

INGRAM INDEPENDENT SCHOOL DISTRICT

ANNUAL FINANCIAL REPORT

YEAR ENDED AUGUST 31, 2018

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CPAs | ADVISORS

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**INGRAM INDEPENDENT SCHOOL DISTRICT
ANNUAL FINANCIAL REPORT
For the year ended August 31, 2018**

TABLE OF CONTENTS

	<u>PAGE</u>	<u>EXHIBIT</u>
INTRODUCTORY SECTION		
Certificate of Board	i	
FINANCIAL SECTION		
Independent Auditor’s Report.....	1	
Management’s Discussion and Analysis	5	
<u>Basic Financial Statements:</u>		
<u>Government-Wide Financial Statements:</u>		
Statement of Net Position	15	A-1
Statement of Activities	16	B-1
<u>Governmental Fund Financial Statements:</u>		
Balance Sheet – Governmental Funds.....	17	C-1
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position.....	18	C-2
Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds.....	19	C-3
Reconciliation of the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances to the Statement of Activities	20	C-4
<u>Proprietary Fund Financial Statements:</u>		
Statement of Net Position	21	D-1
Statement of Revenues, Expenses, and Changes in Fund Net Position.....	22	D-2
Statement of Cash Flows	23	D-3

**INGRAM INDEPENDENT SCHOOL DISTRICT
ANNUAL FINANCIAL REPORT
For the year ended August 31, 2018**

TABLE OF CONTENTS

	<u>PAGE</u>	<u>EXHIBIT</u>
FINANCIAL SECTION (CONTINUED)		
<u>Fiduciary Fund Financial Statements:</u>		
Statement of Net Position	24	E-1
Notes to the Financial Statements	25	
REQUIRED SUPPLEMENTARY INFORMATION		
Statement of Revenues, Expenditures, and Changes in Fund Balance Budget and Actual - General Fund	53	G-1
Schedule of the District’s Proportionate Share of the Net Pension Liability – Teacher Retirement System of Texas	54	G-2
Schedule of District’s Contributions – Teacher Retirement System of Texas.....	55	G-3
Schedule of the District’s Proportionate Share of the Net OPEB Liability – Teacher Retirement System of Texas	56	G-4
Schedule of the District’s Contribution for Other Post-Employment Benefits (OPEB) – Teacher Retirement System of Texas	57	G-5
OTHER SUPPLEMENTARY INFORMATION		
<u>Combining and Other Schedules:</u>		
Nonmajor Governmental Funds:		
Combining Balance Sheet Funds.....	60	H-1
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances	64	H-2
<u>Required Texas Education Agency Schedules:</u>		
Schedule of Delinquent Taxes Receivable	68	J-1
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual – Child Nutrition Program	70	J-2
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual – Debt Service Fund	71	J-3

**INGRAM INDEPENDENT SCHOOL DISTRICT
ANNUAL FINANCIAL REPORT
For the year ended August 31, 2018**

TABLE OF CONTENTS

	<u>PAGE</u>	<u>EXHIBIT</u>
FEDERAL AWARDS SECTION		
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 <i>Government Auditing Standards</i>	75	
Independent Auditor’s Report on Compliance for Each Major Program and on Internal Control Over Compliance Required by the Uniform Guidance.....	77	
Schedule of Findings and Questioned Costs	79	
Summary Schedule of Prior Year Findings.....	81	
Schedule of Expenditures of Federal Awards	82	K-1
Notes to the Schedule of Expenditures of Federal Awards	83	
Schedule of Required Responses to Selected School First Indicators.....	84	L-1

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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, 2018 at a meeting of the Board of Trustees of such school district on the 25th day of January, 2019.

Jimmy Bron
Signature of Board Secretary

Jack Fairchild
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

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, 2018, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the 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, 2018, 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.

Emphasis of Matter

As described in Note 1 to the financial statements, in 2018, the District adopted new accounting guidance, GASB No. 75, *Accounting and Financial Reporting for Post-Employment Benefits Other Than Pensions*. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information for the general fund, 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 25, 2019, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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 25, 2019

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MANAGEMENT’S DISCUSSION AND ANALYSIS

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, 2018. 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 2018. General Fund actual revenues exceeded budgeted revenues by \$17,484 due mainly to an increase in state revenues. Expenditures were less than budgeted expenditures by \$155,519. The fund balance is \$1,556,196 at year end.

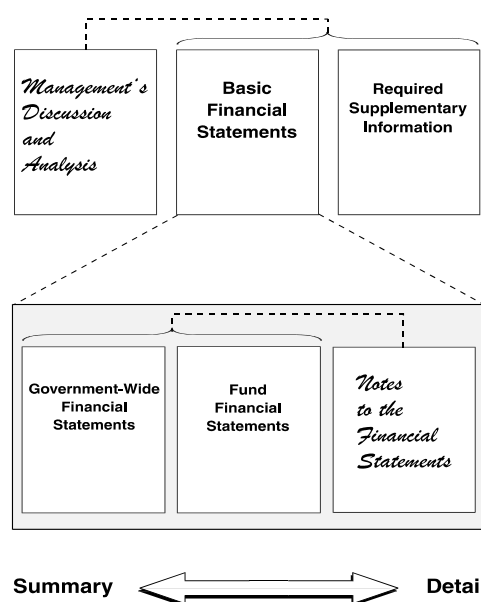
OVERVIEW OF THE FINANCIAL STATEMENTS

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 53.

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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, 2018 and 2017.

STATEMENT OF NET POSITION August 2018 and 2017

	Governmental Activities	
	<i>(in thousands)</i>	
	2018	2017
Current Assets:		
Cash and cash equivalents	\$ 2,056	\$ 1,212
Property taxes and receivables	284	298
(allowance for uncollectible)	(43)	(45)
Due from other governments	385	1,668
Inventories	17	15
Land	739	739
Building, furniture and equipment	19,674	20,581
Other assets	2	3
Total current assets	<u>23,114</u>	<u>24,471</u>
Deferred Outflows of Resources:		
Deferred outflow related to TRS Pension	983	1,288
Deferred outflow related to TRS OPEB	60	-
Deferred charge for refunding	20	21
Total deferred outflows of resources	<u>1,063</u>	<u>1,309</u>
Current Liabilities:		
Accounts payable	78	156
Accrued liabilities	389	874
Noncurrent Liabilities:		
Due within one year	821	794
Due in more than one year	14,928	15,665
Net pension liability	2,150	2,452
Net OPEB liability	4,741	-
Total liabilities	<u>23,107</u>	<u>19,941</u>
Deferred Inflows of Resources:		
Deferred inflow related to TRS Pension	329	141
Deferred inflow related to TRS OPEB	1,983	-
Total deferred inflows of resources	<u>2,312</u>	<u>141</u>
Net Position:		
Invested in capital assets, net of related debt	4,818	5,125
Restricted for:		
Debt service	429	379
Capital projects	-	76
Unrestricted	(6,488)	116
Total net position	<u>\$ (1,241)</u>	<u>\$ 5,696</u>

The unrestricted net position reflects a deficit created by a prior period adjustment resulting from the implementation of Governmental Accounting Standards Board Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions* (GASB 75). Statement No. 75 established financial reporting standards and/or accounting standards for the state and local government defined other postemployment benefit (OPEB) plans and defined contribution OPEB contributions, if any, made subsequent to the measurement date of the beginning net OPEB liability. The effects of the adoption of this statement has no impact on the District's governmental fund financial statements. However, adoption has resulted in certain changes to the presentation of the District's government-wide financial statements.

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, 2018 and 2017.

**CHANGES IN NET POSITION
For fiscal years ended August 2018 and 2017**

	Governmental Activities (in thousands)	
	2018	2017
Revenues:		
Program Revenues:		
Capital grants and contributions	\$ 4,186	\$ 4,099
Operating grants and contributions	(185)	1,658
Charges for services	209	355
General Revenues:		
Property taxes	6,424	6,132
Investment earnings	60	24
Other	73	118
Total revenues	10,767	12,386
Expenses:		
Instruction	4,259	6,416
Instructional resources and media services	60	69
Curriculum development and instructional staff development	206	279
Instructional leadership	118	180
School leadership	523	662
Guidance, counseling and evaluation services	189	340
Health services	63	98
Student (pupil) transportation	304	500
Food services	577	727
Curricular/extracurricular activities	589	702
General administration	416	571
Plant maintenance and operations	1,134	1,412
Security and monitoring services	25	16
Data processing services	244	329
Interest on long term debt	449	463
Bond issuance costs and fees	3	37
Other intergovernmental charges	115	108
Total expenses	9,274	12,909
Increase (decrease) in net position	1,493	(523)
Net position at September 1,	5,696	6,219
Restatement of net position	(8,430)	-
Net position at August 31,	\$ (1,241)	\$ 5,696

Property taxes in the amount of \$6,424,086 and state revenue of \$4,185,675 accounted for 98.54% of the District's total revenue of \$10,767,311.

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 \$9,274,070. Of the total expenses, \$209,226 was financed by charges for services. The net cost of \$9,249,591 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 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 \$462,135 due mainly to an increase in state and property tax revenues.

REVENUES BY SOURCE For the years ended August 31, 2018 and 2017

	2018	2017	Increase (Decrease)
Local and tax revenues	\$ 5,608,976	\$ 5,379,272	\$ 229,704
State programs	4,582,481	4,353,206	229,275
Federal programs	57,027	53,871	3,156
Total	\$ 10,248,484	\$ 9,786,349	\$ 462,135

General fund expenditures – Overall expenditures increased by \$439,480. 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, 2018 and 2017

	2018	2017	Increase (Decrease)
EXPENSES			
Instruction, curriculum and media services	\$ 5,461,024	\$ 5,266,652	\$ 194,372
Instructional and school leadership	867,200	727,547	139,653
Student support services	662,110	691,146	(29,036)
Cocurricular activities	606,001	583,120	22,881
General administration	499,786	501,251	(1,465)
Plant maintenance, security and data processing	1,687,546	1,693,280	(5,734)
Debt service	177,382	65,044	112,338
Other intergovernmental charges	114,432	107,961	6,471
Total expenses	<u>\$ 10,075,481</u>	<u>\$ 9,636,001</u>	<u>\$ 439,480</u>

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital assets – At August 31, 2018, the District had invested \$36,974,062 in a broad range of capital assets including land, equipment, buildings, and vehicles. This is a \$144,664 increase from the prior year.

CAPITAL ASSETS
At August 31, 2018 and 2017

	2018	2017	Increase (Decrease)
Land	\$ 739,049	\$ 739,049	\$ -
Buildings and improvements	33,399,933	33,211,407	188,526
Furniture and equipment	2,835,080	2,782,699	52,381
Construction in progress	-	96,243	(96,243)
	36,974,062	36,829,398	144,664
Less: accumulated depreciation	<u>(16,560,640)</u>	<u>(15,509,765)</u>	<u>(1,050,875)</u>
Total	<u>\$ 20,413,422</u>	<u>\$ 21,319,633</u>	<u>\$ (906,211)</u>

LONG-TERM DEBT

At year end the District had \$13,435,000 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 2018 the District adopted a \$120,000 deficit budget designed to meet the needs of existing student instructional and support programs and also finance a loan to complete the 2015 capital projects program. Budget amendments were made during the year. Trustees increased estimated revenues by \$305,000 to reflect increases in state revenue and appropriations by \$185,000 for increases in instruction and plant maintenance.

ECONOMIC FACTORS

For fiscal year 2018, the student enrollment remained constant with the 2017 fiscal year. However, enrollment in the 2019 fiscal year increased 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, 2018

EXHIBIT A-1

Data Control Codes		1 <u>Primary Government</u> Governmental Activities
	Assets:	
1110	Cash and cash equivalents	\$ 2,056,186
1220	Property taxes receivable (delinquent)	283,793
1230	Allowance for uncollectible taxes	(42,569)
1240	Due from other governments	384,822
1290	Other receivables (net)	1,773
1300	Inventories	17,095
	Capital Assets:	
1510	Land	739,049
1520	Buildings, (net)	19,378,650
1530	Furniture and equipment (net)	295,723
1000	Total assets	23,114,522
	Deferred Outflows of Resources:	
1701	Deferred charge for refunding	20,281
1705	Deferred outflow related to TRS Pension	982,896
1706	Deferred outflow related to TRS OPEB	60,198
1700	Total deferred outflows of resources	1,063,375
	Liabilities:	
2110	Accounts payable	77,713
2120	Short term debt payable	5,152
2140	Interest payable	21,174
2150	Payroll deductions and withholdings payable	30,362
2160	Accrued wages payable	323,016
2200	Accrued expenses	8,923
	Noncurrent Liabilities:	
2501	Due within one year	821,060
2502	Due in more than one year	14,928,143
2540	Net pension liability (District's share)	2,150,183
2545	Net OPEB liability (District's share)	4,740,819
2000	Total liabilities	23,106,545
	Deferred Inflows of Resources:	
2605	Deferred inflows related to TRS Pension	328,844
2606	Deferred inflows related to TRS OPEB	1,983,093
	Total deferred inflows of resources	2,311,937
	Net Position:	
3200	Net investment in capital assets	4,817,724
3850	Restricted for debt service	429,389
3900	Unrestricted	(6,487,698)
3000	Total net position	\$ (1,240,585)

The accompanying notes are an integral part of these financial statements

**INGRAM INDEPENDENT SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
For the year ended August 31, 2018**

EXHIBIT B-1

Data Control Codes	Functions / Programs	1 Expenses	Program Revenues		6 Primary Governmental Activities
			3 Charges for Services	4 Operating Grants and Contributions	
	Governmental Activities:				
11	Instruction	\$ 4,259,118	\$ 75,032	\$ (369,182)	\$ (4,553,268)
12	Instructional resources and media services	59,457	-	(3,055)	(62,512)
13	Curriculum and staff development	206,163	-	4,291	(201,872)
21	Instructional leadership	118,483	-	(17,045)	(135,528)
23	School leadership	522,529	-	(111,677)	(634,206)
31	Guidance, counseling, and evaluation services	189,311	-	73,584	(115,727)
33	Health services	63,342	-	(15,151)	(78,493)
34	Student (pupil) transportation	303,731	2,690	(69,640)	(370,681)
35	Food services	577,458	77,939	616,639	117,120
36	Extracurricular activities	588,579	32,163	(52,096)	(608,512)
41	General administration	416,428	3,887	(61,479)	(474,020)
51	Facilities maintenance and operations	1,133,584	17,515	(136,553)	(1,252,622)
52	Security and monitoring services	25,471	-	1,049	(24,422)
53	Data processing services	244,167	-	(44,432)	(288,599)
72	Debt service - interest on long term debt	449,024	-	-	(449,024)
73	Debt service - bond issuance costs and fees	2,793	-	-	(2,793)
99	Other intergovernmental charges	114,432	-	-	(114,432)
TP	Total primary government	<u>\$ 9,274,070</u>	<u>\$ 209,226</u>	<u>\$ (184,747)</u>	<u>(9,249,591)</u>
	General Revenues:				
MT	Property taxes, levied for general purposes				5,365,725
DT	Property taxes, levied for debt service				1,058,361
GC	Grants and contributions not restricted				4,185,675
IE	Investment earnings				59,586
MI	Miscellaneous local and intermediate revenue				73,485
TR	Total general revenues				<u>10,742,832</u>
CN	Change in net position				<u>1,493,241</u>
NB	Net Position - beginning				5,696,260
PA	Prior Period Adjustment				<u>(8,430,086)</u>
	Net Position - beginning restated				<u>(2,733,826)</u>
NE	Net Position - ending				<u>\$ (1,240,585)</u>

The accompanying notes are an integral part of these financial statements

**INGRAM INDEPENDENT SCHOOL DISTRICT
BALANCE SHEET – GOVERNMENTAL FUNDS
August 31, 2018**

EXHIBIT C-1

Data Control Codes	10 General Fund	50 Debt Service Fund	Other Funds	98 Total Governmental Funds
Assets:				
1110	\$ 1,624,299	\$ 419,805	\$ 12,082	\$ 2,056,186
1220	242,478	41,315	-	283,793
1230	(36,372)	(6,197)	-	(42,569)
1240	167,168	-	217,654	384,822
1260	156,146	9,584	-	165,730
1290	1,665	-	108	1,773
1300	579	-	16,516	17,095
1000	<u>\$ 2,155,963</u>	<u>\$ 464,507</u>	<u>\$ 246,360</u>	<u>\$ 2,866,830</u>
Liabilities:				
2110	\$ 49,860	\$ -	\$ 24,117	\$ 73,977
2120	5,152	-	-	5,152
2150	30,362	-	-	30,362
2160	259,269	-	51,247	310,516
2170	43,674	-	156,146	199,820
2200	5,344	-	3,266	8,610
2000	<u>393,661</u>	<u>-</u>	<u>234,776</u>	<u>628,437</u>
Deferred Inflows of Resources:				
2601	<u>206,106</u>	<u>35,118</u>	<u>-</u>	<u>241,224</u>
Fund Balances:				
3480	-	429,389	-	429,389
3490	-	-	11,584	11,584
3600	<u>1,556,196</u>	<u>-</u>	<u>-</u>	<u>1,556,196</u>
3000	<u>1,556,196</u>	<u>429,389</u>	<u>11,584</u>	<u>1,997,169</u>
4000	<u>\$ 2,155,963</u>	<u>\$ 464,507</u>	<u>\$ 246,360</u>	<u>\$ 2,866,830</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, 2018**

EXHIBIT C-2

Total Fund Balances - Governmental Funds Balance Sheet \$ 1,997,169

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.	20,191,081
Property tax receivable unavailable to pay for current period expenditures is deferred in the funds.	241,224
The assets and liabilities of internal service funds are included in the governmental activities in the Statement of Net Position.	43,415
Payables for bond principal and bond premiums which are not due in the current period are not reported in the funds.	(15,399,231)
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.	(8,159,845)
Payables for compensated absences which are not due in the current period are not reported in the funds.	<u>(133,224)</u>
Net position of governmental activities - statement of net position	<u>\$ (1,240,585)</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, 2018

EXHIBIT C-3

Data Control Codes		10	50	Other Governmental Funds	98 Total Governmental Funds
		General Fund	Debt Service Fund		
	Revenues:				
5700	Local and intermediate sources	\$ 5,608,976	\$ 1,084,966	\$ 84,672	\$ 6,778,614
5800	State program revenues	4,582,481	42,378	68,795	4,693,654
5900	Federal program revenues	<u>57,027</u>	<u>-</u>	<u>1,280,060</u>	<u>1,337,087</u>
5020	Total revenues	<u>10,248,484</u>	<u>1,127,344</u>	<u>1,433,527</u>	<u>12,809,355</u>
	Expenditures:				
	Current:				
0011	Instruction	5,181,464	-	550,934	5,732,398
0012	Instructional resources and media services	59,648	-	2,205	61,853
0013	Curriculum and instructional staff development	219,912	-	28,124	248,036
0021	Instructional leadership	151,166	-	4,052	155,218
0023	School leadership	716,034	-	-	716,034
0031	Guidance, counseling, and evaluation services	154,813	-	100,600	255,413
0033	Health services	84,841	-	-	84,841
0034	Student (pupil) transportation	422,456	-	-	422,456
0035	Food services	-	-	737,243	737,243
0036	Extracurricular activities	606,001	-	19,832	625,833
0041	General administration	499,786	-	-	499,786
0051	Facilities maintenance and operations	1,375,547	-	-	1,375,547
0052	Security and monitoring services	22,264	-	1,640	23,904
0053	Data processing services	289,735	-	-	289,735
	Debt Service:				
0071	Principal on long-term debt	147,199	600,000	-	747,199
0072	Interest on long-term debt	30,183	474,925	-	505,108
0073	Bond issuance costs and fees	-	1,600	-	1,600
	Capital Outlay:				
0081	Facilities acquisition and construction	-	-	92,282	92,282
	Intergovernmental:				
0099	Other intergovernmental charges	<u>114,432</u>	<u>-</u>	<u>-</u>	<u>114,432</u>
6030	Total expenditures	<u>10,075,481</u>	<u>1,076,525</u>	<u>1,536,912</u>	<u>12,688,918</u>
1100	Excess (deficiency) of revenues over (under) expenditures	<u>173,003</u>	<u>50,819</u>	<u>(103,385)</u>	<u>120,437</u>
	Other Financing Sources and (Uses):				
7915	Transfers in	-	-	15,844	15,844
8911	Transfers out (use)	<u>(30,844)</u>	<u>-</u>	<u>-</u>	<u>(30,844)</u>
7080	Total other financing sources and (uses)	<u>(30,844)</u>	<u>-</u>	<u>15,844</u>	<u>(15,000)</u>
1200	Net change in fund balances	142,159	50,819	(87,541)	105,437
0100	Fund balance - September 1 (beginning)	<u>1,414,037</u>	<u>378,570</u>	<u>99,125</u>	<u>1,891,732</u>
3000	Fund balance - August 31 (ending)	<u>\$ 1,556,196</u>	<u>\$ 429,389</u>	<u>\$ 11,584</u>	<u>\$ 1,997,169</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, 2018**

EXHIBIT C-4

Net Change in Fund Balances - Total Governmental Funds	\$	105,437
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.		134,608
The depreciation of capital assets used in governmental activities is not reported in the funds.		(1,018,538)
Certain property tax revenues are deferred in the funds. This is the change in these amounts this year.		(12,231)
Repayment of bond principal is an expenditure in the funds but is not an expense in the Statement of Activities.		747,038
The net revenue (expense) of internal service funds is reported with governmental activities.		40,276
Changes in net pension and OPEB liabilities are reported as amounts expensed in the statement of activities but not in the funds.		1,457,734
Compensated absences are reported as amounts expensed in the Statement of Activities but not in the funds.		(16,135)
Bond premiums and accrued interest are reported in the Statement of Activities but not in the funds.		<u>55,052</u>
Change in net position of governmental activities - Statement of Activities	\$	<u><u>1,493,241</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, 2018

EXHIBIT D-1

	Governmental Activities
	Internal Service Fund
Assets:	
Current assets:	
Due from Other Funds	\$ 34,090
Total current assets	34,090
Noncurrent assets:	
Capital assets:	
Buildings and improvements	137,639
Depreciation on buildings	(133,052)
Furniture and equipment	1,117,426
Depreciation on furniture and equipment	(899,671)
Total noncurrent assets	222,342
Total assets	256,432
Liabilities:	
Current liabilities:	
Accounts payable	3,736
Accrued wages payable	12,500
Accrued expenses	314
Total current liabilities	16,550
Noncurrent liabilities:	
Loans payable - due in more than one year	196,467
Total noncurrent liabilities	196,467
Net Position:	
Net investment in capital assets	25,781
Unrestricted net position	17,634
Total net position	\$ 43,415

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, 2018

EXHIBIT D-2

	Governmental Activities
	Internal Service Fund
Operating Revenues:	
Local and intermediate sources	\$ 555,662
State program revenues	<u>23,167</u>
Total operating revenues	<u>578,829</u>
Operating Expenses:	
Payroll costs	399,722
Professional and contracted services	24,898
Supplies and materials	80,710
Other operating costs	10,012
Depreciation expense	32,337
Debt service	<u>5,874</u>
Total operating expenses	<u>553,553</u>
Income before transfers	<u>25,276</u>
Transfer In	<u>15,000</u>
Change in net position	40,276
Total net position - beginning	<u>3,139</u>
Total net position - ending	<u><u>\$ 43,415</u></u>

The accompanying notes are an integral part of these financial statements

**INGRAM INDEPENDENT SCHOOL DISTRICT
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
August 31, 2018**

EXHIBIT D-3

	Governmental Activities
	Internal Service Fund
Cash Flows from Operating Activities:	
Cash received from user charges	\$ 555,661
Cash received from grants	23,167
Cash payments to employees for services	(398,268)
Cash payments for interest expense	(5,874)
Cash payments for suppliers	(104,115)
Cash payments for other operating expenses	<u>(69,000)</u>
Net cash provided (used) by operating activities	<u>1,571</u>
Cash Flows from Non-Capital Financing Activities:	
Increase (decrease) in short-term loans	<u>(46,276)</u>
Cash Flows from Capital and Related Financing Activities:	
Acquisition of capital assets	(10,057)
Capital contributed by other funds	<u>15,000</u>
Net cash provided (used) by capital and related financing activities	<u>4,943</u>
Net increase (decrease) in cash and cash equivalents	(39,761)
Cash and cash equivalents at beginning of year	<u>39,761</u>
Cash and cash equivalents at end of year	<u>\$ -</u>
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:	
Operating income (loss)	\$ 25,276
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation	32,337
Effect of increases and decreases in current assets and liabilities:	
Increase (decrease) in accounts payable	(23,405)
Increase (decrease) in accrued wages payable	1,416
Increase (decrease) in accrued expenses	37
Increase (decrease) in due from other funds	<u>(34,090)</u>
Net cash provided (used) by operating activities	<u>\$ 1,571</u>

The accompanying notes are an integral part of these financial statements

**INGRAM INDEPENDENT SCHOOL DISTRICT
STATEMENT OF NET POSITION
FIDUCIARY FUNDS
August 31, 2018**

EXHIBIT E-1

	Agency Fund
	Student Activity
Assets:	
Cash and cash equivalents	\$ 120,699
Total assets	\$ 120,699
Liabilities:	
Current liabilities:	
Due to student groups	\$ 120,699
Total liabilities	\$ 120,699
Net Position:	
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, 2018

(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 identified in Statement on Auditing Standards No. 69 of the American Institute of Certified Public Accountants; and it 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, 2018

(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. This 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 earned 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, 2018

(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.

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

Governmental funds:

The **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, 2018**

(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 and discounts, as well as issuance costs 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. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. 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, 2018

(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.

Required 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.

During the year ending August 31, 2018 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

INGRAM INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
For the year ended August 31, 2018

(1) Summary of significant accounting policies (continued)

Other accounting policies (continued)

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

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 20th the District prepares a budget for the next succeeding fiscal year beginning September 1st. 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, 2018**

(2) Stewardship, compliance and accountability (continued)

Budgetary data (continued)

- Prior to September 1st, 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	\$ 11,584
All special revenue funds	<u>\$ 11,584</u>

(3) Detailed notes on all funds and account groups

Deposits and investments

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, 2018, the carrying amount of the District’s deposits (cash, certificates of deposit, and interest-bearing savings accounts included in temporary investments) was \$2,117,881 and the bank balance was \$2,173,301. The District’s cash deposits at August 31, 2018 and during the year ended August 31, 2018 were covered by FDIC insurance or by pledged collateral held by the District’s agent bank in the District’s name.

Investments

The District is required by the Public Funds Investment Act, Chapter 2256, Texas Government Code (PFIA), to adopt and implement an investment policy. That policy must address the following areas: safety of principal and liquidity, portfolio diversification, allowable investments, acceptable risk levels, expected rates of return, maximum allowable stated maturity of portfolio investments, maximum average dollar-weighted maturity allowed based on the stated maturity date for the portfolio, investments staff quality and capabilities, and bid solicitation preferences for certificates of deposit. Statutes authorize the District to invest in obligations of the U.S. Treasury, certain U.S. agencies and the State of Texas, certificates of deposit, certain municipal securities, and money market guaranteed investment contracts. The PFIA also requires the District to have independent auditors perform test procedures related to investment practices as provided by the PFIA. The District is in compliance with the requirements of the PFIA and with local policies.

INGRAM INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
For the year ended August 31, 2018

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

Investments (continued)

The investment pools used by the District are organized under the authority of the Interlocal Cooperation Act, Chapter 79 of the Texas Government Code, and are subject to the provisions of the Public Funds Investment Act, Chapter 2256 of the Texas Government Code. The investment pools are public funds investment pools created to provide a safe environment for the placement of local government funds in authorized short-term investments. In addition to other provisions of the Act designed to promote liquidity and safety of principal, the Act requires Pools to:

- Have an advisory board composed of participants in the pool and other person who do not have a business relationship with the pool and are qualified to advise the pool.
- Maintain a continuous rating of no lower than AAA or AAA-m or an equivalent rating by at least one nationally recognized rating service.
- 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 an amount determined by the fair value per share of the pool's underlying portfolios, unless the pool is a 2a7-like, in which case they are reported at share value. A 2a7-like pool is one which is not registered with the Securities and Exchange Commission (SEC) as an investment company, but nevertheless has a policy that it will, and does, operate in a manner consistent with the SEC's Rule 2a7 of the Investment Company Act of 1940.

The District's investments in investment pools, which are exempt from regulation by the SEC, have as one of their objectives the maintenance of a stable asset value of \$1.00. The book value of the position in the pools is the same as the number of shares in each pool; the market value of a share should approximately equal the book value of a share.

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.

Concentration of credit risk: The District places no limit on the amount the District may invest in any one issuer, rather investments are governed by the objectives of preservation and safety of principal, liquidity, and yield.

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.

The District's temporary investments at August 31, 2018, shown below present the book carrying value and the market value as well as the investment rating and minimum rating required by the Act.

**INGRAM INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
For the year ended August 31, 2018**

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

Investments (continued)

Description	Carrying Amount	Market Value	Investment Category	Minimum Legal Rating
Lone Star Investment Pool	\$ 59,004	\$ 59,004	AAA	AAA
Total investments	<u>\$ 59,004</u>	<u>\$ 59,004</u>		

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, 2018 as follows:

	Due From	Due To
General Operating Fund:		
Special revenue	\$ 156,146	\$ -
Debt service	-	9,584
Internal service	-	34,090
Debt Service:		
General operating fund	9,584	-
Special Revenue Fund:		
General operating fund	-	156,146
Internal Service Fund		
General operating fund	34,090	-
Total	<u>\$ 199,820</u>	<u>\$ 199,820</u>

INGRAM INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
For the year ended August 31, 2018

(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, 2018, was as follows:

	Primary Government			Ending Balance
	Beginning Balance	Additions	Deletions	
Governmental Activities:				
Capital assets not being depreciated:				
Land	\$ 739,049	\$ -	\$ -	\$ 739,049
Construction in progress	96,243	-	96,243	-
Total capital assets not being depreciated	<u>835,292</u>	<u>-</u>	<u>96,243</u>	<u>739,049</u>
Capital assets being depreciated:				
Buildings and improvements	33,211,407	188,526	-	33,399,933
Furniture and equipment	2,782,699	52,381	-	2,835,080
Total capital assets being depreciated	<u>35,994,106</u>	<u>240,907</u>	<u>-</u>	<u>36,235,013</u>
Less: accumulated depreciation for:				
Buildings and improvements	13,025,742	995,541	-	14,021,283
Furniture and equipment	2,484,023	55,334	-	2,539,357
Total accumulated depreciation	<u>15,509,765</u>	<u>1,050,875</u>	<u>-</u>	<u>16,560,640</u>
Total capital assets being depreciated, net	<u>20,484,341</u>	<u>(809,968)</u>	<u>-</u>	<u>19,674,373</u>
Governmental activities capital assets, net	<u>\$ 21,319,633</u>	<u>\$ (809,968)</u>	<u>\$ 96,243</u>	<u>\$ 20,413,422</u>

Depreciation expense was charged to:

	Amount
Instruction	\$ 618,870
Instruction resources	6,694
Curriculum	26,302
Instructional leadership	16,799
School leadership	77,494
Guidance, counseling, and evaluation services	27,642
Health services	9,182
Student (pupil) transportation	32,337
Food services	79,789
Co-curricular/extracurricular activities	67,732
General administration	54,090
Security and monitoring	2,587
Data processing	31,357
Total depreciation expense	<u>\$ 1,050,875</u>

INGRAM INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
For the year ended August 31, 2018

(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, 2018 is as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental Activities:					
Bonds:					
2014 Building bonds	\$ 8,900,000	\$ -	\$ 95,000	8,805,000	\$ 100,000
2014 QSCB	790,000	-	70,000	720,000	70,000
2015 Building and refunding bonds	<u>4,345,000</u>	<u>-</u>	<u>435,000</u>	<u>3,910,000</u>	<u>450,000</u>
Total bonds	<u>14,035,000</u>	<u>-</u>	<u>600,000</u>	<u>13,435,000</u>	<u>620,000</u>
Other Liabilities:					
2011 Energy management loan	233,798	-	57,038	176,760	58,770
2017 Bus loan	242,743	-	46,276	196,467	47,290
2017 Maintenance tax note	<u>1,000,000</u>	<u>-</u>	<u>90,000</u>	<u>910,000</u>	<u>95,000</u>
Total other liabilities	<u>1,476,541</u>	<u>-</u>	<u>193,314</u>	<u>1,283,227</u>	<u>201,060</u>
Total liabilities	<u>15,511,541</u>	<u>-</u>	<u>793,314</u>	<u>14,718,227</u>	<u>821,060</u>
Other:					
Accounting loss on recognition on deferred charges on refunding and amortization of loss	(21,474)	-	(1,193)	(20,281)	-
Amortization of bond premium	947,120	-	49,368	897,752	-
Compensated absences	<u>117,089</u>	<u>69,300</u>	<u>53,165</u>	<u>133,224</u>	<u>-</u>
Total other	<u>1,042,735</u>	<u>69,300</u>	<u>101,340</u>	<u>1,010,695</u>	<u>-</u>
Total governmental activities - long-term liabilities	<u>\$ 16,554,276</u>	<u>\$ 69,300</u>	<u>\$ 894,654</u>	<u>\$ 15,728,922</u>	<u>\$ 821,060</u>

INGRAM INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
For the year ended August 31, 2018

(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	
2019	\$ 620,000	\$ 464,325	\$ 1,084,325
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
2024-2028	3,280,000	1,756,050	5,036,050
2029-2033	3,805,000	1,111,000	4,916,000
2034-2037	<u>3,210,000</u>	<u>311,000</u>	<u>3,521,000</u>
Total	<u>\$ 13,435,000</u>	<u>\$ 5,372,775</u>	<u>\$ 18,807,775</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, 2018.

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,			Total Requirements
	Principal	Interest	
2019	\$ 201,060	\$ 29,038	\$ 230,098
2020	203,978	24,096	228,074
2021	202,067	19,081	221,148
2022	151,266	14,205	165,471
2023	100,000	11,183	111,183
2024-2027	<u>425,000</u>	<u>22,596</u>	<u>447,596</u>
Total	<u>\$ 1,283,371</u>	<u>\$ 120,199</u>	<u>\$ 1,403,570</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, 2018.

INGRAM INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
For the year ended August 31, 2018

(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 2018.

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 post-employment benefit changes; including automatic COLAs. Ad hoc post-employment benefit changes, including ad hoc COLAs can be granted by the Texas Legislature as noted in the plan description above.

**INGRAM INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
For the year ended August 31, 2018**

(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 84th Texas Legislature, General Appropriations Act (GAA) established the employer contribution rates for fiscal years 2016 and 2017.

<u>Contribution Rates</u>	2017	2018
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)	\$ 542,207	\$ 544,497
Non-employer contributing entity (State of Texas)	379,326	419,206
Employer (District)	220,395	182,258

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, 2018**

(4) Defined benefit pension plan (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 actuarial valuation was determined using the following actuarial assumptions:

Valuation date	August 31, 2017
Actuarial cost method	Individual entry age normal
Asset valuation method	Market value
Single discount rate	8.00%
Long-term expected investment rate of return	8.00%
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 four year period ending August 31, 2014 and adopted on September 24, 2015.

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

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

INGRAM INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
For the year ended August 31, 2018

(4) Defined benefit pension plan (continued)

Discount rate (continued)

<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%	4.6%	1.0%
Non-U.S. Developed	13%	5.1%	0.8%
Emerging Markets	9%	5.9%	0.7%
Directional Hedge Funds	4%	3.2%	0.1%
Private Equity	13%	7.0%	1.1%
<u>Stable Value</u>			
U.S. Treasuries	11%	0.7%	0.1%
Absolute Return	0%	1.8%	0.0%
Stable Value Hedge Funds	4%	3.0%	0.1%
Cash	1%	-0.2%	0.0%
<u>Real Return</u>			
Global Inflation Linked Bonds	3%	0.9%	0.0%
Real Assets	16%	5.1%	1.1%
Energy and Natural Resources	3%	6.6%	0.2%
Commodities	0%	1.2%	0.0%
<u>Risk Parity</u>			
Risk Parity	5%	6.7%	0.3%
Inflation Expectation			2.2%
Alpha			1.0%
TOTAL	<u>100%</u>		<u>8.7%</u>

* Target allocations are based on the plan year 2014 policy model. Infrastructure was moved from Real Assets to Energy and Natural Resources in plan year 2017, but the reallocation does not affect the long-term expected geometric real rate of return or expected contribution to long-term portfolio returns.

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

Discount rate sensitivity analysis. The following schedule shows the impact of the net pension liability if the discount rate used was 1% less than and 1% greater than the discount rate that was used (8%) in measuring the 2017 net pension liability.

	<u>1% Decrease in Discount Rate (7.0%)</u>	<u>Discount Rate (8.0%)</u>	<u>1% Increase in Discount Rate (9.0%)</u>
Proportionate share of the net pension liability	\$ 3,624,784	\$ 2,150,183	\$ 922,339

**INGRAM INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
For the year ended August 31, 2018**

(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, 2018 the District reported a liability of \$2,150,183 for its proportionate share of the TRS's net pension liability. This liability reflects a reduction for State pension support provided to the District. The amount recognized by the District as its proportionate share of the net pension liability, the related State support, and the total portion of the net pension liability that was associated with the District were as follows:

District's proportionate share of the collective net pension liability	\$ 2,150,183
State's proportionate share that is associated with the District	<u>3,624,324</u>
Total	<u>\$5,774,507</u>

The net pension liability was measured as of August 31, 2017 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The employer's proportion of the net pension liability was based on the employer's contributions to the pension plan relative to the contributions of all employers to the plan for the period September 1, 2016 through August 31, 2017.

At August 31, 2017 the employer's proportion of the collective net pension liability was 0.0067246566% which was a decrease of 0.0002370466% from its proportion measured as of August 31, 2016.

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

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

For the year ended August 31, 2018, the District recognized pension expense of \$268,821 and revenue of \$360,487 for support provided by the State.

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

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual economic experiences	\$ 31,458	\$ 115,957
Changes in actuarial assumptions	97,944	56,071
Differences between projected and actual investment earnings	-	156,701
Changes in proportion and differences between the employer's contributions and the proportionate share of contributions	671,236	115
Contributions paid to TRS subsequent of the measurement date	<u>182,258</u>	<u>-</u>
Total as of fiscal year end	<u>\$ 982,896</u>	<u>\$ 328,844</u>

**INGRAM INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
For the year ended August 31, 2018**

(4) Defined benefit pension plan (continued)

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
2019	\$ 87,108
2020	224,360
2021	76,561
2022	33,707
2023	42,965
Thereafter	7,094
	<u>\$ 471,795</u>

Long-term liability disclosure

	Beginning Balance	Additions	Retirements	Ending Balance
Net pension liability	<u>\$ 2,451,550</u>	<u>\$ 324,706</u>	<u>\$ 626,073</u>	<u>\$ 2,150,183</u>

(5) Defined other post-employment benefit plans

Plan description. The District participates in the Texas Public School Retired Employees Group Insurance Program (TRS-Care). It is a multiple-employer, cost-sharing defined other post-employment benefit (OPEB) plan that has a special funding situation. The plan is administered through a trust by the Teacher Retirement System 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.

**INGRAM INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
For the year ended August 31, 2018**

(5) Defined other post-employment benefit plans (continued)

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

The premium rates for the optional health insurance are based on years of service of the member. The schedule below shows the monthly rates for the average retiree with Medicare Parts A&B coverage, with 20 to 29 years of service for the basic plan and the two optional plans.

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

* or surviving spouse

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

Texas Insurance Code, section 1575.202 establishes the state's contribution rate which is 1.0% of the employee's salary. Section 1575.203 establishes the active employee's rate which is .65% of pay. Section 1575.204 establishes an employer contribution rate of not less than 0.25 percent or not more than 0.75 percent of the salary of each active employee of the public. The actual employer contribution rate is prescribed by the Legislature in the General Appropriations Act.

**INGRAM INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
For the year ended August 31, 2018**

(5) Defined other post-employment benefit plans (continued)

The following table shows contributions to the TRS-Care plan by type of contributor.

	<u>Contribution Rates</u>	
	<u>2017</u>	<u>2018</u>
Active employee	0.65%	0.65%
Non-employer contributing entity (State)	1.00%	1.25%
Employers	0.55%	0.75%
Federal/private funding remitted by employers	1.00%	1.25%
District contributions	\$ 56,679	\$ 59,456
Member contributions	45,770	45,963
NECE on-behalf contributions	55,783	77,060

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

TRS-Care received supplemental appropriations from the State of Texas as the Non-Employer Contributing Entity in the amount of \$15.6 million in fiscal year 2017 and \$182.6 million in fiscal year 2018.

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

The actuarial valuation of TRS-Care is similar to the actuarial valuations performed for the pension plan, except that the OPEB valuation is more complex. All of the demographic assumptions, including mortality, and most of the economic assumptions are identical to those which were adopted by the Board in 2015 and are based on the 2014 actuarial experience study of TRS.

The active mortality rates were based on 90 percent of the RP-2014 Employee Mortality Tables for males and females. The Post-retirement mortality rates were based on the 2015 TRS of Texas Healthy Pensioner Mortality Tables.

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

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

**INGRAM INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
For the year ended August 31, 2018**

(5) Defined other post-employment benefit plans (continued)

Additional actuarial methods and assumptions:

Valuation Date	August 31, 2017
Actuarial Cost Method	Individual Entry Age Normal
Inflation	2.50%
Discount Rate*	3.42%
Aging Factors	Based on plan specific experience
Expenses	Third-party administrative expenses related to the delivery of health care benefits are included in the age-adjusted claims costs.
Payroll Growth Rate	2.50%
Projected Salary Increases**	3.50% to 9.50%
Healthcare Trend Rates***	4.5% to 12.00%
Election Rates	Normal Retirement: 70% participation prior to age 65 and 75% participation after age 65
Ad Hoc Post-Employment Benefit Changes	None

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

** Includes inflation at 2.5%

*** Initial trend rates are 7.00% for non-Medicare retirees; 10.00% for Medicare retirees and 12.00% for prescription for all retirees. Initial trend rates decrease to an ultimate trend rate of 4.5% over a period of 10 years.

There was a significant plan change adopted in fiscal year ending August 31, 2017. Effective January 1, 2018, only one health plan option will be offered and all retirees will be required to contribute monthly premiums for coverage. Assumption changes made for the August 31, 2017 valuation include a change to the assumption regarding the phase-out of the Medicare Part D subsidies and a change to the discount rate from 2.98% as of August 31, 2016 to 3.42% as of August 31, 2017.

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

Based on those assumptions, the OPEB plan's fiduciary net position was projected to not be able to make all future benefit payments of current plan members. Therefore, the municipal bond rate was applied to all periods of projected benefit payments to determine the total OPEB liability.

**INGRAM INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
For the year ended August 31, 2018**

(5) Defined other post-employment benefit plans (continued)

Discount rate sensitivity analysis. The following schedule shows the impact of the net OPEB liability if the discount rate used was 1% less than and 1% greater than the discount rate that was used (3.42%) in measuring the net OPEB liability.

	1% Decrease in Discount Rate (2.42%)	Discount Rate (3.42%)	1% Increase in Discount Rate (4.42%)
District's proportionate share of the net OPEB liability	\$ 5,595,343	\$ 4,740,819	\$ 4,053,974

OPEB liabilities, OPEB expense, and deferred outflows of resources and deferred inflows of resources related to OPEBs.

At August 31, 2018, the District reported a liability of \$4,740,819 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	\$ 4,740,819
State's proportionate share that is associated with District	5,388,109
Total	\$ 10,128,928

The net OPEB liability was measured as of August 31, 2017 and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date. The employer's proportion of the net OPEB liability was based on the employer's contributions to the OPEB plan relative to the contributions of all employers to the plan for the period September 1, 2016 thru August 31, 2017.

At August 31, 2017 the employer's proportion of the collective net OPEB liability was 0.0109% which was the same proportion measured as of August 31, 2016.

Changes since the prior actuarial valuation

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

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

**INGRAM INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
For the year ended August 31, 2018**

(5) Defined other post-employment benefit plans (continued)

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

For the year ended August 31, 2018, the District recognized OPEB expense of (\$1,803,003) and revenue of \$1,803,003 for support provided by the State.

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ -	\$ 98,968
Changes in actuarial assumptions	-	1,884,125
Differences between projected and actual investment earnings	720	-
Changes in proportion and difference between the employer's contributions and the proportionate share of contributions	22	-
Contributions paid to TRS subsequent to the measurement date	59,456	-
Total	\$ 60,198	\$ 1,983,093

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:

Year Ended June 30,	OPEB Expense Amount
2019	\$ (261,573)
2020	(261,573)
2021	(261,573)
2022	(261,573)
2023	(261,754)
Thereafter	(674,305)
Total	\$ (1,982,351)

(6) Due from state agencies

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, 2018, are summarized below. All federal grants shown below are passed through the TEA and are reported on the combined financial statements as due from state agencies.

**INGRAM INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
For the year ended August 31, 2018**

(6) Due from state agencies (continued)

	Local Government	State Entitlements	Federal Grants	Total
General	\$ 14,640	\$ 152,528	\$ -	\$ 167,168
Special revenue	-	1,640	216,014	217,654
Total deferred revenues	<u>\$ 14,640</u>	<u>\$ 154,168</u>	<u>\$ 216,014</u>	<u>\$ 384,822</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	\$ 5,376,208	\$ -	\$ 1,060,103	\$ -	\$ 6,436,311
Penalties and interest	61,751	-	11,737	-	73,488
Tuition and fees	69,653	-	-	-	69,653
Investment income	46,460	-	13,126	-	59,586
Gifts and bequests	-	-	-	-	-
Food sales	-	77,939	-	-	77,939
Co-curricular activities	25,008	6,733	-	-	31,741
Other	29,896	-	-	555,662	585,558
Total	<u>\$ 5,608,976</u>	<u>\$ 84,672</u>	<u>\$ 1,084,966</u>	<u>\$ 555,662</u>	<u>\$ 7,334,276</u>

(8) Litigation

At August 31, 2018, 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, 2018 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, 2018

(10) Workers' compensation pool

During the year ended August 31, 2018, 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, 2018, 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 2018, 2017 and 2016 were \$22,033, \$21,308 and \$27,496 respectively.

(12) Negative operating grants and contributions – Statement of Activities

Expense activity is required to be recorded by districts participating in cost sharing pension and OPEB plans with a special funding situation where non-employer contributing entities (NECE) also contribute to the plans. The TRS retirement plan and TRS Care OPEB plans are both cost sharing plans with special funding situations. Therefore, the District is required to record on-behalf expense and on-behalf revenues to record the contributions made by the State of Texas to the TRS pension and TRS Care plans as a NECE. The expenses and revenues are recorded in equal amounts in the Statement of Activities as part of the adjustments to record the net pension and OPEB liabilities in accordance with GASB statements 68 and 75.

During the year under audit, the NECE expense (and revenue) were negative due to additional funding by the State of Texas after the beginning net OPEB liability was determined and changes in the benefits offered within the TRS Care plans. The accrual for the District's proportionate share of that expense and revenue was a negative adjustment to the Statement of Activities. This resulted in negative revenue for operating grants and contributions on the statement of activities in accordance with guidance provided by GASB.

**INGRAM INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
For the year ended August 31, 2018**

(12) Negative operating grants and contributions – Statement of Activities

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

Function	Operating Grants and Contributions	Negative On-Behalf Accruals	Operating Grants and Contributions (Excluding On-Behalf Accruals)
11 Instruction	\$ (369,182)	\$ (1,081,754)	\$ 712,572
12 Instructional resources and media services	(3,055)	(6,184)	3,129
13 Curriculum and instructional staff development	4,291	(28,019)	32,310
21 Instructional leadership	(17,045)	(24,803)	7,758
23 School leadership	(111,677)	(131,294)	19,617
31 Guidance, counseling and evaluation services	73,584	(31,761)	105,345
33 Health services	(15,151)	(17,813)	2,662
34 Student (pupil) transportation	(69,640)	(81,873)	12,233
35 Food services	616,639	(52,506)	669,145
36 Extracurricular activities	(52,096)	(61,248)	9,152
41 General administration	(61,479)	(72,278)	10,799
51 Facilities maintenance and operations	(136,553)	(160,541)	23,988
52 Security and monitoring services	1,049	(694)	1,743
53 Data processing services	(44,432)	(52,237)	7,805
Totals	<u>\$ (184,747)</u>	<u>\$ (1,803,005)</u>	<u>\$ 1,618,258</u>

(13) Net position deficit

At August 31, 2018, the District has a deficit net position in the government-wide statement of net position. This deficit is due to the restatement of beginning net position to recognize the net OPEB liability related to TRS-Care totaling \$8,312,997 in accordance with GASB Statement No. 75.

(14) Restatement of beginning net position

During the 2018 fiscal year the District recognized that long-term liabilities related to compensated absences had not been recognized. The result of the correction is a restatement of beginning net position in the amount of \$117,089. This amount, combined with the restatement of \$8,312,997 for GASB No. 75 addressed in Note 13, resulted in a restatement of beginning net position amount of \$8,430,086.

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.

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INGRAM INDEPENDENT SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL – GENERAL FUND
For the year ended August 31, 2018

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	\$ 5,636,000	\$ 5,636,000	\$ 5,608,976	\$ (27,024)
5800	State program revenues	4,215,000	4,520,000	4,582,481	62,481
5900	Federal program revenues	<u>75,000</u>	<u>75,000</u>	<u>57,027</u>	<u>(17,973)</u>
5020	Total revenues	<u>9,926,000</u>	<u>10,231,000</u>	<u>10,248,484</u>	<u>17,484</u>
	Expenditures:				
	Current:				
0011	Instruction	5,057,283	5,217,283	5,181,464	35,819
0012	Instructional resources and media services	62,600	62,600	59,648	2,952
0013	Curriculum and instructional staff development	248,608	228,608	219,912	8,696
0021	Instructional leadership	191,951	166,951	151,166	15,785
0023	School leadership	703,340	717,340	716,034	1,306
0031	Guidance, counseling, and evaluation services	163,276	163,276	154,813	8,463
0033	Health services	86,442	86,442	84,841	1,601
0034	Student (pupil) transportation	420,000	425,000	422,456	2,544
0036	Extracurricular activities	606,327	606,327	606,001	326
0041	General administrative	521,623	526,623	499,786	26,837
0051	Facilities maintenance and operations	1,384,391	1,414,391	1,375,547	38,844
0052	Security and monitoring services	16,141	26,141	22,264	3,877
0053	Data processing services	293,048	294,048	289,735	4,313
	Debt Service:				
0071	Principal on long-term debt	147,540	147,540	147,199	341
0072	Interest on long-term debt	32,430	32,430	30,183	2,247
	Intergovernmental:				
0099	Other intergovernmental charges	<u>111,000</u>	<u>116,000</u>	<u>114,432</u>	<u>1,568</u>
6030	Total expenditures	<u>10,046,000</u>	<u>10,231,000</u>	<u>10,075,481</u>	<u>155,519</u>
1100	Excess (deficiency) of revenues over (under) expenditures	<u>(120,000)</u>	<u>-</u>	<u>173,003</u>	<u>173,003</u>
	Other financing sources (uses):				
8911	Transfers out (use)	<u>-</u>	<u>-</u>	<u>(30,844)</u>	<u>(30,844)</u>
1200	Net change in fund balance	(120,000)	-	142,159	142,159
0100	Fund Balance - beginning	<u>1,414,037</u>	<u>1,414,037</u>	<u>1,414,037</u>	<u>-</u>
3000	Fund Balance - ending	<u>\$ 1,294,037</u>	<u>\$ 1,414,037</u>	<u>\$ 1,556,196</u>	<u>\$ 142,159</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
For the year ended August 31, 2018**

EXHIBIT G-2

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
District's proportion of the net pension liability (asset)	0.0067247%	0.0064876%	0.000060451%	0.000033157%
District's proportionate share of net pension liability (asset)	\$ 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>3,624,324</u>	<u>4,342,812</u>	<u>4,231,887</u>	<u>3,515,765</u>
Total	<u>\$ 5,774,507</u>	<u>\$ 6,794,362</u>	<u>\$ 6,368,749</u>	<u>\$ 4,401,435</u>
District's covered-employee payroll	\$ 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-employee payroll	30.54%	35.42%	32.60%	14.57%
Plan fiduciary net position as a percentage of the total net pension liability	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 of August 31, 2017 for the year 2018, August 31, 2016 for the year 2017, August 31, 2015 for 2016, and August 31, 2014 for 2015.

Note: Only four 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
TEACHER RETIREMENT SYSTEM OF TEXAS
LAST 10 FISCAL YEARS
For the year ended August 31, 2018**

EXHIBIT G-3

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually required contribution	\$ 182,258	\$ 220,905	\$ 206,126	\$ 179,309
Contribution in relation to the contractually required contribution	<u>(182,258)</u>	<u>(220,905)</u>	<u>(206,126)</u>	<u>(179,309)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered-employee payroll	\$ 7,071,394	\$ 7,041,648	\$ 6,922,072	\$ 6,554,897
Contribution as a percentage of covered-employee payroll	2.58%	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 four 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, 2018**

EXHIBIT G-4

2017

District's proportion of the net liability (asset) for other post employment benefits	0.0109%
District's proportionate share of net other post employment benefit liability (asset)	\$ 4,740,819
State's proportionate share of the net other post employment benefit liability (asset) associated with the District	<u>5,388,109</u>
Total	<u><u>\$ 10,128,928</u></u>
District's covered-employee payroll	\$ 7,041,648
District's proportionate share of the net other post employment benefit liability (asset) as a percentage of its covered-employee payroll	67.33%
Plan fiduciary net position as a percentage of the total other post employment benefit liability	0.91%

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

This schedule shows only the year 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, 2018**

EXHIBIT G-5

	2018
Contractually required contribution	\$ 59,456
Contribution in relation to the contractually required contribution	(59,456)
Contribution deficiency (excess)	\$ -
District's covered-employee payroll	\$ 7,071,394
Contribution as a percentage of covered-employee payroll	0.84%

This schedule shows only the year 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, 2018**

Data Control Codes		211 ESEA Title I, A Improving Basic Program	224 IDEA Part B Formula	225 IDEA Part B Preschool	240 National Breakfast and Lunch Program
	Assets				
1110	Cash and cash equivalents	\$ -	\$ -	\$ -	\$ 146
1240	Receivables from other governments	67,334	78,719	1,309	33,837
1290	Other receivables	-	-	-	108
1300	Inventories	<u>-</u>	<u>-</u>	<u>-</u>	<u>16,516</u>
1000	Total assets	<u>\$ 67,334</u>	<u>\$ 78,719</u>	<u>\$ 1,309</u>	<u>\$ 50,607</u>
	Liabilities				
2110	Accounts payable	\$ 193	\$ 452	\$ -	\$ 21,124
2160	Accrued wages payable	19,587	12,056	-	16,476
2170	Due to other funds	45,770	65,195	1,309	10,653
2200	Accrued expenditures	<u>1,784</u>	<u>1,016</u>	<u>-</u>	<u>358</u>
2000	Total liabilities	<u>67,334</u>	<u>78,719</u>	<u>1,309</u>	<u>48,611</u>
	Fund Balances				
	Restricted Fund Balance:				
3490	Other restrictions of fund balance	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,996</u>
3000	Total fund balances	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,996</u>
4000	Total liabilities and fund balances	<u>\$ 67,334</u>	<u>\$ 78,719</u>	<u>\$ 1,309</u>	<u>\$ 50,607</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
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 289	\$ 2,148
3,273	28,808	2,734	-	1,640	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>\$ 3,273</u>	<u>\$ 28,808</u>	<u>\$ 2,734</u>	<u>\$ -</u>	<u>\$ 1,640</u>	<u>\$ -</u>	<u>\$ 289</u>	<u>\$ 2,148</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,148
-	3,128	-	-	-	-	-	-
3,273	25,572	2,734	-	1,640	-	-	-
-	108	-	-	-	-	-	-
<u>3,273</u>	<u>28,808</u>	<u>2,734</u>	<u>-</u>	<u>1,640</u>	<u>-</u>	<u>-</u>	<u>2,148</u>
-	-	-	-	-	-	289	-
-	-	-	-	-	-	289	-
<u>\$ 3,273</u>	<u>\$ 28,808</u>	<u>\$ 2,734</u>	<u>\$ -</u>	<u>\$ 1,640</u>	<u>\$ -</u>	<u>\$ 289</u>	<u>\$ 2,148</u>

**INGRAM INDEPENDENT SCHOOL DISTRICT
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
August 31, 2018**

EXHIBIT H-1
(CONTINUED)

Data Control Codes		461 Campus Activity Funds	Total Nonmajor Special Revenue Fund	616 Capital Projects Fund	Total Nonmajor Governmental Funds
Assets					
1110	Cash and cash equivalents	\$ 9,499	\$ 12,082	\$ -	\$ 12,082
1240	Receivables from other governments	-	217,654	-	217,654
1290	Other receivables	-	108	-	108
1300	Inventories	-	16,516	-	16,516
1000	Total assets	<u>\$ 9,499</u>	<u>\$ 246,360</u>	<u>\$ -</u>	<u>\$ 246,360</u>
Liabilities					
2110	Accounts payable	\$ 200	\$ 24,117	\$ -	\$ 24,117
2160	Accrued wages payable	-	51,247	-	51,247
2170	Due to other funds	-	156,146	-	156,146
2200	Accrued expenditures	-	3,266	-	3,266
2000	Total liabilities	<u>200</u>	<u>234,776</u>	<u>-</u>	<u>234,776</u>
Fund Balances					
Restricted Fund Balance:					
3490	Other restrictions of fund balance	<u>9,299</u>	<u>11,584</u>	<u>-</u>	<u>11,584</u>
3000	Total fund balances	<u>9,299</u>	<u>11,584</u>	<u>-</u>	<u>11,584</u>
4000	Total liabilities and fund balances	<u>\$ 9,499</u>	<u>\$ 246,360</u>	<u>\$ -</u>	<u>\$ 246,360</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, 2018

Data Control Codes		211 ESEA Title I, A Improving Basic Program	224 IDEA Part B Formula	225 IDEA Part B Preschool	240 National Breakfast and Lunch Program
	Revenues				
5700	Local and intermediate sources	\$ -	\$ -	\$ -	\$ 77,939
5800	State program revenues	-	-	-	17,584
5900	Federal program revenues	<u>291,648</u>	<u>261,130</u>	<u>8,200</u>	<u>643,716</u>
5020	Total revenues	<u>291,648</u>	<u>261,130</u>	<u>8,200</u>	<u>739,239</u>
	Expenditures				
	Current:				
0011	Instruction	186,235	234,835	8,200	-
0012	Instruction resources and media service	2,205	-	-	-
0013	Curriculum and staff development	24,000	851	-	-
0021	Instructional leadership	-	4,052	-	-
0031	Guidance, counseling, and evaluation services	79,208	21,392	-	-
0035	Food services	-	-	-	737,243
0036	Extracurricular activities	-	-	-	-
0052	Security and monitoring services	-	-	-	-
	Capital Outlay:				
0081	Facilities acquisition and construction	-	-	-	-
6030	Total expenditures	<u>291,648</u>	<u>261,130</u>	<u>8,200</u>	<u>737,243</u>
1100	Excess (deficiency) of revenues over (under) expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,996</u>
	Other Financing Sources (uses)				
7915	Transfers in	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
1200	Net change in fund balance	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,996</u>
0100	Fund balance - beginning	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
3000	Fund balance - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,996</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
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	2,135	-	49,076
<u>9,589</u>	<u>38,055</u>	<u>17,206</u>	<u>1,187</u>	<u>9,329</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>9,589</u>	<u>38,055</u>	<u>17,206</u>	<u>1,187</u>	<u>9,329</u>	<u>2,135</u>	<u>-</u>	<u>49,076</u>
6,316	38,055	17,206	1,187	7,689	2,135	-	49,076
-	-	-	-	-	-	-	-
3,273	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	1,640	-	-	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>9,589</u>	<u>38,055</u>	<u>17,206</u>	<u>1,187</u>	<u>9,329</u>	<u>2,135</u>	<u>-</u>	<u>49,076</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>289</u>	<u>-</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 289</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, 2018

EXHIBIT H-2
(CONTINUED)

Data Control Codes		461 Campus Activity Funds	Total Nonmajor Special Revenue Funds	616 Capital Projects Fund	Total Nonmajor Governmental Funds
	Revenues				
5700	Local and intermediate sources	\$ 6,733	\$ 84,672	\$ -	\$ 84,672
5800	State program revenues	-	68,795	-	68,795
5900	Federal program revenues	-	1,280,060	-	1,280,060
5020	Total revenues	<u>6,733</u>	<u>1,433,527</u>	<u>-</u>	<u>1,433,527</u>
	Expenditures				
	Current:				
0011	Instruction	-	550,934	-	550,934
0012	Instructional resources and media services	-	2,205	-	2,205
0013	Curriculum and staff development	-	28,124	-	28,124
0021	Instructional leadership	-	4,052	-	4,052
0031	Guidance, counseling, and evaluation services	-	100,600	-	100,600
0035	Food services	-	737,243	-	737,243
0036	Extracurricular activities	19,832	19,832	-	19,832
0052	Security and monitoring services	-	1,640	-	1,640
0081	Facilities acquisition and construction	-	-	92,282	92,282
6030	Total expenditures	<u>19,832</u>	<u>1,444,630</u>	<u>92,282</u>	<u>1,536,912</u>
1100	Excess (deficiency) of revenues over (under) expenditures	<u>(13,099)</u>	<u>(11,103)</u>	<u>(92,282)</u>	<u>(103,385)</u>
	Other Financing Sources (uses)				
7915	Transfers in	-	-	15,844	15,844
1200	Net change in fund balance	<u>(13,099)</u>	<u>(11,103)</u>	<u>(76,438)</u>	<u>(87,541)</u>
0100	Fund balance - beginning	<u>22,398</u>	<u>22,687</u>	<u>76,438</u>	<u>99,125</u>
3000	Fund balance - ending	<u>\$ 9,299</u>	<u>\$ 11,584</u>	<u>\$ -</u>	<u>\$ 11,584</u>

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**INGRAM INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF DELINQUENT TAXES RECEIVABLE
For the year ended August 31, 2018**

<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	\$ 393,173,252
2010	1.040000	0.078600	424,084,212
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 (school year under audit)	1.040000	0.205000	518,590,254
1000 Totals			

EXHIBIT J-1

(10) Beginning Balance 09/01/2017	(20) Current Year's Total Levy	(31) Maintenance Collections	(32) Debt Service Collections	(40) Entire Year's Adjustments	(50) Ending Balance 8/31/2018
\$ 20,248	\$ -	\$ 333	\$ 25	\$ (307)	\$ 19,583
5,832	-	826	62	-	4,944
7,773	-	405	31	-	7,337
9,813	-	720	54	(579)	8,460
17,326	-	3,472	262	118	13,710
25,447	-	9,774	739	5,495	20,429
45,368	-	19,404	4,291	6,208	27,881
53,019	-	17,780	3,756	4,780	36,263
113,356	-	33,840	6,975	(16,787)	55,754
-	6,452,133	5,289,658	1,043,908	(29,135)	89,432
\$ 298,182	\$ 6,452,133	\$ 5,376,212	\$ 1,060,103	\$ (30,207)	\$ 283,793

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, 2018

EXHIBIT J-2

Data Control Codes	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)	
	Original	Final			
Revenues					
5700	Local and intermediate sources	\$ 100,000	\$ 100,000	\$ 77,939	\$ (22,061)
5800	State program revenues	25,300	25,300	17,584	(7,716)
5900	Federal program revenues	<u>633,000</u>	<u>677,000</u>	<u>643,716</u>	<u>(33,284)</u>
5020	Total revenues	<u>758,300</u>	<u>802,300</u>	<u>739,239</u>	<u>(63,061)</u>
Expenditures					
0035	Food services	<u>758,300</u>	<u>802,300</u>	<u>737,243</u>	<u>65,057</u>
6030	Total expenditures	<u>758,300</u>	<u>802,300</u>	<u>737,243</u>	<u>65,057</u>
1200	Net change in fund balance	-	-	1,996	1,996
0100	Fund balance - beginning	-	-	-	-
3000	Fund balance - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,996</u>	<u>\$ 1,996</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, 2018

EXHIBIT J-3

Data Control Codes	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)	
	Original	Final			
Revenues					
5700	Local and intermediate sources	\$ 1,042,600	\$ 1,042,600	\$ 1,084,966	\$ 42,366
5800	State program revenues	<u>38,000</u>	<u>38,000</u>	<u>42,378</u>	<u>4,378</u>
5020	Total revenues	<u>1,080,600</u>	<u>1,080,600</u>	<u>1,127,344</u>	<u>46,744</u>
Expenditures					
Debt Service:					
0071	Principal on long-term debt	600,000	600,000	600,000	-
0072	Interest on long-term debt	474,925	474,925	474,925	-
0073	Bond issuance costs and fees	<u>5,675</u>	<u>5,675</u>	<u>1,600</u>	<u>4,075</u>
	Total debt service	<u>1,080,600</u>	<u>1,080,600</u>	<u>1,076,525</u>	<u>4,075</u>
6030	Total expenditures	<u>1,080,600</u>	<u>1,080,600</u>	<u>1,076,525</u>	<u>4,075</u>
1200	Net change in fund balance	-	-	50,819	50,819
0100	Fund balance - beginning	<u>378,570</u>	<u>378,570</u>	<u>378,570</u>	<u>-</u>
3000	Fund balance - ending	<u>\$ 378,570</u>	<u>\$ 378,570</u>	<u>\$ 429,389</u>	<u>\$ 50,819</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*

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, 2018, 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 25, 2019.

Internal Control Over Financial Reporting

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

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the 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 25, 2019

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

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, 2018. 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, 2018.

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 25, 2019

**INGRAM INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the year ended August 31, 2018**

SECTION I – SUMMARY OF AUDITORS’ RESULTS

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

FEDERAL AWARDS		
Internal control over financial reporting: • Material weakness(es) identified?	___ Yes	_X_ No
• Significant deficiency(ies) identified not considered to be material weakness(es)?	___ Yes	_X_ 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)?	___ Yes	_X_ No

IDENTIFICATION OF MAJOR PROGRAMS		
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?	_X_ Yes	___ No

**INGRAM INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year ended August 31, 2018**

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, 2018**

None

INGRAM INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the year ended August 31, 2018

EXHIBIT K-1

(1)	(2)	(3)	(4)
Federal Grantor / Pass-Through Grantor/ Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
<u>U.S. DEPARTMENT OF EDUCATION</u>			
Passed through State Department of Education:			
ESEA Title I, Part A - Improving Basic Programs	84.010A	18610101133904	\$ 255,384
ESEA Title I, Part A - Improving Basic Programs	84.010A	19610101133904	36,264
Total CFDA Number 84.010A			<u>291,648</u>
IDEA-Part B, Formula *	84.027	186600011339046600	253,031
IDEA-Part B, Formula *	84.027	186600011339046600	8,099
Total CFDA Number 84.027			<u>261,130</u>
IDEA - Part B, Preschool	84.173	186610011339046610	8,200
Total Special Education Cluster (IDEA)			<u>269,330</u>
ESEA, Title VI, Part B, Rural and Low Income Program	84.358B	17969001133904	17,206
ESEA, Title II, Part A, Supporting Effective Instr	84.367A	18694501133904	34,818
ESEA, Title II, Part A, Supporting Effective Instr	84.367A	19694501133904	3,236
Total CFDA Number 84.367A			<u>38,054</u>
Title IV, Part A, Subpart 1-SSAEP	84.424A	1868011801133904	7,689
Title IV, Part A, Subpart 1-SSAEP	84.424A	1968011801133904	1,640
Total CFDA Number 84.424A			<u>9,329</u>
ESSA Title VI, Part A - LEP Summer School	84.369A	1869551602	1,187
Career and Technical - Basic Grant	84.048A	18420006133904	9,589
Total passed through State Department of Education			<u>636,343</u>
TOTAL U.S. DEPARTMENT OF EDUCATION			<u>636,343</u>
<u>U.S. DEPARTMENT OF AGRICULTURE</u>			
Passed through State Department of Agriculture			
School Breakfast Program *	10.553	133-904	155,162
National School Lunch Program-cash assistance *	10.555	133-904	406,719
National School Lunch Program-non-cash assistance *	10.555	133-904	39,511
Total CFDA Number 10.555			<u>446,230</u>
Total Child Nutrition Cluster			<u>601,392</u>
NSLP Equipment Grant	10.579	133-904	42,325
Total passed through State Department of Agriculture			<u>643,717</u>
TOTAL U.S. DEPARTMENT OF AGRICULTURE			<u>643,717</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS			<u>\$ 1,280,060</u>
School Health and Related Services (SHARS)			57,027
TOTAL FEDERAL REVENUE PER EXHIBIT C-3			<u>\$ 1,337,087</u>

* Clustered Programs

INGRAM INDEPENDENT SCHOOL DISTRICT
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the year ended August 31, 2018

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.

CFDA numbers for commodity assistance are the CFDA numbers of the programs under which USDA donated the commodities.

The District has elected to not use the 10% de minimis indirect cost rate as allowed under the Uniform Guidance.

**INGRAM INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF REQUIRED RESPONSES TO SELECTED SCHOOL FIRST INDICATORS
For the year ended August 31, 2018**

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.	<u>\$ -</u>
SF12	Net pension liabilities (2540) at fiscal year-end.	<u>\$ 2,150,183</u>