

ANNUAL FINANCIAL REPORT

of the

SAM HOUSTON STATE UNIVERSITY

(a department of Sam Houston State University,
an agency of the State of Texas)

For the Year Ended

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SAM HOUSTON STATE UNIVERSITY
CHARTER SCHOOL
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August 31, 2018

INTRODUCTORY SECTION **Page** **Exhibit**

Certificate of Board 1

Independent Auditors' Report 5

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SAM HOUSTON STATE UNIVERSITY CHARTER SCHOOL

CERTIFICATE OF BOARD

Section II - General Information - 1. School Name: _____

We, the undersigned, certify that the attached annual financial reports of the above named School were reviewed and (check one) approved disapproved for the year ended August 31, 2018 at a meeting of the

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FINANCIAL SECTION

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

Opinion

[REDACTED]

The introductory section and the schedule of required responses to selected school first indicators have not been
subjected to the auditing procedures applied in the audit of the basic financial statements.

not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued separate dated N/A 1/16/2019

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***MANAGEMENT'S DISCUSSION
AND ANALYSIS***

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CHARTER SCHOOL
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended August 31, 2018

SAM HOUSTON STATE UNIVERSITY CHARTER SCHOOL

MANAGEMENT'S DISCUSSION AND ANALYSIS (MDA)

For the Year Ended August 31, 2018

- To assess the overall health of the School, one needs to consider additional nonfinancial factors such as changes in the School's staffing patterns, enrollment, and attendance.

The government-wide financial statements of the School include the governmental activities. The School's level

SAM HOUSTON STATE UNIVERSITY
CHARTER SCHOOL
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
For the Year Ended August 31, 2018

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BASIC FINANCIAL STATEMENTS

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**SAM HOUSTON STATE UNIVERSITY
CHARTER SCHOOL**

STATEMENT OF NET POSITION - EXHIBIT A-1

August 31, 2018

<u>Data Control Codes</u>		1
		<u>Governmental Activities</u>
	<u>Assets</u>	
1110	Cash and cash equivalents	\$ 1,647
1240	Due from other governments	44,607
1000	Total Assets	46,254
	<u>Liabilities</u>	
	Current Liabilities	
2110	Accounts payable	\$ 10,043
2310	Deferred revenue	1,647
		11,690
	Noncurrent liabilities	
2181	Due to Sam Houston State University	768,076
2500	Total noncurrent liabilities	768,076
2000	Total Liabilities	779,766
	<u>Net Position</u>	
3900	Unrestricted	(733,512)
3000	Total Net Position	(733,512)
	Total Liabilities and Net Position	\$ 46,254

See Notes to Financial Statements.

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CHARTER SCHOOL
STATEMENT OF ACTIVITIES - EXHIBIT B-1
 For the Year Ended August 31, 2018

Data Control Codes	Functions/Programs	1	3	4	Net (Expense) Revenue and Changes in Net Position
		Expenses	Charges for Services	Operating Grants and Contributions	6 Primary Governmental Activities
	Primary Governmental Activities				
0011	Instruction	\$ 1,436,439	\$ -	\$ 271,845	\$ (1,164,594)
0013	Curriculum and staff development	6,550	-	3,144	(3,406)
0023	School leadership	6,936	-	2,616	(4,320)
0033	Health services	7,196	-	7,196	-
0035	Food services	33,726	14,737	-	(18,989)
0041	General administration	83,438	-	13,650	(69,788)
0051	Plant maintenance and operations	365,879	-	41,658	(324,221)
	Total Governmental Activities	<u>\$ 1,940,164</u>	<u>\$ 14,737</u>	<u>\$ 340,109</u>	<u>(1,585,318)</u>
	General Revenues				
GC	Grants and contributions not restricted				1,164,594
TR				Total General Revenues	<u>1,164,594</u>
CR				Change in Net Position	<u>(420,724)</u>

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SAM HOUSTON STATE UNIVERSITY

BALANCE SHEET GOVERNMENTAL FUNDS - EXHIBIT C-1 August 31, 2018

Data Control Codes	10 General	Start-Up Grant	Other Nonmajor Governmental	98 Total Governmental Funds
<u>Assets</u>				
1110	Cash and cash equivalents	\$ -	\$ -	\$ 1,647
1240	Due from other governments	4,232	32,941	7,434
		4,232	32,941	7,434

<u>Liabilities</u>				
2110	Accounts payable	\$ 4,210	\$ 4,724	\$ 1,109
2181	Due to Sam Houston State Universtiv	733,534	28,217	6,325
		733,534	28,217	6,325

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**SAM HOUSTON STATE UNIVERSITY
CHARTER SCHOOL**

*STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS - EXHIBIT C-2*

Data Control Codes	General	Start-Up Grant	Nonmajor Governmental	Total Governmental Funds
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Revenues

5700	Local and intermediate courses	\$ 14,727	\$ 0	\$ 0	\$ 14,727
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5000	State program revenues	\$ 1,164,504	\$ 70,000	\$ 0	\$ 1,234,504
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SAM HOUSTON STATE UNIVERSITY
CHARTER SCHOOL
NOTES TO FINANCIAL STATEMENTS

For the Year Ended August 31, 2018

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The basic financial statements are prepared in conformity with generally accepted accounting principles prescribed by the Governmental Accounting Standards Board (GASB) and the Financial Accounting Standards Board (FASB).

requirements of the appropriate version of Texas Education Agency's (TEA) *Financial Accountability System Resource Guide* (the "Resource Guide") and the requirements of contracts and grants of agencies from which funds are received.

A. Reporting Entity

Sam Houston State University Charter School (the "School") is a not-for-profit organization of Sam Houston State University.

CHARTER SCHOOL

NOTES TO FINANCIAL STATEMENTS (Continued)

For the Year Ended August 31, 2018

B. Government-Wide Financial Statements

The government-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) report information on all of the activities of the School. Governmental activities, which normally are supported by intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. The School has no business-type activities.

C. Basis of Presentation - Government Wide Financial Statements

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

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are presented where the

CHAPTER SCHOOL

NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended August 31, 2018

reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Transfers between the funds included in governmental

SAM HOUSTON STATE UNIVERSITY
CHARTER SCHOOL

NOTES TO FINANCIAL STATEMENTS (Continued)

For the Year Ended August 31, 2018

The School does not maintain investments of any kind outside the operating bank account since funds available are retained by SHSU, therefore, the only interest accruing to the School is from the

SAM HOUSTON STATE UNIVERSITY
CHARTER SCHOOL

REPORT TO THE BOARD OF TRUSTEES

For the Year Ended August 31, 2018

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**SAM HOUSTON STATE UNIVERSITY
CHARTER SCHOOL**

NOTES TO FINANCIAL STATEMENTS (Continued)

For the Year Ended August 31, 2018

II. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

Annual budgets are adopted on a basis consistent with generally accepted accounting principles. The original

**SAM HOUSTON STATE UNIVERSITY
CHARTER SCHOOL**

NOTES TO FINANCIAL STATEMENTS (Continued)

For the Year Ended August 31, 2012

Division Description

Detailed information about the TRS's fiduciary net position is available in a separately-issued Comprehensive Annual Financial Report (CAFR) that includes financial statements and Required

Supplementary Information. That report may be obtained on the Internet at <http://www.trs.state.tx.us/about/documents/cafr.pdf#CAFR>; by writing to TRS at 1000 Red River Street, Austin, TX, 78701-2698; or by calling (512) 542-6592.

Benefits Provided

TRS provides pension and disability retirement as well as health, dental, and vision insurance.

**SAM HOUSTON STATE UNIVERSITY
CHARTER SCHOOL**

NOTES TO FINANCIAL STATEMENTS (Continued)

For the Year Ended August 31, 2018

As the NECE for public education and junior colleges, the State of Texas contributes to the retirement system an amount equal to the current employer contribution rate times the amount

annual compensation of all participating members of the pension trust fund during that fiscal year reduced by the amounts described below which are paid by the employers. Employers (public school, junior college, other entities, or the State of Texas as the employer for senior universities and medical schools) are required to pay the employer contribution rate in the following instances:

- On the portion of the member's salary that exceeds the statutory minimum for members

**SAM HOUSTON STATE UNIVERSITY
CHARTER SCHOOL**

NOTES TO FINANCIAL STATEMENTS (Continued)

For the Year Ended August 31, 2018

OPEB Plan Fiduciary Net Position

Detailed information about the GBP's fiduciary net position is available in the separately issued FRS

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REQUIRED SUPPLEMENTARY INFORMATION

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**SAM HOUSTON STATE UNIVERSITY
CHARTER SCHOOL**

*SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
GENERAL FUND - EXHIBIT G-1*

For the Year Ended August 31, 2018

Data Control Codes		Budgeted Amounts		Actual	Variance With Final Budget Positive (Negative)
		Original	Final		
Revenues					
5700	Local and intermediate sources	\$ -	\$ 230,020	\$ 14,737	\$ (215,283)
5800	State program revenues	1,449,810	1,449,810	1,164,594	(285,216)
5020	Total Revenues	1,449,810	1,679,830	1,179,331	(500,499)
Expenditures					
0013	Curriculum and instructional staff development	4,350	4,995	3,406	1,589
0023	School leadership	-	5,225	4,320	905
0035	Food service	44,000	44,000	33,726	10,274
0041	General administration	64,879	89,787	69,788	19,999
0051	Plant maintenance and operations	302,000	390,393	365,879	24,514
6030	Total Expenditures	1,449,810	1,679,830	1,600,055	79,775
1200	Net Change in Fund Balance	-	-	(420,724)	(420,724)
0100	Beginning fund balance	(312,788)	(312,788)	(312,788)	-
3000	Ending Fund Balance	\$(312,788)	\$(312,788)	\$(722,512)	\$(420,724)

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OTHER SUPPLEMENTARY INFORMATION

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**SAM HOUSTON STATE UNIVERSITY
CHARTER SCHOOL**

SCHEDULE OF EXPENSES - EXHIBIT J-2

For the Year Ended August 31, 2018

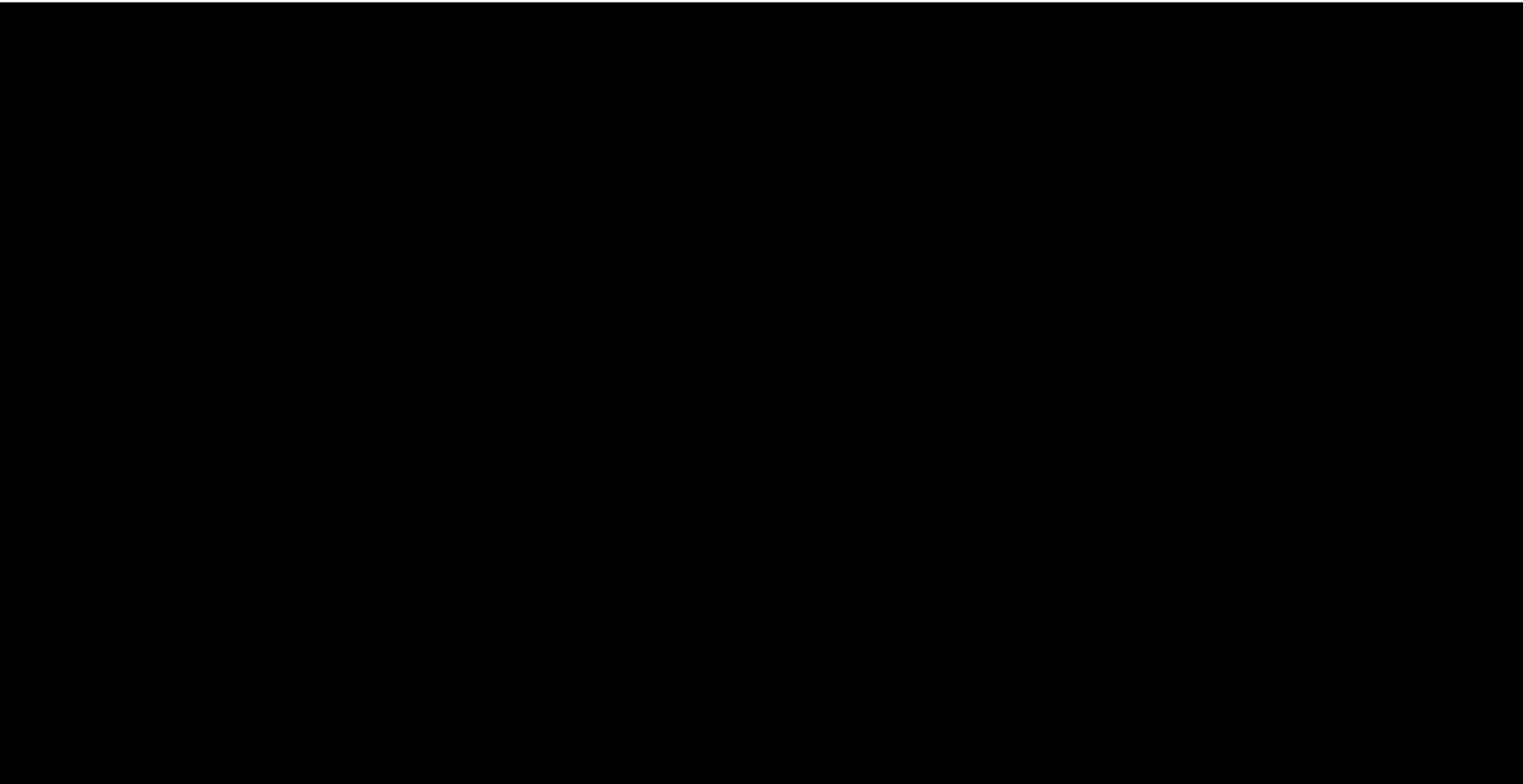
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Control

6100	Payroll costs	\$ 1,149,695
6200	Professional and contractual services	427,929
6300	Supplies and materials	314,369
6400	Other operating costs	48,171
	Total Expenses	<u>\$ 1,940,164</u>

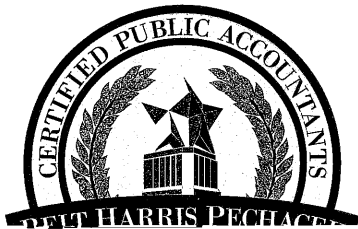
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COMPLIANCE SECTION

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Compliance and Other Matters

As part of obtaining reasonable assurance about whether the School's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of

financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the

results of that testing and not to provide an opinion on the effectiveness of the School's internal control or on

SAM HOUSTON STATE UNIVERSITY

CHARTER SCHOOL

SCHEDULE OF FINDINGS AND QUESTIONED COSTS – EXHIBIT K-1
For the Year Ended August 31, 2019

A. SUMMARY OF AUDIT RESULTS

1. The auditor's report expresses an unmodified opinion on the financial statements of the Charter School for the year ended August 31, 2019.

SAM HOUSTON STATE UNIVERSITY
CHARTER SCHOOL
SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS
For the Year Ended August 31, 2018

A. SUMMARY OF PRIOR YEAR AUDIT FINDINGS

No prior year findings.

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**SAM HOUSTON STATE UNIVERSITY
CHARTER SCHOOL**

For the Year Ended August 31, 2018

Data
Control
Codes

Responses

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