

SUPPLEMENT
Dated: December 12, 2019

to

TO OFFICIAL STATEMENT
Dated: November 19, 2019

RELATING TO

\$28,975,000
CALHOUN COUNTY INDEPENDENT SCHOOL DISTRICT
(A political subdivision of the State of Texas located in Calhoun County, Texas)
Unlimited Tax Refunding Bonds, Series 2019

On December 9, 2019, the Board of Trustees of the Calhoun County Independent School District (the "District") adopted its audit for the financial reporting period ending August 31, 2019 (the "2019 Audit"). In the Official Statement, the District included, as Appendix D thereto, the District's audit for the financial reporting period ending August 31, 2018. Additionally, in the table entitled "COMPARATIVE STATEMENT OF GENERAL FUND REVENUES AND EXPENDITURES" appearing on page A-6 of the Official Statement, the District provided that it anticipated its General Fund balance as of August 31, 2019 totaled approximately \$26,000,000. As specified in the 2019 Audit, the District's General Fund balance as of August 31, 2019 totaled \$29,599,252, an amount \$3,599,252 in excess of the aforementioned estimate.

The Official Statement is hereby supplemented by inclusion of the 2019 Audit, which accompanies this Supplement.

* * *

**CALHOUN COUNTY
INDEPENDENT
SCHOOL DISTRICT**

Annual Financial Report

For the Year Ended August 31, 2019



GOWLAND, STREATLY, MORALES & COMPANY, PLLC

Certified Public Accountants

Calhoun County Independent School District
Annual Financial Report
For The Year Ended August 31, 2019

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Introductory Section

CERTIFICATE OF BOARD

Calhoun County Independent School District
Name of School District

Calhoun
County

029-901
Co.-Dist. Number

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



Signature of Board Secretary



Signature of Board President

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

Financial Section



GOWLAND, STREALLY, MORALES & COMPANY, PLLC

Certified Public Accountants

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Corpus Christi, TX 78413
Telephone: (361) 993-1000
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Independent Auditor's Report

To the Board of Trustees
Calhoun County Independent School District
525 N. Commerce
Port Lavaca, Texas 77979

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 Calhoun County Independent School District ("the District") as of and for the year ended August 31, 2019, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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 Calhoun County Independent School District as of August 31, 2019, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Other Information

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

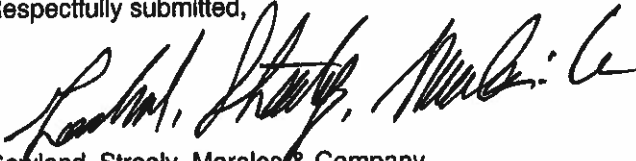
The combining and individual nonmajor fund financial statements and other supplementary information and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic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

The introductory section 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 November 8, 2019 on our consideration of Calhoun County Independent School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Calhoun County Independent School District's internal control over financial reporting and compliance.

Respectfully submitted,



Gowland, Streaty, Morales & Company

Corpus Christi, Texas
November 8, 2019

MANAGEMENT'S DISCUSSION AND ANALYSIS

This section of Calhoun County 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, 2019. Please read it in conjunction with the District's financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

- The District's total combined net position was \$65,615,742 at August 31, 2019. Of this amount \$7,506,133 may be used to meet the District's needs.
- As of the close of the current fiscal year, the District's general fund reported combined ending fund balance of \$29,599,252. Approximately 46.63 percent of this total, \$13,803,372, is available for spending at the government's discretion (unassigned).
- The total cost of the District's programs changed considerably from last year due to the increase in tax revenue and increase in bond projects. The decrease in recapture was due to the increase in the change in weighted ADA, decrease in enrollment and the award of the Disaster Aid Recapture Credit grant.
- The general fund reported a fund balance this year of \$29,599,252, or 72% of the total General Fund expenditures.
- The District did not issue any bonds in 2019.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

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

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

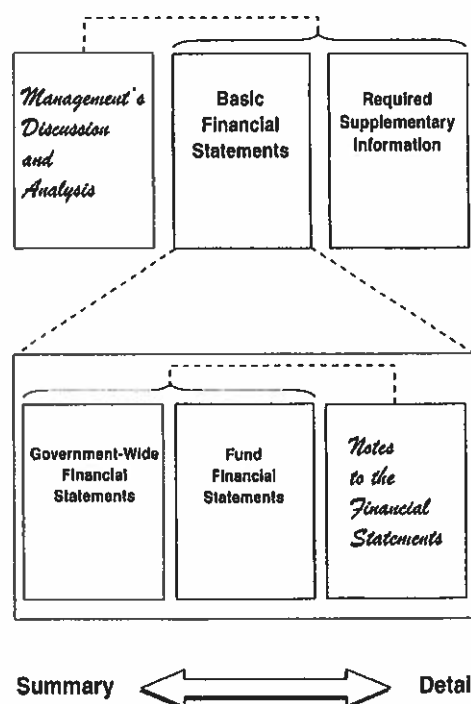


Figure A-2. Major Features of the District's Government-wide and Fund Financial Statements

Type of Statement	Fund Statements			
	Government-wide	Governmental Funds	Proprietary Funds	Fiduciary Funds
Scope	Entire Agency's government (except fiduciary funds) and the Agency's component units	The activities of the district that are not proprietary or fiduciary	Activities the district operates similar to private businesses, self insurance	Instances in which the district is the trustee or agent for someone else's resources
Required financial statements	<ul style="list-style-type: none"> • Statement of net position • Statement of activities 	<ul style="list-style-type: none"> • Balance sheet • Statement of revenues, expenditures & changes in fund balances 	<ul style="list-style-type: none"> • Statement of net position • Statement of revenues, expenses and changes in fund net assets • Statement of cash flows 	<ul style="list-style-type: none"> • Statement of fiduciary net assets • Statement of changes in fiduciary net assets
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus	Accrual accounting and economic resources focus
Type of asset/liability information	All assets and liabilities, both financial and capital, short-term and long-term	Only assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets included	All assets and liabilities, both financial and capital, and short-term and long-term	All assets and liabilities, both short-term and long-term; the Agency's funds do not currently contain capital assets, although they can
Type of inflow/outflow information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and payment is due during the year or soon thereafter	All revenues and expenses during year, regardless of when cash is received or paid	All revenues and expenses during year, regardless of when cash is received or paid

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

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*—not the District as a whole. Funds are accounting devices that the District uses to keep track of specific sources of funding and spending for particular purposes.

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

The District has three 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.

- We use *internal service funds* to report activities that provide supplies and services for the District's other programs and activities.
- *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 position

The District's combined net position was approximately \$65,615,742 at August 31, 2019. (See Table A-1).

The total district liability is reported in the governmental activities; however, the actual liability does not require the use of current resources at the fund level, which results in a timing difference since the TRS-Care plan is funded on a pay-as-you-go basis. The District has made all contractually required contributions as noted in the required supplementary information and has sufficient fund balance to meet the District's ongoing obligations to students and creditors.

Table A-1
The District's Net Assets

	Governmental Activities		Total Change
	2019	2018	2019-2018
Assets:			
Current and Other Assets	\$ 40,870,970	\$ 38,282,474	\$ 2,588,496
Capital and Non-Current	89,370,707	89,556,369	(185,662)
Total Assets	<u>130,241,677</u>	<u>127,838,843</u>	<u>2,402,834</u>
Deferred Outflows Related to Pensions	<u>5,275,646</u>	<u>1,714,224</u>	<u>3,561,422</u>
Current Liabilities	2,338,172	2,587,754	(249,582)
Noncurrent Liabilities	40,177,004	47,477,989	(7,300,985)
Net Pension Liability	8,185,631	4,916,431	3,269,200
Net OPEB Liability	13,840,026	12,159,646	1,680,380
Total Liabilities	<u>64,540,833</u>	<u>67,141,820</u>	<u>(2,600,987)</u>
Deferred Inflows Related to Pensions and OPEB	<u>5,360,748</u>	<u>6,143,617</u>	<u>(782,869)</u>
Net Position			
Net Assets Invested in Capital			
Assets net of related debt	52,530,001	49,030,559	3,499,442
Restricted	5,579,608	4,200,485	1,379,123
Unrestricted	7,506,133	3,036,586	4,469,547
Total Net Position	<u>\$ 65,615,742</u>	<u>\$ 56,267,630</u>	<u>\$ 9,348,112</u>

Changes in net position The District's total revenues were \$62,547,597. A significant portion, 70.6%, of the District's revenue comes from taxes.

The total cost of all programs and services was \$53,199,486; 61% of these costs are for direct student services, which include: instruction; instructional resources; guidance and counseling; social services; health services and co-curricular activities.

Governmental Activities

For the year ending August 31, 2019, the Board of Trustees adopted a Maintenance & Operating tax rate of \$1.0401 and an Interest & Sinking tax rate of \$0.2535 cents.

Property values increased approximately \$208 million, which generated approximately \$14 million increase in revenue from property taxes. CCISD is considered a property wealthy district and is required to equalize property values to \$514,000 per weighted average daily attendance (WADA). Approximately 20% of CCISD's tax revenue is used to purchase WADA from the Texas Education Agency and/or property poor districts. This costs the taxpayers of Calhoun County \$6.5 million in 2018-2019, a decrease 543,000 over 2017-2018.

**Table A-2
Changes in the District's Net Assets**

	Governmental Activities		Total Change
	2019	2018	2019-2018
Program Revenues:			
Charges for Services	\$ 630,166	\$ 859,061	\$ (228,895)
Operating Grants and Contributions	12,187,761	8,163,487	4,024,274
General Revenues			
Property Taxes	44,154,346	44,268,277	(113,931)
State Aid – Formula	1,052,461	10,851	1,041,610
Investment Earnings	944,268	702,773	241,495
Other	3,578,595	1,587,000	1,991,595
Total Revenues	<u>62,547,597</u>	<u>55,591,449</u>	<u>6,956,148</u>
Instruction	23,483,274	18,630,610	4,852,664
Instructional Resources and Media Services	434,526	395,028	39,498
Curriculum Dev. And Instructional Staff Dev.	292,045	201,207	90,838
Instructional Leadership	570,109	462,874	107,235
School Leadership	2,303,096	1,914,921	388,175
Guidance, Counseling and Evaluation Services	1,528,261	1,146,871	381,390
Social Work Services	47,702	47,720	(18)
Health Services	286,908	245,280	41,628
Student (Pupil) Transportation	1,131,300	1,204,392	(73,092)
Food Services	2,474,484	2,049,159	425,325
Curricular/Extracurricular Activities	1,726,611	1,374,247	352,364
General Administration	1,403,560	1,066,941	336,619
Plant Maintenance & Oper.	7,367,358	5,732,854	1,634,504
Security & Monitoring Svcs.	339,989	156,503	183,486
Data Processing Services	754,922	665,981	88,941
Community Services	185,508	128,568	56,940
Debt Service	1,052,459	1,291,934	(239,475)
Capital Outlay	649,498	1,014,900	(365,402)
Contracted Instructional Service between Schools	6,541,383	7,084,688	(543,305)
Other Intergovernmental Charges	626,493	609,564	16,929
Total Expenses	<u>53,199,486</u>	<u>45,424,242</u>	<u>7,775,244</u>
Changes in Net Position	9,348,111	10,167,207	(819,096)
Net Position Beginning	56,267,631	67,422,289	(11,154,658)
Prior Period Adjustment		(21,321,865)	21,321,865
Net Position Beginning , Restated	56,267,631	46,100,424	10,167,207
Ending Net Assets	<u>\$ 65,615,742</u>	<u>\$ 56,267,631</u>	<u>\$ 9,348,111</u>

Table A-3 presents the cost of each of the District's largest functions.

- The cost of all *governmental* activities this year was \$53,199,486.
- However, the amount that our taxpayers paid for these activities through property taxes was \$44,154,346.
- Some of the cost was paid by those who directly benefited from the programs; \$630,166 or
- By operating grants and contributions \$12,187,761.

Table A-3
Net Cost of Selected District Functions
(in actual dollars)

	Total Cost of Services		% Change	Net Cost of Services		% Change
	2019	2018		2019	2018	
Instruction	\$ 23,483,274	\$ 18,630,610	20.66%	\$ 19,089,447	\$ 15,608,656	18.23%
School Leadership	2,303,096	1,914,921	16.85%	2,047,087	1,769,249	13.57%
Food Services	2,474,484	2,049,159	17.19%	(210,197)	314,177	249.47%
Plant Maintenance & Operations	7,367,358	5,732,854	22.19%	6,244,652	5,364,740	14.09%
Contracted Instructional Services	6,541,383	7,084,688	-8.31%	5,774,375	6,619,287	-14.63%

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

Revenues from governmental fund types totaled \$61,801,145, an increase of 10.62% over the preceding year of \$55,238,627. The increase in revenue from local and intermediate sources was primarily due to slightly higher property values and 313 agreement payments.

General Fund Budgetary Highlights

All revenue sources exceeded final budget by \$1,011,330. Over the course of the year, the District revised its budget. Even with these adjustments, actual expenditures were \$2,304,489 below final budget amounts. Areas that were significantly less than budget were Instruction, Instruction and School Leadership, Transportation and General Administration. During 2018-2019 the amount increased for Contracted Instructional Services between Public Schools as C.C.I.S.D. had a decrease in enrollment. Our CCISD staff once again played a large part in reducing costs for this year so that the district could still serve our students even with reduced state funding and staff.

The culmination of the above mentioned events resulted in an increase in fund balance of \$4,205,588.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At the end of 2019, the District had invested a net \$89,370,708 in a broad range of capital assets, including land, equipment, buildings, and vehicles. (See Table A-4.) This amount represents a net decrease (including additions, construction in progress, depreciation and adjustments) of \$185,661.

Table A-4
District's Capital Assets

	Governmental Activities		Change 2019-2018
	2019	2018	
Land	\$ 6,775,187	\$ 6,258,699	\$ 516,488
Construction in Progress	41,745,268	39,908,503	1,836,765
Buildings and improvements	83,248,075	82,990,984	257,091
Furniture and Equipment	6,520,305	7,585,033	(1,064,728)
Totals at historical cost	<u>138,288,835</u>	<u>136,743,219</u>	<u>1,545,616</u>
Total accumulated depreciation	48,918,127	47,186,850	1,731,277
Net capital assets	<u>\$ 89,370,708</u>	<u>\$ 89,556,369</u>	<u>\$ (185,661)</u>

More detailed information about the District's capital assets is presented in Note 1 to the financial statements.

Long Term Debt

At year-end the District had \$38,565,000 bonds outstanding as shown in Table A-5. More detailed information about the District's debt is presented in the Notes to the Financial Statements.

	Governmental Activities	
	2019	2018
Premium	\$ 1,580,954	\$ 1,897,145
IBNR	31,050	70,844
Bonds payable	38,565,000	45,510,000
Pension Payable	8,185,631	4,916,431
OPEB Liability	<u>13,840,026</u>	<u>12,159,646</u>
Total Long Term Debt	<u>\$ 62,202,661</u>	<u>\$ 64,554,066</u>

Net Pension Liability

The District implemented GASB Statement No. 68 during the year ended August 31, 2015. A prior period adjustment of \$3,725,814 was required to record the beginning balance of the pension liability for the year ended August 31, 2014. Statement No. 68 establishes standards of accounting and financial reporting, but not funding or budgetary standards, for defined benefit pensions and defined contribution pensions provided to the employees of state and local government employers through pension plans that are administered through trusts or equivalent arrangements criteria detailed above in the description of Statement No. 67. This Statement replaces the requirements of Statement No. 27, Accounting for Pensions by State and Local Governmental Employers, as well as the requirements of Statement No. 50, Pension Disclosures, as they relate to pensions that are provided through pension plans within the scope of the Statement.

The requirements of Statement No. 68 apply to the financial statements of all state and local governmental employers whose employees are provided with pensions through pension plans that are administered through trusts or equivalent arrangements as described above, and to the financial statements of state and local governmental nonemployer contributing entities that have a legal obligation to make contributions directly to such pension plans. This Statement establishes standards for measuring and recognizing liabilities, deferred outflows of resources, and deferred inflows of resources, and expense/expenditures related to pensions. Note disclosure and RSI requirements about pensions also are addressed. For defined benefit pension plans, this Statement identifies the methods and assumptions that should be used to project benefit payments, discount projected benefit payments to their actuarial present value, and attribute that present value to periods of employee service.

The adoption of Statement No. 68 has no impact on the District's governmental fund financial statements, which continue to report expenditures in the contribution amount determined legislatively for the TRS plan. The calculation of pension contributions is unaffected by the change. However, the adoption has resulted in the restatement of the District's beginning net position for the fiscal year 2014 government-wide financial statements to reflect the reporting of net pension liability and deferred inflows of resources and deferred outflows of resources for its qualified pension plan and the recognition of pension expense in accordance with the provisions of the Statement.

Other Post-Employment Benefit Plans (OPEB)

The District implemented GASB Statement No. 75 during the year ended August 31, 2018. A prior period adjustment of \$21,321,865 was required to record the beginning balance of the pension liability for the year ended August 31, 2017. The district participates in the Texas Public School Retired Employees Group Insurance Program (TRS-Care). It is a multiple-employer, cost-sharing defined Other Post-Employment Benefits (OPEB) plan that has a special funding situation. The plan is administered through a trust by the Teacher Retirement System of Texas (TRS) Board of Trustees. It is established and administered in accordance with the Texas Insurance Code, Chapter 1575

The adoption of Statement No. 75 has no impact on the District's governmental fund financial statements, which continue to report expenditures in the contribution amount determined legislatively for the TRS plan. The calculation of health insurance unaffected by the change. However, the adoption has resulted in reporting in the government-wide financial statements to reflect the net OPEB liability and deferred inflows of resources and deferred outflows of resources for its qualified plan and the recognition of expense in accordance with the provisions of the Statement.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

Our budget for 2019-20 is \$40,070,568 in revenue and \$40,044,239 in expenditures for Maintenance & Operation, \$2,515,741 for Food Service, and \$8,315,450 for Interest & Sinking. The tax rate is \$.9701 for Maintenance & Operation and \$.2235 for Interest & Sinking, for a total of \$1.1936. Two step salary increases and an increase to the teacher salary scale was included for all CCISD personnel during the budget process.

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 Assistant Superintendent for Finance.

Basic Financial Statements

CALHOUN COUNTY INDEPENDENT SCHOOL DISTRICT
STATEMENT OF NET POSITION
AUGUST 31, 2019

Data Control Codes	1	Governmental Activities
ASSETS:		
1110	<i>Cash and Cash Equivalents</i>	\$ 37,914,050
1120	<i>Current Investments</i>	206,190
1225	<i>Property Taxes Receivable (Net)</i>	743,954
1240	<i>Due from Other Governments</i>	1,789,815
1290	<i>Other Receivables (Net)</i>	30,364
1300	<i>Inventories</i>	186,565
1410	<i>Unrealized Expenses</i>	32
Capital Assets:		
1510	<i>Land</i>	6,775,186
1520	<i>Buildings and Improvements, Net</i>	38,782,922
1530	<i>Furniture and Equipment, Net</i>	2,067,331
1580	<i>Construction in Progress</i>	41,745,268
1000	Total Assets	<u>130,241,677</u>
DEFERRED OUTFLOWS OF RESOURCES:		
	<i>Deferred Outflow Related to Pensions</i>	4,107,920
	<i>Deferred Outflow Related to OPEB</i>	1,167,726
1700	Total Deferred Outflows of Resources	<u>5,275,646</u>
LIABILITIES:		
2110	<i>Accounts Payable</i>	257,827
2165	<i>Accrued Liabilities</i>	1,798,767
2180	<i>Due to Other Governments</i>	63,187
2300	<i>Unearned Revenue</i>	218,391
Noncurrent Liabilities:		
2501	<i>Due Within One Year</i>	7,230,000
2502	<i>Due in More Than One Year</i>	32,947,004
2540	<i>Net Pension Liability</i>	8,185,631
2545	<i>Net OPEB Liability</i>	13,840,026
2000	Total Liabilities	<u>64,540,833</u>
DEFERRED INFLOWS OF RESOURCES:		
	<i>Deferred Inflow Related to Pensions</i>	850,087
	<i>Deferred Inflow Related to OPEB</i>	4,510,661
2600	Total Deferred Inflows of Resources	<u>5,360,748</u>
NET POSITION:		
3200	Net Investment in Capital Assets	52,530,001
Restricted For:		
3820	Federal and State Programs	960,947
3850	Debt Service	4,220,450
3870	Campus Activities	398,211
3900	Unrestricted	7,506,133
3000	Total Net Position	<u>\$ 65,615,742</u>

The accompanying notes are an integral part of this statement.

CALHOUN COUNTY INDEPENDENT SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED AUGUST 31, 2019

Data Control Codes	Functions/Programs	1 Expenses	3 Program Revenues		4 Operating Grants and Contributions	Net (Expense) Revenue and Changes in Net Position
			Charges for Services	Governmental Activities		
	Governmental Activities:					
11	Instruction	\$ 23,483,274	\$ 95,065	\$ 4,298,762	\$ (19,089,447)	
12	Instructional Resources and Media Services	434,526	37,490	40,183	(356,853)	
13	Curriculum and Staff Development	292,045	4,437	205,236	(82,372)	
21	Instructional Leadership	570,109	4,084	159,145	(406,880)	
23	School Leadership	2,303,096	16,533	239,476	(2,047,087)	
31	Guidance, Counseling, & Evaluation Services	1,528,261	1,121	351,670	(1,175,470)	
32	Social Work Services	47,702	40	5,010	(42,652)	
33	Health Services	286,908	254	30,255	(256,399)	
34	Student Transportation	1,131,300	1,691	112,039	(1,017,570)	
35	Food Service	2,474,484	124,919	2,559,762	210,197	
36	Cocurricular/Extracurricular Activities	1,726,611	327,051	166,403	(1,233,157)	
41	General Administration	1,403,560	2,492	161,758	(1,239,310)	
51	Facilities Maintenance and Operations	7,367,358	6,915	1,115,791	(6,244,652)	
52	Security and Monitoring Services	339,989	246	96,468	(243,275)	
53	Data Processing Services	754,922	678	80,838	(673,406)	
61	Community Services	185,508	775	1,704,105	1,519,372	
72	Interest on Long-term Debt	1,051,959	--	100,227	(951,732)	
73	Bond Issuance Costs and Fees	500	--	--	(500)	
81	Capital Outlay	649,498	--	--	(649,498)	
91	Contracted Instructional Services between Schools	6,541,383	6,375	760,633	(5,774,375)	
99	Other Intergovernmental Charges	626,493	--	--	(626,493)	
TG	Total Governmental Activities	<u>53,199,486</u>	<u>630,166</u>	<u>12,187,761</u>	<u>(40,381,559)</u>	
TP	Total Primary Government	<u>\$ 53,199,486</u>	<u>\$ 630,166</u>	<u>\$ 12,187,761</u>	<u>(40,381,559)</u>	
	General Revenues:					
MT	Property Taxes, Levied for General Purposes				35,026,898	
DT	Property Taxes, Levied for Debt Service				9,127,448	
IE	Investment Earnings				944,268	
GC	Grants and Contributions Not Restricted to Specific Programs				1,052,461	
MI	Miscellaneous				3,578,595	
TR	Total General Revenues				<u>49,729,670</u>	
CN	Change in Net Position				9,348,111	
NB	Net Position - Beginning				56,267,631	
NE	Net Position - Ending				<u>\$ 65,615,742</u>	

The accompanying notes are an integral part of this statement.

CALHOUN COUNTY INDEPENDENT SCHOOL DISTRICT
BALANCE SHEET - GOVERNMENTAL FUNDS
AUGUST 31, 2019

Data Control Codes	10 General Fund	50 Debt Service Fund	Other Governmental Funds	98 Total Governmental Funds
ASSETS:				
1110 Cash and Cash Equivalents	\$ 29,901,963	\$ 4,216,136	\$ 3,694,014	\$ 37,812,113
1120 Current Investments	--	--	206,190	206,190
1225 Taxes Receivable, Net	588,905	155,049	--	743,954
1240 Due from Other Governments	1,567,716	--	222,099	1,789,815
1260 Due from Other Funds	108,203	--	--	108,203
1290 Other Receivables	26,050	4,314	--	30,364
1300 Inventories	118,380	--	41,832	160,212
1410 Unrealized Expenditures	32	--	--	32
1000 Total Assets	<u>32,311,249</u>	<u>4,375,499</u>	<u>4,164,135</u>	<u>40,850,883</u>
LIABILITIES:				
Current Liabilities:				
2110 Accounts Payable	\$ 20,930	\$ --	\$ 236,897	\$ 257,827
2150 Payroll Deductions & Withholdings	41,259	--	--	41,259
2160 Accrued Wages Payable	1,705,306	--	--	1,705,306
2170 Due to Other Funds	108,203	--	--	108,203
2180 Due to Other Governments	--	--	63,187	63,187
2200 Accrued Expenditures	52,202	--	--	52,202
2300 Unearned Revenue	195,192	--	23,199	218,391
2000 Total Liabilities	<u>2,123,092</u>	<u>--</u>	<u>323,283</u>	<u>2,446,375</u>
DEFERRED INFLOWS OF RESOURCES:				
2600 Total Deferred Inflows of Resources	<u>588,905</u>	<u>155,049</u>	<u>--</u>	<u>743,954</u>
FUND BALANCES:				
Nonspendable Fund Balances:				
3410 Inventories	118,380	--	41,832	160,212
Restricted Fund Balances:				
3450 Federal/State Funds Grant Restrictions	--	--	919,115	919,115
3480 Retirement of Long-Term Debt	--	4,220,450	--	4,220,450
3490 Other Restrictions of Fund Balance	--	--	757,401	757,401
Committed Fund Balances:				
3510 Construction	3,000,000	--	1,724,293	4,724,293
3520 Claims and Judgments	1,700,000	--	--	1,700,000
3530 Capital Expenditures for Equipment	5,418,500	--	--	5,418,500
3545 Other Committed Fund Balance	5,559,000	--	--	5,559,000
3600 Unassigned	13,803,372	--	--	13,803,372
Unassigned, Reported in Nonmajor:				
3610 Special Revenue Funds	--	--	398,211	398,211
3000 Total Fund Balances	<u>29,599,252</u>	<u>4,220,450</u>	<u>3,840,852</u>	<u>37,660,554</u>
4000 Total Liabilities, Deferred Inflow of Resources and Fund Balances	<u>\$ 32,311,249</u>	<u>\$ 4,375,499</u>	<u>\$ 4,164,135</u>	<u>\$ 40,850,883</u>

The accompanying notes are an integral part of this statement.

CALHOUN COUNTY INDEPENDENT SCHOOL DISTRICT
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
AUGUST 31, 2019

Total fund balances - governmental funds balance sheet	\$ 37,660,554
Amounts reported for governmental activities in the Statement of Net Position ("SNP") are different because:	
Capital assets used in governmental activities are not reported in the funds.	89,370,708
Property taxes receivable unavailable to pay for current period expenditures are deferred in the funds.	743,954
The assets and liabilities of internal service funds are included in governmental activities in the SNP.	128,288
Payables for bond principal which are not due in the current period are not reported in the funds.	(38,565,000)
Other long-term liabilities which are not due and payable in the current period are not reported in the funds.	(31,050)
Recognition of the District's proportionate share of the net pension liability is not reported in the funds.	(8,185,631)
Deferred Resource Inflows related to the pension plan are not reported in the funds.	(850,087)
Deferred Resource Outflows related to the pension plan are not reported in the funds.	4,107,920
Bond premiums are amortized in the SNA but not in the funds.	(1,580,954)
Recognition of the District's proportionate share of the net OPEB liability is not reported in the funds.	(4,510,661)
Deferred Resource Inflows related to the OPEB plan are not reported in the funds.	(13,840,026)
Deferred Resource Outflows related to the OPEB plan are not reported in the funds.	1,167,726
Rounding difference	<u>1</u>
Net position of governmental activities - Statement of Net Position	<u>\$ 65,615,742</u>

The accompanying notes are an integral part of this statement.

CALHOUN COUNTY INDEPENDENT SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - GOVERNMENTAL FUNDS
FOR THE YEAR ENDED AUGUST 31, 2019

Data Control Codes	10 General Fund	50 Debt Service Fund	Other Governmental Funds	98 Total Governmental Funds
REVENUES:				
5700 <i>Local and Intermediate Sources</i>	\$ 38,718,763	\$ 9,178,053	\$ 1,716,568	\$ 49,613,384
5800 <i>State Program Revenues</i>	5,133,611	100,227	571,069	5,804,907
5900 <i>Federal Program Revenues</i>	1,293,520	--	5,089,334	6,382,854
5020 Total Revenues	<u>45,145,894</u>	<u>9,278,280</u>	<u>7,376,971</u>	<u>61,801,145</u>
EXPENDITURES:				
Current:				
0011 <i>Instruction</i>	18,714,513	--	2,295,969	21,010,482
0012 <i>Instructional Resources and Media Services</i>	347,142	--	34,538	381,680
0013 <i>Curriculum and Staff Development</i>	75,764	--	200,230	275,994
0021 <i>Instructional Leadership</i>	395,180	--	116,781	511,961
0023 <i>School Leadership</i>	2,037,573	--	17,891	2,055,464
0031 <i>Guidance, Counseling, & Evaluation Services</i>	1,148,436	--	217,931	1,366,367
0032 <i>Social Work Services</i>	41,039	--	241	41,280
0033 <i>Health Services</i>	260,062	--	--	260,062
0034 <i>Student Transportation</i>	965,270	--	706	965,976
0035 <i>Food Service</i>	--	--	2,302,712	2,302,712
0036 <i>Cocurricular/Extracurricular Activities</i>	1,429,675	--	149,550	1,579,225
0041 <i>General Administration</i>	1,258,296	--	16,398	1,274,694
0051 <i>Facilities Maintenance and Operations</i>	6,057,182	--	851,898	6,909,080
0052 <i>Security and Monitoring Services</i>	265,346	--	67,163	332,509
0053 <i>Data Processing Services</i>	693,365	--	--	693,365
0061 <i>Community Services</i>	83,587	--	86,558	170,145
0071 <i>Principal on Long-term Debt</i>	--	6,945,000	--	6,945,000
0072 <i>Interest on Long-term Debt</i>	--	1,368,150	--	1,368,150
0073 <i>Bond Issuance Costs and Fees</i>	--	500	--	500
0081 <i>Capital Outlay</i>	--	--	3,214,868	3,214,868
0091 <i>Contracted Instructional Services</i>				
0091 <i>Between Public Schools</i>	6,541,383	--	--	6,541,383
0099 <i>Other Intergovernmental Charges</i>	626,493	--	--	626,493
6030 Total Expenditures	<u>40,940,306</u>	<u>8,313,650</u>	<u>9,573,434</u>	<u>58,827,390</u>
1100 Excess (Deficiency) of Revenues Over (Under)				
1100 Expenditures	4,205,588	964,630	(2,196,463)	2,973,755
1200 Net Change in Fund Balances	<u>4,205,588</u>	<u>964,630</u>	<u>(2,196,463)</u>	<u>2,973,755</u>
0100 Fund Balances - Beginning	25,393,664	3,255,820	6,037,315	34,686,799
3000 Fund Balances - Ending	<u>\$ 29,599,252</u>	<u>\$ 4,220,450</u>	<u>\$ 3,840,852</u>	<u>\$ 37,660,554</u>

The accompanying notes are an integral part of this statement.

CALHOUN COUNTY INDEPENDENT SCHOOL DISTRICT
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED AUGUST 31, 2019

Net change in fund balances - total governmental funds	\$ 2,973,755
Amounts reported for governmental activities in the Statement of Activities ("SOA") are different because:	
Capital outlays are not reported as expenses in the SOA.	2,824,558
The depreciation of capital assets used in governmental activities is not reported in the funds.	(2,851,279)
Trade-in or disposal of capital assets decrease net position in the SOA but not in the funds.	(158,941)
Certain property tax revenues are deferred in the funds. This is the change in these amounts this year.	(147,068)
Expenses not requiring the use of current financial resources are not reported as expenditures in the funds.	39,794
Repayment of bond principal is an expenditure in the funds but is not an expense in the SOA.	6,945,000
The net revenue (expense) of internal service funds is reported with governmental activities.	11,389
Bond premiums are reported in the funds but not in the SOA.	316,191
Pension expense relating to GASB 68 is recorded in the SOA but not in the funds.	(474,997)
OPEB expense relating to GASB 75 is recorded in the SOA but not in the funds.	<u>(130,292)</u>
Change in net position of governmental activities - Statement of Activities	<u>\$ 9,348,111</u>

The accompanying notes are an integral part of this statement.

CALHOUN COUNTY INDEPENDENT SCHOOL DISTRICT

STATEMENT OF NET POSITION
INTERNAL SERVICE FUND
AUGUST 31, 2019

Data Control Codes		Nonmajor Internal Service Fund
		Stock Account
	ASSETS:	
	Current Assets:	
1110	Cash and Cash Equivalents	\$ 101,935
1310	Inventories, at Cost	26,353
	Total Current Assets	<u>128,288</u>
1000	Total Assets	<u>128,288</u>
	LIABILITIES:	
2000	Total Liabilities	<u>--</u>
	NET POSITION:	
3900	Unrestricted	\$ 128,288
3000	Total Net Position	<u>\$ 128,288</u>

The accompanying notes are an integral part of this statement.

CALHOUN COUNTY INDEPENDENT SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENSES, AND CHANGES
IN FUND NET POSITION - INTERNAL SERVICE FUND
FOR THE YEAR ENDED AUGUST 31, 2019

Data Control Codes		Nonmajor Internal Service Fund
		Stock Account
	OPERATING REVENUES:	
5700	<i>Local and Intermediate Sources</i>	\$ 41,408
5020	Total Revenues	<u>41,408</u>
	OPERATING EXPENSES:	
6300	<i>Supplies and Materials</i>	30,019
6030	Total Expenses	<u>30,019</u>
1300	Change in Net Position	11,389
0100	Total Net Position - Beginning	116,899
3300	Total Net Position - Ending	<u>\$ 128,288</u>

The accompanying notes are an integral part of this statement.

CALHOUN COUNTY INDEPENDENT SCHOOL DISTRICT
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED AUGUST 31, 2019

	Internal Service Funds
Cash Flows from Operating Activities:	
<i>Cash Received from Customers</i>	\$ --
<i>Cash Received from Grants</i>	--
<i>Cash Receipts (Payments) for Quasi-external Operating Transactions with Other Funds</i>	41,408
<i>Cash Payments to Employees for Services</i>	--
<i>Cash Payments to Other Suppliers for Goods and Services</i>	(45,062)
<i>Cash Payments for Grants to Other Organizations</i>	--
<i>Other Operating Cash Receipts (Payments)</i>	--
Net Cash Provided (Used) by Operating Activities	<u>(3,654)</u>
Cash Flows from Non-capital Financing Activities:	
<i>Transfers From (To) Other Funds</i>	--
Net Cash Provided (Used) by Non-capital Financing Activities	<u>--</u>
Cash Flows from Capital and Related Financing Activities:	
<i>Proceeds from Issuance of Long-term Debt</i>	--
<i>Contributed Capital</i>	--
Net Cash Provided (Used) for Capital & Related Financing Activities	<u>--</u>
Cash Flows from Investing Activities:	
<i>Interest and Dividends on Investments</i>	--
Net Cash Provided (Used) for Investing Activities	<u>--</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(3,654)
Cash and Cash Equivalents at Beginning of Year	105,589
Cash and Cash Equivalents at End of Year	<u>\$ 101,935</u>
Reconciliation of Operating Income to Net Cash Provided by Operating Activities:	
Operating Income (Loss)	\$ 11,389
Change in Assets and Liabilities:	
<i>Decrease (Increase) in Receivables</i>	--
<i>Decrease (Increase) in Inventories</i>	(15,043)
<i>Increase (Decrease) in Accounts Payable</i>	--
<i>Increase (Decrease) in Accrued Expenses</i>	--
<i>Increase (Decrease) in Unearned Revenue</i>	--
Total Adjustments	<u>(15,043)</u>
Net Cash Provided (Used) by Operating Activities	<u>\$ (3,654)</u>

The accompanying notes are an integral part of this statement.

CALHOUN COUNTY INDEPENDENT SCHOOL DISTRICT
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
AUGUST 31, 2019

Data Control Codes	Investment Trust Fund	Agency Fund Student Activity
ASSETS:		
1110 <i>Cash and Cash Equivalents</i>	\$ --	\$ 130,088
1800 <i>Restricted Assets</i>	<u>4,939</u>	<u>--</u>
1000 Total Assets	<u>4,939</u>	<u>130,088</u>
LIABILITIES:		
Current Liabilities:		
2190 <i>Due to Student Groups</i>	\$ --	\$ 130,088
2400 <i>Payable from Restricted Assets</i>	<u>4,813</u>	<u>--</u>
2000 Total Liabilities	<u>4,813</u>	<u>130,088</u>
NET POSITION:		
3800 <i>Held in Trust</i>	<u>126</u>	<u>--</u>
3000 Total Net Position	<u>\$ 126</u>	<u>\$ --</u>

The accompanying notes are an integral part of this statement.

CALHOUN COUNTY INDEPENDENT SCHOOL DISTRICT
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
FOR THE YEAR ENDED AUGUST 31, 2019

	Investment Trust Fund
Additions:	
Investment Income	\$ 4
Net (Decrease) in Fair Value of Investments	--
Employer Contributions	--
Plan Member Contributions	--
Total Additions	<u>4</u>
Deductions:	
Scholarship Awards	--
Benefits	--
Refunds of Contributions	--
Administrative Expenses	--
Total Deductions	<u>--</u>
Change in Net Position	4
Net Position-Beginning of the Year	122
Net Position-End of the Year	<u>\$ 126</u>

The accompanying notes are an integral part of this statement.

CALHOUN COUNTY INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2019

A. Summary of Significant Accounting Policies

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

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

2. Basis of Presentation, Basis of Accounting

a. Basis of Presentation

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

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

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

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

The District reports the following major governmental funds:

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

Debt Service Fund: This is a governmental fund where principal or interest is set aside and accumulated to retire debt.

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In addition, the District reports the following fund types:

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

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

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

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

b. **Measurement Focus, Basis of Accounting**

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

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

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

3. **Financial Statement Amounts**

a. **Cash and Cash Equivalents**

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

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b. Property Taxes

Property taxes are levied by October 1 on the assessed value listed as of the prior January 1 for all real and business personal property in conformity with Subtitle E, Texas Property Tax Code. Taxes are due on receipt of the tax bill and are delinquent if not paid before February 1 of the year following the year in which imposed. On January 1 of each year, a tax lien attaches to property to secure the payment of all taxes, penalties, and interest ultimately imposed. Property tax revenues are considered available when they become due or past due and receivable within the current period.

Delinquent Taxes are summarized as follows:

	General Fund	Debt Service Fund	Total
Delinquent Taxes	\$ 999,814	241,033	1,240,847
Allowance for Delinquent Taxes	(410,909)	(85,984)	(496,893)
	\$ 588,905	\$ 155,049	\$ 743,954

Allowances for uncollectible tax receivables within the General and Debt Service Funds are based upon historical experience in collecting property taxes. Uncollectible personal property taxes are periodically reviewed and written off, but the District is prohibited from writing off real property taxes without specific statutory authority from the Texas Legislature.

c. Inventories and Prepaid Items

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

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

d. 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	Estimated Useful Lives
Buildings	30
Building Improvements	10-30
Vehicles	5-15
Office Equipment	5

e. Deferred Outflows and Inflows of Resources

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

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

f. Receivable and Payable Balances

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

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

g. Interfund Activity

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

h. Use of Estimates

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

i. Data Control Codes

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

j. Fund Balances - Governmental Funds

Fund balances of the governmental funds are classified as follows:

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

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

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

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

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

k. Net Position Flow Assumption

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

l. Fund Balance Flow Assumptions

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

4. 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.

5. Other Post-Employment Benefits

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

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6. Implementation of New Standards

In the current fiscal year, the District implemented the following new standards. The applicable provisions of the new standards are summarized below. Implementation is reflected in the financial statements and the notes to the financial statements.

GASB 88 - Certain Disclosures Related to Debt, Including Direct Borrowing and Direct Placements

The primary objective of this statement is to improve the information that is disclosed in notes to government financial statements related to debt, including direct borrowings and direct placements. It also clarifies which liabilities governments should include when disclosing information related to debt.

This statement defines debt for purposes of disclosure in notes to financial statements as a liability that arises from a contractual obligation to pay cash (or other assets that may be used in lieu of cash) in one or more payments to settle an amount that is fixed at the date the contractual obligation is established. This statement requires that additional essential information related to debt be disclosed in notes to financial statements, including unused lines of credit; assets pledged as collateral for the debt; and terms specified in debt agreements related to significant events of default with finance-related consequences, significant termination events with finance-related consequences, and significant subjective acceleration clauses.

For notes to financial statements related to debt, this Statement also requires that existing and additional information be provided for direct borrowings and direct placements of debt separately from other debt.

GASB Statement No. 83, *Certain Asset Retirement Obligations*

This statement addresses accounting and financial reporting for certain asset retirement obligations (AROs). An ARO is a legally enforceable liability associated with the retirement of a tangible capital asset. A government that has legal obligations to perform future asset retirement activities related to its tangible capital assets should recognize a liability based on the guidance in this statement.

The District does not currently have any AROs and does not expect that implementation of the pronouncement will have an impact on the financial statements.

GASB Statement No. 90, *Majority Equity Interests - an amendment of GASB Statements No. 14 and No. 61*

The primary objectives of this Statement are to improve the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and to improve the relevance of financial statement information for certain component units. It defines a majority equity interest and specifies that a majority equity interest in a legally separate organization should be reported as an investment if a government's holding of the equity interest meets the definition of an investment. This Statement also establishes that ownership of a majority equity interest in a legally separate organization results in the government being financially accountable for the legally separate organization and, therefore, the government should report that organization as a component unit.

GASB Statement No. 84, *Fiduciary Activities*

This statement establishes standards of accounting and financial reporting by establishing specific criteria for identifying activities that should be reported as fiduciary activities and clarifying whether and how business-type activities should report their fiduciary activities. The focus of the criteria generally is on whether a government is controlling the assets of the fiduciary activity and the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities.

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B. Compliance and Accountability

1. Finance-Related Legal and Contractual Provisions

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

<u>Violation</u>	<u>Action Taken</u>
National School Lunch/Breakfast Program The District accumulated fund balances in excess of three months normal operating costs	The District is in the process of purchasing freezers to reduce the fund balance.

C. Deposits and Investments

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

1. Cash Deposits:

At August 31, 2019, the carrying amount of the District's deposits (cash, certificates of deposit, and interest-bearing savings accounts included in temporary investments) was \$38,044,139 and the bank balance was \$38,651,512. The District's cash deposits at August 31, 2019 and during the year ended August 31, 2019, were entirely covered by FDIC insurance or by pledged collateral held by the District's agent bank in the District's name.

2. Investments:

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

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

The Act determines the types of investments which are allowable for the District. These include, with certain restrictions, 1) obligations of the U.S. Treasury, U.S. agencies, and the State of Texas, 2) certificates of deposit, 3) certain municipal securities, 4) securities lending program, 5) repurchase agreements, 6) bankers acceptances, 7) mutual funds, 8) investment pools, 9) guaranteed investment contracts, and 10) commercial paper.

<u>Investment or Investment Type</u>	<u>Maturity</u>	<u>Fair Value</u>	
Short Term Investments Included with Cash Savings	N/A	27,723,834	
Investments			
Lone Star Investment Pool	N/A	206,191	AAA
Total Investments		\$ 206,191	

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3. Analysis of Specific Deposit and Investment Risks

GASB Statement No. 40 requires a determination as to whether the District was exposed to the following specific investment risks at year end and if so, the reporting of certain related disclosures:

a. Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The ratings of securities by nationally recognized rating agencies are designed to give an indication of credit risk. At year end, the District was not significantly exposed to credit risk.

b. Custodial Credit Risk

Deposits are exposed to custodial credit risk if they are not covered by depository insurance and the deposits are uncollateralized, collateralized with securities held by the pledging financial institution, or collateralized with securities held by the pledging financial institution's trust department or agent but not in the District's name.

Investment securities are exposed to custodial credit risk if the securities are uninsured, are not registered in the name of the government, and are held by either the counterparty or the counterparty's trust department or agent but not in the District's name.

At year end, the District was not exposed to custodial credit risk.

c. Concentration of Credit Risk

This risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. At year end, the District was not exposed to concentration of credit risk.

d. Interest Rate Risk

This is the risk that changes in interest rates will adversely affect the fair value of an investment. At year end, the District was not exposed to interest rate risk.

e. Foreign Currency Risk

This is the risk that exchange rates will adversely affect the fair value of an investment. At year end, the District was not exposed to foreign currency risk.

Investment Accounting Policy

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

Public Funds Investment Pools

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

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The District's investments in Pools are reported at an amount determined by the fair value per share of the pool's underlying portfolio, unless the pool is 2a7-like, in which case they are reported at share value. A 2a7-like pool is one which is not registered with the Securities and Exchange Commission ("SEC") as an investment company, but nevertheless has a policy that it will, and does, operate in a manner consistent with the SEC's Rule 2a7 of the Investment Company Act of 1940.

Lone Star

The Lone Star Investment Pool (Lone Star) is a public funds investment pool created pursuant to the Interlocal Cooperation Act, Texas Government Code, Chapter 791, and the Public Funds Investment Act, Texas Government Code, Chapter 2256. Lone Star is administered by First Public, a subsidiary of the Texas Association of School Boards (TASB), with Standish and American Beacon Advisors managing the investment and reinvestment of Lone Star's assets. State Street Bank provides custody and valuation services to Lone Star. All of the board of trustees' eleven members are Lone Star participants by either being employees or elected officials of a participant. Lone Star has established an advisory board composed of both pool members and non-members. Lone Star is rated AAA by Standard and Poor's and operated in a manner consistent with the the SEC's Rule 2a7 of the Investment Company Act of 1940. The District is invested in the Government Overnight Fund of Lone Star which seeks to maintain a net asset value of one dollar. Lone Star has 3 different funds: Government Overnight, Corporate Overnight and Corporate Overnight Plus. Government Overnight, Corporate Overnight and Corporate Overnight Plus maintain a net asset value of one dollar.

D. Capital Assets

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

	Beginning Balances	Increases	Decreases	Ending Balances
Governmental activities:				
<i>Capital assets not being depreciated:</i>				
Land	\$ 6,258,699	\$ 516,488	\$ --	\$ 6,775,187
Construction in progress	39,908,503	1,836,765	--	41,745,268
Total capital assets not being depreciated	<u>46,167,202</u>	<u>2,353,253</u>	<u>--</u>	<u>48,520,455</u>
<i>Capital assets being depreciated:</i>				
Buildings and improvements	82,990,984	257,091	--	83,248,075
Equipment	3,610,863	127,940	895,325	2,843,478
Vehicles	3,974,170	86,274	383,617	3,676,827
Total capital assets being depreciated	<u>90,576,017</u>	<u>471,305</u>	<u>1,278,942</u>	<u>89,768,380</u>
Less accumulated depreciation for:				
Buildings and improvements	(41,967,470)	(2,497,683)	--	(44,465,153)
Equipment	(3,042,323)	(160,969)	(895,325)	(2,307,967)
Vehicles	(2,177,057)	(192,626)	(224,676)	(2,145,007)
Total accumulated depreciation	<u>(47,186,850)</u>	<u>(2,851,278)</u>	<u>(1,120,001)</u>	<u>(48,918,127)</u>
Total capital assets being depreciated, net	43,389,167	(2,379,973)	158,941	40,850,253
Governmental activities capital assets, net	<u>\$ 89,556,369</u>	<u>\$ (26,720)</u>	<u>\$ 158,941</u>	<u>\$ 89,370,708</u>

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Depreciation was charged to functions as follows:

Instruction	\$ 1,541,753
Instructional Resources and Media Services	36,955
Curriculum and Staff Development	10,369
Instructional Leadership	32,967
School Leadership	151,809
Guidance, Counseling, & Evaluation Services	85,874
Social Work Services	4,520
Health Services	16,218
Student Transportation	192,626
Food Services	149,682
Extracurricular Activities	94,382
General Administration	75,240
Plant Maintenance and Operations	413,155
Security and Monitoring Services	7,710
Data Processing Services	30,840
Community Services	7,179
	<u>\$ 2,851,279</u>

E. Interfund Balances and Activities

1. Due To and From Other Funds

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

<u>Due To Fund</u>	<u>Due From Fund</u>	<u>Amount</u>	<u>Purpose</u>
General Fund	General Fund	\$ 108,203	Short-term loans
	Total	<u>\$ 108,203</u>	

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

F. Long-Term Obligations

The District has entered into a continuing disclosure undertaking to provide Annual Reports and Material Event Notices to the State Information Depository of Texas, which is the Municipal Advisory Council. This information is required under SEC Rule 15c2-12 to enable investors to analyze the financial condition and operations of the District.

1. Long-Term Obligation Activity

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

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>	<u>Amounts Due Within One Year</u>
Governmental activities:					
Unlimited Tax School Building Bonds, Series 2014, 2.00% - 4.00%	45,510,000		6,945,000	38,565,000	7,230,000
Total bonds payable	\$ 45,510,000	\$ --	\$ 6,945,000	\$ 38,565,000	\$ 7,230,000
IBNR	70,844		39,794	31,050	
Premium	1,897,145		316,191	1,580,954	
Total	<u>47,477,989</u>	<u>--</u>	<u>7,300,985</u>	<u>40,177,004</u>	<u>7,230,000</u>
Due Within One Year				<u>7,230,000</u>	
Due in More than One Year				<u>32,947,004</u>	

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* Other long-term liabilities

The funds typically used to liquidate other long-term liabilities in the past are as follows:

<u>Liability</u>	<u>Activity Type</u>	<u>Fund</u>
Compensated absences	Governmental	199
Claims and judgments	Governmental	199
Net Pension Liability *	Governmental	199

2. Debt Service Requirements

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

<u>Year Ending August 31,</u>	<u>Governmental Activities</u>	
	<u>Bonds</u>	
	<u>Principal</u>	<u>Interest</u>
2020	\$ 7,230,000	1,084,650
2021	7,485,000	827,775
2022	7,715,000	599,775
2023	7,945,000	364,875
2024	8,190,000	122,850
Totals	<u>\$ 38,565,000</u>	<u>\$ 2,999,925</u>

G. Risk Management

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

H. Pension Plan

1. Plan Description

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

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

2. Pension Plan Fiduciary Net Position

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

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3. Benefits Provided

TRS provides service and disability retirement, as well as death and survivor benefits, to eligible employees (and their beneficiaries) of public and higher education in Texas. The pension formula is calculated using 2.3 percent (multiplier) times the average of the five highest annual creditable salaries times years of credited service to arrive at the annual standard annuity except for members who are grandfathered, the three highest annual salaries are used. The normal service retirement is at age 65 with 5 years of credited service or when the sum of the member's age and years of credited service equals 80 or more years. Early retirement is at age 55 with 5 years of service credit or earlier than 55 with 30 years of service credit. There are additional provisions for early retirement if the sum of the member's age and years of service credit total at least 80, but the member is less than age 60 or 62 depending on date of employment, or if the member was grandfathered in under a previous rule. There are no automatic post-employment benefit changes; including automatic COLAs. Ad hoc post-employment benefit changes, including ad hoc COLAs can be granted by the Texas Legislature as noted in the Plan description in (1.) above.

4. Contributions

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

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

	<u>Contribution Rates</u>	
	2018	2019
Member	7.7%	7.7%
Non-Employer Contributing Entity (NECE - State)	6.8%	6.8%
Employers	6.8%	6.8%
District's 2019 Employer Contributions	\$ 569,184	
District's 2019 Member Contributions	\$ 1,748,181	
2018 NECE On-Behalf Contributions (state)	\$ 1,168,240	

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

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

- On the portion of the member's salary that exceeds the statutory minimum for members entitled to the statutory minimum under Section 21.402 of the Texas Education Code.

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

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

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

5. Actuarial Assumptions

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

Valuation Date	August 31, 2017 rolled forward to August 31, 2018
Actuarial Cost Method	Individual Entry Age Normal
Asset Valuation Method	Market Value
Single Discount Rate	6.907%
Long-term expected Investment Rate of Return	7.25%
Inflation	2.30%
Salary Increases including inflation	3.05% to 9.05%
Payroll Growth Rate	3.00%
Benefit Changes during the year	None
Ad hoc post-employment benefit changes	None

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

6. Discount Rate

The single discount rate used to measure the total pension liability was 6.907%. The single discount rate was based on the expected rate of return on the pension plan investments of 7.25 percent and a municipal bond rate of 3.69 percent. The projection of cash flows used to determine the discount rate assumed the contributions from plan members and those of the contributing employers and the non-employer contributing entity are made at the statutorily required rates. Based on those assumptions, the pension plan's fiduciary net position was sufficient to finance the benefit payments until the year 2069. As a result, the long-term expected rate of return on pension plan investments was applied to projected benefit payments through the year 2069, and the municipal on pension plan investments was determined using a building-block method in which best-estimates ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the Systems target asset allocation as of August 31, 2018 are summarized below:

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Teacher Retirement System of Texas			
Asset Allocation and Long-Term Expected Rate of Return			
As of August 31, 2016			
Asset Class	Target Allocation	Long-term Expected Geometric Real Rate of Return	Expected Contribution to Long-term Portfolio Returns *
Global Equity			
U.S.	18.0%	5.7%	1.0%
Non-U.S. Developed	13.0%	6.9%	0.9%
Emerging Markets	9.0%	8.9%	0.8%
Directional Hedge Funds	4.0%	3.5%	0.1%
Private Equity	13.0%	10.2%	1.3%
Stable Value			
U.S. Treasuries	11.0%	1.1%	0.1%
Absolute Return	0.0%	0.0%	0.0%
Stable Value Hedge Funds	4.0%	3.1%	0.1%
Cash	1.0%	-0.3%	0.0%
Real Return			
Global Inflation Linked Bonds	3.0%	0.7%	0.0%
Real Assets	14.0%	5.2%	0.7%
Energy & Natural Resources	5.0%	7.5%	0.4%
Commodities	0.0%	0.0%	0.0%
Risk Parity			
Risk Parity	5.0%	3.7%	0.2%
Inflation Expectation			2.3%
Alpha			-0.8%
Total	100.0%		7.2%

* Target allocation are based on the FY 2016 policy model.

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

7. Discount Rate Sensitivity Analysis

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

	1% Decrease in Discount Rate 5.907%	Discount Rate 6.907%	1% Increase in Discount Rate 7.907%
District's proportionate share of the net pension liability	\$ 12,354,080	\$ 8,185,631	\$ 4,811,024

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

At August 31, 2019, the District reported a liability of \$8,185,631 for its proportionate share of the TRS's net pension liability. This liability reflects a reduction for State pension support provided to the District. The amount recognized by the District as its proportionate share of the net pension liability, the related State support, and the total portion of the net pension liability that was associated with the District were as follows:

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District's proportionate share of the collective net pension liability	\$ 8,185,631
State's proportionate share that is associated with District	<u>19,099,929</u>
Total	<u>\$ 27,285,560</u>

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

At August 31, 2018 the employer's proportion of the collective net pension liability was 0.0148715%. which was an increase (decrease) of 0.0148715% from its proportion measured as of August 31, 2017.

Changes Since the Prior Actuarial Valuation -

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

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

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

For the year ended August 31, 2019, the District recognized pension expense of \$1,890,384 and revenue of \$653,380 for support provided by the State.

At August 31, 2019, the District reported its proportionate share of the TRS' deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:
 (The amounts below will be the cumulative layers from the current and prior years combined)

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	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ 51,023	\$ 200,843
Changes in actuarial assumptions	2,951,314	92,229
Difference between projected and actual investment earnings	--	155,317
Changes in proportion and difference between the District's contributions and the proportionate share of contributions	536,399	401,698
Contributions paid to TRS subsequent to the measurement date [to be calculated by employer]	569,184	--
Total	\$ 4,107,920	\$ 850,087

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

Year Ended August 31	Pension Expense Amount
2020	\$ 755,484
2021	\$ 428,633
2022	\$ 338,639
2023	\$ 426,799
2024	\$ 432,967
Thereafter	\$ 306,127

I. Defined Other Post-Employment Benefit Plans

1. Plan Description

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

2. OPEB Plan Fiduciary Net Position

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

3. Benefits Provided

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

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Eligible retirees and their dependents not enrolled in Medicare may pay premiums to participate in one of two optional insurance plans with more comprehensive benefits (TRS-Care 2 and TRS-Care 3). Eligible retirees and dependents enrolled in Medicare may elect to participate in one of the two Medicare health plans for an additional fee. To qualify for TRS-Care coverage, a retiree must have at least 10 years of service credit in the TRS pension system. The Board of Trustees is granted the authority to establish basic and optional group insurance coverage for participants as well as to amend benefit terms as needed under Chapter 1575.052. There are no automatic post-employment benefit changes, including automatic COLAs.

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

TRS-Care Monthly for Retirees January 1, 2018 thru December 31, 2018		
	Medicare	Non-Medicare
Retiree*	\$ 135	\$ 200
Retiree and Spouse	529	689
Retiree* and Children	468	408
Retiree and Family	1,020	999

* or surviving spouse

4. Contributions

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

Texas Insurance Code, section 1575.202 establishes the state's contribution rate which is 1.25 percent of the employee's salary. Section 1575.203 establishes the active employee's rate which is 0.75 percent of pay. Section 1575.204 establishes an employer contribution rate of not less than 0.25 percent or not more than 0.75 percent of the salary of each active employee of the public. The actual employer contribution rate is prescribed by the Legislature in the General Appropriations Act. The following table shows contributions to the TRS-Care plan by type of contributor.

Contribution Rates		
	2018	2019
Active Employee	0.65%	0.65%
Non-Employer Contributing Entity (State)	1.25%	1.25%
Employers	0.75%	0.75%
Federal/private Funding remitted by Employers	1.25%	1.25%
District's 2019 Employer Contributions	\$	199,864
District's 2019 Member Contributions	\$	147,231
2018 NECE On-Behalf Contributions (state)	\$	253,793

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In addition to the employer contributions listed above, there is an additional surcharge all TRS employers are subject to (regardless of whether they participate in the TRS Care OPEB program). When hiring a TRS retiree, employers are required to pay to TRS-Care a monthly surcharge of \$535 per retiree.

TRS-Care received supplemental appropriations from the State of Texas as the Non-Employer Contributing Entity in the amount of \$182.6 million in fiscal year 2018. The 85th Texas Legislature, House Bill 30 provided an additional \$212 million in one-time, supplemental funding for the FY2018-19 biennium to continue to support the program. This was also received in FY2018 bringing the total appropriations received in fiscal year 2018 to \$394.6 million.

5. Actuarial Assumptions

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

The actuarial valuation of TRS-Care is similar to the actuarial valuations performed on the pension plan, except that the OPEB valuation is more complex. All of the demographic assumptions, including rates of retirement, termination, and disability, and most of the economic assumptions, including general inflation, salary increases, and general payroll growth, used in the OPEB valuation were identical to those used in the respective TRS pension valuation. Since the assumptions were based upon a recent actuarial experience study performed and they were reasonable for this OPEB valuation, they were employed in the 2018 CAFR for the Teacher Retirement System of Texas.

The following assumptions and other inputs used for members of TRS-Care are identical to the assumptions used in the August 31, 2017 TRS pension actuarial valuation that was rolled forward to August 31, 2018:

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

Additional Actuarial Methods and Assumptions:

Valuation Date	August 31, 2017 rolled forward to August 31, 2018
Actuarial Cost Method	Individual Entry Age Normal
Inflation	2.30%
Single Discount Rate *	3.69% *
Aging Factors	Based on plan specific experience
Expenses	Third-party administrative expenses related to the delivery of health care benefits are included in the age-adjusted claims costs.
Payroll Growth Rate	3.00%
Projected Salary Increases	3.05% to 9.05%, including inflation ***
Healthcare Trend Rates **	8.50% **
Election Rates	Normal Retirement: 70% participation prior to age 65 and 75% after age 65.
Ad Hoc Post-Employment Benefit Changes	None

*Sourced from fixed income municipal bonds with 20 years to maturity that include only federal tax-exempt municipal bonds as reported in Fidelity Index's "20-year Municipal GO AA Index" as of August 31, 2018.

**8.50% for FY2019, decreasing 0.5% per year to 4.50% for FY2027 and later years.

*** Includes inflation at 2.5%.

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6. Discount Rate

A single discount rate of 3.69% was used to measure the total OPEB liability. There was an increase of .27 percent in the discount rate since the previous year. Because the plan is essentially a "pay-as-you-go" plan, the single discount rate is equal to the prevailing municipal bond rate. The projection of cash flows used to determine the discount rate assumed that contributions from active members and those of the contributing employers and the non-employer contributing entity are made at the statutorily required rates. Based on those assumptions, the OPEB plan's fiduciary net position was projected to not be able to make all future benefit payments of current plan members. Therefore, the municipal bond rate was applied to all periods of projected benefit payments to determine the total OPEB liability.

7. Discount Rate Sensitivity Analysis

The following schedule shows the impact of the Net OPEB Liability if the discount rate used was 1% less than and 1% greater than the discount rate that was used in measuring the net OPEB liability.

	1% Decrease in Discount Rate (2.69%)	Current Single Discount Rate (3.69%)	1% Increase in Discount Rate (4.69%)
District's proportionate share of net OPEB liability	\$ 16,474,386	\$ 13,840,026	\$ 11,756,078

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

At August 31, 2019, the District reported a liability of \$13,840,026 for its proportionate share of the TRS's Net OPEB liability. This liability reflects a reduction for State OPEB support provided to the District. The amount recognized by the District as its proportionate share of the net OPEB liability, the related State support, and the total portion of the net OPEB liability that was associated with the District were as follows:

District's proportionate share of the collective net OPEB liability	\$ 13,840,026
State's proportionate share that is associated with the District	\$ <u>18,391,032</u>
Total	\$ <u>32,231,058</u>

The Net OPEB liability was measured as of August 31, 2017 and rolled forward to August 31, 2018 and the Total OPEB Liability used to calculate the Net OPEB liability was determined by an actuarial valuation as of that date. The District's proportion of the Net OPEB liability was based on the District's contributions to OPEB relative to the contributions of all employers to the plan for the period September 1, 2017 thru August 31, 2018.

At August 31, 2019 the District's proportion of the collective net OPEB liability was 0.0277184.

The following schedule shows the impact of the net OPEB liability if a healthcare trend rate that is 1% less than and 1% greater than the assumed 8.5% rate is used.

	1% Decrease in Healthcare Trend Rate (7.5%)	Current Single Healthcare Trend Rate (8.5%)	1% Increase in Healthcare Tren Rate (9.5%)
District's proportionate share of net OPEB liability	\$ 11,494,367	\$ 13,840,026	\$ 16,929,310

9. Changes Since the Prior Actuarial Valuation

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

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

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

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

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

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

Changes of benefit terms that affected measurement of the total OPEB liability during the measurement period are listed below:

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

- Created a high-deductible health plan that provides a zero cost for generic prescriptions for certain preventive drugs and provides a zero premium for disability retirees who retired as a disability retiree on or before January 1, 2017 and are not eligible to enroll in Medicare.
- Created a single Medicare Advantage plan and Medicare prescription drug plan for all Medicare-eligible participants.
- Allowed the System to provide other appropriate health benefit plans to address the needs of enrollees eligible for Medicare.
- Allowed eligible retirees and their eligible dependents to enroll in TRS-Care when the retiree reaches 65 years of age, rather than waiting for the next enrollment period.
- Eliminated free coverage under TRS-Care, except for certain disability retirees enrolled during Plan Years 2018 through 2021, requiring members to contribute \$200 per month toward their health insurance premiums.

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For the year ended August 31, 2019, the District recognized OPEB expense of \$668,955 and revenue of \$668,955 for support provided by the State.

At August 31, 2019, the District reported its proportionate share of the TRS's deferred outflows of resources and deferred inflows of resources related to other post-employment benefits from the following sources:

	Deferred Outflow of Resources	Deferred Inflow of Resources
Differences between expected and actual economic experience	\$ 734,439	\$ 218,416
Changes in actuarial assumptions	230,953	4,158,134
Differences between projected and actual investment earnings	2,420	
Changes in proportion and difference between the District's contributions and the proportionate share of contributions	50	134,111
Contributions paid to TRS subsequent to the measurement date	199,864	
Total	\$ 1,167,726	\$ 4,510,661

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

Year ended August 31,	Amount
2020	\$ (561,387)
2021	\$ (561,387)
2022	\$ (561,387)
2023	\$ (561,845)
2024	\$ (562,107)
Thereafter	\$ (734,686)

10. Medicare Part D Subsidies

The Medicare Prescription Drug, Improvement, and Modernization Act of 2003, which was effective January 1, 2006, established prescription drug coverage for Medicare beneficiaries known as Medicare Part D. One of the provisions of Medicare Part D allows for the Texas Public School Retired Employee Group Insurance Program (TRS-Care) to receive retiree drug subsidy payments from the federal government to offset certain prescription drug expenditures for eligible TRS-Care participants. For the current fiscal year ended August 31, 2019, the subsidy payment received by TRS-Care on behalf of the District was \$83,555.

J. Employee Health Care Coverage

During the year ended August 31, 2019, employees of the District were covered by a health insurance plan (the Plan). The District paid premiums of \$355 per month per employee to the Plan. Employees, at their option, authorized payroll withholdings to pay premiums for dependents. All premiums were paid to a third party administrator, acting on behalf of the licensed insurer. The Plan was authorized by Section 21.922, Texas Education Code and was documented by contractual agreement.

The contract between the District and the third party administrator is renewable September 1, and terms of coverage and premium costs are included in the contractual provisions.

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and premium costs are included in the contractual provisions.

Latest financial statements for the are available and have been filed with the Texas State Board of Insurance, Austin, Texas, and are public records.

K. Commitments and Contingencies

1. Contingencies

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

L. Chapter 313

On November 26, 2012, November 9, 2015 and May 14, 2018 the District approved property tax abatement agreements with Hydrocarbon Fractionation Plant, Formosa Plastics Corporation and Nan Ya Plastics, respectively for a Limitation On Appraised Value of Property for School District Maintenance and Operation Taxes pursuant to the Chapter 313 of the Texas Tax Code, i.e. the Texas Economic Development Act, as set forth in Chapter 313 of the Texas Tax Code, as amended. Trinity Hills Wind Farm qualified for a tax limitation agreement under Texas Tax Code 313.024 (b)(5), as a renewable energy electric generation project.

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

In order to qualify for a value limitation agreement, each applicant, including Hydrocarbon Fractionation Plant, Formosa Plastics Corporation and Nan Ya Plastics have been required to meet a series of capital investment, job creation, and wage requirements specified by state law. At the time of the application's approval, the agreement was found to have done so by both the District's Board of Trustees and the Texas Comptroller's Office, which recommended approval of the project. The application, the agreements and state reporting requirement documentation can be viewed at the Texas Comptroller's website:

<https://www.comptroller.texas.gov/economy/local/ch313/agreement-docs.php>.

The agreements and all supporting documentation were assigned Texas Comptroller Application No. 235,1048 and 1227 After approval, the applicant company must maintain a viable presence in the district for the entire period of the value limitation plus a period of years thereafter. In addition, there are specific reporting requirements, which are monitored on an annual and biennial basis in order to ensure relevant job, wage, and operational requirements are being met.

In the event that Hydrocarbon Fractionation Plant, Formosa Plastics Corporation or Nan Ya Plastics terminates this Agreement without the consent of the District, or in the event that the company or its successor-in-interest fails to comply in any material respect with the terms of this Agreement or to meet any material obligation under this Agreement, then the District shall be entitled to the recapture of all ad valorem tax revenue lost as a result of this Agreement together with the payment of penalty and interest.

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Project: Hydrocarbon Fractionation Plant (Application #235)
 First Year Value Limitation: 2015

Project Value	Project's Value Limitation Amount	Amount of Applicant's M&O Taxes Paid	Amount of Applicant's M&O Taxes Reduced	Company Revenue Loss Payment to School District	Company Supplemental Payment to School District	Net Benefit (Loss) to the School District
2018 <u>\$56,090,300</u>	<u>\$30,000,000</u>	<u>\$ 211,591</u>	<u>\$ 371,804</u>	<u>\$ 2,110</u>	<u>\$ 166,363</u>	<u>\$ 168,473</u>

Project: Formosa Plastics Corporation, Texas (Application # 1048)
 First Year Value Limitation: 2018

Project Value	Project's Value Limitation Amount	Amount of Applicant's M&O Taxes Paid	Amount of Applicant's M&O Taxes Reduced	Company Revenue Loss Payment to School District	Company Supplemental Payment to School District	Net Benefit (Loss) to the School District
2018 <u>\$213,340,990</u>	<u>\$ 30,000,000</u>	<u>\$ 312,030</u>	<u>\$ 1,906,930</u>	<u>\$ 1,615,228</u>	<u>\$ 131,266</u>	<u>\$ 1,746,494</u>

Project: Nan Ya Plastics (Application # 1227)
 First Year Value Limitation: 2018

Project Value	Project's Value Limitation Amount	Amount of Applicant's M&O Taxes Paid	Amount of Applicant's M&O Taxes Reduced	Company Revenue Loss Payment to School District	Company Supplemental Payment to School District	Net Benefit (Loss) to the School District
2018 <u>--</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ 367,600</u>	<u>\$ 367,600</u>

Required Supplementary Information

Required supplementary information includes financial information and disclosures required by the Governmental Accounting Standards Board but not considered a part of the basic financial statements.

CALHOUN COUNTY INDEPENDENT SCHOOL DISTRICT
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED AUGUST 31, 2019

EXHIBIT G-1

Data Control Codes	1		2	3	Variance with Final Budget Positive (Negative)
	Budgeted Amounts			Actual	
	Original	Final			
REVENUES:					
5700	Local and Intermediate Sources	\$ 39,199,733	\$ 38,544,033	\$ 38,718,763	\$ 174,730
5800	State Program Revenues	4,843,316	4,531,531	5,133,611	602,080
5900	Federal Program Revenues	--	1,059,000	1,293,520	234,520
5020	Total Revenues	<u>44,043,049</u>	<u>44,134,564</u>	<u>45,145,894</u>	<u>1,011,330</u>
EXPENDITURES:					
Current:					
Instruction & Instructional Related Services:					
0011	Instruction	19,884,800	18,739,362	18,714,513	24,849
0012	Instructional Resources and Media Services	374,468	354,468	347,142	7,326
0013	Curriculum and Staff Development	82,032	80,936	75,764	5,172
	Total Instruction & Instr. Related Services	<u>20,341,300</u>	<u>19,174,766</u>	<u>19,137,419</u>	<u>37,347</u>
Instructional and School Leadership:					
0021	Instructional Leadership	505,644	403,728	395,180	8,548
0023	School Leadership	2,087,630	2,052,803	2,037,573	15,230
	Total Instructional & School Leadership	<u>2,593,274</u>	<u>2,456,531</u>	<u>2,432,753</u>	<u>23,778</u>
Support Services - Student (Pupil):					
0031	Guidance, Counseling and Evaluation Services	1,099,565	1,153,415	1,148,436	4,979
0032	Social Work Services	41,807	43,807	41,039	2,768
0033	Health Services	253,405	268,405	260,062	8,343
0034	Student (Pupil) Transportation	1,198,688	988,688	965,270	23,418
0036	Cocurricular/Extracurricular Activities	1,324,665	1,457,165	1,429,675	27,490
	Total Support Services - Student (Pupil)	<u>3,918,130</u>	<u>3,911,480</u>	<u>3,844,482</u>	<u>66,998</u>
Administrative Support Services:					
0041	General Administration	1,397,681	1,271,609	1,258,296	13,313
	Total Administrative Support Services	<u>1,397,681</u>	<u>1,271,609</u>	<u>1,258,296</u>	<u>13,313</u>
Support Services - Nonstudent Based:					
0051	Plant Maintenance and Operations	4,958,931	6,195,146	6,057,182	137,964
0052	Security and Monitoring Services	227,386	267,386	265,346	2,040
0053	Data Processing Services	726,133	696,133	693,365	2,768
	Total Support Services - Nonstudent Based	<u>5,912,450</u>	<u>7,158,665</u>	<u>7,015,893</u>	<u>142,772</u>
Ancillary Services:					
0061	Community Services	84,156	85,156	83,587	1,569
	Total Ancillary Services	<u>84,156</u>	<u>85,156</u>	<u>83,587</u>	<u>1,569</u>
Intergovernmental Charges:					
0091	Contracted Instr. Services Between Public Schools	7,429,822	8,560,022	6,541,383	2,018,639
0099	Other Intergovernmental Charges	626,467	626,567	626,493	74
	Total Intergovernmental Charges	<u>8,056,289</u>	<u>9,186,589</u>	<u>7,167,876</u>	<u>2,018,713</u>
6030	Total Expenditures	<u>42,303,280</u>	<u>43,244,795</u>	<u>40,940,306</u>	<u>2,304,489</u>
1100	Excess (Deficiency) of Revenues Over (Under)				
1100	Expenditures	<u>1,739,769</u>	<u>889,769</u>	<u>4,205,588</u>	<u>3,315,819</u>
1200	Net Change in Fund Balance	<u>1,739,769</u>	<u>889,769</u>	<u>4,205,588</u>	<u>3,315,819</u>
0100	Fund Balance - Beginning	<u>25,393,664</u>	<u>25,393,664</u>	<u>25,393,664</u>	--
3000	Fund Balance - Ending	<u>\$ 27,133,433</u>	<u>\$ 26,283,433</u>	<u>\$ 29,599,252</u>	<u>\$ 3,315,819</u>

CALHOUN COUNTY INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF THE DISTRICT'S PROPORTIONATE
SHARE OF THE NET PENSION LIABILITY
TEACHER RETIREMENT SYSTEM OF TEXAS
LAST TEN FISCAL YEARS *

	Fiscal Year			
	2018	2017	2016	2015
District's proportion of the net pension liability (asset)	0.01487149370%	0.01537604430%	0.01613223660%	0.01708810000%
District's proportionate share of the net pension liability (asset)	\$ 8,185,631	\$ 4,916,431	\$ 6,096,132	\$ 6,040,416
State's proportionate share of the net pension liability (asset) associated with the District	19,099,929	11,724,766	14,864,443	14,351,802
Total	\$ 27,285,560	\$ 16,641,197	\$ 20,960,575	\$ 20,392,218
District's covered-employee payroll	\$ 21,929,758	\$ 21,906,118	\$ 22,478,000	\$ 21,994,796
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	37.33%	22.44%	27.12%	27.46%
Plan fiduciary net position as a percentage of the total pension liability	73.74%	82.17%	78.00%	78.43%
				83.25%

* This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, this schedule provides the information only for those years for which information is available.

CALHOUN COUNTY INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF DISTRICT CONTRIBUTIONS
TEACHER RETIREMENT SYSTEM OF TEXAS
LAST TEN FISCAL YEARS *

	Fiscal Year				
	2019	2018	2017	2016	2015
Contractually required contribution	\$ 569,184	\$ 503,783	\$ 503,937	\$ 512,567	\$ 505,986
Contributions in relation to the contractually required contribution	(569,184)	(503,783)	(503,937)	(512,567)	(505,986)
Contribution deficiency (excess)	\$ --	\$ --	\$ --	\$ --	\$ --
District's covered-employee payroll	\$ 23,089,638	\$ 21,929,758	\$ 21,906,118	\$ 22,478,000	\$ 21,994,796
Contributions as a percentage of covered-employee payroll	2.47%	2.30%	2.30%	2.28%	2.30%

* This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, this schedule provides the information for those years for which information is available.

CALHOUN COUNTY INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF THE DISTRICT'S PROPORTIONATE
SHARE OF THE NET OPEB LIABILITY
TEACHER RETIREMENT SYSTEM OF TEXAS
LAST TEN FISCAL YEARS *

	<u>2018</u>	<u>2017</u>
District's proportion of the collective net OPEB liability	0.0277183505%	0.0279620480%
District's proportionate share of the collective net OPEB liability	\$ 13,840,026	\$ 12,159,646
State proportionate share of the collective net OPEB liability associated with the District	\$ 18,391,032	\$ 17,042,404
Total	<u>\$ 32,231,058</u>	<u>\$ 29,202,050</u>
District's covered-employee payroll	\$ 21,929,758	\$ 21,906,118
District's proportionate share of the net OPEB liability as a percentage of its covered-employee payroll	63.11%	55.51%
Plan fiduciary net position as a percentage of the total OPEB liability	1.57%	0.91%

* This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, this schedule provides the information only for those years for which information is available.

CALHOUN COUNTY INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF THE DISTRICT'S OPEB CONTRIBUTIONS
TEACHER RETIREMENT SYSTEM OF TEXAS
LAST TEN FISCAL YEARS *

	<u>2019</u>	<u>2018</u>
Statorily or contractually required District contribution	\$ 199,864	191,475
Contributions recognized by OPEB in relation to statorily or contractually required contribution	<u>(199,864)</u>	<u>(191,475)</u>
Contribution deficiency (excess)	<u>\$ 399,728</u>	<u>\$ 382,950</u>
District's covered-employee payroll	\$ 23,089,638	\$ 21,929,758
Contributions as a percentage of covered-employee payroll	0.87%	0.87%

* This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, this schedule provides the information for those years for which information is available.

CALHOUN COUNTY INDEPENDENT SCHOOL DISTRICT

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION FOR THE YEAR ENDED AUGUST 31, 2019

Budget

The official budget was prepared for adoption for all Governmental Fund Types. The budget was prepared in accordance with accounting practices generally accepted in the United States of America. The following procedures are followed in establishing the budgetary data.:

- a. Prior to August 21 of the preceding fiscal year, the District prepares a budget for the next succeeding fiscal year. The operating budget includes proposed expenditures and the means of financing them.
- b. A meeting of the Board is then called for the purpose of adopting the proposed budget after ten days' public notice of the meeting has been given.
- c. Prior to the beginning of the fiscal year, the budget is legally enacted through passage of a resolution by the Board.

Once a budget is approved, it can be amended at function and fund level only by approval of a majority of the members of the Board. Amendments are presented to the Board at its regular meetings.

Each amendment must have Board approval. Such amendments are made before the fact, are reflected in the official minutes of the Board and are not made after fiscal year end as required by law.

Each amendment is controlled by the budget coordinator at the revenue and expenditure function/object level. Budgeted amounts are as amended by the Board. All budget appropriations lapse at year end.

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 cancelled or appropriately provided for in the subsequent year's budget. There were no end-of-year outstanding encumbrances that were provided for in the subsequent year's budget.

Defined Benefit Pension Plan

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.

*Combining Statements and Budget Comparisons
as Supplementary Information*

This supplementary information includes financial statements and schedules not required by the Governmental Accounting Standards Board, nor a part of the basic financial statements, but are presented for purposes of additional analysis.

CALHOUN COUNTY INDEPENDENT SCHOOL DISTRICT
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
AUGUST 31, 2019

Data Control Codes	Special Revenue Funds	Capital Projects Fund	Total Nonmajor Governmental Funds (See Exhibit C-1)
ASSETS:			
1110 <i>Cash and Cash Equivalents</i>	\$ 1,969,807	\$ 1,724,207	\$ 3,694,014
1120 <i>Current Investments</i>	206,104	86	206,190
1240 <i>Due from Other Governments</i>	222,099	--	222,099
1300 <i>Inventories</i>	41,832	--	41,832
1000 Total Assets	<u>2,439,842</u>	<u>1,724,293</u>	<u>4,164,135</u>
LIABILITIES:			
Current Liabilities:			
2110 <i>Accounts Payable</i>	\$ 236,897	\$ --	\$ 236,897
2180 <i>Due to Other Governments</i>	63,187	--	63,187
2300 <i>Unearned Revenue</i>	23,199	--	23,199
2000 Total Liabilities	<u>323,283</u>	<u>--</u>	<u>323,283</u>
FUND BALANCES:			
Nonspendable Fund Balances:			
3410 <i>Inventories</i>	41,832	--	41,832
Restricted Fund Balances:			
3450 <i>Federal/State Funds Grant Restrictions</i>	919,115	--	919,115
3490 <i>Other Restrictions of Fund Balance</i>	757,401	--	757,401
Committed Fund Balances:			
3510 <i>Construction</i>	--	1,724,293	1,724,293
Unassigned, Reported in Nonmajor:			
3610 <i>Special Revenue Funds</i>	398,211	--	398,211
3000 Total Fund Balances	<u>2,116,559</u>	<u>1,724,293</u>	<u>3,840,852</u>
4000 Total Liabilities and Fund Balances	<u>\$ 2,439,842</u>	<u>\$ 1,724,293</u>	<u>\$ 4,164,135</u>

CALHOUN COUNTY INDEPENDENT SCHOOL DISTRICT
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED AUGUST 31, 2019

Data Control Codes	Special Revenue Funds	Capital Projects Fund	Total Nonmajor Governmental Funds (See Exhibit C-2)
REVENUES:			
5700 <i>Local and Intermediate Sources</i>	\$ 1,642,679	\$ 73,889	\$ 1,716,568
5800 <i>State Program Revenues</i>	571,069	--	571,069
5900 <i>Federal Program Revenues</i>	5,089,334	--	5,089,334
5020 Total Revenues	<u>7,303,082</u>	<u>73,889</u>	<u>7,376,971</u>
EXPENDITURES:			
Current:			
0011 <i>Instruction</i>	2,295,969	--	2,295,969
0012 <i>Instructional Resources and Media Services</i>	34,538	--	34,538
0013 <i>Curriculum and Staff Development</i>	200,230	--	200,230
0021 <i>Instructional Leadership</i>	116,781	--	116,781
0023 <i>School Leadership</i>	17,891	--	17,891
0031 <i>Guidance, Counseling, & Evaluation Services</i>	217,931	--	217,931
0032 <i>Social Work Services</i>	241	--	241
0034 <i>Student Transportation</i>	706	--	706
0035 <i>Food Service</i>	2,302,712	--	2,302,712
0036 <i>Cocurricular/Extracurricular Activities</i>	149,550	--	149,550
0041 <i>General Administration</i>	16,398	--	16,398
0051 <i>Facilities Maintenance and Operations</i>	799,468	52,430	851,898
0052 <i>Security and Monitoring Services</i>	67,163	--	67,163
0061 <i>Community Services</i>	86,558	--	86,558
0081 <i>Capital Outlay</i>	--	3,214,868	3,214,868
6030 Total Expenditures	<u>6,306,136</u>	<u>3,267,298</u>	<u>9,573,434</u>
1100 Excess (Deficiency) of Revenues Over (Under)			
1100 Expenditures	996,946	(3,193,409)	(2,196,463)
1200 Net Change in Fund Balances	<u>996,946</u>	<u>(3,193,409)</u>	<u>(2,196,463)</u>
0100 Fund Balances - Beginning	1,119,613	4,917,702	6,037,315
3000 Fund Balances - Ending	<u>\$ 2,116,559</u>	<u>\$ 1,724,293</u>	<u>\$ 3,840,852</u>

CALHOUN COUNTY INDEPENDENT SCHOOL DISTRICT
COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS
AUGUST 31, 2019

Data Control Codes	206 ESEA Title X Part C Homeless	211 ESEA Title I Improving Basic Programs	224 IDEA-B Formula	240 National School Breakfast/Lunch Program	
ASSETS:					
1110	Cash and Cash Equivalents	\$ (1,302)	\$ (631)	\$ 41,872	\$ 683,212
1120	Current Investments	--	--	--	206,104
1240	Due from Other Governments	1,302	631	458	173,697
1300	Inventories	--	--	--	41,832
1000	Total Assets	<u>--</u>	<u>--</u>	<u>42,330</u>	<u>1,104,845</u>
LIABILITIES:					
Current Liabilities:					
2110	Accounts Payable	\$ --	\$ --	\$ --	\$ 143,898
2180	Due to Other Governments	--	--	42,330	--
2300	Unearned Revenue	--	--	--	--
2000	Total Liabilities	<u>--</u>	<u>--</u>	<u>42,330</u>	<u>143,898</u>
FUND BALANCES:					
Nonspendable Fund Balances:					
3410	Inventories	--	--	--	41,832
Restricted Fund Balances:					
3450	Federal/State Funds Grant Restrictions	--	--	--	919,115
3490	Other Restrictions of Fund Balance	--	--	--	--
Unassigned, Reported in Nonmajor:					
3610	Special Revenue Funds	--	--	--	--
3000	Total Fund Balances	<u>--</u>	<u>--</u>	<u>--</u>	<u>960,947</u>
4000	Total Liabilities and Fund Balances	<u>\$ --</u>	<u>\$ --</u>	<u>\$ 42,330</u>	<u>\$ 1,104,845</u>

255 ESEA Title II Training & Recruiting	270 ESEA, Title VI Part B, Subpart 2 Rural School	392 Non-Educational Community-Based Support	410 State Textbook Fund	461 Campus Activity Funds
\$ (13,846)	\$ (15,060)	\$ (1,605)	\$ 116,198	\$ 398,211
--	--	--	--	--
13,846	15,060	1,605	--	--
--	--	--	--	--
<u>--</u>	<u>--</u>	<u>--</u>	<u>116,198</u>	<u>398,211</u>
<u><u>--</u></u>	<u><u>--</u></u>	<u><u>--</u></u>	<u><u>116,198</u></u>	<u><u>398,211</u></u>
\$ --	\$ --	\$ --	\$ 92,999	\$ --
--	--	--	--	--
--	--	--	23,199	--
<u>--</u>	<u>--</u>	<u>--</u>	<u>116,198</u>	<u>--</u>
<u><u>--</u></u>	<u><u>--</u></u>	<u><u>--</u></u>	<u><u>116,198</u></u>	<u><u>--</u></u>
--	--	--	--	--
--	--	--	--	--
--	--	--	--	398,211
<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>398,211</u>
<u><u>--</u></u>	<u><u>--</u></u>	<u><u>--</u></u>	<u><u>116,198</u></u>	<u><u>398,211</u></u>

CALHOUN COUNTY INDEPENDENT SCHOOL DISTRICT

COMBINING BALANCE SHEET

NONMAJOR SPECIAL REVENUE FUNDS

AUGUST 31, 2019

Data Control Codes	498 Insurance Fund	499 TSR Project Mentor	Other Federal Progr Other Federal Program Funds	Total Nonmajor Special Revenue Funds (See Exhibit H-1)	
ASSETS:					
1110	Cash and Cash Equivalents	\$ 691,076	\$ 71,682	\$ --	\$ 1,969,807
1120	Current Investments	--	--	--	206,104
1240	Due from Other Governments	--	--	15,500	222,099
1300	Inventories	--	--	--	41,832
1000	Total Assets	<u>691,076</u>	<u>71,682</u>	<u>15,500</u>	<u>2,439,842</u>
LIABILITIES:					
Current Liabilities:					
2110	Accounts Payable	\$ --	\$ --	\$ --	\$ 236,897
2180	Due to Other Governments	5,357	--	15,500	63,187
2300	Unearned Revenue	--	--	--	23,199
2000	Total Liabilities	<u>5,357</u>	<u>--</u>	<u>15,500</u>	<u>323,283</u>
FUND BALANCES:					
Nonspendable Fund Balances:					
3410	Inventories	--	--	--	41,832
Restricted Fund Balances:					
3450	Federal/State Funds Grant Restrictions	--	--	--	919,115
3490	Other Restrictions of Fund Balance	685,719	71,682	--	757,401
Unassigned, Reported in Nonmajor:					
3610	Special Revenue Funds	--	--	--	398,211
3000	Total Fund Balances	<u>685,719</u>	<u>71,682</u>	<u>--</u>	<u>2,116,559</u>
4000	Total Liabilities and Fund Balances	<u>\$ 691,076</u>	<u>\$ 71,682</u>	<u>\$ 15,500</u>	<u>\$ 2,439,842</u>

CALHOUN COUNTY INDEPENDENT SCHOOL DISTRICT
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED AUGUST 31, 2019

Data Control Codes	206 ESEA Title X Part C Homeless	211 ESEA Title I Improving Basic Programs	224 IDEA-B Formula	225 IDEA-B Preschool Grant
REVENUES:				
5700 <i>Local and Intermediate Sources</i>	\$ --	\$ --	\$ --	\$ --
5800 <i>State Program Revenues</i>	--	--	--	--
5900 <i>Federal Program Revenues</i>	15,343	944,036	822,371	22,900
5020 Total Revenues	<u>15,343</u>	<u>944,036</u>	<u>822,371</u>	<u>22,900</u>
EXPENDITURES:				
Current:				
0011 <i>Instruction</i>	5,088	542,769	797,289	22,900
0012 <i>Instructional Resources and Media Services</i>	--	--	--	--
0013 <i>Curriculum and Staff Development</i>	8,953	18,003	9,596	--
0021 <i>Instructional Leadership</i>	--	101,324	1,727	--
0023 <i>School Leadership</i>	--	--	--	--
0031 <i>Guidance, Counseling, & Evaluation Services</i>	--	203,924	13,439	--
0032 <i>Social Work Services</i>	--	241	--	--
0034 <i>Student Transportation</i>	--	--	--	--
0035 <i>Food Service</i>	--	--	--	--
0036 <i>Cocurricular/Extracurricular Activities</i>	--	--	--	--
0041 <i>General Administration</i>	1,302	--	--	--
0051 <i>Facilities Maintenance and Operations</i>	--	--	320	--
0052 <i>Security and Monitoring Services</i>	--	--	--	--
0061 <i>Community Services</i>	--	77,775	--	--
6030 Total Expenditures	<u>15,343</u>	<u>944,036</u>	<u>822,371</u>	<u>22,900</u>
1100 Excess (Deficiency) of Revenues Over (Under)	--	--	--	--
1100 Expenditures	--	--	--	--
1200 Net Change in Fund Balances	--	--	--	--
0100 Fund Balances - Beginning	--	--	--	--
3000 Fund Balances - Ending	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>

240 National School Breakfast/Lunch Program	244 Career and Tech Basic Grant	255 ESEA Title II Training & Recruiting	263 English Language Acquisition and Enhancement	270 ESEA, Title VI Part B, Subpart 2 Rural School
\$ 135,933	\$ --	\$ --	\$ --	\$ --
11,073	--	--	--	--
2,550,995	53,638	145,785	16,496	83,341
<u>2,698,001</u>	<u>53,638</u>	<u>145,785</u>	<u>16,496</u>	<u>83,341</u>
--	53,638	1,595	9,847	54,881
--	--	--	--	--
--	--	135,443	4,842	16,512
--	--	4,133	1,807	2,039
--	--	4,046	--	--
--	--	568	--	--
--	--	--	--	--
2,302,712	--	--	--	--
--	--	--	--	--
--	--	--	--	--
2,040	--	--	--	--
--	--	--	--	3,379
--	--	--	--	6,530
<u>2,304,752</u>	<u>53,638</u>	<u>145,785</u>	<u>16,496</u>	<u>83,341</u>
393,249	--	--	--	--
393,249	--	--	--	--
567,698	--	--	--	--
<u>\$ 960,947</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>

CALHOUN COUNTY INDEPENDENT SCHOOL DISTRICT

COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED AUGUST 31, 2019

Data Control Codes	385 Supplemental Visually Impaired	392 Non-Educational Community-Based Support	410 State Textbook Fund	429 State Funded Special Revenue Fund
REVENUES:				
5700 Local and Intermediate Sources	\$ --	\$ --	\$ --	\$ --
5800 State Program Revenues	5,287	1,605	552,404	700
5900 Federal Program Revenues	--	--	--	--
5020 Total Revenues	<u>5,287</u>	<u>1,605</u>	<u>552,404</u>	<u>700</u>
EXPENDITURES:				
Current:				
0011 Instruction	5,136	--	551,109	700
0012 Instructional Resources and Media Services	--	--	--	--
0013 Curriculum and Staff Development	151	--	250	--
0021 Instructional Leadership	--	--	1,045	--
0023 School Leadership	--	--	--	--
0031 Guidance, Counseling, & Evaluation Services	--	--	--	--
0032 Social Work Services	--	--	--	--
0034 Student Transportation	--	--	--	--
0035 Food Service	--	--	--	--
0036 Cocurricular/Extracurricular Activities	--	--	--	--
0041 General Administration	--	--	--	--
0051 Facilities Maintenance and Operations	--	--	--	--
0052 Security and Monitoring Services	--	--	--	--
0061 Community Services	--	1,605	--	--
6030 Total Expenditures	<u>5,287</u>	<u>1,605</u>	<u>552,404</u>	<u>700</u>
1100 Excess (Deficiency) of Revenues Over (Under)				
1100 Expenditures	--	--	--	--
1200 Net Change in Fund Balances	--	--	--	--
0100 Fund Balances - Beginning	--	--	--	--
3000 Fund Balances - Ending	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>

	461 Campus Activity Funds	498 Insurance Fund	499 TSR Project Mentor	Other Federal Program Funds Other Federal Program Funds	Total Nonmajor Special Revenue Funds (See Exhibit H-2)
\$	300,836	\$ 1,146,155	\$ 59,755	\$ --	\$ 1,642,679
	--	--	--	--	571,069
	--	212,265	--	222,164	5,089,334
	<u>300,836</u>	<u>1,358,420</u>	<u>59,755</u>	<u>222,164</u>	<u>7,303,082</u>
	70,940	--	162,697	17,380	2,295,969
	34,538	--	--	--	34,538
	4,062	--	--	2,418	200,230
	3,451	--	--	1,255	116,781
	13,521	--	324	--	17,891
	--	--	--	--	217,931
	--	--	--	--	241
	706	--	--	--	706
	--	--	--	--	2,302,712
	149,550	--	--	--	149,550
	1,186	--	--	13,910	16,398
	990	672,701	--	123,417	799,468
	--	--	--	63,784	67,163
	648	--	--	--	86,558
	<u>279,592</u>	<u>672,701</u>	<u>163,021</u>	<u>222,164</u>	<u>6,306,136</u>
	21,244	685,719	(103,266)	--	996,946
	<u>21,244</u>	<u>685,719</u>	<u>(103,266)</u>	<u>--</u>	<u>996,946</u>
	376,967	--	174,948	--	1,119,613
\$	<u><u>398,211</u></u>	<u><u>685,719</u></u>	<u><u>71,682</u></u>	<u><u>--</u></u>	<u><u>2,116,559</u></u>

Other Supplementary Information

This section includes financial information and disclosures not required by the Governmental Accounting Standards Board and not considered a part of the basic financial statements. It may, however, include information which is required by other entities.

CALHOUN COUNTY INDEPENDENT SCHOOL DISTRICT
CAPITAL PROJECTS FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED AUGUST 31, 2019

EXHIBIT H-5

Data Control Codes	1	2	3
	Budget	Actual	Variance Positive (Negative)
REVENUES:			
5700 <i>Local and Intermediate Sources</i>	\$ --	\$ 73,889	\$ 73,889
5020 Total Revenues	<u>--</u>	<u>73,889</u>	<u>73,889</u>
EXPENDITURES:			
Current:			
Support Services - Student (Pupil):			
0034 <i>Student (Pupil) Transportation</i>	200,000	--	200,000
Total Support Services - Student (Pupil)	<u>200,000</u>	<u>--</u>	<u>200,000</u>
Support Services - Nonstudent Based:			
0051 <i>Plant Maintenance and Operations</i>	97,388	52,430	44,958
Total Support Services - Nonstudent Based	<u>97,388</u>	<u>52,430</u>	<u>44,958</u>
Capital Outlay:			
0081 <i>Capital Outlay</i>	4,665,984	3,214,868	1,451,116
Total Capital Outlay	<u>4,665,984</u>	<u>3,214,868</u>	<u>1,451,116</u>
6030 Total Expenditures	<u>4,963,372</u>	<u>3,267,298</u>	<u>1,696,074</u>
1100 Excess (Deficiency) of Revenues Over (Under)			
1100 Expenditures	(4,963,372)	(3,193,409)	1,769,963
1200 Net Change in Fund Balance	<u>(4,963,372)</u>	<u>(3,193,409)</u>	<u>1,769,963</u>
0100 Fund Balance - Beginning	4,917,702	4,917,702	--
3000 Fund Balance - Ending	<u>\$ (45,670)</u>	<u>\$ 1,724,293</u>	<u>\$ 1,769,963</u>

CALHOUN COUNTY INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF DELINQUENT TAXES RECEIVABLE
FOR THE YEAR ENDED AUGUST 31, 2019

Year Ended August 31	Tax Rates		3 Assessed/Appraised Value For School Tax Purposes
	1 Maintenance	2 Debt Service	
2010 and Prior Years	\$ Various	\$ Various	\$ Various
2011	1.0401	.093	3,104,705,315
2012	1.0401	.0861	3,099,532,299
2013	1.0401	.08	3,426,461,804
2014	1.0401	.075	3,472,502,111
2015	1.0401	.2368	3,677,889,397
2016	1.0401	.2535	3,447,118,615
2017	1.0401	.2535	3,308,501,152
2018	1.0401	.2535	3,371,497,686
2019 (School Year Under Audit)	1.0401	.2535	3,516,134,457

1000 Totals

9000 - Portion of Row 1000 for Taxes Paid into Tax Increment Zone Under Chapter 311, Tax Code

EXHIBIT J-1

10 Beginning Balance 9/1/18	20 Current Year's Total Levy	31 Maintenance Collections	32 Debt Service Collections	40 Entire Year's Adjustments	50 Ending Balance 8/31/19
\$ 93,757	\$ --	\$ 1,989	\$ 93	\$ (18,538)	\$ 73,138
28,663	--	752	67	(10,899)	16,945
25,586	--	1,126	93	(10,202)	14,165
26,892	--	1,776	137	(4,637)	20,343
33,374	--	2,414	174	(139)	30,646
67,570	--	10,856	2,472	3,898	58,141
85,303	--	20,821	5,075	3,726	63,133
158,220	--	50,888	12,403	3,379	98,309
730,712	--	245,303	59,787	(70,509)	355,114
--	44,257,044	35,025,860	8,536,733	(183,540)	510,911
<u>\$ 1,250,078</u>	<u>\$ 44,257,044</u>	<u>\$ 35,361,784</u>	<u>\$ 8,617,032</u>	<u>\$ (287,460)</u>	<u>\$ 1,240,846</u>
\$ --	\$ --	\$ --	\$ --	\$ --	\$ --

CALHOUN COUNTY INDEPENDENT SCHOOL DISTRICT
NATIONAL SCHOOL BREAKFAST AND LUNCH PROGRAM
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED AUGUST 31, 2019

EXHIBIT J-2

Data Control Codes	1	2	3
	Budget	Actual	Variance Positive (Negative)
REVENUES:			
5700 <i>Local and Intermediate Sources</i>	\$ 160,000	\$ 135,933	\$ (24,067)
5800 <i>State Program Revenues</i>	40,800	11,073	(29,727)
5900 <i>Federal Program Revenues</i>	2,268,518	2,550,995	282,477
5020 Total Revenues	<u>2,469,318</u>	<u>2,698,001</u>	<u>228,683</u>
EXPENDITURES:			
Current:			
Support Services - Student (Pupil):			
0035 <i>Food Services</i>	2,561,062	2,302,712	258,350
Total Support Services - Student (Pupil)	<u>2,561,062</u>	<u>2,302,712</u>	<u>258,350</u>
Support Services - Nonstudent Based:			
0051 <i>Plant Maintenance and Operations</i>	2,500	2,040	460
Total Support Services - Nonstudent Based	<u>2,500</u>	<u>2,040</u>	<u>460</u>
6030 Total Expenditures	<u>2,563,562</u>	<u>2,304,752</u>	<u>258,810</u>
1100 Excess (Deficiency) of Revenues Over (Under)			
1100 Expenditures	(94,244)	393,249	487,493
1200 Net Change in Fund Balance	(94,244)	393,249	487,493
0100 Fund Balance - Beginning	567,698	567,698	--
3000 Fund Balance - Ending	<u>\$ 473,454</u>	<u>\$ 960,947</u>	<u>\$ 487,493</u>

CALHOUN COUNTY INDEPENDENT SCHOOL DISTRICT
DEBT SERVICE FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED AUGUST 31, 2019

EXHIBIT J-3

Data Control Codes	1	2	3
	Budget	Actual	Variance Positive (Negative)
REVENUES:			
5700 <i>Local and Intermediate Sources</i>	\$ 8,869,974	\$ 9,178,053	\$ 308,079
5800 <i>State Program Revenues</i>	--	100,227	100,227
5020 Total Revenues	<u>8,869,974</u>	<u>9,278,280</u>	<u>408,306</u>
EXPENDITURES:			
Debt Service:			
0071 <i>Principal on Long-Term Debt</i>	6,945,000	6,945,000	--
0072 <i>Interest on Long-Term Debt</i>	1,368,150	1,368,150	--
0073 <i>Bond Issuance Costs and Fees</i>	500	500	--
Total Debt Service	<u>8,313,650</u>	<u>8,313,650</u>	<u>--</u>
6030 Total Expenditures	<u>8,313,650</u>	<u>8,313,650</u>	<u>--</u>
1100 Excess (Deficiency) of Revenues Over (Under)			
1100 Expenditures	<u>556,324</u>	<u>964,630</u>	<u>408,306</u>
1200 Net Change in Fund Balance	<u>556,324</u>	<u>964,630</u>	<u>408,306</u>
0100 Fund Balance - Beginning	<u>3,255,820</u>	<u>3,255,820</u>	<u>--</u>
3000 Fund Balance - Ending	<u>\$ 3,812,144</u>	<u>\$ 4,220,450</u>	<u>\$ 408,306</u>



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GOWLAND, STREALLY, MORALES & COMPANY, PLLC
Certified Public Accountants

Independent Auditor's Report on Internal Control over Financial Reporting and
On Compliance and Other Matters Based on an Audit of Financial Statements
Performed in Accordance With Government Auditing Standards

Board of Trustees
Calhoun County Independent School District
525 N. Commerce
Port Lavaca, Texas 77979

Members of the Board of Trustees:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Calhoun County Independent School District, as of and for the year ended August 31, 2019, and the related notes to the financial statements, which collectively comprise Calhoun County Independent School District's basic financial statements, and have issued our report thereon dated November 8, 2019.

Internal Control Over Financial Reporting

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

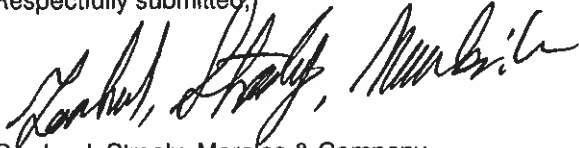
Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Calhoun County 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.

Respectfully submitted,



Gowland, Staley, Morales & Company

Corpus Christi, Texas
November 8, 2019



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GOWLAND, STREALLY, MORALES & COMPANY, PLLC

Certified Public Accountants

**Independent Auditor's Report on Compliance for Each Major Federal Program and
Report on Internal Control Over Compliance Required by the Uniform Guidance**

Board of Trustees
Calhoun County Independent School District
525 N. Commerce
Port Lavaca, Texas 77979

Members of the Board of Trustees:

Report on Compliance for Each Major Federal Program

We have audited the Calhoun County 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 the Calhoun County Independent School District's major federal programs for the year ended August 31, 2019. Calhoun County 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 Calhoun County 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 the Calhoun County 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 the Calhoun County Independent School District's compliance.

Opinion on Each Major Federal Program

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

Report on Internal Control Over Compliance

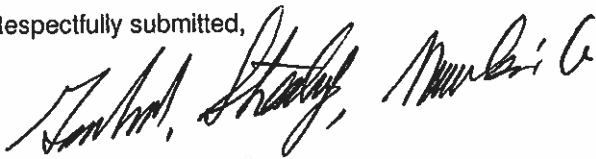
Management of the Calhoun County Independent School District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Calhoun County Independent 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 the Calhoun County 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 a 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 considered 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.

Respectfully submitted,



Gowland, Streatly, Morales & Company

Corpus Christi, Texas
November 8, 2019

CALHOUN COUNTY INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED AUGUST 31, 2019

A. Summary of Auditor's Results

1. Financial Statements

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

One or more material weaknesses identified? Yes No

One or more significant deficiencies identified that are not considered to be material weaknesses? Yes None Reported

Noncompliance material to financial statements noted? Yes No

2. Federal Awards

Internal control over major programs:

One or more material weaknesses identified? Yes No

One or more significant deficiencies identified that are not considered to be material weaknesses? Yes None Reported

Type of auditor's report issued on compliance for major programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with Title 2 U.S. Code of Federal Regulations (CFR) Part 200? Yes No

Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
84.010A	ESEA Title I Part A-Improving Basic Programs
Special Education Cluster:	
84.027	IDEA-B Formula
84.173	IDEA-B Preschool

Dollar threshold used to distinguish between type A and type B programs: \$750,000

Auditee qualified as low-risk auditee? Yes No

CALHOUN COUNTY INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED AUGUST 31, 2019

B. Financial Statement Findings

NONE

C. Federal Award Findings and Questioned Costs

NONE

CALHOUN COUNTY INDEPENDENT SCHOOL DISTRICT
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED AUGUST 31, 2019

<u>Finding/Recommendation</u>	<u>Current Status</u>	<u>Management's Explanation If Not Implemented</u>
-------------------------------	-----------------------	--

NONE - N/A

CALHOUN COUNTY INDEPENDENT SCHOOL DISTRICT
CORRECTIVE ACTION PLAN
FOR THE YEAR ENDED AUGUST 31, 2019

NONE - N/A

CALHOUN COUNTY INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED AUGUST 31, 2019

EXHIBIT K-1

(1)	(2)	(2A)	(3)
Federal Grantor/ Pass-Through Grantor/ Program or Cluster Title	Federal CFDA Number	Pass- Through Entity Identifying Number	Passed Through to Subrecipients Federal Expenditures
CHILD NUTRITION CLUSTER:			
<u>U. S. Department of Agriculture</u>			
Passed Through State Department of Education:			
School Breakfast Program	10.553	71401901	\$ 583,407
National School Lunch Program (Non-cash)	10.555	029-901	144,079
School Dinner Program	10.555	029-901	202,840
National School Lunch Program	10.555	71301901	1,620,669
Total CFDA Number 10.555		--	1,967,588
Total Passed Through State Department of Education		--	2,550,995
Total U. S. Department of Agriculture		--	2,550,995
Total Child Nutrition Cluster		--	2,550,995
SPECIAL EDUCATION (IDEA) CLUSTER:			
<u>U. S. Department of Education</u>			
Passed Through State Department of Education:			
IDEA-B Formula	84.027	1866000102990	394,238
IDEA-B Formula	84.027	1966000102990	428,133
IDEA-B Preschool	84.173	1966100102990	22,900
Total Passed Through State Department of Education		--	845,271
Total U. S. Department of Education		--	845,271
Total Special Education (IDEA) Cluster		--	845,271
OTHER PROGRAMS:			
<u>U. S. Department of the Interior</u>			
Passed Through State Department of Education:			
Guadalupe Delta Wildlife Management	15.608		56,942
Total U. S. Department of the Interior		--	56,942
<u>U. S. Department of Education</u>			
Passed Through State Department of Education:			
ESEA Title I Part A - Improving Basic Programs	84.010a	1961010102990	944,036
Career and Technical - Basic Grant	84.048	1942000602990	53,638
ESEA Title X Part C - Education for Homeless Children and Youth	84.196	1946000571100	15,343
ESEA, Title VI, Part B, Subpart 2 - Rural and Low Income School	84.358	1969600102990	83,341
Title III Part A English Language Acquisition and Language Enhancement	84.365	1967100102990	16,496
ESEA Title II Part A - Teacher & Principal Training & Recruiting	84.367a	1969450102990	145,785
LEP Summer School	84.369A	69551702	2,503
Title IV - part A, Subpart 1	84.424A	1968010102990	58,186
Texas Hurricane Homeless Youth	84.938B	S9388180013	1,120
Restart Hurricane Recovery	84.983A	s938A18003	160,355
Total Passed Through State Department of Education		--	1,480,803
Total U. S. Department of Education		--	1,480,803
<u>Texas Division of Emergency Management</u>			
Passed Through State Department of Education:			
Public Assistance Grant 4332	97.036	4332DRTXP000001	212,265
Total Texas Division of Emergency Management		\$ --	\$ 212,265
TOTAL EXPENDITURES OF FEDERAL AWARDS		\$ --	\$ 5,146,276
TOTAL EXPENDITURES OF FEDERAL AWARDS			\$ 5,146,276
School Health and Related Services (SHARS)			1,236,578
TOTAL FEDERAL PROGRAM REVENUE EXHIBIT C-2			\$ 6,382,854

The accompanying notes are an integral part of this schedule.

CALHOUN COUNTY INDEPENDENT SCHOOL DISTRICT
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED AUGUST 31, 2019

Basis of Presentation

The accompanying schedule of expenditures of federal awards ("the Schedule") includes the federal grant activity of Calhoun County Independent School District. The information in the Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200 *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance"). Therefore, some amounts may differ from amounts presented in, or used in the preparation of, the basic financial statements.

Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the modified accrual basis of accounting. These expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the Schedule, if any, represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years.

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

CALHOUN COUNTY INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF REQUIRED RESPONSES TO SELECTED SCHOOL FIRST INDICATORS
AS OF AUGUST 31, 2019

Data Control Codes		Responses
SF2	Were there any disclosures in the Annual Financial Report and/or other sources of information concerning nonpayment of any terms of any debt agreement at fiscal year end?	No
SF4	Was there an unmodified opinion in the Annual Financial Report?	Yes
SF5	Did the Annual Financial Report disclose any instances of material weaknesses in internal controls over financial reporting and compliance for local, state or federal funds?	No
SF6	Was there any disclosure in the Annual Financial Report of material noncompliance for grants, contracts and laws related to local, state or federal funds?	No
SF7	Did the school district make timely payments to the Teachers Retirement System (TRS), Texas Workforce Commission (TWC), Internal Revenue Service (IRS), and other governmental agencies?	Yes
SF8	Did the school district <u>not</u> receive an adjusted repayment schedule for more than one fiscal year for an over allocation of Foundation School Program (FSP) funds as a result of a financial hardship?	Yes
SF10	What was the total accumulated accretion on capital appreciation bonds (CABs) included in government-wide financial statements at fiscal year-end?	\$ --
SF11	Net Pension Assets (object 1920) at fiscal year-end.	\$ --
SF12	Net Pension Liabilities (object 2540) at fiscal year-end.	\$ 8,185,631
SF13	Pension Expense (object 6147) at fiscal year-end.	\$

In correspondence to all school administrators dated November 1, 2017, the TEA's Director of Financial Compliance stated "For 2017, and until further notice, no data should be entered in the field for data feed Schedule L-1 question SF13. If the AFR and data feed has been submitted no additional steps need to be taken."

