

# INGRAM INDEPENDENT SCHOOL DISTRICT

ANNUAL FINANCIAL REPORT

YEAR ENDED AUGUST 31, 2019

**abip**

CPAs | ADVISORS

CLIENT **FOCUSED.** RELATIONSHIP **DRIVEN.**

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## **INTRODUCTORY SECTION**

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**CERTIFICATE OF BOARD**

Ingram Independent School District  
Name of School District

Kerr  
County

133-904  
Co. Dist. Number

We, the undersigned, certify that the attached annual financial report of the above named school district was 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 20th day of January, 2020.

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

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

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

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## **FINANCIAL SECTION**

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**INDEPENDENT AUDITORS' REPORT**

To the Board of School Trustees  
Ingram Independent School District  
510 College Street  
Ingram, Texas 78025

**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 Ingram 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.

***Auditors' Responsibility***

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatements 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 the 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, budgetary comparison information for the general fund, budgetary comparison information for the ESEA Title I, Part A Improving Basic Programs, schedule of the District's proportionate share of the net pension and OPEB liability, and schedule of the District's contributions to the Teacher Retirement System of Texas as listed 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 inquires of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquires, 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 District's basic financial statements. The combining and other statements and schedules, other supplementary information and required Texas Education Agency schedules, as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements.

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

The management's discussion and analysis 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 January 20, 2020, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

ABIP, PC

San Antonio, Texas

January 20, 2020

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**INGRAM INDEPENDENT SCHOOL DISTRICT  
MANAGEMENT’S DISCUSSION AND ANALYSIS  
August 31, 2019**

The Management’s Discussion and Analysis (MD&A) of Ingram Independent School District (the District) is intended to provide an overview of the District’s financial position and results of operations for the fiscal year ended August 31, 2019. Since the focus of the MD&A is on current year activities, resulting changes, and currently known facts, it should be read in conjunction with the District’s financial statements, including the accompanying notes, to enhance the understanding of the school’s financial performance.

**FINANCIAL HIGHLIGHTS**

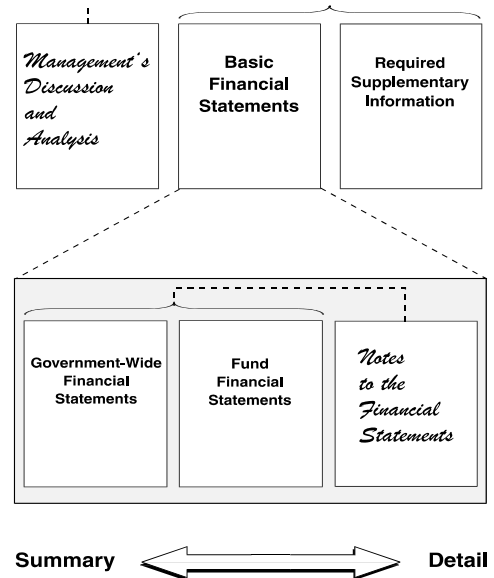
The Board of Trustees adopted a balanced budget in fiscal year 2019. General Fund actual revenues exceeded budgeted revenues by \$10,109 due mainly to an increase in state revenues. Expenditures were less than budgeted expenditures by \$376,324. The fund balance is \$1,943,239 at year end.

**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 fund* statements tell how *general government* services were financed in the *short-term* as well as what remains for future spending.
- 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.

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



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

The District's annual financial report consists of a series of financial statements and accompanying notes, with the primary focus being on the District as a whole. The statement of net position and the statement of activities are government-wide financial statements that provide both short-term and long-term information about the District's overall financial status. The fund financial statements report the District's operations in more detail by providing information as to how services are financed in the short-term, as well as the remaining available resources for future spending. Additionally, the fund financial statements focus on major funds rather than fund types. The remaining statements; the fiduciary fund statements, provide financial information for those activities in which the District acts solely as a trustee or agent for the benefit of others. The accompanying notes provide essential information that is not disclosed on the face of the financial statements. Consequently, the notes form an integral part of the basic financial statements.

## GOVERNMENT-WIDE FINANCIAL STATEMENTS

**The statement of net position and the statement of activities** – Most of the activities of the District are reported in these statements, including instruction, instruction support services, operations and maintenance, school administration, general administration, transportation, and food service. Additionally, all state and federal grants and capital and debt financing activities are reported here.

The statement of net position and the statement of activities present a view of the District's financial operations as a whole, reflect all financial transactions, and provide information helpful in determining whether the District's financial position has improved or deteriorated as a result of the current year's activities. Both of these statements are prepared using the full accrual basis of accounting similar to that used by most private-sector companies. The statement of net position includes all assets and liabilities, both short and long term. The statement of activities reports all of the current year's revenues and expenses regardless of when cash is received or paid.

The two government-wide statements report the District's net position, which represents the difference between assets and deferred outflows, and liabilities and deferred inflows. Over time, the increases or decreases in the District's net position are an indicator of whether its financial position is improving or deteriorating. Additionally, the District's financial operating results are determined by the difference between the revenues and expenses. As opposed to private businesses, generating profits is not an objective of the District's operations, but instead its main objective is to provide exemplary education and services to the students of Ingram Independent School District. Consequently, it is important to note that other non-financial factors, such as the quality of education and safety of students in the schools should be considered in assessing the District's overall performance.

**Fund financial statements** - Fund financial statements provide a detailed short-term view of the District's operations, focusing on its most significant or "major" funds. Certain funds are required by law while others are created by legal agreements, such as bond covenants. Other funds are established to ensure and demonstrate compliance with finance-related legal requirements and prudent fiscal management. The District has three fund types – governmental funds, proprietary funds, and a fiduciary fund.

**Governmental funds** - The accounting for most of the District's basic services is included in the governmental funds. The measurement focus and basis of accounting used for reporting is the modified accrual basis which measures inflows and outflows of current financial resources and the remaining balances at year end that are available for spending. Furthermore, under this basis of accounting, changes in net spendable assets are normally recognized only to the extent that they are expected to have a near term impact, while inflows are recognized only if they are available to liquidate liabilities of the current period. Similarly, future outflows are typically recognized only if they represent a depletion of current financial resources. The District's major governmental funds are the general fund and the debt service fund. The differences in the amounts reported between the fund statements and the government-wide statements are explained in the reconciliations provided on pages 18 and 20.

**Proprietary funds** – The District reports the activities for which it charges users (whether outside customers or other units of the District) in proprietary funds using the same accounting methods employed in the statement of net position and the statement of activities. The internal service fund is the District’s only proprietary fund. The statement of net position and the statement of revenues, expenses, and changes in fund net position are reported on pages 21 and 22.

**Fiduciary funds** – The District is the trustee, or *fiduciary* for resources held for the benefit of others such as the student activities fund. Fiduciary activities are reported in the statement of fiduciary net position on page 24. The resources accounted for in this fund are excluded from the government-wide financial statements because these funds are not available to finance the District’s operations. Consequently, the District is responsible for ensuring that these resources are used only for their intended purpose.

**Notes to the financial statements** – The notes provide disclosures and additional information that are essential to a full understanding of the financial information presented in the government-wide and fund financial statements.

**Other Information** – In addition to the basic financial statements and accompanying notes, this report also provides certain required supplementary information, as well as combining fund statements and schedules beginning on page 52.

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**GOVERNMENT-WIDE FINANCIAL ANALYSIS**

**Statement of net position (government-wide)**

The following table summarizes the District's net position as of August 31, 2019 and 2018.

**STATEMENT OF NET POSITION  
August 2019 and 2018**

	Governmental Activities <i>(in thousands)</i>	
	2019	2018
<b>Current Assets:</b>		
Cash and cash equivalents	\$ 2,243	\$ 2,056
Property taxes and receivables (allowance for uncollectible)	283 (42)	284 (43)
Due from other governments	742	385
Inventories	24	17
Prepaid items	22	-
Land	679	739
Building, furniture and equipment	19,214	19,674
Other assets	-	2
Total current assets	<u>23,165</u>	<u>23,114</u>
<b>Deferred Outflows of Resources:</b>		
Deferred outflow related to TRS Pension	1,956	983
Deferred outflow related to TRS OPEB	391	60
Deferred charge for refunding	19	20
Total deferred outflows of resources	<u>2,366</u>	<u>1,063</u>
<b>Current Liabilities:</b>		
Accounts payable	121	78
Accrued liabilities	375	389
<b>Noncurrent liabilities:</b>		
Due within one year	829	821
Due in more than one year	14,062	14,928
Net pension liability	3,282	2,150
Net OPEB liability	4,640	4,741
Total liabilities	<u>23,309</u>	<u>23,107</u>
<b>Deferred Inflows of Resources:</b>		
Deferred inflow related to TRS pension	407	329
Deferred inflow related to TRS OPEB	2,350	1,983
Total deferred inflows of resources	<u>2,757</u>	<u>329</u>
<b>Net Position:</b>		
Net investment in capital assets	5,167	4,818
Restricted for:		
Federal and state programs	6	2
Debt service	543	429
Other purposes	13	10
Unrestricted	(6,264)	(6,500)
Total net position	<u>\$ (535)</u>	<u>\$ (1,241)</u>

The unrestricted net position reflects a deficit created by recognition of Governmental Accounting Standards Board Statement No. 68, *Accounting and Financial Reporting for Pensions* (GASB 68) and Statement No. 75 *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions* (GASB 75). GASB 68 and GASB 75 established financial reporting standards and/or accounting standards for the state and local government's defined benefit pension plans and defined other postemployment benefit (OPEB) plans. The effects of the adoption of these standards have no impact on the District's governmental fund financial statements. However, adoption has resulted in certain changes to the presentation of the District's government-wide financial statements.

### Statement of activities (government-wide)

The following table summarizes the change in the District's net position from its activities for the fiscal years ended August 31, 2019 and 2018.

#### CHANGES IN NET POSITION For fiscal years ended August 2019 and 2018

	Governmental Activities	
	(in thousands)	
	2019	2018
Revenues:		
Program Revenues:		
Operating grants and contributions	\$ 1,589	\$ (185)
Charges for services	278	209
General Revenues:		
Property taxes	6,850	6,424
Grants and contributions not restricted	5,096	4,186
Investment earnings	82	60
Other	200	73
Total revenues	14,095	10,767
Expenses:		
Instruction	6,858	4,259
Instructional resources and media services	69	60
Curriculum development and instructional staff development	270	206
Instructional leadership	178	118
School leadership	858	523
Guidance, counseling and evaluation services	309	189
Health services	102	63
Student (pupil) transportation	437	304
Food services	805	577
Curricular/extracurricular activities	692	589
General administration	574	416
Plant maintenance and operations	1,295	1,134
Security and monitoring services	44	25
Data processing services	338	244
Interest on long-term debt	439	449
Bond issuance costs and fees	2	3
Other intergovernmental charges	119	115
Total expenses	13,389	9,274
Increase (decrease) in net position	706	1,493
Net position at September 1,	(1,241)	5,696
Restatement of net position	-	(8,430)
Net position at August 31,	\$ (535)	\$ (1,241)

Property taxes in the amount of \$6,849,574 and state revenue of \$5,095,652 accounted for 84.75% of the District's total revenue of \$14,094,513.

The statement of activities reports gross expenses, offsetting program revenues and the resulting net expense (cost) by functions, for the current year. The net cost of each of the District's functions represents the amount of expenses that must be subsidized by general revenues, including tax dollars. As reflected in the statement of activities, total expenses for governmental activities were \$13,389,337. Of the total expenses, \$278,254 was financed by charges for services and \$1,588,749 by operating grants and contributions. The net cost of \$11,522,334 was financed mainly by state revenue and property taxes.

### FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

As noted earlier, the District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. Financial information is presented separately in the balance sheet, and in the statement of revenues, expenditures, and changes in fund balances for the District's major funds which are the general fund, ESEA Title I, Part A Improving Basic Programs and the debt service fund. Financial information for the nonmajor governmental funds is aggregated and presented in a single column.

#### General Fund

The General fund is the primary operating fund for the District.

General fund revenues – Overall revenues increased by \$954,625 due mainly to an increase in state and property tax revenues.

#### REVENUES BY SOURCE For the years ended August 31, 2019 and 2018

	2019	2018	Increase (Decrease)
Local and tax revenues	\$ 6,048,369	\$ 5,608,976	\$ 439,393
State programs	5,019,776	4,582,481	437,295
Federal programs	134,964	57,027	77,937
Total	\$ 11,203,109	\$ 10,248,484	\$ 954,625

General fund expenditures – Overall expenditures increased by \$339,609. The increase in general fund expenditures is mainly attributed to an increase in instruction, curriculum and media services and instructional and school leadership.

**EXPENDITURES BY FUNCTIONS  
For the years ended August 31, 2019 and 2018**

	2019	2018	Increase (Decrease)
<b>EXPENSES</b>			
Instruction, curriculum and media services	\$ 5,679,517	\$ 5,461,024	\$ 218,493
Instructional and school leadership	929,679	867,200	62,479
Student support services	689,758	662,110	27,648
Cocurricular activities	604,424	606,001	(1,577)
General administration	517,762	499,786	17,976
Plant maintenance, security and data processing	1,696,762	1,687,546	9,216
Debt service	177,947	177,382	565
Capital outlay	469,586		
Other intergovernmental charges	119,241	114,432	4,809
Total expenses	<u>\$ 10,884,676</u>	<u>\$ 10,075,481</u>	<u>\$ 339,609</u>

**CAPITAL ASSETS AND DEBT ADMINISTRATION**

Capital assets – At August 31, 2019, the District had invested \$37,359,546 in a broad range of capital assets including land, equipment, buildings, and vehicles. This is a \$385,484 increase from the prior year.

**CAPITAL ASSETS  
August 31, 2019 and 2018**

	2019	2018	Increase (Decrease)
Land	\$ 678,899	\$ 739,049	\$ (60,150)
Buildings and improvements	33,779,474	33,399,933	379,541
Furniture and equipment	2,901,173	2,835,080	66,093
	37,359,546	36,974,062	385,484
Less: accumulated depreciation	<u>(17,466,785)</u>	<u>(16,560,640)</u>	<u>(906,145)</u>
Total	<u>\$ 19,892,761</u>	<u>\$ 20,413,422</u>	<u>\$ (520,661)</u>

**LONG-TERM DEBT**

At year end the District had \$12,815,000 in bonds outstanding. More detailed information about the District's debt is presented in the notes to the financial statements. The District's general obligation bond rating continues to be in good standing. The District presently carries an "AAA" rating on bonds secured through the permanent school fund insurance.

## **BUDGETARY HIGHLIGHTS**

In 2019 the District adopted a balanced budget designed to meet the needs of existing student instructional and support programs with anticipated local, state and federal revenues. Budget amendments were made during the year. Trustees increased estimated revenues by \$711,000 to reflect increases in state and federal revenues and increased appropriations by \$779,000 for increases in instruction, transportation, and plant maintenance.

## **ECONOMIC FACTORS**

For fiscal year 2019, the student enrollment remained constant with the 2018 fiscal year. However, enrollment in the 2020 fiscal year increased by 5.5%.

## **CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT**

The District's financial report is designed to provide our citizens, taxpayers, 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 business services department at:

Ingram Independent School District  
District's Business Services Department  
510 College Street  
Ingram, Texas 78025



## **BASIC FINANCIAL STATEMENTS**

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**INGRAM INDEPENDENT SCHOOL DISTRICT**  
**STATEMENT OF NET POSITION**  
**August 31, 2019**

EXHIBIT A-1

Data Control Codes		1 Primary Government <u>Governmental Activities</u>
	Assets:	
1110	Cash and cash equivalents	\$ 2,243,166
1220	Property taxes receivable (delinquent)	282,509
1230	Allowance for uncollectible taxes	(42,376)
1240	Due from other governments	741,544
1290	Other receivables (net)	102
1300	Inventories	23,601
1410	Prepaid items	21,538
	Capital Assets:	
1510	Land	678,899
1520	Buildings, (net)	18,903,285
1530	Furniture and equipment (net)	<u>310,577</u>
1000	Total assets	<u>23,162,845</u>
	Deferred Outflows of Resources:	
1701	Deferred charge for refunding	19,088
1705	Deferred outflow related to TRS pension	1,956,244
1706	Deferred outflow related to TRS OPEB	<u>391,349</u>
1700	Total deferred outflows of resources	<u>2,366,681</u>
	Liabilities:	
2110	Accounts payable	120,838
2140	Interest payable	21,174
2160	Accrued wages payable	343,337
2200	Accrued expenses	9,789
2300	Deferred revenue	194
	Noncurrent Liabilities:	
2501	Due within one year	828,978
2502	Due in more than one year	14,061,773
2540	Net pension liability (District's share)	3,281,912
2545	Net OPEB liability (District's share)	<u>4,639,760</u>
2000	Total liabilities	<u>23,307,755</u>
	Deferred Inflows of Resources:	
2605	Deferred inflows related to TRS pension	407,051
2606	Deferred inflows related to TRS OPEB	<u>2,350,129</u>
	Total deferred inflows of resources	<u>2,757,180</u>
	Net Position:	
3200	Net investment in capital assets	5,166,535
3820	Restricted - federal and state programs	6,265
3850	Restricted - debt service	543,229
3890	Restricted - other	12,561
3900	Unrestricted	<u>(6,263,999)</u>
3000	Total net position	<u>\$ (535,409)</u>

The accompanying notes are an integral part of these financial statements.

**INGRAM INDEPENDENT SCHOOL DISTRICT**  
**STATEMENT OF ACTIVITIES**  
**For the year ended August 31, 2019**

EXHIBIT B-1

Data Control Codes	Functions / Programs	1 Expenses	Program Revenues		Net (Expense)
			3 Charges for Services	4 Operating Grants and Contributions	Revenue and Changes in Net Position
					6 Primary Governmental Activities
	Governmental Activities:				
11	Instruction	\$ 6,858,279	\$ 152,235	\$ 769,874	\$ (5,936,170)
12	Instructional resources and media services	69,210	-	28,026	(41,184)
13	Curriculum and staff development	270,228	-	2,260	(267,968)
21	Instructional leadership	177,660	-	3,468	(174,192)
23	School leadership	858,295	-	-	(858,295)
31	Guidance, counseling, and evaluation services	308,996	-	101,062	(207,934)
33	Health services	102,033	-	-	(102,033)
34	Student (pupil) transportation	436,830	1,403	-	(435,427)
35	Food services	805,133	68,627	662,571	(73,935)
36	Extracurricular activities	692,027	54,466	-	(637,561)
41	General administration	573,791	351	-	(573,440)
51	Facilities maintenance and operations	1,294,639	1,172	-	(1,293,467)
52	Security and monitoring services	43,701	-	21,488	(22,213)
53	Data processing services	337,604	-	-	(337,604)
61	Community services	-	-	-	-
72	Debt service - interest on long-term debt	438,977	-	-	(438,977)
73	Debt service - bond issuance costs and fees	2,693	-	-	(2,693)
99	Other intergovernmental charges	119,241	-	-	(119,241)
TP	Total primary government	<u>\$ 13,389,337</u>	<u>\$ 278,254</u>	<u>\$ 1,588,749</u>	<u>(11,522,334)</u>
	General Revenues:				
	MT		Property taxes, levied for general purposes		5,722,188
	DT		Property taxes, levied for debt service		1,127,386
	GC		Grants and contributions not restricted		5,095,652
	IE		Investment earnings		82,427
	MI		Miscellaneous local and intermediate revenue		99,968
	SI		Special item - gain on sale of assets		99,889
	TR		Total general revenues		<u>12,227,510</u>
	CN		Change in net position		705,176
	NB		Net position - beginning		<u>(1,240,585)</u>
	NE		Net position - ending		<u>\$ (535,409)</u>

The accompanying notes are an integral part of these financial statements.

**INGRAM INDEPENDENT SCHOOL DISTRICT  
BALANCE SHEET – GOVERNMENTAL FUNDS  
August 31, 2019**

EXHIBIT C-1

Data Control Codes		10	50	211		98
		General Fund	Debt Service Fund	ESEA Title I, A Improving Basic Programs	Other Funds	Total Governmental Funds
<b>Assets:</b>						
1110	Cash and cash equivalents	\$ 1,690,503	\$ 538,481	\$ -	\$ 14,182	\$ 2,243,166
1220	Property taxes - delinquent	240,241	42,268	-	-	282,509
1230	Allowance for uncollectible taxes (credit)	(36,036)	(6,340)	-	-	(42,376)
1240	Receivables from other governments	480,175	-	109,518	151,851	741,544
1260	Due from other funds	181,557	4,748	-	-	186,305
1290	Other receivables	-	-	-	102	102
1300	Inventories	172	-	-	23,429	23,601
1410	Prepaid items	21,538	-	-	-	21,538
1000	Total assets	<u>\$ 2,578,150</u>	<u>\$ 579,157</u>	<u>\$ 109,518</u>	<u>\$ 189,564</u>	<u>\$ 3,456,389</u>
<b>Liabilities:</b>						
2110	Accounts payable	\$ 59,829	\$ -	\$ 6,301	\$ 40,364	\$ 106,494
2160	Accrued wages payable	283,505	-	17,232	31,283	332,020
2170	Due to other funds	81,129	-	84,439	97,118	262,686
2200	Accrued expenditures	6,049	-	1,546	1,973	9,568
2300	Deferred revenue	194	-	-	-	194
2000	Total liabilities	<u>430,706</u>	<u>-</u>	<u>109,518</u>	<u>170,738</u>	<u>710,962</u>
<b>Deferred Inflows of Resources:</b>						
2601	Deferred inflows - property taxes	204,205	35,928	-	-	240,133
<b>Fund Balances:</b>						
3410	Non-spendable - inventory	172	-	-	-	172
3430	Non-spendable - prepaid	21,538	-	-	-	21,538
3450	Restricted - grant funds	-	-	-	6,265	6,265
3480	Restricted - debt service	-	543,229	-	-	543,229
3490	Restricted - other	-	-	-	12,561	12,561
3600	Unassigned fund balance	1,921,529	-	-	-	1,921,529
3000	Total fund balances	<u>1,943,239</u>	<u>543,229</u>	<u>-</u>	<u>18,826</u>	<u>2,505,294</u>
4000	Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 2,578,150</u>	<u>\$ 579,157</u>	<u>\$ 109,518</u>	<u>\$ 189,564</u>	<u>\$ 3,456,389</u>

The accompanying notes are an integral part of these financial statements.

**INGRAM INDEPENDENT SCHOOL DISTRICT  
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET  
TO THE STATEMENT OF NET POSITION  
August 31, 2019**

EXHIBIT C-1R

Total fund balances - governmental funds balance sheet	\$	2,505,294
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets expensed in the governmental activities are not reported in the funds.		19,664,746
Property tax receivable unavailable to pay for current period expenditures is deferred in the funds.		240,133
The assets and liabilities of internal service funds are included in the governmental activities in the statement of net position.		129,417
Payables for bond principal, bond premiums, and loss on refundings which are not due in the current period are not reported in the funds.		(14,577,129)
Payables for bond interest which are not due in the current period are not reported in the funds.		(21,174)
Payables for net pension and OPEB liabilities which are not due in the current period are not reported in the funds.		(8,331,259)
Payables for compensated absences which are not due in the current period are not reported in the funds.		<u>(145,437)</u>
Net position of governmental activities - statement of net position	\$	<u><u>(535,409)</u></u>

The accompanying notes are an integral part of these financial statements.

**INGRAM INDEPENDENT SCHOOL DISTRICT**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE**  
**GOVERNMENTAL FUNDS**  
**For the year ended August 31, 2019**

EXHIBIT C-2

Data Control Codes		10	50	211	Other	98
		General Fund	Debt Service Fund	ESEA Title I, A Improving Basic Programs	Governmental Funds	Total Governmental Funds
	Revenues:					
5700	Local and intermediate sources	\$ 6,048,369	\$ 1,161,265	\$ -	\$ 101,678	\$ 7,311,312
5800	State program revenues	5,019,776	38,400	-	184,672	5,242,848
5900	Federal program revenues	<u>134,964</u>	<u>-</u>	<u>338,008</u>	<u>1,066,069</u>	<u>1,539,041</u>
5020	Total revenues	<u>11,203,109</u>	<u>1,199,665</u>	<u>338,008</u>	<u>1,352,419</u>	<u>14,093,201</u>
	Expenditures:					
	Current:					
0011	Instruction	5,403,477	-	244,243	525,631	6,173,351
0012	Instructional resources and media services	34,578	-	28,026	-	62,604
0013	Curriculum and instructional staff development	241,462	-	-	2,549	244,011
0021	Instructional leadership	156,677	-	-	3,468	160,145
0023	School leadership	773,002	-	-	-	773,002
0031	Guidance, counseling, and evaluation services	177,800	-	65,739	35,323	278,862
0033	Health services	91,958	-	-	-	91,958
0034	Student (pupil) transportation	420,000	-	-	-	420,000
0035	Food services	-	-	-	726,929	726,929
0036	Extracurricular activities	604,424	-	-	29,789	634,213
0041	General administration	517,762	-	-	-	517,762
0051	Facilities maintenance and operations	1,374,110	-	-	-	1,374,110
0052	Security and monitoring services	17,947	-	-	21,488	39,435
0053	Data processing services	304,705	-	-	-	304,705
	Debt Service:					
0071	Principal on long-term debt	153,927	620,000	-	-	773,927
0072	Interest on long-term debt	24,020	464,325	-	-	488,345
0073	Bond issuance costs and fees	-	1,500	-	-	1,500
	Capital Outlay:					
0081	Facilities acquisition and construction	469,586	-	-	-	469,586
	Intergovernmental:					
0099	Other intergovernmental charges	<u>119,241</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>119,241</u>
6030	Total expenditures	<u>10,884,676</u>	<u>1,085,825</u>	<u>338,008</u>	<u>1,345,177</u>	<u>13,653,686</u>
1100	Excess (deficiency) of revenues over (under) expenditures	<u>318,433</u>	<u>113,840</u>	<u>-</u>	<u>7,242</u>	<u>439,515</u>
	Other Financing Sources and (Uses):					
7912	Sale of real or personal property	168,610	-	-	-	168,610
8911	Transfers out (use)	<u>(100,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(100,000)</u>
7080	Total other financing sources and (uses)	<u>68,610</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>68,610</u>
1200	Net change in fund balances	387,043	113,840	-	7,242	508,125
0100	Fund balance - September 1 (beginning)	<u>1,556,196</u>	<u>429,389</u>	<u>-</u>	<u>11,584</u>	<u>1,997,169</u>
3000	Fund balance - August 31 (ending)	<u>\$ 1,943,239</u>	<u>\$ 543,229</u>	<u>\$ -</u>	<u>\$ 18,826</u>	<u>\$ 2,505,294</u>

The accompanying notes are an integral part of these financial statements.

**INGRAM INDEPENDENT SCHOOL DISTRICT  
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF  
REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
TO THE STATEMENT OF ACTIVITIES  
For the year ended August 31, 2019**

EXHIBIT C-3

Net change in fund balances - total governmental funds	\$	508,125
Amounts reported for governmental activities in the statement of activities are different because:		
Capital outlays are not reported as expenses in the statement of activities.		563,520
Gain (loss) on disposals of capital assets are not reported in the funds.		(68,721)
The depreciation of capital assets used in governmental activities is not reported in the funds.		(1,021,133)
Certain property tax revenues are deferred in the funds. This is the change in these amounts this year.		(1,092)
Repayment of bond principal is an expenditure in the funds but is not an expense in the statement of activities.		773,927
The net revenue (expense) of internal service funds is reported with governmental activities.		86,002
Changes in net pension and OPEB liabilities are reported as amounts expensed in the statement of activities but not in the funds.		(171,414)
Compensated absences are reported as amounts expensed in the statement of activities but not in the funds.		(12,213)
Bond premiums and accrued interest are reported in the statement of activities but not in the funds.		<u>48,175</u>
Change in net position of governmental activities - statement of activities	\$	<u><u>705,176</u></u>

The accompanying notes are an integral part of these financial statements.



**INGRAM INDEPENDENT SCHOOL DISTRICT**  
**STATEMENT OF NET POSITION**  
**PROPRIETARY FUNDS**  
**August 31, 2019**

EXHIBIT D-1

	Governmental Activities
	Internal Service Fund
<b>Assets:</b>	
<b>Current assets:</b>	
Due from other funds	\$ 76,381
Total current assets	76,381
<b>Noncurrent assets:</b>	
<b>Capital assets:</b>	
Buildings and improvements	137,639
Depreciation on buildings	(137,639)
Furniture and equipment	1,157,485
Depreciation on furniture and equipment	(929,470)
Total noncurrent assets	228,015
Total assets	304,396
<b>Liabilities:</b>	
<b>Current liabilities:</b>	
Accounts payable	14,344
Accrued wages payable	11,317
Accrued expenses	221
Loans payable - due in less than one year	48,425
Total current liabilities	74,307
<b>Noncurrent liabilities:</b>	
Loans payable - due in more than one year	100,672
Total noncurrent liabilities	100,672
<b>Net Position:</b>	
Net investment in capital assets	78,918
Unrestricted net position	50,499
Total net position	\$ 129,417

The accompanying notes are an integral part of these financial statements.

**INGRAM INDEPENDENT SCHOOL DISTRICT**  
**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION**  
**PROPRIETARY FUNDS**  
**For the year ended August 31, 2019**

EXHIBIT D-2

	Governmental Activities
	Internal Service Fund
Operating Revenues:	
Local and intermediate sources	\$ 538,377
State program revenues	<u>24,963</u>
Total operating revenues	<u>563,340</u>
Operating Expenses:	
Payroll costs	411,006
Professional and contracted services	35,501
Supplies and materials	80,085
Other operating costs	11,579
Depreciation expense	<u>34,386</u>
Total operating expenses	<u>572,557</u>
Operating income (loss)	<u>(9,217)</u>
Nonoperating expenses:	
Debt service - interest expense	<u>(4,781)</u>
Income (loss) before transfers	<u>(13,998)</u>
Transfer in	<u>100,000</u>
Change in net position	86,002
Total net position - beginning	<u>43,415</u>
Total net position - ending	<u>\$ 129,417</u>

The accompanying notes are an integral part of these financial statements.

**INGRAM INDEPENDENT SCHOOL DISTRICT**  
**STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUNDS**  
**August 31, 2019**

EXHIBIT D-3

	Governmental Activities
	Internal Service Fund
Cash Flows from Operating Activities:	
Cash received from user charges	\$ 538,377
Cash payments to employees for services	(387,319)
Cash payments for suppliers	(104,978)
Cash payments for other operating expenses	(53,870)
Net cash provided (used) by operating activities	(7,790)
Cash Flows from Non-Capital Financing Activities:	
Increase (decrease) in short-term loans	(47,370)
Net cash provided (used) by non-capital financing activities	(47,370)
Cash Flows from Capital and Related Financing Activities:	
Acquisition of capital assets	(40,059)
Payments for interest expense	(4,781)
Capital contributed by other funds	100,000
Net cash provided (used) by capital and related financing activities	55,160
Net increase (decrease) in cash and cash equivalents	-
Cash and cash equivalents at beginning of year	-
Cash and cash equivalents at end of year	\$ -
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:	
Operating income (loss)	\$ (9,217)
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation	34,386
Effect of increases and decreases in current assets and liabilities:	
Increase (decrease) in accounts payable	10,608
Increase (decrease) in accrued wages payable	(1,183)
Increase (decrease) in accrued expenses	(93)
(Increase) decrease in due from other funds	(42,291)
Net cash provided (used) by operating activities	\$ (7,790)

The accompanying notes are an integral part of these financial statements.

**INGRAM INDEPENDENT SCHOOL DISTRICT  
STATEMENT OF NET POSITION  
FIDUCIARY FUNDS  
August 31, 2019**

EXHIBIT E-1

	Agency Fund
	Student Activity
<b>Assets:</b>	
Cash and cash equivalents	\$ 128,294
Total assets	\$ 128,294
<b>Liabilities:</b>	
<b>Current liabilities:</b>	
Due to student groups	\$ 128,294
Total liabilities	\$ 128,294
<b>Net Position:</b>	
Total net position	\$ -

The accompanying notes are an integral part of these financial statements.

**INGRAM INDEPENDENT SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the year ended August 31, 2019**

(1) Summary of significant accounting policies

Ingram Independent School District (the “District”) is a public educational agency operating under the applicable laws and regulations of the State of Texas. It is governed by a seven member Board of Trustees (the “Board”) elected by registered voters of the District. The District prepares its basic financial statements in conformity with generally accepted accounting principles promulgated by the Government Accounting Standards Board and other authoritative sources. The District complies with the requirements of the appropriate version of Texas Education Agency’s *Financial Accountability Resource Guide* (the “Resource Guide”) and the requirements of contracts and grants of agencies from which it receives funds.

Reporting entity

The Board of School Trustees, (the “Board”), a seven-member group, is elected by the public and it has the authority to make decisions, appoint administrators and managers, and significantly influence operations. It also has the primary accountability for fiscal matters. Therefore, the District is a financial reporting entity as defined by the Governmental Accounting Standards Board (“GASB”) in its Statement No. 14, “*The Financial Reporting Entity*”. There are no component units included within the reporting entity.

Basis of presentation

*Government-wide financial statements:* The statement of net position and the statement of activities are government-wide financial statements. They report information on all of the Ingram Independent School District nonfiduciary activities with most of the interfund activities removed. *Governmental activities* include programs supported primarily by taxes, state foundation funds, grants and other intergovernmental revenues. *Business-type* activities include operations that rely to a significant extent on fees and charges for support.

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

Inter-fund activities between governmental funds appear as due to/due from on the governmental fund balance sheet and as other resources and other uses on the governmental fund statement of revenues, expenditures, and changes in fund balance. All inter-fund transactions between governmental funds are eliminated on the government-wide statements. Inter-fund activities between governmental funds and fiduciary funds remain as due to/due from on the government-wide statement of activities.

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

**INGRAM INDEPENDENT SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the year ended August 31, 2019**

(1) Summary of significant accounting policies (continued)

Basis of presentation (continued)

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

Measurement focus, basis of accounting, and financial statement presentation

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

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

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

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 when received in cash because they are generally not measurable until actually received. Investment earnings are recorded as earned, since they are both measurable and available.

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

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

**INGRAM INDEPENDENT SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the year ended August 31, 2019**

(1) Summary of significant accounting policies (continued)

Fund accounting

The District reports the following major governmental funds:

The **general fund** - The general fund is the District's primary operating fund. It accounts for all financial resources except those required to be accounted for in another fund.

The **debt service fund** - The District accounts for resources accumulated and payments made for principal and interest on long-term general obligation debt of governmental funds in the debt service fund.

The **ESEA Title I, Part A, Improving Basic Programs** - The District accounts for resources restricted for eligible Title I costs established by the grantor.

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

Governmental funds:

**Capital projects fund** - The District accounts for proceeds from long-term financing and revenues and expenditures to authorized construction and other capital asset acquisitions in the capital projects fund.

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

Fiduciary funds:

**Agency funds** - The District accounts for resources held for others in a custodial capacity in agency funds. The District's agency fund is the student activity fund.

Proprietary fund:

**Internal service fund** - Revenues and expenses related to services provided to organizations inside the District on a cost reimbursement basis are accounted for in an internal service fund. The District has one internal service fund.

Other accounting policies

For purposes of the statement of cash flows for proprietary and similar fund-types, the District considers highly liquid investments to be cash equivalents if they have a maturity of three months or less when purchased.

The District reports inventories of supplies at cost including consumable maintenance, instructional, office, athletic, and transportation items. Supplies are recorded as expenditures when they are consumed. Inventories of food commodities are recorded at market values supplied by the Texas Department of Human Services. Although commodities are received at no cost, their fair market value is supplied by the Texas Department of Human Services and recorded as inventory and deferred revenue when received. When requisitioned, inventory and deferred revenue are relieved, expenditures are charged, and revenue is recognized for an equal amount.

**INGRAM INDEPENDENT SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the year ended August 31, 2019**

(1) Summary of significant accounting policies (continued)

Other accounting policies (continued)

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bond premiums are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount.

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

The District's policy for vacation does not allow for vacation time to be accumulated. All vacation must be used yearly or it is lost. Individuals may accumulate and carry over sick leave up to 90 days. Upon leaving employment of the District for any reason, any remaining sick leave, up to 90 days, is paid out at the teacher's substitute rate of pay.

Capital assets, which include land, buildings, furniture and equipment are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the District as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased for constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

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

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

Assets	Years
Buildings	30
Building improvements	30
Vehicles	10
Buses	10
Office equipment	5-7
Computer equipment	5

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

When the District incurs an expense, for which it may use either restricted or unrestricted assets, it uses the restricted assets first unless unrestricted assets will have to be returned because they were not used.



**INGRAM INDEPENDENT SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the year ended August 31, 2019**

(1) Summary of significant accounting policies (continued)

Other accounting policies (continued)

The data control codes refer to the account code structure prescribed by Texas Education Agency (TEA) in the *Financial Accountability System Resource Guide*. TEA requires school districts to display these codes in the financial statements filed with the Agency in order to insure accuracy in building a statewide database for policy development and funding plans.

The District implemented GASB Statement No. 54, "Fund Balance Reporting and Governmental Fund Type Definitions". This statement provides more clearly defined fund categories to make the nature and intent of the constraints placed on a government's fund balances more transparent. The following classifications describe the relative strength of the spending constraints:

**Nonspendable fund balance** – amounts that are not in spendable form or are required to be maintained intact.

**Restricted fund balance** – amounts that can be spent only for specific purposes because of local, state or federal laws, or externally imposed conditions by grantors or creditors.

**Committed fund balance** – amounts constrained to specific purposes by the District itself, using its highest level of decision making authority (i.e. the Board of Trustees). To be reported as committed, amounts cannot be used for any other purpose unless the District takes the same highest level of action to remove or change the constraint. The District establishes (and modifies or rescinds) fund balance commitments by passage of a resolution. A fund balance commitment is further indicated in the budget document as a commitment of the fund.

**Assigned fund balance** – amounts the District intends to use for a specific purpose. Intent can be expressed by the District or by an official or body to which the Board of Trustees delegates the authority. The Board has delegated authority to the Superintendent to establish fund balance assignments.

**Unassigned fund balance** – amounts that are available for any purpose. Positive amounts are reported on the general fund.

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

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 of the system are reported at fair value.

The District adopted GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*". The scope of this statement addresses accounting and financial reporting for OPEB that is provided to the employees of state and local governmental employers. The fiduciary net position of the TRS Care Plan has been determined using the flow of economic resources measurement focus

**INGRAM INDEPENDENT SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the year ended August 31, 2019**

(1) Summary of significant accounting policies (continued)

Other accounting policies (continued)

and full accrual basis of accounting. This includes for purposes of measuring the net other postemployment benefit (OPEB) liability, deferred outflows of resources and deferred inflows of resources related to other postemployment 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.

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

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

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

(2) Stewardship, compliance and accountability

Budgetary data

The Board of Trustees adopts an "appropriated budget" for the general fund, debt service fund and the food service fund (which is included in the special revenue funds).

The District compares the final amended budget to actual revenues and expenditures. The general fund budget report appears in Exhibit G-1 and the other two reports are in Exhibit J-2 and J-3.

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

- Prior to August 20<sup>th</sup> the District prepares a budget for the next succeeding fiscal year beginning September 1<sup>st</sup>. The operating budget includes proposed expenditures and the means of financing them.
- A meeting of the Board is then called for the purpose of adopting the proposed budget. At least ten days public notice of the meeting must be given.

**INGRAM INDEPENDENT SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
For the year ended August 31, 2019**

(2) Stewardship, compliance and accountability (continued)

Budgetary data (continued)

- Prior to September 1<sup>st</sup>, the budget is legally enacted through passage of a resolution by the Board. Once a budget is approved, it can only be amended at the function and fund level by approval of a majority of the members of the Board. Amendments are presented to the Board at its regular meetings. Each amendment must have Board approval. As required by law, such amendments are made before the fact, are reflected in the official minutes of the Board, and are not made after fiscal year end. Because the District has a policy of careful budgetary control, several amendments were necessary during the year, however, none of these were significant changes.
- Each budget is controlled by the budget coordinator at the revenue and expenditure function/object level. Budgeted amounts are as amended by the Board. All budget appropriations lapse at year end. A reconciliation of fund balances for both appropriated budget and non-appropriated budget special revenue funds is as follows:

Appropriated budget funds -	
Non-appropriated budget funds	\$ 18,826
All special revenue funds	<u>\$ 18,826</u>

(3) Detailed notes on all funds and account groups

Cash and cash equivalents

The funds of the District must be deposited and invested under the terms of a contract, contents of which are set out in the Depository Contract Law. The depository bank places approved pledged securities for safekeeping and trust with the District’s agent bank and in 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. At August 31, 2019, the carrying amount of the District’s deposits (cash accounts) was \$2,308,421 and the bank balance was \$2,400,209. The District’s cash deposits at August 31, 2019 and during the year ended August 31, 2019 were covered by FDIC insurance or by pledged collateral held by the District’s agent bank in the District’s name. As of August 31, 2019, the District had \$2,568 of cash on hand.

Public funds investment pools

Public funds investment pools in Texas (“Pools”) are established under the authority of the Interlocal Cooperation Act, Chapter 791 of the Texas Government Code and are subject to the provisions of the Public Funds Investment Act, Chapter 2256 of the Texas Government Code. In addition to other provisions of the Public Funds Investment Act designed to promote liquidity and safety of principal, it 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 now lower than AAA or AAAM 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.

The District’s investments in Pools are reported at amortized cost. The District believes that the Pools in which it invests operate as required under GASB Statement No. 70, *Certain External Investment Pools and Pool Participants*, to be valued at amortized cost.

**INGRAM INDEPENDENT SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
For the year ended August 31, 2019**

(3) Detailed notes on all funds and account groups (continued)

Cash and cash equivalents (continued)

The District categorizes its fair value measurements within the fair value hierarchy established by accounting principles generally accepted in the United States of America. The hierarchy is based on the valuation input used to measure the fair value of the asset.

- Level 1 inputs are quoted prices in active markets for identical assets.
- Level 2 inputs are significant other observable inputs which include quoted prices for similar assets in active markets; quoted prices for identical or similar assets in markets that are not active; or other observable inputs such as interest rates and yield curves at commonly quoted intervals, implied volatilities, and credit spreads; or market-corroborated inputs.
- Level 3 inputs are significant observable inputs.

The carrying amount of investments and fair value hierarchy at August 31, 2019 is shown below:

	August 31, 2019
Cash equivalents measured at amortized cost:	
External investment pools - Lonestar	\$ 60,471
Total cash equivalents at amortized cost	60,471
Cash with depository	2,308,421
Cash on hand	2,568
Total cash and cash equivalents	\$ 2,371,460

The District is required by Government Code Chapter 2256, the Public Funds Investment Act (“PFIA”), 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 CDs.

PFIA requires an annual audit of investment practices. Audit procedures in this area, conducted as 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 PFIA. Additionally, investment practices of the District were in accordance with local policies

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

**INGRAM INDEPENDENT SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
For the year ended August 31, 2019**

(3) Detailed notes on all funds and account groups (continued)

Cash and cash equivalents (continued)

Interest rate risk

*Interest rate risk:* Generally, interest rate risk recognizes that changes in interest rates could adversely affect the value of investments. The District does not purchase any investments with maturities greater than one year from the time of purchase. The Board may specifically authorize a longer maturity for a given investment within the legal limits of five (5) years. The District uses its investments in the investment pools to mitigate interest rate risk.

Information about the sensitivity of the fair values of the District's investments to market interest rate fluctuations is provided by the following table that shows the specific investments and their maturity:

	Carrying Amount	Weighted Average Maturity (days)
Local Government Investment Pools		
Lone Star	\$ 60,471	27
Total investment pools	60,471	
Portfolio weighted average maturity		27

Credit risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. Presented below is the minimum rating required (where applicable) by the District's investment policy and PFIA and the actual rating as of year-end for each investment as noted by Standard & Poors:

	Minimum Legal Rating	Investment Rating	Rating Organization
Lone Star	AAA	AAA	Standard & Poor's

Concentration of credit risk

The District is required to disclose investments in any one issuer that represents 5% or more of total investments. However, investments issued or explicitly guaranteed by the United States government and investments in mutual funds, external investment pools, and other pooled investments are excluded from this requirement.

The investment policy of the District contains no limitations on the amount that can be invested in any one issuer beyond that stipulated by PFIA.

**INGRAM INDEPENDENT SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the year ended August 31, 2019**

(3) Detailed notes on all funds and account groups (continued)

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 located in the District and 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 31 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 receivable

Delinquent taxes are prorated between maintenance and debt service based on rates adopted for the year of the levy. Allowances for uncollectible tax receivables within the general and debt service funds are based on 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.

Interfund receivables and payables

The District had interfund receivables or payables at August 31, 2019 as follows:

	<u>Due From</u>	<u>Due To</u>
General Operating Fund:		
Special revenue	\$ 97,118	\$ -
ESEA Title I, Part A Improving Basic Programs	84,439	-
Debt service	-	4,748
Internal service	-	76,381
Debt Service:		
General operating fund	4,748	-
ESEA Title I, Part A Improving Basic Programs:		
General operating fund	-	84,439
Special Revenue Fund:		
General operating fund	-	97,118
Internal Service Fund		
General operating fund	<u>76,381</u>	<u>-</u>
Total	<u>\$ 262,686</u>	<u>\$ 262,686</u>

**INGRAM INDEPENDENT SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the year ended August 31, 2019**

(3) Detailed notes on all funds and account groups (continued)

Capital asset activity

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

	Primary Government			Ending Balance
	Beginning Balance	Additions	Deletions	
Governmental Activities:				
Capital assets not being depreciated:				
Land	\$ 739,049	\$ -	\$ 60,150	\$ 678,899
Total capital assets not being depreciated	<u>739,049</u>	<u>-</u>	<u>60,150</u>	<u>678,899</u>
Capital assets being depreciated:				
Buildings and improvements	33,399,933	537,486	157,945	33,779,474
Furniture and equipment	<u>2,835,080</u>	<u>66,093</u>	<u>-</u>	<u>2,901,173</u>
Total capital assets being depreciated	<u>36,235,013</u>	<u>603,579</u>	<u>157,945</u>	<u>36,680,647</u>
Less: accumulated depreciation for:				
Buildings and improvements	14,021,283	1,004,280	149,374	14,876,189
Furniture and equipment	<u>2,539,357</u>	<u>51,239</u>	<u>-</u>	<u>2,590,596</u>
Total accumulated depreciation	<u>16,560,640</u>	<u>1,055,519</u>	<u>149,374</u>	<u>17,466,785</u>
Total capital assets being depreciated, net	<u>19,674,373</u>	<u>(451,940)</u>	<u>8,571</u>	<u>19,213,862</u>
Governmental activities capital assets, net	<u>\$ 20,413,422</u>	<u>\$ (451,940)</u>	<u>\$ 68,721</u>	<u>\$ 19,892,761</u>

Depreciation expense was charged to:

	Amount
Instruction	\$ 629,941
Instruction resources	6,388
Curriculum	24,899
Instructional leadership	16,342
School leadership	78,879
Guidance, counseling, and evaluation services	28,456
Health services	9,384
Student (pupil) transportation	34,386
Food services	74,177
Co-curricular/extracurricular activities	64,716
General administration	52,834
Security and monitoring	4,024
Data processing	<u>31,093</u>
Total depreciation expense	<u>\$ 1,055,519</u>

**INGRAM INDEPENDENT SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the year ended August 31, 2019**

(3) Detailed notes on all funds and account groups (continued)

Bonds and notes payable

Current requirements for principal and interest expenditures of bonded indebtedness are accounted for in the debt service fund.

The summary of changes in long-term debt for the year ended August 31, 2019 is as follows:

	Interest Rates	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental Activities:						
Bonds:						
2014 Building bonds	2.00-4.00%	\$ 8,805,000	\$ -	\$ 100,000	8,705,000	\$ 100,000
2014 QSCB	0.00%	720,000	-	70,000	650,000	70,000
2015 Building and refunding bonds	2.00-4.00%	3,910,000	-	450,000	3,460,000	455,000
Total bonds		<u>13,435,000</u>	<u>-</u>	<u>620,000</u>	<u>12,815,000</u>	<u>625,000</u>
Other Liabilities:						
2011 Energy management loan	3.00%	176,760	-	58,927	117,833	60,553
2017 Bus loan	2.40%	196,467	-	47,370	149,097	48,425
2017 Maintenance tax note	2.13%	910,000	-	95,000	815,000	95,000
Total other liabilities		<u>1,283,227</u>	<u>-</u>	<u>201,297</u>	<u>1,081,930</u>	<u>203,978</u>
Total liabilities		<u>14,718,227</u>	<u>-</u>	<u>821,297</u>	<u>13,896,930</u>	<u>828,978</u>
Other:						
Accounting loss on recognition on deferred charges on refunding and amortization of loss		(20,281)	-	(1,193)	(19,088)	-
Amortization of bond premium		897,752	-	49,368	848,384	-
Compensated absences		133,224	70,803	58,590	145,437	-
Total other		<u>1,010,695</u>	<u>70,803</u>	<u>106,765</u>	<u>974,733</u>	<u>-</u>
Total governmental activities - long-term liabilities		<u>\$ 15,728,922</u>	<u>\$ 70,803</u>	<u>\$ 928,062</u>	<u>\$ 14,871,663</u>	<u>\$ 828,978</u>



**INGRAM INDEPENDENT SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the year ended August 31, 2019**

(3) Detailed notes on all funds and account groups (continued)

Bonds and notes payable (continued)

Debt service requirements for the general obligation bonds are as follows:

Year Ended August 31,	Governmental Obligations		Total Requirements
	Principal	Interest	
2020	\$ 625,000	\$ 452,325	\$ 1,077,325
2021	640,000	440,225	1,080,225
2022	660,000	427,775	1,087,775
2023	595,000	410,075	1,005,075
2024	610,000	394,325	1,004,325
2025-2029	3,370,000	1,642,325	5,012,325
2030-2034	3,960,000	958,800	4,918,800
2035-2037	<u>2,355,000</u>	<u>182,600</u>	<u>2,537,600</u>
Total	<u>\$ 12,815,000</u>	<u>\$ 4,908,450</u>	<u>\$ 17,723,450</u>

There are a number of limitations and restrictions contained in the general obligation bond indentures. Management has indicated that the District is in compliance with all significant limitations and restrictions at August 31, 2019.

Debt service requirements for notes and leases are accounted for in the general operating fund.

Debt service requirements for the notes and leases are as follows:

Year Ended August 31,	Principal	Interest	Total
			Requirements
2020	\$ 203,978	\$ 24,096	\$ 228,074
2021	201,843	19,081	220,924
2022	151,266	14,205	165,471
2023	100,000	11,183	111,183
2024	105,000	9,053	114,053
2025-2027	<u>320,000</u>	<u>13,543</u>	<u>333,543</u>
Total	<u>\$ 1,082,087</u>	<u>\$ 91,161</u>	<u>\$ 1,173,248</u>

Loans

The District accounts for secured debt through the appropriate funds. These include notes in accordance with the provisions of the Texas Education Code Section 45.108. The proceeds from loans (except those issued and liquidated within one year) are shown in the financial statements as other resources, and principal payments are shown as other uses.

Commitments under non-capital leases

The District had several non-capital operating leases for photocopiers as of August 31, 2019.

**INGRAM INDEPENDENT SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the year ended August 31, 2019**

(3) Detailed notes on all funds and account groups (continued)

Commitments under capital leases

There were no capital leases at the end of the fiscal year 2019.

Accumulated unpaid vacation and sick leave benefits

The District's policy for vacation does not allow for vacation time to be accumulated. All vacation must be used annually or it is lost. Individuals may accumulate and carry over sick leave up to 90 days. Upon leaving the employment of the District for any reason, any remaining sick leave up to 90 days is paid out at the teacher's substitute rate of pay.

(4) Defined benefit pension plan

**Plan description.** The District participates in a cost-sharing multiple-employer defined benefit pension that has a special funding situation. The plan is administered by the Teacher Retirement System of Texas (TRS). It is a defined benefit pension plan established and administered in accordance with the Texas Constitution, Article 16, Section 67 and Texas Government Code, Title 8, Subtitle C. The pension trust fund is a qualified pension trust under Section 401(a) of the Internal Revenue Code. The Texas Legislature establishes benefits and contribution rates within the guidelines of the Texas Constitution. The pension's Board of Trustees does not have the authority to establish or amend benefit terms.

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

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

**Benefits provided.** TRS provides service and disability retirement, as well as death and survivor benefits, to eligible employees (and their beneficiaries) of public and higher education in Texas. The pension formula is calculated using 2.3 percent (multiplier) times the average of the five highest annual creditable salaries times years of credited service to arrive at the annual standard annuity except for members who are grandfathered, the three highest annual salaries are used.

The normal service retirement is at age 65 with 5 years of credited service or when the sum of the member's age and years of credited service equals 80 or more years. Early retirement is at age 55 with 5 years of service credit or earlier than 55 with 30 years of service credit. There are additional provisions for early retirement if the sum of the member's age and years of service credit total at least 80, but the member is less than age 60 or 62 depending on date of employment, or if the member was grandfathered in under a previous rule. There are no automatic postemployment benefit changes; including automatic COLAs. Ad hoc postemployment benefit changes, including ad hoc COLAs can be granted by the Texas Legislature as noted in the plan description above.

**INGRAM INDEPENDENT SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
For the year ended August 31, 2019**

(4) Defined benefit pension plan (continued)

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

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

<u>Contribution Rates</u>	2018	2019
Member (employees)	7.70%	7.70%
Non-employer contributing entity (State of Texas)	6.80%	6.80%
Employer (District)	6.80%	6.80%

<u>Contributions</u>		
Member (employees)	\$ 544,497	\$ 571,811
Non-employer contributing entity (State of Texas)	355,732	391,791
Employer (District)	200,862	238,665

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

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

- On the portion of the member's salary that exceeds the statutory minimum for members entitled to the statutory minimum under Section 21.402 of the Texas Education Code.
- During a new member's first 90 days of employment.
- When any part or all of an employee's salary is paid by federal funding source or 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 percent of the state contribution rate for certain instructional or administrative employees; and 100 percent of the state contribution rate for all other employees.

**INGRAM INDEPENDENT SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
For the year ended August 31, 2019**

(4) Defined benefit pension plan (continued)

**Contributions (continued).** In addition to the employer contributions listed above, there are two additional surcharges an employer is subject to.

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

**Actuarial Assumptions.** The total pension liability in the August 31, 2017 rolled forward to August 31, 2018 actuarial valuation 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	8.00%
Long-term expected investment rate of return	8.00%
Projection period (100 years)	2116
Inflation	2.5%
Salary increases including inflation	3.5% to 9.5%
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.

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

**INGRAM INDEPENDENT SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the year ended August 31, 2019**

(4) Defined benefit pension plan (continued)

**Discount rate (continued).** Best estimates of geometric real rates of return for each major asset class included in the TRS's target asset allocation as of August 31, 2017 and rolled forward to August 31, 2018 are summarized below:

<u>Asset Class</u>	<u>Target Allocation*</u>	<u>Real Return Geometric Basis</u>	<u>Long-Term Expected Portfolio Real Rate of Return**</u>
<u>Global Equity</u>			
U.S.	18%	5.70%	1.04%
Non-U.S. Developed	13%	6.90%	0.90%
Emerging Markets	9%	8.95%	0.80%
Directional Hedge Funds	4%	3.53%	0.14%
Private Equity	13%	10.18%	1.32%
<u>Stable Value</u>			
U.S. Treasuries	11%	1.11%	0.12%
Absolute Return	0%	0.00%	0.00%
Stable Value Hedge Funds	4%	3.09%	0.12%
Cash	1%	-0.30%	0.00%
<u>Real Return</u>			
Global Inflation Linked Bonds	3%	0.70%	0.02%
Real Assets	14%	5.21%	0.73%
Energy and Natural Resources	5%	7.48%	0.37%
Commodities	0%	0.00%	0.00%
<u>Risk Parity</u>			
Risk Parity	5%	3.70%	0.18%
Inflation Expectation			2.20%
Volatility Drag			-0.79%
TOTAL	<u>100%</u>		<u>7.25%</u>

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

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

\*\*\* The volatility drag results from the conversion between arithmetic and geometric mean returns

**Discount rate sensitivity analysis.** The following schedule shows the impact of the net pension liability if the discount rate used was 1% less than and 1% greater than the discount rate that was used (6.907%) in measuring the net pension liability.

	<u>1% Decrease in Discount Rate (5.907%)</u>	<u>Discount Rate (6.907%)</u>	<u>1% Increase in Discount Rate (7.907%)</u>
Proportionate share of the net pension liability	<u>\$ 4,953,181</u>	<u>\$ 3,281,912</u>	<u>\$ 1,928,907</u>

**INGRAM INDEPENDENT SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
For the year ended August 31, 2019**

(4) Defined benefit pension plan (continued)

*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 \$3,281,912 for its proportionate share of the TRS's net pension liability. This liability reflects a reduction for state pension support provided to the District. The amount recognized by the District as its proportionate share of the net pension liability, the related state support, and the total portion of the net pension liability that was associated with the District were as follows:

District's proportionate share of the collective net pension liability	\$ 3,281,912
State's proportionate share that is associated with the District	<u>5,815,977</u>
Total	<u>\$9,097,889</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 that date. The employer's proportion of the net pension liability was based on the employer's contributions to the pension plan relative to the contributions of all employers to the plan for the period September 1, 2017 through August 31, 2018.

At August 31, 2018 the employer's proportion of the collective net pension liability was 0.0059625% which was a decrease of 0.0007621566% from its proportion measured as of August 31, 2017.

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 were updated based on the same experience study.
- The discount rate was 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.

**INGRAM INDEPENDENT SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
For the year ended August 31, 2019**

(4) Defined benefit pension plan (continued)

For the year ended August 31, 2019, the District recognized pension expense of \$391,791 and revenue of \$391,791 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 pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experiences	\$ 20,457	\$ 80,525
Changes in actuarial assumptions	1,183,287	36,978
Differences between projected and actual investment earnings	-	62,272
Changes in proportion and differences between the employer's contributions and the proportionate share of contributions	513,835	227,276
Contributions paid to TRS subsequent to the measurement date	238,665	-
Total as of fiscal year end	\$ 1,956,244	\$ 407,051

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

For the Year Ended August 31,	Pension Expense Amount
2020	\$ 335,457
2021	167,574
2022	130,525
2023	259,597
2024	251,226
Thereafter	166,149
	\$ 1,310,528

**INGRAM INDEPENDENT SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
For the year ended August 31, 2019**

(5) Defined other postemployment benefit plans

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

**OPEB plan fiduciary net position.** Detailed 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.

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

Eligible retirees and their dependents not enrolled in Medicare may pay premiums to participate in one of two optional insurance plans with more comprehensive benefits (TRS-Care 2 and TRS-Care 3). Eligible retirees and dependents enrolled in Medicare may elect to participate in one of the two Medicare health plans for an additional fee. To qualify for TRS-Care coverage, a retiree must have at least 10 years of service credit in the TRS pension system. The Board of Trustees is granted the authority to establish basic and optional group insurance coverage for participants as well as to amend benefit terms as needed under Chapter 1575.052. There are no automatic postemployment 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 Plan Premium Rates		
Effective January 1, 2018 - December 31, 2018		
	<u>Medicare</u>	<u>Non-Medicare</u>
Retiree*	\$ 135	\$ 200
Retiree and Spouse	529	689
Retiree* and Children	468	408
Retiree and Family	1,020	999

\* or surviving spouse

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



**INGRAM INDEPENDENT SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
For the year ended August 31, 2019**

(5) Defined other postemployment benefit plans (continued)

**Contributions (continued).** Texas Insurance Code, section 1575.202 establishes the state's contribution rate which is 1.25% of the employee's salary. Section 1575.203 establishes the active employee's rate which is .75% of pay. Section 1575.204 establishes an employer contribution rate of not less than 0.25 percent or not more than 0.75 percent of the salary of each active employee of the public. The actual employer contribution rate is prescribed by the Legislature in the General Appropriations Act. The following table shows contributions to the TRS-Care plan by type of contributor.

	<u>Contribution Rates</u>	
	<u>2018</u>	<u>2019</u>
Active employee	0.65%	0.65%
Non-employer contributing entity (state)	1.25%	1.25%
Employers	0.75%	0.75%
Federal/private funding remitted by employers	1.25%	1.25%
District contributions	\$ 64,104	\$ 66,879
Member contributions	45,963	48,017
NECE on-behalf contributions	79,388	72,020

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

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

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

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

- Rates of mortality
- Rates of retirement
- Rates of termination
- Rates of disability incidence
- General inflation
- Wage inflation
- Expected payroll growth

**INGRAM INDEPENDENT SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
For the year ended August 31, 2019**

(5) Defined other postemployment benefit plans (continued)

Additional actuarial methods and assumptions:

Valuation date	August 31, 2017 rolled forward to August 31, 2018
Actuarial cost method	Individual entry age normal
Inflation	2.30%
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	2.50%
Projected salary increases	3.50% to 9.50%
Healthcare trend rates	6.75% to 9.00%
Election rates	Normal retirement: 70% participation prior to age 65 and 75% participation after age 65
Ad hoc postemployment benefit changes	None

\* Source: Fixed income municipal bonds with 20 years to maturity that include only federal tax-exempt municipal bonds as reported in Fidelity Index's "20-year Municipal GO AA Index" as of August 31, 2017.

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

**Discount rate sensitivity analysis.** The following schedule shows the impact of the net OPEB liability if the discount rate used was 1% less than and 1% greater than the discount rate that was used (3.69%) in measuring the net OPEB liability.

	1% Decrease in Discount Rate (2.69%)	Discount Rate (3.69%)	1% Increase in Discount Rate (4.69%)
District’s proportionate share of the net OPEB liability	\$ 5,522,909	\$ 4,639,760	\$ 3,941,133

**INGRAM INDEPENDENT SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
For the year ended August 31, 2019**

(5) Defined other postemployment benefit plans (continued)

***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 \$4,639,760 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	\$ 4,639,760
State's proportionate share that is associated with District	<u>5,754,227</u>
Total	<u>\$ 10,393,987</u>

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

At August 31, 2019 the employer's proportion of the collective net OPEB liability was 0.0092923597% compared to 0.0109018808% as of August 31, 2018.

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 8.50% rate used.

	<u>1% Decrease in Healthcare Trend Rate (7.50%)</u>	<u>Current Single Healthcare Trend Rate (8.50%)</u>	<u>1% Increase in Healthcare Trend Rate (9.50%)</u>
District's proportionate share of the net OPEB liability	<u>\$ 3,856,565</u>	<u>\$ 4,639,760</u>	<u>\$ 5,680,085</u>

***Changes since the prior actuarial valuation***

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

- Adjustments were made for retirees that were known to have discontinued their health care coverage in fiscal year 2018. This change increased the total OPEB liability.
- The health care trend rate assumption was updated to reflect the anticipated return of the Health Insurer Fee (HIF) in 2020. This change increased the total OPEB liability.
- Demographic and economic assumptions were updated based on the experience study performed for TRS for the period August 31, 2017. This change increased the total OPEB liability.

**INGRAM INDEPENDENT SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
For the year ended August 31, 2019**

(5) Defined other postemployment benefit plans (continued)

Changes since the prior actuarial valuation (continued)

- 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 the changes made effective September 1, 2017 by the 85<sup>th</sup> Texas Legislature.

For the year ended August 31, 2019, the District recognized OPEB expense of \$72,020 and revenue of \$72,020 for support provided by the state.

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experiences	\$ 246,215	\$ 73,222
Changes in actuarial assumptions	77,425	1,393,982
Differences between projected and actual investment earnings	811	-
Changes in proportion and differences between the employer's contributions and the proportionate share of contributions	19	882,925
Contributions paid to TRS subsequent of the measurement date	66,879	-
Total as of fiscal year end	\$ 391,349	\$ 2,350,129

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

For the Year Ended August 31,	Pension Expense Amount
2020	\$ (323,688)
2021	(323,688)
2022	(323,688)
2023	(323,960)
2024	(324,115)
Thereafter	(406,520)
Total	\$ (2,025,659)

**INGRAM INDEPENDENT SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the year ended August 31, 2019**

(6) Due from other governments

The District participates in a variety of federal and state programs which it receives grants to partially or fully finance certain activities. In addition, the District receives entitlements from the state through the School Foundation and Per Capita programs. Amounts due from federal and state governments as of August 31, 2019, are summarized below. All federal grants shown below are passed through the TEA and are reported on the combined financial statements as due from other governments.

	Local Government	State Entitlements	Federal Grants	Total
General	\$ 2,907	\$ 477,268	\$ -	\$ 480,175
ESEA Title I, Part A Improving Basic Programs	-	-	109,518	109,518
Special revenue	-	-	151,851	151,851
Total	<u>\$ 2,907</u>	<u>\$ 477,268</u>	<u>\$ 261,369</u>	<u>\$ 741,544</u>

(7) Revenue from local and intermediate sources

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

	General Fund	Special Revenue Fund	Debt Service Fund	Transportation	Total
Property taxes	\$ 5,723,279	\$ -	\$ 1,127,386	\$ -	\$ 6,850,665
Penalties and interest	66,299	-	12,515	-	78,814
Tuition and fees	148,026	-	-	-	148,026
Investment income	61,063	-	21,364	-	82,427
Food sales	-	68,627	-	-	68,627
Co-curricular activities	21,535	33,051	-	-	54,586
Other	28,167	-	-	538,377	566,544
Total	<u>\$ 6,048,369</u>	<u>\$ 101,678</u>	<u>\$ 1,161,265</u>	<u>\$ 538,377</u>	<u>\$ 7,849,689</u>

(8) Litigation

At August 31, 2019, Ingram Independent School District was not involved in any reportable litigation.

(9) Contingencies

The District participates in numerous state and federal grant programs which are governed by various rules and regulations of the grantor agencies. Costs charged to the respective grant programs are subject to audit and adjustment by the grantor agencies; therefore, to the extent that the District has not complied with the rules and regulations governing the grants, if any, refunds of any money received may be required and the collect ability of any related receivable at August 31, 2019 may be impaired. In the opinion of the District, there are no significant contingent liabilities relating to compliance with the rules and regulations governing the respective grants; therefore, no provision has been recorded in the accompanying combined financial statements for such contingencies

**INGRAM INDEPENDENT SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the year ended August 31, 2019**

(10) Workers' compensation pool

During the year ended August 31, 2019, Ingram ISD met its statutory workers' compensation obligations through participation in the TASB Risk Management Fund (the "Fund"). The Fund was created and is operated under the provisions of the Inter-local Cooperation Act, Chapter 791 of the Texas Government Code. The Fund's Workers Compensation Program is authorized by Chapter 504, Texas Labor Code. The Districts participating in the Fund execute Inter-local Agreements that define the responsibilities of the parties. The Fund provides statutory workers' compensation benefits to its members and their injured employees.

As a self-funded member of the TASB Risk Management Fund, Ingram ISD is solely responsible for all claim cost, both reported and unreported. The Fund provides administrative services to its self-funded members including claims administration and customer service.

The member is protected against higher than expected claims costs through the purchase of stop loss coverage.

The Fund engages the services of an independent auditor to conduct an independent financial audit after the close of each plan year on August 31. The audit is approved by the Fund's Board of Trustees in February of the following year. The Fund's audited financial statements as of August 31, 2019, are available at the TASB offices and have been filed with the Texas State Board of Insurance in Austin.

(11) Medicare Part D – on behalf payments

The Medicare Prescription Drug Improvement and Modernization Act of 2003, which was effective January 1, 2006, established prescription drug coverage for Medicare beneficiaries known as Medicare Part D. One of the provisions of Medicare Part D allows for the Texas Public School Retired Employee Group Insurance Program (TRS-Care) to receive drug subsidy payments from the federal government to offset certain prescription drug expenditures for eligible TRS-Care participants. Payments made on behalf of Ingram Independent School District for fiscal years 2019, 2018 and 2017 were \$26,732, \$22,033 and \$21,308 respectively.

(12) Net position deficit

At August 31, 2019, the District has a deficit unrestricted net position in the government-wide statement of net position of \$6,263,999. This deficit is due to the recognition of the District's proportionate share of the net pension liability for TRS and net OPEB liability for TRS-Care totaling \$7,921,672 in accordance with GASB Statement No. 68 and No. 75.

## **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.

**INGRAM INDEPENDENT SCHOOL DISTRICT**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL – GENERAL FUND**  
**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	\$ 6,005,000	\$ 6,095,000	\$ 6,048,369	\$ (46,631)
5800	State program revenues	4,417,000	4,968,000	5,019,776	51,776
5900	Federal program revenues	60,000	130,000	134,964	4,964
5020	Total revenues	<u>10,482,000</u>	<u>11,193,000</u>	<u>11,203,109</u>	<u>10,109</u>
	Expenditures:				
	Current:				
0011	Instruction	5,323,380	5,408,380	5,403,477	4,903
0012	Instructional resources and media svices	37,299	37,299	34,578	2,721
0013	Curriculum and instructional staff development	241,539	266,539	241,462	25,077
0021	Instructional leadership	157,440	167,440	156,677	10,763
0023	School leadership	762,427	777,427	773,002	4,425
0031	Guidance, counseling, and evaluation services	181,879	181,879	177,800	4,079
0033	Health services	91,968	96,968	91,958	5,010
0034	Student (pupil) transportation	420,000	480,000	420,000	60,000
0036	Extracurricular activities	693,501	681,501	604,424	77,077
0041	General administrative	544,633	544,633	517,762	26,871
0051	Facilities maintenance and operations	1,399,235	1,494,235	1,374,110	120,125
0052	Security and monitoring services	23,496	23,496	17,947	5,549
0053	Data processing services	304,548	309,548	304,705	4,843
	Debt Service:				
0071	Principal on long-term debt	153,927	153,927	153,927	-
0072	Interest on long-term debt	27,728	27,728	24,020	3,708
	Capital Outlay:				
0081	Facilities acquisition and construction	-	490,000	469,586	20,414
	Intergovernmental:				
0099	Other intergovernmental charges	119,000	120,000	119,241	759
6030	Total expenditures	<u>10,482,000</u>	<u>11,261,000</u>	<u>10,884,676</u>	<u>376,324</u>
1100	Excess (deficiency) of revenues over (under) expenditures	<u>-</u>	<u>(68,000)</u>	<u>318,433</u>	<u>386,433</u>
	Other financing sources (uses):				
7912	Sale of real or personal property	-	168,000	168,610	610
8911	Transfers out (use)	-	-	(100,000)	(100,000)
1200	Net change in fund balance	-	100,000	387,043	287,043
0100	Fund balance - beginning	<u>1,556,196</u>	<u>1,556,196</u>	<u>1,556,196</u>	<u>-</u>
3000	Fund balance - ending	<u>\$ 1,556,196</u>	<u>\$ 1,656,196</u>	<u>\$ 1,943,239</u>	<u>\$ 287,043</u>



**INGRAM INDEPENDENT SCHOOL DISTRICT**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL – ESEA TITLE I, PART A IMPROVING BASIC PROGRAMS**  
**For the year ended August 31, 2019**

EXHIBIT G-2

Data Control Codes		Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
		Original	Final		
	Revenues:				
5900	Federal program revenues	\$ 376,380	\$ 376,380	\$ 338,008	\$ (38,372)
5020	Total revenues	<u>376,380</u>	<u>376,380</u>	<u>338,008</u>	<u>(38,372)</u>
	Expenditures:				
0011	Instruction	261,464	261,464	244,243	17,221
0012	Instructional resources and media services	30,231	30,231	28,026	2,205
0013	Curriculum and instructional staff development	10,000	10,000	-	10,000
0031	Guidance, counseling, and evaluation services	74,685	74,685	65,739	8,946
6030	Total expenditures	<u>376,380</u>	<u>376,380</u>	<u>338,008</u>	<u>38,372</u>
1100	Excess (deficiency) of revenues over (under) expenditures	-	-	-	(76,744)
0100	Fund balance - beginning	-	-	-	-
3000	Fund balance - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (76,744)</u>

**INGRAM INDEPENDENT SCHOOL DISTRICT  
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE  
OF THE NET PENSION LIABILITY  
TEACHER RETIREMENT SYSTEM OF TEXAS  
LAST 10 FISCAL YEARS**

EXHIBIT G-3

	FOR THE PLAN YEAR ENDED AUGUST 31,				
	2018	2017	2016	2015	2014
District's proportion of the net pension liability (asset)	0.0059625%	0.0067247%	0.0064876%	0.006045100%	0.003315700%
District's proportionate share of net pension liability (asset)	\$ 3,281,912	\$ 2,150,183	\$ 2,451,550	\$ 2,136,862	\$ 885,670
State's proportionate share of the net pension liability (asset) associated with the District	<u>5,815,977</u>	<u>3,624,324</u>	<u>4,342,812</u>	<u>4,231,887</u>	<u>3,515,765</u>
Total	<u>\$ 9,097,889</u>	<u>\$ 5,774,507</u>	<u>\$ 6,794,362</u>	<u>\$ 6,368,749</u>	<u>\$ 4,401,435</u>
District's covered payroll	\$ 7,426,115	\$ 7,041,648	\$ 6,922,068	\$ 6,554,897	\$ 6,080,312
District's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	44.19%	30.54%	35.42%	32.60%	14.57%
Plan fiduciary net position as a percentage of the total net pension liability	73.74%	82.17%	78.00%	78.43%	83.25%

Note: GASB 68, Paragraph 81 requires that the information on this schedule be data from the period corresponding with the periods covered as of the measurement dates ending August 31 preceding the Districts fiscal year end.

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

**INGRAM INDEPENDENT SCHOOL DISTRICT  
SCHEDULE OF THE DISTRICT'S CONTRIBUTIONS FOR  
NET PENSION LIABILITY  
TEACHER RETIREMENT SYSTEM OF TEXAS  
LAST 10 FISCAL YEARS**

EXHIBIT G-4

	FOR THE FISCAL YEAR ENDED AUGUST 31,				
	2019	2018	2017	2016	2015
Contractually required contribution	\$ 238,665	\$ 200,862	\$ 220,905	\$ 206,126	\$ 179,309
Contribution in relation to the contractually required contribution	(238,665)	(200,862)	(220,905)	(206,126)	(179,309)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered payroll	\$ 7,426,115	\$ 7,071,394	\$ 7,041,648	\$ 6,922,072	\$ 6,554,897
Contribution as a percentage of covered payroll	3.21%	2.84%	3.14%	2.98%	2.74%

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

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

**INGRAM INDEPENDENT SCHOOL DISTRICT  
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE  
OF THE NET OPEB LIABILITY  
TEACHER RETIREMENT SYSTEM OF TEXAS  
LAST 10 FISCAL YEARS  
For the year ended August 31, 2019**

EXHIBIT G-5

For the plan year ended August 31,

	2018	2017
District's proportion of the net liability (asset) for other postemployment benefits	0.0093%	0.0109%
District's proportionate share of net other postemployment benefit liability (asset)	\$ 4,639,760	\$ 4,740,819
State's proportionate share of the net other postemployment benefit liability (asset) associated with the District	5,754,227	5,388,109
Total	\$ 10,393,987	\$ 10,128,928
District's covered payroll	\$ 7,426,115	\$ 7,041,648
District's proportionate share of the net other postemployment benefit liability (asset) as a percentage of its covered payroll	62.48%	67.33%
Plan fiduciary net position as a percentage of the total other postemployment benefit liability	1.57%	0.91%

Note: GASB Codification, Vol. 2, P50.238 states that the information on this schedule should be determined as of the measurement date. Therefore the amounts reported above are reported as of the measurement period preceding the District's fiscal year end.

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

**INGRAM INDEPENDENT SCHOOL DISTRICT  
SCHEDULE OF THE DISTRICT'S CONTRIBUTION FOR  
OTHER POST EMPLOYMENT BENEFITS (OPEB)  
TEACHER RETIREMENT SYSTEM OF TEXAS  
LAST 10 FICAL YEARS  
For the year ended August 31, 2019**

EXHIBIT G-6

For the fiscal year ended August 31,

	<u>2019</u>	<u>2018</u>
Contractually required contribution	\$ 66,879	\$ 64,104
Contribution in relation to the contractually required contribution	<u>(66,879)</u>	<u>(64,104)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	<u>\$ 7,426,115</u>	<u>\$ 7,071,394</u>
Contribution as a percentage of covered payroll	0.90%	0.91%

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

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## **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.

**INGRAM INDEPENDENT SCHOOL DISTRICT  
COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
August 31, 2019**

Data Control Codes		224 IDEA Part B Formula	225 IDEA Part B Preschool	226 IDEA Part B High Cost	240 National Breakfast and Lunch Program
	<b>Assets</b>				
1110	Cash and cash equivalents	\$ -	\$ -	\$ -	\$ 166
1240	Receivables from other governments	84,318	3,816	-	42,553
1290	Other receivables	-	-	-	102
1300	Inventories	-	-	-	23,429
1000	Total assets	<u>\$ 84,318</u>	<u>\$ 3,816</u>	<u>\$ -</u>	<u>\$ 66,250</u>
	<b>Liabilities</b>				
2110	Accounts payable	\$ 720	\$ -	\$ -	\$ 38,189
2160	Accrued wages payable	13,693	-	-	15,270
2170	Due to other funds	68,502	3,816	-	6,193
2200	Accrued expenditures	1,403	-	-	333
2000	Total liabilities	<u>84,318</u>	<u>3,816</u>	<u>-</u>	<u>59,985</u>
	<b>Fund Balances</b>				
	<b>Restricted Fund Balance:</b>				
3450	Grant funds	-	-	-	6,265
3490	Other restrictions of fund balance	-	-	-	-
3000	Total fund balances	<u>-</u>	<u>-</u>	<u>-</u>	<u>6,265</u>
4000	Total liabilities and fund balances	<u>\$ 84,318</u>	<u>\$ 3,816</u>	<u>\$ -</u>	<u>\$ 66,250</u>



EXHIBIT H-1

244 Career and Technical Basic Grant	255 ESEA II, A Training and Recruiting	270 ESEA VI, B Rural and Low Income	287 Education Jobs Fund	289 Other Federal Special Revenue Funds	385 Visually Impaired SSVI	397 Advanced Placement Incentives	410 State Textbook Fund
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
4,449	14,440	-	-	2,275	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>4,449</u>	<u>14,440</u>	<u>-</u>	<u>-</u>	<u>2,275</u>	<u>-</u>	<u>-</u>	<u>-</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	2,320	-	-	-	-	-	-
4,449	11,883	-	-	2,275	-	-	-
-	237	-	-	-	-	-	-
<u>4,449</u>	<u>14,440</u>	<u>-</u>	<u>-</u>	<u>2,275</u>	<u>-</u>	<u>-</u>	<u>-</u>
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>4,449</u>	<u>14,440</u>	<u>-</u>	<u>-</u>	<u>2,275</u>	<u>-</u>	<u>-</u>	<u>-</u>

**INGRAM INDEPENDENT SCHOOL DISTRICT  
COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
August 31, 2019**

EXHIBIT H-1  
(CONTINUED)

Data Control Codes		429 Other State Special Revenue Funds	461 Campus Activity Funds	Total Nonmajor Governmental Funds
	Assets			
1110	Cash and cash equivalents	\$ -	\$ 14,016	\$ 14,182
1240	Receivables from other governments	-	-	151,851
1290	Other receivables	-	-	102
1300	Inventories	-	-	23,429
1000	Total assets	<u>\$ -</u>	<u>\$ 14,016</u>	<u>\$ 189,564</u>
	Liabilities			
2110	Accounts payable	\$ -	\$ 1,455	\$ 40,364
2160	Accrued wages payable	-	-	31,283
2170	Due to other funds	-	-	97,118
2200	Accrued expenditures	-	-	1,973
2000	Total liabilities	<u>-</u>	<u>1,455</u>	<u>170,738</u>
	Fund Balances			
	Restricted Fund Balance:			
3450	Grant funds	-	-	6,265
3490	Other restrictions of fund balance	-	12,561	12,561
3000	Total fund balances	<u>-</u>	<u>12,561</u>	<u>18,826</u>
4000	Total liabilities and fund balances	<u>\$ -</u>	<u>\$ 14,016</u>	<u>\$ 189,564</u>

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**INGRAM 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		224 IDEA Part B Formula	225 IDEA Part B Preschool	226 IDEA Part B High Cost	240 National Breakfast and Lunch Program
	Revenues				
5700	Local and intermediate sources	\$ -	\$ -	\$ -	\$ 68,627
5800	State program revenues	-	-	-	25,449
5900	Federal program revenues	315,414	3,816	9,932	637,122
5020	Total revenues	<u>315,414</u>	<u>3,816</u>	<u>9,932</u>	<u>731,198</u>
	Expenditures				
	Current:				
0011	Instruction	286,318	3,816	-	-
0012	Instruction resources and media service	-	-	-	-
0013	Curriculum and staff development	237	-	-	-
0021	Instructional leadership	3,468	-	-	-
0031	Guidance, counseling, and evaluation services	25,391	-	9,932	-
0035	Food services	-	-	-	726,929
0036	Extracurricular activities	-	-	-	-
0052	Security and monitoring services	-	-	-	-
6030	Total expenditures	<u>315,414</u>	<u>3,816</u>	<u>9,932</u>	<u>726,929</u>
1100	Excess (deficiency) of revenues over (under) expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,269</u>
0100	Fund balance - beginning	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,996</u>
3000	Fund balance - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 6,265</u>

EXHIBIT H-2

244 Career and Technical Basic Grant	255 ESEA II, A Training and Recruiting	270 ESEA VI, B Rural and Low Income	287 Education Jobs Fund	289 Other Federal Special Revenue Funds	385 Visually Impaired SSVI	397 Advanced Placement Incentives	410 State Textbook Fund
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	957	-	157,916
<u>13,019</u>	<u>46,839</u>	<u>15,936</u>	<u>2,503</u>	<u>21,488</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>13,019</u>	<u>46,839</u>	<u>15,936</u>	<u>2,503</u>	<u>21,488</u>	<u>957</u>	<u>-</u>	<u>157,916</u>
10,996	46,839	15,936	2,503	-	957	-	157,916
-	-	-	-	-	-	-	-
2,023	-	-	-	-	-	289	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	21,488	-	-	-
<u>13,019</u>	<u>46,839</u>	<u>15,936</u>	<u>2,503</u>	<u>21,488</u>	<u>957</u>	<u>289</u>	<u>157,916</u>
-	-	-	-	-	-	(289)	-
-	-	-	-	-	-	289	-
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**INGRAM INDEPENDENT SCHOOL DISTRICT  
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS  
For the year ended August 31, 2019**

EXHIBIT H-2  
(CONTINUED)

Data Control Codes	429 Math Achievemnet Acadamies	461 Campus Activity Funds	Total Nonmajor Governmental Funds
	Revenues		
5700	\$ -	\$ 33,051	\$ 101,678
5800	350	-	184,672
5900	-	-	1,066,069
5020	<u>350</u>	<u>33,051</u>	<u>1,352,419</u>
	Expenditures		
	Current:		
0011	350	-	525,631
0012	-	-	-
0013	-	-	2,549
0021	-	-	3,468
0031	-	-	35,323
0035	-	-	726,929
0036	-	29,789	29,789
0052	-	-	21,488
6030	<u>350</u>	<u>29,789</u>	<u>1,345,177</u>
1100	Excess (deficiency) of revenues over (under) expenditures		
	<u>-</u>	<u>3,262</u>	<u>7,242</u>
0100	Fund balance - beginning		
	<u>-</u>	<u>9,299</u>	<u>11,584</u>
3000	Fund balance - ending		
	<u>\$ -</u>	<u>\$ 12,561</u>	<u>\$ 18,826</u>

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**INGRAM INDEPENDENT SCHOOL DISTRICT  
SCHEDULE OF DELINQUENT TAXES RECEIVABLE  
For the year ended August 31, 2019**

<u>Year Ended August 31,</u>	Tax Rates		(3) Assessed/Appraised Value for School Tax Purposes
	(1) <u>Maintenance</u>	(2) <u>Debt Service</u>	
2009 and prior years	Various	Various	\$ 817,257,464
2011	1.040000	0.078600	432,823,172
2012	1.040000	0.078600	439,798,945
2013	1.040000	0.078600	451,184,785
2014	1.040000	0.078600	461,578,938
2015	1.040000	0.230000	459,229,790
2016	1.040000	0.220000	462,560,169
2017	1.040000	0.215000	486,502,734
2018	1.040000	0.205000	518,590,254
2019 (school year under audit)	1.040000	0.205000	551,768,613
1000 Totals			



EXHIBIT J-1

(10) Beginning Balance 9/1/2018	(20) Current Year's Total Levy	(31) Maintenance Collections	(32) Debt Service Collections	(40) Entire Year's Adjustments	(50) Ending Balance 8/31/2019
\$ 24,527	\$ -	\$ 1,925	\$ 337	\$ (5,650)	\$ 16,615
7,337	-	420	32	(759)	6,126
8,460	-	718	54	(595)	7,093
13,710	-	2,790	211	(816)	9,893
20,429	-	9,424	712	5,221	15,514
27,881	-	18,026	3,984	14,349	20,220
36,263	-	24,569	5,187	14,544	21,051
55,754	-	29,186	6,028	11,301	31,841
89,432	-	36,523	7,170	(6,359)	39,380
-	6,869,519	5,599,698	1,103,674	(51,371)	114,776
\$ 283,793	\$ 6,869,519	\$ 5,723,279	\$ 1,127,389	\$ (20,135)	\$ 282,509

**INGRAM INDEPENDENT SCHOOL DISTRICT  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL – CHILD NUTRITION PROGRAM  
For the year ended August 31, 2019**

EXHIBIT J-2

Data Control Codes	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)	
	Original	Final			
<b>Revenues</b>					
5700	Local and intermediate sources	\$ 100,000	\$ 100,000	\$ 68,627	\$ (31,373)
5800	State program revenues	26,800	26,800	25,449	(1,351)
5900	Federal program revenues	<u>655,000</u>	<u>655,000</u>	<u>637,122</u>	<u>(17,878)</u>
5020	Total revenues	<u>781,800</u>	<u>781,800</u>	<u>731,198</u>	<u>(50,602)</u>
<b>Expenditures</b>					
0035	Food services	<u>781,800</u>	<u>781,800</u>	<u>726,929</u>	<u>54,871</u>
6030	Total expenditures	<u>781,800</u>	<u>781,800</u>	<u>726,929</u>	<u>54,871</u>
1100	Excess (deficiency) of revenues over (under) expenditures	-	-	4,269	4,269
<b>Other Financing Sources (Uses)</b>					
7915	Transfers in	-	-	-	-
7080	Total other financing sources (uses)	-	-	-	-
1200	Net change in fund balance	-	-	4,269	4,269
0100	Fund balance - beginning	-	-	<u>1,996</u>	-
3000	Fund balance - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 6,265</u>	<u>\$ 4,269</u>

**INGRAM INDEPENDENT SCHOOL DISTRICT**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE –**  
**BUDGET AND ACTUAL – DEBT SERVICE FUND**  
**For the year ended August 31, 2019**

EXHIBIT J-3

Data Control Codes		Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
		Original	Final		
	Revenues				
5700	Local and intermediate sources	\$ 1,130,000	\$ 1,130,000	\$ 1,161,265	\$ 31,265
5800	State program revenues	<u>39,000</u>	<u>39,000</u>	<u>38,400</u>	<u>(600)</u>
5020	Total revenues	<u>1,169,000</u>	<u>1,169,000</u>	<u>1,199,665</u>	<u>30,665</u>
	Expenditures				
	Debt Service:				
0071	Principal on long-term debt	620,000	620,000	620,000	-
0072	Interest on long-term debt	466,500	466,500	464,325	2,175
0073	Bond issuance costs and fees	<u>1,500</u>	<u>1,500</u>	<u>1,500</u>	<u>-</u>
	Total debt service	<u>1,088,000</u>	<u>1,088,000</u>	<u>1,085,825</u>	<u>2,175</u>
6030	Total expenditures	<u>1,088,000</u>	<u>1,088,000</u>	<u>1,085,825</u>	<u>2,175</u>
1200	Net change in fund balance	81,000	81,000	113,840	32,840
0100	Fund balance - beginning	<u>429,389</u>	<u>429,389</u>	<u>429,389</u>	<u>-</u>
3000	Fund balance - ending	<u>\$ 510,389</u>	<u>\$ 510,389</u>	<u>\$ 543,229</u>	<u>\$ 32,840</u>

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**FEDERAL AWARDS SECTION**

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

To the Board of School Trustees  
Ingram Independent School District  
Ingram, Texas

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Ingram 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 of the District's basic financial statements, and have issued our report thereon dated January 20, 2020.

**Internal Control Over Financial Reporting**

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

*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the District'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 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 District'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 District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

ABIP, PC

San Antonio, Texas  
January 20, 2020



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

To the Board of School Trustees  
Ingram Independent School District  
Ingram, Texas

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

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

***Management's Responsibility***

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

***Auditors' Responsibility***

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

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

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

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

## Report on Internal Control Over Compliance

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

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

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

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

ABIP, PC

San Antonio, Texas  
January 20, 2020

**INGRAM INDEPENDENT SCHOOL DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
For the year ended August 31, 2019**

SECTION I – SUMMARY OF AUDITORS’ RESULTS

<b>FINANCIAL STATEMENTS</b>		
Type of auditor’s report issued:	<u>Unmodified</u>	
Internal control over financial reporting: • Material weakness(es) identified?	<u>    </u> Yes	<u>  X  </u> No
• Significant deficiency(ies) identified not considered to be material weakness(es)?	<u>    </u> Yes	<u>  X  </u> None Reported
Noncompliance material to financial statements noted?	<u>    </u> Yes	<u>  X  </u> No

<b>FEDERAL AWARDS</b>		
Internal control over financial reporting: • Material weakness(es) identified?	<u>    </u> Yes	<u>  X  </u> No
• Significant deficiency(ies) identified not considered to be material weakness(es)?	<u>    </u> Yes	<u>  X  </u> None Reported
Type of auditor’s report issued on compliance for Major programs:	<u>Unmodified</u>	
Any audit findings disclosed that are required to be reported in accordance with 2 CFR Section 200.516(a)?	<u>    </u> Yes	<u>  X  </u> No

<b>IDENTIFICATION OF MAJOR PROGRAMS</b>		
CFDA Number(s)	Name of Federal Program or Cluster	
10.553/10.555	Child Nutrition Program Cluster	
Dollar threshold used to distinguish between Type A and Type B programs:	\$750,000	
Auditee qualified as low-risk auditee?	<u>  X  </u> Yes	<u>    </u> No

**INGRAM INDEPENDENT SCHOOL DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
Year ended August 31, 2019**

SECTION II – FINANCIAL STATEMENT FINDINGS:

None

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS:

None

**INGRAM INDEPENDENT SCHOOL DISTRICT  
SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS  
Year ended August 31, 2019**

None

**INGRAM INDEPENDENT SCHOOL DISTRICT  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
For the year ended August 31, 2019**

EXHIBIT K-1

(1) Federal Grantor / Pass-Through Grantor/ Program or Cluster Title	(2) Federal CFDA Number	(3) Pass-Through Entity Identifying Number	(4) Federal Expenditures
<b><u>U.S. DEPARTMENT OF EDUCATION</u></b>			
Passed through Education Resource Center Region 20:			
IDEA-Part B, Discretionary *	84.027	196600021339046674	\$ 9,932
Passed through State Department of Education:			
ESEA Title I, Part A - Improving Basic Programs	84.010A	19610101133904	300,945
ESEA Title I, Part A - Improving Basic Programs	84.010A	20610101133904	37,063
Total CFDA Number 84.010A			<u>338,008</u>
IDEA-Part B, Formula *	84.027	186600011339046600	105,670
IDEA-Part B, Formula *	84.027	196600011339046600	194,648
IDEA-Part B, Formula *	84.027	206600011339046600	15,096
Total CFDA Number 84.027 Passed Through State Department of Education			<u>315,414</u>
IDEA - Part B, Preschool *	84.173	186610011339046610	141
IDEA - Part B, Preschool *	84.173	196610011339046610	3,675
Total CFDA Number 84.173			<u>3,816</u>
ESEA, Title V, Part B, Rural and Low Income Program	84.358B	19696001133904	15,936
ESEA, Title II, Part A, Supporting Effective Instruction	84.367A	19694501133904	44,282
ESEA, Title II, Part A, Supporting Effective Instruction	84.367A	20694501133904	2,557
Total CFDA Number 84.367A			<u>46,839</u>
Title IV, Part A, Subpart 1-SSAEP	84.424A	19680101133904	21,488
ESSA Title VI, Part A - LEP Summer School	84.369A	1969551802	2,503
Career and Technical - Basic Grant	84.048A	19420006133904	8,570
Career and Technical - Basic Grant	84.048A	204200287110039	4,449
Total CFDA Number 84.048A			<u>13,019</u>
Total IDEA B Cluster			<u>329,162</u>
Total passed through State Department of Education			<u>757,023</u>
<b>TOTAL U.S. DEPARTMENT OF EDUCATION</b>			<u>766,955</u>
<b><u>U.S. DEPARTMENT OF AGRICULTURE</u></b>			
Passed through State Department of Agriculture			
School Breakfast Program *	10.553	133-904	164,338
National School Lunch Program-cash assistance *	10.555	133-904	425,327
National School Lunch Program-non-cash assistance *	10.555	133-904	47,457
Total CFDA Number 10.555			<u>472,784</u>
Total Child Nutrition Cluster			<u>637,122</u>
<b>TOTAL U.S. DEPARTMENT OF AGRICULTURE</b>			<u>637,122</u>
<b>TOTAL EXPENDITURES OF FEDERAL AWARDS</b>			<u>\$ 1,404,077</u>
School Health and Related Services (SHARS)			134,964
<b>TOTAL FEDERAL REVENUE PER EXHIBIT C-3</b>			<u>\$ 1,539,041</u>

\* Clustered Programs

**INGRAM INDEPENDENT SCHOOL DISTRICT**  
**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**For the year ended August 31, 2019**

For all Federal programs, the District uses the fund types specified in Texas Education Agency's *Financial Accountability System Resource Guide*. Special revenue funds are used to account for resources restricted to, or designated for, specific purposes by a grantor. Federal and state financial assistance generally is accounted for in a Special revenue fund.

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. The governmental fund types are accounted for using a current financial resources measurement focus. All federal grant funds were accounted for in a special revenue fund or, in some instances, in the general fund which are governmental fund type accounts.

With this measurement focus, only current assets and current liabilities and the fund balances are included on the balance sheet. Operating statements of these funds present increases and decreases in net current assets. The modified accrual basis of accounting is used for the governmental fund types. This basis of accounting recognizes revenues in the accounting period in which they become susceptible to accrual, i.e., both measurable and available, and expenditures in the accounting period in which the fund liability is incurred, if measurable, except for unmatured interest on general long-term debt, which is recognized when due, and certain compensated absences and claims and judgments, which are recognized when the obligations are expected to be liquidated with expendable available financial resources.

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

The period performance for federal grant funds for the purpose of liquidation of outstanding obligations made on or before the ending date of the federal project period extended 90 days beyond the federal project period ending date, in accordance with provisions in Section H, Period of Performance of Federal Funds, Part 3, Uniform Guidance Compliance Supplement.

Non-cash USDA donated commodities received like-kind goods and no grant revenue received was reported on the schedule for the monetary value of these goods. The monetary value of these goods was \$47,457 for the year ended August 31, 2019.

The United States Department of Education has given the Texas Education Agency (TEA) authority to issue indirect cost rates for Texas School Districts and Charter Schools. To recover any indirect costs, the District must request and receive new indirect cost rates for every school year allowed by the Uniform Guidance Part 200.57. The District has not elected to use the 10% de minimis indirect cost rate.

**INGRAM INDEPENDENT SCHOOL DISTRICT**  
**SCHEDULE OF REQUIRED RESPONSES TO SELECTED SCHOOL FIRST INDICATORS**  
**For the year ended August 31, 2019**

EXHIBIT L-1

<u>DATA CONTROL CODES</u>		<u>RESPONSES</u>
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 on the financial statements as a whole?	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 government agencies?	Yes
SF8	Did the school district not 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	Total accumulated accretion on CABs included in government-wide financial statements at fiscal year end.	\$ -
SF12	Net pension liabilities (2540) at fiscal year-end.	<u>\$ 3,281,912</u>