

**CROSBY  
INDEPENDENT SCHOOL  
DISTRICT**

**ANNUAL FINANCIAL REPORT**

**FOR THE YEAR ENDED**

**AUGUST 31, 2015**



# CROSBY INDEPENDENT SCHOOL DISTRICT

## ANNUAL FINANCIAL REPORT

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FOR THE YEAR ENDED AUGUST 31, 2015

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## CERTIFICATE OF BOARD

CROSBY INDEPENDENT SCHOOL DISTRICT

Name of School

HARRIS

County

101-906

Co.-Dist Number

We, the undersigned, certify that the attached annual financial reports of the above named school district were reviewed and

☒ **APPROVED** -- ☐ **DISAPPROVED**  
(Check One)

for the year ended August 31, 2015 at a meeting of the Board of Trustees of such school district on the 19<sup>th</sup> day of October, 2015.

  
SIGNATURE OF BOARD SECRETARY

  
SIGNATURE OF BOARD PRESIDENT

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

## **FINANCIAL SECTION**



*Hereford, Lynch, Sellars & Kirkham*

Certified Public Accountants • A Professional Corporation

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## INDEPENDENT AUDITORS' REPORT

The Board of Trustees of  
Crosby Independent School District  
P.O. Box 2009  
Crosby, Texas 77532-2009

### 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 Crosby Independent School District (District) as of and for the year ended August 31, 2015, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

### Management's Responsibility for the Financial Statements

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

### Auditor's Responsibility

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

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

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 Crosby Independent School District as of August 31, 2015, and the respective changes in financial position, thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Emphasis of Matter**

As discussed in Note I.E., in 2015 the District adopted Governmental Accounting Standards Board (GASB) Statement No. 68, Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27, and Statement No. 71, *Pension Transition for Contributions made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68*. Our opinion is not modified with respect to these matters.

## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis and the Required Supplementary Information, 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 inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Crosby Independent School District's basic financial statements. The Supplementary Information, as listed in the table of contents, is presented for purposes of additional analysis and is 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 U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the basic financial statements.

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

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

In accordance with *Government Auditing Standards*, we have also issued our report dated October 19, 2015 on our consideration of the Crosby Independent School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Crosby Independent School District's internal control over financial reporting and compliance.

Respectfully,

*Hereford, Lynch, Sellars & Kirkham, P.C.*

**HEREFORD, LYNCH, SELLARS & KIRKHAM, P.C.**  
**Certified Public Accountants**

**Conroe, Texas**  
**October 19, 2015**

## Management's Discussion and Analysis

As management of the Crosby Independent School District (District), we offer readers of the District's financial statements this narrative overview and analysis of the financial activities of the District for the fiscal year ended August 31, 2015.

### Financial Highlights

- The assets and deferred outflows of resources of the District exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$26,436,071 (*net position*). Of this amount, \$3,287,036 (*unrestricted net position*) may be used to meet the District's ongoing obligations to students and creditors.
- The District's total net position decreased by \$68,578, an increase of \$5,639,444 from current operations and a decrease of \$5,708,022 as a result of the implementation of GASB statements 68 and 71 for pensions.
- As of the close of the current fiscal year, the District's governmental funds reported combined ending fund balances of \$58,644,750, a decrease of \$11,702,949.
- At the end of the current fiscal year, unassigned fund balance for the general fund was \$5,391,608, or 12 percent of total general fund expenditures.
- The District's total bonded debt increased by \$16,413,354 during the current fiscal year.

### Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the District's basic financial statements. The District's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains required supplementary information and supplementary information in addition to the basic financial statements themselves.

**Government-wide financial statements.** The *government-wide financial statements* are designed to provide readers with a broad overview of the District's finances, in a manner similar to a private-sector business.

The *Statement of Net Position (Exhibit A-1)* presents information on all of the District's assets, liabilities, and deferred inflows/outflows of resources, with the difference reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

The *Statement of Activities (Exhibit B-1)* presents information showing how the District's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes).

The government-wide financial operations (*governmental activities*) of the District are principally supported by taxes and intergovernmental revenues. The governmental activities of the District include *Instruction, Instructional Resources and Media Services, Curriculum and Instructional Staff Development, Instructional Leadership, School Leadership, Guidance, Counseling, and Evaluation Services, Health Services, Student Transportation, Food Service, Extracurricular Activities, General Administration, Plant Maintenance and Operations, Security and Monitoring Services, Data Processing Services, Community Services, Interest on Long-term Debt, Issuance Costs and Fees, Facilities Repair and Maintenance, Payments Related to Shared Services Arrangements, Payments to Juvenile Justice Alternative Education Programs, and Other Intergovernmental Charges*.

In fiscal year 2015, the District adopted five new statements of financial accounting standards issued by the Governmental Accounting Standards Board:

- Statement No. 67, *Financial Reporting for Pension Plans – an amendment of GASB Statement No. 25*
- Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27*
- Statement No. 69, *Government Combinations and Disposals of Government Operations*
- Statement No. 70, *Accounting and Financial Reporting for Nonexchange Financial Guarantees*
- Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68*



Statement No. 67 establishes financial reporting standards, but not funding or budgetary standards, for state and local government defined benefit pension plans and defined contribution pension plans that are administered through trusts or equivalent arrangements (Pension Trusts) in which:

- a. Contributions from employers and nonemployer contributing entities to the pension plan and earnings on those contributions are irrevocable.
- b. Pension plan assets are dedicated to providing pensions to plan members in accordance with the benefit terms.
- c. Pension plan assets are legally protected from the creditors of employers, nonemployer contributing entities, and the pension plan administrator. If the plan is a defined benefit pension plan, plan assets also are legally protected from creditors of the plan members.

For defined benefit pension plans, this Statement establishes standards of financial reporting for separately issued financial reports and presentation as pension trust funds in the financial statements of another government, and specifies the required approach to measuring the pension liability of employers and any nonemployer contributing entities for benefits provided through the pension plan (the net pension liability), about which certain information is required to be presented. Distinctions are made regarding the particular presentation requirements depending upon the type of pension plan administered. For defined contribution plans, the Statement provides specific note disclosure requirements.

The adoption of Statement No. 67 has no impact on the District's financial statements.

Statement No. 68 establishes standards of accounting and financial reporting, but not funding or budgetary standards, for defined benefit pensions and defined contribution pensions provided to the employees of state and local government employers through pension plans that are administered through trusts or equivalent arrangements criteria detailed above in the description of Statement No. 67. This Statement replaces the requirements of Statement No. 27, *Accounting for Pensions by State and Local Governmental Employers*, as well as the requirements of Statement No. 50, *Pension Disclosures*, as they relate to pensions that are provided through pension plans within the scope of the Statement.

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

The adoption of Statement No. 68 has no impact on the District's governmental fund financial statements, which continue to report expenditures in the contribution amount determined by the state legislature for the TRS plan. The calculation of pension contributions is unaffected by the change. However, the adoption has resulted in the restatement of the District's beginning net position for the fiscal year 2015 government-wide financial statements to reflect the reporting of net pension liabilities and deferred inflows of resources and deferred outflows of resources for its qualified pension plan and the recognition of pension expense in accordance with the provisions of the Statement. Net position as of September 1, 2014 was decreased by \$5,708,022 to reflect the cumulative effect of adoption. The net pension liability of \$6,186,192 and the deferred outflows of resources of \$478,170 at August 31, 2014 were reported as a prior period adjustment to the net position on September 1, 2014. Refer to Note IV.C for more information regarding the District's pension.

Statement No. 69 improves financial reporting by addressing accounting and financial reporting for government combinations and disposals of government operations. The term "government combinations" is used to refer to a variety of arrangements including mergers and acquisitions. Mergers include combinations of legally separate entities without the exchange of significant consideration. Government acquisitions are transactions in which a government acquires another entity, or its operations, in exchange for significant consideration. Government combinations also include transfers of operations that do not constitute entire legally separate entities in which no significant consideration is exchanged. Transfers of operations may be present in shared service arrangements, reorganizations, redistricting, annexations, and arrangements in which an operation is transferred to a new government created to provide those services.

There was no impact on the District's financial statements as a result of the implementation of Statement No. 69.

Statement No. 70 was issued to improve accounting and financial reporting by state and local governments that extend and receive nonexchange financial guarantees.

The Statement requires a government that extends a nonexchange financial guarantee to recognize a liability when qualitative factors and historical data indicate that it is more likely than not that the government will be required to make a payment on the guarantee. The Statement requires a government that has issued an obligation guaranteed in a nonexchange transaction to recognize revenue to the extent of the reduction in its guaranteed liabilities. The Statement requires a government that is required to repay a guarantor for making a payment on a guaranteed obligation or legally assuming the guaranteed obligation to continue to recognize a liability until legally released as an obligor. When a government is released as an obligor, the government should recognize revenue as a result of being relieved of the obligation. This Statement also provides additional guidance for intra-entity nonexchange financial guarantees involving blended component units.

There was no impact on the District's financial statements as a result of the implementation of Statement No. 70.

Statement No. 71 amends Statement No. 68 to require that, at transition, a government recognizes a beginning deferred outflow of resources for its pension contributions, if any, made subsequent to the measurement date of the beginning net pension liability. Since the measurement date of the pension plan was different than the District's fiscal year-end, the effect from the District's reported contributions to the plan subsequent to the respective measurement date of the plan as an increase in deferred outflow of resources and a decrease in net position is as follows:

- TRS – The beginning deferred outflow includes contributions from September 1, 2013 through August 31, 2014, totaling \$478,170.

The government-wide financial statements can be found as noted in the table of contents of this report.

**Fund financial statements.** A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the District can be divided into two categories: governmental funds and fiduciary funds.

**Governmental funds.** *Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating a District's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the District's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The District maintains fifteen individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund, debt service fund, and capital projects fund, which are considered to be major funds. Data from the other twelve governmental funds are combined into a single, aggregated presentation.

The District adopts an annual revenue and appropriations budget for its general fund. Subsequent to adoption, amendments approved by the governing body are reflected in a revised budget. A budgetary comparison statement has been provided for the general fund to demonstrate compliance with this budget.

The basic governmental fund financial statements can be found as noted in the table of contents of this report.

**Fiduciary funds.** Fiduciary funds are used to account for resources held for the benefit of students. Fiduciary funds are *not* reflected in the government-wide financial statement because the resources of those funds are *not* available to support the District's own programs. The accounting used for fiduciary funds is similar to the accounting used for proprietary funds.

The basic fiduciary fund financial statements can be found as noted in the table of contents of this report.

**Notes to the financial statements.** The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found as noted in the table of contents of this report.

**Other information.** In addition to the basic financial statements and accompanying notes, this report also presents required supplementary information and supplementary information, which includes schedules required by the Texas Education Agency. Such information can be found as noted in the table of contents of this report.

### Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a District's financial position. In the case of the District, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$26,436,071 at the close of the most recent fiscal year.

#### CROSBY INDEPENDENT SCHOOL DISTRICT'S NET POSITION

	Governmental Activities					
	2015		2014		Increase (Decrease)	
	Amount	%	Amount	%	Amount	%
Current and Other Assets	\$ 73,933,048	39	\$ 73,593,510	47	\$ 339,538	-
Capital Assets	117,441,296	61	84,350,305	53	33,090,991	39
<b>Total Assets</b>	<b>191,374,344</b>	<b>100</b>	<b>157,943,815</b>	<b>100</b>	<b>33,430,529</b>	
<b>Total Deferred Outflows of Resources</b>	<b>2,599,207</b>	<b>100</b>	<b>1,334,542</b>	<b>100</b>	<b>1,264,665</b>	95
Long-Term Liabilities Outstanding	152,716,178	92	131,636,197	99	21,079,981	16
Other Liabilities	13,280,177	8	1,137,511	1	12,142,666	1,067
<b>Total Liabilities</b>	<b>165,996,355</b>	<b>100</b>	<b>132,773,708</b>	<b>100</b>	<b>33,222,647</b>	
<b>Total Deferred Inflows of Resources</b>	<b>1,541,125</b>	<b>100</b>	<b>-</b>	<b>-</b>	<b>1,541,125</b>	-
Net Investment in Capital Assets	20,833,483	79	20,981,509	79	(148,026)	(1)
Restricted	2,315,552	9	712,823	3	1,602,729	100
Unrestricted	3,287,036	12	4,810,317	18	(1,523,281)	(32)
<b>Total Net Position</b>	<b>\$ 26,436,071</b>	<b>100</b>	<b>\$ 26,504,649</b>	<b>100</b>	<b>\$ (68,578)</b>	

The excess of assets/deferred outflows of resources over liabilities/deferred inflows of resources reported on the government-wide *Statement of Net Position* of \$26,436,071 at August 31, 2015 results from several factors. The most significant items include the recognition of long-term liabilities that do not require current funding such as net pension liabilities of \$5,037,954 as of August 31, 2015 which was offset against the increase in net position from operations.

The largest portion of the District's net position (79 percent) reflects its investment in capital assets (e.g., land and improvements, buildings and improvements, and furniture and equipment); less any related debt used to acquire those assets that are still outstanding. The District uses these capital assets to provide services to students; consequently, these assets are *not* available for future spending. Although the District's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. The remaining balance of *unrestricted net position* (\$3,287,036) may be used to meet the District's ongoing obligations to students and creditors.

**Governmental activities.** Governmental activities decreased the District's net position by \$5,639,444 from current operations. The elements giving rise to this change may be determined from the table below.

**CROSBY INDEPENDENT SCHOOL DISTRICT'S CHANGES IN NET POSITION**

	Governmental Activities					
	2015		2014		Increase (Decrease)	
	Amount	%	Amount	%	Amount	%
<b>Revenue:</b>						
Program Revenues:						
Charges for Services	\$ 1,144,375	2	\$ 1,156,278	2	\$ (11,903)	(1)
Operating Grants and Contributions	5,884,171	9	5,797,779	11	86,392	1
General Revenues:						
Property Taxes, Levied for General Purpose	18,067,783	29	15,050,649	27	3,017,134	20
Property Taxes, Levied for Debt Service	7,661,418	12	7,416,921	14	244,497	3
Grants and Contributions Not Restricted to Specific Programs	27,952,881	45	25,198,585	46	2,754,296	11
Investment Earnings	150,823	-	69,999	-	80,824	115
Gain on Sale of Capital Assets	1,727,171	3	-	-	1,727,171	-
Miscellaneous	144,928	-	136,028	-	8,900	7
<b>Total Revenues</b>	<b>62,733,550</b>	<b>100</b>	<b>54,826,239</b>	<b>100</b>	<b>7,907,311</b>	
<b>Expenses:</b>						
Instruction	29,112,312	49	26,568,039	50	2,544,273	10
Instructional Resources and Media Services	471,611	1	462,105	1	9,506	2
Curriculum and Staff Development	999,388	2	1,033,384	2	(33,996)	(3)
Instructional Leadership	780,202	1	666,458	1	113,744	17
School Leadership	2,419,804	4	2,300,621	4	119,183	5
Guidance, Counseling, and Evaluation Services	1,625,035	3	1,745,852	3	(120,817)	(7)
Health Services	388,695	1	354,301	1	34,394	10
Student Transportation	3,148,547	6	3,016,110	6	132,437	4
Food Service	2,607,023	5	2,887,471	5	(280,448)	(10)
Extracurricular Activities	1,800,016	3	1,907,003	4	(106,987)	(6)
General Administration	1,567,137	3	1,489,529	3	77,608	5
Plant Maintenance and Operations	3,770,210	7	3,930,745	7	(160,535)	(4)
Security and Monitoring Services	308,775	1	234,238	-	74,537	32
Data Processing Services	908,320	2	635,273	1	273,047	43
Community Services	9,626	-	7,783	-	1,843	24
Interest on Long-term Debt	5,456,390	9	5,231,725	10	224,665	4
Issuance Costs and Fees	376,063	1	11,266	-	364,797	3,238
Facilities Repair and Maintenance	37,498	-	221,533	-	(184,035)	(83)
Payments Related to Shared Services Arrangements	936,633	2	1,044,359	2	(107,726)	(10)
Payments to Juvenile Justice Alternative Education Programs	112,400	-	61,113	-	51,287	84
Other Intergovernmental Charges	258,421	-	158,837	-	99,584	63
<b>Total Expenses</b>	<b>57,094,106</b>	<b>100</b>	<b>53,967,745</b>	<b>100</b>	<b>3,126,361</b>	
Change in Net Position	5,639,444		858,494		4,780,950	
Net Position - Beginning	26,504,649		25,646,155		858,494	
Prior Period Adjustment - Implement GASB 68 and 71 for Pensions (a)	(5,708,022)		-		(5,708,022)	
Net Position - Beginning, as restated	20,796,627		25,646,155		(4,849,528)	
<b>Net Position - Ending</b>	<b>\$ 26,436,071</b>		<b>\$ 26,504,649</b>		<b>\$ (68,578)</b>	

(a) The restatement of the beginning net position in fiscal year 2015 is the result of the District implementing GASB Statement No. 68 and 71 in fiscal year 2015. The implementation is discussed above in MD&A and more information is available in Note IV.C.

Revenues are generated primarily from two sources. Grants and contributions (program and general revenues totaling \$33,837,052) represent 54 percent of total revenues and property taxes (\$25,729,201) represent 41 percent of total revenues. The remaining 5 percent is generated from gain on sale of capital assets, charges for services, investment earnings, and miscellaneous revenues. The significant change was an increase in grants and contribution revenues due to an increase in state funding resulting from increased ADA and an increase in property tax as a result of increased assessed property values. Additionally, the District sold real estate that was no longer a viable school location.

The primary functional expenses of the District are Instruction (\$29,112,312), which represents 49 percent of total expenses. The remaining functional categories of expenses are less than 10 percent of total expenses.

## Financial Analysis of the Government's Funds

As noted earlier, the District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

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

As of the end of the current fiscal year, the District's governmental funds reported combined ending fund balances of \$58,644,750, a decrease of \$11,702,949.

The general fund is the chief operating fund of the District. At the end of the current fiscal year, unassigned fund balance of the general fund was \$5,391,608 while total fund balance reached \$7,854,544. As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 12 percent of total general fund expenditures, while total fund balance represents 17 percent of that same amount. The fund balance of the District's general fund increased by \$3,218,903 during the current fiscal year. The increase was a result of an increase in state revenues, and an increase in property tax revenue, and the gain on the sale of real estate.

The debt service fund has a total fund balance of \$3,511,453, all of which is restricted for the payment of debt service. The net increase in fund balance during the current year in the debt service fund was \$1,414,446 and was primarily due to the increases in property tax revenue, resulting increased tax rates and property values.

The capital projects fund ended the year with a total fund balance of \$46,506,202, all of which is reserved for capital acquisition program and contractual obligations. The capital projects fund balance decreased by \$16,313,638 during the year representing fund expenditures related to capital projects, as outlined in the bond issue.

Governmental funds financial statements may be found by referring to the table of contents.

## General Fund Budgetary Highlights

The District amends the budget as needed throughout the year. The significant difference between the original budget and the final amended budget of the general fund was primarily from an increase in local revenues of \$1.6 million resulting from a gain on sale of property. Net change in budgeted fund balance was projected to increase fund balance by \$1,918,001.

There were no significant variations between final budget and actual results. Amendments were approved by the governing body.

## Capital Assets and Long-term Liabilities including Pension Administration

**Capital assets.** The District's investment in capital assets for its governmental type activities as of August 31, 2015, amounts to \$117,441,296 (net of accumulated depreciation). This investment in capital assets includes land and improvements, buildings and improvements, furniture and equipment, and construction in progress. The total increase in the District's investment in capital assets for the current fiscal year was 39 percent.

Major capital asset additions during the current fiscal year included the following:

- \$91,205 Three vehicles
- \$35,040,679 Capital outlay for new campus and other campus improvements
- \$97,264 Food Service Equipment

### CROSBY INDEPENDENT SCHOOL DISTRICT'S CAPITAL ASSETS (net of depreciation)

	Governmental Activities					
	2015		2014		Increase (Decrease)	
	Amount	%	Amount	%	Amount	%
Land and Improvements	\$ 4,195,527	4	\$ 4,215,904	5	\$ (20,377)	-
Buildings and Improvements	70,703,519	60	72,464,076	86	(1,760,557)	(2)
Furniture and Equipment	2,776,263	2	2,945,018	3	(168,755)	(6)
Construction in Progress	39,765,987	34	4,725,307	6	35,040,680	742
<b>Totals</b>	<b>\$ 117,441,296</b>	<b>100</b>	<b>\$ 84,350,305</b>	<b>100</b>	<b>\$ 33,090,991</b>	

**Construction commitments.** At the end of the current fiscal year, the District's commitments with construction contractors totaled \$43,127,600.

Additional information on the District's capital assets can be found in notes to the financial statements as noted in the table of contents of this report.

**Long-term liabilities.** At year-end, the District had the following long-term liabilities:

**CROSBY INDEPENDENT SCHOOL DISTRICT'S LONG-TERM LIABILITIES OUTSTANDING**

	Governmental Activities					
	2015		2014		Increase (Decrease)	
	Amount	%	Amount	%	Amount	%
General Obligation Bonds (Net)	\$ 139,728,142	92	\$ 123,314,788	91	\$ 16,413,354	13
Notes Payable (Net)	7,235,000	5	7,483,272	5	(248,272)	(3)
Workers' Compensation	288,047	-	237,179	-	50,868	21
Compensated Absences	427,035	-	600,958	-	(173,923)	(29)
Net Pension Liability*	5,037,954	3	6,186,192	4	(1,148,238)	(19)
<b>Totals</b>	<b>\$ 152,716,178</b>	<b>100</b>	<b>\$ 137,822,389</b>	<b>100</b>	<b>\$ 14,893,789</b>	

\*2014 Net Pension Liability was restated for implementation of GASB 68.

The District's bonded debt increased by \$16,413,354 (13 percent) during the current fiscal year. The increase is the result of new building bonds being issued.

The District's general obligation debt is backed by the full faith and credit of the District and is further guaranteed by the Texas Permanent School Fund Guarantee Program or by a municipal bond insurance policy.

State statutes do not limit the tax rate or amount of local tax support of school districts' bonded indebtedness. However, approval of the Attorney General of the State of Texas is required prior to the sale of bonds.

Additional information on the District's long-term debt can be found in the notes to the financial statements as indicated in the table of contents of this report.

The adoption of Statement No. 68 resulted in the District's reporting of net pension liabilities and deferred inflows of resources and deferred outflows of resources for each of its qualified pension plans and the recognition of pension expense in accordance with the provisions of the Statement. The decrease in the District's net pension liability (NPL) to \$5,037,954 at August 31, 2015 from \$6,186,192 at August 31, 2014 was the result of a significant increase in net investment income in the TRS plan during 2014.

The following table provides the District's key pension statistics related to the TRS plan as of and for the fiscal year ended August 31, 2015:

**CROSBY INDEPENDENT SCHOOL DISTRICT'S KEY PENSION STATISTICS**

Net Pension Liability (NPL)	\$ 5,037,954
Pension Expense	\$ 1,970,862

Addit

ional information on the District's net pension liability can be found in the notes to the financial statements as indicated in the table of contents of this report.

**Economic Factors and Next Year's Budgets and Rates**

- Current enrollment totals 5,634 students, which is less than 6 percent increase from the prior year.
- District staff totals 814 employees, which includes 360 teachers and 150 teachers' aides and secretaries.
- The District maintains 7 campuses for instruction.
- The unemployment rate for the County is currently 4.0 percent, which is a decrease from a rate of 5.5 percent a year ago. This compares favorably to the state's average unemployment rate of 4.2 percent, which is a decrease from a rate of 5.1 percent a year ago.
- Property values of the District are projected to increase by 9 percent.
- A maintenance and operations tax rate of \$1.17 and a debt service tax rate of \$0.50, a total of \$1.67 were adopted for 2015-2016. Preceding year rates were \$1.17, \$0.50, and \$1.67, respectively.

All of these factors were considered in preparing the District's budget for the 2015 fiscal year.

During the current fiscal year, unassigned (previously unreserved) fund balance in the general fund increased to \$5,391,608. The District plans to utilize unassigned fund balance to fund current period expenditures prior to collecting the current year tax levy.

**Requests for Information**

This financial report is designed to provide a general overview of the District's finances for all those with an interest in the District's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Assistant Superintendent of Finance, Crosby Independent School District, P.O. Box 2009, Crosby, Texas, 77532-2009.

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## **BASIC FINANCIAL STATEMENTS**

**CROSBY INDEPENDENT SCHOOL DISTRICT****EXHIBIT A-1****STATEMENT OF NET POSITION****AUGUST 31, 2015****1**

<b>Data Control Codes</b>		<b>Primary Government Governmental Activities</b>
<b>ASSETS:</b>		
1110	Cash and Cash Equivalents	\$ 2,307,705
1120	Current Investments	65,608,412
1220	Property Taxes Receivables	2,353,065
1230	Allowance for Uncollectible Taxes	(94,123)
1240	Due from Other Governments	3,155,066
1290	Other Receivables	949
1300	Inventories	106,483
1410	Prepaid Items	55,491
1810	Restricted Cash and Temporary Investments	440,000
	Capital Assets:	
1510	Land and Improvements	4,195,527
1520	Buildings and Improvements (Net)	70,703,519
1530	Furniture and Equipment (Net)	2,776,263
1580	Construction in Progress	39,765,987
1000	Total Assets	<u>191,374,344</u>
1700	<b>DEFERRED OUTFLOWS OF RESOURCES</b>	<u>2,599,207</u>
<b>LIABILITIES:</b>		
2110	Accounts Payable	11,021,406
2140	Interest Payable	250,821
2150	Payroll Deductions and Withholdings	24,377
2160	Accrued Wages Payable	290,252
2177	Due to Fiduciary Funds	70
2200	Unearned Revenue	1,634,213
2300	Unearned Revenue	59,038
	Noncurrent Liabilities:	
2501	Due Within One Year	4,100,940
2502	Due in More Than One Year	148,615,238
2000	Total Liabilities	<u>165,996,355</u>
2600	<b>DEFERRED INFLOWS OF RESOURCES</b>	<u>1,541,125</u>
<b>NET POSITION:</b>		
3200	Net Investment in Capital Assets	20,833,483
3820	Restricted for Grants	665,440
3850	Restricted for Debt Service	1,650,112
3900	Unrestricted	3,287,036
3000	<b>Total Net Position</b>	<u><u>\$ 26,436,071</u></u>

The accompanying notes are an integral part of this statement.

# CROSBY INDEPENDENT SCHOOL DISTRICT

STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED AUGUST 31, 2015

EXHIBIT B-1

Data Control Codes	Functions/Programs	1	3	4	Net (Expense) Revenue and Changes in Net Position
		Expenses	Charges for Services	Program Revenues Operating Grants and Contributions	Governmental Activities
	<b>Primary Government:</b>				
	Governmental Activities:				
0011	Instruction	\$ 29,112,312	\$ 2,550	\$ 2,886,293	\$ (26,223,469)
0012	Instructional Resources and Media Services	471,611	-	12,157	(459,454)
0013	Curriculum and Staff Development	999,388	-	103,808	(895,580)
0021	Instructional Leadership	780,202	-	32,896	(747,306)
0023	School Leadership	2,419,804	-	95,941	(2,323,863)
0031	Guidance, Counseling, and Evaluation Services	1,625,035	-	323,790	(1,301,245)
0033	Health Services	388,695	-	15,333	(373,362)
0034	Student Transportation	3,148,547	-	195,584	(2,952,963)
0035	Food Service	2,607,023	918,098	1,561,272	(127,653)
0036	Extracurricular Activities	1,800,016	163,336	33,717	(1,602,963)
0041	General Administration	1,567,137	-	48,922	(1,518,215)
0051	Plant Maintenance and Operations	3,770,210	5,029	73,028	(3,692,153)
0052	Security and Monitoring Services	308,775	-	2,189	(306,586)
0053	Data Processing Services	908,320	-	19,314	(889,006)
0061	Community Services	9,626	-	261	(9,365)
0072	Interest on Long-term Debt	5,456,390	-	386,314	(5,070,076)
0073	Issuance Costs and Fees	376,063	-	-	(376,063)
0081	Facilities Repair and Maintenance	37,498	-	-	(37,498)
0093	Payments Related to Shared Services Arrangements	936,633	55,362	93,352	(787,919)
0095	Payments to Juvenile Justice Alternative Education Programs	112,400	-	-	(112,400)
0099	Other Intergovernmental Charges	258,421	-	-	(258,421)
TG	Total Governmental Activities	<u>57,094,106</u>	<u>1,144,375</u>	<u>5,884,171</u>	<u>(50,065,560)</u>
TP	<b>Total Primary Government</b>	<b><u>\$ 57,094,106</u></b>	<b><u>\$ 1,144,375</u></b>	<b><u>\$ 5,884,171</u></b>	<b><u>(50,065,560)</u></b>
	General Revenues:				
MT	Property Taxes, Levied for General Purposes				18,067,783
DT	Property Taxes, Levied for Debt Services				7,661,418
GC	Grants and Contributions Not Restricted to Specific Programs				27,952,881
IE	Investment Earnings				150,823
GS	Gain on Sale of Capital Assets				1,727,171
MI	Miscellaneous				<u>144,928</u>
TR	Total General Revenues				<u>55,705,004</u>
CN	Change in Net Position				<u>5,639,444</u>
NB	Net Position - Beginning				<u>26,504,649</u>
PA	Prior Period Adjustment - Implement GASB 68 & 71 for Pensions				<u>(5,708,022)</u>
	Net Position - Beginning, as restated				<u>20,796,627</u>
NE	Net Position - Ending				<b><u>\$ 26,436,071</u></b>

The accompanying notes are an integral part of this statement.

# CROSBY INDEPENDENT SCHOOL DISTRICT

## BALANCE SHEET - GOVERNMENTAL FUNDS

AUGUST 31, 2015

Data Control Codes		199	599
		General Fund	Debt Service Fund
ASSETS:			
1110	Cash and Cash Equivalents	\$ 1,745,798	\$ 206,993
1120	Current Investments	1,570,197	4,653,969
1220	Property Taxes Receivables	1,787,296	565,769
1230	Allowance for Uncollectable Taxes	(71,492)	(22,631)
1240	Due from Other Governments	2,884,432	130,379
1260	Due from Other Funds	1,735,891	-
1290	Other Receivables	-	-
1300	Inventories	-	-
1410	Prepaid Items	53,768	-
1810	Restricted Cash and Temporary Investments	440,000	-
1000	Total Assets	10,145,890	5,534,479
1000a	Total Assets and Deferred Outflows of Resources	\$ 10,145,890	\$ 5,534,479
LIABILITIES:			
2110	Accounts Payable	\$ 276,130	\$ -
2150	Payroll Deductions and Withholdings	24,377	-
2160	Accrued Wages Payable	254,281	-
2170	Due to Other Funds	20,754	1,479,888
2200	Accrued Expenditures	-	-
2300	Unearned Revenue	-	-
2000	Total Liabilities	575,542	1,479,888
2600	DEFERRED INFLOWS OF RESOURCES	1,715,804	543,138
FUND BALANCES:			
3410	Nonspendable - Inventories	-	-
3430	Nonspendable - Prepaid Items	53,768	-
3450	Restricted - Grant Funds	-	-
3470	Restricted - Capital Acquisitions and Contractual Obligations	-	-
3480	Restricted - Debt Service	440,000	3,511,453
3525	Committed - Retirement of Loans/Notes Payable	719,168	-
3510	Committed - Construction	1,250,000	-
3600	Unassigned	5,391,608	-
3000	Total Fund Balances	7,854,544	3,511,453
4000	Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 10,145,890	\$ 5,534,479

The accompanying notes are an integral part of this statement.

699		98
Capital	Total	Total
Projects Fund	Nonmajor	Governmental
	Funds	Funds
\$ 102,000	\$ 252,914	\$ 2,307,705
58,782,104	602,142	65,608,412
-	-	2,353,065
-	-	(94,123)
-	140,255	3,155,066
1,548	19,136	1,756,575
-	949	949
-	106,483	106,483
-	1,723	55,491
-	-	440,000
<u>58,885,652</u>	<u>1,123,602</u>	<u>75,689,623</u>
<b>\$ 58,885,652</b>	<b>\$ 1,123,602</b>	<b>\$ 75,689,623</b>
\$ 10,745,237	\$ 39	\$ 11,021,406
-	-	24,377
-	35,971	290,252
-	256,003	1,756,645
1,634,213	-	1,634,213
-	59,038	59,038
<u>12,379,450</u>	<u>351,051</u>	<u>14,785,931</u>
-	-	2,258,942
-	105,388	105,388
-	1,723	55,491
-	665,440	665,440
46,506,202	-	46,506,202
-	-	3,951,453
-	-	719,168
-	-	1,250,000
-	-	5,391,608
<u>46,506,202</u>	<u>772,551</u>	<u>58,644,750</u>
<b>\$ 58,885,652</b>	<b>\$ 1,123,602</b>	<b>\$ 75,689,623</b>

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**CROSBY INDEPENDENT SCHOOL DISTRICT**  
**RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET**  
**TO THE STATEMENT OF NET POSITION**  
**AUGUST 31, 2015**

**EXHIBIT C-1R**

**Total Fund Balances - Governmental Funds (Exhibit C-1)** \$ 58,644,750

Amounts reported for governmental activities in the statement of net position are different because:

Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in governmental funds. The governmental capital assets at year end consist of:

Governmental Capital Assets Costs	\$ 164,371,191	
Accumulated Depreciation of Governmental Capital Assets	<u>(46,929,895)</u>	117,441,296

Property taxes receivable, which will be collected subsequent to year-end, but are not available soon enough to pay expenditures and, therefore, are deferred in the funds. 2,258,942

Long-term liabilities, including bonds payable, notes payable, workers' compensation, compensated absences, and net pension liability, are not due and payable in the current period and, therefore, are not reported as liabilities in the funds. Liabilities at year-end related to such items consist of:

Bonds Payable, at Original Par	\$ (132,106,468)	
(Premium) Discount on Bonds Payable	(5,008,989)	
Accreted Interest on Capital Appreciation Bonds	(2,612,685)	
Accrued Interest on the Bonds	(231,794)	
Notes Payable	(7,235,000)	
Accrued Interest on Notes Payable	(19,027)	
Workers' Compensation	(288,047)	
Compensated Absences	(427,035)	
Net Pension Liability	<u>(5,037,954)</u>	(152,966,999)

Deferred charge on refunding is reported as a deferred outflow in the statement of net position and it is not reported in the funds due to it is not a current financial resource available to pay for current expenditures. 1,236,442

Deferred outflows for pension are included in the statement of net position and are not reported in the funds due to they are not current financial resources available to pay for current expenditures. 1,362,765

Deferred inflows for pension are included in the statement of net position and are not reported in the funds due to they are not current financial resources available to pay for current expenditures. (1,541,125)

**Total Net Position - Governmental Activities (Exhibit A-1)** \$ 26,436,071

The accompanying notes are an integral part of this statement.

**CROSBY INDEPENDENT SCHOOL DISTRICT**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCES- GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED AUGUST 31, 2015**

		199	599
Data Control Codes			Debt Service Fund
REVENUES:		General Fund	
5700	Local and Intermediate Sources	\$ 18,490,189	\$ 7,707,620
5800	State Program Revenues	28,089,630	1,574,265
5900	Federal Program Revenues	796,554	-
5020	Total Revenues	47,376,373	9,281,885
EXPENDITURES:			
Current:			
0011	Instruction	26,296,280	-
0012	Instructional Resources and Media Services	409,300	-
0013	Curriculum and Staff Development	941,226	-
0021	Instructional Leadership	766,353	-
0023	School Leadership	2,421,215	-
0031	Guidance, Counseling, and Evaluation Services	1,380,524	-
0033	Health Services	386,619	-
0034	Student Transportation	2,706,926	-
0035	Food Service	-	-
0036	Extracurricular Activities	1,728,652	-
0041	General Administration	1,607,380	-
0051	Plant Maintenance and Operations	3,817,629	-
0052	Security and Monitoring Services	310,343	-
0053	Data Processing Services	871,140	-
0061	Community Services	8,868	-
Debt Service:			
0071	Principal on Long-term Debt	240,000	2,042,795
0072	Interest on Long-term Debt	434,082	5,834,010
0073	Issuance Costs and Fees	650	8,895
Capital Outlay:			
0081	Facilities Acquisition and Construction	400,000	-
Intergovernmental:			
0093	Payments to Shared Services Arrangements	786,633	-
0095	Payments to Juvenile Justice Alternative Education Programs	112,400	-
0099	Other Intergovernmental Charges	258,421	-
6030	Total Expenditures	45,884,641	7,885,700
1100	Excess (Deficiency) of Revenues Over (Under)		
1100	Expenditures	1,491,732	1,396,185
OTHER FINANCING SOURCES (USES):			
7911	Issuance of Capital-related Bonds	-	-
7912	Sale of Real and Personal Property	1,727,171	-
7916	Premium or Discount on Issuance of Bonds	-	18,261
7080	Total Other Financing Sources (Uses)	1,727,171	18,261
1200	Net Change in Fund Balances	3,218,903	1,414,446
0100	Fund Balances - Beginning	4,635,641	2,097,007
3000	Fund Balances - Ending	\$ 7,854,544	\$ 3,511,453

The accompanying notes are an integral part of this statement.



EXHIBIT C-2

699	Total	98
Capital Projects	Nonmajor	Total
Fund	Funds	Governmental
		Funds
\$ 82,287	\$ 982,687	\$ 27,262,783
-	641,698	30,305,593
-	3,267,122	4,063,676
82,287	4,891,507	61,632,052
-	1,816,883	28,113,163
-	-	409,300
-	79,323	1,020,549
-	4,568	770,921
-	-	2,421,215
-	261,095	1,641,619
-	-	386,619
-	107,426	2,814,352
-	2,493,914	2,493,914
-	-	1,728,652
-	-	1,607,380
-	-	3,817,629
-	-	310,343
-	-	871,140
-	958	9,826
-	-	2,282,795
-	-	6,268,092
366,518	-	376,063
35,395,925	-	35,795,925
-	150,000	936,633
-	-	112,400
-	-	258,421
35,762,443	4,914,167	94,446,951
(35,680,156)	(22,660)	(32,814,899)
18,385,000	-	18,385,000
-	-	1,727,171
981,518	-	999,779
19,366,518	-	21,111,950
(16,313,638)	(22,660)	(11,702,949)
62,819,840	795,211	70,347,699
\$ 46,506,202	\$ 772,551	\$ 58,644,750

**CROSBY INDEPENDENT SCHOOL DISTRICT****EXHIBIT C-3****RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES FOR THE YEAR ENDED AUGUST 31, 2015****Total Net Changes in Fund Balances - Governmental Funds (Exhibit C-2)****\$ (11,702,949)**

Amounts reported for governmental activities in the statement of activities are different because:

Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense.

Capital Assets <i>increased</i>	\$ 36,017,750	
Depreciation expense	<u>(2,906,382)</u>	33,111,368

The net effect of miscellaneous transactions involving capital assets (transfers, adjustments and dispositions) is an increase (decrease) to net position. (20,377)

Because some property taxes will not be collected for several months after the District's fiscal year end, they are not considered "available" revenues and are deferred in the governmental funds. Deferred tax revenues increased (decreased) by this amount this year. (73,079)

Issuance of bonds provides current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position.

Par Value	\$ (18,385,000)	
(Premium) Discount	<u>(999,779)</u>	(19,384,779)

Repayment of note principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position. 240,000

Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position. 2,042,795

Interest on long-term debt in the statement of activities differs from the amount reported in the governmental funds because interest is recognized as an expenditure in the funds when it is due, and thus requires the use of current financial resources. In the statement of activities, however, interest expense is recognized as the interest accrues, regardless of when it is due, and includes amortization of related long-term debt accounts. The increase (decrease) in interest expense reported in the statement of activities consist of the following:

Accrued Interest on Current Interest Bonds Payable <i>decreased</i>	\$ (27,418)	
Accrued Interest on Notes Payable <i>decreased</i>	318	
Interest Accreted on the Capital Appreciation Bonds	(245,008)	
Accreted Interest Paid	907,205	
Amortization of Bond and Notes Payable Premium and Discount	274,705	
Amortization of Deferred Charge on Refunding	<u>(98,100)</u>	811,702

The (increase) decrease in workers' compensation is reported in the statement of activities but does not require the use of current financial resources and, therefore, is not reported as expenditures in the governmental funds. (50,868)

The (increase) decrease in compensated absences is reported in the statement of activities but does not require the use of current financial resources and, therefore, is not reported as expenditures in the governmental funds. 173,923

The net change in net pension liability, deferred outflows, and deferred inflows is reported in the statement of activities but does not require the use of current financial resources and, therefore, is not reported as expenditures in the governmental funds. The net change consists of the following:

Deferred Outflows Increased (Decreased)	\$ 884,595	
Deferred Inflows (Increased) Decreased	(1,541,125)	
Net Pension Liability (Increased) Decreased	<u>1,148,238</u>	491,708

**Change in Net Position - Governmental Activities (Exhibit B-1)****\$ 5,639,444**

The accompanying notes are an integral part of this statement.

**CROSBY INDEPENDENT SCHOOL DISTRICT**  
**STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES**  
**FIDUCIARY FUNDS**  
**AUGUST 31, 2015**

**EXHIBIT E-1**

<b>Data Control Codes</b>		<b>865 Agency Fund</b>	<b>Student Activity</b>
	<b>ASSETS:</b>		
1110	<i>Cash and Cash Equivalents</i>	\$ 132,046	
1260	<i>Due from Other Funds</i>		70
1120	<i>Current Investments</i>		352,512
1000	<b>Total Assets</b>	<b>\$ 484,628</b>	
	<b>LIABILITIES:</b>		
2190	<i>Due to Student Groups</i>	\$ 484,628	
2000	<b>Total Liabilities</b>	<b>\$ 484,628</b>	

The accompanying notes are an integral part of this statement.

# CROSBY INDEPENDENT SCHOOL DISTRICT

## NOTES TO THE FINANCIAL STATEMENTS

AUGUST 31, 2015

### I. Summary of Significant Accounting Policies

#### A. Description of Government-wide Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government (District). All fiduciary activities are reported only in the fund financial statements. *Governmental activities* normally are supported by taxes, intergovernmental revenues, and other nonexchange transactions.

#### B. Reporting Entity

The Crosby Independent School District (District) is governed by a seven-member board of trustees (Board), which has governance responsibilities over all activities related to public, elementary and secondary, education within the District. Members of the Board are elected by the public; have authority to make decisions; appoint management and significantly influence operations; and have primary accountability for fiscal matters; the District is not included in any other governmental reporting entity. The accompanying financial statements present the District.

#### C. Basis of Presentation – Government-wide Financial Statements

While separate government-wide and fund financial statements are presented, they are interrelated. The governmental activities column incorporates data from governmental funds. Separate financial statements are provided for governmental funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

#### D. Basis of Presentation – Fund Financial Statements

The fund financial statements provide information about the District's funds, including its fiduciary funds. Separate statements for each fund category—governmental and fiduciary—are presented. The emphasis of fund financial statements is on major governmental funds, each displayed in a separate column. All remaining governmental funds are aggregated and reported as nonmajor funds. Major individual governmental funds are reported as separate columns in the fund financial statements.

The District reports the following major governmental funds:

The *general fund* is the District's primary operating fund. It accounts for all financial resources of the District, except those accounted for in another fund.

The *debt service fund* is used to account for the accumulation of resources that are restricted, committed, or assigned for the payment of principal and interest on long-term obligations of governmental funds.

The *capital projects fund* accounts for the acquisition and construction of the District's major capital facilities, other than those financed by proprietary funds.

Additionally, the District reports the following fund types:

The *agency fund* accounts for assets held by the District for student organizations. The fund is custodial in nature (assets equal liabilities) and does not involve measurement or results of operations.

During the course of operations the District has activity between funds for various purposes. Any residual balances outstanding at year end are reported as due from/to other funds and advances to/from other funds. While these balances are reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Balances between the funds included in governmental activities (i.e., the governmental funds) are eliminated so that only the amount due from/to agency is included in the governmental activities column.

# CROSBY INDEPENDENT SCHOOL DISTRICT

## NOTES TO THE FINANCIAL STATEMENTS

AUGUST 31, 2015

Further, certain activity occurs during the year involving transfers of resources between funds. In fund financial statements these amounts are reported at gross amounts as transfers in/out. While reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Transfers between the funds are eliminated in governmental activities.

### E. New Accounting Standards Adopted

In fiscal year 2015, the District adopted five new statements of financial accounting standards issued by the Governmental Accounting Standards Board:

- Statement No. 67, *Financial Reporting for Pension Plans – an amendment of GASB Statement No. 25*
- Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27*
- Statement No. 69, *Government Combinations and Disposals of Government Operations*
- Statement No. 70, *Accounting and Financial Reporting for Nonexchange Financial Guarantees*
- Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68*

Statement No. 67 establishes financial reporting standards, but not funding or budgetary standards, for state and local government defined benefit pension plans and defined contribution pension plans that are administered through trusts or equivalent arrangements (Pension Trusts) in which:

1. Contributions from employers and nonemployer contributing entities to the pension plan and earnings on those contributions are irrevocable.
2. Pension plan assets are dedicated to providing pensions to plan members in accordance with the benefit terms.
3. Pension plan assets are legally protected from the creditors of employers, nonemployer contributing entities, and the pension plan administrator. If the plan is a defined benefit pension plan, plan assets also are legally protected from creditors of the plan members.

For defined benefit pension plans, this Statement establishes standards of financial reporting for separately issued financial reports and presentation as pension trust funds in the financial statements of another government, and specifies the required approach to measuring the pension liability of employers and any nonemployer contributing entities for benefits provided through the pension plan (the net pension liability), about which certain information is required to be presented. Distinctions are made regarding the particular presentation requirements depending upon the type of pension plan administered. For defined contribution plans, the Statement provides specific note disclosure requirements.

The adoption of Statement No. 67 has no impact on the District's financial statements.

Statement No. 68 establishes standards of accounting and financial reporting, but not funding or budgetary standards, for defined benefit pensions and defined contribution pensions provided to the employees of state and local government employers through pension plans that are administered through trusts or equivalent arrangements criteria detailed above in the description of Statement No. 67. This Statement replaces the requirements of Statement No. 27, *Accounting for Pensions by State and Local Governmental Employers*, as well as the requirements of Statement No. 50, *Pension Disclosures*, as they relate to pensions that are provided through pension plans within the scope of the Statement.

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

## **CROSBY INDEPENDENT SCHOOL DISTRICT**

### **NOTES TO THE FINANCIAL STATEMENTS**

**AUGUST 31, 2015**

The adoption of Statement No. 68 has no impact on the District's governmental fund financial statements, which continue to report expenditures in the contribution amount determined legislatively for the TRS plan. The calculation of pension contributions is unaffected by the change. However, the adoption has resulted in the restatement of the District's beginning net position for the fiscal year 2015 government-wide financial statements to reflect the reporting of net pension liability and deferred inflows of resources and deferred outflows of resources for its qualified pension plan and the recognition of pension expense in accordance with the provisions of the Statement. Net position as of September 1, 2014, was decreased by \$5,708,022 to reflect the cumulative effect of adoption. The net pension liability of \$6,186,192 and the deferred outflows of resources of \$478,170 at August 31, 2014 were reported as a prior period adjustment to the net position on September 1, 2014. Refer to Note IV.C for more information regarding the District's pensions.

Statement No. 69 improves financial reporting by addressing accounting and financial reporting for government combinations and disposals of government operations. The term "government combinations" is used to refer to a variety of arrangements including mergers and acquisitions. Mergers include combinations of legally separate entities without the exchange of significant consideration. Government acquisitions are transactions in which a government acquires another entity, or its operations, in exchange for significant consideration. Government combinations also include transfers of operations that do not constitute entire legally separate entities in which no significant consideration is exchanged. Transfers of operations may be present in shared service arrangements, reorganizations, redistricting, annexations, and arrangements in which an operation is transferred to a new government created to provide those services.

There was no impact on the District's financial statements as a result of the implementation of Statement No. 69.

Statement No. 70 was issued to improve accounting and financial reporting by state and local governments that extend and receive nonexchange financial guarantees.

The Statement requires a government that extends a nonexchange financial guarantee to recognize a liability when qualitative factors and historical data indicate that it is more likely than not that the government will be required to make a payment on the guarantee. The Statement requires a government that has issued an obligation guaranteed in a nonexchange transaction to recognize revenue to the extent of the reduction in its guaranteed liabilities. The Statement requires a government that is required to repay a guarantor for making a payment on a guaranteed obligation or legally assuming the guaranteed obligation to continue to recognize a liability until legally released as an obligor. When a government is released as an obligor, the government should recognize revenue as a result of being relieved of the obligation. This Statement also provides additional guidance for intra-entity nonexchange financial guarantees involving blended component units.

There was no impact on the District's financial statements as a result of the implementation of Statement No. 70.

Statement No. 71 amends Statement No. 68 to require that, at transition, a government recognize a beginning deferred outflow of resources for its pension contributions, if any, made subsequent to the measurement date of the beginning net pension liability. Since the measurement date of the pension plan was different than the District's fiscal year-end, the effects from the District's reported contributions to the plan subsequent to the respective measurement date of the plan as an increase in deferred outflow of resources and a decrease in net position are as follows:

TRS – The beginning deferred outflow includes contributions from September 1, 2013 through August 31, 2014, totaling \$478,170.

#### **F. Measurement Focus and Basis of Accounting**

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as *current financial resources or economic resources*. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

# **CROSBY INDEPENDENT SCHOOL DISTRICT**

## **NOTES TO THE FINANCIAL STATEMENTS**

**AUGUST 31, 2015**

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of 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.

The governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as required under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, and claims and judgments, are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under capital leases are reported as other financing sources.

Interest associated with the current fiscal period is considered to be susceptible to accrual and has been recognized as revenues of the current fiscal period. Entitlements are recorded as revenues when all eligibility requirements are met, including any time requirements, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year end). Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other eligibility requirements have been met, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year end). All other revenue items, including property taxes, are considered to be measurable and available only when cash is received by the District.

The agency fund has no measurement focus but utilizes the accrual basis of accounting for reporting its assets and liabilities.

### **G. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance**

#### **1. Cash and Cash Equivalents**

The District's cash and cash equivalents are considered to be cash on hand and bank demand or time and savings deposits with original maturities of one year or less from the date of acquisition.

#### **2. Investments**

Investments for the District are reported at fair value (generally based on quoted market prices) except for the position in investment pools. In accordance with state law, the pools operate in conformity with all of the requirements of the Securities and Exchange Commission's (SEC) Rule 2a7 as promulgated under the Investment Company Act of 1940, as amended. Accordingly, the pools qualify as a 2a7-like pool and are reported at the net asset value per share (which approximates fair value) even though it is calculated using the amortized cost method. The pools are subject to regulatory oversight by the State Treasurer, although it is not registered with the SEC.

#### **3. Inventories and Prepaid Items**

Inventories are valued at cost using the first-in/first-out (FIFO) method and consist of expendable supplies. The cost of such inventories is recorded as expenditures/expenses when consumed rather than when purchased.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements. The cost of prepaid items is recorded as expenditures/expenses when consumed rather than when purchased.

#### **4. Capital Assets**

Capital assets, which include land and improvements, construction in progress, buildings and improvements, and furniture and equipment, are reported in the applicable governmental activities column in the government-wide financial statements. The District's infrastructure includes parking lots and sidewalks associated with various buildings. The cost of the infrastructure was initially capitalized with the

# CROSBY INDEPENDENT SCHOOL DISTRICT

## NOTES TO THE FINANCIAL STATEMENTS

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building cost and is being depreciated over the same useful life as the building. 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 one year.

In the case of the initial capitalization of general infrastructure assets (i.e., those reported by governmental activities), the District chose to include all such items regardless of their acquisition date or amount. The District was able to estimate the historical cost for the initial reporting of these assets through back trending (i.e., estimating the current replacement cost of the infrastructure to be capitalized and using an appropriate price-level index to deflate the cost to the acquisition year or estimated acquisition year). As the District constructs or acquires additional capital assets each period, including infrastructure assets, they are capitalized and reported at historical cost. The reported value excludes normal maintenance and repairs which are essentially amounts spent in relation to capital assets that do not increase the capacity or efficiency of the item or increase its estimated useful life. Donated capital assets are recorded at their estimated fair value at the date of donation.

Land and improvements and construction in progress are not depreciated. The buildings and improvements and furniture and equipment of the District are depreciated using the straight line method over the following estimated useful lives:

<u>Capital Asset Classes</u>	<u>Lives</u>
Buildings and Improvements	20-50
Furniture and Equipment	5-20

### 5. Deferred Outflows/Inflows of Resources

Deferred outflows of resources represents a consumption of net position that applies to a future period(s) and will not be recognized as an outflow of resources (expense/expenditures) until then. Deferred inflows of resources represents an acquisition of net position that applies to a future period(s) and will not be recognized as an inflow of resources (revenue) until that time.

The components of the deferred outflows of resources and deferred inflows of resources in the government-wide and fund level financial statements are as follows:

	<u>Statement of Net Position Governmental Activities</u>	<u>Balance Sheet - Governmental Funds</u>	
		<u>General Fund</u>	<u>Debt Service Fund</u>
Deferred Outflows of Resources:			
Deferred Outflows from Pension Activities	\$ 1,362,765	\$ -	\$ -
Deferred Charge on Refunding	1,236,442	-	-
<b>Total Deferred Outflows of Resources</b>	<b>\$ 2,599,207</b>	<b>\$ -</b>	<b>\$ -</b>
Deferred Inflows of Resources:			
Deferred Inflows from Pension Activities	\$ 1,541,125	\$ -	\$ -
Unavailable Property Taxes	-	1,715,804	543,138
<b>Total Deferred Inflows of Resources</b>	<b>\$ 1,541,125</b>	<b>\$ 1,715,804</b>	<b>\$ 543,138</b>

Deferred outflows/inflows of resources are amortized as follows:

- Deferred outflows/inflows from pension activities are amortized over the weighted average remaining service life of all participants in the respective qualified pension plan, except for projected and actual earnings differences on investments which are amortized on a closed basis over a 5-year period.
- Deferred charge/gain on refunding is amortized over the shorter of the life of the refunded or refunding debt.
- Property taxes are recognized in the period the amount becomes available.

### 6. Net Position Flow Assumption

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



## **CROSBY INDEPENDENT SCHOOL DISTRICT**

### **NOTES TO THE FINANCIAL STATEMENTS**

**AUGUST 31, 2015**

It is the District's policy to consider restricted – net position to have been depleted before unrestricted – net position is applied.

#### **7. Fund Balance Flow Assumptions**

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

#### **8. Fund Balance Policies**

Fund balance of governmental funds is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. The District itself can establish limitations on the use of resources through either a commitment (committed fund balance) or an assignment (assigned fund balance).

The committed fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the District's highest level of decision-making authority. The board of trustees is the highest level of decision-making authority for the District that can, by board action or adoption of a resolution prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by board action or resolution remains in place until a similar action is taken (the board action or adoption of another resolution) to remove or revise the limitation.

Amounts in the assigned fund balance classification are intended to be used by the District for specific purposes but do not meet the criteria to be classified as committed. The board of trustees (Board) has by resolution authorized the superintendent or his designee to assign fund balance. The Board may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year's appropriated budget. Unlike commitments, assignments generally only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment. Conversely, as discussed above, an additional action is essential to either remove or revise a commitment.

#### **9. Pension**

In government-wide financial statements, pensions are required to be recognized and disclosed using the accrual basis of accounting (see Note IV.C. and the RSI section immediately following the Notes to the Financial Statements), regardless of the amount recognized as pension expenditures on the modified accrual basis of accounting. The District recognizes a net pension liability for the qualified pension plan in which it participates, which represents the excess of the total pension liability over the fiduciary net position of the qualified pension plan, or the District's proportionate share thereof in the case of a cost-sharing multiple-employer plan, measured as of the respective pensions' fiscal year-end. Changes in the net pension liability during the period are recorded as pension expense, or as deferred inflows of resources or deferred outflows of resources depending on the nature of the change, in the period incurred. Those changes in net pension liability that are recorded as deferred inflows of resources or deferred outflows of resources that arise from changes in actuarial assumptions or other inputs and differences between expected or actual experience are amortized over the weighted average remaining service life of all participants in the respective qualified pension plan and recorded as a component of pension expense beginning with the period in which they are incurred. Projected earnings on qualified pension plan investments are recognized as a component of pension expense. Differences between projected and actual investment earnings are reported as deferred inflows of resources or deferred outflows of resources and amortized as a component of pension expense on a closed basis over a five-year period beginning with the period in which the difference occurred.

# CROSBY INDEPENDENT SCHOOL DISTRICT

## NOTES TO THE FINANCIAL STATEMENTS

AUGUST 31, 2015

### H. Revenues and Expenditures/Expenses

#### 1. Program Revenues

Amounts reported as *program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. All taxes, including those dedicated for specific purposes, and other internally dedicated resources are reported as general revenues rather than as program revenues.

#### 2. Property Taxes

Property taxes for the current calendar year are levied on approximately October 1 of each year and are payable by January 31 of the following year. Property tax receivables are recorded as of the date levied. Unpaid taxes become delinquent on February 1 and a tax lien on real property is created as of July 1 of each year.

#### 3. Compensated Absences

It is the District's policy to permit employees to accumulate earned but unused leave benefits. The term leave includes state personal days and state sick leave days. Payment for unused leave days accumulated will be made upon retirement (in accordance with guidelines established by the Teacher Retirement System of Texas) for all employees. All sick pay is accrued when incurred for employees who are eligible for retirement in the government-wide financial statements. A liability for these amounts is reported in governmental funds only if they have met the District's requirements and State's retirement eligibility requirements.

The District does not have a liability for unpaid vacation at year-end due to the District's policy does not allow a carryover of vacation days not taken by August 31. There are amounts included in compensated absences for employees that had accrued vacation time under the District's previous policy.

#### 4. Use of Estimates

The presentation of financial statements, in conformity with generally accepted accounting principles, requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

#### 5. Data Control Codes

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

### II. Stewardship, Compliance, and Accountability

#### A. Budgetary Information

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for the general fund, National School Breakfast and Lunch Program special revenue fund, and debt service fund. All other governmental funds adopt project length budgets. All annual appropriations lapse at fiscal year-end. The following procedures are followed in establishing the budgetary data reflected in the financial statements.

1. Prior to August 20 of the preceding fiscal year, the District prepares a budget for the next succeeding fiscal year beginning September 1. The operating budget includes proposed expenditures and the means of financing them.
2. A meeting of the Board is then called for the purpose of adopting the proposed budget after ten days' public notice of the meeting has been given.
3. Prior to September 1, the budget is legally enacted through passage of a resolution by the Board.

# **CROSBY INDEPENDENT SCHOOL DISTRICT**

## **NOTES TO THE FINANCIAL STATEMENTS**

**AUGUST 31, 2015**

The appropriated budget is prepared by fund, function, and campus/department. The District's campus/department heads may make transfers of appropriations within a department. Transfers of appropriations between campus/departments require the approval of the District's management. Transfers of appropriations between functions require the approval of the Board. The legal level of budgetary control (i.e., the level at which expenditures may not legally exceed appropriations) is the function level.

### **B. Encumbrances**

Encumbrance accounting is employed in governmental funds. Encumbrances (e.g., purchase orders, contracts) outstanding at year-end are reported as restricted, committed, or assigned fund balances as appropriate. The encumbrances do not constitute expenditures or liabilities because the commitments will be reappropriated and honored during the subsequent year.

## **III. Detailed Notes on All Funds**

### **A. Deposits and Investments**

*Cash Deposits.* The District's funds are required to be deposited and invested under the terms of a depository contract pursuant to the Texas School Depository Act. The depository bank pledges securities which comply with state law and these securities are held for safekeeping and trust with the District's and the depository banks' agent bank. The pledged securities shall be in an amount sufficient to protect District funds on a day-to-day basis during the period of the contract. The pledge of approved securities is waived only to the extent of the depository bank's dollar amount of Federal Deposit Insurance Corporation (FDIC) insurance.

*Investments.* The District's investment policy is in accordance with the Public Funds Investment Act, the Public Funds Collateral Act, and federal and state laws. State law and District policy limits credit risk by allowing investing in 1) Obligations of the United States or its agencies which are backed by the full faith and credit of the United States, obligations of the State of Texas or its agencies, counties, cities and other political subdivisions of any state rated as to investment quality by a nationally recognized investment rating firm (NRIRF) not less than A or its equivalent; 2) Certificates of deposit issued by a depository located in Texas which is insured by the FDIC or purchased through a broker who has an office located in Texas; 3) Repurchase agreements secured by obligations of the United States or its agencies not to exceed 90 days to maturity from the date of purchase; 4) Bankers acceptances with a stated maturity of 270 days or fewer which are eligible for collateral for borrowing from a Federal Reserve Bank; 5) No-load money market mutual funds which shall be registered with the Securities and Exchange Commission which have an average weighted maturity of less than two years, investments comply with the Public Funds Investment Act and are continuously rated not less than AAA by at least one NRIRF; 6) A guaranteed investment contract (for bond proceeds only) which meets the criteria and eligibility requirements established by the Public Funds Investment Act; 7) Public funds investment pools which meet the requirements of the Public Funds Investment Act; 8) securities lending program, 9) Commercial paper if it has a stated maturity of 271 days or fewer from the date of its issuance; and is rated not less than A-1 or P-1 or an equivalent rating by at least two nationally recognized credit rating agencies; or one nationally recognized agency and is fully secured by an irrevocable letter of credit issued by a bank organized and existing under the laws of the United States or any state.

# CROSBY INDEPENDENT SCHOOL DISTRICT

## NOTES TO THE FINANCIAL STATEMENTS

AUGUST 31, 2015

As of August 31, 2015, the District had the following governmental and fiduciary funds' investments:

<u>Governmental Fund Investment Type</u>	<u>Standard &amp; Poor's Rating</u>	<u>Fair Value</u>	<u>Percentage of Total Investments</u>	<u>Weighted Average Maturity (Years)</u>
Texpool - Prime	AAAm	\$ 12,516,927	19%	0.10
Texpool - LGIP	AAAm	9,582,671	15%	0.13
Lone Star - Corporate Overnight Fund	AAAm	162	0%	0.10
Lone Star - Corporate Overnight Plus	AAA/S1+	42,850,852	65%	0.11
LOGIC	AAAm	657,800	1%	0.11
<b>Total Fair Value</b>		<b>\$ 65,608,412</b>	<b>100%</b>	
<b>Portfolio Weighted Average Maturity</b>				<b>0.11</b>

  

<u>Fiduciary Fund Investment Type</u>	<u>Standard &amp; Poor's Rating</u>	<u>Fair Value</u>	<u>Percentage of Total Investments</u>	<u>Weighted Average Maturity (Years)</u>
Texpool - Prime	AAAm	\$ 352,512	100%	0.10
<b>Total Fair Value</b>		<b>\$ 352,512</b>	<b>100%</b>	
<b>Portfolio Weighted Average Maturity</b>				<b>0.10</b>

*Credit risk.* At year-end, the District's investments were rated as noted in the table above. All credit ratings met acceptable levels required by legal guidelines prescribed in both the PFIA and the District's investment policy.

*Interest rate risk.* Interest rate risk is the risk that changes in interest rates may adversely affect the value of the investments. The District monitors interest rate risk utilizing weighted average maturity analysis and specific identification. In accordance with its investment policy, the District reduces its exposure to declines in fair values by limiting the weighted average maturity of any internally created pool to no more than 180 days, and any individual investment not to exceed one year, unless specifically authorized by the Board of Trustees.

*Concentration of credit risk.* The District's investment policy does not limit an investment in any one issuer. The investment portfolio shall be diversified in terms of investment instruments, maturity scheduling, and financial institutions to reduce risk of loss resulting from over-concentration of assets in a specific class of investments, specific maturity, or specific issuer.

*Custodial credit risk – deposits.* In the case of deposits, this is the risk that in the event of a bank failure, the District's deposits may not be returned to it. As of August 31, 2015, District's bank balance of \$4,482,578 was not exposed to custodial credit risk because it was insured and collateralized with securities held by the District's agent and in the District's name.

*Custodial credit risk – investments.* For an investment, this is the risk that, in the event of the failure of the counterparty, the District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The District is not exposed to custodial risk due to the investments are insured or registered, or securities held by the District or its agent in the District's name.

### B. Receivables

Tax revenues of the general and debt service fund are reported net of uncollectible amounts. Total uncollectible amounts related to revenues of the current period increased (decreased) revenues as follows:

Uncollectibles Related to General Fund Property Taxes	\$ 3,311
Uncollectibles Related to Debt Service Property Taxes	(549)
<b>Total Uncollectibles of the Current Fiscal Year</b>	<b>\$ 2,762</b>

Approximately 67% of the outstanding balance of property taxes receivable is not anticipated to be collected within the next year.

# CROSBY INDEPENDENT SCHOOL DISTRICT

## NOTES TO THE FINANCIAL STATEMENTS

AUGUST 31, 2015

### C. Interfund Receivables, Payables, and Transfers

#### 1. Receivables/Payables

The composition of interfund receivable/payable balances as of August 31, 2015, is as follows:

<u>Fund</u>	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
General Fund	\$ 1,735,891	\$ 20,754
Debt Service	-	1,479,888
Capital Projects	1,548	-
Other Governmental Funds - Nonmajor	19,136	256,003
Agency Fund	70	-
<b>Total</b>	<b>\$ 1,756,645</b>	<b>\$ 1,756,645</b>

Interfund balances consist of short-term lending/borrowing arrangements that result primarily from payroll and other regularly occurring charges that are paid by the general fund and then charged back to the appropriate other fund. Additionally, some lending/borrowing may occur between two or more nonmajor governmental funds.

#### 2. Transfers

Interfund transfers are defined as "flows of assets without equivalent flow of assets in return and without a requirement for repayment." Transfers are the use of funds collected in one fund and are transferred to finance various programs accounted for in other funds. The following is a summary of the District's interfund transfers for the year ended August 31, 2015.

<u>Transfer Out</u>	<u>Transfer In</u>	<u>Amount</u>
None		\$ -
<b>Total</b>		<b>\$ -</b>

### D. Capital Assets

Capital asset activity for the year ended August 31, 2015 was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>
<b>Governmental Activities:</b>				
<b>Capital Assets, not being Depreciated:</b>				
Land and Improvements	\$ 4,215,904	\$ -	\$ (20,377)	\$ 4,195,527
Construction in Progress	4,725,307	35,040,680	-	39,765,987
<b>Total Capital Assets, not being Depreciated</b>	<b>8,941,211</b>	<b>35,040,680</b>	<b>(20,377)</b>	<b>43,961,514</b>
<b>Capital Assets, being Depreciated:</b>				
Buildings and Improvements	111,107,523	629,718	-	111,737,241
Furniture and Equipment	8,451,233	347,352	(126,149)	8,672,436
<b>Total Capital Assets, being Depreciated</b>	<b>119,558,756</b>	<b>977,070</b>	<b>(126,149)</b>	<b>120,409,677</b>
<b>Less Accumulated Depreciation for:</b>				
Buildings and Improvements	(38,643,447)	(2,390,275)	-	(41,033,722)
Furniture and Equipment	(5,506,215)	(516,107)	126,149	(5,896,173)
<b>Total Accumulated Depreciation</b>	<b>(44,149,662)</b>	<b>(2,906,382)</b>	<b>126,149</b>	<b>(46,929,895)</b>
<b>Total Capital Assets, being Depreciated, net</b>	<b>75,409,094</b>	<b>(1,929,312)</b>	<b>-</b>	<b>73,479,782</b>
<b>Governmental Activities Capital Assets, net</b>	<b>\$ 84,350,305</b>	<b>\$ 33,111,368</b>	<b>\$ (20,377)</b>	<b>\$ 117,441,296</b>

# CROSBY INDEPENDENT SCHOOL DISTRICT

## NOTES TO THE FINANCIAL STATEMENTS

AUGUST 31, 2015

Depreciation expense was charged to functions of the District as follows:

<b>Governmental Activities:</b>	
11 Instruction	\$ 1,827,764
12 Instructional Resources and Media Services	64,849
21 Instructional Leadership	19,039
23 School Leadership	38,456
31 Guidance, Counseling, and Evaluation Services	19,805
33 Health Services	8,820
34 Student Transportation	375,173
35 Food Service	230,886
36 Extracurricular Activities	119,737
41 General Administration	54,639
51 Plant Maintenance and Operations	94,887
53 Data Processing Services	52,327
<b>Total Depreciation Expense-Governmental Activities</b>	<b>\$ 2,906,382</b>

### Construction Commitments

The District has active construction projects as of August 31, 2015. The projects include the construction and equipment of school facilities. At year end, the District's commitments with contractors are as follows:

<u>Project</u>	<u>Remaining Commitment</u>
New Crosby High School	\$ 43,127,600
<b>Totals</b>	<b>\$ 43,127,600</b>

The commitment for construction and equipment of school facilities is being financed by general obligation bonds secured by tax revenues and local funds.

### E. Long-term Liabilities

The District's long-term liabilities consist of bond indebtedness, notes payable, workers' compensation, compensated absences, and net pension liability. The current requirements for general obligation bonds principal and interest expenditures are accounted for in the debt service fund. Other long-term liabilities are generally liquidated with resources of the general fund.

### Changes in Long-term Liabilities

Long-term liability activity for the year ended August 31, 2015, was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
<b>Governmental Activities:</b>					
<b>Bonds Payable:</b>					
General Obligation Bonds	\$ 115,764,263	\$ 18,385,000	\$ (2,042,795)	\$ 132,106,468	\$ 3,385,858
Less Deferred Amounts:					
For Issuance Premium (Discount) (CIB's)	4,275,643	999,779	(266,433)	5,008,989	-
For Accreted Interest (CAB's)	3,274,882	245,008	(907,205)	2,612,685	-
<b>Total Bonds Payable, net</b>	<b>123,314,788</b>	<b>19,629,787</b>	<b>(3,216,433)</b>	<b>139,728,142</b>	<b>3,385,858</b>
<b>Notes Payable:</b>					
Notes Payable	7,475,000	-	(240,000)	7,235,000	-
Less Deferred Amounts:					
For Issuance Premium (Discount)	8,272	-	(8,272)	-	-
<b>Total Notes Payable, net</b>	<b>7,483,272</b>	<b>-</b>	<b>(248,272)</b>	<b>7,235,000</b>	<b>-</b>
Workers' Compensation	237,179	144,287	(93,419)	288,047	288,047
Compensated Absences	600,958	39,181	(213,104)	427,035	427,035
Net Pension Liability*	6,186,192	3,457,643	(4,605,881)	5,037,954	-
<b>Governmental Activity Long-term Liabilities</b>	<b>\$ 137,822,389</b>	<b>\$ 23,270,898</b>	<b>\$ (8,377,109)</b>	<b>\$ 152,716,178</b>	<b>\$ 4,100,940</b>

\*Per GASB 68, beginning balance for net pension liability includes the restatement of net pension liability at September 1, 2014.

# CROSBY INDEPENDENT SCHOOL DISTRICT

## NOTES TO THE FINANCIAL STATEMENTS

AUGUST 31, 2015

### General Obligation Bonds

The District issues general obligation bonds to provide funds for the construction and equipment of school facilities (SCH) and to refund general obligation bonds (REF).

General obligation bonds are direct obligations and pledge the full faith and credit of the District. These bonds are issued as 13-30 year current interest capital appreciation bonds (CAB) with various amounts of principal maturing each year. Rates may be fixed or variable. The following is a summary of changes in the general obligation bonds for the fiscal year.

Series	Interest Rate	Original Issue	Maturity Date	Beginning Balance	Additions	Reductions	Ending Balance
1999 CAB	-	\$ 11,781,247	2017	\$ 2,119,277	\$ -	\$ (747,795)	\$ 1,371,482
2006 SCH	3.50-4.00%	9,105,000	2024	8,500,000	-	(90,000)	8,410,000
2006 CAB	-	601,906	2019	439,986	-	-	439,986
2009 SCH	2.50-4.20%	4,385,000	2024	4,310,000	-	(15,000)	4,295,000
2012 REF	2.00-3.00%	9,275,000	2029	9,095,000	-	-	9,095,000
2013 REF	1.00-4.00%	25,025,000	2029	24,280,000	-	(1,190,000)	23,090,000
2013 SCH	4.00-5.00%	67,020,000	2043	67,020,000	-	-	67,020,000
2014 BLDG	3.50-4.00%	8,985,000	2043	-	8,985,000	-	8,985,000
2015 BLDG	3.00-3.625%	9,400,000	2043	-	9,400,000	-	9,400,000
<b>Totals</b>				<b>\$ 115,764,263</b>	<b>\$ 18,385,000</b>	<b>\$ (2,042,795)</b>	<b>\$ 132,106,468</b>

Annual debt service requirements to maturity for general obligation bonds are as follows:

Year Ending August 31	Principal Value	Interest	Total Requirements
2016	\$ 3,385,858	\$ 6,164,864	\$ 9,550,722
2017	3,560,624	6,132,597	9,693,221
2018	4,885,000	5,014,896	9,899,896
2019	2,309,986	5,923,961	8,233,947
2020	3,445,000	4,788,871	8,233,871
2021	3,585,000	4,649,235	8,234,235
2022	3,730,000	4,504,123	8,234,123
2023	3,880,000	4,353,021	8,233,021
2024	4,035,000	4,203,801	8,238,801
2025	3,920,000	4,091,481	8,011,481
2026	4,020,000	3,990,981	8,010,981
2027	4,145,000	3,868,506	8,013,506
2028	4,270,000	3,742,281	8,012,281
2029	4,405,000	3,608,494	8,013,494
2030	4,175,000	3,455,981	7,630,981
2031	4,345,000	3,287,056	7,632,056
2032	4,520,000	3,111,256	7,631,256
2033	4,710,000	2,925,509	7,635,509
2034	4,905,000	2,729,328	7,634,328
2035	5,130,000	2,505,481	7,635,481
2036	5,365,000	2,269,259	7,634,259
2037	5,610,000	2,022,850	7,632,850
2038	5,865,000	1,765,916	7,630,916
2039	6,140,000	1,494,272	7,634,272
2040	6,445,000	1,189,513	7,634,513
2041	6,765,000	869,506	7,634,506
2042	7,100,000	533,528	7,633,528
2043	7,455,000	180,728	7,635,728
<b>Totals</b>	<b>\$ 132,106,468</b>	<b>\$ 93,377,295</b>	<b>\$ 225,483,763</b>

The District did not have any authorized but unissued unlimited ad valorem tax bonds as of August 31, 2015.

# CROSBY INDEPENDENT SCHOOL DISTRICT

## NOTES TO THE FINANCIAL STATEMENTS

AUGUST 31, 2015

### Notes Payable

The District issued maintenance tax notes to provide funds for capital improvements and equipping facilities. The maintenance tax notes are secured by the proceeds of a continuing direct annual ad valorem tax levied for maintenance. The notes are issued as 5-15 year current interest notes.

The following is a summary of changes in the notes payable during the fiscal year:

Description	Interest Rate	Original Issue	Maturity Date	Beginning Balance	Additions	Reductions	Ending Balance
2010 Maintenance Tax Note	2.5-3.0%	\$ 2,765,000	2015	\$ 240,000	\$ -	\$ (240,000)	\$ -
2010 Qualified School Construction Maintenance Tax Note (QSCMT)	5.95%	7,235,000	2025	7,235,000	-	-	7,235,000
<b>Totals</b>				<b>\$ 7,475,000</b>	<b>\$ -</b>	<b>\$ (240,000)</b>	<b>\$ 7,235,000</b>

Annual debt service requirements to maturity for the notes payable are as follows:

Year Ending August 31	Principal *	Interest	Total Requirements
2016	\$ -	\$ 430,483	\$ 430,483
2017	-	430,483	430,483
2018	-	430,483	430,483
2019	-	430,483	430,483
2020	-	430,483	430,483
2021	-	430,483	430,483
2022	-	430,483	430,483
2023	-	430,483	430,483
2024	-	430,483	430,483
2025	7,235,000	215,241	7,450,241
<b>Totals</b>	<b>\$ 7,235,000</b>	<b>\$ 4,089,588</b>	<b>\$ 11,324,588</b>

\* The District plans to make annual principal payments, which are accumulated in an escrow account, beginning February 15, 2015 that range from \$440,000 to \$680,000 prior to the maturity in year 2025 of the 2010 QSCMT noted above.

### F. Revenues from Local and Intermediate Sources

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

	General	Debt Service	Capital Projects	Other Governmental Funds	Totals
Property Taxes	\$ 18,155,183	\$ 7,647,097	\$ -	\$ -	\$ 25,802,280
Investment Income	7,531	60,004	82,287	1,001	150,823
Food Sales	-	-	-	973,460	973,460
Other	327,475	519	-	8,226	336,220
<b>Totals</b>	<b>\$ 18,490,189</b>	<b>\$ 7,707,620</b>	<b>\$ 82,287</b>	<b>\$ 982,687</b>	<b>\$ 27,262,783</b>

## IV. Other Information

### A. Risk Management

#### Property/Liability

The District is exposed to various risks of loss related to property/liability losses for which the District carries commercial insurance. There were no significant reductions in coverage in the past fiscal year, and there were no settlements exceeding insurance coverage for any of the past three fiscal years.

#### Health Insurance

During the year ended August 31, 2015, employees of the District were covered by a health insurance plan. The District paid premiums of \$150 per month per employee to the plan and employees, at their option, authorized payroll withholdings to pay premiums for dependents. All premiums were paid to a licensed insurer. The contract between the District and the licensed insurer is renewable annually and terms of coverage and premium costs are included in the contractual provisions.



# CROSBY INDEPENDENT SCHOOL DISTRICT

## NOTES TO THE FINANCIAL STATEMENTS

AUGUST 31, 2015

### Workers' Compensation

The District established a limited risk management program for workers' compensation in 1998. Premiums are paid into the general fund by all other funds and are available to pay claims, claim reserves, and administrative costs of the program. These interfund premiums are used to reduce the amount of claims expenditure reported in the general fund.

Liabilities of the fund are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. Liabilities also include an estimated amount for claims that have been incurred but not reported (IBNRs). The result of the process to estimate the claims liability is not an exact amount as it depends on many complex factors, such as inflation, changes in legal doctrines, and damage awards. Accordingly, claims are reevaluated periodically to consider the effects of inflation, recent claim settlement trends (including frequency and amount of pay-outs), and other economic and social factors. The estimate of the claims liability also includes amounts for incremental claim adjustment expenses related to specific claims and other claim adjustment expenses regardless of whether allocated to specific claims. Estimated recoveries, for example from subrogation, are another component of the claims liability estimate. An excess coverage insurance policy covers individual claims in excess of \$1,000,000 and statutory limit of \$5,000,000. Settlements have not exceeded coverages for each of the past three fiscal years and there were no significant reductions in insurance coverage from the prior year. The workers' compensation claims liability is presented at a non-discounted amount of \$288,047. Changes in the balances of claims liabilities during the past two years are as follows:

	Year Ended 8/31/2015	Year Ended 8/31/2014
Unpaid Claims, Beginning of Fiscal Year	\$ 237,179	\$ 226,560
Incurred Claims	144,287	104,038
Claim Payments	(93,419)	(93,419)
Unpaid Claims, End of Fiscal Year	<u>\$ 288,047</u>	<u>\$ 237,179</u>

### **B. Litigation and Contingencies**

The District participates in a number of federal and state financial assistance programs. Although the District's grant programs have been audited in accordance with the provisions of the Single Audit Act through August 31, 2015, these programs are subject to financial and compliance audits by the grantor agencies. The District is also subject to audit by the TEA of the attendance data upon which payments from the agency are based. These audits could result in questioned costs or refunds to be paid back to the granting agencies.

The District is a defendant in various lawsuits arising principally in the normal course of operations. In the opinion of the District's management, the potential losses, after insurance coverage, on all allegations, claims, and lawsuits will not have a material effect on the District's financial position, results of operations or liquidity.

### **C. Defined Benefit Pension Plan**

#### **Plan Description**

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

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

# CROSBY INDEPENDENT SCHOOL DISTRICT

## NOTES TO THE FINANCIAL STATEMENTS

AUGUST 31, 2015

### Pension Plan Fiduciary Net Position

Detailed information about the TRS's fiduciary net position is available in a separately-issued Comprehensive Annual Financial Report (CAFR) 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 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 services credit total at least 80, but the member is less than age 60 or 62 depending on date of employment, or if the member was grandfathered in under a previous rule. There are no automatic post-employment benefit changes; including automatic COLAs. Ad hoc post-employment benefit changes, including ad hoc COLAs can be granted by the Texas Legislature as noted in the Plan Description above.

### Contributions

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

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

	2015	2014
Member	\$ 6.7%	\$ 6.4%
Non-Employer Contributing Entity (State)	6.8%	6.8%
Employers/District	6.8%	6.8%

The contribution amounts for the District's fiscal year 2015 are as follows:

District Contributions	\$ 957,378
Member Contributions	2,180,291
NECE On-behalf Contributions (State)	1,632,303

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).

# CROSBY INDEPENDENT SCHOOL DISTRICT

## NOTES TO THE FINANCIAL STATEMENTS

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

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

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

### Actuarial Assumptions

The total pension liability in the August 31, 2014 actuarial valuation was determined using the following actuarial assumptions:

Valuation Date	August 31, 2014
Actuarial Cost Method	Individual Entry Age Normal
Amortization Method	Level Percentage of Payroll, Open
Remaining Amortization Period	30 Years
Asset Valuation Method	5 Year Market Value
Discount Rate	8.00%
Long-term Expected Investment Rate of Return*	8.00%
Salary Increases*	4.25% to 7.25%
Weighted-Average at Valuation Date	5.55%
Payroll Growth Rate	3.50%

\*Includes Inflation of 3%

The actuarial methods and assumptions are primarily based on a study of actual experience for the four year period ending August 31, 2010 and adopted on April 8, 2011. With the exception of the post-retirement mortality rates for healthy lives and a minor change to the expected retirement age for inactive vested members stemming from the actuarial audit performed in the Summer of 2014, the assumptions and methods are the same as used in the prior valuation. When the mortality assumptions were adopted in 2011 they contained a significant margin for possible future mortality improvement. As of the date of the valuation there has been a significant erosion of this margin to the point that the margin has been eliminated. Therefore, the post-retirement mortality rates for current and future retirees was decreased to add additional margin for future improvement in mortality in accordance with the Actuarial Standards of Practice No. 35.

### 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

# CROSBY INDEPENDENT SCHOOL DISTRICT

## NOTES TO THE FINANCIAL STATEMENTS

AUGUST 31, 2015

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, 2014 are summarized below:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Real Return Geometric Basis</u>	<u>Long-Term Expected Portfolio Real Rate of Return*</u>
<b>Global Equity</b>			
U.S.	18.0%	7.0%	1.4%
Non-U.S. Developed	13.0%	7.3%	1.1%
Emerging Markets	9.0%	8.1%	0.9%
Directional Hedge Funds	4.0%	5.4%	0.2%
Private Equity	13.0%	9.2%	1.4%
<b>Stable Value</b>			
U.S. Treasuries	11.0%	2.9%	0.3%
Absolute Return	0.0%	4.0%	0.0%
Stable Value Hedge Funds	4.0%	5.2%	0.2%
Cash	1.0%	2.0%	0.0%
<b>Real Return</b>			
Global Inflation Linked Bonds	3.0%	3.1%	0.0%
Real Assets	16.0%	7.3%	1.5%
Energy and Natural Resources	3.0%	8.8%	0.3%
Commodities	0.0%	3.5%	0.0%
<b>Risk parity</b>			
Risk Parity	5.0%	8.9%	0.4%
Alpha			1.0%
<b>Total</b>	<b>100.0%</b>		<b>8.7%</b>

\*The expected contribution to returns incorporates the volatility drag resulting from the conversion between arithmetic and geometric mean returns.

The following table presents the District's proportionate share of net pension liability for TRS calculated using the discount rate of 8.0%, as well as the District's proportionate share of the respective net pension liability if it was calculated using a discount rate that is 1-percentage-point lower (7%) or 1-percentage-point higher (9%) than the current rate:

	<u>1% Decrease (7.00%)</u>	<u>Current Discount Rate (8.00%)</u>	<u>1% Increase (9.00%)</u>
TRS	\$ 9,002,518	\$ 5,037,954	\$ 2,073,198

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

At August 31, 2015, the District reported a liability of \$5,037,954 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 are as follows:

District's Proportionate Share of the Net Pension Liability	\$ 5,037,954
State's Proportionate Share of the Net Pension Liability Associated with the District	16,313,927
<b>Total</b>	<b>\$ 21,351,881</b>

The net pension liability was measured as of August 31, 2014 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportion of the net pension liability was based on the District's contributions to the pension plan relative to the contributions of all employers to the plan for the period September 1, 2013 through August 31, 2014.

# CROSBY INDEPENDENT SCHOOL DISTRICT

## NOTES TO THE FINANCIAL STATEMENTS

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At August 31, 2014, the employer's proportion of net pension liability was .0188607%. The change in the employer's proportion of the net pension liability was immaterial and therefore disregarded this year.

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

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

There was a change in employer contribution requirements that occurred after the measurement date of the net pension liability and the employer's reporting date. A 1.5 % contribution for employers not paying Old Age Survivor and Disability Insurance (OASDI) on certain employees went into law effective September 1, 2014. The amount of the expected resultant change in the employer's proportion cannot be determined at this time.

For the year ended August 31, 2015, the District recognized pension expense of \$1,970,862 and revenue of \$1,508,192 for support provided by the state.

At August 31, 2015, 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:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences Between Expected and Actuarial Experience	\$ 77,914	\$ -
Changes of Assumptions	327,473	-
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	-	1,539,804
Changes in Proportion and Differences Between District Contributions and Proportionate Share of Contributions (Cost-Sharing Plan)	-	1,321
District Contribution after Measurement Date	957,378	-
<b>Totals</b>	<b>\$ 1,362,765</b>	<b>\$ 1,541,125</b>

\$957,378 reported as deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended August 31, 2016. Other amounts reported as deferred outflows of resources (deferred inflows of resources) related to pensions will be recognized in pension expense as follows:

### Year Ending August 31:

2016	\$ (316,785)
2017	(316,785)
2018	(316,785)
2019	(316,785)
2020	68,166
Thereafter	63,236
<b>Totals</b>	<b>\$ (1,135,738)</b>

### D. School District Retiree Health Plan

**Plan Description.** The Crosby Independent School District contributes to the Texas Public School Retired Employees Group Insurance Program (TRS-Care), a cost-sharing multiple-employer defined benefit postemployment health care plan administered by the Teacher Retirement System of Texas. TRS-Care provides health care coverage for certain persons (and their dependents) who retired under the Teacher Retirement System of Texas. The statutory authority for the program is Texas Insurance Code, Chapter 1575. Section 1575.052 grants the TRS Board of Trustees the authority to establish and amend basic and optional group insurance coverage for participants. The Teacher Retirement System of Texas issues a publicly available financial report that includes financial statements and required supplementary information for TRS-Care. That report may be obtained by visiting the TRS website at [www.trs.state.tx.us](http://www.trs.state.tx.us) under the TRS Publications heading, by calling the TRS Communications Department at 1-800-223-8778, or by writing to the Communications Department of the Teacher Retirement System of Texas at 1000 Red River Street, Austin, Texas 78701.

# CROSBY INDEPENDENT SCHOOL DISTRICT

## NOTES TO THE FINANCIAL STATEMENTS

AUGUST 31, 2015

*Funding Policy.* Contribution requirements are not actuarially determined but are legally established each biennium by the Texas Legislature. Texas Insurance Code, Sections 1575.202, 203, and 204 establish state, active employee and public school contributions, respectively. Funding for free basic coverage is provided by the program based upon public school district payroll. Per Texas Insurance Code, Chapter 1575, the public school contribution may not be less than 0.25% or greater than 0.75% of the salary of each active employee of the public school. Funding for optional coverage is provided by those participants selecting the optional coverage. Contribution rates and amounts are shown in the table below for fiscal years 2015-2013.

### Contribution Rates

Year	Active Member		State		School District	
	Rate	Amount	Rate	Amount	Rate	Amount
2015	0.65%	\$ 211,521	1.00%	\$ 311,061	0.55%	\$ 178,979
2014	0.65%	\$ 191,869	1.00%	\$ 280,203	0.55%	\$ 162,350
2013	0.65%	\$ 172,732	0.50%	\$ 124,999	0.55%	\$ 146,158

In addition, the State of Texas contributed \$94,043, \$76,710 and \$99,372 in 2015, 2014, and 2013, respectively, for on-behalf payments for Medicare Part D and Early Retiree Reinsurance Program.

For the current fiscal year and each of the past two years, the District's actual contributions were equal to 100 percent of the required contributions. The contributions made by the State are on behalf of the District and have been recorded in the governmental funds' financial statements of the District as both state revenues and expenditures. These contributions are the legal responsibility of the State.

### E. Nonmonetary Transactions

During 2015, the District received textbooks purchased by the State of Texas for the benefit of the District for a purchase price of \$453,783. The District receives the textbooks as part of state funding for textbook allotment. The textbooks have been recorded in the amount of \$453,783 in a special revenue fund as both state revenues and expenditures, which represents the amount of consideration given by the State of Texas.

### F. Prior Period Adjustment

Net position at September 1, 2014 was restated per the following table for the implementation of GASB 68 and 71:

	Governmental Activities
Beginning Net Position, as Previously Reported	\$ 26,504,649
Implementation of GASB 68 and 71 for Pensions	(5,708,022)
<b>Beginning Net Position, Restated</b>	<b>\$ 20,796,627</b>

## **REQUIRED SUPPLEMENTARY INFORMATION**

# CROSBY INDEPENDENT SCHOOL DISTRICT

EXHIBIT G-1

## REQUIRED SUPPLEMENTARY INFORMATION

### GENERAL FUND

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

FOR THE YEAR ENDED AUGUST 31, 2015

Data Control Codes		Budgeted Amounts			Variance with Final Budget Positive (Negative)
		Original	Final	Actual	
REVENUES:					
5700	Local and Intermediate Sources	\$ 18,062,245	\$ 18,797,745	\$ 18,490,189	\$ (307,556)
5800	State Program Revenues	27,133,919	27,917,971	28,089,630	171,659
5900	Federal Program Revenues	961,000	1,362,000	796,554	(565,446)
5020	Total Revenues	46,157,164	48,077,716	47,376,373	(701,343)
EXPENDITURES:					
Current:					
0011	Instruction	26,327,913	26,810,022	26,296,280	513,742
0012	Instructional Resources and Media Services	424,463	416,635	409,300	7,335
0013	Curriculum and Staff Development	1,091,444	1,018,605	941,226	77,379
0021	Instructional Leadership	746,538	771,530	766,353	5,177
0023	School Leadership	2,277,461	2,422,020	2,421,215	805
0031	Guidance, Counseling, and Evaluation Services	1,408,432	1,382,807	1,380,524	2,283
0033	Health Services	395,045	388,349	386,619	1,730
0034	Student Transportation	3,024,078	3,012,137	2,706,926	305,211
0036	Extracurricular Activities	1,368,904	1,847,286	1,728,652	118,634
0041	General Administration	1,642,037	1,643,254	1,607,380	35,874
0051	Plant Maintenance and Operations	3,764,230	4,002,549	3,817,629	184,920
0052	Security and Monitoring Services	339,570	347,125	310,343	36,782
0053	Data Processing Services	689,718	893,168	871,140	22,028
0061	Community Services	11,035	11,752	8,868	2,884
Debt Service:					
0071	Principal on Long-term Debt	240,000	240,000	240,000	-
0072	Interest on Long-term Debt	434,082	434,082	434,082	-
0073	Issuance Costs and Fees	304,318	304,318	650	303,668
Capital Outlay:					
0081	Facilities Acquisition and Construction	-	400,000	400,000	-
Intergovernmental:					
0093	Payments to Shared Services Arrangements	1,082,712	1,082,712	786,633	296,079
0095	Payments to Juvenile Justice Alternative Education Programs	104,000	112,400	112,400	-
0099	Other Intergovernmental Charges	195,564	264,964	258,421	6,543
6030	Total Expenditures	45,871,544	47,805,715	45,884,641	1,921,074
1100	Excess (Deficiency) of Revenues Over (Under)				
1100	Expenditures	285,620	272,001	1,491,732	1,219,731
OTHER FINANCING SOURCES (USES):					
7912	Sale of Real and Personal Property	-	1,646,000	1,727,171	81,171
7080	Total Other Financing Sources (Uses)	-	1,646,000	1,727,171	81,171
1200	Net Change in Fund Balance	285,620	1,918,001	3,218,903	1,300,902
0100	Fund Balance - Beginning	4,635,641	4,635,641	4,635,641	-
3000	Fund Balance - Ending	\$ 4,921,261	\$ 6,553,642	\$ 7,854,544	\$ 1,300,902

See accompanying notes to the required supplementary information.



**CROSBY INDEPENDENT SCHOOL DISTRICT****EXHIBIT G-2****REQUIRED SUPPLEMENTARY INFORMATION****SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY  
OF A COST-SHARING MULTIPLE-EMPLOYER PENSION PLAN  
TEACHER RETIREMENT SYSTEM OF TEXAS (TRS)  
FOR THE YEAR ENDED AUGUST 31, 2015\***

	<b>2015</b>
District's Proportion of the Net Pension Liability	0.0188607%
District's Proportionate Share of the Net Pension Liability	\$ 5,037,954
State's Proportionate Share of the Net Pension Liability Associated with the District	16,313,927
<b>Total</b>	<b>\$ 21,351,881</b>
District's Covered-Employee Payroll	
District's Proportionate Share of the Net Pension Liability as a Percentage of its Covered-Employee Payroll	\$ 29,518,270
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	17.07%
	83.25%

\* The amounts presented for the fiscal year were determined as of the Plan's fiscal year end, August 31 of the prior year.  
Ten years of data is not available.

See accompanying notes to the required supplementary information.

**CROSBY INDEPENDENT SCHOOL DISTRICT****EXHIBIT G-3***REQUIRED SUPPLEMENTARY INFORMATION**SCHEDULE OF DISTRICT CONTRIBUTIONS TO THE TEACHER RETIREMENT SYSTEM PENSION PLAN (TRS)  
FOR THE YEAR ENDED AUGUST 31, 2015\**

	<u>2015</u>
<b>TRS</b>	
Contractually Required Contributions	\$ 957,378
Contributions in Relation to the Contractually Required Contributions	<u>(957,378)</u>
<b>Contribution Deficiency (Excess)</b>	<b><u>\$ -</u></b>
 District's Covered-Employee Payroll	 \$ 32,541,661
 Contributions as a Percentage of Covered- Employee Payroll	 2.94%

\*The amounts presented for the fiscal year were determined as of the District's fiscal year end August 31.

See accompanying notes to the required supplementary information.

# CROSBY INDEPENDENT SCHOOL DISTRICT

## NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

AUGUST 31, 2015

### I. Budget

#### A. Budgetary Information

Each school district in Texas is required by law to prepare annually a budget of anticipated revenues and expenditures for the general fund, debt service fund, and the National School Breakfast and Lunch Program special revenue fund. The Texas Education Code requires the budget to be prepared not later than August 20 and adopted by August 31 of each year. The budgets are prepared on a basis of accounting that is used for reporting in accordance with generally accepted accounting principles.

The following procedures are followed in establishing the budgetary data reflected in the fund financial schedules:

1. Prior to August 20 of the preceding fiscal year, the District prepares a budget for the next succeeding fiscal year beginning September 1. The operating budget includes proposed expenditures and the means of financing them.
2. A meeting of the Board is then called for the purpose of adopting the proposed budget after ten days' public notice of the meeting has been given.
3. Prior to September 1, the budget is formally approved and adopted by the Board.

The appropriated budget is prepared by fund and function. The District's campus/department heads may make transfers of appropriations within a campus or department. Transfers of appropriations between campuses or departments require the approval of the District's management. Increasing any one of the functional spending categories, or revenues object accounts and other resources require the approval of the Board. The legal level of budgetary control (i.e., the level at which expenditures may not legally exceed appropriations) is the function level within a fund. All annual appropriations lapse at fiscal year end.

#### B. Variances with Final Budget

The District's general fund budget differs from the original budget due to budget revisions that were made during the fiscal period due to the following:

- Amendments approved shortly after the beginning of the new fiscal year period for amounts restricted, committed, or assigned in the prior year,
- amendments in early and late spring to revise estimates for local and state revenues based on the latest information on student attendance numbers and tax collections, and
- amendments during the year for unexpected occurrences.

The net increase of \$1,920,552 to estimated revenues in the final amended budget was primarily to revise estimates for local and state revenues based on the latest information on tax collections and projected allotment.

The net increase of \$1,934,171 to appropriations in the final amended budget was primarily related to construction costs for building projects.

The increase of \$1,646,000 to other financing sources in the final amended budget was to approve land sales for items that had not been recorded on the capital asset schedule in a prior year.

#### C. Excess of Expenditures Over Appropriations

For the year ended August 31, 2015, expenditures exceeded appropriations in the functions (the legal level of budgetary control) of the following funds:

Fund	Function	Final Budget	Actual	Variance
None		\$ -	\$ -	\$ -

**CROSBY INDEPENDENT SCHOOL DISTRICT**  
*NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION*  
*AUGUST 31, 2015*

**II. Pension**

*TRS*

Actuarial Assumptions – The information presented in the required supplementary schedules was used in the actuarial valuation for determining the actuarially determined contribution rate and the net pension liability in accordance with GASB 67. Actuarial methods and assumptions used for funding purposes can be found in the Actuarial Section. The GASB 67 assumptions are as follows:

Valuation Date	August 31, 2014
Actuarial Cost Method	Individual Entry Age Normal
Amortization Method	Level Percentage of Payroll, Open
Remaining Amortization Period	30 Years
Asset Valuation Method	5 Year Smoothed Market
Actuarial Assumptions:	
Discount Rate	8.00%
Long-term Expected Investment Rate of Return	8.00%
Inflation	3.00%
Salary Increases	4.25% to 7.25% Including Inflation
Ad hoc Post-Employment Benefit Changes	None*

\*The COLA for the period beginning September 1, 2013 was paid starting October 1, 2013 and was included in the 2013 actuarial valuation and thus is not considered an ad hoc post-employment benefit change assumption for fiscal year 2014.

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

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

## **SUPPLEMENTARY INFORMATION**

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**CROSBY INDEPENDENT SCHOOL DISTRICT**  
**COMBINING BALANCE SHEET**  
**NONMAJOR SPECIAL REVENUE FUNDS**  
**AUGUST 31, 2015**

**EXHIBIT H-1**  
Page 1 of 2

	211	224	225	240
<b>Data Control Codes</b>	<b>ESEA, Title I, Part A - Improving Basic Programs</b>	<b>IDEA - Part B, Formula</b>	<b>IDEA - Part B, Preschool</b>	<b>National School Breakfast and Lunch Program</b>
<b>ASSETS:</b>				
1110 <i>Cash and Cash Equivalents</i>	\$ 142,221	\$ -	\$ -	\$ 52,750
1120 <i>Current Investments</i>	-	-	-	602,142
1240 <i>Due from Other Governments</i>	35,239	49,740	3,288	46,558
1260 <i>Due from Other Funds</i>	-	19,136	-	-
1290 <i>Other Receivables</i>	-	-	-	-
1300 <i>Inventories</i>	-	-	-	106,483
1410 <i>Prepaid Items</i>	-	-	-	1,723
1000 <b>Total Assets</b>	<b>\$ 177,460</b>	<b>\$ 68,876</b>	<b>\$ 3,288</b>	<b>\$ 809,656</b>
<b>LIABILITIES:</b>				
2110 <i>Accounts Payable</i>	\$ -	\$ -	\$ -	\$ 39
2160 <i>Accrued Wages Payable</i>	-	-	-	35,971
2170 <i>Due to Other Funds</i>	177,460	68,876	3,288	-
2300 <i>Unearned Revenue</i>	-	-	-	1,095
2000 <b>Total Liabilities</b>	<b>177,460</b>	<b>68,876</b>	<b>3,288</b>	<b>37,105</b>
<b>FUND BALANCES:</b>				
3410 <i>Nonspendable - Inventories</i>	-	-	-	105,388
3430 <i>Nonspendable - Prepaid Items</i>	-	-	-	1,723
3450 <i>Restricted - Grant Funds</i>	-	-	-	665,440
3000 <b>Total Fund Balances</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>772,551</b>
4000 <b>Total Liabilities and Fund Balances</b>	<b>\$ 177,460</b>	<b>\$ 68,876</b>	<b>\$ 3,288</b>	<b>\$ 809,656</b>

# CROSBY INDEPENDENT SCHOOL DISTRICT

## COMBINING BALANCE SHEET

### NONMAJOR SPECIAL REVENUE FUNDS

AUGUST 31, 2015

	244	255	263	289
		ESEA, Title II, Part A: Teacher and Principal Training & Recruiting	Title III, Part A, English Language Acquisition and Language Enhancement	Summer School LEP
Data Control Codes	Career and Technical - Basic Grant			
<b>ASSETS:</b>				
1110 Cash and Cash Equivalents	\$ -	\$ -	\$ -	\$ -
1120 Current Investments	-	-	-	-
1240 Due from Other Governments	3,052	-	2,378	-
1260 Due from Other Funds	-	-	-	-
1290 Other Receivables	-	-	-	-
1300 Inventories	-	-	-	-
1410 Prepaid Items	-	-	-	-
1000 Total Assets	<u>\$ 3,052</u>	<u>\$ -</u>	<u>\$ 2,378</u>	<u>\$ -</u>
<b>LIABILITIES:</b>				
2110 Accounts Payable	\$ -	\$ -	\$ -	\$ -
2160 Accrued Wages Payable	-	-	-	-
2170 Due to Other Funds	3,052	-	2,378	-
2300 Unearned Revenue	-	-	-	-
2000 Total Liabilities	<u>3,052</u>	<u>-</u>	<u>2,378</u>	<u>-</u>
<b>FUND BALANCES:</b>				
3410 Nonspendable - Inventories	-	-	-	-
3430 Nonspendable - Prepaid Items	-	-	-	-
3450 Restricted - Grant Funds	-	-	-	-
3000 Total Fund Balances	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
4000 Total Liabilities and Fund Balances	<u>\$ 3,052</u>	<u>\$ -</u>	<u>\$ 2,378</u>	<u>\$ -</u>



397	410	498	499	
Advanced Placement Incentives	State Textbook Fund	Crosby Education Foundation Grant	Professional Development Grant Program	Total Nonmajor Funds (See Exhibit C-1)
\$ -	\$ 57,839	\$ -	\$ 104	\$ 252,914
-	-	-	-	602,142
-	-	-	-	140,255
-	-	-	-	19,136
-	-	949	-	949
-	-	-	-	106,483
-	-	-	-	1,723
<u>\$ -</u>	<u>\$ 57,839</u>	<u>\$ 949</u>	<u>\$ 104</u>	<u>\$ 1,123,602</u>
\$ -	\$ -	\$ -	\$ -	\$ 39
-	-	-	-	35,971
-	-	949	-	256,003
-	57,839	-	104	59,038
<u>-</u>	<u>57,839</u>	<u>949</u>	<u>104</u>	<u>351,051</u>
-	-	-	-	105,388
-	-	-	-	1,723
-	-	-	-	665,440
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>772,551</u>
<u>\$ -</u>	<u>\$ 57,839</u>	<u>\$ 949</u>	<u>\$ 104</u>	<u>\$ 1,123,602</u>

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**CROSBY INDEPENDENT SCHOOL DISTRICT**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES,**  
**AND CHANGES IN FUND BALANCES**  
**NONMAJOR SPECIAL REVENUE FUNDS**  
**FOR THE YEAR ENDED AUGUST 31, 2015**

**EXHIBIT H-2**  
Page 1 of 2

<b>Data Control Codes</b>	<b>211  ESEA, Title I, Part A - Improving Basic Programs</b>	<b>224  IDEA - Part B, Formula</b>	<b>225  IDEA - Part B, Preschool</b>	<b>240  National School Breakfast and Lunch Program</b>
<b>REVENUES:</b>				
5700 <i>Local and Intermediate Sources</i>	\$ -	\$ -	\$ -	\$ 975,818
5800 <i>State Program Revenues</i>	-	-	-	46,412
5900 <i>Federal Program Revenues</i>	652,020	783,918	44,038	1,599,024
5020 <i>Total Revenues</i>	652,020	783,918	44,038	2,621,254
<b>EXPENDITURES:</b>				
Current:				
0011 <i>Instruction</i>	615,321	391,303	43,679	-
0013 <i>Curriculum and Staff Development</i>	36,699	19,950	-	-
0021 <i>Instructional Leadership</i>	-	4,568	-	-
0031 <i>Guidance, Counseling, and Evaluation Services</i>	-	261,030	-	-
0034 <i>Student Transportation</i>	-	107,067	359	-
0035 <i>Food Service</i>	-	-	-	2,493,914
0061 <i>Community Services</i>	-	-	-	-
Intergovernmental:				
0093 <i>Payments to Shared Services Arrangements</i>	-	-	-	150,000
6030 <i>Total Expenditures</i>	652,020	783,918	44,038	2,643,914
1200 <i>Net Change in Fund Balances</i>	-	-	-	(22,660)
0100 <i>Fund Balances - Beginning</i>	-	-	-	795,211
3000 <b>Fund Balances - Ending</b>	\$ -	\$ -	\$ -	\$ <b>772,551</b>

**CROSBY INDEPENDENT SCHOOL DISTRICT**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES,**  
**AND CHANGES IN FUND BALANCES**  
**NONMAJOR SPECIAL REVENUE FUNDS**  
**FOR THE YEAR ENDED AUGUST 31, 2015**

<b>Data Control Codes</b>	<b>244  Career and Technical - Basic Grant</b>	<b>255  ESEA, Title II, Part A: Teacher and Principal Training &amp; Recruiting</b>	<b>263 Title III, Part A, English Language Acquisition and Language Enhancement</b>	<b>289  Summer School LEP</b>
<b>REVENUES:</b>				
5700 <i>Local and Intermediate Sources</i>	\$ -	\$ -	\$ -	\$ -
5800 <i>State Program Revenues</i>	-	-	-	-
5900 <i>Federal Program Revenues</i>	43,619	101,788	40,502	2,213
5020 <b>Total Revenues</b>	<u>43,619</u>	<u>101,788</u>	<u>40,502</u>	<u>2,213</u>
<b>EXPENDITURES:</b>				
<i>Current:</i>				
0011 <i>Instruction</i>	36,279	101,703	31,108	2,213
0013 <i>Curriculum and Staff Development</i>	7,275	85	9,394	-
0021 <i>Instructional Leadership</i>	-	-	-	-
0031 <i>Guidance, Counseling, and Evaluation Services</i>	65	-	-	-
0034 <i>Student Transportation</i>	-	-	-	-
0035 <i>Food Service</i>	-	-	-	-
0061 <i>Community Services</i>	-	-	-	-
<i>Intergovernmental:</i>				
0093 <i>Payments to Shared Services Arrangements</i>	-	-	-	-
6030 <b>Total Expenditures</b>	<u>43,619</u>	<u>101,788</u>	<u>40,502</u>	<u>2,213</u>
1200 <b>Net Change in Fund Balances</b>	-	-	-	-
0100 <b>Fund Balances - Beginning</b>	-	-	-	-
3000 <b>Fund Balances - Ending</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

397	410	498	499	
Advanced Placement Incentives	State Textbook Fund	Crosby Education Foundation Grant	Professional Development Grant Program	Total Nonmajor Funds (See Exhibit C-2)
\$ -	\$ -	\$ 949	\$ 5,920	\$ 982,687
900	594,377	9	-	641,698
-	-	-	-	3,267,122
<u>900</u>	<u>594,377</u>	<u>958</u>	<u>5,920</u>	<u>4,891,507</u>
900	594,377	-	-	1,816,883
-	-	-	5,920	79,323
-	-	-	-	4,568
-	-	-	-	261,095
-	-	-	-	107,426
-	-	-	-	2,493,914
-	-	958	-	958
-	-	-	-	150,000
<u>900</u>	<u>594,377</u>	<u>958</u>	<u>5,920</u>	<u>4,914,167</u>
-	-	-	-	(22,660)
-	-	-	-	795,211
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 772,551</u>

**CROSBY INDEPENDENT SCHOOL DISTRICT****SCHEDULE OF DELINQUENT TAXES RECEIVABLE  
FOR THE YEAR ENDED AUGUST 31, 2015**

Year Ended August 31	1		2		3	
	Tax Rates				Assessed/Appraised Value For School Tax Purposes	
	Maintenance		Debt Service			
2006 and Prior Years	\$	Various	\$	Various	\$	Various
2007		1.37		0.3011		986,413,320
2008		1.04		0.3000		1,076,516,567
2009		1.04		0.3000		1,186,302,836
2010		1.17		0.2700		1,239,013,333
2011		1.17		0.2700		1,276,037,971
2012		1.17		0.2700		1,282,400,903
2013		1.17		0.2700		1,287,574,028
2014		1.17		0.5000		1,323,928,443
2015 (School Year Under Audit)		1.17		0.5000		1,510,967,066
1000 Totals						

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

<b>10</b> <b>Beginning</b> <b>Balance</b> <b>9/1/14</b>	<b>20</b> <b>Current</b> <b>Year's</b> <b>Total Levy</b>	<b>31</b> <b>Maintenance</b> <b>Collections</b>	<b>32</b> <b>Debt Service</b> <b>Collections</b>	<b>40</b> <b>Entire</b> <b>Year's</b> <b>Adjustments</b>	<b>50</b> <b>Ending</b> <b>Balance</b> <b>8/31/15</b>
\$ 593,438	\$ -	\$ 49,159	\$ 11,795	\$ (42,163)	\$ 490,321
99,818	-	9,700	2,132	(4,485)	83,501
96,464	-	9,590	2,766	(4,307)	79,801
104,383	-	15,106	4,358	(673)	84,246
127,059	-	27,921	6,443	2,484	95,179
158,892	-	36,532	8,431	3,679	117,608
243,077	-	53,782	12,411	4,905	181,789
290,205	-	96,194	22,199	9,800	181,612
715,570	-	292,578	125,033	16,440	314,399
-	25,233,150	17,170,655	7,337,886	-	724,609
<b>\$ 2,428,906</b>	<b>\$ 25,233,150</b>	<b>\$ 17,761,217</b>	<b>\$ 7,533,454</b>	<b>\$ (14,320)</b>	<b>\$ 2,353,065</b>
		\$ -	\$ -		

**CROSBY INDEPENDENT SCHOOL DISTRICT**  
**NATIONAL SCHOOL BREAKFAST AND LUNCH PROGRAM**  
**BUDGETARY COMPARISON SCHEDULE**  
**FOR THE YEAR ENDED AUGUST 31, 2015**

**EXHIBIT J-2**

Data Control Codes		Budgeted Amounts		Actual	Variance with Final Budget
		Original	Final		Positive (Negative)
REVENUES:					
5700	Local and Intermediate Sources	\$ 1,017,300	\$ 1,017,300	\$ 975,818	\$ (41,482)
5800	State Program Revenues	68,000	68,000	46,412	(21,588)
5900	Federal Program Revenues	1,440,000	1,580,000	1,599,024	19,024
5020	Total Revenues	2,525,300	2,665,300	2,621,254	(44,046)
EXPENDITURES:					
Current:					
0035	Food Service	2,535,306	3,035,306	2,493,914	541,392
Intergovernmental:					
0093	Payments to Shared Services Arrangements	200,000	200,000	150,000	50,000
6030	Total Expenditures	2,735,306	3,235,306	2,643,914	591,392
1200	Net Change in Fund Balance	(210,006)	(570,006)	(22,660)	547,346
0100	Fund Balance - Beginning	795,211	795,211	795,211	-
3000	Fund Balance - Ending	\$ 585,205	\$ 225,205	\$ 772,551	\$ 547,346



# CROSBY INDEPENDENT SCHOOL DISTRICT

EXHIBIT J-3

## DEBT SERVICE FUND

### BUDGETARY COMPARISON SCHEDULE

FOR THE YEAR ENDED AUGUST 31, 2015

Data Control Codes		Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
		Original	Final		
REVENUES:					
5700	Local and Intermediate Sources	\$ 7,328,916	\$ 7,708,916	\$ 7,707,620	\$ (1,296)
5800	State Program Revenues	241,243	1,423,886	1,574,265	150,379
5020	Total Revenues	7,570,159	9,132,802	9,281,885	149,083
EXPENDITURES:					
Debt Service:					
0071	Principal on Long-term Debt	2,042,795	2,042,795	2,042,795	-
0072	Interest on Long-term Debt	5,527,364	5,834,010	5,834,010	-
0073	Issuance Costs and Fees	-	993,354	8,895	984,459
6030	Total Expenditures	7,570,159	8,870,159	7,885,700	984,459
1100	Excess (Deficiency) of Revenues Over (Under)				
1100	Expenditures	-	262,643	1,396,185	1,133,542
OTHER FINANCING SOURCES (USES):					
7916	Premium or Discount on Issuance of Bonds	-	9,460	18,261	8,801
7080	Total Other Financing Sources and (Uses)	-	9,460	18,261	8,801
1200	Net Change in Fund Balance	-	272,103	1,414,446	1,142,343
0100	Fund Balance - Beginning	2,097,007	2,097,007	2,097,007	-
3000	Fund Balance - Ending	\$ 2,097,007	\$ 2,369,110	\$ 3,511,453	\$ 1,142,343

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**OVERALL COMPLIANCE, INTERNAL CONTROL SECTION AND FEDERAL AWARDS**



*Hereford, Lynch, Sellars & Kirkham*

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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**

The Board of Trustees of  
Crosby Independent School District  
P.O. Box 2009  
Crosby, Texas 77532-2009

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 Crosby Independent School District (District), as of and for the year ended August 31, 2015, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated October 19, 2015.

### **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 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.

Respectfully,

*Hereford, Lynch, Sellars & Kirkham, P.C.*

**HEREFORD, LYNCH, SELLARS & KIRKHAM, P.C.**  
**Certified Public Accountants**

**Conroe, Texas**  
**October 19, 2015**



*Hereford, Lynch, Sellars & Kirkham*

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## **INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133**

The Board of Trustees of  
Crosby Independent School District  
P.O. Box 2009  
Crosby, Texas 77532-2009

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

We have audited Crosby Independent School District's (District) compliance with the types of compliance requirements described in the *OMB Circular A-133 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, 2015. The District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

### ***Management's Responsibility***

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

### ***Auditor's 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 OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 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, Crosby Independent School District complied in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended August 31, 2015.

## 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 OMB Circular A-133, 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 OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Respectfully,

*Hereford, Lynch, Sellars & Kirkham, P.C.*

**HEREFORD, LYNCH, SELLARS & KIRKHAM, P.C.**  
**Certified Public Accountants**

**Conroe, Texas**  
**October 19, 2015**

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**CROSBY INDEPENDENT SCHOOL DISTRICT****SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED AUGUST 31, 2015**

<b>SECTION I – SUMMARY OF AUDITORS’ RESULTS</b>	
<b>FINANCIAL STATEMENTS</b>	
1. Type of auditors’ report issued	Unmodified
2. Internal Control over Financial Reporting:	
a. Material Weakness(es) identified?	No
b. Significant Deficiency(ies) identified that are not considered to be material weaknesses?	None reported
3. Noncompliance material to Financial Statements noted?	No
<b>FEDERAL AWARDS</b>	
4. Internal control over major programs:	
a. Material Weakness(es) identified?	No
b. Significant Deficiency(ies) identified that are not considered to be material weaknesses?	None reported
5. Type of auditors’ report issued on compliance with major programs	Unmodified
6. Any audit findings disclosed that are required to be reported in accordance with section 510(a) of OMB Circular A-133	No
7. Identification of Major Programs	Child Nutrition Cluster
8. Dollar Threshold used to distinguish Between Type A and Type B Federal Programs	\$300,000
9. Auditee Qualified as a Low-Risk Auditee?	Yes
<b>SECTION II –FINANCIAL STATEMENT FINDINGS</b>	
None reported	
<b>SECTION III –FEDERAL AWARD FINDINGS AND QUESTIONED COSTS</b>	
None reported	

**CROSBY INDEPENDENT SCHOOL DISTRICT**

*SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
FOR THE YEAR ENDED AUGUST 31, 2015*

***PRIOR YEAR FINDINGS***

None reported

**CROSBY INDEPENDENT SCHOOL DISTRICT**

*CORRECTIVE ACTION PLAN*

*FOR THE YEAR ENDED AUGUST 31, 2015*

***CURRENT YEAR FINDINGS***

None reported

**CROSBY INDEPENDENT SCHOOL DISTRICT**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**FOR THE YEAR ENDED AUGUST 31, 2015**

**EXHIBIT K-1**

(1) Federal Grantor/ Pass-Through Grantor/ Program Title	(2) Federal CFDA Number	(2A) Pass-Through Entity Identifying Number	(3) Federal Expenditures
<b><u>U.S. DEPARTMENT OF EDUCATION</u></b>			
<b>Passed Through State Department of Education:</b>			
<i>ESEA Title I, Part A-Improving Basic Programs</i>	84.010A	14610101101906	\$ 19,201
<i>ESEA Title I, Part A-Improving Basic Programs</i>	84.010A	15610101101906	649,961
<b>Total CFDA 84.010A</b>			<b>669,162</b>
<b>Special Education Cluster (IDEA):</b>			
<i>IDEA-B Formula</i>	84.027A	146600011019066000	54,395
<i>IDEA-B Formula</i>	84.027A	156600011019066000	750,626
<i>IDEA-B Preschool</i>	84.173A	146610011019066610	1,335
<i>IDEA-B Preschool</i>	84.173A	156610011019066610	43,889
<b>Total Special Education Cluster (IDEA)</b>			<b>850,245</b>
<i>Career and Technical-Basic Grant</i>	84.048A	15420006101906	41,901
<i>Career and Technical-Basic Grant</i>	84.048A	16420006101906	3,052
<b>Total CFDA 84.048A</b>			<b>44,953</b>
<i>Title III, Part A-English Language Acquisition and Language Enhancement</i>	84.365A	14671001101906	647
<i>Title III, Part A-English Language Acquisition and Language Enhancement</i>	84.365A	15671001101906	33,487
<i>Title III, Part A-Immigrant</i>	84.365A	15671003101906	7,224
<b>Total CFDA 84.365A</b>			<b>41,358</b>
<i>ESEA Title II, Part A-Teacher and Principal Training and Recruiting</i>	84.367A	15694501101906	104,527
<i>Summer School, LEP</i>	84.369A	69551402	2,213
<b>TOTAL U.S. DEPARTMENT OF EDUCATION</b>			<b>1,712,458</b>
<b><u>U.S. DEPARTMENT OF AGRICULTURE</u></b>			
<b>Child Nutrition Cluster:</b>			
<b>Passed Through State Department of Agriculture - Non-Cash Assistance:</b>			
<i>National School Lunch Program</i>	10.555	00516	115,596
<b>Passed Through State Department of Education - Cash Assistance:</b>			
<i>National School Breakfast Program</i>	10.553	71401501	341,761
<i>National School Lunch Program</i>	10.555	71301501	1,113,922
<b>Passed Through State Department of Agriculture - Cash Assistance:</b>			
<i>Summer Feeding Program</i>	10.559	00516	27,745
<b>TOTAL U.S. DEPARTMENT OF AGRICULTURE - CHILD NUTRITION CLUSTER</b>			<b>1,599,024</b>
<b><u>U.S. DEPARTMENT OF DEFENSE</u></b>			
<b>Direct:</b>			
<i>Reserve Officers' Training Corps</i>	12.000	N/A	73,483
<b>TOTAL EXPENDITURES OF FEDERAL AWARDS</b>			<b>\$ 3,384,965</b>

The accompanying notes are an integral part of this schedule.

## CROSBY INDEPENDENT SCHOOL DISTRICT

### NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS FOR THE YEAR ENDED AUGUST 31, 2015

#### **Basis of Presentation:**

The accompanying schedule of expenditures of federal awards includes the federal grant activity of Crosby Independent School District and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133 and *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of the basic financial statements. Presented below is a reconciliation of federal revenues:

<b>Total Expenditures of Federal Awards per Exhibit K-1</b>	<b>\$ 3,384,965</b>
Additional federal revenues reported in General Fund:	
SHARS	148,736
Interest Subsidy on Qualified School Construction Bonds	386,314
E-Rate	143,661
<b>Total Federal Revenues per Exhibit C-2</b>	<b>\$ <u>4,063,676</u></b>

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**CROSBY INDEPENDENT SCHOOL DISTRICT****EXHIBIT L-1****SCHEDULE OF REQUIRED RESPONSES TO SELECTED SCHOOL FIRST INDICATORS  
AS OF AUGUST 31, 2015**

<b>Data Control Codes</b>		<b>Responses</b>
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?	\$ 2,612,685
SF11	Net Pension Assets (1920) at fiscal year-end.	\$ -
SF12	Net Pension Liabilities (2540) at fiscal year-end.	\$ 5,037,954
SF13	Pension Expense (6147) at fiscal year-end, excluding On-Behalf Pension Expense (6144).	\$ 465,670