COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED AUGUST 31, 2018

SANTA ROSA INDEPENDENT SCHOOL DISTRICT
P.O. BOX 368 – SANTA ROSA, TEXAS 78593
WWW.SRTX.ORG

Santa Rosa

Independent School District

Santa Rosa, Texas

Comprehensive Annual Financial Report

For the Fiscal Year Ended August 31, 2018

Prepared by the Business Office:

Mr. David Robledo, Chief Financial Officer

Mrs. Marisa Cuevas, District Accountant

Santa Rosa Independent School District
P.O. Box 368
Santa Rosa, Texas 78593
www.srtx.org

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INTRODUCTORY SECTION

"Warriors On the Move –

Education On the Rise"

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SANTA ROSA INDEPENDENT SCHOOL DISTRICT

Santa Rosa, Texas

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED AUGUST 31, 2018

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Santa Rosa Independent School District

P.O. Box 368 * Santa Rosa, Texas 78593
Telephone (956) 636-9800 * Fax (956) 636-1439

"Once a Warrior, Always a Warrior"

January 28th, 2019

Mr. Raul Garza, President,
Members of the Board of Trustees, and
Patrons of the Santa Rosa Independent School District
Santa Rosa, Texas 78593

Dear Mr. Garza, Board of Trustees, and Patrons:

We are pleased to present the Santa Rosa Independent School District (the "District") Comprehensive Annual Financial Report (CAFR) for the year ending August 31, 2018. The report was prepared by the Business Office. Responsibility for both the accuracy of the presented data and the completeness and fairness of the presentation, including all disclosures contained in the report, rests solely with the District.

The District's annual audited financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information are presented in conformity with requirements established by the Texas Education Agency in their Financial Accountability Systems Resource Guide. To provide a reasonable basis for making these representations, management of the District has established a comprehensive internal control framework that is designed both to protect the government's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the District's financial statement in conformity with GAAP. Because the cost of internal controls should not outweigh their benefits, the District's comprehensive framework of internal controls has been designated to provide, reasonable rather than absolute, assurance that the financial statement will be free from material misstatement. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

The District's independent auditors were **Carr, Riggs & Ingram, LLC** and their opinion letter is hereby made a part of this report. Texas law requires that each public school district in the state undergo an annual audit conducted by an independent audit firm of certified public accountants and publish within one-hundred fifty days of the close of each fiscal year a complete set of financial statements. This audit must be done in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States.

The goal of the independent audit was to provide reasonable assurance that the financial statements of Santa Rosa Independent School District for fiscal year ended August 31, 2018, are free of material misstatement and are presented in conformity with generally accepted accounting principles (GAAP).

The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unmodified opinion that the District's financial statements for the fiscal year ended August 31, 2018 are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

The independent audit of the financial statements of the District was part of a broader, federally mandated "Single Audit" designated to meet the special needs of federal grantor agencies. The standards governing Single Audit engagements require the independent auditor to report not only on the fair presentation of the financial statement, but also on the audited government's internal controls and compliance with legal requirement, with special emphasis on internal controls and legal requirements involving the administration of federal awards. Information related to this single audit, including a schedule of expenditures of federal awards, the independent auditors' reports on the internal controls and compliance with applicable laws and regulations, and a schedule of finding sand questioned costs are included in the Federal Awards Section of the report.

GAAP requires that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement MD&A and should be read in conjunction with it. The District's MD&A can be found immediately following the report of the independent auditors.

This comprehensive annual financial report consists of four major sections: (1) the Introductory Section which describes our District and the contents of the report; (2) the Financial Section which contains the basic financial statements and notes, combining schedules and required TEA schedules; (3) the Statistical Section which shows prior years information for comparison purposes and other general information; and (4) the Federal Awards Section, as required.

GOVERNING BODY

Santa Rosa Independent School District ("District") is a political subdivision of the State of Texas. The District encompasses approximately 26 square miles and is located near the Gulf of Mexico in Cameron County in the southwest corner of Texas. The District serves primarily the City of Santa Rosa and is located ten miles west of the City of Harlingen on State Highway 107.

The policy-making functions of the District lie with a seven-member Board of Trustees (the Board) composed of District residents, each of which is elected by the voters of the district for three-year staggered terms. Regular meetings are scheduled the third Monday of the month and are held in the Library of Santa Rosa High School. Special called meetings, committee meetings and workshop sessions are scheduled as needed and announced to the public in compliance with public notice requirements.

The Board has final control over local school matters limited only by the state legislature, the court system and by the will of its citizens as expressed in school Board elections and bond referendums. Board decisions are based on a majority vote of those present.

In general, the Board is responsible for adopting policy, employing and evaluating the Superintendent and overseeing the operations of the District and its schools. The Board is also responsible for setting the tax rate, adopting the annual budget along with periodic amendments, setting salary schedules, approving pay increases and serving as a board of appeals in personnel and student matters. The Board receives funding from local, state and federal source entities. This report contains all funds pertaining to the District. Serving without compensation, Board members establish the policies by which schools operate. In carrying out the task of setting policy, the board identifies needs and establishes priorities for the school system, allocates financial and human resources among the priority areas and evaluates school performance. The District's Superintendent of Schools and staff assist the Board with financial and administrative matters and oversee the day-to-day operations of the District.

Budgetary Controls

On an annual basis, the District presents the Board of Trustees with the proposed budgets for the General Operating Fund, the Debt Service Fund, and the Food Service Fund for approval as required by the Texas Education Code and as described in the Texas Education Agency's Financial Accountability Systems Resource Guide. The proposed budget is presented to the Board summarized at the function level for each of the funds above. The Board is required to hold a public hearing on the proposed budget and to adopt a final budget no later than August 31, the close of the District's fiscal year. After adoption of the budget, the appropriation amounts are entered into the District's accounting and encumbrance system and monitoring of the expenditures and encumbrances in relation to the approved budget begins.

Budget managers have the authority to approve budget transfers anytime during the year. A budget transfer is the movement of appropriations between budget line items within the same function. Any request to move appropriations between budget line items to different functions is considered a budget amendment. Any budget amendment requested by budget managers requires Board approval. Expenditure requests will not be processed unless appropriations are available in the line item.

The District feels that the budgetary controls currently in place are adequate to ensure that expenditures remain within the approved budget and that the District complies with regulations established by the Texas Education Code and the Financial Accountability Systems Resource Guide.

The District evaluates the existing system of internal controls annually through self-evaluation and the annual independent financial and compliance audit. Internal controls are designed to provide reasonable, but not absolute, assurance regarding: 1) the safeguarding of assets against loss from authorized use or disposition; and 2) the reliability of financial records for preparing financial statements and maintaining accountability for assets.

The concept of reasonable assurance recognizes that: 1) the cost of controls should not exceed benefits expected to be derived; and 2) the evaluation of costs and benefits requires estimates and judgments by management.

Services Provided

The District provides a safe and learning environment that ensures a quality education for grade levels Pre-kindergarten through the 12th grade. Beginning in the one elementary school, one middle schools, one alternative education program and extending through one high school, students study the essential elements of language arts, reading, science, mathematics, art, music, physical education and computer literacy. This includes a special education program for students with disabilities, occupational education, bilingual instruction for those with limited English proficiency, and specialized instruction for disadvantaged students.

Enrollment

Santa Rosa I.S.D is a Title I District and has a total enrollment of 1,106 students for the 2017-2018 school year. Of these students, 98.8% are Hispanic, 1.2% White, 87.9% of the students are economically disadvantaged, 63.5% of the students are At-Risk, 16.2% of all students are identified as Limited English Proficient language learners.

The breakdown of our student membership is as follows:

• Pre-K	43
• K-5	486
• 6-8	247
• 9-12	330
TOTAL	1,106

Average daily attendance has been stable and with a small decline in the past few years. ADA is expected to continue at this pace in the near term. Projected membership for school year 2018-19 is expected to reach 1,095.

Mission Statement

Santa Rosa Independent School District is in partnership with the administration, staff, teachers, parents, and the community. The district is committed to provide all students with the highest quality instruction through the use of modern technology, highly qualified teachers, and high performing learning environments. It is our goal to reach a level of high student performance, exemplary academic achievement, and to produce self-motivated citizens who will fulfill their potential and enhance their welfare for the future.

Long Range District Goals

The long range goal of Santa Rosa ISD is to prepare students to be college and workforce ready. When 100% of our students graduate from Santa Rosa High School they will be prepared to enter the workforce or prepared for postsecondary. A long range goal for Santa Rosa ISD is to be an "Academic Achievement Distinction Designated" (AADD) district. To provide facilities that will provide the education that will prepare students for the future.

Achievements

The District received a Superior rating on the School FIRST (Financial Integrity Rating System of Texas) financial accountability system for the fiscal year ending August 31, 2017. The rating system was established during the 77th Legislative session. School districts received its first official rating by TEA in August 2003 for the fiscal year 2001-2002.

Factors Affecting Financial Condition

The information presented in the financial statements is perhaps best understood when it is considered from the broader perspective of the specific environment within the District operates.

Local Economy

Employment and the Labor Force

Santa Rosa is a strategically positioned land port that connects La Feria and surrounding areas to State Highway 107. Agricultural production, transportation, and service sector continue to play a major role in the Santa Rosa area economy.

Long-term Financial Planning and Major Initiatives

The District continues to maintain a healthy General Fund Balance. The District has maintained the fund balance to ensure that needed resources are available when required to meet unexpected revenue shortfalls and one-time expenditures that may exceed the annual available resources. If certain events occur during the year, the District may react with appropriate budget changes and or amendments as per CE (Local) Policy, "The expenditure of funds shall be under the direction of the Superintendent or designee who shall ensure that funds are expended in accordance with the adopted budget."

Growth in the District's tax base has continued, averaging 4.20% annual growth from fiscal years 2014-18. The District's fiscal 2018 taxable assessed valuation (TAV) grew to $87.8 million.

One of the Major Initiatives for FY2017 was the technology refresh program at the elementary campus where every computer and laptop was replaced and every classroom received four Chromebooks for a new learning center.

Debt Service

Debt Service is a major area of cost due to the District's building program which is primarily financed by the sale of general obligation bonds. The Texas Education Code (TEC) authorizes the District to issue negotiable coupon bonds to construct, acquire, or equip school buildings, to purchase necessary sites, or to acquire or refinance property financed under a contract entered into under the Public Property Finance Act. The District is further authorized to levy and assess annual ad valorem taxes sufficient to pay the principal and interest on the bonds as they become due. The District's primary objective in debt management is to keep the level of indebtedness within available resources and within legal debt limitations.

All bond elections are held in accordance with statutory requirements and bonds are issued and taxes are levied in compliance with Sections 45.001, 45.003(b)(1), and 45.003(e) of the Texas Education Code.

As of August 31, 2018, the District had $9,220,000 of School Building Unlimited Tax Bonds and Refunding Bonds, with maturities extending into the year 2038. The District's Debt Service fund balance is $178,720 as of August 31, 2018.

Rating

In October 2016, the District's bonds have been rated "AAA" by S&P Global Ratings, a division of Standard & Poor's Financial Services LLC ("S&P"). S&P generally rates all bonds guaranteed by the Permanent School Fund of Texas "AAA". The currently outstanding tax supported debt of the District has a rating of "AAA" by S&P by virtue of the Permanent School Fund Guarantee.

Fiduciary Operations

The District maintains the fiduciary responsibility of monitoring the individual campus' student activity funds. The District ensures that proper control over cash is maintained and that all procedures are in accordance with TEA's Financial Accountability Systems Resource Guide. As of August 31, 2018, total assets for student activity funds were $43,348.

Acknowledgments

The preparation of the Comprehensive Annual Financial Report on a timely basis could not have been accomplished without the commitment and dedicated services of the Business Office staff and other members district-wide. We would like to express our appreciation for their contributions to its presentation. The Business Office would like to thank the following personnel for the time and effort given to the preparation of this report:

Administration
Mr. Heriberto Villarreal, Superintendent of Schools
Mr. David Robledo, Chief Financial Officer
Mr. Rene Rangel, Coordinator of Special Services
Mrs. Jaime Garcia, High School Principal
Mr. Jacinto Sauceda, Middle School Principal

Mrs. Sylvia Ramos, Elementary School Principal
Mr. Juan Cipriano, Athletic Director
Mr. Enrique Betancourt, Police Chief
Mrs. Catherine Diaz, Food Services Director

Business and Finance
Mrs. Marisa Cuevas, District Accountant
Mrs. Norma Zuniga, Superintendent's Secretary/Human Resources Clerk
Mrs. Leticia Lopez, Accounts Payable Clerk
Mrs. Dina P. Vela, Payroll Clerk
Mrs. Mary Rodriguez, Fixed Assets & Shipping/Receiving Clerk
Mrs. Dalia Anes, Maintenance, Transportation, & Athletics Secretary
Ms. Norma Ovalle, Federal Programs Accounting Clerk

We would especially like to thank the District's Board of Trustees for their time, dedication and support to the District and its personnel and our independent auditor, Carr, Riggs, & Ingram, LLC, for their role in providing professional guidance and assistance in the preparation of this report.

Respectfully Submitted,



Mr. David Robledo,
Chief Financial Officer

It is the policy of the Santa Rosa Independent School District not to discriminate on the basis of race, color, national origin, gender, religion, limited English proficiency, or handicapping condition in its programs.

ASSOCIATION OF SCHOOL BUSINESS OFFICIALS INTERNATIONAL

The Certificate of Excellence in Financial Reporting is presented to

Santa Rosa Independent School District

for its Comprehensive Annual Financial Report (CAFR) for the Fiscal Year Ended August 31, 2017.

The CAFR has been reviewed and met or exceeded ASBO International's Certificate of Excellence standards.

CERTIFICATE OF EXCELLENCE IN FINANCIAL REPORTING

Charles E. Peterson, Jr., SFO, RSBA, MBA
President

John D. Musso, CAE
Executive Director

Government Finance Officers Association

Certificate of Achievement for Excellence in Financial Reporting

Presented to

Santa Rosa Independent School District

Texas

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

August 31, 2017

Christopher P. Morrill

Executive Director/CEO

SANTA ROSA INDEPENDENT SCHOOL DISTRICT

Santa Rosa, Texas

PRINCIPAL OFFICIALS, CONSULTANTS & ADVISORS

For the Year Ended August 31, 2018

ELECTED OFFICIALS

Board of Trustees	Length of Service	Term Expires	Occupation
Raul Garza, President	13 Years, 5 Months	May 2020	Probation Officer
Arnulfo Castañeda, Vice-President	5 Years, 5 Months	May 2019	Self-Employed – Health Care
Cynthia N. Saldivar, Secretary	5 Months	May 2021	Case Manager
Santos Y. Castañeda, Trustee	5 Months	May 2021	Public Health Program Director
Sandra Rickford, Trustee	9 Years, 5 Months	May 2021	Home Provider
Danny Theys, Trustee	19 Years, 5 Months	May 2020	Self Employed – Home Health Owner
Leah Theys, Trustee	5 Years, 5 Months	May 2019	Self Employed – Home Health Owner

CONSULTANTS & ADVISORS

Financial Advisors ..... Estrada-Hinojosa & Company, Inc.
..... Dallas and San Antonio, Texas

General Counsel ..... Eichelbaum, Wardell, Hansen, Powell, & Mehl P.C.
..... Austin, Texas

Independent Auditors ..... Carr, Riggs & Ingram, LLC
..... Harlingen, Texas

Bond Counsel ..... The Ricardo Perez Law Firm P.L.L.C.
..... McAllen, Texas

SANTA ROSA INDEPENDENT SCHOOL DISTRICT

Board of Trustees

For the Fiscal Year Ended August 31, 2018



Raul Garza
Place 5
Board President



Arnulfo Castañeda
Place 6
Board Vice-President



Cynthia N. Saldivar
Place 2
Board Secretary



Santos Y. Castañeda
Place 3
Trustee



Sandra Rickford
Place 1
Trustee



Danny Theys
Place 4
Trustee



Leah Theys
Place 7
Trustee

Superintendent & Administrative Officials

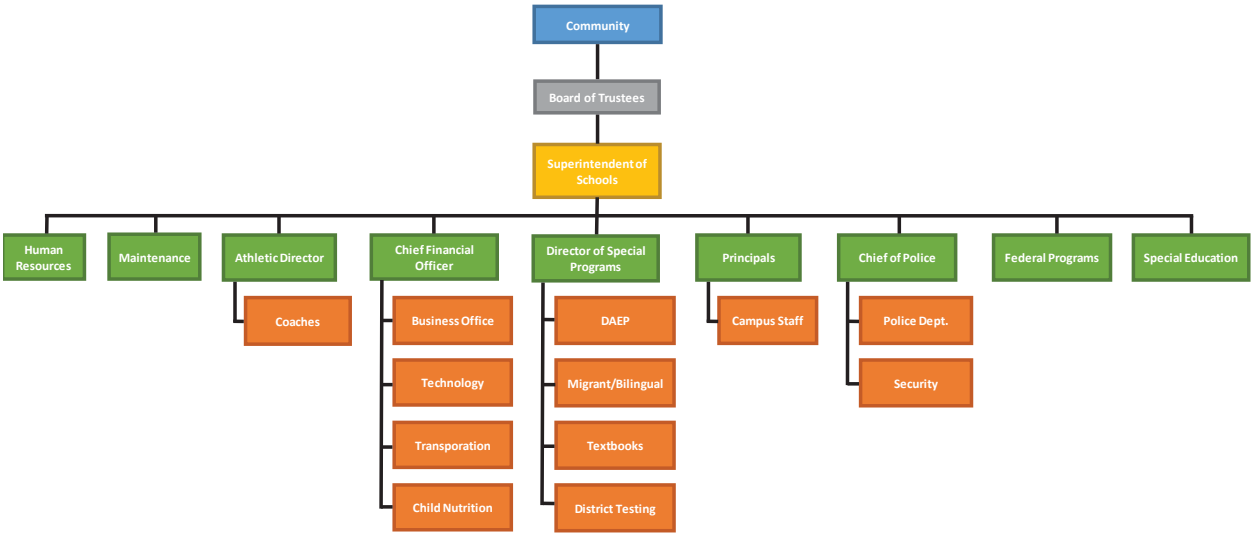


Mr. Heriberto Villarreal
Superintendent of Schools
May 15, 2007 to
November 16, 2018



Mr. David Robledo
Chief Financial Officer
May 26, 2016 to Current

Santa Rosa Independent School District
Organizational Chart



CERTIFICATE OF BOARD

Santa Rosa Independent School District	Cameron	031-914
Name of School District	*County*	*County District Number*

We, the undersigned, certify that the attached annual financial reports of the above named school district were reviewed and _X_ approved ___ disapproved for the year ended August 31, 2018 at the meeting of the Board of Trustees of such school district on the _5th_ day of February, 2019.

Signature of Board Secretary

Signature of Board President

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FINANCIAL SECTION

"Warriors On the Move –

Education On the Rise"

CRI CARR RIGGS & INGRAM
CPAs and Advisors

Carr, Riggs & Ingram, LLC
402 East Tyler Avenue
Harlingen, TX 78550-9122

(956) 423-3765
(956) 428-7520 (fax)
CRIcpa.com

INDEPENDENT AUDITORS' REPORT

To the Board of Trustees
Santa Rosa Independent School District

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

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

Auditors' 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 auditors' 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.

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

Opinions

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

Adoption of New Accounting Pronouncement

As described in Note 2 to the financial statements, the Santa Rosa Independent School District adopted Government Accounting Standards Board (GASB) Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other than Pensions, which resulted in a cumulative effect of change in accounting principle of ($10,207,508) to the August 31, 2017 net position for governmental activities, which is also further discussed in Note 21 to the financial statements. Our opinions are not modified with respect to this matter.

Correction of an Error

As described in Note 21 to the financial statements, the Santa Rosa Independent School District corrected the balances recorded for capital assets, which resulted in a prior period adjustment of $143,206 to the August 31, 2017 net position for governmental activities. Our opinions are not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, and pension supplementary information on pages 21-33 and 83-89 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.

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Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Santa Rosa Independent School District's basic financial statements. The introductory section, other supplementary information and statistical section, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements.

The other supplementary information 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 other supplementary information and the schedule of expenditures of federal awards are fairly stated in all material respects in relation to the basic financial statements as a whole.

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated January 25, 2019, on our consideration of the Santa Rosa Independent School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Santa Rosa Independent School District's internal control over financial reporting and compliance.

Cain Rigge & Ingram, L.L.C.

Harlingen, Texas
January 25, 2019

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MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED AUGUST 31, 2018 (UNAUDITED)

As management of the Santa Rosa Independent School District (the "District"), we are providing readers of the District's financial statements this narrative overview and analysis of the District's financial performance for the fiscal year ended August 31, 2018. Please read this discussion in conjunction with the transmittal letter, which can be found at the front of this report, and the District's financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

- The District's total combined net position as reflected in the government-wide Statement of Net Position was $9,000,423 at August 31, 2018.

- The District's Statement of Activities reflects an increase in net position for Governmental Activities in the amount of $2,140,510. This is a result of expenses being less than the $14,122,935 generated in taxes, state aid, investment earnings, and other revenues such as charges for services and federal grants.

- The General Fund reported a fund balance in the governmental funds financial statement this year of $4,864,525. Approximately 98.8% of this total amount, $4,808,046, is available for spending at the District's discretion (unassigned fund balance).

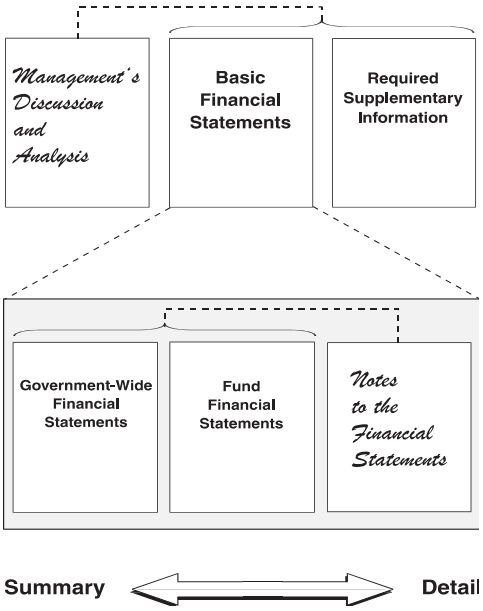
- As of the close of the fiscal year, the District governmental funds reported combined ending fund balances of $5,348,628, a decrease of $419,492 in comparison with the prior year, primarily due to the purchase of three new school buses and technology upgrades at the elementary campus.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

Figure A-1, Required Components of the District's Annual Financial Report



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

Figure A-2 summarizes the major features of the District's financial statements, including the portion of the District's government they cover and the types of information they contain. The remainder of this overview section of management's discussion and analysis explains the structure and contents of each of the statements.

Figure A-2. Major Features of the District's Government-wide and Fund Financial Statements

		Fund Statements		
Type of Statements	**Government-wide**	**Governmental Funds**	**Proprietary Funds**	**Fiduciary Funds**
Scope	Entire Agency's government (except fiduciary funds) and the Agency's component units	The activities of the district that are not proprietary or fiduciary	Activities the district operates similar to private businesses: self insurance	Instances in which the district is the trustee or agent for someone else's resources
Required financial statements	• Statement of net assets • Statement of activities	• Balance sheet • Statement of revenues, expenditures & changes in fund balances	• Statement of net assets • Statement of revenues, expenses and changes in fund net assets • Statement of cash flows	• Statement of fiduciary net assets • Statement of changes in fiduciary net assets
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus	Accrual accounting and economic resources focus
Type of asset/liability information	All assets and liabilities, both financial and capital, short-term and long-term	Only assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets included	All assets and liabilities, both financial and capital, and short-term and long-term	All assets and liabilities, both short-term and long-term; the Agency's funds do not currently contain capital assets, although they can
Type of inflow/outflow information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and payment is due during the year or soon thereafter	All revenues and expenses during year, regardless of when cash is received or paid	All revenues and expenses during year, regardless of when cash is received or paid

Government-wide Statements

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

The two government-wide statements report the District's net position and how they have changed. Net position—the difference between the District's assets plus deferred outflows of resources and liabilities plus deferred inflows of resources—is one way to measure the District's financial health or *position*.

- Over time, increases or decreases in the District's net position are an indicator of whether its financial health is improving or deteriorating, respectively.

- To assess the overall health of the District, one needs to consider additional non-financial factors such as changes in the District's tax base.

The government-wide financial statements of the District include the *Governmental activities*. Most of the District's basic services are included here, such as instruction, curriculum and staff development, school district administrative support services and general administration. Grants and charges for services finance most of these activities.

Fund Financial Statements

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

- Some funds are required by State law.

- The Board of Trustees establishes other funds to control and manage money for particular purposes or to show that it is properly using certain grants and local sources.

The District's has the following kinds of funds:

- *Governmental funds*—Most of the District's basic services are included in governmental funds, which focus on (1) how *cash and other financial assets* that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental fund statements provide a detailed *short-term* view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. Because this information does not encompass the additional long-term focus of the government-wide statements, we provide additional information at the bottom of the governmental funds statement, or on the subsequent page, that explain the relationship (or differences) between them.

- *Proprietary funds*—Services for which the District charges customers a fee are generally reported in proprietary funds. Proprietary funds, like the government-wide statements, provide both long-term and short-term financial information.

- We use *internal service funds* to report revenues and expenses related to services provided to organizations inside the District on a cost reimbursement basis are accounted for in internal service fund.

- *Fiduciary funds*—The District is the trustee, or *fiduciary*, for certain funds. It is also responsible for other assets that—because of a trust arrangement—can be used only for the trust beneficiaries. The District is responsible for ensuring that the assets reported in these funds are used for their intended purposes. All of the District's fiduciary activities are reported in a separate statement of fiduciary net position and a statement of changes in fiduciary net position. We exclude these activities from the District's government-wide financial statements because the District cannot use these assets to finance its operations.

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Other Information

In addition to the basic financial statements and accompanying notes, this report also presents certain Required Supplementary Information concerning budget to actual presentations for the General Fund in accordance with State Board of Education rules. In addition, budget to actual presentations for the Food Service Fund and the Debt Service Fund are included in the TEA Required Schedules section.

The combining statements referred to earlier in connection with Nonmajor governmental funds are presented immediately following the Required Supplementary Information.

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

Net position may serve over time as a useful indicator of a government's financial position. The District's combined net position was $9,000,423 at August 31, 2018 (See Table A-1). The government-wide increase in net position from current year activities was $2,140,510. In addition, during 2018, the District posted prior period adjustments which resulted in a decrease in net position of $10,064,302. These prior period adjustments were the result of implementation of GASB 75 and recognition of the net OPEB liability, and a correction to the capital assets. Further information on these adjustments is disclosed in Note 21 to the financial statements. The net result of the current year change in net position from current year activities and the prior period adjustments was a decrease of $7,923,792 to total net position.

Table A-1 on the next page summarizes the net position of the District at August 31, 2018 and 2017.

TABLE A-1
SANTA ROSA INDEPENDENT SCHOOL DISTRICT
GOVERNMENTAL ACTIVITIES
NET POSITION

	FY 2018	FY 2017	Percentage Change
Current Assets and Other Assets	$6,220,922	$7,069,521	-12.0%
Capital Assets	24,980,731	25,224,962	-1.0%
Total Assets	31,201,653	32,294,483	-3.4%
Deferred Charge for Refunding	334,856	353,827	-5.4%
Deferred Outflow Related to TRS	1,545,106	2,064,987	-25.2%
Total Deferred Outflows of Resources	1,879,962	2,418,814	-22.3%
Current Liabilities	652,727	1,087,977	-40.0%
Long-Term Liabilities	19,805,311	16,461,007	20.3%
Total Liabilities	20,458,038	17,548,984	16.6%
Deferred Inflow Related to TRS	3,623,154	240,098	1409.0%
Total Deferred Inflows of Resources	3,623,154	240,098	1409.0%
Net Position:			
Net Investment in Capital Assets	14,074,069	13,340,476	5.5%
Restricted for Federal and State Programs	56,479	27,588	104.7%
Restricted for Debt Service	210,357	40,978	413.3%
Restricted for Capital Projects	305,383	423,155	-27.8%
Unrestricted	(5,645,865)	3,092,018	-282.6%
Total Net Position	9,000,423	16,924,215	-46.8%

Approximately 96.8% of the District's largest liability is for the repayment of general obligation bonds, and pension and OPEB liabilities. Other liabilities, representing about 3.2% of the District's total liabilities, consist almost entirely of payables on accounts and salaries and benefits.

The largest portion of the District's net position, $14,074,069, reflects its investment in capital assets (e.g., land, buildings, and equipment) less any related debt used to acquire those assets that are still outstanding. The District uses these capital assets to provide services to students; consequently, these assets are not available for future spending. Although the District's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources (generally property taxes and state aid), since the capital assets themselves cannot be used to liquidate these liabilities.

The smallest portion of the District's net position (6.4%) represents resources that are subject to external restrictions on how they may be used. Restricted net position increased by $80,498 during the year ended August 31, 2018.

The District's current assets of $6,220,922 were sufficient to cover current liabilities of $652,727. This represents a current ratio of 9.53, which means that for every dollar the District owes there is $9.53 available in current assets.

Governmental Activities

Governmental activities increased the District's total net position by $2,140,510, but a Prior Period Adjustment for OPEB and corrections to balances of capital assets totaling $10,064,302 reduced the overall change to a 46.8% decrease in net position for the District.

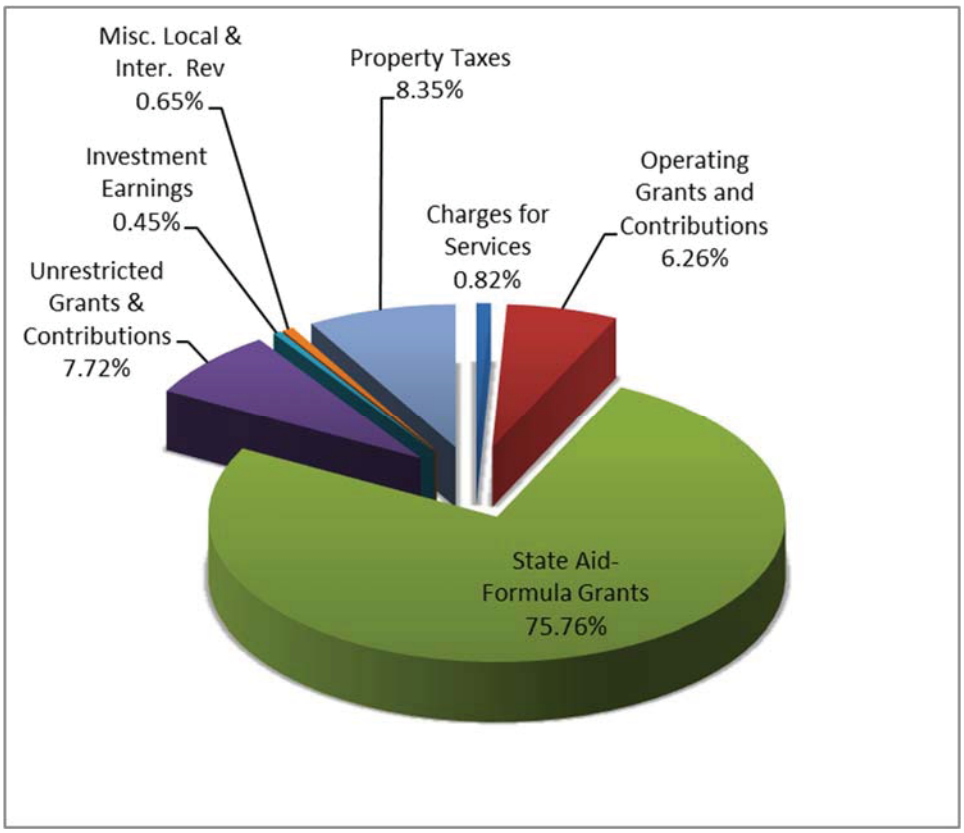
TABLE A-2

SANTA ROSA INDEPENDENT SCHOOL DISTRICT
GOVERNMENTAL ACTIVITIES
CHANGES IN NET POSITION

Program Revenues:	**FY 2018**	**FY 2017**
Charges for Services	$115,496	$184,069
Operating Grants and Contributions	883,462	2,679,302
General Revenues:		
State Aid - Formula Grants	10,699,072	9,867,780
Grants and Contributions not Restricted	1,090,346	1,031,796
Investment Earnings	64,173	36,298
Miscellaneous Local and Intermediate Revenue	91,543	506,430
Property Taxes	1,178,843	1,119,815
Total Program and General Revenues	**14,122,935**	**15,425,490**
Expenditures		
Instruction	5,113,612	7,395,194
Instructional Resources and Media Services	124,945	164,003
Curriculum and Staff Development	65,369	95,468
Instructional Leadership	161,399	219,536
School Leadership	450,869	640,547
Guidance, Counseling and Evaluation Services	246,301	448,206
Social Work Services	65,630	113,856
Health Services	131,147	191,292
Student (Pupil) Transportation	160,946	262,799
Food Services	695,466	935,409
Extracurricular Activities	947,269	1,120,053
General Administration	766,948	823,576
Facilities Maintenance and Operations	1,916,481	2,052,265
Security and Monitoring Services	160,369	210,953
Data Processing Services	552,121	265,715
Community Services	28,771	44,224
Debt Service - Interest on Long Term Debt	304,008	348,785
Debt Service - Bond Issuance Costs and Fees	1,856	341,304
Payments related to Shared Services Arrangements	71,171	76,838
Other Intergovernmental Charges	17,747	12,959
Total Expenditures	**11,982,425**	**15,762,982**
Increase (Decrease) in Net Position	**2,140,510**	**(337,492)**
Net Position at Beginning of Year	**$16,924,215**	**17,261,707**
Increase (Decrease) in Net Position	**2,140,510**	**(337,492)**
Prior Period Adjustment	**(10,064,302)**	**-**
Net Position at End of Year	**$9,000,423**	**$16,924,215**

The following chart highlights the District's revenues by funding source for the governmental activities. As you can see, State Aid comprises 75.8% of the total.

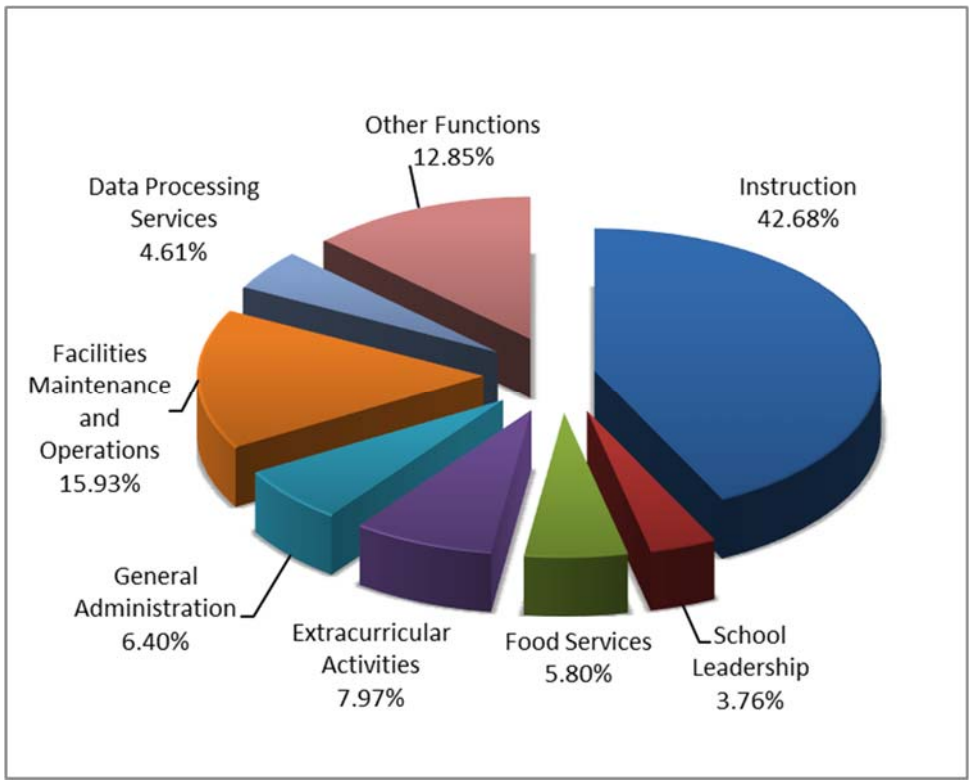
Figure A-3 District's Total Revenues



Total revenues were $14,122,935. Revenues for the District's governmental activities decreased 8.4% compared to prior year. The decrease was due to less funding from Operating Grants and Contributions.

The next chart presents the cost of each of the District's largest functions. Of the total expenses, instructional services represent the largest dollar expense at $5,113,612 or 42.7%, followed by facilities maintenance & operations at $1,909,322 or 15.9%.

Figure A-4 District's Functional Expenses



Total expenses were $11,982,425. Total expenses decreased by $3,780,557 or 24.0%. The decrease in expenses was mostly for less Instruction expenditures purchased. The decrease was also substantially impacted by the negative on-behalf contributions recognized pertaining to the net OPEB liability, as further disclosed in Note 16 to the financial statements.

Governmental Funds

The focus of the District's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the District's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the fiscal year, the District's governmental funds reported combined ending fund balances of $5,348,628 a decrease of $419,492 in comparison with the prior year. Approximately 89.9% or $4,808,046 of this total amount constitutes unassigned fund balance, which is available for spending at the district's discretion. The remainder of fund balance is restricted or nonspendable to indicate that it is not available for new spending because it has already been assigned: 1) Federal or State Funds Grant Restriction $30,898, 2) Retirement of Long Term Debt $178,720 3) for inventories $25,581 and 4) Capital Acquisition and Contractual $305,383.

General Fund. The General Fund is the chief operating fund of the District. At the end of the current fiscal year, unassigned fund balance of the General fund was $4,808,046, while total fund balance reached $4,808,046. As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 34.4% of total general fund expenditures, while total fund balance represents 34.8% of total general fund expenditures.

The $498,352 decrease in the unassigned fund balance gives the District a balance that is the equivalent of 125.51 days of expenditures. This fund balance is adequate to minimize the likelihood of the District entering the short-term debt market to pay for current operating expenditures. The District will be using the increase in the fund balance to maintain the monthly minimum expenditures required by the Texas Education Agency.

Debt Service Fund. The Debt Service Fund ended with a total combined fund balance of $178,720, all of which was reserved for the payment of debt service. This amount was set aside to help repay bond issues.

District's Analysis of Debt Service Fund

	Debt Service Fund (599)		
	2018	2017	% Change
Revenues			
Property Taxes	$240,031	$225,548	6.4%
State Program Revenues	961,224	721,507	33.2%
Total Revenues	1,201,255	947,055	26.8%
Expenditures by Function			
Principal Long Term Debt	640,000	790,000	-19.0%
Interest on Long Term Debt	391,588	319,940	22.4%
Other Fees	1,856	341,304	-99.5%
Total Expenditures	1,033,444	1,451,244	-28.8%
Other Financing Sources/(Uses)	-	479,789	-100.0%
	-	479,789	-100.0%
Net Change in Fund Balance	167,811	(24,400)	787.8%
Fund Balance, Beginning	10,909	35,309	-69.1%
Fund Balance, Ending	178,720	10,909	1538.3%

Business-Type Activities

The District did not have any business type of activities.

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

Revenues from governmental fund types totaled $16,221,492 an increase of 8.0% over the preceding year. The increase in State Program revenues is a result of increased state aid revenue and operational grants.

General Fund Budgetary Highlights

The FY 2018 budget was developed by balancing the challenges of operating a small district whose enrollment has been flat while maintaining the same property tax rate. The most significant fund for the District is the General Fund, funded primarily through state aid and property tax revenue. Over the course of the year, the District revised its budget several times.

The original appropriation was increased by $469,531 as of the final amended budget. This increase was due to:

• An increase to purchase technology upgrades at the elementary campus, consisting of teacher computer and laptops, student computers and Chromebooks.
• An increase to purchase three new school buses.

CAPITAL ASSETS AND DEBT ADMINISTRATION

The Capital Projects Fund is used to account for the costs incurred in acquiring and improving sites, constructing and remodeling facilities, and procuring equipment necessary for providing educational programs for all students in the District. At the end of 2018, the District had invested $24,980,731 in a broad range of capital assets, including land, equipment, buildings, and vehicles. (See Table A-3.) This amount represents a decrease of $387,437 over last year. For readers interested in more detailed information please refer to Note 8 to the financial statements.

TABLE A-3
SANTA ROSA INDEPENDENT SCHOOL DISTRICT
GOVERNMENTAL ACTIVITIES
SCHEDULE OF CAPTIAL ASSETS

Capital Assets	FYE 2018	FYE 2017	Percentage Change
Land	305,271	305,271	0.0%
Buildings and Improvements	33,165,041	33,064,566	0.3%
Furniture & Equipment	6,036,730	5,405,125	11.7%
Totals at Historical Cost	39,507,042	38,774,962	1.9%
Less Accumulated Depreciation	(14,526,311)	(13,406,794)	8.4%
Net Capital Assets	24,980,731	25,368,168	-1.5%

LONG TERM DEBT

At year end, the District has $19,805,311 in bonds, premium, compensated absences, capital leases, and pension and OPEB liabilities outstanding as shown in Table A-4. More detailed information about the District's debt is presented in Note 9 to the financial statements.

TABLE A-4

SANTA ROSA INDEPENDENT SCHOOL DISTRICT
GOVERNMENTAL ACTIVITIES
SCHEDULE OF LONG-TERM DEBT

Governmental Activities:	FYE 2018	FYE 2017	Percentage Change
Bonds Payable	$9,220,000	$9,860,000	-6.5%
Unamortized Bond Premium	1,054,752	1,218,694	-13.5%
Compensated Absences	49,124	57,772	-15.0%
Capital Lease Payable	966,766	1,159,620	-16.6%
Net Pension Liability	2,693,429	4,164,921	-35.3%
Net OPEB Liability	5,821,240	10,277,104	-43.4%
Totals	$19,805,311	$26,738,111	35.0%

Bond Ratings: The District's bonds carry "AAA" rating by Fitch based on a guaranty provided by the Texas Permanent School Fund (PSF), whose bond guaranty program is rated "AAA" by Fitch.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The District's board members considered many factors when setting the fiscal year 2018-19 budget and tax rates. Some of these factors were the district needs, the campus needs, appraised values, and the Santa Rosa economy. The following factors are highlights of the budget:

- The Average Daily Attendance (ADA) is projected to increase in fiscal year 2018-2019. The District's 2018-19 ADA is projected to be 1,079 which reflects a 1% increase.
- The total budgeted tax rate is $1.446965 which is composed of $1.17 compressed rate for maintenance and operations and $.276965 for the payment of principal and interest on bonds.
- The taxable value used for the 2018-2019 budget preparation is up $4,244,781 from the previous year, ($83,525,487) which is an increase of 5.1%.

These indicators were taken into account when adopting the general fund budget for fiscal year 2019. Amounts available for appropriation in the general fund budget for 2019 are $14,281,706, a decrease of 5.1% versus the final 2018 budget of $14,412,951.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT DEPARTMENT

This comprehensive financial report is designed to provide our citizens, customers, investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. Questions concerning any of the information provided in this report or requests for additional information should be addressed to Mr. David Robledo, Chief Financial Officer, Business Office, Santa Rosa I.S.D., P.O. Box 368, Santa Rosa, Texas 78593, by calling (956) 636-9810, or by emailing drobledo@srtx.org.

BASIC FINANCIAL STATEMENTS

"Warriors On the Move –

Education On the Rise"

SANTA ROSA INDEPENDENT SCHOOL DISTRICT
STATEMENT OF NET POSITION
AUGUST 31, 2018

Data Control Codes		Primary Government: Governmental Activities
ASSETS		
1110	Cash and Cash Equivalents	$ 4,724,306
1120	Current Investments	239,959
1220	Property Taxes - Delinquent	318,848
1230	Allowance for Uncollectible Taxes	(31,884)
1240	Due from Other Governments	844,303
1250	Accrued Interest	1,767
1290	Other Receivables, Net	98,042
1300	Inventories	25,581
	Capital Assets:	
1510	Land	305,271
1520	Buildings, Net	23,408,982
1530	Furniture and Equipment, Net	1,266,478
1000	Total Assets	31,201,653
DEFERRED OUTFLOWS OF RESOURCES		
1701	Deferred Charge for Refunding	334,856
1705	Deferred Related to TRS Pension	1,456,457
1706	Deferred Related to TRS OPEB	88,649
1700	Total Deferred Outflows of Resources	1,879,962
LIABILITIES		
2110	Accounts Payable	165,560
2140	Interest Payable	43,552
2160	Accrued Wages Payable	440,292
2190	Due to Student Groups	2,573
2300	Unearned Revenue	750
	Noncurrent Liabilities:	
2501	Due Within One Year	828,954
2502	Due in More Than One Year	10,461,688
2540	Net Pension Liability (District's Share)	2,693,429
2545	Net OPEB Liability (District's Share)	5,821,240
2000	Total Liabilities	20,458,038
DEFERRED INFLOWS OF RESOURCES		
2605	Deferred Inflow Related to TRS Pension	1,188,118
2606	Deferred Inflow Related to TRS OPEB	2,435,036
2600	Total Deferred Inflows of Resources	3,623,154
NET POSITION		
3200	Net Investment in Capital Assets	14,074,069
3820	Restricted for Federal and State Programs	56,479
3850	Restricted for Debt Service	210,357
3860	Restricted for Capital Projects	305,383
3900	Unrestricted	(5,645,865)
3000	Total Net Position	$ 9,000,423

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

SANTA ROSA INDEPENDENT SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED AUGUST 31, 2018

Data Control Codes		1	Program Revenues 3	4	Net (Expense) Revenue and Changes in Net Position 6
		Expenses	Charges for Services	Operating Grants and Contributions	Primary Gov. Governmental Activities
Primary Government:					
	GOVERNMENTAL ACTIVITIES:				
11	Instruction	$ 5,113,612	$ -	$ 234,487	$ (4,879,125)
12	Instructional Resources and Media Services	124,945	-	53,011	(71,934)
13	Curriculum and Instructional Staff Development	65,369	-	63,505	(1,864)
21	Instructional Leadership	161,399	-	132,969	(28,430)
23	School Leadership	450,869	-	(99,030)	(549,899)
31	Guidance, Counseling and Evaluation Services	246,301	-	(16,691)	(262,992)
32	Social Work Services	65,630	-	100,533	34,903
33	Health Services	131,147	-	22,855	(108,292)
34	Student (Pupil) Transportation	160,946	-	(61,681)	(222,627)
35	Food Services	695,466	75,943	789,568	170,045
36	Extracurricular Activities	954,428	39,553	(76,125)	(991,000)
41	General Administration	766,948	-	(78,068)	(845,016)
51	Facilities Maintenance and Operations	1,909,322	-	(155,358)	(2,064,680)
52	Security and Monitoring Services	160,369	-	(42,288)	(202,657)
53	Data Processing Services	552,121	-	(21,775)	(573,896)
61	Community Services	28,771	-	37,550	8,779
72	Debt Service - Interest on Long-Term Debt	305,864	-	-	(305,864)
93	Payments Related to Shared Services Arrangements	71,171	-	-	(71,171)
99	Other Intergovernmental Charges	17,747	-	-	(17,747)
[TP]	TOTAL PRIMARY GOVERNMENT:	$ 11,982,425	$ 115,496	$ 883,462	(10,983,467)

Data Control Codes		
	General Revenues:	
	Taxes:	
MT	Property Taxes, Levied for General Purposes	953,001
DT	Property Taxes, Levied for Debt Service	225,842
SF	State Aid - Formula Grants	10,699,072
GC	Grants and Contributions not Restricted	1,090,346
IE	Investment Earnings	64,173
MI	Miscellaneous Local and Intermediate Revenue	91,543
TR	Total General Revenues	13,123,977
CN	Change in Net Position	2,140,510
NB	Net Position - Beginning, as originally stated	16,924,215
PA	Prior Period Adjustment (see Note 21)	(10,064,302)
	Net Position - Beginning, as restated	6,859,913
NE	Net Position--Ending	$ 9,000,423

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

SANTA ROSA INDEPENDENT SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
AUGUST 31, 2018

Data Control Codes		10 General Fund	50 Debt Service Fund	60 Capital Projects Fund
	ASSETS			
1110	Cash and Cash Equivalents	$ 4,108,274	$ 172,044	$ 443,988
1120	Investments - Current	239,959	-	-
1220	Property Taxes - Delinquent	261,683	57,165	-
1230	Allowance for Uncollectible Taxes	(26,168)	(5,716)	-
1240	Due from Other Governments	623,757	2,124	-
1250	Accrued Interest	1,767	-	-
1260	Due from Other Funds	277,860	7	-
1290	Other Receivables	20,995	-	-
1300	Inventories	25,581	-	-
1000	Total Assets	$ 5,533,708	$ 225,624	$ 443,988
	LIABILITIES			
2110	Accounts Payable	$ 26,955	$ -	$ 138,605
2160	Accrued Wages Payable	423,433	-	-
2170	Due to Other Funds	7	-	-
2190	Due to Student Groups	2,573	-	-
2300	Unearned Revenue	-	-	-
2000	Total Liabilities	452,968	-	138,605
	DEFERRED INFLOWS OF RESOURCES			
2601	Unavailable Revenue - Property Taxes	216,215	46,904	-
2600	Total Deferred Inflows of Resources	216,215	46,904	-
	FUND BALANCES			
	Nonspendable Fund Balance:			
3410	Inventories	25,581	-	-
	Restricted Fund Balance:			
3450	Federal or State Funds Grant Restriction	30,898	-	-
3470	Capital Acquisition and Contractural	-	-	305,383
3480	Retirement of Long-Term Debt	-	178,720	-
3600	Unassigned Fund Balance	4,808,046	-	-
3000	Total Fund Balances	4,864,525	178,720	305,383
4000	Total Liabilities, Deferred Inflows & Fund Balances	$ 5,533,708	$ 225,624	$ 443,988

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

Total Nonmajor Funds	Total Governmental Funds
$ -	$ 4,724,306
-	239,959
-	318,848
-	(31,884)
218,422	844,303
-	1,767
-	277,867
77,047	98,042
-	25,581
$ 295,469	$ 6,498,789
$ -	$ 165,560
16,859	440,292
277,860	277,867
-	2,573
750	750
295,469	887,042
-	263,119
-	263,119
-	25,581
-	30,898
-	305,383
-	178,720
-	4,808,046
-	5,348,628
$ 295,469	$ 6,498,789

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SANTA ROSA INDEPENDENT SCHOOL DISTRICT
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF NET POSITION
AUGUST 31, 2018

EXHIBIT C-2

	Total Fund Balances - Governmental Funds	$	5,348,628
1	Capital assets used in governmental activities are not financial resources and therefore are not reported in governmental funds. The cost of these assets was $39,507,042 and accumulated depreciation was $14,526,311. The net efect of including the capital assets is to increase net position.		24,980,731
2	Long term liabilities are not due and payable in the current period, and therefore are not reported as liabilities in the funds. Liabilities at year end include bonds payable of $9,220,000, capital leases of $966,766, unamortized bond premiums of $1,054,752, and compensated absences of $49,124. The net effect of including the long term debt and unamortized bond premiums in governmental activities is to decrease net position.		(11,290,642)
3	Included in the items related to debt is the District's proportionate share of the net pension liability required by GASB 68. The adjustments to net position related to the TRS net pension liability include deferred resource outflows of $1,456,457, deferred resource inflows of $(1,188,118) and the net pension liability of $(2,693,429). The net effect of including the balances related to the District's proportionate share of the TRS net pension liability is a decrease in net position.		(2,425,090)
4	Included in the items related to debt is the District's proportionate share of the net OPEB liability required by GASB 75. The net position related to TRS OPEB liability includes deferred resource outflows of $88,649, deferred resource inflows of $(2,435,036) and the net OPEB liability of $(5,821,240). The net effect of including the District's proportionate share of the net OPEB liability for TRS was a decrease in net position.		(8,167,627)
5	Deferred outflows of resrouces for deferred charges for refundings are not finacial resources and therefore are not reported in governmental funds. Including the deferred charges for refunding bonds increases net position.		334,856
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 of $263,119 and recognizing the liabilities associated with maturing long term debt of accrued interest $(43,552).The net effect of these reclassifications and recognitions is to increase net position.		219,567
19	**Net Position of Governmental Activities**	$	9,000,423

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

SANTA ROSA INDEPENDENT SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED AUGUST 31, 2018

Data Control Codes		10 General Fund	50 Debt Service Fund	60 Capital Projects Fund
	REVENUES:			
5700	Total Local and Intermediate Sources	$ 1,211,046	$ 240,031	$ 2,108
5800	State Program Revenues	11,205,149	961,224	-
5900	Federal Program Revenues	1,096,659	-	-
5020	Total Revenues	13,512,854	1,201,255	2,108
	EXPENDITURES:			
	Current:			
0011	Instruction	6,155,175	-	-
0012	Instructional Resources and Media Services	97,667	-	-
0013	Curriculum and Instructional Staff Development	672	-	-
0021	Instructional Leadership	91,853	-	-
0023	School Leadership	606,787	-	-
0031	Guidance, Counseling and Evaluation Services	311,864	-	-
0032	Social Work Services	3,428	-	-
0033	Health Services	140,292	-	-
0034	Student (Pupil) Transportation	649,680	-	-
0035	Food Services	836,992	-	-
0036	Extracurricular Activities	1,039,648	-	-
0041	General Administration	880,582	-	-
0051	Facilities Maintenance and Operations	2,021,115	-	56,415
0052	Security and Monitoring Services	214,070	-	-
0053	Data Processing Services	579,431	-	-
0061	Community Services	4,693	-	-
	Debt Service:			
0071	Principal on Long-Term Debt	192,854	640,000	-
0072	Interest on Long-Term Debt	66,664	391,588	-
0073	Other Debt Service Fees	-	1,856	-
	Capital Outlay:			
0081	Facilities Acquisition and Construction	-	-	63,465
	Intergovernmental:			
0093	Payments to Fiscal Agent/Member Districts of SSA	71,171	-	-
0099	Other Intergovernmental Charges	17,747	-	-
6030	Total Expenditures	13,982,385	1,033,444	119,880
1200	Net Change in Fund Balances	(469,531)	167,811	(117,772)
0100	Fund Balance - September 1 (Beginning)	5,334,056	10,909	423,155
3000	Fund Balance - August 31 (Ending)	$ 4,864,525	$ 178,720	$ 305,383

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

Total Nonmajor Funds	Total Governmental Funds
$ 138,141	$ 1,591,326
309,311	12,475,684
1,057,823	2,154,482
1,505,275	16,221,492
1,000,124	7,155,299
64,942	162,609
63,642	64,314
152,470	244,323
-	606,787
37,790	349,654
100,533	103,961
48,224	188,516
-	649,680
-	836,992
-	1,039,648
-	880,582
-	2,077,530
-	214,070
-	579,431
37,550	42,243
-	832,854
-	458,252
-	1,856
-	63,465
-	71,171
-	17,747
1,505,275	16,640,984
-	(419,492)
-	5,768,120
$ -	$ 5,348,628

SANTA ROSA INDEPENDENT SCHOOL DISTRICT EXHIBIT C-4
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED AUGUST 31, 2018

Total Net Change in Fund Balances - Governmental Funds	$	(419,492)
Current year capital outlays and long-term debt principal payments are expenditures in the fund financial statements, but they should be shown as increases in capital assets and reductions in long-term debt in the government-wide financial statements. The net effect of removing the 2018 capital outlays of $732,080 and debt principal payments of $832,8454 is to increase the change in net position.		1,564,934
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 the change in net position.		(1,119,517)
Various other reclassifications and eliminations are necessary to convert from the modified accrual basis of accounting to accrual basis of accounting. These include recognizing the decrease in accrued interest on long term debt of $9,273, recording amortization of bond premiums of $163,942, amortization of deferred charges on refunding of $(18,971), and recognizing the net change in obligation sfor compensated absences of $8,648. The net effect of these adjustments is to increase the change in net position.		162,892
Certain property tax revenues are deferred in the funds but are recognized as revenue in governmental activities. The change in those amounts for the current period results in an increase to the change in net position.		(3,130)
GASB 68 required that certain plan expenditures be de-expended and recorded as deferred resource outflows. These contributions made after the measurement date of the plan caused the change in net position to increase by $278,013. Contributions made before the measurement date and during the previous fiscal year were also expended and recorded as a reduction in net pension liability. This caused a decrease in net position totaling $(276,078). Finally, the proportionate share of the TRS pension expense on the plan as a whole had to be recorded. The net pension expense decreased the change in net position by $(86,993). The net result is an decrease in the change in net position.		(85,058)
GASB 75 required that certain plan expenditures be de-expended and recorded as deferred resource outflows. These contributions made after the measurement date of the plan caused the change in net position to increase by $87,738. Contributions made before the measurement date and during the previous fiscal year were also expended and recorded as a reduction in net OPEB liability. This caused a decrease in net position totaling $(69,596). Finally, the proportionate share of the TRS OPEB expense on the plan as a whole had to be recorded. The net OPEB expense increased the change in net position by $2,021,739. The net result is an decrease in the change in net position.		2,039,881
Change in Net Position of Governmental Activities	$	2,140,510

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

EXHIBIT E-1

SANTA ROSA INDEPENDENT SCHOOL DISTRICT
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
AUGUST 31, 2018

	Private Purpose Trust Funds	Agency Funds
ASSETS		
Cash and Cash Equivalents	$ 1,498	$ 43,348
Total Assets	1,498	$ 43,348
LIABILITIES		
Due to Other Governments	-	$ 10,228
Due to Student Groups	-	33,120
Total Liabilities	-	$ 43,348
NET POSITION		
Restricted for Scholarships	1,498	
Total Net Position	$ 1,498	

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

EXHIBIT E-2

SANTA ROSA INDEPENDENT SCHOOL DISTRICT STATEMENT
OF CHANGES IN FIDUCIARY FUND NET POSITION -
PRIVATE PURPOSE TRUST FUNDS
FOR THE YEAR ENDED AUGUST 31, 2018

	Private Purpose Trust Funds
ADDITIONS:	
Local and Intermediate Sources	$ 1,812
Total Additions	1,812
DEDUCTIONS:	
Other Operating Costs	2,157
Total Deductions	2,157
Change in Net Position	(345)
Total Net Position September 1 (Beginning)	1,843
Total Net Position August 31 (Ending)	$ 1,498

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

NOTE 1: REPORTING ENTITY

This report includes the financial statements of the funds required to account for those activities, organizations and functions which are related to the Santa Rosa Independent School District (the District) and which are controlled by or dependent upon the District's governing body, the Board of Trustees. The Board of Trustees (the Board), includes seven eligible members elected at large by the qualified voters of the Santa Rosa Independent School District, the Board has the exclusive power and duty to govern and oversee the management of the public schools of the District; all powers and duties not specifically delegated by statute to the Texas Education Agency (TEA) or to the State Board of Education are reserved for the Board, and TEA may not substitute its judgment for the lawful exercise of those powers and duties by the Board.

The District receives funding from local, state and federal government sources and must comply with the applicable requirements of these funding source entities. However, the District is not included in any other governmental "reporting entity" as defined by GASB Statement No. 14 *The Financial Reporting Entity* as amended by GASBS No. 61, since Board members are elected by the public and have decision making authority, the power to designate management, the responsibility to significantly influence operations and hold primary accountability for fiscal matters. The District is a governmental entity exempt from federal income taxation under Internal Revenue Code Section 115. The District has no component units as defined by GASB Statement No. 39.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

1. Basis of Presentation

Government-Wide Statements:

The government-wide financial statements consist of the statement of net position and the statement of activities. These statements report information on all of the non-fiduciary activities of the District. The effect of the interfund activity has been removed from these statements. The statement of activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Program revenues include charges to customers and grants used for operational requirements. Governmental activities are supported by tax revenues, state aid, charges for services, investment earnings and intergovernmental revenues such as grants.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Direct expenses are those that are clearly identifiable with a specific function. Program revenues include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given function and 2) grants and contributions that are restricted to meeting operational or capital requirements of a particular function. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds, and fiduciary funds even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements.

Fund Financial Statements:

The accounts of the District are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that compromise its assets, liabilities, fund equity, revenues and expenditures, or expenses, as appropriate. Government resources are allocated to, and accounted for the purpose of, carrying on specific activities in accordance with laws, regulations, or other appropriate requirements. The emphasis of fund financial statements is on major governmental funds, each displayed in a separate column. All remaining governmental funds are aggregated and reported as non-major funds.

The District reports the following major governmental funds:

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

Debt Service Fund. 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.

Capital Projects Fund. The capital projects fund of the District accounts for proceeds from long-term debt financing and revenues and expenditures related to authorized construction and related capital asset acquisitions.

Additionally, the District reports the following fund type(s):

Special Revenue Funds. Special Revenue Funds are the funds that account for state and federally financed programs or expenditures legally restricted for specified purposes or where unused balances are returned to the grantor at the close of specified project periods.

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fiduciary Funds

Scholarship Private-Purpose Trust Fund. The Scholarship Private-Purpose Trust Fund is used to account for resources held in trust to be used by various other third parties to award scholarships to former students of the District.

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

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

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

Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. This basis of accounting recognizes revenues in the accounting period in which they become available and measurable. The District considers revenues as available if they are collected within the 60 days after year end. Revenues susceptible to accrual are property taxes, fiscal year state funding, and interest revenues. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

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

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Unearned revenue is reported in the governmental funds when a potential revenue does not meet both the "measurable and "available" criteria for recognition in the current period. Unearned revenues also arise when resources are received by the government before it has a legal claim to them, as when grant monies are received prior to the incurrence of qualifying expenditures. In subsequent periods, when both revenue recognition criteria are met, or when the government has a legal claim to the resources, the liability for unearned revenue is removed and revenue is recognized.

3. *Implementation New Standards*

The District implemented GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, which applies to financial reports of all State and Local governmental entities. GASB Statement No. 75 establishes standards for measuring and recognizing liabilities, deferred outflows of resources and deferred inflows of resources, and expense/expenditures for postemployment benefits other than pensions. GASB Statement No. 75 also identified the methods and assumptions that are required to be used to project benefit payments, discount projected benefit payments to their actuarial present value, and attribute that present value to periods of employee service. In addition, GASB Statement No. 75 addresses the recognition and disclosure requirements for employers with liabilities to a defined benefit other postemployment benefits plan and for employers whose employees are provided with defined contribution other postemployment benefits. Implementation of this standard resulted in a material prior period adjustment to net position, as disclosed in note 21 of these financial statements.

Recently Issued Accounting Pronouncements

In June 2017, the GASB issued GASB Statement No. 87, *Leases*, effective for fiscal years beginning after December 15, 2019. The objective of GASB Statement No. 87 is to improve accounting and financial reporting for leases by governments by requiring recognition of certain lease assets and liabilities that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. GASB Statement No. 87 establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under GASB Statement No. 87, a lessee is required to recognize a lease liability and an intangible right-to-use asset, and a lessor is required to recognize a lease receivable and deferred inflow of resources. Management is evaluating the effects that the full implementation of GASB Statement No. 87 will have on its financial statements for the year ended August 31, 2021.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

4. *Budgets*

The official school budget was prepared for adoption for required Governmental Fund Types by August 31, 2017. The budget was formally adopted by the board of school trustees at a duly advertised public meeting prior to the expenditure of funds. The budget was amended by the board of school trustees throughout the year. Expenditures may not legally exceed budgeted appropriations at the function level.

5. *Cash and Cash Equivalents*

Investments are considered to be cash equivalents if they are highly liquid and have an original maturity of three months or less from the date of acquisition.

6. *Investments*

Money market investments which are short-term, highly liquid debt instruments including commercial paper, banker's acceptances and U.S. Treasury and agency obligations that have a remaining maturity at time of purchase of one year or less are reported at amortized cost. Investment pools have met the criteria established under GASB codification section I50: *Investments* to report their value at amortized cost. All of the investment pools strive to maintain a $1 per share net asset value. Additionally, the pools do not have any limitations or restrictions on withdrawals such as notice periods or maximum transaction amounts. The pools do not impose any liquidity or redemption gates. Nonparticipating interest-earning investment contracts are reported using a cost-based measure. The term "nonparticipating" means that the investment's value does not vary with market interest rate changes. All other investments are reported at fair value.

7. *Inventory*

Inventory is valued at cost (average). The District accounts for the food inventory by using the purchase method whereby purchases of inventories are recognized as expenditures when the goods are received. The District accounts for school supply and maintenance inventory by the consumption method whereby expenditures are recognized when the inventory items are used. Reported inventories are equally offset by non-spendable fund balance which indicates that they do not constitute "available spendable resources" even though they are a component of net current assets.

8. *Prepayments*

Prepayments are expenditures that will benefit periods beyond August 31, 2018. In governmental funds, prepayments are accounted for by the consumption method whereby expenditures are recognized in the period for which the prepayment is applicable. The District has no prepayments in the current year.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

9. C*apital Assets*

Purchased or constructed capital assets are reported at cost or estimated historical cost. Donated capital assets, donated works of art and similar items, and capital assets received in a service concession arrangement are reported at acquisition value rather than fair value. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized. A capitalization threshold of $5,000 is used.

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

Assets Class	Estimated Useful Lives
Buildings and Improvements	25-50
Furniture and Equipment	5-10

10. *Interfund Activity*

Interfund activity results from loans, services provided, reimbursements or transfers between funds. Loans are reported as interfund receivables and payables as appropriate and are subject to elimination upon consolidation. Services provided are treated as revenues and expenditures or expenses. Reimbursements occur when one fund incurs a cost, charges the appropriate benefiting fund, and reduces its related cost as a reimbursement. All other interfund transactions are treated as transfers. Transfers In and Transfers Out are netted and presented as a single "Transfers" line on the government-wide statement of activities. Similarly, interfund receivables and payables are netted and presented as a single "Internal Balances" line of the government-wide statement of net position. Since the District does not report Business type activities, no internal balances or transfers are reported on the government wide statements.

11. *Long-term Obligations*

In government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities. Bond premiums and discounts are deferred charges and amortized over the term of the related debt.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. Premiums received and discounts incurred on debt issuances are reported as other financing sources and uses. Issuance costs, whether or not withheld from debt proceeds, are reported as debt service expenditures.

12. *Use of Estimates*

The preparation of financial statements in conformity with GAAP requires the use of management's estimates. Actual results could differ from those estimates.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

13. *Compensated Absences*

Each employee shall earn state personal leave at the rate of one-half workday for each 18 workdays of employment, up to the statutory maximum of five workdays annually and is cumulative. The local leave policy is that all employees shall earn two workdays of local convenience leave per school year; two days shall be earned at the same rate as state personal leave and may be taken at the employee's discretion and are non-cumulative.

14. *Accounting System*

In accordance with the Resource Guide, the District has adopted and installed an accounting system which meets at least the minimum requirements prescribed by the State Board of Education and approved by the State Auditor. Specifically, the District's accounting system uses codes and the code structure prescribed by TEA in the Resource Guide. Mandatory codes are recorded in the order provided in that section.

15. *Data Control Codes*

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

16. *Fund Balance Reporting*

GASB Statement No. 54 provides for two major types of fund balances, which are nonspendable and spendable. Nonspendable fund balances are balances that cannot be spent because they are not expected to be converted to cash or they are legally or contractually required to remain intact. Examples of this classification are prepaid items and inventories. The District has inventories that are considered nonspendable.

In addition to the nonspendable fund balance, GASB Statement No. 54 has provided a hierarchy of spendable fund balances, based on a hierarchy of spending constraints.

- **Restricted**: fund balances that are constrained by external parties, constitutional provisions, or enabling legislation.

- **Committed**: fund balances that contain self-imposed constraints of the government from its highest level of decision making authority. The responsibility to commit funds rests with the Board of Trustees. Committed amounts cannot be used for any other purpose unless the governing board changes or lifts the constraint taking the same formal action that imposed the constraint originally.

- **Assigned**: fund balances that contain self-imposed constraints of the government to be used for a particular purpose. The responsibility to assign funds rests with the Superintendent or the Assistant Superintendent for Business Services.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

16. *Fund Balance Reporting - Continued*

- **Unassigned**: fund balance of the general fund that is not constrained for any particular purpose. The general fund is the only fund that reports a positive unassigned fund balance amount. In other governmental funds it is not appropriate to report a positive unassigned fund balance amount. However, in governmental funds other than the general fund, if expenditures incurred for specific purposes exceed the amounts that are restricted, committed, or assigned to those purposes, it may be necessary to report a negative unassigned fund balance in that fund.

When an expenditure is incurred for a purpose for which both restricted and unrestricted fund balance is available, The District considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the District considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds.

17. *Deferred Outflows and Inflows of Resources*

Deferred outflows of resources represent the consumption of the District's net position that is applicable to a future reporting period. Deferred inflows of resources represent the District's acquisition of net position applicable to a future reporting period. The District has an accounting loss on refunding bonds which is a deferred resource outflow and also has unavailable revenues from property taxes which are deferred resource inflows under this standard. These are also deferred inflows and outflows related to the District's net pension liability.

18. *Pensions*

The District is a member employer of the Teacher Retirement System of Texas (TRS) and, therefore, records its proportionate share of the pension liability and related accounts in these financial statements. 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.

19. *Other Post-Employment Benefits (OPEB)*

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

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

20. *Net Position*

Net position represents the difference between assets, deferred outflows (inflows) of resources and liabilities. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvements of those assets, and adding back unspent proceeds. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislations adopted by the District or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

NOTE 3: DEPOSITS AND INVESTMENTS

Investment Accounting Policy

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

The Act requires an annual audit of investment practices. Audit procedures in this area conducted as a part of the audit of the basic financial statements disclosed that in the areas of investment practices, management reports, and establishment of appropriate policies, the District adhered to the requirements of the act. The District's management believes that it has complied in all material respects with the requirements of the act and the District's investment policies.

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

The Act determines the types of investments, which are allowable for the District. These include, with certain restrictions, (1) obligations of the U.S. Treasury, certain U.S. agencies, the state of Texas, (2) certificates of deposit, (3) certain municipal securities, (4) money market savings accounts, (5) repurchase agreements, (6) bankers acceptances, (7) mutual funds, (8) investment pools, (9) guaranteed investment contracts, and (10) common trust funds. The District policy authorizes all the State allowable investments.

NOTE 3: DEPOSITS AND INVESTMENTS (Continued)

Custodial Credit Risk

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

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

Cash Deposits

At August 31, 2018, the District's carrying amount had a balance of $973,924 (cash, certificates of deposit, and interest-bearing savings accounts) and the bank balance was $1,320,552. In addition, the District maintains $4,035,187 in a government investment pool. The District's cash deposits and investments at August 31, 2018 and during the year ended August 31, 2018 were entirely covered by FDIC insurance or by pledged collateral held in the District's name by a bank other than the pledging bank.

The District's cash deposits at August 31, 2018 are maintained primarily at Rio Bank. These deposits were entirely covered by FDIC insurance or pledged collateral held by the District's agent bank. The deposits were collateralized in accordance with Texas Law, and the Texas Education Agency maintains copies of all safekeeping receipts in the name of the District. In addition, the following is disclosed regarding coverage of combined balances on the date of highest deposit:

a. Name of Bank: Rio Bank
b. Amount of bond and/or market value of securities pledged as of the date of the highest combined balance on deposit was $5,305,124.
c. Largest cash, savings and time deposit combined account balance amounted to $5,080,912 and occurred during the month of January 2018.
d. Total amount of FDIC coverage at the time of largest combined balance was $250,000.

NOTE 3: DEPOSITS AND INVESTMENTS (Continued)

Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. One of the ways that the District manages its exposure to interest rate risk is by purchasing a combination of shorter term and longer term investments and by timing cash flows from maturities so that a portion of the portfolio is maturing or coming close to maturity evenly over time as necessary to provide the cash flow and liquidity needed for operations. Information about the sensitivity of the fair values of the District's investments to market interest rate fluctuations is provided by the following table that shows the specific investments and their maturity:

Description	CUSIP	Amount	Maturity	Days
TexPool	N/A	$4,035,187	N/A	Daily
Certificate of Deposit	38148PF44	$ 239,959	4/25/2019	360

Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. Presented below is the minimum rating required by the District's investment policy and the Texas Public Fund Investment Act and the actual rating as of year end for each investment:

Description	Minimum Legal Rating	Amount	Rating	Percentage
TexPool	AAA	$4,035,187	AAA	94%
Certificate of Deposit	N/A	$ 239,959	N/A	6%

Concentration of Credit Risk

The Investment policy of the District contains no limitations on the amount that can be invested in any one issuer beyond that stipulated by the Public Funds Investment Act. The above mentioned investments represents 100% of total District investments.

Public Funds Investment Pools

TexPool is a public funds investment pool created by the Texas Treasury Safekeeping Trust Company (Trust Company) to provide a safe environment for the placement of local government funds in authorized short-term, fully-collateralized investments, including direct obligations of, or obligations guaranteed by, the United States or State of Texas or their agencies; federally insured certificates of deposit issued by Texas banks or savings and loans; and fully collateralized direct repurchase agreements secured by United States Government agency securities and placed through a primary government securities dealer.

NOTE 3: DEPOSITS AND INVESTMENTS (Continued)

The Trust Company was incorporated by the State Treasurer by authority of the Texas Legislature as a special purpose trust company with direct access to the services of the Federal Reserve Bank to manage, disburse, transfer, safekeep, and invest public funds and securities more efficiently and economically. The State Comptroller of Public Accounts exercises oversight responsibility over TexPool. Oversight includes the ability to significantly influence operations, designation of management, and accountability for fiscal matters.

As noted in the District's Summary of Significant Accounting Policies, the District reports its local government investment pools at amortized cost as permitted by GASB Statement No. 79 *Certain External Investment Pools and Pool Participants*. In addition, the pools do not have any limitations and restrictions on withdrawals such as notice periods or maximum transaction amounts. The pools do not impose any liquidity fees or redemption gates.

TexPool investments consist exclusively of U. S. Government securities, repurchase agreements collateralized by U. S. government securities, and AAA-rated no-load money market mutual funds. TexPool is rated AAA by Standards & Poor's, the highest rating a local government investment pool can achieve. The weighted average maturities of the pool cannot exceed 60 days, with the maximum maturity of any investment limited to 13 months. TexPool, like its participants, are governed by the Texas Public Funds Investment act, and are in full compliance with the Act.

NOTE 4: PROPERTY TAX

Property taxes are levied by October 1 in conformity with Subtitle E, Texas Property Tax Code. Taxes are due on receipt of the tax bill and are delinquent if not paid before February 1 of the year following the year in which imposed. On January 1 of each year, a tax lien attaches to property to secure the payment of all taxes, penalties, and interest ultimately imposed. Property tax revenues are considered available when they become due or past due and receivable within the current period and those expected to be collected during a 60 day period after the close of the school fiscal year. Delinquent taxes are prorated between maintenance and debt service based on rates adopted for the year of the levy. The District's 2017 tax rate was $1.170 for maintenance and $0.276965 for debt service per $100 assessed valuation.

The 2017 assessed valuation was $85,762,543. Allowances for uncollectibles within the General and Debt Service Funds are based upon historical experience in collecting property taxes. Uncollectible personal property taxes are periodically reviewed and written off, but the District is prohibited from writing off real property taxes without specific statutory authority from the Texas Legislature. At August 31, 2018 outstanding taxes in the general fund and debt service fund was $261,683 and $57,165 with a corresponding allowance for doubtful accounts of $26,168 and $5,716.

NOTE 5: DUE TO AND FROM OTHER GOVERNMENTS AND AGENCIES

Amounts due to and from other governments and agencies are as follows:

General Fund	Due To	Due From
Texas Education Agency:		
Foundation Revenues	$ -	$ 574,085
U. S. Department of Agriculture:		
School Breakfast Program/National Lunch Program	-	49,672
Debt Service Fund		
Texas Education Agency:		
Institutional Facilities Allotment	-	2,124
Other Governmental Funds		
Texas Education Agency :		
ESEA Title I, Part A	-	94,439
ESEA Title I, Part C	-	13,154
Gear up Grant	-	15,500
Career and Technical Basic Grant	-	4,800
ESEA Title II, Part A	-	9,678
Title III, Part A	-	540
State Textbook Fund	-	71,096
State Funded Special Revenue	-	-
SSA - 21st Century Community Learning Centers	-	9,215
Total due to/from other governments and agencies	$ -	$ 844,303

NOTE 6: INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

Interfund receivable and payable balances at August 31, 2018 were:

	Due to Fund:			
Due from Fund:	General Fund	Debt Service Fund	Nonmajor Funds	Total
General Fund	$ -	$ 7	$ -	$ 7
Nonmajor Funds	277,860	-	-	277,860
Total	$ 277,860	$ 7		$ 277,867

The balances resulted primarily from amounts paid out of the general fund for activities in special revenue funds for which cash has not yet been collected in the special revenue fund. All amounts are scheduled to be repaid within one year.

NOTE 7: DISAGGREGATION OF RECEIVABLES AND PAYABLES

Receivables at August 31, 2018, were as follows:

	Property Taxes	Other Governments	Other Receivables	Accrued Interest	Due From Other Funds	Total Receivables
Governmental Activities:						
General Fund	$ 261,683	$ 623,757	$ 20,995	$ 1,767	$ 277,860	$ 1,186,062
Debt Service Fund	57,165	2,124	-	-	7	59,296
Nonmajor Governmental Funds	-	218,422	77,047	-	-	295,469
Gross receivables	318,848	844,303	98,042	1,767	277,867	1,540,827
Allowance for uncollectible amounts	(31,884)	-	-	-	-	(31,884)
Total Governmental Activities, net	$ 286,964	$ 844,303	$ 98,042	$ 1,767	$ 277,867	$ 1,508,943
Amounts not scheduled for collection during the subsequent year	$ -	$ -	$ -		$ -	$ -

Payables at August 31, 2018, were as follows:

	Accounts Payable	Salaries and Benefits	Due to Other Governments	Due To Other Funds	Total Payables
Governmental Activities:					
General Fund	$ 26,955	$ 423,433	$ -	$ 7	$ 450,395
Capital Projects Fund	138,605	-	-	-	138,605
Nonmajor Governmental Funds	-	16,859	-	277,860	294,719
Total Governmental Activities	$ 165,560	$ 440,292	$ -	$ 277,867	$ 883,719
Amounts not scheduled for payment during the subsequent year	$ -	$ -	$ -	$ -	$ -

NOTE 8: CAPITAL ASSETS

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

	Balance Sept. 1, 2017	Increase	Decrease	Transfers	Balance Aug. 31, 2018
Governmental activities					
Capital assets not being depreciated:					
Land	$ 305,271	$ -	$ -	$ -	$ 305,271
Total capital assets not being depreciated	305,271	-	-	-	305,271
Capital assets being depreciated:					
Buildings and improvements	33,064,566	100,475	-	-	33,165,041
Furniture and equipment	5,405,125	631,605	-	-	6,036,730
Total capital assets being depreciated	38,469,691	732,080	-	-	39,201,771
Less accumulated depreciation:					
Building and improvements	9,091,850	664,209	-	-	9,756,059
Furniture and equipment	4,314,944	455,308	-	-	4,770,252
Total accumulated depreciation	13,406,794	1,119,517	-	-	14,526,311
Total capital assets being depreciated, net	25,062,897	(387,437)	-	-	24,675,460
Governmental activities capital assets, net	$ 25,368,168	$ (387,437)	$ -	$ -	$ 24,980,731

The balance of capital assets at September 1, 2017, as shown above, is adjusted to reflect the adjustments resulting from the prior period adjustment as noted in Note 21 to the financial statements.

Depreciation was charged to the following functions:

Government Activities:	
11 – Instruction	537,703
12 – Instructional Resources and Media Services	12,531
13 – Curriculum and Staff Development	4,956
21 – Instructional Leadership	18,829
23 – School Leadership	46,762
31 – Guidance, Counseling and Evaluation Services	26,946
32 – Social Work Services	8,012
33 – Health Services	14,528
34 – Student Transportation	18,697
35 – Food Services	64,502
36 – Cocurricular/Extracurricular Activities	80,120
41 – General Administration	67,862
51 – Plant Maintenance and Operations	156,014
52 – Security and Monitoring Services	16,497
53 – Data Processing Services	42,303
61 – Community Services	3,255
	1,119,517

NOTE 9: LONG-TERM OBLIGATIONS

Long–term obligations include bonds, capital leases and compensated absences. Changes in long-term obligations for the year ended August 31, 2018 are as follows:

Governmental Activities	Beginning Balance 9/1/2017	Increase	Decrease	Ending Balance 8/31/2018	Due Within One Year
General Obligation Bonds					
Bond Series 2008	$ 110,000	$ -	$ (110,000)	$ -	$ -
Bond Series 2016	3,430,000	-	-	$ 3,430,000	120,000
Bond Series 2017	6,320,000	-	(530,000)	$ 5,790,000	550,000
Total general obligation bonds	9,860,000	-	(640,000)	9,220,000	670,000
Premium on issuance – Refunding Bond Series 2016	505,769	-	(42,428)	463,341	
Premium on issuance – Refunding Bond Series 2017	712,925	-	(121,514)	591,411	
Capital leases	1,159,620	-	(192,854)	966,766	133,954
Compensated absences	57,772	30,417	(39,065)	49,124	25,000
Total general long term debt	12,296,086	30,417	(1,035,861)	11,290,642	828,954
Net pension liability	4,164,921	533	(1,472,025)	2,693,429	-
Net OPEB liability	10,277,104	74	(4,455,938)	5,821,240	-
Total governmental activities	$ 26,738,111	$ 31,024	$ (6,963,824)	$ 19,805,311	$ 828,954

General Obligation Bonds:

On September 1, 2008, the District issued $4,545,000 in Unlimited Tax School Building Bonds, Series 2008. The purpose of the bond issuance was to remodel and equip the old high school and to pay the related issuance costs. The bonds mature or are subject to mandatory redemption prior to maturity, on August 15 in each of the years and in the amounts shown in the Official Bond Statement. Interest on the $4,545,000 accrued from September 1, 2008, and is payable February 15 and August 15 of each year commencing February 15, 2009. Furthermore, interest is calculated on the basis of a 360-day year consisting of twelve 30-day months and the interest rate ranges from 3.125% - 5.250%. Principal and interest on the bonds is payable to Regions Bank (Paying Agent/Registrar). In November of 2016, the District advance refunded $3,575,000 of the remaining balance of the 2008 bond issue. This amount was considered defeased and has been removed from the long-term debt of the District. All taxable property within the District is subject to a continuing direct annual ad valorem tax levied by the District, without legal limit as to rate or amount, sufficient to provide for the payment of principal and interest on all bonds. Additionally, the payment of the bonds is guaranteed by the Permanent School Fund of Texas. This bond issue was paid in full as of August 31, 2018 $ -

NOTE 9: LONG-TERM OBLIGATIONS (Continued)

On November of 2016, the District issued $3,500,000 in Unlimited Tax Refunding Bonds, Series 2016, in order to advance refund $3,575,000 of the remaining bonds outstanding on the Unlimited Tax School Building Bonds, Series 2008 ("refunded bonds"). The net proceeds of the 2016 refunding bonds were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments on the refunded bonds, and to pay costs of issuance. As a result, $3,575,000 of the refunded bonds are considered defeased, and have been removed from the balance of long-term debt of the District. At August 31, 2018, the refunded bonds had an amount outstanding of $3,575,000. The refunding resulted in a net present value savings of $552,846. The 2016 bonds were issued with stated interest rates ranging from 2% to 4%, with interest payable semi-annually every year on February 15 and August 15 with final maturity on August 15, 2038.	3,430,000
In May of 2017, the District issued $6,400,000 in Unlimited Tax Refunding Bonds, Series 2017, in order to advance refund $6,795,000 of the remaining bonds outstanding on the Unlimited Tax Refunding Bonds, Series 2007 ("refunded bonds"). The net proceeds of the 2017 refunding bonds were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments on the refunded bonds, and to pay costs of issuance. The $6,795,000 of refunded bonds are considered defeased, and have been removed from the balance of long-term debt of the District. In addition, the refunded bonds had an original call date of August 15, 2017, and as of August 31, 2018, the bonds have been redeemed in full and no remaining is outstanding. The refunding resulted in a net present value savings of $574,519. The 2017 refunding bonds were issued with stated interest rates ranging from 2% to 4%, with interest payable semi-annually every year on February 15 and August 15, with final maturity on August 15, 2031.	5,790,000
Total general obligation bonds	$9,220,000

NOTE 9: LONG-TERM OBLIGATIONS (Continued)

Capital Leases:

During the year ended August 31, 2011, the District entered into two capital leases for an energy management system with TAC Americas, Inc. (TAC). The capital leases are payable in 30 semi-annual installment payments. The lease is secured by the components of the energy management system (primarily air conditioning units and fluorescent lights) and matures in September 1, 2024. TAC has guaranteed that the annual payments over the 15 year life of the contracts will be funded by energy costs reductions. If the energy cost savings do not equal the payment, TAC will fund the difference.	$924,507
During the year ended August 31, 2012, the District entered into a capital lease for an energy conservation system with Government Capital Corporation. The capital lease is payable in 20 semi-annual installment payments. The lease is secured by the components of the energy management system (primarily air conditioning units and fluorescent lights) and matures on March 1, 2021.	42,261
During the year ended August 31, 2015, the District entered into a capital lease for computer equipment. The lease is secured by the lab equipment, and matured and was paid in full as of August 31, 2018.	-
Total capital leases	$966,768

Debt service requirements on long-term debt at August 31, 2018 are as follows:

Year Ending	Bonds Payable		Capital Lease		Total
August 31,	Principal	Interest	Principal	Interest	Requirement
2019	670,000	366,400	133,954	54,647	$ 1,225,001
2020	695,000	342,000	141,878	46,723	$ 1,225,601
2021	725,000	314,200	150,270	38,330	$ 1,227,801
2022	760,000	285,200	143,477	29,653	$ 1,218,330
2023	485,000	254,800	152,020	21,110	$ 912,930
2024-2028	2,760,000	965,200	245,169	14,526	$ 3,984,895
2029-2033	2,010,000	412,800	-	-	$ 2,422,800
2034-2038	1,115,000	137,200	-	-	1,252,200
	$ 9,220,000	$ 3,077,800	$ 966,768	$ 204,989	$ 13,469,556

NOTE 10: REVENUES FROM LOCAL AND INTERMEDIATE SOURCES

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

	General Fund	Debt Service Fund	Capital Projects Fund	Total Nonmajor Funds	Total Gonvernmental Funds
Property taxes	$ 956,651	$ 225,323	$ -	$ -	$ 1,181,974
Food sales	76,315	-	-	-	76,315
Investment income	60,462	-	2,108	-	62,570
Penalties, interest and other tax-related income	60,522	14,708	-	-	75,230
Co-curricular student activities	46,712	-	-	-	46,712
Other	10,384	-	-	138,141	148,525
Total governmental activities	$ 1,211,046	$ 240,031	$ 2,108	$ 138,141	$ 1,591,326

NOTE 11: DEFERRED OUTFLOWS AND INFLOWS OF RESOURCES

Unavailable revenues from property taxes in the general fund and the debt service fund at August 31, 2018 were $216,215 and $46,904 respectively.

At the government-wide financial statements (Exhibit A-1), the District reports cumulative deferred charges on refundings as a Deferred Outflows of Resources in the amount of $334,856. In addition, deferred outflows and inflows of resources related to TRS pension liability are $1,456,457 and $1,188,118, respectively. Deferred outflows and inflows of resources related to the TRS OPEB liability are $88,649 and $2,435,036, respectively.

NOTE 12: GENERAL FUND FEDERAL SOURCE REVENUES

Federally financed programs are generally accounted for in the Special Revenue Funds of the District, except for indirect costs charged to federal programs which are accounted for in the General Fund as prescribed by the TEA and certain direct revenues. The District recognized in the General Fund such revenues for the year ended August 31, 2018, from various federal sources as follows:

Programs or Source	CFDA Number	Amount
School Breakfast Program	10.553	$ 265,380
National School Lunch Program	10.555	545,704
USDA – Donated Commodities	10.565	915
USDA - Fresh Fruit and Vegetable Program	10.582	23,472
Indirect Costs	Various	19,357
E-rate	-	58,514
SHARS	-	183,317
		$ 1,096,659

NOTE 13: CONTINGENT LIABILITIES

The District participates in a number of grant programs funded by State and Federal Agencies. These programs are subject to compliance audits by the grantor agencies or their representatives.

Audits of all of these programs for the year ended August 31, 2018 have not been conducted. Accordingly, the District's compliance with applicable grant requirements will be established at some future date. The amount, if any, of expenditures which may be disallowed by the granting agencies cannot be determined at this time although the District expects such amounts, if any, to be immaterial.

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

NOTE 14: DEFINED BENEFIT PENSION PLAN

Plan Description

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

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

Pension Plan Fiduciary Net Position

Detailed information about the Teacher Retirement System's fiduciary net position is available in a separately- issued Comprehensive Annual Financial Report that includes financial statements and required supplementary information. That report may be obtained on the Internet at http://www.trs.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.

NOTE 14: DEFINED BENEFIT PENSION PLAN (Continued)

Benefits Provided

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

Contributions

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

Employee contribution rates are set in state statute, Texas Government Code 825.402. Senate Bill 1458 of the 83rd Texas Legislature amended Texas Government Code 825.402 for member contributions and established employee contribution rates for fiscal years 2014 thru 2017. It also added a 1.5% contribution for employers not paying Old Age Survivor and Disability Insurance (OASDI) on certain employees effective for fiscal year 2015 as discussed in Note 1 of the TRS 2014 CAFR. The 83rd Texas Legislature, General Appropriations Act (GAA) established the employer contribution rates for fiscal years 2016 and 2017.

	Contribution Rates	
	2017	2018
Member	7.7%	7.7%
Non-Employer Contributing Entity (State)	6.8%	6.8%
Employers	6.8%	6.8%

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). Contributions as of the pension plan measurement date were as follows:

NOTE 14: DEFINED BENEFIT PENSION PLAN (Continued)

Current fiscal year employer contributions	$ 278,013
Current fiscal year member contributions	$ 632,757
2017 measurement year NECE on-behalf contributions	$ 390,633

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

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

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

Actuarial Assumptions

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

Valuation Date	August 31, 2017
Actuarial Cost Method	Individual Entry Age Normal
Asset Valuation Method	Market Value
Single Discount Rate	8.00%
Long-term expected Investment Rate of Return*	8.00%
Inflation	2.5%
Salary Increases*	3.5% to 9.5%
Payroll Growth Rate	2.50%
Benefit changes during the year	None
Ad – hoc post-employment benefit changes	None

**Includes Inflation of 2.5%*

The actuarial assumptions used to determine the total pension liability were based on the results of an experience study for the four-year period ending August 31, 2014 and adopted on September 24, 2015.

NOTE 14: DEFINED BENEFIT PENSION PLAN (Continued)

Discount Rate

The discount rate used to measure the total pension liability was 8.0%. There was no change in the discount rate since the previous year. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and those of the contributing employers and the non-employer contributing entity are made at the statutorily required rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. The long-term rate of return on pension plan investments is 8%. The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimates ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

Best estimates of geometric real rates of return for each major asset class included in the Systems target asset allocation as of August 31, 2017 are summarized below:

Asset Class	Target Allocation	Real Return Geometric Basis	Long-term Expected Portfolio Real Rate of Return*
Global Equity			
U.S.	18%	4.6%	1.0%
Non-U. S. Developed	13%	5.1%	0.8%
Emerging Markets	9%	5.9%	0.7%
Directional Hedge Funds	4%	3.2%	0.1%
Private Equity	13%	7.0%	1.1%
Stable Value			
U.S. Treasuries	11%	0.7%	0.1%
Absolute Return	0%	1.8%	0.0%
Stable Value Hedge Funds	4%	3.0%	0.1%
Cash	1%	-0.2%	0.0%
Real Return			
Global Inflation Linked Bonds	3%	0.9%	0.0%
Real Assets	16%	5.1%	1.1%
Energy and Natural Resources	3%	6.6%	0.2%
Commodities	0%	1.2%	0.0%
Risk Parity			
Risk Parity	5%	6.7%	0.3%
Inflation Expectation	-	-	2.2%
Alpha	-		1.0%
Total	100%		8.7%

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

NOTE 14: DEFINED BENEFIT PENSION PLAN (Continued)

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 (8%) in measuring the 2018 fiscal year Net Pension Liability.

	1% Decrease in Discount Rate (7.0%)	Discount Rate (8.0%)	1% Increase in Discount Rate (9.0%)
District's proportionate share of the net pension liability:	$ 4,540,588	$ 2,693,429	$ 1,155,368

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At August 31, 2018, the District reported a liability of $2,693,429 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	$ 2,693,429
State's proportionate share that is associated with the District	$ 3,819,041
Total	$ 6,512,470

The net pension liability was measured as of August 31, 2017 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The employer's 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, 2016 thru August 31, 2017.

At August 31, 2017 the employer's proportion of the collective net pension liability was .00842346473%, which was a decrease of .0025980114% from its proportion measured as of August 31, 2016.

There were no changes of assumptions or other inputs that affected measurement of the total pension liability during the measurement period.

NOTE 14: DEFINED BENEFIT PENSION PLAN (Continued)

Changes Since the Prior Actuarial Valuation – There were no changes to the actuarial assumptions or other inputs that affected measurement of the total pension liability since the prior measurement period.

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

For the year ended August 31, 2018, the District recognized pension expense of $654,372 and revenue of $291,301 for support provided by the State.

At August 31, 2018, the District reports 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 experiences	$ 39,406	$ 145,253
Changes in actuarial assumptions	122,690	70,237
Differences between projected and actual investment earnings	-	196,291
Changes in proportion and differences between the employer's contributions and the proportionate share of contributions	1,016,348	776,337
Total as of August 31, 2016 measurement date	1,178,444	1,188,118
Contributions paid to TRS subsequent to the measurement date	278,013	-
Total as of fiscal year-end	$ 1,456,457	$ 1,188,118

The $278,013 reported as deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended August 31, 2019. 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

Fiscal Years ended August 31,	Pension Expense Amount
2019	$ 4,575
2020	$ 176,504
2021	$ (8,633)
2022	$ (57,272)
2023	$ (21,147)
Thereafter	$ (103,701)

NOTE 15: 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 is administered through a trust by the Teacher Retirement System (TRS) Board of Trustees. It is established and administered in accordance with 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, Texas 78701-2698; or by calling (512) 542-6592.

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

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

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

Eligible retirees and their dependents not enrolled in Medicare may pay premiums to participate in one of two optional insurance plans with more comprehensive benefits (TRS-Care 2 and TRS-Care 3). Eligible retirees and dependents enrolled in Medicare may elect to participate in one of the two Medicare health plans for an additional fee. To quality 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.

NOTE 15: DEFINED OTHER POST-EMPLOYMENT BENEFIT PLANS (Continued)

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 the average retiree with Medicare Parts A & B coverage, with 20 to 29 years of service for the basic plan and the two optional plans.

	TRS-Care Plan Premium Rates Effective Sept. 1, 2016 – Dec. 31, 2017		
	TRS Care-1 Basic Plan	TRS Care-2 Optional Plan	TRS Care-3 Optional Plan
Retiree*	$ -	$ 70	$ 100
Retiree and Spouse	20	175	255
Retiree* and Children	41	132	182
Retiree and Family	61	237	337
Surviving Children Only	28	62	82

*or surviving spouse

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

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

Contribution Rates

	2017	2018
Active Employee	0.65%	0.65%
Non-Employer Contributing Entity (State)	1.00%	1.25%
Employers	0.55%	0.75%
Federal/Private Funding Remitted by Employers	1.00%	1.25%

District's 2018 FY Employer Contributions	$ 87,738
District's 2018 FY Member Contributions	$ 53,413
2017 Measurement Year NECE On-Behalf Contributions	$ 66,659

NOTE 15: DEFINED OTHER POST-EMPLOYMENT BENEFIT PLANS (Continued)

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

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

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

Actuarial Assumptions. The total OPEB liability in the August 31, 2017 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 mortality, and most of the economic assumptions are identical to those which were adopted by the Board in 2015 and are based on the 2014 actuarial experience study of TRS.

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 2015 TRS of Texas Healthy Pensioner Mortality Tables.

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

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

NOTE 15: DEFINED OTHER POST-EMPLOYMENT BENEFIT PLANS (Continued)

Additional Actuarial Methods and Assumptions:

Valuation Date	August 31, 2017
Actuarial Cost Method	Individual Entry Age Normal
Inflation	2.50%
Discount Rate	3.42%
Aging Factors	Based on Plan Specific Experience
Expenses	Third-party administrative expenses related to the delivery of health care benefits are included in the age-adjusted claims costs.
Payroll Growth Rate	2.50%
Projected Salary Increases	3.50-9.50%
Healthcare Trend Rates	4.50%-12.00%
Election Rates	Normal Retirement: 70% participation prior to age 65 and 75% participation after age 65.
Ad-hoc Post Employment Benefit Changes	None

**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, 2017.*
*** Includes inflation at 2.50%*
****Initial trend rates are 7.00% for non-Medicare retirees; 10.00% for Medicare retirees and 12.00% for prescriptions for all retirees. Initial trend rates decrease to an ultimate trend rate of 4.50% over a period of 10 years.*

Discount Rate. A single discount rate of 3.42% was used to measure the total OPEB liability. There was a change of .44 percent in the discount rate since the previous year. Because the plan is essentially a "pay-as-you-go" plan, the single discount rate is equal to the prevailing municipal bond rate. The projection of cash flows used to determine the discount rate assumed that contributions from active members and those of the contributing employers and the non-employer contributing entity are made at the statutorily required rates. Based on 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, 2017.

NOTE 15: 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 (3.42%) in measuring the Net OPEB Liability.

	1% Decrease in Discount Rate (2.42%)	Discount Rate (3.42%)	1% Increase in Discount Rate (4.42%)
District's proportionate share of the Net OPEB Liability	$6,870,508	$5,821,240	$4,977,864

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

	1% Decrease	Current Healthcare Cost Trend Rate	1% Increase
District's proportionate share of the Net OPEB Liability	$4,846,764	$5,821,240	$7,099,875

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEBs. At August 31, 2018, the District reported a liability of $5,821,240 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	$ 5,821,240
State's proportionate share that is associated with the District	5,575,579
	$11,396,819

The Net OPEB Liability was measured as of August 31, 2017 and the Total OPEB Liability used to calculate the Net OPEB Liability was determined by an actuarial valuation as of that date. The employer's 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, 2016 through August 31, 2017.

NOTE 15: DEFINED OTHER POST-EMPLOYMENT BENEFIT PLANS (Continued)

At August 31, 2017 the employer's proportion of the collective Net OPEB Liability was .0133863917%. Since this is the first year of implementation, the District does not have the proportion measured as of August 31, 2016. The Notes to the Financial Statements for August 31, 2016 for TRS stated that the change in proportion was immaterial and, therefore, disregarded this year.

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.

Significant plan changes were adopted during the fiscal year ending June 30, 2018. Effective January 1, 2018, only one health plan option will exist (instead of three), and all retirees will be required to contribute monthly premiums for coverage. The health plan changes triggered changes to several of the assumptions, including participation rates, retirement rates, and spousal participation rates.

The August 31, 2016 valuation had assumed that the savings related to the Medicare Part D reimbursements would phase out by 2022. This assumption was removed for the August 31, 2017 valuation. Although there is uncertainty regarding these federal subsidies, the new assumption better reflects the current substantive plan. This change was unrelated to the plan amendment, and its impact was included as an assumption change in the reconciliation of the total OPEB liability. This change significantly lowered the OPEB liability.

The discount rate changed from 2.98 percent as of August 31, 2016 to 3.42 percent as of August 31, 2017. This change lowered the total OPEB liability.

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

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

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

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

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

NOTE 15: DEFINED OTHER POST-EMPLOYMENT BENEFIT PLANS (Continued)

For the year ended August 31, 2018, the District recognized OPEB expense of $(3,817,880) and revenue of $(1,865,737) for support provided by the State.

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual actuarial experiences	$ -	$ 121,523
Changes in actuarial assumptions	-	2,313,513
Differences between projected and actual investment earnings	884	-
Changes in proportion and differences between the employer's contributions and the proportionate share of contributions	27	-
Total as of August 31, 2017 measurement date	911	2,435,036
Contributions paid to TRS subsequent to the measurement date	87,738	-
Total as of fiscal year end	$ 88,649	$2,435,036

The $87,738 reported as deferred outflows of resources related to OPEB resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ended August 31, 2019. The net amounts of the employer's balances of deferred outflows and inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Fiscal Year ended June 30,	OPEB Expense Amount
2019	$ (321,185)
2020	(321,185)
2021	(321,185)
2022	(321,185)
2023	(321,406)
Thereafter	(827,979)

NOTE 16: NEGATIVE OPERATING GRANTS AND CONTRIBUTIONS – STATEMENT OF ACTIVITIES

Expense activity is required to be recorded by districts who are participants in cost-sharing pension and OPEB benefit plans with a special funding situation where Non-Employer Contributing Entities (NECE) also participate in contributions to the plans. TRS-retirement and TRS-care benefit plans are both cost-sharing plans with special funding situations. Therefore, on-behalf expense activity of the NECE must be recorded at the government-wide level of reporting on the Statement of Activities in accordance with GASB 68 and 75.

During the year under audit, the NECE expense was negative due to changes in benefits within the TRS-care plan. The accrual for the proportionate share of that expense was a negative on-behalf revenue and negative on-behalf expenses. This resulted in negative revenue for operating grants and contributions for some functions on the Statement of Activities. According to guidance provided directly from GASB, this is the correct reporting.

Following are the effects on the Statement of Activities as a result of the negative on-behalf accruals recorded:

		Operating Grants and Contributions	Negative On-Behalf Accruals	Operating Grants & Contributions (excluding on-behalf accruals)
11	Instruction	234,487	(1,110,238)	1,344,725
12	Instructional Resources and Media Services	53,011	(13,958)	66,969
13	Curriculum Development and Instructional Staff Development	63,505	(161)	63,666
21	Instructional Leadership	132,969	(22,817)	155,786
23	School Leadership	(99,030)	(115,863)	16,833
31	Guidance, Counseling and Evaluation Services	(16,691)	(63,741)	47,050
32	Social Work Services	100,533	-	100,533
33	Health Services	22,855	(29,681)	52,536
34	Student (Pupil) Transportation	(61,681)	(72,164)	10,483
35	Food Services	789,568	-	789,568
36	Extracurricular Activities	(76,125)	(89,065)	12,940
41	General Administration	(78,068)	(91,335)	13,267
51	Facilities Maintenance and Operations	(155,358)	(181,762)	26,404
52	Security and Monitoring Services	(42,288)	(49,477)	7,189
53	Data Processing Services	(21,775)	(25,475)	3,700
61	Community Services	37,550	-	37,550
		883,462	(1,865,737)	2,749,199

NOTE 17: 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 2018, the District purchased commercial insurance to cover general liabilities. There were no significant reductions in coverage in the past fiscal year. In addition, there were no settlements exceeding insurance for each of the past three fiscal years.

Health Coverage

Effective September 1, 2003, the District entered into a health insurance contract with TRS-Active Care. These plans are fully-funded, pure premium plans for which the District pays premiums of $275, respectively per month per employee to the plan, and the employees, at their option, may authorize payroll withholdings to pay premiums for dependents. Terms of coverage and premium costs are included in the contractual provisions.

Workers' Compensation Insurance

During the year ended August 31, 2018, the District met its statutory workers' compensation obligations through participation in the TASB Risk Management Fund ("the Fund"). The Fund was created and is operated under the provisions of the Interlocal Cooperation Act, Chapter 791 of the Texas Government Code. The Fund's Workers Compensation Program is authorized by Chapter 504, Texas Labor Code. All districts participating in the Fund execute Interlocal Agreements that define the responsibilities of the parties. The Fund provides statutory workers' compensation benefits to its members and their injured employees.

The District participates in the Fund's reimbursable aggregate deductible program. As such, the District is responsible for a certain amount of claims liability as outlined on the District's Contribution and Coverage Summary document. After the District's deductible has been met, the Fund is responsible for additional claims.

The Fund and its members are protected against higher than expected claims costs through the purchase of stop loss coverage for any claim in excess of the Fund's self-insured retention of $1.5 million. The Fund uses the services of an independent actuary to determine reserve adequacy and fully funds those reserves. As of August 31, 2018, the Fund carries a discounted reserve in excess of $50 million for future development on reported claims and claims that have been incurred but not yet reported. For the year ended August 31, 2018, member districts will have no additional liability beyond their contractual obligations for payment of contributions and reimbursable aggregate deductibles.

The Fund engages the services of Independent auditors to conduct an independent financial audit after the close of each plan year on August 31st and is approved by the Fund's Board of Trustees in February the following year. The Fund's audited financial statements as of August 31, 2018, are available at the TASB offices and have been filed with the Texas State Board of Insurance in Austin.

NOTE 18: JOINT VENTURE - SHARED SERVICE ARRANGEMENTS

The District participates in a shared service arrangement ("SSA") with the Regional Service Center ("Region One"). Those programs provided through the shared services include the Teacher and Principal Training through the ESEA Title II, Part A. The District neither has a joint ownership interest in fixed assets purchased by the fiscal agent, Region One Education Service Center, nor does the District have a net equity interest in the fiscal agent. The fiscal agent is neither accumulating significant financial resources nor fiscal exigencies that would give rise to a future additional benefit or burden to Santa Rosa Independent School District. The fiscal agent manager is responsible for all financial activities of the shared services arrangement.

Presented below are the revenues and expenditures attributable to the District's participation.

Revenues			
5929	Federal revenue distributed by TEA	$	68,268
	Total revenue	$	68,268
Expenditures			
6100	Payroll costs	$	56,663
6200	Purchased and contracted services		11,605
	Total expenditures	$	68,268

The District is also the fiscal agent for an SSA that provides assistance to member districts under the 21st Century Community Learning Centers program. This program provides assistance to provide opportunities for academic enrichment and additional services to students related to educational development. During the year ended August 31, 2018, the District had only spent $8,675 towards this program, and had not yet provided any assistance to other member Districts.

NOTE 19: COMPLIANCE AND ACCOUNTABILITY

Finance-Related Legal and Contractual Provision

In accordance with GASB Statement No. 38, "Certain Financial Statement Note Disclosures," violations of finance related legal and contractual provisions, if any, are reported below, along with actions taken to address such violations.

> The District overspent budgeted expenditures for function 11, instruction, by $26,994 in the General Fund during the year ended August 31, 2018. The District will implement procedures to proactively monitor and prevent this in the future.

School districts in Texas must comply with constitutional provisions, statutory laws, public policy established by common law, Title 19 of the Texas Administrative Code, and with regulations of the Texas Education Agency.

NOTE 20: FUND BALANCES AND NET POSITION

The District has classified its fund balances according to GASB Statement No. 54, with the following hierarchy:

Nonspendable: The District has inventories of $25,581.

Spendable: The District has classified spendable fund balances as *Restricted, Committed, Assigned* and *Unassigned* and considered each to have been spent when expenditures are incurred.

Restricted for Food Service, Federal and State Programs, Debt Service and Capital Projects – Federal laws, Texas statutes and local ordinances require that certain revenues be specifically designed for the purposes of food service, federal and state programs, debt service, and capital projects. The funds have been included in the restricted category of fund balance.

Unassigned – the unassigned fund balance has no constraints.

		Other Governmental Funds			
	General Fund	Debt Service	Capital Projects Fund	Total Nonmajor	Total Governmental Funds
Fund balances					
Nonspendable					
Inventories					
Food service	$ 25,581	$ -	$ -	$ -	$ 25,581
Restricted					
Food service	30,898	-	-	-	30,898
Debt service	-	178,720	-	-	178,720
Capital projects	-	-	305,383	-	305,383
Unassigned	4,808,046	-		-	4,808,046
	$ 4,864,525	$ 178,720		$ -	$ 5,348,628

NOTE 20: FUND BALANCES AND NET POSITION (Continued)

NET POSITION

	Governmental Activities
Net investment in capital assets:	
Capital assets, net of accumulated depreciation	24,980,731
Less related liabilities	(11,241,518)
Plus unamortized charges - deferred outflows of resources	334,856
Total net investment in capital assets	14,074,069
Restricted net position consists of the following:	
Federal and state programs	56,479
Debt Service	210,357
Capital Projects	305,383
Total restricted net position	572,219
Unrestricted net position	(5,645,865)
Total net position	$ 9,000,423

Unrestricted net position has a deficit balance, which is caused by the prior period adjustment resulting from the implementation of GASB 75 as discussed in Note 21.

NOTE 21: PRIOR PERIOD ADJUSTMENT

For the fiscal year 2018, The District adopted GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. Under GASB 75, the District assume their proportionate share of the net OPEB liability of the Teacher Retirement System of Texas. Adoption of GASB 75 required a prior period adjustment to report the effect of GASB 75 retroactively. The prior period adjustment resulting from this was a decrease in net position totaling ($10,207,508).

In addition, the District identified certain assets that had not been included in the asset and depreciation listing in prior years. Management added these assets to the asset and depreciation listing and they have been included in the beginning balances of capital assets for the fiscal year ended August 31, 2018. This resulted in a prior period adjustment to record the net value of these assets, which was an increase in net position of $143,206.

The net effect of both of the above prior period adjustments is a decrease in net position of ($10,064,302), which causes a restated beginning net position of $6,859,913.

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REQUIRED SUPPLEMENTARY INFORMATION

"Warriors On the Move –

Education On the Rise"

SANTA ROSA INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED AUGUST 31, 2018

Data Control Codes		Budgeted Amounts		Actual Amounts (GAAP BASIS)	Variance With Final Budget Positive or (Negative)
		Original	Final		
	REVENUES:				
5700	Total Local and Intermediate Sources	$ 1,229,543	$ 1,263,192	$ 1,211,046	$ (52,146)
5800	State Program Revenues	11,060,467	11,019,438	11,205,149	185,711
5900	Federal Program Revenues	1,074,971	1,133,640	1,096,659	(36,981)
5020	Total Revenues	13,364,981	13,416,270	13,512,854	96,584
	EXPENDITURES:				
	Current:				
0011	Instruction	6,191,260	6,128,181	6,155,175	(26,994)
0012	Instructional Resources and Media Services	99,142	98,167	97,667	500
0013	Curriculum and Instructional Staff Development	-	622	672	(50)
0021	Instructional Leadership	62,843	98,474	91,853	6,621
0023	School Leadership	605,349	608,744	606,787	1,957
0031	Guidance, Counseling and Evaluation Services	338,192	326,206	311,864	14,342
0032	Social Work Services	-	4,156	3,428	728
0033	Health Services	136,552	140,909	140,292	617
0034	Student (Pupil) Transportation	351,002	673,469	649,680	23,789
0035	Food Services	925,171	948,840	836,992	111,848
0036	Extracurricular Activities	974,288	1,082,873	1,039,648	43,225
0041	General Administration	779,901	881,322	880,582	740
0051	Facilities Maintenance and Operations	2,026,391	2,108,833	2,021,115	87,718
0052	Security and Monitoring Services	235,115	216,200	214,070	2,130
0053	Data Processing Services	388,640	643,755	579,431	64,324
0061	Community Services	9,000	6,000	4,693	1,307
	Debt Service:				
0071	Principal on Long-Term Debt	267,268	267,268	192,854	74,414
0072	Interest on Long-Term Debt	76,667	76,667	66,664	10,003
	Capital Outlay:				
0081	Facilities Acquisition and Construction	100,000	-	-	-
	Intergovernmental:				
0093	Payments to Fiscal Agent/Member Districts of SSA	71,200	71,171	71,171	-
0095	Payments to Juvenile Justice Alternative Ed. Prg.	15,000	13,346	-	13,346
0099	Other Intergovernmental Charges	15,000	17,748	17,747	1
6030	Total Expenditures	13,667,981	14,412,951	13,982,385	430,566
1100	Excess (Deficiency) of Revenues Over (Under) Expenditures	(303,000)	(996,681)	(469,531)	527,150
	OTHER FINANCING SOURCES (USES):				
7913	Capital Leases	-	294,516	-	(294,516)
7915	Transfers In	803,447	825,695	-	(825,695)
8911	Transfers Out (Use)	(803,447)	(825,695)	-	825,695
7080	Total Other Financing Sources (Uses)	-	294,516	-	(294,516)
1200	Net Change in Fund Balances	(303,000)	(702,165)	(469,531)	232,634
0100	Fund Balance - September 1 (Beginning)	5,334,055	5,334,055	5,334,056	1
3000	Fund Balance - August 31 (Ending)	$ 5,031,055	$ 4,631,890	$ 4,864,525	$ 232,635

EXHIBIT G-2

SANTA ROSA INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
TEACHER RETIREMENT SYSTEM OF TEXAS
FOR THE YEAR ENDED AUGUST 31, 2018

	Measurement Year Ended August 31,			
	2017	2016	2015	2014
District's Proportion of the Net Pension Liability (Asset)	0.0084236473%	0.0110216587%	0.0083336000%	0.0062510000%
District's Proportionate Share of Net Pension Liability (Asset)	$ 2,693,429	$ 4,164,921	$ 2,945,817	$ 1,669,728
States Proportionate Share of the Net Pension Liability (Asset) associated with the District	3,819,041	3,440,818	4,392,726	3,816,143
Total	$ 6,512,470	$ 7,605,739	$ 7,338,543	$ 5,485,871
District's Covered Payroll	$ 7,985,759	$ 7,601,546	$ 7,346,222	$ 7,385,729
District's Proportionate Share of the Net Pension Liability (Asset) as a percentage of its Covered Payroll	33.73%	54.79%	40.10%	22.61%
Plan Fiduciary Net Position as a percentage of the Total Pension Liability	82.17%	78.00%	78.43%	83.25%

Note: Only four years of data is presented in accordance with GASB #68, paragraph 138. "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."

EXHIBIT G-3

SANTA ROSA INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF THE DISTRICT'S CONTRIBUTIONS FOR PENSIONS
TEACHER RETIREMENT SYSTEM OF TEXAS
FOR THE YEAR ENDED AUGUST 31, 2018

	Fiscal Year Ended August 31,			
	2018	2017	2016	2015
Contractually Required Contribution	$ 278,013	$ 276,078	$ 273,907	$ 238,509
Contribution in Relation to the Contractually Required Contribution	(278,013)	(276,078)	(273,907)	(238,509)
Contribution Deficiency (Excess)	$ -	$ -	$ -	$ -
District's Covered Payroll	$ 8,218,118	$ 7,985,759	$ 7,601,546	$ 7,346,222
Contributions as a percentage of Covered Payroll	3.38%	3.46%	3.60%	3.25%

Note: Only four years of data is presented in accordance with GASB #68, paragraph 138. "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."

EXHIBIT G-4

SANTA ROSA INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET OPEB LIABILITY
TEACHER RETIREMENT SYSTEM OF TEXAS
FOR THE YEAR ENDED AUGUST 31, 2018

	Measurement Year Ended August 31, 2017
District's Proportion of the Net OPEB Liability (Asset)	0.0133863917%
District's Proportionate Share of the Net OPEB Liability (Asset)	$ 5,821,240
State's Proportionate Share of the Net OPEB Liability (Asset) associated with the District	5,575,579
Total	$ 11,396,819
District's Covered Payroll	$ 7,985,759
District's Proportionate Share of the Net OPEB Liability (Asset) as a percentage of its Covered Payroll	72.90%
Plan Fiduciary Net Position as a percentage of the Total OPEB Liability	0.91%

Note: Only one year of data is presented in accordance with GASB #75, paragraph 245. "The information for all fiscal years 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."

EXHIBIT G-5

SANTA ROSA INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF THE DISTRICT'S OPEB CONTRIBUTIONS
TEACHER RETIREMENT SYSTEM OF TEXAS
FOR THE YEAR ENDED AUGUST 31, 2018

	Fiscal Year Ended August 31, 2018
Contractually Required Contribution	$ 87,738
Contribution in Relation to the Contractually Required Contribution	(87,738)
Contribution Deficiency (Excess)	$ -
District's Covered Payroll	$ 8,218,118
Contributions as a percentage of Covered Payroll	1.07%

Note: Only one year of data is presented in accordance with GASB #75, paragraph 245. "The information for all fiscal years 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."

Stewardship, compliance, and accountability

I. Budgetary information

The Board adopts an "appropriated budget" on a basis consistent with GAAP for the general fund and debt service fund. At a minimum, the District is required to present the original and the final amended budgets for revenues and expenditures compared to actual revenues and expenditures for these two funds.

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

- Prior to August 20 for a fiscal year start date of September 1, the District prepares a budget based on the modified zero-based budgeting concept for the next succeeding fiscal year. The operating budget includes proposed expenditures and the means of financing them.

- After one or more budget workshops with the Board, a meeting is called for the purpose of adopting the proposed budget. At least ten days but not more than 30 days public notice of the meeting is required.

- Prior to August 31st for a fiscal year start date of September 1, the Board legally adopts the budget for the general fund and debt service fund.

- After the budget for the above listed funds is approved, any amendment that causes an increase or decrease in a fund or functional spending category or total revenue or other resources object category requires Board approval prior to the fact. These amendments are presented to the Board at its regular monthly meeting and are reflected in the official minutes. Because the District has a policy of careful budgetary control, several budgetary amendments were necessary throughout the year.

- Expenditure budgets are controlled at the expenditure functional and object level by the appropriate administrator. Transfers may be authorized within functional and organizational categories that do not affect the total functional and organizational appropriation. All budget appropriations lapse at year-end.

Encumbrance accounting, under which purchase orders, contracts and other commitments are recorded in order to reserve that portion of the applicable appropriation, is used in all governmental funds. Encumbrances outstanding at year-end are commitments that do not constitute expenditures or liabilities. Since appropriations lapse at the end of each year, outstanding encumbrances are appropriately provided for in the subsequent fiscal year's budget to provide for the liquidation of the prior commitments.

One instance was noted in which expenditures exceeded budgeted amounts at the functional level as detailed in the General Fund – Budgetary comparison Schedule (Exhibit G-1). Instruction expenditures exceeded budgeted amounts by $26,994. This was due to a larger than normal accrual of salary expenditures for instruction at the end of fiscal year 2018 compared to the 2017 fiscal year. In total, the General Fund's net change in fund balance had a positive variance compared to the budgeted change in General Fund balance, and total expenditures of the general fund did not exceed total appropriations.

TRS Pension

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

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

TRS OPEB Plan

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

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:

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

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

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

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

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

OTHER SUPPLEMENTARY INFORMATION

"Warriors On the Move –

Education On the Rise"



COMBINING STATEMENTS

"Warriors On the Move –

Education On the Rise"

SANTA ROSA INDEPENDENT SCHOOL DISTRICT
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
AUGUST 31, 2018

Data Control Codes		211 ESEA I, A Improving Basic Program	212 ESEA Title I Part C Migrant	244 Career and Technical - Basic Grant	255 ESEA II,A Training and Recruiting
	ASSETS				
1240	Due from Other Governments	$ 94,439	$ 13,154	$ 4,800	$ 9,678
1290	Other Receivables	-	-	-	-
1000	Total Assets	$ 94,439	$ 13,154	$ 4,800	$ 9,678
	LIABILITIES				
2160	Accrued Wages Payable	$ 12,028	$ 4,831	$ -	$ -
2170	Due to Other Funds	82,411	8,323	4,050	9,678
2300	Unearned Revenue	-	-	750	-
2000	Total Liabilities	94,439	13,154	4,800	9,678
4000	Total Liabilities and Fund Balances	$ 94,439	$ 13,154	$ 4,800	$ 9,678

263 Title III, A English Lang. Acquisition	274 GEAR UP	289 Other Federal Special Revenue Funds	352 SSA - 21st Century Comm. Learning	410 State Textbook Fund	429 Other State Special Revenue Funds	499 Other Local Special Revenue Funds	Total Nonmajor Governmental Funds
$ 540	$ 15,500	$ -	$ 9,215	$ 71,096	$ -	$ -	$ 218,422
-	-	-	-	-	30,608	46,439	77,047
$ 540	$ 15,500	$ -	$ 9,215	$ 71,096	$ 30,608	$ 46,439	$ 295,469
$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 16,859
540	15,500	-	9,215	71,096	30,608	46,439	277,860
-	-	-	-	-	-	-	750
540	15,500	-	9,215	71,096	30,608	46,439	295,469
$ 540	$ 15,500	$ -	$ 9,215	$ 71,096	$ 30,608	$ 46,439	$ 295,469

SANTA ROSA INDEPENDENT SCHOOL DISTRICT
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED AUGUST 31, 2018

Data Control Codes		211 ESEA I, A Improving Basic Program	212 ESEA Title I Part C Migrant	244 Career and Technical - Basic Grant	255 ESEA II,A Training and Recruiting
	REVENUES:				
570	Total Local and Intermediate Sources	$ -	$ -	$ -	$ -
580	State Program Revenues	-	-	-	-
590	Federal Program Revenues	739,935	93,625	90,567	68,268
5020	Total Revenues	739,935	93,625	90,567	68,268
	EXPENDITURES:				
	Current:				
001	Instruction	434,434	74,922	83,067	49,334
001	Instructional Resources and Media Services	64,942	-	-	-
001	Curriculum and Instructional Staff Development	44,708	-	-	18,934
002	Instructional Leadership	131,103	-	7,500	-
003	Guidance, Counseling and Evaluation Services	-	-	-	-
003	Social Work Services	-	-	-	-
003	Health Services	45,901	-	-	-
006	Community Services	18,847	18,703	-	-
6030	Total Expenditures	739,935	93,625	90,567	68,268
1200	Net Change in Fund Balance	-	-	-	-
0100	Fund Balance - September 1 (Beginning)	-	-	-	-
3000	Fund Balance - August 31 (Ending)	$ -	$ -	$ -	$ -

263 Title III, A English Lang. Acquisition	274 GEAR UP	289 Other Federal Special Revenue Funds	352 SSA - 21st Century Comm. Learning	410 State Textbook Fund	429 Other State Special Revenue Funds	499 Other Local Special Revenue Funds	Total Nonmajor Governmental Funds
$ -	$ -	$ -	$ -	$ -	$ -	$ 138,141	$ 138,141
-	-	-	-	156,943	152,368	-	309,311
10,310	38,185	8,258	8,675	-	-	-	1,057,823
10,310	38,185	8,258	8,675	156,943	152,368	138,141	1,505,275
10,310	395	8,258	7,694	156,943	36,626	138,141	1,000,124
-	-	-	-	-	-	-	64,942
-	-	-	-	-	-	-	63,642
-	-	-	981	-	12,886	-	152,470
-	37,790	-	-	-	-	-	37,790
-	-	-	-	-	100,533	-	100,533
-	-	-	-	-	2,323	-	48,224
-	-	-	-	-	-	-	37,550
10,310	38,185	8,258	8,675	156,943	152,368	138,141	1,505,275
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -

EXHIBIT H-3

SANTA ROSA INDEPENDENT SCHOOL DISTRICT
COMBINING STATEMENT OF NET POSITION
PRIVATE PURPOSE TRUST FUNDS
AUGUST 31, 2018

	806 Board and District Scholarship	807 Lou Ann Richardson Scholarship	Total Private Purpose Trust Funds
ASSETS			
Cash and Cash Equivalents	$ 5	$ 1,493	$ 1,498
Total Assets	5	1,493	1,498
NET POSITION			
Restricted for Scholarships	5	1,493	1,498
Total Net Position	$ 5	$ 1,493	$ 1,498

EXHIBIT H-4

SANTA ROSA INDEPENDENT SCHOOL DISTRICT
COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
PRIVATE PURPOSE TRUST FUNDS
FOR THE YEAR ENDED AUGUST 31, 2018

	806 Board and District Scholarship	807 Lou Ann Richardson Scholarship	Total Private Purpose Trust Funds
ADDITIONS:			
Local and Intermediate Sources	$ 1,812	$ -	$ 1,812
Total Additions	1,812	-	1,812
DEDUCTIONS:			
Other Operating Costs	2,157	-	2,157
Total Deductions	2,157	-	2,157
Change in Net Position	(345)	-	(345)
Total Net Position September 1 (Beginning)	350	1,493	1,843
Total Net Position August 31 (Ending)	$ 5	$ 1,493	$ 1,498

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EXHIBIT H-5

SANTA ROSA INDEPENDENT SCHOOL DISTRICT
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
ALL AGENCY FUNDS
FOR THE YEAR ENDED AUGUST 31, 2018

	BALANCE SEPTEMBER 1 2017	ADDITIONS	DEDUCTIONS	BALANCE AUGUST 31 2018
STUDENT ACTIVITY ACCOUNT				
Assets:				
Cash and Temporary Investments	$ 38,331	$ 174,413	$ 179,624	$ 33,120
Liabilities:				
Due to Student Groups	$ 38,331	$ 174,413	$ 179,624	$ 33,120
32AA FISCAL AGENT FUND				
Assets:				
Cash and Temporary Investments	$ 10,228	$ -	$ -	$ 10,228
Liabilities:				
Due to Other Governments	$ 10,228	$ -	$ -	$ 10,228
TOTAL AGENCY FUNDS				
Assets:				
Cash and Temporary Investments	$ 48,559	$ 174,413	$ 179,624	$ 43,348
Liabilities:				
Due to Other Governments	$ 10,228	$ -	$ -	$ 10,228
Due to Student Groups	38,331	174,413	179,624	33,120
Total Liabilities	$ 48,559	$ 174,413	$ 179,624	$ 43,348

T.E.A. REQUIRED SCHEDULES

"Warriors On the Move –

Education On the Rise"

SANTA ROSA INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF DELINQUENT TAXES RECEIVABLE
FISCAL YEAR ENDED AUGUST 31, 2018

Last 10 Years Ended August 31		(1) Tax Rates Maintenance	(2) Tax Rates Debt Service	(3) Assessed/Appraised Value for School Tax Purposes
2009	and prior years	Various	Various	$ Various
2010		1.060000	0.23300	69,940,046
2011		1.040000	0.33222	68,070,681
2012		1.170000	0.20220	67,645,946
2013		1.170000	0.20220	69,683,751
2014		1.170000	0.20220	71,342,643
2015		1.170000	0.20220	78,746,327
2016		1.170000	0.29660	76,355,894
2017		1.170000	0.27696	77,442,032
2018	(School year under audit)	1.170000	0.27696	80,595,451
100	TOTALS			

(10) Beginning Balance 9/1/2017	(20) Current Year's Total Levy	(31) Maintenance Collections	(32) Debt Service Collections	(40) Entire Year's Adjustments	(50) Ending Balance 8/31/2018
$ 42,040	$ -	$ 1,133	$ 169	$ (2,079)	$ 38,659
8,006	-	842	185	-	6,979
10,248	-	1,141	365	-	8,742
10,453	-	1,605	277	-	8,571
13,065	-	3,770	652	-	8,643
20,838	-	8,279	1,431	637	11,765
28,414	-	10,162	1,756	631	17,127
53,722	-	19,172	4,860	1,314	31,004
135,039	-	62,258	14,738	90	58,133
-	1,211,137	876,868	207,574	2,530	129,225
$ 321,825	$ 1,211,137	$ 985,230	$ 232,007	$ 3,123	$ 318,848

SANTA ROSA INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - DEBT SERVICE FUND
FOR THE YEAR ENDED AUGUST 31, 2018

Data Control Codes		Budgeted Amounts		Actual Amounts (GAAP BASIS)	Variance With Final Budget Positive or (Negative)
		Original	Final		
	REVENUES:				
5700	Total Local and Intermediate Sources	$ 234,034	$ 234,034	$ 240,031	$ 5,997
5800	State Program Revenues	797,554	797,554	961,224	163,670
5020	Total Revenues	1,031,588	1,031,588	1,201,255	169,667
	EXPENDITURES:				
	Debt Service:				
0071	Principal on Long-Term Debt	640,000	640,000	640,000	-
0072	Interest on Long-Term Debt	391,588	391,588	391,588	-
0073	Other Debt Service Fees	-	-	1,856	(1,856)
6030	Total Expenditures	1,031,588	1,031,588	1,033,444	(1,856)
1200	Net Change in Fund Balances	-	-	167,811	167,811
0100	Fund Balance - September 1 (Beginning)	10,909	10,909	10,909	-
3000	Fund Balance - August 31 (Ending)	$ 10,909	$ 10,909	$ 178,720	$ 167,811

STATISTICAL SECTION OVERVIEW

(Unaudited)

The Statistical Section of the District's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the District's overall financial health.

CONTENTS **PAGE**

Financial Trends Information **103**

Compiles information reported in the Comprehensive Annual Financial Report over the past ten years. These schedules contain information to help the reader understand how the District's financial performance has changed over time.

Revenue and Expenditure Capacity **111**

This section contains schedules that provide information about the District's most significant major own-source revenue, which is property taxes, and the factors that impact the District's ability to generate such revenue and the stability of revenue.

Debt Capacity Information **119**

These schedules contain information to help the reader assess the affordability of the District's current levels of outstanding debt, the District's ability to repay the debt, and the District's ability to issue additional debt in the future.

Demographic and Economic Information **135**

These schedules offer demographic and economic indicators to help the reader understand the environment within which the District's financial activities take place and thee changes to those groups over the past ten years if possible.

Operating Information **138**

These schedules contain service and infrastructure data to help the reader understand how the information in the District's financial reports relates to the services the District provides and activities it performs.

SOURCES

Unless otherwise noted, the information in these schedules is derived from the annual financial reports for the relevant year.

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FINANCIAL TRENDS INFORMATION

"Warriors On the Move –

Education On the Rise"

SCHEDULE 1

SANTA ROSA INDEPENDENT SCHOOL DISTRICT
NET POSITION BY COMPONENT
LAST TEN FISCAL YEARS
(ACCRUAL BASIS OF ACCOUNTING)

(Unaudited)

	Governmental Activities			
Fiscal Year	**Net Investment in Capital Assets**	**Restricted**	**Unrestricted**	**Total Net Position**
2009	$ 11,506,387	$ 133,314	$ 2,267,608	$ 13,907,309
2010	11,716,195	132,192	2,719,595	14,567,982
2011	11,922,927	347,284	3,474,011	15,744,222
2012	12,110,171	313,123	4,719,110	17,142,404
2013	12,302,565	164,971	5,616,807	18,084,343
2014	13,087,506	161,029	5,209,945	18,458,480
2015	12,864,264	232,510	4,046,531	17,143,305
2016	13,362,577	136,947	3,762,183	17,261,707
2017	13,340,476	491,721	3,092,018	16,924,215
2018	14,074,069	572,219	(5,645,865)	9,000,423

Source: The District's Statement of Net Position (Exhibit A-1)

SCHEDULE 2

SANTA ROSA INDEPENDENT SCHOOL DISTRICT
GOVERNMENTAL ACTIVITIES EXPENSES & PROGRAM REVENEUS
LAST TEN FISCAL YEARS
(ACCRUAL BASIS OF ACCOUNTING)

(Unaudited)

	Fiscal Year				
	2009	**2010**	**2011**	**2012**	**2013**
Expenses					
Governmental Activities:					
Instruction	$ 6,315,862	$ 7,397,555	$ 6,856,485	$ 6,607,883	$ 7,010,870
Instructional Resources and Media Services	194,849	218,443	101,948	125,467	128,494
Curriculum and Staff Development	105,046	103,403	98,859	200,964	239,020
Instructional Leadership	169,518	317,718	325,107	486,326	473,605
School Leadership	549,769	531,896	542,496	521,196	536,257
Guidance, Counseling, & Evaluation Services	366,022	397,207	407,274	351,237	448,347
Social Work Services	-	-	2,729	44,762	38,005
Health Services	168,945	150,002	153,532	156,228	143,684
Student Transportation	162,400	205,361	210,873	256,647	325,161
Food Service	737,365	899,034	788,217	776,803	894,329
Cocurricular/Extracurricular Activities	756,237	971,885	901,657	811,546	1,009,340
General Administration	732,928	614,167	661,414	695,810	702,357
Plant Maintenance and Operations	1,768,250	1,817,013	1,725,268	1,639,937	1,913,607
Security and Monitoring Services	139,315	137,814	112,573	67,770	92,057
Data Processing Services	50,962	62,076	158,728	186,980	284,064
Community Services	93,398	160,089	169,409	189,246	185,384
Interest on Long Term Debt	721,219	891,196	914,986	830,618	789,650
Bond Issuance Cost and Fees	2,942	600	850	850	900
Payments Related to Shared Services Arrangements	53,857	44,601	45,608	39,587	39,392
Payments to Juvenile Justice Alternative Ed. Prg.	-	9,020	9,362	-	-
Other Intergovernmental Charges	-	7,613	104,686	9,446	9,936
Total Governmental Activities	13,088,884	14,936,693	14,292,061	13,999,303	15,264,459
Program Revenues					
Charges for Services					
Instruction	1,000	151	162	163	251
Instructional Resources and Media Services	-	-	-	-	-
Curriculum and Staff Development	-	-	-	-	-
Instructional Leadership	-	-	-	-	-
School Leadership	-	-	-	-	-
Guidance, Counseling, & Evaluation Services	-	-	-	-	93,480
Social Work Services	-	-	-	-	-
Health Services	-	-	-	-	-
Student Transportation	-	-	-	-	-
Food Service	73,443	73,030	98,696	98,164	90,210
Cocurricular/Extracurricular Activities	29,248	33,076	37,266	36,439	34,709
General Administration	-	-	-	-	-
Plant Maintenance and Operations	-	-	-	-	-
Security and Monitoring Services	-	-	-	-	-
Data Processing Services	-	-	-	-	-
Community Services	-	-	-	-	-
Interest on Long Term Debt	-	-	-	-	-
Bond Issuance Cost and Fees	-	-	-	-	-
Capital Outlay	-	-	-	-	-
Payments Related to Shared Services Arrangements	-	-	-	-	-
Other Intergovernmental Charges	-	-	-	-	-
Operating Grants and Contributions	3,211,212	4,956,311	5,046,863	4,408,421	4,232,777
Total Governmental Activities Program Revenues	3,314,903	5,062,568	5,182,987	4,543,187	4,451,427
Net Governmental Activities Revenue/(Expense)	$ (9,773,981)	$ (9,874,125)	$ (9,109,074)	$ (9,456,116)	$ (10,813,032)

Source: The District's Statement of Activities (Exhibit B-1)

	Fiscal Year				
	2014	2015	2016	2017	2018
$	7,008,732	$ 6,761,544	$ 7,396,103	$ 7,395,194	$ 5,113,612
	143,158	148,536	175,998	164,003	124,945
	133,298	148,956	149,803	95,468	65,369
	250,915	229,197	224,677	219,536	161,399
	523,307	548,404	602,516	640,547	450,869
	403,669	415,363	442,925	448,206	246,301
	8,094	-	72,157	113,856	65,630
	177,994	181,441	192,732	191,292	131,147
	214,152	269,810	227,510	262,799	160,946
	916,660	865,877	957,602	935,409	695,466
	956,011	976,749	1,099,488	1,120,053	954,428
	666,644	702,870	905,921	823,576	766,948
	2,047,499	2,000,166	2,003,002	2,052,265	1,909,322
	132,966	198,635	201,359	210,953	160,369
	246,958	227,830	311,194	265,715	552,121
	150,156	38,933	43,675	44,224	28,771
	702,287	604,487	583,379	348,785	304,008
	-	-	-	341,304	1,856
	57,758	86,542	80,507	76,838	71,171
	1,198	995	-	-	-
	8,089	14,584	9,846	12,959	17,747
	14,749,545	14,420,919	15,680,394	15,762,982	11,982,425
	725	-	-	-	-
	-	-	-	-	-
	-	-	-	-	-
	-	-	-	-	-
	-	-	-	-	-
	89,244	82,478	66,710	58,202	-
	-	-	-	-	-
	-	-	-	-	-
	-	-	-	-	-
	105,291	85,171	98,365	79,606	75,943
	29,443	31,878	33,526	46,261	39,553
	-	-	-	-	-
	-	-	-	-	-
	-	-	-	-	-
	-	-	-	-	-
	-	-	-	-	-
	-	-	-	-	-
	-	-	-	-	-
	-	-	-	-	-
	-	-	-	-	-
	-	-	-	-	-
	3,059,613	2,444,033	2,844,710	2,679,302	883,462
	3,284,316	2,643,560	3,043,311	2,863,371	998,958
$	(11,465,229)	$ (11,777,359)	$ (12,637,083)	$ (12,899,611)	$ (10,983,467)

SCHEDULE 3

SANTA ROSA INDEPENDENT SCHOOL DISTRICT
GENERAL REVENUES AND CHANGES IN NET POSITION
LAST TEN FISCAL YEARS
(ACCRUAL BASIS OF ACCOUNTING)

(Unaudited)

	Fiscal Year				
	2009	**2010**	**2011**	**2012**	**2013**
Net Governmental Activities Revenue /(Expense)	$ (9,773,981)	$ (9,874,125)	$ (9,109,074)	$ (9,456,116)	$ (10,813,032)
General Revenues and Changes in Net Position:					
Property Taxes, Levied for General Purposes	629,698	694,925	688,672	684,573	782,882
Property Taxes - Debt Service	176,317	146,418	219,860	121,422	135,459
State Aid	8,285,344	7,997,357	8,076,588	8,853,321	9,525,926
Grants & Contributions not Restricted	1,249,198	1,473,495	1,187,339	1,050,010	1,386,426
Investment Earnings	145,382	32,991	4,114	4,513	5,075
Miscellaneous Local and Intermediate Revenue	148,418	189,612	108,740	140,459	147,691
Total General Revenues	10,634,357	10,534,798	10,285,313	10,854,298	11,983,459
Change in Net Position	$ 860,376	$ 660,673	$ 1,176,239	$ 1,398,182	$ 1,170,427

Source: The District's Statement of Activities (Exhibit B-1)

Fiscal Year				
2014	**2015**	**2016**	**2017**	**2018**
(11,465,229)	(11,777,359)	(12,637,083)	(12,899,611)	(10,983,467)
728,096	870,588	871,689	904,839	953,001
124,705	150,502	221,972	214,976	225,842
9,682,347	10,098,466	10,534,837	9,867,780	10,699,072
1,140,560	1,147,579	1,219,350	1,031,796	1,090,346
15,270	17,768	23,376	36,298	64,173
148,388	69,090	72,834	506,430	91,543
11,839,366	12,353,993	12,944,058	12,562,119	13,123,977
$ 374,137	$ 576,634	$ 306,975	$ (337,492)	$ 2,140,510

SCHEDULE 4

SANTA ROSA INDEPENDENT SCHOOL DISTRICT
FUND BALANCES - GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(MODIFIED ACCRUAL BASIS OF ACCOUNTING)

(Unaudited)

	Fiscal Year			
	2009	**2010**	**2011**	**2012**
General Fund				
PRE GASB 54				
Reserved Fund Balances:				
Investments in Inventory	$ 19,416	$ 18,076	$ -	$ -
Prepaid Items	57,375	57,375		
Reserve for Food Service	19,670	19,030		
Designated Fund Balance:				
Construction	-	-	-	-
Unreserved and Undesignated:				
Reported in the General Fund	1,680,848	2,688,804	-	-
POST GASB 54				
Nonspendable:				
Investments in Inventory	-	-	4,275	880
Prepaid Items			18,306	124,235
Restricted:				
Restricted - Federal or State Funds Grant Restriction	-	-	234,730	305,243
Unassigned:				
Reported in the General Fund	-	-	3,149,660	4,183,852
Total General Fund Balance	1,777,309	2,783,285	3,406,971	4,614,210
All Other Governmental Funds				
PRE GASB 54				
Reserved, Reported In:				
Debt Service	95,657	85,806		
Food Service		9,393		
Designated Fund Balance:				
Construction	-	-	-	-
Unreserved and Undesignated:				
Reported in Special Revenue funds	49,235	36,994	-	-
Reported in Permanent Funds	-	-	-	-
Reported in Capital Projects Funds	4,277,908	686,599		
POST GASB 54				
Special Revenues				
Unassigned:				
Federal or State Funds Grant Restriction	-	-	2,307	-
Debt Service				
Restricted:				
Retirement of Long-Term Debt	-	-	108,279	29,039
Capital Projects				
Restricted:				
Other Purposes	-	-	-	60,438
Unassigned:				
Other Unassigned Fund Balance	-	-	93,091	-
Total All Other Governmental Fund Balance	4,422,800	818,792	203,677	89,477
Total Government Funds -- Fund Balance	$ 6,200,109	$ 3,602,077	$ 3,610,648	$ 4,703,687
Governmental Funds				
Beginning Fund Balance	$ 1,140,864	$ 6,200,109	$ 3,602,077	$ 3,610,648
Net Change in Fund Balance	5,059,245	(2,598,032)	8,571	1,093,039
Ending Balance	$ 6,200,109	$ 3,602,077	$ 3,610,648	$ 4,703,687

Source: The District's Governmental Funds Balance Sheets (Exhibit C-1)

	Fiscal Year					
	2013	2014	2015	2016	2017	2018
	$ -	$ -	$ -	$ -	$ -	$ -
	-	-	-	-	-	-
	-	-	-	-	-	-
	8,366	2,018	24,150	9,202	22,367	25,581
	-			94,035	70	-
	48,332	78,050	109,133	103,800	5,221	30,898
	5,206,488	5,292,712	5,758,789	5,431,527	5,306,398	4,808,046
	5,263,186	5,372,780	5,892,072	5,638,564	5,334,056	4,864,525
	-	-	-	-	-	-
	-	-	-	-	-	-
	-	-	-	-	-	-
	-	-	-	-	-	-
	56,660	7,828	31,290	35,309	10,909	178,720
	59,979	1,207	2,435	3,583	423,155	305,383
	-	-	-	-	-	-
	116,639	9,035	33,725	38,892	434,064	484,103
	$ 5,379,825	$ 5,381,815	$ 5,925,797	$ 5,677,456	$ 5,768,120	$ 5,348,628
	$ 4,703,687	$ 5,379,825	$ 5,381,815	$ 5,925,797	$ 5,677,456	$ 5,768,120
	676,138	1,990	543,982	(248,341)	90,664	(419,492)
	$ 5,379,825	$ 5,381,815	$ 5,925,797	$ 5,677,456	$ 5,768,120	$ 5,348,628

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REVENUE AND EXPENDITURE CAPACITY

"Warriors On the Move –

Education On the Rise"

SCHEDULE 5

SANTA ROSA INDEPENDENT SCHOOL DISTRICT
GOVERNMENTAL FUND REVENUES BY SOURCE
LAST TEN FISCAL YEARS
(MODIFIED ACCRUAL BASIS OF ACCOUNTING)

(Unaudited)

Fiscal Year	Local and Intermediate Sources	State Program Revenues	Federal Programs Revenues	Total
2009	1,079,412	10,289,372	2,570,406	13,939,190
2010	1,180,198	9,685,083	4,742,080	15,607,361
2011	1,158,180	9,595,551	4,708,748	15,462,479
2012	1,207,452	10,130,270	4,181,482	15,519,204
2013	1,221,029	10,944,499	4,195,951	16,361,479
2014	1,236,830	11,234,211	2,643,821	15,114,862
2015	1,334,712	11,604,140	2,085,935	15,024,787
2016	1,400,014	12,156,509	2,133,918	15,690,441
2017	1,538,079	11,339,096	2,147,343	15,024,518
2018	1,591,326	12,475,684	2,154,482	16,221,492

Source: The District's Governmental Funds Statements of Revenues, Expenditures, and Changes in Fund Balances Exhibit C-3

SCHEDULE 6

SANTA ROSA INDEPENDENT SCHOOL DISTRICT
GOVERNMENTAL FUND EXPENDITURES BY FUNCTION
LAST TEN FISCAL YEARS
(MODIFIED ACCRUAL BASIS OF ACCOUNTING)

(Unaudited)

Function	Fiscal Year 2009	2010	2011	2012	2013
Instruction	$ 6,107,664	$ 7,111,672	$ 6,871,773	$ 6,460,246	$ 6,931,463
Instructional Resources and Media Services	187,402	214,077	96,570	117,665	120,485
Curriculum and Staff Development	98,495	98,852	93,643	188,467	224,122
Instructional Leadership	156,129	303,733	307,893	456,662	444,086
School Leadership	528,506	519,135	513,938	489,514	502,833
Guidance, Counseling, & Evaluation Services	352,326	379,723	385,788	329,953	420,402
Social Work Services	-	-	2,585	41,978	35,636
Health Services	163,379	143,399	145,432	146,513	134,728
Student Transportation	156,650	196,322	400,064	264,459	346,875
Food Service	719,520	864,022	746,634	770,843	1,014,357
Cocurricular/Extracurricular Activities	728,315	930,663	854,090	775,976	952,103
General Administration	702,650	587,392	626,543	653,237	658,580
Plant Maintenance and Operations	1,680,489	3,467,454	1,634,250	1,550,737	1,803,031
Security and Monitoring Services	133,729	131,870	106,634	63,556	86,319
Data Processing Services	68,514	64,723	190,396	254,989	274,464
Community Services	89,552	153,042	160,472	177,477	173,829
Principal on Long Term Debt	495,000	422,243	380,864	423,165	324,133
Interest on Long Term Debt	585,249	846,719	903,176	857,645	984,865
Bond Issuance Cost and Fees	111,466	600	850	850	900
Capital Outlay	323,002	3,504,613	872,657	473,072	412,859
Payments Related to Shared Services Arrangements	53,857	44,601	45,608	39,587	39,392
Payments to Juvenile Justice Alternative Ed. Prg.	-	9,020	9,362	-	-
Other Intergovernmental Charges	-	7,613	9,816	9,446	9,936
Total Expenditures	13,441,894	20,001,488	15,359,038	14,546,037	15,895,398
Ratio of Debt Service to Noncapital Expenditures	8.2%	7.7%	8.9%	9.1%	8.5%
Ratio of Capital Outlay to Operating Expenditures	2.7%	23.0%	6.6%	3.7%	2.9%

Source: The District's Governmental Funds Statements of Revenues, Expenditures, and Changes in Fund Balances
Exhibit C-3

Note: Operating expenditures exclude debt service and capital outlay amounts.
Noncapital expenditures exclude capital outlays amounts.

Fiscal Year				
2014	2015	2016	2017	2018
$ 6,640,054	$ 6,480,074	$ 6,563,727	$ 6,658,228	$ 7,155,299
132,764	137,202	157,574	146,974	162,609
123,609	137,040	137,120	88,119	64,314
232,676	213,199	199,369	191,510	244,323
492,477	506,258	532,886	582,529	606,787
374,389	384,525	392,689	403,610	349,654
7,506	-	64,236	97,759	103,961
165,076	168,078	170,451	170,604	188,516
352,335	249,607	285,248	239,524	649,680
870,729	804,896	862,077	890,708	836,992
886,588	900,119	1,004,240	1,059,833	1,046,807
640,094	648,426	813,961	752,840	880,582
1,931,944	1,841,603	1,824,616	1,916,981	2,070,371
123,322	183,613	177,661	252,593	214,070
434,297	276,672	295,266	344,531	579,431
139,241	36,366	38,945	37,988	42,243
741,175	829,192	930,289	1,038,058	832,854
633,840	614,390	586,230	401,353	458,252
-	-	-	341,304	1,856
309,418	154,434	609,932	28,800	63,465
57,758	86,542	80,507	76,838	71,171
1,198	995	-	-	-
8,089	14,584	9,846	12,959	17,747
15,298,579	14,667,815	15,736,870	15,733,643	16,640,984
9.2%	9.9%	10.0%	9.2%	7.8%
2.3%	1.2%	4.5%	0.2%	0.4%

SCHEDULE 7

SANTA ROSA INDEPENDENT SCHOOL DISTRICT
GOVERMENTAL FUNDS OTHER SOURCES, USES
AND CHANGES IN FUND BALANCES
LAST TEN FISCAL YEARS
(MODIFIED ACCRUAL BASIS OF ACCOUNTING)

(Unaudited)

	Fiscal Year				
	2009	**2010**	**2011**	**2012**	**2013**
Excess of Revenues Over (Under) Expenditures	$ 497,296	$ (4,394,127)	$ 103,441	$ 973,167	$ 466,081
Other Financing Sources (Uses)					
Refunding Bonds Issued	-	-	-	-	-
Capital-Related Debt Issued	4,545,000	-	-	-	-
Capital Leases	-	1,796,095	-	119,872	210,057
Transfers In	136,390	-	739,769	626,085	752,446
Insurance Recovery	-	-	-	-	-
Premium or Discount on Issuance of Bonds	16,949	-	-	-	-
Transfers Out	(136,390)	-	(739,770)	(626,085)	(752,446)
Payment to Bond Refuding Escrow Agent	-	-	-	-	-
Other Uses	-	-	(94,869)	-	-
Total Other Financing Sources (Uses)	4,561,949	1,796,095	(94,870)	119,872	210,057
Prior Period Adjustment	(3,815)	-	-	-	-
Net Change in Fund Balances	$ 5,055,430	$ (2,598,032)	$ 8,571	$ 1,093,039	$ 676,138

Source: The District's Governmental Funds Statements of Revenues, Expenditures, and Changes in Fund Balances
Exhibit C-3

	Fiscal Year				
	2014	**2015**	**2016**	**2017**	**2018**
$	(183,717)	$ 356,972	$ (46,429)	$ (709,125)	$ (419,492)
	-	-	-	9,900,000	-
	-	-	-	-	-
	185,707	187,010	-	-	-
	743,193	785,927	792,082	100,000	-
	-	-	-	420,000	-
	-	-	-	1,276,927	-
	(743,193)	(785,927)	(792,082)	(100,000)	-
	-	-	-	(10,797,138)	-
	-	-	-	-	-
	185,707	187,010	-	799,789	-
	-	-	(201,912)	-	-
$	1,990	$ 543,982	$ (248,341)	$ 90,664	$ (419,492)

SCHEDULE 8

SANTA ROSA INDEPENDENT SCHOOL DISTRICT
GOVERNMENTAL FUND EXPENDITURES BY FUNCTION
PER AVERAGE DAILY ATTENDANCE
LAST TEN FISCAL YEARS
(MODIFIED ACCRUAL BASIS OF ACCOUNTING)

(Unaudited)

	Fiscal Year				
Function	**2009**	**2010**	**2011**	**2012**	**2013**
Instruction	$ 5,358	$ 6,413	$ 6,152	$ 5,794	$ 6,336
Instructional Resources and Media Services	$ 164	$ 193	$ 86	$ 106	$ 110
Curriculum and Staff Development	$ 86	$ 89	$ 84	$ 169	$ 205
Instructional Leadership	$ 137	$ 274	$ 276	$ 410	$ 406
School Leadership	$ 464	$ 468	$ 460	$ 439	$ 460
Guidance, Counseling, & Evaluation Services	$ 309	$ 342	$ 345	$ 296	$ 384
Social Work Services	$ -	$ -	$ 2	$ 38	$ 33
Health Services	$ 143	$ 129	$ 130	$ 131	$ 123
Student Transportation	$ 137	$ 177	$ 358	$ 237	$ 317
Food Service	$ 631	$ 779	$ 668	$ 691	$ 927
Cocurricular/Extracurricular Activities	$ 639	$ 839	$ 765	$ 696	$ 870
General Administration	$ 616	$ 530	$ 561	$ 586	$ 602
Plant Maintenance and Operations	$ 1,474	$ 3,127	$ 1,463	$ 1,391	$ 1,648
Security and Monitoring Services	$ 117	$ 119	$ 95	$ 57	$ 79
Data Processing Services	$ 60	$ 58	$ 170	$ 229	$ 251
Community Services	$ 79	$ 138	$ 144	$ 159	$ 159
Principal on Long Term Debt	$ 434	$ 381	$ 341	$ 380	$ 296
Interest on Long Term Debt	$ 513	$ 763	$ 809	$ 769	$ 900
Bond Issuance Cost and Fees	$ 98	$ 1	$ 1	$ 1	$ 1
Capital Outlay	$ 283	$ 3,160	$ 781	$ 424	$ 377
Payments Related to Shared Services Arrangements	$ 47	$ 40	$ 41	$ 36	$ 36
Payments to Juvenile Justice Alternative Ed. Prg.	$ -	$ 8	$ 8	$ -	$ -
Other Intergovernmental Charges	$ -	$ 7	$ 9	$ 8	$ 9
Total Expenditures	11,791	18,036	13,750	13,046	14,530
Average Daily Attendance	1,140	1,109	1,117	1,115	1,094

Source: The District's Governmental Funds Statements of Revenues, Expenditures, and Changes in Fund Balances
Exhibit C-3

	Fiscal Year				
	2014	**2015**	**2016**	**2017**	**2018**
$	6,075	$ 6,085	$ 6,210	$ 6,410	$ 6,927
$	121	$ 129	$ 149	$ 141	$ 157
$	113	$ 129	$ 130	$ 85	$ 62
$	213	$ 200	$ 189	$ 184	$ 237
$	451	$ 475	$ 504	$ 561	$ 587
$	343	$ 361	$ 372	$ 389	$ 338
$	7	$ -	$ 61	$ 94	$ 101
$	151	$ 158	$ 161	$ 164	$ 182
$	322	$ 234	$ 270	$ 231	$ 629
$	797	$ 756	$ 816	$ 857	$ 810
$	811	$ 845	$ 950	$ 1,020	$ 1,013
$	586	$ 609	$ 770	$ 725	$ 852
$	1,768	$ 1,729	$ 1,726	$ 1,845	$ 2,004
$	113	$ 172	$ 168	$ 243	$ 207
$	397	$ 260	$ 279	$ 332	$ 561
$	127	$ 34	$ 37	$ 37	$ 41
$	678	$ 779	$ 880	$ 999	$ 806
$	580	$ 577	$ 555	$ 386	$ 444
$	-	$ -	$ -	$ 329	$ 2
$	283	$ 145	$ 577	$ 28	$ 61
$	53	$ 81	$ 76	$ 74	$ 69
$	1	$ 1	$ -	$ -	$ -
$	7	$ 14	$ 9	$ 12	$ 17
	13,997	13,773	14,888	15,147	16,109
	1,093	1,065	1,057	1,039	1,033

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DEBT CAPACITY

“Warriors On the Move –

Education On the Rise”

SCHEDULE 9

SANTA ROSA INDEPENDENT SCHOOL DISTRICT
ASSESSED AND ESTIMATED ACTUAL VALUE OF PROPERTY
LAST TEN FISCAL YEARS

(Unaudited)

Fiscal Year	Assessed Taxable Value			Estimated Actual Market Value	Ratio of Total Assessed To Total Estimated Actual Value	*Total Direct Tax Rate
	Real Property	Personal Property	Total			
2009	51,270,230	6,902,276	58,172,506	120,462,506	48.29%	1.332000
2010	55,408,935	6,976,042	62,384,977	132,088,542	47.23%	1.293000
2011	55,865,639	6,953,970	62,819,609	132,811,339	47.30%	1.372220
2012	57,341,633	6,587,529	63,929,162	132,862,232	48.12%	1.372220
2013	58,712,787	6,787,110	65,499,897	132,850,053	49.30%	1.372200
2014	59,133,999	7,742,676	66,876,675	133,693,137	50.02%	1.372200
2015	62,817,540	8,554,971	71,372,511	138,755,741	51.44%	1.372200
2016	64,480,454	9,248,972	73,729,426	149,213,406	49.41%	1.466600
2017	67,954,831	8,896,835	76,851,666	154,790,546	49.65%	1.446965
2018	71,236,755	9,358,696	80,595,451	158,211,127	50.94%	1.446965

Source: Cameron County Appraisal District

* Per $100 of assessed value

SCHEDULE 10

SANTA ROSA INDEPENDENT SCHOOL DISTRICT
PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN FISCAL YEARS

(Unaudited)

				Collected Within the Fiscal Year of the Levy			Total Collections to Date	
Fiscal Year	**Original Tax Levy**	**Adjustments**	**Adjusted Tax Levy**	**Taxes Collected**	**Percent of Adjusted Tax Levy**	**Collections in Subsequent Years**	**Total Taxes Collected**	**Total Collected as Percent of Current Tax Levy**
2009	811,693	4,217	815,910	687,491	84.26%	125,416	812,907	99.63%
2010	847,127	(3,158)	843,969	735,140	87.11%	101,849	836,989	99.17%
2011	909,488	(812)	908,676	795,260	87.52%	104,674	899,934	99.04%
2012	928,238	(912)	927,326	818,481	88.26%	100,274	918,755	99.08%
2013	956,200	(3,785)	952,415	859,239	90.22%	84,533	943,772	99.09%
2014	978,964	(1,481)	977,483	858,807	87.86%	106,911	965,718	98.80%
2015	1,055,163	(5,198)	1,049,965	948,729	90.36%	84,109	1,032,838	98.37%
2016	1,119,377	7,575	1,126,952	997,788	88.54%	98,160	1,095,948	97.25%
2017	1,162,364	(3,424)	1,158,940	1,023,811	88.34%	76,996	1,100,807	94.98%
2018	1,211,137	2,530	1,213,667	1,084,443	89.35%	-	1,084,443	89.35%

Source: The District's Schedule of Delinquent Tax Receivable (Exhibit J-1) and District Records.

SCHEDULE 11

SANTA ROSA INDEPENDENT SCHOOL DISTRICT
ALLOCATION OF PROPERTY TAX RATES AND LEVIES
LAST TEN FISCAL YEARS

(Unaudited)

	Tax Rates (Per $100 of Assessed Value)			Tax Levies		
Fiscal Year	General Fund	Debt Service Fund	Total	General Fund	Debt Service Fund	Original Levy Total
2009	1.040000	0.292000	1.332000	633,754	177,939	811,693
2010	1.060000	0.233000	1.293000	694,474	152,653	847,127
2011	1.040000	0.332220	1.372220	689,297	220,191	909,488
2012	1.170000	0.202220	1.372220	791,446	136,792	928,238
2013	1.170000	0.202200	1.372200	815,300	140,900	956,200
2014	1.170000	0.202200	1.372200	834,709	144,255	978,964
2015	1.170000	0.202200	1.372200	834,709	144,255	978,964
2016	1.170000	0.296600	1.466600	892,998	226,379	1,119,377
2017	1.170000	0.276965	1.446965	939,875	222,489	1,162,364
2018	1.170000	0.276965	1.446965	979,312	231,825	1,211,137

Source: The District's Schedule of Delinquent Tax Receivable (Exhibit J-1)

Note: The basis for the property tax rate is $100 assessed valuation.

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SCHEDULE 12

SANTA ROSA INDEPENDENT SCHOOL DISTRICT
PROPERTY TAX RATES - DIRECT AND OVERLAPPING GOVERNMENTS
(PER $100 ASSESSED VALUATION)
LAST TEN FISCAL YEARS

(Unaudited)

		Direct Tax Rate	Overlapping Tax Rates			
Fiscal Year	Tax Year	Santa Rosa Independent School District	South Texas ISD	City of Santa Rosa	Cameron County	Total Direct and Overlapping Tax Rate
2009	2008	1.332000	0.049200	0.542352	0.353191	2.276743
2010	2009	1.293000	0.049200	0.500410	0.363191	2.205801
2011	2010	1.372220	0.049200	0.530000	0.364291	2.315711
2012	2011	1.372220	0.049200	0.571975	0.384291	2.377686
2013	2012	1.372200	0.049200	0.571975	0.384291	2.377666
2014	2013	1.372200	0.049200	0.569529	0.384291	2.375220
2015	2014	1.372200	0.049200	0.575830	0.399291	2.396521
2016	2015	1.466600	0.049200	0.575649	0.399291	2.490740
2017	2016	1.446965	0.049200	0.650000	0.407743	2.553908
2018	2017	1.446965	0.049200	0.720000	0.410803	2.626968

Source: Cameron County Tax Assessor-Collector

SCHEDULE 13

SANTA ROSA INDEPENDENT SCHOOL DISTRICT
PRINCIPAL PROPERTY TAXPAYERS
CURRENT YEAR AND NINE YEARS PRIOR

(Unaudited)

		Fiscal Year 2018		
Taxpayer	**Nature of Property**	**Tax Year 2017 Assessed Valuation**	**Rank**	**Percentage of Total Assessed Valuation**
AEP Texas Co	Utility	$ 2,424,480	1	3.29%
Union Pacific RR Co	Railroad	2,316,220	2	3.14%
Magic Valley Elec Coop	Electric Cooperative	1,459,870	3	1.98%
Garcia Grain Trading Corp	Argiculture	637,605	4	0.86%
VOA Texas Santa Rosa Village LP	Apartments	563,519	5	0.76%
Nationwide DG Weslaco Inc	Retail - Commercial	430,456	6	0.58%
3BU Family Limited Partnership	Residential	429,531	7	0.58%
South Texas District Council of the Assemblies of God	Religious	412,003	8	0.56%
Guerra Guadalupe & Amelia	Residential	388,314	9	0.53%
Midnight Sun Inc VI	Residential	383,620	10	0.52%
Huttonco Development L P	Retail - Commercial	-		0.00%
Faulconer Vernon E	Retail - Commercial	-		0.00%
Verizon Southwest	Telephone Utility	-		0.00%
Southwestern Bell Tele	Telephone Utility	-		0.00%
Weslaco DG LTD	Retail - Commercial	-		0.00%
Salinas Roberto	Argiculture	-		0.00%
Tropical Grain Co Inc	Argiculture	-		0.00%
Totals		$ 9,445,618		12.81%

Source: Cameron County Appraisal District

Fiscal Year 2009		
Tax Year 2008 Assessed Valuation	Rank	Percentage of Total Assessed Valuation
2,109,990	1	3.93%
967,630	3	1.80%
1,014,250	2	1.89%
-		0.00%
-		0.00%
-		0.00%
-		0.00%
-		0.00%
-		0.00%
-		0.00%
541,474	4	1.01%
502,654	5	0.94%
486,780	6	0.91%
409,650	7	0.76%
428,959	8	0.80%
357,204	9	0.66%
300,000	10	0.56%
$ 7,118,591		13.24%

SCHEDULE 14

SANTA ROSA INDEPENDENT SCHOOL DISTRICT
OUTSTANDING DEBT BY TYPE
LAST TEN FISCAL YEARS

(Unaudited)

Fiscal Year	Bonds Payable	Capital Lease Payable	Unamortized Bond Premium	Acreeted Interest	Deferred Issuance/Loss	Total Debt
2009	14,079,998	-	642,585	184,449	(564,303)	14,342,729
2010	13,752,953	1,700,897	613,777	221,387	(538,653)	15,750,361
2011	13,428,629	1,644,357	584,738	225,980	(513,003)	15,370,701
2012	13,102,984	1,666,709	555,699	191,736	(487,443)	15,029,685
2013	12,880,000	1,775,617	526,660	-	-	15,182,277
2014	12,320,000	1,780,149	497,621	-	-	14,597,770
2015	11,735,000	1,722,967	468,582	-	-	13,926,549
2016	11,120,000	1,407,679	439,543	-	-	12,967,222
2017	9,860,000	1,159,620	1,218,694	-	-	12,238,314
2018	9,220,000	966,766	1,054,752	-	-	11,241,518

Source: Santa Rosa Independent School District Annual Financial and Compliance Reports

* Note: See Estimated Actual Property Value and Average Daily Membership amounts in Demographic and Economic Information Schedule in Demographic and Economic Information section of this report.

* Total Debt as % of Personal Income	* Total Debt Per Capita Income	* Ratio of Total Debt to Estimated Actual Property Value	* Total Debt Per Average Daily Membership
0.16%	655.97	11.91%	11,805
0.17%	694.52	11.92%	13,439
0.16%	659.77	11.57%	13,137
0.15%	628.31	11.31%	12,705
0.15%	624.35	11.43%	13,021
0.14%	579.02	10.92%	12,477
0.12%	519.51	10.04%	12,174
0.11%	473.15	8.69%	11,465
0.10%	441.16	7.91%	11,006
0.10%	400.90	7.11%	10,201

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SCHEDULE 15

SANTA ROSA INDEPENDENT SCHOOL DISTRICT
DIRECT AND OVERLAPPING DEBT
GENERAL OBLIGATION BONDS

As of August 31, 2018

(Unaudited)

Political Subdivision	Net Debt Amounts		As of	Estimated Percentage Applicable	Estimated Share of Overlapping Debt
Cameron County	$ 166,985,000	A	08/31/18	0.56%	$ 935,116
City of Santa Rosa	330,000	A	08/31/18	100.00%	330,000
					$ 1,265,116
Santa Rosa ISD Direct Debt		B	08/31/18	100.00%	$ 9,220,000
Total Direct and Overlapping Debt					$ 10,485,116

A - Municipal Advisory Council of Texas
B - Long-Term Liabilities Note

Note: Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the District. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and business of the District. This process recognizes that, when considering the District's ability to issue and repay long term debt, the entire debt burden borne by the residents and businesses should be taken into account. However, this does not imply that every taxpayer is a resident, and therefore responsible for repaying the debt, of each overlapping governmental.

SCHEDULE 16

SANTA ROSA INDEPENDENT SCHOOL DISTRICT
COMPUTATION OF LEGAL DEBT MARGIN
LAST TEN FISCAL YEARS

(Unaudited)

	2009	2010	2011	2012	2013
Assessed Valuation	$ 58,172,506	$ 62,384,977	$ 62,819,609	$ 63,929,162	$ 65,499,897
Debt Limit - 20% of Assessed Valuation	$ 11,634,501	$ 12,476,995	$ 12,563,922	$ 12,785,832	$ 13,099,979
General Obligation Bonds	14,079,998	13,752,953	13,428,629	13,102,984	12,880,000
Deduct Amount Available in Debt Service Fund	95,657	85,806	108,279	29,039	56,660
Legal Debt Margin	$ (2,349,840)	$ (1,190,152)	$ (756,428)	$ (288,113)	$ 276,639
Debt Margin as a Percentage of the Debt Limit	-20.20%	-9.54%	-6.02%	-2.25%	2.11%

Source: Santa Rosa Independent School District Annual Financial and Compliance Reports: Assessed Valuation (Exhibit J-1); General Obligations Bonds (Notes to Financial Statements); and Debt Service Fund, Amount Available in Debt Service (Exhibit C-1).

Note: Texas statutes do not prescribe a debt limit; however, by custom, a practical economic debt limit of 20% of the assessed valuation is used for small size districts.

	2014	2015	2016	2017	2018
$	66,876,675	$ 71,372,511	$ 73,729,426	$ 76,851,666	$ 80,595,451
$	13,375,335	$ 14,274,502	$ 14,745,885	$ 15,370,333	$ 16,119,090
	12,320,000	11,735,000	11,120,000	9,860,000	9,220,000
	7,828	31,290	35,309	10,909	178,720
$	1,063,163	$ 2,570,792	$ 3,661,194	$ 5,521,242	$ 7,077,810
	7.95%	18.01%	24.83%	35.92%	43.91%

SCHEDULE 17

SANTA ROSA INDEPENDENT SCHOOL DISTRICT
RATIO OF NET GENERAL OBLIGATION BONDED DEBT
TO ESTIMATED ACTUAL VALUE AND
PER AVERAGE DAILY MEMBERSHIP
LAST TEN FISCAL YEARS

(Unaudited)

Fiscal Year	Average Daily Membership	Estimated Actual Value	Total Bonded Debt	Debt Service Fund Balance	Net Bonded Debt	Ratio of Net Bonded Debt to Estimated Actual Value	Net Bonded Debt Per Average Daily Membership
2009	1,215	120,462,506	14,907,032	95,657	14,811,375	12.30%	12,190.43
2010	1,172	132,088,542	14,588,117	85,806	14,502,311	10.98%	12,373.99
2011	1,170	132,811,339	14,239,347	108,279	14,131,068	10.64%	12,077.84
2012	1,183	132,862,232	13,850,419	29,039	13,821,380	10.40%	11,683.33
2013	1,166	132,850,053	13,406,660	56,660	13,350,000	10.05%	11,449.40
2014	1,170	133,693,137	12,817,621	7,828	12,809,793	9.58%	10,948.54
2015	1,144	138,755,741	12,203,582	31,290	12,172,292	8.77%	10,640.12
2016	1,131	149,213,406	11,559,543	35,309	11,524,234	7.72%	10,189.42
2017	1,112	154,790,546	11,078,694	10,909	11,067,785	7.15%	9,953.04
2018	1,102	158,211,127	10,274,752	178,720	10,096,032	6.38%	9,161.55

Source: Average Daily Membership provided by the District's PEIMS Office. Estimated Actual Value obtained from the Cameron County Tax Assessor-Collector.

Note (1): Average Daily Membership represents the average daily enrollment of students, district-wide, over the official number of instructional days.

Note (2): Estimated actual property value and average daily membership are used because they are more relevant to the school district than personal income and population

SCHEDULE 18

SANTA ROSA INDEPENDENT SCHOOL DISTRICT
RATIO OF ANNUAL DEBT SERVICE FOR GENERAL BONDED DEBT
TO TOTAL GENERAL FUND EXPENDITURES
LAST TEN FISCAL YEARS

(Unaudited)

Fiscal Year	Principal	Interest*	Total Debt Service	Total General Fund Expenditures	Ratio of Debt Service To General Fund Expenditures
2009	495,000	585,249	1,080,249	9,754,564	11.07%
2010	422,243	846,719	1,268,962	11,198,060	11.33%
2011	380,864	903,176	1,284,040	9,799,381	13.10%
2012	423,165	857,645	1,280,810	10,167,441	12.60%
2013	324,133	984,865	1,308,998	11,555,847	11.33%
2014	741,175	633,840	1,375,015	12,277,406	11.20%
2015	829,192	614,390	1,443,582	12,335,125	11.70%
2016	930,289	586,230	1,516,519	13,268,639	11.43%
2017	1,038,058	401,353	1,439,411	12,822,538	11.23%
2018	832,854	458,252	1,291,106	13,982,385	9.23%

Source: The District's Budgetary Comparison Schedule (Exhibit G-1)

Note: * Excludes Other Fees

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DEMOGRAPHIC AND ECONOMIC INFORMATION

"Warriors On the Move –

Education On the Rise"

SCHEDULE 19

SANTA ROSA INDEPENDENT SCHOOL DISTRICT
DEMOGRAPHIC INFORMATION
LAST TEN FISCAL YEARS

(Unaudited)

Calendar Year	Population *	Personal Income *	Per Capita Income*	Average Daily Attendance	Unemployment Rate **
2009	400,303	8,752,637,000	21,865	1,140	10.6%
2010	407,672	9,245,009,000	22,678	1,109	11.4%
2011	413,188	9,625,983,000	23,297	1,117	11.9%
2012	416,048	9,952,491,000	23,921	1,115	10.6%
2013	418,217	10,169,819,000	24,317	1,094	10.0%
2014	420,392	10,598,668,000	25,211	1,093	8.7%
2015	419,579	11,247,700,000	26,807	1,065	7.1%
2016	421,766	11,559,000,000	27,406	1,057	7.6%
2017	423,725	11,754,500,000	27,741	1,039	7.2%
2018 ***	425,725	11,420,964,000	28,041	1,033	6.1%

Source: * Statistics for Population, Personal Income, and Per Capita Income, were taken from the Bureau of Economic Analysis based on the Metropolitan Statistical Area of Brownsville-Harlingen, TX Area (BEARFACTS)

** The unemployment rates for the Metropolitan Statistical Area of Brownsville-Harlingen, TX Area were used as reported by the Bureau of Labor Statistics

*** The information was not available by the time of printing. Therefore a 3-year average was added to the affected years.

SCHEDULE 20

SANTA ROSA INDEPENDENT SCHOOL DISTRICT
PRINCIPAL EMPLOYERS
CURRENT YEAR AND NINE YEARS PRIOR

(Unaudited)

	2018 *			2009**		
Employer	**Employees**	**Rank**	**Percentage of Total City Employment**	**Employees**	**Rank**	**Percentage of Total City Employment**
Santa Rosa ISD	202	1	26.29%	197	1	24.56%
City of Santa Rosa	60	2	7.80%	55	2	6.88%
Stripes/Valero Gas Station	25	3	3.25%			0.00%
Su Clinica Familiar	15	4	1.95%			0.00%
Subway Resturant	15	5	1.95%			0.00%
Dollar General	15	6	1.95%			0.00%
Santa Rosa Café	8	7	1.04%			0.00%
K's Max Convience Store	7	8	0.91%			0.00%
Oldies Café	7	9	0.91%			0.00%
Magda's Hair Salon	5	10	0.65%			0.00%
Total	359		46.71%	252		31.44%

Source:

Note: *City of Santa Rosa information.

** Many of current 2018 employers did not exist in 2009. The full list of top employers in 2009 is not shown as not all data is available; the District is currently working to compile this information.

SCHEDULE 21

SANTA ROSA INDEPENDENT SCHOOL DISTRICT
CONSTRUCTION AND PROPERTY VALUES
LAST TEN FISCAL YEARS

(Unaudited)

Fiscal Year	Single-Family Construction Permits	Average Construction Value	Estimated Actual Market Value
2009	0	-	120,462,506
2010	2	60,000	132,088,542
2011	0	-	132,811,339
2012	2	11,800	132,862,232
2013	2	65,000	132,850,053
2014	0	-	133,693,137
2015	0	-	138,755,741
2016	0	-	149,213,406
2017	0	-	154,790,546
2018	0	-	158,211,127

Source: City-data.com

OPERATING INFORMATION

“Warriors On the Move –

Education On the Rise”

SCHEDULE 22

SANTA ROSA INDEPENDENT SCHOOL DISTRICT
WORK FORCE COMPOSITION BY EMPLOYEE CLASSIFICATION
LAST TEN FISCAL YEARS

(Unaudited)

Classification	Fiscal Year 2009	2010	2011	2012	2013
Number of Employees					
Teachers	90	86	86	86	87
Professional Support	16	26	17	19	24
Campus Administration	8	6	3	2	3
Central Administration	4	3	3	4	2
Educational Aides	14	16	19	22	27
Auxiliary Staff	66	68	73	74	69
Total Employees	197	205	202	207	211
Percent of Total					
Teachers	45.55%	41.89%	42.67%	41.24%	40.92%
Professional Support	8.04%	12.74%	8.61%	9.26%	11.26%
Campus Administration	4.07%	2.93%	1.49%	0.96%	1.42%
Central Administration	2.04%	1.66%	1.68%	2.12%	0.99%
Educational Aides	6.97%	7.76%	9.41%	10.56%	12.63%
Auxiliary Staff	33.33%	33.01%	36.14%	35.84%	32.78%
	100.00%	100.00%	100.00%	100.00%	100.00%

Source: TEA Staff FTE Counts and Salary Report.

Fiscal Year				
2014	**2015**	**2016**	**2017**	**2018**
86	86	87	83	86
22	17	18	22	20
3	3	3	3	3
3	4	2	3	3
20	21	18	19	20
63	66	71	70	71
196	197	198	200	202
43.69%	43.78%	43.61%	41.59%	42.54%
11.00%	8.83%	8.87%	10.82%	9.88%
1.53%	1.42%	1.51%	1.50%	1.48%
1.58%	1.98%	1.21%	1.38%	1.36%
10.13%	10.55%	9.03%	9.42%	9.87%
32.08%	33.43%	35.77%	35.28%	34.87%
100.00%	100.00%	100.00%	100.00%	100.00%

SCHEDULE 23

SANTA ROSA INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF TEACHER INFORMATION
LAST TEN FISCAL YEARS

(Unaudited)

Fiscal Year	Average Minimum	Average Maximum	Average Teacher Salary	Statewide Average Teacher Salary	Average Years of Experience	Bachelor's Education	Master's Education
2009	35,213	52,594	43,144	47,159	10.3	94.4%	5.6%
2010	38,810	53,099	44,891	48,263	10.8	98.8%	1.2%
2011	37,623	54,093	45,321	48,638	12.3	98.8%	1.2%
2012	36,292	52,487	44,209	48,375	11.6	98.8%	1.2%
2013	37,805	53,978	45,147	48,821	11.3	96.8%	3.2%
2014	40,183	54,609	45,456	49,692	11.3	96.5%	3.5%
2015	40,652	54,860	45,662	50,715	11.3	96.5%	3.5%
2016	41,000	55,675	45,974	51,891	10.7	94.2%	5.8%
2017	43,200	57,201	47,736	52,525	11.6	96.4%	3.6%
2018	41,992	58,200	47,826	53,334	10.7	96.5%	3.5%

Source: Texas Academic Performance Reports (TAPR) FY 2013-2018 &
Academic Excellence Indicator System (AEIS) FY 2009-2012

SCHEDULE 24

SANTA ROSA INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF ATTENDANCE AND MEMBERSHIP
LAST TEN FISCAL YEARS

(Unaudited)

Fiscal Year	Average Daily Attendance *	Average Daily Membership	Percent of Attendance
2009	1,140	1,215	93.83%
2010	1,109	1,172	94.62%
2011	1,117	1,170	95.47%
2012	1,115	1,183	94.25%
2013	1,094	1,166	93.83%
2014	1,093	1,170	93.42%
2015	1,065	1,144	93.09%
2016	1,057	1,131	93.46%
2017	1,039	1,112	93.41%
2018	1,033	1,102	93.74%

Source: Texas Academic Performance Reports (TAPR) FY 2013-2017 &
Academic Excellence Indicator System (AEIS) FY 2008-2012

* Average Daily Attendance - the average daily attendance of eligible enrollees, district-wide, over the official number of instructional days.

SCHEDULE 25

SANTA ROSA INDEPENDENT SCHOOL DISTRICT
OPERATING STATISTICS
LAST TEN FISCAL YEARS

(Unaudited)

Fiscal Year	Average Daily Attendance	Governmental Operating Expenditures	Cost per Pupil	Percent Change	Government Wide Operating Expenses	Cost per Pupil	Percent Change
2009	1,140	11,927,177	10,462	-7.50%	12,364,723	10,846	-9.75%
2010	1,109	15,227,313	13,731	31.24%	14,044,897	12,664	16.76%
2011	1,117	13,201,491	11,819	-13.92%	13,376,225	11,975	-5.44%
2012	1,115	12,791,305	11,472	-2.93%	13,167,835	11,810	-1.38%
2013	1,094	14,172,641	12,955	12.93%	14,473,909	13,230	12.03%
2014	1,093	13,614,146	12,456	-3.85%	14,047,258	12,852	-2.86%
2015	1,065	13,069,799	12,272	-1.47%	13,816,432	12,973	0.94%
2016	1,057	13,610,419	12,876	3.38%	15,097,015	14,283	11.13%
2017	1,039	13,924,128	13,405	9.23%	15,072,893	14,511	11.85%
2018	1,033	15,284,557	14,796	10.38%	11,676,561	11,304	-20.86%

Source: CAFR

Note: Operating expenditures and expenses exclude any debt service or capital transactions as reflected in functions 71 through 81.

SCHEDULE 26

SANTA ROSA INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF STUDENT INFORMATION
LAST TEN FISCAL YEARS

(Unaudited)

Fiscal Year	Student/ Teacher Ratio	No. of Economically Disadvantaged Students	Percentage of Economically Disadvantaged Students
2009	13.6	1,128	92.8%
2010	13.7	1,105	94.3%
2011	13.6	1,114	95.2%
2012	13.8	1,118	94.5%
2013	13.5	1,115	95.6%
2014	13.6	1,125	96.2%
2015	13.3	1,025	89.6%
2016	13.1	974	86.1%
2017	13.4	964	86.9%
2018	12.8	970	87.9%

Source: Texas Academic Performance Reports (TAPR) FY 2013-2018 &
Academic Excellence Indicator System (AEIS) FY 2009-2012

SCHEDULE 27

SANTA ROSA INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF SCHOOL BUILDINGS
FOR THE CURRENT FISCAL YEAR

(Unaudited)

	Estimated Square Footage	Recommended Capacity	Enrollment
HIGH SCHOOLS			
SANTA ROSA HIGH SCHOOL (2006)	122,377	750	332
MIDDLE SCHOOLS			
JO NELSON MIDDLE SCHOOL (2003)	33,649	360	255
ELEMENTARY SCHOOLS			
ELMA E. BARRERA ELEMENTARY SCHOOL (1999)	102,852	800	525
GRAND TOTAL	258,878	1,910	1,112

District's buildings, which are the material capital assets.

FEDERAL AWARDS SECTION

"Warriors On the Move –

Education On the Rise"

CRI CARR RIGGS & INGRAM
CPAs and Advisors

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

To the Board of Trustees
Santa Rosa Independent School District

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Santa Rosa Independent School District, as of and for the year ended August 31, 2018, and the related notes to the financial statements, which collectively comprise Santa Rosa Independent School District's basic financial statements, and have issued our report thereon dated January 25, 2019.

Internal Control over Financial Reporting

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

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

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

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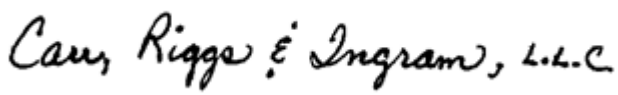
Compliance and Other Matters

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

In addition, we noted certain other matters that we reported to management of Santa Rosa Independent School District in a separate letter dated January 25, 2019.

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.



Harlingen, Texas
January 25, 2019

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

To the Board of Trustees
Santa Rosa Independent School District

Report on Compliance for Each Major Federal Program

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

Management's Responsibility

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

Auditors' Responsibility

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

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

Opinion on Each Major Federal Program

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

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Other Matters

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

Santa Rosa Independent School District's response to the noncompliance findings identified in our audit is described in the accompanying schedule of findings and questioned costs and corrective action plan. Santa Rosa Independent School District's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control over Compliance

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

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we did identity a certain deficiency in internal control over compliance, described in the accompanying schedule of findings and questioned costs as items 2018-001, that we consider to be a significant deficiency.

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

Cain, Rigge & Ingram, L.L.C.

Harlingen, Texas
January 25, 2019

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SANTA ROSA INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED AUGUST 31, 2018

SECTION I - SUMMARY OF AUDITORS' RESULTS

Financial Statements

Type of auditors' report issued:	Unmodified	
Internal control over financial reporting:		
• Material weakness(es) identified?	_____ yes	__X__ no
• Significant deficiencies identified that are not considered to be material weaknesses?	_____ yes	__X_____ none reported
Noncompliance material to financial statements noted?	_____ yes	__X__ no

Federal Awards

Internal control over major programs:		
• Material weakness(es) identified?	_____ yes	__X__ no
• Significant deficiencies identified that are not considered to be material weakness(es)?	__X__ yes	____ none reported
Type of auditors' report issued on compliance for major programs:	Unmodified	
Any audit findings disclosed that are required to be reported in accordance with the Uniform Guidance	__X__ yes	____ no

Identification of major programs:

CFDA Number(s)	*Name of Federal Program or Cluster*
10.553	Child Nutrition Cluster – School Breakfast Program
10.555	Child Nutrition Cluster – National School Lunch Program

Dollar threshold used to distinguish between Type A and Type B programs:	$750,000	
Auditee qualified as low-risk auditee?	__X__ yes	____ no

SECTION II - FINANCIAL STATEMENT FINDINGS

No findings were reported in the current year.

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

PROGRAM DESCRIPTION	**DESCRIPTION**
Reference Number 2018-001	**Procurement, Suspension & Debarment**

Child Nutrition Cluster
CFDA 10.553 School Breakfast Program, CFDA 10.555 National School Lunch Program,
Grant Numbers 71401801, 71401701
Award Years 2017 and 2018
Federal Agency: US Department of Agriculture
Passed through the Texas Department of Agriculture

Criteria:	The District must comply with procurement requirements defined by 2 CFR 200.320, which requires recipients of federal awards to obtain multiple rate quotes for procurements exceeding the micro-purchase threshold but below the simplified acquisition threshold.
Condition:	The District uses vendors almost exclusively from a CO OP which has approved vendors and is designed to meet all of the requirements for procurements under federal awards. However, certain vendors that the District conducted business with were not members of the CO OP during 2018. The District also did not obtain the required rate quotes for these vendors.
Context:	Two vendors out of five tested were not approved as part of the CO OP, and the District did not obtain rate quotes from other vendors for the types of items being purchased. The sample is not statistically valid.
Questioned Costs:	$28,930. The total questioned cost amount was determined based on the aggregate of payments made to the two vendors in question.
Cause:	The District did not update its listing of qualified vendors for the Child Nutrition Program as to whether the vendors were active participants in a qualified CO OP, or perform other procedures such as obtaining rate quotes.
Effect:	The District did not comply with 2 CFR 200.320, and also did not have procedures adequately designed to detect the noncompliance with procurement requirements.
Recommendation:	The District should obtain rate quotes from an adequate number of vendors for the types of items being purchased from the vendors in question as soon as possible. In addition, procedures should be designed to verify that the approved vendors for Child Nutrition Program are reviewed within proper time frames such that there will be assurance the District stays in compliance with procurement guidelines.
Views of Responsible Officials:	Management is in agreement with the content of the finding and recommendations. See corrective action plan section.

Santa Rosa Independent School District
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"Once a Warrior, Always a Warrior"

CORRECTIVE ACTION PLAN
YEAR ENDED AUGUST 31, 2018

PROGRAM DESCRIPTION	CORRECTIVE ACTION PLAN
Findings – Federal Awards	
Schedule Reference Number: (2018-001) **Procurement Suspension & Debarment**	
Corrective Action Plan:	The District will implement additional controls and procedures to provide assurance that requirements of the Uniform Guidance are followed.

SANTA ROSA INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS - CONTINUED
SCHEDULE OF STATUS OF PRIOR FINDINGS
YEAR ENDED AUGUST 31, 2018

No findings reported in prior year.

SANTA ROSA INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED AUGUST 31, 2018

Federal Grantor/Program or Cluster Title	*Federal CFDA Number*	*Pass-through Grantor*	*Grant ID No.*	*Awarded to Suprecipients*	*Federal Expenditures*
United States Department of Agriculture					
Child Nutrition Cluster					
School Breakfast Program					
School Breakfast Program	10.553	Texas Department of Agriculture	71401701	$ -	$ 34,964
School Breakfast Program	10.553	Texas Department of Agriculture	71401801	-	230,416
Total School Breakfast Program				-	265,380
National School Lunch Program					
National School Lunch Program	10.555	Texas Department of Agriculture	71301701	-	64,834
National School Lunch Program	10.555	Texas Department of Agriculture	71301801	-	480,870
National School Lunch Program - Non-cash Assistance	10.555	Texas Department of Agriculture	71301801	-	915
Total National School Lunch Program				-	546,619
Total Child Nutrition Cluster				-	811,999
Fresh Fruit and Vegetable Program	10.582	Texas Department of Agriculture	00159	-	23,472
					23,472
Total United States Department of Agriculture				-	835,471
United States Department of Education					
Title I Grants to Local Educational Agencies					
Title I Grants to Local Educational Agencies	84.010	Texas Education Agency	18610101031914	-	758,626
Total Title I Grants to Local Educational Agencies				-	758,626
Migrant Education_State Grant Program					
Migrant Education_State Grant Program	84.011	Texas Education Agency	18615001031914	-	93,625
Total Migrant Education_State Grant Program				-	93,625
Career and Technical Education -- Basic Grants to States					
Career and Technical Education -- Basic Grants to States	84.048	Texas Education Agency	18420006031914	-	90,567
Total Career and Technical Education -- Basic Grants to States				-	90,567
Twenty-First Century Community Learning Centers					
Twenty-First Century Community Learning Centers	84.287	Texas Education Agency	196950267110043	-	9,215
Total Twenty-First Century Community Learning Centers				-	9,215
Gaining Early Awareness and Readiness for Undergraduate Programs					
Gaining Early Awareness and Readiness for Undergraduate Programs	84.334	Region one Education Service Center		-	38,185
Total Gaining Early Awareness and Readiness for Undergraduate Programs				-	38,185
English Language Acquisition State Grants					
English Language Acquisition State Grants	84.365	Texas Education Agency	18671001031914	-	10,310
Total English Language Acquisition Grants				-	10,310
Supporting Effective Instruction State Grants					
Supporting Effective Instruction State Grants	84.367	Texas Education Agency	18694501031914	-	68,268
Total Improving Teacher Quality State Grants				-	68,268
Grants for State Assessments and Related Activities					
Grants for State Assessments and Related Activities	84.369	Texas Education Agency	69551702	-	1,187
Total Grants for State Assessments and Related Activities				-	1,187
Student Support and Academic Enrichment Program					
Student Support and Academic Enrichment Program	84.424	Texas Education Agency	18680101031914	-	8,258
Total Student Support and Academic Enrichment Program				-	8,258
Total United States Department of Education				-	1,078,241
Total Expenditures of Federal Awards				$ -	$ 1,913,712

The accompanying notes are an integral part of this schedule

SANTA ROSA INDEPENDENT SCHOOL DISTRICT
NOTES ON ACCOUNTING POLICIES FOR FEDERAL AWARDS
YEAR ENDED AUGUST 31, 2018

NOTE 1 - BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards includes the federal grant activity of Santa Rosa Independent School District and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of Title 2 U. S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements , Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of the general purpose financial statements.

The District does not utilize the de minimus 10% indirect cost rate. Indirect costs, where applicable, are negotiated with the agency providing the award.

NOTE 2 - PROGRAM REPORTING

SHARS and $69,357 of indirect cost are accounted for in the general fund. The Child Nutrition Cluster Program and Fresh Fruit and Vegetable Program are accounted for in the General Fund. Expenditures are not specifically attributable to these revenues and are shown on this schedule in an amount equal to revenue for balancing purposes only.

Reconciliation

Amount of federal revenues Exhibit C-3	$2,154,482
Less amounts not considered to be federal awards, excluded on the Schedule of Expenditures of Federal Awards:	
School Health and Related Service Program (SHARS)	182,130
E-rate	58,640
Total expenditures of federal awards, per the Schedule of Expenditures of Federal Awards (Exhibit K-1)	$1,913,712

NOTE 3 – FEDERAL LOANS AND LOAN GUARANTEES

During the year ended August 31, 2018, the District had no outstanding federal loans payable on loan guarantees.

NOTE 4 – FEDERALLY FUNDED INSURANCE

During the year ended August 31, 2018, the District had no federally funded insurance.

NOTE 5 – NON-CASH AWARDS

During the year ended August 31, 2018, the District received $915 of non-cash assistance.