

**TEXARKANA INDEPENDENT SCHOOL DISTRICT**  
**ANNUAL FINANCIAL REPORT**  
**YEAR ENDED JUNE 30, 2019**

# TEXARKANA INDEPENDENT SCHOOL DISTRICT

## Annual Financial Report Table of Contents Year Ended June 30, 2019

	Page(s)	Exhibit
<b>Certificate of Board</b>	i	
<b>Independent Auditor's Report</b>	ii-iv	
<b>Management's Discussion and Analysis</b>	v-xiv	
<b>Basic Financial Statements:</b>		
<b>Government-wide Financial Statements:</b>		
Statement of Net Position	1	A-1
Statement of Activities	2-3	B-1
<b>Fund Financial Statements:</b>		
Balance Sheet	4-5	C-1
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position	6	C-2
Statement of Revenues, Expenditures, and Changes in Fund Balances	7-8	C-3
Reconciliation of the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances to the Statement of Activities	9	C-4
<b>Proprietary Fund Financial Statements:</b>		
Statement of Net Position	10	D-1
Statement of Revenues, Expenses, and Changes in Fund Net Position	11	D-2
Statement of Cash Flows	12	D-3
<b>Fiduciary Fund Financial Statements:</b>		
Statement of Fiduciary Fund Net Position	13	E-1
Statement of Changes in Fiduciary Fund Net Position	14	E-2
<b>Notes to the Financial Statements</b>	15-49	
<b>Required Supplementary Information:</b>		
Budgetary Comparison Schedule – General Fund	50	G-1
Budgetary Comparison Schedule – Child Nutrition Program	51	G-2
Schedule of the District's Proportionate Share of the Net Pension Liability (TRS)	52-53	G-6
Schedule of District's Contributions for Pensions	54-55	G-7
Schedule of the District's Proportionate Share of the Net OPEB Liability (TRS)	56	G-8
Schedule of District's Contributions for Other Postemployment Benefits (OPEB)	57	G-9
<b>Notes to Required Supplementary Information</b>	58-59	

# TEXARKANA INDEPENDENT SCHOOL DISTRICT

## Annual Financial Report Table of Contents (Continued) Year Ended June 30, 2019

### Other Supplementary Information (Continued):

#### Non-major Governmental Funds:

Combining Balance Sheet	60-63	H-1
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances	64-67	H-2

#### Non-major Enterprise Funds:

Combining Statement of Net Position	68-69	H-6
Combining Statement of Revenues, Expenses, and Changes in Fund Net Position	70-71	H-7
Combining Statement of Cash Flows	72-73	H-8

#### Agency Funds:

Combining Statement of Changes in Assets and Liabilities	74-75	H-9
----------------------------------------------------------	-------	-----

#### Private Purpose Trust Funds:

Combining Statement of Net Position	76-77	H-10
Combining Statement of Revenues, Expenses, and Changes in Fund Net Position	78-79	H-11

#### Required TEA Schedules:

Schedule of Delinquent Taxes Receivable	80-81	J-1
Budget Comparison Schedule – Debt Service Fund	82	J-5

#### Federal Awards Section:

Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With <i>Government Auditing Standards</i>	83-84	
Independent Auditor's Report on Compliance for Each Major Program and on Internal Control Over Compliance Required by Uniform Guidance	85-86	
Schedule of Findings and Questioned Costs	87-88	
Schedule of Status of Prior Year Findings	89	
Schedule of Expenditures of Federal Awards	90	K-1
Notes to Schedule of Expenditures of Federal Awards	91	

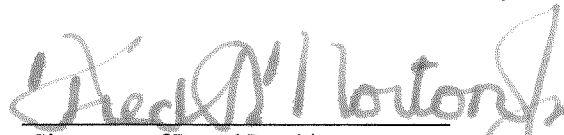
## **Certificate of Board**

**Certificate of Board**

Texarkana Independent School District                      Bowie                      019-907  
Name of School District                      County                      County-District-Region No.

We, the undersigned, certify that the attached annual financial report of the above  
named school district was reviewed and /X/ approved - / / disapproved for the year ended  
(Check One)  
June 30, 2019, at a meeting of the board of school trustees of such school district on the 19th day of  
November, 2019.

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

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

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

## **Independent Auditor's Report**

## INDEPENDENT AUDITOR'S REPORT

Board of School Trustees  
Texarkana Independent School District  
Texarkana, Texas

Members of the Board:

### Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of Texarkana Independent School District (the District), as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the District's basic financial statements listed in the table of contents.

### Management's Responsibility for the Financial Statements

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

### Auditor's Responsibility

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

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

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

## **Opinions**

In our opinion, the financial statements referred to on the previous page present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of Texarkana Independent School District, as of June 30, 2019, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages v through xiv, budgetary comparison schedule – general fund on page 50, budgetary comparison schedule – child nutrition program on page 51, Schedule of the District's Proportionate Share of the Net Pension Liability (TRS) on pages 52-53, Schedule of the District's Contributions for Pensions on pages 54-55, Schedule of the District's Proportionate Share of the Net OPEB Liability (TRS) on page 56, and Schedule of the District's Contributions for Other Postemployment Benefits (OPEB) on page 57 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 Texarkana Independent School District's basic financial statements. The combining and individual nonmajor funds, agency funds, and private purpose trust funds financial statements, and the Texas Education Agency required schedules listed in the table of contents are presented for purposes of additional analysis and are not a required part of the financial statements.

The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations (CFR)* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements.



Board of School Trustees  
Texarkana Independent School District

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

**Other Reporting Required by Government Auditing Standards**

In accordance with Government Auditing Standards, we have also issued our report dated November 14, 2019, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.



CERTIFIED PUBLIC ACCOUNTANTS

Texarkana, Texas  
November 14, 2019

## **Management's Discussion and Analysis**

## MANAGEMENT'S DISCUSSION AND ANALYSIS

In this section of the Annual Financial and Compliance Report, we, the managers of Texarkana Independent School District, discuss and analyze the District's financial performance for the year ended June 30, 2019. Please read it in conjunction with the independent auditors' report on pages ii-iv, and the District's Basic Financial Statements, which begin on page 1.

### USING THIS ANNUAL REPORT

This annual report consists of a series of financial statements. The government-wide financial statements include the Statement of Net Position and the Statement of Activities (on pages 1-3). These provide information about the activities of the District as a whole and present a longer-term view of the District's property and debt obligations and other financial matters. They reflect the flow of total economic resources in a manner similar to the financial reports of a business enterprise.

Fund financial statements (starting on page 4) report the District's operations in more detail than the government-wide statements by providing information about the District's most significant funds. For governmental activities, these statements tell how services were financed in the short term as well as what resources remain for future spending. They reflect the flow of current financial resources, and supply the basis for tax levies and the appropriations budget. For proprietary activities, fund financial statements tell how goods or services of the District were sold to departments within the District or to other districts and how the sales revenues covered the expenses of the goods or services. The remaining statement (the fiduciary funds statement) provides financial information about activities for which the District acts solely as a trustee or agent for the benefit of those outside of the district.

The notes to the financial statements (starting on page 15) provide narrative explanations or additional data needed for full disclosure in the government-wide statements or the fund financial statements.

The combining statements for nonmajor funds contain even more information about the District's individual funds. These are not required by TEA. The sections labeled TEA Required Schedules and Federal Awards Section contain data used by monitoring or regulatory agencies for assurance that the District is using funds supplied in compliance with the terms of grants.

### Reporting the District as a Whole

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

The analysis of the District's overall financial condition and operations begins on page 1. Its primary purpose is to show whether the District is better off or worse off as a result of the year's activities. The Statement of Net Position includes all the District's assets and liabilities at the end of the year while the Statement of Activities includes all the revenues and expenses generated by the District's operations during the year. These apply the accrual basis of accounting which is the basis used by private sector companies.

## MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

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

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

In the Statement of Net Position and the Statement of Activities, we divide the District into two kinds of activities:

- ◆ Governmental activities—Most of the District's basic services are reported here, including the instruction, counseling, co-curricular activities, food services, transportation, maintenance, community services, and general administration. Property taxes, tuition, fees, and state and federal grants finance most of these activities.
- ◆ Business-type activities—The District provides food catering for the District and various community events. The District also provides a district wide print shop. The activity surplus helps fund the District's instructional and maintenance costs.

### Reporting the District's Most Significant Funds

#### *Fund Financial Statements*

The fund financial statements begin on page 4 and provide detailed information about the most significant funds—not the District as a whole. Laws and contracts require the District to establish some funds, such as grants received under Every Student Succeeds Act (ESSA) from the U.S. Department of Education. The District's administration establishes many other funds to help it control and manage money for particular purposes (like campus activities). The District's two kinds of funds—governmental and proprietary—use different accounting approaches.

- ◆ Governmental funds—Most of the District's basic services are reported in governmental funds. These use modified accrual accounting (a method that measures the receipt and disbursement of cash and all other financial assets that can be readily converted to cash) and report balances that are available for future spending.

## MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

The governmental fund statements provide a detailed short-term view of the District's general operations and the basic services it provides. We describe the differences between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds in reconciliation schedules following each of the fund financial statements.

- ◆ Proprietary funds—The District reports the activities for which it charges users (whether outside customers or other units of the District) in proprietary funds using the same accounting methods employed in the Statement of Net Position and the Statement of Activities. In fact, the District's enterprise funds (one category of proprietary funds) are the business-type activities reported in the government-wide statements but containing more detail and additional information, such as cash flows. The internal service funds (the other category of proprietary funds) report activities that provide supplies and services for the District's other programs and activities.

### The District as Trustee

#### *Reporting the District's Fiduciary Responsibilities*

The District is the trustee, or fiduciary, for money raised by student activities and alumni scholarship programs. All of the District's fiduciary activities are reported in separate Statements of Fiduciary Net Position and Changes in Fiduciary Fund Net Position on pages 13-14. We exclude these resources from the District's other financial statements because the District cannot use these assets to finance its operations. The District is only responsible for ensuring that the assets reported in these funds are used for their intended purposes.

### GOVERNMENT-WIDE FINANCIAL ANALYSIS

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

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

## **MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)**

In 2019 and 2018, the ending net position of our business-type activities was \$1,213,117 and \$1,133,820 respectively. This amount is relatively insignificant to the overall operations of the District, but it represents efforts to find other sources of revenue that will help alleviate a portion of the taxpayer's burden.

**MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)**

**Table I**  
**Texarkana Independent School District**

**NET POSITION**  
**(In Thousands)**

	Governmental Activities		Business-type Activities		Totals		% Change
	2018	2019	2018	2019	2018	2019	
Current and other assets	\$ 33,180	\$ 32,203	\$ 1,095	\$ 1,182	\$ 34,275	\$ 33,385	-2.60%
Capital assets	103,710	103,271	45	33	103,755	103,304	-0.43%
Total assets	<u>136,890</u>	<u>135,474</u>	<u>1,140</u>	<u>1,215</u>	<u>138,030</u>	<u>136,689</u>	<u>-0.97%</u>
Deferred Outflows of Resources	7,000	17,734	-	-	7,000	17,734	153.34%
Long-term liabilities	113,118	131,000	-	-	113,118	131,000	15.81%
Other liabilities	13,513	8,784	6	2	13,519	8,785	-35.01%
Total liabilities	<u>126,631</u>	<u>139,784</u>	<u>6</u>	<u>2</u>	<u>126,637</u>	<u>139,785</u>	<u>10.38%</u>
Deferred Inflows of Resources	12,808	10,935	-	-	12,808	10,935	-14.62%
Net Position:							
Invested in capital assets net of related debt	25,829	27,555	-	-	25,829	27,555	6.68%
Restricted	8,076	8,307	-	-	8,076	8,307	2.86%
Unrestricted	<u>(29,454)</u>	<u>(33,372)</u>	<u>1,134</u>	<u>1,213</u>	<u>(28,320)</u>	<u>(32,159)</u>	<u>13.56%</u>
Total net position	<u>\$ 4,452</u>	<u>\$ 2,489</u>	<u>\$ 1,134</u>	<u>\$ 1,213</u>	<u>\$ 5,585</u>	<u>\$ 3,702</u>	<u>-33.71%</u>

**MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)**

**Table II**  
**Texarkana Independent School District**

**Changes In Net Position**  
**(In Thousands)**

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Totals</u>		
	<u>2018</u>	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>% Change</u>
Revenues :							
Program Revenues:							
Charges for Services	\$ 2,174	1,986	\$ 353	\$ 412	\$ 2,527	\$ 2,398	-5.11%
Operating grants and contributions	2,656	16,620			2,656	16,620	525.75%
General Revenues:						-	
Maintenance and operations taxes	22,701	23,364			22,701	23,364	2.92%
Debt service taxes	4,936	5,083			4,936	5,083	2.98%
State aid – formula grants	33,372	33,962			33,372	33,962	1.77%
Investment Earnings	332	480			332	480	44.71%
Miscellaneous	715	609			715	609	-14.76%
Total Revenue	<u>66,887</u>	<u>82,105</u>	<u>353</u>	<u>412</u>	<u>67,240</u>	<u>82,517</u>	<u>22.72%</u>
Expenses:							
Instruction, curriculum and media services	33,385	48,327			33,385	48,327	44.75%
Instructional and school leadership	3,343	5,346			3,343	5,346	59.91%
Student support services	2,036	3,066			2,036	3,066	50.58%
Child nutrition	5,957	6,639			5,957	6,639	11.45%
Co-curricular activities	2,316	3,037			2,316	3,037	31.13%
General administration	2,495	3,672			2,495	3,672	47.17%
Plant maintenance, security & data processing	6,463	8,815			6,463	8,815	36.39%
Community services	657	849			657	849	29.27%
Debt services	4,520	3,316			4,520	3,316	-26.64%
Payments to Fiscal Agent and Intergovernmental Charges	949	607			949	607	-35.99%
Other business-type activities		394	360	333	360	727	102.18%
Total Expenses	<u>62,121</u>	<u>84,068</u>	<u>360</u>	<u>333</u>	<u>62,481</u>	<u>84,401</u>	<u>35.08%</u>
Increase in net assets before transfers and special items	4,766	(1,963)	(6)	79	4,759	(1,884)	-139.58%
Net position at beginning of year	(314)	4,452	1,140	1,134	826	5,586	576.27%
Net position at end of year	<u>\$ 4,452</u>	<u>\$ 2,489</u>	<u>\$ 1,134</u>	<u>\$ 1,213</u>	<u>\$ 5,585</u>	<u>\$ 3,702</u>	<u>-33.72%</u>



## MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

Some of the major highlights of the 2018-2019 school year included the following:

- The district continued completing several additional district wide construction projects out of various funding sources. These projects included Track/Turf renovations at Grim Stadium, renovations to Dance Studio and a new cafeteria at Theron Jones Early Literacy Center. During 2018-19 the district financed another \$2M to begin renovation the newly acquired Texarkana College aquatic center, extension of Tiger Drive to Summerhill Rd., and construction of a new golf facility. These projects were still in progress at June 30, 2019.
- The District's General Fund Balance rose to \$16,719,724 as a result of financial operations for the 2018-2019 school year. This is an increase of \$141,932 over the 2017-2018 ending fund balance.
- The state's school financial accountability rating system, known as the School Financial Integrity Rating System of Texas (FIRST), ensures that Texas public schools are held accountable for the quality of their financial management practices and that they improve those practices. The system is designed to encourage Texas public schools to better manage their financial resources to provide the maximum allocation possible for direct instructional purposes. Texarkana ISD received "A-Superior Rating" rating and status for the fiscal year ending 2018-19.
- Texarkana ISD was awarded Texas Title I Priority Schools (TTIPS) grant for February 1, 2017 to July 31, 2020. Year 3 was operated during 2018-19 in the amount of \$1,515,453. Year 4 was awarded on August 1, 2019 for the 2019-20 fiscal year in the amount of \$1,548,029. The TTIPS grant has five major objectives to improve literacy, strengthen teacher quality, retain highly effective teachers, provide extended learning opportunities to close the achievement gap, and increase positive relationships and communication between parents and the school.
- Texarkana ISD was awarded two separate grants to assist with special populations with grant periods May 1, 2018 to August 31, 2019 as follows:
  - Services to Students with Autism in the amount of \$869,800
  - Services to Students with Dyslexia in the amount of \$963,524
- The Texas Education Agency issued accountability ratings in 2019 under the new A-F system. Texarkana ISD received a "B" rating for the district performance. Campuses were given A-F ratings for the first time. All campuses in the District received a "C" or better rating and 12 Distinction Designations were earned.

## MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

### THE DISTRICT'S FUNDS

As the District completed the year, its governmental funds (as presented in the balance sheet on pages 4-5) reported a combined fund balance of \$23 million. Included in this year's total change in fund balance is an increase of \$141,932 in the District's General Fund. Other significant changes in fund balances should also be noted. Capital Projects Fund-Fund Balance as of June 30, 2019 was \$918,445. This decrease of \$3,217,878 was due to expenditures to complete various construction projects including THS track/turf and THS dance studio. Those projects were completed as of June 30, 2019. Other projects that began during the fiscal year are properly reflected in Construction in Progress. The Capital Projects Fund-Fund Balance will significantly reduce as projects are completed, creating new assets for the District.

Over the course of the year, the Board of Trustees revised the District's budget as operating changes became apparent. These budget amendments were in the ordinary course of operations and should be considered as such. The changes of any significance fall into these categories:

- Additional funds that became available through federal, state, and grant resources
- Adjustments for changes in state and local revenues
- Year-end accruals
- Changes requested by district principals within their campus operations, normally movement between functional levels.

The District's General Fund balance of \$16.7 million reported on page 4 differs from the General Fund's budgeted fund balance of \$15.5 million reported in the budgetary comparison schedule on page 50.

### CAPITAL ASSET AND DEBT ADMINISTRATION

#### *Capital Assets*

At the end of 2019, the District had \$182 million invested in a broad range of capital assets, including facilities and equipment for instruction, transportation, athletics, administration, and maintenance.

#### *Debt*

At the end of 2019, the District had \$76.8 million in bonds and notes outstanding versus \$79.2 million last year. The District's general obligation bond rating has been the highest possible due to Permanent School Fund Guarantees by the State of Texas. On November 8, 2018 the district issued \$1 million of Tax Maintenance Notes and \$1 million of Maintenance Tax Time Warrants for the renovation of Texarkana College aquatic center, extension of Tiger Drive and construction of new golf facility.

**MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)**

**Table III  
Texarkana Independent School District  
DISTRICT'S CAPITAL ASSETS  
(In Thousands)**

	Governmental Activities		Business-Type Activities		Total		Total % Change
	2018	2019	2018	2019	2018	2019	2018-19
Land	\$ 5,833	\$ 5,833	\$ -	\$ -	\$ 5,833	\$ 5,833	0.00%
Buildings and improvements	157,889	163,551	9	9	157,898	163,561	3.59%
Furniture and equipment	11,017	11,483	283	283	11,300	11,766	4.12%
Construction in progress	2,589	1,534	-	-	2,589	1,534	-40.77%
Totals at historical cost	<u>177,329</u>	<u>182,401</u>	<u>293</u>	<u>293</u>	<u>177,621</u>	<u>182,694</u>	<u>2.86%</u>
Less accumulated depreciation for:							
Buildings and improvements	(64,369)	(69,346)	(8)	(8)	(64,377)	(69,354)	7.73%
Furniture and equipment	(9,250)	(9,784)	(240)	(252)	(9,490)	(10,036)	5.75%
Total accumulated depreciation	<u>(73,619)</u>	<u>(79,130)</u>	<u>(248)</u>	<u>(260)</u>	<u>(73,867)</u>	<u>(79,390)</u>	<u>7.48%</u>
Net capital assets	<u>\$ 103,710</u>	<u>\$ 103,271</u>	<u>\$ 45</u>	<u>\$ 33</u>	<u>\$ 103,755</u>	<u>\$ 103,304</u>	<u>-0.43%</u>

## **MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)**

More detailed information about the District's long-term liabilities is presented in Notes C, E, and Q to the financial statements.

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

The District's elected and appointed officials considered many factors when setting the fiscal-year 2020 budget and tax rate. House Bill 3 (HB3), a sweeping and historic school finance bill, was passed by the 86th Texas Legislature in the spring of 2019 and signed by the governor on June 11, 2019. The bill provides more money for Texas classrooms, increases teacher compensation, reduced recapture and cuts local property taxes for Texas taxpayers. The 2019-20 budget properly reflects these legislative changes. The Texarkana ISD Board of Trustees voted to reduce the tax rate to the rollback rate of \$1.3233 per \$100 valuation for the district. This rate consists of an M&O tax rate of \$1.0683 and I&S tax rate of \$0.255.

Changes in the state funding formula continue to affect district operations. These factors were taken into account when adopting the General Fund budget for 2019-2020 school year. Amounts available for appropriation in the General Fund budget are \$67.3 million. The revenue from local sources, majority property taxes, account for approximately 36.24% of available General fund revenues. State Foundation Revenue accounts for approximately 62.97% percent of the General Fund Revenues in the current year. The District will use its revenues to finance programs we offer and to meet state unfunded mandate requirements.

If these estimates are realized, the District's budgetary General Fund-Fund balance is expected to be near break-even 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 show the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the District's business office, at Texarkana Independent School District, 4241 Summerhill Rd., Texarkana, Texas.

## **Basic Financial Statements**

## **Government-wide Financial Statements**

TEXARKANA INDEPENDENT SCHOOL DISTRICT  
STATEMENT OF NET POSITION  
JUNE 30, 2019

EXHIBIT A-1

Data Control Codes				
	1	2	3	4
	Primary Government			Component Unit
	Governmental	Business		Nonmajor
	Activities	Type	Total	Component
		Activities		Unit
<b>ASSETS</b>				
1110 Cash and Cash Equivalents	\$ 3,175,462	\$ 1,167,579	\$ 4,343,041	\$ -
1120 Current Investments	14,246,398	-	14,246,398	339,339
1210 Property Taxes - Current	2,235,499	-	2,235,499	-
1230 Allowance for Uncollectible Taxes	(743,137)	-	(743,137)	-
1240 Due from Other Governments	13,047,066	-	13,047,066	-
1267 Due from Fiduciary Funds	45,757	-	45,757	-
1290 Other Receivables, Net	4,095	-	4,095	-
1300 Inventories	191,813	14,488	206,301	-
Capital Assets:				
1510 Land	5,833,162	-	5,833,162	-
1520 Buildings, Net	94,205,410	1,335	94,206,745	-
1530 Furniture and Equipment, Net	1,698,891	31,248	1,730,139	-
1580 Construction in Progress	1,533,682	-	1,533,682	-
1800 Restricted Assets	-	-	-	229,088
1910 Long Term Investments	-	-	-	82,872
1000 Total Assets	135,474,098	1,214,650	136,688,748	651,299
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
1701 Deferred Charge for Refunding	1,816,369	-	1,816,369	-
1705 Deferred Outflow Related to TRS Pension	12,217,823	-	12,217,823	-
1706 Deferred Outflow Related to TRS OPEB	3,699,856	-	3,699,856	-
1700 Total Deferred Outflows of Resources	17,734,048	-	17,734,048	-
<b>LIABILITIES</b>				
2110 Accounts Payable	2,474,920	1,408	2,476,328	62,168
2140 Interest Payable	719,315	-	719,315	-
2150 Payroll Deductions and Withholdings	302,273	-	302,273	-
2160 Accrued Wages Payable	4,978,249	-	4,978,249	-
2180 Due to Other Governments	50,923	125	51,048	-
2300 Unearned Revenue	258,130	-	258,130	-
Noncurrent Liabilities:				
2501 Due Within One Year	5,110,795	-	5,110,795	-
2502 Due in More Than One Year	71,702,896	-	71,702,896	-
2540 Net Pension Liability (District's Share)	24,153,856	-	24,153,856	-
2545 Net OPEB Liability (District's Share)	30,032,213	-	30,032,213	-
2000 Total Liabilities	139,783,570	1,533	139,785,103	62,168
<b>DEFERRED INFLOWS OF RESOURCES</b>				
2605 Deferred Inflow Related to TRS Pension	1,438,578	-	1,438,578	-
2606 Deferred Inflow Related to TRS OPEB	9,496,909	-	9,496,909	-
2600 Total Deferred Inflows of Resources	10,935,487	-	10,935,487	-
<b>NET POSITION</b>				
3200 Net Investment in Capital Assets	27,554,509	-	27,554,509	-
3820 Restricted for Federal and State Programs	2,572,606	-	2,572,606	-
3850 Restricted for Debt Service	2,815,729	-	2,815,729	-
3860 Restricted for Capital Projects	918,445	-	918,445	-
3890 Restricted for Other Purposes	-	-	-	311,960
3900 Unrestricted	(31,372,199)	1,213,117	(30,159,082)	277,171
3000 Total Net Position	\$ 2,489,090	\$ 1,213,117	\$ 3,702,207	\$ 589,131

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

TEXARKANA INDEPENDENT SCHOOL DISTRICT  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2019

Data Control Codes	1	Program Revenues	
		3	4
	Expenses	Charges for Services	Operating Grants and Contributions
<b>Primary Government:</b>			
GOVERNMENTAL ACTIVITIES:			
11 Instruction	\$ 45,072,376	\$ 488,588	\$ 7,548,621
12 Instructional Resources and Media Services	454,387	-	58,149
13 Curriculum and Instructional Staff Development	2,799,820	-	343,085
21 Instructional Leadership	156,895	-	30,929
23 School Leadership	5,189,237	-	356,504
31 Guidance, Counseling and Evaluation Services	2,083,871	-	682,159
32 Social Work Services	75,306	-	71,447
33 Health Services	636,584	-	18,531
34 Student (Pupil) Transportation	270,139	-	7,872
35 Food Services	6,639,300	792,292	6,301,446
36 Extracurricular Activities	3,036,950	649,306	65,344
41 General Administration	3,671,912	-	111,936
51 Facilities Maintenance and Operations	7,728,583	55,784	471,336
52 Security and Monitoring Services	948,144	-	132,157
53 Data Processing Services	137,862	-	25,750
61 Community Services	849,323	-	394,610
72 Debt Service - Interest on Long-Term Debt	3,253,447	-	-
73 Debt Service - Bond Issuance Cost and Fees	62,625	-	-
93 Payments Related to Shared Services Arrangements	607,450	-	-
99 Other Intergovernmental Charges	393,385	-	-
[TG] Total Governmental Activities:	84,067,596	1,985,970	16,619,876
BUSINESS-TYPE ACTIVITIES:			
01 Food Service Catering	227,440	253,001	-
02 Print Shop Activity	99,811	153,446	-
03 Public Relations Activity Fund	5,697	5,798	-
[TB] Total Business-Type Activities:	332,948	412,245	-
[TP] TOTAL PRIMARY GOVERNMENT:	\$ 84,400,544	\$ 2,398,215	\$ 16,619,876
<b>Component Unit:</b>			
1C Nonmajor Component Unit	182,957	-	-
[TC] TOTAL COMPONENT UNITS:	\$ 182,957	\$ -	\$ -

Data Control Codes	General Revenues:
	Taxes:
MT	Property Taxes, Levied for General Purposes
DT	Property Taxes, Levied for Debt Service
SF	State Aid - Formula Grants
IE	Investment Earnings
MI	Miscellaneous Local and Intermediate Revenue
TR	Total General Revenues
CN	Change in Net Position
NB	Net Position - Beginning
NE	Net Position--Ending

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



Net (Expense) Revenue and Changes in Net Position			
6	7	8	9
Primary Government		Total	Component Unit
Governmental Activities	Business Type Activities		Component Unit
\$ (37,035,167)	\$ -	\$ (37,035,167)	\$ -
(396,238)	-	(396,238)	-
(2,456,735)	-	(2,456,735)	-
(125,966)	-	(125,966)	-
(4,832,733)	-	(4,832,733)	-
(1,401,712)	-	(1,401,712)	-
(3,859)	-	(3,859)	-
(618,053)	-	(618,053)	-
(262,267)	-	(262,267)	-
454,438	-	454,438	-
(2,322,300)	-	(2,322,300)	-
(3,559,976)	-	(3,559,976)	-
(7,201,463)	-	(7,201,463)	-
(815,987)	-	(815,987)	-
(112,112)	-	(112,112)	-
(454,713)	-	(454,713)	-
(3,253,447)	-	(3,253,447)	-
(62,625)	-	(62,625)	-
(607,450)	-	(607,450)	-
(393,385)	-	(393,385)	-
(65,461,750)	-	(65,461,750)	-
-	25,561	25,561	-
-	53,635	53,635	-
-	101	101	-
-	79,297	79,297	-
(65,461,750)	79,297	(65,382,453)	-
-	-	-	(182,957)
-	-	-	(182,957)
23,363,799	-	23,363,799	-
5,083,456	-	5,083,456	-
33,962,041	-	33,962,041	-
480,431	-	480,431	8,390
609,499	-	609,499	223,087
63,499,226	-	63,499,226	231,477
(1,962,524)	79,297	(1,883,227)	48,520
4,451,614	1,133,820	5,585,434	540,611
\$ 2,489,090	\$ 1,213,117	\$ 3,702,207	\$ 589,131

## **Fund Financial Statements**

TEXARKANA INDEPENDENT SCHOOL DISTRICT  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2019

Data Control Codes	10 General Fund	20 Child Nutrition	60 Capital Projects
<b>ASSETS</b>			
1110 Cash and Cash Equivalents	\$ 6,199	\$ 2,550,172	\$ 4,291
1120 Investments - Current	11,419,757	-	670,042
1210 Property Taxes - Current	1,867,043	-	-
1230 Allowance for Uncollectible Taxes	(633,840)	-	-
1240 Due from Other Governments	10,019,898	-	-
1260 Due from Other Funds	3,955,690	-	400,000
1290 Other Receivables	2,106	1,989	-
1300 Inventories	11,510	180,303	-
1000 Total Assets	<u>\$ 26,648,363</u>	<u>\$ 2,732,464</u>	<u>\$ 1,074,333</u>
<b>LIABILITIES</b>			
2110 Accounts Payable	\$ 2,221,038	\$ 19,344	\$ 154,376
2150 Payroll Deductions and Withholdings Payable	234,858	11,154	-
2160 Accrued Wages Payable	4,288,761	129,360	-
2170 Due to Other Funds	2,263,282	-	1,512
2180 Due to Other Governments	-	-	-
2300 Unearned Revenue	-	-	-
2000 Total Liabilities	<u>9,007,939</u>	<u>159,858</u>	<u>155,888</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
2601 Unavailable Revenue - Property Taxes	920,700	-	-
2600 Total Deferred Inflows of Resources	<u>920,700</u>	<u>-</u>	<u>-</u>
<b>FUND BALANCES</b>			
Nonspendable Fund Balance:			
3410 Inventories	11,510	180,303	-
Restricted Fund Balance:			
3480 Retirement of Long-Term Debt	-	-	-
Committed Fund Balance:			
3510 Construction	8,000,000	2,000,000	918,445
3600 Unassigned Fund Balance	8,708,214	392,303	-
3000 Total Fund Balances	<u>16,719,724</u>	<u>2,572,606</u>	<u>918,445</u>
4000 Total Liabilities, Deferred Inflows & Fund Balances	<u>\$ 26,648,363</u>	<u>\$ 2,732,464</u>	<u>\$ 1,074,333</u>

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

Other Funds	Total Governmental Funds
\$ 614,800	\$ 3,175,462
2,156,599	14,246,398
368,456	2,235,499
(109,297)	(743,137)
3,027,168	13,047,066
307,849	4,663,539
-	4,095
-	191,813
<u>\$ 6,365,575</u>	<u>\$ 36,820,735</u>
\$ 80,162	\$ 2,474,920
56,261	302,273
560,128	4,978,249
2,352,988	4,617,782
50,923	50,923
258,130	258,130
<u>3,358,592</u>	<u>12,682,277</u>
191,254	1,111,954
<u>191,254</u>	<u>1,111,954</u>
-	191,813
2,815,729	2,815,729
-	10,918,445
-	9,100,517
<u>2,815,729</u>	<u>23,026,504</u>
<u>\$ 6,365,575</u>	<u>\$ 36,820,735</u>

TEXARKANA INDEPENDENT SCHOOL DISTRICT  
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE  
STATEMENT OF NET POSITION  
JUNE 30, 2019

EXHIBIT C-2

<b>Total Fund Balances - Governmental Funds</b>	<b>\$ 23,026,504</b>
1 Capital assets used in governmental activities are not financial resources and therefore are not reported in governmental funds. At the beginning of the year, the cost of these assets was \$177,328,645 and the accumulated depreciation was (\$73,619,082). In addition, long-term liabilities, including bonds payable, are not due and payable in the current period, and, therefore are not reported as liabilities in the funds. The net effect of including the beginning balances for capital assets (net of depreciation) and long-term debt in the governmental activities is to increase net position. Note: Beginning Balances related to TRS are NOT included in this amount.	25,829,022
2 Current year capital outlays and long-term debt principal payments are expenditures in the fund financial statements, but they should be shown as increases in capital assets and reductions in long-term debt in the government-wide financial statements. The net effect of including the 2019 capital outlays and debt principal payments is to increase net position.	7,342,463
3 Included in the items related to debt is the recognition of the District's proportionate share of the net pension liability required by GASB 68. At the beginning of the year, the net position related to TRS was a Deferred Resource Outflow in the amount of \$4,643,332, a Deferred Resource Inflow in the amount of \$2,277,963 and a net pension liability in the amount of \$13,943,170. The impact of this on Net Position is (\$11,577,801). Changes from the current year reporting of the TRS plan resulted in a decrease in net position in the amount of (\$1,796,810). The combination of the beginning of the year amounts and the changes during the year resulted in a difference between the ending fund balance and the ending net position in the amount of (\$13,374,611).	(13,374,611)
4 Included in the items related to debt is the recognition of the District's proportionate share of the net OPEB liability required by GASB 75. At the beginning of the year, the net position related to TRS OPEB was a Deferred Resource Outflow in the amount of \$344,949, a Deferred Resource Inflow in the amount of \$10,529,929 and a net OPEB liability in the amount of \$25,173,039. The impact of this on Net Position is (\$35,358,019). Changes from the current year reporting of the TRS OPEB plan resulted in a decrease in net position in the amount of (\$471,247). The combination of the beginning of the year amounts and the changes during the year resulted in a difference between the ending fund balance and the ending net position in the amount of (\$35,829,266).	(35,829,266)
5 The 2019 depreciation expense increases accumulated depreciation. The net effect of the current year's depreciation is to decrease net position.	(5,616,976)
6 Various other reclassifications and eliminations are necessary to convert from the modified accrual basis of accounting to accrual basis of accounting. These include recognizing unavailable revenue from property taxes as revenue, reclassifying the proceeds of bond sales as an increase in bonds payable, and recognizing the liabilities associated with maturing long-term debt and interest. The net effect of these reclassifications and recognitions is to increase net position.	1,111,954
<b>19 Net Position of Governmental Activities</b>	<b>\$ 2,489,090</b>

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

TEXARKANA INDEPENDENT SCHOOL DISTRICT  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED JUNE 30, 2019

Data Control Codes	10 General Fund	20 Child Nutrition	60 Capital Projects
REVENUES:			
5700 Total Local and Intermediate Sources	\$ 24,891,167	\$ 831,484	\$ 46,022
5800 State Program Revenues	35,004,261	106,395	-
5900 Federal Program Revenues	703,627	6,468,626	-
5020 Total Revenues	60,599,055	7,406,505	46,022
EXPENDITURES:			
Current:			
0011 Instruction	33,458,686	-	-
0012 Instructional Resources and Media Services	364,173	-	-
0013 Curriculum and Instructional Staff Development	2,473,043	-	-
0021 Instructional Leadership	126,231	-	-
0023 School Leadership	4,897,270	-	-
0031 Guidance, Counseling and Evaluation Services	1,390,324	-	-
0032 Social Work Services	-	-	-
0033 Health Services	378,615	-	-
0034 Student (Pupil) Transportation	189,148	-	-
0035 Food Services	-	6,360,755	-
0036 Extracurricular Activities	3,086,407	-	-
0041 General Administration	3,360,339	-	-
0051 Facilities Maintenance and Operations	7,552,529	278,801	-
0052 Security and Monitoring Services	851,057	-	-
0053 Data Processing Services	137,862	-	-
0061 Community Services	59,276	-	-
Debt Service:			
0071 Principal on Long-Term Debt	-	-	-
0072 Interest on Long-Term Debt	-	-	-
0073 Bond Issuance Cost and Fees	-	-	60,000
Capital Outlay:			
0081 Facilities Acquisition and Construction	-	-	4,409,570
Intergovernmental:			
0093 Payments to Fiscal Agent/Member Districts of SSA	607,450	-	-
0099 Other Intergovernmental Charges	393,385	-	-
6030 Total Expenditures	59,325,795	6,639,556	4,469,570
1100 Excess (Deficiency) of Revenues Over (Under) Expenditures	1,273,260	766,949	(4,423,548)
OTHER FINANCING SOURCES (USES):			
7912 Sale of Real and Personal Property	4,690	-	-
7914 Non-Current Loans	-	-	2,000,000
7915 Transfers In	591,750	265,034	-
7916 Premium or Discount on Issuance of Bonds	-	-	62,454
8911 Transfers Out (Use)	(1,727,768)	-	(856,784)
7080 Total Other Financing Sources (Uses)	(1,131,328)	265,034	1,205,670
1200 Net Change in Fund Balances	141,932	1,031,983	(3,217,878)
0100 Fund Balance - July 1 (Beginning)	16,577,792	1,540,623	4,136,323
3000 Fund Balance - June 30 (Ending)	\$ 16,719,724	\$ 2,572,606	\$ 918,445

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

		Total	
Other		Governmental	
Funds		Funds	
\$	5,564,921	\$	31,333,594
	2,781,762		37,892,418
	6,076,861		13,249,114
	14,423,544		82,475,126
	6,127,337		39,586,023
	47,200		411,373
	272,889		2,745,932
	26,760		152,991
	152,607		5,049,877
	623,066		2,013,390
	71,447		71,447
	-		378,615
	-		189,148
	-		6,360,755
	-		3,086,407
	12,137		3,372,476
	-		7,831,330
	97,243		948,300
	25,750		163,612
	773,307		832,583
	5,232,468		5,232,468
	2,247,337		2,247,337
	2,625		62,625
	-		4,409,570
	-		607,450
	-		393,385
	15,712,173		86,147,094
	(1,288,629)		(3,671,968)
	-		4,690
	-		2,000,000
	1,727,768		2,584,552
	-		62,454
	-		(2,584,552)
	1,727,768		2,067,144
	439,139		(1,604,824)
	2,376,590		24,631,328
\$	2,815,729	\$	23,026,504

TEXARKANA INDEPENDENT SCHOOL DISTRICT  
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2019

EXHIBIT C-4

<b>Total Net Change in Fund Balances - Governmental Funds</b>	<b>\$ (1,604,824)</b>
Current year capital outlays and long-term debt principal payments are expenditures in the fund financial statements, but they should be shown as increases in capital assets and reductions in long-term debt in the government-wide financial statements. The net effect of removing the 2019 capital outlays and debt principal payments is to increase net position.	7,342,463
Depreciation is not recognized as an expense in governmental funds since it does not require the use of current financial resources. The net effect of the current year's depreciation is to decrease net position.	(5,616,976)
Various other reclassifications and eliminations are necessary to convert from the modified accrual basis of accounting to accrual basis of accounting. These include recognizing unavailable revenue from property taxes as revenue, adjusting current year revenue to show the revenue earned from the current year's tax levy, reclassifying the proceeds of bond sales, and recognizing the liabilities associated with maturing long-term debt and interest. The net effect of these reclassifications and recognitions is to increase net position.	184,870
Current year changes due to GASB 68 increased revenues in the amount of \$1,279,778 but also increased expenditures in the amount of \$3,076,588. The net effect on the change in the ending net position was a decrease in the amount of \$1,796,810.	(1,796,810)
Current year changes due to GASB 75 decreased revenues in the amount of \$1,839,393 but also decreased expenditures in the amount of \$1,368,146. The net effect on the change in the ending net position was a decrease in the amount of \$471,247.	(471,247)
<b>Change in Net Position of Governmental Activities</b>	<b>\$ (1,962,524)</b>

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



## **Proprietary Fund Financial Statements**

TEXARKANA INDEPENDENT SCHOOL DISTRICT  
STATEMENT OF NET POSITION  
PROPRIETARY FUNDS  
JUNE 30, 2019

	Business-Type Activities
	Total Enterprise Funds
<hr/>	
ASSETS	
Current Assets:	
Cash and Cash Equivalents	\$ 1,167,579
Inventories	14,488
Total Current Assets	<u>1,182,067</u>
Noncurrent Assets:	
Capital Assets:	
Buildings and Improvements	9,200
Depreciation on Buildings	(7,865)
Furniture and Equipment	283,363
Depreciation on Furniture and Equipment	<u>(252,115)</u>
Total Noncurrent Assets	<u>32,583</u>
Total Assets	<u>1,214,650</u>
LIABILITIES	
Current Liabilities:	
Accounts Payable	1,408
Due to Other Governments	<u>125</u>
Total Liabilities	<u>1,533</u>
NET POSITION	
Unrestricted Net Position	<u>1,213,117</u>
Total Net Position	<u><u>\$ 1,213,117</u></u>

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

TEXARKANA INDEPENDENT SCHOOL DISTRICT  
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION  
PROPRIETARY FUNDS  
FOR THE YEAR ENDED JUNE 30, 2019

	Business-Type Activities
	Total Enterprise Funds
OPERATING REVENUES:	
Local and Intermediate Sources	\$ 406,208
State Program Revenues	6,037
Total Operating Revenues	412,245
OPERATING EXPENSES:	
Payroll Costs	67,586
Professional and Contracted Services	20,721
Supplies and Materials	230,807
Other Operating Costs	1,480
Depreciation Expense	12,354
Total Operating Expenses	332,948
Operating Income	79,297
Total Net Position - July 1 (Beginning)	1,133,820
Total Net Position - June 30 (Ending)	\$ 1,213,117

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

TEXARKANA INDEPENDENT SCHOOL DISTRICT  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS  
FOR THE YEAR ENDED JUNE 30, 2019

	Business-Type Activities
	Total Enterprise Funds
<u>Cash Flows from Operating Activities:</u>	
Cash Received from User Charges	\$ 408,878
Cash Payments to Employees for Services	(67,586)
Cash Payments for Suppliers	(257,993)
Net Cash Provided by Operating Activities	<u>83,299</u>
Net Increase in Cash and Cash Equivalents	83,299
Cash and Cash Equivalents at Beginning of Year	<u>1,084,280</u>
Cash and Cash Equivalents at End of Year	<u><u>\$ 1,167,579</u></u>
<u>Reconciliation of Operating Income to Net Cash</u>	
<u>Provided by Operating Activities:</u>	
Operating Income:	\$ 79,297
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:	
Depreciation	12,354
Effect of Increases and Decreases in Current Assets and Liabilities:	
Decrease (increase) in Inventories	(3,367)
Increase (decrease) in Accounts Payable	(4,984)
Net Cash Provided by Operating Activities	<u><u>\$ 83,299</u></u>

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

## **Fiduciary Fund Financial Statements**

TEXARKANA INDEPENDENT SCHOOL DISTRICT  
STATEMENT OF FIDUCIARY NET POSITION  
FIDUCIARY FUNDS  
JUNE 30, 2019

	Private Purpose Trust Funds	Agency Funds
<b>ASSETS</b>		
Cash and Cash Equivalents	\$ 314,410	\$ 573,600
Total Assets	<u>314,410</u>	<u>\$ 573,600</u>
<b>LIABILITIES</b>		
Accounts Payable	4,024	\$ 5,409
Due to Other Funds	43,910	1,847
Due to Student Groups	-	296,094
Payable from Restricted Assets	138,104	270,250
Total Liabilities	<u>186,038</u>	<u>\$ 573,600</u>
<b>NET POSITION</b>		
Unrestricted Net Position	<u>128,372</u>	
Total Net Position	<u>\$ 128,372</u>	

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

TEXARKANA INDEPENDENT SCHOOL DISTRICT  
STATEMENT OF CHANGES IN FIDUCIARY FUND NET POSITION  
FIDUCIARY FUNDS  
FOR THE YEAR ENDED JUNE 30, 2019

	Private Purpose Trust Funds
<hr/>	
ADDITIONS:	
Local and Intermediate Sources	\$ 1,045
Total Additions	<u>1,045</u>
DEDUCTIONS:	
Other Operating Costs	16,420
Total Deductions	<u>16,420</u>
Change in Net Position	(15,375)
 Total Net Position - July 1 (Beginning)	 <u>143,747</u>
 Total Net Position - June 30 (Ending)	 <u><u>\$ 128,372</u></u>

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

## **Notes to the Financial Statements**



**TEXARKANA INDEPENDENT SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2019**

**A. Summary of Significant Accounting Policies**

Texarkana Independent School District (the "District") is a public education agency operating under the applicable laws and regulations of the State of Texas. It is governed by a seven member Board of Trustees (the "Board") elected by registered voters of the District. The District prepares its basic financial statements in conformity with generally accepted accounting principles in the United States of America (U.S. GAAP) promulgated by the Governmental Accounting Standards Board (GASB) and complies with the requirements of the appropriate version of Texas Education Agency's *Financial Accountability System Resource Guide* (FAR) and the requirements of contracts and grants of agencies from whom it receives funds.

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

**1. Reporting Entity**

The Board of Trustees (the "Board") is elected by the public, has the authority to make decisions, appoint administrators and managers, can significantly influence operations and has the primary accountability for fiscal matters. Therefore, the District is a financial reporting entity as defined by the Governmental Accounting Standards Board ("GASB") in its Statement No. 14, "The Financial Reporting Entity". There is one component unit included within the reporting entity.

**Discretely Presented Component Unit**

Texarkana Public Schools Foundation, Inc. (the Foundation), a not-for-profit organization operated by an independent board of directors, is organized to provide assistance, development and maintenance of charitable, educational, or scientific programs or activities for the District. The Foundation is included as a component unit in the District's government-wide financial statements. As a not-for-profit organization, the Foundation is exempt from federal income taxes under Internal Revenue Code Section 501(c)(3) and is not classified as a private foundation. The Foundation issues separate financial statements which are available for review at the District's business office.

**2. Government-Wide and Fund Financial Statements**

The Statement of Net Position and the Statement of Activities are government-wide financial statements. They report information on all of the Texarkana Independent School District nonfiduciary activities with most of the interfund activities removed. *Governmental activities* include programs supported primarily by taxes, State foundation funds, grants and other intergovernmental revenues. *Business-type activities* include operations that rely to a significant extent on fees and charges for support. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

**TEXARKANA INDEPENDENT SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2019**

**A. Summary of Significant Accounting Policies (Continued)**

**2. Government-Wide and Fund Financial Statements (Continued)**

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

Interfund activities between governmental funds and proprietary funds appear as due to/due from on the Governmental Fund Balance Sheet and Proprietary Fund Statement of Net Position and as other resources and other uses on the governmental fund Statement of Revenues, Expenditures and Changes in Fund Balance and on the Proprietary Fund Statement of Revenues, Expenses and Changes in Fund Net Position. All interfund transactions are eliminated on the government-wide statements. Interfund activities between governmental funds and enterprise funds remain on the government-wide statements and appear on the government-wide Statement of Net Position as internal balances and on the Statement of Activities as interfund transfers. Interfund activities between governmental funds and fiduciary funds remain as due to/due from on the government-wide Statement of Activities. All interfund balances and activity is a result of interfund clearing of transactions through a common bank account or reclassification of costs between funds.

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

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. All other revenues and expenses are non-operating.

**3. Measurement Focus, Basis of Accounting, and Financial Statement Presentation**

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

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

**TEXARKANA INDEPENDENT SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2019**

**A. Summary of Significant Accounting Policies (Continued)**

**3. Measurement Focus, Basis of Accounting, and Financial Statement Presentation (Continued)**

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

Revenues from local sources consist primarily of property taxes. Property tax revenues and revenues received from the State are recognized under the susceptible-to-accrual concept. Miscellaneous revenues are recorded as revenue when received in cash because they are generally not measurable until actually received. Investment earnings are recorded as earned since they are both measurable and available.

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

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

**4. Fund Accounting**

The District reports the following major governmental funds:

- a. **The General Fund** – The general fund is the District's primary operating fund. It accounts for all financial resources except those required to be accounted for in another fund.
- b. **Child Nutrition Special Revenue Fund** – The District accounts for resources restricted or designated for, a specific purpose by the District or grantor in a special revenue fund. Most Federal and some State financial assistance are accounted for in the special revenue funds.
- c. **Capital Projects Funds** – The proceeds from long-term debt financing and revenues and expenditures related to authorized construction and other capital asset acquisitions are accounted for in a capital projects fund.

**TEXARKANA INDEPENDENT SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2019**

**A. Summary of Significant Accounting Policies (Continued)**

**4. Fund Accounting (Continued)**

Additionally, the District reports the following fund types:

Governmental Funds:

- a. **Special Revenue Funds** – The District accounts for resources restricted to, or designated for, specific purposes by the District or a grantor in a special revenue fund. Most Federal and some State financial assistance are accounted for in the Special Revenue Funds. Unused balances are subject to being returned to the grantor at the close of the specified project period.
- b. **Debt Service Funds** – The District accounts for resources accumulated and payments made for principal and interest on long-term general obligation debt of governmental funds in a debt service fund.
- c. **Permanent Funds** – The District accounts for donations for which the donor has stipulated that the principal may not be expended and where the income may only be used for purposes that support the District's programs. The District has no Permanent Funds.

Proprietary Funds:

- a. **Enterprise Funds** – The District's activities for which outside users are charged a fee roughly equal to the cost of providing the goods or services of those activities are accounted for in an enterprise fund. The District's Enterprise Funds are the Food Service, Public Relations, School Improvement, Police Department, Texas A&M Food, Print Shop, Texarkana College, and St. James Food Service Funds. All operations of the enterprise funds are classified as operating activities.

Fiduciary Funds:

- a. **Private Purpose Trust Funds** – The District accounts for donations for which the donor has stipulated that both the principal and the income may be used for purposes that benefit parties outside the District as private purpose trust funds. The District's Private Purpose Trust Funds are campus VIP funds and scholarship funds.
- b. **Agency Funds** – The District accounts for resources held for others in a custodial capacity in agency funds. The District's Agency Funds are the foundation fund and activity funds.

**TEXARKANA INDEPENDENT SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2019**

**A. Summary of Significant Accounting Policies (Continued)**

**5. Other Accounting Policies**

- a. For purposes of the statement of cash flows for proprietary and similar fund-types, the District considers highly liquid investments to be cash equivalents if they have a maturity of three months or less when purchased.
- b. The consumption method is used to account for inventories of food products, school supplies and athletic equipment. Under this method, these items are carried in an inventory account of the respective fund at cost, using the first-in, first-out method of accounting, and are subsequently charged to expenditures when consumed. In the General Fund, inventories are offset by a fund balance reserve indicating that they are unavailable as current expendable financial resources. Although commodities are received at no cost, their fair market value is supplied by the Texas Department of Human Services and recorded as inventory and deferred revenue when received. When requisitioned, inventory and deferred revenue are relieved, expenditures are charged, and revenue is recognized for an equal amount.
- c. In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount.

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

- d. Although the District's policy allows some employees to accumulate earned but unused vacation and sick pay benefits, there is no recorded liability since these benefits will not require a cash outlay.
- e. Capital assets, which include land, buildings, furniture and equipment are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the District as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

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

**TEXARKANA INDEPENDENT SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2019**

**A. Summary of Significant Accounting Policies (Continued)**

**5. Other Accounting Policies (Continued)**

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

<u>Assets</u>	<u>Years</u>
Buildings	40
Building Improvements	15
Vehicles	5
Office Equipment	5
Computer Equipment	5

- f. When the District incurs an expense for which it may use either restricted or unassigned assets, restricted assets are utilized first unless there are unassigned assets which must be returned if unused.
- g. The Data Control Codes refer to the account code structure prescribed by TEA in the *Financial Accountability System Resource Guide*. Texas Education Agency requires school districts to display these codes in the financial statements filed with the Agency in order to insure accuracy in building a statewide data base for policy development and funding plans.

**6. Budgetary Data**

Formal budgetary accounting is employed for all required Governmental Fund Types, as outlined in FAR, and is prepared on the modified accrual basis of accounting consistent with generally accepted accounting principles. The budget is prepared and controlled at the function level within each organization to which responsibility for controlling operations is assigned.

The official school budget is prepared for adoption for required Governmental Fund Types prior to June 30, of the preceding fiscal year for the subsequent fiscal year beginning July 1. The budget is formally adopted by the Board of Trustees at a public meeting held at least ten days after public notice has been given. The approved budget is filed with the Texas Education Agency through the Public Education Information Management System (PEIMS).

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for the General Fund, Debt Service Fund and the Food Service Special Revenue Fund. The remaining special revenue funds and the Capital Projects Fund adopt project-length budgets which do not correspond to the District's fiscal year. Each annual budget is presented on the modified accrual basis of accounting which is consistent with generally accepted accounting principles. The budget was amended throughout the year by the Board of Trustees. Such amendments are before the fact and are reflected in the official minutes of the Board. During the year, several amendments were necessary.

**TEXARKANA INDEPENDENT SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2019**

**A. Summary of Significant Accounting Policies (Continued)**

**6. Budgetary Data (Continued)**

A reconciliation of fund balances at June 30, 2019, for both budgeted and unbudgeted special revenue funds is as follows:

Budgeted Funds - Child Nutrition Special Revenue Fund	\$ 2,572,606
Unbudgeted Funds	-
All Special Revenue Funds	<u>\$ 2,572,606</u>

**7. Encumbrance Accounting**

Encumbrances for goods or purchased services are documented by purchase orders or contracts. Under Texas law, appropriations lapse at June 30, and encumbrances outstanding at that time are to be either cancelled or appropriately provided for in the subsequent year's budget. As of June 30, 2019, the District had no outstanding encumbrances.

**8. Estimates**

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the reported amounts of revenues and expenditures. Actual results could differ from those estimates.

**9. Fund Equity**

Unassigned fund equity for governmental funds indicates available amounts for the budgeting of future operations. The committed fund equity for governmental funds indicates committed funds that have been earmarked by Board Resolution for specific purposes and are therefore not available for general expenditures to be appropriated in the following period unless amended by future board action. Restricted fund balance is that portion of fund equity which is not available for appropriation or which has been legally separated for specific purposes. As of June 30, 2019, the nonspendable fund balance include \$11,510 for inventories in the general fund and \$180,303 for inventories in the child nutrition program in the Special Revenue Fund. The Debt Service Fund has restricted a total of \$2,815,729 for retirement of funded indebtedness as of June 30, 2019. Amounts totaling \$8,000,000, \$918,445, and \$2,000,000 have been committed for authorized construction programs in the General Fund, Capital Projects Fund, and Food Service Fund, respectively.

**10. Risk Management**

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



**TEXARKANA INDEPENDENT SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2019**

**A. Summary of Significant Accounting Policies (Continued)**

**11. TRS-Care Plan**

The fiduciary net position of the Teacher Retirement System of Texas (TRS) TRS-Care Plan has been determined using the flow of economic resource 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.

**B. Reconciliation of Government-Wide and Fund Financial Statements**

**1. Explanation of Certain Differences Between The Governmental Fund Balance Sheet and The Government-Wide Statement of Net Position**

Exhibit C-2 provides the reconciliation between the fund balance for total governmental funds on the governmental fund balance sheet and the net position for governmental activities as reported in the government-wide statement of net position. One element of that reconciliation explains that capital assets are not financial resources and are therefore not reported in the governmental funds. In addition, long-term liabilities, including bonds payable, notes payable, and accrued interest, are not due and payable in the current period and are not reported as liabilities in the funds. The details of capital assets and long-term debt at the beginning of the year were as follows:

Capital Assets		Accumulated	Net Value at the	Change in
At the Beginning of the Year	Historic Cost	Depreciation	Beginning of the Year	Net Position
Land	\$ 5,833,162	\$ -	\$ 5,833,162	
Buildings	157,889,116	64,368,977	93,520,139	
Furniture and Equipment	11,017,100	9,250,105	1,766,995	
Construction in Progress	2,589,267	-	2,589,267	
Change in Net Assets				\$ 103,709,563
Long-term Liabilities			Payable at the	
At the Beginning of the Year			Beginning of the Year	
Bonds Payable and Accretion on Capital Appreciation Bonds			\$ (52,445,447)	
Notes Payable			(13,835,378)	
Accrued Interest on Notes and Bonds			(698,436)	
Premium and Discount on Issuance of Bonds			(12,913,742)	
Deferred Gain/Loss on Refunding			2,012,462	
Change in Net Position				\$ (77,880,541)
Net Adjustment to Net Position				\$ 25,829,022



**TEXARKANA INDEPENDENT SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2019**

**B. Reconciliation of Government-Wide and Fund Financial Statements**

**1. Explanation of Certain Differences Between The Governmental Fund Balance Sheet and The Government-Wide Statement of Net Position (Continued)**

Exhibit C-2 provides the reconciliation between the fund balance for total governmental funds on the governmental fund balance sheet and the net position for governmental activities as reported in the government-wide statement of net position. Two elements of that reconciliation explain that the District's proportionate share of the net pension liability, net OPEB liability, deferred outflows, and deferred inflows of resources as required by GASB 68 and GASB 75 were as follows:

	Adjustment to Net Position	Adjustment to Changes in Net Position	Ending Impact on Net Position
Net Pension Liability	\$ (13,943,170)	\$ (10,210,686)	\$ (24,153,856)
Deferred Inflow	(2,277,963)	839,385	(1,438,578)
Deferred Outflow	4,643,332	7,574,491	12,217,823
Net Adjustment to Net Position	<u>\$ (11,577,801)</u>	<u>\$ (1,796,810)</u>	<u>\$ (13,374,611)</u>

	Adjustment to Net Position	Adjustment to Changes in Net Position	Ending Impact on Net Position
Net OPEB Liability	\$ (25,173,039)	\$ (4,859,174)	\$ (30,032,213)
Deferred Inflow	(10,529,929)	1,033,020	(9,496,909)
Deferred Outflow	344,949	3,354,907	3,699,856
Net Adjustment to Net Position	<u>\$ (35,358,019)</u>	<u>\$ (471,247)</u>	<u>\$ (35,829,266)</u>

**2. Explanation of Certain Differences between the Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balance and the Government-Wide Statement of Activities**

Exhibit C-4 provides a reconciliation between the net changes in fund balance as shown on the governmental fund statement of revenues, expenditures, and changes in fund balances and the changes in net assets of governmental activities as reported on the government-wide statement of activities. One element of that reconciliation explains that current year capital outlay and debt principal payments are expenditures in the fund financial statements, but should be shown as increases in capital assets and decreases in long-term debt in the government-wide statements. The adjustment affects both the net position balance and the change in net position. The details of this adjustment are as follows:

**TEXARKANA INDEPENDENT SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2019**

**B. Reconciliation of Government-Wide and Fund Financial Statements (Continued)**

**2. Explanation of Certain Differences between the Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balance and the Government-Wide Statement of Activities (Continued)**

	Amount	Adjustments to Changes in Net Position	Adjustments to Net Position
<u>Current Year Capital Outlay</u>			
Land	\$ -		
Buildings & Improvements	5,662,249		
Furniture & Equipment	571,895		
Construction in Progress (Net Change)	<u>(1,055,585)</u>		
Total Capital Outlay	<u>\$ 5,178,559</u>	<u>\$ 5,178,559</u>	<u>\$ 5,178,559</u>
<u>Debt and Principal Activity</u>			
Bond Principal Payments	\$ 3,965,000		
Loan Principal Payments (Borrowings)	<u>(732,532)</u>		
Total Principal Activity	<u>\$ 3,232,468</u>	<u>\$ 3,232,468</u>	<u>\$ 3,232,468</u>
<u>Other Items</u>			
Disposal of Assets	\$ -		
Change in Accrued Interest Payable	(20,879)		
Change in Bond Premium and Accretion:			
Deferred Amount on Refunding Bonds	(196,093)		
Accretion on Cap Appreciation (Net)	(1,221,040)		
Premium on Bonds (Net)	<u>369,448</u>		
Total Other Items	<u>\$ (1,068,564)</u>	<u>\$ (1,068,564)</u>	<u>\$ (1,068,564)</u>
Total Adjustment to Net Position		<u><u>\$ 7,342,463</u></u>	<u><u>\$ 7,342,463</u></u>

Another element of the reconciliation on Exhibit C-2 is described as various other reclassifications and eliminations necessary to convert from the modified accrual basis of accounting to the accrual basis of accounting. The adjustment is the result of several items. The details for this element are as follows:

	Amount	Adjustments to Change in Net Position	Adjustments to Net Position
<u>Adjustments to Revenue and Deferred Revenue</u>			
Taxes Collected from Prior Year Levies	(936,362)	\$ (936,362)	\$ -
Uncollected Taxes (assumed collectible)	628,414	628,414	628,414
PY Uncollected Taxes (assumed collectible)	483,540	483,540	483,540
PY Tax Collections	9,278	9,278	-
Total Changes		<u><u>\$ 184,870</u></u>	<u><u>\$ 1,111,954</u></u>

**TEXARKANA INDEPENDENT SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2019**

**C. Bonds**

Bonded indebtedness of the District is reflected in the General Long-Term Debt Account Group, and current requirements for principal and interest expenditures are accounted for in the Debt Service Fund. Proceeds of long-term issues are reflected as "Other Resources" in the operating statement of the recipient fund. All bonds authorized in prior years have been issued.

On August 8, 2007, the District issued Unlimited School Building Bonds, Series 2007. Total issue was \$26,082,000 with a yield of 4.95%. During the year ended June 30, 2015, these bonds were partially defeased with the Unlimited Tax School Building & Refunding bonds – Series 2015. As of June 30, 2019, \$917,461 of the bonds are outstanding.

On November 18, 2010, the District issued Unlimited Tax Refunding Bonds, Series 2010 to refund \$5,070,000 of the Unlimited Tax School Building Bonds, Series 2002. The refunding bonds issued provided the District with a net present value cash flow savings of \$644,690. As of June 30, 2019, \$1,980,000 of the bonds are outstanding.

On November 18, 2014, the District issued Unlimited Tax Refunding Bonds, Series 2014 to refund \$7,799,500 of the Unlimited Tax Refunding Bonds, Series 2005. The refunding bonds issued provided the District with a net present value cash flow savings of \$1,021,137 and an economic gain of \$970,302. As of June 30, 2019, \$2,345,000 of the bonds are outstanding.

On March 18, 2015, the District issued Unlimited Tax School Building & Refunding Bonds, Series 2015 to refund \$15,781,155 of the Unlimited Tax School Building Bonds, Series 2007. The total issue was \$42,930,000, \$27,150,000 for School Building and \$15,780,000 for refunding. The refunding bonds issued provided the District with a net present value cash flow savings of \$3,460,000 and an economic gain of \$2,804,431. As of June 30, 2019, \$37,710,000 of the bonds are outstanding.

A summary of changes in general long-term debt for the year ended June 30, 2019, is as follows:

Description	Interest Rate Payable	Original Issued	Outstanding 6/30/2018	Issued	Retired	Outstanding 6/30/2019
Unlimited Tax School Building Bonds - Series 2007	4.95%	26,082,000	\$ 917,461	\$ -	\$ -	\$ 917,461
Unlimited Tax Refunding Bonds - Series 2010	2.00% - 4.00%	5,070,000	2,405,000	-	425,000	1,980,000
Unlimited Tax Refunding Bonds - Series 2014	1.50% - 3.00%	7,590,000	3,605,000	-	1,260,000	2,345,000
Unlimited Tax School Building & Refunding Bonds - Series 2015	2.00% - 5.00%	42,930,000	39,990,000	-	2,280,000	37,710,000
Totals			<u>\$ 46,917,461</u>	<u>\$ -</u>	<u>\$ 3,965,000</u>	<u>\$ 42,952,461</u>

Debt Service requirements are as follows:

Years Ending June 30,	Principal	Interest	Total
2020	\$ 3,920,000	\$ 1,842,131	\$ 5,762,131
2021	3,390,000	1,921,275	5,311,275
2022	2,735,000	2,558,713	5,293,713
2023	2,610,000	2,684,688	5,294,688
2024	2,510,000	2,783,688	5,293,688
2025-2029	10,007,461	16,436,825	26,444,286
2030-2034	7,790,000	3,674,850	11,464,850
2035-2039	9,990,000	1,548,000	11,538,000
Total Bonded Debt	<u>\$ 42,952,461</u>	<u>\$ 33,450,170</u>	<u>\$ 76,402,631</u>

**TEXARKANA INDEPENDENT SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2019**

**C. Bonds (Continued)**

There was \$1,787,413 in bond interest expense paid for during the year.

**D. Capital Asset Activity**

Capital Asset Activity for the District for the year ended June 30, 2019, was as follows:

	Primary Government				
	Balance 6/30/2018	Additions	Transfer	Reductions	Balance 6/30/2019
Governmental Activities:					
Land	\$ 5,833,162	\$ -	\$ -	\$ -	\$ 5,833,162
Building and Improvements	157,889,115	5,662,249	-	-	163,551,364
Furniture and Equipment	11,017,101	571,895		(106,233)	11,482,763
Construction in Progress	2,589,267	1,533,681	-	(2,589,267)	1,533,682
Totals at Historical Cost	177,328,645	7,767,825	-	(2,695,500)	182,400,970
Less Accumulated Depreciation					
Buildings and Improvements	64,368,977	4,976,977	-	-	69,345,954
Furniture and Equipment	9,250,105	639,999	-	(106,233)	9,783,871
Total Accumulated Depreciation	73,619,082	5,616,976	-	(106,233)	79,129,825
Governmental Activities Capital Assets, Net	<u>\$ 103,709,563</u>	<u>\$ 2,150,849</u>	<u>\$ -</u>	<u>\$ (2,589,267)</u>	<u>\$ 103,271,145</u>
	Balance 6/30/2018	Additions	Transfer	Reductions	Balance 6/30/2019
Business-type Activities:					
Building and Improvements	\$ 9,200	\$ -	\$ -	\$ -	\$ 9,200
Furniture and Equipment	283,363	-	-	-	283,363
Totals at Historical Cost	292,563	-	-	-	292,563
Less Accumulated Depreciation					
Buildings and Improvements	7,568	297	-	-	7,865
Furniture and Equipment	240,058	12,057	-	-	252,115
Total Accumulated Depreciation	247,626	12,354	-	-	259,980
Business-type Activities Capital Assets, Net	<u>\$ 44,937</u>	<u>\$ (12,354)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 32,583</u>

Depreciation expense was charged to governmental functions as follows:

Instruction	\$ 4,571,763
Intructional Resource & Media Services	34,667
Curriculum & Instrutional Staff Development	3,733
Health Services	248,849
Student Transportation	77,333
Food Services	418,788
General Administration	207,976
Plant Maintenance and Operations	37,333
Security and Monitoring Services	16,533
Total Depreciation	<u>\$ 5,616,976</u>

The District's policy is to capitalize and depreciate those items with a value of \$5,000 or greater. Accordingly, all capital assets with a cost of less than \$5,000 are expensed.

**TEXARKANA INDEPENDENT SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2019**

**E. Changes in Long-term Liabilities**

Long-term activity for the year ending June 30, 2019 was as follows:

<b>Governmental Activities:</b>	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Bonds and Notes Payable					
General Obligation Bonds	\$ 46,917,461	\$ -	\$ 3,965,000	\$ 42,952,461	\$ 3,920,000
Accretion on Capital					
Appreciation Bonds	5,527,985	1,721,041	500,000	6,749,026	983,874
Bond Premium	12,913,742	62,454	431,902	12,544,294	474,948
Maintenance Notes	13,835,378	2,000,000	1,267,468	14,567,910	1,190,795
Total Governmental Activities					
Long-term Liabilities	<u>\$ 79,194,566</u>	<u>\$ 3,783,495</u>	<u>\$ 6,164,370</u>	<u>\$ 76,813,691</u>	<u>\$ 6,569,617</u>

**F. General Fund Federal Source Revenues**

Indirect cost revenues were determined by applying approved indirect cost rates to actual applicable expenditures of federally-funded grant programs.

<u>Program or Source</u>	<u>CFDA Number</u>	<u>Amount</u>	<u>Total Grant or Entitlement</u>
NAI Medicaid	N/A	\$ 437,048	\$ 437,048
La Porte Medicaid	N/A	24,110	24,110
E-Rate	N/A	48,182	48,182
Indirect Costs:			
ESSA, Title I, Part A	84.010	87,057	87,057
Title VI, IDEA-B, Formula	84.027	83,800	83,800
Title VI, IDEA-B, Formula (Deaf)	84.027	847	847
Title VI, IDEA-B, Preschool	84.173	1,362	1,362
ESSA, Title II Part A	84.367	11,193	11,193
Title III, LEP Program	84.365	908	908
Career and Technical - Basic	84.048	3,899	3,899
Title IV, Part A, Subpart I	84.424	5,220	5,220
Total		<u>\$ 703,627</u>	<u>\$ 703,627</u>

**TEXARKANA INDEPENDENT SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2019**

**G. Property Taxes**

Property taxes are considered available when collected within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period. The District levies its taxes on October 1 in conformity with Subtitle E, Texas Property Code. Taxes are due upon receipt of the tax bill and are past due and subject to interest if not paid by February 1 of the year following the October 1 levy date. The assessed value of the property tax roll on January 1, 2018, upon which the levy for the 2018-2019 fiscal year was based, was \$2,063,870,404. Delinquent taxes are subject to both penalty and interest charges plus delinquent collection fees for attorney costs.

The tax rates assessed for the year ended June 30, 2019, to finance General Fund operations and the payment of principal and interest on general obligation long-term debt were \$1.170 and \$.255 per \$100 valuation, for a total of \$1.43 per \$100 valuation.

Total tax collections for the year ended June 30, 2019, were 99% of the current year adjusted tax levy. Delinquent taxes are prorated between maintenance and debt service based on rates adopted for the year of the levy. Allowances for uncollectible taxes within the General and Debt Service Funds are based on historical experience in collecting 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. As of June 30, 2019, property taxes receivable, net of estimated uncollectible taxes, totaled \$1,233,203 and \$259,159 for the General and Debt Service Funds, respectively.

**H. Pension Plan Obligations**

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

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

**TEXARKANA INDEPENDENT SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2019**

**H. Pension Plan Obligations (Continued)**

**Pension Plan Fiduciary Net Position** – Detailed information about the Teacher Retirement System’s fiduciary net position is available in a separately-issued Comprehensive Annual Financial Report that includes financial statements and required supplementary information. That report may be obtained on the Internet at <http://www.trs.state.tx.us/about/documents/cafr.pdf#CAFR>; by writing to TRS at 1000 Red River Street, Austin, TX 78791-2698; or by calling (512) 542-6592. The information provided in the Notes to the Financial Statements in the 2018 Comprehensive Annual Financial Report for TRS provides the following information regarding the Pension Plan Fiduciary net position as of August 31, 2018.

<u>Net Pension Liability</u>	<u>Total</u>
Total Pension Liability	\$ 209,611,328,793
Less: Plan Fiduciary Net Position	(154,568,901,833)
Net Pension Liability	<u>\$ 55,042,426,960</u>
Net Position as percentage of Total Pension Liability	73.74%

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

**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.

**TEXARKANA INDEPENDENT SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2019**

**H. Pension Plan Obligations (Continued)**

Employee contribution rates are set in state statute, Texas Government Code 825.402. Senate Bill 1458 of the 83rd Texas Legislature amended Texas Government Code 825.402 for member contributions and established employee contribution rates for fiscal years 2014 through 2017. The 83rd Texas Legislature, General Appropriations Act (GAA) established the employer contribution rates for fiscal years 2014 and 2017. The 85th Texas Legislature, General Appropriations Act (GAA) established the employer contribution rates for fiscal years 2018 and 2019.

	<u><b>Contribution Rates</b></u>	
	<u><b>2018</b></u>	<u><b>2019</b></u>
Member	7.70%	7.70%
Non-Employer Contributing Entity (State)	6.80%	6.80%
Employers	6.80%	6.80%

Texarkana 2019 Employer Contributions	\$	1,646,864
Texarkana 2019 Member Contributions	\$	3,629,229
Texarkana 2018 NECE On-Behalf Contributions	\$	2,185,174

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

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

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

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

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

**Roll Forward** – A change was made in the measurement date of the total pension liability for the 2018 measurement year. The actuarial valuation was performed as of August 31, 2017. Update procedures were used to roll forward the total pension liability to August 31, 2018. This is the first year using the roll forward procedures.



**TEXARKANA INDEPENDENT SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2019**

**H. Pension Plan Obligations (Continued)**

The total pension liability is determined by an annual actuarial valuation. The actuarial methods and assumptions were selected by the Board of Trustees based upon analysis and recommendations by the System's actuary. The Board of Trustees has sole authority to determine the actuarial assumptions used for the Plan. The active mortality rates were based on 90 percent of the RP 2014 Employee Mortality Tables for males and females. The post-retirement mortality rates were based on the 2018 TRS of Texas Healthy Pension Mortality Tables.

**Actuarial Assumptions** – The total pension liability in the August 31, 2018, actuarial valuation was determined using the following actuarial assumption:

Valuation Date	August 31, 2017 rolled forward to August 31, 2018
Actuarial Cost method	Individual Entry Age Normal
Asset Valuation Method	Market Value
Single Discount Rate	6.907%
Long-term expected Investment Rate of Return	7.25%
Municipal Bond Rate	3.69%
Inflation	2.30%
Salary Increases Including Inflation	3.05% to 9.05%
Payroll Growth Rate	2.50%
Benefit Changes During the Year	None
Ad hoc Post Employment Benefit Changes	None

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

**Discount Rate** – The discount rate used to measure the total pension liability was 6.907%. There was a 1.093% decrease in the discount rate from the previous year. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and those of the contributing employers and the non-employer contributing entity are made at the statutorily required rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. The long-term rate of return on pension plan investments is 7.25%. 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.

**TEXARKANA INDEPENDENT SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2019**

**H. Pension Plan Obligations (Continued)**

Best estimates of geometric real rates of return for each major asset class included in the Systems target asset allocation as of August 31, 2018, are summarized below:

Asset Class	Target Allocation *	Real Return Geometric Basis	Long-Term Expected Portfolio Real Rate of Return*
<b>Global Equity</b>			
U.S	18.00%	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%
<b>Stable Value</b>			
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%
<b>Real Return</b>			
Global Inflation Linked Bonds	3.00%	0.70%	0.02%
Real Assets	14.00%	5.21%	0.73%
Energy and Natural Resources	5.00%	7.48%	0.37%
Commodities	0.00%	0.00%	0.00%
<b>Risk Parity</b>			
Risk Parity	5.00%	3.70%	0.18%
Inflation Expectations			2.30%
Volatility Drag **			-0.79%
<b>Total</b>	<b>100%</b>		<b>7.25%</b>

\* Target allocations are based on the fiscal year 2016 model.

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

**Discount Rate Sensitivity Analysis** – The following schedule shows the impact of the Net Pension Liability if the discount rate used was 1% less than and 1% greater than the discount rate that was used (6.907%) in measuring the 2018 Net Pension Liability.

	1% Decrease in Discount Rate (5.907%)	Discount Rate (6.907%)	1% Increase in Discount Rate (7.907%)
TISD's proportionate share of the net pension liability:	\$36,453,960	\$24,153,856	\$14,196,192

**TEXARKANA INDEPENDENT SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2019**

**H. Pension Plan Obligations (Continued)**

**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions** – At June 30, 2019, the District reported a liability of \$24,153,856 for its proportionate share of the TRS's net pension liability. This liability reflects a reduction for State pension support provided to the District. The amount recognized by the District as its proportionate share of the net pension liability, the related State support, and the total portion of the net pension liability that was associated with the District were as follows:

District's Proportionate share of the collective net pension liability	\$ 24,153,856
State's proportionate share that is associated with the District	<u>35,726,107</u>
Total	<u><u>\$ 59,879,963</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 employer's proportion of the net pension liability was based on the employer's contributions to the pension plan relative to the contributions of all employers to the plan for the period September 1, 2017, through August 31, 2018.

At August 31, 2018, the employer's proportion of the collective net pension liability was .043882251% which was an increase of .0002753% from its proportion measured as of August 31, 2017.

**Changes Since the Prior Actuarial Valuation** – Assumptions, methods, and plan changes which are specific to the Pension Trust Fund were updated from the prior year's report. The Net Pension Liability increased significantly since the prior measurement date due to a change in the following actuarial assumptions.

*Changes of Assumptions:*

1. The total pension liability as of August 31, 2018 was developed using a roll-forward method from the August 31, 2017.
2. 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.
3. Economic assumptions including rates of salary increase for individual participants were updated based on the same experience study.
4. The discount rate changed from 8.0 percent as of August 31, 2017 to 6.907 percent as of August 31, 2018.
5. The long term assumed rate of return changed from 8.0 percent to 7.25 percent.
6. 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.

*Changes of Benefit Terms:*

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

For the year ended June 30 2019, the District recognized pension expense of \$7,325,176 and revenue of \$3,535,932 for support provided by the state in the Government Wide Statement of Activities.

**TEXARKANA INDEPENDENT SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2019**

**H. Pension Plan Obligations (Continued)**

At June 30, 2019, the District reported its proportionate share of the TRS's deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ 150,555	\$ 592,640
Changes in actuarial assumptions	8,708,628	272,145
Difference between projected and actual investment earnings	-	458,302
Changes in proportion and difference between the employer's contributions and the proportionate share of contributions	1,993,399	115,491
Contributions paid to TRS subsequent to the measurement date	1,365,241	-
Total	\$ 12,217,823	\$ 1,438,578

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

Year ended June 30:	Pension Expense Amount
2020	\$ 2,538,626
2021	1,574,165
2022	1,305,631
2023	1,534,641
2024	1,496,953
Thereafter	963,988

**I. Deposits and Investments**

District Policies and Legal and Contractual Provisions Governing Deposits

Custodial Credit Risk for Deposits – State law requires governmental entities to contract with financial institutions in which funds will be deposited to secure those deposits with FDIC insurance or pledged securities, as approved by the School Depository Act, with a fair value equaling or exceeding the amount on deposit at the end of each business day. The pledged securities must be pledged in the name of the governmental entity and held by the entity or its agent. At June 30, 2019, the District and the component unit's deposits were covered by FDIC insurance or pledged securities held by the depository's agent for the benefit of the District.

**TEXARKANA INDEPENDENT SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2019**

**I. Deposits and Investments (Continued)**

District Policies and Legal and Contractual Provisions Governing Investments

*Compliance with the Public Funds Investment Act*

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

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

FASB Accounting Standards Codification Subtopic 820-10 requires that investments in financial and nonfinancial assets be reported in a hierarchy which includes the following three different levels:

Level I: Assets are based on quoted prices or unadjusted quoted prices in active markets for identical assets or liabilities that the District has the ability to access at the District's year end.

Level II: Assets are based on other than quoted prices or adjusted quoted prices of similar assets or liabilities in markets that are not active.

Level III: Assets are based on unobservable inputs and which shall reflect the District's own assumptions about the asset or liabilities.

The fair value hierarchy gives the highest priority to Level I assets and the lowest priority to Level III assets. As of June 30, 2019, Texarkana Independent School District and its component unit had the following investments:

	<b>Governmental &amp; Agency Funds</b>		<b>Component Unit</b>	
	<b>Fair Value</b>	<b>Carrying Value</b>	<b>Fair Value</b>	<b>Carrying Value</b>
<b>Level II Investments</b>				
First Public Investment Pool	\$ 9,316,509	\$ 9,316,509	\$ -	\$ -
Bank Held Investments	4,929,889	4,929,889	339,339	339,339
Total Level II Investments	14,246,398	14,246,398	339,339	339,339
Investments measured at NAV	-	-	82,872	82,872
Total Investments	<u>\$ 14,246,398</u>	<u>\$ 14,246,398</u>	<u>\$ 422,211</u>	<u>\$ 422,211</u>

**TEXARKANA INDEPENDENT SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2019**

**I. Deposits and Investments (Continued)**

The bank held investments listed above include the following:

	<u>District</u>	<u>Component Unit</u>
Certificates of Deposit	\$ 4,929,889	\$ 339,339
Money Market Accounts	-	-
Total Bank Held Investments	<u>\$ 4,929,889</u>	<u>\$ 339,339</u>

Additional policies and contractual provisions governing deposits and investments for Texarkana Independent School District are specified below:

*Credit Risk*-To limit the risk that an issuer or other counterparty to an investment will not fulfill its obligations the District limits investments in obligations of the United States or its agencies, certificates of deposit, repurchase agreements, banker's acceptances, commercial paper, money market mutual funds, guaranteed investment contracts, and public funds investment pools.

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

*Concentration of Credit Risk*-To limit the risk of loss attributed to the magnitude of a government's investment in a single issuer, the District limits investments to less than 5% of its total investments. The District further limits investments in a single issuer when they would cause investment risks to be significantly greater in the governmental and business-type activities, individual major funds, aggregate non-major funds and fiduciary fund types than they are in the primary government. Usually this limitation is 20%.

*Interest Rate Risk*-To limit the risk that changes in interest rates will adversely affect the fair value of investments, the District requires any internally created pool fund group shall have a maximum dollar weighted maturity of 180 days. The maximum allowable stated maturity of any other individual investment owned by the District shall not exceed one year from the time of purchase. The Board may specifically authorize a longer maturity for a given investment, within legal limits. The District's investment portfolio shall have sufficient liquidity to meet anticipated cash flow requirements.

*Lone Star* - The Lone Star Investment Pool (Lone Star) is a public funds investment pool created pursuant to the Interlocal Cooperation Act, Texas Government Code, Chapter 791, and the Public Funds Investment Act, Texas Government Code, Chapter 2256. Lone Star is managed by an 11-member Board of Trustees and pursuant to the Investment Agreement, the Board is authorized and directed to adopt and maintain bylaws consistent with the bylaws of the Texas School Cash Management Program. Pursuant to Section 2256.016(g) of the Public Funds Investment Act, Lone Star has established an Advisory Board. The purpose of the Advisory Board is to gather and exchange information from participants and non-participants relating to Lone Star's operations. The Board has entered into an agreement with the Texas Association of School Boards (TASB), a Texas nonprofit corporation, pursuant to which TASB serves as administrator of the Lone Star's operations. Standard & Poor's rates money market funds and has rated Lone Star as AAA. The net asset value of the District's investment in Lone Star approximates fair value.

**TEXARKANA INDEPENDENT SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2019**

**J. Investment in Beneficial Interest in the Arkansas Community Foundation**

In a prior year, the component unit (Foundation) transferred funds to the Arkansas Community Foundation (ACF), which is a permanently restricted endowment fund for which only the earnings on the investments can be distributed at the discretion of the ACF.

The beneficial interests in the ACF are recorded at the net asset value of the underlying assets which include but are not limited to common stocks, mutual funds, government bonds, corporate bonds, mortgage backed securities, fixed income funds, partnerships and cash. The net asset value is used as a practical expedient to estimate fair value.

This practical expedient would not be used if it is determined to be probable that the fund will sell the investment for an amount different from the net asset value. The Foundation's assets measured at the net asset value are not classified within the fair value hierarchy. See Note I.

The following table summarizes investments for which fair value is measured using the net asset value per share as a practical expedient as of June 30, 2019:

		<b>Fair Value</b>	<b>Unfunded Commitments</b>	<b>Redemption Frequency (If Currently Eligible)</b>	<b>Redemption Notice Period</b>
Arkansas Community Foundation	\$	82,872	N/A	N/A	N/A

**K. Depository Contract Law**

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

At June 30, 2019, the carrying amount of the District's deposits (cash, certificates of deposit, and interest-bearing savings accounts) was \$8,301,853 and the bank balance was \$9,173,985. At year end, the District's cash deposits were covered by FDIC insurance or by pledged collateral held by the District's agent banks.

**L. Due from Other Governments**

The District participates in a variety of federal and state programs from which it receives grants to partially or fully finance certain activities. In addition, the District receives entitlements from the State through the School Foundation and Per Capita Programs. Amounts due from federal and state governments as of June 30, 2019, are summarized on the following page.



**TEXARKANA INDEPENDENT SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2019**

**L. Due from Other Governments (Continued)**

All federal grants shown below are passed through the TEA and are reported on the combined financial statements as Due from Other Governments.

	<u>State Entitlements</u>	<u>Federal &amp; State Grants</u>	<u>Taxing Authority</u>	<u>Total</u>
General Fund	\$ 8,809,774	\$ 25,874	\$ 1,184,251	\$ 10,019,898
Special Revenue Fund	-	3,027,168	-	3,027,168
Total	<u>\$ 8,809,774</u>	<u>\$ 3,053,042</u>	<u>\$ 1,184,251</u>	<u>\$ 13,047,066</u>

**M. Interfund Receivables and Payables**

Interfund balances at June 30, 2019, consisted of the following individual fund receivables and payables for the Governmental, Business Type and Trust and Agency Funds:

	<u>Receivable</u>	<u>Payable</u>
General Fund		
General Fund	\$ 1,555,433	\$ 1,555,433
Debt Service Fund	-	307,849
Capital Projects Fund	1,512	400,000
Special Revenue Funds	2,352,988	
Trust & Agency Fund	45,757	-
Total General Fund	<u>3,955,690</u>	<u>2,263,282</u>
Special Revenue Funds		
General Fund	-	2,352,988
Total Special Revenue Funds	<u>-</u>	<u>2,352,988</u>
Debt Service Fund		
General Fund	307,849	-
Total Debt Service Fund	<u>307,849</u>	<u>-</u>
Capital Projects Fund		
General Fund	400,000	1,512
Total Capital Projects Fund	<u>400,000</u>	<u>1,512</u>
Trust and Agency		
General Fund	-	45,757
Total Trust and Agency	<u>-</u>	<u>45,757</u>
Grand Totals	<u>\$ 4,663,539</u>	<u>\$ 4,663,539</u>

**N. Concentration of Credit Risks**

The District's receivables consist primarily of amounts due from the State of Texas, the Federal Government and taxpayers within the District's taxing jurisdiction.



**TEXARKANA INDEPENDENT SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2019**

**O. Accumulated Unpaid Vacation and Sick Leave Benefits**

Upon retirement of certain employees, the District pays up to 30 days of local accumulated leave time at a maximum rate of \$50 per day. Due to the indeterminate nature of the obligation, no accrual is included in the general purpose financial statements.

**P. Health Care Coverage**

As disclosed above, as of October 1, 2002, the District began participating in the State Insurance Program. In accordance with the new plan provisions, the District paid \$242 in premiums on behalf of each employee. The remaining premiums were paid by the employees based upon the coverage elections.

**Q. Loans**

In August of 2009, the District obtained an additional loan for \$2,500,000 under the Texas Education Code, Section 45.108 also payable from maintenance tax collections.

In 2010, the District obtained a loan for \$6,512,905 under the Texas Education Code, Section 45.108 which is payable from maintenance tax collections. This note retired \$3,212,905 of outstanding loans.

In 2011, the District obtained a loan for \$7,797,730 under the Texas Education Code, Section 45.108 which is payable from maintenance tax collections. This note retired \$7,100,517 of outstanding loans.

In 2018, the District obtained a loan for \$4,925,000 under the Texas Education Code, Section 45.108 which is payable from maintenance tax collections.

In 2019, the District obtained two loans for \$1,000,000 each under the Texas Education Code, Section 45.108 which is payable from maintenance tax collections.

A summary of the long-term loan activity for the year ended June 30, 2019, is as follows:

<u>Year Approved</u>	<u>Loan Purpose</u>	<u>Interest Rate</u>	<u>Total Loans Authorized</u>	<u>Amt Outstanding 6/30/2018</u>	<u>Borrowed</u>	<u>Retired</u>	<u>Amt Outstanding 6/30/2019</u>
<b>Payable from Debt Service Fund</b>							
2019	Maintenance	2.50%	\$ 1,000,000	\$ -	\$ 1,000,000	\$ 15,000	985,000
2019	Maintenance	2.00%	1,000,000	-	1,000,000	25,000	975,000
2018	Maintenance	2.84%	4,925,000	4,925,000	-	-	4,925,000
2012	Maintenance	2.96%	7,797,730	5,096,499	-	502,399	4,594,100
2011	Maintenance	2.95%	6,512,905	3,473,533	-	434,196	3,039,337
2009	Maintenance	3.57%	2,500,000	340,346	-	290,873	49,473
				<u>\$ 13,835,378</u>	<u>\$ 2,000,000</u>	<u>\$ 1,267,468</u>	<u>\$ 14,567,910</u>

Interest expense for 2019 was \$461,853.

**TEXARKANA INDEPENDENT SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2019**

**Q. Loans (Continued)**

Debt service requirements are as follows:

Year Ended	<b>Debt Service</b>		
June 30,	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2020	1,190,795	455,245	1,646,040
2021	1,222,186	418,874	1,641,060
2022	1,258,178	380,225	1,638,403
2023	1,299,651	339,745	1,639,396
2024	1,341,450	298,021	1,639,471
2025-2029	7,370,650	852,335	8,222,985
2030-2034	610,000	126,425	736,425
2035-2038	275,000	28,200	303,200
	<u>\$ 14,567,910</u>	<u>\$ 2,899,070</u>	<u>\$ 17,466,980</u>

**R. Litigation**

At June 30, 2019, the District is not a defendant in any lawsuit. Accordingly, no liability has been reported in the financial statements.

**S. Workers' Compensation**

On September 1, 2011, Texarkana ISD opted out of the self-funded workers' compensation program with other member school districts. The District's new coverage is with Texas Political Subdivisions for a fixed rate of \$167,312 from September 1, 2018 thru August 31, 2019. The District is still responsible for past liabilities with Claims Administrative Services. The accrued liability for Claims Administrative Services self-insurance of \$32,335 includes incurred but not reported claims. This liability reported in the fund as of June 30, 2019 is based on the requirements of Governmental Accounting Standards Board Statement No. 10, which requires that a liability for claims be reported if information prior to the issuance of the financial statements indicated that it is probable that a liability has been incurred as of the date of the financial statements, and the amount of loss can be due to changes in legal doctrines, and damage awards. This process used in computing the liability does not result necessarily in an exact amount. The liability booked was the discounted estimate of the actuary at the mean funding level.

The following year by year exposure details the number of annual claims:

Fiscal Year	Claims
2009-2010	71
2010-2011	63
2011-2012	-
2012-2013	-
2013-2014	-
2014-2015	-
2015-2016	-
2016-2017	-
2017-2018	-
2018-2019	-
10 Year Average	<u>13</u>

**TEXARKANA INDEPENDENT SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2019**

**S. Workers' Compensation (Continued)**

Changes in the workers' compensation claims liability in fiscal years ended June 30, 2019 and 2018 are represented below:

	<u>2019</u>	<u>2018</u>
Beginning of Fiscal Year Liability	\$ 37,715	\$ 43,447
Current Year Claims and Changes	(3,494)	-
Claims Payments	<u>(1,886)</u>	<u>(5,732)</u>
End of Fiscal Year Liability	<u>\$ 32,335</u>	<u>\$ 37,715</u>

**T. Deferred Inflows of Resources and Unearned Revenues**

Deferred revenue of the individual funds of the District at June 30, 2019, consisted of the following:

	<u>General Fund</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Total</u>
Net Tax Revenue	\$ 920,700	\$ -	\$ 191,254	\$ 1,111,954
Text Book Allotment	-	94,236	-	94,236
Tigers Children's Clinic	-	34,522	-	34,522
Public School CCS	-	129,372	-	129,372
	<u>\$ 920,700</u>	<u>\$ 258,130</u>	<u>\$ 191,254</u>	<u>\$ 1,370,084</u>

**U. Medicare Prescription Drug, Improvement, and Modernization Act**

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 Schools 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 have been recorded as equal revenues and expenditures in the amount of \$176,248, \$139,646, and \$142,963 for 2019, 2018, and 2017, respectively.

**TEXARKANA INDEPENDENT SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2019**

**V. Revenues from Local and Intermediate Sources**

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

	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Total</u>
Property Taxes	\$ 23,209,296	-	\$ 4,998,335	-	\$ 28,207,631
Investment Income	342,233	33,740	58,436	46,022	480,431
Penalties & Interest	246,498	-	108,802	-	355,300
Tuition & Fees	89,010	399,348	-	-	488,358
Rent	55,784	-	-	-	55,784
Food Service	-	792,292	-	-	792,292
Athletic	94,592	-	-	-	94,592
Student	554,944	-	-	-	554,944
Intermediate	54,719	-	-	-	54,719
Insurance Recovery	1,466	-	-	-	1,466
Other	242,625	5,452	-	-	248,077
	<u>\$ 24,891,167</u>	<u>\$ 1,230,832</u>	<u>\$ 5,165,573</u>	<u>\$ 46,022</u>	<u>\$ 31,333,594</u>

**W. Defined Other Post-Employment Benefit Plans**

**Plan Description.** The District participates in the Texas Public School Retired Employees Group Insurance Program (TRS-Care). It is a multiple-employer, cost-sharing defined Other Post-Employment Benefit (OPEB) plan that has a special funding situation. The plan administered through a trust by the Teacher Retirement System of Texas (TRS) Board of Trustees. It is established and administered in accordance with the Texas Insurance Code, Chapter 1575.

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

Components of the net OPEB liability of the TRS-Care plan as of August 31, 2018, are as follows:

<u>Net OPEB Liability</u>	<u>Total</u>
Total OPEB Liability	\$ 50,729,490,103
Less: Plan Fiduciary Net Position	(798,574,633)
Net OPEB Liability	<u>\$ 49,930,915,470</u>
Net Position as percentage of Total OPEB Liability	1.57%

**TEXARKANA INDEPENDENT SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2019**

**W. Defined Other Post-Employment Benefit Plans (Continued)**

**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 non-Medicare retirees and their dependents may pay premiums to participate in the high deductible health plans. Eligible Medicare retirees and their dependents may pay premiums to participate in the Medicare Advantage health plans. 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. These new premium rates for retirees with Medicare Part A and Part B became effective January 1, 2018.

The new premium rates for retirees with Medicare Parts A&B became effective January 1, 2018 and are reflected in the following table.

TRS-Care Monthly Premium Rates  
Effective Jan. 1, 2018 - Dec. 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 .65% of pay. Section 1575.204 establishes an employer contribution rate of not less than 0.25 percent or not more than 0.75 percent of the salary of each active employee of the public. The actual employer contribution rate is prescribed by the Legislature in the General Appropriations Act. The table on the following page shows contributions to the TRS-Care plan by type of contributor.

**TEXARKANA INDEPENDENT SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2019**

**W. Defined Other Post-Employment Benefit Plans (Continued)**

	<u><b>Contribution Rates</b></u>	
	<u><b>2018</b></u>	<u><b>2019</b></u>
Active Employee	0.65%	0.65%
Non-Employer Contributing Entity (State)	1.25%	1.25%
Employers	0.75%	0.75%
Federal/Private Funding Remitted by Employers	1.25%	1.25%

District's 2019 FY Employer Contributions	\$	441,526
District's 2019 FY Member Contributions	\$	306,367
District's 2018 NECE On-Behalf Contributions	\$	501,230

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.

With Senate Bill 1, 85th Legislature, Regular Session, 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. House Bill 30 of the 85th Legislature provided an additional \$212 million in a one-time supplemental funding for the FY 2018-2019 biennium. One-time supplemental contributions during fiscal 2018 totaled \$394.6 million.

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

The actuarial valuation of TRS-Care is similar to the actuarial valuations performed for the pension plan, except that the OPEB valuation is more complex. All of the demographic assumptions, including rates of retirement, termination, and disability, and most of the economic assumptions, including general inflation, salary increases, and general payroll growth, used in this OPEB valuation were identical to those used in the respective TRS pension valuation. Since the assumptions were based upon a recent actuarial experience study performed and they were reasonable for this OPEB valuation, they were employed in this report.

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

**TEXARKANA INDEPENDENT SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2019**

**W. Defined Other Post-Employment Benefit Plans (Continued)**

Additional Actuarial Methods and Assumptions:

Valuation Date	August 31, 2017 rolled forward to August 31, 2018
Actuarial Cost Method	Individual Entry Age Normal
Inflation	2.30%
Discount Rate*	3.69%*
Aging Factors	Based on Plan Specific Experience
Expenses	Third-party administrative expenses related to the delivery of health care benefits are included in the age-adjusted claims costs.
Projected Salary Increases**	3.05% - 9.05%**
Election Rates	Normal Retirement: 70% participation prior to age 65 and 75% participation after age 65.
Ad-hoc Post Employment Benefit Changes	None

*\*Source: Fixed Income municipal bonds with 20 years to 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.*

*\*\*Includes inflation at 2.30%*

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.

**Discount Rate.** A single discount rate of 3.69% was used to measure the total OPEB liability. There was a change of 0.27 percent in the discount rate since the previous year. The Discount Rate can be found in the 2018 TRS CAFR on page 71. 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. The source of the municipal bond rate was fixed-income municipal bonds with 20 years to maturity that include only federally tax-exempt municipal bonds as reported in Fidelity Index's "20-year Municipal GO AA Index" as of August 31, 2018.

**TEXARKANA INDEPENDENT SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2019**

**W. Defined Other Post-Employment Benefit Plans (Continued)**

**Sensitivity of the Net OPEB Liability:**

**Discount Rate Sensitivity Analysis.** The following schedule shows the impact of the Net OPEB Liability if the discount rate used was 1% less than and 1% greater than the discount rate that was used (3.69%) in measuring the Net OPEB Liability.

	1% Decrease (2.69%)	Current Single Discount Rate (3.69%)	1% Increase (4.69%)
<b>District's proportionate share of the net OPEB liability</b>	\$ 35,748,652	\$ 30,032,213	\$ 25,510,142

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

	1% Decrease	Current Healthcare Cost Trend Rate	1% Increase
<b>District's proportionate share of the net OPEB liability</b>	\$ 24,942,242	\$ 30,032,213	\$ 36,735,815

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

At June 30, 2019, the District reported a liability of \$30,032,213 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	\$ 30,032,213
State's proportionate share that is associated with the District	36,330,124
Total	<u>\$ 66,362,337</u>

The net OPEB liability was measured as of August 31, 2018, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date. The employer's proportion of the net OPEB liability was based on the employer's contributions to the OPEB plan relative to the contributions of all employers to the plan for the period September 1, 2017, through August 31, 2018.

At August 31, 2018, the employer's proportion of the collective net OPEB liability was 0.060147532%, which is an increase of 0.002260178% from its proportion measured as of August 31, 2017.



**TEXARKANA INDEPENDENT SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2019**

**W. Defined Other Post-Employment Benefit Plans (Continued)**

*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:

1. Adjustments were made for retirees known to have discounted their health care coverage in fiscal year 2018. This change increased the total OPEB liability.
2. 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.
3. Demographic and economic assumptions were updated based on the experience study performed for TRS for the period ended August 31, 2017. This change increased the total OPEB liability.
4. 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 by \$2.3 billion.

*Changes of Benefit Terms:*

The 85th Legislature, Regular Session passed the following statutory changes which became effective on September 1, 2017:

1. Created a high-deductible health 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.
2. Created a single Medicare Advantage plan and Medicare prescription drug plan for all Medicare-eligible participants.
3. Allowed the System to provide other, appropriate health benefit plans to address the needs of enrollees eligible for Medicare.
4. Allowed eligible retirees and their eligible dependents to enroll in TRS-Care when the retiree reaches 65 years of age, rather than waiting for the net enrollment period.
5. 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 June 30, 2019, the District recognized OPEB expense of \$3,785,153 and revenue of \$1,321,472 for support provided by the State.

At June 30, 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:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual economic experience	\$ 1,593,698	\$ 473,952
Changes in actuarial assumptions	501,156	9,022,957
Difference between projected and actual investment earnings	5,252	-
Changes in proportion and difference between the employer's contributions and the proportionate share of contributions	1,238,764	-
Contributions paid to TRS subsequent to the measurement date	360,986	-
Total	<u>\$ 3,699,856</u>	<u>\$ 9,496,909</u>

**TEXARKANA INDEPENDENT SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2019**

**W. Defined Other Post-Employment Benefit Plans (Continued)**

The net amounts of the employer's balances of deferred outflows and inflows (not including the deferred contribution paid subsequent to the measurement date) of resources related to OPEBs will be recognized in OPEB expense as follows:

	<b>OPEB Expense</b>
	<b>Amount</b>
Year ended June 30:	
2020	\$ (1,027,894)
2021	(1,027,894)
2022	(1,027,894)
2023	(1,028,887)
2024	(1,029,455)
Thereafter	(1,016,015)

**X. Interfund Transfers**

Interfund transfers for the year ended June 30, 2019 are as follows:

<b>Fund</b>	<b>Transfer In</b>	<b>Transfer Out</b>
General Fund:	\$ 591,750	\$ 1,727,768
General Fund	591,750	1,727,768
Capital Project Funds:	-	856,784
Capital Project Funds	-	856,784
Debt Service Fund:	1,727,768	-
Debt Service Fund	1,727,768	-
Special Revenue Funds:	265,034	-
Special Revenue Funds	265,034	-
	<u>\$ 2,584,552</u>	<u>\$ 2,584,552</u>

**Y. Subsequent Events**

Management has evaluated subsequent events through November 14, 2019, the date the financial statements were available for issue, and has determined that no subsequent events disclosures are necessary.

**TEXARKANA INDEPENDENT SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2019**

**Z. Contingent Liability**

The District has maintained insurance coverage through the Texas Association of Public Schools Property and Liability Fund (TAPS) for a number of years. This cost-sharing risk pool arrangement did not have sufficient funds to meet its obligations for the 2015-2016 year resulting in an assessment of members. Since that assessment, TAPS has filed for bankruptcy protection which may result in an additional assessment of members to fund in any further losses. Any additional assessment of members, if any, cannot be reasonably estimated, but the District is of the opinion that it would not significantly impact operations.

## **Required Supplementary Information**

TEXARKANA INDEPENDENT SCHOOL DISTRICT  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL - GENERAL FUND  
FOR THE YEAR ENDED JUNE 30, 2019

Data Control Codes	Budgeted Amounts		Actual Amounts (GAAP BASIS)	Variance With Final Budget Positive or (Negative)
	Original	Final		
REVENUES:				
5700 Total Local and Intermediate Sources	\$ 24,801,834	\$ 25,423,183	\$ 24,891,167	\$ (532,016)
5800 State Program Revenues	34,281,866	34,281,866	34,982,486	700,620
5900 Federal Program Revenues	1,030,000	1,030,000	725,402	(304,598)
5020 Total Revenues	60,113,700	60,735,049	60,599,055	(135,994)
EXPENDITURES:				
Current:				
0011 Instruction	33,802,170	34,566,900	33,458,686	1,108,214
0012 Instructional Resources and Media Services	389,320	415,000	364,173	50,827
0013 Curriculum and Instructional Staff Development	2,633,292	2,593,827	2,473,043	120,784
0021 Instructional Leadership	125,670	128,170	126,231	1,939
0023 School Leadership	4,930,259	4,916,759	4,897,270	19,489
0031 Guidance, Counseling and Evaluation Services	1,441,386	1,451,436	1,390,324	61,112
0033 Health Services	382,448	382,448	378,615	3,833
0034 Student (Pupil) Transportation	186,980	196,980	189,148	7,832
0036 Extracurricular Activities	2,477,206	3,123,445	3,086,407	37,038
0041 General Administration	3,402,087	3,424,087	3,360,339	63,748
0051 Facilities Maintenance and Operations	7,598,194	7,940,629	7,552,529	388,100
0052 Security and Monitoring Services	946,475	901,475	851,057	50,418
0053 Data Processing Services	148,000	148,000	137,862	10,138
0061 Community Services	50,000	65,000	59,276	5,724
Intergovernmental:				
0093 Payments to Fiscal Agent/Member Districts of	560,000	610,000	607,450	2,550
0099 Other Intergovernmental Charges	390,000	395,000	393,385	1,615
6030 Total Expenditures	59,463,487	61,259,156	59,325,795	1,933,361
1100 Excess (Deficiency) of Revenues Over (Under) Expenditures	650,213	(524,107)	1,273,260	1,797,367
OTHER FINANCING SOURCES (USES):				
7912 Sale of Real and Personal Property	-	-	4,690	4,690
7915 Transfers In	500,000	1,091,750	591,750	(500,000)
8911 Transfers Out (Use)	(1,640,144)	(1,640,144)	(1,727,768)	(87,624)
7080 Total Other Financing Sources (Uses)	(1,140,144)	(548,394)	(1,131,328)	(582,934)
1200 Net Change in Fund Balances	(489,931)	(1,072,501)	141,932	1,214,433
0100 Fund Balance - July 1 (Beginning)	16,577,792	16,577,792	16,577,792	-
3000 Fund Balance - June 30 (Ending)	\$ 16,087,861	\$ 15,505,291	\$ 16,719,724	\$ 1,214,433

TEXARKANA INDEPENDENT SCHOOL DISTRICT  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL - CHILD NUTRITION PROGRAM  
FOR THE YEAR ENDED JUNE 30, 2019

Data Control Codes	Budgeted Amounts		Actual Amounts (GAAP BASIS)	Variance With Final Budget Positive or (Negative)
	Original	Final		
REVENUES:				
5700 Total Local and Intermediate Sources	\$ 900,000	\$ 900,000	\$ 831,484	\$ (68,516)
5800 State Program Revenues	75,000	75,000	106,395	31,395
5900 Federal Program Revenues	5,200,000	6,200,000	6,468,626	268,626
5020 Total Revenues	6,175,000	7,175,000	7,406,505	231,505
EXPENDITURES:				
Current:				
0035 Food Services	5,805,000	6,797,612	6,360,755	436,857
0051 Facilities Maintenance and Operations	300,000	350,000	278,801	71,199
6030 Total Expenditures	6,105,000	7,147,612	6,639,556	508,056
1100 Excess of Revenues Over Expenditures	70,000	27,388	766,949	739,561
OTHER FINANCING SOURCES (USES):				
7915 Transfers In	-	265,250	265,034	(216)
1200 Net Change in Fund Balances	70,000	292,638	1,031,983	739,345
0100 Fund Balance - July 1 (Beginning)	1,540,623	1,540,623	1,540,623	-
3000 Fund Balance - June 30 (Ending)	\$ 1,610,623	\$ 1,833,261	\$ 2,572,606	\$ 739,345

TEXARKANA INDEPENDENT SCHOOL DISTRICT  
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY  
TEACHER RETIREMENT SYSTEM OF TEXAS  
FOR THE YEAR ENDED JUNE 30, 2019

	FY 2019 Plan Year 2018	FY 2018 Plan Year 2017	FY 2017 Plan Year 2016
District's Proportion of the Net Pension Liability (Asset)	0.043882251%	0.043607001%	0.0425797%
District's Proportionate Share of Net Pension Liability (Asset)	\$ 24,153,856	\$ 13,943,170	\$ 16,090,237
State's Proportionate Share of the Net Pension Liability (Asset) Associated with the District	35,726,107	21,455,491	24,671,300
Total	<u>\$ 59,879,963</u>	<u>\$ 35,398,661</u>	<u>\$ 40,761,537</u>
District's Covered Payroll	\$ 45,511,968	\$ 44,631,358	\$ 41,757,954
District's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	53.07%	31.24%	38.53%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	73.74%	82.17%	78.00%

Note: GASB 68, Paragraph 81 requires that the information on this schedule be data from the period corresponding with the periods covered as of the measurement dates of August 31, 2018 for year 2019, August 31, 2017 for year 2018, August 31, 2016 for year 2017, August 31, 2015 for year 2016 and August 31, 2014 for 2015.

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

FY 2016 Plan Year 2015		FY 2015 Plan Year 2014	
0.0451433%		0.0302714%	
\$	15,957,556	\$	8,085,909
24,042,933		20,777,771	
\$	40,000,489	\$	28,863,680
\$	41,337,593	\$	39,650,152
38.60%		20.39%	
78.43%		83.25%	



TEXARKANA INDEPENDENT SCHOOL DISTRICT  
SCHEDULE OF DISTRICT'S CONTRIBUTIONS FOR PENSIONS  
TEACHER RETIREMENT SYSTEM OF TEXAS  
FOR FISCAL YEAR 2019

	2019	2018	2017
Contractually Required Contribution	\$ 1,646,864	\$ 1,501,629	\$ 1,435,637
Contribution in Relation to the Contractually Required Contribution	(1,646,864)	(1,501,629)	(1,435,637)
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -
District's Covered Payroll	\$ 47,132,909	\$ 45,155,158	\$ 44,394,809
Contributions as a Percentage of Covered Payroll	3.49%	3.33%	3.23%

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

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

2016		2015	
\$	1,353,476	\$	1,238,865
	(1,353,476)		(1,238,865)
\$	-	\$	-
\$	41,530,144	\$	40,954,566
	3.26%		3.02%

TEXARKANA INDEPENDENT SCHOOL DISTRICT  
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET OPEB LIABILITY  
TEACHER RETIREMENT SYSTEM OF TEXAS  
FOR THE YEAR ENDED JUNE 30, 2019

	FY 2019 Plan Year 2018	FY 2018 Plan Year 2017
District's Proportion of the Net Liability (Asset) for Other Postemployment Benefits	0.060147532%	0.057887354%
District's Proportionate Share of Net OPEB Liability (Asset)	\$ 30,032,213	\$ 25,173,039
State's Proportionate Share of the Net OPEB Liability (Asset) Associated with the District	36,330,124	33,091,458
Total	<u>\$ 66,362,337</u>	<u>\$ 58,264,497</u>
District's Covered Payroll	\$ 45,511,968	\$ 44,631,358
District's Proportionate Share of the Net OPEB Liability (Asset) as a Percentage of its Covered Payroll	65.99%	56.40%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	1.57%	0.91%

Note: GASB Codification, Vol. 2, P50.238 states that the information on this schedule should be determined as of the measurement date. Therefore the amounts reported for FY 2019 are for the measurement date August 31, 2018. The amounts for FY 2018 are based on the August 31, 2017 measurement date.

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

TEXARKANA INDEPENDENT SCHOOL DISTRICT  
SCHEDULE OF DISTRICT'S CONTRIBUTIONS FOR OTHER POSTEMPLOYMENT BENEFITS (OPEB)  
TEACHER RETIREMENT SYSTEM OF TEXAS  
FOR FISCAL YEAR 2019

	2019	2018
Contractually Required Contribution	\$ 441,526	\$ 392,108
Contribution in Relation to the Contractually Required Contribution	(441,526)	(392,108)
Contribution Deficiency (Excess)	\$ -0-	\$ -0-
District's Covered Payroll	\$ 47,132,909	\$ 45,155,158
Contributions as a Percentage of Covered Payroll	0.94%	0.87%

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

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

## **Notes to Required Supplementary Information**

**TEXARKANA INDEPENDENT SCHOOL DISTRICT**  
**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**  
**JUNE 30, 2019**

**A. Notes to Schedules for TRS Pension**

*Changes of Benefit Terms:*

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

*Changes of Assumptions:*

1. The total pension liability as of August 31, 2018 was developed using a roll-forward method from the August 31, 2017.
2. 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.
3. Economic assumptions including rates of salary increase for individual participants were updated based on the same experience study.
4. The discount rate changed from 8.0 percent as of August 31, 2017 to 6.907 percent as of August 31, 2018.
5. The long term assumed rate of return changed from 8.0 percent to 7.25 percent.
6. 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.

**B. Notes to Schedules for the TRS OPEB Plan**

*Changes of Benefit Terms:*

The 85th Legislature, Regular Session passed the following statutory changes which became effective on September 1, 2017:

1. Created a high-deductible health 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.
2. Created a single Medicare Advantage plan and Medicare prescription drug plan for all Medicare-eligible participants.
3. Allowed the System to provide other, appropriate health benefit plans to address the needs of enrollees eligible for Medicare.
4. Allowed eligible retirees and their eligible dependents to enroll in TRS-Care when the retiree reaches 65 years of age, rather than waiting for the net enrollment period.
5. 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.

*Changes of Assumptions:*

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

1. Adjustments were made for retirees known to have discounted their health care coverage in fiscal year 2018. This change increased the total OPEB liability.
2. 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.
3. Demographic and economic assumptions were updated based on the experience study performed for TRS for the period ended August 31, 2017. This change increased the total OPEB liability.
4. 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 by \$2.3 billion.

**TEXARKANA INDEPENDENT SCHOOL DISTRICT**  
**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**  
**JUNE 30, 2019**

**B. Notes to Schedules for the TRS OPEB Plan (Continued)**

*Cadillac Tax:*

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:

1. 2018 thresholds of \$850/\$2,292 were indexed annually by 2.50 percent.
2. Premium data submitted was not adjusted for permissible exclusions to the Cadillac Tax.
3. There were no special adjustments to the dollar limit other than those permissible for non-Medicare retirees over 55.
4. 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.

## **Other Supplementary Information**



## **Non-major Governmental Funds**

TEXARKANA INDEPENDENT SCHOOL DISTRICT  
COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
JUNE 30, 2019

Data Control Codes		211 ESSA I, A Improving Basic Program	224 IDEA - Part B Formula	225 IDEA - Part B Preschool	244 Career and Technical - Basic Grant
<b>ASSETS</b>					
1110	Cash and Cash Equivalents	\$ -	\$ -	\$ -	\$ -
1120	Investments - Current	-	-	-	-
1210	Property Taxes - Current	-	-	-	-
1230	Allowance for Uncollectible Taxes	-	-	-	-
1240	Due from Other Governments	1,095,445	934,739	48,658	59,095
1260	Due from Other Funds	-	-	-	-
1000	Total Assets	<u>\$ 1,095,445</u>	<u>\$ 934,739</u>	<u>\$ 48,658</u>	<u>\$ 59,095</u>
<b>LIABILITIES</b>					
2110	Accounts Payable	\$ 2,138	\$ 3,304	\$ -	\$ 6,104
2150	Payroll Deductions and Withholdings Payable	31,130	9,268	1,497	-
2160	Accrued Wages Payable	327,707	78,565	2,576	-
2170	Due to Other Funds	734,470	843,602	44,585	52,991
2180	Due to Other Governments	-	-	-	-
2300	Unearned Revenue	-	-	-	-
2000	Total Liabilities	<u>1,095,445</u>	<u>934,739</u>	<u>48,658</u>	<u>59,095</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
2601	Unavailable Revenue - Property Taxes	-	-	-	-
2600	Total Deferred Inflows of Resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>FUND BALANCES</b>					
Restricted Fund Balance:					
3480	Retirement of Long-Term Debt	-	-	-	-
3000	Total Fund Balances	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
4000	Total Liabilities, Deferred Inflows & Fund Balances	<u>\$ 1,095,445</u>	<u>\$ 934,739</u>	<u>\$ 48,658</u>	<u>\$ 59,095</u>

255 ESSA II,A Training and Recruiting	263 Title III, A English Lang. Acquisition	276 TTIPS Grant	287 LEP Summer School	289 Title IV Part A Subpart I	315 SSA IDEA, Part B Discretionary	385 Visually Impaired SSVI	386 Regional Day School for the Deaf
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 6,331
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
170,758	29,248	139,880	-	73,464	24,203	-	29,556
-	-	-	-	-	-	-	-
<u>\$ 170,758</u>	<u>\$ 29,248</u>	<u>\$ 139,880</u>	<u>\$ -</u>	<u>\$ 73,464</u>	<u>\$ 24,203</u>	<u>\$ -</u>	<u>\$ 35,887</u>
\$ -	\$ -	\$ 29,084	\$ -	\$ 6,341	\$ -	\$ -	\$ -
3,096	-	1,914	-	589	-	-	5,077
41,175	-	20,006	-	4,507	-	-	30,810
126,487	29,248	88,876	-	62,027	24,203	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>170,758</u>	<u>29,248</u>	<u>139,880</u>	<u>-</u>	<u>73,464</u>	<u>24,203</u>	<u>-</u>	<u>35,887</u>
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>\$ 170,758</u>	<u>\$ 29,248</u>	<u>\$ 139,880</u>	<u>\$ -</u>	<u>\$ 73,464</u>	<u>\$ 24,203</u>	<u>\$ -</u>	<u>\$ 35,887</u>

TEXARKANA INDEPENDENT SCHOOL DISTRICT  
COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
JUNE 30, 2019

Data Control Codes		410 State Instructional Materials	412 Public School Child Care Services	419 Head Start Ready To Read	428 Tigers Children's Clinic
<b>ASSETS</b>					
1110	Cash and Cash Equivalents	\$ 101,784	\$ 137,864	\$ -	\$ 34,522
1120	Investments - Current	-	-	-	-
1210	Property Taxes - Current	-	-	-	-
1230	Allowance for Uncollectible Taxes	-	-	-	-
1240	Due from Other Governments	-	-	8,751	-
1260	Due from Other Funds	-	-	-	-
1000	Total Assets	<u>\$ 101,784</u>	<u>\$ 137,864</u>	<u>\$ 8,751</u>	<u>\$ 34,522</u>
<b>LIABILITIES</b>					
2110	Accounts Payable	\$ 7,548	\$ 1,291	\$ 1,604	\$ -
2150	Payroll Deductions and Withholdings Payable	-	170	-	-
2160	Accrued Wages Payable	-	7,031	-	-
2170	Due to Other Funds	-	-	7,147	-
2180	Due to Other Governments	-	-	-	-
2300	Unearned Revenue	94,236	129,372	-	34,522
2000	Total Liabilities	<u>101,784</u>	<u>137,864</u>	<u>8,751</u>	<u>34,522</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
2601	Unavailable Revenue - Property Taxes	-	-	-	-
2600	Total Deferred Inflows of Resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>FUND BALANCES</b>					
Restricted Fund Balance:					
3480	Retirement of Long-Term Debt	-	-	-	-
3000	Total Fund Balances	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
4000	Total Liabilities, Deferred Inflows & Fund Balances	<u>\$ 101,784</u>	<u>\$ 137,864</u>	<u>\$ 8,751</u>	<u>\$ 34,522</u>

429 Autism/ Dyslexia Grants	Total Nonmajor Special Revenue Funds	511 Debt Service Fund	Total Nonmajor Governmental Funds
\$ -	\$ 280,501	\$ 334,299	\$ 614,800
-	-	2,156,599	2,156,599
-	-	368,456	368,456
-	-	(109,297)	(109,297)
413,371	3,027,168	-	3,027,168
-	-	307,849	307,849
<u>\$ 413,371</u>	<u>\$ 3,307,669</u>	<u>\$ 3,057,906</u>	<u>\$ 6,365,575</u>
\$ 22,748	\$ 80,162	\$ -	\$ 80,162
3,520	56,261	-	56,261
47,751	560,128	-	560,128
339,352	2,352,988	-	2,352,988
-	-	50,923	50,923
-	258,130	-	258,130
<u>413,371</u>	<u>3,307,669</u>	<u>50,923</u>	<u>3,358,592</u>
-	-	191,254	191,254
<u>-</u>	<u>-</u>	<u>191,254</u>	<u>191,254</u>
-	-	2,815,729	2,815,729
<u>-</u>	<u>-</u>	<u>2,815,729</u>	<u>2,815,729</u>
<u>\$ 413,371</u>	<u>\$ 3,307,669</u>	<u>\$ 3,057,906</u>	<u>\$ 6,365,575</u>

TEXARKANA INDEPENDENT SCHOOL DISTRICT  
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED JUNE 30, 2019

Data Control Codes	211 ESSA I, A Improving Basic Program	224 IDEA - Part B Formula	225 IDEA - Part B Preschool	244 Career and Technical - Basic Grant
REVENUES:				
5700 Total Local and Intermediate Sources	\$ -	\$ -	\$ -	\$ -
5800 State Program Revenues	-	-	-	-
5900 Federal Program Revenues	2,247,221	1,554,349	53,659	100,648
5020 Total Revenues	2,247,221	1,554,349	53,659	100,648
EXPENDITURES:				
Current:				
0011 Instruction	1,929,571	998,736	39,579	88,157
0012 Instructional Resources and Media Services	47,200	-	-	-
0013 Curriculum and Instructional Staff Development	58,013	-	-	12,491
0021 Instructional Leadership	-	-	-	-
0023 School Leadership	81,477	-	-	-
0031 Guidance, Counseling and Evaluation Services	-	543,476	14,080	-
0032 Social Work Services	-	-	-	-
0041 General Administration	-	12,137	-	-
0052 Security and Monitoring Services	-	-	-	-
0053 Data Processing Services	-	-	-	-
0061 Community Services	130,960	-	-	-
Debt Service:				
0071 Principal on Long-Term Debt	-	-	-	-
0072 Interest on Long-Term Debt	-	-	-	-
0073 Bond Issuance Cost and Fees	-	-	-	-
6030 Total Expenditures	2,247,221	1,554,349	53,659	100,648
1100 Excess (Deficiency) of Revenues Over (Under) Expenditures	-	-	-	-
OTHER FINANCING SOURCES (USES):				
7915 Transfers In	-	-	-	-
1200 Net Change in Fund Balance	-	-	-	-
0100 Fund Balance - July 1 (Beginning)	-	-	-	-
3000 Fund Balance - June 30 (Ending)	\$ -	\$ -	\$ -	\$ -

255 ESSA II, A Training and Recruiting	263 Title III, A English Lang. Acquisition	276 TTIPS Grant	287 LEP Summer School	289 Title IV Part A Subpart I	315 SSA IDEA, Part B Discretionary	385 Visually Impaired SSVI	386 Regional Day School for the Deaf
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	1,888	60,674
288,943	34,615	1,470,389	3,755	134,760	24,203	-	-
288,943	34,615	1,470,389	3,755	134,760	24,203	1,888	60,674
288,943	34,615	1,271,200	3,755	37,517	24,203	1,888	60,674
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	71,130	-	-	-	-	-
-	-	56,612	-	-	-	-	-
-	-	71,447	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	97,243	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
288,943	34,615	1,470,389	3,755	134,760	24,203	1,888	60,674
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

TEXARKANA INDEPENDENT SCHOOL DISTRICT  
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED JUNE 30, 2019

Data Control Codes	410 State Instructional Materials	412 Public School Child Care Services	419 Head Start Ready To Read	428 Tigers Children's Clinic
REVENUES:				
5700 Total Local and Intermediate Sources	\$ -	\$ 399,348	\$ -	\$ -
5800 State Program Revenues	241,503	26,992	51,688	-
5900 Federal Program Revenues	-	164,319	-	-
5020 Total Revenues	241,503	590,659	51,688	-
EXPENDITURES:				
Current:				
0011 Instruction	215,753	-	-	-
0012 Instructional Resources and Media Services	-	-	-	-
0013 Curriculum and Instructional Staff Development	-	-	-	-
0021 Instructional Leadership	-	-	-	-
0023 School Leadership	-	-	-	-
0031 Guidance, Counseling and Evaluation Services	-	-	-	-
0032 Social Work Services	-	-	-	-
0041 General Administration	-	-	-	-
0052 Security and Monitoring Services	-	-	-	-
0053 Data Processing Services	25,750	-	-	-
0061 Community Services	-	590,659	51,688	-
Debt Service:				
0071 Principal on Long-Term Debt	-	-	-	-
0072 Interest on Long-Term Debt	-	-	-	-
0073 Bond Issuance Cost and Fees	-	-	-	-
6030 Total Expenditures	241,503	590,659	51,688	-
1100 Excess (Deficiency) of Revenues Over (Under) Expenditures	-	-	-	-
OTHER FINANCING SOURCES (USES):				
7915 Transfers In	-	-	-	-
1200 Net Change in Fund Balance	-	-	-	-
0100 Fund Balance - July 1 (Beginning)	-	-	-	-
3000 Fund Balance - June 30 (Ending)	\$ -	\$ -	\$ -	\$ -



429 Autism/ Dyslexia Grants	Total Nonmajor Special Revenue Funds	511 Debt Service Fund	Total Nonmajor Governmental Funds
\$ -	\$ 399,348	\$ 5,165,573	\$ 5,564,921
1,370,789	1,753,534	1,028,228	2,781,762
-	6,076,861	-	6,076,861
1,370,789	8,229,743	6,193,801	14,423,544
1,132,746	6,127,337	-	6,127,337
-	47,200	-	47,200
202,385	272,889	-	272,889
26,760	26,760	-	26,760
-	152,607	-	152,607
8,898	623,066	-	623,066
-	71,447	-	71,447
-	12,137	-	12,137
-	97,243	-	97,243
-	25,750	-	25,750
-	773,307	-	773,307
-	-	5,232,468	5,232,468
-	-	2,247,337	2,247,337
-	-	2,625	2,625
1,370,789	8,229,743	7,482,430	15,712,173
-	-	(1,288,629)	(1,288,629)
-	-	1,727,768	1,727,768
-	-	439,139	439,139
-	-	2,376,590	2,376,590
\$ -	\$ -	\$ 2,815,729	\$ 2,815,729

## **Non-major Enterprise Funds**

TEXARKANA INDEPENDENT SCHOOL DISTRICT  
 COMBINING STATEMENT OF NET POSITION  
 NONMAJOR ENTERPRISE FUNDS  
 JUNE 30, 2019

	711 Food Service Activity	713 Print Shop Activity
<b>ASSETS</b>		
Current Assets:		
Cash and Cash Equivalents	\$ 411,687	\$ 444,685
Inventories	14,248	-
Total Current Assets	<u>425,935</u>	<u>444,685</u>
Noncurrent Assets:		
Capital Assets:		
Buildings and Improvements	9,200	-
Depreciation on Buildings	(7,865)	-
Furniture and Equipment	209,183	68,195
Depreciation on Furniture and Equipment	<u>(209,183)</u>	<u>(36,947)</u>
Total Noncurrent Assets	<u>1,335</u>	<u>31,248</u>
Total Assets	<u>427,270</u>	<u>475,933</u>
<b>LIABILITIES</b>		
Current Liabilities:		
Accounts Payable	1,408	-
Due to Other Governments	<u>-</u>	<u>-</u>
Total Liabilities	<u>1,408</u>	<u>-</u>
<b>NET POSITION</b>		
Unrestricted Net Position	<u>425,862</u>	<u>475,933</u>
Total Net Position	<u><u>\$ 425,862</u></u>	<u><u>\$ 475,933</u></u>

714 Public Relations Activity	715 School Improvement Activity	716 Police Department Activity	720 Texas A&M Food Service Activity	730 TC Food Service Activity	740 St. James Food Service Activity	Total Nonmajor Enterprise Funds
\$ 4,400	\$ 570	\$ 464	\$ 287,508	\$ 15,385	\$ 2,880	\$ 1,167,579
240	-	-	-	-	-	14,488
<u>4,640</u>	<u>570</u>	<u>464</u>	<u>287,508</u>	<u>15,385</u>	<u>2,880</u>	<u>1,182,067</u>
-	-	-	-	-	-	9,200
-	-	-	-	-	-	(7,865)
5,985	-	-	-	-	-	283,363
<u>(5,985)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(252,115)</u>
-	-	-	-	-	-	32,583
<u>4,640</u>	<u>570</u>	<u>464</u>	<u>287,508</u>	<u>15,385</u>	<u>2,880</u>	<u>1,214,650</u>
-	-	-	-	-	-	1,408
<u>10</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>115</u>	<u>-</u>	<u>125</u>
10	-	-	-	115	-	1,533
<u>4,630</u>	<u>570</u>	<u>464</u>	<u>287,508</u>	<u>15,270</u>	<u>2,880</u>	<u>1,213,117</u>
<u>\$ 4,630</u>	<u>\$ 570</u>	<u>\$ 464</u>	<u>\$ 287,508</u>	<u>\$ 15,270</u>	<u>\$ 2,880</u>	<u>\$ 1,213,117</u>

TEXARKANA INDEPENDENT SCHOOL DISTRICT  
 COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION  
 NONMAJOR ENTERPRISE FUNDS  
 FOR THE YEAR ENDED JUNE 30, 2019

	711 Food Service Activity	713 Print Shop Activity
<hr/>		
OPERATING REVENUES:		
Local and Intermediate Sources	\$ 246,964	\$ 153,446
State Program Revenues	6,037	-
Total Operating Revenues	<u>253,001</u>	<u>153,446</u>
OPERATING EXPENSES:		
Payroll Costs	67,586	-
Professional and Contracted Services	200	20,521
Supplies and Materials	157,877	67,233
Other Operating Costs	1,480	-
Depreciation Expense	<u>297</u>	<u>12,057</u>
Total Operating Expenses	<u>227,440</u>	<u>99,811</u>
Operating Income	25,561	53,635
Total Net Position - July 1 (Beginning)	<u>400,301</u>	<u>422,298</u>
Total Net Position - June 30 (Ending)	<u><u>\$ 425,862</u></u>	<u><u>\$ 475,933</u></u>

714 Public Relations Activity	715 School Improvement Activity	716 Police Department Activity	720 Texas A&M Food Service Activity	730 TC Food Service Activity	740 St. James Food Service Activity	Total Nonmajor Enterprise Funds
\$ 5,798	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 406,208
-	-	-	-	-	-	6,037
5,798	-	-	-	-	-	412,245
-	-	-	-	-	-	67,586
-	-	-	-	-	-	20,721
5,697	-	-	-	-	-	230,807
-	-	-	-	-	-	1,480
-	-	-	-	-	-	12,354
5,697	-	-	-	-	-	332,948
101	-	-	-	-	-	79,297
4,529	570	464	287,508	15,270	2,880	1,133,820
\$ 4,630	\$ 570	\$ 464	\$ 287,508	\$ 15,270	\$ 2,880	\$ 1,213,117

TEXARKANA INDEPENDENT SCHOOL DISTRICT  
COMBINING STATEMENT OF CASH FLOWS  
NONMAJOR ENTERPRISE FUNDS  
FOR THE YEAR ENDED JUNE 30, 2019

	711 Food Service Activity	713 Print Shop Activity
<u>Cash Flows from Operating Activities:</u>		
Cash Received from User Charges	\$ 249,633	\$ 153,446
Cash Payments to Employees for Services	(67,586)	-
Cash Payments for Suppliers	(161,561)	(90,735)
Net Cash Provided by Operating Activities	<u>20,487</u>	<u>62,711</u>
Net Increase in Cash and Cash Equivalents	20,487	62,711
Cash and Cash Equivalents at Beginning of Year	391,200	381,974
Cash and Cash Equivalents at End of Year	<u><u>\$ 411,687</u></u>	<u><u>\$ 444,685</u></u>
<u>Reconciliation of Operating Income to Net Cash</u> <u>    Provided By Operating Activities:</u>		
Operating Income:	\$ 25,561	\$ 53,635
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:		
Depreciation	297	12,057
Effect of Increases and Decreases in Current Assets and Liabilities:		
Decrease (increase) in Inventories	(3,367)	-
Increase (decrease) in Accounts Payable	(2,003)	(2,981)
Net Cash Provided by Operating Activities	<u><u>\$ 20,487</u></u>	<u><u>\$ 62,711</u></u>

714 Public Relations Activity	715 School Improvement Activity	716 Police Department Activity	720 Texas A&M Food Service Activity	730 TC Food Service Activity	740 St. James Food Service Activity	Total Nonmajor Enterprise Funds
\$ 5,798	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 408,878
-	-	-	-	-	-	(67,586)
(5,697)	-	-	-	-	-	(257,993)
101	-	-	-	-	-	83,299
101	-	-	-	-	-	83,299
4,299	570	464	287,508	15,385	2,880	1,084,280
<u>\$ 4,400</u>	<u>\$ 570</u>	<u>\$ 464</u>	<u>\$ 287,508</u>	<u>\$ 15,385</u>	<u>\$ 2,880</u>	<u>\$ 1,167,579</u>
\$ 101	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 79,297
-	-	-	-	-	-	12,354
-	-	-	-	-	-	(3,367)
-	-	-	-	-	-	(4,984)
<u>\$ 101</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 83,299</u>



## **Agency Funds**

TEXARKANA INDEPENDENT SCHOOL DISTRICT  
 COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES  
 ALL AGENCY FUNDS  
 FOR THE YEAR ENDED JUNE 30, 2019

	BALANCE JULY 1 2018	ADDITIONS	DEDUCTIONS	BALANCE JUNE 30 2019
<b>Texas High Club</b>				
Assets:				
Cash and Temporary Investments	\$ 186,507	\$ 342,491	\$ 314,004	\$ 214,993
Liabilities:				
Accounts Payable	\$ 2,554	\$ 278,062	\$ 276,407	\$ 4,208
Due to Student Groups	183,953	352,257	325,424	210,785
Total Liabilities	\$ 186,507	\$ 630,319	\$ 601,832	\$ 214,993
<b>TH New Horizon Scholarship</b>				
Assets:				
Cash and Temporary Investments	\$ (98)	\$ 98	\$ -	\$ -
Liabilities:				
Due to Other Funds	\$ -	\$ 98	\$ -	\$ 98
Due to Student Groups	(98)	-	-	(98)
Total Liabilities	\$ (98)	\$ 98	\$ -	\$ -
<b>5K THS Fundraiser</b>				
Assets:				
Cash and Temporary Investments	\$ -	\$ 18,604	\$ 18,604	\$ -
Liabilities:				
Accounts Payable	\$ -	\$ 1,426	\$ 1,426	\$ -
Due to Student Groups	-	18,604	18,604	-
Total Liabilities	\$ -	\$ 20,030	\$ 20,030	\$ -
<b>Distinguished Alumni Fund</b>				
Assets:				
Cash and Temporary Investments	\$ 12,656	\$ -	\$ -	\$ 12,656
Liabilities:				
Accrued Expenses	\$ 12,656	\$ -	\$ -	\$ 12,656
<b>TISD Foundation</b>				
Assets:				
Cash and Temporary Investments	\$ (390)	\$ 2,399	\$ 2,009	\$ -
Liabilities:				
Accounts Payable	\$ 262	\$ 1,052	\$ 1,314	\$ -
Due to Other Funds	-	1,749	-	1,749
Due to Student Groups	(652)	150	1,247	(1,749)
Total Liabilities	\$ (390)	\$ 2,952	\$ 2,562	\$ -
<b>Texas Middle School Club</b>				
Assets:				
Cash and Temporary Investments	\$ 97,960	\$ 71,708	\$ 83,639	\$ 86,029
Liabilities:				
Accounts Payable	\$ 478	\$ 83,449	\$ 82,325	\$ 1,601
Due to Student Groups	97,483	72,363	85,418	84,428

TEXARKANA INDEPENDENT SCHOOL DISTRICT  
 COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES  
 ALL AGENCY FUNDS  
 FOR THE YEAR ENDED JUNE 30, 2019

	BALANCE JULY 1 2018	ADDITIONS	DEDUCTIONS	BALANCE JUNE 30 2019
Total Liabilities	\$ 97,960	\$ 155,812	\$ 167,743	\$ 86,029
<b>Adult Education Scholarship</b>				
Assets:				
Cash and Temporary Investments	\$ 2,728	\$ 8,184	\$ 8,184	\$ 2,728
Liabilities:				
Due to Student Groups	\$ 2,728	\$ 8,184	\$ 8,184	\$ 2,728
<b>Dual Credit - THS</b>				
Assets:				
Cash and Temporary Investments	\$ 220,519	\$ 187,845	\$ 151,171	\$ 257,194
Liabilities:				
Accounts Payable	\$ (400)	\$ 37,934	\$ 37,934	\$ (400)
Accrued Expenses	220,919	187,845	151,171	257,594
Total Liabilities	\$ 220,519	\$ 225,779	\$ 189,105	\$ 257,194
<b>TOTAL AGENCY FUNDS</b>				
Assets:				
Cash and Temporary Investments	\$ 519,882	\$ 631,329	\$ 577,611	\$ 573,600
Liabilities:				
Accounts Payable	\$ 2,893	\$ 401,922	\$ 399,406	\$ 5,409
Due to Other Funds	-	1,847	-	1,847
Due to Student Groups	283,413	451,558	438,877	296,094
Accrued Expenses	233,576	187,845	151,171	270,250
Total Liabilities	\$ 519,882	\$ 1,043,173	\$ 989,455	\$ 573,600

## **Private Purpose Trust Funds**

TEXARKANA INDEPENDENT SCHOOL DISTRICT  
COMBINING STATEMENT OF NET POSITION  
PRIVATE PURPOSE TRUST FUNDS  
JUNE 30, 2019

	802 Texas High School VIP Fund	805 Highland Park VIP Fund	807 Theron Jones VIP Fund	808 Westlawn VIP Fund	809 Nash VIP Fund
ASSETS					
Cash and Cash Equivalents	\$ 61,252	\$ 483	\$ 5,675	\$ -	\$ 5,843
Total Assets	<u>61,252</u>	<u>483</u>	<u>5,675</u>	<u>-</u>	<u>5,843</u>
LIABILITIES					
Accounts Payable	3,325	-	-	-	-
Due to Other Funds	-	-	-	562	-
Payable from Restricted Assets	<u>57,927</u>	<u>483</u>	<u>5,675</u>	<u>(562)</u>	<u>5,843</u>
Total Liabilities	<u>61,252</u>	<u>483</u>	<u>5,675</u>	<u>-</u>	<u>5,843</u>
NET POSITION					
Unrestricted Net Position	\$ -	\$ -	\$ -	\$ -	\$ -
Total Net Position	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

811 Spring Lake Park VIP Fund	813 Wake Village VIP Fund	815 Dunbar VIP Fund	816 Morris Elementary VIP Fund	817 Waggoner Creek VIP Fund	829 Scholarship Fund	842 Texas Middle School VIP Fund	Total Private Purpose Trust Funds
\$ 4,012	\$ 15,928	\$ 1,094	\$ 34,320	\$ 6,632	\$ 171,720	\$ 7,451	\$ 314,410
<u>4,012</u>	<u>15,928</u>	<u>1,094</u>	<u>34,320</u>	<u>6,632</u>	<u>171,720</u>	<u>7,451</u>	<u>314,410</u>
-	-	-	699	-	-	-	4,024
-	-	-	-	-	43,348	-	43,910
<u>4,012</u>	<u>15,928</u>	<u>1,094</u>	<u>33,621</u>	<u>6,632</u>	<u>-</u>	<u>7,451</u>	<u>138,104</u>
<u>4,012</u>	<u>15,928</u>	<u>1,094</u>	<u>34,320</u>	<u>6,632</u>	<u>43,348</u>	<u>7,451</u>	<u>186,038</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 128,372	\$ -	\$ 128,372
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 128,372</u>	<u>\$ -</u>	<u>\$ 128,372</u>

TEXARKANA INDEPENDENT SCHOOL DISTRICT  
 COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION  
 PRIVATE PURPOSE TRUST FUNDS  
 FOR THE YEAR ENDED JUNE 30, 2019

	802 Texas High School VIP Fund	805 Highland Park VIP Fund	807 Theron Jones VIP Fund	808 Westlawn VIP Fund	809 Nash VIP Fund
ADDITIONS:					
Local and Intermediate Sources	\$ -	\$ -	\$ -	\$ -	\$ -
Total Additions	-	-	-	-	-
DEDUCTIONS:					
Other Operating Costs	-	-	-	-	-
Total Deductions	-	-	-	-	-
Change in Net Position	-	-	-	-	-
Net Position - July 1 (Beginning)	-	-	-	-	-
Net Position - June 30 (Ending)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

811 Spring Lake Park VIP Fund	813 Wake Village VIP Fund	815 Dunbar VIP Fund	816 Morris Elementary VIP Fund	817 Waggoner Creek VIP Fund	829 Scholarship Fund	842 Texas Middle School VIP Fund	Total Private Purpose Trust Funds
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,045	\$ -	\$ 1,045
-	-	-	-	-	1,045	-	1,045
-	-	-	-	-	16,420	-	16,420
-	-	-	-	-	16,420	-	16,420
-	-	-	-	-	(15,375)	-	(15,375)
-	-	-	-	-	143,747	-	143,747
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 128,372</u>	<u>\$ -</u>	<u>\$ 128,372</u>



## **Required TEA Schedules**

TEXARKANA INDEPENDENT SCHOOL DISTRICT  
SCHEDULE OF DELINQUENT TAXES RECEIVABLE  
FISCAL YEAR ENDED JUNE 30, 2019

Last 10 Years	(1)	(2)	(3)
	Tax Rates		Assessed/Appraised Value for School Tax Purposes
	Maintenance	Debt Service	
2010 and prior years	\$ 1.170000	\$ 0.169000	\$ 3,708,293,125
2011	1.170000	0.169000	1,869,450,714
2012	1.170000	0.169000	1,879,251,358
2013	1.170000	0.169000	1,881,877,414
2014	1.170000	0.169000	1,929,101,050
2015	1.170000	0.169000	1,948,780,352
2016	1.170000	0.255000	1,904,476,997
2017	1.170000	0.255000	1,974,870,987
2018	1.170000	0.255000	2,006,493,789
2019 (School year under audit)	1.170000	0.255000	2,063,870,404
1000 TOTALS			

(10) Beginning Balance 7/1/2018	(20) Current Year's Total Levy	(31) Maintenance Collections	(32) Debt Service Collections	(40) Entire Year's Adjustments	(50) Ending Balance 6/30/2019
\$ 287,472	\$ -	\$ 8,612	\$ 1,244	\$ (42,148)	\$ 235,468
54,794	-	1,737	251	(2,411)	50,395
65,581	-	2,902	419	(1,658)	60,603
80,546	-	5,166	746	(2,169)	72,465
89,057	-	6,367	920	(3,730)	78,040
116,548	-	11,112	1,605	(1,927)	101,904
135,391	-	17,924	3,907	(3,203)	110,356
259,897	-	50,101	10,920	(29,210)	169,666
1,090,292	-	625,638	136,357	(36,570)	291,728
-	28,616,719	22,608,334	4,927,457	(16,053)	1,064,875
<u>\$ 2,179,577</u>	<u>\$ 28,616,719</u>	<u>\$ 23,337,892</u>	<u>\$ 5,083,825</u>	<u>\$ (139,079)</u>	<u>\$ 2,235,499</u>

TEXARKANA INDEPENDENT SCHOOL DISTRICT  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL - DEBT SERVICE FUND  
FOR THE YEAR ENDED JUNE 30, 2019

Data Control Codes	Budgeted Amounts		Actual Amounts (GAAP BASIS)	Variance With Final Budget Positive or (Negative)
	Original	Final		
REVENUES:				
5700 Total Local and Intermediate Sources	\$ 4,803,579	\$ 4,928,579	\$ 5,165,573	\$ 236,994
5800 State Program Revenues	948,833	948,833	1,028,228	79,395
5020 Total Revenues	5,752,412	5,877,412	6,193,801	316,389
EXPENDITURES:				
Debt Service:				
0071 Principal on Long-Term Debt	7,365,072	5,240,110	5,232,468	7,642
0072 Interest on Long-Term Debt	-	2,247,337	2,247,337	-
0073 Bond Issuance Cost and Fees	-	2,625	2,625	-
6030 Total Expenditures	7,365,072	7,490,072	7,482,430	7,642
1100 Excess (Deficiency) of Revenues Over (Under) Expenditures	(1,612,660)	(1,612,660)	(1,288,629)	324,031
OTHER FINANCING SOURCES (USES):				
7915 Transfers In	1,640,144	1,640,144	1,727,768	87,624
1200 Net Change in Fund Balances	27,484	27,484	439,139	411,655
0100 Fund Balance - July 1 (Beginning)	2,376,590	2,376,590	2,376,590	-
3000 Fund Balance - June 30 (Ending)	\$ 2,404,074	\$ 2,404,074	\$ 2,815,729	\$ 411,655

## **Federal Awards Section**

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

Board of School Trustees  
Texarkana Independent School District  
Texarkana, Texas

Members of the Board of Trustees:

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, the business-type activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining information of Texarkana Independent School District (the District) as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated November 14, 2019.

**Internal Control Over Financial Reporting**

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

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

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

Board of School Trustees  
Texarkana Independent School District

### **Compliance and Other Matters**

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

### **Purpose of this Report**

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

A handwritten signature in black ink that reads "Thomas & Thomas, PLLC". The signature is written in a cursive, flowing style.

CERTIFIED PUBLIC ACCOUNTANTS

Texarkana, Texas  
November 14, 2019

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

Board of School Trustees  
Texarkana Independent School District  
Texarkana, Texas

Members of the Board of Trustees:

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

We have audited Texarkana Independent School District's (the District) compliance with the types of compliance requirements described in the *(OMB) Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the year ended June 30, 2019. The District's major federal programs are identified in the summary of audit results section of the accompanying schedule of findings and questioned costs.

**Management's Responsibility**

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

**Auditor's Responsibility**

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

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

**Opinion on Each Major Federal Program**

In our opinion, the District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2019.



## Report on Internal Control Over Compliance

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

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

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

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



CERTIFIED PUBLIC ACCOUNTANTS

Texarkana, Texas  
November 14, 2019

**TEXARKANA INDEPENDENT SCHOOL DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
JUNE 30, 2019**

**Summary of Audit Results**

*Financial Statements*

Type of Report Issued on the Financial Statements	Unmodified
Internal Control Over Financial Reporting:	
Material Weaknesses Identified	None Reported
Significant Deficiencies Identified That are not Considered to be Material Weaknesses	None Reported
Noncompliance Material to the Financial Statements	None Reported

*Federal Awards*

Internal Control over Major Programs:	
Material Weaknesses Identified	None Reported
Significant Deficiencies Identified That are not Considered to be Material Weaknesses	None Reported
Type of Report on Compliance for Major Federal Programs	Unmodified
Findings Disclosed in the Audit which are Required to be Reported in Government Auditing Standards	None Reported
Findings Disclosed in the Audit which are Required to be Reported in Accordance with 2 CFR 200.516(a)	None Reported
Programs Audited as Major:	
Title I, Part A – Improving Basic Programs	CFDA #84.010A
IDEA, Part B, Special Education – Grants to States	CFDA #84.027A
IDEA, Preschool, Special Education – Preschool Grants	CFDA #84.173A
Threshold Used to Distinguish between Type A and Type B Programs	\$750,000
Texarkana Independent School District qualified as a low risk entity.	

**TEXARKANA INDEPENDENT SCHOOL DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
JUNE 30, 2019**

**Details of findings relating to the financial statements which are required to be reported in accordance with GAGAS—**

There were no findings or questioned costs related to the financial statements or GAGAS.

**Details of findings and questioned costs relating to Federal awards –**

There were no findings or questioned costs related to the financial statements or federal awards

**TEXARKANA INDEPENDENT SCHOOL DISTRICT  
SCHEDULE OF STATUS OF PRIOR YEAR FINDINGS  
JUNE 30, 2019**

**Finding 2018-001**

**Significant Deficiency**

**Internal Controls and Compliance**

**Summary:**

In the prior year, our review of internal controls disclosed an instance in which the District's actual expenditures exceeded the budgeted expenditures in two functions in the general fund, which is not in compliance with the established budget. No costs were questioned.

**Conclusion:**

In the current year, management implemented additional procedures such as generating operating statement reports by function monthly in order to monitor the spending activity in each function code.

TEXARKANA INDEPENDENT SCHOOL DISTRICT  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2019

(1)	(2)	(3)	(4)
FEDERAL GRANTOR/ PASS-THROUGH GRANTOR/ PROGRAM or CLUSTER TITLE	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
<b>U.S. DEPARTMENT OF EDUCATION</b>			
<u>Passed Through State Department of Education</u>			
ESSA, Title I, Part A - Improving Basic Programs	84.010A	19610101019907	\$ 2,334,278
*IDEA - Part B, Formula	84.027	186600010199076600	366,395
*IDEA - Part B, Formula	84.027	196600010199076600	1,271,754
*SSA - IDEA - Part B, Discretionary	84.027	196600110199076673	25,050
Total CFDA Number 84.027			1,663,199
*IDEA - Part B, Preschool	84.173	186610010199076610	26,982
*IDEA - Part B, Preschool	84.173	196610010199076610	28,040
Total CFDA Number 84.173			55,022
Total Special Education Cluster (IDEA)			1,718,221
Career and Technical - Basic Grant	84.048	19420006019907	104,547
Title III, Part A - English Language Acquisition	84.365A	19671001019907	35,523
ESSA, Title II, Part A, Teacher Principal Training	84.367A	19694501019907	300,136
Title I SIP Academy Grant	84.377A	166107307110016	198,342
Title I SIP Academy Grant	84.377A	166107317110016	1,272,047
Total CFDA Number 84.377A			1,470,389
LEP Summer School	84.410	S369A160045	3,755
Title IV, Part A, Subpart I	84.424A	19680101019907	139,980
Total Passed Through State Department of Education			6,106,829
<b>TOTAL U.S. DEPARTMENT OF EDUCATION</b>			6,106,829
<b>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</b>			
<u>Passed Through Texas Dept of Human Services</u>			
Northeast Texas Workforce Development Board	93.596	19-019907	164,319
Total Passed Through Texas Dept of Human Services			164,319
<b>TOTAL U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</b>			164,319
<b>U.S. DEPARTMENT OF AGRICULTURE</b>			
<u>Passed Through the State Department of Agriculture</u>			
*School Breakfast Program	10.553	201818N109946	1,614,306
*National School Lunch Program - Cash Assistance	10.555	201818N109946	4,322,685
*National School Lunch Prog. - Non-Cash Assistance	10.555	201818N109946	512,088
Total CFDA Number 10.555			4,834,773
Total Child Nutrition Cluster			6,449,079
Child & Adult Care Food Program (TUNPS)	10.558		19,547
Total Passed Through the State Department of Agriculture			6,468,626
<b>TOTAL U.S. DEPARTMENT OF AGRICULTURE</b>			6,468,626
<b>TOTAL EXPENDITURES OF FEDERAL AWARDS</b>			<b>\$ 12,739,774</b>

\*Clustered Programs

See Accompanying Notes to the Schedule of Expenditures of Federal Awards

**TEXARKANA INDEPENDENT SCHOOL DISTRICT**  
**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**JUNE 30, 2019**

**Basis of Presentation**

The accompanying schedule of expenditures of federal awards includes the federal grant activity of Texarkana Independent School District (the District) and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of Uniform Guidance. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in preparation of the general purpose financial statements.

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

The District participates in numerous state and federal grant programs governed by various rules and regulations of 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, if any, refunds of any money received may be required and the collectability of any related receivable at June 30, 2019, 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 contingency.

**Medicaid Funds**

During the year ending June 30, 2019, the District received Medicaid funds of \$461,158 which is not considered a federal award since it is direct cash assistance to individuals.

**E-Rate Funding**

During the year ending June 30, 2019, the District received a discount on phone and internet bills in the amount of \$48,182 in the general fund. These amounts are reflected as federal revenue in the current year.

**Indirect Costs**

Indirect costs totaling \$194,286 are in the General Fund. The restricted indirect cost rate for the 2018-2019 fiscal year, as approved by The Division of Federal and Fiscal Compliance and Reporting at the Texas Education Agency (TEA), was 3.874%.

**Reconciliation of Federal Funds**

Federal Funds Per K-1	\$ 12,739,774
General Fund Federal Funding	<u>509,340</u>
	<u><u>\$ 13,249,114</u></u>