

**Fredericksburg Independent School District
Notes to the Financial Statements
Twelve Months Ended June 30, 2018**



Debt Transparency is required by the Local Government Code, Section 140.008.

School Tax Bonds	Spent	Unspent	Maturity	Credit Rating
2011	\$9,975,000	\$0	2026	AA-
2015	\$7,500,000	\$0	2030	See below AAA
2016	\$9,000,000	\$0	2031	See below AAA

The District accounts for resources accumulated and payments made for principal and interest on long-term general obligation debt of governmental funds in a Debt Service Fund.

The restricted Fund Balance as of 6/30/18 was \$2,017,679. The debt service tax rate is 10.62 cents per \$100 of property valuation. Credit ratings are provided by the Texas Education Agency Bond Guaranty Program of AAA. This can be found at:

https://tea.texas.gov/Finance_and_Grants/State_Funding/Facilities_Funding_and_Standards/Bond_Guarantee_Program/.

The latest Texas Municipal Report for the period ending 6/30/17 is located at:

https://fredericksburg_esc11.net/site/handlers/filedownload.ashx?moduleinstanceid=2732&dataid=1459&FileName=Texas%20Municipal%20Reports%20FISD%206%2030%2018%20as%20of%208%2028%2018.pdf

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. As required with GASB 65, bond issuance costs are reported as expenditures in the year of debt acquisition.

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

Prior to July 1 of each year, the FISD Board of Trustees legally adopts an "appropriated budget" for the Debt Service Fund using the modified accrual basis of accounting. Once a budget is approved, it can only be amended at the function and fund level by approval of a majority of the members of the Board. Amendments are presented to the Board at its regular monthly meetings for approval. The District is required to present the adopted and final amended budgeted revenues and expenditures annually. The District compares the final amended budget to actual revenues and expenditures.

Property Taxes are collected for Texas school districts to fund the Maintenance and Operations (M&O) and Interest and Sinking (I&S) funds. The Texas Legislature adopted a comprehensive Property Tax Code (the "Code") in 1979 which established a county-wide appraisal district and an appraisal review board in each county in the State. The Gillespie County Central Appraisal District (the "Appraisal District") is responsible for the recording and appraisal of nearly all property in the District. The District's Board sets

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the tax rates on property and the Gillespie County Tax Office provides tax collection services for the District. The Appraisal District is required under the Code to assess property at 100% of its appraised value. 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.

Property taxes are levied by October 1 on the assessed value listed as of the prior January 1 for all real and business personal property located in the District in conformity with Subtitle E, Texas Property Tax Code. Taxes are due on receipt of the tax bill and are delinquent if not paid before February 1 of the year following the year in which imposed. On January 31 of each year, a tax lien attaches to property to secure the payment of all taxes, penalties, and interest ultimately imposed. Property tax revenues are considered available (1) when they become due or past due and receivable within the current period and (2) when they are expected to be collected during a 60-day period after the close of the school fiscal year.

The following is taken from the most current year end financial statement notes:

BONDS PAYABLE

Bonded indebtedness of the District is reflected in the Statement of Net Position (Exhibit A-1) in the government-wide financial statements. Current year payments for principal and interest expenditures are accounted for in the Debt Service Fund in the Statement of Revenues, Expenditures and Changes in Fund Balance (Exhibit C-3) in the fund financial statements. A summary of changes in general long-term debt for the year ended June 30, 2018 is as follows:

Changes in LT Debt							Principal		Feb	Principal
Description		Year	Int Rate	Original Issue	CY Interest pd and owed	Outstanding 7/1/2017	New Issued	Principal Pd Retired	Outstanding 6/30/2018	
Refunding Bonds	refunding of prior bonds	2008	2.3 - 7	9,464,877	29,200	1,460,000	0	1,460,000	0	
Refunding & School Bonds	School constr, bond equip, vehicles	2011	.8 - 3.75	9,975,000	256,833	8,345,000	0	660,000	7,685,000	
School Tax Bonds	School constr, tech network, vehicles	2015	1.05 - 6.8	7,500,000	117,164	5,030,000	0	200,000	4,830,000	
School Tax Bonds	School constr, tech network, vehicles	2016	1.81	9,000,000	142,990	7,900,000	0	1,110,000	6,790,000	
TOTAL					546,186	22,735,000	0	3,430,000	19,305,000	

Future Debt Service Requirements	Year Ended 6/30	Principal	Aug and Feb Interest	Financials Total	Add Aug Interest	Subt PY Aug Interest	MAC Reporting Total	Per Capita at 6/30/18
					1,460,000	pd off 2008 principal in Aug 2017		
	2019	1,225,000	479,745	1,704,745	226,486.40	239,872.65	1,691,359	534.91
	2020	1,280,000	452,973	1,732,973	211,656.90	226,486.40	1,718,143	543.76
	2021	1,555,000	423,314	1,978,314	193,366.90	211,656.90	1,960,024	620.74
	2022	1,590,000	386,734	1,976,734	173,337.40	193,366.90	1,956,704	620.25
	2023	1,635,000	346,675	1,981,675	151,665.65	173,337.40	1,960,003	621.80
	2024	1,675,000	303,331	1,978,331	128,384.40	151,665.65	1,955,050	620.75
	2025	1,670,000	256,769	1,926,769	103,508.65	128,384.40	1,901,893	604.57
	2026	1,725,000	207,017	1,932,017	76,035.40	103,508.65	1,904,544	606.22
	2027	1,525,000	152,071	1,677,071	59,622.15	76,035.40	1,660,658	526.22
	2028	1,450,000	119,244	1,569,244	43,525.90	59,622.15	1,553,148	492.39
	2029	1,485,000	87,052	1,572,052	26,516.65	43,525.90	1,555,043	493.27
	2030	1,530,000	53,033	1,583,033	8,688.00	26,516.65	1,565,205	496.72
	2031	960,000	17,376	977,376	0.00	8,688.00	968,688	306.68
	2024-2028	8,045,000	1,038,433	9,083,433	411,077	519,216	8,975,293	
	2029-2031	3,975,000	157,461	4,132,461	35,205	78,731	4,088,935	
Totals		19,305,000	3,285,334	22,590,334	1,402,794	1,642,667	22,350,461	7,088.28

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There are a number of limitations and restrictions contained in the general obligation bond indenture. Management has indicated that the District is in compliance with all significant limitations and restrictions at June 30, 2018.

CHANGES IN LONG-TERM LIABILITIES

Long-term Governmental activity for bonds and notes payable for the year ended June 30, 2018, was as follows (Exhibit A-1):

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>	<u>Amounts Due Within One Year</u>
<u>Governmental activities:</u>					
General Obligation Bonds \$	22,735,000		3,430,000	\$ 19,305,000	\$ 1,225,000
Accreted Interest	1,405,808		1,405,808	-	
Bond Premium/Discount	99,086		99,086	-	
Bond Refunding Loss	<u>(58,079)</u>		<u>(58,079)</u>	-	-
Sub-Total	24,181,815	-	4,876,815	19,305,000	1,225,000
Net Pension Liability	6,587,296		1,033,406	5,553,890	
Net OPEB Liability		<u>11,699,022</u>		<u>11,699,022</u>	
Total Long-Term Liabilitie \$	<u><u>30,769,111</u></u>	<u><u>11,699,022</u></u>	<u><u>5,910,221</u></u>	<u><u>36,557,912</u></u>	<u><u>1,225,000</u></u>

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EXHIBIT A-1

FREDERICKSBURG INDEPENDENT SCHOOL DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2018

Data Control Codes	Primary Government
	Governmental Activities
ASSETS	
1110 Cash and Cash Equivalents	\$ 1,709,316
1120 Current Investments	15,909,515
1220 Property Taxes - Delinquent	1,562,763
1230 Allowance for Uncollectible Taxes	(78,138)
1240 Due from Other Governments	871,740
1290 Other Receivables, Net	356,005
1300 Inventories	76,684
1410 Prepayments	15,852
Capital Assets:	
1510 Land	1,306,817
1520 Buildings, Net	38,051,625
1530 Furniture and Equipment, Net	2,232,292
1000 Total Assets	<u>62,014,471</u>
DEFERRED OUTFLOWS OF RESOURCES	
1703 Deferred Resource Outflow Related to TRS OPEB	157,768
1705 Deferred Outflow Related to TRS Pension	1,689,430
1700 Total Deferred Outflows of Resources	<u>1,847,198</u>
LIABILITIES	
2110 Accounts Payable	364,251
2150 Payroll Deductions and Withholdings	215,099
2160 Accrued Wages Payable	2,798,187
2180 Due to Other Governments	2,390,651
2200 Accrued Expenses	178,911
2300 Unearned Revenue	123,757
Noncurrent Liabilities:	
2501 Due Within One Year	1,225,000
2502 Due in More Than One Year	18,080,000
2540 Net Pension Liability (District's Share)	5,553,890
2545 Net OPEB Liability (District's Share)	11,699,022
2000 Total Liabilities	<u>42,628,768</u>
DEFERRED INFLOWS OF RESOURCES	
2603 Deferred Resource Inflow Related to TRS OPEB	4,893,723
2605 Deferred Resource Inflow Related to TRS Pension	870,373
2600 Total Deferred Inflows of Resources	<u>5,764,096</u>
NET POSITION	
3200 Net Investment in Capital Assets	22,285,734
3820 Restricted for Federal and State Programs	316,150
3850 Restricted for Debt Service	2,017,679
3860 Restricted for Capital Projects	665,483
3870 Restricted for Campus Activities	271,639
3890 Restricted for Other Purposes	1,500,000
3900 Unrestricted	(11,587,880)
3000 Total Net Position	<u>\$ 15,468,805</u>

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Debt Transparency
Twelve Months Ended June 30, 2018**



**FREDERICKSBURG INDEPENDENT SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2018**

EXHIBIT B-1

Net (Expense)
Revenue and
Changes in Net
Position

Data Control Codes	1 Expenses	Program Revenues		6 Governmental Activities
		3 Charges for Services	4 Operating Grants and Contributions	
Primary Government:				
GOVERNMENTAL ACTIVITIES:				
11 Instruction	\$ 12,761,117	\$ 1,700,753	\$ (1,412,106)	\$ (12,472,470)
12 Instructional Resources and Media Services	252,148	-	(31,303)	(283,451)
13 Curriculum and Instructional Staff Development	171,178	-	121,404	(49,774)
21 Instructional Leadership	424,347	-	84,148	(340,199)
23 School Leadership	1,157,494	-	(318,136)	(1,475,630)
31 Guidance, Counseling and Evaluation Services	1,018,094	-	(230,570)	(1,248,664)
32 Social Work Services	24,879	-	35,058	10,179
33 Health Services	338,775	-	61,718	(277,057)
34 Student (Pupil) Transportation	710,529	-	(176,561)	(887,090)
35 Food Services	1,484,398	584,595	958,385	58,582
36 Extracurricular Activities	1,360,021	475,951	(125,317)	(1,009,387)
41 General Administration	887,056	-	(181,037)	(1,068,093)
51 Facilities Maintenance and Operations	2,898,276	79,698	(561,853)	(3,380,431)
52 Security and Monitoring Services	40,599	-	-	(40,599)
53 Data Processing Services	842,661	-	(113,837)	(956,498)
61 Community Services	200,712	-	(25,374)	(226,086)
72 Debt Service - Interest on Long-Term Debt	467,253	-	-	(467,253)
73 Debt Service - Bond Issuance Cost and Fees	806	-	-	(806)
81 Capital Outlay	126,522	-	-	(126,522)
91 Contracted Instructional Services Between Schools	9,738,005	-	-	(9,738,005)
92 Incremental Costs related to WADA	32,134	-	-	(32,134)
93 Payments Related to Shared Services Arrangements	1,136,172	-	403,744	(732,428)
99 Other Intergovernmental Charges	623,045	-	-	(623,045)
[TP] TOTAL PRIMARY GOVERNMENT:	\$ 36,696,221	\$ 2,840,997	\$ (1,511,637)	(35,366,861)
Data Control Codes	General Revenues:			
	Taxes:			
MT	Property Taxes, Levied for General Purposes			34,640,289
DT	Property Taxes, Levied for Debt Service			3,542,932
SF	State Aid - Formula Grants			1,354,303
GC	Grants and Contributions not Restricted			256,067
IE	Investment Earnings			258,842
MI	Miscellaneous Local and Intermediate Revenue			647,770
TR	Total General Revenues			40,700,203
CN	Change in Net Position			5,333,342
NB	Net Position - Beginning			29,483,065
PA	Prior Period Adjustment			(19,347,602)
NE	Net Position - Ending			\$ 15,468,805

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Debt Transparency
Twelve Months Ended June 30, 2018**



FREDERICKSBURG INDEPENDENT SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2018

Data Control Codes	10 General Fund	50 Debt Service Fund	60 Capital Projects
ASSETS			
1110 Cash and Cash Equivalents	\$ 1,025,700	\$ 4	\$ -
1120 Investments - Current	13,287,606	2,010,105	-
1220 Property Taxes - Delinquent	1,398,376	164,387	-
1230 Allowance for Uncollectible Taxes (Credit)	(69,919)	(8,219)	-
1240 Receivables from Other Governments	537,405	7,570	-
1260 Due from Other Funds	252,690	-	-
1290 Other Receivables	53,253	-	-
1300 Inventories	52,210	-	-
1410 Prepayments	15,312	-	-
1000 Total Assets	<u>\$ 16,552,633</u>	<u>\$ 2,173,847</u>	<u>\$ -</u>
LIABILITIES			
2110 Accounts Payable	\$ 178,059	\$ -	\$ -
2150 Payroll Deductions and Withholdings Payable	215,099	-	-
2160 Accrued Wages Payable	2,435,722	-	-
2170 Due to Other Funds	145,453	-	-
2180 Due to Other Governments	2,387,719	-	-
2300 Unearned Revenues	85,908	-	-
2000 Total Liabilities	<u>5,447,960</u>	<u>-</u>	<u>-</u>
DEFERRED INFLOWS OF RESOURCES			
2601 Unavailable Revenue - Property Taxes	1,328,457	156,168	-
2600 Total Deferred Inflows of Resources	<u>1,328,457</u>	<u>156,168</u>	<u>-</u>
FUND BALANCES			
Nonspendable Fund Balance:			
3410 Inventories	52,210	-	-
3430 Prepaid Items	15,312	-	-
Restricted Fund Balance:			
3450 Federal or State Funds Grant Restriction	-	-	-
3480 Retirement of Long-Term Debt	-	2,017,679	-
Committed Fund Balance:			
3510 Construction	-	-	-
3545 Other Committed Fund Balance	-	-	-
Assigned Fund Balance:			
3590 Other Assigned Fund Balance	1,500,000	-	-
3600 Unassigned Fund Balance	8,208,694	-	-
3000 Total Fund Balances	<u>9,776,216</u>	<u>2,017,679</u>	<u>-</u>
4000 Total Liabilities, Deferred Inflows & Fund Balances	<u>\$ 16,552,633</u>	<u>\$ 2,173,847</u>	<u>\$ -</u>

**Fredericksburg Independent School District
Debt Transparency
Twelve Months Ended June 30, 2018**



EXHIBIT C-1

	Other Funds	Total Governmental Funds
\$	683,612	\$ 1,709,316
	611,804	15,909,515
	-	1,562,763
	-	(78,138)
	326,765	871,740
	380	253,070
	302,752	356,005
	24,474	76,684
	540	15,852
\$	1,950,327	\$ 20,676,807
\$	186,192	\$ 364,251
	-	215,099
	362,465	2,798,187
	107,617	253,070
	2,932	2,390,651
	37,849	123,757
	697,055	6,145,015
	-	1,484,625
	-	1,484,625
	24,474	76,684
	-	15,312
	291,676	291,676
	-	2,017,679
	665,483	665,483
	271,639	271,639
	-	1,500,000
	-	8,208,694
	1,253,272	13,047,167
\$	1,950,327	\$ 20,676,807

Fredericksburg Independent School District
Debt Transparency
Twelve Months Ended June 30, 2018



FREDERICKSBURG INDEPENDENT SCHOOL DISTRICT
 STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
 GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED JUNE 30, 2018

Data Control Codes		10 General Fund	50 Debt Service Fund	60 Capital Projects
REVENUES:				
5700	Total Local and Intermediate Sources	\$ 36,218,256	\$ 3,581,382	\$ 6,824
5800	State Program Revenues	2,845,802	24,349	-
5900	Federal Program Revenues	167,295	-	-
5020	Total Revenues	39,231,353	3,605,731	6,824
EXPENDITURES:				
Current:				
0011	Instruction	15,656,964	-	-
0012	Instructional Resources and Media Services	277,803	-	-
0013	Curriculum and Instructional Staff Development	29,694	-	-
0021	Instructional Leadership	262,444	-	-
0023	School Leadership	1,591,669	-	-
0031	Guidance, Counseling and Evaluation Services	831,477	-	-
0032	Social Work Services	-	-	-
0033	Health Services	256,227	-	-
0034	Student (Pupil) Transportation	884,163	-	-
0035	Food Services	-	-	-
0036	Extracurricular Activities	1,285,146	-	-
0041	General Administration	1,127,654	-	-
0051	Facilities Maintenance and Operations	3,520,045	-	-
0052	Security and Monitoring Services	36,970	-	-
0053	Data Processing Services	918,323	-	-
0061	Community Services	222,933	-	-
Debt Service:				
0071	Principal on Long Term Debt	-	3,430,000	-
0072	Interest on Long Term Debt	-	546,186	-
0073	Bond Issuance Cost and Fees	-	806	-
Capital Outlay:				
0081	Facilities Acquisition and Construction	-	-	1,500,211
Intergovernmental:				
0091	Contracted Instructional Services Between Schools	9,738,005	-	-
0092	Incremental Costs Associated with Chapter 41	32,134	-	-
0093	Payments to Fiscal Agent/Member Districts of SSA	721,684	-	-
0099	Other Intergovernmental Charges	623,045	-	-
6030	Total Expenditures	38,016,380	3,976,992	1,500,211
1200	Net Change in Fund Balances	1,214,973	(371,261)	(1,493,387)
0100	Fund Balance - July 1 (Beginning)	8,561,243	2,388,940	1,493,387
3000	Fund Balance - June 30 (Ending)	\$ 9,776,216	\$ 2,017,679	\$ -

**Fredericksburg Independent School District
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EXHIBIT C-3

	Other Funds	Total Governmental Funds
\$	2,061,553	\$ 41,868,015
	314,251	3,184,402
	3,089,060	3,256,355
	5,464,864	48,308,772
	1,944,425	17,601,389
	39,066	316,869
	135,194	164,888
	324,325	586,769
	13,552	1,605,221
	600,824	1,432,301
	37,866	37,866
	99,898	356,125
	-	884,163
	1,996,293	1,996,293
	180,691	1,465,837
	-	1,127,654
	7,157	3,527,202
	-	36,970
	-	918,323
	5,398	228,331
	-	3,430,000
	-	546,186
	-	806
	760,348	2,260,559
	-	9,738,005
	-	32,134
	414,488	1,136,172
	-	623,045
	6,559,525	50,053,108
	(1,094,661)	(1,744,336)
	2,347,933	14,791,503
\$	1,253,272	\$ 13,047,167

**Fredericksburg Independent School District
Debt Transparency
Twelve Months Ended June 30, 2018**



EXHIBIT J-3

FREDERICKSBURG INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - DEBT SERVICE FUND
FOR THE YEAR ENDED JUNE 30, 2018

Data Control Codes	Budgeted Amounts		Actual Amounts (GAAP BASIS)	Variance With Final Budget Positive or (Negative)
	Original	Final		
REVENUES:				
5700 Total Local and Intermediate Sources	\$ 3,358,328	\$ 3,564,100	\$ 3,581,382	\$ 17,282
5800 State Program Revenues	-	24,349	24,349	-
5020 Total Revenues	3,358,328	3,588,449	3,605,731	17,282
EXPENDITURES:				
Debt Service:				
0071 Principal on Long Term Debt	3,430,000	3,430,000	3,430,000	-
0072 Interest on Long Term Debt	546,207	546,207	546,186	21
0073 Bond Issuance Cost and Fees	3,500	3,500	806	2,694
6030 Total Expenditures	3,979,707	3,979,707	3,976,992	2,715
1200 Net Change in Fund Balances	(621,379)	(391,258)	(371,261)	19,997
0100 Fund Balance - July 1 (Beginning)	2,388,940	2,388,940	2,388,940	-
3000 Fund Balance - June 30 (Ending)	\$ 1,767,561	\$ 1,997,682	\$ 2,017,679	\$ 19,997