

CENTERVILLE  
INDEPENDENT SCHOOL DISTRICT

*ANNUAL FINANCIAL REPORT*

*FOR THE YEAR ENDED AUGUST 31, 2018*

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Centerville Independent School District  
Annual Financial Report  
For The Year Ended August 31, 2018

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## *Introductory Section*

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CERTIFICATE OF BOARD

Centerville Independent School District  
Name of School District

Leon  
County

145-902  
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 20 day of December, 2018.

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

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

If the board of trustees disapproved of the auditors' report, the reason(s) for disapproving it is (are):  
(attach list as necessary)

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*Financial Section*

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## **Independent Auditors' Report**

To the Board of Trustees of  
Centerville Independent School District:

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Centerville Independent School District (the "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.

### **Auditors' 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 auditors' 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 District's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

## Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the District as of August 31, 2018, and the respective changes in financial position for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

## Emphasis of Matter

### *Change in Accounting Principle*

In 2018, the District adopted new accounting guidance, Governmental Accounting Standards Board Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. Our opinion is not modified with respect to this matter.

## Other Matters

### *Required Supplementary Information*

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

### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements, other supplementary information, and the schedule of required responses to selected school first indicators are presented for purposes of additional analysis and are not required parts of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations*, Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements, the schedule of expenditures of federal awards, and other supplementary information 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 and individual nonmajor fund financial statements, the schedule of expenditures of federal awards, and other supplementary information are fairly stated in all material respects in relation to the basic financial statements as a whole.

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 and, accordingly, we do not express an opinion or provide any assurance on them.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated December 13, 2018 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Respectfully submitted,

BELT HARRIS PECHACEK, LLP

Belt Harris Pechacek, LLP  
*Certified Public Accountants*  
Houston, Texas  
December 13, 2018

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## *Management's Discussion and Analysis*

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# CENTERVILLE INDEPENDENT SCHOOL DISTRICT

## MANAGEMENT'S DISCUSSION AND ANALYSIS

### FOR THE YEAR ENDED AUGUST 31, 2018

This discussion and analysis of Centerville Independent School District's (the "District") financial performance provides an overview of the District's financial activities for the fiscal year ended August 31, 2018. It should be read in conjunction with the District's financial statements.

#### FINANCIAL HIGHLIGHTS

- The District's total combined net position at August 31, 2018 was \$6,012,515.
- For the fiscal year ended August 31, 2018, the District's general fund reported a total fund balance of \$4,416,012 of which \$15,023 is nonspendable, \$2,500,000 is committed for construction, \$363,000 is committed for capital expenditures for equipment, \$44,630 is assigned, and \$1,493,359 is unassigned. The debt service fund reported a total fund balance of \$139,000, and the capital projects fund reported a total fund balance of \$809,301.
- At the end of the fiscal year, the District's governmental funds (the general fund plus all state and federal grant funds, the capital projects fund, and the debt service fund) reported combined ending fund balances of \$5,453,223.

#### OVERVIEW OF THE FINANCIAL STATEMENTS

The annual report consists of three parts – *Management's Discussion and Analysis* (this section), the *Basic Financial Statements*, and *Required Supplementary Information*. The basic financial statements include two kinds of statements that present different views supplementary of the District.

- The first two statements are *government-wide financial statements* that provide both *long-term* and *short-term* information about the District's overall financial status.
- The remaining statements are *fund financial statements* that focus on *individual parts* of the government, reporting the District's operations in more detail than the government-wide statements.
- The *governmental funds* statements tell how *general government* services were financed in the *short-term* as well as what remains for future spending.
- *Fiduciary funds* statements provide information about the financial relationships in which the District acts solely as a trustee or agent for the benefit of others, to whom the fiduciary resources belong. These funds include student activity funds and scholarship funds.

The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data. The notes to the financial statements are followed by a section entitled *Required Supplementary Information* that further explains and supports the information in the financial statements.

#### GOVERNMENT-WIDE FINANCIAL STATEMENTS

The government-wide statements report information about the District as a whole using accounting methods similar to those used by private-sector companies. The Statement of Net Position includes all of the government's assets and liabilities. All of the current period's revenues and expenses are accounted for in the Statement of Activities regardless of when cash is received or paid.

The government-wide statements report the District's net position and how it has changed. Net position is the difference between the District's assets and liabilities and is one way to measure the District's financial health or position.

- Over time, increases or decreases in the District's net position is an indicator of whether its financial health is improving or deteriorating, respectively.
- To assess the overall health of the District, one needs to consider additional non-financial factors such as changes in the District's tax base, staffing patterns, enrollment, and attendance.

The government-wide financial statements of the District include the *governmental activities*. Most of the District's basic services such as instruction, extracurricular activities, curriculum and staff development, health services, general administration, and plant operation and maintenance are included in *governmental activities*. Locally assessed property taxes, together with State Foundation Program entitlements, which are based upon student enrollment and attendance, finance most of the government activities.

# CENTERVILLE INDEPENDENT SCHOOL DISTRICT

## MANAGEMENT'S DISCUSSION AND ANALYSIS

### FOR THE YEAR ENDED AUGUST 31, 2018

#### FUND FINANCIAL STATEMENTS

The fund financial statements provide more detailed information about the District's most significant *funds* – not the District as a whole. Funds are simply accounting devices that are used to keep track of specific sources of funding and spending for particular purposes.

- Some funds are required by State law and other funds are mandated by bond agreements or bond covenants.
- The Board of Trustees (the "Board") establishes other funds to control and manage money set aside for particular purposes or to show that the District is properly using certain taxes and grants.
- Other funds are used to account for assets held by the District in a custodial capacity – these assets do not belong to the District, but the District is responsible to properly account for them.

The District has the following kinds of funds:

- *Governmental funds* – Most of the District's basic services are included in governmental funds, which focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances left at year end that are available for spending. Consequently, the governmental fund statements provide a detailed *short-term* view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. Because this information does not encompass the additional long-term focus of the government-wide statements, we provide additional information at the bottom of the governmental funds statement, or on the subsequent page, that explains the relationship (or differences) between them.
- *Fiduciary funds* – The District serves as the trustee, or fiduciary, for certain funds such as student activity and scholarship funds. The District is responsible for ensuring that the assets reported in these funds are used for their intended purposes. All of the District's fiduciary activities are reported in a separate statement of fiduciary net position and a statement of changes in fiduciary net position. We exclude these activities from the District's government-wide financial statements because the District cannot use these assets to finance its governmental operations.

#### FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

The District's combined net position was \$6,012,515 at August 31, 2018. *Table 1* focuses on net position while *Table 2* shows the revenues and expenses that changed the net position balance during the fiscal year ended August 31, 2018. Within *Table 2*, the prior year revenues and expenses have been updated to remove fund level on-behalf revenues and expenses (including Medicare Part D) for pension contributions for comparative purposes, as a result of current year recognition changes. This change has no impact on the change in net position. The District reported an increase of \$280,758 in net position from the prior year. Long-term liabilities decreased due primarily to the decrease in the net other postemployment benefits (OPEB) liability. Revenues for the District decreased due to a decrease in operating grants and contributions due to the decrease in on-behalf revenues related to the decrease in the pension and OPEB liabilities. Expenses decreased significantly in instruction; school leadership; guidance, counseling, and evaluation services; interest on long-term debt; and bond issuance costs due to expending less throughout the year and as the result of the decrease in the OPEB liability, pension liability, and the related decrease in on-behalf expenses.

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

**Table 1**  
**Net Position**

| Description                                 | Governmental Activities |                     | Total Change<br>2018-2017 |
|---------------------------------------------|-------------------------|---------------------|---------------------------|
|                                             | 2018                    | 2017                |                           |
| Current assets                              | \$ 6,570,556            | \$ 7,085,201        | \$ (514,645)              |
| Capital assets                              | 20,466,265              | 20,760,595          | (294,330)                 |
| <b>Total Assets</b>                         | <b>27,036,821</b>       | <b>27,845,796</b>   | <b>(808,975)</b>          |
| Deferred charges on refunding               | 290,966                 | 302,158             | (11,192)                  |
| Deferred outflows related to pensions       | 480,717                 | 663,714             | (182,997)                 |
| Deferred outflows related to OPEB           | 41,638                  | 30,595              | 11,043                    |
| <b>Total Deferred Outflows of Resources</b> | <b>813,321</b>          | <b>996,467</b>      | <b>(183,146)</b>          |
| Current liabilities                         | 416,714                 | 302,776             | 113,938                   |
| Long-term liabilities                       | 20,159,758              | 22,722,890          | (2,563,132)               |
| <b>Total Liabilities</b>                    | <b>20,576,472</b>       | <b>23,025,666</b>   | <b>(2,449,194)</b>        |
| Deferred inflows related to pensions        | 190,693                 | 84,840              | 105,853                   |
| Deferred inflows related to OPEB            | 1,070,462               | -                   | 1,070,462                 |
| <b>Total Deferred Inflows of Resources</b>  | <b>1,261,155</b>        | <b>84,840</b>       | <b>1,176,315</b>          |
| <b>Net Position:</b>                        |                         |                     |                           |
| Net invested in capital assets              | 5,212,614               | 5,808,605           | (595,991)                 |
| Restricted                                  | 227,910                 | 248,508             | (20,598)                  |
| Unrestricted                                | 571,991                 | (325,356)           | 897,347                   |
| <b>Total Net Position</b>                   | <b>\$ 6,012,515</b>     | <b>\$ 5,731,757</b> | <b>\$ 280,758</b>         |

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

**Table 2**  
**Changes in Net Position**

|                                               | Governmental<br>Activities |                     | Total<br>Change    |
|-----------------------------------------------|----------------------------|---------------------|--------------------|
|                                               | 2018                       | 2017                | 2018-2017          |
| <b>Revenues</b>                               |                            |                     |                    |
| Program revenues:                             |                            |                     |                    |
| Charges for services                          | \$ 137,700                 | \$ 129,683          | \$ 8,017           |
| Operating grants and contributions            | 107,491                    | 1,061,571           | (954,080)          |
| General revenues:                             |                            |                     |                    |
| Property taxes                                | 3,894,817                  | 4,070,778           | (175,961)          |
| State foundation program                      | 3,334,572                  | 2,926,146           | 408,426            |
| Investment earnings                           | 76,200                     | 45,648              | 30,552             |
| Miscellaneous                                 | 97,044                     | 138,677             | (41,633)           |
| <b>Total Revenue</b>                          | <b>7,647,824</b>           | <b>8,372,503</b>    | <b>(724,679)</b>   |
| <b>Expenses:</b>                              |                            |                     |                    |
| Instruction                                   | 3,288,839                  | 4,583,954           | (1,295,115)        |
| Instructional resources and media services    | 95,178                     | 100,535             | (5,357)            |
| Curriculum/instructional staff development    | 62,443                     | 96,068              | (33,625)           |
| Instructional leadership                      | 146,969                    | 142,325             | 4,644              |
| School leadership                             | 263,012                    | 365,988             | (102,976)          |
| Guidance, counseling, and evaluation services | 201,843                    | 507,638             | (305,795)          |
| Health services                               | 31,220                     | 40,038              | (8,818)            |
| Student (pupil) transportation                | 412,628                    | 421,954             | (9,326)            |
| Food services                                 | 346,874                    | 368,971             | (22,097)           |
| Cocurricular/extracurricular activities       | 400,587                    | 418,162             | (17,575)           |
| General administration                        | 158,265                    | 219,617             | (61,352)           |
| Plant maintenance and operations              | 1,198,057                  | 957,167             | 240,890            |
| Security and monitoring                       | 13,464                     | 5,074               | 8,390              |
| Data processing services                      | 123,491                    | 160,468             | (36,977)           |
| Interest on long-term debt                    | 483,345                    | 915,703             | (432,358)          |
| Bond issuance costs and fees                  | 1,000                      | 276,362             | (275,362)          |
| Payments to fiscal agent                      | 34,612                     | 31,475              | 3,137              |
| Other intergovernmental charges               | 105,239                    | 128,088             | (22,849)           |
| <b>Total Expenses</b>                         | <b>7,367,066</b>           | <b>9,739,588</b>    | <b>(2,372,522)</b> |
| <b>Change in Net Position</b>                 | <b>280,758</b>             | <b>(1,367,085)</b>  | <b>1,647,843</b>   |
| Beginning net position                        | 5,731,757                  | 7,098,842           | (1,367,085)        |
| <b>Ending Net Position</b>                    | <b>\$ 6,012,515</b>        | <b>\$ 5,731,757</b> | <b>\$ 280,758</b>  |

# **CENTERVILLE INDEPENDENT SCHOOL DISTRICT**

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

### **FOR THE YEAR ENDED AUGUST 31, 2018**

#### **FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS**

At the close of the fiscal year ending August 31, 2018, the District's governmental funds reported a combined fund balance of \$5,453,223. This compares to a combined fund balance of \$6,137,440 at August 31, 2017. The fund balance in the general fund decreased primarily due to spending more in facilities maintenance and operations due to projects. The fund balance in the debt service fund decreased due to debt service payments in excess of property tax collections. The fund balance in the capital projects fund decreased due to capital expenditures. The District's combined governmental funds revenue increased by \$547,626. This consisted of an increase in state revenue due to an increase in state foundation revenue. The total combined revenue was \$8,890,556 this year compared to \$8,342,930 last year.

#### **BUDGETARY HIGHLIGHTS**

In accordance with State law and generally accepted accounting principles, the District prepares an annual budget for the general fund, the food service special revenue fund, and debt service fund. Special revenue funds have budgets approved by the funding agency and are amended throughout the year as required.

During the period ended August 31, 2018, the District amended its budget as required by State law and to reflect current levels of revenue and anticipated expenses. There were material changes between the original budget and the final amended budget. The general fund's actual revenues exceeded budgeted revenues by \$308,413 primarily due to an increase in local revenue due to an insurance settlement from Texas Association of School Boards (TASB) and an increase in state revenue due to an increase in foundation payments. Budgeted expenditures exceeded actual expenditures by \$644,336 primarily due to spending less in instruction, student transportation, cocurricular/extracurricular activities, and plant maintenance.

#### **CAPITAL ASSETS**

Capital assets are generally defined as those items that have useful lives of two years or more and have an initial cost of an amount determined by the Board. Donated capital assets are recorded at acquisition value at the date of donation. During the fiscal year ended August 31, 2018, the District used a capitalization threshold of \$5,000, which means that all capital type assets, including library books, with a cost or initial value of less than \$5,000 were not included in the capital assets inventory.

At August 31, 2018, the District had a total of \$20,466,265 invested in capital assets (net of accumulated depreciation) such as land, buildings, vehicles, and equipment. Of this, a total of \$429,136 was invested in vehicles, buildings, and construction in progress during the fiscal year ended August 31, 2018.

Major capital asset events during the year included the following:

- Purchase of two buses for \$88,600
- Renovation of old agriculture building for \$76,400
- Purchase of a batting cage for \$26,400
- Floor repairs for auditorium for \$28,300
- Purchase of new air conditioner for main high school main building for \$21,912
- Resurfacing of parking lot for \$97,047
- Construction in progress of the new agriculture building for \$90,477

More detailed information about the District's capital assets can be found in the notes to the financial statements.

#### **LONG-TERM DEBT**

At year end, the District had \$13,989,998 in general obligation bonds outstanding versus \$14,269,998 during the year.

More detailed information about the District's long-term liabilities is presented in the notes to the financial statements.

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

The following factors were considered in establishing the District's budget for 2018-2019:

- Student enrollment for 2018-2019 is projected to remain approximately the same as 2017-2018. District officials anticipate no significant change in the rate of attendance for the year 2019 compared to the year 2018; therefore, the refined daily attendance, which is a significant component of the formula upon which State Foundation Program entitlements are based, is not projected to change significantly for 2018-2019.

## **CENTERVILLE INDEPENDENT SCHOOL DISTRICT**

### **MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED AUGUST 31, 2018**

- State Foundation Program entitlements are based on a combination of local values for property tax purposes, local tax effort, enrollment and attendance, as well as the educational characteristics of the student population. For 2018-2019, the District anticipates the property tax valuations are expected to remain relatively the same as 2017-2018. District officials agree with this assessment and have elected to maintain a conservative approach in projecting foundation program revenues.
- The District's total tax rate increased to \$1.32; \$1.04 for Maintenance and Operations and \$0.28 for Interest and Sinking (per \$100 of valuation).

District officials anticipate that the fund balance for the general fund will not materially change for 2018-2019 compared to 2017-2018.

### **CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT**

This financial report is designed to provide our citizens, taxpayers, students, and creditors with a general overview of the District's finances and to demonstrate the District's commitment to 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 813 S Commerce, Centerville, Texas 75833 or by calling (903) 536-7812.

## *Basic Financial Statements*

**CENTERVILLE INDEPENDENT SCHOOL DISTRICT**  
**STATEMENT OF NET POSITION**  
**AUGUST 31, 2018**

1

| Data<br>Control<br>Codes               |                                       | Governmental<br>Activities |
|----------------------------------------|---------------------------------------|----------------------------|
| <b>ASSETS:</b>                         |                                       |                            |
| 1110                                   | Cash and Cash Equivalents             | \$ 3,308,100               |
| 1120                                   | Current Investments                   | 2,518,030                  |
| 1220                                   | Property Taxes Receivable             | 1,128,487                  |
| 1230                                   | Allowance for Uncollectible Taxes     | (403,246)                  |
| 1240                                   | Due from Other Governments            | 4,162                      |
| 1410                                   | Prepaid Items                         | 15,023                     |
|                                        | Capital Assets:                       |                            |
| 1510                                   | Land                                  | 883,197                    |
| 1520                                   | Buildings and Improvements, Net       | 18,960,418                 |
| 1530                                   | Equipment, Net                        | 27,028                     |
| 1530                                   | Vehicles, Net                         | 505,145                    |
| 1580                                   | Construction in Progress              | 90,477                     |
| 1000                                   | Total Assets                          | <u>27,036,821</u>          |
| <b>DEFERRED OUTFLOWS OF RESOURCES:</b> |                                       |                            |
| 1700                                   | Deferred Charges on Refunding         | 290,966                    |
| 1705                                   | Deferred Outflows Related to Pensions | 480,717                    |
| 1706                                   | Deferred Outflows Related to OPEB     | 41,638                     |
| 1700                                   | Total Deferred Outflows of Resources  | <u>813,321</u>             |
| <b>LIABILITIES:</b>                    |                                       |                            |
| 2110                                   | Accounts Payable                      | 11,670                     |
| 2140                                   | Interest Payable                      | 24,622                     |
| 2165                                   | Accrued Liabilities                   | 311,539                    |
| 2180                                   | Due to Other Governments              | 68,883                     |
|                                        | Noncurrent Liabilities:               |                            |
| 2501                                   | Due Within One Year                   | 305,000                    |
| 2502                                   | Due in More Than One Year             | 16,048,918                 |
| 2540                                   | Net Pension Liability                 | 1,246,773                  |
| 2545                                   | Net OPEB Liability                    | 2,559,067                  |
| 2000                                   | Total Liabilities                     | <u>20,576,472</u>          |
| <b>DEFERRED INFLOWS OF RESOURCES:</b>  |                                       |                            |
| 2605                                   | Deferred Inflows Related to Pensions  | 190,693                    |
| 2606                                   | Deferred Inflows Related to OPEB      | 1,070,462                  |
| 2600                                   | Total Deferred Inflows of Resources   | <u>1,261,155</u>           |
| <b>NET POSITION:</b>                   |                                       |                            |
| 3200                                   | Net Investment in Capital Assets      | 5,212,614                  |
|                                        | Restricted For:                       |                            |
| 3850                                   | Debt Service                          | 139,000                    |
| 3890                                   | Other Purposes                        | 88,910                     |
| 3900                                   | Unrestricted                          | 571,991                    |
| 3000                                   | Total Net Position                    | <u>\$ 6,012,515</u>        |

The accompanying notes are an integral part of this statement.

## CENTERVILLE INDEPENDENT SCHOOL DISTRICT

## STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED AUGUST 31, 2018

| Data<br>Control<br>Codes | Functions/Programs                                           | 1<br>Expenses       | 3<br>Program Revenues   |                   | 4<br>Operating<br>Grants and<br>Contributions | Net (Expense)<br>Revenue and<br>Changes in<br>Net Position |
|--------------------------|--------------------------------------------------------------|---------------------|-------------------------|-------------------|-----------------------------------------------|------------------------------------------------------------|
|                          |                                                              |                     | Charges for<br>Services |                   |                                               |                                                            |
|                          |                                                              |                     |                         |                   |                                               | Governmental<br>Activities                                 |
|                          | Governmental Activities:                                     |                     |                         |                   |                                               |                                                            |
| 11                       | Instruction                                                  | \$ 3,288,839        | \$ --                   | \$ (207,361)      | \$                                            | (3,496,200)                                                |
| 12                       | Instructional Resources and Media Services                   | 95,178              | --                      | (7,324)           |                                               | (102,502)                                                  |
| 13                       | Curriculum and Staff Development                             | 62,443              | --                      | (16,488)          |                                               | (78,931)                                                   |
| 21                       | Instructional Leadership                                     | 146,969             | --                      | 136,652           |                                               | (10,317)                                                   |
| 23                       | School Leadership                                            | 263,012             | --                      | (50,964)          |                                               | (313,976)                                                  |
| 31                       | Guidance, Counseling, and Evaluation Services                | 201,843             | --                      | 154,088           |                                               | (47,755)                                                   |
| 33                       | Health Services                                              | 31,220              | --                      | (3,757)           |                                               | (34,977)                                                   |
| 34                       | Student Transportation                                       | 412,628             | --                      | (17,180)          |                                               | (429,808)                                                  |
| 35                       | Food Service                                                 | 346,874             | 90,294                  | 147,865           |                                               | (108,715)                                                  |
| 36                       | Cocurricular/Extracurricular Activities                      | 400,587             | 47,406                  | (19,367)          |                                               | (372,548)                                                  |
| 41                       | General Administration                                       | 158,265             | --                      | (34,305)          |                                               | (192,570)                                                  |
| 51                       | Facilities Maintenance and Operations                        | 1,198,057           | --                      | 2,898             |                                               | (1,195,159)                                                |
| 52                       | Security and Monitoring Services                             | 13,464              | --                      | 8,003             |                                               | (5,461)                                                    |
| 53                       | Data Processing Services                                     | 123,491             | --                      | (14,058)          |                                               | (137,549)                                                  |
| 72                       | Interest on Long-term Debt                                   | 483,345             | --                      | 28,789            |                                               | (454,556)                                                  |
| 73                       | Bond Issuance Costs and Fees                                 | 1,000               | --                      | --                |                                               | (1,000)                                                    |
| 93                       | Payments Related to Shared Services Arrangements             | 34,612              | --                      | --                |                                               | (34,612)                                                   |
| 99                       | Other Intergovernmental Charges                              | 105,239             | --                      | --                |                                               | (105,239)                                                  |
| TG                       | Total Governmental Activities                                | <u>7,367,066</u>    | <u>137,700</u>          | <u>107,491</u>    |                                               | <u>(7,121,875)</u>                                         |
| TP                       | Total Primary Government                                     | <u>\$ 7,367,066</u> | <u>\$ 137,700</u>       | <u>\$ 107,491</u> |                                               | <u>(7,121,875)</u>                                         |
|                          | General Revenues:                                            |                     |                         |                   |                                               |                                                            |
| MT                       | Property Taxes, Levied for General Purposes                  |                     |                         |                   |                                               | 3,067,927                                                  |
| DT                       | Property Taxes, Levied for Debt Service                      |                     |                         |                   |                                               | 826,890                                                    |
| IE                       | Investment Earnings                                          |                     |                         |                   |                                               | 76,200                                                     |
| GC                       | Grants and Contributions Not Restricted to Specific Programs |                     |                         |                   |                                               | 3,334,572                                                  |
| MI                       | Miscellaneous                                                |                     |                         |                   |                                               | 97,044                                                     |
| TR                       | Total General Revenues                                       |                     |                         |                   |                                               | <u>7,402,633</u>                                           |
| CN                       | Change in Net Position                                       |                     |                         |                   |                                               | 280,758                                                    |
| NB                       | Net Position - Beginning                                     |                     |                         |                   |                                               | 9,700,004                                                  |
| PA                       | Prior Period Adjustment                                      |                     |                         |                   |                                               | (3,968,247)                                                |
|                          | Net Position - Beginning, as Restated                        |                     |                         |                   |                                               | 5,731,757                                                  |
| NE                       | Net Position - Ending                                        |                     |                         |                   |                                               | <u>\$ 6,012,515</u>                                        |

The accompanying notes are an integral part of this statement.

# CENTERVILLE INDEPENDENT SCHOOL DISTRICT

## BALANCE SHEET - GOVERNMENTAL FUNDS

AUGUST 31, 2018

| Data<br>Control<br>Codes                                                       | 10<br>General<br>Fund | 50<br>Debt<br>Service<br>Fund |
|--------------------------------------------------------------------------------|-----------------------|-------------------------------|
| <b>ASSETS:</b>                                                                 |                       |                               |
| 1110 <i>Cash and Cash Equivalents</i>                                          | \$ 2,223,007          | \$ 172,218                    |
| 1120 <i>Current Investments</i>                                                | 2,518,030             | --                            |
| 1220 <i>Property Taxes Receivable</i>                                          | 967,752               | 160,735                       |
| 1230 <i>Allowance for Uncollectible Taxes</i>                                  | (378,718)             | (24,528)                      |
| 1240 <i>Due from Other Governments</i>                                         | 2,174                 | --                            |
| 1260 <i>Due from Other Funds</i>                                               | 33,301                | --                            |
| 1410 <i>Prepaid Items</i>                                                      | 15,023                | --                            |
| 1000 <i>Total Assets</i>                                                       | <u>\$ 5,380,569</u>   | <u>\$ 308,425</u>             |
| <b>LIABILITIES:</b>                                                            |                       |                               |
| Current Liabilities:                                                           |                       |                               |
| 2110 <i>Accounts Payable</i>                                                   | \$ 4,622              | \$ --                         |
| 2160 <i>Accrued Wages Payable</i>                                              | 295,975               | --                            |
| 2170 <i>Due to Other Funds</i>                                                 | --                    | 33,218                        |
| 2180 <i>Due to Other Governments</i>                                           | 68,883                | --                            |
| 2200 <i>Accrued Expenditures</i>                                               | 6,043                 | --                            |
| 2000 <i>Total Liabilities</i>                                                  | <u>375,523</u>        | <u>33,218</u>                 |
| <b>DEFERRED INFLOWS OF RESOURCES:</b>                                          |                       |                               |
| 2600 <i>Unavailable Revenue for Property Taxes</i>                             | 589,034               | 136,207                       |
| 2600 <i>Total Deferred Inflows of Resources</i>                                | <u>589,034</u>        | <u>136,207</u>                |
| <b>FUND BALANCES:</b>                                                          |                       |                               |
| Nonspendable Fund Balances:                                                    |                       |                               |
| 3430 <i>Prepaid Items</i>                                                      | 15,023                | --                            |
| Restricted Fund Balances:                                                      |                       |                               |
| 3470 <i>Capital Acquisitions and Contractual Obligations</i>                   | --                    | --                            |
| 3480 <i>Retirement of Long-Term Debt</i>                                       | --                    | 139,000                       |
| 3490 <i>Other Restrictions of Fund Balance</i>                                 | --                    | --                            |
| Committed Fund Balances:                                                       |                       |                               |
| 3510 <i>Construction</i>                                                       | 2,500,000             | --                            |
| 3530 <i>Capital Expenditures for Equipment</i>                                 | 363,000               | --                            |
| Assigned Fund Balances:                                                        |                       |                               |
| 3590 <i>Other Assigned Fund Balance</i>                                        | 44,630                | --                            |
| 3600 <i>Unassigned</i>                                                         | 1,493,359             | --                            |
| 3000 <i>Total Fund Balances</i>                                                | <u>4,416,012</u>      | <u>139,000</u>                |
| <b>Total Liabilities, Deferred Inflows<br/>of Resources, and Fund Balances</b> | <u>\$ 5,380,569</u>   | <u>\$ 308,425</u>             |

The accompanying notes are an integral part of this statement.

EXHIBIT C-1

| 60<br>Capital<br>Projects<br>Fund | Other<br>Governmental<br>Funds | 98<br>Total<br>Governmental<br>Funds |
|-----------------------------------|--------------------------------|--------------------------------------|
| \$ 816,349                        | \$ 96,526                      | \$ 3,308,100                         |
| --                                | --                             | 2,518,030                            |
| --                                | --                             | 1,128,487                            |
| --                                | --                             | (403,246)                            |
| --                                | 1,988                          | 4,162                                |
| --                                | 1,905                          | 35,206                               |
| --                                | --                             | 15,023                               |
| <u>\$ 816,349</u>                 | <u>\$ 100,419</u>              | <u>\$ 6,605,762</u>                  |
| \$ 7,048                          | \$ --                          | \$ 11,670                            |
| --                                | 9,321                          | 305,296                              |
| --                                | 1,988                          | 35,206                               |
| --                                | --                             | 68,883                               |
| --                                | 200                            | 6,243                                |
| <u>7,048</u>                      | <u>11,509</u>                  | <u>427,298</u>                       |
| --                                | --                             | 725,241                              |
| <u>--</u>                         | <u>--</u>                      | <u>725,241</u>                       |
| --                                | --                             | 15,023                               |
| 809,301                           | --                             | 809,301                              |
| --                                | --                             | 139,000                              |
| --                                | 88,910                         | 88,910                               |
| --                                | --                             | 2,500,000                            |
| --                                | --                             | 363,000                              |
| --                                | --                             | 44,630                               |
| --                                | --                             | 1,493,359                            |
| <u>809,301</u>                    | <u>88,910</u>                  | <u>5,453,223</u>                     |
| <u>\$ 816,349</u>                 | <u>\$ 100,419</u>              | <u>\$ 6,605,762</u>                  |

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

|                                                                                                                   |                     |
|-------------------------------------------------------------------------------------------------------------------|---------------------|
| Total fund balances - governmental funds balance sheet                                                            | \$ 5,453,223        |
| Amounts reported for governmental activities in the Statement of Net Position (SNP)<br>are different because:     |                     |
| Capital assets used in governmental activities are not reported in the funds.                                     | 20,466,265          |
| Property taxes receivable unavailable to pay for current period expenditures are deferred in the funds.           | 725,241             |
| Payables for bond principal which are not due in the current period are not reported in the funds.                | (16,062,952)        |
| Payables for bond interest which are not due in the current period are not reported in the funds.                 | (24,622)            |
| Recognition of the District's proportionate share of the net pension liability is not reported in the funds.      | (1,246,773)         |
| Deferred inflowws of resources related to Teacher Retirement System of Texas (TRS) are not reported in the funds. | (190,693)           |
| Deferred outflows of resources related to TRS are not reported in the funds.                                      | 480,717             |
| Recognition of the District's proportionate share of the net OPEB liability is not reported in the funds.         | (2,559,067)         |
| Deferred inflows of resources related to the OPEB plan are not reported in the funds.                             | (1,070,462)         |
| Deferred outflows of resources related to the OPEB plan are not reported in the funds.                            | 41,638              |
| Net position of governmental activities - Statement of Net Position                                               | \$ <u>6,012,515</u> |

The accompanying notes are an integral part of this statement.

**CENTERVILLE INDEPENDENT SCHOOL DISTRICT**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCES - GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED AUGUST 31, 2018**

| Data<br>Control<br>Codes            |                                                      | 10<br>General<br>Fund | 50<br>Debt<br>Service<br>Fund |
|-------------------------------------|------------------------------------------------------|-----------------------|-------------------------------|
| <b>REVENUES:</b>                    |                                                      |                       |                               |
| 5700                                | <i>Local and Intermediate Sources</i>                | \$ 3,235,696          | \$ 808,790                    |
| 5800                                | <i>State Program Revenues</i>                        | 3,662,080             | 28,789                        |
| 5900                                | <i>Federal Program Revenues</i>                      | --                    | --                            |
| 5020                                | Total Revenues                                       | <u>6,897,776</u>      | <u>837,579</u>                |
| <b>EXPENDITURES:</b>                |                                                      |                       |                               |
| Current:                            |                                                      |                       |                               |
| 0011                                | <i>Instruction</i>                                   | 3,958,036             | --                            |
| 0012                                | <i>Instructional Resources and Media Services</i>    | 87,309                | --                            |
| 0013                                | <i>Curriculum and Staff Development</i>              | 85,742                | --                            |
| 0021                                | <i>Instructional Leadership</i>                      | --                    | --                            |
| 0023                                | <i>School Leadership</i>                             | 372,272               | --                            |
| 0031                                | <i>Guidance, Counseling, and Evaluation Services</i> | 144,606               | --                            |
| 0033                                | <i>Health Services</i>                               | 39,375                | --                            |
| 0034                                | <i>Student Transportation</i>                        | 465,193               | --                            |
| 0035                                | <i>Food Service</i>                                  | --                    | --                            |
| 0036                                | <i>Cocurricular/Extracurricular Activities</i>       | 358,172               | --                            |
| 0041                                | <i>General Administration</i>                        | 224,752               | --                            |
| 0051                                | <i>Facilities Maintenance and Operations</i>         | 1,391,435             | --                            |
| 0052                                | <i>Security and Monitoring Services</i>              | 4,855                 | --                            |
| 0053                                | <i>Data Processing Services</i>                      | 161,066               | --                            |
| 0071                                | <i>Principal on Long-term Debt</i>                   | --                    | 280,000                       |
| 0072                                | <i>Interest on Long-term Debt</i>                    | --                    | 571,900                       |
| 0073                                | <i>Bond Issuance Costs and Fees</i>                  | --                    | 1,000                         |
| 0081                                | <i>Capital Outlay</i>                                | --                    | --                            |
| 0093                                | <i>Payments to Shared Services Arrangements</i>      | 34,612                | --                            |
| 0099                                | <i>Other Intergovernmental Charges</i>               | 105,239               | --                            |
| 6030                                | Total Expenditures                                   | <u>7,432,664</u>      | <u>852,900</u>                |
| 1100                                | Excess (Deficiency) of Revenues Over (Under)         |                       |                               |
| 1100                                | Expenditures                                         | <u>(534,888)</u>      | <u>(15,321)</u>               |
| Other Financing Sources and (Uses): |                                                      |                       |                               |
| 7915                                | <i>Transfers In</i>                                  | --                    | --                            |
| 8911                                | <i>Transfers Out</i>                                 | (12,376)              | --                            |
| 7080                                | Total Other Financing Sources and (Uses)             | <u>(12,376)</u>       | <u>--</u>                     |
| 1200                                | Net Change in Fund Balances                          | <u>(547,264)</u>      | <u>(15,321)</u>               |
| 0100                                | Fund Balances - Beginning                            | 4,963,276             | 154,321                       |
| 3000                                | Fund Balances - Ending                               | <u>\$ 4,416,012</u>   | <u>\$ 139,000</u>             |

The accompanying notes are an integral part of this statement.

EXHIBIT C-2

| 60<br>Capital<br>Projects<br>Fund | Other<br>Governmental<br>Funds | 98<br>Total<br>Governmental<br>Funds |
|-----------------------------------|--------------------------------|--------------------------------------|
| \$ 8,347                          | \$ 97,538                      | \$ 4,150,371                         |
| --                                | 223,394                        | 3,914,263                            |
| --                                | 825,922                        | 825,922                              |
| <u>8,347</u>                      | <u>1,146,854</u>               | <u>8,890,556</u>                     |
| --                                | 392,584                        | 4,350,620                            |
| --                                | --                             | 87,309                               |
| --                                | --                             | 85,742                               |
| --                                | 146,969                        | 146,969                              |
| --                                | --                             | 372,272                              |
| --                                | 298,587                        | 443,193                              |
| --                                | --                             | 39,375                               |
| --                                | --                             | 465,193                              |
| --                                | 295,881                        | 295,881                              |
| --                                | --                             | 358,172                              |
| --                                | 795                            | 225,547                              |
| --                                | 21,082                         | 1,412,517                            |
| --                                | 8,609                          | 13,464                               |
| --                                | --                             | 161,066                              |
| --                                | --                             | 280,000                              |
| --                                | --                             | 571,900                              |
| --                                | --                             | 1,000                                |
| 124,702                           | --                             | 124,702                              |
| --                                | --                             | 34,612                               |
| --                                | --                             | 105,239                              |
| <u>124,702</u>                    | <u>1,164,507</u>               | <u>9,574,773</u>                     |
| <u>(116,355)</u>                  | <u>(17,653)</u>                | <u>(684,217)</u>                     |
| --                                | 12,376                         | 12,376                               |
| --                                | --                             | (12,376)                             |
| --                                | 12,376                         | --                                   |
| <u>(116,355)</u>                  | <u>(5,277)</u>                 | <u>(684,217)</u>                     |
| 925,656                           | 94,187                         | 6,137,440                            |
| <u>\$ 809,301</u>                 | <u>\$ 88,910</u>               | <u>\$ 5,453,223</u>                  |

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

|                                                                                                                      |                   |
|----------------------------------------------------------------------------------------------------------------------|-------------------|
| Net change in fund balances - total governmental funds                                                               | \$ (684,217)      |
| Amounts reported for governmental activities in the Statement of Activities (SOA) are different because:             |                   |
| Capital outlays are not reported as expenses in the SOA.                                                             | 429,136           |
| The depreciation of capital assets used in governmental activities is not reported in the funds.                     | (723,467)         |
| Certain property tax revenues are deferred in the funds. This is the change in these amounts this year.              | 55,390            |
| Revenues in the SOA not providing current financial resources are not reported as revenues in the funds.             | (323,816)         |
| Expenses not requiring the use of current financial resources are not reported as expenditures in the funds.         | 323,816           |
| Repayment of bond principal is an expenditure in the funds but is not an expense in the SOA.                         | 280,000           |
| Bond issuance costs and similar items are amortized in the SOA but not in the funds.                                 | 98,112            |
| The accretion of interest on capital appreciation bonds is not reported in the funds.                                | (9,800)           |
| (Increase) decrease in accrued interest from beginning of period to end of period.                                   | 243               |
| Implementing GASB 68 required certain expenditures to be de-expended and recorded as deferred outflows of resources. | 188,162           |
| The District's share of the unrecognized deferred inflows and outflows for the pension plan was amortized.           | (252,220)         |
| Implementing GASB 75 required certain expenditures to be de-expended and recorded as deferred outflows of resources. | (1,162,469)       |
| The District's share of the unrecognized deferred inflows and outflows for the OPEB plan was amortized.              | 2,061,887         |
| Rounding difference                                                                                                  | 1                 |
| Change in net position of governmental activities - Statement of Activities                                          | \$ <u>280,758</u> |

The accompanying notes are an integral part of this statement.

**CENTERVILLE INDEPENDENT SCHOOL DISTRICT****STATEMENT OF FIDUCIARY NET POSITION****FIDUCIARY FUNDS****AUGUST 31, 2018**

| Data<br>Control<br>Codes |                           | Private-<br>Purpose<br>Trust<br>Funds | Agency<br>Funds<br><br>Student<br>Activity |
|--------------------------|---------------------------|---------------------------------------|--------------------------------------------|
| <b>ASSETS:</b>           |                           |                                       |                                            |
| 1110                     | Cash and Cash Equivalents | \$ --                                 | \$ 95,197                                  |
| 1800                     | Restricted Assets         | 358,196                               | --                                         |
| 1000                     | Total Assets              | <u>358,196</u>                        | <u>95,197</u>                              |
| <b>LIABILITIES:</b>      |                           |                                       |                                            |
| Current Liabilities:     |                           |                                       |                                            |
| 2190                     | Due to Student Groups     | --                                    | 95,197                                     |
| 2000                     | Total Liabilities         | <u>--</u>                             | <u>95,197</u>                              |
| <b>NET POSITION:</b>     |                           |                                       |                                            |
| 3800                     | Held in Trust             | 358,196                               | --                                         |
| 3000                     | Total Net Position        | <u>\$ 358,196</u>                     | <u>\$ --</u>                               |

The accompanying notes are an integral part of this statement.

**CENTERVILLE INDEPENDENT SCHOOL DISTRICT****STATEMENT OF CHANGES IN FIDUCIARY NET POSITION****FIDUCIARY FUNDS****FOR THE YEAR ENDED AUGUST 31, 2018**

|                                    | Private-<br>Purpose<br>Trusts |
|------------------------------------|-------------------------------|
| <b>Additions:</b>                  |                               |
| Investment Income                  | \$ 1,113                      |
| Gifts and Bequests                 | 16,485                        |
| Total Additions                    | <u>17,598</u>                 |
| <b>Deductions:</b>                 |                               |
| Scholarship Awards                 | 15,500                        |
| Total Deductions                   | <u>15,500</u>                 |
| <b>Change in Net Position</b>      | 2,098                         |
| Net Position-Beginning of the Year | 356,098                       |
| Net Position-End of the Year       | <u>\$ 358,196</u>             |

The accompanying notes are an integral part of this statement.

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# CENTERVILLE INDEPENDENT SCHOOL DISTRICT

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED AUGUST 31, 2018

### A. Summary of Significant Accounting Policies

The basic financial statements of Centerville Independent School District (the "District") have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) applicable to governmental units in conjunction with the Texas Education Agency's Financial Accountability System Resource Guide ("Resource Guide"). The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles.

#### 1. Reporting Entity

The Board of School Trustees (the "Board"), a seven-member group, has governance responsibilities over all activities related to public elementary and secondary education within the jurisdiction of the District. The Board is elected by the public and has the exclusive power and duty to govern and oversee the management of the public schools of the District. All powers and duties not specifically delegated by statute to the Texas Education Agency (TEA) or to the State Board of Education are reserved for the Board, and the TEA may not substitute its judgment for the lawful exercise of those powers and duties by the Board. The District receives funding from local, state, and federal government sources and must comply with the requirements of those funding entities. However, the District is not included in any other governmental reporting entity and there are no component units included within the District's reporting entity.

#### 2. Basis of Presentation and Basis of Accounting

##### a. Basis of Presentation

Government-wide Financial Statements: The statement of net position and the statement of activities include the financial activities of the overall government, except for fiduciary activities. Eliminations have been made to minimize the double-counting of internal activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange transactions.

The statement of activities presents a comparison between direct expenses and program revenues for each function of the District's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. The District does not allocate indirect expenses in the statement of activities. Program revenues include (a) fees, fines, and charges paid by the recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

Fund Financial Statements: The fund financial statements provide information about the District's funds, with separate statements presented for each fund category. The emphasis of fund financial statements is on major governmental funds, each displayed in a separate column. All remaining governmental funds are aggregated and reported as nonmajor funds.

The District reports the following major governmental funds:

General Fund: This is the District's primary operating fund. It accounts for all financial resources of the District except those required to be accounted for in another fund.

Debt Service Fund: This fund is used to account for tax revenues and for the payment of principal, interest, and other related costs on long-term debt for which a tax has been dedicated. This is a budgeted fund and a separate bank account is maintained for this fund.

Capital Projects Fund: This fund is used to account for revenues and expenses related to projects financed by the proceeds of bond issues or for capital projects otherwise mandated to be accounted for in this fund. This fund is not legally required to be budgeted on an annual basis.

## **CENTERVILLE INDEPENDENT SCHOOL DISTRICT**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED AUGUST 31, 2018**

In addition, the District reports the following fund types:

**Special Revenue Funds:** These funds are used to account for revenues and expenditures related to grant awards and entitlements from federal, state, and local agencies. These funds are primarily on a reimbursement basis. Nearly all of these funds cannot carry a fund balance and, other than the food service fund, none of these is legally required to have an adopted budget.

**Private-Purpose Trust Funds:** These funds are used to report trust arrangements under which principal and income benefit individuals, private organizations, or other governments not reported in other fiduciary fund types.

**Agency Funds:** These funds are used to report student activity funds and other resources held in a purely custodial capacity (assets equal liabilities). Agency funds typically involve only the receipt, temporary investment, and remittance of fiduciary resources to individuals, private organizations, or other governments.

Fiduciary funds are reported in the fiduciary fund financial statements. However, because their assets are held in a trustee or agent capacity and are therefore not available to support District programs, these funds are not included in the government-wide statements.

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

**Government-wide and Fiduciary Fund Financial Statements:** These financial statements are reported using the economic resources measurement focus. They are reported using the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Nonexchange transactions, in which the District gives (or receives) value without directly receiving (or giving) equal value in exchange, include property taxes, grants, entitlements, and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

**Governmental Fund Financial Statements:** Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The District considers all revenues reported in the governmental funds to be available if the revenues are collected within sixty days after year-end. Revenues from local sources consist primarily of property taxes. Property tax revenues and revenues received from the State are recognized under the susceptible-to-accrual concept. Miscellaneous revenues are recorded as revenue when received in cash because they are generally not measurable until actually received. Investment earnings are recorded as earned, since they are both measurable and available. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

When the District incurs an expenditure or expense for which both restricted and unrestricted resources may be used, it is the District's policy to use restricted resources first, then unrestricted resources.

#### **3. Financial Statement Amounts**

##### **a. Property Taxes**

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 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, penalties, and interest ultimately imposed. Property tax revenues are considered available when they become due or past due and receivable within the current period.

## CENTERVILLE INDEPENDENT SCHOOL DISTRICT

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED AUGUST 31, 2018

Allowances for uncollectible tax receivables 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.

b. Inventories and Prepaid Items

Inventories of supplies on the balance sheet are stated at weighted average cost, while inventories of food commodities are recorded at market values supplied by the Texas Department of Agriculture. Inventory items are recorded as expenditures when they are consumed. Supplies are used for almost all functions of activity, while food commodities are used only in the food service program. Although commodities are received at no cost, their fair market value is supplied by the Texas Department of Agriculture and recorded as inventory and deferred revenue when received. When requisitioned, inventory and deferred revenue are relieved, expenditures are charged, and revenue is recognized for an equal amount. Inventories also include plant maintenance and operation supplies, as well as instructional supplies.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items.

c. Capital Assets

Purchased or constructed capital assets are reported at cost or estimated historical cost. Donated capital assets are recorded at acquisition value at the date of the donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized. A capitalization threshold of \$5,000 is used.

Capital assets are being depreciated using the straight-line method over the following estimated useful lives:

| <u>Asset Class</u>         | <u>Estimated<br/>Useful Life</u> |
|----------------------------|----------------------------------|
| Buildings and Improvements | 20-40                            |
| Vehicles                   | 10                               |
| Equipment                  | 5-10                             |

## CENTERVILLE INDEPENDENT SCHOOL DISTRICT

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED AUGUST 31, 2018

#### d. Deferred Outflows and Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement, *deferred outflows of resources*, represents a consumption of net position that applies to one or more future periods and so will *not* be recognized as an outflow of resources (expenses/expenditures) until then. The District has six items that qualify for reporting in this category on the government-wide statement of net position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its acquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. Deferred charges have been recognized as a result of differences between the actuarial expectations and the actual economic experience and for the changes in actuarial assumptions related to the District's defined benefit pension plan. These amounts are deferred and amortized over the average of the service lives of pension plan members. A deferred charge has been recognized for employer pension and OPEB plan contributions that were made subsequent to the measurement date through the end of the District's fiscal year. This amount is deferred and recognized as a reduction to the net pension and OPEB liability during the measurement period in which the contributions were made. Deferred outflows of resources are recognized for the difference between the projected and actual investment earnings on the OPEB plan assets. This amount is deferred and amortized over a period of five years. Another deferral is recognized for the changes in proportion and difference between the employer's contributions and the proportionate share of contributions related to the District's defined benefit pension and OPEB plans. These amounts are deferred and amortized over the average of the expected service lives of pension and OPEB plan members.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to one or more future periods and so will *not* be recognized as an inflow of resources (revenue) until that time. The District has four items that qualify for reporting in this category in the government-wide statement of net position. Deferred charges have been recognized as a result of differences between the actuarial expectations and the actual economic experience and for the changes in actuarial assumptions related to the District's defined pension and OPEB plans. These amounts are amortized over the average of the expected service lives of pension plan and OPEB plan members. Deferred inflows of resources are recognized for the difference between the projected and actual investment earnings in the pension plan. This amount is deferred and amortized over a period of five years. Another deferral is recognized for the changes in proportion and differences between the employer's contributions and the proportionate share of contributions related to the District's defined benefit pension plan. These amounts are deferred and amortized over the average of the expected service lives of pension plan members. At the fund level, the District has only one type of item, which arises only under a modified accrual basis of accounting, that qualifies for reporting in this category. Accordingly, the item, *unavailable revenue*, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from property taxes. This amount is deferred and recognized as an inflow of resources in the period that the amount becomes available.

#### e. Receivable and Payable Balances

The District believes that sufficient detail of receivable and payable balances is provided in the financial statements to avoid the obscuring of significant components by aggregation. Therefore, no disclosure is provided which disaggregates those balances.

There are no significant receivables which are not scheduled for collection within one year of year end.

## **CENTERVILLE INDEPENDENT SCHOOL DISTRICT**

### **NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED AUGUST 31, 2018**

**f. Interfund Activity**

Interfund activity results from loans, services provided, reimbursements, or transfers between funds. Loans are reported as interfund receivables and payables as appropriate and are subject to elimination upon consolidation. Services provided, deemed to be at market or near market rates, are treated as revenues and expenditures or expenses. Reimbursements occur when one fund incurs a cost, charges the appropriate benefiting fund, and reduces its related cost as a reimbursement. All other interfund transactions are treated as transfers. Transfers In and Transfers Out are netted and presented as a single "Transfers" line on the government-wide statement of activities. Similarly, interfund receivables and payables are netted and presented as a single "Internal Balances" line of the government-wide statement of net position.

**g. Use of Estimates**

The preparation of financial statements in conformity with GAAP requires the use of management's estimates.

**h. Data Control Codes**

Data Control Codes appear in the rows and above the columns of certain financial statements. The TEA requires the display of these codes in the financial statements filed with TEA in order to ensure accuracy in building a statewide database for policy development and funding plans.

**i. Fund Balances - Governmental Funds**

Fund balances of the governmental funds are classified as follows:

**Nonspendable Fund Balance** - represents amounts that cannot be spent because they are either not in spendable form (such as inventory or prepaid insurance) or legally required to remain intact (such as notes receivable or principal of a permanent fund).

**Restricted Fund Balance** - represents amounts that are constrained by external parties, constitutional provisions, or enabling legislation.

**Committed Fund Balance** - represents amounts that can only be used for a specific purpose because of a formal action by the District's Board. Committed amounts cannot be used for any other purpose unless the Board removes those constraints by taking the same type of formal action. Committed fund balance amounts may be used for other purposes with appropriate due process by the Board. Commitments are typically done through adoption and amendment of the budget. Committed fund balance amounts differ from restricted balances in that the constraints on their use do not come from outside parties, constitutional provisions, or enabling legislation.

**Assigned Fund Balance** - represents amounts which the District intends to use for a specific purpose, but that do not meet the criteria to be classified as restricted or committed. Intent may be stipulated by the Board or by an official or body to which the Board delegates the authority. Specific amounts that are not restricted or committed in a special revenue, capital projects, debt service, or permanent fund are assigned for purposes in accordance with the nature of their fund type or the fund's primary purpose. Assignments within the general fund convey that the intended use of those amounts is for a specific purpose that is narrower than the general purposes of the District itself.

**Unassigned Fund Balance** - represents amounts which are unconstrained in that they may be spent for any purpose. Only the general fund reports a positive unassigned fund balance. Other governmental funds might report a negative balance in this classification because of overspending for specific purposes for which amounts had been restricted, committed, or assigned.

## CENTERVILLE INDEPENDENT SCHOOL DISTRICT

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED AUGUST 31, 2018

j. Net Position Flow Assumption

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

k. Fund Balance Flow Assumptions

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

l. Program Revenues

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

m. Negative Operating Grants and Contributions - Statement of Activities

Expense activity is required to be recorded by districts who are participants in cost-sharing pension and other postemployment benefits (OPEB) plans with a special funding situation where non-employer contributing entities (NECE) also participate in contributions to the plans. Teacher Retirement System of Texas (TRS) and Texas Public School Retired Employees Group Insurance Program ("TRS-Care") benefit plans are both cost-sharing plans with special funding situations. Therefore, on-behalf expense activity of the NECE must be recorded at the government-wide level of reporting on the statement of activities in accordance with GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, and Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*.

During the year under audit, the NECE expense was negative due to changes in benefits within TRS-Care. The accrual for the proportionate share of that expense was a negative on-behalf revenue and negative on-behalf expense. This resulted in negative revenue for operating grants and contributions on the statement of activities.

# CENTERVILLE INDEPENDENT SCHOOL DISTRICT

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED AUGUST 31, 2018

Following are the effects on the statement of activities as a result of the negative on-behalf accruals recorded:

|                                                     | Operating<br>Grants and<br>Contributions<br>(Excluding On-<br>Behalf Accruals) | Negative<br>On-Behalf<br>Accruals | Operating<br>Grants and<br>Contributions |
|-----------------------------------------------------|--------------------------------------------------------------------------------|-----------------------------------|------------------------------------------|
| 11 - Instruction                                    | \$ 407,468                                                                     | \$ (614,829)                      | \$ (207,361)                             |
| 12 - Instructional Resources and Media Services     | 1,082                                                                          | (8,406)                           | (7,324)                                  |
| 13 - Curriculum and Instructional Staff Development | --                                                                             | (16,488)                          | (16,488)                                 |
| 21 - Instructional Leadership                       | 136,652                                                                        | --                                | 136,652                                  |
| 23 - School Leadership                              | 2,475                                                                          | (53,439)                          | (50,964)                                 |
| 31 - Guidance, Counseling, and Evaluation Services  | 284,462                                                                        | (130,374)                         | 154,088                                  |
| 33 - Health Services                                | 648                                                                            | (4,405)                           | (3,757)                                  |
| 34 - Student (Pupil) Transportation                 | 3,304                                                                          | (20,484)                          | (17,180)                                 |
| 35 - Food Services                                  | 184,273                                                                        | (36,408)                          | 147,865                                  |
| 36 - Extracurricular Activities                     | 949                                                                            | (20,316)                          | (19,367)                                 |
| 41 - General Administration                         | 379                                                                            | (34,684)                          | (34,305)                                 |
| 51 - Facilities Maintenance and Operations          | 21,263                                                                         | (18,365)                          | 2,898                                    |
| 52 - Security and Monitoring Services               | 8,003                                                                          | --                                | 8,003                                    |
| 53 - Data Processing Services                       | 2,363                                                                          | (16,421)                          | (14,058)                                 |
| 61 - Community Services                             | 28,789                                                                         | --                                | 28,789                                   |
|                                                     | <u>\$ 1,082,112</u>                                                            | <u>\$ (974,621)</u>               | <u>\$ 107,491</u>                        |

### 4. Pensions

The fiduciary net position of 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' fiduciary net position. Benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

### 5. Other Postemployment Benefits

The fiduciary net position of 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 pensions, pension expense, and information about assets, liabilities, and additions to/deductions from TRS-Care's fiduciary net position. Benefit payments (including refunds of employee contributions) 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.

### 6. New Accounting Standards Adopted

In fiscal year 2018, the District adopted a new statement of financial accounting standards issued by GASB: Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefit Plans Other Than Pensions* (the "Statement").

The primary objective of this Statement is to improve accounting and financial reporting by state and local governments for OPEB. It also improves information provided by state and local governmental employers about support for OPEB that is provided by other entities.

## CENTERVILLE INDEPENDENT SCHOOL DISTRICT

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED AUGUST 31, 2018

This Statement replaces the requirements of Statements No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, as amended, and No. 57, *OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans*, for OPEB.

The financial statements and note disclosures have been updated for the effects of the adoption of GASB Statement No. 75.

#### B. Deposits and Investments

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

##### 1. Cash Deposits:

At August 31, 2018, the carrying amount of the District's deposits (cash, certificates of deposit, and interest-bearing savings accounts included in temporary investments) was \$3,760,992 and the bank balance was \$3,645,410. The District's cash deposits 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.

##### 2. Investments:

The District is required by Government Code Chapter 2256, The Public Funds Investment Act (the "Act"), to adopt, implement, and publicize an investment policy. That policy must address the following areas: (1) safety of principal and liquidity, (2) portfolio diversification, (3) allowable investments, (4) acceptable risk levels, (5) expected rates of return, (6) maximum allowable stated maturity of portfolio investments, (7) maximum average dollar-weighted maturity allowed based on the stated maturity date for the portfolio, (8) investment staff quality and capabilities, and (9) bid solicitation preferences for certificates of deposit.

The Act requires an annual audit of investment practices. Audit procedures in this area conducted as a part of the audit of the basic financial statements disclosed that in the areas of investment practices, management reports, and establishment of appropriate policies, the District adhered to the requirements of the Act. Additionally, investment practices of the District were in accordance with local policies.

The Act determines the types of investments which are allowable for the District. These include, with certain restrictions: 1) obligations of the U.S. Treasury, U.S. agencies, and the State of Texas; 2) certificates of deposit; 3) certain municipal securities; 4) securities lending program; 5) repurchase agreements; 6) bankers' acceptances; 7) mutual funds; 8) investment pools; 9) guaranteed investment contracts; and 10) commercial paper.

The District's investments at August 31, 2018 are shown below.

| <u>Investment or Investment Type</u>           | <u>Fair Value</u>   | <u>Weighted<br/>Average<br/>Maturity (Years)</u> |
|------------------------------------------------|---------------------|--------------------------------------------------|
| Certificate of Deposit - F&E Green             | \$ 282,990          | 0.79                                             |
| Certificate of Deposit - FFA/Bonnie Easterling | 16,283              | 0.56                                             |
| Certificates of Deposit                        | 2,518,030           | 0.61                                             |
| Total Investments                              | <u>\$ 2,817,303</u> |                                                  |
| Portfolio weighted average maturity            |                     | 0.63                                             |

## **CENTERVILLE INDEPENDENT SCHOOL DISTRICT**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED AUGUST 31, 2018**

#### **3. Analysis of Specific Deposit and Investment Risks**

GASB Statement No. 40 requires a determination as to whether the District was exposed to the following specific investment risks at year end and if so, the reporting of certain related disclosures:

**a. 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 rating agencies are designed to give an indication of credit risk. At year end, the District was not significantly exposed to credit risk.

**b. 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 government, and are held by either the counterparty or the counterparty's trust department or agent but not in the District's name.

At year end, the District was not exposed to custodial credit risk.

**c. Concentration of Credit Risk**

This risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. At year end, the District was not exposed to concentration of credit risk.

**d. Interest Rate Risk**

This is the risk that changes in interest rates will adversely affect the fair value of an investment. At year end, the District was not exposed to interest rate risk.

**e. Foreign Currency Risk**

This is the risk that exchange rates will adversely affect the fair value of an investment. At year end, the District was not exposed to foreign currency risk.

#### **Investment Accounting Policy**

The District's general policy is to report money market investments and short-term participating interest-earning investment contracts at amortized cost and to report nonparticipating interest-earning investment contracts using a cost-based measure. However, if the fair value of an investment is significantly affected by the impairment of the credit standing of the issuer or by other factors, it is reported at fair value. All other investments are reported at fair value unless a legal contract exists which guarantees a higher value. The term "short-term" refers to investments which have a remaining term of one year or less at time of purchase. The term "nonparticipating" means that the investment's value does not vary with market interest rate changes. Nonnegotiable certificates of deposit are examples of nonparticipating interest-earning investment contracts.

# CENTERVILLE INDEPENDENT SCHOOL DISTRICT

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED AUGUST 31, 2018

### C. Capital Assets

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

|                                              | Beginning<br>Balances | Increases           | Decreases    | Ending<br>Balances   |
|----------------------------------------------|-----------------------|---------------------|--------------|----------------------|
| <u>Governmental activities:</u>              |                       |                     |              |                      |
| <i>Capital assets not being depreciated:</i> |                       |                     |              |                      |
| Land                                         | \$ 883,197            | \$ --               | \$ --        | \$ 883,197           |
| Construction in progress                     | --                    | 90,477              | --           | 90,477               |
| Total capital assets not being depreciated   | <u>883,197</u>        | <u>90,477</u>       | <u>--</u>    | <u>973,674</u>       |
| <i>Capital assets being depreciated:</i>     |                       |                     |              |                      |
| Buildings and improvements                   | 23,397,596            | 250,059             | --           | 23,647,655           |
| Equipment                                    | 132,108               | --                  | --           | 132,108              |
| Vehicles                                     | 1,281,595             | 88,600              | --           | 1,370,195            |
| Total capital assets being depreciated       | <u>24,811,299</u>     | <u>338,659</u>      | <u>--</u>    | <u>25,149,958</u>    |
| Less accumulated depreciation for:           |                       |                     |              |                      |
| Buildings and improvements                   | (4,064,147)           | (623,090)           |              | (4,687,237)          |
| Equipment                                    | (97,019)              | (8,061)             | --           | (105,080)            |
| Vehicles                                     | (772,734)             | (92,316)            | --           | (865,050)            |
| Total accumulated depreciation               | <u>(4,933,900)</u>    | <u>(723,467)</u>    | <u>--</u>    | <u>(5,657,367)</u>   |
| Total capital assets being depreciated, net  | <u>19,877,399</u>     | <u>(384,808)</u>    | <u>--</u>    | <u>19,492,591</u>    |
| Governmental activities capital assets, net  | <u>\$ 20,760,596</u>  | <u>\$ (294,331)</u> | <u>\$ --</u> | <u>\$ 20,466,265</u> |

Depreciation was charged to functions as follows:

|                                               |                   |
|-----------------------------------------------|-------------------|
| Instruction                                   | \$ 305,949        |
| Instructional Resources and Media Services    | 28,717            |
| Curriculum and Staff Development              | 11,881            |
| School Leadership                             | 11,686            |
| Guidance, Counseling, and Evaluation Services | 5,743             |
| Health Services                               | 2,872             |
| Student Transportation                        | 87,983            |
| Food Services                                 | 125,543           |
| Extracurricular Activities                    | 88,437            |
| General Administration                        | 6,380             |
| Plant Maintenance and Operations              | 44,976            |
| Security and Monitoring Services              | 3,300             |
|                                               | <u>\$ 723,467</u> |

### D. Interfund Balances and Activities

#### 1. Due To and From Other Funds

Balances due to and due from other funds at August 31, 2018 consisted of the following:

| Due To Fund              | Due From Fund            | Amount           | Purpose          |
|--------------------------|--------------------------|------------------|------------------|
| General Fund             | Other Governmental Funds | \$ 83            | Short-term loans |
| General Fund             | Debt Service Fund        | 33,218           | Short-term loans |
| Other Governmental Funds | Other Governmental Funds | 1,905            | Short-term loans |
|                          | Total                    | <u>\$ 35,206</u> |                  |

All amounts due are scheduled to be repaid within one year.

# CENTERVILLE INDEPENDENT SCHOOL DISTRICT

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED AUGUST 31, 2018

### 2. Transfers To and From Other Funds

Transfers to and from other funds at August 31, 2018 consisted of the following:

| Transfers From | Transfers To      | Amount           | Reason                         |
|----------------|-------------------|------------------|--------------------------------|
| General Fund   | Food Service Fund | \$ 12,376        | Supplement other funds sources |
|                | Total             | <u>\$ 12,376</u> |                                |

### E. Long-Term Obligations

#### 1. Long-Term Obligation Activity

Long-term obligations include debt and other long-term liabilities. Changes in long-term obligations for the year ended August 31, 2018 are as follows:

|                                                 | Beginning<br>Balance | Increases       | Decreases             | Ending<br>Balance    | Amounts<br>Due Within<br>One Year |
|-------------------------------------------------|----------------------|-----------------|-----------------------|----------------------|-----------------------------------|
| <u>Governmental activities:</u>                 |                      |                 |                       |                      |                                   |
| Blding Bonds, Series 2014                       | \$ 585,000           | \$ --           | \$ (280,000)          | \$ 305,000           | \$ 305,000                        |
| Refunding Bond, Series 2016                     | 13,684,998           | --              | --                    | 13,684,998           | --                                |
| Total bonds                                     | <u>\$ 14,269,998</u> | <u>\$ --</u>    | <u>\$ (280,000)</u>   | <u>\$ 13,989,998</u> | <u>\$ 305,000</u>                 |
| <u>Other liabilities:</u>                       |                      |                 |                       |                      |                                   |
| Net issuance premiums<br>(discounts)            | \$ 1,909,806         | \$ --           | \$ (109,303)          | \$ 1,800,503         | \$ --                             |
| Accreted interest                               | 553,617              | 9,800           | --                    | 563,417              | --                                |
| Net pension liability                           | 1,471,565            | --              | (224,792)             | 1,246,773            | --                                |
| Net OPEB liability                              | 4,517,903            | --              | (1,958,836)           | 2,559,067            | --                                |
| Total governmental activities                   | <u>\$ 22,722,889</u> | <u>\$ 9,800</u> | <u>\$ (2,572,931)</u> | <u>\$ 20,159,759</u> | <u>\$ 305,000</u>                 |
| Long-term liabilities due in more than one year |                      |                 |                       | <u>\$ 19,854,759</u> |                                   |

Bonded indebtedness of the District reflected in the general long-term debt and current requirements for principal and interest expenditures are accounted for in the Debt Service Fund. These bonds were issued as a school building bond with an interest rate on the bond of 2.0% and refunding bonds with an interest rates of 1.1% to 4.0%. Interest expense was \$571,900 the year ended August 31, 2018.

#### 2. Debt Service Requirements

Debt service requirements on long-term debt at August 31, 2018 are as follows:

| Year Ending August 31, | Governmental Activities |                     |                      |
|------------------------|-------------------------|---------------------|----------------------|
|                        | Principal               | Interest            | Total                |
| 2019                   | \$ 305,000              | \$ 566,300          | \$ 871,300           |
| 2020                   | 83,613                  | 570,628             | 654,240              |
| 2021                   | 68,110                  | 576,141             | 644,251              |
| 2022                   | 53,276                  | 583,768             | 637,043              |
| 2023                   | 285,000                 | 560,200             | 845,200              |
| 2024-2028              | 1,815,000               | 2,562,000           | 4,377,000            |
| 2029-2033              | 2,550,000               | 2,084,000           | 4,634,000            |
| 2034-2038              | 3,390,000               | 1,509,800           | 4,899,800            |
| 2039-2043              | 4,415,000               | 753,000             | 5,168,000            |
| 2044-2048              | 1,025,000               | 41,000              | 1,066,000            |
| Totals                 | <u>\$ 13,989,998</u>    | <u>\$ 9,806,836</u> | <u>\$ 23,796,834</u> |

## CENTERVILLE INDEPENDENT SCHOOL DISTRICT

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED AUGUST 31, 2018

#### F. Commitments Under Noncapitalized Leases

The District has various operating lease agreements for copiers. Rent expenditures recognized by the District were \$10,430.

#### G. Risk Management

The District is exposed to various risks of loss related to torts; theft of, damage to, or destruction of assets; errors and omissions; injuries to employees; and natural disasters. During fiscal year 2018, the District purchased commercial insurance to cover general liabilities. There were no significant reductions in coverage in the past fiscal year and there were no settlements exceeding insurance coverage for each of the past three fiscal years.

#### H. Pension Plan

##### 1. Plan Description

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

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

##### 2. Pension Plan Fiduciary Net Position

Detailed information about TRS' fiduciary net position is available in a separately issued Comprehensive Annual Financial Report that includes financial statements and required supplementary information. That report may be obtained on the Internet at <https://www.trs.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.

##### 3. 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% (multiplier) times the average of the 5 highest annual creditable salaries times years of credited service to arrive at the annual standard annuity except for members who are grandfathered, the 3 highest annual salaries are used. The normal service retirement is at age 65 with 5 years of credited service or when the sum of the member's age and years of credited service equals 80 or more years. Early retirement is at age 55 with 5 years of service credit or earlier than 55 with 30 years of service credit. There are additional provisions for early retirement if the sum of the member's age and years of service credit total at least 80, but the member is less than age 60 or 62 depending on date of employment, or if the member was grandfathered in under a previous rule.

There are no automatic postemployment benefit changes, including automatic cost of living adjustments (COLAs). Ad hoc postemployment benefit changes, including ad hoc COLAs, can be granted by the Texas Legislature as noted in the Plan description in (1.) above.

## CENTERVILLE INDEPENDENT SCHOOL DISTRICT

### NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED AUGUST 31, 2018

#### 4. 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 83rd Texas Legislature amended Texas Government Code 825.402 for member contributions and established employee contribution rates for fiscal years 2014 through 2017. The 83rd Texas Legislature, General Appropriations Act (GAA) established the employer contribution rates for fiscal years 2014 and 2015. The 84th Legislature, General Appropriations Act (GAA) established the employer contribution rates for fiscal years 2016 and 2017.

| <u>Contribution Rates</u>                       |            |      |
|-------------------------------------------------|------------|------|
|                                                 | 2017       | 2018 |
| Member                                          | 7.7%       | 7.7% |
| Non-Employer Contributing Entity (NECE - State) | 6.8%       | 6.8% |
| Employers                                       | 6.8%       | 6.8% |
| District's 2017 District Contributions          | \$ 127,795 |      |
| District's 2017 Member Contributions            | \$ 126,436 |      |
| NECE 2017 On-Behalf Contributions to District   | \$ 252,324 |      |

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

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

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

**CENTERVILLE INDEPENDENT SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED AUGUST 31, 2018**

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

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

5. 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                |
| Single Discount Rate                         | 8%                          |
| Long-term Expected Investment Rate of Return | 8%                          |
| Inflation                                    | 2.5%                        |
| Salary Increases including Inflation         | 3.5% to 9.5%                |
| Payroll Growth Rate                          | 2.5%                        |
| Benefit Changes During the Year              | None                        |
| Ad Hoc Postemployment Benefit Changes        | None                        |

The actuarial methods and assumptions are based primarily on a study of actual experience for the four-year period ending August 31, 2014 and adopted on September 24, 2015.

6. Discount Rate

The discount rate used to measure the total pension liability was 8%. There was no change in the discount rate since the previous year. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and those of the contributing employers and the NECE are made at the statutorily required rates. 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.

The long-term rate of return on pension plan investments is 8%. 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.

# CENTERVILLE INDEPENDENT SCHOOL DISTRICT

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED AUGUST 31, 2018

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

**Teacher Retirement System of Texas**  
**Asset Allocation and Long-Term Expected Real 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 ** |
|-------------------------------|--------------------|--------------------------------------------------|---------------------------------------------------------|
| <b>Global Equity</b>          |                    |                                                  |                                                         |
| 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%                                                    |
| <b>Stable Value</b>           |                    |                                                  |                                                         |
| U.S. Treasuries               | 11%                | 0.7%                                             | 0.1%                                                    |
| Absolute Return               | -                  | 1.8%                                             | -                                                       |
| Stable Value Hedge Funds      | 4%                 | 3.0%                                             | 0.1%                                                    |
| Cash                          | 1%                 | -0.2%                                            | -                                                       |
| <b>Real Return</b>            |                    |                                                  |                                                         |
| Global Inflation Linked Bonds | 3%                 | 0.9%                                             | -                                                       |
| Real Assets                   | 16%                | 5.1%                                             | 1.1%                                                    |
| Energy & Natural Resources    | 3%                 | 6.6%                                             | 0.2%                                                    |
| Commodities                   | -                  | 1.2%                                             | -                                                       |
| <b>Risk Parity</b>            |                    |                                                  |                                                         |
| Risk Parity                   | 5%                 | 6.7%                                             | 0.3%                                                    |
| Inflation Expectation         | -                  |                                                  | 2.2%                                                    |
| Alpha                         | -                  |                                                  | 1.0%                                                    |
| <b>Total</b>                  | <u>100%</u>        |                                                  | <u>8.7%</u>                                             |

\* Target allocations are based on the FY2014 policy model. Infrastructure was moved from Real Assets to Energy and Natural Resources in FY2017, but the reallocation does not affect the long-term expected geometric real rate of return or expected contribution to long-term portfolio returns.

\*\* The expected contribution to Returns incorporates the volatility drag resulting from the conversion between Arithmetic and Geometric mean returns.

### 7. Discount Rate Sensitivity Analysis

The following schedule shows the impact of the net pension liability if the discount rate used was 1% less than and 1% greater than the discount rate that was used (8%) in measuring the net pension liability.

|                                                             | 1%<br>Decrease in<br>Discount Rate<br>7% | Discount<br>Rate<br>8% | 1%<br>Increase in<br>Discount Rate<br>9% |
|-------------------------------------------------------------|------------------------------------------|------------------------|------------------------------------------|
| District's proportionate share of the net pension liability | \$ <u>2,101,814</u>                      | \$ <u>1,246,773</u>    | \$ <u>534,814</u>                        |

# CENTERVILLE INDEPENDENT SCHOOL DISTRICT

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED AUGUST 31, 2018

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

At August 31, 2018, the District reported a liability of \$1,246,773 for its proportionate share of TRS' net pension liability. This liability reflects a reduction for State pension support provided to the District. The amount recognized by the District as its proportionate share of the net pension liability, the related State support, and the total portion of the net pension liability that was associated with the District were as follows:

|                                                                        |                     |
|------------------------------------------------------------------------|---------------------|
| District's proportionate share of the collective net pension liability | \$ 1,246,773        |
| State's proportionate share that is associated with the District       | <u>2,466,861</u>    |
| Total                                                                  | <u>\$ 3,713,634</u> |

The net pension liability 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 District's proportion of the net pension liability was based on the District's contributions to the pension plan relative to the contributions of all employers to the plan for the period September 1, 2016 through August 31, 2017.

At August 31, 2017, the District's proportion of the collective net pension liability was 0.0038993%, which was a decrease of 0.0000051% from its proportion measured as of August 31, 2016.

**Changes Since the Prior Actuarial Valuation** - There were no changes to the actuarial assumptions or other inputs that affected measurement of the total pension liability since the prior measurement period.

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, the District recognized pension expense of \$188,162 and revenue of \$188,162 for support provided by the State.

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

|                                                                                                                        | Deferred<br>Outflows of<br>Resources | Deferred<br>Inflows of<br>Resources |
|------------------------------------------------------------------------------------------------------------------------|--------------------------------------|-------------------------------------|
| Differences between expected and actual economic experience                                                            | \$ 18,241                            | \$ 67,237                           |
| Changes in actuarial assumptions                                                                                       | 56,793                               | 32,512                              |
| Difference between projected and actual investment earnings                                                            | --                                   | 90,862                              |
| Changes in proportion and difference between the District's contributions and the proportionate share of contributions | 275,886                              | 82                                  |
| Contributions paid to TRS subsequent to the measurement date                                                           | <u>129,797</u>                       | <u>--</u>                           |
| Total                                                                                                                  | <u>\$ 480,717</u>                    | <u>\$ 190,693</u>                   |

## CENTERVILLE INDEPENDENT SCHOOL DISTRICT

### NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED AUGUST 31, 2018

The net amounts of the District's balances of deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

| Year Ended<br>August 31 | Pension<br>Expense |
|-------------------------|--------------------|
| 2019                    | \$ 27,909          |
| 2020                    | 107,493            |
| 2021                    | 21,794             |
| 2022                    | (2,914)            |
| 2023                    | 6,979              |
| Thereafter              | (1,034)            |
| Total                   | <u>\$ 160,227</u>  |

#### I. Defined Other Postemployment Benefit Plans

##### 1. Plan Description

The District participates in TRS-Care. It is a multiple-employer, cost-sharing defined OPEB plan that has a special funding situation. The plan is administered through a trust by TRS Board of Trustees (the "Board"). It is established and administered in accordance with the Texas Insurance Code, Chapter 1575.

##### 2. OPEB Plan Fiduciary Net Position

Detailed 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 <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. Components of the net OPEB liability of TRS-Care as of August 31, 2017 are as follows:

|                                                      |                          |
|------------------------------------------------------|--------------------------|
| Total OPEB liability                                 | \$ 43,885,784,621        |
| Less: plan fiduciary net position                    | <u>399,535,986</u>       |
| Net OPEB liability                                   | <u>\$ 43,486,248,635</u> |
| Net position as a percentage of total OPEB liability | 0.91%                    |

##### 3. Benefits Provided

TRS-Care provides a basic health insurance coverage, TRS-Care 1 (the "Basic Plan"), 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 (the "Optional Health Insurance"). Eligible retirees and dependents enrolled in Medicare may elect to participate in one of 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 is granted the authority to establish basic and optional group insurance coverage for participants, as well as to amend benefit terms as needed under Chapter 1575.052. There are no automatic postemployment benefit changes, including automatic cost-of-living adjustments (COLAs).

# CENTERVILLE INDEPENDENT SCHOOL DISTRICT

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED AUGUST 31, 2018

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 and B coverage, with 20 to 29 years of service, for the Basic Plan and the two Optional Health Insurance Plans:

| TRS-Care Plan Premium Rates<br>Effective September 1, 2016 - December 31, 2017 |                          |                             |                             |  |
|--------------------------------------------------------------------------------|--------------------------|-----------------------------|-----------------------------|--|
|                                                                                | TRS-Care 1<br>Basic Plan | TRS-Care 2<br>Optional Plan | TRS-Care 3<br>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                       |  |
| * or surviving spouse                                                          |                          |                             |                             |  |

### 4. Contributions

Contribution rates for TRS-Care are established in state statute by the Texas Legislature, and there is no continuing obligation to provide benefits beyond each fiscal year. TRS-Care 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 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 0.65% of pay. Section 1575.204 establishes an employer contribution rate of not less than 0.25% or not more than 0.75% of the salary of each active employee of the public. The actual employer contribution rate is prescribed by the Legislature in the General Appropriations Act. The following table shows contributions to the TRS-Care plan by type of contributor:

| Contribution Rates                            |       |           |
|-----------------------------------------------|-------|-----------|
|                                               | 2017  | 2018      |
| Active Employee                               | 0.65% | 0.65%     |
| NECE - State                                  | 1.00% | 1.25%     |
| Employers                                     | 0.55% | 0.75%     |
| Federal/Private Funding Remitted by Employers | 1.00% | 1.25%     |
| Current fiscal year District contributions    |       | \$ 30,595 |
| Current fiscal year Member contributions      |       | \$ 12,549 |
| 2017 measurement year NECE contributions      |       | \$ 41,544 |

In addition to the employer contributions listed above, there is an additional surcharge, which all TRS employers are subject (regardless of whether they participate in the TRS-Care). When employers hire a TRS retiree, they are required to pay to a monthly surcharge of \$535 per retiree to TRS-Care.

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

## CENTERVILLE INDEPENDENT SCHOOL DISTRICT

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED AUGUST 31, 2018

#### 5. Actuarial Assumptions

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

The actuarial valuation of TRS-Care is similar to the actuarial valuations performed for the pension plan, except that the OPEB valuation is more complex. All of the demographic assumptions, including mortality, and most of the economic assumptions are identical to those adopted by the Board in 2015 and are based on the 2014 actuarial experience study of TRS.

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.

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:

- |                                  |                            |
|----------------------------------|----------------------------|
| 1. Rates of Mortality            | 5. General Inflation       |
| 2. Rates of Retirement           | 6. Wage Inflation          |
| 3. Rates of Termination          | 7. Expected Payroll Growth |
| 4. Rates of Disability Incidence |                            |

Additional actuarial methods and assumptions are as follows:

|                                       |                                                                                                                                    |
|---------------------------------------|------------------------------------------------------------------------------------------------------------------------------------|
| 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 claims 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 Postemployment Benefit Changes | None                                                                                                                               |

\*Source: Fixed income municipal bonds with 20 years to maturity that include only federal tax-exempt municipal bonds as reported in Fidelity Index's "20-year Municipal GO AA Index" as of August 31, 2017.

\*\*Includes inflation at 2.50%

\*\*\*Initial trend rates are 7.00% for non-Medicare retirees, 10.00% for Medicare retirees, and 12.00% for prescriptions for all retirees. Initial trend rates decrease to an ultimate trend rate of 4.50% over a period of 10 years.

# CENTERVILLE INDEPENDENT SCHOOL DISTRICT

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED AUGUST 31, 2018

### 6. Discount Rate

A single discount rate of 3.42% was used to measure the total OPEB liability. There was a change of 0.44% in the discount rate since the previous year. Because the plan is essentially a "pay-as-you-go" plan, there are no investments and 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 NECE are made at the statutorily required rates. Based on those assumptions, the OPEB plan's fiduciary net position was projected not to 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.

### 7. Sensitivity of the Net OPEB Liability

**Discount Rate Sensitivity Analysis** - The following schedule shows the impact of the net OPEB liability if the discount rate used was 1% less than and 1% greater than the discount rate that was used in measuring the net OPEB liability.

|                                                      | 1% Decrease in<br>Discount Rate<br>(2.42%) | Current Single<br>Discount Rate<br>(3.42%) | 1% Increase in<br>Discount Rate<br>(4.42%) |
|------------------------------------------------------|--------------------------------------------|--------------------------------------------|--------------------------------------------|
| District's proportionate share of net OPEB liability | \$ 3,020,334                               | \$ 2,559,067                               | \$ 2,188,312                               |

**Healthcare Cost Trend Rates Sensitivity Analysis** - The following presents the net OPEB liability of the plan using the assumed healthcare cost trend rate, as well as what the net OPEB liability would be if it were calculated using a trend rate that is 1% less than and 1% greater than the assumed healthcare cost trend rate:

|                                                      | 1% Decrease in<br>Healthcare Cost<br>Trend Rate | Current<br>Healthcare Cost<br>Trend Rate | 1% Increase in<br>Healthcare Cost<br>Trend Rate |
|------------------------------------------------------|-------------------------------------------------|------------------------------------------|-------------------------------------------------|
| District's proportionate share of net OPEB liability | \$ 2,130,679                                    | \$ 2,559,067                             | \$ 3,121,166                                    |

### 8. OPEB Liabilities, OPEB Expense, and Deferred Outflows/Inflows of Resources Related to OPEB

At August 31, 2018, the District reported a liability of \$2,559,067 for its proportionate share of TRS' net OPEB liability. This liability reflects a reduction for State OPEB support provided to the District. The amount recognized by the District as its proportionate share of the net OPEB liability, the related State support, and the total portion of the net OPEB liability that was associated with the District were as follows:

|                                                                     |              |
|---------------------------------------------------------------------|--------------|
| District's proportionate share of the collective net OPEB liability | \$ 2,559,067 |
| State's proportionate share that is associated with the District    | 3,474,868    |
| Total                                                               | \$ 6,033,935 |

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 District's proportion of the net OPEB liability was based on the District's contributions to their OPEB 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 District's proportion of the collective net OPEB liability was 0.0058848%.

**CENTERVILLE INDEPENDENT SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED AUGUST 31, 2018**

9. Changes Since the Prior Actuarial Valuation

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

- a. Significant plan changes were adopted during the 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.
- b. 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.
- c. The discount rate changed from 2.98% as of August 31, 2016 to 3.42% as of August 31, 2017. This change lowered total OPEB liability.

The Affordable Care Act includes a 40% excise tax on high-cost health plans known as the "Cadillac Tax." In this valuation, the impact of this tax has been calculated as a portion of the trend assumption. Assumptions and methods used to determine the impact of the Cadillac Tax include:

- a. 2018 thresholds of \$850/\$2,292 were indexed annually by 2.50%.
- b. Premium data submitted was not adjusted for permissible exclusions to the Cadillac Tax.
- c. 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 provision or applicable law.

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

For the year ended August 31, 2018, the District recognized OPEB expense of \$(1,162,783) and revenue of \$(1,162,783) for support provided by the State.

# CENTERVILLE INDEPENDENT SCHOOL DISTRICT

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED AUGUST 31, 2018

At August 31, 2018, the District reported its proportionate share of TRS' deferred outflows of resources and deferred inflows of resources related to other postemployment benefits from the following sources:

|                                                                                                                        | Deferred<br>Outflows<br>of Resources | Deferred<br>Inflows<br>of Resources |
|------------------------------------------------------------------------------------------------------------------------|--------------------------------------|-------------------------------------|
| Differences between expected and actual economic experience                                                            | \$ --                                | \$ 53,422                           |
| Changes in actuarial assumptions                                                                                       | --                                   | 1,017,040                           |
| Differences between projected and actual investment earnings                                                           | 389                                  | --                                  |
| Changes in proportion and difference between the District's contributions and the proportionate share of contributions | 10                                   | --                                  |
| Contributions paid to TRS subsequent to the measurement date                                                           | 41,239                               | --                                  |
|                                                                                                                        | <u>\$ 41,638</u>                     | <u>\$ 1,070,462</u>                 |

The net amounts of the District's balances of deferred outflows and inflows of resources related to OPEB will be recognized in OPEB expense as follows:

| Year Ended<br>August 31 | Expense<br>Amount     |
|-------------------------|-----------------------|
| 2019                    | \$ (141,195)          |
| 2020                    | (141,195)             |
| 2021                    | (141,195)             |
| 2022                    | (141,195)             |
| 2023                    | (141,293)             |
| Thereafter              | (363,990)             |
| Total                   | <u>\$ (1,070,063)</u> |

### J. Employee Health Care Coverage

During the year ended August 31, 2018, employees of the District were covered by a health insurance plan (the "Plan"). The District paid premiums of \$300 per pay period per employee to the Plan. Employees, at their option, authorized payroll withholdings to pay premiums for dependents. All premiums were paid to a third-party administrator, acting on behalf of the licensed insurer. The Plan was authorized by Section 21.922, Texas Education Code and was documented by contractual agreement.

The contract between the District and the third-party administrator is renewable September 1, 2018, and terms of coverage and premium costs are included in the contractual provisions.

## CENTERVILLE INDEPENDENT SCHOOL DISTRICT

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED AUGUST 31, 2018

#### K. Commitments and Contingencies

##### 1. Contingencies

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

##### 2. Litigation

No reportable litigation was pending against the District at August 31, 2018.

#### L. Shared Services Arrangements

##### Fiscal Agent

The District is the fiscal agent for a shared services arrangement (SSA) which provides services to the member districts listed below. All services are provided by the fiscal agent. The member districts provide the funds to the fiscal agent. According to guidance provided in TEA's Resource Guide, the District has accounted for the fiscal agent's activities of the SSA in a special revenue fund and will be accounted for using Model 3 in the SSA section of the Resource Guide. Expenditures of the SSA are summarized below:

| <u>Member Districts</u> | <u>Expenditures</u> |
|-------------------------|---------------------|
| Buffalo ISD             | \$ 139,456          |
| Centerville ISD         | 139,457             |
| Leon ISD                | 139,456             |
| Normangee ISD           | 139,456             |
| Oakwood ISD             | 138,547             |
| Total                   | <u>\$ 696,372</u>   |

##### Membership

The District participates in an SSA for the improvement of the education of limited English proficient children funded under ESEA Title III, Part A, English Language Acquisition and Language Enhancement. The District neither has a joint ownership interest in fixed assets purchased by the fiscal agent, Education Service Center - Region VI, nor does the District have a net equity interest in the fiscal agent. The fiscal agent is neither accumulating significant financial resources nor fiscal exigencies that would give rise to a future additional benefit or burden to the District. Region VI is reporting \$640 as expenditures incurred on behalf of the District.

The District participates in an SSA for the education of career and technology students, funded under Title II, Basic Grant Career and Technology Education Program. The District neither has a joint ownership interest in fixed assets purchased by the fiscal agent, Education Service Center - Region VI, nor does the District have a net equity interest in the fiscal agent. The fiscal agent is neither accumulating significant financial resources nor fiscal exigencies that would give rise to a future additional benefit or burden to the District. Region VI is reporting \$4,226 as expenditures incurred on behalf of the District.

## **CENTERVILLE INDEPENDENT SCHOOL DISTRICT**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED AUGUST 31, 2018**

#### **M. Workers' Compensation**

During the year ended August 31, 2018, the District met its statutory workers' compensation obligations 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 workers' compensation program is authorized by Chapter 504, Texas Labor Code. All districts participating in the Fund execute interlocal agreements that define the responsibilities of the parties. The Fund provides statutory workers' compensation benefits to its members and their injured employees.

The Fund and its members are protected against higher than expected claims costs through the purchase of stop-loss coverage for any claims in excess of the Fund's self-insured retention of \$2 million. The Fund uses the services of an independent actuary to determine reserve adequacy and fully funds those reserves. As of August 31, 2017, the Fund carries a discounted reserve of \$49,076,113 for future development on reported claims and claims that have been incurred but not yet reported. For the year ended August 31, 2018, the Fund anticipates no additional liability to members beyond their contractual obligations for payment of contributions and reimbursable aggregate deductibles.

The Fund engages the services of independent auditors to conduct a financial audit after the close of each plan year on August 31. The audit is accepted by the Fund's Board of Trustees in February the following year. The fund's audited financial statements as of August 31, 2017 are available at the TASB offices and have been filed with the Texas State Board of Insurance in Austin.

#### **N. Unemployment Compensation**

During the year ended August 31, 2018, the 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.

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.

The Fund engages the services of an independent auditor to conduct a financial audit after the close of each plan 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.

#### **O. Subsequent Event**

The District issued the Centerville Independent School District Time Warrant, Series 2018, dated September 18, 2018, in the amount of \$609,100. Proceeds from this time warrant will be used for energy efficiency and construction projects.

## CENTERVILLE INDEPENDENT SCHOOL DISTRICT

### NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED AUGUST 31, 2018

#### P. Prior Period Adjustment

Beginning net position for governmental activities was restated to recognize OPEB liability for GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* and beginning net position was restated to account for a change in accrued interest.

|                                                                 | Governmental<br>Activities |
|-----------------------------------------------------------------|----------------------------|
| Beginning net position - as reported                            | \$ 9,700,004               |
| Accrued interest                                                | 519,061                    |
| Net OPEB liability                                              | (4,517,903)                |
| Deferred outflows - contributions after measurement date (OPEB) | 30,595                     |
| Beginning net position - as restated                            | \$ 5,731,757               |



### *Required Supplementary Information*

Required supplementary information includes financial information and disclosures required by the Governmental Accounting Standards Board but not considered a part of the basic financial statements.

# CENTERVILLE INDEPENDENT SCHOOL DISTRICT

EXHIBIT G-1

GENERAL FUND  
BUDGETARY COMPARISON SCHEDULE  
FOR THE YEAR ENDED AUGUST 31, 2018

| Data<br>Control<br>Codes |                                                 | 1                | 2            | 3            | Variance with<br>Final Budget<br>Positive<br>(Negative) |
|--------------------------|-------------------------------------------------|------------------|--------------|--------------|---------------------------------------------------------|
|                          |                                                 | Budgeted Amounts |              | Actual       |                                                         |
|                          |                                                 | Original         | Final        |              |                                                         |
|                          | <b>REVENUES:</b>                                |                  |              |              |                                                         |
| 5700                     | Local and Intermediate Sources                  | \$ 3,139,280     | \$ 3,139,280 | \$ 3,235,696 | \$ 96,416                                               |
| 5800                     | State Program Revenues                          | 3,450,083        | 3,450,083    | 3,662,080    | 211,997                                                 |
| 5020                     | Total Revenues                                  | 6,589,363        | 6,589,363    | 6,897,776    | 308,413                                                 |
|                          | <b>EXPENDITURES:</b>                            |                  |              |              |                                                         |
|                          | Current:                                        |                  |              |              |                                                         |
|                          | Instruction and Instructional Related Services: |                  |              |              |                                                         |
| 0011                     | Instruction                                     | 4,017,895        | 4,181,895    | 3,958,036    | 223,859                                                 |
| 0012                     | Instructional Resources and Media Services      | 94,454           | 98,454       | 87,309       | 11,145                                                  |
| 0013                     | Curriculum and Staff Development                | 94,347           | 98,347       | 85,742       | 12,605                                                  |
|                          | Total Instruction and Instr. Related Services   | 4,206,696        | 4,378,696    | 4,131,087    | 247,609                                                 |
|                          | Instructional and School Leadership:            |                  |              |              |                                                         |
| 0023                     | School Leadership                               | 377,327          | 386,327      | 372,272      | 14,055                                                  |
|                          | Total Instructional and School Leadership       | 377,327          | 386,327      | 372,272      | 14,055                                                  |
|                          | Support Services - Student (Pupil):             |                  |              |              |                                                         |
| 0031                     | Guidance, Counseling, and Evaluation Services   | 156,600          | 161,600      | 144,606      | 16,994                                                  |
| 0033                     | Health Services                                 | 44,425           | 49,425       | 39,375       | 10,050                                                  |
| 0034                     | Student (Pupil) Transportation                  | 388,262          | 533,262      | 465,193      | 68,069                                                  |
| 0036                     | Cocurricular/Extracurricular Activities         | 370,825          | 420,825      | 358,172      | 62,653                                                  |
|                          | Total Support Services - Student (Pupil)        | 960,112          | 1,165,112    | 1,007,346    | 157,766                                                 |
|                          | Administrative Support Services:                |                  |              |              |                                                         |
| 0041                     | General Administration                          | 220,075          | 250,075      | 224,752      | 25,323                                                  |
|                          | Total Administrative Support Services           | 220,075          | 250,075      | 224,752      | 25,323                                                  |
|                          | Support Services - Nonstudent Based:            |                  |              |              |                                                         |
| 0051                     | Plant Maintenance and Operations                | 721,955          | 1,493,955    | 1,391,435    | 102,520                                                 |
| 0052                     | Security and Monitoring Services                | 8,500            | 10,500       | 4,855        | 5,645                                                   |
| 0053                     | Data Processing Services                        | 166,335          | 170,335      | 161,066      | 9,269                                                   |
|                          | Total Support Services - Nonstudent Based       | 896,790          | 1,674,790    | 1,557,356    | 117,434                                                 |
|                          | Intergovernmental Charges:                      |                  |              |              |                                                         |
| 0093                     | Payments to Fiscal Agent/Member Dist.-SSA       | 55,000           | 60,000       | 34,612       | 25,388                                                  |
| 0099                     | Other Intergovernmental Charges                 | 142,000          | 162,000      | 105,239      | 56,761                                                  |
|                          | Total Intergovernmental Charges                 | 197,000          | 222,000      | 139,851      | 82,149                                                  |
| 6030                     | Total Expenditures                              | 6,858,000        | 8,077,000    | 7,432,664    | 644,336                                                 |
| 1100                     | Excess (Deficiency) of Revenues Over (Under)    |                  |              |              |                                                         |
| 1100                     | Expenditures                                    | (268,637)        | (1,487,637)  | (534,888)    | 952,749                                                 |
|                          | Other Financing Sources (Uses):                 |                  |              |              |                                                         |
| 8911                     | Transfers Out                                   | --               | --           | (12,376)     | *(12,376)                                               |
| 7080                     | Total Other Financing Sources and (Uses)        | --               | --           | (12,376)     | (12,376)                                                |
| 1200                     | Net Change in Fund Balance                      | (268,637)        | (1,487,637)  | (547,264)    | 940,373                                                 |
| 0100                     | Fund Balance - Beginning                        | 4,963,276        | 4,963,276    | 4,963,276    | --                                                      |
| 3000                     | Fund Balance - Ending                           | \$ 4,694,639     | \$ 3,475,639 | \$ 4,416,012 | \$ 940,373                                              |

Notes to Required Supplementary Information:

1. Annual budgets are adopted on a basis consistent with generally accepted accounting standards (GAAP).

\*2. Expenditures exceeded appropriations at the legal level of control.

**CENTERVILLE INDEPENDENT SCHOOL DISTRICT**

EXHIBIT G-2

*SCHEDULE OF THE DISTRICT'S PROPORTIONATE  
SHARE OF THE NET PENSION LIABILITY  
TEACHER RETIREMENT SYSTEM OF TEXAS (TRS)  
FOR THE YEAR ENDED AUGUST 31, 2018*

|                                                                                                                     |                     | Measurement Year*   |                     |                     |
|---------------------------------------------------------------------------------------------------------------------|---------------------|---------------------|---------------------|---------------------|
|                                                                                                                     | 2017                | 2016                | 2015                | 2014                |
| District's proportion of the net pension liability (asset)                                                          | 0.0038993%          | 0.0038942%          | 0.0039218%          | 0.0023753%          |
| District's proportionate share of the net pension liability (asset)                                                 | \$ 1,246,773        | \$ 1,471,565        | \$ 1,386,304        | \$ 634,476          |
| State's proportionate share of the net pension liability (asset) associated with the District                       | 2,466,861           | 2,998,542           | 2,880,041           | 2,536,341           |
| Total                                                                                                               | <u>\$ 3,713,634</u> | <u>\$ 4,470,107</u> | <u>\$ 4,266,345</u> | <u>\$ 3,170,817</u> |
| District's covered employee payroll**                                                                               | \$ 4,668,807        | \$ 4,525,360        | \$ 4,373,014        | \$ 4,381,851        |
| District's proportionate share of the net pension liability (asset) as a percentage of its covered employee payroll | 26.70%              | 32.52%              | 31.70%              | 14.48%              |
| Plan fiduciary net position as a percentage of the total pension liability                                          | 82.17%              | 78.00%              | 78.43%              | 83.25%              |

\* Only four years' worth of information is currently available.

\*\* As of the measurement date.

**Notes to Required Supplementary Information:***Changes of Assumptions:*

There were no changes in assumptions or other inputs that affected measurement or the total pension liability since the prior measurement period.

*Changes of Benefits:*

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

**CENTERVILLE INDEPENDENT SCHOOL DISTRICT***SCHEDULE OF DISTRICT CONTRIBUTIONS**TEACHER RETIREMENT SYSTEM OF TEXAS (TRS)**LAST TEN FISCAL YEARS*

|                                                                      | Fiscal Year  |              |              |              |              |
|----------------------------------------------------------------------|--------------|--------------|--------------|--------------|--------------|
|                                                                      | 2018         | 2017         | 2016         | 2015         | 2014         |
| Contractually required contribution                                  | \$ 127,369   | \$ 127,795   | \$ 123,729   | \$ 116,125   | \$ 60,222    |
| Contributions in relation to the contractually required contribution | 127,369      | 127,795      | 123,729      | 116,125      | 60,222       |
| Contribution deficiency (excess)                                     | \$ --        | \$ --        | \$ --        | \$ --        | \$ --        |
| District's covered employee payroll                                  | \$ 4,729,630 | \$ 4,668,807 | \$ 4,525,360 | \$ 4,373,014 | \$ 4,381,851 |
| Contributions as a percentage of covered employee payroll            | 2.69%        | 2.74%        | 2.73%        | 2.66%        | 1.37%        |

| Fiscal Year  |              |              |              |              |
|--------------|--------------|--------------|--------------|--------------|
| 2013         | 2012         | 2011         | 2010         | 2009         |
| \$ 54,738    | \$ 60,312    | \$ 61,489    | \$ 60,979    | \$ 54,055    |
| 54,738       | 60,312       | 61,489       | 60,979       | 54,055       |
| \$ --        | \$ --        | \$ --        | \$ --        | \$ --        |
| \$ 4,184,531 | \$ 4,260,502 | \$ 4,569,169 | \$ 4,674,390 | \$ 4,255,035 |
| 1.31%        | 1.42%        | 1.35%        | 1.30%        | 1.27%        |

**CENTERVILLE INDEPENDENT SCHOOL DISTRICT***SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE**SHARE OF THE NET OPEB LIABILITY**TEXAS PUBLIC SCHOOL RETIRED EMPLOYEES GROUP INSURANCE PROGRAM (TRS-CARE)**FOR THE YEAR ENDED AUGUST 31, 2018*

|                                                                                                             | Measurement<br>Year* |
|-------------------------------------------------------------------------------------------------------------|----------------------|
|                                                                                                             | <u>2017</u>          |
| District's proportion of the collective net OPEB liability (asset)                                          | 0.0058848%           |
| District's proportionate share of the collective net OPEB liability (asset)                                 | \$ 2,559,067         |
| State proportionate share of the collective net OPEB liability (asset)<br>associated with the District      | 3,474,868            |
| Total                                                                                                       | <u>\$ 6,033,935</u>  |
| District's covered employee payroll                                                                         | \$ 4,668,807         |
| District's proportionate share of the net OPEB liability as a percentage<br>of its covered employee payroll | 54.81%               |
| Plan fiduciary net position as a percentage of the total OPEB liability                                     | 0.91%                |

\*Only one year's worth of information is currently available.

\*\*As of the measurement date.

**Notes to Required Supplementary Information:****Changes in Assumptions:**

There were no changes in assumptions that affected measurement of the total OPEB liability during the measurement period.

**Changes in Benefits:**

There were no changes in benefit terms that affected measurement of the total OPEB liability during the measurement period

**CENTERVILLE INDEPENDENT SCHOOL DISTRICT***SCHEDULE OF DISTRICT CONTRIBUTIONS**TEXAS PUBLIC SCHOOL RETIRED EMPLOYEES GROUP INSURANCE PROGRAM (TRS-CARE)**FOR THE YEAR ENDED AUGUST 31, 2018*

|                                                                                                       | Fiscal Year<br>2018 |
|-------------------------------------------------------------------------------------------------------|---------------------|
| Statutorily or contractually required District contribution                                           | \$ 41,239           |
| Contributions recognized by OPEB in relation to<br>statutorily or contractually required contribution | 41,239              |
| Contribution deficiency (excess)                                                                      | \$ --               |
| District's covered employee payroll                                                                   | \$ 4,729,630        |
| Contributions as a percentage of covered employee payroll                                             | 0.87%               |

\*Only one year's worth of information is currently available.

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*Combining Statements  
as Supplementary Information*

This supplementary information includes financial statements and schedules not required by the Governmental Accounting Standards Board, nor a part of the basic financial statements, but are presented for purposes of additional analysis.

**CENTERVILLE INDEPENDENT SCHOOL DISTRICT****COMBINING BALANCE SHEET****NONMAJOR SPECIAL REVENUE FUNDS****AUGUST 31, 2018**

| Data<br>Control<br>Codes                       | 211<br>Title I<br>Improving<br>Basic Programs | 240<br>National School<br>Breakfast/Lunch<br>Program | 255<br>Title II<br>Training and<br>Recruiting |
|------------------------------------------------|-----------------------------------------------|------------------------------------------------------|-----------------------------------------------|
| <b>ASSETS:</b>                                 |                                               |                                                      |                                               |
| 1110 <i>Cash and Cash Equivalents</i>          | \$ --                                         | \$ 9,521                                             | \$ --                                         |
| 1240 <i>Due from Other Governments</i>         | --                                            | --                                                   | --                                            |
| 1260 <i>Due from Other Funds</i>               | --                                            | --                                                   | --                                            |
| 1000 Total Assets                              | <u>\$ --</u>                                  | <u>\$ 9,521</u>                                      | <u>\$ --</u>                                  |
| <b>LIABILITIES:</b>                            |                                               |                                                      |                                               |
| Current Liabilities:                           |                                               |                                                      |                                               |
| 2160 <i>Accrued Wages Payable</i>              | \$ --                                         | \$ 9,321                                             | \$ --                                         |
| 2170 <i>Due to Other Funds</i>                 | --                                            | --                                                   | --                                            |
| 2200 <i>Accrued Expenditures</i>               | --                                            | 200                                                  | --                                            |
| 2000 Total Liabilities                         | <u>--</u>                                     | <u>9,521</u>                                         | <u>--</u>                                     |
| <b>FUND BALANCES:</b>                          |                                               |                                                      |                                               |
| Restricted Fund Balances:                      |                                               |                                                      |                                               |
| 3490 <i>Other Restrictions of Fund Balance</i> | --                                            | --                                                   | --                                            |
| 3000 Total Fund Balances                       | <u>--</u>                                     | <u>--</u>                                            | <u>--</u>                                     |
| 4000 Total Liabilities and Fund Balances       | <u>\$ --</u>                                  | <u>\$ 9,521</u>                                      | <u>\$ --</u>                                  |

| 289<br>Title IV,<br>Part A,<br>Subpart 1 | 313<br>IDEA-B<br>Formula | 314<br>IDEA-B<br>Preschool | 410<br>State<br>Textbook |
|------------------------------------------|--------------------------|----------------------------|--------------------------|
| \$ --                                    | \$ --                    | \$ --                      | \$ --                    |
| --                                       | 1,905                    | --                         | 83                       |
| --                                       | --                       | --                         | --                       |
| \$ --                                    | \$ 1,905                 | \$ --                      | \$ 83                    |
|                                          |                          |                            |                          |
| \$ --                                    | \$ --                    | \$ --                      | \$ --                    |
| --                                       | 1,905                    | --                         | 83                       |
| --                                       | --                       | --                         | --                       |
| --                                       | 1,905                    | --                         | 83                       |
|                                          |                          |                            |                          |
| --                                       | --                       | --                         | --                       |
| --                                       | --                       | --                         | --                       |
| \$ --                                    | \$ 1,905                 | \$ --                      | \$ 83                    |

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**CENTERVILLE INDEPENDENT SCHOOL DISTRICT****COMBINING BALANCE SHEET****NONMAJOR SPECIAL REVENUE FUNDS**

AUGUST 31, 2018

| Data<br>Control<br>Codes                       | 434<br>Supplemental<br>Visually<br>Impaired | 437<br>Special<br>Education | Total<br>Nonmajor<br>Special<br>Revenue<br>Funds (See<br>Exhibit C-1) |
|------------------------------------------------|---------------------------------------------|-----------------------------|-----------------------------------------------------------------------|
| <b>ASSETS:</b>                                 |                                             |                             |                                                                       |
| 1110 <i>Cash and Cash Equivalents</i>          | \$ --                                       | \$ 87,005                   | \$ 96,526                                                             |
| 1240 <i>Due from Other Governments</i>         | --                                          | --                          | 1,988                                                                 |
| 1260 <i>Due from Other Funds</i>               | --                                          | 1,905                       | 1,905                                                                 |
| 1000 Total Assets                              | <u>\$ --</u>                                | <u>\$ 88,910</u>            | <u>\$ 100,419</u>                                                     |
| <b>LIABILITIES:</b>                            |                                             |                             |                                                                       |
| Current Liabilities:                           |                                             |                             |                                                                       |
| 2160 <i>Accrued Wages Payable</i>              | \$ --                                       | \$ --                       | \$ 9,321                                                              |
| 2170 <i>Due to Other Funds</i>                 | --                                          | --                          | 1,988                                                                 |
| 2200 <i>Accrued Expenditures</i>               | --                                          | --                          | 200                                                                   |
| 2000 Total Liabilities                         | <u>--</u>                                   | <u>--</u>                   | <u>11,509</u>                                                         |
| <b>FUND BALANCES:</b>                          |                                             |                             |                                                                       |
| Restricted Fund Balances:                      |                                             |                             |                                                                       |
| 3490 <i>Other Restrictions of Fund Balance</i> | --                                          | 88,910                      | 88,910                                                                |
| 3000 Total Fund Balances                       | <u>--</u>                                   | <u>88,910</u>               | <u>88,910</u>                                                         |
| 4000 Total Liabilities and Fund Balances       | <u>\$ --</u>                                | <u>\$ 88,910</u>            | <u>\$ 100,419</u>                                                     |

# CENTERVILLE INDEPENDENT SCHOOL DISTRICT

COMBINING STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES  
NONMAJOR SPECIAL REVENUE FUNDS  
FOR THE YEAR ENDED AUGUST 31, 2018

| Data<br>Control<br>Codes                                  | 211<br>Title I<br>Improving<br>Basic Programs | 240<br>National School<br>Breakfast/Lunch<br>Program | 255<br>Title II<br>Training and<br>Recruiting |
|-----------------------------------------------------------|-----------------------------------------------|------------------------------------------------------|-----------------------------------------------|
| <b>REVENUES:</b>                                          |                                               |                                                      |                                               |
| 5700 <i>Local and Intermediate Sources</i>                | \$ --                                         | \$ 90,360                                            | \$ --                                         |
| 5800 <i>State Program Revenues</i>                        | --                                            | 8,567                                                | --                                            |
| 5900 <i>Federal Program Revenues</i>                      | 98,167                                        | 184,578                                              | 15,660                                        |
| 5020 <b>Total Revenues</b>                                | <u>98,167</u>                                 | <u>283,505</u>                                       | <u>15,660</u>                                 |
| <b>EXPENDITURES:</b>                                      |                                               |                                                      |                                               |
| Current:                                                  |                                               |                                                      |                                               |
| 0011 <i>Instruction</i>                                   | 98,167                                        | --                                                   | 15,660                                        |
| 0021 <i>Instructional Leadership</i>                      | --                                            | --                                                   | --                                            |
| 0031 <i>Guidance, Counseling, and Evaluation Services</i> | --                                            | --                                                   | --                                            |
| 0035 <i>Food Service</i>                                  | --                                            | 295,881                                              | --                                            |
| 0041 <i>General Administration</i>                        | --                                            | --                                                   | --                                            |
| 0051 <i>Facilities Maintenance and Operations</i>         | --                                            | --                                                   | --                                            |
| 0052 <i>Security and Monitoring Services</i>              | --                                            | --                                                   | --                                            |
| 6030 <b>Total Expenditures</b>                            | <u>98,167</u>                                 | <u>295,881</u>                                       | <u>15,660</u>                                 |
| 1100 Excess (Deficiency) of Revenues Over (Under)         |                                               |                                                      |                                               |
| 1100 Expenditures                                         | <u>--</u>                                     | <u>(12,376)</u>                                      | <u>--</u>                                     |
| Other Financing Sources and (Uses):                       |                                               |                                                      |                                               |
| 7915 <i>Transfers In</i>                                  | <u>--</u>                                     | <u>12,376</u>                                        | <u>--</u>                                     |
| 7080 Total Other Financing Sources and (Uses)             | <u>--</u>                                     | <u>12,376</u>                                        | <u>--</u>                                     |
| 1200 Net Change in Fund Balances                          | <u>--</u>                                     | <u>--</u>                                            | <u>--</u>                                     |
| 0100 Fund Balances - Beginning                            | <u>--</u>                                     | <u>--</u>                                            | <u>--</u>                                     |
| 3000 Fund Balances - Ending                               | <u>\$ --</u>                                  | <u>\$ --</u>                                         | <u>\$ --</u>                                  |

| 289<br>Title IV,<br>Part A,<br>Subpart 1 | 313<br>IDEA-B<br>Formula | 314<br>IDEA-B<br>Preschool | 410<br>State<br>Textbook |
|------------------------------------------|--------------------------|----------------------------|--------------------------|
| \$ --                                    | \$ --                    | \$ --                      | \$ --                    |
| --                                       | --                       | --                         | 48,427                   |
| 10,000                                   | 513,862                  | 3,655                      | --                       |
| <u>10,000</u>                            | <u>513,862</u>           | <u>3,655</u>               | <u>48,427</u>            |
| 10,000                                   | 215,275                  | 3,655                      | 48,427                   |
| --                                       | --                       | --                         | --                       |
| --                                       | 298,587                  | --                         | --                       |
| --                                       | --                       | --                         | --                       |
| --                                       | --                       | --                         | --                       |
| --                                       | --                       | --                         | --                       |
| <u>10,000</u>                            | <u>513,862</u>           | <u>3,655</u>               | <u>48,427</u>            |
| --                                       | --                       | --                         | --                       |
| --                                       | --                       | --                         | --                       |
| --                                       | --                       | --                         | --                       |
| --                                       | --                       | --                         | --                       |
| \$ --                                    | \$ --                    | \$ --                      | \$ --                    |

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**CENTERVILLE INDEPENDENT SCHOOL DISTRICT**

COMBINING STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES  
NONMAJOR SPECIAL REVENUE FUNDS  
FOR THE YEAR ENDED AUGUST 31, 2018

| Data<br>Control<br>Codes                                  | 434<br>Supplemental<br>Visually<br>Impaired | 437<br>Special<br>Education | Total<br>Nonmajor<br>Special<br>Revenue<br>Funds (See<br>Exhibit C-2) |
|-----------------------------------------------------------|---------------------------------------------|-----------------------------|-----------------------------------------------------------------------|
| <b>REVENUES:</b>                                          |                                             |                             |                                                                       |
| 5700 <i>Local and Intermediate Sources</i>                | \$ --                                       | \$ 7,178                    | \$ 97,538                                                             |
| 5800 <i>State Program Revenues</i>                        | 1,400                                       | 165,000                     | 223,394                                                               |
| 5900 <i>Federal Program Revenues</i>                      | --                                          | --                          | 825,922                                                               |
| 5020 <i>Total Revenues</i>                                | <u>1,400</u>                                | <u>172,178</u>              | <u>1,146,854</u>                                                      |
| <b>EXPENDITURES:</b>                                      |                                             |                             |                                                                       |
| Current:                                                  |                                             |                             |                                                                       |
| 0011 <i>Instruction</i>                                   | 1,400                                       | --                          | 392,584                                                               |
| 0021 <i>Instructional Leadership</i>                      | --                                          | 146,969                     | 146,969                                                               |
| 0031 <i>Guidance, Counseling, and Evaluation Services</i> | --                                          | --                          | 298,587                                                               |
| 0035 <i>Food Service</i>                                  | --                                          | --                          | 295,881                                                               |
| 0041 <i>General Administration</i>                        | --                                          | 795                         | 795                                                                   |
| 0051 <i>Facilities Maintenance and Operations</i>         | --                                          | 21,082                      | 21,082                                                                |
| 0052 <i>Security and Monitoring Services</i>              | --                                          | 8,609                       | 8,609                                                                 |
| 6030 <i>Total Expenditures</i>                            | <u>1,400</u>                                | <u>177,455</u>              | <u>1,164,507</u>                                                      |
| 1100 <i>Excess (Deficiency) of Revenues Over (Under)</i>  |                                             |                             |                                                                       |
| 1100 <i>Expenditures</i>                                  | --                                          | (5,277)                     | (17,653)                                                              |
| Other Financing Sources and (Uses):                       |                                             |                             |                                                                       |
| 7915 <i>Transfers In</i>                                  | --                                          | --                          | 12,376                                                                |
| 7080 <i>Total Other Financing Sources and (Uses)</i>      | --                                          | --                          | 12,376                                                                |
| 1200 <i>Net Change in Fund Balances</i>                   | --                                          | (5,277)                     | (5,277)                                                               |
| 0100 <i>Fund Balances - Beginning</i>                     | --                                          | 94,187                      | 94,187                                                                |
| 3000 <i>Fund Balances - Ending</i>                        | <u>\$ --</u>                                | <u>\$ 88,910</u>            | <u>\$ 88,910</u>                                                      |

**CENTERVILLE INDEPENDENT SCHOOL DISTRICT**

COMBINING STATEMENT OF FIDUCIARY NET POSITION

PRIVATE-PURPOSE TRUST FUNDS

AUGUST 31, 2018

| Data<br>Control<br>Codes      | 816<br>Misty<br>Alynn Franks<br>Scholarship | 818<br>Eloise<br>Keeling<br>Scholarship | 819<br>Bonnie<br>Easterling<br>Scholarship | 820<br>Floyd and<br>Earcel Green<br>Scholarship |
|-------------------------------|---------------------------------------------|-----------------------------------------|--------------------------------------------|-------------------------------------------------|
| <b>ASSETS:</b>                |                                             |                                         |                                            |                                                 |
| 1800 <i>Restricted Assets</i> | \$ 21,112                                   | \$ 3,152                                | \$ 17,319                                  | \$ 283,287                                      |
| 1000 Total Assets             | <u>21,112</u>                               | <u>3,152</u>                            | <u>17,319</u>                              | <u>283,287</u>                                  |
| <b>LIABILITIES:</b>           |                                             |                                         |                                            |                                                 |
| 2000 Total Liabilities        | <u>--</u>                                   | <u>--</u>                               | <u>--</u>                                  | <u>--</u>                                       |
| <b>NET POSITION:</b>          |                                             |                                         |                                            |                                                 |
| 3800 <i>Held in Trust</i>     | 21,112                                      | 3,152                                   | 17,319                                     | 283,287                                         |
| 3000 Total Net Position       | <u>\$ 21,112</u>                            | <u>\$ 3,152</u>                         | <u>\$ 17,319</u>                           | <u>\$ 283,287</u>                               |

| 822<br>Brandy<br>Rutledge<br>Scholarship | 823<br>Aneva<br>Floyd Burkett<br>Scholarship | 824<br>Jason Raines<br>Memorial<br>Scholarship | 825<br>Josh<br>Farris<br>Scholarship | 826<br>Keri Lummus<br>Athletic Memorial<br>Scholarship |
|------------------------------------------|----------------------------------------------|------------------------------------------------|--------------------------------------|--------------------------------------------------------|
| \$ 271                                   | \$ 20,695                                    | \$ 2,334                                       | \$ 314                               | \$ 325                                                 |
| 271                                      | 20,695                                       | 2,334                                          | 314                                  | 325                                                    |
| --                                       | --                                           | --                                             | --                                   | --                                                     |
| 271                                      | 20,695                                       | 2,334                                          | 314                                  | 325                                                    |
| \$ 271                                   | \$ 20,695                                    | \$ 2,334                                       | \$ 314                               | \$ 325                                                 |

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**CENTERVILLE INDEPENDENT SCHOOL DISTRICT**

COMBINING STATEMENT OF FIDUCIARY NET POSITION

PRIVATE-PURPOSE TRUST FUNDS

AUGUST 31, 2018

| Data<br>Control<br>Codes      | 827<br>Bobbie E.<br>Hardee Memorial<br>Scholarship | 828<br>National<br>Honor Society<br>Scholarship | Total<br>Private-<br>Purpose<br>Trust<br>Funds (See<br>Exhibit E-1) |
|-------------------------------|----------------------------------------------------|-------------------------------------------------|---------------------------------------------------------------------|
| <b>ASSETS:</b>                |                                                    |                                                 |                                                                     |
| 1800 <i>Restricted Assets</i> | \$ 3,864                                           | \$ 5,523                                        | \$ 358,196                                                          |
| 1000 Total Assets             | <u>3,864</u>                                       | <u>5,523</u>                                    | <u>358,196</u>                                                      |
| <b>LIABILITIES:</b>           |                                                    |                                                 |                                                                     |
| 2000 Total Liabilities        | <u>--</u>                                          | <u>--</u>                                       | <u>--</u>                                                           |
| <b>NET POSITION:</b>          |                                                    |                                                 |                                                                     |
| 3800 <i>Held in Trust</i>     | 3,864                                              | 5,523                                           | 358,196                                                             |
| 3000 Total Net Position       | <u>\$ 3,864</u>                                    | <u>\$ 5,523</u>                                 | <u>\$ 358,196</u>                                                   |

**CENTERVILLE INDEPENDENT SCHOOL DISTRICT**  
**COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION**  
**PRIVATE-PURPOSE TRUST FUNDS**  
**FOR THE YEAR ENDED AUGUST 31, 2018**

|                                    | 816<br>Misty<br>Alynn Franks<br>Scholarship | 818<br>Eloise<br>Keeling<br>Scholarship | 819<br>Bonnie<br>Easterling<br>Scholarship | 820<br>Floyd and<br>Earcel Green<br>Scholarship | 822<br>Brandy<br>Rutledge<br>Scholarship |
|------------------------------------|---------------------------------------------|-----------------------------------------|--------------------------------------------|-------------------------------------------------|------------------------------------------|
| <b>Additions:</b>                  |                                             |                                         |                                            |                                                 |                                          |
| Investment Income                  | \$ 159                                      | \$ 23                                   | \$ 138                                     | \$ 550                                          | \$ --                                    |
| Gifts and Bequests                 | 650                                         | 245                                     | 700                                        | 2,000                                           | --                                       |
| Total Additions                    | <u>809</u>                                  | <u>268</u>                              | <u>838</u>                                 | <u>2,550</u>                                    | <u>--</u>                                |
| <b>Deductions:</b>                 |                                             |                                         |                                            |                                                 |                                          |
| Scholarship Awards                 | 1,000                                       | --                                      | 1,000                                      | 2,000                                           | --                                       |
| Total Deductions                   | <u>1,000</u>                                | <u>--</u>                               | <u>1,000</u>                               | <u>2,000</u>                                    | <u>--</u>                                |
| <b>Change in Net Position</b>      | (191)                                       | 268                                     | (162)                                      | 550                                             | --                                       |
| Net Position-Beginning of the Year | 21,303                                      | 2,884                                   | 17,481                                     | 282,737                                         | 271                                      |
| Net Position-End of the Year       | <u>\$ 21,112</u>                            | <u>\$ 3,152</u>                         | <u>\$ 17,319</u>                           | <u>\$ 283,287</u>                               | <u>\$ 271</u>                            |

EXHIBIT H-4

| 823<br>Aneva<br>Floyd Burkett<br>Scholarship | 824<br>Jason Raines<br>Memorial<br>Scholarship | 825<br>Josh<br>Farris<br>Scholarship | 826<br>Keri Lummus<br>Athletic Memorial<br>Scholarship | 827<br>Bobbie E.<br>Hardee Memorial<br>Scholarship | 828<br>National<br>Honor Society<br>Scholarship | Total<br>Private-Purpose<br>Trust<br>Funds (See<br>Exhibit E-2) |
|----------------------------------------------|------------------------------------------------|--------------------------------------|--------------------------------------------------------|----------------------------------------------------|-------------------------------------------------|-----------------------------------------------------------------|
| \$ 164                                       | \$ 7                                           | \$ --                                | \$ --                                                  | \$ 20                                              | \$ 52                                           | \$ 1,113                                                        |
| 3,568                                        | 6,000                                          | --                                   | --                                                     | 3,322                                              | --                                              | 16,485                                                          |
| <u>3,732</u>                                 | <u>6,007</u>                                   | <u>--</u>                            | <u>--</u>                                              | <u>3,342</u>                                       | <u>52</u>                                       | <u>17,599</u>                                                   |
| 3,000                                        | 5,500                                          | --                                   | 1,500                                                  | 1,500                                              | --                                              | 15,500                                                          |
| <u>3,000</u>                                 | <u>5,500</u>                                   | <u>--</u>                            | <u>1,500</u>                                           | <u>1,500</u>                                       | <u>--</u>                                       | <u>15,500</u>                                                   |
| 732                                          | 507                                            | --                                   | (1,500)                                                | 1,842                                              | 52                                              | 2,099                                                           |
| 19,963                                       | 1,827                                          | 314                                  | 1,825                                                  | 2,022                                              | 5,471                                           | 356,098                                                         |
| <u>\$ 20,695</u>                             | <u>\$ 2,334</u>                                | <u>\$ 314</u>                        | <u>\$ 325</u>                                          | <u>\$ 3,864</u>                                    | <u>\$ 5,523</u>                                 | <u>\$ 358,197</u>                                               |

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### *Other Supplementary Information*

This section includes financial information and disclosures not required by the Governmental Accounting Standards Board and not considered a part of the basic financial statements. It may, however, include information which is required by other entities.

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

| Year Ended<br>August 31        | 1           | 2            | 3                                                      |
|--------------------------------|-------------|--------------|--------------------------------------------------------|
|                                | Tax Rates   |              | Assessed/Appraised<br>Value For School<br>Tax Purposes |
|                                | Maintenance | Debt Service |                                                        |
| 2009 and Prior Years           | Various     | Various      | Various                                                |
| 2010                           | \$ 1.04     | \$ --        | \$ 263,178,016                                         |
| 2011                           | \$ 1.04     | \$ --        | \$ 272,300,631                                         |
| 2012                           | \$ 1.04     | \$ --        | \$ 284,892,551                                         |
| 2013                           | \$ 1.04     | \$ --        | \$ 336,258,483                                         |
| 2014                           | \$ 1.04     | \$ --        | \$ 420,697,021                                         |
| 2015                           | \$ 1.04     | \$ .2880     | \$ 480,640,285                                         |
| 2016                           | \$ 1.04     | \$ .2735     | \$ 379,266,684                                         |
| 2017                           | \$ 1.04     | \$ .2800     | \$ 303,047,407                                         |
| 2018 (School Year Under Audit) | \$ 1.04     | \$ .2800     | \$ 292,164,148                                         |

1000 Totals

9000 - Portion of Row 1000 for Taxes Paid into Tax Increment Zone Under Chapter 311, Tax Code

EXHIBIT J-1

| 10<br>Beginning<br>Balance<br>9/1/17 | 20<br>Current<br>Year's<br>Total Levy | 31<br>Maintenance<br>Collections | 32<br>Debt Service<br>Collections | 40<br>Entire<br>Year's<br>Adjustments | 50<br>Ending<br>Balance<br>8/31/18 |
|--------------------------------------|---------------------------------------|----------------------------------|-----------------------------------|---------------------------------------|------------------------------------|
| \$ 272,847                           | \$ --                                 | \$ 1,943                         | \$ 117                            | \$ (21,967)                           | \$ 248,820                         |
| 32,315                               | --                                    | 591                              | --                                | 30                                    | 31,754                             |
| 31,568                               | --                                    | 266                              | --                                | (95)                                  | 31,206                             |
| 34,611                               | --                                    | 696                              | --                                | (76)                                  | 33,839                             |
| 42,139                               | --                                    | 1,381                            | --                                | (71)                                  | 40,687                             |
| 51,090                               | --                                    | 3,365                            | --                                | (63)                                  | 47,662                             |
| 93,538                               | --                                    | 12,060                           | 3,340                             | (56)                                  | 78,082                             |
| 296,155                              | --                                    | 17,935                           | 4,716                             | (786)                                 | 272,717                            |
| 191,414                              | --                                    | 49,540                           | 24,542                            | (22,363)                              | 94,969                             |
| --                                   | 3,856,567                             | 2,881,709                        | 759,950                           | 33,843                                | 248,751                            |
| <u>\$ 1,045,675</u>                  | <u>\$ 3,856,567</u>                   | <u>\$ 2,969,485</u>              | <u>\$ 792,666</u>                 | <u>\$ (11,604)</u>                    | <u>\$ 1,128,487</u>                |
| \$ --                                | \$ --                                 | \$ --                            | \$ --                             | \$ --                                 | \$ --                              |

# CENTERVILLE INDEPENDENT SCHOOL DISTRICT

NATIONAL SCHOOL BREAKFAST AND LUNCH PROGRAM

BUDGETARY COMPARISON SCHEDULE

FOR THE YEAR ENDED AUGUST 31, 2018

EXHIBIT J-2

| Data Control Codes                  |                                              | 1                | 2           | 3         | Variance with Final Budget Positive (Negative) |
|-------------------------------------|----------------------------------------------|------------------|-------------|-----------|------------------------------------------------|
|                                     |                                              | Budgeted Amounts |             |           |                                                |
|                                     |                                              | Original         | Final       | Actual    |                                                |
| REVENUES:                           |                                              |                  |             |           |                                                |
| 5700                                | Local and Intermediate Sources               | \$ 87,355        | \$ 87,355   | \$ 90,360 | \$ 3,005                                       |
| 5800                                | State Program Revenues                       | 9,400            | 9,400       | 8,567     | (833)                                          |
| 5900                                | Federal Program Revenues                     | 158,710          | 158,710     | 184,578   | 25,868                                         |
| 5020                                | Total Revenues                               | 255,465          | 255,465     | 283,505   | 28,040                                         |
| EXPENDITURES:                       |                                              |                  |             |           |                                                |
| Current:                            |                                              |                  |             |           |                                                |
| Support Services - Student (Pupil): |                                              |                  |             |           |                                                |
| 0035                                | Food Services                                | 255,465          | 315,465     | 295,881   | 19,584                                         |
|                                     | Total Support Services - Student (Pupil)     | 255,465          | 315,465     | 295,881   | 19,584                                         |
| 6030                                | Total Expenditures                           | 255,465          | 315,465     | 295,881   | 19,584                                         |
| 1100                                | Excess (Deficiency) of Revenues Over (Under) |                  |             |           |                                                |
| 1100                                | Expenditures                                 | --               | (60,000)    | (12,376)  | 47,624                                         |
| Other Financing Sources (Uses):     |                                              |                  |             |           |                                                |
| 7915                                | Transfers In                                 | --               | --          | 12,376    | 12,376                                         |
| 7080                                | Total Other Financing Sources and (Uses)     | --               | --          | 12,376    | 12,376                                         |
| 1200                                | Net Change in Fund Balance                   | --               | (60,000)    | --        | 60,000                                         |
| 0100                                | Fund Balance - Beginning                     | --               | --          | --        | --                                             |
| 3000                                | Fund Balance - Ending                        | \$ --            | \$ (60,000) | \$ --     | \$ 60,000                                      |

# CENTERVILLE INDEPENDENT SCHOOL DISTRICT

EXHIBIT J-3

## DEBT SERVICE FUND

### BUDGETARY COMPARISON SCHEDULE

FOR THE YEAR ENDED AUGUST 31, 2018

| Data<br>Control<br>Codes |                                              | 1                | 2          | 3          | Variance with<br>Final Budget |
|--------------------------|----------------------------------------------|------------------|------------|------------|-------------------------------|
|                          |                                              | Budgeted Amounts |            | Actual     | Positive                      |
|                          |                                              | Original         | Final      |            | (Negative)                    |
|                          | <b>REVENUES:</b>                             |                  |            |            |                               |
| 5700                     | <i>Local and Intermediate Sources</i>        | \$ 794,446       | \$ 794,466 | \$ 808,790 | \$ 14,324                     |
| 5800                     | <i>State Program Revenues</i>                | 18,000           | 18,000     | 28,789     | 10,789                        |
| 5020                     | Total Revenues                               | 812,446          | 812,466    | 837,579    | 25,113                        |
|                          | <b>EXPENDITURES:</b>                         |                  |            |            |                               |
|                          | Debt Service:                                |                  |            |            |                               |
| 0071                     | <i>Principal on Long-Term Debt</i>           | 280,000          | 280,000    | 280,000    | --                            |
| 0072                     | <i>Interest on Long-Term Debt</i>            | 571,900          | 571,900    | 571,900    | --                            |
| 0073                     | <i>Bond Issuance Costs and Fees</i>          | 1,000            | 1,000      | 1,000      | --                            |
|                          | Total Debt Service                           | 852,900          | 852,900    | 852,900    | --                            |
| 6030                     | Total Expenditures                           | 852,900          | 852,900    | 852,900    | --                            |
| 1100                     | Excess (Deficiency) of Revenues Over (Under) |                  |            |            |                               |
| 1100                     | Expenditures                                 | (40,434)         | (40,434)   | (15,321)   | 25,113                        |
| 1200                     | Net Change in Fund Balance                   | (40,434)         | (40,434)   | (15,321)   | 25,113                        |
| 0100                     | Fund Balance - Beginning                     | 154,321          | 154,321    | 154,321    | --                            |
| 3000                     | Fund Balance - Ending                        | \$ 113,887       | \$ 113,887 | \$ 139,000 | \$ 25,113                     |

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*Federal Awards and Other Compliance Section*

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**Independent Auditors' Report on Internal Control over Financial Reporting and  
on Compliance and Other Matters Based on an Audit of Financial Statements  
Performed In Accordance With *Government Auditing Standards***

To the Board of Trustees of  
Centerville 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, each major fund, and the aggregate remaining fund information of Centerville Independent School District (the "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, and have issued our report thereon dated December 13, 2018.

**Internal Control Over Financial Reporting**

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

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

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

## **Compliance and Other Matters**

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

## **Purpose of this Report**

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

Respectfully submitted,

 BELT HARRIS PECHACEK, LLLP

Belt Harris Pechacek, LLLP  
*Certified Public Accountants*  
Houston, Texas  
December 13, 2018



## **Independent Auditors' Report on Compliance for Each Major Program and on Internal Control Over Compliance Required by the Uniform Guidance**

To the Board of Trustees of  
Centerville Independent School District:

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

We have audited the Centerville Independent School District's (the "District") compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the year ended August 31, 2018. The District's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

### **Management's Responsibility**

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

### **Auditors' Responsibility**

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

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

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

In our opinion, the District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended August 31, 2018.

## Report on Internal Control Over Compliance

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

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

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

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

Respectfully submitted,

 BELT HARRIS PECHACEK, LLP

Belt Harris Pechacek, LLP  
Certified Public Accountants  
Houston, Texas  
December 13, 2018

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

A. Summary of Auditors' Results

1. Financial Statements

Type of auditors' report issued: Unmodified

Internal control over financial reporting:

One or more material weaknesses identified?        Yes   X   No

One or more significant deficiencies identified that are not considered to be material weaknesses?        Yes   X   None Reported

Noncompliance material to financial statements noted?        Yes   X   No

2. Federal Awards

Internal control over major programs:

One or more material weaknesses identified?        Yes   X   No

One or more significant deficiencies identified that are not considered to be material weaknesses?        Yes   X   None Reported

Type of auditors' report issued on compliance for major programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with Title 2 U.S. Code of Federal Regulations (CFR) Part 200?        Yes   X   No

Identification of major programs:

| <u>CFDA Number(s)</u> | <u>Name of Federal Program or Cluster</u> |
|-----------------------|-------------------------------------------|
| 84.027 and 84.173     | Special Education Cluster                 |
| 10.553 and 10.555     | Child Nutrition Cluster                   |

Dollar threshold used to distinguish between type A and type B programs: \$750,000

Auditee qualified as low-risk auditee?   X   Yes        No

B. Financial Statement Findings

NONE

C. Federal Award Findings and Questioned Costs

NONE

**CENTERVILLE INDEPENDENT SCHOOL DISTRICT**  
*SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS*  
*FOR THE YEAR ENDED AUGUST 31, 2018*

| <u>Finding/Recommendation</u> | <u>Current Status</u> | <u>Management's Explanation<br/>If Not Implemented</u> |
|-------------------------------|-----------------------|--------------------------------------------------------|
| NONE NOTED                    |                       |                                                        |

**CENTERVILLE INDEPENDENT SCHOOL DISTRICT**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**FOR THE YEAR ENDED AUGUST 31, 2018**

**EXHIBIT K-1**

| (1)                                                                    | (2)                       | (2A)                                                | (3)                     |
|------------------------------------------------------------------------|---------------------------|-----------------------------------------------------|-------------------------|
| Federal Grantor/<br>Pass-Through Grantor/<br>Program or Cluster Title  | Federal<br>CFDA<br>Number | Pass-<br>Through<br>Entity<br>Identifying<br>Number | Federal<br>Expenditures |
| <b>CHILD NUTRITION CLUSTER:</b>                                        |                           |                                                     |                         |
| <u>U. S. Department of Agriculture</u>                                 |                           |                                                     |                         |
| Passed Through State Department of Education:                          |                           |                                                     |                         |
| <i>School Breakfast Program</i>                                        | 10.553                    | 00728                                               | \$ 48,983               |
| <i>National School Lunch Program</i>                                   | 10.555                    | 00728                                               | 119,658                 |
| Total Passed Through State Department of Education                     |                           |                                                     | 168,641                 |
| Total U. S. Department of Agriculture                                  |                           |                                                     | 168,641                 |
| Total Child Nutrition Cluster                                          |                           |                                                     | 168,641                 |
| <b>FOOD DISTRIBUTION CLUSTER:</b>                                      |                           |                                                     |                         |
| <u>U. S. Department of Agriculture</u>                                 |                           |                                                     |                         |
| Passed Through State Department of Education:                          |                           |                                                     |                         |
| <i>Commodity Supplemental Food Program (Non-cash)</i>                  | 10.565                    | 00728                                               | 15,937                  |
| Total Passed Through State Department of Education                     |                           |                                                     | 15,937                  |
| Total U. S. Department of Agriculture                                  |                           |                                                     | 15,937                  |
| Total Food Distribution Cluster                                        |                           |                                                     | 15,937                  |
| <b>SPECIAL EDUCATION (IDEA) CLUSTER:</b>                               |                           |                                                     |                         |
| <u>U. S. Department of Education</u>                                   |                           |                                                     |                         |
| Passed Through State Department of Education:                          |                           |                                                     |                         |
| <i>SSA IDEA-B Formula</i>                                              | 84.027                    | 186600011459026600                                  | 513,862                 |
| <i>SSA IDEA-B Preschool</i>                                            | 84.173                    | 186610011459026610                                  | 3,655                   |
| Total Passed Through State Department of Education                     |                           |                                                     | 517,517                 |
| Total U. S. Department of Education                                    |                           |                                                     | 517,517                 |
| Total Special Education (IDEA) Cluster                                 |                           |                                                     | 517,517                 |
| <b>OTHER PROGRAMS:</b>                                                 |                           |                                                     |                         |
| <u>U. S. Department of Education</u>                                   |                           |                                                     |                         |
| Passed Through State Department of Education:                          |                           |                                                     |                         |
| <i>Title I Part A - Improving Basic Programs</i>                       | 84.010                    | 18610101145902                                      | 98,167                  |
| <i>Title II Part A - Teacher and Principal Training and Recruiting</i> | 84.367                    | 18694501145902                                      | 15,660                  |
| <i>Title IV, Part A, Subpart 1</i>                                     | 84.424                    | 18680101145902                                      | 10,000                  |
| Total Passed Through State Department of Education                     |                           |                                                     | 123,827                 |
| Total U. S. Department of Education                                    |                           |                                                     | 123,827                 |
| TOTAL EXPENDITURES OF FEDERAL AWARDS                                   |                           |                                                     | \$ 825,922              |

The accompanying notes are an integral part of this schedule.

**CENTERVILLE INDEPENDENT SCHOOL DISTRICT**  
*NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS*  
*FOR THE YEAR ENDED AUGUST 31, 2018*

Basis of Presentation

The accompanying schedule of expenditures of federal awards (SEFA) includes the federal grant activity of the District. The information in the SEFA is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200 *Uniform Administrative Requirements, Cost Principles, and Audit and Audit Requirements for Federal Awards* ("Uniform Guidance"). Therefore, some amounts may differ from amounts presented in, or used in the preparation of, the basic financial statements.

Summary of Significant Accounting Policies

Expenditures reported on the SEFA are reported on the modified accrual basis of accounting. These expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the SEFA, if any, represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years.

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

**CENTERVILLE INDEPENDENT SCHOOL DISTRICT**

*SCHEDULE OF REQUIRED RESPONSES TO SELECTED SCHOOL FIRST INDICATORS  
AS OF AUGUST 31, 2018*

| <u>Data<br/>Control<br/>Codes</u> |                                                                                                                                                                                                              | <u>Responses</u> |
|-----------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------|
| SF2                               | Were there any disclosures in the Annual Financial Report and/or other sources of information concerning nonpayment of any terms of any debt agreement at fiscal year end?                                   | No               |
| SF4                               | Was there an unmodified opinion in the Annual Financial Report?                                                                                                                                              | 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 Teacher Retirement System (TRS), Texas Workforce Commission (TWC), Internal Revenue Service (IRS), and other governmental agencies?                      | Yes              |
| SF8                               | Did the school district <u>not</u> 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                              | What was the total accumulated accretion on capital appreciation bonds (CABs) included in government-wide financial statements at fiscal year-end?                                                           | \$ 563,417       |
| SF11                              | Net pension asset (object 1920) at fiscal year-end                                                                                                                                                           | \$ --            |
| SF12                              | Net pension liability (object 2540) at fiscal year-end                                                                                                                                                       | \$ 1,246,773     |

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