

CORSICANA INDEPENDENT SCHOOL DISTRICT

ANNUAL FINANCIAL REPORT

**FOR THE YEAR ENDED
AUGUST 31, 2019**

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CORSICANA INDEPENDENT SCHOOL DISTRICT
ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED AUGUST 31, 2019

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CERTIFICATE OF BOARD

Corsicana Independent School District
Name of School District

Navarro
County

175-903
Co.-Dist.Number

We, the undersigned, certify that the attached annual financial reports of the above-named school district were reviewed and (check one) approved disapproved for the year ended August 31, 2019, at a meeting of the Board of Trustees of such school district on the 9th day of December 2019.



Signature of Board Secretary



Signature of Board President

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

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INDEPENDENT AUDITOR'S REPORT

Board of Trustees of
Corsicana Independent School District
Corsicana, 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 Corsicana Independent School District, as of and for the year ended August 31, 2019, and the related notes to the financial statements, which collectively comprise Corsicana Independent School District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

OFFICE LOCATIONS

TEXAS | Waco | Temple | Hillsboro | Houston
NEW MEXICO | Albuquerque

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 Corsicana Independent School District, as of August 31, 2019, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Corsicana Independent School District's basic financial statements. The combining statements, required TEA schedules and the Schedule of Expenditures of Federal Awards, as required by the audit requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining statements, required TEA schedules and the Schedule of Expenditures of Federal Awards are the responsibility of management and were derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining statements, required TEA schedules and the Schedule of Expenditures of Federal Awards are fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 5, 2019 on our consideration of Corsicana Independent School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Corsicana Independent School District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Corsicana Independent School District's internal control over financial reporting and compliance.

Pattillo, Brown & Hill, L.L.P.

Waco, Texas
December 5, 2019

MANAGEMENT'S DISCUSSION AND ANALYSIS

This section of Corsicana Independent School District's annual financial report presents our discussion and analysis of the District's financial performance during the year ended August 31, 2019. Please read it in conjunction with the District's financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

- The District's total combined net position on financial statement exhibit A-1 was (\$20,786,401) at August 31, 2019.
- During the year, the District's primary government expenses on financial statement exhibit B-1 were \$5,333,287 more than the \$69,285,666 generated in taxes and other revenues for governmental activities.
- Total governmental expenditures for the District, presented on financial statement exhibit C-3 increased \$2,198,035 from last year.
- The general fund reported a fund balance this year on financial statement exhibit C-3 of \$18,103,454. The District began the current year with a fund balance in the amount of \$19,422,398.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data. The statements are followed by a section of *required supplementary information* that further explains and supports the information in the financial statements. Figure A-1 shows how the required parts of this annual report are arranged and related to one another.

Government-wide Statements

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

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

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

Fund Financial Statements

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

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

The District has the following kinds of funds:

- *Governmental funds*-Most of the District's basic services are included in governmental funds, which focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental fund statements provide a detailed short-term view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. Because this information does not encompass the additional long-term focus of the government-wide statements, we provide additional information on the subsequent page, that explain the relationship (or differences) between them.
- *Fiduciary funds*-The District is the trustee, or *fiduciary*, for certain funds. It is also responsible for other assets that, because of a trust arrangement, can be used only for the trust beneficiaries. The District is responsible for ensuring that the assets reported in these funds are used for their intended purposes. All of the District's fiduciary activities are reported in a separate statement of fiduciary net position and a statement of changes in fiduciary net position. We exclude these activities from the District's government-wide financial statements because the District cannot use these assets to finance its operations.
- *Proprietary funds*-The District's workman's compensation insurance is accounted for in an internal service fund.

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

Net position. The District's combined net position was (\$20,786,401) million at August 31, 2019. (See Table A-1).

**TABLE A-1
CORNICANA INDEPENDENT SCHOOL DISTRICT
NET POSITION**

	Governmental Activities		Total
	2019	2018	Percentage Change
Current assets:			
Cash and cash equivalents	\$ 20,011,273	\$ 24,158,703	-17.17%
Due from other governments	6,154,764	4,039,179	52.38%
Inventories	149,909	104,064	44.05%
Other receivables	<u>1,086,728</u>	<u>1,083,965</u>	0.25%
Total current assets	<u>27,402,674</u>	<u>29,385,911</u>	79.52%
Noncurrent assets:			
Capital assets	169,966,170	165,538,719	2.67%
Less accumulated depreciation	<u>(76,769,128)</u>	<u>(68,586,958)</u>	11.93%
Total noncurrent assets	<u>93,197,042</u>	<u>96,951,761</u>	-3.87%
Total Assets	<u>120,599,716</u>	<u>126,337,672</u>	-4.54%
Deferred Outflows of Resources	<u>12,414,281</u>	<u>4,412,924</u>	181.32%
Current liabilities:			
Accounts payable and accrued liabilities	3,632,584	3,378,232	7.53%
Deferred revenue	<u>39,867</u>	<u>180,529</u>	-77.92%
Total current liabilities	<u>3,672,451</u>	<u>3,558,761</u>	3.19%
Long-term liabilities:			
Noncurrent liabilities due in one year	2,455,378	2,348,718	4.54%
Noncurrent liabilities due in more than 1 yr	93,253,221	94,121,097	-0.92%
Net Pension Liability	20,227,806	11,951,142	69.25%
Net OPEB Liability	<u>23,833,996</u>	<u>20,894,600</u>	14.07%
Total Liabilities	<u>143,442,852</u>	<u>132,874,318</u>	7.95%
Deferred Inflows of Resources	<u>10,357,546</u>	<u>12,075,835</u>	-14.23%
Net Position:			
Net invested in capital assets	(1,994,632)	3,421,592	-158.30%
Restricted	2,997,725	2,681,505	11.79%
Unrestricted	<u>(21,789,494)</u>	<u>(20,302,654)</u>	7.32%
Total Net Position	<u>\$(20,786,401)</u>	<u>\$(14,199,557)</u>	46.39%

The District has \$2,997,725 in restricted net position that represents \$2,872,905 proceeds from debt service, \$118,642 proceeds for state and federal programs, and \$6,178 for campus activities. These proceeds, when spent, are restricted for the above purposes. The (\$21,789,494) of unrestricted net position represents a deficit of resources to be available to fund the programs of the District next year.

Changes in net position. The District's total revenues were \$69,285,666. A significant portion, 33%, of the District's revenue comes from taxes. (See Table A-2.) 21% comes from operating grants and contributions, and 42% relates to grants and contributions not restricted to specific programs.

The total cost of all programs and services was \$74,618,953; 53% of these costs are for governmental activities associated with instructional and student services.

Governmental Activities

Property tax rates remained the same. Tax revenues increased by \$1,424,182 or approximately 7%.

**TABLE A-2
CORSIKANA INDEPENDENT SCHOOL DISTRICT
CHANGES IN NET POSITION**

	Governmental Activities	
	2019	2018
REVENUES		
Program revenues:		
Charges for services	\$ 617,125	\$ 868,243
Operating grants and contributions	14,793,342	12,110,926
General revenues:		
Property taxes	22,889,940	21,465,758
State aid - formula	29,298,930	19,375,081
Investment earnings	614,906	515,717
Other	<u>1,071,423</u>	<u>360,804</u>
Total revenues	<u>69,285,666</u>	<u>54,696,529</u>
EXPENSES		
Instruction	39,259,253	24,753,754
Instructional resources and media services	759,184	437,708
Curriculum dev. and instructional staff development	916,437	509,848
Instructional leadership	2,766,311	1,707,546
School leadership	3,586,531	2,142,439
Guidance, counseling and evaluation services	2,477,036	1,477,845
Social work services	113,867	66,646
Health services	735,352	384,000
Student (pupil) transportation	2,245,352	1,393,874
Food services	4,800,923	3,432,762
Co-curricular/extra curricular activities	1,762,728	1,089,606
General administration	1,505,718	1,082,676
Plant maintenance and operations	7,103,990	5,725,652
Security and monitoring services	1,349,028	473,514
Data processing services	1,136,210	1,170,445
Community services	25,402	23,258
Debt services	3,618,955	3,596,672
Payments to fiscal agent/member dist. - SSA	62,357	40,300
Other	<u>394,319</u>	<u>344,724</u>
Total expenses	<u>74,618,953</u>	<u>49,853,269</u>
CHANGE IN NET POSITION	(5,333,287)	4,843,260
NET POSITION, BEGINNING	(14,199,557)	<u>17,596,022</u>
PRIOR PERIOD ADJUSTMENT	(1,253,557)	(36,638,839)
NET POSITION, ENDING	<u>\$(20,786,401)</u>	<u>\$(14,199,557)</u>

Table A-3 presents the cost of each of the District's largest functions as well as each function's net cost (total cost less fees generated by the activities and intergovernmental aid). The net cost reflects what was funded by state revenues as well as local tax dollars.

The cost of all governmental activities this year was \$74,618,953 million. However, the amount that our taxpayers paid for these activities through property taxes was only \$22,889,940 million. Some of the cost, \$617,125 million, was paid by those who directly benefited from the programs, or by grants and contributions of \$14,793,342 million.

**TABLE A-3
NET COST OF SELECTED DISTRICT FUNCTIONS**

	Total Cost of Services		Net Cost of Services	
	2019	2018	2019	2018
Instruction	\$ 39,259,253	\$ 24,753,754	\$(33,443,300)	\$(19,239,353)
Plant maintenance and operations	7,103,990	5,725,652	(6,721,005)	(5,487,272)
Food services	4,800,923	3,432,762	(1,109,686)	125,137
Debt services	3,618,955	3,592,104	(2,259,924)	(2,034,922)

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

Revenues from governmental fund types totaled \$67,513,372 million, while the previous year it was \$64,526,096 million. The increase in local revenues is a result of changed valuations. The increase in federal revenues is due to the change in federal program revenue distributed through other agencies.

General Fund Budgetary Highlights

Over the course of the year, the District revised its budget several times. Actual expenditures were \$281,078 above final budget amounts in the General Fund.

Additionally, resources available were \$1,017,757 above the final budgeted amount.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At the end of 2019, the District had invested \$93,197,042 in a broad range of capital assets, including land, equipment, buildings, and vehicles. (See Table A-4.) This amount represents a net decrease (including additions and deductions) of \$3,754,719 or 4% from last year.

**TABLE A-4
DISTRICT'S CAPITAL ASSETS
(in millions of dollars)**

	Governmental Activities	
	2019	2018
Land	\$ 1,517,186	\$ 1,537,620
Interim construction	-	4,257,166
Buildings and improvements	153,237,489	144,915,665
Equipment	9,213,765	9,270,985
Vehicles	5,997,730	5,557,283
Totals at historical cost	169,966,170	165,538,719
Total accumulated depreciation	(76,769,128)	(68,586,958)
Net capital assets	\$ <u>93,197,042</u>	\$ <u>96,951,761</u>

More detailed information about the District's capital assets is presented in the notes to the financial statements.

Long Term Debt

At year-end the District had \$139.770 million in bonds, pension and OPEB liability, and notes outstanding as shown in Table A-5. More detailed information about the District's debt is presented in the notes to the financial statements.

Bond Ratings. The District's bonds presently carry "AAA" ratings with underlying ratings as follows: Moody's Investor Services "A3" and Standard & Poors "A".

**TABLE A-5
DISTRICT'S LONG-TERM DEBT
(in millions of dollars)**

	Governmental Activities	
	2019	2018
Leases payable	\$ 416,674	\$ -
Bonds payable	86,053,761	88,233,104
Bond premium	6,864,986	7,166,711
Notes payable	950,000	1,070,000
Net pension liability	20,227,806	11,951,142
Net OPEB liability	<u>23,833,996</u>	<u>20,894,600</u>
Total bonds & notes payable	<u>\$ 138,347,223</u>	<u>\$ 129,315,557</u>

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

- Appraised value used for the 2020 budget preparation is \$1,493,925,686, a decrease of 5% from 2019.
- General operating fund spending per student decreased in the 2020 budget from \$9,300 to \$9,223. This is less than a 1% decrease.
- The District's 2020 refined average daily attendance is expected to be 5,654, a 3% increase from 2019.

These indicators were taken into account when adopting the general fund budget for 2020. Amounts available for appropriation in the general fund budget are \$55,728,045, an increase of less than 1 percent from the final 2019 budget.

If these estimates are realized, the District's budgetary general fund balance is not expected to change appreciably by the close of 2020.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Corsicana Independent School District's Business Services Department at 2200 W. 4th Ave., Corsicana, Texas 75110 or phone number 903-602-8129.

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BASIC FINANCIAL STATEMENTS

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CORSICANA INDEPENDENT SCHOOL DISTRICT

EXHIBIT A-1

STATEMENT OF NET POSITION

AUGUST 31, 2019

Data Control Codes		Governmental Activities
ASSETS		
1110	Cash and cash equivalents	\$ 20,011,273
1225	Property taxes receivables (net)	937,933
1240	Due from other governments	6,154,764
1267	Due from fiduciary funds	5,072
1290	Other receivables (net)	143,471
1300	Inventories	149,909
1490	Other current assets	252
	Capital assets:	
1510	Land	1,517,186
1520	Buildings and improvements, net	90,248,334
1530	Furniture and equipment, net	<u>1,431,522</u>
1000	Total assets	<u>120,599,716</u>
DEFERRED OUTFLOWS OF RESOURCES		
1705	Deferred outflow related to pensions	10,391,209
1706	Deferred outflow related to OPEB	<u>2,023,072</u>
1700	Total deferred outflows of resources	<u>12,414,281</u>
LIABILITIES		
2110	Accounts payable	96,282
2140	Interest payable	182,502
2150	Payroll deductions and withholdings	3,000
2160	Accrued wages payable	2,642,933
2165	Accrued liabilities	464,104
2180	Due to other governments	37,228
2190	Due to student groups	206,535
2300	Unearned revenue	39,867
	Noncurrent liabilities:	
2501	Due within one year	2,455,378
2502	Due in more than one year	93,253,221
2540	Net pension liability	20,227,806
2545	Net OPEB liability	<u>23,833,996</u>
2000	Total liabilities	<u>143,442,852</u>
DEFERRED INFLOWS OF RESOURCES		
2601	Deferred revenue-deferred gain on refunding	1,346,419
2605	Deferred inflow related to pensions	1,300,804
2606	Deferred inflow related to OPEB	<u>7,710,323</u>
2600	Total deferred inflows of resources	<u>10,357,546</u>
NET POSITION		
3200	Net investment in capital assets	(1,994,632)
	Restricted for:	
3820	State and federal programs	118,642
3850	Debt service	2,872,905
3870	Campus activities	6,178
3900	Unrestricted	<u>(21,789,494)</u>
3000	Total net position (deficit)	<u>\$ (20,786,401)</u>

The accompanying notes are an integral part of this financial statement.

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CORSICANA INDEPENDENT SCHOOL DISTRICT

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED AUGUST 31, 2019

Data Control Codes	Functions/Programs	1	Program Revenues <u>3</u>
		<u>Expenses</u>	<u>Charges for Services</u>
	Primary government:		
	Governmental activities:		
11	Instruction	\$ 39,259,253	\$ -
12	Instructional resources and media services	759,184	-
13	Curriculum and staff development	916,437	-
21	Instructional leadership	2,766,311	-
23	School leadership	3,586,531	-
31	Guidance, counseling, and evaluation services	2,477,036	-
32	Social work services	113,867	-
33	Health services	735,352	-
34	Student transportation	2,245,352	-
35	Food service	4,800,923	234,708
36	Cocurricular/extracurricular activities	1,762,728	278,929
41	General administration	1,505,718	-
51	Facilities maintenance and operations	7,103,990	83,838
52	Security and monitoring services	1,349,028	19,650
53	Data processing services	1,136,210	-
61	Community services	25,402	-
72	Interest on long-term debt	3,611,343	-
73	Bond issuance costs and fees	7,612	-
93	Payments for shared services arrangements	62,357	-
99	Other intergovernmental changes	394,319	-
	[TP] Total primary government	<u>\$ 74,618,953</u>	<u>\$ 617,125</u>
	General revenues:		
MT	Property taxes, levied for general purposes		
DT	Property taxes, levied for debt service		
	Grants and contributions not restricted		
GC	to specific programs		
IE	Investment earnings		
MI	Miscellaneous		
S1	Special item - Gain on sale of capital assets		
TR	Total general revenues		
CN	Change in net position		
NB	Net position, beginning		
PA	Prior period adjustment		
NE	Net position, ending		

The accompanying notes are an integral part of this financial statement.

Program Revenues <u>4</u>	Net (Expenses) Revenue and Changes in in Net Position <u>6</u>
Operating Grants and Contributions	Primary Gov. Governmental Activities
\$ 5,815,953	\$(33,443,300)
66,679	(692,505)
400,708	(515,729)
878,293	(1,888,018)
261,722	(3,324,809)
404,271	(2,072,765)
92,741	(21,126)
1,262,922	527,570
157,175	(2,088,177)
3,456,529	(1,109,686)
66,764	(1,417,035)
63,540	(1,442,178)
299,147	(6,721,005)
155,215	(1,174,163)
40,535	(1,095,675)
19,729	(5,673)
1,351,419	(2,259,924)
-	(7,612)
-	(62,357)
-	(394,319)
<u>\$ 14,793,342</u>	<u>\$(59,208,486)</u>

17,363,166
5,526,774
29,298,930
614,906
765,873
<u>305,550</u>
<u>53,875,199</u>
(5,333,287)
(14,199,557)
(1,253,557)
<u>\$(20,786,401)</u>

CORSICANA INDEPENDENT SCHOOL DISTRICT

BALANCE SHEET - GOVERNMENTAL FUNDS

FOR THE YEAR ENDED AUGUST 31, 2019

Data Control Codes		10 General Fund	50 Debt Service Fund
ASSETS			
1110	Cash and cash equivalents	\$ 13,746,212	\$ 2,844,073
1220	Property taxes receivable	1,027,032	298,716
1230	Allowance for uncollectible taxes	(300,433)	(87,382)
1240	Due from other governments	5,048,021	-
1260	Due from other funds	1,603,597	-
1290	Other receivables	143,471	-
1300	Inventories	-	-
1490	Other current assets	<u>252</u>	<u>-</u>
1000	Total assets	<u>21,268,152</u>	<u>3,055,407</u>
LIABILITIES			
2110	Accounts payable	47,557	-
2150	Payroll deductions & withholdings	3,000	-
2160	Accrued wages payable	2,384,906	-
2170	Due to other funds	-	-
2180	Due to other governments	-	-
2190	Due to student groups	-	-
2200	Accrued expenditures	50,440	-
2300	Unearned revenues	<u>22,580</u>	<u>-</u>
2000	Total liabilities	<u>2,508,483</u>	<u>-</u>
DEFERRED INFLOWS OF RESOURCES			
2600	Deferred revenue-property taxes	<u>656,215</u>	<u>188,981</u>
2600	Total deferred inflows of resources	<u>656,215</u>	<u>188,981</u>
FUND BALANCES			
Nonspendable:			
3410	Inventories	-	-
Restricted:			
3450	Federal or state grant restrictions	-	-
3470	Capital acquisitions & contractual obligations	-	-
3480	Retirement of long-term debt	-	2,866,426
3490	Campus activities	-	-
3600	Unassigned	<u>18,103,454</u>	<u>-</u>
3000	Total fund balances	<u>18,103,454</u>	<u>2,866,426</u>
4000	Total liabilities, deferred inflows		
4000	and fund balances	<u>\$ 21,268,152</u>	<u>\$ 3,055,407</u>

The accompanying notes are an integral part of this financial statement.

60 Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
\$ 1,854,837	\$ 1,192,660	\$ 19,637,782
-	-	1,325,748
-	-	(387,815)
-	1,106,743	6,154,764
-	-	1,603,597
-	-	143,471
-	149,909	149,909
-	-	252
<u>1,854,837</u>	<u>2,449,312</u>	<u>28,627,708</u>
-	48,725	96,282
-	-	3,000
-	258,027	2,642,933
-	1,598,188	1,598,188
-	37,228	37,228
-	206,535	206,535
-	23,497	73,937
-	17,287	39,867
<u>-</u>	<u>2,189,487</u>	<u>4,697,970</u>
<u>-</u>	<u>-</u>	<u>845,196</u>
<u>-</u>	<u>-</u>	<u>845,196</u>
-	149,909	149,909
-	118,642	118,642
1,854,837	-	1,854,837
-	-	2,866,426
-	6,178	6,178
-	(14,904)	18,088,550
<u>1,854,837</u>	<u>259,825</u>	<u>23,084,542</u>
<u>\$ 1,854,837</u>	<u>\$ 2,449,312</u>	<u>\$ 28,627,708</u>

CORSICANA INDEPENDENT SCHOOL DISTRICT

EXHIBIT C-2

RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION

AUGUST 31, 2019

Total fund balances - governmental funds	\$ 23,084,542
Amounts reported for governmental activities in the Statement of Net Position are different because:	
Capital assets used in governmental activities are not reported in the funds.	93,197,042
Property taxes receivable unavailable to pay for current period expenditures are deferred in the funds.	845,196
The assets and liabilities of internal service funds are included in governmental activities in the Statement of Net Position.	(17,013)
Long-term liabilities, including bonds and notes payable, are note due and payable in the current period and are not reported in the funds.	(97,055,018)
Payables for bond interest which are not due in the current period are not reported in the funds.	(182,502)
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. The net position related to pensions included a deferred resource outflow in the amount of \$10,391,209, a deferred resource inflow in the amount of \$1,300,804, and a net pension liability in the amount of \$20,227,806.	(11,137,401)
Included in the items related to debt is the recognition of the District's proportionate share of the net other post-employment benefit (OPEB) liability required by GASB 75. The net position related to the OPEB included a deferred resource outflow in the amount of \$2,023,072, a deferred resource inflow in the amount of \$7,710,323, and a net OPEB liability in the amount of \$23,833,996.	<u>(29,521,247)</u>
Net position of governmental activities	<u>\$(20,786,401)</u>

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CORSICANA INDEPENDENT SCHOOL DISTRICT

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS

FOR THE YEAR ENDED AUGUST 31, 2019

Data Control Codes		10 General Fund	50 Debt Service Fund	60 Capital Projects Funds
REVENUES				
5700	Local and intermediate sources	\$ 18,433,127	\$ 5,633,469	\$ 52,062
5800	State program revenues	31,774,645	1,351,419	-
5900	Federal program revenues	<u>1,265,296</u>	<u>-</u>	<u>-</u>
5020	Total revenues	<u>51,473,068</u>	<u>6,984,888</u>	<u>52,062</u>
EXPENDITURES				
Current:				
0011	Instruction	30,629,315	-	-
0012	Instructional resources and media services	612,367	-	-
0013	Curriculum and staff development	393,179	-	-
0021	Instructional leadership	1,473,075	-	-
0023	School leadership	2,987,912	-	-
0031	Guidance, counseling and evaluation services	1,809,486	-	-
0032	Social work services	1,045	-	-
0033	Health services	617,528	-	-
0034	Student transportation	2,300,183	-	-
0035	Food services	-	-	-
0036	Cocurricular/extracurricular activities	1,494,291	-	-
0041	General administration	1,281,810	-	-
0051	Facilities maintenance and operations	6,153,744	-	-
0052	Security and monitoring services	1,187,169	-	-
0053	Data processing services	1,041,742	-	-
0061	Community services	2,253	-	-
Debt service:				
0071	Principal on long term debt	120,000	2,228,718	-
0072	Interest on long term debt	22,969	3,983,420	-
0073	Bond issuance costs and fees	-	7,612	-
0081	Capital outlay	2,373,104	-	1,301,145
0093	Payments to Shared Service Arrangements	62,357	-	-
0099	Other intergovernmental charges	<u>394,319</u>	<u>-</u>	<u>-</u>
6030	Total expenditures	<u>54,957,848</u>	<u>6,219,750</u>	<u>1,301,145</u>
1100	Excess (deficiency) of revenues over (under) expenditures	<u>(3,484,780)</u>	<u>765,138</u>	<u>(1,249,083)</u>
OTHER FINANCING SOURCES (USES)				
7912	Sale of real or personal property	325,984	-	-
7913	Proceeds from capital leases	410,922	-	-
7914	Loan proceeds	<u>1,428,930</u>	<u>-</u>	<u>-</u>
7080	Total other financing sources (uses)	<u>2,165,836</u>	<u>-</u>	<u>-</u>
1200	Net change in fund balances	<u>(1,318,944)</u>	<u>765,138</u>	<u>(1,249,083)</u>
0100	Fund balance - September 1 (beginning)	<u>19,422,398</u>	<u>2,101,288</u>	<u>3,103,920</u>
3000	Fund balance - August 31 (ending)	<u>\$ 18,103,454</u>	<u>\$ 2,866,426</u>	<u>\$ 1,854,837</u>

The accompanying notes are an integral part of this financial statement.

Other Governmental Funds	Total Governmental Funds
\$ 925,616	\$ 25,044,274
673,565	33,799,629
<u>7,404,173</u>	<u>8,669,469</u>
<u>9,003,354</u>	<u>67,513,372</u>
3,286,423	33,915,738
23,185	635,552
379,428	772,607
835,667	2,308,742
14,048	3,001,960
257,709	2,067,195
92,741	93,786
-	617,528
-	2,300,183
4,123,317	4,123,317
26,826	1,521,117
-	1,281,810
2,956	6,156,700
52,999	1,240,168
-	1,041,742
19,517	21,770
-	2,348,718
-	4,006,389
-	7,612
-	3,674,249
-	62,357
-	<u>394,319</u>
<u>9,114,816</u>	<u>71,593,559</u>
(111,462)	(4,080,187)
-	325,984
-	410,922
-	<u>1,428,930</u>
-	<u>2,165,836</u>
(111,462)	(1,914,351)
<u>371,287</u>	<u>24,998,893</u>
\$ <u>259,825</u>	\$ <u>23,084,542</u>

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

Net change in fund balances - total governmental funds	\$(1,914,351)
Amounts reported for governmental activities in the statement of activities are different because:	
The depreciation of capital assets used in governmental activities is not reported in the funds.	(2,501,162)
Certain property tax revenues are deferred in the funds. This is the change in these amounts this year.	(154,775)
Repayment of bond principal is an expenditure in the funds but is not an expense in the SOA.	922,140
(Increase) decrease in accrued interest from beginning of period to end of period.	(18,228)
The net revenue (expense) of internal service funds is reported with governmental activities.	(9,573)
GASB 68 Required that certain plan expenditures be de-expended and recorded as deferred resource outflows. These contributions made after the measurement date of the plan caused the change in ending net position to increase by \$1,382,895. Contributions made before the measurement date and during the previous fiscal year were expended and recorded as a reduction in net pension liability. This caused a decrease in net position totaling \$1,246,343. Finally, the proportionate share of pension expense on the plans as a whole had to be recorded. The net pension expense decreased the change in net position by \$1,574,926.	(1,438,374)
GASB 75 Required that certain plan expenditures be de-expended and recorded as deferred resource outflows. These contributions made after the measurement date of the plan caused the change in ending net position to increase by \$356,312. Contributions made before the measurement date and during the previous fiscal year were expended and recorded as a reduction in net OPEB liability. This caused a decrease in net position totaling \$325,094. Finally, the proportionate share of OPEB expense on the plans as a whole had to be recorded. The net OPEB expense decreased the change in net position by \$250,182.	(218,964)
Change in net position of governmental activities	<u>\$(5,333,287)</u>

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STATEMENT OF NET POSITION
INTERNAL SERVICE FUND

AUGUST 31, 2019

	Nonmajor Internal Service Fund <u>Public Entity Risk Pool</u>
ASSETS	
Current assets:	
Cash and cash equivalents	\$ <u>373,491</u>
Total current assets	<u>373,491</u>
Total assets	<u>373,491</u>
LIABILITIES	
Current liabilities:	
Due to other funds	337
Accrued expenses	<u>390,167</u>
Total current liabilities	<u>390,504</u>
Total liabilities	<u>390,504</u>
NET POSITION	
Unrestricted	(<u>17,013</u>)
Total net position	\$(<u>17,013</u>)

CORSICANA INDEPENDENT SCHOOL DISTRICT**EXHIBIT D-2**STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN NET POSITION
INTERNAL SERVICE FUND

FOR THE YEAR ENDED AUGUST 31, 2019

	Nonmajor Internal Service Fund <u>Public Entity Risk Pool</u>
OPERATING REVENUES	
Local and intermediate sources	\$ <u>383,941</u>
Total operating revenues	<u>383,941</u>
OPERATING EXPENSES	
Other operating costs	<u>393,514</u>
Total operating expenses	<u>393,514</u>
Change in net position	(9,573)
NET POSITION, BEGINNING	(<u>7,440</u>)
NET POSITION, ENDING	\$(<u>17,013</u>)

STATEMENT OF CASH FLOWS
 PROPRIETARY FUND

FOR THE YEAR ENDED AUGUST 31, 2019

	Nonmajor Internal Service Fund <hr/> Public Entity Risk Pool <hr/>
CASH FLOWS FROM OPERATING ACTIVITIES	
Cash received from customers	\$ 383,941
Cash payments or other operating expenses	<u>(360,509)</u>
Net cash provided (used) by operating activities	<u>23,432</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Decrease in investments	<u>278,180</u>
Net cash flows provided by investing activities	<u>278,180</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	301,612
CASH AND CASH EQUIVALENTS, BEGINNING	<u>71,879</u>
CASH AND CASH EQUIVALENTS, ENDING	<u>373,491</u>
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	
Operating income (loss)	(9,573)
Adjustments to reconcile operating income to net cash provided (used) by operating activities:	
Change in assets and liabilities:	
Accrued expenses	33,102
Due to other funds	<u>(97)</u>
Net cash provided (used) by operating activities	<u>\$ 23,432</u>

CORSICANA INDEPENDENT SCHOOL DISTRICT

EXHIBIT E-1

STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS

AUGUST 31, 2019

Data Control Codes		Private Purpose Trust Funds	Agency Funds <hr/> Student Activity
	ASSETS		
1110	Cash and cash equivalents	\$ 31,534	\$ 146,980
1290	Other receivables	44,104	-
1810	Restricted cash and temporary investments	<u>15,865,465</u>	<u>-</u>
	Total assets	<u>15,941,103</u>	<u>146,980</u>
	LIABILITIES		
	Current Liabilities:		
2170	Due to other funds	2,000	3,072
2190	Due to student groups	-	143,908
2400	Payable from restricted assets	<u>37,394</u>	<u>-</u>
	Total liabilities	<u>39,394</u>	<u>146,980</u>
	NET POSITION		
3800	Held in trust	<u>15,901,709</u>	
3000	Total net position	<u>\$ 15,901,709</u>	

CORSICANA INDEPENDENT SCHOOL DISTRICT

EXHIBIT E-2

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS

FOR THE YEAR ENDED AUGUST 31, 2019

	<u>Private Purpose Trust Funds</u>
ADDITIONS:	
Investment income	\$ 355,695
Net increase in fair value of investments	201,189
Mineral income	284,478
Plan member contributions	<u>100</u>
Total additions	<u>841,462</u>
DEDUCTIONS:	
Scholarship awards	443,816
Professional services	63,366
Administrative expenses	<u>5,330</u>
Total deductions	<u>512,512</u>
Change in Net Position	<u>328,950</u>
NET POSITION, BEGINNING	<u>15,572,759</u>
NET POSITION, ENDING	\$ <u>15,901,709</u>

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CORSICANA INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS AUGUST 31, 2019

I. Summary of Significant Accounting Policies

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

A. Reporting Entity

The Board of School Trustees ("Board"), a seven-member group, has governance responsibilities over all activities related to public elementary and secondary education within the jurisdiction of the District. The Board is elected by the public and has the exclusive power and duty to govern and oversee the management of the public schools of the District. All powers and duties not specifically delegated by statute to the Texas Education Agency ("TEA") or to the State Board of Education are reserved for the Board, and the TEA may not substitute its judgment for the lawful exercise of those powers and duties by the Board. The District receives funding from local, state and federal government sources and must comply with the requirements of those funding entities. However, the District is not included in any other governmental reporting entity and there are no component units included within the District's reporting entity.

B. Basis of Presentation, Basis of Accounting

Basis of Presentation

Government-wide Financial 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.

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

Proprietary fund operating revenues, such as charges for services, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. Nonoperating revenues, such as subsidies and investment earnings, result from nonexchange transactions or ancillary activities.

The District reports the following major governmental funds:

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

Capital Projects Fund: The fund accounts for all revenue and expenditures that are applicable to the District's bonded debt.

Debt Service Fund: This fund accounts for the proceeds raised through the debt service tax rates and used to pay for bonded debt service.

In addition, the District reports the following fund types:

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

Fiduciary funds are reported in the fiduciary fund financial statements. However, because their assets are held in a trustee or agent capacity and are therefore not available to support District programs, these funds are not included in the government-wide statements.

Private-Purpose Trust Funds: These funds are used to report trust arrangements under which principal and income benefit individuals, private organizations, or other governments not reported in other fiduciary fund types.

Agency Funds: These funds are used to report student activity funds and other resources held in a purely custodial capacity (assets equal liabilities). Agency funds typically involve only the receipt, temporary investment, and remittance of fiduciary resources to individuals, private organizations, or other governments.

C. Measurement Focus, Basis of Accounting

Government-wide, Proprietary, and Fiduciary Fund Financial Statements: These financial statements are reported using the economic resources measurement focus. The government-wide and proprietary fund financial statements are reported using the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Nonexchange transactions, in which the District gives (or receives) value without directly receiving (or giving) equal value in exchange, include property taxes, grants, entitlements, and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

Governmental Fund Financial Statements: Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The District considers all revenues reported in the governmental funds to be available if the revenues are collected within sixty days after year-end. Revenues from local sources consist primarily of property taxes. Property tax revenues and revenues received from the State are recognized under the susceptible-to-accrual concept. Miscellaneous revenues are recorded as revenue when received in cash because they are generally not measurable until actually received. Investment earnings are recorded as earned, since they are both measurable and available. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

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

II. Assets, Liabilities, Deferred Inflows/Outflows of Resources, Net Position/Fund Balance, Revenues and Expenditures/Expenses

Cash and Cash Equivalents

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

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 when they become due or past due and receivable within the current period.

Allowances for uncollectible tax receivables within the General and Debt Service Funds are based upon 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.

Inventories

The District records purchases of supplies as expenditures, utilizing the purchase method of accounting for inventory in accordance with the Resource Guide.

Capital Assets

Purchased or constructed capital assets are reported at cost or estimated historical cost. Donated fixed assets are recorded at their estimated fair value at the date of the donation. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized. A capitalization threshold of \$5,000 is used.

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

<u>Asset Classification</u>	<u>Useful Life</u>
Buildings	50
Building improvements	20
Vehicles	5
Office equipment	5

Deferred Outflows and Inflows of Resources

In addition to assets, the statements of financial position (the government-wide Statement of Net Position and governmental funds balance sheet) will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position and/or fund balance that applies to one or more future periods and so will not be recognized as an outflow of resources (expense/expenditure) until then.

In addition to liabilities, the statements of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to one or more future periods and so will not be recognized as an inflow of resources (revenue) until that time.

Interfund Activity

Interfund activity results from loans, services provided, reimbursements or transfers between funds. Loans are reported as interfund receivables and payables as appropriate and are subject to elimination upon consolidation. Services provided, deemed to be at market or near market rates, are treated as revenues and expenditures or expenses. Reimbursements occur when one fund incurs a cost, charges the appropriate benefiting fund and reduces its related cost as a reimbursement. All other interfund transactions are treated as transfers. Transfers In and Transfers Out are netted and presented as a single "Transfers" line on the government-wide statement of activities. Similarly, interfund receivables and payables are netted and presented as a single "Internal Balances" line of the government-wide statement of net position.

Use of Estimates

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

Data Control Codes

Data Control Codes appear in the rows and above the columns of certain financial statements. The TEA requires the display of these codes in the financial statements filed with TEA in order to ensure accuracy in building a statewide database for policy development and funding plans.

Fund Balances - Governmental Funds

Fund balances of the governmental funds are classified as follows:

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

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

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

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

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

Net Position Flow Assumption

Sometimes the District will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted net position and unrestricted net position in the government-wide and proprietary fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the District's policy to consider restricted net position to have been depleted before unrestricted net position is applied.

Fund Balance Flow Assumptions

Sometimes the District will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the District's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

Pensions

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

Other Post-Employment Benefits

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

III. Detailed Notes on Activities and Funds

Deposits and Investments

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.

Cash Deposits

Cash deposits of the District include all amounts deposited at the District's depository bank, including all demand deposits and certificates of deposit. The District's cash deposits at August 31, 2019 and during the year ended August 31, 2019 were entirely covered by FDIC insurance or by pledged collateral held by the District's agent bank in the District's name.

Investments

The District is required by Government Code Chapter 2256, The Public Funds Investment Act, to adopt, implement, and publicize an investment policy. That policy must address the following areas: (1) safety of principal and liquidity, (2) portfolio diversification, (3) allowable investments, (4) acceptable risk levels, (5) expected rates of return, (6) maximum allowable stated maturity of portfolio investments, (7) maximum average dollar-weighted maturity allowed based on the stated maturity date for the portfolio, (8) investment staff quality and capabilities, and (9) bid solicitation preferences for certificates of deposit.

The Public Funds Investment Act ("Act") requires an annual audit of investment practices. Audit procedures in this area conducted as a part of the audit of the basic financial statements disclosed that in the areas of investment practices, management reports and establishment of appropriate policies, the District adhered to the requirements of the Act. Additionally, investment practices of the District were in accordance with local policies.

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, U.S. agencies, and the State of Texas, 2) certificates of deposit, 3) certain municipal securities, 4) securities lending program, 5) repurchase agreements, 6) bankers acceptances, 7) mutual funds, 8) investment pools, 9) guaranteed investment contracts, and 10) commercial paper.

The District's investments at August 31, 2019 are shown below.

Investment or Investment Type	Reported Value	Weighted Average Maturity (Days)	Rating	Rating Agency
Lone Star - First Public	\$ 2,482,373	27	AAAm	S & P
TexStar	51,567	22	AAAm	S & P
TexPool	362,796	38	AAAm	S & P
Logic	6,156,950	48	AAAm	S & P
Texas Class	<u>8,321,736</u>	52	AAAm	S & P
Total Investments	<u>\$ 17,375,422</u>			

Public Funds Investment Pools

Public funds investment pools in Texas ("Pools") are established under the authority of the Interlocal Cooperation Act, Chapter 79 of the Texas Government Code, and are subject to the provisions of the Public Funds Investment Act (the "Act"), Chapter 2256 of the Texas Government Code. In addition to other provisions of the Act designed to promote liquidity and safety of principal, the Act requires Pools to: 1) have an advisory board composed of participants in the pool and other persons who do not have a business relationship with the pool and are qualified to advise the pool; 2) maintain a continuous rating of no lower than AAA or AAA- or an equivalent rating by at least one nationally recognized rating service; and 3) maintain the market value of its underlying investment portfolio within one half of one percent of the value of its shares.

Capital Assets

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

	Beginning Balance	Increases	Decreases	Adjustments	Ending Balance
Governmental activities:					
Capital assets, not being depreciated:					
Land	\$ 1,537,620	\$ -	\$ (20,434)	\$ -	\$ 1,517,186
Construction in progress	<u>4,257,166</u>	<u>1,212,773</u>	<u>(4,231,316)</u>	<u>(1,238,623)</u>	<u>-</u>
Total capital assets, not being depreciated	<u>5,794,786</u>	<u>1,212,773</u>	<u>(4,251,750)</u>	<u>(1,238,623)</u>	<u>1,517,186</u>
Capital assets, being depreciated:					
Buildings and improvements	144,915,665	3,064,750	4,231,316	1,025,758	153,237,489
Equipment	9,270,985	125,124	-	(182,344)	9,213,765
Vehicles	<u>5,557,283</u>	<u>440,954</u>	<u>-</u>	<u>(507)</u>	<u>5,997,730</u>
Total capital assets, being depreciated	<u>159,743,933</u>	<u>3,630,828</u>	<u>4,231,316</u>	<u>842,907</u>	<u>168,448,984</u>
Less accumulated depreciation for:					
Buildings and improvements	(56,084,563)	(6,153,115)	-	(751,477)	(62,989,155)
Equipment	(7,702,229)	(771,206)	-	(106,364)	(8,579,799)
Vehicles	<u>(4,800,166)</u>	<u>(400,008)</u>	<u>-</u>	<u>-</u>	<u>(5,200,174)</u>
Total accumulated depreciation	<u>(68,586,958)</u>	<u>(7,324,329)</u>	<u>-</u>	<u>(857,841)</u>	<u>(76,769,128)</u>
Total governmental activities capital assets, net	<u>\$ 96,951,761</u>	<u>\$ (2,480,728)</u>	<u>\$ (20,434)</u>	<u>\$ (1,253,557)</u>	<u>\$ 93,197,042</u>

Depreciation was charged to functions as follows:

Governmental activities:	
Instruction	\$ 3,817,704
Instruction Resources & Media Services	83,574
Curriculum & Instructional Staff Development	101,596
Instructional Leadership	303,595
School Leadership	394,751
Guidance, Counseling & Evaluation Services	271,832
Social Work Services	12,333
Health Services	81,204
Student (Pupil) Transportation	250,289
Food Services	540,002
Extracurricular Activities	198,160
General Administration	168,555
Plant Maintenance & Operations	804,756
Security & Monitoring Services	148,849
Data Processing Services	129,347
Community Services	2,863
Capital Outlay	<u>14,921</u>
Total depreciation expense	<u>\$ 7,324,329</u>

Interfund Balances and Activities

Due To and From Other Funds

Balances due to and due from other funds at August 31, 2019, consisted of the following:

<u>Due To Fund</u>	<u>Due From Fund</u>	<u>Amount</u>	<u>Purpose</u>
General fund	IDEA-B Formula	\$ 234,852	Short-term loans
General fund	Other governmental funds	1,363,336	Short-term loans
General fund	Internal service fund	337	Short-term loans
General fund	Private purpose trust fund	2,000	Short-term loans
General fund	Agency fund	<u>3,072</u>	Short-term loans
		<u>\$ 1,603,597</u>	

All amounts due are scheduled to be repaid within one year.

Transfers To and From Other Funds

There were no transfers to and from other funds at August 31, 2019.

Long-Term Obligations

Long-Term Obligation Activity

Long-term obligations include debt and other long-term liabilities. Changes in long-term obligations for the year ended August 31, 2019, are as follows:

	Beginning Balance	Additions	Retirements	Ending Balance	Due Within One Year
<u>Governmental activities:</u>					
General obligation bonds	\$ 42,015,000	\$ -	\$ 160,000	\$ 41,855,000	\$ 85,000
General obligation refunding bonds	46,200,000	-	2,065,000	44,135,000	2,165,000
General obligation refunding bonds - Cap App	9,597	-	3,718	5,879	3,356
Notes	1,070,000	-	120,000	950,000	125,000
Loan	-	1,428,930	-	1,428,930	-
Capital lease	-	410,922	-	410,922	77,022
Accreted interest on CAB	8,507	49,375	-	57,882	-
Premium on issuance of debt	7,166,711	-	301,725	6,864,986	-
Total governmental activities	<u>\$ 96,469,815</u>	<u>\$ 1,889,227</u>	<u>\$ 2,650,443</u>	<u>\$ 95,708,599</u>	<u>\$ 2,455,378</u>

General Obligation Bonds

General obligation school building bonds payable at August 31, 2019, with their outstanding balance are comprised of the following individual issues.

The District issued \$3,925,000 of Schoolhouse Series 2009 Refunding Bonds during the year ended August 31, 2009 for the purposes of refinancing. Interest rates vary from 2.0% to 3.0% with installments varying from \$30,000 to \$445,000. The total balance on this issue at August 31, 2019 is \$0.

The District issued \$8,969,997 of Schoolhouse Series 2012 Refunding Bonds during the year ended August 31, 2012 for the purposes of refinancing. Interest rates vary from .35% to 3.5% with installments varying from \$151,251 to \$2,065,000. The total balance on this issue at August 31, 2019 is \$8,735,879. Of this total, \$5,879 principal is classified as a Capital Appreciation Bond. \$57,882 accreted interest is also reported.

The District issued \$27,700,000 of Schoolhouse Series 2013 Refunding Bonds during the year ended August 31, 2013 for the purposes of refinancing. Interest rates vary from 1.25% to 5.0% with installments varying from \$712,721 to \$4,224,950. The total balance on this issue at August 31, 2019 is \$24,625,000.

The District issued \$42,165,000 of Schoolhouse Series 2015 Bonds during the year ended August 31, 2015 for the purposes of construction. Interest rates vary from 2.0% to 5.0% with installments varying from \$150,000 to \$4,570,000. The total balance on this issue at August 31, 2019 is \$41,855,000.

The District issued \$13,895,000 of Schoolhouse Series 2015 Refunding Bonds during the year ended August 31, 2016 for the purposes of refinancing. Interest rates vary from .28% to 1.75% with installments varying from \$240,000 to \$1,070,000. The total balance on this issue at August 31, 2019 is \$10,780,000.

Notes

During 2016 the District issued \$1,300,000 Maintenance Notes, Series 2016 due in 10 installments of approximately \$150,000 each at the rate of 2.12%. The balance at August 31, 2019 is \$950,000.

Loan

During the 2019 year, the District entered into an agreement with the Texas Comptroller of Public Accounts, through its State Energy Conservation Office for \$1,428,930. The final loan repayment schedule will be sent to the District after construction has been completed and the District's final report has been accepted. The repayment schedules shall be the principal plus accrued interest. The projected payback period is 6.6. years.

Debt Service Requirements

Debt service requirements on long-term debt at August 31, 2019, are as follows:

Year Ended August 31,	Governmental Activities-Bonded Debt		
	Principal	Interest	Total Requirements
2020	\$ 2,253,356	\$ 3,924,482	\$ 6,177,838
2021	2,337,524	3,841,389	6,178,913
2022	2,475,000	3,705,438	6,180,438
2023	2,585,000	3,591,300	6,176,300
2024	2,665,000	3,481,575	6,146,575
2025-2029	15,135,000	15,627,988	30,762,988
2030-2034	18,985,000	11,970,669	30,955,669
2035-2039	15,264,999	8,069,875	23,334,874
2040-2044	19,725,000	3,706,625	23,431,625
2045-2049	<u>4,570,000</u>	<u>114,250</u>	<u>4,684,250</u>
Totals	<u>\$ 85,995,879</u>	<u>\$ 58,033,589</u>	<u>\$ 144,029,468</u>

The District's outstanding bonds and notes payable contain a provision that in an event of default, outstanding amounts will be paid from the corpus of the Texas Permanent School Fund. The District's outstanding bonds and notes payable contain a provision that in an event of default, outstanding amounts become immediately due.

Capital Leases

The District has acquired certain capital assets through the use of lease purchase agreements. These lease agreements qualify as capital leases for accounting purposes and therefore, have been recorded as the present value of their future minimum lease payments as of the inception date.

The assets acquired through capital leases are as follows:

Various equipment	\$ 410,922
Less: accumulated depreciation	(82,024)
Net value	<u>\$ 328,898</u>

The future minimum lease obligations and the net present value of these lease minimum lease payments as of August 31, 2019, were as follows:

Year Ended August 31,	Governmental Activities
2020	\$ 94,439
2021	93,439
2022	93,439
2023	93,439
2024	<u>93,439</u>
Total minimum lease payments	<u>\$ 468,195</u>
Less: amount representing interest	(57,273)
Present value of minimum lease payments	<u>\$ 410,922</u>

Risk Management

The District is exposed to various risks of loss related to torts, theft, damage or destruction of assets, errors and omissions, injuries to employees, and natural disasters. During fiscal year 2019, the District purchased commercial insurance to cover general liabilities. There were no significant reductions in coverage in the past fiscal year and there were no settlements exceeding insurance coverage for each of the past three fiscal years.

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) and 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 workload and who are not exempted from membership under Texas Government Code, Title 8, Section 822.002 are covered by the system.

Pension Plan Fiduciary Net Position

Detail 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 (1.) 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 through 2017. The 85th Texas Legislature, General Appropriations Act (GAA) affirmed that the employer contribution rates for fiscal years 2018 and 2019 would remain the same.

	<u>Contribution Rates</u>	
	<u>2018</u>	<u>2019</u>
Member	7.70%	7.70%
Non-Employer Contributing Entity (NECE-State)	6.80%	6.80%
Employers	6.80%	6.80%
Current fiscal year employer contributions		\$ 1,382,895
Current fiscal year member contributions		3,058,771
2018 measurement year NECE on-behalf contributions		1,707,727

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

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

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

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

- When employing a retiree of the Teacher Retirement System the employer shall pay both the member contribution and the state contribution as an employment after retirement surcharge.
- When a school district or charter school does not contribute to the Federal Old-Age, Survivors and Disability Insurance (OASDI) Program for certain employees, they must contribute 1.5% of the state contribution rate for certain instructional or administrative employees; and 100% of the state contribution rate for all other employees.

Actuarial Assumptions

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

Actuarial Cost Method	Individual Entry Age Normal
Asset Valuation Method	Market Value
Single Discount Rate	6.91%
Long-term expected Investment Rate of Return	7.25%
Inflation	2.30%
Salary Increases including Inflation	3.05% to 9.05%
Payroll Growth Rate	2.50%
Ad hoc post-employment benefit changes	None

The actuarial methods and assumptions are based primarily on a study of actual experience for the three period ending August 31, 2017 and adopted in July 2018.

Discount Rate

The single discount rate used to measure the total pension liability was 6.907%. The single discount rate was based on the expected rate of return on pension plan investments of 7.25 percent and a municipal bond rate of 3.69 percent. 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. As a result, the long-term expected rate of return on pension plan investments was applied to projected benefit payments through the year 2069, and the municipal bond rate was applied to all benefit payments after that date. 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:

Asset Class	Target Allocation ¹	Long-Term Expected Geometric Real Rate of Return ²	Expected Contribution to Long-Term Portfolio Returns
Global Equity			
U.S.	18.00%	5.70%	1.04%
Non-U.S. Developed	13.00%	6.90%	0.90%
Emerging Markets	9.00%	8.95%	0.80%
Directional Hedge Funds	4.00%	3.53%	0.14%
Private Equity	13.00%	10.18%	1.32%
Stable Value			
U.S. Treasuries	11.00%	1.11%	0.12%
Absolute Return	0.00%	0.00%	0.00%
Stable Value Hedge Funds	4.00%	3.09%	0.12%
Cash	1.00%	-0.30%	0.00%
Real Return			
Global Inflation Linked Bonds	3.00%	0.70%	0.02%
Real Assets	14.00%	5.21%	0.73%
Energy & Natural Resources	5.00%	7.48%	0.37%
Commodities	0.00%	0.00%	0.00%
Risk Parity			
Risk Parity	5.00%	3.70%	0.18%
Inflation Expectation	0.00%		2.30%
Volatility Drag ³	0.00%		-0.79%
Total	100.00%		7.25%

¹Target allocations are based on the FY2016 policy model.

²Capital market assumptions come from Aon Hewitt (2017 Q4).

³The volatility drag results 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 Net Pension Liability.

	1% Decrease in Discount Rate (5.907%)	Discount Rate (6.907%)	1% Increase in Discount Rate (7.907%)
Proportionate share of net pension liability	\$ 30,528,609	\$ 20,227,806	\$ 11,888,694

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 \$20,227,806 for its proportionate share of the TRS' 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	\$ 20,227,806
State's proportionate share that is associated with the District	<u>27,920,170</u>
Total	<u><u>\$ 48,147,976</u></u>

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 rolled forward to August 31, 2018. The District's proportion 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 through August 31, 2018.

At August 31, 2018 the employer's proportion of the collective net pension liability was 0.0367494798%, which was a decrease of .0006274916% from its proportion measured as of August 31, 2017.

Changes Since the Prior Actuarial Valuation

The following were 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 same 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.

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's pension expense was \$5,584,622 and revenue of \$2,763,353 for support provided by the State.

At August 31, 2019, the District's proportionate share of the TRS's deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual actuarial experiences	\$ 126,084	\$ 496,310
Changes in actuarial assumptions	7,293,098	227,910
Differences between projected and actual investment earnings	-	383,808
Changes in proportion and differences between the employer's contributions and the proportionate share of contributions	1,589,132	192,776
Contributions paid to TRS subsequent to the measurement date	<u>1,382,895</u>	<u>-</u>
Total as of fiscal year-end	<u>\$ 10,391,209</u>	<u>\$ 1,300,804</u>

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

<u>For the Year Ended August 31,</u>	<u>Pension Expense</u>
2020	\$ 2,114,778
2021	1,307,082
2022	1,081,497
2023	1,250,650
2024	1,175,720
Thereafter	777,783

Defined Other Post-Employment Benefit Plans

Plan Description.

Corsicana Independent School 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 TRS website at www.trs.state.tx.us; 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.

	TRS-Care Monthly for Retirees	
	January 1, 2018 thru December 31, 2018	
	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

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 1.25% of the employee’s salary. Section 1575.203 establishes the active employee’s rate which is .75% 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	
	2018	2019
Active employee	0.65%	0.65%
Non-Employer Contributing Entity (NECE-State)	1.25%	1.25%
Employers	0.75%	0.75%
Federal/Private Funding Remitted by Employers	1.25%	1.25%
Current fiscal year employer contributions		\$ 356,312
Current fiscal year member contributions		261,229
2018 measurement year NECE contributions		421,910

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. The 85th 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.

Actuarial Assumptions.

The total OPEB liability in the August 31, 2017 was rolled forward to August 31, 2018. The actuarial valuation 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	

Additional Actuarial Methods and Assumptions

Actuarial Cost Method	Individual Entry Age Normal
Inflation	2.30%
Discount Rate	3.69%. Sourced from fixed income municipal bonds with 20 yearsto maturity that include only federal tax-exempt municipal bonds as reported in Fidelity Index's "20-Year Municipal GO AA Index" as of August 31, 2018.
Aging Factors	Based on plan specific experience
Expenses	Third-party administrative expenses related to the delivery of health care benefits are included in the age-adjusted claims costs.
Payroll Growth Rate	2.50%
Projected Salary Increases	3.05% to 9.05%
Healthcare Trend Rates	4.50% to 12.00%
Election Rates	Normal Retirement: 70% participation prior to age 65 and 75% participation after age 65
Ad hoc post-employment benefit changes	None

Other Information.

The total OPEB liability as of August 31, 2018 was developed using the roll forward method of the August 31, 2017 valuation. Adjustments were made for retirees that were known to have discontinued their health care coverage in fiscal year 2018. The health care trend rate assumption was updated to reflect the anticipated return of the Health Insurer Fee (HIF) in 2020. Demographic and economic assumptions were updated based on the experience study performed for TRS for the period ending August 31, 2017. The discount rate changed from 3.42 percent as of August 31, 2017 to 3.69 percent, as of August 31, 2018. This change lowered the total OPEB liability \$2.3 billion.

Discount Rate.

A single discount rate of 3.69% was used to measure the total OPEB liability. There was an increase 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 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%)
Proportionate share of net OPEB liability	\$ 28,370,644	\$ 23,833,996	\$ 20,245,215

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEBs.

At August 31, 2019, the District reported a liability of \$23,833,996 for its proportionate share of the TRS’s Net OPEB Liability. This liability reflects a reduction for State OPEB support provided to the District. The amount recognized by the District as its proportionate share of the net OPEB liability, the related State support, and the total portion of the net OPEB liability that was associated with the District were as follows:

District's proportionate share of the collective net OPEB liability	\$ 23,833,996
State's proportionate share that is associated with the District	<u>30,580,864</u>
Total	<u>\$ 54,414,860</u>

The Net OPEB Liability was measured as of August 31, 2017 and 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 OPEB 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 employer’s proportion of the collective Net OPEB Liability was 0.0477339460%, which was a decrease of .0003148063% from its proportion measured as of August 31, 2017.

Healthcare Cost Trend Sensitivity Analysis. The following schedule shows the impact of the Net OPEB Liability if a healthcare trend rate that is 1% less than and 1% greater than the assumed 8.5% rate used.

	<u>1% Decrease</u>	<u>Current Healthcare Cost Trend Rate</u>	<u>1% Increase</u>
Proportionate share of net OPEB liability	\$ 19,794,522	\$ 23,833,996	\$ 29,154,071

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 assumptions 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 changed from 3.42 percent as of August 31, 2017 to 3.69 percent as of August 31, 2018. This change lowered the total OPEB liability \$2.3 billion.

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

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

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

Change of Benefit Terms Since the Prior Measurement Date

The 85th Legislature, Regular Session, passed the following changes in House Bill 3976 which became effective on September 1, 2017:

- Created a high-deductible plan that provides a zero cost for generic prescriptions for certain preventive drugs and provides a zero premium for disability retirees who retired as a disability retiree on or before January 1, 2017 and are not eligible to enroll in Medicare.
- Created a single Medicare Advantage plan and Medicare prescription drug plan and Medicare prescription drug plan for all Medicare-eligible participants.
- Allowed the system to provide other, appropriate health benefits plans to address the needs of enrollees eligible for Medicare.
- Allowed eligible retirees and their eligible dependents to enroll in TRS-Care when the retiree reaches 65 years of age, rather than waiting on the next enrollment period.

- Eliminated free coverage under TRS-Care, except for certain disability retirees enrolled during plan years 2018 through 2021, requiring members to contribute \$200 per month toward their health insurance premiums.

For the year ended August 31, 2019, the District recognized OPEB expense of \$1,687,624 and revenue of \$1,112,348 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 other post-employment benefits from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual actuarial experiences	\$ 1,264,782	\$ 376,135
Changes in actuarial assumptions	397,725	7,160,748
Differences between projected and actual investment earnings	4,168	-
Changes in proportion and differences between the employer's contributions and the proportionate share of contributions	85	173,440
Contributions paid to OPEB subsequent to the measurement date	<u>356,312</u>	<u>-</u>
Total as of fiscal year-end	<u>\$ 2,023,072</u>	<u>\$ 7,710,323</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:

For the Year Ended August 31,	Amount
2020	\$(959,613)
2021	(959,613)
2022	(959,613)
2023	(960,402)
2024	(960,853)
Thereafter	(1,243,469)

Health Care Coverage

During the year ended August 31, 2019, employees of the District were covered by a health insurance plan (the Plan). The District paid premiums of \$367 per month per employee to the Plan. Employees, at their option, authorized payroll withholdings to pay premiums for dependents. All premiums were paid to a third-party administrator, acting on behalf of the licensed insurer. The Plan was authorized by Article 3.51-2, Texas Insurance Code and was documented by contractual agreement.

The contract between the District and the third-party administrator is renewable September 1, 2019, and terms of coverage and premium costs are included in the contractual provisions. Other Districts and/or their employees contributed to the self-insurance pool which was operated under contractual provisions of Article 441 3(32c), Interlocal Cooperation Act.

The Teachers Retirement System (TRS) manages TRS Active Care. The medical plan is administered by Blue Cross and Blue Shield of Texas, FIRSTCARE and Scott and White HMO. Medco Health administers the prescription drug plan. The latest financial information on the statewide plan may be obtained by writing to the TRS Communications Department, 1000 Red River Street, Austin, Texas 78701, by calling the TRS Communications Department at 1-800-223-8778, or by downloading the report from the TRS website, www.trs.state.tx.us.

Medicare Part D – On-behalf Payments

The Medicare Prescription Drug, Improvement, and Modernization Act of 2003, which was effective January 1, 2006, established prescription drug coverage for Medicare beneficiaries known as Medicare Part D. One of the provisions of Medicare Part D allows for the Texas Public School Retired Employee Group Insurance Program (TRS-Care) to receive retiree drug subsidy payments from the federal government to offset certain prescription drug expenditures for eligible TRS-Care participants. These on-behalf payments of \$142,878, \$111,444, and \$105,685 were recognized for the years ended August 31, 2019, 2018, and 2017, respectively, as equal revenues and expenditures.

Commitments and Contingencies

Contingencies

The District participates in grant programs which are governed by various rules and regulations of the grantor agencies. Costs charged to the respective grant programs are subject to audit and adjustment by the grantor agencies; therefore, to the extent that the District has not complied with the rules and regulations governing the grants, refunds of any money received may be required and the collectability of any related receivable may be impaired. In the opinion of the District, there are no significant contingent liabilities relating to compliance with the rules and regulations governing the respective grants; therefore, no provision has been recorded in the accompanying basic financial statements for such contingencies.

Litigation

No reportable litigation was pending against the District at August 31, 2019.

Shared Services Arrangements

Shared Services Arrangement - Fiscal Agent

The District is the fiscal agent for a Shared Services Arrangement ("SSA") which provides services for the visual and mobile handicapped to the member districts listed below. All services are provided by the fiscal agent. The member districts provide the funds to the fiscal agent. According to guidance provided in TEA's Resource Guide, the District has accounted for the fiscal agent's activities of the SSA in fund 435 and will be accounted for using Model 3 in the SSA section of the Resource Guide. Expenditures of the SSA are summarized below:

<u>Member Districts</u>	<u>Expenditures</u>
Hillsboro ISD	\$ 9,064
Eustace ISD	36,256
Blooming Grove ISD	6,043
Rice ISD	9,064
Wortham ISD	3,021
Dawson ISD	3,021
Frost ISD	27,192
Fairfield ISD	12,085
Ennis ISD	172,214
Malakoff ISD	36,256
Cross Roads ISD	12,085
Kemp ISD	21,149
Scurry Rosser	6,043
Groesbeck ISD	6,043
Mexia ISD	33,234
Corsicana ISD	117,831
LaPoyner ISD	6,043
Mabank ISD	<u>39,277</u>
Total	<u>\$ 555,921</u>

Self-Funded Workman's Compensation

The District utilizes a self-insurance plan for workers' compensation benefits as authorized by Section 504.011 of the Labor Code. Claims are paid by a third-party administrator acting on behalf of the District under the terms of a contractual agreement. Administrative fees are included within the provisions of that agreement. The liability of liabilities reported in the funds at August 31, 2019, are based on the requirements of Governmental Accounting Standards Board No. 10 which requires that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the liabilities include an amount for claims that have been incurred but not reported. Because actual claims liabilities depend on such complex factors as inflation, changes in legal doctrines, and damage awards, the process used in computing claims liability does not necessarily result in an exact amount. Claims are reevaluated periodically to take into consideration recently settled claims, the frequency of claims, and other economic and social factors.

Statement of Change in Liability	<u>2019</u>	<u>2018</u>
Unpaid (overpayment) claims at September 1	\$ 357,065	\$ 290,176
Net claims incurred or (adjusted) during the year	307,424	261,017
Payments of claims during the year	<u>(274,322)</u>	<u>(194,128)</u>
Unpaid claims at August 31	<u>\$ 390,167</u>	<u>\$ 357,065</u>

The above amount is reflected as a liability on the financial statements as of August 31, 2019.

New Accounting Standards

Significant new accounting standards issued by the Governmental Accounting Standards Board (GASB) not yet implemented by the District include the following:

Statement No. 84, Fiduciary Activities – This Statement improves guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. The focus is generally on whether a government is controlling the assets of the fiduciary activity and on the beneficiaries with whom a fiduciary relationship exists. This Statement will become effective for the District in fiscal year 2020.

Statement No. 87, Leases – This Statement will improve the accounting and financial reporting for leases by governments by requiring recognition of certain lease assets and liabilities previously classified as operating leases. It establishes a single model for lease accounting based on the principle that leases are financing the right to use an underlying asset. Under the Statement a lessee is required to recognize a lease liability and an intangible right-to-use asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resource, enhancing the relevance and consistency of information about leasing activities. This Statement will become effective for the District in fiscal year 2021.

Prior Period Adjustment

During fiscal year 2019, an adjustment to capital assets reduced assets and net position by \$1,253,557. Account balances presented in prior period financials were not affected by the adjustment.

REQUIRED SUPPLEMENTARY INFORMATION

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CORSICANA INDEPENDENT SCHOOL DISTRICT

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	
		Original	Final
REVENUES			
5700	Local and intermediate sources	\$ 18,708,103	\$ 18,408,103
5800	State program revenues	29,589,846	30,797,208
5900	Federal program revenues	628,500	1,250,000
5020	Total revenues	<u>48,926,449</u>	<u>50,455,311</u>
EXPENDITURES			
Current:			
Instruction & Instructional Related Services:			
0011	Instruction	29,050,700	30,626,105
0012	Instructional resources and media services	574,482	612,281
0013	Curriculum and instructional staff development	493,918	408,551
	Total Instruction & Instr. Related Services	<u>30,119,100</u>	<u>31,646,937</u>
Instructional and School Leadership:			
0021	Instructional leadership	1,493,134	1,475,600
0023	School leadership	2,987,272	2,990,349
	Total Instructional & School Leadership	<u>4,480,406</u>	<u>4,465,949</u>
Support Services - Student (Pupil) :			
0031	Guidance, counseling and evaluation services	1,804,825	1,814,792
0032	Social work services	63,841	1,841
0033	Health services	603,708	625,997
0034	Student (pupil) transportation	1,526,552	2,334,577
0036	Extracurricular activities	1,209,488	1,534,877
	Total Support Services - Student (Pupil)	<u>5,208,414</u>	<u>6,312,084</u>
Administrative Support Services:			
0041	General administration	1,089,882	1,306,882
	Total Administrative Support Services	<u>1,089,882</u>	<u>1,306,882</u>
Support Services - Nonstudent Based :			
0051	Facilities maintenance and operations	5,520,578	6,207,554
0052	Security and monitoring services	781,999	1,190,269
0053	Data processing services	1,028,591	1,066,141
	Total Support Services - Nonstudent Based	<u>7,331,168</u>	<u>8,463,964</u>
Ancillary Services:			
0061	Community services	2,479	2,479
	Total Ancillary Services	<u>2,479</u>	<u>2,479</u>
Debt Service:			
0071	Principal on long term debt	115,000	115,300
0072	Interest on long term debt	27,700	27,700
	Total Debt Service	<u>142,700</u>	<u>143,000</u>

Actual Amounts	Variance With Final Budget Positive or (Negative)
\$ 18,433,127	\$ 25,024
31,774,645	977,437
<u>1,265,296</u>	<u>15,296</u>
<u>51,473,068</u>	<u>1,017,757</u>
30,629,315	(3,210)
612,367	(86)
<u>393,179</u>	<u>15,372</u>
<u>31,634,861</u>	<u>12,076</u>
1,473,075	2,525
<u>2,987,912</u>	<u>2,437</u>
<u>4,460,987</u>	<u>4,962</u>
1,809,486	5,306
1,045	796
617,528	8,469
2,300,183	34,394
<u>1,494,291</u>	<u>40,586</u>
<u>6,222,533</u>	<u>89,551</u>
<u>1,281,810</u>	<u>25,072</u>
<u>1,281,810</u>	<u>25,072</u>
6,153,744	53,810
1,187,169	3,100
<u>1,041,742</u>	<u>24,399</u>
<u>8,382,655</u>	<u>81,309</u>
<u>2,253</u>	<u>226</u>
<u>2,253</u>	<u>226</u>
120,000	(4,700)
<u>22,969</u>	<u>4,731</u>
<u>142,969</u>	<u>31</u>

CORSICANA INDEPENDENT SCHOOL DISTRICT

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	
		Original	Final
	EXPENDITURES (continued)		
	Capital Outlay:		
0081	Capital outlay	<u>80,000</u>	<u>2,438,975</u>
	Total Capital Outlay	<u>80,000</u>	<u>2,438,975</u>
	Intergovernmental Charges:		
0093	Payments to fiscal agent/member dist.-SSA	68,000	64,000
0099	Other intergovernmental charges	<u>404,800</u>	<u>394,656</u>
	Total Intergovernmental Charges	<u>472,800</u>	<u>458,656</u>
6030	Total expenditures	<u>48,926,949</u>	<u>55,238,926</u>
1100	Excess (deficiency) of revenues over (over) expenditures	<u>(500)</u>	<u>(4,783,615)</u>
	OTHER FINANCING SOURCES (USES)		
7912	Sale of real or personal property	500	26,000
7913	Proceeds from capital leases	-	377,000
7914	Loan proceeds	<u>-</u>	<u>1,428,930</u>
7080	Total other financing sources (uses)	<u>500</u>	<u>1,831,930</u>
1200	Net change in fund balances	-	(2,951,685)
0100	Fund balance - September 1 (beginning)	<u>19,422,398</u>	<u>19,422,398</u>
3000	Fund balance - August 31 (ending)	<u>\$ 19,422,398</u>	<u>\$ 16,470,713</u>

Actual Amounts	Variance With Final Budget Positive or (Negative)
<u>2,373,104</u>	<u>65,871</u>
<u>2,373,104</u>	<u>65,871</u>
62,357	1,643
<u>394,319</u>	<u>337</u>
<u>456,676</u>	<u>1,980</u>
<u>54,957,848</u>	<u>281,078</u>
(3,484,780)	<u>1,298,835</u>
325,984	299,984
410,922	33,922
<u>1,428,930</u>	<u>-</u>
<u>2,165,836</u>	<u>333,906</u>
(1,318,944)	1,632,741
<u>19,422,398</u>	<u>-</u>
<u>\$ 18,103,454</u>	<u>\$ 1,632,741</u>

CORSICANA INDEPENDENT SCHOOL DISTRICT

SCHEDULE OF THE DISTRICT'S PROPORTIONATE
SHARE OF THE NET PENSION LIABILITY
TEACHER RETIREMENT SYSTEM

FOR THE YEAR ENDED AUGUST 31, 2019

	<u>Measurement Year Ended August 31,</u>	
	<u>2018</u>	<u>2017</u>
District's proportion of the net pension liability (asset)	0.037%	0.037%
District's proportionate share of net pension liability (asset)	\$ 20,227,806	\$ 11,951,142
States proportionate share of the net pension liability (asset) associated with the District	<u>27,920,170</u>	<u>16,168,783</u>
Total	\$ <u>48,147,976</u>	\$ <u>28,119,925</u>
District's covered employee payroll	\$ 36,906,850	\$ 35,623,769
District's proportionate share of the net pension liability (asset) as a percentage of its covered employee payroll	54.81%	33.55%
Plan fiduciary net position as a percentage of the total pension liability	73.74%	82.17%

Note: This schedule is required to have 10 years of information, but the information prior to measurement year 2014 is not available.

Measurement Year Ended August 31,		
<u>2016</u>	<u>2015</u>	<u>2014</u>
0.037%	0.038%	0.025%
\$ 14,118,362	\$ 13,473,287	\$ 6,803,897
<u>19,741,055</u>	<u>18,900,292</u>	<u>16,263,369</u>
\$ <u>33,859,417</u>	\$ <u>32,373,579</u>	\$ <u>23,067,266</u>
\$ 34,895,153	\$ 33,206,310	\$ 31,532,487
40.46%	40.57%	21.58%
78.00%	78.43%	83.25%

CORSICANA INDEPENDENT SCHOOL DISTRICT

SCHEDULE OF DISTRICT CONTRIBUTIONS
TEACHER RETIREMENT SYSTEM

FOR THE YEAR ENDED AUGUST 31, 2019

	Fiscal Year Ended August 31,	
	<u>2019</u>	<u>2018</u>
Contractually required contribution	\$ 1,382,895	\$ 1,250,268
Contribution in relation to the contractually required contribution	(<u>1,382,895</u>)	(<u>1,250,268</u>)
Contribution deficiency (excess)	\$ <u>-</u>	\$ <u>-</u>
District's covered employee payroll	\$ 39,724,278	\$ 36,906,850
Contributions as a percentage of covered employee payroll	3.48%	3.39%

Note: This schedule is required to have 10 years of information, but the information prior to fiscal year 2015 is not available.

Fiscal Year Ended August 31,		
<u>2017</u>	<u>2016</u>	<u>2015</u>
\$ 1,225,010	\$ 1,190,043	\$ 661,641
(1,225,010)	(1,190,043)	(661,641)
\$ -	\$ -	\$ -
\$ 35,623,769	\$ 34,895,153	\$ 33,206,310
3.44%	3.41%	1.99%

SCHEDULE OF THE DISTRICT'S PROPORTIONATE
SHARE OF THE NET OPEB LIABILITY
TEACHER RETIREMENT SYSTEM

FOR THE YEAR ENDED AUGUST 31, 2019

	<u>Measurement Year Ended August</u>	
	<u>2018</u>	<u>2017</u>
District's proportion of the net OPEB liability (asset)	0.047733946%	0.048048752%
District's proportionate share of net OPEB liability (asset)	\$ 23,833,996	\$ 20,894,600
States proportionate share of the net OPEB liability (asset) associated with the District	<u>30,580,868</u>	<u>26,366,155</u>
Total	<u>\$ 54,414,864</u>	<u>\$ 47,260,755</u>
District's covered employee payroll	\$ 36,906,850	\$ 35,623,769
District's proportionate share of the net OPEB liability (asset) as a percentage of its covered employee payroll	64.58%	58.65%
Plan fiduciary net position as a percentage of the total OPEB liability	1.57%	0.91%

Note: This schedule is required to have 10 years of information, but the information prior to measurement year 2017 is not available.

CORSICANA INDEPENDENT SCHOOL DISTRICT**EXHIBIT G-5**

SCHEDULE OF THE DISTRICT'S OPEB CONTRIBUTIONS
TEACHER RETIREMENT SYSTEM

FOR THE YEAR ENDED AUGUST 31, 2019

	<u>Fiscal Year Ended August 31,</u>	
	<u>2019</u>	<u>2018</u>
Contractually required contribution	\$ 356,312	\$ 325,641
Contribution in relation to the contractually required contribution	<u>(356,312)</u>	<u>(325,641)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>
District's covered employee payroll	\$ 39,724,278	\$ 36,906,850
Contributions as a percentage of covered employee payroll	0.90%	0.88%

Note: This schedule is required to have 10 years of information, but the information prior to fiscal year 2018 is not available.

CORSICANA INDEPENDENT SCHOOL DISTRICT

NOTES TO BUDGETARY INFORMATION AUGUST 31, 2019

The Board of Trustees adopts an "appropriated budget" for the General Fund, Debt Service Fund, Capital Projects Fund and the National School Breakfast and Lunch Fund which is included in the Special Revenue Funds. The District is required to present the adopted and final amended budgeted revenue and expenditures for each of these funds, and compares the final amended budget to actual revenue and expenditures. The District presented the General Fund budgetary comparison schedule as required supplementary information, and the Debt Service Fund, Capital Projects Fund and National School Breakfast and Lunch Fund comparison schedules are presented as required TEA schedules.

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

1. Prior to August 21, the District prepares a budget for the next succeeding fiscal year beginning September 1. The operating budget includes proposed expenditures and the means of financing them.
2. A meeting of the Board is then called for the purpose of adopting the proposed budget. At least 10 days' public notice of the meeting must be given.
3. Prior to September 1, the budget is legally approved by Board action. Once a budget is approved, it can only be amended at the function and fund level by approval of a majority of the members of the Board. Amendments are presented to the Board at its regular meetings. Each amendment must have Board approval. As required by law, such amendments 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, amendments were necessary during the year. However, none of these were significant.
4. Each budget is controlled by the budget coordinator at the revenue and expenditure function/object level. Budgeted amounts are as amended by the Board. All budget appropriations lapse at year-end.
5. Encumbrances for goods or purchased services are documented by purchase orders or contracts. Under Texas law, appropriations lapse at August 31, and encumbrances outstanding at that time are to be either canceled or appropriately provided for in the subsequent year's budget. The District had no outstanding end-of-year encumbrances.

Expenditures Over Appropriations

The District exceeded appropriations in the General Fund in various function as noted on Exhibit G-1. These excess expenditures over appropriations were funded with overages in other functions.

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COMBINING STATEMENTS

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CORISCANA INDEPENDENT SCHOOL DISTRICT

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS

AUGUST 31, 2019

Data Control Codes	211 ESEA I Improving Basic Programs	224 IDEA-B Formula Grant	225 IDEA-B Preschool Grant	
ASSETS				
1110	Cash and cash equivalents	\$ 442,117	\$ -	\$ -
1240	Due from other governments	-	285,268	5,737
1300	Inventories	-	-	-
1000	Total assets	<u>442,117</u>	<u>285,268</u>	<u>5,737</u>
LIABILITIES				
Current Liabilities:				
2110	Accounts payable	-	-	-
2160	Accrued wages payable	48,134	45,496	-
2170	Due to other funds	356,298	234,852	1,051
2180	Due to other governments	32,542	-	4,686
2190	Due to Student Groups	-	-	-
2200	Accrued expenditures	5,143	4,920	-
2300	Unearned revenues	-	-	-
2000	Total liabilities	<u>442,117</u>	<u>285,268</u>	<u>5,737</u>
FUND BALANCES				
Nonspendable Fund Balance:				
3410	Inventories	-	-	-
Restricted:				
3450	Federal or state grant restriction	-	-	-
3490	Campus Activities	-	-	-
3600	Unassigned	-	-	-
3000	Total fund balances	<u>-</u>	<u>-</u>	<u>-</u>
4000	Total liabilities and fund balances	<u>\$ 442,117</u>	<u>\$ 285,268</u>	<u>\$ 5,737</u>

240 National School Breakfast/Lunch Program	244 Career and Tech Basic Grant	255 ESEA II Training & Recruiting	263 English Language Acquisition and Enhancement	270 ESEA, Title VI Part B, Subpart 2 Rural School	289 Title IV Part A Subpart 1
\$ 100,117	\$ -	\$ -	\$ 104,024	\$ 14,681	\$ 28,536
231,266	35,145	39,134	10,318	34,204	17,508
149,909	-	-	-	-	-
<u>481,292</u>	<u>35,145</u>	<u>39,134</u>	<u>114,342</u>	<u>48,885</u>	<u>46,044</u>
24,598	-	-	-	-	-
103,976	-	2,085	-	-	-
72,791	35,145	36,822	114,342	48,885	41,037
-	-	-	-	-	-
-	-	-	-	-	-
11,376	-	227	-	-	-
-	-	-	-	-	5,007
<u>212,741</u>	<u>35,145</u>	<u>39,134</u>	<u>114,342</u>	<u>48,885</u>	<u>46,044</u>
149,909	-	-	-	-	-
118,642	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>268,551</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
\$ <u>481,292</u>	\$ <u>35,145</u>	\$ <u>39,134</u>	\$ <u>114,342</u>	\$ <u>48,885</u>	\$ <u>46,044</u>

CORISCANA INDEPENDENT SCHOOL DISTRICT

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS

AUGUST 31, 2019

Data Control Codes	315 IDEA-B Discretionary	397 Advanced Placement Incentives	410 State Textbook Fund	429 State Funded Special Revenue Fund	
ASSETS					
1110	Cash and cash equivalents	\$ 126,260	\$ 2,280	\$ 145,061	\$ -
1240	Due from other governments	-	-	334,134	-
1300	Inventories	-	-	-	-
1000	Total assets	<u>126,260</u>	<u>2,280</u>	<u>479,195</u>	<u>-</u>
LIABILITIES					
Current Liabilities:					
2110	Accounts payable	-	-	24,127	-
2160	Accrued wages payable	6,598	-	-	-
2170	Due to other funds	118,942	-	455,068	-
2180	Due to other governments	-	-	-	-
2190	Due to Student Groups	-	-	-	-
2200	Accrued expenditures	720	-	-	-
2300	Unearned revenues	-	2,280	-	-
2000	Total liabilities	<u>126,260</u>	<u>2,280</u>	<u>479,195</u>	<u>-</u>
FUND BALANCES					
Nonspendable Fund Balance:					
3410	Inventories	-	-	-	-
Restricted:					
3450	Federal or state grant restriction	-	-	-	-
3490	Campus Activities	-	-	-	-
3600	Unassigned	-	-	-	-
3000	Total fund balances	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
4000	Total liabilities and fund balances	<u>\$ 126,260</u>	<u>\$ 2,280</u>	<u>\$ 479,195</u>	<u>\$ -</u>

435 Regional Day School for the Deaf	461 Campus Activity Funds	480 Campus Grants	481 Donations	485 Education Foundation	487 Youth Leadership Camp	Total Nonmajor Governmental Funds
\$ -	\$ 213,625	\$ 14,904	\$ 85	\$ -	\$ 970	\$ 1,192,660
114,029	-	-	-	-	-	1,106,743
-	-	-	-	-	-	149,909
<u>114,029</u>	<u>213,625</u>	<u>14,904</u>	<u>85</u>	<u>-</u>	<u>970</u>	<u>2,449,312</u>
-	-	-	-	-	-	48,725
51,738	-	-	-	-	-	258,027
61,180	6,871	-	-	14,904	-	1,598,188
-	-	-	-	-	-	37,228
-	206,535	-	-	-	-	206,535
1,111	-	-	-	-	-	23,497
-	-	10,000	-	-	-	17,287
<u>114,029</u>	<u>213,406</u>	<u>10,000</u>	<u>-</u>	<u>14,904</u>	<u>-</u>	<u>2,189,487</u>
-	-	-	-	-	-	149,909
-	-	-	-	-	-	118,642
-	219	4,904	85	-	970	6,178
-	-	-	-	(14,904)	-	(14,904)
<u>-</u>	<u>219</u>	<u>4,904</u>	<u>85</u>	<u>(14,904)</u>	<u>970</u>	<u>259,825</u>
\$ <u>114,029</u>	\$ <u>213,625</u>	\$ <u>14,904</u>	\$ <u>85</u>	\$ <u>-</u>	\$ <u>970</u>	\$ <u>2,449,312</u>

CORSICANA INDEPENDENT SCHOOL DISTRICT

COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS

FOR THE YEAR ENDED AUGUST 31, 2019

<u>Data Control Codes</u>		211 ESEA I Improving Basic Programs	224 IDEA-B Formula Grant	225 IDEA-B Preschool Grant
REVENUES				
5700	Local and intermediate sources	\$ -	\$ -	\$ -
5800	State program revenues	-	-	-
5900	Federal program revenues	<u>1,865,220</u>	<u>1,381,784</u>	<u>20,936</u>
5020	Total revenues	<u>1,865,220</u>	<u>1,381,784</u>	<u>20,936</u>
EXPENDITURES				
Current:				
0011	Instruction	1,285,489	741,834	20,936
0012	Instructional resources and media services	23,185	-	-
0013	Curriculum and staff development	314,541	20,000	-
0021	Instructional leadership	165,935	375,799	-
0023	School leadership	14,048	-	-
0031	Guidance, counseling & evaluation services	13,558	244,151	-
0032	Social work services	28,947	-	-
0035	Food services	-	-	-
0036	Cocurricular/extracurricular activities	-	-	-
0051	Facilities maintenance and operations	-	-	-
0052	Security and monitoring services	-	-	-
0061	Community services	<u>19,517</u>	<u>-</u>	<u>-</u>
6030	Total expenditures	<u>1,865,220</u>	<u>1,381,784</u>	<u>20,936</u>
1100	Excess (deficiency) of revenues over (under) expenditures	<u>-</u>	<u>-</u>	<u>-</u>
1200	Net change in fund balances	-	-	-
0100	Fund balance - September 1 (beginning)	<u>-</u>	<u>-</u>	<u>-</u>
3000	Fund balance - August 31 (ending)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

240 National School Breakfast/Lunch Program	244 Career and Tech Basic Grant	255 ESEA II Training & Recruiting	263 English Language Acquisition and Enhancement	270 ESEA, Title VI Part B, Subpart 2 Rural School	289 Title IV Part A Subpart 1
\$ 584,508	\$ -	\$ -	\$ -	\$ -	\$ -
17,528	-	-	-	-	-
<u>3,439,001</u>	<u>81,252</u>	<u>212,537</u>	<u>122,561</u>	<u>106,256</u>	<u>118,096</u>
<u>4,041,037</u>	<u>81,252</u>	<u>212,537</u>	<u>122,561</u>	<u>106,256</u>	<u>118,096</u>
-	30,753	64,042	115,508	106,256	1,303
-	-	-	-	-	-
-	-	33,050	7,053	-	-
-	50,499	115,445	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	63,794
4,123,317	-	-	-	-	-
-	-	-	-	-	-
2,356	-	-	-	-	-
-	-	-	-	-	52,999
-	-	-	-	-	-
<u>4,125,673</u>	<u>81,252</u>	<u>212,537</u>	<u>122,561</u>	<u>106,256</u>	<u>118,096</u>
(84,636)	-	-	-	-	-
(84,636)	-	-	-	-	-
<u>353,187</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>\$ 268,551</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

CORSICANA INDEPENDENT SCHOOL DISTRICT

COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS

FOR THE YEAR ENDED AUGUST 31, 2019

<u>Data Control Codes</u>	315 IDEA-B <u>Discretionary</u>	397 Advanced Placement <u>Incentives</u>	410 State Textbook <u>Fund</u>
REVENUES			
5700 Local and intermediate sources	\$ -	\$ -	\$ -
5800 State program revenues	-	3,200	336,402
5900 Federal program revenues	<u>56,530</u>	<u>-</u>	<u>-</u>
5020 Total revenues	<u>56,530</u>	<u>3,200</u>	<u>336,402</u>
EXPENDITURES			
Current:			
0011 Instruction	56,530	-	336,402
0012 Instructional resources and media services	-	-	-
0013 Curriculum and staff development	-	3,200	-
0021 Instructional leadership	-	-	-
0023 School leadership	-	-	-
0031 Guidance, counseling & evaluation services	-	-	-
0032 Social work services	-	-	-
0035 Food services	-	-	-
0036 Cocurricular/extracurricular activities	-	-	-
0051 Facilities maintenance and operations	-	-	-
0052 Security and monitoring services	-	-	-
0061 Community services	<u>-</u>	<u>-</u>	<u>-</u>
6030 Total expenditures	<u>56,530</u>	<u>3,200</u>	<u>336,402</u>
1100 Excess (deficiency) of revenues over (under) (under) expenditures	<u>-</u>	<u>-</u>	<u>-</u>
1200 Net change in fund balances	-	-	-
0100 Fund balance - September 1 (beginning)	<u>-</u>	<u>-</u>	<u>-</u>
3000 Fund balance - August 31 (ending)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

429 State Funded Special Revenue Fund	435 Regional Day School for the Deaf	461 Campus Activity Funds	480 Campus Grants	481 Donations	485 Education Foundation	487 Youth Leadership Camp	Total Nonmajor Governmental Funds
\$ -	\$ 341,108	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 925,616
1,750	314,685	-	-	-	-	-	673,565
-	-	-	-	-	-	-	7,404,173
<u>1,750</u>	<u>655,793</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>9,003,354</u>
1,750	525,620	-	-	-	-	-	3,286,423
-	-	-	-	-	-	-	23,185
-	1,584	-	-	-	-	-	379,428
-	127,989	-	-	-	-	-	835,667
-	-	-	-	-	-	-	14,048
-	-	-	-	-	-	-	257,709
-	-	-	-	-	-	-	92,741
-	-	-	-	-	-	-	4,123,317
-	-	-	-	-	26,826	-	26,826
-	600	-	-	-	-	-	2,956
-	-	-	-	-	-	-	52,999
-	-	-	-	-	-	-	19,517
<u>1,750</u>	<u>655,793</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>26,826</u>	<u>-</u>	<u>9,114,816</u>
-	-	-	-	-	(26,826)	-	(111,462)
-	-	-	-	-	(26,826)	-	(111,462)
-	-	219	4,904	85	11,922	970	371,287
\$ -	\$ -	\$ 219	\$ 4,904	\$ 85	\$ (14,904)	\$ 970	\$ 259,825

CORSICANA INDEPENDENT SCHOOL DISTRICT

SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
CAPITAL PROJECTS FUND

FOR THE YEAR ENDED AUGUST 31, 2019

		Budgeted Amounts	
		Original	Final
REVENUES			
5700	Local and intermediate sources	\$ -	\$ 40,000
5020	Total revenues	-	40,000
EXPENDITURES			
Capital Outlay:			
0035	Capital outlay	-	105,848
	Total Capital Outlay	-	105,848
6030	Total expenditures	-	105,848
1200	Net change in fund balances	-	(65,848)
0100	Fund balance - September 1 (beginning)	3,103,920	3,103,920
3000	Fund balance - August 31 (ending)	\$ 3,103,920	\$ 3,038,072

<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
\$ <u>52,062</u>	<u>12,062</u>
<u>52,062</u>	<u>12,062</u>
<u>1,301,145</u>	<u>(1,195,297)</u>
<u>1,301,145</u>	<u>(1,195,297)</u>
<u>1,301,145</u>	<u>(1,195,297)</u>
<u>(1,249,083)</u>	<u>(1,183,235)</u>
<u>3,103,920</u>	<u>-</u>
\$ <u>1,854,837</u>	\$ <u>(1,183,235)</u>

CORSICANA INDEPENDENT SCHOOL DISTRICT

COMBINING STATEMENT OF FIDUCIARY NET POSITION
PRIVATE-PURPOSE TRUST FUNDS

AUGUST 31, 2019

Data Control Codes		826 Miscellaneous Scholarship Fund	827 Marx Athletic Scholarship
		<u> </u>	<u> </u>
	ASSETS		
1110	Cash and cash equivalents	\$ -	\$ -
1290	Other receivables	-	-
1810	Restricted cash and temporary investments	<u>-</u>	<u>10,079</u>
1000	Total assets	<u>-</u>	<u>10,079</u>
	LIABILITIES		
	Current Liabilities:		
2170	Due to other funds	1,000	1,000
2400	Payable from restricted assets	<u>-</u>	<u>79</u>
2000	Total liabilities	<u>1,000</u>	<u>1,079</u>
	NET POSITION:		
3800	Held in trust	<u>(1,000)</u>	<u>9,000</u>
3000	Total net position	<u>\$(1,000)</u>	<u>\$ 9,000</u>

828 Collins Education Foundation	829 LePoris Breithaupt Scholarship	Total Private-Purpose Trust Funds
\$ -	\$ 31,534	\$ 31,534
44,104	-	44,104
<u>15,846,852</u>	<u>8,534</u>	<u>15,865,465</u>
<u>15,890,956</u>	<u>40,068</u>	<u>15,941,103</u>
-	-	2,000
<u>36,978</u>	<u>337</u>	<u>37,394</u>
<u>36,978</u>	<u>337</u>	<u>39,394</u>
<u>15,853,978</u>	<u>39,731</u>	<u>15,901,709</u>
<u>\$ 15,853,978</u>	<u>\$ 39,731</u>	<u>\$ 15,901,709</u>

CORSICANA INDEPENDENT SCHOOL DISTRICT

COMBINING STATEMENTS OF CHANGE IN FIDUCIARY NET POSITION
ALL PRIVATE-PURPOSE TRUST FUNDS

FOR THE YEAR ENDED AUGUST 31, 2019

	826 Miscellaneous Scholarship Fund	827 Marx Athletic Scholarship
	<u> </u>	<u> </u>
ADDITIONS		
Investment income	\$ -	\$ 426
Net (decrease) in fair value of investments	-	-
Mineral income	-	-
Plan member contributions	-	-
Total additions	<u>-</u>	<u>426</u>
DEDUCTIONS		
Scholarship awards	6,500	1,000
Professional services	-	-
Administrative expenses	-	-
Total deductions	<u>6,500</u>	<u>1,000</u>
Change in net position	(6,500)	(574)
NET POSITION, BEGINNING	<u>5,500</u>	<u>9,574</u>
NET POSITION, ENDING	\$ <u>(1,000)</u>	\$ <u>9,000</u>

828 Collins Education Fund	829 LePoris Breithaupt Scholarship	Total Private-Purpose Trust Funds
\$ 354,629	\$ 640	\$ 355,695
201,189	-	201,189
284,478	-	284,478
-	100	100
840,296	740	841,462
433,316	3,000	443,816
63,366	-	63,366
5,330	-	5,330
502,012	3,000	512,512
338,284	(2,260)	328,950
15,515,694	41,991	15,572,759
\$ 15,853,978	\$ 39,731	\$ 15,901,709

REQUIRED TEA SCHEDULES

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CORSICANA INDEPENDENT SCHOOL DISTRICT

SCHEDULE OF DELINQUENT TAXES RECEIVABLE

FOR THE YEAR ENDED AUGUST 31, 2019

Last Ten Years Ended August 31,	1		2	3	10
	Tax Rates			Net Assessed/ Appraised Value for School Tax Purpose	Beginning Balance 9/1/2018
	Maintenance	Debt Service			
2010 and prior years	various	various		various	\$ 174,788
2011	1.04	0.2430		1,335,893,920	36,811
2012	1.04	0.2430		1,346,738,737	44,138
2013	1.04	0.2430		1,366,953,079	51,927
2014	1.04	0.2430		1,380,620,081	58,884
2015	1.04	0.2430		1,466,988,174	84,839
2016	1.04	0.3303		1,435,549,077	114,698
2017	1.04	0.3303		1,456,985,186	172,791
2018	1.04	0.3303		1,552,394,184	480,600
2019 (School year under audit)	1.04	0.3303		1,666,725,535	-
1000 Totals					\$ <u>1,219,476</u>

EXHIBIT J-1

20	31	32	40	50
<u>Current Year's Total Levy</u>	<u>Maintenance Total Collections</u>	<u>Debt Service Total Collections</u>	<u>Entire Year's Adjustments</u>	<u>Ending Balance 8/31/2019</u>
\$ -	\$ 8,817	\$ 2,060	\$(1,530)	\$ 162,381
-	2,358	551	(556)	33,346
-	2,449	572	(382)	40,735
-	2,505	585	(413)	48,424
-	7,245	1,674	(755)	49,210
-	15,509	3,583	(985)	64,762
-	20,212	6,419	(10,052)	78,015
-	39,545	12,559	(29,708)	90,979
-	184,849	58,707	(129,786)	107,258
<u>22,839,140</u>	<u>16,936,508</u>	<u>5,378,970</u>	<u>126,976</u>	<u>650,638</u>
\$ <u>22,839,140</u>	\$ <u>17,219,997</u>	\$ <u>5,465,680</u>	\$(<u>47,191</u>)	\$ <u>1,325,748</u>

CORSICANA INDEPENDENT SCHOOL DISTRICT

SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
NATIONAL SCHOOL BREAKFAST AND LUNCH PROGRAM

FOR THE YEAR ENDED AUGUST 31, 2019

Data Control Codes		Budgeted Amounts	
		Original	Final
REVENUES			
5700	Local and intermediate sources	\$ 516,500	\$ 566,500
5800	State program revenues	19,500	19,500
5900	Federal program revenues	<u>3,247,611</u>	<u>3,297,611</u>
5020	Total revenues	<u>3,783,611</u>	<u>3,883,611</u>
EXPENDITURES			
	Current:		
	Support Services - Student (Pupil):		
0035	Food services	3,758,611	4,168,832
0051	Facilities maintenance and operations	<u>25,000</u>	<u>25,000</u>
	Total Support Services - Student (Pupil)	<u>3,783,611</u>	<u>4,193,832</u>
6030	Total expenditures	<u>3,783,611</u>	<u>4,193,832</u>
1100	Excess (deficiency) of revenues over (under) expenditures	-	(310,221)
1200	Net change in fund balances	<u>-</u>	<u>(310,221)</u>
0100	Fund balance - September 1 (beginning)	<u>353,187</u>	<u>353,187</u>
3000	Fund balance - August 31 (ending)	<u>\$ 353,187</u>	<u>\$ 42,966</u>

Actual Amounts	Variance with Final Budget Positive (Negative)
\$ 584,508	\$ 18,008
17,528	(1,972)
<u>3,439,001</u>	<u>141,390</u>
<u>4,041,037</u>	<u>157,426</u>
4,123,317	45,515
<u>2,356</u>	<u>22,644</u>
<u>4,125,673</u>	<u>68,159</u>
<u>4,125,673</u>	<u>68,159</u>
(84,636)	225,585
<u>(84,636)</u>	<u>225,585</u>
<u>353,187</u>	<u>-</u>
\$ <u>268,551</u>	\$ <u>225,585</u>

CORSICANA INDEPENDENT SCHOOL DISTRICT

SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
DEBT SERVICE FUND

FOR THE YEAR ENDED AUGUST 31, 2019

<u>Data Control Codes</u>	Budgeted Amounts		
	Original	Final	
REVENUES			
5700	Local and intermediate sources	\$ 5,185,530	\$ 5,555,530
5800	State program revenues	1,367,706	1,367,706
5020	Total revenues	6,553,236	6,923,236
EXPENDITURES			
Debt Service:			
0071	Principal on long-term debt	2,232,075	1,932,075
0072	Interest on long-term debt	4,316,161	4,316,161
0073	Bond issuance costs and fees	5,000	5,000
	Total Debt Service	6,553,236	6,253,236
6030	Total expenditures	6,553,236	6,253,236
1100	Excess (deficiency) of revenues over (under) expenditures	-	670,000
1200	Net change in fund balances	-	670,000
0100	Fund balance - September 1 (beginning)	2,101,288	2,101,288
3000	Fund balance - August 31 (ending)	\$ 2,101,288	\$ 2,771,288

Actual Amounts	Variance with Final Budget Positive (Negative)
\$ 5,633,469	\$ 77,939
<u>1,351,419</u>	<u>(16,287)</u>
<u>6,984,888</u>	<u>61,652</u>
2,228,718	(296,643)
3,983,420	332,741
<u>7,612</u>	<u>(2,612)</u>
<u>6,219,750</u>	<u>33,486</u>
<u>6,219,750</u>	<u>33,486</u>
765,138	95,138
<u>765,138</u>	<u>95,138</u>
<u>2,101,288</u>	<u>-</u>
<u>\$ 2,866,426</u>	<u>\$ 95,138</u>

**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 Trustees of
Corsicana Independent School District
Corsicana, 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 Corsicana Independent School District, as of and for the year ended August 31, 2019, and the related notes to the financial statements, which collectively comprise Corsicana Independent School District's basic financial statements, and have issued our report thereon dated December 5, 2019.

Internal Control Over Financial Reporting

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

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

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

OFFICE LOCATIONS

TEXAS | Waco | Temple | Hillsboro | Houston
NEW MEXICO | Albuquerque

Compliance and Other Matters

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

Purpose of this Report

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

Pattillo, Brown & Hill, L.L.P.

Waco, Texas
December 5, 2019

**INDEPENDENT AUDITOR’S REPORT ON COMPLIANCE FOR EACH MAJOR
FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL OVER
COMPLIANCE IN ACCORDANCE WITH THE UNIFORM GUIDANCE**

Board of Trustees of
Corsicana Independent School District
Corsicana, Texas

Report on Compliance for Each Major Federal Program

We have audited Corsicana Independent School District’s compliance with the types of compliance requirements described in the *Office of Management and Budget (OMB) Compliance Supplement* that could have a direct and material effect on each of Corsicana Independent School District’s major federal programs for the year ended August 31, 2019. Corsicana Independent School District’s major federal programs are identified in the summary of auditor’s results section of the accompanying schedule of findings and questioned costs.

Management’s Responsibility

Management is responsible for compliance with 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 Corsicana Independent School District’s major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations (CFR) 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 Corsicana Independent School District’s compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on Each Major Federal Program

In our opinion, Corsicana Independent School District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended August 31, 2019.

Report on Internal Control over Compliance

Management of Corsicana Independent School District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Corsicana Independent School District's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the 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 Corsicana Independent School District's internal control over compliance.

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

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

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

Pattillo, Brown & Hill, L.L.P.

Waco, Texas
December 5, 2019

CORSICANA INDEPENDENT SCHOOL DISTRICT

EXHIBIT K-1

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

FOR THE YEAR ENDED AUGUST 31, 2019

(1) Federal Grantor/ Pass-through Grantor/ Grantor/Program Title	(2) Federal CFDA Number	(2A) Pass-through Entity Identifying Number	(3) Federal Expenditures	(4) Pass-through Expenditures
CHILD NUTRITION CLUSTER:				
<u>U . S. DEPARTMENT OF AGRICULTURE</u>				
Passed through the State Department of Education:				
School Breakfast Program	10.553	81401001	\$ 917,763	\$ -
National School Lunch Program (Non-cash)	10.555	175-903	240,002	-
National School Lunch Program	10.555	81301001	<u>2,255,918</u>	-
Total CFDA Number 10.555			<u>2,495,920</u>	-
Summer Food Service Program	10.559	175-903	<u>25,318</u>	-
Total Passed through the State Department of Education			<u>3,439,001</u>	-
Total Child Nutrition Cluster			<u>3,439,001</u>	-
TOTAL U. S. DEPARTMENT OF AGRICULTURE			<u>3,439,001</u>	-
SPECIAL EDUCATION (IDEA) CLUSTER:				
<u>U. S. DEPARTMENT OF EDUCATION</u>				
Passed through the State Department of Education:				
IDEA-B Formula	84.027	1866000117590	1,381,784	-
SSA IEA-B Discretionary	84.027	1866000117590	<u>56,530</u>	-
Total CFDA Number 84.027			<u>1,438,314</u>	-
IDEA-B Preschool	84.173	1866610011759	<u>20,936</u>	-
Total Passed through the State Department of Education			<u>1,459,250</u>	-
Total Special Education (IDEA) Cluster			<u>1,459,250</u>	-
TOTAL U. S. DEPARTMENT OF EDUCATION			<u>1,459,250</u>	-
OTHER PROGRAMS:				
<u>U. S. DEPARTMENT OF EDUCATION</u>				
Passed through the State Department of Education:				
ESEA Title I Part A - Improving Basic Programs	84.010a	1861010117590	1,865,220	-
Career and Technical - Basic Grant	84.048	1842006175903	81,252	-
ESEA, Title VI, Part B, Subpart 2 - Rural and Low Income School	84.358	1869600117	106,256	-
Title III Part A English Language Acquisition and Language Enhance	84.365	1867100117	122,561	-
ESEA Title II Part A - Teacher & Principal Training & Recruiting	84.367a	1866945011759	212,537	-
Title IV Part A Subpart 1	84.424a	1868010117590	<u>118,096</u>	-
Total Passed through the State Department of Education			<u>2,505,922</u>	-
TOTAL U. S. DEPARTMENT OF EDUCATION			<u>2,505,922</u>	-
<u>U. S. DEPARTMENT OF DEFENSE</u>				
Passed through the State Department of Education:				
JROTC	12.002	175'903	<u>51,060</u>	-
Total Passed through State Department of Education			<u>51,060</u>	-
TOTAL U. S. DEPARTMENT OF DEFENSE			<u>51,060</u>	-
TOTAL EXPENDITURES OF FEDERAL AWARDS			\$ <u>7,455,233</u>	\$ -

CORSICANA INDEPENDENT SCHOOL DISTRICT

NOTES TO THE SCHEDULE OF EXPENDITURES OF
FEDERAL AWARDS

AUGUST 31, 2019

1. GENERAL

The Schedule of Expenditures of Federal Awards presents the activity of all applicable federal award programs of Corsicana Independent School District. The District's reporting entity is defined in Note I of the financial statements. Federal awards received directly from federal agencies, as well as federal awards passed through other government agencies, are included on the Schedule of Expenditures of Federal Awards.

2. BASIS OF ACCOUNTING

The Schedule of Expenditures of Federal Awards is presented using the modified accrual basis of accounting. The District's significant account policies, including the modified accrual basis of accounting, are presented in Note 1 of the basic financial statements. The information in the schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Therefore, some of the amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the financial statements.

3. PASS-THROUGH EXPENDITURES

None of the federal programs expended by the District were provided to subrecipients.

4. INDIRECT COSTS

Corsicana Independent School District has elected not to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.

5. RECONCILIATION OF FEDERAL REVENUES

The following is the reconciliation of federal revenues and the Schedule of Expenditures of Federal Awards for the year ended August 31, 2019:

Federal revenues per the Statement of Revenues, Expenditures and Changes in Fund Balance - Government Funds (Exhibit C-3)	\$ 8,669,469
Less:	
SHARS	<u>1,214,236</u>
Federal expenditures	<u>\$ 7,455,233</u>

CORSICANA INDEPENDENT SCHOOL DISTRICT

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

FOR THE YEAR ENDED AUGUST 31, 2019

Summary of Auditor's Results

Financial Statements:	
Type of auditor's report issued	Unmodified
Internal control over financial reporting:	
Material weakness(es) identified?	None reported
Significant deficiency(ies) identified, that were not considered a material weakness	None reported
Material noncompliance to the financial statements noted?	None reported
Federal Awards:	
Internal control over major programs:	
Material weakness(es) identified?	None reported
Significant deficiency(ies) identified, that were not considered a material weakness	None reported
Type of auditor's report on compliance for major programs	Unmodified
Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?	None reported
Identification of major programs:	
CFDA Numbers: 10.553 and 10.555	Name of Federal Program or Cluster: Child Nutrition Cluster
Dollar threshold used to distinguish between type A and type B programs	\$750,000
Auditee qualified as low-risk auditee?	No

Findings Relating to the Financial Statements Which are Required to be Reported in Accordance With Generally Accepted Government Auditing Standards

None reported

Findings and Questioned Costs for Federal Awards

None reported

CORSICANA INDEPENDENT SCHOOL DISTRICT

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

FOR THE YEAR ENDED AUGUST 31, 2019

Item 2018-1

Condition: The District exceeded its budget in several functional areas. This was caused by the District's failure to properly apply budgetary controls over expenditures.

Criteria: The District is required to spend within its approved budget.

Effect: The District spend funds in excess of its approved budget.

Cause: The District failed to properly apply budgetary controls and amend the budget as necessary.

Recommendation: The District should properly utilize budgetary controls and amend its budget as necessary.

District's Response: The District will monitor its appropriations and expenditures to ensure the budgetary controls are working. The District will amend its budget as needed.

Status: In Progress

Item 2018-2

Condition: The District bank balance were not properly collateralized on the date of highest cash balance.

Criteria: The District is required to have its bank deposits adequately secured.

Effect: The District at time during the year had deposits that were unsecured.

Cause: The District failed to monitor collateralization requirements during the year, and require the bank to pledge more securities when needed.

Recommendation: The District should request the bank to add collateral when required.

District's Response: The District will monitor its deposits and request the bank to add collateral as required.

Status: Resolved

Item 2018-3

Condition: The District exceeded its food service budget by \$209,878. This was caused by the District's failure to properly apply budgetary controls over expenditures.

Criteria: The District is required to spend within its approved budget.

Effect: The District spent funds in excess of its approved budget.

Cause: The District failed to properly apply budgetary controls and amend the budget as necessary.

Recommendation: The District should properly utilize budgetary controls and amend its budget as necessary.

District's Response: The District will monitor its appropriations and expenditures to insure the budgetary controls are working. The District will amend its budget as needed.

Status: Resolved