

# **Dripping Springs Independent School District**

Annual Financial Report

For the Fiscal Year Ended June 30, 2019

**Dripping Springs Independent School District**  
 Annual Financial Report  
 For the Fiscal Year Ended June 30, 2019  
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**Certificate of the Board**

**Dripping Springs Independent School District**

Name of School District

**Hays**

County

**105-904**

Co.-Dist Number

We, the undersigned, certify that the attached annual financial reports of the above named school district were reviewed and \_\_\_\_\_ approved \_\_\_\_\_ disapproved for the fiscal year ended June 30, 2019 at a meeting of the Board of Trustees of such school district on the 30<sup>th</sup> day of October, 2019.

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

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

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

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# Financial Section

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## Independent Auditor's Report

To the Board of Trustees of  
Dripping Springs Independent School District  
Drippings Springs, Texas

### Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Dripping Springs 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type 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, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

***Other Matters***

*Required Supplementary Information*

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

*Supplementary and 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 Supplementary Information and Schedule of Required Responses to Selected School FIRST Indicators, as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The Schedule of Expenditures of Federal Awards, as required by 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), is presented for purposes of additional analysis and is not a required part of the basic financial statements.

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

The Schedule of Required Responses to Selected School FIRST Indicators has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

The Board of Trustees of  
Dripping Springs Independent School District

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

In accordance with *Government Auditing Standards*, we have also issued our report dated October 30, 2019 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of 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.

*Weaver and Tidwell, L.L.P.*

WEAVER AND TIDWELL, L.L.P.

Conroe, Texas  
October 30, 2019

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## Management's Discussion and Analysis

As management of the Dripping Springs Independent School District (the District), we offer readers of the accompanying report this narrative overview and analysis of the financial activities of the District for the fiscal year ended June 30, 2019. In reviewing this report, readers should be mindful that it is often necessary for management to make and use estimates in the preparation of financial statements. Examples of the use of such estimates may be found in amounts reported for depreciation, net taxes receivable, net pension liability, and net other postemployment benefits liability.

### Financial Highlights

- Assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources at year-end by \$52,904,760 (net position). Of this amount, \$8,294,889 (unrestricted net position) is available to meet the District's ongoing obligations to students and creditors in subsequent years.
- The District's total net position increased by \$2,247,152 from current operations.
- As of the close of the year, the District's governmental funds had combined ending fund balances of \$159,788,480, an increase of \$110,021,490 as compared to the preceding year.
- At the end of the year, unassigned fund balance of the general fund was \$32,776,751, or 49 percent of the year's total general fund expenditures.
- The District's total bonded debt increased by \$103,772,420 (53 percent) during the year.

### Overview of the Financial Statements

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

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

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

The *Statement of Activities* (Exhibit B-1) presents information showing how the District's net position changed during the year. Changes in net position are reported upon occurrence of the underlying event giving rise to the change, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some transactions that will not result in cash flows until future fiscal periods (e.g., uncollected taxes).

The government-wide financial operations (*governmental activities*) of the District are principally supported by taxes, intergovernmental revenues, and charges for services. The governmental activities of the District include *Instruction, Instructional Resources and Media Services, Curriculum and Instructional Staff Development, Instructional Leadership, School Leadership, Guidance, Counseling, and Evaluation Services, Health Services, Student Transportation, Food Services, Cocurricular/Extracurricular Activities, General Administration, Plant Maintenance and Operations, Security and Monitoring Services, Data Processing Services, Community Services, Interest on Long-term Debt, Issuance Costs and Fees, Facilities Repair and Maintenance, Contracted Instructional Services between Schools, and Other Intergovernmental Charges.*

The business-type activities include Day Care, Community Services, and School Store.

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

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

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

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

The District maintained twenty-one individual governmental funds during the year. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund, debt service fund, and capital projects funds, which are considered to be major funds. Data from the other eighteen governmental funds are combined into a single, aggregated presentation titled *total nonmajor funds*.

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

The basic governmental fund financial statements are noted in the table of contents of this report.

**Proprietary Fund.** The District maintains one type of propriety fund. *Enterprise Funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The District uses enterprise funds to account for its Day Care, Community Services, and School Store operations.

Proprietary funds provide essentially the same type of information as the government-wide financial statements, only in more detail. Individual fund data for the enterprise funds are provided in the form of combining statements elsewhere in this report.

The basic proprietary fund financial statements are noted in the table of contents of this report.

**Fiduciary Funds.** Fiduciary funds are used to account for resources held for the benefit of students and student organizations. Fiduciary funds are *not* reflected in the government-wide financial statements because the resources of those funds are *not* available to support the District's own programs and activities. A statement of fiduciary net position and statement of changes in fiduciary net position are presented for fiduciary funds, as noted in the table of contents of this report.

**Notes to the Basic Financial Statements.** The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the basic financial statements are noted in the table of contents of this report.

**Other Information.** In addition to the basic financial statements and accompanying notes, this report presents required supplementary information and supplementary and other information, including schedules required by the Texas Education Agency. Such information is noted in the table of contents of this report.

### Government-wide Financial Analysis

As mentioned earlier, net position may, over time, serve as an indicator of a District's changing financial position. At the close of the District's most recent fiscal year, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$52,904,760, an increase of \$2,247,152 over the preceding year from current operations.

**Dripping Springs Independent School District's Net Position**

	Governmental Activities		Business-type Activities		Total	
	2019	2018	2019	2018	2019	2018
Current and other assets	\$ 174,603,843	\$ 58,822,967	\$ 1,306,800	\$ 1,067,938	\$ 175,910,643	\$ 59,890,905
Capital assets, net of accumulated depreciation	221,297,821	220,967,452	3,167	6,333	221,300,988	220,973,785
Total assets	395,901,664	279,790,419	1,309,967	1,074,271	397,211,631	280,864,690
Total deferred outflows of resources	23,359,284	11,775,346	-	-	23,359,284	11,775,346
Other liabilities	18,753,376	10,781,567	558,088	523,545	19,311,464	11,305,112
Long-term liabilities outstanding	340,494,280	222,729,070	-	-	340,494,280	222,729,070
Total liabilities	359,247,656	233,510,637	558,088	523,545	359,805,744	234,034,182
Total deferred inflows of resources	7,860,411	7,948,246	-	-	7,860,411	7,948,246
Net position:						
Net investment in capital assets	33,672,100	32,761,304	3,167	6,333	33,675,267	32,767,637
Restricted	10,934,604	11,308,040	-	-	10,934,604	11,308,040
Unrestricted	7,546,177	6,037,538	748,712	544,393	8,294,889	6,581,931
<b>Total net position</b>	<b>\$ 52,152,881</b>	<b>\$ 50,106,882</b>	<b>\$ 751,879</b>	<b>\$ 550,726</b>	<b>\$ 52,904,760</b>	<b>\$ 50,657,608</b>

The excess of assets/deferred outflows of resources over liabilities/deferred inflows of resources reported on the government-wide *Statement of Net Position* of \$52,904,760 at June 30, 2019 results from several factors. The increase in net position resulted primarily from property tax revenue increases, related to increased appraised value.

The largest portion of the District's net position is net investment in capital assets. Investment in capital assets (e.g., land and improvements, buildings and improvements, furniture and equipment, and construction in progress), less any related debt used to acquire those assets that are still outstanding represent 64 percent of the District's net position. The District uses these capital assets to provide services to students; consequently, these assets are *not* available for future spending. Although the District's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

Net position of \$10,634,604, which represents 21 percent of total net position, is restricted for future debt service and grant expenditures.

*Unrestricted* net position of \$8,294,889 may be used to meet future obligations to students and creditors. At the end of the current fiscal year, the District is able to report positive balances in all categories of net position for governmental and business-type activities.

**Governmental Activities.** Governmental activities increased the District's net position by \$2,045,999 from current operations. Key elements of this change may be determined from the table below.

**Dripping Springs Independent School District's Changes in Net Position**

	Governmental Activities		Business-type Activities		Total	
	2019	2018	2019	2018	2019	2018
Revenue:						
Program revenues:						
Charges for services	\$ 4,591,576	\$ 4,353,412	\$ 2,334,749	\$ 2,109,308	\$ 6,926,325	\$ 6,462,720
Operating grants and contributions	7,392,516	(4,647,579)	107,897	-	7,500,413	(4,647,579)
General revenues:						
Property taxes, levied for general purposes	57,245,182	51,352,663	-	-	57,245,182	51,352,663
Property taxes, levied for debt service	17,166,094	15,398,259	-	-	17,166,094	15,398,259
Grants and contributions not restricted to specific programs	6,277,126	4,418,661	-	-	6,277,126	4,418,661
Investment earnings	3,523,397	861,363	6	-	3,523,403	861,363
Miscellaneous	235,971	172,850	-	-	235,971	172,850
<b>Total revenues</b>	<b>96,431,862</b>	<b>71,909,629</b>	<b>2,442,652</b>	<b>2,109,308</b>	<b>98,874,514</b>	<b>74,018,937</b>
Expenses:						
Instruction	41,514,027	24,937,974	-	-	41,514,027	24,937,974
Instructional resources and media services	865,625	770,595	-	-	865,625	770,595
Curriculum and instructional staff development	1,774,323	1,257,708	-	-	1,774,323	1,257,708
Instructional leadership	828,895	536,528	-	-	828,895	536,528
School leadership	3,338,191	1,972,247	-	-	3,338,191	1,972,247
Guidance, counseling, and evaluation services	2,470,727	1,167,392	-	-	2,470,727	1,167,392
Health services	558,462	351,591	-	-	558,462	351,591
Student transportation	2,547,377	1,750,689	-	-	2,547,377	1,750,689
Food services	3,577,114	2,721,452	-	-	3,577,114	2,721,452
Cocurricular/extracurricular activities	3,409,562	2,835,425	-	-	3,409,562	2,835,425
General administration	2,883,827	2,038,386	-	-	2,883,827	2,038,386
Plant maintenance and operations	7,307,793	6,280,897	-	-	7,307,793	6,280,897
Security and monitoring services	450,944	483,854	-	-	450,944	483,854
Data processing services	1,375,644	836,656	-	-	1,375,644	836,656
Community services	151,175	(145,877)	-	-	151,175	(145,877)
Interest on long-term debt	11,121,185	7,579,607	-	-	11,121,185	7,579,607
Issuance costs and fees	1,487,595	12,065	-	-	1,487,595	12,065
Facilities repair and maintenance	55,838	1,024,474	-	-	55,838	1,024,474
Contracted instructional services between schools	8,214,196	5,385,781	-	-	8,214,196	5,385,781
Other intergovernmental charges	489,098	449,410	-	-	489,098	449,410
Day care	-	-	567,292	432,435	567,292	432,435
Community services	-	-	1,626,431	1,415,881	1,626,431	1,415,881
School store	-	-	12,041	11,395	12,041	11,395
<b>Total expenses</b>	<b>94,421,598</b>	<b>62,246,854</b>	<b>2,205,764</b>	<b>1,859,711</b>	<b>96,627,362</b>	<b>64,106,565</b>
Increase in net position before transfers	2,010,264	9,662,775	236,888	249,597	2,247,152	9,912,372
Transfers	35,735	134,033	(35,735)	(134,033)	-	-
<b>Change in net position</b>	<b>2,045,999</b>	<b>9,796,808</b>	<b>201,153</b>	<b>115,564</b>	<b>2,247,152</b>	<b>9,912,372</b>
Net position - beginning, as originally reported	50,106,882	68,287,464	550,726	435,162	50,657,608	68,722,626
Prior period adjustment - implement GASB 75 for OPEB (a)	-	(27,977,390)	-	-	-	(27,977,390)
<b>Net position - beginning, as restated</b>	<b>50,106,882</b>	<b>40,310,074</b>	<b>550,726</b>	<b>435,162</b>	<b>50,657,608</b>	<b>40,745,236</b>
<b>Net position - ending</b>	<b>\$ 52,152,881</b>	<b>\$ 50,106,882</b>	<b>\$ 751,879</b>	<b>\$ 550,726</b>	<b>\$ 52,904,760</b>	<b>\$ 50,657,608</b>

(a) The restatement of the beginning net position in 2018 is the result of the District implementing GASB Statement No. 75.

The increase in net position resulted primarily from property tax revenue increases, related to increased appraised value. The significant changes in revenues and expense are the result of the negative revenue/expense recognized in the prior year related to OPEB.

Revenues, were generated primarily from two sources. Property taxes of \$74,411,276 represent 77 percent of total revenues while grants and contributions (including those not restricted for program-specific use as well as for general operations, totaling \$13,669,642), represent less than 14 percent of total revenues. The remaining 9 percent is generated from investment earnings, charges for services and miscellaneous revenues.

The primary functional expenses of the District are *Instruction* \$41,514,027, which represents 44 percent of total expenses and Interest on Long-term Debt of \$11,121,185 (12 percent), while all remaining expense categories are individually 10 percent or less of total expenses.

***Business-type Activities.*** Business-type activities increased the District's net position by \$201,153 which includes an increase from current operations of \$236,888 and \$35,735 was transferred back to supplement governmental activities. Revenues increased by \$333,344, or approximately 16 percent, primarily due to the increase of community participation in the daycare and community education services provided. Expenditures increased by 346,053, or approximately 19 percent, which was relative to the increase in revenues.

### **Financial Analysis of the Government's Funds**

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

***Governmental Funds.*** At the end of the fiscal year, the District's governmental funds had combined ending fund balances of \$159,788,480, an increase of \$110,021,490 from the preceding year. Comments as to each individual major fund's change in fund balance follows.

The general fund is the primary operating fund of the District. At year-end, unassigned fund balance of the general fund was \$32,776,751, while total fund balance was \$36,635,702. To evaluate the general fund's liquidity, it may be helpful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 49 percent of total general fund expenditures, while total fund balance represents 54 percent of that same total. The fund balance of the general fund increased \$3,581,743 during the year, primarily due to the increase in property tax levy as a result of the increase in appraised values.

The debt service fund ended the year with a total fund balance of \$16,112,109, all of which is restricted for the payment of principal and interest on debt. The debt service fund balance increased \$1,899,839 during the year, primarily due to the increase in the property tax levy as a result of the increase in appraised values.

The capital projects fund has a total fund balance of \$105,658,778. The net increase in fund balance during the current year in the capital projects fund was \$104,359,946 due to issuing a new bond for planned construction projects during the year.

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

***Proprietary Funds.*** The District's proprietary fund financial statements provided the same type of information found in the government-wide financial statements, but in more detail. Factors concerning the finances of these funds have already been addressed in the discussion of the District's business-type activities.

## General Fund Budgetary Highlights

The District amends the budget as needed throughout the year. The final budgeted expenditures increased by \$3,326,617 primarily due to the increase in instruction and related services in the current year due to growth.

There were no significant variations between the final budget and actual results.

## Capital Assets and Long-term Liabilities

**Capital Assets.** The District's investment in capital assets for its governmental activities and business-type activities as of June 30, 2019 was \$221,297,821 (net of accumulated depreciation). This investment in capital assets includes land and improvements, buildings and improvements, furniture and equipment, and construction in progress. The increase in investment in capital assets net of depreciation for the current fiscal year was \$327,203.

**Dripping Springs Independent School District's Capital Assets**  
(net of depreciation)

	Governmental Activities		Business-type Activities		Total	
	2019	2018	2019	2018	2019	2018
	Amount	Amount	Amount	Amount	Amount	Amount
Land and improvements	\$ 8,738,134	\$ 8,698,298	\$ -	\$ -	\$ 8,738,134	\$ 8,698,298
Buildings and improvements	198,771,443	204,538,333	-	-	198,771,443	204,538,333
Furniture and equipment	7,025,095	7,347,491	3,167	6,333	7,028,262	7,353,824
Intangibles	363,330	383,330	-	-	363,330	383,330
Construction in progress	6,399,819	-	-	-	6,399,819	-
<b>Totals</b>	<b>\$ 221,297,821</b>	<b>\$ 220,967,452</b>	<b>\$ 3,167</b>	<b>\$ 6,333</b>	<b>\$ 221,300,988</b>	<b>\$ 220,973,785</b>

Major capital asset activity during the year included the following:

- Transportation equipment \$661,326
- Construction in Process for new buildings, renovations, athletic facilities, and parking lots \$6,399,819

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

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

**Dripping Springs Independent School District's Outstanding Long-term Liabilities**

	Governmental Activities					
	2019		2018		Increase (Decrease)	
	Amount	%	Amount	%	Amount	%
General obligation bonds	\$ 300,215,309	88	\$ 196,442,889	88	\$ 103,772,420	53
Notes payable	1,385,238	-	1,967,509	1	(582,271)	(30)
Net pension liability	16,978,784	6	8,382,196	4	8,596,588	103
Net OPEB liability	21,914,949	6	15,936,476	7	5,978,473	38
<b>Totals</b>	<b>\$ 340,494,280</b>	<b>100</b>	<b>\$ 222,729,070</b>	<b>100</b>	<b>\$ 117,765,210</b>	

The District's total bonded debt increased by \$103,772,420 (53 percent) during the current fiscal year, which resulted primarily from the issue of \$100,720,000 (par value) building bonds. The debt is supported by the full faith and credit of the District, as further guaranteed by the Permanent School Fund of the State of Texas. State statutes do not limit the tax rate or amount of local tax support of school districts' bonded indebtedness. However, approval of the Attorney General of the State of Texas is required prior to the sale of bonds.

Additional information on the District's long-term debt can be found in Note 3.E. in the notes to the financial statements as per the table of contents of this report.

Additional information on the District's net pension liability can be found in Note 4.C. to the financial statements as indicated in the table of contents of this report.

Additional information on the District's OPEB liability can be found in Note 4.D. to the financial statements as indicated in the table of contents of this report.

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

- School year (2019-2020) student enrollment is 7,211, compared to 6,873 from 2018-2019.
- District staff totals 963 employees in 2019-2020, of which 466 are teachers and 151 are teacher aides and secretaries.
- The District maintains 7 campuses for student instruction.
- Property values of the District are projected to increase 10.93% for the 2019-2020 year.
- A maintenance and operations tax rate of \$1.0683 and a debt service rate of \$0.35, for a total rate of \$1.4183, were adopted for 2019-2020.

All of these factors and others were considered in preparing the District's budget for the 2019-20 fiscal year.

During 2018-19, fund balance in the general fund increased \$3,581,743. District Policy requires the District to maintain an assigned and unassigned fund balance each fiscal year end that equals or exceeds the amount necessary to cover four months of the District's average operating expenses for the coming year. The general fund balance increase extends that coverage to more than four months of average operating expenses.

### **Requests for Information**

This financial report is intended to provide a general overview of the District's finances for those with an interest in this information. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Assistant Superintendent for Finance and Operations, Dripping Springs Independent School District, 510 West Mercer Street, Dripping Springs, Texas 78620.

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# Basic Financial Statements

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**Dripping Springs Independent School District**  
**Statement of Net Position**  
**June 30, 2019**

**Exhibit A-1**

Data Control Codes		Primary Government		
		Governmental Activities	Business-type Activities	Total
<b>ASSETS</b>				
1110	Cash and cash equivalents	\$ 2,830,171	\$ 798,808	\$ 3,628,979
1120	Investments	166,848,112	-	166,848,112
1220	Property taxes receivables	1,552,356	-	1,552,356
1230	Allowance for uncollectable taxes	(343,999)	-	(343,999)
1240	Due from other governments	2,297,863	-	2,297,863
1250	Accrued interest	1,485,936	-	1,485,936
1265	Internal balances	(496,896)	496,896	-
1290	Other receivables	14,884	9,520	24,404
1300	Inventories	339,680	1,576	341,256
1410	Prepaid items	75,736	-	75,736
	Capital assets, not being depreciated:			
1510	Land and improvements	8,738,134	-	8,738,134
1580	Construction in progress	6,399,819	-	6,399,819
	Capital assets, net of accumulated depreciation:			
1520	Buildings and improvements	198,771,443	-	198,771,443
1530	Furniture and equipment	7,025,095	3,167	7,028,262
1540	Intangibles	363,330	-	363,330
1000	Total assets	395,901,664	1,309,967	397,211,631
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
1705	Deferred outflows - pension	10,316,819	-	10,316,819
1706	Deferred outflows - OPEB	5,785,992	-	5,785,992
1720	Deferred charge on refunding	7,256,473	-	7,256,473
1700	Total deferred outflows of resources	23,359,284	-	23,359,284
<b>LIABILITIES</b>				
2110	Accounts payable	5,390,930	38,019	5,428,949
2140	Interest payable	5,146,370	-	5,146,370
2150	Payroll deductions and withholdings	503,768	-	503,768
2160	Accrued wages payable	5,547,566	172,494	5,720,060
2180	Due to other governments	1,931,321	-	1,931,321
2200	Accrued liabilities	25,427	-	25,427
2300	Unearned revenue	207,994	347,575	555,569
	Noncurrent liabilities:			
2501	Due within one year	7,171,837	-	7,171,837
2502	Due in more than one year	294,428,710	-	294,428,710
2540	Net pension liability	16,978,784	-	16,978,784
2545	Net OPEB liability	21,914,949	-	21,914,949
2000	Total liabilities	359,247,656	558,088	359,805,744
<b>DEFERRED INFLOWS OF RESOURCES</b>				
2605	Deferred inflows - pension	930,376	-	930,376
2606	Deferred inflows - OPEB	6,930,035	-	6,930,035
2600	Total deferred inflows of resources	7,860,411	-	7,860,411
<b>NET POSITION</b>				
3200	Net investment in capital assets	33,672,100	3,167	33,675,267
3820	Restricted for grants	707,125	-	707,125
3850	Restricted for debt service	10,227,479	-	10,227,479
3900	Unrestricted	7,546,177	748,712	8,294,889
3000	<b>TOTAL NET POSITION</b>	<b>\$ 52,152,881</b>	<b>\$ 751,879</b>	<b>\$ 52,904,760</b>

The Notes to the Financial Statements are an integral part of this statement.

# Dripping Springs Independent School District

## Statement of Activities

For the Fiscal Year Ended June 30, 2019

Data Control Codes	Functions/Programs	1 Expenses	3 Program Revenues	
			Charges for Services	4 Operating Grants and Contributions
<b>PRIMARY GOVERNMENT</b>				
Governmental activities:				
0011	Instruction	\$ 41,514,027	\$ 1,324,818	\$ 3,807,908
0012	Instructional resources and media services	865,625	59,407	44,351
0013	Curriculum and instructional staff development	1,774,323	8,751	212,774
0021	Instructional leadership	828,895	-	51,981
0023	School leadership	3,338,191	77,144	254,699
0031	Guidance, counseling, and evaluation services	2,470,727	3,838	681,204
0033	Health services	558,462	1,349	40,507
0034	Student transportation	2,547,377	564	107,857
0035	Food services	3,577,114	2,549,128	649,161
0036	Cocurricular/extracurricular activities	3,409,562	528,270	559,619
0041	General administration	2,883,827	74	209,646
0051	Plant maintenance and operations	7,307,793	2,309	215,050
0052	Security and monitoring services	450,944	35,114	108,000
0053	Data processing services	1,375,644	-	49,692
0061	Community services	151,175	810	92,825
0072	Interest on long-term debt	11,121,185	-	-
0073	Issuance costs and fees	1,487,595	-	269,803
0081	Facilities repair and maintenance	55,838	-	37,439
0091	Contracted instructional services between schools	8,214,196	-	-
0099	Other intergovernmental charges	489,098	-	-
TG	Total governmental activities	94,421,598	4,591,576	7,392,516
Business-type activities:				
0001	Day care	567,292	374,564	31,941
0002	Community services	1,626,431	1,956,048	75,956
0003	School store	12,041	4,137	-
TB	Total business-type activities	2,205,764	2,334,749	107,897
TP	<b>TOTAL PRIMARY GOVERNMENT</b>	<b>\$ 96,627,362</b>	<b>\$ 6,926,325</b>	<b>\$ 7,500,413</b>
General revenues:				
MT	Property taxes, levied for general purposes			
DT	Property taxes, levied for debt service			
GC	Grants and contributions not restricted to specific programs			
IE	Investment earnings			
MI	Miscellaneous			
FR	Transfers			
TR	Total general revenues and transfers			
CN	Change in net position			
NB	Net position - beginning			
NE	<b>NET POSITION - ENDING</b>			

The Notes to the Financial Statements are an integral part of this statement.

**Net (Expense) Revenue and  
Changes in Net Position**

<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Total</b>
\$ (36,381,301)	\$ -	\$ (36,381,301)
(761,867)	-	(761,867)
(1,552,798)	-	(1,552,798)
(776,914)	-	(776,914)
(3,006,348)	-	(3,006,348)
(1,785,685)	-	(1,785,685)
(516,606)	-	(516,606)
(2,438,956)	-	(2,438,956)
(378,825)	-	(378,825)
(2,321,673)	-	(2,321,673)
(2,674,107)	-	(2,674,107)
(7,090,434)	-	(7,090,434)
(307,830)	-	(307,830)
(1,325,952)	-	(1,325,952)
(57,540)	-	(57,540)
(11,121,185)	-	(11,121,185)
(1,217,792)	-	(1,217,792)
(18,399)	-	(18,399)
(8,214,196)	-	(8,214,196)
(489,098)	-	(489,098)
(82,437,506)	-	(82,437,506)
-	(160,787)	(160,787)
-	405,573	405,573
-	(7,904)	(7,904)
-	236,882	236,882
(82,437,506)	236,882	(82,200,624)
57,245,182	-	57,245,182
17,166,094	-	17,166,094
6,277,126	-	6,277,126
3,523,397	6	3,523,403
235,971	-	235,971
35,735	(35,735)	-
84,483,505	(35,729)	84,447,776
2,045,999	201,153	2,247,152
50,106,882	550,726	50,657,608
\$ 52,152,881	\$ 751,879	\$ 52,904,760

**Dripping Springs Independent School District**  
Balance Sheet  
Governmental Funds  
June 30, 2019

Data Control Codes		199	599
		General Fund	Debt Service Fund
<b>ASSETS</b>			
1110	Cash and cash equivalents	\$ 1,501,685	\$ 2,351
1120	Investments	40,713,581	16,109,758
1220	Property taxes receivables	1,163,036	389,320
1230	Allowance for uncollectable taxes	(252,278)	(91,721)
1240	Due from other governments	1,857,147	-
1250	Accrued interest	6,150	-
1260	Due from other funds	1,520,004	-
1290	Other receivables	14,884	-
1300	Inventories	323,444	-
1410	Prepaid items	75,736	-
1000	Total assets	46,923,389	16,409,708
1000a	<b>TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>	<u>\$ 46,923,389</u>	<u>\$ 16,409,708</u>
<b>LIABILITIES</b>			
2110	Accounts payable	\$ 729,877	\$ -
2150	Payroll deductions and withholdings	503,768	-
2160	Accrued wages payable	5,223,198	-
2170	Due to other funds	941,741	-
2180	Due to other governments	1,931,016	-
2200	Accrued liabilities	25,427	-
2300	Unearned revenue	21,902	-
2000	Total liabilities	9,376,929	-
<b>DEFERRED INFLOWS OF RESOURCES</b>			
2600	Unavailable revenue - property taxes	910,758	297,599
	Total deferred inflows of resources	910,758	297,599
<b>FUND BALANCES</b>			
3410	Nonspendable - inventories	323,444	-
3430	Nonspendable - prepaid items	75,736	-
3450	Restricted - grants	-	-
3470	Restricted - capital acquisitions and contractual obligations	-	-
3480	Restricted - debt service	-	16,112,109
3530	Committed - capital expenditures for equipment	2,920,832	-
3545	Committed - other	300,000	-
3590	Assigned - purchases on order	238,939	-
3600	Unassigned	32,776,751	-
3000	Total fund balances	36,635,702	16,112,109
4000	<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>	<u>\$ 46,923,389</u>	<u>\$ 16,409,708</u>

The Notes to the Financial Statements are an integral part of this statement.

699		98
Capital Projects Fund	Total Nonmajor Funds	Total Governmental Funds
\$ 770,838	\$ 555,297	\$ 2,830,171
108,319,675	1,705,098	166,848,112
-	-	1,552,356
-	-	(343,999)
-	440,716	2,297,863
1,479,786	-	1,485,936
-	444,845	1,964,849
-	-	14,884
-	16,236	339,680
-	-	75,736
<u>110,570,299</u>	<u>3,162,192</u>	<u>177,065,588</u>
<u>\$ 110,570,299</u>	<u>\$ 3,162,192</u>	<u>\$ 177,065,588</u>
\$ 4,611,919	\$ 49,134	\$ 5,390,930
-	-	503,768
-	324,368	5,547,566
299,602	1,220,402	2,461,745
-	305	1,931,321
-	-	25,427
-	186,092	207,994
<u>4,911,521</u>	<u>1,780,301</u>	<u>16,068,751</u>
-	-	1,208,357
-	-	1,208,357
-	-	323,444
-	-	75,736
-	707,125	707,125
105,658,778	-	105,658,778
-	-	16,112,109
-	-	2,920,832
-	674,766	974,766
-	-	238,939
-	-	32,776,751
<u>105,658,778</u>	<u>1,381,891</u>	<u>159,788,480</u>
<u>\$ 110,570,299</u>	<u>\$ 3,162,192</u>	<u>\$ 177,065,588</u>

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**Dripping Springs Independent School District**  
 Reconciliation of the Governmental Funds Balance Sheet  
 to the Statement of Net Position  
 June 30, 2019

**Exhibit C-1R**

**TOTAL FUND BALANCES - GOVERNMENTAL FUNDS (EXHIBIT C-1)** \$ 159,788,480

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

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

Governmental capital assets costs	\$ 286,109,837	
Accumulated depreciation of governmental capital assets	(64,812,016)	221,297,821

Property taxes receivable, which will be collected subsequent to year-end, but are not available soon enough to pay expenditures and, therefore, are deferred in the funds.	1,208,357
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Long-term liabilities, including bonds payable, notes payable and net pension and OPEB liability, are not due and payable in the current period and, therefore, are not reported as liabilities in the funds. Liabilities at year-end related to such items consist of:

Bonds payable, at original par	\$ (274,164,999)	
Premiums on bonds payable	(24,990,735)	
Deferred charge on refunding adjustment	7,256,473	
Accreted interest on capital appreciation bonds	(1,059,575)	
Accrued interest on bonds	(5,122,654)	
Notes payable	(1,385,238)	
Accrued interest on notes	(23,716)	
Net pension liability	(16,978,784)	
Net OPEB liability	(21,914,949)	(338,384,177)

Deferred outflows of resources for pension represents a consumption of net position that applies to a future period(s) and will not be recognized as an outflow of resources (expense/expenditures) until then.	10,316,819
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Deferred inflows of resources for pension represents an acquisition of net position that applies to a future period(s) and will not be recognized as an inflow of resources (revenue) until that time.	(930,376)
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Deferred outflows of resources for OPEB represents a consumption of net position that applies to a future period(s) and will not be recognized as an outflow of resources (expense/expenditures) until then.	5,785,992
--	-----------

Deferred inflows of resources for OPEB represents an acquisition of net position that applies to a future period(s) and will not be recognized as an inflow of resources (revenue) until that time.	(6,930,035)
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**TOTAL NET POSITION - GOVERNMENTAL ACTIVITIES (EXHIBIT A-1)** \$ 52,152,881

**Dripping Springs Independent School District**  
Statement of Revenues, Expenditures, and Changes  
in Fund Balances  
Governmental Funds  
For the Fiscal Year Ended June 30, 2019

Data Control Codes		199	599
		General Fund	Debt Service Fund
<b>REVENUES</b>			
5700	Local and intermediate sources	\$ 59,447,368	\$ 17,481,949
5800	State program revenues	8,950,586	269,803
5900	Federal program revenues	166,642	-
5020	Total revenues	68,564,596	17,751,752
<b>EXPENDITURES</b>			
Current:			
0011	Instruction	33,753,047	-
0012	Instructional resources and media services	693,382	-
0013	Curriculum and instructional staff development	1,395,705	-
0021	Instructional leadership	705,180	-
0023	School leadership	2,719,818	-
0031	Guidance, counseling, and evaluation services	1,536,609	-
0033	Health services	469,079	-
0034	Student transportation	2,788,556	-
0035	Food services	-	-
0036	Cocurricular/extracurricular activities	2,408,927	-
0041	General administration	2,449,669	-
0051	Plant maintenance and operations	6,310,249	-
0052	Security and monitoring services	263,564	-
0053	Data processing services	1,216,969	-
0061	Community services	8,820	-
Debt service:			
0071	Principal on long-term debt	1,767,115	6,690,000
0072	Interest on long-term debt	50,222	9,168,506
0073	Issuance costs and fees	-	7,389
Capital outlay:			
0081	Facilities acquisition and construction	87,194	-
Intergovernmental:			
0091	Contracted instructional services between schools	8,214,196	-
0099	Other intergovernmental charges	489,098	-
6030	Total expenditures	67,327,399	15,865,895
1100	Excess (deficiency) of revenues over (under) expenditures	1,237,197	1,885,857
<b>OTHER FINANCING SOURCES (USES)</b>			
7911	Issuance of bonds	-	-
7914	Loan proceeds	1,184,844	-
7915	Transfers in	1,252,352	-
7916	Premium or discount on issuance of bonds	-	13,982
8911	Transfers out	(92,650)	-
7080	Total other financing sources (uses)	2,344,546	13,982
1200	Net change in fund balances	3,581,743	1,899,839
0100	Fund balances - beginning	33,053,959	14,212,270
3000	<b>FUND BALANCES - ENDING</b>	<b>\$ 36,635,702</b>	<b>\$ 16,112,109</b>

The Notes to the Financial Statements are an integral part of this statement.

699		
Capital Projects Fund	Total Nonmajor Funds	Total Governmental Funds
\$ 2,204,779	\$ 4,038,952	\$ 83,173,048
6,980	231,392	9,458,761
-	1,917,668	2,084,310
<hr/>	<hr/>	<hr/>
2,211,759	6,188,012	94,716,119
-	1,584,285	35,337,332
-	56,013	749,395
-	104,698	1,500,403
-	-	705,180
-	83,209	2,803,027
-	459,021	1,995,630
-	1,217	470,296
-	509	2,789,065
-	3,024,528	3,024,528
-	555,871	2,964,798
-	67	2,449,736
225,303	2,084	6,537,636
5,513	135,329	404,406
12,469	-	1,229,438
-	1,219	10,039
-	-	8,457,115
-	-	9,218,728
1,480,206	-	1,487,595
6,484,561	-	6,571,755
-	-	8,214,196
-	-	489,098
<hr/>	<hr/>	<hr/>
8,208,052	6,008,050	97,409,396
(5,996,293)	179,962	(2,693,277)
100,720,000	-	100,720,000
-	-	1,184,844
-	-	1,252,352
10,760,206	-	10,774,188
(1,123,967)	-	(1,216,617)
<hr/>	<hr/>	<hr/>
110,356,239	-	112,714,767
104,359,946	179,962	110,021,490
1,298,832	1,201,929	49,766,990
<hr/>	<hr/>	<hr/>
\$ 105,658,778	\$ 1,381,891	\$ 159,788,480

**Dripping Springs Independent School District**  
 Reconciliation of the Statement of Revenues,  
 Expenditures, and Changes in Fund Balances  
 of Governmental Funds to the Statement of Activities  
 For the Fiscal Year Ended June 30, 2019

**Exhibit C-3**

**TOTAL NET CHANGE IN FUND BALANCES - GOVERNMENTAL FUNDS (EXHIBIT C-2)** \$ 110,021,490

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

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

Capital assets increased	\$ 7,363,901	
Depreciation expense	(7,033,532)	330,369

Because some property taxes will not be collected for several months after the ends, they are not considered "available" revenues and are deferred in the governmental funds. Deferred tax revenues increased by this amount this year. 102,846

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

Par value	\$ (100,720,000)	
Premium	(10,774,188)	(111,494,188)

Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position. 6,690,000

Issuance of notes payable provides current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position. (1,184,844)

Repayment of notes principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position. 1,767,115

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

Accrued interest on bonds payable increased	\$ (2,309,806)	
Interest accreted on the capital appreciation bonds increased	(29,586)	
Amortization of bond premium and discount	1,061,354	
Amortization of deferred charge on refunding	(618,956)	
Accrued interest on notes payable decreased	(5,463)	(1,902,457)

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

Deferred outflows increased (decreased)	\$ 6,669,071	
Deferred inflows (increased) decreased	351,612	
Net pension liability (increased) decreased	(8,596,588)	(1,575,905)

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

Deferred outflows increased (decreased)	\$ 5,533,823	
Deferred inflows (increased) decreased	(263,777)	
Net OPEB liability (increased) decreased	(5,978,473)	(708,427)

**CHANGE IN NET POSITION - GOVERNMENTAL ACTIVITIES (EXHIBIT B-1)** \$ 2,045,999

The accompanying notes are an integral part of this statement.

The Notes to the Financial Statements are an integral part of this statement.

**Dripping Springs Independent School District**  
Statement of Net Position  
Proprietary Funds  
June 30, 2019

**Exhibit D-1**

<u>Data Control Codes</u>		<u>Nonmajor Enterprise Funds</u>
<b>ASSETS</b>		
	Current assets:	
1110	Cash and cash equivalents	\$ 798,808
1260	Due from other funds	496,896
1290	Other receivables	9,520
1300	Inventories	1,576
		<hr/>
	Total current assets	1,306,800
	Noncurrent assets:	
	Capital assets:	
1530	Furniture and equipment	15,831
1570	Accumulated depreciation	(12,664)
		<hr/>
	Total noncurrent assets	3,167
		<hr/>
1000	Total assets	1,309,967
<b>LIABILITIES</b>		
	Current liabilities:	
2110	Accounts payable	38,019
2160	Accrued wages payable	172,494
2300	Unearned revenue	347,575
		<hr/>
	Total current liabilities	558,088
		<hr/>
2000	Total liabilities	558,088
<b>NET POSITION</b>		
3200	Net investment in capital assets	3,167
3900	Unrestricted	748,712
		<hr/>
3000	<b>TOTAL NET POSITION</b>	<u><u>\$ 751,879</u></u>

The Notes to the Financial Statements are an integral part of this statement.

**Dripping Springs Independent School District**  
Statement of Revenues, Expenses, and Changes  
in Net Position  
Proprietary Funds  
For the Fiscal Year Ended June 30, 2019

**Exhibit D-2**

<u>Data Control Codes</u>		<u>Nonmajor Enterprise Funds</u>
	<b>OPERATING REVENUES</b>	
5700	Local and intermediate sources	\$ 2,334,749
5800	State program revenues	107,897
		<hr/>
5020	Total operating revenues	2,442,646
	<b>OPERATING EXPENSES</b>	
6100	Payroll costs	1,723,347
6200	Professional and contracted services	367,352
6300	Supplies and materials	65,094
6400	Other operating costs	46,805
6449	Depreciation	3,166
		<hr/>
6030	Total operating expenses	2,205,764
1100	Operating income	236,882
	<b>NONOPERATING REVENUES (EXPENSES)</b>	
7955	Earnings from temporary investments	6
		<hr/>
7080	Total nonoperating revenues (expenses)	6
		<hr/>
	Income before contributions and transfers	236,888
7915	Transfers in	92,650
8911	Transfers out	(128,385)
		<hr/>
1200	Change in net position	201,153
0100	Net position - beginning	550,726
		<hr/>
3000	<b>NET POSITION - ENDING</b>	<u><u>\$ 751,879</u></u>

The Notes to the Financial Statements are an integral part of this statement.

**Dripping Springs Independent School District**  
Statement of Cash Flows  
Proprietary Funds  
For the Fiscal Year Ended June 30, 2019

**Exhibit D-3**

	<b>Nonmajor Enterprise Funds</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Cash received from services provided	\$ 2,650,797
Cash payments for employees	(2,096,142)
Cash payments for goods and services	(89,697)
	<hr/>
Net cash provided (used) by operating activities	464,958
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>	
Transfers from other funds	92,650
Transfers to other funds	(128,385)
	<hr/>
Net cash provided (used) by noncapital financing activities	(35,735)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>	
Interest and dividends received on investments	6
	<hr/>
Net cash provided (used) by investing activities	6
	<hr/>
Net increase (decrease) in cash and cash equivalents	429,229
Cash and cash equivalents - beginning	369,579
	<hr/>
<b>CASH AND CASH EQUIVALENTS - ENDING</b>	<b>\$ 798,808</b>
	<hr/> <hr/>
<b>RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>	
Operating income	\$ 236,882
Depreciation expense	3,166
Change in assets and liabilities:	
Increase in due from other funds	(93,340)
Decrease in other receivables	11,130
Decrease in inventory	1,613
Decrease in prepaid items	632
Increase in accounts payable	19,957
Decrease in payroll deductions and withholdings	(2,535)
Decrease in accrued wages payable	(2,908)
Increase in due to other funds	270,332
Increase in unearned revenue	20,029
	<hr/>
<b>NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>	<b>\$ 464,958</b>
	<hr/> <hr/>

The Notes to the Financial Statements are an integral part of this statement.

**Dripping Springs Independent School District**  
Statement of Net Position  
Fiduciary Funds  
June 30, 2019

**Exhibit E-1**

<u>Data Control Codes</u>		<b>810</b> <b>Private-Purpose Trust Fund Scholarship Fund</b>	<b>865</b> <b>Agency Fund Student Activity</b>
	<b>ASSETS</b>		
1110	Cash and cash equivalents	\$ 3,000	\$ 128,105
1120	Investments	42,022	-
		<hr/>	<hr/>
1000	<b>TOTAL ASSETS</b>	45,022	<u><u>\$ 128,105</u></u>
	<b>LIABILITIES</b>		
2110	Accounts payable	3,500	-
2190	Due to student groups	-	128,105
		<hr/>	<hr/>
2000	<b>TOTAL LIABILITIES</b>	3,500	<u><u>\$ 128,105</u></u>
	<b>NET POSITION</b>		
3800	Held in trust for private purpose	41,522	
		<hr/>	
3000	<b>TOTAL NET POSITION</b>	<u><u>\$ 41,522</u></u>	

The Notes to the Financial Statements are an integral part of this statement.

**Dripping Springs Independent School District**  
Statement of Changes in Net Position  
Fiduciary Fund  
For the Fiscal Year Ended June 30, 2019

**Exhibit E-2**

<u>Data Control Codes</u>		<u>810 Private-Purpose Trust Fund Scholarship Fund</u>
	<b>ADDITIONS</b>	
5700	Local and intermediate sources	\$ 1,004
	Total additions	1,004
	<b>DEDUCTIONS</b>	
6499	Scholarships	5,000
	Total deductions	5,000
	Change in net position	(3,996)
	Net position - beginning	45,518
	<b>NET POSITION - ENDING</b>	<u>\$ 41,522</u>

The Notes to the Financial Statements are an integral part of this statement.

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# Dripping Springs Independent School District

## Notes to the Financial Statements

### Note 1. Summary of Significant Accounting Policies

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

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government (the District). All fiduciary activities are reported only in the fund financial statements. *Governmental activities*, which are normally supported by taxes, intergovernmental revenues, and other nonexchange transactions, are reported separately for *business-type activities*, which rely to a significant extent on fees and charges to external customers for support.

#### B. Reporting Entity

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

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

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

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

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

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

The District reports the following major governmental funds:

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

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

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

## Dripping Springs Independent School District

### Notes to the Financial Statements

Additionally, the District reports the following fund types:

The *enterprise funds* are proprietary funds used to account for the operations of the District's day care fund, community services fund, and school store.

*Private purpose trust funds* are used to account for resources legally held in trust under which principal and income benefit individuals, private organizations or other governments. The District's private-purpose trust funds represent scholarship funds being held in trust for students.

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

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

Further, certain activity occurs during the year involving transfers of resources between funds. In fund financial statements these amounts are reported at gross amounts as transfers in/out. While reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Transfers between the funds included in governmental activities are eliminated so that only the net amount is included as transfers in the governmental activities column. Similarly, balances between the funds included in business-type activities are eliminated so that only the net amount is included as transfers in the business-type activities column.

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

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

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

The governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers revenues to be available if they are collected within 120 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as required under accrual accounting. However, debt service expenditures, as well as expenditures related to claims and judgments, are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under capital leases are reported as other financing sources.

## Dripping Springs Independent School District

### Notes to the Financial Statements

Investment earnings associated with the current fiscal period is considered to be susceptible to accrual and has been recognized as revenues of the current fiscal period. Entitlements are recorded as revenues when all eligibility requirements are met, including any time requirements, and the amount is received during the period or within the availability period for this revenue source (within 120 days of year end). Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other eligibility requirements have been met, and the amount is received during the period or within the availability period for this revenue source (within 120 days of year end). All other revenue items, including property taxes, are considered to be measurable and available only when cash is received by the District.

The proprietary funds are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. The fiduciary funds have no measurement focus but utilize the accrual basis of accounting for reporting their assets and liabilities.

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

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

The District's cash and cash equivalents are considered to be cash on hand, bank demand or time deposits with original maturities of three months or less from the date of acquisition, and money market mutual funds.

##### **2. Investments**

Investments for the District, except for certain investment pools, are reported at fair value. The investment pools operate in accordance with appropriate state laws and regulations and are reported at amortized cost or fair value.

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

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

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

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

Capital assets, which include land and improvements, construction in progress, buildings and improvements, and furniture and equipment, are reported in the applicable governmental activities column in the government-wide financial statements. The District's infrastructure includes parking lots and sidewalks associated with various buildings. The cost of the infrastructure was initially capitalized with the building cost and is being depreciated over the same useful life as the building. Capital assets are defined by the District as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year.

## Dripping Springs Independent School District

### Notes to the Financial Statements

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

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

<u>Capital Asset Classes</u>	<u>Lives</u>
Building and improvements	10-50
Furniture and equipment	5-20

#### **5. *Deferred Outflows/Inflows of Resources***

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

Deferred outflows/inflows of resources are amortized as follows:

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

#### **6. *Compensated Vacation and Sick***

The District has a policy that allows nonexempt employees to accrue vacation days, up to a maximum of fifteen vacation days, for which they can be compensated for at their current daily rate upon separation from or change of employment with the District. It is the District's policy to permit employees to accumulate earned but unused sick pay benefits. An employee who retires from employment with the District shall be eligible for reimbursement for local leave as long as the employee's retirement is voluntary, i.e., the employee is retiring under the Teacher Retirement System of Texas (TRS) and is not being discharged or nonrenewed. The employee shall be reimbursed for each day of local leave at a rate established by the Board. If the employee is reemployed with the District, days for which the employee received payment shall not be available to that employee. Per governmental accounting standards, a liability for these amounts is reported in governmental funds only if they have met the District's requirements and State's retirement eligibility requirements. A liability for such amounts is insignificant and has not been included in the financial statements.

## **Dripping Springs Independent School District**

### Notes to the Financial Statements

#### **7. Net Position Flow Assumption**

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

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

#### **8. Fund Balance Flow Assumptions**

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

#### **9. Fund Balance Policies**

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

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

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

In the general fund, the District shall maintain at a minimum an assigned and unassigned fund balance equal to or exceeding four months of total annual operating expenditures.

#### **10. Pension**

The fiduciary net position of the Teacher Retirement System of Texas (TRS) Pension 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 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 Pension Plan 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.

# Dripping Springs Independent School District

## Notes to the Financial Statements

### **11. Other Postemployment Benefits**

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

### **G. Revenues and Expenditures/Expenses**

#### **1. Program Revenues**

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

#### **2. Property Taxes**

Property values are determined by the HAYS/Travis County Central Appraisal District as of January 1 of each year. Prior to July 1 of each year, the District adopts its annual budget and as soon thereafter as practicable, shall adopt a tax rate thus creating the tax levy. Property taxes for the current calendar year are levied on approximately October 1 of each year and are payable by January 31 of the following year. Property tax receivables are recorded as of the date levied. Unpaid taxes become delinquent on February 1 and a tax lien on real property is created as of July 1 of each year.

#### **3. Proprietary Funds Operating and Nonoperating Revenues and Expenses**

Proprietary funds distinguish *operating* revenues and expenses from *nonoperating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the enterprise funds are tuition and sales of services provided. Operating expenses for the enterprise funds include payroll cost, professional and contracted services, supplies and materials, depreciation and other operating costs. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

### **H. Use of Estimates**

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

### **I. Data Control Codes**

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

# Dripping Springs Independent School District

## Notes to the Financial Statements

### Note 2. Stewardship, Compliance, and Accountability

#### A. Budgetary Information

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

1. Prior to June 19 of the preceding fiscal year, the District prepares a budget for the next succeeding fiscal year beginning July 1. The operating budget includes proposed expenditures and the means of financing them.
2. A meeting of the Board is then called for the purpose of adopting the proposed budget after ten days' public notice of the meeting has been given.
3. Prior to July 1, the budget is legally enacted through passage of a resolution by the Board.

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

#### B. Encumbrances

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

Encumbrances included in governmental fund balances are as follows:

	Encumbrances Included in:		
	Restricted Fund Balance	Committed Fund Balance	Assigned Fund Balance
General fund	\$ -	\$ 1,173,272	\$ 238,939
National school breakfast and lunch	4,500	-	-
Capital projects fund	30,971,510	-	-
Total nonmajor funds	-	85,335	-
<b>Total encumbrances</b>	<b>\$ 30,976,010</b>	<b>\$ 1,258,607</b>	<b>\$ 238,939</b>

# Dripping Springs Independent School District

## Notes to the Financial Statements

### Note 3. Detailed Notes on All Funds

#### A. Deposits and Investments

##### Cash Deposits

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

##### Investments

The District's investment policy is in accordance with the Public Funds Investment Act, the Public Funds Collateral Act, and federal and state laws. State law and District policy limits credit risk by allowing investing in 1) Obligations of the United States or its agencies which are backed by the full faith and credit of the United States, obligations of the State of Texas or its agencies, counties, cities and other political subdivisions of any state rated as to investment quality by a nationally recognized statistical rating organization (NRSRO) not less than A or its equivalent; 2) Certificates of deposit issued by a broker or depository located in Texas which is insured by the FDIC; 3) Repurchase agreements secured by obligations of the United States or its agencies not to exceed 90 days to maturity from the date of purchase; 4) Bankers acceptances with a stated maturity of 270 days or fewer which are eligible for collateral for borrowing from a Federal Reserve Bank; 5) No-load money market mutual funds which shall be registered with the Securities and Exchange Commission which have an average weighted maturity of less than two years, investments comply with the Public Funds Investment Act and are continuously rated not less than AAA by at least one NRSRO; 6) A guaranteed investment contract (for bond proceeds only) which meets the criteria and eligibility requirements established by the Public Funds Investment Act; 7) Public funds investment pools which meets the requirements of the Public Funds Investment Act. State law limits investments in commercial paper to the top two ratings issued by nationally recognized statistical rating organizations; 8) Commercial paper if it has a stated maturity of 271 days or fewer from the day of its issuance; and is rated not less than A-1 or P-1 or an equivalent rating by at least: two nationally recognized credit ratings agencies; or one nationally recognized agency and is fully secured by an irrevocable letter of credit issued by a bank organized and existing under the laws of the United States or any state; 9) Securities lending program as permitted by Government Code 2256.0115; 10) Fully collateralized repurchase agreements permitted by Government Code 2256.011.

The District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. GASB Statement No. 72, *Fair Value Measurement and Application* provides a framework for measuring fair value which establishes a three-level fair value hierarchy that describes the inputs that are used to measure assets and liabilities.

- Level 1 inputs are quoted prices (unadjusted) for identical assets or liabilities in active markets that a government can access at the measurement date.
- Level 2 inputs are inputs—other than quoted prices included within Level 1—that are observable for an asset or liability, either directly or indirectly.
- Level 3 inputs are unobservable inputs for an asset or liability.

# Dripping Springs Independent School District

## Notes to the Financial Statements

The fair value hierarchy gives the highest priority to Level 1 inputs and the lowest priority to Level 3 inputs. If a price for an identical asset or liability is not observable, a government should measure fair value using another valuation technique that maximizes the use of relevant observable inputs and minimizes the use of unobservable inputs. If the fair value of an asset or a liability is measured using inputs from more than one level of the fair value hierarchy, the measurement is considered to be based on the lowest priority level input that is significant to the entire measurement.

As of June 30, 2019, the District had the following governmental, proprietary, and fiduciary fund investments:

	June 30, 2019	Measurement Using		Weighted Average Maturity (Days)	Weighted Average Credit Risk
		Quoted Prices in Active Markets For Identical Assets (Level 1)	Percent of Total Investments		
Investments measured at amortized cost, not subject to level reporting:					
Investment pools:					
TexPool - LGIP	3,673,036	-	2%	35	AAAm*
Texas DAILY	9,299,102	-	6%	34	AAAm*
Investments measured at fair value, not subject to level reporting:					
Investment pools:					
Texas CLASS	49,282,011	-	30%	51	AAAm*
Texas TERM	95,000,000	-	57%	84	AAAf/AAAkf*
TexSTAR	4,070,306	-	2%	15	AAAm*
Money market mutual funds	1,551,277	-	1%	1	Not Rated
Investments measured at fair value, subject to level reporting:					
Certificates of deposit	\$ 2,723,972	2,723,972	2%	348	Not Rated
Municipal bonds	1,459,270	1,459,270	0%	215	AA, A+*
FFCB (Federal Farm Credit Bank)	472,582	472,582	0%	659	AA+*
FHLB (Federal Home Loan Bank)	469,631	469,631	0%	612	AA+*
FNMA (Federal Natl Mtg Assn)	465,365	465,365	0%	504	AA+*
<b>Total investments</b>	<b>\$ 168,466,552</b>	<b>\$ 5,590,820</b>	<b>100%</b>		
<b>Cash and checking accounts</b>	<b>2,183,666</b>				
<b>Total cash and cash equivalents and investments</b>	<b>\$ 170,650,218</b>				
<b>Portfolio weighted average maturity</b>				<b>64</b>	

\*Standard & Poor's Rating

The TexPool and Texas DAILY investment pools are external investment pools measured at amortized cost. In order to meet the criteria to be recorded at amortized cost, investment pools must transact at a stable net asset value per share and maintain certain maturity, quality, liquidity and diversification requirements within the investment pool. The investment pools transact at a net asset value of \$1.00 per share, have weighted average maturity of 60 days or less and weighted average life of 120 days or less, investments held are highly rated by nationally recognized statistical rating organization, have no more than 5% of portfolio with one issuer (excluding US government securities), and can meet reasonably foreseeable redemptions. These investment pools have a redemption notice period of one day and no maximum transaction amounts. The investment pools' authorities may only impose restrictions on redemptions in the event of a general suspension of trading on major securities market, general banking moratorium or national or state emergency that affects the pools' liquidity.

## **Dripping Springs Independent School District**

### Notes to the Financial Statements

The Texas CLASS, TexStar and Texas TERM investment pools are external investment pools measured at fair value, i.e. their net asset value. Such investment pool's strategy are to seek preservation of principal, liquidity and current income through investment in a diversified portfolio of short-term marketable securities. The District has no unfunded commitments related to the investment pools. Such investment pools have a redemption notice period of one day and may redeem daily. The investment pools' authorities may only impose restrictions on redemptions in the event of a general suspension of trading on major securities market, general banking moratorium or national or state emergency that affects the pools' liquidity.

*Money Market Mutual Funds* are Institutional Prime and Institutional Tax Exempt money market mutual funds required to price and transact at a net asset value per share that fluctuate based upon the pricing of the underlying portfolio of securities. Such funds are not subject to level reporting of the fair value hierarchy.

*Certificates of Deposit*, municipal bonds, and federal agencies are classified in Level 2 of the fair value hierarchy valued using a matrix pricing technique. Matrix pricing is used to value securities based on the securities' relationship to benchmark quoted prices.

#### **Credit Risk**

At year-end, the District's investments with ratings are included in the table above. Certificates of deposit are fully insured through FDIC. The credit risk for investments was acceptable per legal guidelines prescribed in both the PFIA and the District's investment policy.

#### **Interest Rate Risk**

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

#### **Concentration of Credit Risk**

The District's investment policy does not limit an investment in any one issuer.

#### **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, District's banks' balances of \$2,846,005 were not exposed to custodial credit risk because it was insured and collateralized with securities held by the District's agent in the District's name.

#### **Custodial Credit Risk – Investments**

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

# Dripping Springs Independent School District

## Notes to the Financial Statements

### B. Receivables

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

Change in uncollectibles related to general fund property taxes	\$ (2,606)
Change in uncollectibles related to debt service property taxes	(1,953)
<b>Total change in uncollectibles of the current fiscal year</b>	<b>\$ (4,559)</b>

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

#### 1. Receivables/Payables

The composition of interfund balances as of June 30, 2019, is as follows:

	Interfund Receivables	Interfund Payables
Governmental funds:		
General fund	\$ 1,520,004	\$ 941,741
Capital projects fund	-	299,602
Nonmajor governmental funds	444,845	1,220,402
Total governmental funds	1,964,849	2,461,745
Proprietary funds:		
Nonmajor enterprise funds	496,896	-
Total proprietary funds	496,896	-
<b>Total - all funds</b>	<b>\$ 2,461,745</b>	<b>\$ 2,461,745</b>

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

#### 2. Transfers

Interfund transfers are defined as "flows of assets without equivalent flow of assets in return and without a requirement for repayment." Transfers are the use of funds collected in one fund and are transferred to finance various programs accounted for in other funds. The following is a summary of the District's transfers for the fiscal year ended June 30, 2019:

Funds	Transfer In	Transfer Out
General fund	\$ 1,252,352	\$ 92,650
Capital projects fund	-	1,123,967
Nonmajor enterprise funds	92,650	128,385
<b>Totals</b>	<b>\$ 1,345,002</b>	<b>\$ 1,345,002</b>

# Dripping Springs Independent School District

## Notes to the Financial Statements

Transfers from the capital projects fund to the general fund are to reimburse the general fund for facilities and construction expenditures incurred by the general fund on behalf of the capital projects fund.

### D. Capital Assets

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

	Beginning Balance	Additions	Transfers, Adjustments and Dispositions	Ending Balance
Governmental activities:				
Capital assets, not being depreciated:				
Land and improvements	\$ 8,698,298	\$ 39,836	\$ -	\$ 8,738,134
Construction in progress	-	6,399,819	-	6,399,819
Total capital assets, not being depreciated	8,698,298	6,439,655	-	15,137,953
Capital assets, being depreciated:				
Buildings and improvements	252,345,539	78,005	-	252,423,544
Furniture and equipment	17,677,148	846,241	(375,049)	18,148,340
Intangibles	400,000	-	-	400,000
Total capital assets, being depreciated	270,422,687	924,246	(375,049)	270,971,884
Less accumulated depreciation for:				
Buildings and improvements	(47,807,206)	(5,844,895)	-	(53,652,101)
Furniture and equipment	(10,329,657)	(1,168,637)	375,049	(11,123,245)
Intangibles	(16,670)	(20,000)	-	(36,670)
Total accumulated depreciation	(58,153,533)	(7,033,532)	375,049	(64,812,016)
Total capital assets, being depreciated, net	212,269,154	(6,109,286)	-	206,159,868
<b>Governmental activities capital assets, net</b>	<b>\$ 220,967,452</b>	<b>\$ 330,369</b>	<b>\$ -</b>	<b>\$ 221,297,821</b>
Business-type activities:				
Capital assets, being depreciated:				
Furniture and equipment	\$ 15,831	\$ -	\$ -	\$ 15,831
Total capital assets, being depreciated	15,831	-	-	15,831
Less accumulated depreciation for:				
Furniture and equipment	(9,498)	(3,166)	-	(12,664)
Total accumulated depreciation	(9,498)	(3,166)	-	(12,664)
Total capital assets, being depreciated, net	6,333	(3,166)	-	3,167
<b>Business-type activities capital assets, net</b>	<b>\$ 6,333</b>	<b>\$ (3,166)</b>	<b>\$ -</b>	<b>\$ 3,167</b>

## Dripping Springs Independent School District

### Notes to the Financial Statements

Depreciation expense of the governmental activities and the business-type activities was charged to functions/programs of the District as follows:

Governmental activities:	
11 Instruction	3,946,788
12 Instructional resources and media services	83,705
13 Curriculum and instructional staff development	167,590
21 Instructional leadership	78,766
23 School leadership	313,088
31 Guidance, counseling, and evaluation services	222,905
33 Health services	52,530
34 Student transportation	311,529
35 Food services	337,999
36 Cocurricular/extracurricular activities	331,158
41 General administration	273,627
51 Plant maintenance and operations	730,231
52 Security and monitoring services	45,171
53 Data processing services	137,324
61 Community services	1,121
	<hr/>
<b>Total depreciation expense-governmental activities</b>	<b>\$ 7,033,532</b>
	<hr/> <hr/>
Business-type activities:	
Community education	\$ 3,166
	<hr/>
<b>Total depreciation expense-business-type activities</b>	<b>\$ 3,166</b>
	<hr/> <hr/>

### Construction Commitments

The District has active construction projects as of June 30, 2019. The projects include the construction and equipment of school facilities. At year-end, the District's commitments with contractors are as follows:

Project	Spent-to-Date	Remaining Commitment
<hr/>	<hr/>	<hr/>
DSE Furniture	\$ 558,867	\$ 139,717
DSES/RSES Renovation	1,703,549	2,680,241
DSHS Addition/Reno	1,483,426	19,018,574
DSHS Tiger Stadium	655,429	157,565
DSMS Comp Field/ DSHS Track	1,212,623	485,383
DSMS Renovation	9,730	233,520
Elementary #5	38,400	1,881,600
SS Parking Lot Expansion	65,798	623,202
Transportation Center Renovation	18,408	164,292
WSES Renovation	76,800	1,843,200
	<hr/>	<hr/>
<b>Totals</b>	<b>\$ 5,823,030</b>	<b>\$ 27,227,294</b>
	<hr/> <hr/>	<hr/> <hr/>

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

# Dripping Springs Independent School District

## Notes to the Financial Statements

### E. Long-term Liabilities

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

#### Changes in Long-term Liabilities

Long-term liability activity for the fiscal year ended June 30, 2019, was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities:					
Bonds payable:					
General obligation bonds	\$ 180,134,999	\$ 100,720,000	\$ (6,690,000)	\$ 274,164,999	\$ 6,270,000
Accreted interest on capital appreciation bonds	1,029,989	29,586	-	1,059,575	-
Issuance premiums	15,277,901	10,774,188	(1,061,354)	24,990,735	-
Total bonds payable	196,442,889	111,523,774	(7,751,354)	300,215,309	6,270,000
Notes payable	1,967,509	1,184,844	(1,767,115)	1,385,238	901,837
Net pension liability	8,382,196	9,635,736	(1,039,148)	16,978,784	-
Net OPEB liability	15,936,476	6,281,255	(302,782)	21,914,949	-
<b>Governmental activities long-term liabilities</b>	<b>\$ 222,729,070</b>	<b>\$ 128,625,609</b>	<b>\$ (10,860,399)</b>	<b>\$ 340,494,280</b>	<b>\$ 7,171,837</b>

#### General Obligation Bonds

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

General obligation bonds are direct obligations and pledge the full faith and credit of the District. These bonds are issued as current interest or capital appreciation bonds (CAB) with various amounts of principal maturing each year. Rates may be fixed or variable.

The following is a summary of changes in the general obligation bonds for the fiscal year:

Series	Interest Rate Payable	Amounts Original Issue	Maturity Date	Beginning Balance	Additions	Reductions	Ending Balance
2007 REF CAB	9.47%	\$ 29,999	2022	\$ 29,999	\$ -	\$ -	\$ 29,999
2010 REF	2.00-4.00%	10,380,000	2021	6,615,000	-	(1,580,000)	5,035,000
2012A REF	2.00-3.00%	8,785,000	2026	8,175,000	-	(240,000)	7,935,000
2012A REF CAB	2.05%	20,000	2019	20,000	-	-	20,000
2013 REF	1.125-5.00%	15,500,000	2030	8,795,000	-	(725,000)	8,070,000
2014 BLDG & REF	2.00-5.00%	163,475,000	2044	156,500,000	-	(4,145,000)	152,355,000
2018 BLDG	3.00-5.00%	100,720,000	2048	-	100,720,000	-	100,720,000
<b>Totals</b>				<b>\$ 180,134,999</b>	<b>\$ 100,720,000</b>	<b>\$ (6,690,000)</b>	<b>\$ 274,164,999</b>

# Dripping Springs Independent School District

## Notes to the Financial Statements

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

Fiscal Year Ending June 30,	Principal Value at Maturity	Interest	Total Requirements
2020	6,270,000	12,918,700	19,188,700
2021	7,810,000	11,921,925	19,731,925
2022	9,419,999	11,906,251	21,326,250
2023	8,135,000	11,193,200	19,328,200
2024	8,875,000	10,802,050	19,677,050
2025	9,270,000	10,399,425	19,669,425
2026	9,705,000	9,977,750	19,682,750
2027	10,405,000	9,529,025	19,934,025
2028	10,635,000	9,036,100	19,671,100
2029	11,065,000	8,607,100	19,672,100
2030	11,520,000	8,153,000	19,673,000
2031	13,700,000	7,664,575	21,364,575
2032	12,660,000	7,111,850	19,771,850
2033	13,190,000	6,575,800	19,765,800
2034	7,370,000	6,048,200	13,418,200
2035	7,705,000	5,720,200	13,425,200
2036	8,060,000	5,377,100	13,437,100
2037	8,405,000	5,018,000	13,423,000
2038	8,770,000	4,681,800	13,451,800
2039	9,180,000	4,283,250	13,463,250
2040	9,610,000	3,865,850	13,475,850
2041	10,055,000	3,428,650	13,483,650
2042	10,525,000	2,970,950	13,495,950
2043	11,015,000	2,491,600	13,506,600
2044	11,535,000	1,989,650	13,524,650
2045	6,780,000	1,463,750	8,243,750
2046	7,125,000	1,124,750	8,249,750
2047	7,495,000	768,500	8,263,500
2048	7,875,000	393,750	8,268,750
<b>Totals</b>	<b>\$ 274,164,999</b>	<b>\$ 185,422,751</b>	<b>\$ 459,587,750</b>

As of June 30, 2019, the District had \$22,000,000 of authorized but unissued bonds.

As of June 30, 2019, the District does not have any defeased bonds outstanding.

**Dripping Springs Independent School District**  
Notes to the Financial Statements

**Notes Payable**

The District issued notes to provide new buses for pupil transportation and technology purchases for students. The following is a summary of changes in the note payable for the fiscal year:

Issue	Interest Rate	Original Issue	Maturity Date	Beginning Balance	Additions	Reductions	Ending Balance
School bus note agreement (2)*	2.45%	\$ 584,742	2018	\$ 147,428	\$ -	\$ (147,428)	\$ -
Technology equipment note (1)*	2.09%	988,457	2018	249,568	-	(249,568)	-
School bus note agreement (3)*	2.65%	692,428	2019	175,703	-	(175,703)	-
Technology equipment note (2)*	2.09%	558,896	2019	270,926	-	(134,062)	136,864
School bus note agreements (4)*	2.60%	1,682,007	2020	840,791	-	(415,116)	425,675
Technology equipment note (3)*	2.59%	855,964	2020	283,093	-	(283,093)	-
School bus note agreements (5)*	3.85%	535,136	2021	-	546,708	(140,231)	406,477
Technology equipment note (4)*	2.49%	638,136	2020	-	638,136	(221,914)	416,222
<b>Totals</b>				<u>\$ 1,967,509</u>	<u>\$ 1,184,844</u>	<u>\$ (1,767,115)</u>	<u>\$ 1,385,238</u>

\*The notes payable above are secured by a first lien on the assets purchased with the loan proceeds, which includes school buses and computer equipment.

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

Fiscal Year Ending June 30,	Principal	Interest	Total Requirements
2020	901,837	46,967	948,804
2021	346,750	19,660	366,410
2022	136,651	5,262	141,913
<b>Totals</b>	<u>\$ 1,385,238</u>	<u>\$ 71,889</u>	<u>\$ 1,457,127</u>

**F. Fund Balance**

Other committed fund balance includes the following commitments of funds:

General fund:	
Instructional materials	\$ 300,000
Total nonmajor funds:	
Campus activities	<u>674,766</u>
<b>Total committed for other purposes</b>	<u>\$ 974,766</u>

# Dripping Springs Independent School District

## Notes to the Financial Statements

### G. Revenues from Local and Intermediate Sources

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

	General	Debt Service	Capital Projects	Nonmajor Governmental Funds	Totals
Property taxes	\$ 57,166,672	\$ 17,141,758	\$ -	\$ -	\$ 74,308,430
Charges for services	1,073,194	-	-	3,518,382	4,591,576
Investment earnings	978,241	340,191	2,173,111	31,854	3,523,397
Other	229,261	-	31,668	488,716	749,645
<b>Totals</b>	<b>\$ 59,447,368</b>	<b>\$ 17,481,949</b>	<b>\$ 2,204,779</b>	<b>\$ 4,038,952</b>	<b>\$ 83,173,048</b>

### Note 4. Other Information

#### A. Risk Management

##### Workers' Compensation and Property/Liability Losses

The District participates in the Texas Association of School Boards Risk Management Fund ("Fund") Workers' Compensation and Property/Liability Program. The Fund was created to formulate, develop and administer a program of modified self-funding for the Fund's membership, obtain competitive costs for coverages and develop a comprehensive loss control program. The District pays an annual premium to the Fund for its coverages and transfers the risk to the Fund. In the event that the Fund was to discontinue operations, the member districts would be responsible for any eligible claims not funded by the pool. There were no significant reductions in insurance coverage from the prior year or settlements exceeding insurance coverage for each of the past three fiscal years.

##### Health Care Coverage

During the fiscal year ended June 30, 2019, the District contributed a premium of \$275 per month per employee towards the cost of health care for those who elected to participate in the TRS health care plan.

#### B. Litigation and Contingencies

The District is a defendant in legal claims arising principally in its normal course of operations. Although the outcome of the claims are not presently determinable, in the opinion of the District's counsel, the resolution of these matters will not have a material adverse effect on the District's financial position.

The District participates in a number of federal and state financial assistance programs. Although the District's grant programs have been audited in accordance with the provisions of the Single Audit Act through June 30, 2019, these programs are subject to financial and compliance audits by the grantor agencies. The District is also subject to audit by the Texas Education Agency of the attendance data upon which payments from the agency are based. These audits could result in questioned costs or refunds to be paid back to the granting agencies.

## **Dripping Springs Independent School District**

### Notes to the Financial Statements

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

##### **Plan Description**

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

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

##### **Pension Plan Fiduciary Net Position**

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

##### **Benefits Provided**

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

## Dripping Springs Independent School District

### Notes to the Financial Statements

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

	2019	2018	2017
Member	7.7%	7.7%	7.7%
Non-employer contribution entity (state)	6.8%	6.8%	6.8%
Employers/district	6.8%	6.8%	6.8%
Employers/district OASDI	1.5%	1.5%	1.5%

The contribution amounts for the District's fiscal year 2019 are as follows:

District contributions	\$ 1,167,014
Member contributions	3,309,868
NECE on-behalf contributions (state)	2,274,835

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 GAA.

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

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

## Dripping Springs Independent School District

### Notes to the Financial Statements

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

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

#### Actuarial Assumptions

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

Valuation date	August 31, 2017 rolled forward to August 31, 2018
Actuarial cost method	Individual Entry Age Normal
Asset valuation method	Market Value
Single discount rate	6.907%
Long-term expected rate	7.25%
Municipal bond rate as of August 2018	3.69%. Source for the rate is the Fixed Income Market Data/Yield Curve/Data Municipal Bonds with 20 years to maturity that include only federally tax-exempt municipal bonds as reported in Fidelity Index's "20-Year Municipal GO AA Index."
Last year ending August 31 in projection period (100 years)	2116
Inflation	2.30%
Salary increases	3.05% to 9.05% including inflation
Ad hoc postemployment benefit changes	None

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

# Dripping Springs Independent School District

## Notes to the Financial Statements

### Discount Rate

The single discount rate used to measure the total pension liability was 6.907%. The single discount rate was based on the expected rate of return on pension plan investments of 7.25% and a municipal bond rate of 3.69%. 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 TRS's target asset allocation as of August 31, 2018 are summarized below:

Asset Class	Target Allocation*	Long-term Expected Arithmetic Real Rate of Return	Expected Contribution to Long-term Portfolio Returns
Global equity:			
U.S.	18.00%	5.70%	1.04%
Non-U.S. developed	13.00%	6.90%	0.90%
Emerging markets	9.00%	8.95%	0.80%
Directional hedge funds	4.00%	3.53%	0.14%
Private equity	13.00%	10.18%	1.32%
Stable value:			
U.S. treasuries	11.00%	1.11%	0.12%
Absolute return	0.00%	0.00%	0.00%
Stable value hedge funds	4.00%	3.09%	0.12%
Cash	1.00%	(0.30%)	0.00%
Real return:			
Global inflation linked bonds	3.00%	0.70%	0.02%
Real assets	14.00%	5.21%	0.73%
Energy and natural resources	5.00%	7.48%	0.37%
Commodities	0.00%	0.00%	0.00%
Risk parity:			
Risk parity	5.00%	3.70%	0.18%
Inflation expectation			2.30%
Volatility drag**			(0.79%)
<b>Totals</b>	100.00%		7.25%

\* Target allocations are based on the FY2016 policy model

\*\* The Expected Contribution to Long-term Portfolio Returns incorporates the volatility drag resulting from the conversion between arithmetic and geometric mean returns.

# Dripping Springs Independent School District

## Notes to the Financial Statements

### Discount Rate Sensitivity Analysis

The following table presents the District's proportionate share of net pension liability for TRS calculated using the discount rate of 6.907%, as well as the District's proportionate share of the respective net pension liability if it was calculated using a discount rate that is 1% lower or 1% point higher than the current rate:

1% Decrease (5.907%)	Current Discount Rate (6.907%)	1% Increase (7.907%)
\$ 25,626,056	\$ 16,978,784	\$ 9,979,114

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

At June 30, 2019, the District reported a liability of \$16,978,784 for its proportionate share of the TRS's net pension liability. This liability reflects a reduction for State pension support provided to the District. The amount recognized by the District as its proportionate share of the net pension liability, the related State support, and the total portion of the net pension liability that was associated with the District are as follows:

District's proportionate share of the net pension liability	\$ 16,978,784
State's proportionate share of the net pension liability associated with the District	<u>32,388,621</u>
<b>Total</b>	<u><u>\$ 49,367,405</u></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 August 31, 2017 rolled forward to August 31, 2018. The District's proportion of the net pension liability was based on the District's contributions to the pension plan relative to the contributions of all employers to the plan for the period September 1, 2017 through August 31, 2018.

At August 31, 2018, the employer's proportion of the collective net pension liability was 0.0308467%, which was an increase of 0.0046315% from its proportion measured as of August 31, 2017.

### Changes Since the Prior Actuarial Valuation

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

- The total pension liability as of August 31, 2018 was developed using a roll-forward method from the August 31, 2017 valuation.
- Demographic assumptions including post-retirement mortality, termination rates, and rates of retirement were updated based on the experience study performed for TRS for the period ending August 31, 2017.
- Economic assumptions including rates of salary increase for individual participants was updated based on the same experience study.
- The discount rate changed from 8.0% as of August 31, 2017 to 6.907% as of August 31, 2018.
- The long-term assumed rate of return changed from 8.0% to 7.25%.
- 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, the District recognized total pension expense of \$5,948,528, which includes the on-behalf revenue/expense of \$3,205,610 for support provided by the State.

## Dripping Springs Independent School District

### Notes to the Financial Statements

At June 30, 2019, the District reported deferred outflows of resources for contribution made after the measurement date and 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	\$ 105,832	\$ 416,592
Changes of assumptions	6,121,669	191,302
Net difference between projected and actual earnings on pension plan investments	-	322,161
Changes in proportion and differences between District contributions and proportionate share of contributions (cost-sharing plan)	3,099,327	321
District contributions paid after measurement date	989,991	-
<b>Totals</b>	<b>\$ 10,316,819</b>	<b>\$ 930,376</b>

\$989,991 reported as deferred outflows of resources related to pensions resulting from District contributions paid subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2020. Other amounts reported as deferred outflows of resources (deferred inflows of resources) related to pensions will be recognized in pension expense as follows:

Fiscal Year Ending June 30,	
2020	\$ 2,152,385
2021	1,474,418
2022	1,281,692
2023	1,382,050
2024	1,275,579
Thereafter	830,328
<b>Total</b>	<b>\$ 8,396,452</b>

#### D. Defined Other Postemployment Benefit Plan

##### Plan Description

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

# Dripping Springs Independent School District

## Notes to the Financial Statements

### OPEB Plan Fiduciary Net Position

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

### Benefits Provided

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

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

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 Plan Premium Rates  
Effective January 1, 2018-December 31, 2018

	<u>Medicare</u>	<u>Non-medicare</u>
Retiree*	\$ 135	\$ 200
Retiree and spouse	529	689
Retiree* and children	468	408
Retiree and family	1,020	999

\*or surviving spouse

### Change of Benefit Terms since the Prior Measurement Date

The 85<sup>th</sup> Legislature, Regular Session, passed several statutory changes effective September 1, 2017 that affected TRS plans. These changes include:

- Created a high-deductible health plan that provides a zero cost for generic prescriptions for certain preventive drugs and 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 enrolled eligible for Medicare.
- Allowed eligible retirees and their eligible dependents to enroll in TRS-Care when the retirees reach 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 towards their health insurance premiums.

# Dripping Springs Independent School District

## Notes to the Financial Statements

### 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 0.65% of pay. Section 1575.204 establishes an employer contribution rate of not less than 0.25% or not more than 0.75% 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.

	2019	2018	2017
Active employee	0.65%	0.65%	0.65%
Non-employer contribution entity (state)	1.25%	1.25%	1.00%
Employers/District	0.75%	0.75%	0.55%
Federal/private funding remitted by employers	1.25%	1.25%	1.00%

The contribution amounts for the District's fiscal year 2019 are as follows:

District contributions	\$ 334,495
Member contributions	279,404
NECE on-behalf contributions (state)	522,720

In addition, the State of Texas contributed \$121,487, \$133,325, and \$154,994 in 2019, 2018, and 2017, respectively, for on-behalf payments for Medicare Part D.

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 hiring a TRS retiree, employers are required to pay to TRS-Care, a monthly surcharge of \$535 per retiree.

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

# Dripping Springs Independent School District

## Notes to the Financial Statements

### Actuarial Assumptions

A change was made in the measurement date of the total OPEB liability for this fiscal year. The actuarial valuation was performed as of August 31, 2017. Update procedures were used to roll forward the total OPEB liability to August 31, 2018. This is the first year using the roll forward procedures.

The actuarial valuation of TRS-Care is similar to the actuarial valuations performed for the pension plan, except that the OPEB valuation is more complex. All of the demographic assumptions, including mortality and most of the economic assumptions used in this OPEB valuation were identical to those used in the respective TRS pension valuation.

The active mortality rates were based on 90% of the RP-2014 Employee Mortality Tables for males and females, with full generational mortality using Scale BB. The Post-retirement mortality rates were based on the 2018 TRS of Texas Healthy Pensioner Mortality Tables, with full generational projection using the ultimate improvement rates from the most recently published scale (U-MP).

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

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

### 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%. Sourced from fixed Income municipal bonds with 20 years to maturity that include only federal tax-exempt municipal bonds as reported in Fidelity Index's "20- Year Municipal GO AA Index" as of August 31, 2018.
Aging factors	Based on plan specific experience
Election rates	Normal Retirement: 70% participation prior to age 65 and 75% after age 65.
Expenses	Third-party administrative expenses related to the delivery of health care benefits are included in the age-adjusted claims costs.
Projected annual salary increases	3.05% to 9.05%, including inflation
Healthcare trend rates	Initial medical trend rates of 107.74 percent and 9.00 percent for Medicare retirees and an initial medical trend rate of 6.75 percent for non-Medicare retirees. Initial prescription drug trend rate of 11.00 percent for all retirees. The first year trend increase for the Medicare Advantage (medical) premiums reflects the anticipated return of the Health Insurer Fee (HIF) in 2020.
Ad hoc postemployment benefit changes	None

## Dripping Springs Independent School District

### Notes to the Financial Statements

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

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

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

#### Discount Rate

A single discount rate of 3.69% was used to measure the total OPEB liability. There was an increase of 0.27% 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.

#### Sensitivity of the Net OPEB Liability

##### Discount Rate

The following table presents the District's proportionate share of Net OPEB Liability for TRS-Care 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 (2.69%)	Current Single Discount Rate (3.69%)	1% Increase (4.69%)
\$ 26,086,319	\$ 21,914,949	\$ 18,615,127

##### Healthcare Cost Trend Rates

The following table presents the District's proportionate share of net OPEB liability using the assumed healthcare cost trend rate, as well as what the net OPEB liability would be if it were calculated using a trend rate that is 1% lower or 1% higher than the assumed health-care cost trend rate:

1% Decrease (7.5%)	Current Healthcare Cost Trend Rate (8.5%)	1% Increase (9.5%)
\$ 18,200,722	\$ 21,914,949	\$ 26,806,666

# Dripping Springs Independent School District

## Notes to the Financial Statements

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

At June 30, 2019, the District reported a liability of \$21,914,949 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 net OPEB liability	\$ 21,914,949
State's proportionate share of the net OPEB liability associated with the District	<u>33,497,295</u>
<b>Total</b>	<b><u>\$ 55,412,244</u></b>

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 through August 31, 2018.

At August 31, 2019 the employer's proportion of the collective Net OPEB Liability was 0.0438905%, which was an increase of 0.0072433% from its proportion measured as of August 31, 2018.

### Changes Since the Prior Actuarial Valuation

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

- Adjustments were made for retirees that were known to have discontinued their health care coverage in fiscal year 2018. This change increased the total OPEB liability.
- The health care trend rate assumption was updated to reflect the anticipated return of the Health Insurer Fee (HIF) in 2020. This change increased the total OPEB liability.
- Demographic and economic assumptions were updated based on the experience study performed for TRS for the period ending August 31, 2017. This change increased the Total OPEB Liability.
- The discount rate was changed from 3.42% as of August 31, 2017 to 3.69% as of August 31, 2018. This change lowered the total OPEB liability \$2.3 billion.
- Change of benefit terms since the prior measurement date made effective September 1, 2017 by the 85th Texas Legislature.

For the year ended August 31, 2019, the District recognized total OPEB expense of \$2,261,352, which includes the on-behalf revenue/expense of \$1,218,430 for support provided by the State.

## Dripping Springs Independent School District

### Notes to the Financial Statements

At June 30, 2019, the District reported the District's contributions paid after the measurement date and its proportionate share of the TRS's deferred outflows of resources and deferred inflows of resources related to other postemployment benefits from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ 1,162,945	\$ 345,850
Changes of assumptions	365,701	6,584,185
Net difference between projected and actual earnings on OPEB investments	3,833	-
Changes in proportion and differences between District contributions and proportionate share of contributions (cost-sharing plan)	3,972,136	-
District contributions paid after measurement date	281,350	-
<b>Totals</b>	<b>\$ 5,785,965</b>	<b>\$ 6,930,035</b>

\$281,350 reported as deferred outflows of resources related to OPEB resulting from District contributions paid subsequent to the measurement date will be recognized as a reduction of the OPEB liability in the fiscal year ended June 30, 2020. The net amounts of the employer's balances of deferred outflows and inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ending June 30,	
2020	\$ (368,391)
2021	(368,391)
2022	(368,391)
2023	(369,116)
2024	(369,531)
Thereafter	418,400
<b>Total</b>	<b>\$ (1,425,420)</b>

#### E. Nonmonetary Transactions

During 2019, the District received textbooks purchased by the State of Texas for the benefit of the District for a purchase price of \$68,855. The District receives the textbooks as part of state funding for textbook allotment. The textbooks have been recorded in the amount of \$68,855 in a special revenue fund as both state revenues and expenditures, which represents the amount of consideration given by the State of Texas.

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## **Required Supplementary Information**

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**Dripping Springs Independent School District**  
Schedule of Revenues, Expenditures, and Changes  
in Fund Balance – Budget and Actual  
General Fund  
For the Fiscal Year Ended June 30, 2019

**Exhibit G-1**

Data Control Codes		Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
		Original	Final		
<b>REVENUES</b>					
5700	Local and intermediate sources	\$ 57,110,176	\$ 59,367,084	\$ 59,447,368	\$ 80,284
5800	State program revenues	8,251,700	8,531,700	8,950,586	418,886
5900	Federal program revenues	258,000	248,300	166,642	(81,658)
5020	Total revenues	65,619,876	68,147,084	68,564,596	417,512
<b>EXPENDITURES</b>					
Current:					
0011	Instruction	32,689,124	34,448,386	33,753,047	695,339
0012	Instructional resources and media services	688,098	725,234	693,382	31,852
0013	Curriculum and instructional staff development	1,348,195	1,424,136	1,395,705	28,431
0021	Instructional leadership	761,179	707,964	705,180	2,784
0023	School leadership	2,749,154	2,860,792	2,719,818	140,974
0031	Guidance, counseling, and evaluation services	1,424,613	1,536,848	1,536,609	239
0033	Health services	467,127	507,815	469,079	38,736
0034	Student transportation	2,792,856	3,343,623	2,788,556	555,067
0036	Cocurricular/extracurricular activities	2,421,660	2,592,143	2,408,927	183,216
0041	General administration	2,450,171	2,582,045	2,449,669	132,376
0051	Plant maintenance and operations	7,691,129	7,854,126	6,310,249	1,543,877
0052	Security and monitoring services	373,870	601,746	263,564	338,182
0053	Data processing services	1,337,229	1,362,568	1,216,969	145,599
0061	Community services	3,050	14,877	8,820	6,057
Debt service:					
0071	Principal on long-term debt	1,531,743	1,768,111	1,767,115	996
0072	Interest on long-term debt	63,677	50,224	50,222	2
Capital outlay:					
0081	Facilities acquisition and construction	82,736	102,736	87,194	15,542
Intergovernmental:					
0091	Contracted instructional services between schools	8,948,625	8,609,725	8,214,196	395,529
0099	Other intergovernmental charges	460,000	517,754	489,098	28,656
6030	Total expenditures	68,284,236	71,610,853	67,327,399	4,283,454
1100	Excess (deficiency) of revenues over (under) expenditures	(2,664,360)	(3,463,769)	1,237,197	4,700,966
<b>OTHER FINANCING SOURCES (USES)</b>					
7914	Loan proceeds	-	1,184,844	1,184,844	-
7915	Transfers in	120,000	1,129,752	1,252,352	122,600
8911	Transfers out	(80,000)	(120,000)	(92,650)	27,350
7080	Total other financing sources (uses)	40,000	2,194,596	2,344,546	149,950
1200	Net change in fund balance	(2,624,360)	(1,269,173)	3,581,743	4,850,916
0100	Fund balance - beginning	33,053,959	33,053,959	33,053,959	-
3000	<b>FUND BALANCE - ENDING</b>	<b>\$ 30,429,599</b>	<b>\$ 31,784,786</b>	<b>\$ 36,635,702</b>	<b>\$ 4,850,916</b>

The Notes to the Required Supplementary Information are an integral part of this schedule.

**Dripping Springs Independent School District**  
 Schedule of the District's Proportionate Share of the Net Pension  
 Liability of a Cost-Sharing Multiple-Employer Pension Plan  
 Teacher Retirement System of Texas  
 For the Last Five Fiscal Years\*

	<u>2019</u>
District's proportion of the net pension liability	0.0308467%
District's proportionate share of the net pension liability	\$ 16,978,784
State's proportionate share of the net pension liability associated with the District	<u>32,388,621</u>
<b>TOTALS</b>	<u><u>\$ 49,367,405</u></u>
District's covered payroll	\$ 37,988,381
District's proportionate share of the net pension liability as a percentage of its covered payroll	44.69%
Plan fiduciary net position as a percentage of the total pension liability	73.74%

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

<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
0.0262152%	0.0257438%	0.0255043%	0.0140178%
\$ 8,382,196	\$ 9,728,215	\$ 9,015,431	\$ 3,744,349
17,797,416	20,543,877	18,646,405	15,412,537
<u>\$ 26,179,612</u>	<u>\$ 30,272,092</u>	<u>\$ 27,661,836</u>	<u>\$ 19,156,886</u>
\$ 33,272,798	\$ 31,412,048	\$ 28,723,431	\$ 26,319,795
25.19%	30.97%	31.39%	14.23%
82.17%	78.00%	78.43%	83.25%

**Dripping Springs Independent School District**  
 Schedule of the District's Contributions to the  
 Teacher Retirement System of Texas Pension Plan  
 For the Last Five Fiscal Years\*

	<u>2019</u>
Contractually required contributions	\$ 1,167,014
Contributions in relation to the contractually required contributions	<u>(1,167,014)</u>
<b>CONTRIBUTIONS DEFICIENCY (EXCESS)</b>	<u><u>\$ -</u></u>
District's covered payroll	\$ 42,985,292
Contribution as a percentage of covered payroll	2.71%

\* The amounts presented for the fiscal years were determined as of the District's fiscal year end June 30.  
 Ten years of data is not available.

<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
\$ 1,000,556	\$ 848,471	\$ 807,576	\$ 687,849
<u>(1,000,556)</u>	<u>(848,471)</u>	<u>(807,576)</u>	<u>(687,849)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 37,089,075	\$ 32,874,150	\$ 30,989,263	\$ 28,281,694
2.70%	2.58%	2.61%	2.43%

**Dripping Springs Independent School District****Exhibit G-4**

Schedule of the District's Proportionate Share of the Net OPEB  
 Liability of a Cost-Sharing Multiple-Employer OPEB Plan  
 Teacher Retirement System of Texas  
 Last Two Fiscal Years\*

	<u>2019</u>	<u>2018</u>
District's proportion of the net OPEB liability	0.0438905%	0.0366472%
District's proportionate share of the net OPEB liability	\$ 21,914,949	\$ 15,936,476
State's proportionate share of the net OPEB liability associated with the District	<u>33,497,295</u>	<u>27,089,755</u>
<b>TOTALS</b>	<u>\$ 55,412,244</u>	<u>\$ 43,026,231</u>
District's covered payroll	\$ 37,988,381	\$ 33,272,798
District's proportionate share of the net OPEB liability as a percentage of its covered payroll	57.69%	47.90%
Plan fiduciary net position as a percentage of the total OPEB liability	1.57%	0.91%

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

**Dripping Springs Independent School District**  
 Schedule of the District's Contributions to the  
 Teacher Retirement System of Texas OPEB Plan  
 Last Two Fiscal Years\*

**Exhibit G-5**

	<u>2019</u>	<u>2018</u>
Contractually required contributions	\$ 334,495	\$ 282,287
Contributions in relation to the contractually required contributions	<u>(334,495)</u>	<u>(282,287)</u>
<b>CONTRIBUTIONS DEFICIENCY (EXCESS)</b>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	\$ 42,985,292	\$ 37,089,075
Contribution as a percentage of covered payroll	0.78%	0.76%

\* The amounts presented for the fiscal years were determined as of the District's fiscal year end June 30.  
 Ten years of data is not available.

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# **Dripping Springs Independent School District**

## Notes to the Required Supplementary Information

### **Note 1. Budget**

#### **A. Budgetary Information**

Each school district in Texas is required by law to prepare annually a budget of anticipated revenues and expenditures for the general fund, debt service fund, and the National School Breakfast and Lunch Program special revenue fund. The Texas Education Code requires the budget to be prepared not later than June 19 and adopted by June 30 of each year. The budgets are prepared on a basis of accounting that is used for reporting in accordance with generally accepted accounting principles.

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

1. Prior to June 19 of the preceding fiscal year, the District prepares a budget for the next succeeding fiscal year beginning July 1. The operating budget includes proposed expenditures and the means of financing them.
2. A meeting of the Board is then called for the purpose of adopting the proposed budget after ten days' public notice of the meeting has been given.
3. Prior to July 1, the budget is formally approved and adopted by the Board.

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

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# Supplementary Information

**Dripping Springs Independent School District**  
 Combining Balance Sheet  
 Nonmajor Governmental Funds  
 Special Revenue Funds  
 June 30, 2019

	211	224	225	240
<b>Data Control Codes</b>	<b>ESSA, Title I, Part A - Improving Basic Programs</b>	<b>IDEA - Part B, Formula</b>	<b>IDEA - Part B, Preschool</b>	<b>National School Breakfast &amp; Lunch Program</b>
<b>ASSETS</b>				
1110	\$ -	\$ -	\$ -	\$ 196,827
1120	-	-	-	1,705,098
1240	19,944	404,630	4,234	-
1260	12,928	-	-	-
1300	-	-	-	16,236
1000	<b>\$ 32,872</b>	<b>\$ 404,630</b>	<b>\$ 4,234</b>	<b>\$ 1,918,161</b>
<b>LIABILITIES</b>				
2110	\$ -	\$ 138	\$ -	\$ 16,889
2160	32,872	107,555	-	179,177
2170	-	296,937	4,234	910,711
2180	-	-	-	-
2300	-	-	-	110,702
2000	32,872	404,630	4,234	1,217,479
<b>FUND BALANCES</b>				
3450	-	-	-	700,682
3545	-	-	-	-
3000	-	-	-	700,682
4000	<b>\$ 32,872</b>	<b>\$ 404,630</b>	<b>\$ 4,234</b>	<b>\$ 1,918,161</b>

244	255	263	287	288	289
Career and Technical - Basic Grant	ESSA, Title II, Part A, Teacher & Principal Training & Recruiting	Title III, Part A, English Language Acquisition & Enhancement	Title IV, Part A, Subpart I	Texas State Safety Grant	Title VI, Part A, Summer School LEP
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
1,666	2,785	241	1,763	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>\$ 1,666</u>	<u>\$ 2,785</u>	<u>\$ 241</u>	<u>\$ 1,763</u>	<u>\$ -</u>	<u>\$ -</u>
\$ -	\$ 1,753	\$ -	\$ 425	\$ -	\$ -
-	-	-	-	-	-
1,666	1,032	241	1,338	-	-
-	-	-	-	-	-
-	-	-	-	-	-
1,666	2,785	241	1,763	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>\$ 1,666</u>	<u>\$ 2,785</u>	<u>\$ 241</u>	<u>\$ 1,763</u>	<u>\$ -</u>	<u>\$ -</u>

**Dripping Springs Independent School District**  
 Combining Balance Sheet  
 Nonmajor Governmental Funds  
 Special Revenue Funds – Continued  
 June 30, 2019

		392	410	461
Data Control Codes		Noneducational Community - Based Support	State Textbook Fund	Campus Activity Fund
<b>ASSETS</b>				
1110	Cash and cash equivalents	\$ -	\$ -	\$ 341,153
1120	Investments	-	-	-
1240	Due from other governments	5,453	-	-
1260	Due from other funds	-	-	368,611
1300	Inventories	-	-	-
1000	<b>TOTAL ASSETS</b>	<u>\$ 5,453</u>	<u>\$ -</u>	<u>\$ 709,764</u>
<b>LIABILITIES</b>				
2110	Accounts payable	\$ -	\$ -	\$ 29,929
2160	Accrued wages payable	-	-	4,764
2170	Due to other funds	4,243	-	-
2180	Due to other governments	-	-	305
2300	Unearned revenue	-	-	-
2000	Total liabilities	4,243	-	34,998
<b>FUND BALANCES</b>				
3450	Restricted - grants	1,210	-	-
3545	Committed - other	-	-	674,766
3000	Total fund balances	<u>1,210</u>	<u>-</u>	<u>674,766</u>
4000	<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<u>\$ 5,453</u>	<u>\$ -</u>	<u>\$ 709,764</u>

481	483	484	491	499	
San Marcos Civic Foundation	DSISD Education Foundation Grant #1	Lefevre Grant	DSISD Education Foundation Grant #2	Locally Funded Special Revenue Funds	Total Nonmajor Funds (See Exhibit C-1)
\$ -	\$ 17,317	\$ -	\$ -	\$ -	\$ 555,297
-	-	-	-	-	1,705,098
-	-	-	-	-	440,716
-	58,073	-	-	5,233	444,845
-	-	-	-	-	16,236
<u>\$ -</u>	<u>\$ 75,390</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,233</u>	<u>\$ 3,162,192</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 49,134
-	-	-	-	-	324,368
-	-	-	-	-	1,220,402
-	-	-	-	-	305
-	75,390	-	-	-	186,092
-	75,390	-	-	-	1,780,301
-	-	-	-	5,233	707,125
-	-	-	-	-	674,766
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,233</u>	<u>1,381,891</u>
<u>\$ -</u>	<u>\$ 75,390</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,233</u>	<u>\$ 3,162,192</u>

**Dripping Springs Independent School District**  
 Combining Statement of Revenues, Expenditures,  
 and Changes in Fund Balances  
 Nonmajor Governmental Funds  
 Special Revenue Funds  
 For the Fiscal Year Ended June 30, 2019

		211	224	225	240
<u>Data Control Codes</u>		<u>ESSA, Title I, Part A - Improving Basic Programs</u>	<u>IDEA - Part B, Formula</u>	<u>IDEA - Part B, Preschool</u>	<u>National School Breakfast &amp; Lunch Program</u>
<b>REVENUES</b>					
5700	Local and intermediate sources	\$ -	\$ 898	\$ -	\$ 2,587,750
5800	State program revenues	-	-	-	7,363
5900	Federal program revenues	323,015	881,235	10,936	469,007
5020	Total revenues	323,015	882,133	10,936	3,064,120
<b>EXPENDITURES</b>					
Current:					
0011	Instruction	315,015	417,642	10,936	-
0012	Instructional resources and media services	-	-	-	-
0013	Curriculum and instructional staff development	8,000	8,836	-	-
0023	School leadership	-	-	-	-
0031	Guidance, counseling, and evaluation services	-	455,530	-	-
0033	Health services	-	-	-	-
0034	Student transportation	-	-	-	-
0035	Food services	-	-	-	3,024,528
0036	Cocurricular/extracurricular activities	-	-	-	-
0041	General administration	-	-	-	-
0051	Plant maintenance and operations	-	-	-	-
0052	Security and monitoring services	-	-	-	-
0061	Community services	-	125	-	-
6030	Total expenditures	323,015	882,133	10,936	3,024,528
1200	Net change in fund balances	-	-	-	39,592
0100	Fund balances - beginning	-	-	-	661,090
3000	<b>FUND BALANCES - ENDING</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 700,682</b>

244	255	263	287	288	289
Career and Technical - Basic Grant	ESSA, Title II, Part A, Teacher & Principal Training & Recruiting	Title III, Part A, English Language Acquisition & Enhancement	Title IV, Part A, Subpart I	Texas State Safety Grant	Title VI, Part A, Summer School LEP
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
37,154	69,953	2,552	17,670	103,643	2,503
37,154	69,953	2,552	17,670	103,643	2,503
37,154	-	2,362	1,334	-	1,120
-	-	-	-	-	-
-	68,857	190	3,836	-	1,383
-	1,096	-	12,500	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	103,643	-
-	-	-	-	-	-
37,154	69,953	2,552	17,670	103,643	2,503
-	-	-	-	-	-
-	-	-	-	-	-
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

**Dripping Springs Independent School District**  
Combining Statement of Revenues, Expenditures,  
and Changes in Fund Balances  
Nonmajor Governmental Funds  
Special Revenue Funds – Continued  
For the Fiscal Year Ended June 30, 2019

		392	410	461
Data Control Codes		<u>Noneducational Community - Based Support</u>	<u>State Textbook Fund</u>	<u>Campus Activity Fund</u>
<b>REVENUES</b>				
5700	Local and intermediate sources	\$ -	\$ -	\$ 1,384,107
5800	State program revenues	8,089	212,883	3,057
5900	Federal program revenues	-	-	-
5020	Total revenues	<u>8,089</u>	<u>212,883</u>	<u>1,387,164</u>
<b>EXPENDITURES</b>				
Current:				
0011	Instruction	6,900	212,883	523,622
0012	Instructional resources and media services	-	-	53,607
0013	Curriculum and instructional staff development	-	-	7,897
0023	School leadership	-	-	69,613
0031	Guidance, counseling, and evaluation services	-	-	3,463
0033	Health services	-	-	1,217
0034	Student transportation	-	-	509
0035	Food services	-	-	-
0036	Cocurricular/extracurricular activities	-	-	554,487
0041	General administration	-	-	67
0051	Plant maintenance and operations	-	-	2,084
0052	Security and monitoring services	-	-	31,686
0061	Community services	-	-	731
6030	Total expenditures	<u>6,900</u>	<u>212,883</u>	<u>1,248,983</u>
1200	Net change in fund balances	1,189	-	138,181
0100	Fund balances - beginning	21	-	536,585
3000	<b>FUND BALANCES - ENDING</b>	<u>\$ 1,210</u>	<u>\$ -</u>	<u>\$ 674,766</u>

481	483	484	491	499	
San Marcos Civic Foundation	DSISD Education Foundation Grant #1	Lefevre Grant	DSISD Education Foundation Grant #2	Locally Funded Special Revenue Funds	Total Nonmajor Funds (See Exhibit C-2)
\$ 2,415	\$ 60,310	\$ 2,109	\$ 363	\$ 1,000	\$ 4,038,952
-	-	-	-	-	231,392
-	-	-	-	-	1,917,668
2,415	60,310	2,109	363	1,000	6,188,012
-	53,438	1,879	-	-	1,584,285
-	2,406	-	-	-	56,013
2,415	3,284	-	-	-	104,698
-	-	-	-	-	83,209
-	28	-	-	-	459,021
-	-	-	-	-	1,217
-	-	-	-	-	509
-	-	-	-	-	3,024,528
-	1,154	230	-	-	555,871
-	-	-	-	-	67
-	-	-	-	-	2,084
-	-	-	-	-	135,329
-	-	-	363	-	1,219
2,415	60,310	2,109	363	-	6,008,050
-	-	-	-	1,000	179,962
-	-	-	-	4,233	1,201,929
\$ -	\$ -	\$ -	\$ -	\$ 5,233	\$ 1,381,891

**Dripping Springs Independent School District**  
 Combining Statement of Net Position  
 Nonmajor Proprietary Funds  
 June 30, 2019

**Exhibit I-1**

Data Control Codes		711	712	715	Total Nonmajor Enterprise Funds (See Exhibit D-1)
		DSISD Day Care	DSISD Community Services Fund	DSISD Tiger Shack	
<b>ASSETS</b>					
Current assets:					
1110	Cash and cash equivalents	\$ -	\$ 796,405	\$ 2,403	\$ 798,808
1260	Due from other funds	9,607	479,166	8,123	496,896
1290	Other receivables	-	9,520	-	9,520
1300	Inventories	-	-	1,576	1,576
	Total current assets	9,607	1,285,091	12,102	1,306,800
Noncurrent assets:					
Capital assets:					
1530	Furniture and equipment	-	15,831	-	15,831
1570	Accumulated depreciation	-	(12,664)	-	(12,664)
	Total noncurrent assets	-	3,167	-	3,167
1000	Total assets	9,607	1,288,258	12,102	1,309,967
<b>LIABILITIES</b>					
Current liabilities:					
2110	Accounts payable	-	37,899	120	38,019
2160	Accrued wages payable	82,066	90,428	-	172,494
2300	Unearned revenue	9,320	338,255	-	347,575
	Total current liabilities	91,386	466,582	120	558,088
2000	Total liabilities	91,386	466,582	120	558,088
<b>NET POSITION</b>					
3200	Net investment in capital assets	-	3,167	-	3,167
3900	Unrestricted	(81,779)	818,509	11,982	748,712
3000	<b>TOTAL NET POSITION</b>	<u>\$ (81,779)</u>	<u>\$ 821,676</u>	<u>\$ 11,982</u>	<u>\$ 751,879</u>

**Dripping Springs Independent School District**  
Combining Statement of Revenues, Expenses,  
and Changes in Net Position  
Nonmajor Proprietary Funds  
For the Fiscal Year Ended June 30, 2019

**Exhibit I-2**

Data Control Codes	711	712	715	Total Nonmajor Enterprise Funds (See Exhibit D-2)
	DSISD Day Care	DSISD Community Services Fund	DSISD Tiger Shack	
<b>OPERATING REVENUES</b>				
5700	\$ 374,564	\$ 1,956,048	\$ 4,137	\$ 2,334,749
5800	31,941	75,956	-	107,897
5020	406,505	2,032,004	4,137	2,442,646
<b>OPERATING EXPENSES</b>				
6100	548,007	1,175,340	-	1,723,347
6200	716	366,491	145	367,352
6300	13,069	40,129	11,896	65,094
6400	5,500	41,305	-	46,805
6449	-	3,166	-	3,166
6030	567,292	1,626,431	12,041	2,205,764
1100	(160,787)	405,573	(7,904)	236,882
<b>NONOPERATING REVENUES (EXPENSES):</b>				
7955	-	-	6	6
7080	-	-	6	6
	(160,787)	405,573	(7,898)	236,888
7915	-	92,650	-	92,650
8911	-	(128,385)	-	(128,385)
1200	(160,787)	369,838	(7,898)	201,153
0100	79,008	451,838	19,880	550,726
3000	<u>\$ (81,779)</u>	<u>\$ 821,676</u>	<u>\$ 11,982</u>	<u>\$ 751,879</u>

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**Dripping Springs Independent School District**  
Combining Statement of Cash Flows  
Nonmajor Proprietary Funds  
For the Fiscal Year Ended June 30, 2019

**Exhibit I-3**

	711	712	715	Total Nonmajor Enterprise Funds (See Exhibit D-3)
	DSISD Day Care	DSISD Community Services Fund	DSISD Tiger Shack	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Cash received from services provided	\$ 534,308	\$ 2,103,664	\$ 12,825	\$ 2,650,797
Cash payments for employees	(516,363)	(1,579,634)	(145)	(2,096,142)
Cash payments for goods and services	(17,945)	(61,469)	(10,283)	(89,697)
Net cash provided (used) by operating activities	-	462,561	2,397	464,958
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>				
Transfers from other funds	-	92,650	-	92,650
Transfers to other funds	-	(128,385)	-	(128,385)
Net cash provided (used) by noncapital financing activities	-	(35,735)	-	(35,735)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Interest and dividends received on investments	-	-	6	6
Net cash provided (used) by investing activities	-	-	6	6
Net increase (decrease) in cash and cash equivalents	-	426,826	2,403	429,229
Cash and cash equivalents - beginning	-	369,579	-	369,579
<b>CASH AND CASH EQUIVALENTS - ENDING</b>	<b>\$ -</b>	<b>\$ 796,405</b>	<b>\$ 2,403</b>	<b>\$ 798,808</b>
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>				
Operating income (loss)	\$ (160,787)	\$ 405,573	\$ (7,904)	\$ 236,882
Depreciation expense	-	3,166	-	3,166
Change in assets and liabilities:				
(Increase) decrease in due from other funds	-	(93,340)	-	(93,340)
(Increase) decrease in other receivables	-	11,130	-	11,130
(Increase) decrease in inventory	-	-	1,613	1,613
(Increase) decrease in prepaid items	632	-	-	632
Increase (decrease) in accounts payable	(8)	19,965	-	19,957
Increase (decrease) in payroll deductions and withholdings	(708)	(1,827)	-	(2,535)
Increase (decrease) in accrued wages payable	33,068	(35,976)	-	(2,908)
Increase (decrease) in due to other funds	124,383	137,261	8,688	270,332
Increase (decrease) in unearned revenue	3,420	16,609	-	20,029
<b>NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>	<b>\$ -</b>	<b>\$ 462,561</b>	<b>\$ 2,397</b>	<b>\$ 464,958</b>

# Dripping Springs Independent School District

## Schedule of Delinquent Taxes Receivable

For the Fiscal Year Ended June 30, 2019

Fiscal Year Ended June 30,	Tax Rates		Assessed/Appraised Value For School Tax Purposes
	Maintenance	Debt Service	
2010 and prior years	\$ Various	\$ Various	\$ Various
2011	1.0400	0.4500	2,689,502,236
2012	1.0400	0.4500	2,789,610,899
2013	1.0400	0.4500	2,636,405,369
2014	1.0400	0.4500	2,758,148,523
2015	1.0400	0.4800	3,082,966,184
2016	1.0400	0.4800	3,439,934,671
2017	1.1700	0.3500	3,874,449,013
2018	1.1700	0.3500	4,345,229,079
2019	1.1700	0.3500	4,831,946,579

### 1000 TOTALS

9000 - Portion of row 1000 for taxes paid into tax increment zone under chapter 311, tax code

Exhibit J-1

<u>Beginning Balance 7/1/18</u>	<u>Current Year's Total Levy</u>	<u>Maintenance Collections</u>	<u>Debt Service Collections</u>	<u>Entire Year's Adjustments</u>	<u>Ending Balance 6/30/19</u>
\$ 133,703	\$ -	\$ 5,782	\$ 2,502	\$ (2)	\$ 125,417
26,260	-	1,390	601	(1)	24,268
30,744	-	1,390	601	-	28,753
50,960	-	1,559	675	-	48,726
57,560	-	2,685	1,162	(216)	53,497
64,042	-	3,414	1,575	725	59,778
78,451	-	121	56	(881)	77,393
266,764	-	17,871	5,346	(142,958)	100,589
736,467	-	1,026,283	307,008	782,796	185,972
-	73,445,588	55,881,484	16,716,683	542	847,963
<u>\$ 1,444,951</u>	<u>\$ 73,445,588</u>	<u>\$ 56,941,979</u>	<u>\$ 17,036,209</u>	<u>\$ 640,005</u>	<u>\$ 1,552,356</u>
		\$ -	\$ -		

**Dripping Springs Independent School District**  
 Schedule of Revenues, Expenditures and Changes  
 in Fund Balance – Budget and Actual  
 National School Breakfast and Lunch Program  
 For the Fiscal Year Ended June 30, 2019

**Exhibit J-2**

Data Control Codes		Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
		Original	Final		
<b>REVENUES</b>					
5700	Local and intermediate sources	\$ 2,520,400	\$ 2,520,400	\$ 2,587,750	\$ 67,350
5800	State program revenues	5,000	5,000	7,363	2,363
5900	Federal program revenues	345,000	345,000	469,007	124,007
5020	Total revenues	2,870,400	2,870,400	3,064,120	193,720
<b>EXPENDITURES</b>					
Current:					
0035	Food services	3,208,130	3,208,130	3,024,528	183,602
6030	Total expenditures	3,208,130	3,208,130	3,024,528	183,602
1200	Net change in fund balance	(337,730)	(337,730)	39,592	377,322
0100	Fund balance - beginning	661,090	661,090	661,090	-
3000	<b>FUND BALANCE - ENDING</b>	<u>\$ 323,360</u>	<u>\$ 323,360</u>	<u>\$ 700,682</u>	<u>\$ 377,322</u>

**Dripping Springs Independent School District**  
Schedule of Revenues, Expenditures and Changes  
in Fund Balance – Budget and Actual  
Debt Service Fund  
For the Fiscal Year Ended June 30, 2019

**Exhibit J-3**

Data Control Codes		Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
		Original	Final		
<b>REVENUES</b>					
5700	Local and intermediate sources	\$ 16,473,550	\$ 16,750,000	\$ 17,481,949	\$ 731,949
5800	State program revenues	263,769	284,193	269,803	(14,390)
5020	Total revenues	16,737,319	17,034,193	17,751,752	717,559
<b>EXPENDITURES</b>					
Debt service:					
0071	Principal on long-term debt	6,690,000	6,690,000	6,690,000	-
0072	Interest on long-term debt	9,620,222	9,620,222	9,168,506	451,716
0073	Issuance costs and fees	15,000	15,000	7,389	7,611
6030	Total expenditures	16,325,222	16,325,222	15,865,895	459,327
1100	Excess (deficiency) of revenues over (under) expenditures	412,097	708,971	1,885,857	1,176,886
<b>OTHER FINANCING SOURCES (USES)</b>					
7916	Premium or discount on issuance of bonds	-	-	13,982	13,982
7080	Total other financing sources (uses)	-	-	13,982	13,982
1200	Net change in fund balance	412,097	708,971	1,899,839	1,190,868
0100	Fund balance - beginning	14,212,270	14,212,270	14,212,270	-
3000	<b>FUND BALANCE - ENDING</b>	<b>\$ 14,624,367</b>	<b>\$ 14,921,241</b>	<b>\$ 16,112,109</b>	<b>\$ 1,190,868</b>

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# **Overall Compliance, Internal Control Section and Federal Awards**

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

To the Board of Trustees of  
Dripping Springs Independent School District  
Dripping Springs, Texas

We have audited, 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, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Drippings Springs Independent School District (the District) as of and for the fiscal year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated October 30, 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 entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the 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*.

The Board of Trustees of  
Dripping Springs Independent School District

**Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Weaver and Tidwell, L.L.P.*

WEAVER AND TIDWELL, L.L.P.

Conroe, Texas  
October 30, 2019

**Independent Auditor's Report on Compliance for Each Major Federal  
Program and Report on Internal Control over Compliance  
in Accordance with the Uniform Guidance**

To the Board of Trustees of  
Dripping Springs Independent School District  
Dripping Springs, Texas

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

We have audited Dripping Springs Independent School District's (the District) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the fiscal year ended June 30, 2019. The District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

***Management's Responsibility***

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

***Auditor's Responsibility***

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

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

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

In our opinion, the District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the fiscal year ended June 30, 2019.

## Report on Internal Control over Compliance

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

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

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

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

*Weaver and Tidwell, L.L.P.*

WEAVER AND TIDWELL, L.L.P.

Conroe, Texas  
October 30, 2019

# Dripping Springs Independent School District

## Schedule of Findings and Questioned Costs

For the Fiscal Year Ended June 30, 2019

### Section 1. Summary of Auditor's Results

#### Financial Statements

- |   |               |
|---|---------------|
| 1. Type of auditor's report issued  | Unmodified    |
| 2. Internal control over financial reporting:   |               |
| <i>a.</i> Material weakness(es) identified?   | No            |
| <i>b.</i> Significant deficiency(ies) identified that are not considered to be material weaknesses? | None reported |
| 3. Noncompliance material to financial statements noted?  | No            |

#### Federal Awards

- |   |  |
|---|--|
| 4. Internal control over major programs:  |  |
| <i>a.</i> Material weakness(es) identified?   | No   |
| <i>b.</i> Significant deficiency(ies) identified that are not considered to be material weaknesses?   | None reported                                    |
| 5. Type of auditor's report issued on compliance with major programs                                  | Unmodified                                       |
| 6. Any audit findings disclosed that are required to be reported in accordance with Uniform Guidance? | No   |
| 7. Identification of major programs   | Special Education Cluster<br>84.027A and 84.173A |
| 8. Dollar threshold used to distinguish between Type A and Type B federal programs                    | \$750,000  |
| 9. Auditee qualified as a low-risk auditee?   | Yes  |

### Section 2. Financial Statement Findings

None reported

### Section 3. Federal Award Findings and Questioned Costs

None reported

**Dripping Springs Independent School District**  
Summary Schedule of Prior Audit Findings  
For the Fiscal Year Ended June 30, 2019

**Prior Year Findings**

None reported

**Dripping Springs Independent School District**  
**Schedule of Expenditures of Federal Awards**  
**For the Fiscal Year Ended June 30, 2019**

**Exhibit K-1**

(1) Federal Grantor/ Pass-Through Grantor/ Program Title	(2) Federal CFDA Number	(2A) Pass-Through Entity Identifying Number	(3) Total Federal Expenditures
<b>U.S. DEPARTMENT OF JUSTICE</b>			
Passed Through Texas University:			
National Institute of Justice Research, Evaluation, and Safety Grant	16.560	18005-8238-1	\$ 103,643
<b>TOTAL U.S. DEPARTMENT OF JUSTICE</b>			103,643
<b>U.S. DEPARTMENT OF EDUCATION</b>			
Passed Through Texas Department of Education:			
ESEA Title I, Part A - Improving Basic Programs	84.010A	18610101105904	70,031
ESEA Title I, Part A - Improving Basic Programs	84.010A	19610101105904	268,526
Total CFDA 84.010A			338,557
Special Education Cluster (IDEA):			
IDEA - Part B, Formula	84.027A	186600011059046600	2,272
IDEA - Part B, Formula	84.027A	196600011059046600	898,963
IDEA - Part B, Preschool	84.173A	186610011059046610	4,234
IDEA - Part B, Preschool	84.173A	196610011059046610	6,883
Total Special Education Cluster (IDEA)			912,352
Career and Technology - Basic Grant	84.048A	19420006105904	38,820
Title III, Part A - English Language Acquisition and Language Enhancement	84.365A	18671001105904	2,841
Title III, Part A - English Language Acquisition and Language Enhancement	84.365A	19671001105904	240
Total CFDA 84.365A			3,081
ESEA Title II, Part A - Teacher and Principal Training and Recruiting	84.367A	18694501105904	8,441
ESEA Title II, Part A - Teacher and Principal Training and Recruiting	84.367A	19694501105904	62,797
Total CFDA 84.367A			71,238
ESEA Title IV, Part A - Student Support Academic Enrichment	84.424A	18680101105904	476
ESEA Title IV, Part A - Student Support Academic Enrichment	84.424A	19680101105904	17,968
Total CFDA 84.424A			18,444
LEP Summer School	84.369A	69551802	2,503
<b>TOTAL U.S. DEPARTMENT OF EDUCATION</b>			1,384,995
<b>U.S. DEPARTMENT OF AGRICULTURE</b>			
Child Nutrition Cluster:			
Passed Through Texas Department of Agriculture - Non-Cash Assistance:			
National School Lunch Program	10.555	00547	96,627
Passed Through Texas Department of Education - Cash Assistance:			
School Breakfast Program	10.553	71401901	54,402
National School Lunch Program	10.555	71301901	317,978
Total Child Nutrition Cluster			469,007
<b>TOTAL U.S. DEPARTMENT OF AGRICULTURE</b>			469,007
<b>TOTAL EXPENDITURES OF FEDERAL AWARDS</b>			<b>\$ 1,957,645</b>

The Notes to Schedule of Expenditures of Federal Awards are an integral part of this schedule.

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# Dripping Springs Independent School District

## Notes to Schedule of Expenditures of Federal Awards

### Note 1. Summary of Significant Accounting Policies

The accompanying schedule of expenditures of federal awards includes the federal grant activity of Dripping Springs Independent School District and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of the Single Audit Act Amendments of 1996 and Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of the basic financial statements.

National School Lunch Program non-cash commodities are recorded at their estimated market value at the time of donation.

### Note 2. De Minimis Cost Rate

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

### Note 3. Reconciliation to Basic Financial Statements

The following is a reconciliation of expenditures of federal awards per Exhibit K-1 and federal revenues reported on Exhibit C-2 of the annual financial report:

Total expenditures of federal awards per Exhibit K-1	\$	1,957,645
General fund - federal revenue:		
SHARS		98,405
E-Rate		28,260
		<hr/>
<b>Total federal revenues per Exhibit C-2</b>	<b>\$</b>	<b>2,084,310</b>
		<hr/> <hr/>

**Dripping Springs Independent School District**  
Schedule of Required Responses to Selected  
School FIRST Indicators (Unaudited)  
For the Fiscal Year Ended June 30, 2019

**Exhibit L-1**

<u>Data Control Codes</u>	<u>Responses</u>
SF2	Were there any disclosures in the Annual Financial Report and/or other sources of information concerning nonpayment of any terms of any debt agreement at fiscal year end?  No
SF4	Was there an unmodified opinion in the Annual Financial Report on the financial statements as a whole?  Yes
SF5	Did the Annual Financial Report disclose any instances of material weaknesses in internal controls over financial reporting and compliance for local, state, or federal funds?  No
SF6	Was there any disclosure in the Annual Financial Report of material noncompliance for grants, contracts, and laws related to local, state, or federal funds?  No
SF7	Did the school district make timely payments to the Teachers Retirement System (TRS), Texas Workforce Commission (TWC), Internal Revenue Service (IRS), and other government agencies?  Yes
SF8	Did the school district not receive an adjusted repayment schedule for more than one fiscal year for an over allocation of Foundation School Program (FSP) funds as a result of a financial hardship?  Yes
SF10	Total accumulated accretion on CABs included in government-wide financial statements at fiscal year-end?  \$ 1,059,575
SF11	Net pension assets (1920) at fiscal year-end.  \$ -
SF12	Net pension liabilities (2540) at fiscal year-end.  \$ 16,978,784