

LAGO VISTA INDEPENDENT SCHOOL DISTRICT

ANNUAL FINANCIAL AND  
COMPLIANCE REPORT

FOR THE YEAR ENDED  
AUGUST 31, 2018



SINGLETON, CLARK  
& COMPANY, PC CERTIFIED PUBLIC ACCOUNTANTS



LAGO VISTA INDEPENDENT SCHOOL DISTRICT  
ANNUAL FINANCIAL AND COMPLIANCE REPORT  
FOR THE YEAR ENDED AUGUST 31, 2018

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CERTIFICATE OF BOARD

Lago Vista Independent School District  
Name of School District

Travis  
County

227-912  
Co.-Dist. Number

We, the undersigned, certify that the attached annual financial reports of the above-named school district were reviewed and (check one)  approved  disapproved for the year ended August 31, 2018, at a meeting of the Board of Trustees of such school district on the 14<sup>th</sup> day of January, 2019.

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

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

If the Board of Trustees disapproved of 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  
Lago Vista Independent School District

### 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 Lago Vista Independent School District as of and for the year ended August 31, 2018, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

### Management's Responsibility for the Financial Statements

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

### 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 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 Lago Vista Independent School District as of August 31, 2018, and the respective changes in financial position and, where applicable, cash flows thereof, and the respective budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

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## Other Matters

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis section which precedes the basic financial statements and the pension and other post-employment benefits related schedules following the notes to the financial statements be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

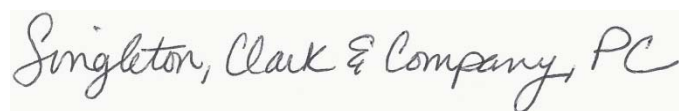
### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Lago Vista Independent School District's basic financial statements. The combining statements of individual nonmajor funds and the Texas Education Agency required schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

## Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 12, 2018 on our consideration of Lago Vista Independent School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Lago Vista Independent School District's internal control over financial reporting and compliance.



Singleton, Clark & Company, PC  
Cedar Park, Texas

November 12, 2018

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LAGO VISTA INDEPENDENT SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED AUGUST 31, 2018

**MANAGEMENT'S DISCUSSION AND ANALYSIS**

In this section of the Annual Financial and Compliance Report, we, the managers of Lago Vista Independent School District (the "District") discuss and analyze the financial performance of the District for the fiscal year ended August 31, 2018. Please read this information in conjunction with the District's basic financial statements, which follow this section.

**FINANCIAL HIGHLIGHTS**

- The District's net position for governmental activities increased by \$2,487,998 as a result of this year's current operations. In addition, a restatement of net position related to implementation of a new accounting standard related to post-employment benefits other than pensions (GASB-75) decreased beginning net position by \$7,428,883, to result in an ending net position of \$2,606,066.
- Total governmental funds of the District (the General Fund plus all Special Revenue Funds, the Capital Projects Fund, and the Debt Service Fund) reported an overall fund balance increase of \$1,653,069, to end at \$8,032,149.
- The General Fund of the District reported a fund balance increase of \$509,737 for the year, to end at \$5,539,616.

**OVERVIEW OF THE FINANCIAL SECTION**

The Financial Section is the most substantial part of this Annual Financial and Compliance Report. It consists of the independent auditor's report, management's discussion and analysis (this section), a set of basic financial statements with required note disclosures, and finally, required supplementary information and other supporting statements and schedules as applicable.

Independent Auditor's Report

State law requires the District's financial statements to be audited by an independent certified public accountant each year. The primary purpose of the annual audit is for the auditor to express an opinion as to whether the financial statements of the District appear to be free from material misstatement. The audit is required to be conducted 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 District received an *Unmodified* opinion on its financial statements this year.

Management's Discussion and Analysis

The Management's Discussion and Analysis (MD&A) section of the report is intended to introduce the financial statements and to provide discussion and analysis regarding the financial performance of the District during the year. The MD&A is written by management of the District and provides for a less formal presentation of the financial activities of the District than is found within the basic financial statements themselves.

LAGO VISTA INDEPENDENT SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED AUGUST 31, 2018

Basic Financial Statements

The Basic Financial Statements consist of a series of financial statements and required note disclosures. These statements include government-wide financial statements which present the District in a consolidated and long-term manner using full-accrual accounting similar to that of a business enterprise, and fund financial statements which present a more detailed view of the District using a short-term view and traditional modified-accrual governmental accounting. These financial statements are followed with detailed notes which provide narrative explanations and additional data for full disclosure of information.

Required Supplementary Information

The previously discussed Management's Discussion and Analysis section is considered to be required supplementary information, however, the governmental reporting framework requires that it be presented before the financial statements. When applicable, additional required supplementary information must follow the financial statements. Within this financial report, the District presents required schedules related to its participation in the Teacher Retirement System of Texas pension plan and retiree health insurance benefits.

Combining and Individual Fund Statements and Schedules

The combining statements provide detailed information about the District's nonmajor funds. While the primary financial statements present the nonmajor funds in a consolidated manner, the combining statements list all of the nonmajor funds separately, each in its own column. In addition, this section also includes schedules required by the Texas Education Agency to report tax collection information and budget to actual information for the District's debt service and child nutrition functions.

**OVERVIEW OF THE FEDERAL AWARDS SECTION**

Report on Internal Controls and Compliance

In accordance with *Government Auditing Standards*, the auditor is required to consider the internal controls the District has in place over financial reporting and whether any noncompliance with rules, laws, and regulations was noted during the audit. This report describes the scope of the testing of internal control and compliance, however, it does not provide an opinion on the effectiveness of internal control or on compliance.

Schedule of Findings and Questioned Costs

The Schedule of Findings and Questioned Costs provides an overall summary of auditor results, including identification of the type of opinion on the financial statements, whether any significant deficiencies or material weaknesses in internal controls were observed by the audit firm, and whether any material noncompliance was noted. This schedule also lists any audit findings reported by the audit firm for the year.



LAGO VISTA INDEPENDENT SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED AUGUST 31, 2018

## Reporting the District as a Whole

### *The Statement of Net Position and the Statement of Activities*

The analysis of the District's overall financial condition and operations begins with the government-wide financial statements which immediately follow this section. The government-wide financial statements include the Statement of Net Position and the Statement of Activities. The primary purpose of these financial statements is to show whether the District is better off or worse off as a result of the year's activities. The Statement of Net Position includes all the District's assets and liabilities at the end of the year while the Statement of Activities includes all the revenues and expenses generated by the District's operations during the year. These apply the accrual basis of accounting which is the basis used by private sector companies.

All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid. The District's revenues are divided into those provided by outside parties who share the costs of some programs, such as tuition received from students from outside the District and grants provided by the U.S. Department of Education to assist children with disabilities or from disadvantaged backgrounds (program revenues), and revenues provided by the taxpayers or by the State of Texas in equalization funding processes (general revenues). All the District's assets are reported whether they serve the current year or future years. Liabilities are considered regardless of whether they must be paid in the current or future years.

The Statement of Net Position and the Statement of Activities report the District's net position and changes in net position. The District's net position (the difference between assets and liabilities) provides one measure of the District's financial health. Over time, increases or decreases in the District's net position are one indicator of whether its financial health is improving or deteriorating. To fully assess the overall health of the District, however, you should consider nonfinancial factors as well, such as changes in the District's average daily attendance or its property tax base and the condition of the District's facilities.

In the Statement of Net Position and the Statement of Activities, school districts divide up their financial activities as follows:

- Governmental activities – School districts report basic services here, including the instruction of students, counseling, co-curricular activities, child nutrition services, transportation, maintenance, community services, and general administration. Property taxes, state block grants based on student attendance and demographics, and other state and federal grants finance most of these activities.
- Business-type activities – School districts may charge a fee to "customers" to help it cover all or most of the cost of services it provides for child care programs or other activities that closely model a business venture.

LAGO VISTA INDEPENDENT SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED AUGUST 31, 2018

## Reporting the District's Most Significant Funds

### *Fund Financial Statements*

The fund financial statements follow the government-wide statements and provide detailed information about the most significant funds of the District, not the District as a whole. Laws and regulations require the District to establish separate funds, such as for grants received from the state and federal government, money received from bond issues for capital projects, or for money raised specifically for debt service purposes, in order to clearly display financial accountability for use of these funds.

School districts use two different kinds of funds for operations, governmental funds and proprietary funds, which use different accounting approaches.

- A school district will use *governmental funds* to account for basic services. These use modified accrual accounting (a method that measures the receipt and disbursement of cash and all other financial assets that can be readily converted to cash) and report balances that are available for future spending. The governmental fund statements provide a detailed short-term view of the District's general operations and the basic services it provides. We describe the differences between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds in reconciliation schedules following each of the fund financial statements.
- A school district will use *proprietary funds* to account for the activities for which it charges users (whether outside customers or other units of the district). Proprietary funds use the same accounting methods employed in the Statement of Net Position and the Statement of Activities. In fact, when a district utilizes enterprise funds, (one category of proprietary funds) these are the business-type activities reported in the government-wide statements but they contain more detail and additional information, such as cash flows. Internal service funds (the other category of proprietary funds) report activities that provide supplies and services for a district's other programs and activities, such as a district's self-insurance programs.

## The District as Trustee

### *Reporting the District's Fiduciary Responsibilities*

The District is the trustee, or fiduciary, for money raised by student activities and alumni scholarship programs. All of the District's fiduciary activities are reported in separate Statements of Fiduciary Net Position and Changes in Fiduciary Net Position on pages that follow the governmental fund and proprietary fund financial statements. We exclude these resources from the District's other financial statements because the District cannot use these assets to finance its operations. The District is however responsible for applying sound financial internal controls over these funds and for ensuring that these resources are used for their intended purposes.

LAGO VISTA INDEPENDENT SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED AUGUST 31, 2018

**GOVERNMENT-WIDE FINANCIAL ANALYSIS**

The following analysis focuses on the net position (Table I) and changes in net position (Table II) of the District's governmental activities and business-type activities.

Net position of the District's governmental activities decreased from \$7,546,953 to \$2,606,066. Unrestricted net position – the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation, or other legal requirements – was (\$1,910,823) for the governmental activities and \$41,887 for business-type activities at August 31, 2018. The decrease in governmental net position was primarily due to the District being required to record its proportionate share of net post-employment benefits liability other than pensions reported by the Texas Public School Retired Employees Group Insurance Plan. The District's net position for business-type activities increased by \$24,262 as a result of this year's current operations.

**Table I**  
**LAGO VISTA INDEPENDENT SCHOOL DISTRICT**  
**NET POSITION**

	Governmental Activities 2018	Governmental Activities 2017	Change	Business- Type Activities 2018	Business- Type Activities 2017	Change
Current & Other Assets	\$ 9,200,717	\$ 8,522,681	\$ 678,036	\$ 49,337	\$ 24,905	\$ 24,432
Capital Assets	49,591,117	48,778,159	812,958	-	-	-
Deferred Outflows	1,184,063	1,439,778	(255,715)	-	-	-
Total Assets and Deferred Outflows	<u>59,975,897</u>	<u>58,740,618</u>	<u>1,235,279</u>	<u>49,337</u>	<u>24,905</u>	<u>24,432</u>
Current Liabilities	934,682	1,788,275	(853,593)	7,450	7,280	170
Long-Term Liabilities	53,964,774	48,966,778	4,997,996	-	-	-
Deferred Inflows	2,470,375	438,612	2,031,763	-	-	-
Total Liabilities and Deferred Inflows	<u>57,369,831</u>	<u>51,193,665</u>	<u>6,176,166</u>	<u>7,450</u>	<u>7,280</u>	<u>170</u>
Net Position:						
Net Investment in Capital Assets	2,139,074	2,458,614	(319,540)	-	-	-
Restricted	2,377,815	914,541	1,463,274	-	-	-
Unrestricted	(1,910,823)	4,173,798	(6,084,621)	41,887	17,625	24,262
Total Net Position	<u>\$ 2,606,066</u>	<u>\$ 7,546,953</u>	<u>\$ (4,940,887)</u>	<u>\$ 41,887</u>	<u>\$ 17,625</u>	<u>\$ 24,262</u>

LAGO VISTA INDEPENDENT SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED AUGUST 31, 2018

**Table II**  
**LAGO VISTA INDEPENDENT SCHOOL DISTRICT**  
**CHANGES IN NET POSITION**

	Governmental Activities 2018	Governmental Activities 2017	Change	Business- Type Activities 2018	Business- Type Activities 2017	Change
Revenues:						
Program Revenues:						
Charges for Services	\$ 497,480	\$ 515,863	\$ (18,383)	\$ 138,488	\$ 119,995	\$ 18,493
Operating Grants & Contributions	(976,443)	1,111,800	(2,088,243)	-	-	-
General Revenues:						
Maintenance & Operations Taxes	15,272,640	14,508,231	764,409	-	-	-
Debt Service Taxes	3,748,069	3,550,011	198,058	-	-	-
State Aid - Formula Grants	865,629	811,978	53,651	-	-	-
Grants & Contributions not Restr.	33,333	49,797	(16,464)	-	-	-
Investment Earnings	254,713	102,015	152,698	-	-	-
Miscellaneous	93,909	104,524	(10,615)	-	-	-
Total Revenue	19,789,330	20,754,219	(964,889)	138,488	119,995	18,493
Expenses:						
Instruction	5,508,919	7,751,642	(2,242,723)	-	-	-
Instr. Resources & Media Services	82,092	164,472	(82,380)	-	-	-
Curriculum and Staff Development	23,988	24,583	(595)	-	-	-
Instructional Leadership	176,079	291,635	(115,556)	-	-	-
School Leadership	628,043	1,031,858	(403,815)	-	-	-
Guidance/Counseling Services	282,621	397,827	(115,206)	-	-	-
Health Services	109,403	158,737	(49,334)	-	-	-
Student Transportation	535,060	476,388	58,672	-	-	-
Food Services	509,561	525,941	(16,380)	-	-	-
Cocurricular/Extracurricular Act.	741,288	929,058	(187,770)	-	-	-
General Administration	545,715	690,363	(144,648)	-	-	-
Plant Maintenance and Operations	1,578,539	1,600,710	(22,171)	-	-	-
Security and Monitoring Services	8,071	14,747	(6,676)	-	-	-
Data Processing Services	259,054	318,778	(59,724)	-	-	-
Community Services	(33,557)	7,244	(40,801)	-	-	-
Debt Service	1,685,820	2,578,358	(892,538)	-	-	-
Contracted Instructional Resources	4,748,771	3,720,528	1,028,243	-	-	-
Other Intergovernmental Charges	97,005	94,952	2,053	-	-	-
Business-Type Activities	-	-	-	114,226	108,639	5,587
Total Expenses	17,486,472	20,777,821	(3,291,349)	114,226	108,639	5,587
Gain (Loss) on Sale of Assets	185,140	-	185,140	-	-	-
Change in Net Position	2,487,998	(23,602)	2,511,600	24,262	11,356	12,906
Net Position at 9/1/17 (Restated) and 9/1/16	118,068	7,570,555	(7,452,487)	17,625	6,269	11,356
Net Position at 8/31/18 and 8/31/17	\$ 2,606,066	\$ 7,546,953	\$ (4,940,887)	\$ 41,887	\$ 17,625	\$ 24,262

LAGO VISTA INDEPENDENT SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED AUGUST 31, 2018

**THE DISTRICT'S FUNDS**

As the District completed this annual period, the General Fund reported a fund balance of \$5,539,616, which is \$509,737 more than last year's total of \$5,029,879. The increase in fund balance is mainly attributable to an increase in interest income due to higher interest rates at bank and lower than budgeted operational expenditures during the year.

The District's Debt Service fund reported a fund balance of \$1,668,697 which is \$585,035 more than last year's total of \$1,083,662. The Debt Service fund balance was more at August 31, 2018, as compared to the prior year end, due to revenue being budgeted more than expenditures for the year. The purpose of the Debt Service Fund is to provide for the payment of bond principal and interest payments as it becomes due.

The District's Capital Projects fund reported a fund balance of \$511,255 is \$500,309 more than last year's total of \$10,946. The Capital Projects fund balance was more at August 31, 2018, as compared to the prior year end, due to the issuance of \$2,855,000 in Unlimited Tax School Building Bonds, Series 2018 during the year to be used for capital expenditures.

The District's other governmental funds reported combined ending fund balances of \$312,581. This combined balance is \$57,988 more than the previous year. The primary reason for this change in the combined fund balance was due to fund balance increases in the Child Nutrition Fund and the Campus Activity Fund during the year.

Over the course of the year, the Board of Trustees generally revises the District's budget based on financial updates provided by management of the District. These amendments involve moving funds from programs that did not need all the resources originally appropriated to them to programs with resource needs, or to react to originally unforeseen circumstances, such as unanticipated new revenues or unavoidable new costs. Budget amendments in the function line items 11, 51 and 91 were considered significant.

**CAPITAL ASSET AND DEBT ADMINISTRATION**

**Capital Assets**

As of August 31, 2018, the District had \$49,591,117 (net of accumulated depreciation) invested in a broad range of capital assets, including facilities and equipment for instruction, transportation, athletics, administration, and maintenance.

A summary of the ending balances of capital assets by major category for both 2018 and 2017 is as follows:

	Governmental Activities 2018	Governmental Activities 2017	Change
Land	\$ 1,111,647	\$ 1,126,507	\$ (14,860)
Buildings	64,272,051	62,221,275	2,050,776
Furniture and Equipment	1,939,676	1,566,764	372,912
Total	<u>67,323,374</u>	<u>64,914,546</u>	<u>2,408,828</u>
Less Accumulated Depreciation	<u>(17,732,257)</u>	<u>(16,136,387)</u>	<u>(1,595,870)</u>
Capital Assets, Net of Depreciation	<u>\$ 49,591,117</u>	<u>\$ 48,778,159</u>	<u>\$ 812,958</u>

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LAGO VISTA INDEPENDENT SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED AUGUST 31, 2018

**Debt**

At year-end, the District had \$47,452,043 in bonds and other long-term debt outstanding versus \$46,319,545 last year. The increase is attributable to the issuance of \$2,855,000 Unlimited Tax School Building Bonds, Series 2018 during the year. The District also made scheduled payments on its long-term debt during the year.

A summary of the ending balances of long-term debt by type for both 2018 and 2017 is as follows:

	Governmental Activities 2018	Governmental Activities 2017	Change
General Obligation Bonds	\$ 47,295,084	\$ 46,086,294	\$ 1,208,790
Capital Leases Payable	156,959	233,251	(76,292)
Total	<u>\$ 47,452,043</u>	<u>\$ 46,319,545</u>	<u>\$ 1,132,498</u>

**ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES**

The District's elected and appointed officials considered many factors when setting the fiscal year 2018-2019 budget and tax rates. Those factors include property values, changes in enrollment, the economy, projections of future budget years, and legislative mandates. The District has adopted a General Fund budget of \$19.03 million for the 2018-2019 fiscal year. This reflects an approximate increase of \$2,191,000 in budgeted expenditures from fiscal year 2017-2018 to fiscal year 2018-2019.

For the 2018-2019 budget year, the District has held constant its maintenance and operations tax rate at \$1.06 per hundred of taxable value. The District has the capability to call a tax ratification election which could authorize up to \$1.17 cents for maintenance and operations. In a prior year, the District passed a tax ratification election to increase the maintenance and operations tax rate to \$1.06. The District adopted a debt service tax rate of \$.26 for the 2018-2019 budget year in order to fund required debt payments in the coming year. The combined tax rate of the District for the 2018-2019 budget year is \$1.32 per hundred of taxable value.

**CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT**

This financial report is designed to provide our citizens, taxpayers, customers, investors, and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the District's Business Office, at Lago Vista Independent School District, 8039 Bar-K Ranch Road, Lago Vista, Texas 78645, or by calling (512) 267-8300.

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## **BASIC FINANCIAL STATEMENTS**

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LAGO VISTA INDEPENDENT SCHOOL DISTRICT  
STATEMENT OF NET POSITION  
AUGUST 31, 2018

Data Control Codes	Primary Government			
	1 Governmental Activities	2 Business-Type Activities	3 Total	
<b>ASSETS</b>				
1110	Cash and Cash Equivalents	\$ 101,912	\$ 17,451	\$ 119,363
1120	Current Investments	8,613,452	-	8,613,452
1225	Property Taxes Receivable, net	365,672	-	365,672
1240	Due from Other Governments	140,011	-	140,011
1260	Internal Balances	(31,886)	31,886	-
1290	Other Receivables, net	3,796	-	3,796
1410	Deferred Expenditures or Expenses	7,760	-	7,760
	Capital Assets:			
1510	Land	1,111,647	-	1,111,647
1520	Buildings and Improvements, net	48,029,143	-	48,029,143
1530	Furniture and Equipment, net	450,327	-	450,327
1000	Total Assets	<u>58,791,834</u>	<u>49,337</u>	<u>58,841,171</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
1705	Deferred Outflows-Pension	1,124,303	-	1,124,303
1706	Deferred Outflows-OPEB	59,760	-	59,760
	Total Deferred Outflows of Resources	<u>1,184,063</u>	<u>-</u>	<u>1,184,063</u>
<b>LIABILITIES</b>				
2110	Accounts Payable	123,213	444	123,657
2140	Interest Payable	131,786	-	131,786
2160	Accrued Wages Payable	445,516	6,860	452,376
2180	Due to Other Governments	121,503	-	121,503
2200	Accrued Expenses	112,495	146	112,641
2300	Unearned Revenue	169	-	169
	Noncurrent Liabilities:			
2501	Bonds, Loans & Other Payable-Due Within One Year	2,424,485	-	2,424,485
2502	Bonds Payable-Due in More than One Year	42,292,021	-	42,292,021
2516	Unamortized Premium (Discount) on Bonds	2,656,319	-	2,656,319
2520	Loans Payable-Due in More than One Year	79,218	-	79,218
2540	Net Pension Liability	2,276,114	-	2,276,114
2545	Other Post-Employment Benefits Liability	4,236,617	-	4,236,617
2000	Total Liabilities	<u>54,899,456</u>	<u>7,450</u>	<u>54,906,906</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
2605	Deferred Inflows-Pension	698,190	-	698,190
2606	Deferred Inflows-OPEB	1,772,185	-	1,772,185
	Total Deferred Inflows of Resources	<u>2,470,375</u>	<u>-</u>	<u>2,470,375</u>
<b>NET POSITION</b>				
3200	Net Investment in Capital Assets	2,139,074	-	2,139,074
	Restricted for:			
3820	Federal & State Programs	138,013	-	138,013
3850	Debt Service	1,728,547	-	1,728,547
3860	Capital Projects	511,255	-	511,255
3900	Unrestricted	(1,910,823)	41,887	(1,868,936)
3000	Total Net Position	<u>\$ 2,606,066</u>	<u>\$ 41,887</u>	<u>\$ 2,647,953</u>

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

LAGO VISTA INDEPENDENT SCHOOL DISTRICT  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED AUGUST 31, 2018

Data Control Codes	1 Expenses	Program Revenues	
		3 Charges for Services	4 Operating Grants and Contributions
<b>Primary Government:</b>			
<b>GOVERNMENTAL ACTIVITIES:</b>			
11 Instruction	\$ 5,508,919	\$ 24,350	\$ (673,586)
12 Instructional Resources & Media Services	82,092	-	(24,298)
13 Curriculum & Staff Development	23,988	-	(186)
21 Instructional Leadership	176,079	-	(45,884)
23 School Leadership	628,043	-	(161,466)
31 Guidance/Counseling/Evaluation Services	282,621	-	(71,086)
33 Health Services	109,403	-	(32,740)
34 Student Transportation	535,060	-	-
35 Food Services	509,561	249,276	-
36 Extracurricular Activities	741,288	213,027	164,303
41 General Administration	545,715	10,827	(72,212)
51 Plant Maintenance and Operations	1,578,539	-	(43,642)
52 Security and Monitoring Services	8,071	-	-
53 Data Processing Services	259,054	-	(65,426)
61 Community Services	(33,557)	-	(19,951)
72 Interest on Long-Term Debt	1,609,698	-	69,731
73 Bond Issuance Cost & Fees	76,122	-	-
91 Contracted Instructional Resources	4,748,771	-	-
99 Other Intergovernmental Charges	97,005	-	-
TG Total Governmental Activities:	<u>17,486,472</u>	<u>497,480</u>	<u>(976,443)</u>
<b>BUSINESS-TYPE ACTIVITIES:</b>			
01 Enterprise Fund - Little Vikings Day Care	114,226	138,488	-
TB Total Business-Type Activities:	<u>114,226</u>	<u>138,488</u>	<u>-</u>
TP TOTAL PRIMARY GOVERNMENT:	<u>\$ 17,600,698</u>	<u>\$ 635,968</u>	<u>\$ (976,443)</u>
<b>General Revenues:</b>			
Taxes:			
MT	Property Taxes, Levied for General Purposes		
DT	Property Taxes, Levied for Debt Service		
SF	State Aid - Formula Grants		
GC	Grants and Contributions, not Restricted		
IE	Investment Earnings		
MI	Miscellaneous Local and Intermediate Revenue		
	Total General Revenues		
S1	Profit on Sale of Land		
TR	Total General Revenues and Special Items		
CN	Change in Net Position		
NB	Net Position -- Beginning (as restated)		
NE	Net Position -- Ending		

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

Net (Expense) Rev. & Changes in Net Position		
6	7	8
Primary Gov.		
Governmental Activities	Business-Type Activities	Total
\$ (6,158,155)	\$ -	\$ (6,158,155)
(106,390)	-	(106,390)
(24,174)	-	(24,174)
(221,963)	-	(221,963)
(789,509)	-	(789,509)
(353,707)	-	(353,707)
(142,143)	-	(142,143)
(535,060)	-	(535,060)
(260,285)	-	(260,285)
(363,958)	-	(363,958)
(607,100)	-	(607,100)
(1,622,181)	-	(1,622,181)
(8,071)	-	(8,071)
(324,480)	-	(324,480)
13,606	-	13,606
(1,539,967)	-	(1,539,967)
(76,122)	-	(76,122)
(4,748,771)	-	(4,748,771)
(97,005)	-	(97,005)
<u>(17,965,435)</u>	<u>-</u>	<u>(17,965,435)</u>
-	24,262	24,262
<u>-</u>	<u>24,262</u>	<u>24,262</u>
<u>(17,965,435)</u>	<u>24,262</u>	<u>(17,941,173)</u>
15,272,640	-	15,272,640
3,748,069	-	3,748,069
865,629	-	865,629
33,333	-	33,333
254,713	-	254,713
93,909	-	93,909
<u>20,268,293</u>	<u>-</u>	<u>20,268,293</u>
185,140	-	185,140
<u>20,453,433</u>	<u>-</u>	<u>20,453,433</u>
2,487,998	24,262	2,512,260
118,068	17,625	135,693
<u>\$ 2,606,066</u>	<u>\$ 41,887</u>	<u>\$ 2,647,953</u>

LAGO VISTA INDEPENDENT SCHOOL DISTRICT  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
AUGUST 31, 2018

Data Control Codes	10 General Fund	50 Debt Service Fund	60 Capital Projects Fund	98 Other Funds	98 Total Governmental Funds
<b>ASSETS</b>					
1110 Cash and Cash Equivalents	\$ 101,878	\$ -	\$ -	\$ 34	\$ 101,912
1120 Investments - Current	6,239,838	1,599,597	648,639	125,378	8,613,452
1220 Property Taxes - Delinquent	745,907	145,977	-	-	891,884
1230 Allowance for Uncollectible Taxes (Credit)	(440,085)	(86,127)	-	-	(526,212)
1240 Due from Other Governments	189	-	-	139,822	140,011
1260 Due from Other Funds	226,608	68,945	-	178,658	474,211
1290 Other Receivables	3,641	155	-	-	3,796
1410 Deferred Expenditures	7,760	-	-	-	7,760
1000A Total Assets	<u>\$ 6,885,736</u>	<u>\$ 1,728,547</u>	<u>\$ 648,639</u>	<u>\$ 443,892</u>	<u>\$ 9,706,814</u>
<b>LIABILITIES</b>					
2110 Accounts Payable	\$ 109,710	\$ -	\$ 8,911	\$ 4,592	\$ 123,213
2160 Accrued Wages Payable	419,265	-	-	26,251	445,516
2170 Due to Other Funds	380,956	-	27,223	97,918	506,097
2180 Due to Other Governments	121,503	-	-	-	121,503
2200 Accrued Expenditures	8,864	-	101,250	2,381	112,495
2300 Unearned Revenues	-	-	-	169	169
2000 Total Liabilities	<u>1,040,298</u>	<u>-</u>	<u>137,384</u>	<u>131,311</u>	<u>1,308,993</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
2600 Deferred Inflows-Unavailable Revenues	305,822	59,850	-	-	365,672
Total Deferred Inflows of Resources	<u>305,822</u>	<u>59,850</u>	<u>-</u>	<u>-</u>	<u>365,672</u>
<b>FUND BALANCES</b>					
Nonspendable:					
3430 Prepaid Items	7,760	-	-	-	7,760
Restricted for:					
3450 Federal or State Funds Restricted	-	-	-	138,013	138,013
3470 Capital Acq. and Contractual Oblig.	-	-	511,255	-	511,255
3480 Retirement of Long-Term Debt	-	1,668,697	-	-	1,668,697
Committed for:					
3545 Other Committed Fund Balance	-	-	-	174,568	174,568
3600 Unassigned Fund Balance	5,531,856	-	-	-	5,531,856
3000 Total Fund Balances	<u>5,539,616</u>	<u>1,668,697</u>	<u>511,255</u>	<u>312,581</u>	<u>8,032,149</u>
4000 Total Liab., Def. Inflows, and Fund Balances	<u>\$ 6,885,736</u>	<u>\$ 1,728,547</u>	<u>\$ 648,639</u>	<u>\$ 443,892</u>	<u>\$ 9,706,814</u>

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

LAGO VISTA INDEPENDENT SCHOOL DISTRICT  
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE  
STATEMENT OF NET POSITION  
AUGUST 31, 2018

		1
<b>Total Fund Balances - Governmental Funds</b>	\$	8,032,149
<p>1 Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in the governmental funds.</p>		
Governmental capital assets	\$	67,323,374
Less accumulated depreciation	<u>(17,732,257)</u>	49,591,117
<p>2 Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.</p>		
Bonds payable, including unamortized premiums	(47,295,084)	
Notes and capital leases payable	(156,959)	
Net pension liability	(2,276,114)	
Net OPEB liability	<u>(4,236,617)</u>	(53,964,774)
<p>3 Accrued interest on long-term debt related to governmental fund activities is not due and payable in the current period and, therefore, not reported in the governmental funds.</p>		
		(131,786)
<p>4 Deferred outflows and inflows of resources related to pensions are applicable to future periods and, therefore, are not reported in the funds.</p>		
Deferred outflows of resources related to pensions	1,124,303	
Deferred inflows of resources related to pensions	(698,190)	
Deferred outflows of resources related to OPEB	59,760	
Deferred inflows of resources related to OPEB	<u>(1,772,185)</u>	(1,286,312)
<p>5 Property taxes are recognized as revenue in the governmental funds when collected, but recognized on the Statement of Activities in the year levied. Therefore, property taxes receivable, net of allowance for uncollectible accounts, is added to the Statement of Net Position for governmental activities.</p>		
		365,672
<b>19 Net Position of Governmental Activities</b>	<u>\$</u>	<u>2,606,066</u>

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

LAGO VISTA INDEPENDENT SCHOOL DISTRICT  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED AUGUST 31, 2018

Data	10	50	60	98	
Control		Debt	Capital	Total	
Codes	General	Service	Projects	Other	Governmental
	Fund	Fund	Fund	Funds	Funds
<b>REVENUES</b>					
5700 Local and Intermediate Sources	\$15,590,172	\$3,809,500	\$ 23,998	\$ 486,177	\$ 19,909,847
5800 State Program Revenues	1,400,397	69,731	-	148,404	1,618,532
5900 Federal Program Revenues	32,813	-	-	616,673	649,486
5020 Total Revenues	<u>17,023,382</u>	<u>3,879,231</u>	<u>23,998</u>	<u>1,251,254</u>	<u>22,177,865</u>
<b>EXPENDITURES</b>					
0011 Instruction	6,822,395	-	-	450,948	7,273,343
0012 Instructional Resources & Media Services	120,724	-	-	-	120,724
0013 Curriculum & Instructional Staff Development	22,376	-	-	-	22,376
0021 Instructional Leadership	246,314	-	-	-	246,314
0023 School Leadership	872,786	-	-	-	872,786
0031 Guidance, Counseling & Evaluation Services	390,775	-	-	-	390,775
0033 Health Services	162,064	-	-	-	162,064
0034 Student (Pupil) Transportation	475,591	-	195,996	-	671,587
0035 Food Services	-	-	-	468,110	468,110
0036 Cocurricular/Extracurricular Activities	609,131	-	-	193,485	802,616
0041 General Administration	632,308	-	-	-	632,308
0051 Plant Maintenance and Operations	1,532,693	-	-	-	1,532,693
0052 Security and Monitoring Services	7,414	-	-	-	7,414
0053 Data Processing Services	361,596	-	-	-	361,596
0061 Community Services	5,891	-	-	-	5,891
0071 Debt Service - Principal	-	2,070,000	-	76,292	2,146,292
0072 Debt Service - Interest	-	1,221,163	-	4,431	1,225,594
0073 Debt Service - Bond Issuance Costs	-	4,370	71,752	-	76,122
0081 Facilities Acquisition and Construction	-	-	2,227,692	-	2,227,692
0091 Contracted Instructional Services -Chapter 41	4,362,473	-	-	-	4,362,473
0099 Other Intergovernmental Charges	89,114	-	-	-	89,114
6030 Total Expenditures	<u>16,713,645</u>	<u>3,295,533</u>	<u>2,495,440</u>	<u>1,193,266</u>	<u>23,697,884</u>
1100 Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>309,737</u>	<u>583,698</u>	<u>(2,471,442)</u>	<u>57,988</u>	<u>(1,520,019)</u>
<b>OTHER FINANCING SOURCES (USES)</b>					
7911 Capital-Related Debt Issued	-	-	2,855,000	-	2,855,000
7912 Sale of Property	200,000	-	-	-	200,000
7915 Transfers In	-	1,337	-	-	1,337
7916 Premium or Discount on Issuance of Bonds	-	-	118,088	-	118,088
8911 Transfers Out	-	-	(1,337)	-	(1,337)
7080 Total Other Financing Sources (Uses)	<u>200,000</u>	<u>1,337</u>	<u>2,971,751</u>	<u>-</u>	<u>3,173,088</u>
1200 Net Change in Fund Balance	509,737	585,035	500,309	57,988	1,653,069
0100 Fund Balance - Beginning	5,029,879	1,083,662	10,946	254,593	6,379,080
3000 Fund Balance - Ending	<u>\$ 5,539,616</u>	<u>\$1,668,697</u>	<u>\$ 511,255</u>	<u>\$ 312,581</u>	<u>\$ 8,032,149</u>

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



LAGO VISTA INDEPENDENT SCHOOL DISTRICT  
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES,  
EXPENDITURES, AND CHANGES IN FUND BALANCE TO THE STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED AUGUST 31, 2018

	<b>Total Net Change in Fund Balances – Governmental Funds</b>	\$ 1,653,069
1	Governmental funds report the portion of capital outlay for capitalized assets as expenditures. However, in the Statement of Activities, the costs of those assets are allocated over their estimated useful lives as depreciation expense.	
	Expenditures for capitalized assets	\$ 2,423,688
	Less current year depreciation	<u>(1,595,870)</u>
		827,818
2	Repayment of principal on bonds, notes, and capital leases is an expenditure in the governmental funds, but this expenditure is removed from the Statement of Activities and the repayments instead reduce long-term liabilities on the Statement of Net Position.	2,146,292
3	Issuance of long-term debt increases current financial resources to governmental funds, but this increase is not shown on the Statement of Activities and instead increases long-term liabilities on the Statement of Net Position.	(2,973,088)
4	Accumulated accretion on bonds issued by governmental activities is recognized only when paid in the governmental funds, but is treated as interest expense on the Statement of Activities as it accretes.	(484,454)
5	Since long-term debt is not recorded in governmental funds, amortization of related issuance premiums and discounts is also not recorded.	178,752
6	The change in accrued interest due on long-term debt issued for governmental activities does not affect current financial resources and therefore is not reported in the governmental funds.	(78,402)
7	Property taxes are recognized as revenue in the governmental funds when collected but recognized on the Statement of Activities in the year levied. Therefore the uncollected amount of the current year levy is added to current year property tax revenue on the Statement of Activities.	(43,036)
8	Governmental funds report pension contributions as expenditures. However, pension contributions are reported as deferred outflows of resources on the Statement of Net Position if made after the net pension liability measurement date. In addition, the change in the net pension liability, adjusted for changes in deferred pension items, is reported as pension expense in the Statement of Activities.	(203,934)
9	Governmental funds report OPEB contributions as expenditures. However, OPEB contributions are reported as deferred outflows of resources on the Statement of Net Position if made after the net OPEB liability measurement date. In addition, the change in the net OPEB liability, adjusted for changes in deferred OPEB items, is reported as OPEB expense in the Statement of Activities.	1,479,841
10	Since capital assets are not reported in governmental funds, gains or losses on disposal of capital assets are also not reported in governmental funds.	(14,860)
	<b>19 Change in Net Position of Governmental Activities</b>	<u>\$ 2,487,998</u>

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

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LAGO VISTA INDEPENDENT SCHOOL DISTRICT  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL – GENERAL FUND  
FOR THE YEAR ENDED AUGUST 31, 2018

Data Control Codes	Budgeted Amounts		Actual	Variance With Final Budget	
	Original	Final	Amounts (GAAP BASIS)		
<b>REVENUES</b>					
5700	Local & Intermediate Sources	\$ 15,282,234	\$ 15,282,234	\$ 15,590,172	\$ 307,938
5800	State Program Revenues	1,201,253	1,201,253	1,400,397	199,144
5900	Federal Program Revenues	15,000	15,000	32,813	17,813
5020	Total Revenues	16,498,487	16,498,487	17,023,382	524,895
<b>EXPENDITURES</b>					
0011	Instruction	6,786,238	6,906,238	6,822,395	83,843
0012	Instructional Resources & Media Services	132,630	134,630	120,724	13,906
0013	Curriculum and Staff Development	28,600	28,600	22,376	6,224
0021	Instructional Leadership	248,804	253,804	246,314	7,490
0023	School Leadership	881,716	882,716	872,786	9,930
0031	Guidance/Counseling/Evaluation Services	408,524	415,524	390,775	24,749
0033	Health Services	157,980	160,980	162,064	(1,084)
0034	Student Transportation	501,500	501,500	475,591	25,909
0036	Extracurricular Activities	647,365	639,365	609,131	30,234
0041	General Administration	638,281	632,281	632,308	(27)
0051	Facilities Maintenance & Operations	1,515,715	1,647,715	1,532,693	115,022
0052	Security and Monitoring Services	6,600	56,600	7,414	49,186
0053	Data Processing Services	333,146	387,146	361,596	25,550
0061	Community Services	7,692	7,692	5,891	1,801
	Intergovernmental:				
0091	Contracted Instruction Services Between Schools	4,454,017	4,294,017	4,362,473	(68,456)
0099	Other Intergovernmental Charges	92,000	92,000	89,114	2,886
6030	Total Expenditures	16,840,808	17,040,808	16,713,645	327,163
1100	Excess (Deficiency) of Revenues Over (Under) Expenditures	(342,321)	(542,321)	309,737	852,058
<b>OTHER FINANCING SOURCES (USES)</b>					
7912	Sale of Property	-	200,000	200,000	-
7080	Total Other Financing Sources (Uses)	-	200,000	200,000	-
1200	Net Change in Fund Balances	(342,321)	(342,321)	509,737	852,058
0100	Fund Balance-September 1 (Beginning)	5,029,879	5,029,879	5,029,879	-
3000	Fund Balance-August 31 (Ending)	\$ 4,687,558	\$ 4,687,558	\$ 5,539,616	\$ 852,058

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

LAGO VISTA INDEPENDENT SCHOOL DISTRICT  
STATEMENT OF NET POSITION  
PROPRIETARY FUNDS  
AUGUST 31, 2018

Data Control Codes	Business-Type Activities Little Vikings Day Care
<b>ASSETS</b>	
1110 Cash and Cash Equivalents	\$ 17,451
1260 Due from Other Funds	31,886
1000 Total Assets	<u>49,337</u>
<b>LIABILITIES</b>	
2110 Accounts Payable	444
2160 Accrued Wages Payable	6,860
2200 Accrued Expenditures	146
2000 Total Liabilities	<u>7,450</u>
<b>NET POSITION</b>	
3900 Unrestricted Net Position	41,887
3000 Total Net Position	<u><u>\$ 41,887</u></u>

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

LAGO VISTA INDEPENDENT SCHOOL DISTRICT  
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION  
PROPRIETARY FUNDS  
FOR THE YEAR ENDED AUGUST 31, 2018

Data Control Codes	Business-Type Activities
	Little Vikings Day Care
<b>OPERATING REVENUES</b>	
5700 Local and Intermediate Sources	\$ 138,488
5020 Total Revenues	<u>138,488</u>
<b>OPERATING EXPENSES</b>	
6100 Payroll Costs	109,897
6300 Supplies and Materials	125
6400 Other Operating Costs	4,204
6030 Total Expenses	<u>114,226</u>
1300 Change in Net Position	24,262
0100 Total Net Position - Beginning	17,625
3300 Total Net Position - Ending	<u>\$ 41,887</u>

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

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LAGO VISTA INDEPENDENT SCHOOL DISTRICT  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS  
FOR THE YEAR ENDED AUGUST 31, 2018

Data Control Codes	Business-Type Activities Little Vikings Day Care
<u>Cash Flows from Operating Activities</u>	
Cash Received from User Charges	\$ 106,602
Cash Payments to Employees for Services	(109,170)
Cash Payments to Suppliers	(697)
Cash Payments for Other Operating Activities	(4,189)
Net Cash Provided by (Used for) Operating Activities	<u>(7,454)</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(7,454)
Cash and Cash Equivalents at Beginning of the Year	24,905
Cash and Cash Equivalents at the End of the Year:	<u>\$ 17,451</u>
<u>Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities</u>	
Operating Income (Loss):	\$ 24,262
Effect of Increases and Decreases in Current Assets and Liabilities:	
Decrease (increase) in Accounts Receivable	(31,886)
Increase (decrease) in Accounts Payable	(572)
Increase (decrease) in Wages Payable	727
Increase (decrease) in Accrued Expenses	15
Net Cash Provided by (Used for) Operating Activities	<u>\$ (7,454)</u>

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

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LAGO VISTA INDEPENDENT SCHOOL DISTRICT  
STATEMENT OF NET POSITION  
FIDUCIARY FUNDS  
AUGUST 31, 2018

Data Control Codes	Agency Funds
<b>ASSETS</b>	
1110 Cash and Cash Equivalents	\$ 38,059
1000 Total Assets	<u>38,059</u>
<b>LIABILITIES</b>	
Current Liabilities:	
2110 Accounts Payable	1,188
2190 Due to Student Groups	36,871
2000 Total Liabilities	<u>\$ 38,059</u>

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

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LAGO VISTA INDEPENDENT SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED AUGUST 31, 2018

## **1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

### **The Financial Reporting Entity**

This report includes those activities, organizations and functions related to Lago Vista Independent School District (the “District”), which are controlled by or dependent upon the District’s governing body, the Board of Trustees (the “Board”). The Board, a seven member group, is the level of government having governance responsibilities over all activities related to public elementary and secondary school education within the jurisdiction of the District. Since the District receives funding from local, state, and federal government sources, it must comply with the requirements of the entities providing those funds. However, the District is not included in any other governmental “reporting entity” as defined by Statement No. 14 of the Governmental Accounting Standards Board (GASB), since Board members are elected by the public and have decision making authority. Furthermore, there are no legally separate organizations, known as “component units”, included within the reporting entity.

The accounting policies of the District comply with the rules prescribed by the Texas Education Agency (TEA) in its Financial Accountability System Resource Guide (FASRG). These accounting policies conform to generally accepted accounting principles applicable to state and local governments.

### **Government-wide and Fund 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 District. The effect of interfund activity has been removed from these statements. Governmental activities, which are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. 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 and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes and other items not properly included among program revenues are reported instead as general revenues.

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. Major individual governmental funds are reported as separate columns in the fund financial statements.

### **Measurement Focus, Basis of Accounting, and Financial Statement Presentation**

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Agency funds have no measurement focus. 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. Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided and 2) operating grants and contributions. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes. As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

LAGO VISTA INDEPENDENT SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED AUGUST 31, 2018

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 government considers revenues to be available if they are collected within sixty days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures are recorded only when payment is due.

Major revenue sources considered susceptible to accrual include state and federal program revenues and property taxes. No accrual for property taxes collected within sixty days of year end has been made as such amounts are deemed immaterial; delinquent property taxes at year end are reported as deferred inflows of resources within the governmental fund financial statements.

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. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

### **Major Funds and Fund Types**

The District reports the following major governmental funds:

The General Fund includes financial resources that are not required to be reported separately in another fund. It is a budgeted fund, and any unrestricted fund balances are considered to be resources available for current operations.

The Debt Service Fund includes debt service taxes and other revenues collected to retire bond principal and to pay interest due. It is a budgeted fund.

The Capital Projects Fund is used to account for the construction, improvement and renovation of school buildings in the District along with the acquisition of land and equipment. This fund is budgeted on a project basis rather than annually.

The District reports the following major proprietary fund:

Little Vikings Day Care Fund is an enterprise fund. The District's activities for which outside users are charged a fee roughly equal to the cost of providing the goods or services of those activities are accounted for in an enterprise fund.

Additionally, the District reports the following fund types:

Special Revenue Funds are governmental funds which include resources restricted, committed, or assigned for specific purposes by a grantor or the Board. Federally financed programs where unused balances are returned to the grantor at the close of specified project periods are accounted for in these funds.

Agency Funds are fiduciary funds used to account for resources held for others in a custodial capacity. The District utilizes this fund type to account for funds held on behalf of student clubs and organizations.

LAGO VISTA INDEPENDENT SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED AUGUST 31, 2018

**Budgetary Information**

Budgets are prepared annually for the General Fund, the Debt Service Fund, and the Child Nutrition Fund on the modified accrual basis, which is consistent with generally accepted accounting principles. A formal budget is prepared by the end of August and is adopted by the Board at a public meeting after public notice of the meeting has been given no earlier than the 30th day or later than the 10th day before the public hearing. The legal level of control for budgeted expenditures is the function level within the budgeted funds. Amendments to the budget are required prior to expending amounts greater than the budgeted amounts at the function level. Budgets are controlled at the departmental or campus level, the same level at which responsibility for operations is assigned. The budget was monitored by the administration throughout the year and amendments were brought to the Board as needed.

**Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Net Position or Fund Balance**

Investments - The District's investment policies and types of investments are governed by Section 2256 of the Texas Government Code ("Public Funds Investment Act"). The types of investments allowed under the Public Funds Investment Act are detailed in Note 2 - Deposits and Investments. The District's management believes that it complied with the requirements of the Public Funds Investment Act and the District's investment policies. The District accrues interest on temporary investments based on the terms and effective interest rates of the specific investments. Temporary investments throughout the year consisted of investments in external investment pools, which are recognized at amortized cost, and money market accounts.

Inventories - Inventories are generally not recorded in the General Fund or Child Nutrition Fund due to amounts of expendable supplies held or purchased food not being deemed material. When inventories are recorded, they are charged to expenditures when consumed. Amounts recorded are offset by a fund balance classification titled "nonspendable" which indicates that the inventory does not represent "available expendable resources."

Capital Assets - Capital assets, which include land, buildings and improvements, construction in progress, furniture and equipment, and vehicles are reported in the governmental activities column in the government-wide financial statements. Capital assets are defined by the District as assets with an initial, individual cost of at least \$5,000 and a useful life of greater than one year. Such assets are recorded at historical cost, if purchased, or estimated fair value at the date of donation, if donated. The costs of normal maintenance and repairs that do not add to the value of the assets or materially extend assets lives are not capitalized. Capital assets (other than land and construction in progress) are depreciated using the straight line method over the following estimated useful lives: buildings and improvements - fifteen to thirty years, furniture and equipment - three to twenty years, and vehicles - five to ten years.

Prepaid Items - 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. Prepaid items are charged to expenditures when consumed. When prepaid items are recorded, they are charged to expenditures when the value represented by the prepaid item has been used. Amounts recorded are offset by a fund balance classification titled "nonspendable" which indicates that the prepaid item amount does not represent "available expendable resources."

LAGO VISTA INDEPENDENT SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED AUGUST 31, 2018

Ad Valorem Property Taxes - Delinquent taxes, when received, are prorated between maintenance and debt service based on rates adopted for the year of the levy. Allowances for uncollectibles within the General and Debt Service Funds are based upon historical experience in collecting property taxes. Uncollectible personal property taxes are periodically reviewed and written off, but the District is prohibited from writing off real property taxes without specific statutory authority from the Texas Legislature.

Accumulated Sick Leave Liability - The State of Texas (the "State") has created a minimum sick leave program consisting of five days of sick leave per year with no limit on accumulation and transferability among districts for every person regularly employed in Texas public schools. Each district's local Board is required to establish a sick leave plan. Local school districts may provide additional sick leave beyond the state minimum.

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

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

Deferred Outflows and Deferred Inflows of Resources - The District complies with GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, which provides guidance for reporting the financial statement elements of deferred outflows of resources, which represent a consumption of the District's net position that is applicable to a future reporting period, and deferred inflows of resources, which represent the District's acquisition of net position applicable to a future reporting period.

The District complies with GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*, which establishes accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities.

Fund Balance/Deficit - The District complies with GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, which establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds.

Statement of Cash Flows - For purposes of the statement of cash flows when Proprietary Funds are used, cash and cash equivalents include demand deposits.

LAGO VISTA INDEPENDENT SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED AUGUST 31, 2018

Fair Value Measurements - The District adopted GASB Statement No. 72, *Fair Value Measurement and Application*, which defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction. Fair value accounting requires characterization of the inputs used to measure fair value into a three-level fair value hierarchy as follows:

- Level 1 inputs are based on unadjusted quoted market prices for identical assets or liabilities in an active market the entity has the ability to access
- Level 2 inputs are observable inputs that reflect the assumptions market participants would use in pricing the asset or liability developed based on market data obtained from sources independent from the entity
- Level 3 are unobservable inputs that reflect the entity's own assumptions about the assumptions market participants would use in pricing the asset or liability developed based on the best information available

There are three general valuation techniques that may be used to measure fair value:

- Market approach - uses prices generated by market transactions involving identical or comparable assets or liabilities
- Cost approach - uses the amount that currently would be required to replace the service capacity of an asset (replacement cost)
- Income approach - uses valuation techniques to convert future amounts to present amounts based on current market expectations

**Data Control Codes**

The Data Control Codes shown on the financial statements refer to the account code structure prescribed by the FASRG. TEA requires school districts to display these codes in their financial statements to ensure accuracy in building a state-wide data base for policy development and funding plans.

LAGO VISTA INDEPENDENT SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED AUGUST 31, 2018

## 2. DEPOSITS AND INVESTMENTS

The Public Funds Investment Act authorizes the District to invest in funds under a written investment policy, which is approved annually by the Board. The primary objectives of the District's investment strategy for operating and agency funds, in order of priority, are safety, investment liquidity, and maturity sufficient to meet anticipated cash flow requirements. The primary objective of the District's investment strategy for Debt Service and Capital Projects Funds is sufficient investment liquidity to meet related obligations.

The District is authorized to invest in the following investment instruments provided that they meet the guidelines established in the investment policy:

- Obligations of, or guaranteed by, governmental entities
- Certificates of deposit and share certificates
- Fully collateralized repurchase agreements
- Securities lending programs
- Banker's acceptances
- Commercial paper
- No-load money market mutual funds and no-load mutual funds
- Guaranteed investment contracts as an investment vehicle for bond proceeds
- Public funds investment pools

The District's funds are required to be deposited and invested under the terms of a depository contract pursuant to the School Depository Act. The depository bank deposits for safekeeping and trust with the District's agent approved pledged securities in an amount sufficient to protect District funds on a day-to-day basis during the period of the contract. The pledge of approved securities is waived only to the extent of the dollar amount of Federal Deposit Insurance Corporation ("FDIC") insurance. Therefore the District is not exposed to custodial credit risk.

Under the depository contract, the District, at its own discretion, may invest funds in time deposits and certificates of deposit provided by the depository bank at interest rates approximating United States Treasury Bill rates.

At August 31, 2018, the carrying amount of the District's deposits was \$157,422 and the bank balance was \$458,281. The District's deposits with financial institutions at August 31, 2018 and during the year ended August 31, 2018 were entirely covered by FDIC insurance or by pledged collateral held by the District's agent bank in the District's name. The deposits were collateralized in accordance with Texas law and the District maintains copies of all safekeeping receipts in the name of the District.

The District maintains a cash pool consisting of demand deposits. The combined pool is available for use by most Special Revenue Funds. If a fund overdraws its share of the pool, the overdraft is reported as an interfund payable in that fund. The offsetting interfund receivable is reported in the General Fund.



LAGO VISTA INDEPENDENT SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED AUGUST 31, 2018

The following is disclosed regarding coverage of combined balances on the date of highest deposit:

- a) Name of depository bank: Security State Bank & Trust, Texas.
- b) The amount of bond and/or security pledged as of the date of the highest combined balance on deposit was \$2,574,733.
- c) The largest cash, savings and time deposit combined account balance amounted to \$2,264,334 and occurred during the month of September 2017.
- d) Total amount of FDIC coverage at the time of highest combined balance was \$250,000.

Investments held at August 31, 2018 consisted of the following:

Investment Type	Fair Value	Weighted Average Maturity (Days)	Standard & Poor's Rating
Local Government Investment Pools:			
TEXPOOL	\$ 95,131	1	AAAm
Lone Star Investment Pool	8,518,321	1	AAAm
Total Investments	\$ 8,613,452		

The District had investments in two external local governmental investment pool at August 31, 2018, consisting of the Texas Local Governmental Investment Pool (“TexPool”) and Lone Star Investment Pool (“Lone Star”).

TEXPOOL is a local government investment pool. It offers a safe, efficient, and liquid investment alternative to local governments in the State of Texas. The primary objectives of the pool are to preserve capital and protect principal, maintain sufficient liquidity, provide safety of funds and investments, diversify to avoid unreasonable or avoidable risks, and maximize the return on the pool. Cities, counties, school districts, institutions of higher education, special districts, and other public entities of Texas make up the investor base.

TEXPOOL was originally rated in March 1995, but effective April 2002, the Texas Comptroller of Public Accounts contracted with Federated Investors, Inc. for the day-to-day operations of TEXPOOL. Federated Investors, Inc. performs the pool's investment management and custodial functions. It also provides the marketing function, working closely with participants. Federated Securities Corp. acts as the distributor for the portfolio. Oversight of TEXPOOL continues to be provided by the Texas Comptroller, as well as the TEXPOOL advisory board. In January 1995, the advisory board adopted and implemented long-term policy changes to provide for a stable net asset value (NAV) pool, which, in effect, operates like an SEC regulated Rule 2a-7 money-market fund. These changes were made to ensure a more conservative investment strategy and to provide a much higher level of investment safety for local government funds.

The Corporate Overnight Fund is a fund within the Lone Star Investment Pool. Its objective is to maintain a stable \$1.00 per share net asset value (NAV), while it provides the highest possible rate of return. The fund represents one of three Texas public investment funds sponsored by the Texas Association of School Boards (TASB). The other funds--Government Overnight Fund and Corporate Overnight Plus Fund--also maintain S&P Global ratings. The Lone Star Investment Pool was created pursuant to the Interlocal Cooperation Act of the State of Texas as an investment vehicle for local school districts and other public entities. The funds within Lone Star Investment Pool are not registered mutual funds under the Investment Company Act of 1940, and are not available to individual investors.

LAGO VISTA INDEPENDENT SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED AUGUST 31, 2018

The Lone Star Investment Pool is sponsored by TASB. The investment advisers to the pool are American Beacon Advisors and Standish. First Public LLC provides administrative and distribution services to the pool and State Street Bank is the custodian for all pool assets. In addition, CAPTRUST Financial Advisors monitors the pool's operations and performance and reports its findings to First Public and the board of trustees for the Lone Star Investment Pools. Credit Risk - Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The ratings of securities by nationally recognized agencies are designed to give an indication of credit risk. At August 31, 2018, investments were included in local governmental investment pools with ratings from Standard & Poor's in compliance with the District's investment policy.

Custodial Credit Risk - Deposits are exposed to custodial credit risk if they are not covered by depository insurance and the deposits are uncollateralized, collateralized with securities held by the pledging financial institution, or collateralized with securities held by the pledging financial institution's trust department or agent but not in the District's name. Investment securities are exposed to custodial credit risk if the securities are uninsured, are not registered in the name of the District, and are held by either the counterparty or the counterparty's trust department or agent but not in the District's name. At August 31, 2018, the District was not exposed to custodial credit risk.

Concentration of Credit Risk - Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investments in a single issuer. Information regarding investments in any one issuer that represents five percent or more of the District's total investments must be disclosed under GASB Statement No. 40, excluding investments issued or explicitly guaranteed by the U.S. government. At August 31, 2018, the District had 100% of its investments in money market accounts and local governmental investment pools.

Interest Rate Risk - As a means of minimizing risk of loss due to interest rate fluctuations, the District's investment policy requires that maturities will not exceed the weighted average maturity of 180 days for any internally created pool fund group and one year from the time of purchase for any other individual investment. The Board may specifically authorize a longer maturity for a given investment, within legal limits. The District considers the holdings in the local governmental investment pools to have a one day weighted average maturity due to the fact that the share position can usually be redeemed each day at the discretion of the shareholders, unless there has been a significant change in value. At August 31, 2018, investments were included in local government investment pools which have a weighted average maturity of one day.

### **3. PROPERTY TAXES**

The Texas Legislature in 1979 adopted a comprehensive Property Tax Code (the "Code") which established a county-wide appraisal district and an appraisal review board in each county in the State. The Travis Central Appraisal District (the "Appraisal District") is responsible for the recording and appraisal of all property in the District. Under the Code, the school board sets the tax rates on property and the Travis County Tax Assessor/Collector provides tax collection services. The Appraisal District is required under the Code to assess property at 100% of its appraised value. Further, real property must be reappraised at least every three years. Under certain circumstances, taxpayers and taxing units, including the District, may challenge orders of the Appraisal Review Board through various appeals and, if necessary, legal action.

LAGO VISTA INDEPENDENT SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED AUGUST 31, 2018

Property taxes are levied as of October 1 in conformity with Subtitle E, Texas Property Tax Code. Taxes are due on receipt of the tax bill and are delinquent if not paid before February 1 of the year following the year in which imposed. On January 1 of each year, a tax lien attaches to property to secure the payment of all taxes and penalties and interest that are ultimately imposed. Property tax revenues are considered available when they become due or past due and receivable within the current period, including those property taxes expected to be collected during a 60 day period after the end of the District’s fiscal year. The assessed value at January 1, 2017, upon which the October 2017 levy was based was \$1,436,211,601. The District levied taxes based on a combined tax rate of \$1.32 per \$100 of assessed valuation for local maintenance (general governmental services) and debt service.

**4. DUE FROM/TO OTHER GOVERNMENTS**

The District participates in a variety of federal and state programs from which it receives grants to partially or fully fund certain activities. The District also receives entitlements from the State through the School Foundation and Per Capita Programs. Grants and entitlements are recorded as revenue when earned, therefore at year end amounts earned but not yet received in cash may be recorded as due from the grantor government. Amounts already received in cash but not yet earned are recorded as due to the grantor government.

A summary of amounts recorded as Due From/Due To Other Governments in the basic financial statements as of August 31, 2018 are summarized below:

Due From Other Governments:	General Fund	Non-Major Governmental Funds	Total
	Fund	Funds	Total
Governmental Activities:			
Foundation & Per Capita entitlements	\$ 189	\$ -	\$ 189
Federal Grants	-	139,822	139,822
Total - Governmental Activities	\$ 189	\$ 139,822	\$ 140,011

Due To Other Governments:

	General Fund
	Fund
Governmental Activities:	
Foundation & Per Capita Entitlements	\$ 121,503
Total - Governmental Activities	\$ 121,503

**5. INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS**

During the course of operations, the individual funds of the District may engage in temporary borrowings of money between one another to meet liquidity needs. These interfund receivables and payables are recorded on the balance sheet of the loaning fund as “Due from Other Funds” and on the balance sheet of the borrowing fund as “Due to Other Funds”. Amounts are repaid when funds are available in the borrowing fund.

LAGO VISTA INDEPENDENT SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED AUGUST 31, 2018

Individual funds may also make payments between one another which are intended to be permanent and therefore not repaid. These transactions are recorded on the statement of revenues, expenditures, and changes in fund balance as “Transfers Out” for the paying fund and “Transfers In” for the receiving fund.

During the year, the Capital Projects Fund transferred excess bond proceeds amounting to \$1,337 to the Debt Service Fund.

The composition of interfund balances as of August 31, 2018 was as follows:

Receivable Fund	Payable Fund	Amount
General Fund	General Fund	\$ 101,466
	Special Revenue Funds	97,919
	Capital Projects Fund	27,223
Total General Fund		<u>226,608</u>
Special Revenue Funds	General Fund	178,658
Total Special Revenue Funds		<u>178,658</u>
Debt Service Fund	General Fund	68,945
Total Debt Service Fund		<u>68,945</u>
Enterprise Fund	General Fund	31,886
Total Enterprise Fund		<u>31,886</u>
Grand Total		<u><u>\$ 506,097</u></u>

**6. CAPITAL ASSETS**

Capital asset activity for the year ended August 31, 2018 was as follows:

	Beginning		Ending	
	Balance		Balance	
	9/1/17	Additions	Retirements	8/31/18
Governmental Activities:				
Capital Assets, not Being Depreciated:				
Land	\$ 1,126,507	\$ -	\$ (14,860)	\$ 1,111,647
Total Capital Assets, not Being Depreciated	<u>1,126,507</u>	<u>-</u>	<u>(14,860)</u>	<u>1,111,647</u>
Capital Assets, Being Depreciated:				
Buildings and Improvements	62,221,275	2,050,776	-	64,272,051
Furniture and Equipment	1,566,764	372,912	-	1,939,676
Total Capital Assets, Being Depreciated	<u>63,788,039</u>	<u>2,423,688</u>	<u>-</u>	<u>66,211,727</u>
Less Accumulated Depreciation for:				
Buildings and Improvements	(14,733,139)	(1,509,769)	-	(16,242,908)
Furniture and Equipment	(1,403,248)	(86,101)	-	(1,489,349)
Total Accumulated Depreciation	<u>(16,136,387)</u>	<u>(1,595,870)</u>	<u>-</u>	<u>(17,732,257)</u>
Governmental Activities Capital Assets, Net	<u>\$48,778,159</u>	<u>\$ 827,818</u>	<u>\$ (14,860)</u>	<u>\$49,591,117</u>

LAGO VISTA INDEPENDENT SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED AUGUST 31, 2018

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

Function	Depreciation Allocation
Instruction	\$ 644,059
Instructional Resources & Media	10,690
Curriculum & Staff Development	1,981
Instructional Leadership	21,811
School Leadership	77,285
Guidance/Counseling/Evaluation Services	34,603
Health Services	14,351
Student Transportation	59,469
Food Services	41,451
Cocurricular/Extracurricular Activities	71,072
General Administration	55,991
Plant Maintenance and Operations	135,720
Security and Monitoring Services	657
Data Processing Services	32,019
Community Services	522
Contracted Instructional Services Between Schools	386,298
Other Intergovernmental Charges	7,891
Totals	<u>\$ 1,595,870</u>

**7. BONDS, NOTES, AND OTHER LONG-TERM LIABILITIES**

Governmental activities long-term debt obligations at August 31, 2018 consisted of the following:

General Long-Term Debt Description	Outstanding at August 31, 2018
\$5,064,000 Series 1997 Unlimited Tax School Building and Refunding Bonds - CAB's, due in annual installments of \$109,000 to \$249,000 through August 15, 2024; interest at 3.9% to 5.7%.	\$ 4,912,742
\$1,047,582 Series 1999 Unlimited Tax School Building and Refunding Bonds - CAB's, due in annual installments of \$270,000 to \$310,000 through August 15, 2030; interest at 5.15% to 5.9%.	2,811,023
\$9,550,000 Series 2011 Unlimited Tax School Building and Refunding Bonds due in annual installments of \$165,000 to \$1,015,000 through August 15, 2037; interest at 2.00% to 4.00%.	3,555,000
\$19,420,000 Series 2012 Unlimited Tax School Building and Refunding Bonds due in annual installments of \$450,000 to \$1,725,000 through August 15, 2037; interest at 2.00% to 5.00%.	13,730,000
\$1,980,000 Series 2014 Unlimited Tax Refunding Bonds - CIB, due in annual installments of \$90,000 to \$165,000 through August 15, 2036; interest at 2.00% to 4.00%.	1,865,000
\$7,300,000 Series 2015 Unlimited Tax Refunding Bonds due in annual installments of \$255,000 to \$1,465,000 through August 15, 2027; interest at 2.00% to 4.00%.	6,430,000
\$8,645,000 Series 2017 Unlimited Tax Refunding Bonds due in annual installments of \$35,000 to \$2,320,000 through August 15, 2035; interest at 2.00% to 4.00%.	8,480,000
\$2,855,000 Series 2018 Unlimited Tax School Building Bonds due in annual installments of \$478,003 to \$551,650 through August 15, 2024; interest at 3.00%.	2,855,000
\$310,548 Capital Lease, with Apple Incorporated, issued 2016, due in annual installments of \$76,292 to \$79,218 through January 15, 2020; interest at 1.9%	156,959
Total General Obligation, Refunding Bonds and Capital Leases	<u>\$ 44,795,724</u>

LAGO VISTA INDEPENDENT SCHOOL DISTRICT  
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The following is a summary of changes in long-term liabilities for the year ended August 31, 2018:

Type	Outstanding 9/1/17	Additions	Deletions	Current Accretion	Outstanding 8/31/18	Due in One Year
Bonds Payable:						
General Oblig. & Refunding Bonds	\$ 43,369,311	\$ 2,855,000	\$ (2,070,000)	\$ 484,454	\$ 44,638,765	\$ 2,346,744
Premium on Issuance of Bonds	2,716,983	118,088	(178,752)	-	2,656,319	-
Total Bonds	46,086,294	2,973,088	(2,248,752)	484,454	47,295,084	2,346,744
Other Long-Term Liabilities:						
Capital Leases	233,251	-	(76,292)	-	156,959	77,741
Total Other Long-Term Liabilities	233,251	-	(76,292)	-	156,959	77,741
Total Governmental Activities	\$ 46,319,545	\$ 2,973,088	\$ (2,325,044)	\$ 484,454	\$ 47,452,043	\$ 2,424,485

For the general obligation bonds, the District has pledged as collateral the proceeds of a continuing, direct annual tax levied against taxable property within the District. The Texas Education Code generally limits issuance of additional ad valorem tax bonds if the tax rate needed to pay aggregate principal and interest amounts of the District's tax bond indebtedness would exceed \$0.50 per \$100 of assessed valuation of taxable property within the District.

Annual principal installments for outstanding bonds vary each year. The debt service requirements to maturity for general obligation bonds as of August 31, 2018 are as follows:

Year Ended August 31,	General Obligations			Total Requirements
	Principal	Accumulated Accretion	Interest	
2019	\$ 1,521,017	\$ 825,727	\$ 1,324,267	\$ 3,671,011
2020	1,675,493	740,215	1,252,788	3,668,496
2021	1,720,830	702,373	1,213,338	3,636,541
2022	1,752,146	666,420	1,167,888	3,586,454
2023	1,853,981	562,664	1,121,088	3,537,733
2024-2028	10,409,475	930,825	4,612,892	15,953,192
2029-2033	9,350,000	1,262,599	3,171,100	13,783,699
2034-2037	10,665,000	-	1,013,120	11,678,120
Totals	\$ 38,947,942	\$ 5,690,823	\$ 14,876,481	\$ 59,515,246

The debt service requirements for capital leases as of August 31, 2018 are as follows:

Year Ended August 31,	Principal	Interest	Total Requirements
2019	\$ 77,741	\$ 2,982	\$ 80,723
2020	79,218	1,505	80,723
	\$ 156,959	\$ 4,487	\$ 161,446

LAGO VISTA INDEPENDENT SCHOOL DISTRICT  
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**8. DEFINED BENEFIT PENSION PLAN**

*Plan Description*

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

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

*Pension Plan Fiduciary Net Position*

Detailed information about the Teacher Retirement System's fiduciary net position is available in a separately issued Comprehensive Annual Financial Report that includes financial statements and required supplementary information. That report may be obtained on the Internet at <http://www.trs.state.tx.us/about/documents/cafr.pdf#CAFR>; by writing to TRS at 1000 Red River Street, Austin, Texas, 78701-2698; or by calling (512) 542-6592. The information provided in the Notes to the Financial Statements in the 2017 Comprehensive Annual Financial Report for TRS provides the following information regarding the Pension Plan fiduciary net position as of August 31, 2017.

<u>Net Pension Liability</u>	<u>Total</u>
Total Pension Liability	\$ 179,336,535,000
Less: Plan Fiduciary Net Position	<u>(147,361,922,000)</u>
Net Pension Liability	<u><u>\$ 31,974,613,000</u></u>
 Net Position as a Percentage of Total Pension Liability	 82.17%

*Benefits Provided*

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

LAGO VISTA INDEPENDENT SCHOOL DISTRICT  
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*Contributions*

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

Employee contribution rates are set in state statute, Texas Government Code 825.402. Senate Bill 1458 of the 83<sup>rd</sup> Texas Legislature amended Texas Government Code 825.402 for member contributions and established employee contribution rates for fiscal years 2014 thru 2017. The 84<sup>th</sup> Texas Legislature, General Appropriations Act (“GAA”) established the employer contribution rates for fiscal years 2016 and 2017. The 85<sup>th</sup> Texas Legislature left contribution rates unchanged for fiscal years 2018 and 2019.

<u>Contribution Rates</u>	<u>2017</u>	<u>2018</u>
Member	7.7%	7.7%
Non-Employer Contributing Entity (State)	6.8%	6.8%
Employers	6.8%	6.8%
 <u>Contribution Amounts</u>		
Employer Contribution	\$ 233,201	\$ 229,455
Member Contributions	604,378	601,243
State On-Behalf Contributions	477,126	489,555

Contributors to the plan include members, employers, and the State of Texas as the only non-employer contributing entity (“NECE”). The State contributes to the plan in accordance with state statutes and the GAA.

As the non-employer contributing entity for public education, 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. Public school employers are required to pay the employer contribution rate in the following instances:

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



LAGO VISTA INDEPENDENT SCHOOL DISTRICT  
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In addition to the employer contributions listed above, there are two additional surcharges an employer is subject to:

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

*Actuarial Assumptions*

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

Valuation Date	August 31, 2017
Actuarial Cost Method	Individual Entry Age Normal
Asset Valuation Method	Market Value
Actuarial Assumptions:	
Single Discount Rate	8.00%
Long-Term Expected Investment Rate of Return	8.00%
Inflation	2.50%
Salary Increases, Including Inflation	3.50% to 9.50%
Benefit Changes During the Year	None
Ad Hoc Post-Employment Benefit Changes	None

The total pension liability is determined by an annual actuarial valuation. The actuarial methods and assumptions have been selected by the Board of Trustees based upon analysis and recommendations by the System’s actuary. The Board of Trustees has sole authority to determine the actuarial assumptions used for the plan. The actuarial methods and assumptions are primarily based on a study of actual experience for the four year period ending August 31, 2014 and were adopted in September 2015.

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

*Discount Rate*

A single discount rate of 8.0% was used to measure the total pension liability. There was no change in the discount rate since the previous fiscal year. This single discount rate was based on the expected rate of return on pension plan investments of 8.0%. The projection of cash flows used to determine this single discount rate assumed that contributions from plan members and those of the contributing employers and the non-employer contributing entity will be made at the rates set by the legislature during the 2013 legislative session.

Based on those assumptions, the pension plan’s fiduciary net position was projected to be available to make all future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability with no cross-over point to a municipal bond rate.

LAGO VISTA INDEPENDENT SCHOOL DISTRICT  
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The long-term expected rate of return on pension plan investments is 8.0%. The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimates ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

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

Asset Class	Target Allocation	Long-Term Expected Geometric Real Rate of Return	Expected Contribution to Long-Term Portfolio Returns
Global Equity			
U.S.	18%	4.6%	1.0%
Non-U.S. Developed	13%	5.1%	0.8%
Emerging Markets	9%	5.9%	0.7%
Directional Hedge Funds	4%	3.2%	0.1%
Private Equity	13%	7.0%	1.1%
Stable Value			
U.S. Treasuries	11%	0.7%	0.1%
Absolute Return	0%	1.8%	0.0%
Stable Value Hedge Funds	4%	3.0%	0.1%
Cash	1%	-0.2%	0.0%
Real Return			
Global Inflation Linked Bonds	3%	0.9%	0.0%
Real Assets	16%	5.1%	1.1%
Energy and Natural Resources	3%	6.6%	0.2%
Commodities	0%	1.2%	0.0%
Risk Parity			
Risk Parity	5%	6.7%	0.3%
Inflation Expectations			2.2%
Alpha			1.0%
Total	<u>100%</u>		<u>8.7%</u>

*Discount Rate Sensitivity Analysis*

The following schedule shows the impact of the Net Pension Liability if the discount rate used was 1% less or 1% greater than the discount rate that was used (8%) in measuring the 2017 Net Pension Liability.

	1% Decrease in Discount Rate (7.0%)	Discount Rate 8.0%	1% Increase in Discount Rate (9.0%)
District's Proportionate Share of the Net Pension Liability:	\$ 3,837,078	\$ 2,276,114	\$ 976,358

LAGO VISTA INDEPENDENT SCHOOL DISTRICT  
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*Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions*

At August 31, 2018, Lago Vista Independent School District reported a liability of \$2,276,114 for its proportionate share of the TRS net pension liability. This liability reflects a reduction for State pension support provided to Lago Vista Independent School District. The amount recognized by Lago Vista Independent School District as its proportionate share of the net pension liability, the related State support, and the total portion of the net pension liability that was associated with Lago Vista Independent School District were as follows:

District's Proportionate Share of the Collective Net Pension Liability	\$	2,276,114
State's Proportionate Share that is Associated with the District		3,926,192
Total	\$	6,202,306

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

At August 31, 2017 the employer's proportion of the collective net pension liability was .0071185034% which was an increase of .0001104126% from its proportion measured as of the previous measurement date of August 31, 2016.

There were no changes of assumptions or other inputs that affected measurement of the total pension liability during the measurement period. In addition, there were no changes of benefit terms that affected measurement of the total pension liability during the measurement period.

For the year ended August 31, 2018, Lago Vista Independent School District recognized pension expense of \$203,934 and revenue of \$299,474 for support provided by the State.

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Economic Experience	\$ 33,301	\$ 122,748
Changes in Actuarial Assumptions	103,681	59,355
Difference Between Projected and Actual Investment Earnings	350,040	515,918
Changes in Proportion and Difference Between the Employer's Contributions and the Proportionate Share of Contributions	407,826	169
Contributions Paid to TRS Subsequent to the Measurement Date	229,455	-
Total	\$ 1,124,303	\$ 698,190

LAGO VISTA INDEPENDENT SCHOOL DISTRICT  
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The net amounts of the employer’s balances of deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Fiscal Year Ended August 31,:	Pension Expense Amount
2018	\$ 27,004
2019	172,295
2020	15,840
2021	(27,798)
2022	7,165
Thereafter	2,152

**9. EMPLOYEE HEALTH CARE COVERAGE**

During the year ended August 31, 2018, employees of the District were covered by the state-wide health insurance plan, TRS Active Care. The District contributed \$359 per month per employee to the Plan, the State provided an additional \$75 per month per employee, and employees, at their option, authorized payroll withholdings to pay contributions or premiums for dependents. TRS manages TRS Active Care. The Plan is administered by Aetna while Caremark was assigned the prescription drug plan.

**10. DEFINED OTHER POST-EMPLOYMENT BENEFIT PLAN**

*Plan Description*

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

*OPEB Plan Fiduciary Net Position*

Detail information about 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 <https://www.trs.texas.gov>; by writing to TRS at 1000 Red River Street, Austin, TX, 78701-2698; or by calling TRS at (512) 542-6592.

*Benefits Provided*

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

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

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

TRS-Care Plan Premium Rates			
Effective September 1, 2016 - December 31, 2017			
	TRS-Care 1	TRS-Care 2	TRS-Care 3
	Basic Plan	Optional Plan	Optional Plan
Retiree*	\$ -	\$ 70	\$ 100
Retiree and Spouse	20	175	255
Retiree* and Children	41	132	182
Retiree and Family	61	237	337
Surviving Children only	28	62	82
<i>* or surviving spouse</i>			

*Contributions*

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

Texas Insurance Code, section 1575.202 establishes the state's contribution rate which is 1.0% of the employee's salary. Section 1575.203 establishes the active employee's rate which is .65% of pay. Section 1575.204 establishes an employer contribution rate of not less than 0.25 percent or not more than 0.75 percent of the salary of each active employee of the public school. The actual employer contribution rate is prescribed by the Legislature in the General Appropriations Act. The following table in the next page shows contributions to the TRS-Care plan by type of contributor.

	<u>Contribution Rates</u>	
	<u>2017</u>	<u>2018</u>
Active Employee	0.65%	0.65%
Non-Employer Contributing Entity (State)	1.00%	1.25%
Employers	0.55%	0.75%
Federal/private funding remitted by Employers	1.00%	1.25%
Employer Contributions	\$ 47,985	\$ 59,098
Member Contributions	51,019	50,755
NECE On-Behalf Contributions	23,294	24,559

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

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

LAGO VISTA INDEPENDENT SCHOOL DISTRICT  
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*Actuarial Assumptions*

The Total OPEB Liability in the August 31, 2017 actuarial valuation was determined using the following actuarial assumptions:

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

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

*Additional Actuarial Methods and Assumptions:*

Valuation Date	August 31, 2017
Actuarial Cost Method	Individual Entry Age Normal
Inflation	2.50%
Discount Rate	3.42%
Aging Factors	Based on Plan Specific Experience
Expenses	Third-party administrative expenses related to the delivery of health care benefits are included in the age-adjusted claim costs
Payroll Growth Rate	2.50%
Projected Salary Increases	3.50% to 9.50%
Healthcare Trend Rates	4.50% to 12.00%
Election Rates	Normal Retirement: 70% participation prior to age 65 and 75% participation after age 65
Ad Hoc post-employment benefit changes	None

*Other Information:*

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

*Discount Rate*

A single discount rate of 3.42% was used to measure the Total OPEB Liability. There was a change of .44 percent in the discount rate since the previous year. Because the plan is essentially a “pay-as-you-go” plan, the single discount rate is equal to the prevailing municipal bond rate. The projection of cash flows used to determine the discount rate assumed that contributions from active members and those of the contributing employers and the non-employer contributing entity are made at the statutorily required rates. Based on those assumptions, the OPEB plan’s fiduciary net position was projected to *not be able to* make all future benefit payments of current plan members. Therefore, the municipal bond rate was applied to all periods of projected benefit payments to determine the Total OPEB Liability. The source of the municipal bond rate was fixed-income 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” as of August 31, 2017.

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Teacher Retirement System of Texas  
Asset Allocation and Long-Term Expected Rate of Return  
As of August 31, 2017

Asset Class	Target Allocation	Long-Term Expected Geometric Real Rate of Return	Expected Contribution to Long-Term Portfolio Returns
Global Equity			
U.S.	18.0%	4.6%	1.0%
Non-U.S. Developed	13.0%	5.1%	0.8%
Emerging Markets	9.0%	5.9%	0.7%
Directional Hedge Funds	4.0%	3.2%	0.1%
Private Equity	13.0%	7.0%	1.1%
Stable Value			
U.S. Treasuries	11.0%	0.7%	0.1%
Absolute Return	0.0%	1.8%	0.0%
Stable Value Hedge Funds	4.0%	3.0%	0.1%
Cash	1.0%	-0.2%	0.0%
Global Inflation Linked Bonds	3.0%	0.9%	0.0%
Real Assets	16.0%	5.1%	1.1%
Energy and Natural Commodities	3.0%	6.6%	0.2%
Commodities	0.0%	1.2%	0.0%
Risk Parity			
Risk Parity	5.0%	6.7%	0.3%
Inflation Expectation			2.2%
Alpha			1.0%
Total	<u>100.0%</u>	<u>51.6%</u>	<u>8.7%</u>

*Discount Rate Sensitivity Analysis*

The following schedule shows the impact of the Net OPEB Liability if the discount rate used was 1% less or 1% greater than the discount rate that was used (3.42%) in measuring the Net OPEB Liability.

	1% Decrease in Discount Rate (2.42%)	Current Discount Rate (3.42%)	1% Increase in Discount Rate (4.42%)
District's Proportionate Share of the Net OPEB Liability	\$ 5,000,260	\$ 4,236,617	\$ 3,622,820

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

At August 31, 2018, Lago Vista Independent School District reported a liability of \$4,236,617 for its proportionate share of TRS's Net OPEB Liability. This liability reflects a reduction for State OPEB support provided to Lago Vista Independent School District. The amount recognized by the Lago Vista Independent School 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 Lago Vista Independent School District were as follows:

District's Proportionate Share of the collective Net OPEB Liability	\$ 4,236,617
State's Proportionate Share that is Associated with the District	<u>6,307,702</u>
Total	<u>\$ 10,544,319</u>

LAGO VISTA INDEPENDENT SCHOOL DISTRICT  
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The Net OPEB Liability was measured as of August 31, 2017 and the Total OPEB Liability used to calculate the Net OPEB Liability was determined by an actuarial valuation as of that date. The employer's proportion of the Net OPEB Liability was based on the employer's contributions to the OPB plan relative to the contributions of all employers to the plan for the period September 1, 2016 thru August 31, 2017.

At August 31, 2017 the employer's proportion of the collective Net OPEB Liability was 0.0097424295% which was the same proportion measured as of August 31, 2016.

*Changes Since the Prior Actuarial Valuation*

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

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

In addition, 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 percent.
- 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.

Future actuarial measurements may differ significantly from the current measurements due to such factors as the following: plan experience differing from that anticipated by the economic or demographic assumptions; changes in economic or demographic assumptions; increases or decreases expected as part of the natural operation of the methodology used for these measurements; and changes in plan provisions or applicable law.

There were no changes of benefit terms that affected measurement of the Total OPEB Liability during the measurement period.



LAGO VISTA INDEPENDENT SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED AUGUST 31, 2018

For the year ended August 31, 2018, Lago Vista Independent School District recognized OPEB expense of (\$1,479,841) and revenue of (\$2,110,725) for support provided by the State.

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Economic Experience	\$ -	\$ 88,443
Changes in Actuarial Assumptions	-	1,683,742
Difference Between Projected and Actual Investment Earnings	644	-
Change in Proportion and Difference Between the Employer's Contributions and the Proportionate Share of Contributions	18	-
Contributions paid to TRS Subsequent to the Measurement Date	59,098	-
<b>Total</b>	<b>\$ 59,760</b>	<b>\$ 1,772,185</b>

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

Measurement Year Ended August 31,	OPEB Expense Amount
2018	\$ (233,754)
2019	(233,754)
2020	(233,754)
2021	(233,754)
2022	(233,915)
Thereafter	(602,592)

**11. FUND BALANCES**

The District complies with GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, which establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. Those fund balance classifications are described below.

Nonspendable - Amounts that cannot be spent because they are either not in a spendable form or are legally or contractually required to be maintained intact.

Restricted - Amounts that can be spent only for specific purposes because of constraints imposed by external providers, or imposed by constitutional provisions or enabling legislation.

Committed - Amounts that can only be used for specific purposes pursuant to approval by formal action by the Board.

Assigned - For the General Fund, the Board, or an official or body that has been delegated authority by the Board, may appropriate amounts that are to be used for a specific purpose. For all other governmental funds, any remaining positive amounts not previously classified as nonspendable, restricted or committed.

LAGO VISTA INDEPENDENT SCHOOL DISTRICT  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE YEAR ENDED AUGUST 31, 2018

Unassigned - Amounts that are available for any purpose; these amounts can be reported only in the District's General Fund.

A detail of the fund balance amounts within each category is included on the governmental funds balance sheet.

Fund balance of the District may be committed for a specific purpose by formal action of the Board, the District's highest level of decision-making authority. Commitments may be established, modified, or rescinded only through a resolution approved by the Board. The Board has delegated authority to the Superintendent to assign fund balance for a specific purpose. In circumstances where an expenditure is to be made for a purpose for which amounts are available in multiple fund balance classifications, the order in which resources will be expended is as follows: restricted fund balance, committed fund balance, assigned fund balance, and unassigned fund balance.

**12. REVENUE FROM LOCAL AND INTERMEDIATE SOURCES**

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

Type	General Fund	Debt Service Fund	Capital Projects Fund	Non-Major Governmental Funds	Proprietary Funds	Total
Property Taxes	\$ 15,310,063	\$ 3,753,682	\$ -	\$ -	\$ -	\$ 19,063,745
Tuition and Fees	24,350	-	-	-	138,488	162,838
Investment Income	174,897	55,818	23,998	-	-	254,713
Rent	10,828	-	-	-	-	10,828
Gifts	8,861	-	-	53,553	-	62,414
Insurance Recovery	3	-	-	-	-	3
Food Sales	-	-	-	249,276	-	249,276
Athletics	29,679	-	-	-	-	29,679
Enterprising Revenues	-	-	-	183,348	-	183,348
Miscellaneous Local Revenue	31,491	-	-	-	-	31,491
<b>Total</b>	<b>\$ 15,590,172</b>	<b>\$ 3,809,500</b>	<b>\$ 23,998</b>	<b>\$ 486,177</b>	<b>\$ 138,488</b>	<b>\$ 20,048,335</b>

**13. UNEARNED REVENUE**

Unearned revenue at August 31, 2018 consisted of the following amounts:

Fund	State Grants
Non-Major Governmental Funds	\$ 169
<b>Total</b>	<b>\$ 169</b>

LAGO VISTA INDEPENDENT SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED AUGUST 31, 2018

**14. RISK MANAGEMENT**

The District's risk management program includes coverages through third party insurance providers for property, automobile liability, school professional liability, crime, workers' compensation, and other miscellaneous bonds. During the year ended August 31, 2018, there were no significant reductions in insurance coverage from coverage in the prior year. Losses in excess of the various deductible levels are covered through traditional indemnity coverage for buildings and contents, and vehicle liability with various insurance firms. Settled claims have not exceeded insurance limits for the past three years.

**15. COMMITMENTS AND CONTINGENCIES**

The District participates in a number of federal financial assistance programs. Although the District's grant programs have been audited in accordance with the provisions of *Government Auditing Standards* and when applicable, the Uniform Guidance, for the year ended August 31, 2018, these programs are subject to financial and compliance audits performed by the specific grantors. These audits, if performed, could result in amounts of expenditures being disallowed by the granting agencies and subject to repayment. The District however expects that such amounts, if any, would be immaterial.

**16. SELF-INSURANCE FUND**

Lago Vista ISD participates in the Public Workers' Compensation Program (PWCP). PWCP maintains compliance with GASB No.10 through an independent audit of the Program's financials which include an independent actuarial estimate of the reserves as of 8/31/2018. Reserves maintained on the PWCP financial represent the unpaid claim liability and include a provision for the subsequent development of known claims and for claims incurred but not reported (IBNR).

The reinsurance contract is on PWCP as a whole and not the District. The reinsurance (stop loss insurance) for the District as a member of the PWCP from September 1, 2017 through August 31, 2018 is as follows:

Carrier:	Safety National Casualty Corporation
Specific Retention:	\$450,000 ISD Employees (Statutory)
Specific Retention:	\$500,000 County Employees (Statutory)
Aggregate Attachment:	\$3,303,669 (Audited)
Aggregate Maximum limit:	\$2,000,000

As of August 31, 2018, the District's outstanding liabilities with PWCP were \$8,405.

**17. UNEMPLOYMENT COMPENSATION POOL**

During the year ended August 31, 2018, Lago Vista Independent School District provided unemployment compensation coverage to its employees through participation in the TASB Risk Management Fund (the Fund). The Fund was created and is operated under the provisions of the Interlocal Cooperation Act, Chapter 791 of the Texas Government Code. The Fund's Unemployment Compensation Program is authorized by Section 22.005 of the Texas Education Code and Chapter 172 of the Texas Local Government Code. All members participating in the Fund execute Interlocal Agreements that define the responsibilities of the parties.

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LAGO VISTA INDEPENDENT SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED AUGUST 31, 2018

The Fund meets its quarterly obligation to the Texas Workforce Commission. Expenses are accrued monthly until the quarterly payment has been made. Expenses can be reasonably estimated; therefore there is no need for specific or aggregate stop loss coverage for the Unemployment Compensation pool. For the year ended August 31, 2018, the Fund anticipates that Lago Vista Independent School District has no additional liability beyond the contractual obligation for payment of contribution. The Fund engages the services of an independent auditor to conduct a financial audit after the close of each year on August 31. The audit is accepted by the Fund's Board of Trustees in February of the following year. The Fund's audited financial statements as of August 31, 2017, are available on the TASB Risk Management Fund website and have been filed with the Texas Department of Insurance in Austin.

**18. RESTATEMENT OF NET POSITION**

During the year, the District implemented Governmental Accounting Standards Board Statement No. 75 – Accounting and Financial Reporting for Post-Employment Benefits Other Than Pensions (“GASB-75”). The primary objective of GASB-75 is to improve the accounting and financial reporting by state and local governments for post-employment benefits other than pensions (other post-employment benefits, or OPEB).

In the year of implementation, GASB-75 requires a retroactive restatement of prior periods to reflect the effect on net position as if the standard had been in effect in prior years. As such, the effect on beginning net position as shown within these financial statements is as follows:

	Governmental Activities
Net Position as previously stated at 08/31/17	\$ 7,546,953
Effect of restatement of net position due to implementation of GASB-75 standard	(7,428,883)
Net Position as restated at 08/31/17	\$ 118,070

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**REQUIRED SUPPLEMENTARY INFORMATION**

LAGO VISTA INDEPENDENT SCHOOL DISTRICT  
 SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY –  
 TEACHER RETIREMENT SYSTEM  
 FOR THE YEAR ENDED AUGUST 31, 2018

	Measurement Year			
	2014	2015	2016	2017
District's Proportion of the Net Pension Liability	0.0048592000%	0.0072914000%	0.0070053908%	0.0071185034%
District's Proportionate Share of the Net Pension Liability	\$ 1,297,960	\$ 2,577,413	\$ 2,647,233	\$ 2,276,114
State's Proportionate Share of the District Net Pension Liability	3,922,098	4,436,562	4,618,000	3,926,192
Total Pension Liability	<u>\$ 5,220,058</u>	<u>\$ 7,013,975</u>	<u>\$ 7,265,233</u>	<u>\$ 6,202,306</u>
District's Covered-Employee Payroll	\$ 7,218,248	\$ 7,296,833	\$ 7,584,320	\$ 7,849,062
District's Proportionate Share of the Net Pension Liability as a Percentage of its Covered-Employee Payroll	18.0%	35.3%	34.9%	29.0%
Plan Fiduciary Net Position as a Percentage of the Total Net Pension Liability	83.25%	78.43%	78.00%	82.17%



LAGO VISTA INDEPENDENT SCHOOL DISTRICT  
 SCHEDULE OF DISTRICT CONTRIBUTIONS –  
 TEACHER RETIREMENT SYSTEM  
 FOR THE YEAR ENDED AUGUST 31, 2018

	Fiscal Year			
	2015	2016	2017	2018
Contractually Required Contribution	\$ 215,598	\$ 222,433	\$ 233,201	\$ 229,455
Contribution in Relation to the Contractually Required Contribution	(215,598)	(222,433)	(233,201)	(229,455)
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -
District's Covered-Employee Payroll	\$ 7,296,833	\$ 7,584,320	\$ 7,849,062	\$ 7,808,347
Contributions as a Percentage of Covered- Employee Payroll	3.0%	2.9%	3.0%	2.9%

LAGO VISTA INDEPENDENT SCHOOL DISTRICT  
 SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET OPEB LIABILITY –  
 TEXAS PUBLIC SCHOOL RETIRED EMPLOYEES GROUP INSURANCE PLAN  
 FOR THE YEAR ENDED AUGUST 31, 2018

	Measurement Year 2017
District's Proportion of the Net Liability for Other Post Employment Benefits	0.0097424295%
District's Proportionate Share of the Net Post Employment Benefit Liability	\$ 4,236,617
State's Proportionate Share of the Net Post Employment Benefit Liability Assoc. with the District	6,307,702
Total Other Post Employment Benefits Liability	\$ 10,544,319
District's Covered Payroll	\$ 7,849,062
District's Proportionate Share of the Net OPEB Liability as a Percentage of its Covered Payroll	54%
Plan Fiduciary Net Position as a Percentage of the Total Net OPEB Liability	0%

LAGO VISTA INDEPENDENT SCHOOL DISTRICT  
 SCHEDULE OF DISTRICT CONTRIBUTIONS –  
 TEXAS PUBLIC SCHOOL RETIRED EMPLOYEES GROUP INSURANCE PLAN  
 FOR THE YEAR ENDED AUGUST 31, 2018

	Fiscal Year		
	2016	2017	2018
Contractually Required Contribution	\$ 91,030	\$ 47,985	\$ 59,098
Contribution in Relation to the Contractually Required Contrib.	(91,030)	(47,985)	(59,098)
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -
District's Covered Payroll	\$ 7,584,320	\$ 7,849,062	\$ 7,808,347
Contributions as a Percentage of Covered Payroll	-1.2%	-0.6%	-0.8%

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LAGO VISTA INDEPENDENT SCHOOL DISTRICT  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
FOR THE YEAR ENDED AUGUST 31, 2018

Teacher Retirement System

*Changes of Benefit Terms*

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

*Changes of Assumptions*

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

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Texas Public School Retired Employees Group Insurance Plan

*Changes of Benefit Terms*

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

*Changes of Assumptions*

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

In addition, 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 percent.
- 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.

Future actuarial measurements may differ significantly from the current measurements due to such factors as the following: plan experience differing from that anticipated by the economic or demographic assumptions; changes in economic or demographic assumptions; increases or decreases expected as part of the natural operation of the methodology used for these measurements; and changes in plan provisions or applicable law.

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**COMBINING AND INDIVIDUAL FUND  
STATEMENTS AND SCHEDULES**

LAGO VISTA INDEPENDENT SCHOOL DISTRICT  
 COMBINING BALANCE SHEET  
 NONMAJOR GOVERNMENTAL FUNDS  
 FOR THE YEAR ENDED AUGUST 31, 2018

Data	211	224	225	240	255
Control				National Breakfast and Lunch Program	
Codes	ESEA, Title I, Part A	IDEA-Part B, Formula	IDEA-Part B, Preschool	ESEA, Title II, Part A	
<b>ASSETS</b>					
1110 Cash and Cash Equivalents	\$ -	\$ -	\$ -	\$ -	\$ -
1120 Investments - Current	-	-	-	125,243	-
1240 Due from Other Governments	51,669	68,193	-	13,272	4,092
1260 Due from Other Funds	-	-	-	-	-
1000A Total Assets	<u>\$ 51,669</u>	<u>\$ 68,193</u>	<u>\$ -</u>	<u>\$ 138,515</u>	<u>\$ 4,092</u>
<b>LIABILITIES</b>					
2110 Accounts Payable	\$ -	\$ -	\$ -	\$ 502	\$ -
2160 Accrued Wages Payable	9,679	16,572	-	-	-
2170 Due to Other Funds	41,006	50,224	-	-	4,092
2200 Accrued Expenditures	984	1,397	-	-	-
2300 Unearned Revenues	-	-	-	-	-
2000 Total Liabilities	<u>51,669</u>	<u>68,193</u>	<u>-</u>	<u>502</u>	<u>4,092</u>
<b>FUND BALANCES</b>					
Restricted for:					
3450 Federal or State Funds Restricted	-	-	-	138,013	-
Committed for:					
3545 Other Committed Fund Balance	-	-	-	-	-
3000 Total Fund Balances	<u>-</u>	<u>-</u>	<u>-</u>	<u>138,013</u>	<u>-</u>
4000 Total Liab., Def. Inflows, and Fund Balances	<u>\$ 51,669</u>	<u>\$ 68,193</u>	<u>\$ -</u>	<u>\$ 138,515</u>	<u>\$ 4,092</u>



263	289	397	410	461	Total Non-Major Governmental Funds
Title III, Part A	Title IV, Part A, Subpart 1	Advanced Placement Incentives	State Textbook Fund	Campus Activity Funds	
\$ -	\$ -	\$ 34	\$ -	\$ -	\$ 34
-	-	-	135	-	125,378
615	1,981	-	-	-	139,822
-	-	-	-	178,658	178,658
<u>\$ 615</u>	<u>\$ 1,981</u>	<u>\$ 34</u>	<u>\$ 135</u>	<u>\$ 178,658</u>	<u>\$ 443,892</u>
\$ -	\$ -	\$ -	\$ -	\$ 4,090	\$ 4,592
-	-	-	-	-	26,251
615	1,981	-	-	-	97,918
-	-	-	-	-	2,381
-	-	34	135	-	169
<u>615</u>	<u>1,981</u>	<u>34</u>	<u>135</u>	<u>4,090</u>	<u>131,311</u>
-	-	-	-	-	138,013
-	-	-	-	174,568	174,568
-	-	-	-	174,568	312,581
<u>\$ 615</u>	<u>\$ 1,981</u>	<u>\$ 34</u>	<u>\$ 135</u>	<u>\$ 178,658</u>	<u>\$ 443,892</u>

LAGO VISTA INDEPENDENT SCHOOL DISTRICT  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
 NONMAJOR GOVERNMENTAL FUNDS  
 FOR THE YEAR ENDED AUGUST 31, 2018

Data Control Codes	211	224	225	240 National Breakfast and Lunch Program	255 ESEA, Title II, Part A
	ESEA, Title I, Part A	IDEA-Part B, Formula	IDEA-Part B, Preschool		
<b>REVENUES</b>					
5700 Local and Intermediate Sources	\$ -	\$ -	\$ -	\$ 249,276	\$ -
5800 State Program Revenues	-	-	-	2,330	-
5900 Federal Program Revenues	136,999	219,571	3,069	231,076	20,541
5020 Total Revenues	<u>136,999</u>	<u>219,571</u>	<u>3,069</u>	<u>482,682</u>	<u>20,541</u>
<b>EXPENDITURES</b>					
0011 Instruction	136,999	219,571	3,069	-	20,541
0035 Food Services	-	-	-	468,110	-
0036 Cocurricular/Extracurricular Activities	-	-	-	-	-
0071 Debt Service - Principal	-	-	-	-	-
0072 Debt Service - Interest	-	-	-	-	-
6030 Total Expenditures	<u>136,999</u>	<u>219,571</u>	<u>3,069</u>	<u>468,110</u>	<u>20,541</u>
1100 Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>14,572</u>	<u>-</u>
1200 Net Change in Fund Balance	-	-	-	14,572	-
0100 Fund Balance - Beginning	-	-	-	123,441	-
3000 Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 138,013</u>	<u>\$ -</u>

263	289	397	410	461	Total Non-Major Governmental Funds
Title III, Part A	Title IV, Part A, Subpart 1	Advanced Placement Incentives	State Textbook Fund	Campus Activity Funds	
\$ -	\$ -	\$ -	\$ -	\$ 236,901	\$ 486,177
-	-	1,106	144,968	-	148,404
615	4,802	-	-	-	616,673
615	4,802	1,106	144,968	236,901	1,251,254
615	4,802	1,106	64,245	-	450,948
-	-	-	-	-	468,110
-	-	-	-	193,485	193,485
-	-	-	76,292	-	76,292
-	-	-	4,431	-	4,431
615	4,802	1,106	144,968	193,485	1,193,266
-	-	-	-	43,416	57,988
-	-	-	-	43,416	57,988
-	-	-	-	131,152	254,593
\$ -	\$ -	\$ -	\$ -	\$ 174,568	\$ 312,581

LAGO VISTA INDEPENDENT SCHOOL DISTRICT  
 SCHEDULE OF DELINQUENT TAXES RECEIVABLE  
 FOR THE YEAR ENDED AUGUST 31, 2018

Last 10 Years Ended August 31,		1		2		3	
		Tax Rates				Assessed/Appraised Value for School Tax Purposes	
		Maintenance		Debt Service			
2009	and prior years	Various		Various		Various	
2010		1.0400		0.1400	\$	1,360,537,756	
2011		1.0400		0.1400		1,300,591,473	
2012		1.0400		0.1400		1,278,937,568	
2013		1.0400		0.2800		1,227,950,499	
2014		1.0400		0.2800		1,187,750,164	
2015		1.0400		0.2800		1,244,550,642	
2016		1.0600		0.2600		1,277,778,852	
2017		1.0600		0.2600		1,355,324,796	
2018	(School year under audit)	1.0600		0.2600		1,436,211,601	
TOTALS							

10	20	31	32	40	50
Beginning Balance 9/1/17	Current Year's Total Levy	Maintenance Collections	Debt Service Collections	Entire Year's Adjustments	Ending Balance 8/31/18
\$ 407,271	\$ -	\$ 36,751	\$ 4,947	\$ (35,206)	\$ 330,367
31,387	-	4,962	668	(1,931)	23,826
33,468	-	6,163	830	(1,911)	24,564
32,597	-	6,455	869	(1,522)	23,751
37,532	-	7,772	2,092	(1,212)	26,456
52,918	-	9,941	2,677	(3,346)	36,954
80,495	-	15,502	4,173	(3,469)	57,351
101,444	-	26,458	6,490	(4,775)	63,721
226,771	-	80,977	19,862	(33,342)	92,590
-	18,957,993	14,940,234	3,664,586	(140,869)	212,304
<u>\$ 1,003,883</u>	<u>\$ 18,957,993</u>	<u>\$ 15,135,215</u>	<u>\$ 3,707,194</u>	<u>\$ (227,583)</u>	<u>\$ 891,884</u>

LAGO VISTA INDEPENDENT SCHOOL DISTRICT  
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
 BUDGET AND ACTUAL – CHILD NUTRITION FUND  
 FOR THE YEAR ENDED AUGUST 31, 2018

Data Control Codes	Budgeted Amounts		Actual	Variance With Final Budget	
	Original	Final	Amounts (GAAP BASIS)		
<b>REVENUES</b>					
5700	Local & Intermediate Sources	\$ 277,765	\$ 277,765	\$ 249,276	\$ (28,489)
5800	State Program Revenues	6,684	6,684	2,330	(4,354)
5900	Federal Program Revenues	226,061	226,061	231,076	5,015
5020	Total Revenues	<u>510,510</u>	<u>510,510</u>	<u>482,682</u>	<u>(27,828)</u>
<b>EXPENDITURES</b>					
0035	Food Services	505,576	504,817	468,110	36,707
6030	Total Expenditures	<u>505,576</u>	<u>505,576</u>	<u>468,110</u>	<u>37,466</u>
1100	Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>4,934</u>	<u>4,934</u>	<u>14,572</u>	<u>9,638</u>
1200	Net Change in Fund Balances	4,934	4,934	14,572	9,638
0100	Fund Balance-September 1 (Beginning)	<u>123,441</u>	<u>123,441</u>	<u>123,441</u>	-
3000	Fund Balance-August 31 (Ending)	<u>\$ 128,375</u>	<u>\$ 128,375</u>	<u>\$ 138,013</u>	<u>\$ 9,638</u>

LAGO VISTA INDEPENDENT SCHOOL DISTRICT  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL – DEBT SERVICE FUND  
FOR THE YEAR ENDED AUGUST 31, 2018

Data Control Codes	Budgeted Amounts		Actual	Variance With Final Budget	
	Original	Final	Amounts (GAAP BASIS)		
<b>REVENUES</b>					
5700	Local & Intermediate Sources	\$ 3,736,248	\$ 3,736,248	\$ 3,809,500	\$ 73,252
5800	State Program Revenues	66,691	66,691	69,731	3,040
5020	Total Revenues	<u>3,802,939</u>	<u>3,802,939</u>	<u>3,879,231</u>	<u>76,292</u>
<b>EXPENDITURES</b>					
Debt Service:					
0071	Principal on Long Term Debt	1,201,604	2,070,000	2,070,000	-
0072	Interest on Long Term Debt	2,089,560	1,221,164	1,221,163	1
0073	Bond Issuance Cost and Fees	5,000	5,000	4,370	630
6030	Total Expenditures	<u>3,296,164</u>	<u>3,296,164</u>	<u>3,295,533</u>	<u>631</u>
1100	Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>506,775</u>	<u>506,775</u>	<u>583,698</u>	<u>76,923</u>
<b>OTHER FINANCING SOURCES (USES)</b>					
7915	Transfers In	-	-	1,337	1,337
7080	Total Other Finance Sources (Uses)	<u>-</u>	<u>-</u>	<u>1,337</u>	<u>1,337</u>
1200	Net Change in Fund Balances	506,775	506,775	585,035	78,260
0100	Fund Balance-September 1 (Beginning)	1,083,662	1,083,662	1,083,662	-
3000	Fund Balance-August 31 (Ending)	<u>\$ 1,590,437</u>	<u>\$ 1,590,437</u>	<u>\$ 1,668,697</u>	<u>\$ 78,260</u>

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LAGO VISTA INDEPENDENT SCHOOL DISTRICT  
 SCHEDULE OF REQUIRED RESPONSES TO SELECTED SCHOOL FIRST INDICATORS  
 FOR THE YEAR ENDED AUGUST 31, 2018

Data Control Codes		1 Responses
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 as applicable?	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 capital appreciation bonds included in the government-wide financial statements at fiscal year-end.	\$ 5,690,823
SF11	Net Pension Assets (1920) at fiscal year-end	\$ -
SF12	Net Pension Liabilities (2540) at fiscal year-end	\$ 2,276,114
SF13	Pension Expense (6147) at fiscal year-end	\$ -

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**FEDERAL AWARDS SECTION**

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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  
Lago Vista Independent School District

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Lago Vista Independent School District, as of and for the year ended August 31, 2018, and the related notes to the financial statements, which collectively comprise Lago Vista Independent School District's basic financial statements, and have issued our report thereon dated November 12, 2018.

### **Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered Lago Vista Independent School 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 Lago Vista Independent School District's internal control. Accordingly, we do not express an opinion on the effectiveness of Lago Vista Independent School District's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or 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 Lago Vista Independent School 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 one instance of noncompliance or other matter that is required to be reported under *Government Auditing Standards*.

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## **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.

A handwritten signature in black ink on a light yellow background. The signature reads "Singleton, Clark & Company, PC" in a cursive script.

Singleton, Clark & Company, PC  
Cedar Park, Texas

November 12, 2018

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LAGO VISTA INDEPENDENT SCHOOL DISTRICT  
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
 FOR THE YEAR ENDED AUGUST 31, 2018

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**SECTION I – SUMMARY OF AUDITOR’S RESULTS**

**FINANCIAL STATEMENTS**

Type of auditor’s report issued: Unmodified

Internal control over financial reporting:

- Material weakness(es) identified?  Yes  No
- Significant deficiencies identified that are not considered to be material weaknesses?  Yes  None reported

Noncompliance material to financial statements noted?  Yes  No

**FEDERAL AWARDS**

Under the guidelines of the federal Uniform Guidance, a Single Audit was not required for the year ended August 31, 2018 due to expenditures of federal awards being below \$750,000.

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**SECTION II – FINANCIAL STATEMENT FINDINGS**

Findings Related to Financial Statements Which are Required to be Reported in Accordance with Government Auditing Standards:

2018-001                      Budgetary Overages

Criteria:                      Each year the District’s Board of Trustees adopts an appropriations budget which limits expenditure amounts within specific line items that can be made by management.

Condition Found:              As of year end, actual expenditure amounts in function 91, which is used for reporting expenses for Contracted Instructional Services - Chapter 41, in the General Fund exceeded amended budget amounts by \$68,456.

Cause:                         The District did not make a budget amendment prior to year end for this line item.

Effect:                         The effect of this condition is a technical noncompliance with the legally adopted appropriations budget.

Recommendation:              We recommend the Director of Finance closely monitor expenditure line items and amend the appropriations budget during the year.

Management Views:              Management and Director of Finance will closely monitor expenditures and amend the appropriations budget during the year.

Contact Person:                 Jason Stoner, Director of Finance

No findings or questioned costs required to be reported in accordance with *Government Auditing Standards* for the year ended August 31, 2017.

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LAGO VISTA INDEPENDENT SCHOOL DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (Continued)  
FOR THE YEAR ENDED AUGUST 31, 2018

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**SECTION III – FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS**

Findings Related to Federal Awards Which are Required to be Reported in Accordance with Uniform Guidance:

Not applicable.