**Carroll Independent School District**



**Annual Financial Audit Year Ended August 31, 2016**

Haynes & Associates, P.C. A Professional Corporation 405 North Oak Street Roanoke, Texas76262

ll-TF-AFR-2015-2016

**Carroll Independent School District**

**Annual Financial Audit**

 **Year Ended August 31, 2016**

Haynes & Associates, P.C. A Professional Corporation 405 North Oak Street

Roanoke, Texas 76262

|  |  |  |
| --- | --- | --- |
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CERTIFICATE OF BOARD

Carroll Independent School District Name of School District

Tarrant County

220919

Co-District Number

We, the undersigned, certify that the attached annual financial reports of the above named school district were received and (check one) X approved disapproved for the year ended August 31, 2016 at a meeting of the Board of Trustees of such school district on the *23rd* day of January, 2017.



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

3

Haynes and Associates, P.C. Certified Public Accountant 405 North Oak Street Roanoke, Texas 76262

817-491-1300

**Independent Auditor's Report**

Carroll Independent School District 2400 North Carroll Avenue Southlake, Texas 76092

**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 Carroll Independent School District as of and for the year ended August 31, 2016, and the related notes to the financial statements, which collectively comprise the Carroll Independent School District's basic financial statements as listed in the table of contents.

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

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

***Auditor's Responsibility***

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.

Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

***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 Carroll Independent School District as of August 31, 2016, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

***Other Matters***

*Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 14-20 and *54* and page 67 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any

assurance.

*Other Information*

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

The accompanying Texas Education Agency required schedules identified in the table of contents as J-1, J-2, J-4 and J-5 are the responsibility of management and were derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the accompanying supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The J-3 Cash Flow and the Optimum Fund Balance Calculations Schedule has 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 it.

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

In accordance with *Government Auditing Standards,* we have also issued our report dated December 7, 2016 on our consideration of the Carroll 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 Carroll Independent School District's internal control over financial reporting and compliance.



Haynes and Associates, P.C. December 7, 2016

Haynes and Associates, P.C. Certified Public Accountant 405 North Oak Street Roanoke, Texas 76262

817-491-1300

**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***

**Independent Auditor's Report**

Carroll Independent School District 2400 North Carroll Avenue Southlake, Texas 76092

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 Carroll Independent School District, as of and for the year ended August 31, 2016, and the related notes to the financial statements, which collectively comprise Carroll Independent School District's basic financial statements, and have issued our report thereon dated December 7, 2016.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered Carroll Independent School District's internal control over financial reporting 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 Carroll Independent School District's internal control. Accordingly, we do not express an opinion on the effectiveness of Carroll 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.

**Compliance and Other Matters**

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

**Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit

performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Hayne and Associates, P.C. December 7, 2016

**Haynes and Associates, P.C. Certified Public Accountant 405 North Oak Street Roanoke, Texas 76262**

**817-491-1300**

**Report on Compliance for Each Major Federal Program; Report on Internal Control Over Compliance; and Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance**

**Independent Auditor's Report**

Carroll Independent School District 2400 North Carroll Avenue Southlake, Texas 76092

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

We have audited Carroll 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 Carroll Independent School District's major federal programs for the year ended August 31, 2016. Carroll Independent School District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

***Management's Responsibility***

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

***Auditor's Responsibility***

Our responsibility is to express an opinion on compliance for each of Carroll 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 Carroll 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 Carroll Independent School District's compliance.

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

In our opinion, Carroll 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, 2016.

***Other Matters***

The results of our auditing procedures disclosed no instances of noncompliance, which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying schedule of findings and questioned costs. Our opinion on each major federal program is not modified with respect to these matters.

**Report on Internal Control Over Compliance**

Management of Carroll 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 Carroll 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 Carroll Independent School District's internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal

control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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

**Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance**

We have audited the financial statements of Carroll Independent School District as of and for the year ended August 31, 2016, and have issued our report thereon dated December 7, 2016, which contained an unmodified opinion on those financial statements. Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditure of federal awards is fairly stated in all material respects in relation to the financial statements as a whole.



Haynes and Associates, P.C.

December 7, 2016

CARROLL INDEPENDENT SCHOOL DISTRICT

SCHEDULE OF FINDINGS AND QUESTIONED COSTS FOR THE YEAR ENDED AUGUST 31, 2016

Summary of the Auditor's Results:

Type of Report on Financial Statements Significant Deficiencies

Material Weakness Involving Control Deficiencies

Unqualified Opinion None

None

Noncompliance Material to the Financial Statements

Type of Report on Compliance with Major Programs

Findings and Questioned Costs for Federal Awards as Determined in Section .510(a), OMB Circular A-133

Dollar threshold considered between Type A and B Federal Programs

Low Risk Auditee Statements

The level of noncompliance was not material in relation to the Financial statements covering Federal programs.

Unqualified Opinion

None

$300,000

The District was classified as a Low risk auditee in the context of OMB Circular A-133

Major Federal Programs Special Education Cluster: IDEA B, Formula (84.027)

Pass-through Entity Texas Education Agency

CARROLL INDEPENDENT SCHOOL DISTRICT SUMMARY SCHEDULE OF CURRENT AND PRIOR AUDIT FINDINGS

FOR THE YEAR ENDED AUGUST 31, 2016

CURRENT FINDINGS:

None Noted

PRIOR FINDINGS:

None Noted

**Carroll Independent School District Management's Discussion and Analysis Year Ended, August 31, 2016**

This section of Carroll Independent School District's annual financial report presents our discussion and analysis of the District's financial performance during the fiscal year ended August 31, 2016. Please read it in conjunction with the District's financial statements, which follow this section.

**FINANCIAL HIGHLIGHTS**

* The District's total combined net assets were $61.9 million at August 31, 2016.
* During the year, the District's expenses were $1.6 million more than the $119.3 million generated in taxes and other revenues for governmental activities.
* The general fund reported a fund balance this year of $34.4 million.
* The District paid bond principal during the fiscal year ended August 31, 2016, in the amount of

$37.2 million including refundings.

**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.

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

Basic Financial • Statements

*Management’s Discussion*

*and*

*Analysis*

Required Supplementary Information

* 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 -

|  |  |
| --- | --- |
|  |  |
|  |
| Government-Wide Financial Statements | Fund Financial Statements | *Notes**To the* *Financial**Statements* |

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 acts solely as a *trustee or agent* for the benefit of others, to whom the resources in question belong.

 Summary Detail

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

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 \_\_

 *Entire Agency’s Government The activities of the district Activities the district Instances in which the*

*Scope (except fiduciary funds) that are not proprietary or operates similar to private district is the trustee or*

 *and the Agency’s component fiduciary businesses: self-insurance agent for someone else’s*

 *units sources*

related to one another. *Statement of net assets Balance sheet Statement of net assets Statement of fiduciary*

 net assets

Figure A-2 summarizes the *Required Financial Statement of activities Statement of revenues, Statement of revenues, Statement of changes*

major features of the District's *expenditures & changes expenses and changes in in fiduciary net assets*

financial statements, including *in fund balances fund net assets*

the portion of the District  *statement of cash flows*

government they cover and the *Accounting Basis Accrual accounting and Modified accrual Accrual accounting and Accrual accounting and*

types of information they *and measurement economic resources focus accounting and current economic resources focus economic resources focus*

contain. The remainder of this *focus financial resources focus*

overview section of  *All assets and liabilities, Only assets expected to All assets and liabilities, All assets and liabilities*

management's discussion and *Both financial and capital be used up and liabilities both financial and capital both short-term and long-*

analysis explains the structure *Type of short-term and long-term that come due during the and short-term and long- term: the Agency’s funds to*

 and contents of each of the *asset/liability year or soon thereafter: term not currently contain*

statements.  *information no capital assets included capital assets although*

 *they can All revenues and Revenues for which cash All revenues and expenses All revenues and*

 *expenses during year, is received during or soon during year, regardless of expenses during year,*

 *regardless of when cash after the end of the year; when cash is received or regardless of when cash*

 *Type of is received or paid expenditures when goods paid is received or paid*

 *inflow/outflow or services have been*

 *information received and payment is*

 *due during the year or*

 *soon thereafter*

**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 assets 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 assets* and how they have changed. Net assets-the difference between the District's assets and liabilities-is one way to measure the District's financial health or *position.*

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

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

**Fund Financial Statements**

The fund financial statements provide more detailed information about the District's most significant *funds-*notthe District as a whole. Funds are accounting devices that the District uses to keep track of specific sources of funding and spending for particular purposes.

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

The District has two 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.
	+ *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 assets and a statement of changes in fiduciary net assets. We exclude these activities from the District's government-wide financial statements because the District cannot use these assets to finance its operations.

**FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE NET ASSETS. THE DISTRICT'S *COMBINED* NET ASSETS WERE APPROX™ATELY $61.9 MILLION AT AUGUST 31, 2016. (SEE TABLE A-1).**

**Table A-1**

**The District's Net Assets**

**Governmental Activities**

|  |  |  |
| --- | --- | --- |
|  | **2016** | **2015** |
| Current and Other Assets | 48,597,448 | 54,019,830 |
| Capital and Non-Current Assets | 242,839,239 | 254,909,115 |
| Deferred Outflows |  7,558,111 |  633,834 |
| **Total Assets** | 298,994,798 |  309,562,779 |
| Current Liabilities | 7,105,979 | 6,201,462 |
| Long Term Liabilities | 228,460,155 | 237,578,820 |
| Deferred Inflows | 1,451,178 |  2,154,381 |
| **Total Liabilities** | 237,017,312 | 245,934,663 |
| Net Assets |  |  |
| Invested in Capital Assets |  |  |
| net of related debt | 22,850,360 | 38,377,265 |
| Restricted | 7,132,077 | 10,768,196 |
| Unrestricted | 31,995,049 | 14,482,655 |
| **Total Net Assets** | **61,977,486** | **63,628,116** |

Approximately $5,101,181 of the District's restricted net assets represent proceeds for debt retirement. These proceeds are restricted for debt retirement. The unrestricted net asset represents resources available to fund the programs of the District next year.

**Changes in net assets.** The District's total revenues were $119.3 million. A significant portion, 76.6% of the District's revenue comes from taxes. (See Table A-2.) 1.3% comes from state aid­ formula grants, while 7.5% relates to charges for services.

The total cost of all programs and services was $120.9 million; 58.3% of these costs are for instructional and student services.

**Table A-2**

**Changes** in **the District's Net Assets**

*(in millions of dollars)*

**Governmental Activities**

**Revenues 2016 2015**

Program Revenues

Charges for Services 8.9 9.0

Operating Grants and Contributions 10. 1 7.7

General Revenues

Property Taxes 91.5 87.6

State aid - formula 1.5 .5

Investment earnings .4 .1

Other 6.9 17.9

**Total Revenues 119.3 123.1**

**Expenses**

Instruction 50.3 49.6

Instructional Resources 1.2 1.4

Curriculum 1.0 1.1

Instructional Leadership .4 .4

School Leadership 3.7 3.7

Guidance 2.8 2.8

Health Services .7 .7

Student Transportation 2.5 2.6

Food Services 3.1 2.6

Extracurricular Activities 4.7 4.7

General Administration 3.3 3.2

Plant maintenance and security 7.3 7.3

Data processing services 3.5 3.5

Community services 0 0

Debt service 13.5 12.2

Facilities acquisition and constructions 0 .1

Incremental Costs Related to WADA 16.5 14.5

Fiscal Agent/SSA .7 .6

TIF 5.4 5.2

**Total Expenses 120.9 116.2**

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

* + - The cost of all *governmental* activities this year was $120.9 million.
		- However, the amount that our taxpayers paid for these activities through property taxes was only $91.5 million.
		- Some of the cost was paid by those who directly benefited from the programs in the amount of $8.9 million, or
		- By grants and contributions in the amount of $10.1 million.

**Table A-3**

**Net Cost of Selected District Functions**

*(in millions of dollars)*

**Total Cost of Services**

**Net Cost of Services**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | 2016 | 2015 | 2016 | 2015 |
| Instruction | 50.3 | 49.6 | 43.6 | 44.1 |
| School Leadership | 3.7 | 3.7 | 3.1 | 3.3 |
| General Administration | 3.3 | 3.2 | 2.4 | 1.9 |
| Plant Maintenance & Security | 7.3 | 7.3 | 6.6 | 6.8 |
| Debt Service - Interest & Fiscal Charges | 13.5 | 12.2 | 13.5 | 12.2 |

**FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS**

Revenues from governmental fund types totaled $118. l million, a decrease of 3.1% from the preceding year. The Fund Balance in the District's General Fund decreased in the amount of $2.7 million during the current fiscal year. The majority of this decrease was due to state required Chapter 41 refunding payments increasing in the amount of $2.0 million. Any increase in federal revenues is primarily due to an increase in federal program revenue distributed through other agencies. Any increase in state revenues is a result of an increase of students in average daily attendance.

**General Fund Budgetary Highlights**

Over the course of the year, the District revised its budget several times. Even with these adjustments, actual expenditures were $2.3 million below final budget amounts.

**CAPITAL ASSETS AND DEBT ADMINISTRATION**

As of August 31, 2016, the District had invested $367.9 million in a broad range of capital assets, including land, equipment, buildings, and vehicles. (See Table A-4)

Table A-4 District's Capital Assets (in millions of dollars)

Governmental Activities

|  |  |  |
| --- | --- | --- |
|  | 2016 | 2015 |
| Land | 14.0 | 14.0 |
| Building/Improvements | 310.6 | 309.4 |
| Vehicles | 7.4 | 7.4 |
| Equipment | 33.6 | 33.1 |
| Other | 2.3 | 2.9 |
| Total at historical cost | 367.9 | 366.8 |
| Accumulated depreciation | (125.1) | (111.9) |
| Net capital assets | 242.8 | 264.9 |

Table A-5 District's Long-Term Debt

(in millions of dollars) Governmental Activities

|  |  |  |
| --- | --- | --- |
|  | **2016** | **2015** |
| Bonds Payable | 199.7 | 213.4 |
| Other Payable | 20.2 | 20.2 |
| Less deferred amount on Refunding | 0.0 | 0.0 |
| Total Bonds and Notes Payable | 219.9 | 233.6 |

Long Term Debt

At August 31, 2016, the District had $219.9 million in bonds and notes outstanding as shown in Table A-

1. More detailed information about the District's debt is presented in the Notes to the Financial Statements.

**CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT**

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the District's Financial Services Department.

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CARROLL INDEPENDENT SCHOOL DISTRICT STATEMENT OF NET POSITION

AUGUST 31, 2016

EXHIBIT A-1

Data Control Codes

Primary Government

Governmental Activities

|  |
| --- |
| ASSETS |
| 1110 | Cash and Cash Equivalents | $ 41,326,968 |
| 1220 | Property Taxes Receivable (Delinquent) | 1,506,155 |
| 1230 | Allowance for Uncollectible Taxes | (150,615) |
| 1240 | Due from Other Governments | 5,498,993 |
| 1290 | Other Receivables, net | 257,630 |
| 1300 | Inventories | 150,818 |
| 1410 | Prepayments Capital Assets: | 7,499 |
| 1510 | Land | 14,078,359 |
| 1520 | Buildings, Net | 216,368,341 |
| 1530 | Furniture and Equipment, Net | 10,182,004 |
| 1580 | Construction in Progress | 2,210,535 |
| IOOO | Total Assets | 291,436,687 |
| DEFERRED OUTFLOWS OF RESOURCES |
| 1705 | Deferred Outflow Related to TRS |  | 7,558,111 |
| 1700 | Total Deferred Outflows of Resources |  | 7,558,111 |
| LIABILITIES |
| 2110 | Accounts Payable |  | 1,058,653 |
| 2120 | Short Term Debt Payable |  | 308 |
| 2150 | Payroll Deductions & Withholdings |  | 222,424 |
| 2160 | Accrued Wages Payable |  | 2,389,279 |
| 2190 | Due to Student Groups |  | 71,547 |
| 2300 | Unearned Revenue |  | 3,363,768 |
|  | Noncurrent Liabilities |  |  |
| 2501 | Due Within One Year |  | 11,800,800 |
| 2502 | Due in More Than One Year |  | 208,188,079 |
| 2540 | Net Pension Liability (District's Share) |  | 8,471,276 |
| 2000 | Total Liabilities |  | 235,566,134 |
| DEFERRED INFLOWS OF RESOURCES |
| 2605 | Deferred Inflow Related to TRS | 1,451,178 |
| 2600 | Total Deferred Inflows of Resources | l,451,178 |
| NET POSITION |
| 3200 | Net Investment in Capital Assets | 22,850,360 |
| 3850 | Restricted for Debt Service | 5,101,181 |
| 3860 | Restricted for Capital Projects | 698,736 |
| 3870 | Restricted for Campus Activities | 1,332,160 |
| 3900 | Unrestricted | 31,995,049 |
| 3000 | Total Net Position | $ 61,977,486 |

Data Control

CARROLL INDEPENDENT SCHOOL DISTRICT STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED AUGUST 31, 2016

Program Revenues

 1 3 4

EXHIBIT B-1

Net (Expense) Revenue and Changes in Net Position

6

Codes

Primary Government:

GOVERNMENTAL ACTIVITIES:

* 1. Instruction $
	2. Instructional Resources and Media Services
	3. Curriculum and Staff Development

21 Instructional Leadership

23 School Leadership

31 Guidance, Counseling and Evaluation Services

1. Health Services
2. Student (Pupil) Transportation
3. Food Services
4. Extracurricular Activities

41 General Administration

1. Facilities Maintenance and Operations
2. Security and Monitoring Services
3. Data Processing Services

61 Community Services

1. Debt Service - Interest on Long Term Debt
2. Debt Service - Bond Issuance Cost and Fees

91 Contracted Instructional Services Between Schools

93 Payments related to Shared Services Arrangements

97 Payments to Tax Increment Fund

[TP] TOTAL PRIMARY GOVERNMENT: $

Data Control

Expenses

50,267,811 $

1,240,819

1,039,007

455,108

3,679,383

2,823,715

689,288

2,540,245

3,062,717

4,730,719

3,259,148

7,325,756

269,427

3,537,714

49,048

13,279,744

267,901

16,514,133

581,877

5,378,155

120,991,715 $

Services

594,654 $

400,436

2,929,678

3,912,178

699,110

359,841

8,895,897 $

Operating

Contributions

6,062,279 $

157,480

131,933

48,713

553,759

772,673

63,419

179,233

159,131

1,152,799

202,799

406,495

621

216,482

3,297

10,111,113

Primary Gov.

Activities

(43,610,878)

(1,083,339)

(907,074)

(406,395)

(3,125,624)

(2,051,042)

(625,869)

(1,960,576)

26,092

334,258

(2,357,239)

(6,559,420)

(268,806)

(3,321,232)

(45,751)

(13,279,744)

(267,901)

(16,514,133)

(581,877)

(5,378,155)

(101,984,705)

Codes

General Revenues:

Taxes:

|  |  |  |
| --- | --- | --- |
| MT | Property Taxes, Levied for General Purposes | 68,236,098 |
| DT | Property Taxes, Levied for Debt Service | 23,237,231 |
| GC | Grants and Contributions not Restricted | 1,526,311 |
| IE | Investment Earnings | 341,411 |
| Ml | Miscellaneous Local and Intermediate Revenue | 6,993,024 |
| TR | Total General Revenues | 100,334,075 |
| CN | Change in Net Position | (1,650,630) |
| NB | Net Position - Beginning | 63,628,116 |
| NE | Net Position--Ending | $ 61,977,486 |

CARROLL INDEPENDENT SCHOOL DISTRICT BALANCE SHEET

GOVERNMENTAL FUNDS AUGUST 31, 2016

|  |  |  |  |
| --- | --- | --- | --- |
| Data Control Codes | 10GeneralFund | 50Debt ServiceFund | 60CapitalProjects |
| ASS | ETS |  |  |
| 1110 | Cash and Cash Equivalents | $ 33,246,775 | $ 5,056,775 | $ 1,174,745 |
| 1220 | Property Taxes - Delinquent | 1,133,601 | 372,554 |  |
| 1230 | Allowance for Uncollectible Taxes (Credit) | (113,360) | (37,255) |  |

1240 Receivables from Other Governments 5,215,502

1260 Due from Other Funds 1,317,150 44,406

1290 Other Receivables 257,630

1300 Inventories 150,818

1410 Prepayments 7,499

1000 Total Assets $ 41,215,615 $ 5,436,480 $ 1,174,745

LIABILITIES

|  |  |  |
| --- | --- | --- |
| Accounts Payable | $ 708,287 | $ $ 350,366 |
| Short Term Debt Payable - Current | 308 |  |
| Payroll Deductions and Withholdings Payable | 222,424 |  |
| Accrued Wages Payable | 2,389,279 |  |
| Due to Other Funds | 917,730 | 125,643 |

2110

2120

2150

2160

2170

2190 Due to Student Groups 71,547

2300 Unearned Revenues 2,515,470 335,299

---

2000 Total Liabilities 6,825,045 335,299 476,009 FUND BALANCES

Restricted Fund Balance:

3470 Capital Acquisition and Contractual Obligation 698,736

3480 Retirement of Long-Term Debt 5,101,181

Committed Fund Balance:

3545 Other Committed Fund Balance 10,573,725

3600 Unassigned Fund Balance 23,816,845 - - - -

3000 Total Fund Balances 34,390,570 5,101,181 - - -698-,7-3-6

4000 Total Liabilities and Fund Balances $ 41,215,615 $ 5,436,480 $ 1,174,745

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

EXIDBITC-1

----

Total

Other Governmental

Fund.9 Funds

|  |  |
| --- | --- |
| $ 1,848,673 | $ 41,326,968 |
|  | 1,506,155 |
|  | (150,615) |
| 283,491 | 5,498,993 |
|  | 1,361,556 |
|  | 257,630 |
|  | 150,818 |
|  | 7,499 |
| $ 2,132,164 | $ 49,959,004 |

$ - $ 1,058,653

|  |  |
| --- | --- |
|  | 308 |
| 222,424 |
| 2,389,279 |
| 287,005 | 1,330,378 |
| - - 512-,999 | 71,547· 3,363,768 |
| 800,004 | 8,436,357 |
|  | 698,736 |
|  | 5,101,181 |
| 1,332,160 | 11,905,885 |
|  | 23,816,845 |
| 1,332,160 | 41,522,647 |
| $ 2,132,164 | $ 49,959,004 |

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EXHIBIT C-2

CARROLL INDEPENDENT SCHOOL DISTRICT

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

AUGUST 31, 2016

**Total Fund Balances - Governmental Funds** $ 41,522,647

1. The District uses internal service funds to charge the costs of certain activities, such as self-insurance and printing, to appropriate functions in other funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net position. The net effect of this consolidation is to increase net position.
2. Capital assets used in governmental activities are not financial resources and therefore are not reported in governmental funds. At the beginning of the year, the cost of these assets was $366,855,756 and the accumulated depreciation was ($111,896,516). In addition, long-term liabilities, including bonds payable, are not due and payable in the current period $233,646,700, and therefore are not reported as liabilities in the funds. The net effect of including the beginning balances for capital assets (net of depreciation) and long-term debt in the governmental activities is to decrease net position.
3. Current year capital outlays and long-term debt principal payments are expenditures in the fund financial statements, but they should be shown as increases in capital assets and reductions in long-term debt in the government-wide financial statements. The net effect of including the 2016 capital outlays and debt principal payments is to decrease net position.
4. Included in the items related to debt is the recognition of the District's proportionate share of the net pension liability required by GASB 68 in the amount of 8,475,316, a Deferred Resource Inflow related to TRS in the amount of $4,915,332 and a Deferred Resource Outflow related to TRS in the amount of $7,558,111. This amounted to a decrease in Net Position in the amount of $5,832,537.

**5** The 2016 depreciation expense increases accumulated depreciation. The net effect of the current year's depreciation is to decrease net position.

6 Various other reclassifications and eliminations are necessary to convert from the modified accrual basis of accounting to accrual basis of accounting. These include recognizing unavailable revenue from property taxes as revenue, reclassifying the proceeds of bond sales as an increase in bonds payable, and recognizing the liabilities associated with maturing long-term debt and interest. The net effect of these reclassifications and recognitions is to increase net position.

**19 Net Position of Governmental Activities**

(2,931,697)

38,918,272

(2,364,343)

(13,168,549)

1,156

$ 61,977,486

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

CARROLL INDEPENDENT SCHOOL DISTRICT

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

FOR THE YEAR ENDED AUGUST 31, 2016

Data Control Codes

5700

5800

5900

REVENUES:

Total Local and Intermediate Sources State Program Revenues

Federal Program Revenues

10

General Fund

$ 79,871,413 $

7,775,081

2,306,363

*50*

Debt Service Fund

23,455,891 $

224,859

60

Capital Projects

9,653

5020

Total Revenues 89,952,857

EXPENDITURES:

Current:

23,680,750

9,653

|  |  |  |
| --- | --- | --- |
| 0011 | Instruction | 40,484,071 |
| 0012 | Instructional Resources and Media Services | 970,729 |
| 0013 | Curriculum and Instructional Staff Development | 1,016,494 |
| 002 I | Instructional Leadership | 473,389 |
| 0023 | School Leadership | 3,649,712 |
| 0031 | Guidance, Counseling and Evaluation Services | 2,393,509 |
| 0033 | Health Services | 724,634 |
| 0034 | Student (Pupil) Transportation | 2,114,216 |
| 0035 | Food Services | 3,115,611 |
| 0036 | Extracurricular Activities | 2,774,891 |
| 0041 | General Administration | 3,050,445 |
| 0051 | Facilities Maintenance and Operations | 7,240,235 |
| 0052 | Security and Monitoring Services | 270,048 |
| 0053 | Data Processing Services | 1,857,000 |
| 0061 | Community Services | 48,674 |
| Debt Service: |
| 0071 | Principal on Long Term Debt | 9,496,699 |
| 0072 | Interest on Long Term Debt | 12,668,615 |
| 0073 | Bond Issuance Cost and Fees | 267,901 |

Capital Outlay:

008 I Facilities Acquisition and Construction

Intergovernmental:

1,896,294

|  |  |  |  |
| --- | --- | --- | --- |
| 0091 | Contracted Instructional Services Between Schools | 16,514,133 |  |
| 0093 | Payments to Fiscal Agent/Member Districts of SSA | 581,877 |
| 0097 | Payments to Tax Increment Fund | 5,378,155 |
| 6030 | Total Expenditures | 92,657,823 | 22,433,215 |  | 1,896,294 |
| J I00 | Excess (Deficiency) of Revenues Over (Under) Expenditures | (2,704,966) | 1,247,535 |  | (1,886,641) |
|  | OTHER FINANCING SOURCES (USES): |  |  |  |  |
| 7911 | Capital Related Debi Issued (Regular Bonds) |  | 23,485,000 |  |  |
| 7912 | Sale of Real and Personal Property | 10,093 |  |  |  |
| 7915 | Transfers In | 1,402,815 |  |  |  |
| 791689I I | Premium or Discount on Issuance of Bonds Transfers Out (Use) | (1,402,815) | 1,734,077 |  |  |
| 8949 | Other (Uses) |  | (28,257,251) |  |  |
| 7080 | Total Other Financing Sources (Uses) | 10,093 | (3,038,174) |  |  |
| 1200 | Net Change in Fund Balances | (2,694,873) | (1,790,639) |  | (1,886,641) |
| 0100 | Fund Balance - September I (Beginning) | 37,085,443 | 6,891,820 |  | 2,585,377 |
| 3000 | Fund Balance - August 31 (Ending) | $ 34,390,570 | $ 5,101,181 |  | $ 698,736 |

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

EXHIBIT C-3

Total

Other Governmental

Funds Funds

$ 2,596,467 S 105,933,424

|  |  |
| --- | --- |
| 645,039 | 8,644,979 |
| 1,238,514 | 3,544,877 |
| 4,480,020 | 118,123,280 |
| 2,403,580 | 42,887,651 |
| 90,162 | 1,060,891 |
| 64,150 | 1,080,644 |
| 1,398 | 474,787 |
| 214,211 | 3,863,923 |
| 550,273 | 2,943,782 |
| 1,378 | 726,012 |
| 378 | 2,114,594 |
| 2,984 | 3,118,595 |
| 985,790 | 3,760,681 |
| 23,358 | 3,073,803 |
|  | 7,240,235 |
|  | 270,048 |
| 100,092 | 1,957,092 |
| 1,105 | 49,779 |
|  | 9,496,699 |
|  | 12,668,615 |
|  | 267,901 |
|  | 1,896,294 |
|  | 16,514,133 |
|  | 581,877 |
|  | 5,378,155 |
| 4,438,859 | 121,426,191 |
| 41,161 | (3,302,911) |
|  | 23,485,000 |
|  | 10,093 |
|  | 1,402,815 |
|  | 1,734,077 |
|  | (1,402,815) |
|  | (28,257,251) |
|  | (3,028,081) |
| 41,161 | (6,330,992) |
| 1,290,999 | 47,853,639 |
| *$* 1,332,160 $ | 41,522,647 |

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CARROLL INDEPENDENT SCHOOL DISTRICT

EXHIBITC-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, 2016

**Total Net Change in** **Fund Balances** - **Governmental Funds** $

The District uses internal service funds to charge the costs of certain activities, such as self-insurance and printing, to appropriate functions in other funds. The net income (loss) of internal service funds are reported with governmental activities. The net effect of this consolidation is to increase net position.

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 2016 capital outlays and debt principal payments is to decrease net position.

Depreciation is not recognized as an expense in governmental funds since it does not require the use of current financial resources. The net effect of the current year's depreciation is to decrease net position.

(3,028,081)

14,706,369

(13,514,110)

Various other reclassifications and eliminations are necessary to convert from the modified accrual basis of accounting to accrual basis of accounting. These include recognizing unavailable revenue from property taxes as revenue, adjusting current year revenue to show the revenue earned from the current year's tax levy, reclassifying the proceeds of bond sales, and recognizing the liabilities associated with maturing long-term debt and interest. The net effect of these reclassifications and recognitions is to decrease net position.

The implementation of GASB 68 required that certain expenditures be de-expended and recorded as deferred resource outflows. These contributions made after the measurement date of 8/31/2015 caused the change in the ending net position to increase in the amount of $3,081,572. Contributions made before the measurement but during the 2016 FY were also expended and recorded as a reduction in the net pension liability for the district. The District recorded their proportionate share of the pension expense during the measurement period as part of the net pension liability. The amounts expensed for FY2016 were $1,669,357 for pension expense columns 6 - 12 from TRS data and the amounts de-expended for the net deferred resource inflow recognized by TRS in the measurement period were $2,154,381. The impact of all of these is to increase the change in net position by $3,283,002.

**Change** in **Net Position of Governmental Activities**

3,486,452

$ 1,650,630

CARROLL INDEPENDENT SCHOOL DISTRICT STATEMENT OF FIDUCIARY NET POSITION FIDUCIARY FUNDS

AUGUST 31, 2016

EXHIBITE-1

ASSETS

Cash and Cash Equivalents Restricted Assets

Total Assets

LIABILITIES

Due to Other Funds Due to Student Groups

Total Liabilities

NET POSITION

Restricted for Scholarships Total Net Position

Private

Purpose Agency

Trust Fund Funds

$ $ 115,506

11,316 31,177

11,316 $ 146,683

$ 31,177

115,506

 $ 146,683

11,316

$ 11,316

ADDITIONS:

CARROLL INDEPENDENT SCHOOL DISTRICT STATEMENT OF CHANGES IN FIDUCIARY FUND NET POSITION

FIDUCIARY FUNDS

FOR THE YEAR ENDED AUGUST 31, 2016

EXHIBIT E-2

Private Purpose Trust Fund

|  |  |
| --- | --- |
| Local and Intermediate Sources | $ (282) |
| Total Additions | (282) |
| Change in Net Position | (282) |
| Total Net Position -September 1 (Beginning) | 11,598 |
| Total Net Position -August 31 (Ending) | $ 11,316 |

CARROLL INDEPENDENT SCHOOL DISTRICT NOTES TO THE BASIC FINANCIAL STATEMENTS YEAR ENDED AUGUST 31, 2016

1. Summary of Significant Accounting Policies

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

* 1. Reporting Entity

The Board of School Trustees (Board), a seven-member group, has governance responsibilities over all activities related to public elementary and secondary education within the jurisdiction of the District. The Board is elected by the public and as a body corporate 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 (Agency) or to the State Board of Education are reserved for the Board, and the Agency may not substitute its judgment for the lawful exercise of those powers and duties by the Board. The District is not included in any other governmental "reporting entity" as defined by GASB in its Statement No. 14, "The Financial Reporting Entity." There are no component units included within the reporting entity.

The District receives funding from local, state, and federal government sources and must comply with the requirements of these funding source entities.

* 1. Basis of Presentation- Basis of Accounting
		1. Basis of Presentation

Government-wide Statements -The statement of net assets (SNA) and the statement of activities include the financial activities of the overall government, except for fiduciary activities. Eliminations have been made to minimize the double-counting of internal activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange transactions.

The statement of activities (SOA) presents a comparison between direct expenses and program revenues for each function of the District's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. The District does not allocate indirect expenses in the statement of activities. Program revenues include (a) fees, fines and charges paid by the recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital

requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

Fund Financial Statements - The fund financial statements provide information about the District's funds, with separate statements presented for each fund category. The emphasis of fund financial statements is on major governmental funds, each displayed in a separate column. All remaining governmental funds are aggregated and reported as 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 - This fund is used to account for the accumulation of resources for, and the payment of general long-term debt principal, interest and related costs.

Capital Projects Fund - This fund is used to account for proceeds of long-term debt financing and revenues and expenditures related to authorized construction and other asset acquisitions. Upon completion of a project, any unused bond proceeds are transferred to the Debt Service Fund and are used to retire related bond principal.

In addition, the District reports the following fund types:

Special Revenue Funds - The District accounts for resources restricted to, or designated for, specific purposes by the District or a grantor in a special revenue fund. Most Federal and some State financial assistance is accounted for in a Special Revenue Fund, and sometimes unused balances must be returned to the grantor at the close of specified project periods.

Fiduciary Funds - These funds are used to account for assets held by the District in a trustee capacity or as an agent for individuals, private organizations, or other governments. These include private-purpose trust and agency funds.

Private-purpose trust funds - These funds account for resources, including both principal and earnings, which must be expended according to the provision of a trust agreement, and are accounted for in essentially the same manner as proprietary funds.

Agency funds - The agency funds are purely custodial and thus do not involve measurement of results of operations.

* + 1. Measurement Focus - Basis of Accounting

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

Under GASB Statement No. 20, "Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities That Use Proprietary Fund accounting," all proprietary funds will continue to follow Financial Accounting Standards Board (FASB) standards issued on or before November 30, 1989.

However, from that date forward, proprietary funds will have the option of either 1) choosing not to apply future FASB standards (including amendments of earlier pronouncements), or 2) continuing to follow new FASB pronouncements unless they conflict with GASB guidance. The District has chosen not to apply future FASB Standards.

* 1. Budgetary Data

The official budget was prepared for adoption for the general, food service and debt service funds. The following procedures are followed in establishing the budgetary data reflected in the basic financial statements:

* + 1. Prior to August 20 of the preceding fiscal year, the District prepares a budget for the next succeeding fiscal year beginning September1.
		2. A meeting of the Board is called for the purpose of adopting the proposed budget with public notice given at least 10 days prior to the meeting.
		3. Prior to the expenditure of funds, the budget is adopted by the Board.

After adoption, the budget may be amended through action by the Board. Budget amendments are approved at the functional level. All amendments are before the fact and reflected in the official minutes of the Board. Budgets are controlled at the function level by personnel responsible for organizational financial reporting. All budget appropriations lapse at the year end. Budget amendments were made throughout the year.

* 1. Encumbrance Accounting

Encumbrances for goods or purchased services are documented by purchase orders or contracts. Under Texas law, appropriations lapse at August 31, and encumbrances outstanding at that time are to be either canceled or appropriately provided for in the subsequent year's budget. Since it is the Districts policy to cancel all encumbrances outstanding at year end; the end-of-year outstanding encumbrances that were provided for in the subsequent year's budget are:

General Fund $ 0

Special Revenue Fund 0

Debt Service Fund 0

Capital Projects Fund 0

Total $ 0

* 1. Financial Statement Amounts Cash and Cash Equivalents

The District pools cash resources of its various funds in order to facilitate the management of cash. Cash applicable to a particular fund is readily identifiable. The balance in the pooled accounts is available to meet current operating requirements.

Cash in excess of current requirements is invested in various interest-bearing securities and disclosed as a part of the District's cash and temporary investments.

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

Inventories

On government-wide financial statements, inventories are presented at cost using the first in, first out (FIFO) method and are expensed when used. On fund financial statements, inventories of governmental funds are valued at cost. For all funds, cost is determined using the FIFO method, and are determined by physical count. Inventory in governmental funds consists of expendable supplies held for consumption. The cost if recorded as an expenditure at the time of purchase. Reported inventories in these funds are equally offset by a fund balance reserve, which indicates they do not represent available spendable resources.

Capital Assets

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

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

Asset Class

Buildings and Improvements Vehicles

Other Equipment

* 1. Receivable and Payable Balances

Estimated Useful Lives

15-50 years

5-10 years

3-15 years

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

* 1. Interfund Activities

Interfund activity results from loans, service provided, reimbursements or transfers between funds. Loans are reported as interfund receivables and payables as appropriate and are subject to elimination upon consolidation. Services provided, deemed to be at market or near market rates, are treated as revenues and expenditures or expenses.

Reimbursements occur when one fund incurs a cost, charges the appropriate benefiting fund and reduces its related cost as a reimbursement. All other interfund transactions are treated as transfers. Transfers In and Transfers Out are netted and do not appear on the government-wide statement of activities. Similarly, interfund receivables and payables are netted and therefore, do not appear on the government-wide statement of net assets.

* 1. Pensions

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

* 1. Vacation, Sick Leave, and Other Compensated Absences

District employees are entitled to certain compensated absences based on their length of employment. Sick leave accrued at various rates established by the State and adopted by the Board of Trustees. Sick leave does not vest but accumulates and is recorded as an expenditure as it is paid.

* 1. Fund balance

The District has adopted the provisions of GASB Statement No. 54, Fund Balance Reporting and Government Fund Type Definitions. The objective of the statement is to enhance the usefulness that can be more consistently applied and by clarifying the existing government fund type definitions. The statement establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds.

Fund balance classifications, under GASB 54 are Non-spendable, Restricted, Committed, Assigned, and Unassigned. These classifications reflect not only the nature of funds, but also provide clarity to the level of restriction placed upon fund balance. Fund balance can have different levels of constraint, such as external versus internal compliance requirements. Unassigned fund balance is a residual classification within the General Fund. The General Fund should be the only fund that reports a positive unassigned balance. In all other funds, unassigned is limited to negative residual fund balance.

In accordance with GASB 54, the District classifies governmental fund balances as follows:

**Non-spendable** includes amounts that cannot be spent because they are either not in spendable form or, for legal or contractual reasons must be kept intact. This classification includes inventories, prepaid items and long term receivables.

**Restricted** includes fund balance amounts that are constrained for specific purposes which are externally imposed by providers, such as creditors or amounts restricted due to constitutional provisions or enabling legislation. This classification includes the child nutrition program, retirement of long term debt, construction programs and other federal and state grants.

**Committed** includes fund balance amounts that are constrained for specific purposes that are internally imposed by the District through formal action of the highest level of decision making authority. Committed fund balance is reported pursuant to resolution passed by the District's Board of Trustees. This classification includes campus activity funds.

**Assigned** includes fund balance amounts that are self-imposed by the District to be used for a particular purpose. Fund balance can be assigned by the District's Board, the Superintendent, or the Superintendent's designee. This classification includes Capital Projects and General Fund construction assignments.

**Unassigned** includes residual positive fund balance within the General Fund which has not be classified within the other above mentioned categories. Unassigned fund balance may also include negative balances for any governmental fund is expenditures exceed amounts restricted, committed, or assigned for those specific purposes.

On August 31, 2016 the District had the following fund balances by classifications under GASB 54:

|  |  |
| --- | --- |
| **Restricted**Debt service | $5,101,181 |
| Capital acquisition | 698,736 |
| Total restricted | $5,799,917 |
| **Committed** |  |
| General Fund - State Funding Decreases | 10,573,725 |
| Campus Activity | 1,332,160 |
| Total committed | 11,905,885 |
| **Unassigned**General Fund | 23,816,845 |
| Total unassigned | 23,816,845 |
| Total Fund Balances | $41,522,647 |

* 1. Use of Estimates

The preparation of financial statements in conformity with GAAP requires the use of management's estimates.

* 1. Data Control Codes

Data control codes refer to the account code structure prescribed by the Agency in the Guide. The Agency requires the District to display these codes in its financial statements filed with the Agency in order to ensure accuracy in building a statewide database for policy development and funding plans.

* 1. Accounting System

In accordance with Texas Education Code, Chapter 44, Subchapter A, the District adopted and implemented an accounting system which at least meets the minimum requirements prescribed by the State Board of Education and approved by the State Auditor. The District's accounting system uses codes and the code structure presented in the accounting code section of the Guide. Mandatory codes are utilized in the form provided in that section.

1. Deposits. Securities and Investments

The District's funds are deposited and invested under the terms of a depository contract. The contract requires the depository to pledge approved securities in an amount significant to protect the District's day-to-day balances. The pledge is waived only to the extent of the dollar amount of Federal Deposit Insurance Corporation (FDIC) insurance. At August 31, 2016, all District cash deposits were covered by FDIC insurance or by pledged collateral

held by the District or its depository in the District's name. The District's deposits appear to have been properly secured throughout the fiscal year.

The District's investment policies and types of investments are governed by the Public Funds Investment Act. The Act requires specific training, reporting and establishment of local policies. The District appears to be in substantial compliance with the requirements of the Act.

State statutes and local policy authorize the District to invest in the following types of investment goods:

1. obligations of the U.S. or its agencies or instrumentalities.
2. obligation of the State of Texas or its agencies.
3. obligation guaranteed by the U.S. or State of Texas or their agencies or instrumentalities,
4. obligation of other states, agencies or political subdivisions having a national investment rating of "A" or greater,
5. guaranteed or securitized certificates of deposit issued by a bank domiciled in the State of Texas, or
6. fully collateralized repurchase agreements.

The District adopted the provision of GASB Statement No. 31, "Accounting and Financial Reporting for Certain Investments and for External Investment Pools." The Statement requires certain investments to be reported at fair value rather than cost or amortized cost, and that changes in the fair value be recorded as investment revenue.

District investments include investments in external investment pools, such as Texpool, Texas Class, Lone Star Investment Pool and Money Market Mutual Funds. All Texpool, Lone Star Investment Pool, MBIA, interest bearing checking accounts and Money Market Mutual Funds are reported at share price (fair value).

The Texas Local Government Investment Pool (Texpool) is managed by the Texas Comptroller of Public Accounts. The Comptroller is the sole officer, director and shareholder of the Texas Treasury Safekeeping Trust Company which is authorized to operate Texpool. In addition, the Texpool Advisory Board advises on Texpool's investment policy. This Board is composed equally of participants in Texpool and other persons who do not have a business relationship with Texpool who are qualified to advise Texpool.

Texas Class is an investment pool operated by a publically held entity regulated by the SEC by Texas Class.

The Lone Star Investment Pool is managed by the Board of Directors of the Texas Association of School Boards. This Board is comprised of elected members of the organization. An advisory board of qualified investment members advised the directors on investment decisions.

The District did not have any investments in repurchase agreements at year end. Any repurchase agreements are evidenced by written agreement approved by both parties.

Investments can be categorized according to three levels of custodial credit risk. These three levels of custodial risk are as follows:

Category I Category 2

Category 3

Insured or registered, or securities held by the District or it's agent in the District's name.

Uninsured and unregistered, with securities held by the financial Institution's trust department or agency in the District's name. Uninsured and unregistered, with securities held by the financial institution, or by its trust department or agent but not in the District's name.

The following table categorizes the District's investment at August 31, 2016, using these three levels of custodial credit risk.

Category

Category

Category

Fair

 I 2 3 Value

|  |  |
| --- | --- |
| Texas Class"' | $13,101,946 |
| Texas Term"' | 558,683 |
| First Financial Equity | 10,035,954 |
| Lone Star\* | 3,484,333 |
| TD Ameri Trade | 10,042,867 |
| Money Market Funds- |  |
| Northstar Bank | 4,261,186 |
| Total | $41,484,969 |

\*Local government pool investments are based upon a contract and not the security itself. Therefore, these type of investments are not categorized above.

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

* 1. Name of bank: Northstar Bank
	2. Amount of bond and/or security pledged as of the date of the highest combined balance on deposit was $12,000,000
	3. Largest cash, savings and time deposit combined account balances amounted to

$6,203,754 occurred during the month of August.

* 1. Total amount of FDIC coverage at the time of the highest combined balance was $250,000.
1. Property Taxes

Property taxes are levied annually 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 October 1 levy date. 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 collected within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period.

Property taxes are prorated between maintenance and debt service based on rates adopted for the year of the levy. Allowances for un-collectibles within the General and Debt Service Funds are based upon historical experience in collecting property taxes. Section 33.05, Property Tax Code, requires the tax collector for the District to cancel and remove from the

delinquent tax rolls a tax on real property that has been delinquent for more than 20 years or a tax on personal property that has been delinquent for more than 10 years. Delinquent taxes meeting this criteria may not be canceled if litigation concerning these taxes is pending.

The District levied taxes on property within the District at $1.04 to fund general operations and $0.355 for the payment of principal and interest on long term debt. The rates were levied on property assessed totaling $7,425,390,740 including all supplements.

D.Capital Assets

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | **Beginning Balances** | **Increases** | **Decreases** | **Ending Balances** |
| Governmental activities: |  |  |  |  |
| **Capital assets not being depreciated:** |  |  |  |  |
| Land | $14,010,234 | $0 | $0 | $14,010,234 |
| Non-depreciable Property | 68,125 | 0 | 0 | 68,125 |
| Construction in Progress | 2,875,202$16,953,561 | 00 | 664,667664,667 | 2,210,535$16,288,894 |
| Total capital assets not being depreciated |
|  |
| **Capital assets being depreciated:** |  |  |  |  |
| Buildings & improvements | $309,445,512 | 1,189,389 | 0 | $310,634,901 |
| Equipment | 33,058,231 | 624,303 | 68,858 | 33,613,676 |
| Vehicles | 7,398,452 | 245,394 | 277,013 | 7,366,833 |
| Total capital assets being depreciated | $349,902,195 | 2,059,086 | 345,871 | $351,615,410 |
| **Less accumulated depreciation for:** |  |  |  |  |
| Buildings and improvements | $84,560,559 | $9,706,001 | $0 | $94,266,560 |
| Equipment | 21,250,331 | 3,589,276 | 68,548 | 24,771,059 |
| Vehicles | 6,085,626 | 218,833 | 277,013 | 6,027,446 |
| Total accumulated depreciation | $111,896,516 | $13,514,110 | $345,561 | $125,065,065 |
| Total capital assets being depreciated, net | $238,005,679 | $(11,455,024) | $310 | $226,550,655 |
|  |  |  |  |  |
| **Governmental activities capital assets, net** | $254,959,240 | $(11,455,024) | $664,977 | $242,839,239 |
|  |  |  |  |

|  |  |
| --- | --- |
| Depreciation was charged to functions as follows: Instruction | 9,418,589 |
| Instructional Resources and Media Services | 221,929 |
| Curriculum and Instructional Staff Development | 829 |
| Instructional Leadership | 2,319 |
| School Leadership | 3,104 |
| Guidance, Counseling & Evaluation Services | 1,064 |
| Student Transportation | 528,553 |
| Food Services | 24,315 |
| Co-curricular and Extracurricular Activities | 1,061,091 |
| General Administration | 289,687 |
| Community Services | 1,457 |
| Plant Maintenance and Operations | 314,795 |
| Data Processing | 1,646,378 |
| Total | $13,514,110 |
| E. Long Term Obligations |  |
| Long-Term Obligation Activity |  |

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
|  | **Beginning Balance** | **Increases** | **Decreases** | **Ending Balance** | **Amounts Due Within One Year** |
| Governmental Activities: |  |  |  |  |  |
| GeneralObligation Bonds | $213,421,104 | $23,485,000 | $37,205,057 | $199,701,047 | $11,800,800 |
| Loans Payable | 0 | 0 | 0 | 0 | 0 |
| Accreted Interest Payable | 20,225,596 | 62,236 | 0 | 20,287,832 | 0 |
| TotalGovernmental Activities | $233,646,700 | $23,547,236 | $37,205,057 | $219,288,872 | $11,800,800 |

Bonded indebtedness of the District is identified as non-current liabilities in the government wide financial statements, with current requirements for principal shown as due in one year. Bonds outstanding at August 31, 2016 are as follows:

|  |  |  |  |
| --- | --- | --- | --- |
| Description | Interest Rate | Original Amount | Balance |
| Tax Refundin,11; Bonds, Series 1990A | 7.10-7.25% | $15.900,000 | $0 |
| Tax Refunding Bonds, Series 1993 | *NIA* | 14,804,683 | 0 |
| Tax School Building and Refunding Bonds, Series 1994 | *5.*70-6.329% | 20,614,338 | 0 |
| Tax School Building: Bonds Series 1995 | 4.90% | 3,730,000 | 0 |
| Tax School Building Bonds, Series 1996 | 4.70-5.00% | 9,305,000 | 0 |
| Tax School Building and Refunding Bonds, Series 1997 | 5.49% | 9,335,000 | 0 |
| Variable Rate Tax School Building Bonds, Series 1997 | 4.93-5.15% | 10,200,000 | 1,200,000 |
| Variable Rate Tax School Building Bonds, Series 1997 | 5.15-5.21% | 9,800,000 | 2,050,000 |
| Tax School Building and Refunding |  |  |  |

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|  |  |  |  |
| --- | --- | --- | --- |
| Bonds, Series 1999 | 5.18-5.70% | 16,226,727 | 0 |
| Tax School Building Bonds, Series 1999 | 4.10-5.15% | 23,900,000 | 0 |
| Tax School Building Bonds, Series 2000-A | 4.44% | 11,100,000 | 0 |
| Tax School Building Bonds, Series 2000 | Variable | 35,000,000 | 0 |
| Tax School Building and Refunding Bonds, Series 2001 | 3.23-5.41% | 21,854,997 | 0 |
| Tax School Building Bonds, Series 2003 | 1.20-3.69% | 12,119,999 | 0 |
| Tax School Building Bonds, Series 2005 | 3.20-5.25% | 20,564,997 | 0 |
| Tax School Building Bonds, Series 2006 | 4.00-5.00% | 38,071,919 | 713 |
| Tax School Building Bonds, Series 2006C | 4.00-4.375% | 23,399,863 | 338 |
| Tax School Buildings Bonds, Series 2008 | 2.30-5.00% | 9.439,992 | 7,215,000 |
| Tax School Buildings Bonds, Series 2009A | 3.75-6.875% | 58,190,000 | 53,505,000 |
| Tax School Buildings Bonds, Series 2009B | 5.00% | 6,720,000 | 5,435,000 |
| Tax School Buildings Bonds, Series 2009C | 2.50-5.25% | 20,788,269 | 15,990,000 |
| Tax School Building Bonds, Series 2010A | 2.50-5.25% | 43,235,000 | 43,235,000 |
| Tax School Buildings Bonds, Series 201OB | 2.50-5.25% | 6,500,000 | 4,000,000 |
| Tax School Buildings Bonds, Series 2010C | 2.50-5.25% | 13,830,000 | 13,830,000 |
| Tax School Building and Refunding Bonds, Series 2011 | 5.00% | 2,925,000 | 2,454,999 |
| Tax School Building and Refunding Bonds, Series 2014 | 5.00% | 19,165,000 | 18,655,000 |
| Tax School Building and Refunding Bonds, Series 2015A | 2.00-3.00% | 2,795,997 | 2,714,997 |
| Tax School Building and Refunding Bonds, Series 2015B | 3.00% | 6,515,000 | 6,355,000 |
| Tax School Building and Refunding Bonds, Series 2016A | 2.00--4.00% | 5,070,000 | 5,070,000 |
| Tax School Building and RefundingBonds, Series 2016B | 2.00-4.00% | 18,415,000 | 17,990,000 |
| Total |  |  | 199,701,047 |

New debt has been issued during the current fiscal year, Series 2016 Refunding, Series 2016 A and Bin the amount of $23,485,000. A portion of this new debt issued was used to refund outstanding debt of the District. Refundings included the following: Series 2000 Tax School Building Bonds in the amount of $5,800,000, Series 2006 Band C in the amount of $21,908,358. The District's net present value savings on these refundings was $5,513,445.

Debt service requirements on long-term debt at August 31, 2016 are as follows:

Governmental Activities

|  |  |  |  |
| --- | --- | --- | --- |
| Year Ending August 31 | Principal | Interest | Total |
| 2017 | 11,800,800 | 11,750,464 | 23,551,264 |
| 2018 | 8,560,247 | 10,386,118 | 18,946,365 |
| 2019 | 9,147,836 | 8,995,850 | 18.143,686 |
| 2020 | 9,352,164 | 8,616,260 | 17,968,423 |
| 2021 | 9,675,000 | 8,132,375 | 17,807,375 |
| 2022-2026 | 57,670,000 | 33,047,848 | 90,717,848 |
| 2027-2031 | 55,930,000 | 18,519,599 | 74,449,599 |
| 2032-2035 | 37,565,000 | 4,072,790 | 41,637,790 |
| Totals | $199,701,047 | $103,521,303 | $303,222,350 |

1. **DEFINED BENEFIT PENSION PLAN**

***Plan Description.*** Carroll Independent School 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. The system's pension plan report may be obtained by writing to TRS at 1000 Red River Street, Austin, TX, 78701-2698; by calling (512) 542-6592 or on the Internet at [www.trs.state.tx.us/about/documents/cafr.pdf#CAFR.](http://www.trs.state.tx.us/about/documents/cafr.pdf#CAFR) The information provided in the Notes to the Financial Statements in the 2015 Comprehensive Annual Financial

|  |  |
| --- | --- |
| Report for TRS provides the fo1lowing information fiduciary net position as of August 31, 2015.Net Pension Liability | regarding the Pension Plan |
| Total Pension Liability | $163,887,375,172 |
| Less: Plan Fiduciary Net Position | (128,538,706,212) |
| Net Pension Liability | $ 35,348,668,960 |

Net Position as percentage of Total Pension Liability 78.43%

***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 S 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 5years 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 percent of the member's annual compensation and a state contribution rate of not less than 6 percent and not more than 10 percent 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 we 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 percent 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 2015 and 2016.

|  |  |
| --- | --- |
| **Contribution Rates** |  |
| Member | 6.7% | 7.2% |
| Non-Employer Contributing Entity (State) | 6.8% | 6.8% |
| Employers | 6.8% | 6.8% |
| Carroll ISD 2015 Employer Contributions |  | $1,654,648 |
| Carroll ISD 2015 Member Contributions |  | $ 3,081,572 |

Carroll ISD 2015 NECE On-Behalf Contributions $ 2,511,970

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

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

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

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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, 2015 actuarial valuation was determined using the following actuarial assumptions:

Valuation Date Actuarial Cost Method Asset Valuation Method Single Discount Rate

Long-term expected Investment Rate of Return Inflation

Salary Increases Including Inflation Payroll Growth Rate

Benefit Changes During the Year

Ad hoc Post Employment Benefit Changes

August 31, 2015

Individual Entry Age Normal Market Value

8.00%,

8.00%

2.5%

3.5% to 9.5%

2.5%

None None

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

***Discount Rate.*** The discount rate used to measure the total pension liability was 8.0 percent. 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 percent. 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, 2015 are summarized below:

**Asset Class Global Equity**

|  |  |  |  |
| --- | --- | --- | --- |
| U.S. | 18% | 4.6% | 1.0% |
| Non-U.S. Developed | 13% | 5.1% | 0.8°/o |
| \_ Emerging Markets | 9% | 5.9% | 0.7% |
| D1rect1onal 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% |

**Target Allocation**

**Long-Term Expected**

**Real Return Portfolio Real**

**Geometric Basis Rate of Return\***

**Real Return**

|  |  |  |  |
| --- | --- | --- | --- |
| CashGlobal Inflation Linked Bonds | 1%3% | -0.2%0.9% | 0.0%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 Expectations |  |  | 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.*

***Discount Rate Sensitivity Analysis.*** The following schedule shows the impact of the Net Pension Liability if the discount rate used was 1 percent less than and 1 percent greater than the discount rate that was used (8%) in measuring the 2015 Net Pension Liability.

CISD's proportionate share of the

**1% Decrease in Discount Rate (7%)**

**Discount Rate (8.0%)**

**1% Increase in Discount Rate (9.0%)**

net pension liability:

$24,442,376 $15,600,075

$8,234,987

***Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions.*** At August 31, 2016, Carroll Independent School District reported a net pension liability of $ 8,471,276 for its proportionate share of the TRS's net pension liability. This liability reflects a reduction for State pension support provided to Carroll Independent School District. The amount recognized by Carroll Independent School 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 Carroll Independent School District were as follows:

District's Proportionate share of the collective net pension liability State's proportionate share that is associated with the District Total

$ 8,471, 276

25,580,691

34,051,967

The net pension liability was measured as of August 31, 2015 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, 2014 thru August 31, 2015.

At August 31, 2015 the employer's proportion of the collective net pension liability was .000441320%, which was an increase of 0.000177435% from its proportion measured as of August 31, 2014

**Changes Since the Prior Actuarial Valuation** - The following are changes to the actuarial assumptions or other inputs that affected measurement of the total pension liability since the prior measurement period:

Economic Assumptions

1. The inflation assumption was decreased from 3.00% to 2.50%.
2. The ultimate merit assumption for long-service employees was decreased from 1.25% to 1.00%.
3. In accordance with the observed experience, there were small

adjustments in the service-based promotional longevity component of the salary scale.

1. The payroll growth assumption was lowered from 3.50% to 2.50%.

Mortality Assumptions

1. The post-retirement mortality tables for non-disabled retirees were updated to reflect recent TRS member experience. Mortality rates will be assumed to continue to improve in the future using a fully generational approach and Scale BB.
2. The post-retirement mortality tables for disabled retirees were updated to reflect recent TRS member experience. Mortality rates will be assumed to continue to improve in the future using a fully generational approach and Scale BB.
3. The pre-retirement mortality tables for active employees were updated to use 90% of the recently published RP-2014 mortality table for active employees. Mortality rates will be assumed to continue to improve in the future using a fully generational approach and Scale BB.

Other Demographic Assumptions

1. Previously, it was assumed 10% of all members who had contributed in the past 5 years to be an active member. This was an implicit rehire assumption because teachers have historically had a high incidence of terminating employment for a time and then returning to the workforce at a later date. This methodology was modified to add a more explicit valuation of the rehire incidence in the termination liabilities, and therefore these 10% are no longer being counted as active members.
2. There were adjustments to the termination patterns for members consistent with experience and future expectations. The termination patterns were adjusted to reflect the rehire assumption. The timing of the termination decrement was also changed from the middle of the year to the beginning to match the actual pattern in the data.
3. Small adjustments were made to the retirement patterns for members consistent with experience and future expectations.
4. Small adjustments to the disability patterns were made for members consistent with experience and future expectations. Two separate patterns were created based on whether the member has 10 years of service or more.
5. For members that become disabled in the future, it is assumed 20% of them will choose a 100%joint and survivor annuity option.

Actuarial Methods and Policies

1. The method of using celled data in the valuation process was changed to now using individual data records to allow for better reporting of some items, such as actuarial gains and losses by source.

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

For the measurement period August 31, 2015, Carroll Independent School District recognized pension expense of $4,271,495 and revenue of $4,271,495 for support provided by the State in the Government Wide Statement of Activities.

At August 31, 2016, Carroll Independent School District reported its proportionate share of the TRS's deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

|  |  |  |
| --- | --- | --- |
|  | Deferred Outflows of Resources | Deferred Inflows of Resources |
| Differences between expected and actual actuarial experience | 0 | 595,525 |
| Chan2es in actuarial assumptions | 0 | 556,542 |
| Difference between projected and actual investment earnings | 3,841,951 | 0 |
| Changes in proportion and difference between the employer's contributions and the proportionate share of contributions | 2,061,512 | 299,111 |
| Contributions paid to TRS subsequent to the measurement date (to be calculated by employer) | 1,654,648 | 0 |
| Total | 7,558,111 | 1,451,178 |

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

|  |  |  |
| --- | --- | --- |
|  | **Year ended August 31:** | **Pension Expense Amount** |
| 2017 | $1,443,309 |
| 2018 | 1,443,309 |
| 2019 | 1,443,309 |
| 2020 | 1,443,309 |
| 2021 | 2,003,368 |
| G. Risk Management | Thereafter | 431,941 |
| Health Care |  |  |

During the year ended August 31, 2016, employees of the Carroll Independent School District were covered by a health insurance plan (the Plan). The District paid premiums of $290 per month per employee and employees, at their option, authorized payroll withholdings to provide dependents coverage under the Plan. All premiums were paid to TRS Active Care for the fiscal year. TRS Active Care became the District's new healthcare provider beginning September 1, 2008. The Plan was authorized by Article 3.51-2, Texas Insurance Code and was documented by contractual agreement.

The contract between the Carroll Independent School District and TRS Active Care is renewable September 1 of each year and terms of coverage and premium costs are included in the contractual provisions.

Latest financial statements for TRS Active Care are available for the year ended December 31, 2015 and have been filed with the Texas State Board of Insurance, Austin, Texas, and are public records.

* 1. Litigation

The District appears to have no significant pending litigation as of August 31, 2016, which is required to be disclosed according to the District's counsel.

* 1. Commitments and Contingencies

The District participates in numerous state and federal grant programs which are governed by various rules and regulations of the grantor agencies. Costs charged to the respective grant programs are subject to audit and adjustment by the grantor agencies; therefore, to the extent that the District has not complied with the rules and regulations governing the grants, if any, refunds of any money received may be required and the collectability of any related receivable at August 31, 2016 may be impaired. In the opinion of the District, there are no significant contingent liabilities relating to compliance with the rules and regulations governing the respective grants; therefore, no provision has been recorded in the accompanying combined financial statements for such contingencies.

* 1. Interfund Balances and Activities Transfers To and From Other Funds

Transfers noted for the District at August 31, 2016 were all within the General Fund. These transfers were in the amount of $1,402,815.

Interfund Receivables and Payables

The composition of interfund balances as of August 31, 2016, is as follows: Receivable Fund Payable Fund Amount

|  |  |  |
| --- | --- | --- |
| General Fund | Special Revenue | $287,007 |
| General Fund | Debt Service | 44,407 |
| General Fund | Capital Projects | 125,643 |
| General Fund | General Fund | 117,940 |
| General Fund | Agency Fund | 786,561 |
| Total |  | $1,361,557 |

* 1. Compliance, Stewardship. and Accountability Expenditures Over Appropriations

There were no expenditures in excess of appropriations at functional expenditure levels.

* 1. Subsequent Events

There were no events which occurred subsequent to year end through the date of this report that would have a significant impact on the Districts financial status or operations which would be required to be disclosed in these footnotes.

EXHIBIT G-1

CARROLL INDEPENDENT SCHOOL DISTRICT

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE BUDGET AND ACTUAL - GENERAL FUND

FOR THE YEAR ENDED AUGUST 31, 2016

Data Actual Amounts Variance With

Control Budgeted Amounts (GAAP BASIS) Final Budget

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| Codes |  | Original | Final |  |  | Positive or(Negative) |
|  | REVENUES: |  |  |  |  |  |  |
| 5700 | Total Local and Intermediate Sources |  | $ 79,647,582 | $ 79,887,582 | 79,887,582 |  79,871,413 | $ (16,169) |
| 5800 | State Program Revenues |  | 6,442,908 | 6,442,908 | 6,442,908 |  7,775,081 | 1,332,173 |
| 5900 | Federal Program Revenues |  | 2,203,372 | 2,203,372 | 2,203,372 |  2,306,363 | 102,991 |
| 5020 | Total Revenues |  | 88,293,862 | 88,533,862 | 88,533,862 |  89,952,857 | 1,418,995 |
|  | EXPENDITURES: |  |  |  |  |  |  |
|  | Current: |  |  |  |  |  |  |  |
| 0011 | Instruction |  | 40,575,607 | 40,675,607 | 40,675,607  |  40,484,071 | 191,536 |  191,536 |
| 0012 | Instructional Resources and Media Services |  | 1,008,001 | 1,002,001 |  1,002,001 |  970,729 | 31,272 |  31,272 |
| 0013 | Curriculum and Instructional Staff Development |  | 1,084,290 | 1,068,290 | 1,068,290 |  1,016,494 | 51,796 |  51,796 |
| 0021 | Instructional Leadership |  | 475,840 | 501,840 |  501,840 |  473,389 | 28,451 |  28,451 |
| 0023 | School Leadership |  | 3,688,654 | 3,670,654 | 3,670,654 |  3,649,712 | 20,942 |  20,942 |
| 0031 | Guidance, Counseling and Evaluation Services |  | 2,539,616 | 2,413,616 | 2,413,616 |  2,393,509 | 20,107 |  20,107 |
| 0033 | Health Services |  | 756,922 | 745,922 |  745,922 |  724,634 | 21,288 |  21,288 |
| 0034 | Student (Pupil) Transportation |  | 2,144,907 | 2,180,907 | 2,180,907 |  2,114,216 | 66,691 |  66,691 |
| 0035 | Food Services |  | 2,867,521 | 3,249,521 | 3,249,521 |  3,115,611 | 133,910 |  133,910 |
| 0036 | Extracurricular Activities |  | 2,772,016 | 2,840,016 | 2,840,116 |  2,774,891 | 65,125 |  65,125 |
| 0041 | General Administration |  | 3,127,078 | 3,418,078 | 3,418,078 |  3,050,445 | 367,633 |  367,633 |
| 0051 | Facilities Maintenance and Operations |  | 7,405,495 | 7,566,495 | 7,566,495 |  7,240,235 | 326,260 |  326,260 |
| 0052 | Security and Monitoring Services |  | 370,069 | 323,069 | 323,069 |  270,048 | 53,021 |  53,021 |
| 0053 | Data Processing Services |  | 1,630,882 | 1,915,882 | 1,915,882 |  1,857,000 | 58,882 |  58,882 |
| 0061 | Community Services |  | 88,655 | 58,655 | 58,655 |  48,674 | 9,981 |  9,981 |
|  | Intergovernmental: |  |  |  |  |  |  |  |
| 0091 | Contracted Instructional Services Between Schools |  | 17,177,441 | 17,177,441 | 17,177,441 |  16,514,133 | 663,308 |  663,308 |
| 0093 | Payments to Fiscal Agent/Member Districts of SSA |  | 671,500 | 671,500 |  671,500 |  581,877 | 89,623 |  89,623 |
| 0097 | Payments to Tax Increment Fund |  | 5,524,281 | 5,524,281 | 5,524,281 |  5,378,155 | 146,126 |  146,126 |
| 6030 | Total Expenditures |  | 93,908,775 | 95,003,775 | 95,003,775 |  92,657,823 | 2,345,952 |  2,345,952 |
| 1100 Excess (Deficiency) of Revenues Over (Under) (5,614,913) (6,469,913) (2,704,966) 3,764,947 OTHER FINANCING SOURCES (USES): |
| 7912 | Sale of Real and Personal Property |  |  | 10,093 10,093 10,093 |
| 7915 | Transfers In | 1,519,230 | 1,519,230 | 1,402,815 (116,415) |
| 8911 | Transfers Out (Use) | -(1,519,23-0) |  (1,519,230)  |  (1,402,815) 116,415  |
| 7080 | Total Other Financing Sources (Uses) |  |  | 10,093 10,093 |
| 1200 | Net Change in Fund Balances | (5,614,913) | (6,469,913) | (2,694,873) 3,775,040 |
| 0100 | Fund Balance - September 1 (Beginning) |  | 37,085,443 | 37,085,443 |
| 3000 | Fund Balance - August 31 (Ending) | $ (5,614,913) $ | 30,615,530 | $ 34,390,570 $ 3,775,040 |

Expenditures

CARROLL INDEPENDENT SCHOOL DISTRICT EXHIBIT G-6 SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY

TEACHER RETIREMENT SYSTEM OF TEXAS FOR THE YEAR ENDED AUGUST 31, 2016

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  |  2016  |  |  2015  |  |
| District's Proportion of the Net Pension Liability (Asset) | 0.00044132% |  | 0.000263885% |
| District's Proportionate Share of Net Pension Liability (Asset) | $ 8,471,276 |  | $ 7,128,759 |
| State's Proportionate Share of the Net Pension Liability (Asset) associated with the District | 25,580,691 |  | 26,923,208 |
| TotalDistrict's Covered-Employee Payroll | $ 34,051,967$ 49,728,770 | $ 34,051,967$ 45,495,803 |
| District's Proportionate Share of the Net Pension Liability (Asset) as a | 17.04% | 15.67% |
| Percentage of its Covered-Employee Payroll |  |  |
| Plan Fiduciary Net Position as a Percentage of the Total Pension Liability | 78.43% | 83.25% |

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

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

CARROLL INDEPENDENT SCHOOL DISTRICT SCHEDULE OF DISTRICT CONTRIBUTIONS TEACHER RETIREMENT SYSTEM OF TEXAS

FORFISCAL YEAR2016

EXHIBITG-7

|  |  |  |
| --- | --- | --- |
|  | 2016 | 2015 |
| Contractually Required Contribution | $ 4,736,219 | $ 3,769,409 |
| Contribution in Relation to the Contractually Required Contribution | 4,736,219 | 3,769,409 |

Contribution Deficiency (Excess) $

-0- $ -0-

District's Covered-Employee Payroll

Contributions as a Percentage of Covered-Employee Payroll

$ 49,728,770 $ 45,495,803

9.52% 8.29%

Note: GASB 68, Paragraph 81 requires that the data in this schedule he presented as of the District's respective fiscal years as opposed to the time periods covered by the measurement dates ending August 31, 2014 for Fiscal Year 2015 and August 31, 2015 for Fiscal Year 2016.

Note: In accordance with GASB 68, Paragraph 138, only two years of data are presented this reporting period. "The information for all periods for the IO-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."

Carroll Independent School District Notes to Required Supplementary Information

For the Year Ended, August 31, 2016

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 of assumptions or other inputs that affected measurement of the total pension liability during the measurement period.

CARROLL INDEPENDENT SCHOOL DISTRICT COMBINING BALANCE SHEET

NON-MAJOR GOVERNMENTAL FUNDS AUGUST 31, 2016

|  |  |  |  |
| --- | --- | --- | --- |
| Data | 211ESEAI, A | 224IDEA- Part B | 225IDEA-Part B |
| Control | Improving | Formula | Preschool |
| Codes | Basic Program |  |  |

ASSETS

1110 Cash and Cash Equivalents $ $ $

1240 Receivables from Other Governments 43,094 158,241 12,600

1000 Total Assets $ 43,094 $ 158,241 $ 12,600

LIABILITIES

2170 Due to Other Funds $ 43,094 $ 158,241 $ 12,600

2300 Unearned Revenues

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| 2000 | Total Liabilities | - --43,094 | 158,241 |  | 12,600 |
| 3545 | FUND BALANCESCommitted Fund Balance:Other Committed Fund Balance |  |  |  |  |

3000 Total Fund Balances

4000 Total Liabilities and Fund Balances $ 43,094 $ 158,241 $ 12,600

EXHIBIT H-1 (Cont'd)

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
| 244 | 255 | 263 | 289 | 385 | 397 | 410 | 429 |
| Career and | ESEA II, A | Title III, A | Other Federal | Visually | Advanced | State | Other State |
| Technical - | Training and | English Lang. | Special | Impaired | Placement | Textbook | Special |
| Basic Grant | Recruiting | Acquisition | Revenue Funds | SSVI | Incentives | Fund | Revenue Funds |

$ $ $ $ $ $ 32,396 $ 154,359 $ 29

 28,314 33,504

---

7,738

$ 28,314 $ 33,504 $ 7,738 $ $ $ 32,396 $ 154,359 $ 29

$ 28,314 $ 33,504 $ 7,738 $ $ $ $ $

## ---

 32,396 154,359 29

 28,314 33,504 7,738 32,396 154,359 29

$ 28,314 $ 33,504 $ 7,738 $ $ $ 32,396 $ 154,359 $ = = 29

=

CARROLL INDEPENDENT SCHOOL DISTRICT COMBINING BALANCE SHEET

NONMAJOR GOVERNMENTAL FUNDS AUGUST 31, 2016

461 490 497 498

Data Campus

Control Activity

Codes Funds

--

ASSETS

1110 Cash and Cash Equivalents $ 1,332,160 $ $ 286,107 $ 17,737

1240 Receivables from Other Governments

|  |  |  |
| --- | --- | --- |
| 1000 | Total AssetsLIABILITIES |  $ 1,332,160 $ $ 286,107 $ 17,737 |
| 2170 | Due to Other Funds | $ $ 3,503 $ 11 $ |
| 2300 | Unearned Revenues | (3,503) 286,096 17,737 |
| 2000 | Total Liabilities |  286,107 17,737 |

FUND BALANCES

Committed Fund Balance:

3545 Other Committed Fund Balance 1,332,160

3000 Total Fund Balances 1,332,160

4000 Total Liabilities and Fund Balances $ 1,332,160 $ $ 286,107 $ 17,737

EXHIBITH-1

499 Total

Other Local Non-major

Special Governmental Revenue Funds Funds

$ 25,885 $ 1,848,673

283,491

$ 25,885 $ 2,132,164

$ $ 287,005

25,885 512,999

25,885 800,004

1,332,160

1,332,160

$ 25,885 $ 2,132,164

CARROLL INDEPENDENT SCHOOL DISTRICT

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

FOR THE YEAR ENDED AUGUST 31, 2016

211 224 225

Data ESEA I, A IDEA-Part B IDEA- Part B

Control Improving Formula Preschool

Codes

REVENUES:

-- -

Basic Program

5700 Total Local and Intermediate Sources $ $ $

5800 State Program Revenues

5900 Federal Program Revenues 170,295 898,515 24,872

5020 Total Revenues 170,295 898,515 24,872

EXPENDITURES:

Current:

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| 0011 | Instruction | 170,295 |  | 609,852 |  | 19,035 |
| 0012 | Instructional Resources and Media Services |  |  |  |  |  |
| 0013 | Curriculum and Instructional Staff Development |  |  | 956 |  | 5,837 |
| 0021 | Instructional Leadership |  |  |  |  |  |
| 0023 | School Leadership |  |  |  |  |  |
| 0031 | Guidance, Counseling and Evaluation Services |  |  | 287 707 |  |  |
| 0033 | Health Services |  |  |  |  |  |
| 0034 | Student (Pupil) Transportation |  |  |  |  |  |
| 0035 | Food Services |  |  |  |  |  |
| 0036 | Extracurricular Activities |  |  |  |  |  |
| 0041 | General Administration |  |  |  |  |  |
| 0053 | Data Processing Services |  |  |  |  |  |
| 0061 | Community Services |  |  |  |  |  |
| 6030 | Total Expenditures | 170,295 | 898,515 24,872 |
| 1200 | Net Change in Fund Balance |  |  |
| 0100 | Fund Balance - September 1 (Beginning) |  |
| 3000 | Fund Balance - August 31 (Ending) | $ $ $ |

EXHIBIT H-2 (Cont'd)

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
| 244 | 255 | 263 | 289 | 385 | 397 | 410 | 429 |
| Career and | ESEA II, A | Title ill, A | Other Federal | Visually | Advanced | State | Other State |
| Technical- | Training and | English Lang. | Special | Impaired | Placement | Textbook | Special |
| Basic Grant | Recruiting | Acquisition | Revenue Funds | SSVI | Incentives | Fund | Revenue Funds |

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| $ $ $ $ | $ | $ | $ | $ |
| 42,587 | 89,564 | 9,378 |  | 3,303 |  | 3,135 |  | 12,945 |  | 621,589 |  |  |
| 42,587 | 89,564 | 9,378 |  | 3,303 |  | 3,135 |  | 12,945 |  | 62--1,589 |  | - |
| 42,587 | 89,564 | 8,129 |  | 3,303 |  | 3,135 |  |  |  | 518,237 |  |  |
|  |  | l,249 |  |  |  |  |  | 12,945 |  | 3,260 |  |  |

|  |  |  |
| --- | --- | --- |
|  | 100,092 |  |
| 42,587 |  | 89,564 |  | 9,378 |  | 3,303 |  | 3,135 |  |  | 12,945 |  | 621,589 |  |  |

$ $ $ $ $ $ $ $

CARROLL INDEPENDENT SCHOOL DISTRICT

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

FOR THE YEAR ENDED AUGUST 31, 2016

461 490 497 498

Data Campus

Control Activity

Codes Funds

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
|  | REVENUES: |  |  |  |  |  | --- |
| 5700 | Total Local and Intermediate Sources | $ 2,353,850 |  | $ 8,006 |  | $ 115,106 | $ 23,461 |
| 5800 | State Program Revenues | 894 |  |  |  | 6,476 |  |
| 5900 | Federal Program Revenues |  |  |  |  |  |  |

5020 Total Revenues 2,354,744 8,006 121,582 23,461

EXPENDITURES:

Current:

|  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- |
| 0011 | Instruction | 719,360 |  | 6,230 |  | 121,582 |  | 103 |
| 0012 | Instructional Resources and Media Services | 90,162 |  |  |  |  |  |  |
| 0013 | Curriculum and Instructional Staff Development | 39,011 |  |  |  |  |  |  |
| 0021 | Instructional Leadership |  |  | 1,398 |  |  |  |  |
| 0023 | School Leadership | 214,211 |  |  |  |  |  |  |
| 0031 | Guidance, Counseling and Evaluation Services | 262,566 |  |  |  |  |  |  |
| 0033 | Health Services | 1,378 |  |  |  |  |  |  |
| 0034 | Student (Pupil) Transportation |  |  | 378 |  |  |  |  |
| 0035 | Food Services |  |  |  |  |  |  |  |
| 0036 | Extracurricular Activities | 985,790 |  |  |  |  |  |  |
| 0041 | General Administration |  |  |  |  |  |  | 23,358 |
| 0053 | Data Processing Services |  |  |  |  |  |  |  |
| 0061 | Community Services | 1,105 |  |  |  |  |  |  |
| 6030 | Total Expenditures | 2,313,583 | 8,006 | 121,582 |  | 23,461 |
| 1200 | Net Change in Fund Balance | 41,161 |  |  |  |  |

0100 Fund Balance - September 1 (Beginning) 1,290,999

3000 Fund Balance - August 31 (Ending) $ 1,332,160 $ $ $

EXHIBIT H-2

|  |  |  |  |
| --- | --- | --- | --- |
| 499Other Local Special Revenue Funds |  | Total Non-major Governmental Funds |  |
| $ 96,044 |  | $ 2,596,467 |  |
|  |  | 645,039 |  |
|  |  | 1,238,514 |  |
| 96,044 |  | 4,480,020 |  |
| 92,168 |  | 2,403,580 |  |
|  |  | 90,162 |  |
| 892 |  | 64,150 |  |
|  |  | 1,398 |  |
|  |  | 214,211 |  |
|  |  | 550,273 |  |
|  |  | 1,378 |  |
|  |  | 378 |  |
| 2,984 |  | 2,984 |  |
|  |  | 985,790 |  |
|  |  | 23,358 |  |
|  |  | 100,092 |  |
|  |  | 1,105 |  |
| 96,044 |  | 4,438,859 |  |
|  |  | 41,161 |  |
|  |  | 1,290,999 |  |
| $ |  | $ 1,332,160 |  |

CARROLL INDEPENDENT SCHOOL DISTRICT EXHIBIT J-3 FUND BALANCE AND CASH FLOW CALCULATION WORKSHEET

GENERAL FUND AS OF AUGUST 31, 2016

**UNAUDITED**

Total General Fund Balance as of 8/31/16 (Exhibit C-1 object 3000 for the $ 34,390,570 General Fund Only)

2 Total Non-Spendable Fund Balance (from Exhibit C-1 - for the General $ Fund Only)

|  |  |  |
| --- | --- | --- |
| 3 | Total Restricted Fund Balance (from Exhibit C-1 - for the General Fund Only) |  |
| 4 | Total Committed Fund Balance (from Exhibit C-1 - for the General Fund Only) | 10,573,725 |
| *5* | Total Assigned Fund Balance (from Exhibit C-1 - for the General Fund Only) |  |
| 6 | Estimated amount needed to cover fall cash flow deficits in the General Fund (Net of borrowed funds and funds representing deferred revenues.) | 7,428,873 |
| 7 | Estimate of two month's average cash disbursements during the fiscal year. | 14,732,231 |
| 8 | Estimate of delayed payments from state sources (58xx). | 96,085 |
| 9 | Estimate of underpayment from state sources equal to variance between Legislative Payment Estimate (LPE) and District Planning Estimate (DPE) or District's calculated earned state aid amount. | (10,168) |
| 10 | Estimate of delayed payments from federal sources (59xx) | 295,311 |
| 11 | Estimate of expenditures to be reimbursed to General Fund from Capital Projects Fund (uses of General Fund cash after bond referendum and prior to issuance of bonds) |  |
| 12 | Optimum Fund Balance and Cash Flow (Lines 2+3+4+5+6+7+8+9+10+11) |  |

33,116,057

13 Excess (Deficit) Unassigned Fund Balance (Line 1 minus line 12) $ 1,274,513 Explanation of need for and/or projected use of net positive Unassigned General Fund Fund Balance:

EXHIBIT J-5

CARROLL INDEPENDENT SCHOOL DISTRICT

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

FOR THE YEAR ENDED AUGUST 31, 2016

Data Actual Amounts Variance With

Control Budgeted Amounts (GAAP BASIS) Final Budget

Codes Positive or

Original Final (Negative)

REVENUES:

5700 Total Local and Intermediate Sources $ 24,544,447 $ 24,319,447 $ 23,455,891 $ (863,556)

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
| 5800 | State Program Revenues |  |  | 225,000 | 224,859 |  | (141) |
| 5020 | Total Revenues |  | 24,544,447 | 24,544,447 | 23,680,750 |  | (863,697) |
|  | EXPENDITURES: |  |  |  |  |  |  |
|  | Debt Service: |  |  |  |  |  |  |
| 0071 | Principal on Long Term Debt |  | 6,825,771 | 10,251,021 | 9,496,699 |  | 754,322 |
| 0072 | Interest on Long Term Debt |  | 12,818,774 | 12,928,524 | 12,668,615 |  | 259,909 |
| 0073 | Bond Issuance Cost and Fees |  | 200,000 | 302,500 | 267,901 |  | 34,599 |
| 6030 | Total Expenditures |  | 19,844,545 | 23,482,045 | 22,433,215 |  | 1,048,830 |
| 1100 Excess of Revenues Over Expenditures 4,699,902 | 1,062,402 | 1,247,535 |  | 185,133 |
|  | OTHER FINANCING SOURCES (USES): |  |  |  |  |  |
| 7911 | Capital Related Debt Issued (Regular Bonds) |  |  | 23,485,000 |  | 23,485,000 |
| 7916 | Premium or Discount on Issuance of Bonds |  |  | 1,734,077 |  | 1,734,077 |
| 8949 | Other (Uses) |  |  | (28,257,251) |  | (28,257,251) |
| 7080 | Total Other Financing Sources (Uses) |  |  | (3,038, l 74) |  | (3,038,174) |
| 1200 | Net Change in Fund Balances | 4,699,902 | 1,062,402 | (1,790,639) |  | (2,853,041) |
| 0100 | Fund Balance - September I (Beginning) |  | 6,891,820 | 6,891,820 |  |  |
| 3000 | Fund Balance - August 31 (Ending) | $ 4,699,902 | $ 7,954,222 $ | 5,101,181 |  | $ (2,853,041) |

CARROLL INDEPENDENT SCHOOL DISTRICT SCHEDULE OF DELINQUENT TAXES RECEIVABLE FISCAL YEARENDED AUGUST 31, 2016

(1) (2) (3)

Assessed/Appraised

Last 10 Years Ended Tax Rates Value for School August 31 Maintenance Debt Service Tax Purposes

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| 2007 | and prior years | $ 1.370000 | $ 0.425000 | $ 4,326,177,444 |
| 2008 |  | 1.040000 | 0.425000 | 4,899,664,421 |
| 2009 |  | 1.040000 | 0.375000 | 5,195,059,500 |
| 2010 |  | 1.040000 | 0.375000 | 5,627,437,598 |
| 2011 |  | 1.040000 | 0.375000 | 5,524,847,802 |
| 2012 |  | 1.040000 | 0.375000 | 5,508,840,000 |
| 2013 |  | 1.040000 | 0.360000 | 5,477,850,143 |
| 2014 |  | 1.040000 | 0.360000 | 6,074,605,100 |
| 2015 |  | 1.040000 | 0.360000 | 6,199,078,884 |
| 2016 | (School year under audit) | 1.040000 | 0.355000 | 7,425,390,740 |
| 1000 | TOTALS |  |  |  |

9000 Portion of Row 1000 for Taxes Paid into Tax Increment Zone

(See Footnote) $

EXHIBIT J-1

|  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- |
| (10) |  | (20) (31) |  | (32) |  | (40) |  | (50) |
| Beginning |  | Current |  |  |  |  |  | Entire |  | Ending |
| Balance |  | Year's |  | Maintenance |  | Debt Service |  | Year's |  | Balance |
| 9/1/2015 |  | Total Levy |  | Collections |  | Collections |  | Adjustments |  | 8/31/2016 |
| $ 506,564 |  | $ |  | $ 105 |  | $ 33 |  | $ (23,088) |  | $ 483,338 |
| 39,737 |  |  |  | 2,108 |  | 861 |  | (1,841) |  | 34,927 |
| 79,755 |  |  |  | 4,365 |  | 1,574 |  |  |  |  73,816 |
| 94,571 |  |  |  | 29,794 |  | 10,742 |  | (143) |  | 53,892 |
| 101,867 |  |  |  | 53,144 |  | 19,161 |  | 33,591 |  | 63,153 |
| 83,746 |  |  |  | 41,139 |  | 14,832 |  | 37,994 |  | 65,769 |
| 94,141 |  |  |  | 47,228 |  | 16,336 |  | 36,898 |  | 67,475 |
| 100,194 |  |  |  | 66,362 |  | 22,954 |  | 52,426 |  | 63,304 |
| 327,551 |  |  |  | 128,714 |  | 44,522 |  | (68,396) |  | 85,919 |
|  |  | 83,823,782 |  | 67,863,139 |  | 23,106,216 |  | 7,660,135 |  | 514,562 |
| $ 1,428,126 |  | $ 83,823,782 |  | $ 68,236,098 |  | $ 23,237,231 |  | $ 7,727,576 |  | $ 1,506,155 |
| $ |  |  | $ |  | $ 5,378,155 | $ $ $ |

EXHIBIT K-l

CARROLL INDEPENDENT SCHOOL DISTRICT

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS FOR THE YEAR ENDED AUGUST 31, 2016

(1) (2) (3) (4)

FEDERAL GRANTOR/

PASS-THROUGH GRANTOR/ PROGRAM or CLUSTER TITLE

**ENTER NAME OF DEPARTMENT**

Direct Programs

LEP Summer School

Total Direct Programs

Federal CFDA

Number

84.369A

Pass-Through Entity Identifying Number

16-69551502

Federal Expenditures

$ 3,303

$ 3,303

**TOTAL ENTER NAME OF DEPARTMENT**

**U.S. DEPARTMENT OF EDUCATION**

Passed Through State Department of Education

$ 3,303

|  |  |  |  |
| --- | --- | --- | --- |
| ESEA, Title I, Part A. Improving Basic Programs | 84.0lOA | 16-610101220919 | $ 170,295 |
| \*IDEA. Part B, Formula | 84.027 | 16-6600012209196600 | 898,515 |
| \*IDEA. Part B, Preschool | 84.173 | 16-6610012209196610 | 24,872 |
| Total Special Education Cluster (IDEA) |  |  | 923,387 |
| Career and Technical • Basic Grant | 84.048 | l 6-4200062209 l 9 | 42,587 |
| Title III, Part A - English Language Acquisition | 84.365A | 16-671001220919 | 9,378 |
| ESEA, Title II, Part A, Teacher/Principal Training | 84.367A | 16-694501220919 |  89,564 |
| Total Passed Through State Department of Education |  |  | $ 1,235,211 |
| **TOTAL U.S. DEPARTMENT OF EDUCATION** |  |  | $ 1,235,211 |

**TOTAL EXPENDITURES OF FEDERAL AWARDS**

\*Clustered Programs

See Accompanying Notes to the Schedule of Expenditures of Federal Awards

$ 1,238,514

Carroll Independent School District

Notes on Accounting Policies for Federal Awards Year Ended August 31, 2016

A. Basis of Presentation

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the Carroll Independent School District and is presented on the modified accrual basis of accounting. Expenditures are recognized in the accounting period in which a fund liability occurs. Funds are considered earned to the extent of expenditures made.

The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, Audits of State, Local Governments, and Non-Profit Organizations. Therefore, some amounts presented in this school may differ from amounts presented in, or used in the preparation of the basic financial statements.

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