debt Service Fund – The Debt Service fund accounts for the accumulation of resources, and the payment of, bonded debt principal and interest. The primary revenue source is local property taxes levied specifically for debt service. The fund balance in this fund represents funds that will be used for the retirement of debt in the future. This fund is a budgeted fund.

Agency Fund – This fund is used to account for assets held by the District as agent for individuals. The funds set aside are for school-sponsored groups (student activity funds) and by other third parties.

**Measurement Focus, Basis of Accounting**

*Government-wide and proprietary fund financial statements:* These financial statements are reported using the economic resources measurement focus. They are reported using the accrual basis of accounting. The Agency funds utilize the accrual basis of accounting but do not have measurement focus as they report only assets and liabilities. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Non-exchange transactions, in which the District gives (or receives) value without directly receiving (or giving) equal value in exchange, include property taxes, grants, entitlements, and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

CARRIZO SPRINGS CONSOLIDATED  
INDEPENDENT SCHOOL DISTRICT  
Carrizo Springs, Texas

NOTES TO THE FINANCIAL STATEMENTS

For The Year Ended August 31, 2019

**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

*Governmental fund financial statements:* Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The District considers all revenues reported in the governmental funds to be available if the revenues are collected within sixty (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. Miscellaneous revenues are recorded as revenue when received in cash because they are generally not measurable until actually received.

Investment earnings are recorded as earned, since they are both measurable and available. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. Capital asset acquisitions are reported as expenditures in governmental funds.

**C. FINANCIAL STATEMENT AMOUNTS**

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 in conformity with Subtitle E, Texas Property Tax Code. Taxes are due on receipt of the tax bill and are delinquent if not paid before February 1 of the year following the year in which imposed. On January 1 of each year, a tax lien attaches to property to secure the payment of all taxes, penalties, and interest ultimately imposed. Property tax revenues are considered available (1) when they become due or past due and receivable within the current period and (2) when they are expected to be collected during a sixty day period after the close of the fiscal year.

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.

Deposit Accounting Policy

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

CARRIZO SPRINGS CONSOLIDATED  
INDEPENDENT SCHOOL DISTRICT  
Carrizo Springs, Texas

NOTES TO THE FINANCIAL STATEMENTS

For The Year Ended August 31, 2019

**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Investment Accounting Policy**

The District's general policy is to report money market investments and short-term participating interest-earning investment contracts at amortized cost and to report nonparticipating interest-earning investment contracts using a cost-based measure. However, if the fair value of an investment is significantly affected by the impairment of the credit standing of the issuer or by other factors, it is reported at fair value. All other investments are reported at fair value. The term "short-term" refers to investments which have a remaining term of one (1) year or less at time of purchase. The term "nonparticipating" means that the investment's value does not vary with market interest rate changes. Nonnegotiable certificates of deposit are examples of nonparticipating interest-earning investment contracts.

**Receivable and Payable Balances**

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

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

**Inventories and Prepaid Items**

Inventories of supplies on the balance sheet are stated at weighted average cost, while inventories of food commodities are recorded at market values supplied by the Texas Department of Human Services. Inventory items are recorded as expenditures when they are consumed. Supplies are used for almost all functions of activity, while food commodities are used only in the food service program. Although commodities are received at no cost, their fair market value is supplied by the Texas Department of Human Services and recorded as inventory and deferred revenue when received. When requisitioned, inventory and deferred revenue are received, expenditures are charged, and revenue is recognized for an equal amount. Inventories also include facilities maintenance and operation supplies as well as instructional supplies.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items.

**Unearned Revenue**

Unearned revenue accounted for on the balance sheet relates to excess funds received from the funding sources over earned amounts.



**CARRIZO SPRINGS CONSOLIDATED  
INDEPENDENT SCHOOL DISTRICT  
Carrizo Springs, Texas**

**NOTES TO THE FINANCIAL STATEMENTS**

**For The Year Ended August 31, 2019**

**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Capital Assets**

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

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

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

<u>Asset Class</u>	<u>Estimated Useful Lives</u>
Buildings	50 years
Building Improvements	20-30 years
Furniture & Equipment	3-7 years
All Vehicles	5-10 years

**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 nonprofessional personnel in a twelve-month position. Upon resignation or termination annual accumulated leave is not compensated.

CARRIZO SPRINGS CONSOLIDATED  
INDEPENDENT SCHOOL DISTRICT  
Carrizo Springs, Texas

NOTES TO THE FINANCIAL STATEMENTS

For The Year Ended August 31, 2019

**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Long-term Obligations**

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.

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.

**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.

**CARRIZO SPRINGS CONSOLIDATED  
INDEPENDENT SCHOOL DISTRICT  
Carrizo Springs, Texas**

**NOTES TO THE FINANCIAL STATEMENTS**

**For The Year Ended August 31, 2019**

**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**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.

**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.

**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.

**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.

**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.

**CARRIZO SPRINGS CONSOLIDATED  
INDEPENDENT SCHOOL DISTRICT  
Carrizo Springs, Texas**

**NOTES TO THE FINANCIAL STATEMENTS**

**For The Year Ended August 31, 2019**

**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**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.

**Investments**

The District's investments are generally reported at fair value in accordance with GASB Statement No. 72; accordingly, the District's investments in local government investment pools are reported at amortized cost and do not include any unrealized gains and losses.

**II. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

**A. BUDGETARY INFORMATION**

The Board adopts an appropriated budget on a basis consistent with GAAP for the general fund, debt service fund, and food service fund (which is included in special revenue funds). The District is required to present the original and the final amended budgets for revenues and expenditures for each of these funds. The District compares the final amended budget to actual revenues and expenditures.

The following procedures are followed in establishing the budgetary data reflected in the basic 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 budget is legally enacted through passage of a resolution by the Board. Once a budget is approved, it can only be amended at the function and fund level by approval of a majority of members of the Board. Amendments are presented to the Board at its regular meetings. Each amendment must have Board approval. As required by law, such amendments are made before the fact, are reflected in the official minutes of the Board, and are not made after fiscal year end. Because the District has a policy of careful budgetary control, several budgetary amendments were necessary throughout the year.

**CARRIZO SPRINGS CONSOLIDATED  
INDEPENDENT SCHOOL DISTRICT  
Carrizo Springs, Texas**

**NOTES TO THE FINANCIAL STATEMENTS**

**For The Year Ended August 31, 2019**

**II. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)**

The original budget was approved by the Board on August 20, 2018. The budget may be amended by management without Board approval within a major functional expenditure category and can be amended at the function and fund level only by approval of a majority of the members of the Board. Amendments at the function and fund level are presented to the Board at its regular meetings. Such amendments are made before the fact, are reflected in the official minutes of the Board and are made before the fiscal year end as required by law.

The budget amounts included in this report reflect various amendments made by management or adopted by the Board throughout the year through the final amended budget, which was approved by the Board on August 19, 2019.

**III. DETAILED NOTES ON ALL FUNDS**

**A. DEPOSITS AND INVESTMENTS**

Deposits – Under Texas state law, a bank serving as the school depository must have a bond or in lieu thereof, deposited or pledged securities with the District or an independent third party agent, in an amount equal to the highest daily balance of all deposits the District may have during the term of the depository contract, less any applicable FDIC Insurance.

The District's deposits as of August 31, 2019 consist of the following:

	<u>Cash and Cash Equivalents</u>
Deposits:	
Cash on Hand	\$ 6,906
Demand Accounts	1,939,351
Investment Pools	<u>21,333,879</u>
Total	<u>\$ 23,280,136</u>

At August 31, 2019 the net carrying amount of the District's cash on deposit was \$1,939,351 and the bank balance was \$2,061,264.

Cash balances for the District were insured during the year except for December 2018, January 2019 and February 2019.

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NOTES TO THE FINANCIAL STATEMENTS

For The Year Ended August 31, 2019

**III. DETAILED NOTES ON ALL FUNDS (Continued)**

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

- a. Depositories: Capital Bank of Texas in Carrizo Springs, Texas; and Frost National Bank in San Antonio, Texas.
- b. The market value of securities pledged as of the date of the highest combined balance on deposit was \$9,500,373 at Capital Bank of Texas and occurred in February 2019.
- c. The largest combined balances of cash, savings and time deposit accounts amounted to \$18,525,390 at Capital Bank of Texas and occurred in February 2019.
- d. Total amount of FDIC coverage at the time of the highest combined balance was \$250,000.

Investments – Government Code Chapter 2256, The Public Funds Investments Act (“Act”) 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. The 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 of the portfolio, (8) investment staff quality and capabilities, (9) and bid solicitation preferences for certificates of deposit.

The Act determines the types of investments which are allowable for the District. These include with certain restrictions, (1) obligations of the U.S. Treasury, certain U.S. agencies, 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) commercial paper, restricted to dual rated A1/P1 paper, (8) Mutual Funds, (9) Investment pools, (10) guaranteed investment contracts, (11) and common trust funds.

The Act also requires an annual independent audit of investment practices. Audit procedures in this area conducted as part of the audit of the basic financial statements disclosed that the District is in substantial compliance with the requirements of the Act and with local policies.

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**III. DETAILED NOTES ON ALL FUNDS (Continued)**

**Interest Rate Risk** - Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment the greater the sensitivity of its fair value to changes in market interest rates. One of the ways the District manages its exposure to interest rate risk is by investing in investment pools which have no stated maturity date; therefore, the funds are always available to meet operational needs. Maturities of the District's investments in the investment pools are less than one year. In accordance with District policy, to reduce exposure to changes in interest rates that could adversely affect the values of investments, the District shall use final and weighted average maturity limits and diversification. The District shall monitor interest rate risk using weighted average maturity and specific identification.

**Credit Risk** - Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. In accordance with state law, investments in investment pools must be rated at least AAA.

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

At August 31, 2019, the District had the following investments:

Investment Type	Fair Value	Weighted Average Maturity (Days)	<sup>**</sup> Standard & Poors Rating
Lone Star – Investment Pool	\$ 20,205,591	1	AAAm
Texas Term – Investment Pool	1,128,288	1	AAA
	<u>\$ 21,333,879</u>		

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**III. DETAILED NOTES ON ALL FUNDS (Continued)**

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.

*Fair Value Investments:* The District measures and records its investments in accordance with GASB Statement No. 72 using fair value measurement guidelines established by generally accepted accounting principles. These guidelines recognize a three-tiered fair value hierarchy, as follows: Level 1: Quoted prices for identical investments in active markets; Level 2: Observable inputs other than quoted market prices; and, Level 3: Unobservable inputs.

At August 31, 2019, the District did not hold any investments.



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**III. DETAILED NOTES ON ALL FUNDS (Continued)**

**B. PROPERTY TAXES**

Property taxes are levied by October 1 on the assessed value listed as of the prior January 1 for all real and business personal property located in the District in conformity with Subtitle E, Texas Property 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, 2019, the General and Debt Service fund rates were \$1.06 and \$.0567, 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, 2019.

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**III. DETAILED NOTES ON ALL FUNDS (Continued)**

**C. DUE TO/DUE FROM OTHER FUNDS**

The amounts due to/from other funds as of August 31, 2019 are as follows:

	Due From	Due To
General Fund:		
Special Revenue	\$ 967,163	\$ -
Other Funds	670,712	-
Total General Fund	<u>1,637,875</u>	<u>-</u>
Major Special Revenue Funds:		
General Fund	-	<u>967,163</u>
Total Special Revenue Fund	<u>-</u>	<u>967,163</u>
Other Funds:		
General Fund	-	<u>670,712</u>
	<u>-</u>	<u>670,712</u>
Total	<u>\$ 1,637,875</u>	<u>\$ 1,637,875</u>

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.

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**NOTES TO THE FINANCIAL STATEMENTS**

For The Year Ended August 31, 2019

**III. DETAILED NOTES ON ALL FUNDS (Continued)**

**D. CAPITAL ASSETS**

Capital asset activity for the year ended August 31, 2019, was as follows:

	Beginning Balances 8/31/18	Increases	Decreases	Ending Balances 8/31/19
<b>Governmental activities:</b>				
Capital assets not being depreciated:				
Land	\$ 725,674	\$ -	\$ -	\$ 725,674
Total capital assets not being depreciated	725,674	-	-	725,674
Capital assets being depreciated:				
Buildings and Improvements	120,659,536	62,045	-	120,721,581
Furniture, Equipment and Vehicles	5,934,279	73,735	-	6,008,014
Total capital assets being depreciated	126,593,815	135,780	-	126,729,595
Less accumulated depreciation:				
Building and Improvements	(45,208,073)	(3,073,085)	-	(48,281,158)
Furniture, Equipment and Vehicles	(4,179,004)	(371,175)	-	(4,550,179)
Total accumulated depreciation	(49,387,077)	(3,444,260)	-	(52,831,337)
Total capital assets being depreciated, net	77,206,738	(3,308,480)	-	73,898,258
Governmental activities capital assets, net	\$ 77,932,412	\$ (3,308,480)	\$ -	\$ 74,623,932

Depreciation expense of the governmental activities was charged to the functions as follows:

Governmental Activities	Totals
Instruction	\$ 1,221,455
Instructional Resources and Media Services	149,105
Curriculum and Staff Development	59,355
Instructional Leadership	333
School Leadership	85,987
Guidance, Counseling and Evaluation Services	18,606
Social Work Services	11,889
Health Services	15,906
Student (Pupil) Transportation	205,487
Food Services	255,704

(Continued)

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**NOTES TO THE FINANCIAL STATEMENTS**

For The Year Ended August 31, 2019

**III. DETAILED NOTES ON ALL FUNDS (Continued)**

<u>Governmental Activities</u>	<u>Totals</u>
Extracurricular Activities	1,194,551
General Administration	4,840
Facilities and Maintenance Operations	125,094
Security and Monitoring Services	20,876
Data Processing Services	70,412
Community Services	629
Facilities Acquisition and Construction	4,031
Total Depreciation Expense	<u>\$ 3,444,260</u>

**E. 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.

**F. DUE FROM OTHER GOVERNMENTS**

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

	General Fund	Major Special Revenue Funds	Other Funds	Total
State Funds	\$ 88,035	\$ -	\$ 85,937	\$ 173,972
Federal Funds	-	995,772	612,127	1,607,899
Total	<u>\$ 88,035</u>	<u>\$ 995,772</u>	<u>\$ 698,064</u>	<u>\$ 1,781,871</u>

**G. GENERAL FUND FEDERAL SOURCE REVENUES**

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

<u>Program or Source</u>	<u>Amount</u>
School Health & Related Services (SHARS)	\$ 153,814
Junior Reserve Officers Training Corp (JROTC)	24,755
Nutrition Cluster	1,536,526
Total	<u>\$ 1,715,095</u>

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**NOTES TO THE FINANCIAL STATEMENTS**

For The Year Ended August 31, 2019

**III. DETAILED NOTES ON ALL FUNDS (Continued)**

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

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

	General Fund	Other Funds	Total
Property Taxes	\$ 59,118,350	\$ 3,170,065	\$ 62,288,415
Penalties, Interest and Other Tax			
Revenue	344,850	13,833	358,683
Food Sale	83,522	-	83,522
Rent	10,265	-	10,265
Investment Income	913,945	3,240	917,185
Athletic Activity	60,300	-	60,300
Other Revenues from Local Sources	122,534	148,057	270,591
	<u>\$ 60,653,766</u>	<u>\$ 3,335,195</u>	<u>\$ 63,988,961</u>

**I. DEFERRED OUTFLOWS/INFLOWS OF RESOURCES**

Deferred Outflows of Resources represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. Deferred Inflows of Resources represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenues) until that time.

The District reports Deferred Resource Outflows and Deferred Resource Inflows in the Statement of Net Position as of August 31, 2019 as follows:

	Deferred Outflows of Resources	Deferred Inflows of Resources
District's Share of Resources related to TRS Pension	\$ 3,337,825	\$ 1,279,315
District's Share of Resources related to OPEB	1,053,868	2,929,922
Reported by the District as of August 31, 2019	<u>\$ 4,391,693</u>	<u>\$ 4,209,237</u>

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**NOTES TO THE FINANCIAL STATEMENTS**

For The Year Ended August 31, 2019

**III. DETAILED NOTES ON ALL FUNDS (Continued)**

Deferred Inflows of Resources as of August 31, 2019, was as follows:

	General Fund	Other Funds	Total
Property Tax Receivable	\$ 5,100,749	\$ 272,880	\$ 5,373,629
Allowance for Uncollectible Taxes	(255,037)	(13,644)	(268,681)
Unavailable Revenues for Property Taxes	\$ 4,845,712	\$ 259,236	\$ 5,104,948

**J. 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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**III. DETAILED NOTES ON ALL FUNDS (Continued)**

Long-term liability activity for the year-ended August 31, 2019 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance	Amounts Due Within One Year
Unlimited Tax School Building Bonds, Series 2012	\$ 23,360,000	\$ -	\$ (785,000)	\$ 22,575,000	\$ 810,000
Unlimited Tax School Building Bonds, Series 2013	7,685,000	-	(360,000)	7,325,000	380,000
Unlimited Tax Refunding Bonds, Series 2015	4,405,000	-	(310,000)	4,095,000	315,000
Unlimited Tax Refunding Bonds, Series 2017	6,790,000	-	-	6,790,000	-
Unamortized Premium Series 2017	1,162,844	-	(83,060)	1,079,784	83,060
<b>Total Bonds Payable</b>	<b>\$ 43,402,844</b>	<b>\$ -</b>	<b>\$ (1,538,060)</b>	<b>\$ 41,864,784</b>	<b>\$ 1,588,060</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 Ending August 31,	Principal	Interest	Total
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	1,735,000	1,409,338	3,144,338
2025-2029	9,735,000	5,992,488	15,727,488
2030-2034	9,455,000	3,779,987	13,234,987
2035-2039	7,945,000	2,064,576	10,009,576
2040-2042	5,555,000	450,200	6,005,200
<b>Total Payments</b>	<b>\$ 40,785,000</b>	<b>\$ 19,929,741</b>	<b>\$ 60,714,741</b>

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**III. DETAILED NOTES ON ALL FUNDS (Continued)**

The District issues 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, 2019.

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, 2019 \$4,095,000 (Series 2005) 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, 2019.

**K. 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 TRS.



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For The Year Ended August 31, 2019

**III. DETAILED NOTES ON ALL FUNDS (Continued)**

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

***Benefits Provided.*** TRS provides service and disability retirement, as well as death and survivor benefits, to eligible employees (and their beneficiaries) of public and higher education in Texas. The pension formula is calculated using 2.3 percent (multiplier) times the average of the five highest annual creditable salaries times years of credited service to arrive at the annual standard annuity except for members who are grandfathered, the three highest annual salaries are used.

The normal service retirement is at age 65 with 5 years of credited service or when the sum of the member's age and years of credited service equals 80 or more years. Early retirement is at age 55 with 5 years of service credit or earlier than 55 with 30 years of service credit. There are additional provisions for early retirement if the sum of the member's age and years of service credit total at least 80, but the member is less than age 60 or 62 depending on date of employment, or if the member was grandfathered in under a previous rule. There are no automatic post-employment benefit changes; including automatic COLAs. Ad hoc post-employment benefit changes, including ad hoc COLAs can be granted by the Texas Legislature as noted in the Plan description in (A) above.

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

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

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**NOTES TO THE FINANCIAL STATEMENTS**

For The Year Ended August 31, 2019

**III. DETAILED NOTES ON ALL FUNDS (Continued)**

	<b>Contribution Rates</b>	
	<b>2019</b>	<b>2018</b>
Member	7.7%	7.7%
Non-Employer Contributing Entity (State)	6.8%	6.8%
Employers	6.8%	6.8%
District's 2019 FY Employer Contributions		\$ 472,872
District's 2019 Member Contributions		\$ 1,068,975
Measurement Year NECE On-Half Contributions		\$ 780,576

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

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

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

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

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

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NOTES TO THE FINANCIAL STATEMENTS

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**III. DETAILED NOTES ON ALL FUNDS (Continued)**

**Actuarial Assumptions.** The total pension liability in the August 31, 2017 actuarial valuation was rolled forward to August 31, 2018 and was determined using the following actuarial assumptions:

Valuation Date	August 31, 2017 rolled forward to August 31, 2018
Actuarial Cost Method	Individual Entry Age Normal
Asset Valuation Method	Market Value
Single Discount Rate	6.907%
Long-term expected Investment Rate of Return	7.25%
Municipal Bond Rate	3.69%
Last Year Ending August 31, in the 2018 to 2017 Projection Period (100 years)	2116
Inflation	2.3%
Salary Increases including inflation	3.5% to 9.5%
Payroll Growth Rate	3.00%
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, 2018 and adopted in July 2018.

**Discount Rate.** The discount rate used to measure the total pension liability was 6.907%. The single discount was based on the expected rate of return on pension plan investments of 7.25% and a municipal bond rate of 3.69%. 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 sufficient to finance the benefit payments until the year 2069. Therefore, the long-term expected rate of return on pension plan investments was applied to all projected benefit payments through the year 2069, and the municipal bond rate was applied to all benefit payments after that date. The long-term rate of return on pension plan investments is 8%. The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimates ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the Systems target asset allocation as of August 31, 2018 are summarized below:

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NOTES TO THE FINANCIAL STATEMENTS

For The Year Ended August 31, 2019

**III. DETAILED NOTES ON ALL FUNDS (Continued)**

Asset Class	Target Allocation	Real Return Geometric Basis	Long-Term Expected Portfolio Real Rate of Return*
<b>Global Equity</b>			
U.S.	18%	5.7%	1.04%
Non-U.S. Developed	13%	6.9%	0.9%
Emerging Markets	9%	8.9%	0.8%
Directional Hedge Funds	4%	3.53%	0.14%
Private Equity	13%	10.18%	1.32%
<b>Stable Value</b>			
U.S. Treasuries	11%	1.11%	0.12%
Absolute Return	0%	0.0%	0.0%
Stable Value Hedge Funds	4%	3.09%	0.12%
Cash	1%	(0.30)%	0.0%
<b>Real Return</b>			
Global Inflation Linked Bonds	3%	0.7%	.02%
Real Assets	14%	5.21%	.73%
Energy and Natural Resources	5%	7.48%	.37%
Commodities	0%	0.0%	0.0%
<b>Risk Parity</b>			
Risk Parity	5%	3.7%	.18%
Inflation Expectation			2.3%
Alpha			(0.79)%
<b>Total</b>	<u>100%</u>		<u>7.5%</u>

\* The expected contribution to returns incorporates the volatility drag resulting from the conversion between arithmetic and geometric mean returns.

**Discount Rate Sensitivity Analysis.** The following schedule shows the impact of the Net Pension Liability if the discount rate used was 1% less than and 1% greater than the discount rate that was used (6.907%) in measuring the 2016 Net Pension Liability.

1% Decrease In Discount Rate 5.907%	Discount Rate 6.907%	1% Increase In Discount Rate 7.907%
\$ 9,698,898	\$ 6,426,347	\$ 3,777,022

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NOTES TO THE FINANCIAL STATEMENTS

For The Year Ended August 31, 2019

**III. DETAILED NOTES ON ALL FUNDS (Continued)**

***Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions.*** At August 31, 2019, the District reported a liability of \$6,426,347 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	\$ 6,426,347
State's proportionate share that is associated with the District	<u>12,762,211</u>
<b>Total Collective Net Pension Liability</b>	<b><u>\$ 19,188,558</u></b>

The net pension liability was measured as of August 31, 2017 and rolled forward to August 31, 2018 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of August 31, 2017 and rolled forward to August 31, 2018. The District's portion of the net pension liability was based on the District's contributions to the pension plan relative to the contributions of all employers to the plan for the period September 1, 2017 thru August 31, 2018. Typically, the pension liabilities and other net post-employment benefit obligations are liquidated through the general fund and non-major special revenue governmental funds as applicable.

At August 31, 2018 the employer's proportion of the collective net pension liability was .000116752% which was a decrease of .000002949% from its proportion measured as of August 31, 2017.

**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.

- The Total Pension Liability as of August 31, 2018 was developed using a roll-forward method from the August 31, 2017 valuation.
- Demographic assumptions including post-retirement mortality, termination rates, and rates of retirement were updated based on the experience study performed for TRS for the period ending August 31, 2017.
- Economic assumptions including rates of salary increase for individual participants was updated based on the experience study.
- The discount rate changed from 8.0 percent as of August 31, 2017 to 6.907 percent as of August 31, 2018.
- The long term assumed rate of return changed from 8.0 percent to 7.25 percent.
- The change in the long-term assumed rate of return combined with the change in the single discount rate was the primary reason for the increase in the Net Pension Liability.

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NOTES TO THE FINANCIAL STATEMENTS

For The Year Ended August 31, 2019

**III. DETAILED NOTES ON ALL FUNDS (Continued)**

Actuarial Methods and Policies

- 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, 2019, the District recognized pension expense of \$1,263,119 and revenue of \$1,263,119 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:

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experiences	\$ 40,057	\$ 157,677
Changes in actuarial assumptions	2,317,008	72,407
Differences between projected and actual investment earnings	-	121,935
Changes in proportion and differences between the employer's contributions and the proportionate share of contributions	552,888	927,296
Changes in proportion and differences between the employer's contributions and the proportionate share of contributions	427,872	-
Total as of August 31, 2018 measurement date	<u>\$ 3,337,825</u>	<u>\$ 1,279,315</u>

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

Year Ended August 31	Pension Expense Amount
2019	\$ 497,107
2020	240,508
2021	165,466
2022	206,450
2023	277,290
Thereafter	243,817
Total Payments	<u>\$ 1,630,638</u>

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NOTES TO THE FINANCIAL STATEMENTS

For The Year Ended August 31, 2019

**III. DETAILED NOTES ON ALL FUNDS (Continued)**

**L. OTHER POST EMPLOYMENT BENEFITS**

Plan Description

The District participates in the Texas Public School Retired Employees Group Insurance Program (TRS-Care). It is a multiple-employer, cost-sharing 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. It is established and administered in accordance with the 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 on the Internet at <http://www.trs.state.tx.us/about/documents/cafr.pdf#CAFR>; by writing to TRS at 1000 Red River Street, Austin, TX, 78701-2698; or by calling (512) 542-6592.

Benefits Provided

TRS-Care provides a basic health insurance 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 the 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 pension system. The Board of Trustees is granted the authority to establish basic and optional group 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.

The premium rates for the optional health insurance are based on years of service of the member. The schedule below shows the monthly rates for a retiree with and without Medicare coverage.

	Medicare	Non-Medicare
Retiree *	\$ 135	\$ 200
Retiree and Spouse	529	689
Retiree * and Children	468	408
Retiree and Family	1,020	999
* or surviving spouse		

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NOTES TO THE FINANCIAL STATEMENTS

For The Year Ended August 31, 2019

**III. DETAILED NOTES ON ALL FUNDS (Continued)**

**Contributions**

Contribution rates for the TRS-Care plan are established in 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 district payroll. The TRS Board of trustees does not have the authority to set or amend contribution rates.

Texas Insurance Code, section 1575.202 establishes the state's contribution rate which is 1.0% of the employee's salary. Section 1575.203 establishes the active employee's rate which is .65% of pay. Section 1575.204 establishes an employer contribution rate of not less than 0.25 percent or not more than 0.75 percent of the salary of each active employee of the public. The actual employer contribution rate is prescribed by the Legislature in the General Appropriations Act. The following table shows contributions to the TRS-Care plan by type of contributor.

Contribution Rates		
	2019	2018
Active Employee	0.65%	0.65%
Non-Employer Contributing Entity (State)	1.25%	1.25%
Employers	0.75%	0.75%
Federal/Private Funding Remitted by Employers	1.25%	1.25%
District's 2019 FY Employer Contributions	\$	134,952
District's 2019 FY Member Contributions	\$	89,668
Measurement Year NECE On-Half Contributions	\$	169,864

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 \$182.6 million in fiscal year 2018 and \$182.6 million in fiscal year 2018. The 85<sup>th</sup> Texas Legislature, House Bill 30 provided an additional \$212 million in one-time, supplemental funding for the FY 2018-2019 biennium to continue to support the program. This was also received in FY 2018 bringing the total appropriations received in fiscal year 2018 to \$394.6 million.



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NOTES TO THE FINANCIAL STATEMENTS

For The Year Ended August 31, 2019

**III. DETAILED NOTES ON ALL FUNDS (Continued)**

**Actuarial Assumptions**

The total OPEB liability in the August 31, 2017 actuarial valuation was rolled forward to August 31, 2018 and was determined using the following actuarial assumptions.

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 that was rolled forward to August 31, 2018:

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

***Additional Actuarial Methods and Assumptions:***

Valuation Date	August 31, 2017 rolled forward to August 31, 2018
Actuarial Cost Method	Individual Entry Age Normal
Inflation	2.30%
Discount Rate	3.69%
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	3.00%
Projected Salary Increases	3.05% to 9.05%
Healthcare Trend Rates	8.50T for FY 2019, decreasing 0.5% per year to 4.5% for FY 2027 and later years
Election Rates	Normal Retirement: 70% participation prior to age 65 and 75% participation after age 65
Ad hoc Post Employment Benefit Changes	None
Long-Term Expected Investment Rate of Return*	7.25%
* includes Inflation of 2.3%	

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NOTES TO THE FINANCIAL STATEMENTS

For The Year Ended August 31, 2019

**III. DETAILED NOTES ON ALL FUNDS (Continued)**

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 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. The target allocation and best estimates of geometric real rates of return for each major asset class are based on the TRS policy model.

Discount Rate

A single discount rate of 3.69% was used to measure the total OPEB liability. There was a change of .27 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 those assumptions, the OPEB plan’s fiduciary net position was projected to not be able to make all future benefit payments of current 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 discount rate used was 1% less than and 1% greater than the discount rate that was used (3.69%) in measuring the Net OPEB Liability

	1% Decrease in Discount Rate (2.69%)	Discount Rate (3.69%)	1% Increase in Discount Rate (4.69%)
District’s proportionate share of the Net OPEB liability	\$ 11,028,931	\$ 9,265,334	\$ 7,870,216

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:

Sensitivity of the Net OPEB 1% Decrease	Liability to the Healthcare Cost Current Healthcare Cost Trend Rate	Trend Rate Assumptions 1% Increase
\$ 7,695,011	\$ 7,265,334	\$ 11,333,684

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**NOTES TO THE FINANCIAL STATEMENTS**

**For The Year Ended August 31, 2019**

**III. DETAILED NOTES ON ALL FUNDS (Continued)**

**Liabilities, Expense, and Other Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB**

At August 31, 2019, the District reported a liability of \$9,265,334 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 pension liability	\$ 9,265,334
State's proportionate share that is associated with the District	<u>12,312,037</u>
Total	<u>\$ 21,577,371</u>

The Net OPEB Liability was measured as of August 31, 2017 rolled forward to August 31, 2018, 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 proportion 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 September 1, 2017 thru August 31, 2018.

At August 31, 2019 the District's proportion of the collective net OPEB liability was .000185563077% compared to .000180617038% as of August 31, 2018.

**Changes Since the Prior Actuarial Valuation**

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

- Adjustments were made for retirees that were known to have discontinued their health care coverage in fiscal year 2018. This change increased the Total OPEB Liability.
- The health care trend rate assumption was updated to reflect the anticipated return of the Health Insurer Fee (HIF) in 2020. This change increased the Total OPEB Liability.
- Demographic and economic were updated based on the experience study performed for TRS for the period ending August 31, 2017. This change increased the Total OPEB Liability.
- The discount rate changes from 3.42 percent as of August 31, 2017 to 3.69 percent as of August 31, 2018. This change decreased the Total OPEB Liability by \$2.3 billion.
- Change of Benefit Terms Since the Prior Measurement Date – Please see the 2018 TRS CAFR, page 68, Section B, for a list of changes made effective September 1, 2017 by the 85<sup>th</sup> Texas Legislature.

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**NOTES TO THE FINANCIAL STATEMENTS**

For The Year Ended August 31, 2019

**III. DETAILED NOTES ON ALL FUNDS (Continued)**

For the year ended August 31, 2019, the District recognized OPEB expense of \$447,838 and revenue of \$447,838 for support provided by the state.

At August 31, 2019 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:

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experiences	\$ 491,677	\$ 146,221
Changes in actuarial assumptions	154,613	2,783,701
Differences between projected and actual investment earnings	1,620	-
Changes in proportion and differences between the employer's contributions and the proportionate share of contributions	271,006	-
Contributions paid to TRS subsequent to the Measurement Date	134,952	-
Total	<u>\$ 1,053,868</u>	<u>\$ 2,929,922</u>

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

Year Ended August 31	Pension Expense Amount
2019	\$ (330,948)
2020	(330,948)
2021	(330,948)
2022	(331,254)
2023	(331,430)
Thereafter	(355,478)
	<u>\$ (2,011,006)</u>

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NOTES TO THE FINANCIAL STATEMENTS

For The Year Ended August 31, 2019

**III. DETAILED NOTES ON ALL FUNDS (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, 2019, 2018, and 2017 the subsidy payments received by TRS-Care on-behalf of the District were \$46,457, \$43,568 and \$43,580 respectively. The information for the year ended August 31, 2019 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.

**M. HEALTH CARE COVERAGE**

During the year-ended August 31, 2019, employees of the District were covered by a District Health Plan ("the Plan"). The District paid premiums of \$415.75 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.

**N. 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.

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**NOTES TO THE FINANCIAL STATEMENTS**

For The Year Ended August 31, 2019

**III. DETAILED NOTES ON ALL FUNDS (Continued)**

**O. WORKER'S COMPENSATION**

In prior years, the District entered into an agreement with Workers' Compensation Solutions (WCS) to participate in 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 \$80,739 in fixed administrative fees, which was assessed at \$72,186 plus 10% of the maximum loss fund for 2018-2019. The District is also required to maintain a deposit with WCS equal to 10% of the maximum loss fund for each fiscal year. The District made other payments corresponding to the maximum loss fund of \$15,424. 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. The District reflects claims liabilities based on the actuarial cost estimates obtained and provided by WCS. Information provided by WCS indicates that there is a negative actuarial liability for the fiscal year ended August 31, 2019 and the previous two years. The actuarially determined liabilities were \$(24,400) in 2019, \$(74,671) in 2018 and \$(39,233) in 2017.

**P. COMMITMENTS AND CONTINGENCIES**

**Litigation, Claims or Judgements**

From time to time the District is a party to legal actions, claims or judgements. Management does not consider any items to have a material effect on the financial condition of the District as of the date of this report. 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.

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**NOTES TO THE FINANCIAL STATEMENTS**

For The Year Ended August 31, 2019

**III. DETAILED NOTES ON ALL FUNDS (Continued)**

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

Expenditures of \$39,622,153 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 \$39,622,153 in the current year based on the latest recapture estimates provided by TEA.

**R. PRIOR PERIOD ADJUSTMENTS**

The beginning fund balances were restated as follow: 1) to decrease payroll liabilities on the General Fund by \$109,948, 2) to decrease prepayments in the General Fund by \$46,321 and to write off uncollectible receivable in Fund 242 by \$47,090.

	<u>General Fund</u>	<u>Non-major Fund</u>	<u>Governmental Activities</u>
Beginning Fund Balance/Net Position	\$ 22,290,115	\$ 331,938	\$ 47,095,639
Correct Payroll Liabilities	109,948	-	109,948
Correct Prepayments	(46,321)	-	(46,321)
Write-off Receivable in Fund 242	<u>-</u>	<u>(47,090)</u>	<u>(47,090)</u>
Net Prior Period Adjustments	<u>63,627</u>	<u>(47,090)</u>	<u>16,537</u>
Restated Fund Balance/Net Position	<u>\$ 22,353,742</u>	<u>\$ 284,848</u>	<u>\$ 47,112,176</u>

**S. TAX ABATEMENTS**

The District has one active Chapter 313 Agreement and one Application pending with corporation for limitation on appraised value of property for school district maintenance and operations taxes pursuant to the Chapter 313 of the Texas Tax Code, i.e., the Texas Economic Development Act.

Value limitation agreements are a part of a state program, originally created in 2001 which allows school districts to limit the taxable value of an approved project for Maintenance and Operations (M&O) for a period of years specified in statute. The project(s) under the Chapter 313 agreement must be consistent with the state's goal to "encourage large scale capital investments in this state." Chapter 313 of the Tax Code grants eligibility to companies engaged in manufacturing, research and development, renewable electric energy production, clean coal projects, nuclear power generation and data centers.

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**NOTES TO THE FINANCIAL STATEMENTS**

**For The Year Ended August 31, 2019**

**III. DETAILED NOTES ON ALL FUNDS (Continued)**

In order to qualify for a value limitation agreement, each applicant has been required to meet a series of capital investment, job creation, and wage requirements specified by state law. At the time of the application's approval, the agreement was found to have done so by both the District's Board of trustees and the Texas Comptroller's Office, which recommended approval of the project. The application, the agreements and state reporting requirement documentation can be viewed at the Texas Comptroller's website: <https://www.comptroller.texas.gov/economy/local/ch313/agreement-docs.php>. The agreement and all supporting documentation was assigned Texas Comptroller Application number 350.

The following Chapter 313 Agreements are in effect:

Shakes Solar LLC- On March 26, 2019, the District approved a Tax Limitation Agreement with Shakes Solar, LLC (Application No. 1297). The first-year value limitation will be tax year 2021. The project M&O taxable will be \$30,000,000, once the limitation begins. There is no reduction in M&O taxes for the fiscal year ending August 31, 2019. And, the net benefit to the District was \$0. The project value's value limitation is expected to be \$167,440,000. Beginning in tax year 2021, an incentive of ten (10) years was granted reducing the annual tax levy to \$123,942.

Cane Flats Solar Project LLC has submitted an application for a Tax Limitation Agreement with Cane Flats Solar, LLC (Application No. 1408). If approved, the first-year value limitation will be tax year 2023. The project M&O taxable will be \$30,000,000, once the limitation begins. There is no reduction in M&O taxes for the fiscal year ending August 31, 2019. And, the net benefit to the District was \$0. The project value's is expected to be \$183,450,000. The estimated minimum required for the school district was \$30,000,000.



## REQUIRED SUPPLEMENTARY INFORMATION

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**CARRIZO SPRINGS CONSOLIDATED ISD**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL - GENERAL FUND**  
**FOR THE YEAR ENDED AUGUST 31, 2019**

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	\$ 57,520,028	\$ 61,127,774	\$ 60,653,766	\$ (474,008)
5800 State Program Revenues	2,363,860	3,057,783	2,283,789	(773,994)
5900 Federal Program Revenues	142,500	1,465,533	1,715,095	249,562
5020 Total Revenues	60,026,388	65,651,090	64,652,650	(998,440)
EXPENDITURES:				
Current:				
0011 Instruction	11,778,199	12,316,203	11,742,703	573,500
0012 Instructional Resources and Media Services	339,739	361,339	310,049	51,290
0013 Curriculum and Instructional Staff Development	417,699	601,428	91,357	510,071
0021 Instructional Leadership	462,877	560,112	448,352	111,760
0023 School Leadership	1,366,153	1,419,026	1,290,354	128,672
0031 Guidance, Counseling and Evaluation Services	573,955	608,955	426,684	182,271
0032 Social Work Services	41,276	71,276	54,718	16,558
0033 Health Services	211,622	261,622	195,474	66,148
0034 Student (Pupil) Transportation	684,758	925,000	850,900	74,100
0035 Food Services	-	1,967,502	1,869,436	98,066
0036 Extracurricular Activities	998,257	1,048,257	948,106	100,151
0041 General Administration	1,220,278	1,320,278	1,211,804	108,474
0051 Facilities Maintenance and Operations	2,901,431	3,051,431	2,864,118	187,313
0052 Security and Monitoring Services	313,893	363,893	313,609	50,284
0053 Data Processing Services	408,899	483,899	456,699	27,200
0061 Community Services	4,700	46,700	39,265	7,435
Capital Outlay:				
0081 Facilities Acquisition and Construction	-	68,000	62,045	5,955
Intergovernmental:				
0091 Contracted Instructional Services Between Schools	40,562,771	39,911,343	39,622,153	289,190
0093 Payments to Fiscal Agent/Member Districts of SSA	65,000	90,000	51,240	38,760
0099 Other Intergovernmental Charges	580,000	640,000	611,514	28,486
6030 Total Expenditures	62,931,507	66,116,264	63,460,580	2,655,684
1100 Excess (Deficiency) of Revenues Over (Under) Expenditures	(2,905,119)	(465,174)	1,192,070	1,657,244
OTHER FINANCING SOURCES (USES):				
7949 Other Resources	-	465,174	-	(465,174)
8911 Transfers Out (Use)	187,118	(187,118)	-	187,118
7080 Total Other Financing Sources (Uses)	187,118	278,056	-	(278,056)
OTHER FINANCING SOURCES (USES):				
7918 Special Item - Resource	-	150,000	-	(150,000)
8912 Special Item - (Use)	-	(150,000)	-	150,000
1200 Net Change in Fund Balances	(2,718,001)	(187,118)	1,192,070	1,379,188
0100 Fund Balance - September 1 (Beginning)	-	22,353,742	22,290,115	(63,627)
1300 Prior Period Adjustment	-	-	63,627	63,627
3000 Fund Balance - August 31 (Ending)	\$ (2,718,001)	\$ 22,166,624	\$ 23,545,812	\$ 1,379,188

CARRIZO SPRINGS CONSOLIDATED ISD  
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY  
TEACHER RETIREMENT SYSTEM OF TEXAS  
FOR THE YEAR ENDED AUGUST 31, 2019

	FY 2019 Plan Year 2018	FY 2018 Plan Year 2017	FY 2017 Plan Year 2016
District's Proportion of the Net Pension Liability (Asset)	0.000116753%	1.119701908%	1.43106%
District's Proportionate Share of Net Pension Liability (Asset)	\$ 6,426,347	\$ 3,827,422	\$ 5,407,775
State's Proportionate Share of the Net Pension Liability (Asset) Associated with the District	12,762,211	7,312,046	8,659,231
Total	<u>\$ 19,188,558</u>	<u>\$ 11,139,469</u>	<u>\$ 14,067,007</u>
District's Covered Payroll	\$ 13,887,625	\$ 14,126,795	\$ 14,126,795
District's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	46.27%	27.09%	38.28%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	73.74%	82.17%	78.00%

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, 2018 for year 2019, 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 five 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."

<u>FY 2016</u>		<u>FY 2015</u>	
<u>Plan Year 2015</u>		<u>Plan Year 2014</u>	
	1.63437%		0.0114199%
\$	5,777,280	\$	3,050,412
	8,634,779		7,242,508
<u>\$</u>	<u>14,412,061</u>	<u>\$</u>	<u>10,292,920</u>
\$	14,166,259	\$	13,951,435
	40.78%		21.86%
	78.43%		83.25%

CARRIZO SPRINGS CONSOLIDATED ISD  
SCHEDULE OF DISTRICT'S CONTRIBUTIONS FOR PENSIONS  
TEACHER RETIREMENT SYSTEM OF TEXAS  
FOR FISCAL YEAR 2019

	2019	2018	2017
Contractually Required Contribution	\$ 427,872	\$ 382,813	\$ 449,311
Contribution in Relation to the Contractually Required Contribution	427,872	382,813	449,311
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's Covered Payroll	\$ 13,887,625	\$ 14,429,699	\$ 15,032,169
Contributions as a Percentage of Covered Payroll	3.08%	2.65%	2.99%

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 years.

Note: In accordance with GASB 68, Paragraph 138, the years of data presented this reporting period are those for which data is available. "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."

	2016	2015
\$	436,792	\$ 479,469
	436,792	479,469
\$	-	\$ -
\$	14,354,571	\$ 14,166,259
	3.04%	3.39%

CARRIZO SPRINGS CONSOLIDATED ISD  
 SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET OPEB LIABILITY  
 TEACHER RETIREMENT SYSTEM OF TEXAS  
 FOR THE YEAR ENDED AUGUST 31, 2019

	FY 2019 Plan Year 2018	FY 2018 Plan Year 2017
District's Proportion of the Net Liability (Asset) for Other Postemployment Benefits	0.000185563%	0.000180617%
District's Proportionate Share of Net OPEB Liability (Asset)	\$ 9,265,334	\$ 7,854,357
State's Proportionate Share of the Net OPEB Liability (Asset) Associated with the District	12,312,037	10,676,874
Total	<u>\$ 21,577,371</u>	<u>\$ 18,531,231</u>
District's Covered Payroll	\$ 13,887,625	\$ 14,429,699
District's Proportionate Share of the Net OPEB Liability (Asset) as a Percentage of its Covered Payroll	66.71%	54.43%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	1.57%	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 2019 are for the measurement date August 31, 2018. The amounts for FY 2018 are based on the August 31, 2017 measurement date.

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



CARRIZO SPRINGS CONSOLIDATED ISD  
SCHEDULE OF DISTRICT'S CONTRIBUTIONS FOR OTHER POSTEMPLOYMENT BENEFITS (OPEB)  
TEACHER RETIREMENT SYSTEM OF TEXAS  
FOR FISCAL YEAR 2019

	2019	2018
Contractually Required Contribution	\$ 134,952	\$ 129,667
Contribution in Relation to the Contractually Required Contribution	134,952	129,667
Contribution Deficiency (Excess)	\$ -0-	\$ -0-
District's Covered Payroll	\$ 13,887,625	\$ 14,429,699
Contributions as a Percentage of Covered Payroll	0.97%	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.

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**COMBINING AND OTHER STATEMENTS**

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**Nonmajor Governmental Funds –  
Special Revenue Funds and Debt Service**

CARRIZO SPRINGS CONSOLIDATED ISD  
COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
AUGUST 31, 2019

Data Control Codes		224 IDEA - Part B Formula	225 IDEA - Part B Preschool	242 Summer Feeding Program	244 Career and Technical - Basic Grant
<b>ASSETS</b>					
1110	Cash and Cash Equivalents	\$ -	\$ -	\$ -	\$ -
1220	Property Taxes - Delinquent	-	-	-	-
1230	Allowance for Uncollectible Taxes	-	-	-	-
1240	Due from Other Governments	318,484	12,846	-	25,285
1000	Total Assets	<u>\$ 318,484</u>	<u>\$ 12,846</u>	<u>\$ -</u>	<u>\$ 25,285</u>
<b>LIABILITIES</b>					
2110	Accounts Payable	\$ -	\$ -	\$ -	\$ 4,924
2160	Accrued Wages Payable	5,448	-	-	-
2170	Due to Other Funds	312,441	12,846	-	20,361
2200	Accrued Expenditures	595	-	-	-
2300	Unearned Revenue	-	-	-	-
2000	Total Liabilities	<u>318,484</u>	<u>12,846</u>	<u>-</u>	<u>25,285</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
2601	Unavailable Revenue - Property Taxes	-	-	-	-
2600	Total Deferred Inflows of Resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>FUND BALANCES</b>					
Restricted Fund Balance:					
3450	Federal or State Funds Grant Restriction	-	-	-	-
3480	Retirement of Long-Term Debt	-	-	-	-
Assigned Fund Balance:					
3590	Other Assigned Fund Balance	-	-	-	-
3000	Total Fund Balances	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
4000	Total Liabilities, Deferred Inflows & Fund Balances	<u>\$ 318,484</u>	<u>\$ 12,846</u>	<u>\$ -</u>	<u>\$ 25,285</u>

255 ESEA II,A Training and Recruiting	270 ESEA VI, Pt B Rural & Low Income	288 LEP Summer School	289 Other Federal Special Revenue Funds	295 Texas EHCY	410 State Instructional Materials	427 Title I, Part C - Migrant	461 Campus Activity Funds
\$ -	\$ -	\$ 1,198	\$ -	\$ -	\$ 7,634	\$ -	\$ 87,722
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
142,363	40,718	-	67,665	4,765	-	85,938	-
<u>\$ 142,363</u>	<u>\$ 40,718</u>	<u>\$ 1,198</u>	<u>\$ 67,665</u>	<u>\$ 4,765</u>	<u>\$ 7,634</u>	<u>\$ 85,938</u>	<u>\$ 87,722</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 4,096
-	-	-	-	-	-	-	-
142,363	40,718	-	65,289	4,765	-	71,929	-
-	-	-	-	-	-	-	-
-	-	1,198	2,376	-	456	14,009	-
<u>142,363</u>	<u>40,718</u>	<u>1,198</u>	<u>67,665</u>	<u>4,765</u>	<u>456</u>	<u>85,938</u>	<u>4,096</u>
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	7,178	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	83,626
-	-	-	-	-	7,178	-	83,626
<u>\$ 142,363</u>	<u>\$ 40,718</u>	<u>\$ 1,198</u>	<u>\$ 67,665</u>	<u>\$ 4,765</u>	<u>\$ 7,634</u>	<u>\$ 85,938</u>	<u>\$ 87,722</u>

CARRIZO SPRINGS CONSOLIDATED ISD  
COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
AUGUST 31, 2019

Data Control Codes		Total Nonmajor Special Revenue Funds	511 Debt Service Fund	Total Nonmajor Governmental Funds
<b>ASSETS</b>				
1110	Cash and Cash Equivalents	\$ 96,554	\$ 237,452	\$ 334,006
1220	Property Taxes - Delinquent	-	272,880	272,880
1230	Allowance for Uncollectible Taxes	-	(13,644)	(13,644)
1240	Due from Other Governments	698,064	-	698,064
1000	Total Assets	<u>\$ 794,618</u>	<u>\$ 496,688</u>	<u>\$ 1,291,306</u>
<b>LIABILITIES</b>				
2110	Accounts Payable	\$ 9,020	\$ -	\$ 9,020
2160	Accrued Wages Payable	5,448	-	5,448
2170	Due to Other Funds	670,712	-	670,712
2200	Accrued Expenditures	595	-	595
2300	Unearned Revenue	18,039	-	18,039
2000	Total Liabilities	<u>703,814</u>	<u>-</u>	<u>703,814</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
2601	Unavailable Revenue - Property Taxes	-	259,236	259,236
2600	Total Deferred Inflows of Resources	<u>-</u>	<u>259,236</u>	<u>259,236</u>
<b>FUND BALANCES</b>				
Restricted Fund Balance:				
3450	Federal or State Funds Grant Restriction	7,178	-	7,178
3480	Retirement of Long-Term Debt	-	237,452	237,452
Assigned Fund Balance:				
3590	Other Assigned Fund Balance	83,626	-	83,626
3000	Total Fund Balances	<u>90,804</u>	<u>237,452</u>	<u>328,256</u>
4000	Total Liabilities, Deferred Inflows & Fund Balances	<u>\$ 794,618</u>	<u>\$ 496,688</u>	<u>\$ 1,291,306</u>



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CARRIZO SPRINGS CONSOLIDATED ISD  
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED AUGUST 31, 2019

Data Control Codes	224 IDEA - Part B Formula	225 IDEA - Part B Preschool	242 Summer Feeding Program	244 Career and Technical - Basic Grant
<b>REVENUES:</b>				
5700 Total Local and Intermediate Sources	\$ -	\$ -	\$ -	\$ -
5800 State Program Revenues	-	-	-	-
5900 Federal Program Revenues	455,557	12,846	29,073	32,464
5020 Total Revenues	455,557	12,846	29,073	32,464
<b>EXPENDITURES:</b>				
Current:				
0011 Instruction	291,919	11,261	-	24,089
0013 Curriculum and Instructional Staff Development	11,757	-	-	4,175
0021 Instructional Leadership	67,241	1,585	-	4,200
0023 School Leadership	-	-	-	-
0031 Guidance, Counseling and Evaluation Services	84,168	-	-	-
0035 Food Services	-	-	29,073	-
0036 Extracurricular Activities	641	-	-	-
0061 Community Services	(169)	-	-	-
Debt Service:				
0071 Principal on Long-Term Debt	-	-	-	-
0072 Interest on Long-Term Debt	-	-	-	-
0073 Bond Issuance Cost and Fees	-	-	-	-
6030 Total Expenditures	455,557	12,846	29,073	32,464
1200 Net Change in Fund Balance	-	-	-	-
0100 Fund Balance - September 1 (Beginning)	-	-	47,090	-
1300 Prior Period Adjustment	-	-	(47,090)	-
3000 Fund Balance - August 31 (Ending)	\$ -	\$ -	\$ -	\$ -

255 ESEA II, A Training and Recruiting	270 ESEA VI, Pt B Rural & Low Income	288 LEP Summer School	289 Other Federal Special Revenue Funds	295 Texas EHCY	410 State Instructional Materials	427 Title I, Part C - Migrant	461 Campus Activity Funds
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	148,363
-	-	-	-	-	362,106	120,605	-
142,363	40,718	53	102,461	5,417	-	-	-
142,363	40,718	53	102,461	5,417	362,106	120,605	148,363
2,000	40,718	-	6,938	4,374	362,106	34,698	53,810
137,537	-	20	47,108	-	-	-	-
2,225	-	-	23,334	1,043	-	35,572	-
601	-	33	21,695	-	-	-	-
-	-	-	-	-	-	50,335	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	92,360
-	-	-	3,386	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
142,363	40,718	53	102,461	5,417	362,106	120,605	146,170
-	-	-	-	-	-	-	2,193
-	-	-	-	-	7,178	-	81,433
-	-	-	-	-	-	-	-
\$ -	\$ -	\$ -	\$ -	\$ -	7,178	\$ -	83,626

CARRIZO SPRINGS CONSOLIDATED ISD  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN  
 FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS  
 FOR THE YEAR ENDED AUGUST 31, 2019

Data Control Codes	Total Nonmajor Special Revenue Funds	511 Debt Service Fund	Total Nonmajor Governmental Funds
<b>REVENUES:</b>			
5700 Total Local and Intermediate Sources	\$ 148,363	\$ 3,186,832	\$ 3,335,195
5800 State Program Revenues	482,711	8,520	491,231
5900 Federal Program Revenues	820,952	-	820,952
5020 Total Revenues	1,452,026	3,195,352	4,647,378
<b>EXPENDITURES:</b>			
<b>Current:</b>			
0011 Instruction	831,913	-	831,913
0013 Curriculum and Instructional Staff Development	200,597	-	200,597
0021 Instructional Leadership	135,200	-	135,200
0023 School Leadership	22,329	-	22,329
0031 Guidance, Counseling and Evaluation Services	134,503	-	134,503
0035 Food Services	29,073	-	29,073
0036 Extracurricular Activities	93,001	-	93,001
0061 Community Services	3,217	-	3,217
<b>Debt Service:</b>			
0071 Principal on Long-Term Debt	-	1,455,000	1,455,000
0072 Interest on Long-Term Debt	-	1,696,388	1,696,388
0073 Bond Issuance Cost and Fees	-	2,749	2,749
6030 Total Expenditures	1,449,833	3,154,137	4,603,970
1200 Net Change in Fund Balance	2,193	41,215	43,408
0100 Fund Balance - September 1 (Beginning)	135,701	196,237	331,938
1300 Prior Period Adjustment	(47,090)	-	(47,090)
3000 Fund Balance - August 31 (Ending)	\$ 90,804	\$ 237,452	\$ 328,256

CARRIZO SPRINGS CONSOLIDATED ISD  
 COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES  
 ALL AGENCY FUNDS  
 FOR THE YEAR ENDED AUGUST 31, 2019

	BALANCE SEPTEMBER 1 2018	ADDITIONS	DEDUCTIONS	BALANCE AUGUST 31 2019
<b>STUDENT ACTIVITY ACCOUNT</b>				
Assets:				
Cash and Temporary Investments	\$ 157,765	\$ -	\$ -	\$ 157,765
Liabilities:				
Due to Student Groups	\$ 157,765	\$ -	\$ -	\$ 157,765
<b>PAYROLL CLEARING</b>				
Assets:				
Cash and Temporary Investments	\$ 224,520	\$ -	\$ 224,520	\$ -
Other Receivables	206	-	206	-
Prepayments	46,321	-	46,321	-
Total Assets	\$ 271,047	\$ -	\$ 271,047	\$ -
Liabilities:				
Payroll Deductions & Withholdings	\$ 68,526	\$ -	\$ 68,526	\$ -
Due to Other Funds	202,521	-	202,521	-
Total Liabilities	\$ 271,047	\$ -	\$ 271,047	\$ -
<b>OTHER AGENCY FUND</b>				
Assets:				
Cash and Temporary Investments	\$ 3,233	\$ -	\$ -	\$ 3,233
Liabilities:				
Accounts Payable	\$ 3,233	\$ -	\$ -	\$ 3,233
<b>TOTAL AGENCY FUNDS</b>				
Assets:				
Cash and Temporary Investments	\$ 385,518	\$ -	\$ 224,520	\$ 160,998
Other Receivables	206	-	206	-
	46,321	-	46,321	-
Total Assets	\$ 432,045	\$ -	\$ 271,047	\$ 160,998
Liabilities:				
Accounts Payable	\$ 3,233	\$ -	\$ -	\$ 3,233
Payroll Deductions & Withholdings	68,526	-	68,526	-
Due to Other Funds	202,521	-	202,521	-
Due to Student Groups	157,765	-	-	157,765
Total Liabilities	\$ 432,045	\$ -	\$ 271,047	\$ 160,998

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**TEA REQUIRED SCHEDULES**

CARRIZO SPRINGS CONSOLIDATED ISD  
SCHEDULE OF DELINQUENT TAXES RECEIVABLE  
FISCAL YEAR ENDED AUGUST 31, 2019

Last 10 Years Ended August 31	(1)	(2)	(3)
	Tax Rates		Assessed/Appraised Value for School Tax Purposes
	Maintenance	Debt Service	
2010 and prior years	Various	Various	\$ Various
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	0.056100	3,517,297,934
2018	1.060000	0.056100	5,264,725,979
2019 (School year under audit)	1.060000	0.056708	5,727,013,220
1000 TOTALS			

Note: Actual tax collections were less by \$1,360,598 than collections reported in data code 31 and 32 above, due to payment discounts granted by the District.



(10) Beginning Balance 9/1/2018	(20) Current Year's Total Levy	(31) Maintenance Collections	(32) Debt Service Collections	(40) Entire Year's Adjustments	(50) Ending Balance 8/31/2019
\$ 1,412,455	\$ -	\$ 25,538	\$ 1,230	\$ 1,685	\$ 1,387,372
434,525	-	5,914	284	(268,098)	160,229
226,033	-	14,026	405	(74)	211,528
251,531	-	19,815	1,909	(390)	229,417
310,107	-	35,015	2,226	(582)	272,284
449,368	-	45,474	1,810	(706)	401,378
527,657	-	58,392	2,936	(1,561)	464,768
737,625	-	73,283	6,381	(5,613)	652,348
1,009,509	-	537,020	28,421	252,911	696,979
-	62,113,610	59,593,366	3,188,134	1,565,217	897,327
<u>\$ 5,358,810</u>	<u>\$ 62,113,610</u>	<u>\$ 60,407,843</u>	<u>\$ 3,233,736</u>	<u>\$ 1,542,788</u>	<u>\$ 5,373,629</u>

CARRIZO SPRINGS CONSOLIDATED ISD  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL - CHILD NUTRITION PROGRAM  
FOR THE YEAR ENDED AUGUST 31, 2019

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	\$ 100,372	\$ 100,372	\$ 83,522	\$ (16,850)
5800 State Program Revenues	43,923	43,923	8,241	(35,682)
5900 Federal Program Revenues	1,323,033	1,323,033	1,536,526	213,493
5020 Total Revenues	1,467,328	1,467,328	1,628,289	160,961
EXPENDITURES:				
Current:				
0035 Food Services	1,654,446	1,932,502	1,837,082	95,420
6030 Total Expenditures	1,654,446	1,932,502	1,837,082	95,420
1100 Excess (Deficiency) of Revenues Over (Under) Expenditures	(187,118)	(465,174)	(208,793)	256,381
OTHER FINANCING SOURCES (USES):				
7915 Transfers In	187,118	-	-	-
7949 Other Resources	-	465,174	-	(465,174)
7080 Total Other Financing Sources (Uses)	187,118	465,174	-	(465,174)
1200 Net Change in Fund Balances	-	-	(208,793)	(208,793)
0100 Fund Balance - September 1 (Beginning)	-	-	-	-
3000 Fund Balance - August 31 (Ending)	\$ -	\$ -	\$ (208,793)	\$ (208,793)

CARRIZO SPRINGS CONSOLIDATED ISD  
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
 BUDGET AND ACTUAL - DEBT SERVICE FUND  
 FOR THE YEAR ENDED AUGUST 31, 2019

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	\$ 3,152,388	\$ 3,167,388	\$ 3,186,832	\$ 19,444
5800 State Program Revenues	-	-	8,520	8,520
5020 Total Revenues	3,152,388	3,167,388	3,195,352	27,964
EXPENDITURES:				
Debt Service:				
0071 Principal on Long-Term Debt	3,152,388	1,455,000	1,455,000	-
0072 Interest on Long-Term Debt	-	1,696,388	1,696,388	-
0073 Bond Issuance Cost and Fees	-	16,000	2,749	13,251
6030 Total Expenditures	3,152,388	3,167,388	3,154,137	13,251
1200 Net Change in Fund Balances	-	-	41,215	41,215
0100 Fund Balance - September 1 (Beginning)	-	196,237	196,237	-
3000 Fund Balance - August 31 (Ending)	\$ -	\$ 196,237	\$ 237,452	\$ 41,215

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**FEDERAL AWARDS SECTION**

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# Garza/Gonzalez & Associates

CERTIFIED PUBLIC ACCOUNTANTS

## 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*

Board of School Trustees  
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 years ended August 31, 2019, 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 17, 2020.

### 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 circumstance 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 District's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiency described in the accompanying schedule of findings and questioned costs as finding 2019-001 to be a material weaknesses.

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. We consider the deficiency described in the accompanying schedule of findings and questioned costs as finding 2019-002 to be a significant deficiency.

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### **Responses to the Findings**

The District responses to the findings noted in our audit are included in the Corrective Action Plan. The District's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

### **Compliance**


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

### **Other Matters**

We noted certain matters that we reported to management of the District in a separate letter dated January 17, 2020.

### **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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in black ink, appearing to read "George L. Lantry", with a stylized flourish underneath.

January 17, 2020

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# Garza/Gonzalez & Associates

CERTIFIED PUBLIC ACCOUNTANTS

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

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

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

We have audited 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 years ended August 31, 2019. The 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.

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### ***Opinions 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 years ended August 31, 2019.

### **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.

### **Other Matters**

We noted a certain matter that we reported to management of the District in a separate letter dated January 17, 2020.

### **Purposes of this Report**

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.



January 17, 2020

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CARRIZO SPRINGS CONSOLIDATED  
INDEPENDENT SCHOOL DISTRICT  
Carrizo Springs, Texas

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the Year Ended August 31, 2019

**SECTION I – SUMMARY OF AUDITORS' RESULTS**

<b><i>Financial Statements</i></b>			
	Type of auditor's report issued: <u>Unmodified</u>		
	Internal control over financial reporting: • Material weakness (es) identified?	<u>X</u> Yes	<u>  </u> No
	• Significant deficiencies identified not considered to be material weaknesses?	<u>X</u> Yes	<u>  </u> None Reported
	Noncompliance material to financial statements noted?	<u>  </u> Yes	<u>X</u> No

<b><i>Federal Awards</i></b>			
	Internal control over major programs: • Material weakness (es) identified?	<u>  </u> Yes	<u>X</u> No
	• Significant deficiencies identified not considered to be material weaknesses?	<u>  </u> Yes	<u>X</u> None Reported
	Type of auditor's report issued on compliance for Major programs <u>Unmodified</u>		
	Any audit findings disclosed that are required to be reported in accordance with 2 CFR, Section. 200.516(a)?	<u>  </u> Yes	<u>X</u> No

<b><i>Identification of Major Programs</i></b>			
	<b>CFDA Numbers(s)</b>	<b>Name of Federal Program or Cluster</b>	
	10.553 10.555 10.559	Child Nutrition Cluster: School Breakfast Program (SBP) National School Lunch Program (NSLP) Cash and Noncash assistance Summer Feeding Program – Cash Assistance	
	Dollar threshold used to distinguish between Type A and Type B programs:		\$750,000
	Auditee qualified as low-risk auditee?		<u>X</u> Yes <u>  </u> No

(Continued)

CARRIZO SPRINGS CONSOLIDATED  
INDEPENDENT SCHOOL DISTRICT  
Carrizo Springs, Texas

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the Year Ended August 31, 2019

**SECTION II – FINANCIAL STATEMENT FINDINGS**

**Finding No. 2019-001 General Ledger Review and Reconciliation**

**Type of Finding: Material Weakness**

*Criteria:* The general ledger accounts must be timely and accurately maintained throughout the year. A review of the year end balances should also be performed prior to the annual financial audit to ensure that the financial statements are free of material misstatements. Such monthly and year end reviews and reconciliations are an integral part of the internal control to effectively manage, monitor and report the financial operations of the District.

*Condition:* The general ledger was not timely reconciled nor reviewed throughout the year. Significant misstatements were noted in a number of accounts including payroll liabilities, federal expenditures, recapture expenditures and on-behalf revenues and expenditures, cash and taxes receivable.

In addition, during our interim audit fieldwork in August 2019, we noted that the District had not drawn down federal program funds for the year.

*Cause:* A contributing factor to this condition appears to be staff turnover in key management/accounting positions. Another contributing factor may be that the accounting staff size may not be adequate. Lastly, staff may need additional training.

*Recommendation:* We recommend that the District perform an assessment of the accounting department's staffing and ensure staff positions are adequate to carry out the accounting functions of the District. In addition, we recommend that accounting and software training be provided to accounting personnel to enhance skills of the individuals involved in the accounting and financial reporting functions of the District.

**Finding No. 2019-002 Payroll Function**

**Type of Finding: Significant Deficiency**

*Criteria:* An important element in internal control is the proper separation of duties between the human resource function and the payroll function. The payroll department should be responsible for processing and reporting employee salaries and wages and related fringe benefits. The payroll department should not have access nor be permitted to make changes to add or remove employees nor make changes to the compensation rates or benefits.

*Condition:* Currently, the payroll staff is involved in the budgeting process, enters personnel salaries, and has access to make changes to the payroll master files.

*Cause:* Not known

*Effect:* Poor separation of duties increases the risk of errors and fraud.

*Recommendation:* We recommend that the District access staff functions and consider reassigning pertinent functions to the Human Resource department and the risk management duties to another position independent of those paying vendors and enrolling employees.



**CARRIZO SPRINGS CONSOLIDATED  
INDEPENDENT SCHOOL DISTRICT  
Carrizo Springs, Texas**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

**For the Year Ended August 31, 2019**

**SECTION III – FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS**

**There were no federal award findings nor questioned costs required to be reported in accordance with Uniform Guidance Section 200.516(a).**

CARRIZO SPRINGS CONSOLIDATED INDEPENDENT SCHOOL DISTRICT  
Carrizo Springs, Texas

CORRECTIVE ACTION PLAN

Year Ended August 31, 2019

**SECTION II — FINANCIAL STATEMENT FINDINGS**

**Finding 2019-001 – General Ledger Reconciliation/Review**

**Type of Finding – Material Weakness**

*Planned Corrective Action Response:*

The District Concur. This is not a current year deficiency noted. Current management staff spend extensive time and effort reconciling and correcting prior year carryover balances. Efforts to implement training and possible employment of an Assistant Accountant with governmental accounting experience to assist with the general ledger, journal entries and bank reconciliations will be considered in the upcoming budget. However, the following will be implemented to address areas identified:

- 1) Review and reconciliation of the general ledger, journal entries and bank reconciliations will be done monthly by the Budget Specialist with written acknowledgement (initials) indicating review has been done by CFO.
- 2) An annual review of year end balances will be done jointly prior to EOY audit by Budget Specialist and CFO.
- 3) Additional areas needing closer oversight by the Finance/Business Office are to be addressed via training through TASBO or ESC 20 workshops. Staff will attend training within the area and via electronic transmission focusing on job specific functions, technological applications to improve productivity and updates on regulations and laws.

*Responsible Person(s):*

Jesse Muniz, Executive Director for Financial Services is responsible for oversight of the District's fiscal matters and Business Office staff.

Anticipated completion date

**Finding 2019-002 – Payroll Function**

**Type of Finding – Significant Deficiency**

*Planned Corrective Action Response:*

The District concurs with findings and will move forward with reassigning duties to implement more effective internal controls in the payroll and salary administration functions. This is a business practice that smaller districts utilized due to staffing restrictions that do not adequately address the risk exposure of errors and fraud. The district will implement controls upon the start of the budgeting process for the following school year.

*Responsible Person(s):*

Jesse Muniz, Executive Director for Financial Services is responsible for oversight of the District's fiscal matters and Business Office staff.

Anticipated completion date

**CARRIZO SPRINGS CONSOLIDATED  
INDEPENDENT SCHOOL DISTRICT  
Carrizo Springs, Texas**

**SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS**

**For the Year Ended August 31, 2019**

**Finding 2018-001 – Non-Compliance with State Laws  
Type of Finding: Financial Statement Finding**

**2019 Status:**

This item is being addressed by the District in this current fiscal year. New management will have its own policy instead of relying on county to provide as in prior years. This will not be an issue for 2019-2020.

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**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

CARRIZO SPRINGS CONSOLIDATED ISD  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED AUGUST 31, 2019

(1) FEDERAL GRANTOR/ PASS-THROUGH GRANTOR/ PROGRAM or CLUSTER TITLE	(2) Federal CFDA Number	(3) Pass-Through Entity Identifying Number	(4) Federal Expenditures
<b>U.S. DEPARTMENT OF DEFENSE</b>			
<u>Direct Programs</u>			
Junior Reserve Officers Training Corp (JROTC)	12.NA		\$ 24,755
Total Direct Programs			24,755
<b>TOTAL U.S. DEPARTMENT OF DEFENSE</b>			24,755
<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	1861001064903	59,809
ESEA, Title I, Part A - Improving Basic Programs	84.010A	196101064903	995,772
Total CFDA Number 84.010A			1,055,581
*IDEA - Part B, Formula	84.027	18660001064903	439,203
*IDEA - Part B, Formula	84.027	19660001064903	16,355
Total CFDA Number 84.027			455,558
*IDEA - Part B, Preschool	84.173	186600010649036600	5,063
*IDEA - Part B, Preschool	84.173	196600010649036610	7,783
Total CFDA Number 84.173			12,846
Total Special Education Cluster (IDEA)			468,404
Career and Technical - Basic Grant	84.048	19420006064903	32,464
Texas EHCY	84.196	295662902	5,417
ESEA, Title VI, Part B - Rural & Low Income Prog.	84.358B	19696001064903	40,718
ESEA Title II, Supporting Effective Instruction	84.367A	19680101064903	142,363
Title IV, Part A, Subpart 1	84.424A	19680101064903	56,593
LEP Summer School	84.369A	69551802	53
Total Passed Through State Department of Education			1,801,593
<b>TOTAL U.S. DEPARTMENT OF EDUCATION</b>			1,801,593
<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	45,866
Total Passed Through Texas Dept of Human Services			45,866
<b>TOTAL U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</b>			45,866
<b>U.S. DEPARTMENT OF AGRICULTURE</b>			
<u>Passed Through the State Department of Agriculture</u>			
*School Breakfast Program	10.553	71401001	348,583
*National School Lunch Program - Cash Assistance	10.555	71301401	1,083,487
*National School Lunch Prog. - Non-Cash Assistance	10.555	71301401	104,456
Total CFDA Number 10.555			1,187,943
*Summer Feeding Program - Cash Assistance	10.559		29,073
Total Child Nutrition Cluster			1,565,599
Total Passed Through the State Department of Agriculture			1,565,599
<b>TOTAL U.S. DEPARTMENT OF AGRICULTURE</b>			1,565,599
<b>TOTAL EXPENDITURES OF FEDERAL AWARDS</b>			\$ 3,437,813

\*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, 2019**

1. 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 Funds. All Federal grant funds, with the exception of funds for Army JROTC, and the Child Nutrition Cluster funds 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.
2. 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. 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.

3. 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 90 days beyond the federal project period ending date, in accordance with 2CFR 200, period of performance.
4. Expenditures for the National School Lunch and Breakfast Program are not specifically attributed to the revenue source and are shown on this schedule in an amount equal to revenue. Commodity Supplemental Food Program receipts represent USDA donated commodities received during the year. The related expenditures relate to the issuance of the commodities to the District's campuses.
5. The School Health Related Services (SHARS) revenues of \$153,815 are reported as federal revenues in the general fund; however, based on TEA requirements, SHARS revenue is not considered federal financial assistance and is therefore not included in 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, 2019**

6. In fiscal year 2019, the District had no subrecipients, loans, or loan guarantees.
7. The District did not elect to use the 10% de minimus indirect cost rate as provided by the Uniform Guidance.
8. Reconciliation of the total expenditures of federal awards as reported in the Schedule of Expenditures of Federal Awards to total federal revenues reported in Exhibit C-3.

- Total Expenditures of Federal Awards (Exhibit K-1)	<u>\$ 3,437,813</u>
- Total Federal Program Revenues (Exhibit C-3)	\$ 3,591,628
Less: SHARS Revenue (excluded from Exhibit K-1)	<u>(153,815)</u>
	<u>\$ 3,437,813</u>