

**Red Oak Independent
School District
Red Oak, Texas**



**Comprehensive Annual Financial Report
for the Fiscal Year Ended June 30, 2019**

RED OAK INDEPENDENT SCHOOL DISTRICT

RED OAK, TEXAS

COMPREHENSIVE ANNUAL FINANCIAL REPORT FOR

THE FISCAL YEAR ENDED

JUNE 30, 2019

Officials Issuing Report

**Mrs. Brenda Sanford, Superintendent of Schools
Dr. William Johnston, Chief Financial Officer**

Department Issuing Report

Business Office

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Introductory Section



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RED OAK

INDEPENDENT SCHOOL DISTRICT

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December 16, 2019

Members of the Board of Trustees
Citizens of Red Oak Independent School District

The Comprehensive Annual Financial Report (CAFR) of Red Oak Independent School District ("ROISD" or the "District"), for the fiscal year ended June 30, 2019, is presented. Responsibility for both the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, resides with the District.

We believe the data, as presented, is accurate in all material aspects and represents the financial position and results of operations of the District as shown by the disclosure of all financial activity of its various funds. All disclosures necessary for public understanding of the District's financial status have been incorporated within this report.

The financial position of the District is discussed in greater detail in the Management's Discussion and Analysis (MD&A) which immediately follows the independent auditors' report. The MD&A provides a narrative introduction, overview, and analysis of the basic financial statements and complements this letter for transmittal and should be read in conjunction with it.

Red Oak ISD is required to undergo an annual single audit in conformity with the provisions of the Single Audit Act of 1996 and the audit requirements of Title 2, U.S. Code of Federal Regulations, Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Information related to this single audit, including the Schedule of Expenditures of Federal Awards, findings and recommendations, and independent auditor's reports on internal control, compliance, and other matters is included in the Federal Awards Section of this report.

The CAFR is presented in four sections: introductory, financial, statistical and federal awards. The Introductory Section includes this transmittal letter, the District's organizational chart and a list of principal officers and elected officials. The Financial Section includes the independent auditor's report on financial statements and schedules, MD&A, and required supplementary information such as the combined and individual fund financial statements and schedules. The Statistical Section includes selected unaudited financial and demographic information, generally presented on a multi-year basis. The Federal Awards Section includes the federally mandated "Single Audit" that requires the independent auditor to report on the District's internal controls and compliance with legal requirements with special emphasis on the administration of federal grants.

This report includes all funds of the District. For all the governmental fund-types, the District reports on a modified accrual basis of accounting, which is applied to the District's budget and accounting records. The notes to the financial statements expand upon the modified accrual basis as well as the District's accounting policies and procedures.

District Profile

Red Oak ISD is a small, suburban district encompassing 42 square miles just 20 miles south of Dallas, in north Ellis County. The District is a public school system and serves students from Red Oak, Glenn Heights, Ovilla, Pecan Hill and Oak Leaf with seven campuses and 944 employees. It is easily accessible by Interstate 35 East. The District educates 5,900 students in pre-school through 12th grade at eight (8) facilities – five elementary schools, a 6th grade center, a middle school, a high school and a Disciplinary Alternative Education Program (DAEP) facility. The DAEP provides an educational placement for eligible students whose disruptive behavior in the regular classroom impedes the educational process. Over 36% of the students are Hispanic and 45% of the students qualify as low income through the Federal National School Lunch Program.

The District currently has approximately 944 employees, of whom 501 are certified and 443 are non-certified. The District operates independently and is not considered a component unit of any other entity. The District levies its own local property tax which is filed with the Ellis Central Appraisal District (CAD). Taxes collected by the Ellis County Assessor-Collector are extended and distributed directly to the District. The District has complete responsibility for the preparation and modification of its annual budget and is solely accountable for its fiscal matters, including surpluses and deficits, designation of management and issuance of debt.

The governing body is a Board whose seven (7) members are elected for staggered three (3) year terms of office each May. The Board is a policy-making body whose primary functions are to establish policies for the District, provide for the general operation and personnel of the District and to oversee the property and facilities of the District. Based on the legislative authority in the Texas Education Code, the School Board has final control over local school matters, by the courts and by the will of the people as expressed in school Board elections.

The Board has the statutory authority to adopt and amend an annual budget, to set the tax rate, levy taxes and to issue bonds; and to contract for administrators, teachers, and other personnel as well as for goods and services. The Board elects a President, Vice President and Secretary from its membership. The Superintendent and staff report to the Board and run the day to day operations of the District.

The Red Oak Independent School District was founded in 1912. Currently, Red Oak ISD proudly serves about 5,900 students in grades Pre-Kindergarten to 12. Red Oak ISD is prepared for growth and committed to continuing with the family atmosphere that makes us the right choice for many families. Red Oak High School (5A) is touted for the diverse opportunities that are offered to each student in both academics and extracurricular.

Distinguishing Characteristics

Red Oak ISD is a highly acclaimed district currently ranked top 3% in the nation and #1 for teachers in Ellis County by Niche.com. At the state accountability level for 2018-2019, we received a B+ rating with 12 distinctions. We are highly ranked for diversity and safety, we offer excellent academic and extracurricular programs toward our mission of Realizing Our Individual Students' Dreams (ROISD). In 2019, we were named a State Semi-Finalist District in the HEB Excellence in Education Awards.

All Red Oak ISD students and staff strive to uphold the 4 Talons of the Hawk – Academic Readiness, GRIT, Character and Service. We strive to develop young men and women who are productive and compassionate members of the community.

In April 2017, Red Oak ISD became a District of Innovation, a designation that grants flexibility to Texas school districts, allowing them to pursue local initiatives. The designation was made possible through legislation (House Bill 1842, Texas Education Code Chapter 12A) by the Texas Legislature in 2015.

Every decision is made with students in mind. Being a District of Innovation allows the District to fully support student learning. With a goal of preparing students to be successful in the world in which they will enter upon graduation, Red Oak ISD has made major changes to our classroom environment and all components of our program, including our staff development training, hiring practices, and our instructional delivery.

Greater flexibility empowers us to take actions that support classroom instruction. Thanks to its designation as a District of Innovation, Red Oak ISD is taking the following action steps:

1. Hire the best instructors in hard-to-fill areas
2. Provide enrichment and academic support camps for students
3. Block out time for parent-teacher conferences
4. End school before Memorial Day
5. Extend teacher probationary contracts to two years

Red Oak ISD was one of the first districts in Texas to have a police officer on every campus. The ROISD Police Department currently has 13 officers covering seven campuses plus all district events and activities. All campuses have one public entrance that is secured through the front office for campus access. In addition, we use Raptor and volunteer background checks, full-scale mock drills, annual safety weeks each semester and regular training for staff.

History of the District

The Red Oak Independent School District was officially established in 1912. The first school was a white-frame building at the corner of Red Oak Road and Methodist Street (current location of the ROISD Education Service Center). All students attended that school. Earliest available records show an enrollment of 245 students.

A storm in April of 1913 swept across Ellis County destroying the first school building by fire from a lightning strike. In 1913, a two and half story brick building was constructed at the same location with a gymnasium added in 1937. Ironically, both buildings were also destroyed by fire in 1963. Eventually the site housed the first elementary school in the district, Red Oak Elementary.

The first secondary campus was built in 1963 on Live Oak Street. This facility served grades 7 through 12. Elementary students were bussed to this campus for lunch daily. In the Fall 1965, enrollment was open to all school-aged children and the district was fully integrated. In 1972, a second wing was added to this campus as the enrollment neared 800.

As the district continued to grow, a \$1.25 million bond issue was passed for a new high school and gymnasium on FM 2377. When the building opened in 1976, enrollment had reached 1,133 students. The following spring, construction began on an athletic complex that included a 3000-seat stadium, all-weather track, field house, baseball field and tennis courts.

The Red Oak area is a wonderful community with easy access to downtown Dallas and the Metroplex. The District offers a variety of educational opportunities and extra-curricular activities in an inclusive environment with caring, compassionate educators. To learn more about the history of all campuses, view the "History of Red Oak ISD Campuses" presentation on the District's website.

Governing Body

The seven members of the Board of Trustees serve, without compensation, a three-year term of office. On a rotating basis, two or three places are filled during annual elections held the second Saturday in May. If vacancies occur, they may be filled by appointment until the next election. Candidates must be qualified voters of the District. Regular meetings are generally scheduled the third Monday of the month and are held in the District's Education Service Center (ESC). Special meetings and study sessions are scheduled as needed and announced in compliance with public notice requirements.

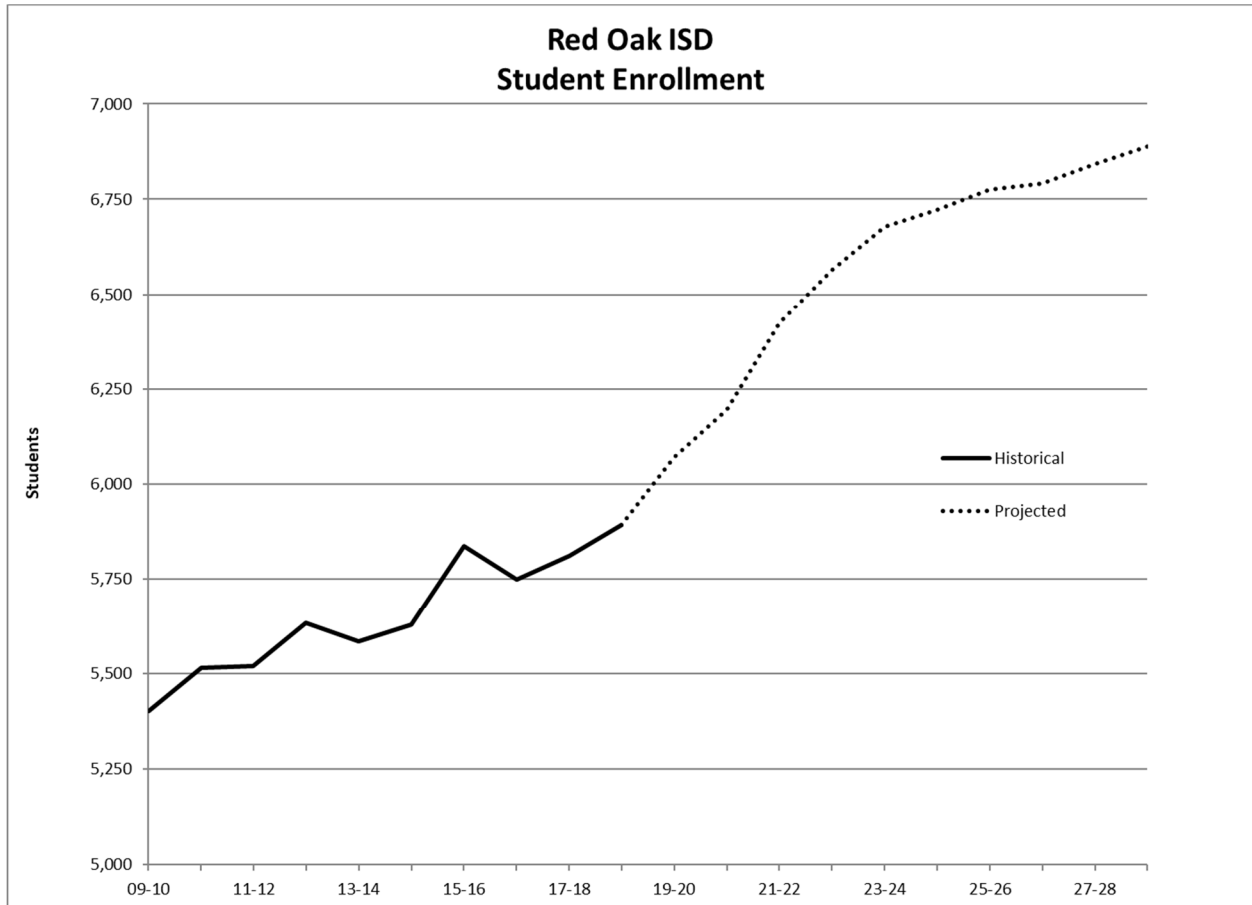
The Board has final control over local school matters limited only by the state legislature, by the courts and by the will of the people as expressed in School Board elections. Board decisions are based on a majority vote of the quorum present. The role of the Board is to adopt policies, set direction for curriculum, employ the Superintendent and oversee the operations of the District and the District schools. Besides general Board business, Trustees are charged with numerous statutory regulations including appointing the tax assessor/collector, calling trustee and other school elections and canvassing the results, selecting the financial auditor who reports directly to the Board, organizing the Board and electing its officers. The Board is also responsible for setting the tax rate, setting salary schedules, acting as a board of appeals in personnel and student matters, confirming recommendations for textbook adoptions and adopting and amending the annual budget.

Since members of the Board are elected by the public and have the authority to make decisions, significantly influence operations, appoint administrators and managers, and have the primary accountability for fiscal matters, the District is not included in any other governmental "reporting entity" as defined in GASB Statement No. 14 and as amended by GASB Statement 39. Furthermore, there are no component units for which the District or the Board are financially accountable. The Board solicits and evaluates community input and support concerning school policies. The Board meets regularly with a variety of citizen groups to receive input on topics of public interest.

Enrollment Growth

During the last decade total District enrollment has increased from an enrollment of 5,634 in 2009-2010 to a 2018-2019 enrollment of 5,891, a 9.03% increase. Over the last several years, the District has seen an increase in enrollment due to the expansion of residential developments within the District. Estimates indicate that a growth of approximately 3,000 homes are planned for construction over the next several years. The projections show a growth of about 950 students

over the next ten years. This enrollment includes resident students and also the students from out of the District (approximately 6.5% of the student population) that are educated within the District. With the continued student growth, many of the District’s schools are at capacity or near capacity and the use of mobile classroom units may be needed to accommodate the student population in the short term.



To assess future growth, the District has commissioned an enrollment study by Davis Demographics & Planning to review the projected growth each year. The most recent update was done in December 2018 and showed a continual increase in overall enrollment over the next few years, with the annual increase ranging from 360 a year for the next school year (SY) to an increase of 50 students in school year (SY) 2029. The study used birth data, economic data, and a commonly used demographic technique called the “cohort survival method” to forecast future enrollment. The study indicated that enrollment is projected to continue to grow, but starting to slow down in the 2024-2025 SY. The enrollment projections are updated each year, based on the prior year’s actual enrollment.

Long-Term Financial Planning

The District maintains a five-year financial plan as part of its strategic planning process, called Flight Plan 2023. This plan is based on a comprehensive financial model that takes into account assumptions for key variables impacting the financial health of the District in order to guide the

decision-making process. This plan is updated at least once a year and is factored into the annual budget process.

The most significant factors impacting the long-range plan are:

- The State's continued ability to continue to increase the annual funding of the new State funding formula into the future
- Additional staffing and other costs associated with the District's initiatives
- Significant student growth over the next 10 years
- Capital requirements related to aging District facilities operating at full capacity
- Desire to provide a competitive compensation plan for all employees

The District is financially healthy with strong fund balances. District spending is controlled via requisition and position control processes. The finances are monitored through such means as monthly financial reports to the Board of Education, the annual budget process and long-term financial projections. The District continually seeks to identify new revenue sources and areas of operations for improvements in efficiency such as energy utilization and printing services. It is the intention of the District to continue to maintain balanced budgets in future years.

Economic Outlook and Conditions

The District is comprised of blue-collar communities that has seen significant population growth over the twenty (20) years from 1990-2010 according to the U.S. Census Bureau. The District is the community's largest employer.

Since the 1970's the State of Texas has been involved with lawsuits challenging the system of financing public schools, which has ultimately led to the funding formula that is currently in place. A preliminary ruling in the most recent litigation against the State put school finance at the forefront of both the 2013 and 2015 legislative sessions. Public education recognized funding cuts of approximately \$5.4 billion over the 2011 biennium due to unprecedented budget deficits at the State level. The RISD Board and administration developed budget reduction strategies in 2011-2012 to cope with the anticipated funding losses over the two-year period.

The passage of Senate Bill 1 in 2013 restored a portion of the funding that was cut in 2011 (approximately \$3.4 billion state-wide), which the Board and administration conservatively factored into our long-range financial plans for 2013-2014 and beyond. In August 2014, a written ruling in the finance litigation declared the Texas school finance system unconstitutional. This ruling was appealed to the Texas Supreme Court, which began hearing arguments on September 1, 2015. While the 2015 legislative session restored another small portion of the 2011 funding loss, on May 13, 2016, the Texas Supreme Court issued a ruling upholding the state's public school finance system as constitutional. The 2017 legislative session did not bring any substantial changes to the finance system, nor did it provide additional funding.

Local Property Taxes

Local property taxes account for approximately 34.0% of District direct operating revenue (including on-behalf payments from the State). The District's tax base is primarily made up of

residential property (67%) with the balance being agricultural (4%) and commercial property (29%). The 2018 property values increased by 10.50% and an increase of at least 10% is projected to continue into the foreseeable future. The quality of the educational opportunity through attendance in the District's schools helps keep the real estate market within the District in a relatively strong position. Despite the challenging economic factors in the current environment, the District has continued to collect in excess of 98.50% of property taxes extended and expects this to continue for the foreseeable future.

Other Local Revenue

Other Local Revenue received from donations, sales to students, other student fees and interest earnings account for approximately 6.75% of District direct revenue.

State Funding

The State Aid component of the Foundation School Program (FSP) accounts for approximately 47.9% of the District operating revenue. Districts receive State Aid on the basis of a statutory formula which takes into account available local resources (based on a district's ability to raise tax revenue on a set tax rate) and student attendance. State Aid makes up the difference between the available local resources per pupil and the foundation level, which is an amount per student established bi-annually by the State's budget representing the minimum level of per pupil financial support that should be available to provide for the basic education of each pupil.

The main variable in the Foundation School Program, the basic allotment, has remained flat at \$5,140 per pupil since Fiscal Year 2016 and the District's State Aid Allocation has increased over the last several years to approximately \$29 Million in fiscal year 2019.

For the 2019-2020 school year, the State Legislature approved modifications to the Foundation School Program that will increase the per pupil basic allotment to \$6,160, changed some of the existing allotment weights and added several different allotments based on student needs. Additionally, the changes included property tax reform that will reduce the District's tax rate in future years.

The goal of the new funding model consists of recognizing the individual student needs, the differences in local resources to support the districts and to provide a stable and sustainable system. The main objectives were to close the funding gaps between districts and to ensure that no districts lose state funding.

Federal Grant Awards

Due to the increasing number of low-income students, the District also receives Federal Aid. Grant Awards for Every Student Succeeds Act (Title I, II, III & IV), Individuals with Disabilities Education Act (IDEA), and National School Lunch programs account for about 6.9% of District operating revenue. The District is anticipating a slight increase in this funding in the next year due to the increasing low-income student population and student needs.

Texas Retirement System

The Governmental Accounting Standards Board (GASB) Statement 24, *Accounting and Financial Reporting for Certain Grants and Other Financial Assistance*, requires employers to recognize revenue and expenditures/expenses for on-behalf payments in their financial statements. On-behalf payments for fringe benefits are direct payments made by a paying entity to a third-party

recipient for the employees of an employer entity. This would include contributions made by the State of Texas to the Teacher Retirement System (TRS) of Texas on behalf of the District's employees. The revenue received as on-behalf payments are approximately 4.5% of the District's operating revenue.

Major Initiatives

Student Preparedness

Due to earning a B+ on the Texas Education Agency (TEA) State Accountability Ratings, the District strives to get the highest rating possible. The District continues to review and supplement the existing curriculum and build upon resources that are provided to teachers that will offer a guaranteed and viable curriculum. The main goal of this initiative is to ensure that all students can access an engaging instructional environment that promotes high levels of achievement. This involves ensuring that the proper allocation of funds is occurring to support the classrooms in all schools using District and State resources, as well as, using federal resources to supplement the available resources for advancing the academic proficiency of unique student groups.

Additionally, the initiative utilizes a variety of processes to monitor and foster student/teacher achievement and growth. This will be accomplished by providing a comprehensive intervention and enrichment plan for identified students designed to close the achievement gap through a Multi-Tiered System of Supports (MTSS). Also, the implementation of the Fundamental Five walk-through system to monitor and give feedback to teachers on best instructional practices and assess professional development needs. It is anticipated that these programs can be funded from existing budgets, so future additional budget needs are not anticipated.

Mission, Vision and Goals

In the fall of 2018, the Red Oak ISD Flight Plan 2023 was approved by the Board of Trustees with the goal to ensure that the District continues to move forward as a strong school district and is prepared to face the challenges and opportunities ahead.

Mission

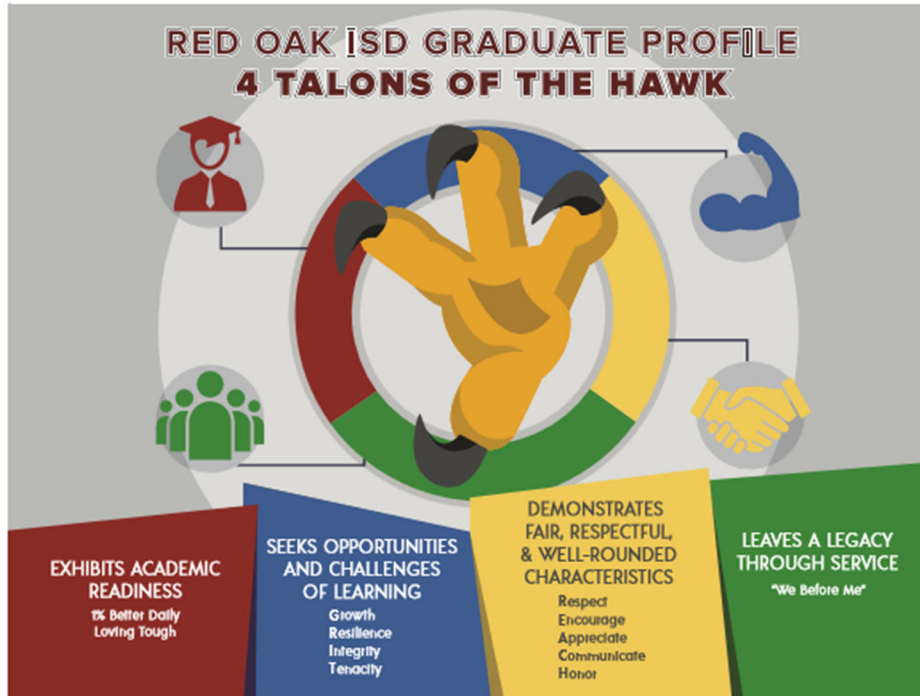
The daily mission of the 4 Talons of the Red Oak Hawk is: Prepared, Grit, Character and Service.

Vision

The vision is *Realizing Our Individual Students' Dreams* (ROISD).

Core Values and Beliefs

- Students exhibit academic readiness.
- Students seek opportunities and challenges of learning.
- Students and Staff demonstrates fair, respectful and well-rounded characteristics.
- Everyone leaves a legacy through service.



Each year, the School Board adopts District Goals that directly align to the 5-Year Strategic Plan. The full 5-Year Strategic Plan can be viewed on the District's website at www.redoakisd.org. Below are the 2018-2019 District Initiatives.

District Initiatives

Academics

Prepare all students to be college and career ready by instilling the Graduate Profile, the 4 Talons of the Hawk.

1. Develop students who are college, career, and military ready that possess the academic skills for success in life after high school.
2. Equip students with social-emotional skills that prepare them for post-secondary endeavors.
3. Engage students in meaningful construction of learning that includes relevant and innovative platforms and contexts.

Staff

Recruit, hire, develop and retain a diverse and premier workforce.

1. Offer a compensation package and benefits plan that are competitive for all employees.
2. Recruit, support, retain, and reward quality personnel that demonstrate the qualities of the Red Oak ISD Educator Profile.

3. Staff campuses based on their specific needs.

Finance

Manage funding resources responsibly and practice fiscal transparency

1. Responsibly manage the district's resources to support the 4 Talons of the Hawk.
2. Provide diverse opportunities to inform the community of how public education in Texas, and specifically Red Oak ISD, is funded.

Growth and Facilities

Keep ahead of the region's steady development while ensuring students thrive in a 21st-century environment.

1. Prepare for growth across the District.
2. Use all current District facilities to their maximum efficiency.
3. Provide adequate facilities to meet the needs of all academic and extracurricular programs.

Communications

Enhance internal and external communications and develop and maintain positive relationships between parents, community, and schools.

1. Communicate with students, parents, staff, and community in a consistent and timely manner.
2. Provide opportunities to foster positive relationships between parents, community, and schools.

Financial Information

Internal Controls

District Administration is responsible for establishing and maintaining an internal control structure designed to ensure that District assets are protected from loss, theft, or misuse and to ensure that adequate accounting data is compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles. The internal control structure is designed to provide reasonable, but not absolute, assurances that these objectives are met. The concept of reasonable assurance recognizes that the cost of a control should not exceed the benefits likely to be derived and the valuation of costs and benefits requires estimates and judgments by management.

Tests are made by the District's independent auditor to determine the adequacy of the internal control structure, including that portion related to federal financial assistance programs, as well

as to determine that the District has complied with applicable laws and regulations. The results of the tests for the fiscal year ended June 30, 2019 provide no instances of material weaknesses in the internal control structure or any violations of applicable laws and regulations.

Budgetary Controls

The District maintains budgetary controls at the line item level which are built into administrative responsibility cost centers before being combined to form totals by fund. All activity compared to budget is reported to the District's management and School Board in the form of a monthly Treasurer's Report and other financial information including check registers and cash and receivable summaries. The objective of these budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the School Board. Activities for the general fund, student nutrition funds and debt service funds are the governmental fund types are included in the annual appropriated budget approved by the School Board. The District also maintains an encumbrance accounting system as one technique of accomplishing budgetary control. Encumbered accounts lapse at year-end.

Independent Audit

The Texas Education Code and the District's adopted policy require an annual audit by independent certified public accountants. The accounting firm of Hankins, Eastup, Deaton, Tonn & Seay was selected by the Board of Trustees. In addition to meeting the requirements set forth in Education Code, the District is required to undergo an annual single audit in conformity with the provisions of Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Information related to this single audit, including a schedule of federal financial assistance and the independent auditor's reports on the internal control structure and on compliance with applicable laws and regulations, is included in the Financial Section of this report. The auditors' reports related specifically to the single audit are included in the Federal Awards Section of this report.

Accomplishments and Awards

An important aspect of a budget is to ensure that the dollars that are spent are for the intended purposes of educating all students of the District. Results can be measured by objective student achievements and major District-wide accomplishments. The below accomplishments demonstrate the Red Oak ISD goal of being a strong school district by preparing students for college or career.

- In 2001, The Texas Education Agency (TEA) the financial accountability rating system known as School Financial Integrity Rating System of Texas (FIRST). The financial accountability rating system benefits the public by having in place a system to ensure that school districts will be held accountable for the quality of their financial management practices and achieve improved performance in the management of their financial resources. Red Oak received a "Above Standard Achievement" rating for the 2017-2018 fiscal year financials, earning a score of 84 out of 100 possible points.

For the 2018-2019 fiscal year financials, the preliminary rating for Red Oak is predicted to be "Superior Achievement" with a projected score of 90 out of 100.

- In 2017, the District earned its first Transparency Stars Award from the Texas Comptroller's Office for:

- Opening its books to the public
- Providing clear, consistent pictures of spending
- Sharing information in a user-friendly format that lets taxpayers drill down for more information



The program recognizes local governments across Texas that are striving to meet high standards of financial transparency.

- In 2019, the Purchasing Department received the Award of Merit for Purchasing Operations by the Texas Association of School Business Officials (TASBO). This award provides recognition to school districts that are committed to following professional standards in the acquisition of goods and services. This is the 1st time that ROISD has received this award from TASBO.

Certificate of Excellence and Achievement

This is the first year that Red Oak ISD has submitted the Comprehensive Annual Financial Report to the Association of School Business Officials (ASBO) for the Certificate of Excellence in Financial Reporting and to the Government Finance Officers Association (GFOA) for the Certificate of Achievement for Excellence in Financial Reporting.

In order to be awarded this Certificate, the District must publish an easily readable and efficiently organized comprehensive annual financial report, whose contents conform to program standards. Such reports must satisfy both the generally accepted accounting principles and applicable legal requirements.


Certificates of Excellence are valid for a period of one year only. We believe that our current report conforms to the Certificate requirements and we are submitting this report to ASBO and GFOA to determine its eligibility for the certificate.

Acknowledgements

We wish to thank the members of the Board of Trustees for their interest and support in planning and conducting the financial operations of the District in a responsible and progressive manner.

We also wish to thank the dedicated Business Office Staff for their assistance in the preparation of this report. Finally, we would like to extend our appreciation to the staff of Hankins, Eastup, Deaton, Tonn & Seay, the District's auditors, whose professionalism and cooperation were instrumental in the production of the District's first Comprehensive Annual Financial Report.

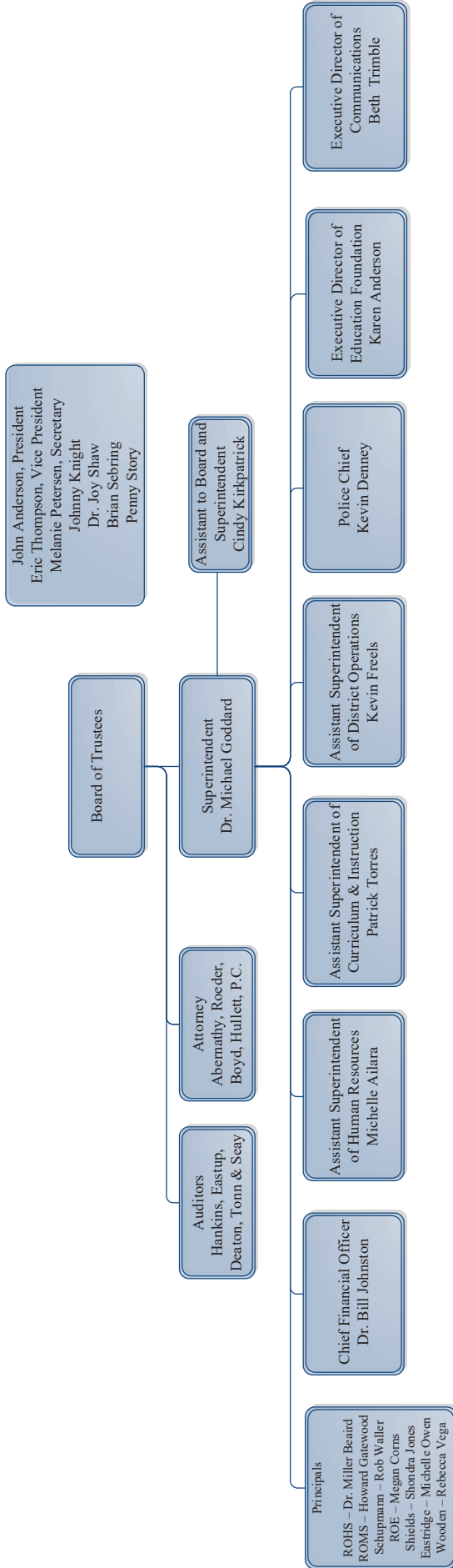
Respectfully Submitted,


Brenda Sanford
Superintendent of Schools


Dr. William Johnston
Chief Financial Officer

Red Oak ISD

2018-2019





RED OAK

INDEPENDENT SCHOOL DISTRICT

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Mr. Eric Thompson
Board Vice President
Place 6
Re-Election Year 2021

Mrs. Melanie Petersen
Board Secretary
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Mr. Johnny Knight
Board Member
Place 4
Re-Election Year 2020

Mr. Brian Sebring
Board Member
Place 2
Re-Election Year 2022

Dr. Joy Shaw
Board Member
Place 1
Re-Election Year 2022

Ms. Penny Story
Board Member
Place 5
Re-Election Year 2020



The Red Oak ISD Board of Trustees is comprised of seven elected citizens from the Red Oak Area (Red Oak, Glenn Heights, Ovilla, Pecan Hill and Oak Leaf). Board members serve the taxpayers in the district, without compensation, and are elected separately by position on the Board to serve staggered three-year terms. Issues addressed by the School Board include policy-making for the District, long range planning, student achievement, staff development, financial planning for long-term stability, building maintenance, and working with the District administration.

Members of the public are invited to attend Board of Trustees meetings. Meetings are normally held at the Red Oak Education Service Center, 109 W Red Oak Road, Red Oak, Texas. A schedule of Board meetings, agendas, board packets, and meeting minutes can be viewed on the District website www.redoakisd.org.



RED OAK

INDEPENDENT SCHOOL DISTRICT

109 W. RED OAK ROAD P.O. BOX 9000 RED OAK, TEXAS 75154
972.617.2941 FAX 972.617.4333

Superintendent's Cabinet

Brenda Sandford *	Superintendent of Schools
Michelle Ailara	Assistant Superintendent - Human Resources
Garry Gorman	Executive Director - Elementary Learning
Kevin Freels	Assistant Superintendent - Operations
Bill Johnston	Assistant Superintendent - Business Services/CFO
Rachel Jones	Executive Director - Secondary Learning
Nancy Toney	Executive Director - Assessment & Accountability
Patrick Torres	Assistant Superintendent - Curriculum & Instruction
Beth Trimble	Executive Director - Communications

Central Office Directory

Education Service Center, 109 W. Red Oak Rd, Red Oak, TX 75154
Phone: (972) 617-2941

<u>Superintendent's Office</u> 972-617-4001	<u>Human Resources Office</u> 972-617-4640
<u>District Operations</u> 972-617-4087	<u>Fine Arts</u> 972-617-4032
<u>Communications</u> 972-617-2941	<u>Health Services</u> 972-617-4708
<u>Curriculum</u> 972-617-4089	<u>Special Education</u> 972-617-5895
<u>Instructional Technology</u> 972-617-4027	<u>PEIMS & Enrollment</u> 972-617-4168
<u>Assessment & Accountability Services</u> 972-617-4091	<u>Technology</u> 972-617-4155
<u>Business Office</u> 972-617-4161	<u>Student Nutrition</u> 972-617-4094

* New Superintendent effective November 11, 2019



RED OAK

INDEPENDENT SCHOOL DISTRICT

109 W. RED OAK ROAD P.O. BOX 9000 RED OAK, TEXAS 75154
972.617.2941 FAX 972.617.4333

Central Office Directory (continued)

Vernon & Marjorie Coffey Justice Center, 156 Louise Ritter Blvd, Red Oak, TX 75154

Police Department

972-723-9910

Student Services

972-617-4676

Gaines Wolaver Support Services Center, 150 Louise Ritter Blvd, Red Oak, TX 75154

Support Services (Bldg #1)

972-617-4151

Transportation (Bldg #2)

972-617-5101

CATE Building, 156 Louise Ritter Blvd, Red Oak, TX 75154

Career & Technical Education

972-617-3535 ext. 6444

Community & Family Services

972-617-4658

Education Foundation

972-617-4320

Field House, 220 SH 342, Red Oak, TX 75154

Athletic Office

972-617-4635

Little Hawks Learning Center, 205 W. Ovilla Rd, Glenn Heights, TX 75154

Little Hawks

972-617-4660

After the Bell

972-617-4661



RED OAK

INDEPENDENT SCHOOL DISTRICT

109 W. RED OAK ROAD P.O. BOX 9000 RED OAK, TEXAS 75154
972.617.2941 FAX 972.617.4333

Camus Directory

Donald T. Shields Elementary

223 W. Ovilla Rd, Red Oak, TX 75154
Ph: 972-617-4799

Principal, Shondra Jones
Assistant Principal, Melissa Cunningham

Eastridge Elementary

725 E. Ovilla Rd, Red Oak, TX 75154
Ph: 972-617-2266

Principal, Michelle Owen
Assistant Principal, Kelly Barbe

H.A. Wooden Elementary

200 Louise Ritter Blvd, Red Oak, TX 75154
Ph: 972-617-2977

Principal, Rebecca Vega
Assistant Principal, Amy Weis

Red Oak Elementary

200 Valley Ridge Dr, Red Oak, TX 75154
Ph: 972-617-3523

Principal, Megan Corns
Assistant Principal, April Hallback

Russell P. Schupmann Elementary

401 E. Ovilla Rd, Glenn Heights, TX 75154
Ph: 972-617-2685

Principal, Rob Waller
Assistant Principal, Ashley Jackson



RED OAK

INDEPENDENT SCHOOL DISTRICT

109 W. RED OAK ROAD P.O. BOX 9000 RED OAK, TEXAS 75154
972.617.2941 FAX 972.617.4333

Camus Directory (continued)

Red Oak Middle School

154 Louise Ritter Blvd, Red Oak, TX 75154
Ph: 972-617-0066

Principal, Howard Gatewood

Assistant Principals

Jennifer Fortenberry
Catharine Isaaks
Bob Magier
Merilee Stone
Justin Thompson

6th Grade Center

154 Louise Ritter Blvd, Red Oak, TX 75154
Ph: 972-617-4690

Associate Principal, Troy Volkmann

Red Oak High School

220 South SH 342, Red Oak, TX 75154
Ph: 972-617-3535

Principal, Miller Beard
Associate Principal, Julie Wuerch

Assistant Principals

Jimmy Alcorn
Sandi Grady
Elizabeth Haugh
Sharetha Hicks
Jerry McLin
Maricela Torres

CERTIFICATE OF BOARD

Red Oak Independent School District
Name of School District

Ellis
County

070-911
Co. - Dist. Number

We, the undersigned, certify that the attached annual financial reports of the above-named school district were reviewed and (check one) approved disapproved for the year ended June 30, 2019, at a meeting of the Board of Trustees of such school district on the 21st day of October, 2019.



Signature of Board Secretary



Signature of Board President

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Financial Section



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Members:
AMERICAN INSTITUTE OF
CERTIFIED PUBLIC
ACCOUNTANTS
TEXAS SOCIETY OF CERTIFIED
PUBLIC ACCOUNTANTS

**HANKINS, EASTUP, DEATON,
TONN & SEAY**
A PROFESSIONAL CORPORATION

CERTIFIED PUBLIC ACCOUNTANTS

902 NORTH LOCUST
P.O. BOX 977
DENTON, TX 76202-0977
TEL. (940) 387-8563
FAX (940) 383-4746

Independent Auditors' Report

To the Board of Trustees
Red Oak Independent School District
Red Oak, Texas

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Red Oak Independent School District (the District), as of and for the year ended June 30, 2019 and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the 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 District's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the District as of June 30, 2019, and the respective changes in financial position and the respective budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that management's discussion and analysis on pages 27 through 33 and the schedules of Teacher Retirement System pension and other post-employment benefit information on pages 72 through 79, 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 the financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The introductory section, other supplementary information, required Texas Education Agency schedules, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance, and is also not a required part of the basic financial statements.

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

The introductory section and statistical section have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 14, 2019 on our consideration of the District's internal control over financial reporting and on our test of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Hankins, Eastup, Deaton, Tonn & Seay

Hankins, Eastup, Deaton, Tonn & Seay, PC
Denton, Texas

October 14, 2019

**RED OAK INDEPENDENT SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2019
(UNAUDITED)**

This section of Red Oak Independent School District's annual financial report presents our discussion and analysis of the District's financial performance during the fiscal year ended June 30, 2019. Please read it in conjunction with the District's financial statements which follow this section.

FINANCIAL HIGHLIGHTS

- The liabilities and deferred inflows of resources of the District exceeded its assets and deferred outflows of resources at the close of the most recent fiscal year by (\$11,609,637) (*deficit net position*).
- The District's total net position decreased by \$274,310 during the current fiscal year from the result of current year operations.
- The General Fund reported an ending fund balance of \$13,991,915, an increase of \$1,371,367 from the prior year.
- The unassigned fund balance in the General Fund as of June 30, 2019 was \$13,988,421, which is 25.8% of the total general fund expenditures for the fiscal year.
- The District reported total ending Governmental Funds fund balances of \$19,954,617, an increase of \$1,935,304. The amount available for spending at the government's discretion is \$13,988,421 (70.1%).

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of six parts – *management's discussion and analysis* (this section), the *basic financial statements*, *required supplementary information*, an optional section that presents *combining statements* for nonmajor governmental funds, a section containing required TEA schedules, and information regarding federal awards.

The basic financial statements include two kinds of statements that present different views of the District. The first two statements are *government-wide financial statements* that provide both *long-term* and *short-term* information about the District's *overall* financial status. The remaining statements are *fund financial statements* that focus on *individual parts* of the government, reporting the District's operations in *more detail* than the government-wide statements.

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

Proprietary fund statements offer *short-* and *long-term* financial information about the activities the government operates *like businesses*. The District had no proprietary funds in the fiscal year ended June 30, 2019.

Fiduciary fund statements provide information about the financial relationships in which the District acts solely as a *trustee or agent* for the benefit of others, to whom the resources in question belong.

The financial statements also include *notes* that explain some of the information in the financial statements and provide more detailed data.

Figure A-1 shows how the required parts of this annual report are arranged and related to one another.

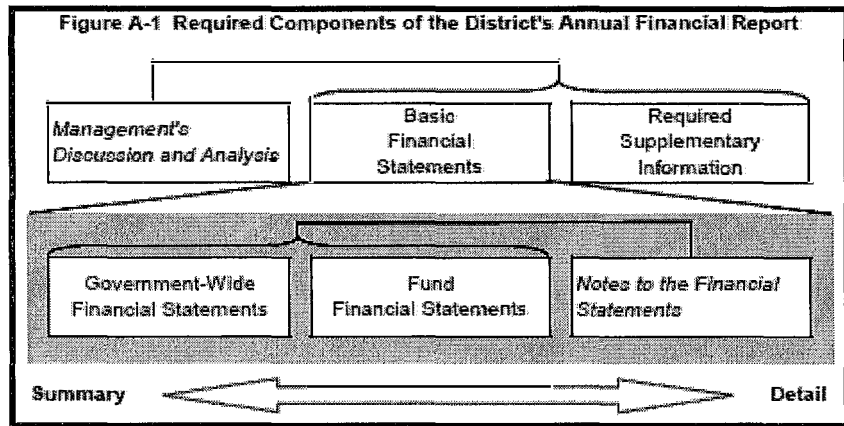


Figure A-2 summarizes the major features of the District's financial statements, including the portion of the District government they cover and the types of information they contain. The remainder of this overview section of management's discussion and analysis explains the structure and contents of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

Type of Statements	Government-wide	Governmental Funds	Proprietary Funds	Fiduciary Funds
Scope	Entire District's government (Except fiduciary funds)	The activities of the District that are not proprietary or fiduciary	Activities the District operates similar to private businesses: self insurance	Instances in which the District is the trustee or agent for someone else's resources
Required financial statements	*Statement of net position	*Balance Sheet	*Statement of net position	*Statement of fiduciary assets and liabilities
	*Statement of activities	*Statement of revenues, expenditures & changes in fund balances	*Statement of revenues, expenses and changes in fund net position *Statement of cash flows	
Accounting basis and measurement focus	Accrual accounting and economic resource focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus	Accrual accounting and economic resources focus
Type of asset/liability information	All assets and liabilities, both financial and capital, short-term and long-term	Only assets expected to be used up and liabilities that come due during the year or soon thereafter, no capital assets included	All assets and liabilities, both financial and capital and short-term and long-term	All assets and liabilities, both short term and long-term; the District's funds do not currently contain capital assets, although they can
Type of inflow/outflow information	All revenue and expenses during the year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and payment is due during the year or soon thereafter	All revenues and expenses during the year, regardless of when cash is received or paid	All revenues and expenses during the year, regardless of when cash is received or paid

Government-wide Statements

The government-wide statements report information about the District as a whole using accounting methods similar to those used by private-sector companies. The statement of net position includes *all* of the government's assets, deferred inflows of resources, liabilities, and deferred outflows of resources. All of the current year's revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid. The two government-wide statements report the District's *net position* and how it has changed. Net position, the difference between the District's assets and deferred inflows of resources and the District's liabilities and deferred outflows of resources, is one way to measure the District's financial health or *position*.

Over time, increases or decreases in the District's net position is an indicator of whether its financial health is improving or deteriorating, respectively. To assess the overall health of the District, you need to consider additional nonfinancial factors such as changes in the District's tax base. The government-wide financial statements of the District are divided into three categories:

Governmental activities – Most of the District's basic services are included here, such as instruction, extracurricular activities, curriculum and staff development, health services, and general administration. Property taxes and grants finance most of these activities.

Business-type activities – Account for funds where the District charges fees to customers to help it cover the costs of certain services it provides. The District has no business-type activities.

Component units – These funds would include other entities related to the District. Although legally separate, these – component units would be classified as important because of material relationships with the District. The District has no *component units* for which it is financially accountable.

Fund Financial Statements

The fund financial statements provide more detailed information about the District's most significant *funds* - not the District as a whole. Funds are accounting devices that the District uses to keep track of specific sources of funding and spending for particular purposes. Some funds are required by state law and by bond covenants. The Board of Trustees establishes other funds to control and manage money for particular purposes or to show that it is properly using certain taxes and grants. The District has two kinds of funds:

Governmental funds - Most of the District's basic services are included in governmental funds, which focus on (1) how *cash and other financial assets* that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental fund statements provide a detailed *short-term* view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. Because this information does not encompass the additional long-term focus of the government-wide statements, we provide additional information on the subsequent page that explains the relationship (or differences) between them.

Fiduciary funds - The District is the trustee, or *fiduciary*, for certain funds raised by student activities. All of the District's fiduciary activities are reported in a separate statement of fiduciary assets and liabilities. We exclude these activities from the District's government-wide financial statements because the District cannot use these assets to finance its operations.

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

Net Position

Net position of the Districts' governmental activities decreased from (\$11,335,327) to (\$11,609,637). Unrestricted net position – the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation, or other legal requirements – was (\$20,079,652) at June 30, 2019. See Table I and Table II for more detail.

Table I**NET POSITION**

	Governmental Activities	
	June 30, 2019	June 30, 2018
Current and other assets	\$ 26,450,026	\$ 23,932,446
Capital assets, net	109,268,020	113,379,994
Total assets	135,718,046	137,312,440
Deferred outflows of resources	17,268,317	11,151,604
Total assets and deferred outflows of resources	152,986,363	148,464,044
Long-term liabilities	148,075,389	141,352,955
Other liabilities	6,929,592	6,727,852
Total liabilities	155,004,981	148,080,807
Deferred inflows of resources	9,591,019	11,718,564
Total liabilities and deferred inflows of resources	164,596,000	159,799,371
Net Position:		
Net investments in capital assets	4,012,212	6,622,498
Restricted	4,457,803	3,726,251
Unrestricted	(20,079,652)	(21,684,076)
Total Net Position	<u><u>\$ (11,609,637)</u></u>	<u><u>\$ (11,335,327)</u></u>

Table II**CHANGES IN NET POSITION**

	Governmental Activities Year Ended	
	June 30, 2019	June 30, 2018
Revenues:		
Program Revenues:		
Charges for services	\$ 2,101,229	\$ 2,065,912
Operating grants and contributions	8,868,147	234,305
General Revenues:		
Maintenance and operations taxes	21,091,749	19,219,887
Debt service taxes	6,671,286	6,077,735
State aid - formula grants	28,526,131	28,629,738
Grants and contributions not restricted	1,500	78,912
Investment earnings	379,807	181,923
Miscellaneous	1,573,514	1,393,452
Total Revenue	<u>69,213,363</u>	<u>57,881,864</u>
Expenses:		
Instruction, curriculum and media services	33,740,070	22,749,502
Instructional and school leadership	5,110,654	3,521,261
Student support services	6,100,636	4,007,313
Food services	2,866,674	2,507,894
Extracurricular activities	2,333,010	1,733,036
General administration	2,720,111	2,040,643
Plant maintenance, security and data processing	9,632,495	7,855,069
Community services	1,803,142	870,195
Debt service	4,929,027	4,639,123
Facilities acquisition, construction	42,325	13,020
Other intergovernmental charges	209,529	154,974
Total Expenses	<u>69,487,673</u>	<u>50,092,030</u>
Increase (decrease) in net position	(274,310)	7,789,834
Net position at beginning of year	(11,335,327)	13,080,125
Prior period adjustment	-	(32,205,286)
Net position at end of year	<u><u>\$ (11,609,637)</u></u>	<u><u>\$ (11,335,327)</u></u>

At the end of the current fiscal year, the District reports a deficit balance in unrestricted net position, while reporting a positive balance in restricted net position and net investment in capital assets. The District's net position decreased by \$274,310 during the current fiscal year.

The District's total ending net position is \$26.1 million lower due to new accounting standards adopted in fiscal year 2018 regarding the accounting for OPEB (TRS-Care retiree health insurance program) promulgated by the Governmental Accounting Standards Board.

Changes in Net Position

Some of the factors affecting the change in the District's net position can be identified as follows:

- State funding for the 2018-19 fiscal year decreased approximately \$100,000 due to an increase in local tax collections.
- Attendance numbers increased 1.65% from the prior year.
- General Fund expenditures increased 1.0% primarily due to increased salaries offset by a decrease in capital outlay.
- Local property tax values increased 10.5%. Therefore, tax collections increased accordingly.

The total cost of all governmental activities for the current fiscal year was \$69,487,673. Of this, \$28,526,131 was provided by the state funding formula. Other governments and organizations contributed \$8,868,147. The amount financed by taxpayers was \$27,763,035. The balance of \$4,056,050 relates to charges for services, investment earnings and miscellaneous revenues.

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

Fund Balance

As noted earlier, the District uses fund accounting to ensure and demonstrate compliance with finance related legal requirements, bond covenants, and segregation for particular purposes.

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 the 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 \$20.0 million.

Approximately \$14.0 million of this total amount constitutes unassigned fund balance. The remainder of fund balance is *nonspendable* (inventories - \$3,494), *restricted* grant restrictions and retirement of long term debt (\$5,551,491), or *committed* (miscellaneous purposes - \$411,211).

General Fund Budgetary Highlights

Over the course of the year, the District recommended and the Board approved several revisions to the budgeted revenues and appropriations. The amendments fall into the following categories:

- Amendments throughout the year for unexpected occurrences.
- Amendments to revise estimates for local tax collections.

After revenues and appropriations were amended as described above, the actual revenues in the General Fund were \$0.2 million less than budgeted revenues. Expenditures for the General Fund were \$1.6 million less than budgeted amounts. This was primarily due to cost savings achieved across all functions during the year.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2019, the District had \$109,268,020 (net of accumulated depreciation) invested in a broad range of capital assets, including facilities and equipment for instruction, transportation, athletics, administration, and maintenance. The amount represents a net decrease of \$4,111,974 (3.6%) from last year.

Changes to capital assets for the current year included new transportation and other equipment. More detailed information about the District's capital assets is presented in Note 4 to the financial statements.

Debt Administration

The District had \$108,824,067 in bonds and loans outstanding (including accreted interest on bonds) as of June 30, 2019. This was a decrease of \$4,261,846 over last year. The District's 2009 Bond Series was rated AA+ by Fitch as a result of the purchase of a municipal bond insurance policy. The District's other outstanding bonds are rated AAA by Fitch based upon the guarantee of the Texas Permanent School Fund. Additional information on the District's long-term liabilities can be found in Note 5 to the financial statements.

ECONOMIC FACTORS, NEXT YEAR'S BUDGETS, AND TAX RATES

- The District's certified property values for 2019 increased approximately 14.7%.
- The District's Maintenance and Operations tax rate will be reduced to \$1.06835 per \$100 valuation from \$1.17 per \$100 valuation. The Debt Service tax rate will remain at \$0.37 per \$100 valuation.
- The adopted 2019-2020 budget has budgeted revenues \$537,322 more than budgeted expenditures.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Chief Financial Officer of the District at Red Oak Independent School District, 109 W. Red Oak Road, Red Oak, TX 75154, 972-617-2941.

BASIC FINANCIAL STATEMENTS

RED OAK INDEPENDENT SCHOOL DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2019

EXHIBIT A-1

Data Control Codes	Primary Government
	Governmental Activities
ASSETS	
1110 Cash and Cash Equivalents	\$ 18,937,538
1220 Property Taxes - Delinquent	910,707
1230 Allowance for Uncollectible Taxes	(45,535)
1240 Due from Other Governments	6,641,412
1290 Other Receivables, Net	2,410
1300 Inventories	3,494
Capital Assets:	
1510 Land	4,652,758
1520 Buildings, Net	102,109,732
1530 Furniture and Equipment, Net	2,500,305
1580 Construction in Progress	5,225
1000 Total Assets	135,718,046
DEFERRED OUTFLOWS OF RESOURCES	
1701 Deferred Charge on Bond Refundings	3,575,259
1705 Deferred Resource Outflows Related to TRS Pension	10,861,170
1706 Deferred Resource Outflows Related to TRS OPEB	2,831,888
1700 Total Deferred Outflows of Resources	17,268,317
LIABILITIES	
2110 Accounts Payable	386,460
2140 Accrued Interest Payable	1,299,555
2160 Accrued Wages Payable	4,573,076
2180 Due to Other Governments	399,193
2200 Accrued Expenses	244,494
2300 Unearned Revenue	27,014
Noncurrent Liabilities:	
2501 Due Within One Year	3,400,000
2502 Due in More Than One Year	105,424,067
2540 Net Pension Liability (District's Share)	17,249,246
2545 Net OPEB Liability (District's Share)	22,001,876
2000 Total Liabilities	155,004,981
DEFERRED INFLOWS OF RESOURCES	
2605 Deferred Resource Inflows Related to TRS Pension	2,633,496
2606 Deferred Resource Inflows Related to TRS OPEB	6,957,523
2600 Total Deferred Inflows of Resources	9,591,019
NET POSITION	
3200 Net Investment in Capital Assets	4,012,212
3820 Restricted for Federal and State Programs	156,542
3850 Restricted for Debt Service	4,301,261
3900 Unrestricted	(20,079,652)
3000 Total Net Position	\$ (11,609,637)

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

RED OAK INDEPENDENT SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2019

EXHIBIT B-1

Data Control Codes	Program Revenues			Net (Expense) Revenue and Changes in Net Position
	1	3	4	6
	Expenses	Charges for Services	Operating Grants and Contributions	Primary Gov. Governmental Activities
Primary Government:				
GOVERNMENTAL ACTIVITIES:				
11 Instruction	\$ 32,085,106	\$ 255,467	\$ 4,235,596	\$ (27,594,043)
12 Instructional Resources and Media Services	735,074	47,042	29,502	(658,530)
13 Curriculum and Instructional Staff Development	919,890	-	93,587	(826,303)
21 Instructional Leadership	1,326,195	-	88,994	(1,237,201)
23 School Leadership	3,784,459	109,830	180,219	(3,494,410)
31 Guidance, Counseling and Evaluation Services	2,775,494	33,928	218,900	(2,522,666)
32 Social Work Services	99,064	-	4,966	(94,098)
33 Health Services	678,767	-	33,335	(645,432)
34 Student (Pupil) Transportation	2,547,311	80	602,668	(1,944,563)
35 Food Services	2,866,674	1,407,024	1,413,143	(46,507)
36 Extracurricular Activities	2,333,010	212,499	56,289	(2,064,222)
41 General Administration	2,720,111	6,529	225,039	(2,488,543)
51 Facilities Maintenance and Operations	6,410,732	26,013	173,475	(6,211,244)
52 Security and Monitoring Services	1,665,984	1,379	66,849	(1,597,756)
53 Data Processing Services	1,555,779	-	52,736	(1,503,043)
61 Community Services	1,803,142	1,438	96,427	(1,705,277)
72 Debt Service - Interest on Long-Term Debt	4,649,669	-	1,296,422	(3,353,247)
73 Debt Service - Bond Issuance Cost and Fees	279,358	-	-	(279,358)
81 Capital Outlay	42,325	-	-	(42,325)
99 Other Intergovernmental Charges	209,529	-	-	(209,529)
[TP] TOTAL PRIMARY GOVERNMENT:	\$ 69,487,673	\$ 2,101,229	\$ 8,868,147	(58,518,297)

Data Control Codes		
	General Revenues:	
	Taxes:	
MT	Property Taxes, Levied for General Purposes	21,091,749
DT	Property Taxes, Levied for Debt Service	6,671,286
SF	State Aid - Formula Grants	28,526,131
GC	Grants and Contributions not Restricted	1,500
IE	Investment Earnings	379,807
MI	Miscellaneous Local and Intermediate Revenue	1,573,514
TR	Total General Revenues	58,243,987
CN	Change in Net Position	(274,310)
NB	Net Position - Beginning	(11,335,327)
NE	Net Position--Ending	\$ (11,609,637)

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

RED OAK INDEPENDENT SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2019

Data Control Codes	10 General Fund	50 Debt Service Fund	Other Funds	Total Governmental Funds
ASSETS				
1110 Cash and Cash Equivalents	\$ 12,680,708	\$ 5,786,309	\$ 470,521	\$ 18,937,538
1220 Property Taxes - Delinquent	694,005	216,702	-	910,707
1230 Allowance for Uncollectible Taxes	(34,700)	(10,835)	-	(45,535)
1240 Due from Other Governments	6,091,855	7,833	541,724	6,641,412
1260 Due from Other Funds	64,859	-	-	64,859
1290 Other Receivables	2,410	-	-	2,410
1300 Inventories	3,494	-	-	3,494
1000 Total Assets	<u>\$ 19,502,631</u>	<u>\$ 6,000,009</u>	<u>\$ 1,012,245</u>	<u>\$ 26,514,885</u>
LIABILITIES				
2110 Accounts Payable	\$ 372,020	\$ -	\$ 14,440	\$ 386,460
2160 Accrued Wages Payable	4,257,430	-	315,646	4,573,076
2170 Due to Other Funds	-	-	64,859	64,859
2180 Due to Other Governments	-	399,193	-	399,193
2200 Accrued Expenditures	221,461	-	23,033	244,494
2300 Unearned Revenue	500	-	26,514	27,014
2000 Total Liabilities	<u>4,851,411</u>	<u>399,193</u>	<u>444,492</u>	<u>5,695,096</u>
DEFERRED INFLOWS OF RESOURCES				
2601 Unavailable Revenue - Property Taxes	659,305	205,867	-	865,172
2600 Total Deferred Inflows of Resources	<u>659,305</u>	<u>205,867</u>	<u>-</u>	<u>865,172</u>
FUND BALANCES				
Nonspendable Fund Balance:				
3410 Inventories	3,494	-	-	3,494
Restricted Fund Balance:				
3450 Federal or State Funds Grant Restriction	-	-	156,542	156,542
3480 Retirement of Long-Term Debt	-	5,394,949	-	5,394,949
Committed Fund Balance:				
3545 Other Committed Fund Balance	-	-	411,211	411,211
3600 Unassigned Fund Balance	13,988,421	-	-	13,988,421
3000 Total Fund Balances	<u>13,991,915</u>	<u>5,394,949</u>	<u>567,753</u>	<u>19,954,617</u>
4000 Total Liabilities, Deferred Inflows & Fund Balances	<u>\$ 19,502,631</u>	<u>\$ 6,000,009</u>	<u>\$ 1,012,245</u>	<u>\$ 26,514,885</u>

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

RED OAK INDEPENDENT SCHOOL DISTRICT
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE
STATEMENT OF NET POSITION
JUNE 30, 2019

EXHIBIT C-2

Total Fund Balances - Governmental Funds	\$	19,954,617
1 Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the fund financial statements.		167,763,459
2 Accumulated depreciation is not reported in the fund financial statements.		(58,495,439)
3 Bonds payable and loans payable are not reported in the fund financial statements.		(98,712,624)
4 Accreted interest on capital appreciation bonds has not been included in the fund financial statements.		(959,366)
5 Property tax revenue reported as unavailable revenue in the fund financial statements is recognized as revenue in the government-wide financial statements.		865,172
6 Interest on outstanding debt is accrued in the government-wide financial statements, whereas in the fund financial statements interest expenditures are reported when due.		(1,299,555)
7 Bond premiums are not recognized in the fund financial statements.		(9,152,077)
8 The deferred charge on bond refundings is not recognized in the fund financial statements.		3,575,259
9 Included in the items related to government-wide long-term debt is the recognition of the District's proportionate share of the net pension liability required by GASB 68 in the amount of \$17,249,246, Deferred Inflows of Resources related to TRS in the amount of \$2,633,496, and Deferred Outflows of Resources related to TRS in the amount of \$10,861,170. This results in a decrease in Net Position in the amount of \$9,021,572.		(9,021,572)
10 Included in the items related to government-wide long-term debt is the recognition of the District's proportionate share of the net Other Post-Employment Benefit (OPEB) liability required by GASB 75 in the amount of \$22,001,876, a Deferred Resource Inflow related to TRS OPEB in the amount of \$6,957,523, and a Deferred Resource Outflow related to TRS OPEB in the amount of \$2,831,888. This amounted to a net decrease in Net Position in the amount of \$26,127,511.		(26,127,511)
19 Net Assets of Governmental Activities	\$	(11,609,637)

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

RED OAK INDEPENDENT SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2019

Data Control Codes	10 General Fund	50 Debt Service Fund	Other Funds	Total Governmental Funds
REVENUES:				
5700 Total Local and Intermediate Sources	\$ 22,853,564	\$ 6,836,355	\$ 2,121,423	\$ 31,811,342
5800 State Program Revenues	31,701,802	1,170,673	352,533	33,225,008
5900 Federal Program Revenues	1,049,881	-	3,156,042	4,205,923
5020 Total Revenues	<u>55,605,247</u>	<u>8,007,028</u>	<u>5,629,998</u>	<u>69,242,273</u>
EXPENDITURES:				
Current:				
0011 Instruction	26,749,247	-	2,138,717	28,887,964
0012 Instructional Resources and Media Services	635,828	-	47,042	682,870
0013 Curriculum and Instructional Staff Development	802,192	-	70,125	872,317
0021 Instructional Leadership	1,198,373	-	13,792	1,212,165
0023 School Leadership	3,331,320	-	109,830	3,441,150
0031 Guidance, Counseling and Evaluation Services	2,400,611	-	140,965	2,541,576
0032 Social Work Services	95,997	-	-	95,997
0033 Health Services	625,215	-	-	625,215
0034 Student (Pupil) Transportation	2,432,759	-	3,913	2,436,672
0035 Food Services	-	-	2,726,096	2,726,096
0036 Extracurricular Activities	1,879,972	-	150,995	2,030,967
0041 General Administration	2,589,263	-	18,444	2,607,707
0051 Facilities Maintenance and Operations	5,880,097	-	-	5,880,097
0052 Security and Monitoring Services	1,214,054	-	1,379	1,215,433
0053 Data Processing Services	1,641,950	-	-	1,641,950
0061 Community Services	1,720,277	-	1,438	1,721,715
Debt Service:				
0071 Principal on Long-Term Debt	750,185	1,623,866	-	2,374,051
0072 Interest on Long-Term Debt	29,461	5,750,947	-	5,780,408
0073 Bond Issuance Cost and Fees	-	279,358	-	279,358
Capital Outlay:				
0081 Facilities Acquisition and Construction	47,550	-	-	47,550
Intergovernmental:				
0099 Other Intergovernmental Charges	209,529	-	-	209,529
6030 Total Expenditures	<u>54,233,880</u>	<u>7,654,171</u>	<u>5,422,736</u>	<u>67,310,787</u>
1100 Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>1,371,367</u>	<u>352,857</u>	<u>207,262</u>	<u>1,931,486</u>
OTHER FINANCING SOURCES (USES):				
7901 Refunding Bonds Issued	-	17,125,000	-	17,125,000
7916 Premium or Discount on Issuance of Bonds	-	1,134,897	-	1,134,897
8949 Other (Uses)	-	(18,256,079)	-	(18,256,079)
7080 Total Other Financing Sources (Uses)	<u>-</u>	<u>3,818</u>	<u>-</u>	<u>3,818</u>
1200 Net Change in Fund Balances	1,371,367	356,675	207,262	1,935,304
0100 Fund Balance - July 1 (Beginning)	12,620,548	5,038,274	360,491	18,019,313
3000 Fund Balance - June 30 (Ending)	<u>\$ 13,991,915</u>	<u>\$ 5,394,949</u>	<u>\$ 567,753</u>	<u>\$ 19,954,617</u>

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

RED OAK INDEPENDENT SCHOOL DISTRICT
 RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES,
 AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES
 FOR THE YEAR ENDED JUNE 30, 2019

EXHIBIT C-4

Total Net Change in Fund Balances - Governmental Funds	\$ 1,935,304
Current year capital asset additions are expenditures in the fund financial statements, but they are shown as increases in capital assets in the government-wide financial statements. The net effect of reclassifying the current year asset additions is to increase net position.	700,390
Depreciation is not recognized as an expense in governmental funds since it does not require the use of current financial resources. The net effect of the current year's depreciation is to decrease net position in the government-wide financial statements.	(4,812,364)
Current year long-term debt principal payments on notes payable and bonds payable and payment of accreted interest on capital appreciation bonds are expenditures in the fund financial statements, but are shown as reductions in long-term debt in the government-wide financial statements.	3,286,014
Current year interest accretion on capital appreciation bonds is not recognized in the fund financial statements, but is shown as an increase in long-term debt in the government-wide financial statements.	(94,194)
Interest on outstanding debt is accrued in the government-wide financial statements, whereas in the fund financial statements interest expenditures are reported when due. The current year increase in accrued interest payable increases net assets in the government-wide financial statements.	215,149
Revenues from property taxes are shown as unavailable in the fund financial statements until they are considered available to finance current expenditures, but such revenues are recognized when assessed net of an allowance for uncollectible accounts in the government-wide financial statements.	165,187
Bond premiums are not amortized in the fund financial statements, but are reported net of amortization in the government-wide financial statements.	599,468
Current year amortization of the deferred charge on bond refundings is not reported in the fund financial statements, but is shown as a reduction of the deferred charge in the government-wide financial statements.	(275,459)
The implementation of GASB 68 required that certain expenditures be de-expended and recorded as deferred resource outflows. TRS contributions made after the measurement date of 8/31/2018 caused the change in the ending net position to increase \$81,218. These contributions were replaced with the District's pension expense for the year of \$1,481,197, which caused a decrease in the change in net position. The net effect of both of these is to decrease the change in net position by \$1,399,979.	(1,399,979)
The implementation of GASB 75 required that certain expenditures be de-expended and recorded as deferred resource outflows. TRS OPEB contributions made after the measurement date of 8/31/2018 but during the current fiscal year caused the ending net position to increase in the amount of \$11,697. These contributions were replaced with the District's OPEB expense for the year of \$375,517, which caused a decrease in the change in net position. The net effect of both of these is to decrease the change in net position by \$363,820.	(363,820)

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

RED OAK INDEPENDENT SCHOOL DISTRICT
 RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES,
 AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES
 FOR THE YEAR ENDED JUNE 30, 2019

EXHIBIT C-4

<p>Current year issuances of refunding bonds are reported as other financing sources in the fund financial statements, but are shown as an increase in long-term debt in the government-wide financial statements.</p>	<p>(17,125,000)</p>
<p>The premiums on the current year issuances of bonds are recorded as other financing sources in the fund financial statements, but are shown as an increase in long-term debt in the government-wide financial statements.</p>	<p>(1,134,897)</p>
<p>The current year payments to the escrow agent for refunding debt is an other financing use in the fund financial statements, but is reported as a reduction in long-term debt in the government-wide financial statements. The payments of \$18,256,079 includes the payment to refund bonds of \$17,915,000 and interest of \$226,188.</p>	<p>18,029,891</p>
<p>Change in Net Assets of Governmental Activities</p>	<p style="border-top: 1px solid black; border-bottom: 3px double black;">\$ (274,310)</p>

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

RED OAK INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2019

Data Control Codes	Budgeted Amounts		Actual Amounts (GAAP BASIS)	Variance With Final Budget Positive or (Negative)
	Original	Final		
REVENUES:				
5700 Total Local and Intermediate Sources	\$ 23,348,797	\$ 23,352,297	\$ 22,853,564	\$ (498,733)
5800 State Program Revenues	31,218,459	31,218,459	31,701,802	483,343
5900 Federal Program Revenues	750,000	1,256,500	1,049,881	(206,619)
5020 Total Revenues	55,317,256	55,827,256	55,605,247	(222,009)
EXPENDITURES:				
Current:				
0011 Instruction	27,011,157	26,911,636	26,749,247	162,389
0012 Instructional Resources and Media Services	648,735	653,735	635,828	17,907
0013 Curriculum and Instructional Staff Development	717,467	841,759	802,192	39,567
0021 Instructional Leadership	1,673,139	1,543,299	1,198,373	344,926
0023 School Leadership	3,449,070	3,369,960	3,331,320	38,640
0031 Guidance, Counseling and Evaluation Services	2,416,684	2,418,349	2,400,611	17,738
0032 Social Work Services	96,316	100,316	95,997	4,319
0033 Health Services	676,952	641,952	625,215	16,737
0034 Student (Pupil) Transportation	2,338,644	2,588,644	2,432,759	155,885
0036 Extracurricular Activities	1,791,840	1,880,835	1,879,972	863
0041 General Administration	2,832,281	2,793,300	2,589,263	204,037
0051 Facilities Maintenance and Operations	6,426,130	6,296,130	5,880,097	416,033
0052 Security and Monitoring Services	1,245,879	1,247,879	1,214,054	33,825
0053 Data Processing Services	1,645,227	1,670,227	1,641,950	28,277
0061 Community Services	1,544,943	1,734,943	1,720,277	14,666
Debt Service:				
0071 Principal on Long-Term Debt	250,000	756,500	750,185	6,315
0072 Interest on Long-Term Debt	32,000	32,000	29,461	2,539
Capital Outlay:				
0081 Facilities Acquisition and Construction	300,000	125,000	47,550	77,450
Intergovernmental:				
0099 Other Intergovernmental Charges	220,000	220,000	209,529	10,471
6030 Total Expenditures	55,316,464	55,826,464	54,233,880	1,592,584
1200 Net Change in Fund Balances	792	792	1,371,367	1,370,575
0100 Fund Balance - July 1 (Beginning)	12,620,548	12,620,548	12,620,548	-
3000 Fund Balance - June 30 (Ending)	\$ 12,621,340	\$ 12,621,340	\$ 13,991,915	\$ 1,370,575

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

RED OAK INDEPENDENT SCHOOL DISTRICT
STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
FIDUCIARY FUNDS
JUNE 30, 2019

EXHIBIT E-1

	Agency Funds
<hr/>	
ASSETS	
Cash and Cash Equivalents	\$ 116,443
Other Receivables	92
Total Assets	<u>\$ 116,535</u>
LIABILITIES	
Due to Student Groups	\$ 116,535
Total Liabilities	<u>\$ 116,535</u>

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

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RED OAK INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Red Oak Independent School District's (the "District") combined financial statements have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units in conjunction with the Texas Education Agency's Financial Accountability System Resource Guide (FAR). The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The more significant accounting policies of the District are described below.

A. REPORTING ENTITY

The Board of Trustees, a seven member group, has fiscal accountability over all activities related to public elementary and secondary education within the jurisdiction of the District. The Board of Trustees is elected by the public. The Trustees as a body corporate have the exclusive power and duty to govern and oversee the management of the public schools of the District. All powers and duties not specifically delegated by statute to the Texas Education Agency (Agency) or to the State Board of Education are reserved for the trustees, and the Agency may not substitute its judgment for the lawful exercise of those powers and duties by the trustees. The District is not included in any other governmental "reporting entity" as defined in Section 2100, Codification of Governmental Accounting and Financial Reporting Standards.

The District's basic financial statements include the accounts of all District operations. The criteria for including organizations as component units within the District's reporting entity, as set forth in Section 2100 of GASB's Codification of Governmental Accounting and Financial Reporting Standards, include whether:

- the organization is legally separate (can sue and be sued in their own name)
- the District holds the corporate powers of the organization
- the District appoints a voting majority of the organization's board
- the District is able to impose its will on the organization
- the organization has the potential to impose a financial benefit/burden on the District
- there is fiscal dependency by the organization on the District

Based on the aforementioned criteria, Red Oak Independent School District has no component units.

B. BASIS OF PRESENTATION

The government-wide financial statements (the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the District. The effect of interfund activity, within the governmental and business-type activities columns, has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given program are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific program. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given program and 2) operating or capital grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Taxes and other items not properly included among program revenues are reported instead as general revenues.

RED OAK INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019

Fund Financial Statements:

The District segregates transactions related to certain functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. These statements present each major fund as a separate column on the fund financial statements; all non-major funds are aggregated and presented in a single column.

Governmental funds are those funds through which most governmental functions typically are financed. The measurement focus of governmental funds is on the sources, uses and balance of current financial resources. The District has presented the following major governmental funds:

1. **General Fund** - This fund is established to account for resources financing the fundamental operations of the District, in partnership with the community, in enabling and motivating students to reach their full potential. All revenues and expenditures not required to be accounted for in other funds are included here. This is a budgeted fund and any fund balances are considered resources available for current operations. Fund balances may be appropriated by the Board of Trustees to implement its responsibilities.
2. **Debt Service Fund** – This governmental fund is established to account for payment of principal and interest on long-term general obligation debt and other long-term debts for which a tax has been dedicated. This is a budgeted fund. Any unused debt service fund balances are transferred to the General Fund after all of the related debt obligations have been met.

Additionally, the District reports the following fund types:

1. **Special Revenue Funds** - These funds are established to account for federally financed or expenditures legally restricted for specified purposes. In many special revenue funds, any unused balances are returned to the grantor at the close of specified project periods. For funds in this fund type, project accounting is employed to maintain integrity for the various sources of funds.
2. **Agency Funds** - These custodial funds are used to account for activities of student groups and other organizational activities requiring clearing accounts. Financial resources for the Agency funds are recorded as assets and liabilities; therefore, these funds do not include revenues and expenditures and have no fund equity. If any unused resources are declared surplus by the student groups, they are transferred to the General Fund with a recommendation to the Board for an appropriate utilization through a budgeted program.

C. MEASUREMENT FOCUS/BASIS OF ACCOUNTING

Measurement focus refers to what is being measured; basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurement made, regardless of the measurement focus applied.

The government-wide statements are reported using the economic resources measurement focus and the accrual basis of accounting. The economic resources measurement focus means all assets and deferred outflows of resources; and liabilities (whether current or non-current) and deferred inflows of resources are included on the statement of net position and the operating statements present increases (revenues) and decreases (expenses) in net total position. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recognized at the time the liability is incurred.

RED OAK INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019

Governmental fund financial statements are reported using the current financial resources measurement focus and are accounted for using the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual; i.e., when they become both measurable and available. "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. The District considers property taxes as available if they are collected within 60 days after year-end. A one-year availability period is used for recognition of all other Governmental Fund revenues. Expenditures are recorded when the related fund liability is incurred. However, debt service expenditures, as well as expenditures related to compensated absences are recorded only when payment is due.

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

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

The revenues susceptible to accrual are property taxes, charges for services, interest income and intergovernmental revenues. All other Governmental Fund Type revenues are recognized when received.

Revenues from state and federal grants are recognized as earned when the related program expenditures are incurred. Funds received but unearned are reflected as unearned revenues, and funds expended but not yet received are shown as receivables.

Revenue from investments, including governmental external investment pool, is based upon fair value. Fair value is the amount at which a financial instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. Most investments are reported at amortized cost when the investments have remaining maturities of one year or less at time of purchase. External investment pools are permitted to report short-term debt investments at amortized cost, provided that the fair value of those investments is not significantly affected by the impairment of the credit standing of the issuer, or other factors. For that purpose, a pool's short-term investments are those with remaining maturities of up to ninety days.

In accordance with the FAR, the District has adopted and installed an accounting system which exceeds the minimum requirements prescribed by the State Board of Education and approved by the State Auditor. Specifically, the District's accounting system uses codes and the code structure presented in the Accounting Code Section of the FAR.

RED OAK INDEPENDENT SCHOOL DISTRICT
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 FOR THE YEAR ENDED JUNE 30, 2019

D. BUDGETARY CONTROL

Formal budgetary accounting is employed for all required Governmental Fund Types, as outlined in TEA's FAR module, and is presented on the modified accrual basis of accounting consistent with generally accepted accounting principles. The budget is prepared and controlled at the function level within each organization to which responsibility for controlling operations is assigned.

The official school budget was prepared for adoption for required Governmental Fund Types prior to June 20 of the preceding fiscal year for the subsequent fiscal period beginning July 1. The budget is formally adopted by the Board of Trustees at a public meeting held at least ten days after public notice has been given. The budget is prepared by fund, function, object, and organization. The budget is controlled at the organizational level by the appropriate department head or campus principal within Board allocations. Therefore, organizations may transfer appropriations as necessary without the approval of the board unless the intent is to cross fund, function or increase the overall budget allocations. Control of appropriations by the Board of Trustees is maintained within Fund Groups at the function code level and revenue object code level.

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for the General Fund, the Debt Service Fund and the Food Service Fund. The other special revenue funds adopt project-length budgets. Each annual budget is presented on the modified accrual basis of accounting which is consistent with generally accepted accounting principles. The budget is amended throughout the year by the Board of Trustees. Such amendments are reflected in the official minutes of the Board.

A reconciliation of fund balances for both appropriated budget and nonappropriated budget special revenue funds is as follows:

June 30, 2019	
<u>Fund Balance</u>	
Appropriated Budget Funds – Food Service Special Revenue Fund	\$107,355
Nonappropriated Budget Funds	<u>460,398</u>
All Special Revenue Funds	<u>\$567,753</u>

E. ENCUMBRANCE ACCOUNTING

The District employs encumbrance accounting, whereby encumbrances for goods or purchased services are documented by purchase orders and contracts. An encumbrance represents a commitment of Board appropriation related to unperformed contracts for goods and services. The issuance of a purchase order or the signing of a contract creates an encumbrance but does not represent an expenditure for the period, only a commitment to expend resources. Appropriations lapse at June 30 and encumbrances outstanding at that time are either canceled or appropriately provided for in the subsequent year's budget.

F. INVENTORIES

The consumption method is used to account for inventories of paper. Under this method, paper is carried in an inventory account of the respective fund at average cost and is subsequently charged to expenditures when consumed. Other supplies are recorded as expenditures when purchased. In the governmental funds, a nonspendable category of fund balance indicates that inventories are unavailable as current expendable financial resources.

RED OAK INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019

G. INTERFUND RECEIVABLES AND PAYABLES

Short-term amounts owed between funds are classified as “Due to/from other funds”. Interfund loans are classified as “Advances to/from other funds” and are offset by a fund balance reserve account.

H. CAPITAL ASSETS

Capital assets, which includes property, plant, equipment, and infrastructure assets, are reported in the governmental activities columns in the government-wide financial statements. All capital assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Donated assets are valued at their fair market value on the date donated. Repairs and maintenance are recorded as expenses. Renewals and betterments are capitalized. Interest has not been capitalized during the construction period on property, plant and equipment.

Assets capitalized have an original cost of \$5,000 or more and over one-year of useful life. Depreciation has been calculated on each class of depreciable property using the straight-line method. Estimated useful lives are as follows:

Buildings	25-40 Years
Furniture and Equipment	10-24 Years

I. DEFERRED OUTFLOWS/INFLOWS OF RESOURCES

Deferred outflows and inflows of resources are reported in the statement of financial position as described below:

A deferred outflow of resources is a consumption of a government’s net assets (a decrease in assets in excess of any related decrease in liabilities or an increase in liabilities in excess of any related increase in assets) by the government that is applicable to a future reporting period. The District has three items that qualify for reporting in this category:

Deferred outflows of resources for refunding - Reported in the government-wide statement of net position, the deferred charge on bond refundings results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. The amount of deferred outflows reported in the governmental activities for the deferred charge on bond refundings at June 30, 2019 was \$3,575,259.

Deferred outflows of resources for pension - Reported in the government-wide financial statement of net position, this deferred outflow results from pension plan contributions made after the measurement date of the net pension liability and the results of differences between expected and actual actuarial experiences. The 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 next fiscal year. The other pension related deferred outflows will be amortized over the expected remaining service lives of all employees (active and inactive employees) that are provided with pensions through the pension plan which is currently approximately 6.7 years.

A deferred outflow for pension expense also results from payments made to the TRS pension plan by the District after the plan’s measurement date. The total amount of deferred outflows reported in the governmental activities for deferred pension expenses at June 30, 2019 was \$10,861,170.

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NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019

Deferred outflows of resources for OPEB - Reported in the government-wide financial statement of net position, this deferred outflow results from OPEB plan contributions made after the measurement date of the net OPEB liability and the results of differences between expected and actual investment earnings and changes in proportionate share. The deferred outflows of resources related to OPEB resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the next fiscal year. The other OPEB related deferred outflows will be amortized over the expected remaining service lives of all employees (active and inactive employees) that are provided with OPEB through the OPEB plan which is currently approximately 8.6 years. The total amount of deferred outflows reported in the governmental activities for deferred OPEB expenses at June 30, 2019 was \$2,831,888.

A deferred inflow of resources is an acquisition of a government's net assets (an increase in assets in excess of any related increase in liabilities or a decrease in liabilities in excess of any related decrease in assets) by the government that is applicable to a future reporting period. The District has three items that qualify for reporting in this category:

Deferred inflows of resources for unavailable revenues - Reported only in the governmental funds balance sheet, unavailable revenues from property taxes arise under the modified accrual basis of accounting. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. The District reported property taxes that are unavailable as deferred inflows of resources in the fund financial statements. The amount of deferred inflows of resources reported in the governmental funds at June 30, 2019 was \$865,172.

Deferred inflows of resources for pension - Reported in the government-wide financial statement of net position, these deferred inflows result primarily from differences between projected and actual earnings on pension plan investments. These amounts will be amortized over a closed five year period. In fiscal year 2019, the District reported deferred inflows of resources for pensions in the governmental activities in the amount of \$2,633,496.

Deferred inflows of resources for OPEB - Reported in the government-wide financial statement of net position, these deferred inflows result primarily from differences between expected and actual experience and from changes in assumptions. These amounts will be amortized over the average expected remaining service life (AERSL) of all members (8.6 years for the 2018 measurement year). In fiscal year 2019, the District reported deferred inflows of resources for OPEB in the governmental activities in the amount of \$6,957,523.

J. COMPENSATED ABSENCES

It is the District's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. There is no liability for unpaid accumulated sick leave since the District does not have a policy to pay any amounts when employees separate from service with the District. All vacation pay is accrued when incurred in the government-wide financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

RED OAK INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019

K. NET POSITION

Net position represents the difference between assets and deferred outflows of resources; and liabilities and deferred inflows of resources in the government-wide statement of net position. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvements of those assets, and adding back unspent proceeds. Net position is reported as restricted when there are limitations imposed on its use either through the enabling legislation's adopted by the District or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

When both restricted and unrestricted net position is available, restricted net position is expended before unrestricted net position if such use is consistent with the restricted purpose.

L. LONG-TERM OBLIGATIONS

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

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

M. RISK MANAGEMENT

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

N. ESTIMATES

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

NOTE 2. FUND BALANCES

The District has implemented GASB Statement No. 54, "Fund Balance Reporting and Governmental Fund Type Definitions." This Statement provides more clearly defined fund balance categories to make the nature and extent of the constraints placed on a government's fund balances more transparent.

RED OAK INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019

Fund Balance Classification: The governmental fund financial statements present fund balances based on classifications that comprise a hierarchy that is based primarily on the extent to which the District is bound to honor constraints on the specific purposes for which amounts in the respective governmental funds can be spent. The classifications used in the governmental fund financial statements are as follows:

- Nonspendable: This classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) are legally or contractually required to be maintained intact. The District has classified inventories as being nonspendable as these items are not expected to be converted to cash.
- Restricted: This classification includes amounts for which constraints have been placed on the use of the resources either (a) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation. Debt service resources are to be used for future servicing of the District's bonded debt and are restricted through debt covenants. Food Service and other federal and state grant resources are restricted because their use is restricted pursuant to the mandates of the National School Lunch and Breakfast Program or other grant requirements.
- Committed: This classification includes amounts that can be used only for specific purposes pursuant to constraints imposed by formal action of the District's Board of Trustees. The Board of Trustees establishes (and modifies or rescinds) fund balance commitments by passage of a resolution. This can also be done through adoption and amendment of the budget. These amounts cannot be used for any other purpose unless the Board removes or changes the specified use by taking the same type of action that was employed when the funds were initially committed. This classification also includes contractual obligations to the extent that existing resources have been specifically committed for use in satisfying those contractual requirements. The Board of Trustees have committed resources as of June 30, 2019 for campus activities and local grants.
- Assigned: This classification includes amounts that are constrained by the District's intent to be used for a specific purpose but are neither restricted nor committed. This intent can be expressed by the Board of Trustees or through the Board of Trustees delegating this responsibility to other individuals in the District. Under the District's adopted policy, the Board of Trustees or the Superintendent may assign amounts for specific purposes. This classification also includes the remaining positive fund balance for all governmental funds except for the General Fund. The General Fund has no assigned fund balance.
- Unassigned: This classification includes all amounts not included in other spendable classifications, including the residual fund balance of the General Fund.

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the District considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the District considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed, unless the Board of Trustees has provided otherwise in its commitment or assignment actions.

General Fund

The General Fund has unassigned fund balance of \$13,988,421 at June 30, 2019. Inventories of \$3,494 are considered nonspendable fund balance.

RED OAK INDEPENDENT SCHOOL DISTRICT
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 FOR THE YEAR ENDED JUNE 30, 2019

Other Major Funds

The Debt Service Fund has restricted funds of \$5,394,949 at June 30, 2019 consisting primarily of property tax collections that are restricted for debt service payments on bonded debt.

Other Funds

The fund balance of \$379,191 of the Campus Activity Fund, \$22,416 of the Education Foundation Grants Fund, and \$9,604 of other local grant funds (all special revenue funds) are shown as committed due to Board policy committing those funds to campus activities and grant activities. The following special revenue funds fund balances are restricted by federal or state grant restrictions:

National Breakfast & Lunch Program	\$107,355
Summer Feeding Program	28,789
Advanced Placement Incentives	11,948
State Textbook Fund	4,635
Other State Programs	<u>3,815</u>
Total	<u>\$156,542</u>

NOTE 3. DEPOSITS AND INVESTMENTS

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

1. Cash Deposits:

At June 30, 2019, the carrying amount of the District’s deposits (checking accounts and interest-bearing demand accounts) was \$482,607 and the bank balance was \$2,008,013. The District’s cash deposits at June 30, 2019 were entirely covered by FDIC insurance or by pledged collateral held by the District’s agent bank in the District’s name.

2. Investments:

The Public Funds Investment Act (Government Code Chapter 2256) contains specific provisions in the areas of investment practices, management reports and establishment of appropriate policies. Among other things, it requires the District to adopt, implement, and publicize an investment policy. That policy must address the following areas: (1) safety of principal and liquidity, (2) portfolio diversification, (3) allowable investments, (4) acceptable risk levels, (5) expected rates of return, (6) maximum allowable stated maturity of portfolio investments, (7) maximum average dollar-weighted maturity allowed based on the stated maturity date for the portfolio, (8) investment staff quality and capabilities, (9) and bid solicitation preferences for certificates of deposit. Statutes authorize the District to invest in (1) obligations of the U.S. Treasury, certain U.S. agencies, and the State of Texas; (2) certificates of deposit, (3) certain municipal securities, (4) money market savings accounts, (5) repurchase agreements, (6) bankers acceptances, (7) Mutual Funds, (8) Investment pools, (9) guaranteed investment contracts, (10) and common trust funds. The Act also requires the District to have independent auditors perform test procedures related to investment practices as provided by the Act. The District is in substantial compliance with the requirements of the Act and with local policies.

In compliance with the Public Funds Investment Act, the District has adopted a deposit and investment policy. That policy addresses the following risks:

RED OAK INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
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- a. 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 June 30, 2019, the District’s cash deposits totaled \$2,008,013. This entire amount was either collateralized with securities held by the District’s agent or covered by FDIC insurance. Thus, the District’s deposits are not exposed to custodial credit risk.
- b. 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. At June 30, 2019, the District held investments in three public funds investment pools. Investments in external investment pools are considered unclassified as to custodial credit risk because they are not evidenced by securities that exist in physical or book entry form.
- c. Credit Risk: This is the risk that an issuer or other counterparty to an investment will be unable to fulfill its obligations. The rating of securities by nationally recognized rating agencies is designed to give an indication of credit risk. The credit quality rating for Lone Star Investment Pool, TexPool Investment Pool, and TexSTAR Investment Pool at year-end was AAAM (Standard & Poor’s).
- d. Interest Rate Risk: This is the risk that changes in interest rates will adversely affect the fair value of an investment. The District manages its exposure to declines in fair values by limiting the weighted average maturity of its investment portfolio to less than one year from the time of purchase. The weighted average maturity for the District’s investments in external investment pools is less than 90 days.
- e. Foreign Currency Risk: This is the risk that exchange rates will adversely affect the fair value of an investment. At June 30, 2019, the District was not exposed to foreign currency risk.
- f. Concentration of Credit Risk: This is the risk of loss attributed to the magnitude of the District’s investment in a single issuer (i.e., lack of diversification). Concentration risk is defined as positions of 5 percent or more in the securities of a single issuer. Investment pools are excluded from the 5 percent disclosure requirement.

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

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

RED OAK INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
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The District's investments at June 30, 2019, are shown below:

<u>Name</u>	<u>Carrying Amount</u>	<u>Market Value</u>
Lone Star Investment Pool	\$18,559,407	\$18,559,407
TexPool Investment Pool	3,826	3,826
TexSTAR Investment Pool	<u>9,589</u>	<u>9,589</u>
	<u>\$18,572,822</u>	<u>\$18,572,822</u>

Fair Value Measurements

The District categorizes its fair value measurements with the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. Investments that are measured at fair value using the net asset value per share (or its equivalent) as a practical expedient are not classified in the fair value hierarchy below.

In instances where inputs used to measure fair value fall into different levels in the above fair value hierarchy, fair value measurements in their entirety are categorized based on the lowest level input that is significant to the valuation. The District's assessment of the significance of particular inputs to these fair value measurements requires judgement and considers factors specific to each asset or liability.

The District's investments in public funds investment pools are not required to be measured at fair value but are measured at amortized cost.

NOTE 4. CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2019, was as follows:

	<u>Balance July 1, 2018</u>	<u>Additions/ Completions</u>	<u>Retirement/ Adjustments</u>	<u>Balance June 30, 2019</u>
Governmental Activities:				
Capital assets not being depreciated				
Land	\$ 4,652,758	\$ -	\$ -	\$ 4,652,758
Construction in Progress	<u>-</u>	<u>5,225</u>	<u>-</u>	<u>5,225</u>
Total Capital assets not being depreciated	<u>4,652,758</u>	<u>5,225</u>	<u>-</u>	<u>4,657,983</u>
Capital assets, being depreciated				
Buildings	155,490,959	-	-	155,490,959
Furniture and Equipment	<u>7,188,575</u>	<u>695,165</u>	<u>(269,223)</u>	<u>7,614,517</u>
Total capital assets being depreciated	<u>162,679,534</u>	<u>695,165</u>	<u>(269,223)</u>	<u>163,105,476</u>
Less accumulated depreciation for:				
Buildings	(49,123,318)	(4,257,909)	-	(53,381,227)
Furniture and Equipment	<u>(4,828,980)</u>	<u>(554,455)</u>	<u>269,223</u>	<u>(5,114,212)</u>
Total accumulated depreciation	<u>(53,952,298)</u>	<u>(4,812,364)</u>	<u>269,223</u>	<u>(58,495,439)</u>
Total capital assets, being depreciated, net	<u>108,727,236</u>	<u>(4,117,199)</u>	<u>-</u>	<u>104,610,037</u>
Governmental activities capital assets, net	<u>\$113,379,994</u>	<u>\$(4,111,974)</u>	<u>\$ -</u>	<u>\$109,268,020</u>

RED OAK INDEPENDENT SCHOOL DISTRICT
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Depreciation expense was charged as direct expense to programs of the District as follows:

Governmental activities:	
Instruction	\$2,351,074
Instructional Resources & Media Services	33,984
Curriculum & Staff Development	33,084
Instructional Leadership	67,587
School Leadership	232,010
Guidance, Counseling & Evaluation Services	164,834
Health Services	32,965
Transportation	381,219
Food Services	124,944
Cocurricular/Extracurricular Activities	293,257
General Administration	42,208
Plant Maintenance and Operations	454,490
Security & Monitoring Services	415,181
Data Processing Services	163,651
Community Services	<u>21,876</u>
Total depreciation expense-Governmental activities	<u>\$4,812,364</u>

NOTE 5. LONG-TERM DEBT

Long-term debt includes par bonds and capital appreciation (deep discount) serial bonds. All long-term debt represents transactions in the District's governmental activities.

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

The following is a summary of the changes in the District's Long-term Debt for the year ended June 30, 2019:

<u>Description</u>	<u>Interest Rate Payable</u>	<u>Amounts Outstanding 7/1/18</u>	<u>Additions</u>	<u>Retired</u>	<u>Amounts Outstanding 6/30/19</u>	<u>Due Within One Year</u>
Bonded Indebtedness:						
1999 School Bldg. & Ref.	4.38%	\$ 266,490	\$ -	\$ 138,866	\$ 127,624	\$ 127,624
2008 School Bldg.	2.3-5.12%	5,000	-	5,000	-	-
2009 School Bldg. & Ref.	.85-5.12%	17,950,000	-	17,930,000	20,000	10,000
2012 School Refunding	1.50-3.00%	5,745,000	-	630,000	5,115,000	640,000
2013 School Refunding	1.50-4.00%	5,785,000	-	360,000	5,425,000	370,000
2014 School Refunding	2.00-4.00%	8,270,000	-	145,000	8,125,000	120,000
2015 School Refunding	1.30-3.75%	8,625,000	-	305,000	8,320,000	310,000
2016 School Refunding	2.00-4.00%	8,705,000	-	25,000	8,680,000	30,000
2017 School Refunding	3.25-5.00%	45,775,000	-	-	45,775,000	395,000
2019 School Refunding	3.00-4.00%	-	8,225,000	-	8,225,000	-
2019A School Refunding	3.00-5.00%	-	<u>8,900,000</u>	-	<u>8,900,000</u>	-
Total Bonded Indebtedness		101,126,490	17,125,000	19,538,866	98,712,624	2,002,624
Accreted Interest-						
Capital appreciation bonds		1,777,135	94,194	911,963	959,366	805,978
Premiums on Bonds		9,432,103	1,134,897	1,414,923	9,152,077	591,398
Loan Payable		<u>750,185</u>	-	<u>750,185</u>	-	-
Total Obligations of District		<u>\$113,085,913</u>	<u>\$18,354,091</u>	<u>\$22,615,937</u>	<u>\$108,824,067</u>	<u>\$3,400,000</u>

RED OAK INDEPENDENT SCHOOL DISTRICT
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The 1999 and 2014 bond series include outstanding capital appreciation bonds. The bonds mature variously beginning in 2019 through 2020. Interest accrues on these bonds each February 15 and August 15, even though the interest is not paid until maturity.

General Obligation Bonds are direct obligations issued on a pledge of the general taxing power for the payment of the debt obligations of the District. General Obligation Bonds require the District to compute, at the time taxes are levied, the rate of tax required to provide (in each year bonds are outstanding) a fund to pay interest and principal at maturity. The District is in compliance with this requirement.

There are a number of limitations and restrictions contained in the various general obligation bond indentures. Management has indicated the District is in compliance with all significant limitations and restrictions at June 30, 2019.

Presented below is a summary of general obligation bond requirements to maturity:

Year Ended			Total
June 30,	<u>Principal</u>	<u>Interest</u>	<u>Requirements</u>
2020	\$ 2,002,624	\$ 4,973,181	\$ 6,975,805
2021	3,455,000	4,102,479	7,557,479
2022	3,575,000	3,502,054	7,077,054
2023	3,700,000	3,361,379	7,061,379
2024	3,865,000	3,211,629	7,076,629
2025-2029	21,600,000	13,699,466	35,299,466
2030-2034	26,495,000	8,656,088	35,151,088
2035-2039	<u>34,020,000</u>	<u>3,177,130</u>	<u>37,197,130</u>
	<u>\$98,712,624</u>	<u>\$44,683,406</u>	<u>\$143,396,030</u>

NOTE 6. DEBT ISSUANCES AND DEFEASED DEBT

In May 2019, the District issued \$8,225,000 (par value) in Unlimited Tax Refunding Bonds Series 2019 to advance refund \$8,500,000 (par value) of outstanding bonds. The net proceeds of \$8,532,453 (\$8,225,000 par amount of the bonds plus \$436,241 of premium paid on the bonds less \$128,788 of underwriting fees and other issuance costs) plus District funds of \$124,860 were used to purchase U.S. and State and Local Government Securities. Those securities were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments on the refunded bonds. As a result, \$8,500,000 of those bonds will be repaid from the irrevocable trust when the bonds reach their call dates in August 2019.

The refunding was undertaken to reduce the District's total debt service payments by \$2,681,727 and to obtain an economic gain (difference between the present value of the debt service payments on the old and new debt) of \$1,986,368.

In June 2019, the District issued \$8,900,000 (par value) in Unlimited Tax Refunding Bonds Series 2019A to advance refund \$9,415,000 (par value) of outstanding bonds. The net proceeds of \$9,453,126 (\$8,900,000 par amount of the bonds plus \$698,656 of premium paid on the bonds less \$145,530 of underwriting fees and other issuance costs) plus District funds of \$145,430 were used to purchase U.S. and State and Local Government Securities. Those securities were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments on the refunded bonds. As a result, \$9,415,000 of those bonds will be repaid from the irrevocable trust when the bonds reach their call dates in August 2019.

The refunding was undertaken to reduce the District's total debt service payments by \$3,086,395 and to obtain an economic gain (difference between the present value of the debt service payments on the old and new debt) of \$2,326,672.

RED OAK INDEPENDENT SCHOOL DISTRICT
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As of June 30, 2019, \$17,915,000 of defeased bonds remain outstanding from the fiscal years 2015, 2016 and 2017 refundings.

The District's deferred charge on bond refundings is as follows:

Balance – June 30, 2018	\$4,551,282
Current year deferred gain on bond refunding	(700,564)
Current year amortization	<u>(275,459)</u>
Balance – June 30, 2019	<u>\$3,575,259</u>

NOTE 7. LOANS PAYABLE

The District executed a loan agreement with a local bank to provide funds for renovations to District property. The loan agreement, dated June 24, 2011, provided \$2,500,000 in funds for renovations. The loan called for seven quarterly principal payments of \$62,500 each plus interest. The loan was renewed a third time June 26, 2017 for an additional two years with seven quarterly payments of \$62,500 each plus interest and a final payment of \$562,685 plus interest on June 26, 2019. Interest accrues at 4.5% per year. The loan was paid off in June 2019.

NOTE 8. PROPERTY TAXES

Property taxes are considered available when collected within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period. The District levies its taxes on October 1 on the assessed (appraised) value listed as of the prior January 1 for all real and business personal property located in the District in conformity with Subtitle E, Texas Property Tax Code. Taxes are due upon receipt of the tax bill and are past due and subject to interest if not paid by February 1 of the year following the October 1 levy date. The assessed value of the property tax roll upon which the levy for the 2018-19 fiscal period was based on was \$1,887,157,537. Taxes are delinquent if not paid by June 30. Delinquent taxes are subject to both penalty and interest charges plus 15 % delinquent collection fees for attorney costs.

The tax rates assessed for the year ended June 30, 2019, to finance General Fund operations and the payment of principal and interest on general obligation long-term debt were \$1.17 and \$0.37 per \$100 valuation, respectively, for a total of \$1.54 per \$ 100 valuation.

Current tax collections for the year ended June 30, 2019 were 98.7% of the June 30, 2019 adjusted tax levy. Delinquent taxes are prorated between maintenance and debt service based on rates adopted for the year of the levy. Allowances for uncollectible taxes within the General and Debt Service Funds are based on historical experience in collecting taxes. Uncollectible personal property taxes are periodically reviewed and written off, but the District is prohibited from writing off real property taxes without specific statutory authority from the Texas Legislature. As of June 30, 2019, property taxes receivable, net of estimated uncollectible taxes, totaled \$659,305 and \$205,867 for the General and Debt Service Funds, respectively.

Property taxes are recorded as receivables and unavailable revenue at the time the taxes are assessed. Revenues are recognized as the related ad valorem taxes are collected.

RED OAK INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019

NOTE 9. PROPERTY TAX ABATEMENT AGREEMENT

The District entered into an agreement with Triumph Aerostructures, LLC (“the Company”) on August 30, 2013. The agreement was for the Company to invest capital of at least \$100 million on a long-term basis for a taxable value limitation of \$80 million. For fiscal year 2018-2019, which is year four of the agreement, taxable value subject to the agreement was \$135.1 million. Based on the taxable value limit of \$80 million and a maintenance & operations tax rate of \$1.17 per \$100 of taxable value, the District collected \$765,492. less in tax revenues than would have been collected if the value limit was not in place. The tax revenue loss will be offset by an increase in State funding through the foundation funding formula. In addition, the Company made a payment under the contract to the District during the 2018-2019 fiscal-year of \$206,756 as a payment in lieu of taxes. The taxable value limitation will be in effect through the 2023-2024 fiscal year.

NOTE 10. DEFINED BENEFIT PENSION PLAN

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

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

Pension Plan Fiduciary Net Position. Detailed information about the Teacher Retirement System's fiduciary net position is available in a separately-issued Comprehensive Annual Financial Report that includes financial statements and required supplementary information. That report may be obtained on the Internet at https://www.trs.texas.gov/TRS%20Documents/cafr_2019.pdf; by writing to TRS at 1000 Red River Street, Austin, TX, 78701-2698; or by calling (512) 542-6592.

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

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.

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

	<u>2018</u>	<u>2019</u>
Member	7.7%	7.7%
Non-Employer Contributing Entity (State)	6.8%	6.8%
Employers	6.8%	6.8%
Red Oak ISD FY2019 Employer Contributions		\$ 1,132,623
Red Oak ISD FY2019 Member Contributions		\$ 3,036,264
Red Oak ISD 2019 NECE On-Behalf Contributions		\$ 2,083,630

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

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

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

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

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

Actuarial Assumptions. The total pension liability in the August 31, 2018 actuarial valuation was determined using the following actuarial assumptions:

RED OAK INDEPENDENT SCHOOL DISTRICT
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Valuation Date	August 31, 2017 rolled forward to August 31, 2018
Actuarial Cost Method	Individual Entry Age Normal
Asset Valuation Method	Market Value
Single Discount Rate	6.907%
Long-term expected Investment Rate of Return	7.25%
Inflation	2.30%
Salary Increases Including Inflation	3.05% to 9.50%
Payroll Growth Rate	2.50%
Benefit Changes During the Year	None
Ad hoc Post Employment Benefit Changes	None

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

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

Asset Class	Target Allocation	Real Return Geometric Basis	Long-Term Expected Portfolio Real Rate of Return*
Global Equity			
U.S.	18%	5.7%	1.0%
Non-U.S. Developed	13%	6.9%	0.9%
Emerging Markets	9%	8.9%	0.8%
Directional Hedge Funds	4%	3.5%	0.1%
Private Equity	13%	10.2%	1.3%
Stable Value			
U.S. Treasuries	11%	1.1%	0.1%
Absolute Return	0%	-	-
Stable Value Hedge Funds	4%	3.1%	0.1%
Cash	1%	-0.3%	-
Real Return			
Global Inflation Linked Bonds	3%	0.7%	-
Real Assets	14%	5.2%	0.7%
Energy and Natural Resources	5%	7.5%	0.4%
Commodities	0%	-	-
Risk Parity			
Risk Parity	5%	3.7%	0.2%
Inflation Expectation			2.3%
Volatility Drag	0%		-0.8%
Total	<u>100%</u>		<u>7.2%</u>

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

RED OAK INDEPENDENT SCHOOL DISTRICT
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Discount Rate Sensitivity Analysis. The following schedule shows the impact of the Net Pension Liability if the discount rate used was 1% less than and 1% greater than the discount rate that was used (6.907%) in measuring the Net Pension Liability.

	1% Decrease in Discount Rate (5.907%)	Discount Rate (6.907%)	1% Increase in Discount Rate (7.907%)
Red Oak ISD's proportionate share of the net pension liability:	\$26,033,251	\$17,249,246	\$10,138,074

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions. At June 30, 2019, Red Oak Independent School District reported a liability of \$17,249,246 for its proportionate share of the TRS's net pension liability. This liability reflects a reduction for State pension support provided to Red Oak Independent School District. The amount recognized by Red Oak Independent School District as its proportionate share of the net pension liability, the related State support, and the total portion of the net pension liability that was associated with Red Oak Independent School District were as follows:

District's Proportionate share of the collective net pension liability	\$17,249,246
State's proportionate share that is associated with the District	<u>31,457,583</u>
Total	<u>\$48,706,829</u>

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

At August 31, 2018 the employer's proportion of the collective net pension liability was 0.0313381%, a decrease of 0.96% from its proportionate share of 0.0310394% at August 31, 2017.

Changes Since the Prior Actuarial Valuation – The following were changes to the actuarial assumptions or other inputs that affected measurement of the total pension liability since the prior measurement period.

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

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

For the year ended June 30, 2019, Red Oak Independent School District recognized pension expense of \$1,924,092 and revenue of \$1,924,092 for support provided by the State.

RED OAK INDEPENDENT SCHOOL DISTRICT
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At June 30, 2019, Red Oak Independent School District reported its proportionate share of the TRS's deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ 107,518	\$ 423,228
Changes in actuarial assumptions	6,219,184	194,350
Difference between projected and actual investment earnings	896,431	1,223,723
Changes in proportion and difference between the employer's contributions and the proportionate share of contributions	2,684,358	792,195
Contributions paid to TRS subsequent to the measurement date	953,679	-
Total	\$10,861,170	\$2,633,496

\$953,679 reported as deferred outflows of resources resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2019. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:	Pension Expense Amount
2020	\$ 1,934,440
2021	1,245,678
2022	1,042,592
2023	1,144,011
2024	1,215,338
Thereafter	691,936

NOTE 11. DEFINED OTHER POST-EMPLOYMENT BENEFIT PLANS

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

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

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

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

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

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

* or surviving spouse

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

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

	<u>Contribution Rates</u>	
	<u>2018</u>	<u>2019</u>
Active Employee	0.65%	0.65%
Non-Employer Contributing Entity (State)	1.25%	1.25%
Employers	0.75%	0.75%
Federal/private Funding remitted by Employers	1.25%	1.25%
Red Oak ISD FY19 Employer Contributions		\$286,307
Red Oak ISD FY19 Member Contributions		\$310,971
Red Oak ISD 2019 NECE On-behalf Contributions		\$484,807

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

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

RED OAK INDEPENDENT SCHOOL DISTRICT
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The total OPEB liability in the August 31, 2017 was rolled forward to August 31, 2018. The actuarial valuation was determined using the following actuarial assumptions. The following assumptions and other inputs used for members of TRS-Care are identical to the assumptions used in the August 31, 2017 TRS pension actuarial valuation was rolled forward to August 31, 2018:

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

Additional Actuarial Methods and Assumptions:

Valuation Date	August 31, 2017 rolled forward to August 31, 2018
Actuarial Cost Method	Individual Entry Age Normal
Inflation	2.30%
Single Discount Rate	3.69%
Aging Factors	Based on specific plan experience
Expenses	Third-party administrative expenses related to the delivery of health care benefits are included in the age-adjusted claim costs
Payroll Growth Rate	2.50%
Projected Salary Increases	3.05% to 9.05%, including inflation
Election Rates	Normal Retirement: 70% participation prior to age 65 and 75% participation after age 65
Ad hoc post-employment benefit changes	None

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

Discount Rate Sensitivity Analysis. The following schedule shows the impact of the Net OPEB Liability if the discount rate used was 1% less than and 1% greater than the discount rate that was used (3.69%) in measuring the Net OPEB Liability.

	1% Decrease in Discount Rate (2.69%)	Current Single Discount Rate (3.69%)	1% Increase in Discount Rate (4.69%)
District’s proportionate share of the Net OPEB Liability:	\$26,189,786	\$22,001,876	\$18,688,965

RED OAK INDEPENDENT SCHOOL DISTRICT
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Healthcare Cost Trend Rates Sensitivity Analysis - The following presents the net OPEB liability of the plan using the assumed healthcare cost trend rate, as well as what the OPEB liability would be if it were calculated using a trend rate that is one-percentage lower or one-percentage point higher than the assumed healthcare cost trend rate:

	1% Decrease (7.5%)	Current Healthcare Cost Trend Rate (8.5%)	1% Increase (9.5%)
District's proportionate share of the Net OPEB Liability:	\$18,272,919	\$22,001,876	\$26,912,997

OPEB Liabilities, OPEB Expenses, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEBs. At June 30, 2019, the District reported a liability of \$22,001,876 for its proportionate share of the TRS's Net OPEB Liability. This liability reflects a reduction for State OPEB support provided to the District.

The amount recognized by the District as its proportionate share of the net OPEB liability, the related State support, and the total portion of the net OPEB liability that was associated with the District were as follows:

District's Proportionate share of the collective Net OPEB Liability	\$22,001,876
State's proportionate share that is associated with the District	<u>32,634,849</u>
Total	<u>\$54,636,725</u>

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

At August 31, 2018 the employer's proportion of the collective Net OPEB Liability was 0.0440646%, an increase of 4.5% compared to the August 31, 2017 proportionate share of 0.0421796%.

Changes Since the Prior Actuarial Valuation – The following were changes to the actuarial assumptions or other inputs that affected measurement of the Total OPEB liability since the prior measurement period:

- The total OPEB liability as of August 31, 2018 was developed using the roll forward method of the August 31, 2017 valuation.
- Adjustments were made for retirees that were known to have discontinued their health care coverage in fiscal year 2018. This change increased the total OPEB liability.
- The health care trend rate assumption was updated to reflect the anticipated return of the Health Insurer Fee (HIF) in 2020. This change increased the total OPEB liability.
- Demographic and economic assumptions were updated based on the experience study performed for TRS for the period ending August 31, 2017. This change increased the total OPEB liability.
- The discount rate changed from 3.42 percent as of August 31, 2017 to 3.69 percent, as of August 31, 2018. This change lowered the total OPEB liability \$2.3 billion.

The following are changes of benefit terms that affected measurement of the Total OPEB liability during the measurement period. The 85th Legislature, Regular Session, passed the following statutory changes in House Bill 3976 which became effective on September 1, 2017:

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

For the year ended June 30, 2019, the District recognized OPEB expense of \$450,248 and revenue of \$450,248 for support provided by the State.

At June 30, 2019, the District reported its proportionate share of the TRS's deferred outflows of resources and deferred inflows of resources related to other post-employment benefits from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$1,167,558	\$ 347,222
Changes in actuarial assumptions	367,152	6,610,301
Difference between projected and actual investment earnings	3,848	-
Changes in proportion and difference between the employer's contributions and the proportionate share of contributions	1,033,265	-
Contributions paid to TRS subsequent to the measurement date	260,065	-
Total	\$2,831,888	\$6,957,523

The net amounts of the employer's balance of deferred outflows and inflows of resources (not including the deferred contribution paid subsequent to the measurement date) related to OPEB will be recognized in OPEB expense as follows:

Year ended June 30:	OPEB Expense Amount
2020	\$ (737,402)
2021	(737,402)
2022	(737,402)
2023	(738,130)
2024	(738,546)
Thereafter	(696,818)

NOTE 12. MEDICARE PART D

The Medicare Prescription Drug, Improvement, and Modernization Act of 2003 established prescription drug coverage for Medicare beneficiaries known as Medicare Part D. Under Medicare Part D, TRS-Care receives drug subsidy payments from the federal government to offset certain prescription drug expenditures for eligible TRS-Care participants. For the years ended June 30, 2019, 2018 and 2017, the subsidy payments received by TRS-Care on behalf of the District were \$145,014, \$113,048 and \$107,182, respectively. These payments are recorded as equal revenues and expenditures in the governmental funds financial statement of the District.

RED OAK INDEPENDENT SCHOOL DISTRICT
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 FOR THE YEAR ENDED JUNE 30, 2019

NOTE 13. INTERFUND PAYABLES AND RECEIVABLES

Interfund receivables and payables at June 30, 2019 represented short-term advances between funds. These amounts are expected to be repaid in less than one year from June 30, 2019.

<u>Fund</u>	<u>Due from Other Funds</u>	<u>Due to Other Funds</u>
Major Governmental Funds:		
General Fund:		
Special Revenue Funds	\$64,859	\$ -
Total Major Governmental Funds	<u>64,859</u>	<u>-</u>
Nonmajor Governmental Funds:		
Special Revenue Funds:		
General Fund	-	64,859
Total Nonmajor Governmental Funds	<u>-</u>	<u>64,859</u>
Total	<u>\$64,859</u>	<u>\$64,859</u>

NOTE 14. HEALTH CARE

During the year ended June 30, 2019, employees of Red Oak Independent School District were covered by a health insurance plan (the Plan). The District contributed between \$250 and \$265 per month per employee to the Plan and employees, at their option, authorized payroll withholdings to pay any additional contribution and contributions for dependents. All contributions were paid to a fully insured plan.

NOTE 15. WORKERS COMPENSATION

The District participates in the Texas Educational Insurance Association Workers Compensation Self-Insurance Joint Fund. The District is partially self-funded to a loss fund maximum of \$369,186 for the 18-19 fiscal year. Additionally, the District incurred fixed costs of \$53,360 for their share of claims administration, loss control, record keeping, and cost of excess insurance.

Claims Administrative Services, Inc provides claims administration. Reinsurance is provided for aggregate claim losses exceeding \$500,000. The fixed cost charge is based on total payroll paid by the District. Increases or decreases in the fixed costs will adjust subsequent year charges.

The accrued liability for workers compensation self-insurance of \$244,494 includes incurred but not reported claims. This liability is based on the requirements of GASB Statement No. 10, "Accounting and Financial Reporting for Risk Financing and Related Insurance Issues," which require that a liability for claims be reported if information indicates that it is probable that a liability has been incurred and the amount of loss can be reasonably estimated. The liability recorded is an undiscounted actuarial calculation.

Changes in the workers compensation claims liability amount for fiscal years 2018 and 2019 are shown below:

Fiscal Period	Beginning Claims Liability	Claims and Changes in Estimates	Claims Payments	Ending Claims Liability
2019	\$346,666	\$ 37,996	\$140,168	\$244,494
2018	218,961	226,331	98,626	346,666

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FOR THE YEAR ENDED JUNE 30, 2019

NOTE 16. DUE FROM OTHER GOVERNMENTS

The District participates in a variety of federal and state programs from which it receives grants to partially or fully finance certain activities. In addition, the District receives entitlements from the state through the School Foundation and Per Capita Programs. Amounts due from federal and state governments as of June 30, 2019, are summarized below. All federal grants shown below are passed through the TEA and are reported on the financial statements as Due from Other Governments.

Fund	State Grants	Federal Grants	Local Governments	Total
General Fund	\$5,970,748	\$ 94,639	\$ 26,468	\$6,091,855
Special Revenue Funds	-	541,724	-	541,724
Debt Service Fund	-	-	7,833	7,833
Total	<u>\$5,970,748</u>	<u>\$ 636,363</u>	<u>\$ 34,301</u>	<u>\$6,641,412</u>

NOTE 17. LITIGATION AND CONTINGENCIES

The District participates in numerous state and federal grant programs which are governed by various rules and regulations of the grantor agencies. Costs charged to the respective grant programs are subject to audit and adjustment by the grantor agencies; therefore, to the extent that the District has not complied with the rules and regulations governing the grants, if any, refunds of any money received may be required and the collectability of any related receivable at June 30, 2019 may be impaired. In the opinion of the District, there are no significant contingent liabilities relating to compliance with the rules and regulations governing the respective grants; therefore, no provision has been recorded in the accompanying combined financial statements for such contingencies.

NOTE 18. REVENUES FROM LOCAL AND INTERMEDIATE SOURCES

During the year ended June 30, 2019, revenues from local and intermediate sources in the fund financial statements consisted of the following:

	General Fund	Special Revenue Funds	Debt Service Fund	Total
Property Taxes	\$20,840,070	\$ -	\$6,589,234	\$27,429,304
Food sales	-	1,406,953	-	1,406,953
Investment Income	292,247	10,058	82,018	384,323
Penalties, interest and other tax related income	129,190	-	39,354	168,544
Co-curricular student activities	61,504	608,604	-	670,108
Other	1,530,553	95,808	125,749	1,752,110
Total	<u>\$22,853,564</u>	<u>\$2,121,423</u>	<u>\$6,836,355</u>	<u>\$31,811,342</u>

NOTE 19. UNEARNED REVENUE

Unearned revenue at June 30, 2019 consisted of the following:

	General Fund	Special Revenue Fund	Debt Service Fund	Total
Student fees	\$ 500	\$ -	\$ -	\$ 500
Child nutrition program	-	26,514	-	26,514
	<u>\$ 500</u>	<u>\$26,514</u>	<u>\$ -</u>	<u>\$27,014</u>

RED OAK INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019

NOTE 20. SUBSEQUENT EVENT

On August 20, 2019, the District issued \$5,225,000 (par amount) of Maintenance Tax Notes, Series 2019. The issued provided funds to the District of \$5,650,000 (net of premiums on the notes and issuance costs). The total debt service on the new notes will be \$445,260 during the 2019-2020 fiscal year.

REQUIRED SUPPLEMENTARY INFORMATION

RED OAK INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
TEACHER RETIREMENT SYSTEM OF TEXAS
FOR THE YEAR ENDED JUNE 30, 2019

	FY 2019 Plan Year 2018	FY 2018 Plan Year 2017	FY 2017 Plan Year 2016
District's Proportion of the Net Pension Liability (Asset)	0.0313381%	0.0310394%	0.0266819%
District's Proportionate Share of Net Pension Liability (Asset)	\$ 17,249,246	\$ 9,924,734	\$ 10,082,687
State's Proportionate Share of the Net Pension Liability (Asset) Associated with the District	31,457,583	18,692,496	24,696,717
Total	<u>\$ 48,706,829</u>	<u>\$ 28,617,230</u>	<u>\$ 34,779,404</u>
District's Covered Payroll	\$ 37,473,564	\$ 36,130,933	\$ 35,316,762
District's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	46.03%	27.47%	28.55%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	73.74%	82.17%	78.00%

Note: GASB 68, Paragraph 81 requires that the information on this schedule be data from the period corresponding with the periods covered as of the measurement dates of August 31, 2018 for year 2019, August 31, 2017 for year 2018, August 31, 2016 for year 2017, August 31, 2015 for year 2016 and August 31, 2014 for 2015.

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

<u>FY 2016</u>		<u>FY 2015</u>	
<u>Plan Year 2015</u>		<u>Plan Year 2014</u>	
	0.0326901%		0.0190656%
\$	11,555,515	\$	5,092,685
	22,028,279		18,492,251
<u>\$ 33,583,794</u>		<u>\$ 23,584,936</u>	
\$	34,890,278	\$	32,591,686
	33.12%		15.63%
	78.43%		83.25%

RED OAK INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF DISTRICT'S CONTRIBUTIONS FOR PENSIONS
TEACHER RETIREMENT SYSTEM OF TEXAS
FOR FISCAL YEAR 2019

	2019	2018	2017
Contractually Required Contribution	\$ 1,132,623	\$ 1,039,028	\$ 991,363
Contribution in Relation to the Contractually Required Contribution	1,132,623	1,039,028	991,363
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -
District's Covered Payroll	\$ 39,427,555	\$ 37,140,348	\$ 36,081,222
Contributions as a Percentage of Covered Payroll	2.87%	2.80%	2.75%

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

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

<hr/>	
2016	2015
<hr/>	
\$ 971,446	\$ 888,902
971,446	888,902
<hr/>	
\$ -	\$ -
<hr/>	
\$ 35,196,159	\$ 34,491,916
2.76%	2.58%

RED OAK INDEPENDENT SCHOOL DISTRICT
 SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET OPEB LIABILITY
 TEACHER RETIREMENT SYSTEM OF TEXAS
 FOR THE YEAR ENDED JUNE 30, 2019

	FY 2019 Plan Year 2018	FY 2018 Plan Year 2017
District's Proportion of the Net Liability (Asset) for Other Postemployment Benefits	0.0440646%	0.0421796%
District's Proportionate Share of Net OPEB Liability (Asset)	\$ 22,001,876	\$ 18,342,308
State's Proportionate Share of the Net OPEB Liability (Asset) Associated with the District	32,634,849	28,878,835
Total	<u>\$ 54,636,725</u>	<u>\$ 47,221,143</u>
District's Covered Payroll	\$ 37,473,564	\$ 36,130,933
District's Proportionate Share of the Net OPEB Liability (Asset) as a Percentage of its Covered Payroll	58.56%	50.77%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	1.57%	0.91%

Note: GASB Codification, Vol. 2, P50.238 states that the information on this schedule should be determined as of the measurement date. Therefore the amounts reported for FY 2019 are for the measurement date August 31, 2018. The amounts for FY 2018 are based on the August 31, 2017 measurement date.

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

RED OAK INDEPENDENT SCHOOL DISTRICT
 SCHEDULE OF DISTRICT'S CONTRIBUTIONS FOR OTHER POSTEMPLOYMENT BENEFITS (OPEB)
 TEACHER RETIREMENT SYSTEM OF TEXAS
 FOR FISCAL YEAR 2019

	2019	2018
Contractually Required Contribution	\$ 310,971	\$ 284,109
Contribution in Relation to the Contractually Required Contribution	310,971	284,109
Contribution Deficiency (Excess)	\$ -0-	\$ -0-
District's Covered Payroll	\$ 39,427,555	\$ 37,140,348
Contributions as a Percentage of Covered Payroll	0.79%	0.76%

Note: GASB Codification, Vol. 2, P50.238 requires that the data in this schedule be presented as of the District's respective fiscal years as opposed to the time periods covered by the measurement dates ending August 31 of the preceding year.

Information in this schedule should be provided only for the years where data is available. Eventually 10 years of data should be presented.

RED OAK INDEPENDENT SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2019

PENSION LIABILITY:

Changes of benefit terms:

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

Changes of assumptions:

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

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

OPEB LIABILITY:

Changes of benefit terms:

The following are changes of benefit terms that affected measurement of the Total OPEB liability during the measurement period. The 85th Legislature, Regular Session, passed the following statutory changes in House Bill 3976 which became effective on September 1, 2017:

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

RED OAK INDEPENDENT SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION-CONTINUED
FOR THE YEAR ENDED JUNE 30, 2019

Changes of assumptions:

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

- The total OPEB liability as of August 31, 2018 was developed using the roll forward method of the August 31, 2017 valuation.
- Adjustments were made for retirees that were known to have discontinued their health care coverage in fiscal year 2018. This change increased the total OPEB liability.
- The health care trend rate assumption was updated to reflect the anticipated return of the Health Insurer Fee (HIF) in 2020. This change increased the total OPEB liability.
- Demographic and economic assumptions were updated based on the experience study performed for TRS for the period ending August 31, 2017. This change increased the total OPEB liability.
- The discount rate changed from 3.42 percent as of August 31, 2017 to 3.69 percent, as of August 31, 2018. This change lowered the total OPEB liability \$2.3 billion.

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COMBINING SCHEDULES

RED OAK INDEPENDENT SCHOOL DISTRICT
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 JUNE 30, 2019

Data Control Codes	211 ESEA I, A Improving Basic Program	224 IDEA - Part B Formula	225 IDEA - Part B Preschool
ASSETS			
1110 Cash and Cash Equivalents	\$ (87,763)	\$ (169,039)	\$ (5,961)
1240 Due from Other Governments	124,536	317,368	6,300
1000 Total Assets	<u>\$ 36,773</u>	<u>\$ 148,329</u>	<u>\$ 339</u>
LIABILITIES			
2110 Accounts Payable	\$ 2,997	\$ -	\$ -
2160 Accrued Wages Payable	30,495	139,059	209
2170 Due to Other Funds	3,281	9,270	130
2200 Accrued Expenditures	-	-	-
2300 Unearned Revenue	-	-	-
2000 Total Liabilities	<u>36,773</u>	<u>148,329</u>	<u>339</u>
FUND BALANCES			
Restricted Fund Balance:			
3450 Federal or State Funds Grant Restriction	-	-	-
Committed Fund Balance:			
3545 Other Committed Fund Balance	-	-	-
3000 Total Fund Balances	<u>-</u>	<u>-</u>	<u>-</u>
4000 Total Liabilities and Fund Balances	<u>\$ 36,773</u>	<u>\$ 148,329</u>	<u>\$ 339</u>

240 National Breakfast and Lunch Program	242 Summer Feeding Program	244 Career and Technical - Basic Grant	255 ESEA II,A Training and Recruiting	263 Title III, A English Lang. Acquisition	289 Other Federal Special Revenue Funds	397 Advanced Placement Incentives	410 State Textbook Fund
\$ 330,549	\$ 18,309	\$ (6,438)	\$ (38,772)	\$ (7,515)	\$ -	\$ 11,948	\$ 4,635
1,302	21,996	7,365	53,667	9,000	190	-	-
<u>\$ 331,851</u>	<u>\$ 40,305</u>	<u>\$ 927</u>	<u>\$ 14,895</u>	<u>\$ 1,485</u>	<u>\$ 190</u>	<u>\$ 11,948</u>	<u>\$ 4,635</u>
\$ 7,003	\$ 2,999	\$ 828	\$ -	\$ -	\$ 190	\$ -	\$ -
116,894	8,517	-	14,497	1,054	-	-	-
51,052	-	99	398	431	-	-	-
23,033	-	-	-	-	-	-	-
26,514	-	-	-	-	-	-	-
<u>224,496</u>	<u>11,516</u>	<u>927</u>	<u>14,895</u>	<u>1,485</u>	<u>190</u>	<u>-</u>	<u>-</u>
107,355	28,789	-	-	-	-	11,948	4,635
-	-	-	-	-	-	-	-
<u>107,355</u>	<u>28,789</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>11,948</u>	<u>4,635</u>
<u>\$ 331,851</u>	<u>\$ 40,305</u>	<u>\$ 927</u>	<u>\$ 14,895</u>	<u>\$ 1,485</u>	<u>\$ 190</u>	<u>\$ 11,948</u>	<u>\$ 4,635</u>

RED OAK INDEPENDENT SCHOOL DISTRICT
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 JUNE 30, 2019

Data Control Codes	429 Other State Programs	461 Campus Activity Funds	481 Education Foundation Grants	483 Project Lead the Way	
ASSETS					
1110	Cash and Cash Equivalents	\$ 3,968	\$ 384,580	\$ 22,416	\$ 9,224
1240	Due from Other Governments	-	-	-	-
1000	Total Assets	<u>\$ 3,968</u>	<u>\$ 384,580</u>	<u>\$ 22,416</u>	<u>\$ 9,224</u>
LIABILITIES					
2110	Accounts Payable	\$ -	\$ 423	\$ -	\$ -
2160	Accrued Wages Payable	-	4,921	-	-
2170	Due to Other Funds	153	45	-	-
2200	Accrued Expenditures	-	-	-	-
2300	Unearned Revenue	-	-	-	-
2000	Total Liabilities	<u>153</u>	<u>5,389</u>	<u>-</u>	<u>-</u>
FUND BALANCES					
Restricted Fund Balance:					
3450	Federal or State Funds Grant Restriction	3,815	-	-	-
Committed Fund Balance:					
3545	Other Committed Fund Balance	-	379,191	22,416	9,224
3000	Total Fund Balances	<u>3,815</u>	<u>379,191</u>	<u>22,416</u>	<u>9,224</u>
4000	Total Liabilities and Fund Balances	<u>\$ 3,968</u>	<u>\$ 384,580</u>	<u>\$ 22,416</u>	<u>\$ 9,224</u>

484 STEM Lab Grant	Total Nonmajor Governmental Funds
\$ 380	\$ 470,521
-	541,724
<u>\$ 380</u>	<u>\$ 1,012,245</u>
\$ -	\$ 14,440
-	315,646
-	64,859
-	23,033
-	26,514
<u>-</u>	<u>444,492</u>
-	156,542
380	411,211
<u>380</u>	<u>567,753</u>
<u>\$ 380</u>	<u>\$ 1,012,245</u>

RED OAK INDEPENDENT SCHOOL DISTRICT
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
 FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED JUNE 30, 2019

Data Control Codes	211 ESEA I, A Improving Basic Program	224 IDEA - Part B Formula	225 IDEA - Part B Preschool
REVENUES:			
5700 Total Local and Intermediate Sources	\$ -	\$ -	\$ -
5800 State Program Revenues	-	-	-
5900 Federal Program Revenues	452,550	1,105,265	19,447
5020 Total Revenues	<u>452,550</u>	<u>1,105,265</u>	<u>19,447</u>
EXPENDITURES:			
Current:			
0011 Instruction	418,031	992,929	19,447
0012 Instructional Resources and Media Services	-	-	-
0013 Curriculum and Instructional Staff Development	22,604	3,969	-
0021 Instructional Leadership	-	-	-
0023 School Leadership	-	-	-
0031 Guidance, Counseling and Evaluation Services	-	107,037	-
0034 Student (Pupil) Transportation	-	1,330	-
0035 Food Services	-	-	-
0036 Extracurricular Activities	-	-	-
0041 General Administration	11,915	-	-
0052 Security and Monitoring Services	-	-	-
0061 Community Services	-	-	-
6030 Total Expenditures	<u>452,550</u>	<u>1,105,265</u>	<u>19,447</u>
1200 Net Change in Fund Balance	-	-	-
0100 Fund Balance - July 1 (Beginning)	-	-	-
3000 Fund Balance - June 30 (Ending)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

240 National Breakfast and Lunch Program	242 Summer Feeding Program	244 Career and Technical - Basic Grant	255 ESEA II,A Training and Recruiting	263 Title III, A English Lang. Acquisition	289 Other Federal Special Revenue Funds	397 Advanced Placement Incentives	410 State Textbook Fund
\$ 1,417,082	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
70,792	-	-	-	-	-	-	263,983
1,327,246	25,430	46,784	104,496	41,233	33,591	-	-
<u>2,815,120</u>	<u>25,430</u>	<u>46,784</u>	<u>104,496</u>	<u>41,233</u>	<u>33,591</u>	<u>-</u>	<u>263,983</u>
-	-	31,519	91,496	31,514	14,128	-	264,814
-	-	-	-	-	-	-	-
-	-	1,473	13,000	9,719	16,960	-	-
-	-	13,792	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	2,503	-	-
2,711,804	14,292	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>2,711,804</u>	<u>14,292</u>	<u>46,784</u>	<u>104,496</u>	<u>41,233</u>	<u>33,591</u>	<u>-</u>	<u>264,814</u>
103,316	11,138	-	-	-	-	-	(831)
4,039	17,651	-	-	-	-	11,948	5,466
<u>\$ 107,355</u>	<u>\$ 28,789</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 11,948</u>	<u>\$ 4,635</u>

RED OAK INDEPENDENT SCHOOL DISTRICT
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
 FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED JUNE 30, 2019

Data Control Codes	429 Other State Programs	461 Campus Activity Funds	481 Education Foundation Grants	483 Project Lead the Way
REVENUES:				
5700 Total Local and Intermediate Sources	\$ -	\$ 608,604	\$ 68,557	\$ 12,180
5800 State Program Revenues	17,454	304	-	-
5900 Federal Program Revenues	-	-	-	-
5020 Total Revenues	<u>17,454</u>	<u>608,908</u>	<u>68,557</u>	<u>12,180</u>
EXPENDITURES:				
Current:				
0011 Instruction	14,047	183,444	62,023	599
0012 Instructional Resources and Media Services	-	47,042	-	-
0013 Curriculum and Instructional Staff Development	-	-	-	2,400
0021 Instructional Leadership	-	-	-	-
0023 School Leadership	-	109,830	-	-
0031 Guidance, Counseling and Evaluation Services	-	33,928	-	-
0034 Student (Pupil) Transportation	-	80	-	-
0035 Food Services	-	-	-	-
0036 Extracurricular Activities	-	150,995	-	-
0041 General Administration	-	6,529	-	-
0052 Security and Monitoring Services	-	1,379	-	-
0061 Community Services	-	1,438	-	-
6030 Total Expenditures	<u>14,047</u>	<u>534,665</u>	<u>62,023</u>	<u>2,999</u>
1200 Net Change in Fund Balance	3,407	74,243	6,534	9,181
0100 Fund Balance - July 1 (Beginning)	408	304,948	15,882	43
3000 Fund Balance - June 30 (Ending)	<u>\$ 3,815</u>	<u>\$ 379,191</u>	<u>\$ 22,416</u>	<u>\$ 9,224</u>

484 STEM Lab Grant	Total Nonmajor Governmental Funds
\$ 15,000	\$ 2,121,423
-	352,533
-	3,156,042
<u>15,000</u>	<u>5,629,998</u>
14,726	2,138,717
-	47,042
-	70,125
-	13,792
-	109,830
-	140,965
-	3,913
-	2,726,096
-	150,995
-	18,444
-	1,379
-	1,438
<u>14,726</u>	<u>5,422,736</u>
274	207,262
106	360,491
<u>\$ 380</u>	<u>\$ 567,753</u>

LAKE DALLAS INDEPENDENT SCHOOL DISTRICT
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
AGENCY FUND
FOR THE YEAR ENDED AUGUST 31, 2018

	BALANCE SEPTEMBER 1 2017	ADDITIONS	DEDUCTIONS	BALANCE AUGUST 31 2018
STUDENT ACTIVITY ACCOUNT				
Assets:				
Cash and Temporary Investments	\$ 801,981	\$ 762,940	\$ 975,738	\$ 589,183
Other Receivables	15	-	-	15
Total Assets	<u>\$ 801,996</u>	<u>\$ 762,940</u>	<u>\$ 975,738</u>	<u>\$ 589,198</u>
Liabilities:				
Accounts Payable	\$ 18,363	\$ -	\$ 9,747	\$ 8,616
Due to Other Funds	217,221	-	205,983	11,238
Due to Student Groups	566,412	9,632	-	576,044
Total Liabilities	<u>\$ 801,996</u>	<u>\$ 9,632</u>	<u>\$ 215,730</u>	<u>\$ 595,898</u>
TOTAL AGENCY FUNDS				
Assets:				
Cash and Temporary Investments	\$ 801,981	\$ 762,940	\$ 975,738	\$ 589,183
Other Receivables	15	-	-	15
Total Assets	<u>\$ 801,996</u>	<u>\$ 762,940</u>	<u>\$ 975,738</u>	<u>\$ 589,198</u>
Liabilities:				
Accounts Payable	\$ 18,363	\$ -	\$ 9,747	\$ 8,616
Due to Other Funds	217,221	-	205,983	11,238
Due to Student Groups	566,412	9,632	-	576,044
Total Liabilities	<u>\$ 801,996</u>	<u>\$ 9,632</u>	<u>\$ 215,730</u>	<u>\$ 595,898</u>

REQUIRED T.E.A. SCHEDULES

RED OAK INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF DELINQUENT TAXES RECEIVABLE
FISCAL YEAR ENDED JUNE 30, 2019

Last 10 Years	(1)	(2)	(3)
	Tax Rates		Assessed/Appraised Value for School Tax Purposes
	Maintenance	Debt Service	
2010 and prior years	Various	Various	\$ 1,215,488,951
2011	1.170000	0.370000	1,197,724,325
2012	1.170000	0.370000	1,185,469,843
2013	1.170000	0.370000	1,191,457,638
2014	1.170000	0.370000	1,234,419,659
2015	1.170000	0.370000	1,411,626,025
2016	1.170000	0.037000	1,463,857,755
2017	1.170000	0.370000	1,546,057,395
2018	1.170000	0.370000	1,707,397,720
2019 (School year under audit)	1.170000	0.370000	1,887,157,537
1000 TOTALS			

(10) Beginning Balance 7/1/2018	(20) Current Year's Total Levy	(31) Maintenance Collections	(32) Debt Service Collections	(40) Entire Year's Adjustments	(50) Ending Balance 6/30/2019
\$ 63,995	\$ -	\$ 13,760	\$ 2,964	\$ 343	\$ 47,614
13,150	-	1,140	361	(63)	11,586
19,223	-	1,153	365	(88)	17,617
26,990	-	1,174	371	(93)	25,352
30,142	-	22,724	7,187	35,960	36,191
56,160	-	28,150	8,902	34,692	53,800
67,502	-	32,839	10,385	35,163	59,441
105,124	-	32,685	10,336	24,781	86,884
354,540	-	166,685	52,712	(6,842)	128,301
-	27,787,121	20,540,316	6,495,651	(307,233)	443,921
<u>\$ 736,826</u>	<u>\$ 27,787,121</u>	<u>\$ 20,840,626</u>	<u>\$ 6,589,234</u>	<u>\$ (183,380)</u>	<u>\$ 910,707</u>

RED OAK INDEPENDENT SCHOOL DISTRICT
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
 BUDGET AND ACTUAL - CHILD NUTRITION PROGRAM
 FOR THE YEAR ENDED JUNE 30, 2019

Data Control Codes	Budgeted Amounts		Actual Amounts (GAAP BASIS)	Variance With Final Budget Positive or (Negative)
	Original	Final		
REVENUES:				
5700 Total Local and Intermediate Sources	\$ 1,534,550	\$ 1,534,550	\$ 1,417,082	\$ (117,468)
5800 State Program Revenues	56,500	56,500	70,792	14,292
5900 Federal Program Revenues	1,155,000	1,155,000	1,327,246	172,246
5020 Total Revenues	2,746,050	2,746,050	2,815,120	69,070
EXPENDITURES:				
Current:				
0035 Food Services	2,746,050	2,746,050	2,711,804	34,246
6030 Total Expenditures	2,746,050	2,746,050	2,711,804	34,246
1200 Net Change in Fund Balances	-	-	103,316	103,316
0100 Fund Balance - July 1 (Beginning)	4,039	4,039	4,039	-
3000 Fund Balance - June 30 (Ending)	\$ 4,039	\$ 4,039	\$ 107,355	\$ 103,316

RED OAK INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - DEBT SERVICE FUND
FOR THE YEAR ENDED JUNE 30, 2019

Data Control Codes	Budgeted Amounts		Actual Amounts (GAAP BASIS)	Variance With Final Budget Positive or (Negative)
	Original	Final		
REVENUES:				
5700 Total Local and Intermediate Sources	\$ 6,946,607	\$ 6,946,607	\$ 6,836,355	\$ (110,252)
5800 State Program Revenues	1,500,000	1,500,000	1,170,673	(329,327)
5020 Total Revenues	8,446,607	8,446,607	8,007,028	(439,579)
EXPENDITURES:				
Debt Service:				
0071 Principal on Long-Term Debt	1,623,866	1,623,866	1,623,866	-
0072 Interest on Long-Term Debt	5,783,772	5,783,772	5,750,947	32,825
0073 Bond Issuance Cost and Fees	600,000	400,000	279,358	120,642
6030 Total Expenditures	8,007,638	7,807,638	7,654,171	153,467
1100 Excess of Revenues Over Expenditures	438,969	638,969	352,857	(286,112)
OTHER FINANCING SOURCES (USES):				
7901 Refunding Bonds Issued	-	17,125,000	17,125,000	-
7916 Premium or Discount on Issuance of Bonds	-	1,134,897	1,134,897	-
8949 Other (Uses)	-	(18,256,080)	(18,256,079)	1
7080 Total Other Financing Sources (Uses)	-	3,817	3,818	1
1200 Net Change in Fund Balances	438,969	642,786	356,675	(286,111)
0100 Fund Balance - July 1 (Beginning)	5,038,274	5,038,274	5,038,274	-
3000 Fund Balance - June 30 (Ending)	\$ 5,477,243	\$ 5,681,060	\$ 5,394,949	\$ (286,111)

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Statistical Section



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STATISTICAL SECTION

This part of the District's Comprehensive Annual Financial Report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the District's overall financial health.

Contents	Page
Financial Trends	100
These schedules contain trend information to help the reader understand how the District's financial performance and well-being have changed over time.	
Revenue Capacity	107
These schedules contain information to help the reader assess the District's most significant local revenue source, the property tax.	
Debt Capacity	111
These schedules present information to help the reader assess the affordability of the District's current level of outstanding debt and the District's ability to issue additional debt in the future.	
Demographic and Economic Information	114
These schedules offer demographic and economic indicators to help the reader understand the environment within which the District's financial activities take place.	
Operating Information	116
These schedules contain information about the District's service and resources to help the reader understand how the District's financial information relates to the services the District provides and the activities it performs.	

Sources: Unless otherwise noted, the information in these schedules is derived from the annual financial reports for the relevant year.

RED OAK INDEPENDENT SCHOOL DISTRICT
CHANGES IN NET POSITION
LAST TEN FISCAL YEARS

	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Expenses										
Governmental Activities										
11 Instruction	\$ 32,085,106	\$ 21,656,360	\$ 29,739,195	\$ 29,825,702	\$ 28,397,327	\$ 27,185,099	\$ 26,421,254	\$ 26,324,841	\$ 26,265,935	\$ 24,766,507
12 Instructional Resources and Media Services	735,074	520,593	774,030	859,050	718,669	711,510	697,630	688,058	766,857	796,735
13 Curriculum and Instructional Staff Development	919,890	572,549	634,169	657,878	542,045	554,648	522,799	350,906	386,421	325,473
21 Instructional Leadership	1,326,195	1,005,115	1,439,473	1,461,987	1,329,897	1,237,397	889,612	838,970	808,579	738,526
23 School Leadership	3,784,459	2,516,146	3,569,902	3,425,043	3,125,219	3,028,824	2,852,917	2,797,446	2,679,610	2,521,087
31 Guidance, Counseling and Evaluation Services	2,775,494	1,791,834	2,525,444	2,444,150	2,280,731	2,060,338	1,881,319	1,994,262	1,818,448	1,881,523
32 Social Work Services	99,064	71,225	93,905	96,718	84,069					
33 Health Services	678,767	445,983	682,419	616,719	517,262	471,649	384,167	374,992	360,528	366,085
34 Student (Pupil) Transportation	2,547,311	1,698,271	2,137,846	2,219,821	2,075,365	1,888,310	1,696,392	1,637,745	1,354,370	1,259,654
35 Food Services	2,866,674	2,507,894	2,944,250	3,149,884	2,887,527	2,959,077	2,854,433	2,678,730	2,433,939	2,209,247
36 Extracurricular Activities	2,333,010	1,733,036	1,902,280	1,834,668	1,676,419	1,481,889	1,400,868	1,364,521	1,304,976	1,248,485
41 General Administration	2,720,111	2,040,643	2,960,412	2,813,236	2,393,511	2,089,068	1,987,212	1,753,583	1,909,246	1,820,616
51 Facilities Maintenance and Operations	6,410,732	5,448,652	7,575,018	6,551,485	6,256,125	6,245,334	5,266,387	5,248,610	5,737,998	5,067,377
52 Security and Monitoring Services	1,665,984	1,292,636	1,553,835	1,542,584	1,435,540	1,332,141	1,240,591	937,871	554,531	473,727
53 Data Processing Services	1,555,779	1,113,781	2,630,144	1,755,697	1,436,885	1,466,835	1,107,800	1,351,677	900,037	881,879
61 Community Services	1,803,142	870,195	1,550,599	1,375,236	1,142,883	981,898	863,376	745,596	543,113	493,152
72 Debt Service - Interest on Long-Term Debt	4,649,669	4,634,123	5,393,256	4,830,205	4,955,624	5,449,002	5,722,275	5,886,476	5,854,322	5,765,041
73 Debt Service - Bond Issuance Cost and Fees	279,358	5,000	815,366	166,299	331,076	2,925	311,980	26,170	38,191	21,367
81 Capital Outlay	42,325	13,020	242,762	292,526					103,915	1,673,396
99 Other Intergovernmental Charges	209,529	154,974	229,358	171,794	174,297	155,245	153,658	137,983	174,496	182,670
Total Governmental Activities Expenses	\$ 69,487,673	\$ 50,092,030	\$ 69,393,663	\$ 66,096,682	\$ 61,760,271	\$ 59,301,189	\$ 56,254,670	\$ 55,138,437	\$ 53,995,512	\$ 52,492,347
Program Revenue										
Governmental Activities										
Charges for Services										
Instruction	\$ 255,467	\$ 261,844	\$ 204,631	\$ 206,807	\$ 297,229	\$ 334,845	\$ 281,326	\$ 152,506	\$ 40,497	\$ 60,764
Instructional Resources and Media Services	47,042	44,524	49,761	61,264	47,176	45,754	52,870	47,016		
Curriculum and Instructional Staff Development			5,800							
Instructional Leadership							206	78		
School Leadership	109,830	137,512	176,496	144,868	146,141	118,999	162,696	127,406		
Guidance, Counseling and Evaluation Services	33,928	51,172	35,524	26,095	26,647	23,663	19,828	21,031		
Social Work Services										
Health Services										
Student (Pupil) Transportation	80	823		1,384	2,266	1,517				
Food Services	1,407,024	1,367,142	1,393,125	1,071,497	1,155,956	1,344,003	1,332,396	1,361,030	1,242,041	1,002,358
Extracurricular Activities	212,499	162,123	155,277	168,705	176,408	212,891	144,877	188,952	83,943	89,909
General Administration	6,529	9,644	9,502	15,790	10,723	8,289	7,180	6,745		
Facilities Maintenance and Operations	26,013	19,809	66,523	153,092	154,966	189,460	67,206	45,347	23,324	41,042
Security and Monitoring Services	1,379	4,363	1,801	1,296	1,093	99	29	1,960		
Data Processing Services										
Community Services										
Debt Service - Interest on Long-Term Debt	1,438	6,956	6,631	8,838	6,624	3,390	1,490			
Debt Service - Bond Issuance Cost and Fees										
Capital Outlay										
Other Intergovernmental Charges										
Operating Grants and Contributions	8,868,147	234,305	9,506,487	11,371,381	9,834,129	9,043,993	8,265,311	10,397,496	10,854,836	8,845,204
Total Governmental Activities Program Revenue	\$ 10,969,376	\$ 2,300,217	\$ 11,605,758	\$ 13,231,017	\$ 11,865,158	\$ 11,326,903	\$ 10,335,415	\$ 12,349,645	\$ 12,244,641	\$ 10,039,277
Net (Expense) / Revenue	\$ (58,518,297)	\$ (47,791,813)	\$ (57,787,905)	\$ (52,865,665)	\$ (49,895,113)	\$ (47,974,286)	\$ (45,919,255)	\$ (42,788,792)	\$ (41,750,871)	\$ (42,453,270)

(continued)

**RED OAK INDEPENDENT SCHOOL DISTRICT
CHANGES IN NET POSITION
LAST TEN FISCAL YEARS**

	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Net (Expense) / Revenue										
Total Primary Government Expenses	\$ (58,518,297)	\$ (47,791,813)	\$ (57,787,905)	\$ (52,865,665)	\$ (49,895,113)	\$ (47,974,286)	\$ (45,919,255)	\$ (42,788,792)	\$ (41,750,871)	\$ (42,453,270)
General Revenues										
Governmental Activities										
Taxes										
Property Taxes, Levied for General Purposes	\$ 21,091,749	\$ 19,219,887	\$ 17,580,835	\$ 16,835,034	\$ 16,230,666	\$ 14,196,506	\$ 13,689,586	\$ 13,706,041	\$ 13,758,814	\$ 13,891,667
Property Taxes, Levied for Debt Service	6,671,286	6,077,735	5,557,150	5,322,005	5,130,773	4,486,365	4,329,530	4,329,703	4,350,124	4,380,547
State Aid - Formula Grants	28,526,131	28,629,738	27,866,420	28,348,901	28,779,041	27,846,157	25,469,693	23,755,027	23,617,682	22,115,123
Grants and Contributions not Restricted	1,500	78,912	-	120,035	-	-	26,514	-	45,489	47,810
Investment Earnings	379,807	181,923	64,735	42,221	14,616	13,747	44,869	51,704	75,553	208,279
Miscellaneous Local and Intermediate Revenue	1,573,514	1,393,452	2,327,123	1,117,544	1,046,088	924,955	883,981	782,416	950,419	756,023
Transfers In (Out)	-	-	-	-	78,905	-	-	-	-	-
Special Item	-	-	-	730,995	-	-	-	-	-	-
Extraordinary Item-Resource	-	-	5,026,849	-	-	-	-	-	-	-
Extraordinary Item-Use	-	-	(793,275)	(1,438,218)	-	-	-	-	-	-
Total General Revenues	\$ 58,243,987	\$ 55,581,647	\$ 57,629,837	\$ 51,078,517	\$ 51,280,089	\$ 47,467,730	\$ 44,444,173	\$ 42,624,891	\$ 42,798,081	\$ 41,399,449
Change In Net Position	\$ (274,310)	\$ 7,789,834	\$ (158,068)	\$ (1,787,148)	\$ 1,384,976	\$ (506,556)	\$ (1,475,082)	\$ (163,901)	\$ 1,047,210	\$ (1,053,821)
Net Position - Beginning	(11,335,327)	13,080,125	13,238,193	15,025,341	19,492,275	19,998,831	21,473,913	22,981,338	21,934,128	22,987,949
Net Position Adjustment	(32,205,286)			(5,851,910)						
Net Position - Ending	\$ (11,609,637)	\$ (11,335,327)	\$ 13,080,125	\$ 13,238,193	\$ 15,025,341	\$ 19,492,275	\$ 19,998,831	\$ 22,817,437	\$ 22,981,338	\$ 21,934,128
Net Position by Component for Governmental Activities										
Net Investment in Capital Assets	\$ 4,012,212	\$ 6,622,498	\$ 8,272,154	\$ 8,543,784	\$ 8,989,174	\$ 9,480,325	\$ 8,727,190	\$ 9,063,298	\$ 10,445,672	\$ 10,677,425
Restricted for:										
Federal and State Programs	156,542	39,512	26,224	97,184	373,069	482,522	523,674	667,124	710,517	411,546
Debt Service	4,301,261	3,686,739	2,906,369	3,063,659	2,955,571	2,710,122	2,960,343	3,811,188	4,264,940	4,816,724
Unrestricted	(20,079,652)	(21,684,076)	1,875,378	1,533,566	2,707,527	6,819,306	7,787,624	9,275,827	7,560,209	6,028,433
Total Governmental Activities Net Position	\$ (11,609,637)	\$ (11,335,327)	\$ 13,080,125	\$ 13,238,193	\$ 15,025,341	\$ 19,492,275	\$ 19,998,831	\$ 22,817,437	\$ 22,981,338	\$ 21,934,128

Note: The District implemented GASB 75 in fiscal year 2018 and GASB 68 in fiscal year 2015

Source: 2010 - 2019 Annual Financial Statements (Exhibit A-1 and Exhibit B-1)

**RED OAK INDEPENDENT SCHOOL DISTRICT
CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS**

	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Governmental Fund Revenues										
Local and Intermediate Sources (5700)	\$ 31,811,342	\$ 28,907,011	\$ 27,552,984	\$ 25,260,772	\$ 24,472,167	\$ 21,913,834	\$ 21,060,837	\$ 20,978,862	\$ 20,684,163	\$ 20,508,364
State Program Sources (5800)	33,225,008	34,724,490	32,745,182	34,456,081	34,361,744	33,428,975	30,867,126	29,649,486	28,929,947	26,407,954
Federal Program Sources (5900)	4,205,923	3,972,305	3,899,911	4,078,956	4,251,426	3,461,175	2,867,878	4,423,188	5,542,570	4,552,373
Total Revenue	\$ 69,242,273	\$ 67,603,806	\$ 64,198,077	\$ 63,795,809	\$ 63,085,337	\$ 58,803,984	\$ 54,795,841	\$ 55,051,536	\$ 55,156,680	\$ 51,468,951
Governmental Fund Expenditures										
Instruction and Related Services (10)	\$ 30,443,151	\$ 29,157,393	\$ 28,061,150	\$ 28,228,922	\$ 27,571,753	\$ 26,081,763	\$ 25,256,639	\$ 24,984,673	\$ 25,598,648	\$ 24,529,361
Instructional and School Leadership (20)	4,653,315	4,688,046	4,584,937	4,369,118	4,198,874	3,966,301	3,442,764	3,336,538	3,241,979	3,087,231
Student Support Services (30)	10,456,523	9,686,106	9,464,705	9,368,926	9,010,721	8,249,892	7,750,060	7,250,092	7,126,054	6,842,043
Administrative Support Services (40)	2,607,707	2,759,093	2,852,517	2,684,611	2,366,025	2,048,899	1,980,140	1,747,476	1,774,905	1,724,334
Support Services (50)	8,737,480	8,923,983	10,649,178	9,701,620	8,266,575	8,170,229	6,623,497	6,491,438	6,816,726	6,163,772
Ancillary Services (60)	1,721,715	1,425,133	1,491,305	1,321,229	1,155,037	980,840	862,995	745,058	504,961	467,072
Debt Services (70)	8,433,817	8,015,942	9,988,219	8,822,790	10,109,923	8,344,472	10,955,836	8,582,921	8,145,996	7,739,042
Capital Outlay (80)	47,550	13,020	242,762	8,750,627	591,321	1,278,365	1,396,372	339,571	3,846,758	23,539,215
Intergovernmental Charges (90)	209,529	154,974	229,358	177,794	174,297	155,245	153,658	137,983	174,496	182,670
Total Expenditures	\$ 67,310,787	\$ 64,823,690	\$ 67,564,131	\$ 73,425,637	\$ 63,444,526	\$ 59,276,006	\$ 58,421,961	\$ 53,615,750	\$ 57,230,523	\$ 74,274,740
Excess or (Deficiency) of Revenue over Expenditures	\$ 1,931,486	\$ 2,780,116	\$ (3,366,054)	\$ (9,629,828)	\$ (359,189)	\$ (472,022)	\$ (3,626,120)	\$ 1,435,786	\$ (2,073,843)	\$ (22,805,789)
Beginning Fund Balance (July 1)	18,019,313	15,119,909	15,177,388	15,978,795	14,431,063	14,903,085	16,400,714	14,964,928	14,514,852	36,463,100
Issuance of Debt	17,125,000		45,775,000	8,780,000	17,380,000		15,690,000			
Premium/Discount on Issuance of Debt	1,134,897		3,916,736	1,217,931	2,428,239		994,741			
Payment of Refunded Debt	(18,256,079)		(48,881,695)	(9,832,692)	(19,480,738)		(16,556,766)			
Sale of Property		119,288								
Non-Current Loans			1,000,185		1,500,515		2,000,516		2,500,000	857,541
Transfers In or (Out)					78,905					
Capital Leases										23,919
Extraordinary Items				1,498,349	8,663,182					
Ending Fund Balance (June 30)	\$ 19,954,617	\$ 18,019,313	\$ 15,119,909	\$ 15,177,388	\$ 15,978,795	\$ 14,431,063	\$ 14,903,085	\$ 16,400,714	\$ 14,964,928	\$ 14,514,852

Note: The District encountered a Tornado in December 2015

Source: 2010 - 2019 Annual Financial Statements (Exhibit C-3)

RED OAK INDEPENDENT SCHOOL DISTRICT
 FUND BALANCES - GOVERNMENTAL FUNDS
 LAST TEN FISCAL YEARS

	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Governmental Funds										
General Fund	\$ 3,494	\$ 21,319	\$ 34,559	\$ 9,239	\$ 10,931	\$ 8,555	\$ 4,116	\$ 58,115	\$ 68,040	\$ -
Nonspendable	-	-	-	-	-	-	-	-	-	-
Restricted/Reserved	-	-	-	-	-	-	-	-	-	-
Committed	-	84,038	84,038	4,257,072	2,294,580	-	1,033,212	1,033,212	-	-
Assigned	13,988,421	12,515,191	10,341,816	5,882,983	8,426,704	9,150,089	8,313,906	8,668,744	7,590,554	5,654,397
Unassigned/Unreserved	13,991,915	12,620,548	10,460,413	10,149,294	10,732,215	9,158,644	9,351,234	9,760,071	7,658,594	5,654,397
Total General Fund Balance	\$ 13,991,915	\$ 12,620,548	\$ 10,460,413	\$ 10,149,294	\$ 10,732,215	\$ 9,158,644	\$ 9,351,234	\$ 9,760,071	\$ 7,658,594	\$ 5,654,397
All Other Governmental Funds										
Reserved:										
Food Services	\$ 136,144	\$ 21,690	\$ 13,252	\$ 87,512	\$ 358,199	\$ 466,786	\$ 505,937	\$ 649,805	\$ 569,016	\$ 411,546
Special Revenue Funds	20,398	17,822	12,972	9,672	14,870	15,736	17,737	17,319	141,501	88,706
Debt Service Fund	5,394,949	5,038,274	4,235,240	4,571,219	4,492,483	4,418,610	4,701,775	5,673,632	6,128,783	6,691,072
Capital Project Fund	-	-	-	-	-	-	-	-	169,805	1,406,508
Other Governmental Funds	411,211	320,979	398,032	359,691	381,028	371,287	326,402	299,887	297,229	262,623
Total All other Governmental Fund Balance	\$ 5,962,702	\$ 5,398,765	\$ 4,659,496	\$ 5,028,094	\$ 5,246,580	\$ 5,272,419	\$ 5,551,851	\$ 6,640,643	\$ 7,306,334	\$ 8,860,455
Total Fund Balances	\$ 19,954,617	\$ 18,019,313	\$ 15,119,909	\$ 15,177,388	\$ 15,978,795	\$ 14,431,063	\$ 14,903,085	\$ 16,400,714	\$ 14,964,928	\$ 14,514,852

Source: 2010 - 2019 Annual Financial Statements (Exhibit C-1).

**RED OAK INDEPENDENT SCHOOL DISTRICT
STATEMENT OF REVENUES
LAST TEN FISCAL YEARS**

	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Governmental Funds Revenues										
Local and Intermediate Sources (5700)										
Property Taxes - General Fund	\$ 20,840,070	\$ 19,146,097	\$ 17,384,268	\$ 16,699,314	\$ 16,123,084	\$ 14,083,599	\$ 13,571,390	\$ 13,594,334	\$ 13,658,502	\$ 13,725,042
Property Taxes - Debt Service Fund	6,589,234	6,053,693	5,496,108	5,278,453	5,096,859	4,450,286	4,289,666	4,292,166	4,313,213	4,309,063
Food Services	1,406,953	1,367,082	1,383,131	1,061,004	1,222,099	1,426,889	1,332,036	1,360,814	1,242,041	1,002,358
Athletic Activities	61,504	85,485	68,541	60,983	79,126	100,222	38,346	85,135	83,943	89,909
Interest Earnings	384,323	181,923	65,851	42,221	14,616	13,747	44,869	51,704	75,553	208,279
Other Local Sources	2,529,258	2,072,731	3,155,085	2,118,797	1,936,383	1,839,091	1,784,530	1,594,709	1,310,911	1,173,973
Total Local and Intermediate Sources (5700)	\$ 31,811,342	\$ 28,907,011	\$ 27,552,984	\$ 25,260,772	\$ 24,472,167	\$ 21,913,834	\$ 21,060,837	\$ 20,978,862	\$ 20,684,163	\$ 20,508,624
State Program Sources (5800)										
State Foundation School Program	\$ 29,028,236	\$ 29,099,404	\$ 28,312,014	\$ 28,786,758	\$ 29,180,492	\$ 28,224,312	\$ 25,931,335	\$ 24,212,890	\$ 24,064,471	\$ 22,470,932
State TRS Program	2,752,687	2,562,433	2,355,659	2,431,779	2,324,732	1,930,077	1,877,305	2,008,684	1,991,127	1,780,402
Food Services	9,429	10,020	13,499	14,837	13,826	13,570	12,101	12,611	14,596	15,073
Debt Services Fund	1,170,673	2,238,678	1,666,630	2,623,112	2,414,421	2,755,620	2,692,815	2,920,566	2,654,851	1,944,157
State Grants and Other Special Revenue	283,983	813,955	397,380	599,595	428,273	505,396	353,570	494,735	204,902	197,690
Total State Sources (5800)	\$ 33,225,008	\$ 34,724,490	\$ 32,745,182	\$ 34,456,081	\$ 34,361,744	\$ 33,428,975	\$ 30,867,126	\$ 29,649,486	\$ 28,929,947	\$ 26,407,954
Federal Program Sources (5900)										
Federal Grants - General Fund	\$ 1,049,881	\$ 911,746	\$ 1,001,773	\$ 906,173	\$ 1,314,250	\$ 565,772	\$ 176,708	\$ 803,614	\$ 183,514	\$ 128,998
Food Services	1,352,676	1,313,754	1,214,587	1,549,700	1,405,930	1,408,720	1,329,026	1,228,911	1,165,911	1,085,599
Federal Grants - Other Governmental Funds	1,803,366	1,746,805	1,683,551	1,623,083	1,531,246	1,486,683	1,362,144	2,390,663	4,193,145	3,337,776
Total Federal Sources (5900)	\$ 4,205,923	\$ 3,972,305	\$ 3,899,911	\$ 4,078,956	\$ 4,251,426	\$ 3,461,175	\$ 2,867,878	\$ 4,423,188	\$ 5,542,570	\$ 4,552,373
Total Revenue	\$ 69,242,273	\$ 67,603,806	\$ 64,198,077	\$ 63,795,809	\$ 63,085,337	\$ 58,803,984	\$ 54,795,841	\$ 55,051,536	\$ 55,156,680	\$ 51,468,951
Other Resources and Non-Operating Sources (7000)										
Sale of Bonds and Notes	\$ 18,259,897	\$ -	\$ 50,774,921	\$ 10,033,931	\$ 21,387,659	\$ -	\$ 18,685,257	\$ 169,220	\$ 2,523,319	\$ 863,734
Sale of Real or Personal Property	119,288	119,288	5,026,849	8,663,182	-	-	-	-	-	-
Extraordinary Items	-	-	-	-	-	-	-	-	-	-
Total Other Resources/Non-Operating Sources (5900)	\$ 18,259,897	\$ 119,288	\$ 55,801,770	\$ 18,697,113	\$ 21,387,659	\$ -	\$ 18,685,257	\$ 169,220	\$ 2,523,319	\$ 863,734

Note: The District implemented GASB 75 in fiscal year 2018

Source: 2010 - 2019 Annual Financial Statements (Exhibit C-3)

**RED OAK INDEPENDENT SCHOOL DISTRICT
STATEMENT OF EXPENDITURES
LAST TEN FISCAL YEARS**

	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Governmental Funds Expenditures										
11 Instruction	\$ 28,887,964	\$ 27,781,342	\$ 26,747,055	\$ 26,826,434	\$ 24,882,460	\$ 24,102,230	\$ 24,011,744	\$ 24,526,749	\$ 23,466,500	
12 Instructional Resources and Media Services	682,870	674,316	723,238	801,093	689,878	664,857	655,285	712,717	754,600	
13 Curriculum and Instructional Staff Development	872,317	701,735	590,837	601,395	513,756	489,552	317,644	359,182	308,261	
Total Instruction and Related Services (10)	30,443,151	29,157,393	28,061,150	28,228,922	27,571,753	26,081,763	25,256,639	24,984,673	25,598,648	24,529,361
21 Instructional Leadership	1,212,165	1,395,416	1,333,288	1,317,962	1,275,285	1,170,394	823,046	772,404	751,533	699,470
23 School Leadership	3,441,150	3,292,630	3,251,649	3,051,156	2,923,589	2,795,907	2,619,718	2,564,134	2,490,446	2,387,761
Total Instructional and School Leadership (20)	4,653,315	4,688,046	4,584,937	4,369,118	4,198,874	3,966,301	3,442,764	3,336,538	3,241,979	3,087,231
31 Guidance, Counseling and Evaluation Services	2,541,576	2,224,542	2,300,868	2,173,443	2,140,135	1,894,855	1,715,665	1,828,537	1,690,198	1,782,020
32 Social Work Services	95,997	94,009	91,887	89,802	84,727					
33 Health Services	625,215	619,192	630,227	569,391	488,577	438,554	351,038	341,849	335,090	346,725
34 Student (Pupil) Transportation	2,436,672	2,230,044	2,034,638	2,037,991	2,120,384	1,813,763	1,641,203	1,321,147	1,601,578	1,438,426
35 Food Services	2,726,096	2,737,169	2,983,883	2,784,835	2,839,823	2,860,928	2,590,629	2,286,272	2,092,412	2,092,412
36 Extracurricular Activities	2,030,967	1,781,150	1,599,868	1,514,416	1,392,063	1,262,897	1,181,226	1,167,930	1,212,916	1,182,460
Total Student Support Services (30)	10,456,523	9,686,106	9,464,705	9,368,926	9,010,721	8,249,892	7,750,060	7,250,092	7,126,054	6,842,043
41 General Administration	2,607,707	2,759,093	2,852,517	2,684,611	2,366,025	2,048,899	1,980,140	1,747,476	1,774,905	1,724,334
Total Administrative Support Services (40)	2,607,707	2,759,093	2,852,517	2,684,611	2,366,025	2,048,899	1,980,140	1,747,476	1,774,905	1,724,334
51 Facilities Maintenance and Operations	5,880,097	6,232,754	7,098,976	6,592,889	5,914,342	5,838,697	4,856,169	4,815,961	5,369,831	4,879,857
52 Security and Monitoring Services	1,215,433	1,310,821	1,099,601	1,124,790	1,017,911	1,064,263	865,079	534,128	540,066	448,674
53 Data Processing Services	1,641,950	1,380,408	2,450,601	1,983,941	1,334,322	1,267,269	902,249	1,141,349	906,829	835,241
Total Support Services (50)	8,737,480	8,923,983	10,649,178	9,701,620	8,266,575	8,170,229	6,623,497	6,491,438	6,816,726	6,163,772
61 Community Services	1,721,715	1,425,133	1,491,305	1,321,229	1,155,037	980,840	862,995	745,058	504,961	467,072
Total Ancillary Services (60)	1,721,715	1,425,133	1,491,305	1,321,229	1,155,037	980,840	862,995	745,058	504,961	467,072
71 Debt Service - Principal on Long-Term Debt	2,374,051	2,199,262	3,371,887	2,553,879	4,500,494	2,805,278	5,006,180	2,612,715	1,975,987	2,241,070
72 Debt Service - Interest on Long-Term Debt	5,780,408	5,811,680	5,800,966	6,102,612	5,278,353	5,536,269	5,637,676	5,967,056	6,146,858	5,495,730
73 Debt Service - Bond Issuance Cost and Fees	279,358	5,000	815,366	166,299	331,076	2,925	311,980	3,150	23,151	2,242
Total Debt Services (70)	8,433,817	8,015,942	9,988,219	8,822,790	10,109,923	8,344,472	10,955,836	8,582,921	8,145,996	7,739,042
81 Capital Outlay	47,550	13,020	242,762	8,750,627	591,321	1,278,365	1,396,372	339,571	3,846,758	23,539,215
Total Capital Outlay (80)	47,550	13,020	242,762	8,750,627	591,321	1,278,365	1,396,372	339,571	3,846,758	23,539,215
99 Other Intergovernmental Charges	209,529	154,974	229,358	177,794	155,245	153,658	137,983	174,496	174,496	182,670
Total Intergovernmental Charges (90)	209,529	154,974	229,358	177,794	155,245	153,658	137,983	174,496	174,496	182,670
Total Governmental Activities Expenses	\$ 67,310,787	\$ 64,823,690	\$ 67,564,131	\$ 73,425,637	\$ 63,444,526	\$ 59,276,006	\$ 58,421,961	\$ 53,615,750	\$ 57,230,523	\$ 74,274,740

Debt Service as a Percentage of Non-Capital Expenditures 12.54% 12.37% 14.84% 13.64% 16.08% 14.39% 19.21% 16.11% 15.26% 15.25%

Source: 2010 - 2019 Annual Financial Statements (Exhibit C-3)

**RED OAK INDEPENDENT SCHOOL DISTRICT
CHANGES IN FUND BALANCES - GENERAL FUND
LAST TEN FISCAL YEARS**

	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
General Fund Revenues										
Local and Intermediate Sources (5700)	\$ 22,853,564	\$ 20,794,599	\$ 19,966,880	\$ 18,301,662	\$ 17,547,841	\$ 15,418,411	\$ 14,758,634	\$ 14,752,008	\$ 14,538,660	\$ 14,489,209
State Program Sources (5800)	31,701,802	31,612,233	30,651,152	31,187,929	31,494,722	30,136,276	27,774,727	26,161,789	26,005,085	24,228,061
Federal Program Sources (5900)	1,049,881	911,746	1,047,908	951,299	1,314,250	565,772	176,708	803,614	183,514	128,998
Total Revenue	\$ 55,605,247	\$ 53,318,578	\$ 51,665,940	\$ 50,440,890	\$ 50,356,813	\$ 46,120,459	\$ 42,710,069	\$ 41,717,411	\$ 40,727,259	\$ 38,846,268
General Fund Expenditures										
Instruction and Related Services (10)	\$ 28,187,267	\$ 26,432,067	\$ 25,903,301	\$ 25,940,668	\$ 25,437,357	\$ 23,881,653	\$ 23,255,203	\$ 21,880,143	\$ 22,228,733	\$ 21,052,901
Instructional and School Leadership (20)	4,529,693	4,527,747	4,395,070	4,189,517	4,038,527	3,835,185	3,279,862	3,208,554	3,098,105	2,900,282
Student Support Services (30)	7,434,554	6,634,903	6,411,333	6,132,313	5,988,168	5,172,807	4,760,395	4,523,242	4,741,763	4,618,377
Administrative Support Services (40)	2,589,263	2,730,074	2,827,586	2,654,254	2,335,323	2,026,344	1,961,261	1,740,731	1,774,694	1,721,782
Support Services (50)	8,736,101	8,919,620	10,647,377	9,700,324	8,265,372	8,170,130	6,623,468	6,359,408	5,657,386	5,970,922
Ancillary Services (60)	1,720,277	1,418,177	1,484,674	1,312,391	1,148,413	977,450	861,505	745,058	460,640	466,742
Debt Services (70)	779,646	447,149	1,628,894	793,105	2,304,979	815,870	2,827,698	851,595	530,664	594,155
Capital Outlay (80)	47,550	13,020	242,762	8,750,627	591,321	1,278,365	1,396,372	-	80,500	-
Intergovernmental Charges (90)	209,529	154,974	229,358	177,794	174,297	155,245	153,658	137,983	174,496	182,670
Total Expenditures	\$ 54,233,880	\$ 51,277,731	\$ 53,770,355	\$ 59,650,993	\$ 50,283,757	\$ 46,313,049	\$ 45,119,422	\$ 39,446,714	\$ 38,746,981	\$ 37,507,831
Excess or (Deficiency) of Revenue over Expenditures	\$ 1,371,367	\$ 2,040,847	\$ (2,104,415)	\$ (9,210,103)	\$ 73,056	\$ (192,590)	\$ (2,409,353)	\$ 2,270,697	\$ 1,980,278	\$ 1,338,437
Beginning Fund Balance (July 1)	12,620,548	10,460,413	10,149,294	10,732,215	9,158,644	9,351,234	9,760,071	7,658,594	5,654,397	4,309,757
Sale of Property		119,288								
Non-Current Loans			1,000,185		1,500,515		2,000,516			6,203
Transfers In or (Out)			(83,000)	(36,000)				(169,220)		
Capital Leases									23,919	
Extraordinary Items			1,498,349	8,663,182						
Ending Fund Balance (June 30)	\$ 13,991,915	\$ 12,620,548	\$ 10,460,413	\$ 10,149,294	\$ 10,732,215	\$ 9,158,644	\$ 9,351,234	\$ 9,760,071	\$ 7,658,594	\$ 5,654,397

Note: The District encountered a Tornado in December 2015

Source: 2010 - 2019 Annual Financial Statements (Exhibit C-3)

**RED OAK INDEPENDENT SCHOOL DISTRICT
PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN FISCAL YEARS**

Fiscal Year	Taxes Levied for the Fiscal Year		Fiscal Year Collections			Total Collections			Outstanding Delinquent Taxes	Percentage of Levy
	Amount	Percentage of Levy	Amount	Percentage of Levy	Collections from Prior Years	Amount	Percentage of Levy			
2019	\$ 27,787,121	97.30%	\$ 27,035,967	97.30%	\$ 577,273	\$ 27,613,240	99.37%	\$ 910,707	3.28%	
2018	\$ 25,421,958	97.14%	\$ 24,694,552	97.14%	\$ 803,606	\$ 25,498,158	100.30%	\$ 736,826	2.90%	
2017	\$ 23,073,961	98.08%	\$ 22,630,787	98.08%	\$ 323,066	\$ 22,953,853	99.48%	\$ 813,026	3.52%	
2016	\$ 21,996,274	98.40%	\$ 21,644,454	98.40%	\$ 314,238	\$ 21,958,692	99.83%	\$ 692,918	3.15%	
2015	\$ 21,253,238	98.37%	\$ 20,906,392	98.37%	\$ 366,841	\$ 21,273,233	100.09%	\$ 655,336	3.08%	
2014	\$ 18,596,169	97.92%	\$ 18,209,704	97.92%	\$ 396,307	\$ 18,606,011	100.05%	\$ 675,331	3.63%	
2013	\$ 17,899,390	97.81%	\$ 17,507,726	97.81%	\$ 408,773	\$ 17,916,499	100.10%	\$ 685,173	3.83%	
2012	\$ 17,769,382	97.61%	\$ 17,344,422	97.61%	\$ 598,169	\$ 17,942,591	100.97%	\$ 702,282	3.95%	
2011	\$ 17,916,727	97.13%	\$ 17,402,576	97.13%	\$ 648,220	\$ 18,050,796	100.75%	\$ 875,491	4.89%	
2010	\$ 18,186,306	95.85%	\$ 17,430,876	95.85%	\$ 790,989	\$ 18,221,865	100.20%	\$ 1,009,560	5.55%	

Notes: Ellis County Tax Office collects the District tax revenue

Source: 2010 - 2019 Annual Financial Statements (Exhibit J-1)

RED OAK INDEPENDENT SCHOOL DISTRICT
APPRAISED VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY
LAST TEN FISCAL YEARS

Levy Year	Real Property	Personal Property	Less: Exemptions	Total Estimated Taxable Value	Taxable Freeze Value	Freeze Adjusted Net Taxable Value	Total Direct Tax Rate
2018	2,402,334,468	197,678,847	712,855,778	1,921,143,807	261,184,095	1,659,959,712	1.54000
2017	2,136,891,947	144,601,332	574,095,559	1,747,735,130	221,485,679	1,526,249,451	1.54000
2016	1,959,103,164	129,478,086	542,523,855	1,595,173,935	203,245,241	1,391,928,694	1.54000
2015	1,806,262,140	126,127,824	468,532,209	1,463,857,755	162,867,899	1,300,989,856	1.54000
2014	1,660,345,026	69,704,476	318,423,477	1,411,626,025	176,736,535	1,234,889,490	1.54000
2013	1,480,764,758	58,892,175	305,237,274	1,234,419,659	158,705,855	1,075,713,804	1.54000
2012	1,449,754,783	45,206,324	303,503,469	1,191,457,638	152,351,568	1,039,106,070	1.54000
2011	1,439,586,569	42,858,182	296,974,908	1,185,469,843	143,625,424	1,041,844,419	1.54000
2010	1,434,093,073	44,540,840	280,909,588	1,197,724,325	135,484,575	1,062,239,750	1.54000
2009	1,427,948,999	46,443,553	258,903,601	1,215,488,951	131,519,753	1,083,969,198	1.54000

Note: Real and Personal Property represent total appraised value before exemptions

Exemptions include Ag Productivity Loss, Homestead Cap and Total Exemptions

Tax rates are per \$100 of Taxable Value

The Tax Rate includes operating and debt service tax rates

Source: Ellis County Appraisal District - Certified Totals

**RED OAK INDEPENDENT SCHOOL DISTRICT
PROPERTY TAX RATE - DIRECT AND OVERLAPPING GOVERNMENTS
LAST TEN FISCAL YEARS**

	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Ellis County	0.33898	0.35971	0.38009	0.38009	0.38009	0.38009	0.38009	0.38009	0.36009	0.36009
City of Red Oak	0.70548	0.64900	0.64900	0.64900	0.64900	0.64900	0.64900	0.64900	0.64900	0.63500
Ellis County Lateral Road	0.03155	0.03351	0.03351	0.03351	0.03351	0.03351	0.03351	0.03351	0.03351	0.03351
Total Overlapping Rate	1.07601	1.04222	1.06260	1.06260	1.06260	1.06260	1.06260	1.06260	1.04260	1.02860
Red Oak ISD	1.54000	1.54000	1.54000	1.54000	1.54000	1.54000	1.54000	1.54000	1.54000	1.54000
City of Glenn Heights	0.87918	0.88543	0.93553	0.79340	0.79500	0.79500	0.79500	0.79500	0.79500	0.73932
City of Oak Leaf	0.30877	0.34065	0.36387	0.38648	0.38648	0.38648	0.38648	0.35454	0.35079	0.35540
City of Ovilla	0.66000	0.68040	0.70000	0.70000	0.67190	0.67190	0.66750	0.66380	0.67460	0.66790
City of Pecan Hill	0.32184	0.31936	0.32482	0.31211	0.31919	0.32854	0.32176	0.31655	0.31128	0.30470

Note: Overlapping rates are those of local and county governments that apply to property owners within the City of Red Oak. Other Cities that overlap the District are also shown.

The Rates for each Municipality includes operating and debt service tax rates

Tax rates are per \$100 of Taxable Value

Red Oak's tax rate is comprised of \$1.17 for M&O and \$0.37 for I&S.

In 2006 State legislation reduced the M&O tax rate by one-third (previously the maximum was \$1.50) plus \$0.17 (contingent upon voter approval).

School Districts can adopt an I&S tax rate up to a maximum of \$0.50 to pay for outstanding bond debt.

Source: Ellis County Appraisal District - Entity Tax Rates

**RED OAK INDEPENDENT SCHOOL DISTRICT
PRINCIPAL TAXPAYERS IN THE DISTRICT
CURRENT YEAR AND NINE YEARS AGO**

Taxpayer	Type	2018			2009		
		Taxable Assessed Value	Rank	Percentage of Total Value	Taxable Assessed Value	Rank	Percentage of Total Value
Triumph Aerostructures LLC	Manufacturing	\$ 112,509,813	1	6.78%			
Red Oak Town Village LP	Apartments	\$ 29,250,000	2	1.76%	\$9,676,780	2	0.80%
Oncor Electric Delivery Company	Electric Utility	\$ 11,988,770	3	0.72%	\$10,207,330	1	0.84%
Wal Mart Real Estate	Real Estate	\$ 11,563,480	4	0.70%			
First Texas Homes Inc.	Home Builder	\$ 6,477,570	5	0.39%			
Red Oak Depot 1 LTD	Real Estate	\$ 6,304,660	6	0.38%	\$4,665,540	4	0.38%
Fardis Investments Inc	Hotel/Motel	\$ 5,651,490	7	0.34%			
Rose Sierra Grande LP	Apartments	\$ 5,597,830	8	0.34%	\$3,773,800	6	0.31%
Walmart Stores Texas LP	Retail Store	\$ 5,518,080	9	0.33%			
Red Oak 72 LLC	Commercial	\$ 4,716,900	10	0.28%			
Southwestern Bell Telephone	Telephone Utility				\$5,595,730	3	0.46%
Red Oak Senior Care LLC	Apartments				\$3,864,140	5	0.32%
Blackstone Developers LLC	Real Estate				\$2,800,000	7	0.23%
HRLD 2 LP	Real Estate				\$2,796,600	8	0.23%
Tiger Mart # 12	Retail Store				\$2,794,390	9	0.23%
Rose-Living Oaks, LP	Real Estate				\$2,736,160	10	0.23%
		\$199,578,593		12.02%	\$48,910,470		4.02%
Red Oak ISD Taxable Value		\$ 1,659,959,712			\$ 1,215,488,951		

Notes: The Tax Year for the fiscal year 2018-2019 is 2018

Triumph Aerostructure's is under Chapter 313 and their Market Value is \$364,378,390

Source: Ellis County Appraisal District - Top Taxpayer Listing
Municipal Advisory Council of Texas

**RED OAK INDEPENDENT SCHOOL DISTRICT
 OUSTANDING DEBT BY TYPE
 LAST TEN FISCAL YEARS**

Fiscal Year	General Obligation Bonds		Capital Appreciation Bonds		Bond Premium	Capital Lease	Outstanding Loans	Total Debt Obligations	Percentage of Property Value	Estimated Population	Outstanding Debt Per Capita
2019	\$ 98,712,624	\$ 959,366	\$ 9,152,077	\$ -	\$ 108,824,067	5.66%	28,422	3,829			
2018	\$ 101,126,490	\$ 1,777,135	\$ 9,432,103	\$ 750,185	\$ 113,085,913	6.47%	27,821	4,065			
2017	\$ 102,922,585	\$ 2,454,463	\$ 10,219,656	\$ 1,153,352	\$ 116,750,056	7.32%	27,370	4,266			
2016	\$ 105,251,987	\$ 3,010,222	\$ 6,454,808	\$ 1,720,652	\$ 116,437,669	7.95%	27,233	4,276			
2015	\$ 107,622,143	\$ 3,454,242	\$ 6,218,240	\$ 148,611	\$ 119,719,000	8.48%	27,582	4,340			
2014	\$ 109,977,143	\$ 3,207,722	\$ 4,398,929	\$ 291,050	\$ 120,698,148	9.78%	26,604	4,537			
2013	\$ 112,107,143	\$ 2,933,001	\$ 4,765,190	\$ 427,575	\$ 123,594,966	10.37%	26,565	4,653			
2012	\$ 114,497,143	\$ 2,647,642	\$ 4,132,708	\$ 558,431	\$ 125,727,789	10.61%	26,034	4,829			
2011	\$ 116,432,143	\$ 2,345,125	\$ 4,500,386	\$ 714,520	\$ 128,405,665	10.72%	25,849	4,968			
2010	\$ 117,996,617	\$ 2,034,745	\$ 5,071,740	\$ 838,931	\$ 128,118,707	10.54%	25,018	5,121			

Notes: The 2019 population is an estimate from the growth in the prior 3 years

Source: 2010 - 2019 Annual Financial Statements (Note 5)

ROISD Population - 2010-2018 Texas Municipal Reports

The 2019 Estimated Population is an estimated obtained from the Texas Municipal Reports

RED OAK INDEPENDENT SCHOOL DISTRICT
COMPUTATION OF DIRECT AND OVERLAPPING DEBT
June 30, 2019

Taxing Authority	Debt Outstanding	Capital Appreciation As of	Percentage Of Debt Applicable	Estimated District Share of Overlapping Debt
Ellis County	\$ 35,325,000	06/30/2019	13.72%	\$ 4,846,590
City of Glenn Heights	\$ 15,280,000 *	06/30/2019	32.58%	\$ 4,978,224
City of Ovilla	\$ 4,670,000 *	06/30/2019	49.73%	\$ 2,322,391
City of Red Oak	\$ 36,526,000 *	06/30/2019	100.00%	<u>\$ 36,526,000</u>
Total Net Overlapping Bonded Debt				\$ 48,673,205
Red Oak ISD				<u>\$ 98,712,624</u>
Total Direct and Overlapping General Obligation Bonded Debt				<u>\$ 147,385,829</u>
Total Direct and Overlapping Debt as a percentage of Assessed Value				7.67%
Total Direct and Overlapping Debt per Capita				5,186

* Gross Debt

Notes: The percentage of overlapping debt applicable is estimated using taxable property values.

Overlapping governments are those that coincide, at least in part, with the geographic boundaries of District. This schedule estimates the portion of the outstanding debt of those overlapping governments that District. This process is borne by the residents and businesses of the recognizes that, when considering the District's ability to issue and repay long-term debt, the entire debt burden borne by the residents and businesses should be taken into accounts. However, this does not imply that every taxpayer is a resident, and therefore responsible for repaying the debt, of each overlapping government.

Source: Texas Municipal Report - June 30, 2019 (Updated October 2019)

**RED OAK INDEPENDENT SCHOOL DISTRICT
RATIO OF NET BONDED DEBT TO ASSESSED VALUE
LAST TEN FISCAL YEARS**

Fiscal Year	Population	Assessed Value	Gross Bonded Debt	Debt Service Fund Balance	Net Bonded Debt	Ratio of Net Bonded Debt to Assessed Value		Net Bonded Debt Per Capita
						Bonded Debt	Assessed Value	
2019	27,821	1,921,143,807	98,712,624	5,394,949	93,317,675	4.86%	3,354	
2018	27,370	1,747,735,130	101,126,490	5,038,274	96,088,216	5.50%	3,511	
2017	27,233	1,595,173,935	102,922,585	4,235,240	98,687,345	6.19%	3,624	
2016	27,582	1,463,857,755	105,251,987	4,571,219	100,680,768	6.88%	3,650	
2015	26,604	1,411,626,025	107,622,143	4,492,483	103,129,660	7.31%	3,876	
2014	26,565	1,234,419,659	109,977,143	4,418,610	105,558,533	8.55%	3,974	
2013	26,034	1,191,457,638	112,107,143	4,701,775	107,405,368	9.01%	4,126	
2012	25,849	1,185,469,843	114,497,143	5,673,632	108,823,511	9.18%	4,210	
2011	25,018	1,197,724,325	116,432,143	6,128,783	110,303,360	9.21%	4,409	
2010	25,231	1,215,488,951	117,996,617	6,691,072	111,305,545	9.16%	4,411	

Notes: The Debt Service Fund Balance is from the 2010 - 2019 Annual Financial Statements (Exhibit C-3).

The population is from the City of Red Oak only.

Details on the District's Debt Service can be found in the Notes to the financial statements.

Source: District Records and Ellis County Appraisal District

**RED OAK INDEPENDENT SCHOOL DISTRICT
DEMOGRAPHIC AND ECONOMIC STATISTICS
LAST TEN FISCAL YEARS**

Fiscal Year	<u>Population</u>	<u>Personal Income</u>	<u>Per Capita Personal Income</u>	<u>Unemployment Rate</u>
2019	27,821	N/A	N/A	3.30%
2018	27,370	1,212,846,810	44,313	3.60%
2017	27,233	1,163,965,653	42,741	3.70%
2016	27,582	1,136,488,728	41,204	4.20%
2015	26,604	1,063,867,356	39,989	4.30%
2014	26,565	1,026,073,125	38,625	5.50%
2013	26,034	967,397,406	37,159	6.60%
2012	25,849	943,953,782	36,518	7.30%
2011	25,018	872,602,822	34,879	8.40%
2010	25,231	836,861,808	33,168	8.20%

Notes: The current year income data is not available at the time the document was prepared

Source: Population is from the Texas Municipal Reports and District Records
Per Capita Income and Unemployment data is from the Federal Reserve Economic Data
for Ellis County, June of each year, not seasonally adjusted

**RED OAK INDEPENDENT SCHOOL DISTRICT
PRINCIPAL EMPLOYERS
CURRENT YEAR AND NINE YEARS AGO**

Employers		2018 Data			2009 Data		
		Number of Employees	Rank	Percentage of Total Employees	Taxable Assessed Value	Rank	Percentage of Total Value
Red Oak ISD	Education	944	1	14.29%	712	1	15.96%
Triumph Aerostructures	Industrial	600	2	9.08%			
Walmart	Retail & Grocery	310	4	4.69%			
Red Oak Health & Rehabilitation	Health Care	150	3	2.27%	150	2	3.36%
Brookshire Food Store	Grocery Store	120	5	1.82%	120	3	2.69%
City of Red Oak	Government	98	6	1.48%	98	4	2.20%
Life Academy - Oaks Church	Private Education	75	7	1.13%			
Perfect Technology Center	Corporation				49	5	1.10%
Whataburger	Fast Food Restaurant				47	6	1.05%
McDonald's	Fast Food Restaurant				45	7	1.01%
		<u>2,297</u>		<u>34.76%</u>	<u>1,221</u>		<u>27.36%</u>
Estimated Red Oak Employees		6,608			4,462		

Notes: Data is based on the previous year since the current year's data is not available.

Source: Texas Municipal Reports (2009 - 2018)
American FactFinder, U.S. Census Bureau - Red Oak, Texas

**RED OAK INDEPENDENT SCHOOL DISTRICT
STAFFING BY POSITION
LAST TEN FISCAL YEARS**

	2018-2019	2017-2018	2016-2017	2015-2016	2014-2015	2013-2014	2012-2013	2011-2012	2010-2011	2009-2010
<u>Administration:</u>										
Central Office	40	40	36	36	35	30	27	19	20	17
Site Based	25	24	23	22	21	20	19	18	18	19
Total Administration	65	64	59	58	56	50	46	37	38	36
<u>Teachers:</u>										
High School - Regular Ed	116	110.5	112.5	105	112	111.5	102.5	104.5	105	98.75
Middle School - Regular Ed	73	72	68	72	91.5	95	92.5	90.5	92.5	93.5
Elementary School - Regular Ed	154	148	148	149	120	120	116	113	116	115
Subtotal Regular Ed	343	330.5	328.5	326	323.5	326.5	311	308	313.5	307.25
High School - Special Ed	18	17	13	14	13	14	16	12	13	14
Middle School - Special Ed	11	13	13	11	15	13	14	13	14	14
Elementary School - Special Ed	15	13	13	11	9	8	10	10	11	10
Subtotal Special Ed	44	43	39	36	37	35	40	35	38	38
Total Teachers	387	373.5	367.5	362	360.5	361.5	351	343	352	345.25
<u>Pupil Support:</u>										
Nurses	8	8	7	6	4	4	4	4	4	4
Librarians	6	6	6	6	6	6	6	7	6	6
Psychologists	2	1	0	0	0	0	0	0	0	0
Counselors	15	16	16	15	15	13	12	12	11	12
Speech & Language Therapist	5	5	5	5	5	5	5	5	5.5	5.5
Occupational & Physical Therapists	1	1	1	1	1	1	1	2	2	2
Diagnosticians	12	9	9	8.5	8.5	8.5	9	9	8	9
Truancy/Other	4	4	4	4	4	4	4	3	4	4
Total Pupil Support	53	50	48	46	43.5	41.5	41	42	40.5	42.5
<u>Other Support Staff:</u>										
Police	12.5	12.5	11	12	11	11	6.5	6	7	5.67
Technology	7.5	7.5	7.5	7.5	6.5	5.5	5.5	5	6	8
Aides	87	80.5	79.5	77	85	78	76.5	74	74.5	81
Child Nutrition	62	63	65	56	58	59	60	52	54	57
Transportation	48	54	48	44	42	43	43	41	41	38
Child Care	75	59	56	60	45	39	37	38	19	14
Clerical Support	60.5	57.5	63.5	62.5	58.5	57.5	55.5	57	57	52
Custodial, Maintenance, Grounds	86	86	87	88	85.5	81.5	72	74	68.5	74
Total Other Support Staff	438.5	420	417.5	407.0	391.5	374.5	356	347	327	329.67
Grand Total	943.5	907.5	892.0	872.5	851.5	827.5	794	769	757	753.42

Source: District Records

**RED OAK INDEPENDENT SCHOOL DISTRICT
OPERATING STATISTICS
LAST TEN FISCAL YEARS**

Fiscal Year	Enrollment	Operating Expenditures	Cost Per Pupil	Percentage Change	Teaching Staff	Pupil-Teacher Ratio	Percentage of Students Receiving Free or Reduced Meals
2019	5,891	54,233,880	9,206	4.31%	382.0	15.42	48.2%
2018	5,810	51,277,731	8,826	-5.64%	387.0	15.01	48.5%
2017	5,749	53,770,355	9,353	-8.48%	373.5	15.39	44.4%
2016	5,837	59,650,993	10,219	14.40%	367.5	15.88	45.6%
2015	5,629	50,283,757	8,933	7.71%	362.0	15.55	44.9%
2014	5,584	46,313,049	8,294	3.56%	360.5	15.49	44.3%
2013	5,634	45,119,422	8,008	12.05%	361.5	15.59	43.9%
2012	5,519	39,446,714	7,147	1.73%	351.0	15.72	43.2%
2011	5,515	38,746,981	7,026	1.21%	343.0	16.08	42.1%
2010	5,403	37,507,831	6,942	-0.12%	352.0	15.35	41.2%

Notes: The Operating Expenses comes from Exhibit C-3

Enrollment and Free and Reduced percentage is taken from the Annual Fall PEIMS Snapshot Reports

Source: District Records

RED OAK INDEPENDENT SCHOOL DISTRICT
FACILITY INFORMATION
LAST TEN FISCAL YEARS

Building Area	Capacity	2018-2019	2017-2018	2016-2017	2015-2016	2014-2015	2013-2014	2012-2013	2011-2012	2010-2011	2009-2010
	<i>sq. ft.</i>	<i>pupils</i>									
Donald T. Shields Elementary 223 W. Ovilla Rd, Red Oak	82,084	770	558	541	522	563	540	523	483	490	503
Eastridge Elementary 725 E. Ovilla Rd, Red Oak	66,511	616	441	459	486	408	391	413	394	387	382
H.A. Wooden Elementary 200 Louise Ritter Blvd, Red Oak	68,538	616	580	552	545	483	484	461	444	432	395
Red Oak Elementary 200 Valley Ridge Dr, Red Oak	78,517	814	602	603	618	635	647	646	639	661	650
Russell P. Schupmann Elementary 401 E. Ovilla Rd, Glenn Heights	110,000	850	392	411	456	833	795	829	819	812	818
Red Oak Middle School 154 Louise Ritter Blvd, Red Oak	158,752	1,142	949	952	879	872	888	896	903	858	876
6th Grade Center 152 Louise Ritter Blvd, Red Oak	43,724	483	484	426	490	453					
Red Oak High School 220 South SH 342, Red Oak	340,000	2,325	1,885	1,844	1,878	1,794	1,820	1,866	1,837	1,875	1,779
Education Service Center 109 W. Red Oak Road, Red Oak	47,604	n/a	-	-	-	41	19	-	-	-	-
Little Hawks Learning Center 205 W. Ovilla Rd, Glenn Heights	54,431	150									
CATE Building 156 Louise Ritter Blvd, Red Oak	60,000	200	-	-	-	-	-	-	-	-	-
Coffey Justice Center 156 Louise Ritter Blvd, Red Oak	8,994	n/a	-	-	-	-	-	-	-	-	-
Support Services Center 150 Louise Ritter Blvd, Bldg. #1, Red Oak	15,000	n/a	-	-	-	-	-	-	-	-	-
Transportation Service Center 150 Louise Ritter Blvd, Bldg. #2, Red Oak	7,640	n/a	-	-	-	-	-	-	-	-	-
Total Enrollment		5,891	5,810	5,749	5,837	5,629	5,584	5,634	5,519	5,515	5,403

Source: Texas PEIMS Fall Snapshot Counts

Building size and capacity based on the most recent Facilities Master Plan Study

Federal Awards Section



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

To the Board of Trustees
Red Oak Independent School District
Red Oak, Texas

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Red Oak Independent School District, as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise Red Oak Independent School District's basic financial statements, and have issued our report dated October 14, 2019.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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

Hankins, Eastup, Deaton, Tonn & Seay

Hankins, Eastup, Deaton, Tonn & Seay, PC
Denton, Texas

October 14, 2019

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

To the Board of Trustees
Red Oak Independent School District
Red Oak, Texas

Report on Compliance for Each Major Federal Program

We have audited Red Oak Independent School District's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Red Oak Independent School District's major federal programs for the year ended June 30, 2019. Red Oak Independent School District's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of finding 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 Red Oak Independent School District's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Red Oak Independent School District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on Each Major Federal Program

In our opinion, Red Oak 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 June 30, 2019.

Report on Internal Control Over Compliance

Management of Red Oak Independent School District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Red Oak Independent School District's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Red Oak Independent School District's internal control over compliance.

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

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

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

Hankins, Eastup, Deaton, Tonn & Seay

Hankins, Eastup, Deaton, Tonn & Seay, PC
Denton, Texas

October 14, 2019

RED OAK INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2019

I. Summary of Auditor's Results

1. Type of auditor's report issued on the financial statements: Unmodified
2. Internal control over financial reporting:
Material weakness(es) identified: None
Significant deficiency(ies) identified that are not considered to be material weaknesses: None reported
3. Noncompliance which is material to the financial statements: None
4. Internal controls over major federal programs:
Material weakness(es) identified: None
Significant deficiency(ies) identified that are not considered to be material weaknesses: None reported
5. Type of auditor's report on compliance for major federal programs: Unmodified
6. Did the audit disclose findings which are required to be reported in accordance with 2 CFR 200.516(a)?: No
7. Major programs include:
Child Nutrition Cluster:
CFDA 10.553 School Breakfast Program
CFDA 10.555 National School Lunch Program
CFDA 10.559 Summer Feeding Program
8. Dollar threshold used to distinguish between Type A and Type B programs: \$750,000.
9. Low risk auditee: Yes

II. Findings Related to the Financial Statements

None

III. Other Findings

None

RED OAK INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF STATUS OF PRIOR FINDINGS
FOR THE YEAR ENDED JUNE 30, 2019

FINDING/NONCOMPLIANCE

No Prior Year Findings

RED OAK INDEPENDENT SCHOOL DISTRICT
CORRECTIVE ACTION PLAN
FOR THE YEAR ENDED JUNE 30, 2019

CORRECTIVE ACTION PLAN

N/A

RED OAK INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2019

(1)	(2)	(3)	(4)
FEDERAL GRANTOR/ PASS-THROUGH GRANTOR/ PROGRAM or CLUSTER TITLE	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
U.S. DEPARTMENT OF EDUCATION			
<u>Passed Through Region 10 Service Center</u>			
Title III, Part A - English Language Acquisition	84.365A	19671001057950	\$ 41,233
ESEA, Title II, Part A, Teacher Principal Training	84.367A	19694501057950	104,496
Total Passed Through Region 10 Service Center			145,729
<u>Passed Through State Department of Education</u>			
ESEA, Title I, Part A - Improving Basic Programs	84.010A	19610101070911	481,939
*IDEA - Part B, Formula	84.027	186600010709116600	124,750
*IDEA - Part B, Formula	84.027	196600010709116600	1,049,323
Total CFDA Number 84.027			1,174,073
*IDEA - Part B, Preschool	84.173	196610010709116610	20,710
Total Special Education Cluster (IDEA)			1,194,783
Career and Technical - Basic Grant	84.048	19420006070911	46,784
Summer School LEP	84.369A	69551802	2,503
ESEA Title IV, Part A - Student Support	84.424A	19680101070911	31,088
Total Passed Through State Department of Education			1,757,097
TOTAL U.S. DEPARTMENT OF EDUCATION			1,902,826
U.S. DEPARTMENT OF AGRICULTURE			
<u>Passed Through the State Department of Agriculture</u>			
*School Breakfast Program	10.553	71401901	242,322
*National School Lunch Program - Cash Assistance	10.555	71301901	948,436
*National School Lunch Prog. - Non-Cash Assistance	10.555	71301901	136,488
Total CFDA Number 10.555			1,084,924
*Summer Feeding Program - Cash Assistance	10.559	CE0300	25,430
Total Child Nutrition Cluster			1,352,676
Total Passed Through the State Department of Agriculture			1,352,676
TOTAL U.S. DEPARTMENT OF AGRICULTURE			1,352,676
TOTAL EXPENDITURES OF FEDERAL AWARDS			\$ 3,255,502

*Clustered Programs

See Accompanying Notes to the Schedule of Expenditures of Federal Awards

RED OAK INDEPENDENT SCHOOL DISTRICT
NOTES ON ACCOUNTING POLICIES FOR FEDERAL AWARDS
YEAR ENDED JUNE 30, 2019

1. The District uses the fund types specified in Texas Education Agency's Financial Accountability System Resource Guide. Special Revenue Funds are used to account for resources restricted to, or designated for, specific purposes by a grantor. Federal and state financial assistance generally is accounted for in a Special Revenue Fund. Generally, unused balances are returned to the grantor at the close of specified project periods.
2. The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. The Governmental Fund types are accounted for using a current financial resources measurement focus. All federal grant funds were accounted for in a Special Revenue Fund which is a Governmental Fund type. With this measurement focus, only current assets and current liabilities and the fund balance are included on the balance sheet. Operating statements of these funds present increases and decreases in net current assets.

The modified accrual basis of accounting is used for the Governmental Fund types and Agency Funds. This basis of accounting recognizes revenues in the accounting period in which they become susceptible to accrual, i.e., both measurable and available, and expenditures in the accounting period in which the fund liability is incurred, if measurable, except for unmatured interest on Long-Term Debt, which is recognized when due, and certain compensated absences and claims and judgments, which are recognized when the obligations are expected to be liquidated with expendable available financial resources.

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

3. The District participates in numerous state and federal grant programs that are governed by various rules and regulations of the grantor agencies. Costs charged to the respective grant programs are subject to audit and adjustment by the grantor agencies; therefore, to the extent that the District has not complied with the rules and regulations governing the grants, if any, refunds of any money received may be required and the collectability of any related receivable at June 30, 2019, may be impaired. In the opinion of the District, there are not significant contingent liabilities relating to compliance with the rules and regulations governing the respective grants; therefore, no provisions has been recorded in the accompanying combined financial statements for such contingencies.
4. The District also received \$950,421 of School Health and Related Services (SHARS) payments. These payments are not considered federal awards for purposes of the Schedule of Expenditures of Federal Awards and were recorded as federal revenues in the General Fund.