

CENTER INDEPENDENT SCHOOL DISTRICT

ANNUAL FINANCIAL REPORT
For the year ended August 31, 2024

CENTER INDEPENDENT SCHOOL DISTRICT

ANNUAL FINANCIAL REPORT
For the year ended August 31, 2024

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INTRODUCTORY SECTION

CERTIFICATE OF BOARD

Center Independent School District ^o
Name of School District

Shelby
County

210-901
Co. Dist. Number

We, the undersigned, clarify 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, 2024, at a meeting of the Board of Trustees of such school district on the 23rd day of January, 2025.


Signature of Board Secretary


Signature of Board President

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

FINANCIAL SECTION

INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees of
Center Independent School District
Center, Texas

Report on the Audit of the Financial Statements***Opinions***

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Center Independent School District (the "District"), as of and for the year ended August 31, 2024, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements 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, 2024, 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.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the District, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

(Continued)

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

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 other postemployment benefit liability, and schedules of District contributions on page 5-11 and 48-52 be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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.

(Continued)

Supplementary 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 accompanying combining statements and schedules and schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining statements and schedules and the schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the introductory section and the schedule of required responses to selected school first indicators but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated January 28, 2025 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.


Crowe LLP

Houston, Texas
January 28, 2025

MANAGEMENT'S DISCUSSION AND ANALYSIS

CENTER INDEPENDENT SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the year ended August 31, 2024

The purpose of the Management's Discussion and Analysis (MD&A) is to give the readers an objective and easily readable analysis of the financial activities of Center Independent School District (the District) for the year ending August 31, 2024. The analysis is based on currently known facts, decisions, or economic conditions. It presents short and long-term analysis of the District's activities, compares current year results with those of the prior year, and discusses the positive and negative aspects of that comparison. Please read the MD&A in conjunction with the District's financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

- The District's total combined net position at August 31, 2024 was \$22,055,450.
- For the fiscal year ended August 31, 2024, the District's general fund reported a total fund balance of \$12,689,949. The general fund consists of restricted fund balance of \$1,502,426 for the Qualified School Construction Maintenance Tax Note, Taxable Series 2011, and committed fund balance of \$2,981,129 for construction and retirement of loans and notes payable. The remaining general fund balance of \$8,206,394 is unassigned.
- At the end of the fiscal year, the District's governmental funds (the general fund plus all state and federal grant funds and the debt service fund, and the capital projects funds) reported a combined ending fund balance of \$16,406,032.

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 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 fund* statements provide information about the financial relationships in which the District acts solely as a trustee or custodian for the benefit of others, to whom the fiduciary resources belong. These statements include a private-purpose trust fund and a custodial fund.

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.

(Continued)

CENTER INDEPENDENT SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the year ended August 31, 2024

GOVERNMENT-WIDE FINANCIAL STATEMENTS

The government-wide statements report information about the District as a whole. These statements include transactions and balances relating to all assets, including infrastructure capital assets. These statements are designed to provide information about cost of services, operating results, and financial position of the District as an economic entity. The Statement of Net Position and the Statement of Activities, which appear first in the District's financial statements, report information on the District's activities that enable the reader to understand the financial condition of the District. These statements are prepared using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account even if cash has not yet changed hands.

The Statement of Net Position presents information on all of the District's assets, liabilities, and deferred outflows/inflows of resources, with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating. Other nonfinancial factors, such as changes in the District's tax base, staffing patterns, enrollment, and attendance, need to be considered in order to assess the overall health of the District.

The Statement of Activities presents information showing how the District's net position changed during the most recent year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows – the accrual method rather than modified accrual that is used in the fund level statements.

The Statement of Net Position and the Statement of Activities include the following class of activities:

- *Governmental Activities* – The District's basic services such as instruction, extracurricular activities, curriculum and staff development, health services, general administration, and plant operations 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 governmental activities.

The government-wide financial statements can be found after the MD&A.

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.

(Continued)

CENTER INDEPENDENT SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the year ended August 31, 2024

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 explain the relationship (or differences) between them.
- *Fiduciary funds* – The District serves as the trustee, or fiduciary, for certain funds such as student activity 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 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 \$22,055,450 at August 31, 2024. *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, 2024.

Table 1 indicates the District's net position decreased \$2,663,311 in total from the prior year. The details of this decrease can be seen in *Table 2*. Total assets decreased by \$3,846,350 which was primarily due to the net result of an increase in expenses and increase in operating grants and contributions. The net decrease in total liabilities of \$153,085 is the net result of long-term liabilities decreasing by \$183,931 mainly due to principal payments on debt outstanding and other postemployment benefits (OPEB) offset by an increase in the net pension liability, and an increase in current liabilities by \$30,846 primarily from increases in accounts payables for construction. The deferred outflows increased by \$59,628 and deferred inflows decreased by \$970,326 due primarily to the changes in the difference between projects and actual investment earnings for OPEB. Within *Table 2* the District reported a net increase in total revenues by \$583,785 primarily due to an increase in operating grants and contributions and grants related to an increase in pension and OPEB on-behalf revenues and an increase in contributions not restricted for specific programs related to an increase in foundation revenue offset by a decrease in property taxes from a decrease in property tax rates. Total expenses experienced a net increase of \$4,677,267 mainly due to increases in expenses for instruction, student transportation, and food service related to payroll costs from a wage increase and depreciation expenses related to additions to depreciable capital assets.

(Continued)

CENTER INDEPENDENT SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the year ended August 31, 2024

Table 1
Net Position

	<u>Governmental Activities</u>		<u>Total Change</u>
	<u>2024</u>	<u>2023</u>	<u>2024-2023</u>
ASSETS			
Current assets	\$ 18,647,810	\$ 31,688,005	\$ (13,040,195)
Capital assets	66,443,800	57,784,092	8,659,708
Restricted assets	1,502,426	968,289	534,137
Total assets	<u>86,594,036</u>	<u>90,440,386</u>	<u>(3,846,350)</u>
DEFERRED OUTFLOWS ON RESOURCES			
Deferred outflows - pensions	3,946,129	3,963,322	(17,193)
Deferred outflows - OPEB	2,304,795	2,227,974	76,821
Total deferred outflows on resources	<u>6,250,924</u>	<u>6,191,296</u>	<u>59,628</u>
LIABILITIES			
Current liabilities	3,219,223	3,188,377	30,846
Long-term liabilities	58,656,417	58,840,348	(183,931)
Total liabilities	<u>61,875,640</u>	<u>62,028,725</u>	<u>(153,085)</u>
DEFERRED INFLOWS ON RESOURCES			
Deferred inflows - pensions	777,694	930,415	(152,721)
Deferred inflows - OPEB	8,136,176	8,953,781	(817,605)
Total deferred inflows on resources	<u>8,913,870</u>	<u>9,884,196</u>	<u>(970,326)</u>
NET POSITION			
Net investment in capital assets	24,507,695	24,754,696	(247,001)
Restricted	3,303,300	3,492,550	(189,250)
Unrestricted	<u>(5,755,545)</u>	<u>(3,528,485)</u>	<u>(2,227,060)</u>
Total net position	<u>\$ 22,055,450</u>	<u>\$ 24,718,761</u>	<u>\$ (2,663,311)</u>

(Continued)

CENTER INDEPENDENT SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the year ended August 31, 2024

Table 2
Changes in Net Position

	<u>Governmental Activities</u>		<u>Total Change</u>
	<u>2024</u>	<u>2023</u>	<u>2024-2023</u>
Revenues			
Program revenues:			
Charges for services	\$ 346,294	\$ 268,069	\$ 78,225
Operating grants and contributions	8,824,563	8,135,402	689,161
General revenues:			
Property Taxes	7,313,245	8,190,896	(877,651)
Grants and contributions not restricted for specific programs	19,555,519	18,886,112	669,407
Investment earnings	1,405,881	1,362,291	43,590
Other revenue	291,293	310,240	(18,947)
Total revenues	<u>37,736,795</u>	<u>37,153,010</u>	<u>583,785</u>
Expenses			
Instruction	20,031,122	18,297,702	1,733,420
Instructional resources and media services	204,784	211,761	(6,977)
Curriculum/instructional staff development	559,592	468,497	91,095
Instructional leadership	776,529	668,732	107,797
School leadership	2,028,991	1,718,514	310,477
Guidance, counseling, and evaluation services	1,573,391	1,448,814	124,577
Health services	287,139	278,639	8,500
Student (pupil) transportation	2,687,458	1,670,664	1,016,794
Food services	3,344,800	1,496,076	1,848,724
Extracurricular activities	1,629,199	1,368,292	260,907
General administration	1,418,315	1,525,624	(107,309)
Plant maintenance and operations	2,354,685	3,388,840	(1,034,155)
Security and monitoring services	785,774	411,974	373,800
Data processing services	543,781	559,490	(15,709)
Community services	265,831	244,166	21,665
Debt service - interest and fees	1,662,938	1,755,432	(92,494)
Other intergovernmental charges	245,777	209,622	36,155
Total expenses	<u>40,400,106</u>	<u>35,722,839</u>	<u>4,677,267</u>
Change in net position	(2,663,311)	1,430,171	(4,093,482)
Net position - beginning of year	<u>24,718,761</u>	<u>23,288,590</u>	<u>1,430,171</u>
Net position - end of year	<u>\$ 22,055,450</u>	<u>\$ 24,718,761</u>	<u>\$ (2,663,311)</u>

(Continued)

CENTER INDEPENDENT SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the year ended August 31, 2024

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

At the close of the fiscal year ending August 31, 2024, the District's governmental funds reported a combined fund balance of \$16,406,032 which was a \$12,627,105 decrease from a combined fund balance of \$29,033,137 at August 31, 2023. The fund balance in the general fund of \$12,689,949 was a decrease of \$2,027,492 from fund balance in the prior year. This decrease can be attributed to a decrease in property tax revenues from a decrease in property tax rates and an increase in expenditures for instruction related to an increase in salaries, and student transportation related to the purchase of new buses.

The restricted fund balance for the debt service fund of \$601,263 decreased by \$130,440, primarily due to the excess of debt service payments over property tax revenue and state contributions received. There was a decrease in revenues primarily due to a decrease in existing debt allotments received from the state. Debt service fund expenditures increase as a result of an increase in principal and interest payments on outstanding debt.

The fund balance for the capital projects fund decreased by \$9,824,312 due to construction costs related to covered practice facility and the event center projects. The ending fund balance in the capital projects fund of \$1,999,372 is primarily restricted for capital projects. The revenues for the capital projects fund decreased due to a decrease in investment income and expenditures increased due to an increase in construction costs.

GENERAL FUND 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 the debt service fund. The District budgets the capital projects fund for each *project*, which normally covers multiple years. Special revenue funds have budgets approved by the funding agency and are amended throughout the year as required.

During the period ended August 31, 2024, the District amended its budget as required by State law and to reflect current levels of revenue and anticipated expenditures. The general fund's budgeted revenues were more than actual by \$512,425 primarily due to less state program revenue partially offset by more local and intermediate revenues than anticipated. Total general fund budgeted expenditures exceeded actual expenditures by \$999,435 and there was a positive budget variance for all functional expenditures.

CAPITAL ASSETS

Capital assets are generally defined as those items that have useful lives of greater than a year and have an initial cost or value (if donated) of an amount determined by the Board. During the fiscal year ended August 31, 2024, 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, 2024, the District had a total of \$66,443,800 invested in capital assets (net of depreciation) such as land, construction in progress, buildings, and District equipment. This total includes \$11,223,205 invested during the fiscal year ended August 31, 2024 with the major capital assets purchased being:

- Completion of Phase 2 Moffet addition project of \$8,163,640.
- Completion of the covered practice facility \$4,549,561.
- Construction in progress of the event center \$9,860,679.
- Purchase of 4 buses \$570,914.

(Continued)

CENTER INDEPENDENT SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the year ended August 31, 2024

- Purchase of 7 vehicles \$197,642.
- Purchase of generators \$169,995.
- Purchase of cafeteria equipment \$491,911.

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 \$41,216,356 in general obligation bonds, maintenance tax notes, and leases payable outstanding versus \$42,023,606 last year.

More detailed information about the District's long-term liabilities can be found in the notes to the financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

The proposed budget for fiscal year 2024-2025 is \$28,445,328 which is about a 0.05 percent increase from fiscal year 2023-2024. Total budgeted revenues are \$28,445,328 with State revenues budgeted for \$22,543,311 which is 79 percent of our total revenue. Local revenues are budgeted to be \$8,225,747 which is 19 percent of total revenues. The remaining 2 percent is made up of other revenues.

The District's local taxable value is \$671,306,648, which is a decrease of \$51,290,962 from last year's value of \$722,597,610.

The fiscal year 2024-2025 budget is based upon the tax rate of \$1.045. The rate consists of the maintenance and operation (M & O) rate of \$0.7575 and the interest and sinking (I & S) rate of \$0.2875, no change from the prior year.

Payroll cost is 80.17 percent of the total budget which leaves 19.64 percent for the remaining activities and operations of the District. The 2024-2025 budget accounts for our current projected revenue. Included in the budget is increased payroll projections. The budget planning and preparation process included a heightened level of awareness to counteract any drop in revenue due to student enrollment declines related to COVID.

The focus for fiscal year 2024-2025 is to invest in the areas that are identified in our District goals.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the District's business office, at Center Independent School District, 107 Private Road 605, Center, Texas 75935.

BASIC FINANCIAL STATEMENTS

CENTER INDEPENDENT SCHOOL DISTRICT
STATEMENT OF NET POSITION - EXHIBIT A-1
August 31, 2024

Data Control Codes		1 Governmental Activities
ASSETS		
1110	Cash and cash equivalents	\$ 15,720,261
1220	Property taxes receivable	1,291,090
1230	Allowance for uncollectible taxes	(622,477)
1240	Due from other governments	2,258,936
		<u>18,647,810</u>
	Capital assets	
1510	Land	1,466,795
1520	Buildings and improvements, net	49,085,820
1530	Furniture and equipment, net	2,366,616
1550	Right-to-use assets, net	655,168
1580	Construction in progress	12,869,401
		<u>66,443,800</u>
1800	Restricted assets	1,502,426
1000	Total assets	<u>86,594,036</u>
DEFERRED OUTFLOW OF RESOURCES		
1705	Deferred outflows - pensions	3,946,129
1710	Deferred outflows - OPEB	2,304,795
1700	Total deferred outflows of resources	<u>6,250,924</u>
LIABILITIES		
2110	Accounts payable	1,511,316
2140	Interest payable	68,675
2160	Accrued wages payable	1,516,894
2200	Accrued expenses	119,328
2300	Unearned revenue	3,010
		<u>3,219,223</u>
	Noncurrent liabilities	
2501	Long-term liabilities due within one year	1,049,224
2502	Long-term liabilities due in more than one year	42,934,143
2540	Net pension liability	9,577,697
2545	Net OPEB liability	5,095,353
		<u>58,656,417</u>
2000	Total liabilities	<u>61,875,640</u>
DEFERRED INFLOWS OF RESOURCES		
2605	Deferred inflows - pensions	777,694
2610	Deferred inflows - OPEB	8,136,176
2600	Total deferred inflows of resources	<u>8,913,870</u>
NET POSITION		
3200	Net investment in capital assets	24,507,695
	Restricted for:	
3820	Federal and state programs	1,047,034
3850	Debt service	2,187,852
3890	Other purposes	68,414
3900	Unrestricted	(5,755,545)
3000	Total net position	<u>\$ 22,055,450</u>

See Notes to Financial Statements.

CENTER INDEPENDENT SCHOOL DISTRICT
STATEMENT OF ACTIVITIES - EXHIBIT B-1
For the year ended August 31, 2024

Data Control Codes	Functions/Programs	1 Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Position
			3 Charges for Services	4 Operating Grants and Contributions	6 Primary Governmental Activities
	Governmental activities				
11	Instruction	\$ 20,031,122	\$ -	\$ 4,276,321	\$ (15,754,801)
12	Instructional resources and media services	204,784	-	13,828	(190,956)
13	Curriculum/instructional staff development	559,592	-	374,114	(185,478)
21	Instructional leadership	776,529	-	189,745	(586,784)
23	School leadership	2,028,991	-	355,899	(1,673,092)
31	Guidance, counseling, and evaluation services	1,573,391	-	640,835	(932,556)
33	Health services	287,139	-	28,420	(258,719)
34	Student (pupil) transportation	2,687,458	-	145,726	(2,541,732)
35	Food services	3,344,800	208,922	1,652,502	(1,483,376)
36	Extracurricular activities	1,629,199	137,372	154,954	(1,336,873)
41	General administration	1,418,315	-	151,112	(1,267,203)
51	Plant maintenance and operations	2,354,685	-	247,805	(2,106,880)
52	Security and monitoring services	785,774	-	386,576	(399,198)
53	Data processing services	543,781	-	33,390	(510,391)
61	Community services	265,831	-	21,384	(244,447)
72	Debt service - interest	1,662,238	-	151,952	(1,510,286)
73	Debt service - bond issuance costs and fees	700	-	-	(700)
99	Other intergovernmental charges	245,777	-	-	(245,777)
TG	Total governmental activities	<u>40,400,106</u>	<u>346,294</u>	<u>8,824,563</u>	<u>(31,229,249)</u>
TP	Total primary government	<u>\$ 40,400,106</u>	<u>\$ 346,294</u>	<u>\$ 8,824,563</u>	<u>\$ (31,229,249)</u>
	General revenues				
MT	Property taxes, levied for general purposes				5,318,505
DT	Property taxes, levied for debt service				1,994,740
GC	Grants and contributions not restricted for specific programs				19,555,519
IE	Investment earnings				1,405,881
MI	Miscellaneous local and intermediate revenue				291,293
TR	Total general revenues				<u>28,565,938</u>
CN	Change in net position				(2,663,311)
NB	Beginning net position				24,718,761
NE	Ending net position				<u>\$ 22,055,450</u>

See Notes to Financial Statements.

CENTER INDEPENDENT SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS - EXHIBIT C-1
August 31, 2024

Data Control Codes	10 <u>General</u>	50 <u>Debt Service</u>	60 <u>Capital Projects</u>	ONMF Nonmajor Governmental <u>Funds</u>	98 Total Governmental <u>Funds</u>
ASSETS					
1110 Cash and cash equivalents	\$ 10,673,553	\$ 725,568	\$ 3,484,301	\$ 836,839	\$ 15,720,261
1220 Property taxes receivable	1,055,519	235,571	-	-	1,291,090
1230 Allowance for uncollectibles	(539,744)	(82,733)	-	-	(622,477)
1240 Due from other governments	1,900,653	-	-	358,283	2,258,936
1260 Due from other funds	287,588	-	33,361	213,928	534,877
1800 Restricted assets	1,502,426	-	-	-	1,502,426
1000 Total assets	<u>\$ 14,879,995</u>	<u>\$ 878,406</u>	<u>\$ 3,517,662</u>	<u>\$ 1,409,050</u>	<u>\$ 20,685,113</u>
LIABILITIES					
2110 Accounts payable	\$ -	\$ -	\$ 1,511,316	\$ -	\$ 1,511,316
2160 Accrued wages payable	1,397,936	-	-	118,958	1,516,894
2170 Due to other funds	247,289	124,305	-	163,283	534,877
2200 Accrued expenditures	29,046	-	6,974	8,351	44,371
2300 Unearned revenue	-	-	-	3,010	3,010
2000 Total liabilities	<u>1,674,271</u>	<u>124,305</u>	<u>1,518,290</u>	<u>293,602</u>	<u>3,610,468</u>
DEFERRED INFLOWS OF RESOURCES					
2600 Unavailable revenue - property taxes	515,775	152,838	-	-	668,613
2600 Total deferred inflows of resources	<u>515,775</u>	<u>152,838</u>	<u>-</u>	<u>-</u>	<u>668,613</u>
FUND BALANCES					
Restricted					
3450 Federal or state funds grant restrictions	-	-	-	1,047,034	1,047,034
3470 Capital acquisitions and contracts	-	-	1,799,372	-	1,799,372
3480 Debt service	1,502,426	601,263	-	-	2,103,689
3490 Other restrictions of fund balance	-	-	-	68,414	68,414
Committed					
3510 Construction	1,850,000	-	200,000	-	2,050,000
3525 Retirement of loans or note payables	1,131,129	-	-	-	1,131,129
3600 Unassigned	8,206,394	-	-	-	8,206,394
3000 Total fund balances	<u>12,689,949</u>	<u>601,263</u>	<u>1,999,372</u>	<u>1,115,448</u>	<u>16,406,032</u>
4000 Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 14,879,995</u>	<u>\$ 878,406</u>	<u>\$ 3,517,662</u>	<u>\$ 1,409,050</u>	<u>\$ 20,685,113</u>

See Notes to Financial Statements.

CENTER INDEPENDENT SCHOOL DISTRICT
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION - EXHIBIT C-1R
August 31, 2024

Total fund balances for governmental funds \$ 16,406,032

Amounts reported for governmental activities in the Statement of
Net Position are different because:

Capital assets used in governmental activities are not current
financial resources and, therefore, not reported in the
governmental funds.

Capital assets - nondepreciable	14,336,196	
Capital assets - depreciable, net	51,452,436	
Right-to-use assets - amortizable, net	655,168	
		66,443,800

Other long-term assets are not available to pay for current
period expenditures and, therefore, are deferred in the
governmental funds.

Deferred revenue - property taxes		668,613
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Deferred items and some liabilities, including bonds payable,
net pension, and net other postemployment benefits (OPEB),
are not reported as liabilities or deferred items in the
governmental funds.

Accrued interest	(68,675)	
Accrued expenses for workers' compensation claims	(74,957)	
Deferred outflows - pensions	3,946,129	
Deferred inflows - pensions	(777,694)	
Net pension liability	(9,577,697)	
Deferred outflows - OPEB	2,304,795	
Deferred inflows - OPEB	(8,136,176)	
Net OPEB liability	(5,095,353)	
Noncurrent liabilities due in one year	(1,049,224)	
Noncurrent liabilities due in more than one year	(42,934,143)	
		(61,462,995)

Net position of governmental activities		\$ 22,055,450
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See Notes to Financial Statements.

CENTER INDEPENDENT SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS - EXHIBIT C-2
For the year ended August 31, 2024

Data Control Codes	10 General	50 Debt Service	60 Capital Projects	ONMF Nonmajor Governmental Funds	98 Total Governmental Funds	
Revenues						
5700	Local and intermediate sources	\$ 6,367,923	\$ 2,030,651	\$ 452,236	\$ 404,927	\$ 9,255,737
5800	State program revenues	21,025,880	149,778	-	835,589	22,011,247
5900	Federal program revenues	390,638	-	-	3,996,365	4,387,003
5020	Total revenues	<u>27,784,441</u>	<u>2,180,429</u>	<u>452,236</u>	<u>5,236,881</u>	<u>35,653,987</u>
Expenditures						
0011	Instruction	15,864,172	-	-	1,996,693	17,860,865
0012	Instructional resources and media services	180,646	-	-	1,030	181,676
0013	Curriculum and instructional staff development	147,916	-	-	313,086	461,002
0021	Instructional leadership	587,124	-	-	105,069	692,193
0023	School leadership	1,708,839	-	-	26,766	1,735,605
0031	Guidance, counseling, and evaluation services	919,392	-	-	366,477	1,285,869
0033	Health services	260,092	-	-	5,144	265,236
0034	Student (pupil) transportation	2,266,088	-	-	-	2,266,088
0035	Food services	-	-	-	2,564,087	2,564,087
0036	Extracurricular activities	1,295,729	-	-	133,012	1,428,741
0041	General administration	1,265,804	-	-	12,354	1,278,158
0051	Plant maintenance and operations	3,607,455	-	-	-	3,607,455
0052	Security and monitoring services	396,810	-	-	355,850	752,660
0053	Data processing services	513,529	-	-	-	513,529
0061	Community services	250,940	-	-	-	250,940
Debt service						
0071	Principal on long-term debt	120,171	685,000	-	2,079	807,250
0072	Interest on long-term debt	180,749	1,625,869	-	95	1,806,713
0073	Bond issuance costs and fees	700	-	-	-	700
Capital outlay						
0081	Facilities acquisition and construction	-	-	10,276,548	-	10,276,548
Intergovernmental						
0099	Other intergovernmental charges	245,777	-	-	-	245,777
6030	Total expenditures	<u>29,811,933</u>	<u>2,310,869</u>	<u>10,276,548</u>	<u>5,881,742</u>	<u>48,281,092</u>
1200	Net change in fund balances	(2,027,492)	(130,440)	(9,824,312)	(644,861)	(12,627,105)
0100	Beginning fund balances	<u>14,717,441</u>	<u>731,703</u>	<u>11,823,684</u>	<u>1,760,309</u>	<u>29,033,137</u>
3000	Ending fund balances	<u>\$ 12,689,949</u>	<u>\$ 601,263</u>	<u>\$ 1,999,372</u>	<u>\$ 1,115,448</u>	<u>\$ 16,406,032</u>

See Notes to Financial Statements.

CENTER INDEPENDENT SCHOOL DISTRICT
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES - EXHIBIT C-3
For the year ended August 31, 2024

Net change in fund balances - total governmental funds \$ (12,627,105)

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

Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense or amortization of right-to-use assets.

Depreciation	(2,412,317)
Amortization of right-to-use assets	(146,180)
Capital and right-to-use assets additions, net of disposals	11,218,205

Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.	100,976
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The issuance of long-term debt (e.g., bonds, leases, certificates of obligation) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items debt is first issued; whereas, these amounts are deferred and amortized in the Statement of Activities.

Principal repayments on bonds, notes, and leases	807,250
Change in accrued interest	34,122
Amortization of premiums, net of additions	110,353

Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.

Change in workers' compensation liability	(44,897)
Change in compensated absences	(25,519)
Change in net pension liability	(926,222)
Change in deferred outflows - pensions	(17,193)
Change in deferred inflows - pensions	152,721
Change in net OPEB liability	218,069
Change in deferred outflows - OPEB	76,821
Change in deferred inflows - OPEB	817,605
Net on-behalf contributions adjustment - revenues	3,452,193
Net on-behalf contributions adjustment - expenses	(3,452,193)

Some revenues/expenditures reported in the governmental funds are not recognized as revenues/expenditures in the Statement of Activities.

Fund level on-behalf adjustment - revenues	(1,470,361)
Fund level on-behalf adjustment - expenditures	1,470,361

Change in Net Position of Governmental Activities	<u>\$ (2,663,311)</u>
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See Notes to Financial Statements.

CENTER INDEPENDENT SCHOOL DISTRICT
 STATEMENT OF FIDUCIARY NET POSITION
 FIDUCIARY FUNDS - EXHIBIT E-1
 For the year ended August 31, 2024

<u>Data Control Codes</u>		<u>Private- Purpose Trust Fund</u>	<u>Custodial Fund Student Activity</u>
	ASSETS		
1110	Cash and cash equivalents	\$ 60,472	\$ 230,348
1000	Total assets	<u>60,472</u>	<u>230,348</u>
	NET POSITION		
3800	Held in trust	60,472	59,545
3810	Restricted for student activity	<u>-</u>	<u>170,803</u>
3000	Total net position	<u>\$ 60,472</u>	<u>\$ 230,348</u>

See Notes to Financial Statements.

CENTER INDEPENDENT SCHOOL DISTRICT
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS - EXHIBIT E-2
For the year ended August 31, 2024

	<u>Private- Purpose</u>	<u>Custodial Fund</u>
	<u>Trust Fund</u>	<u>Student Activity</u>
Additions		
Investment income	\$ -	\$ 10,284
Fundraising and athletic activities	-	278,934
Donations	8,739	159,805
Total additions	8,739	449,023
Deductions		
Band	-	24,928
Agricultural mechanics	-	13,002
Yearbook	-	9,681
Chaparrals	-	30,812
Cheerleaders	-	56,844
Hospitality and tourism	-	29,741
National Honor Society	-	20,863
Athletics	-	32,971
Future Farmers of America	-	16,303
Other expenses	-	44,768
Scholarship awards	-	155,850
Total deductions	-	435,763
Change in net position	8,739	13,260
Beginning net position	51,733	217,088
Ending net position	\$ 60,472	\$ 230,348

See Notes to Financial Statements.

CENTER INDEPENDENT SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
For the year ended August 31, 2024

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity: Center Independent School District (the “District”) is a public educational agency operating under the applicable laws and regulations of the State of Texas (the “State”). It is governed by a seven-member Board of Trustees (the “Board”) elected by registered voters of the District. The District prepares its basic financial statements in conformity with generally accepted accounting principles promulgated by the Governmental Accounting Standards Board (GASB), and it complies with the requirements of the appropriate version of Texas Education Agency’s (TEA) *Financial Accountability System Resource Guide* (the “Resource Guide”) and the requirements of contracts and grants of agencies from which it receives funds.

The District is an independent political subdivision of the State governed by a board elected by the public, and it has the authority to make decisions, appoint administrators and managers, and significantly influence operations, and is considered a primary government. As required by generally accepted accounting principles, these basic financial statements have been prepared based on considerations regarding the potential for inclusion of other entities, organizations, or functions as part of the District’s financial reporting entity. No other entities have been included in the District’s reporting entity. Additionally, as the District is considered a primary government for financial reporting purposes, its activities are not considered a part of any other governmental or other type of reporting entity.

Government-Wide Financial Statements: The government-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) report information on all of the nonfiduciary activities of the primary government. All fiduciary activities are reported only in the fund financial statements. *Governmental activities*, which normally are supported by taxes, intergovernmental revenues, and other nonexchange transactions, are reported separately.

Basis of Presentation – Government-Wide Financial Statements: While separate government-wide and fund financial statements are presented, they are interrelated. The governmental activities column incorporates data from governmental and internal service funds. Separate financial statements are provided for governmental and fiduciary funds, even though the latter are excluded from the government-wide financial statements.

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

Basis of Presentation – Fund Financial Statements: The fund financial statements provide information about the District’s funds, including its fiduciary fund. Separate statements for each fund category – governmental, and fiduciary – are presented. The emphasis of fund financial statements is on major governmental funds, each displayed in a separate column. Major individual governmental funds are reported as separate columns in the fund financial statements. All remaining governmental funds are aggregated and reported as nonmajor funds.

The District reports the following governmental funds:

General Fund: The general fund is the District’s primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund. The general fund is always considered a major fund for reporting purposes.

(Continued)

CENTER INDEPENDENT SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
For the year ended August 31, 2024

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Debt Service Fund: The debt service fund is used to account for and report financial resources that are restricted, committed, or assigned to expenditures for principal and interest on all long-term debt of the District. The primary source of revenue for debt service is local property taxes. The debt service fund is considered a nonmajor fund, however the District has elected to present it as a major fund for reporting purposes due to its significance.

Capital Projects Fund: The capital projects fund is used to account for and report financial resources that are restricted, committed, or assigned to expenditures for capital outlay, including the acquisition or construction of capital facilities and other capital assets. The capital projects fund is considered a major fund for reporting purposes.

Special Revenue Funds: The special revenue funds are used to account for the proceeds of specific revenue sources that are restricted to expenditures for specific purposes other than debt service or capital projects. The restricted proceeds of specific revenue sources comprise a substantial portion of the inflows of these special revenue funds. Most federal and some state financial assistance is accounted for in a special revenue fund.

Fiduciary Fund: The fiduciary fund accounts for assets held by the District in a trustee capacity or as a custodian on behalf of others. The fiduciary fund is not reflected in the government-wide financial statements because the resources of that fund are not available to support the District's own programs.

The District has the following type of fiduciary fund:

Custodial Fund: The custodial funds report resources, not in a trust, that are held by the District for other parties outside of the District. Custodial funds are accounted for using the accrual basis of accounting. This fund is used to account for the District's student activity funds.

Private-Purpose Trust Fund: The private-purpose trust fund is used to report resources held in trust. The trust fund is accounted for using the accrual basis of accounting. This fund is used to account for the District's scholarship trust fund.

During the course of operations, the District has activity between funds for various purposes. Any residual balances outstanding at year end are reported as due from/to other funds and advances to/from other funds. While these balances are reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements.

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

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

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

(Continued)

CENTER INDEPENDENT SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
For the year ended August 31, 2024

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The governmental fund financial statements are reported using the *current financial resources measurement focus and the modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under leases are reported as other financing sources.

Property taxes and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Entitlements are recorded as revenues when all eligibility requirements are met, including any time requirements, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year end). Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other eligibility requirements have been met, and the amount is received during the period or within the availability period for the revenue source (within 60 days of year end). All other revenue items are considered measurable and available only when cash is received by the District.

Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance:

Cash and Cash Equivalents: The District's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

Investments: Investments, except for certain investment pools, commercial paper, money market funds, and investment contracts, are reported at fair value. The investment pools operate in accordance with appropriate state laws and regulations and are reported at amortized cost. Money market funds, which are short-term highly liquid debt instruments that may include U.S. Treasury and agency obligations and commercial paper that have a remaining maturity of one year or less upon acquisition, are reported at amortized cost. Investments in nonparticipating interest earning contracts, such as certificates of deposit, are reported at cost.

The District has adopted a written investment policy regarding the investment of its funds as defined in the Public Funds Investment Act, Chapter 2256, Texas Governmental Code. In summary, the District is authorized to invest in the following:

- Direct obligations of the U.S. Government
- Fully collateralized certificates of deposit and money market accounts
- Statewide investment pools and commercial paper

Capital Assets: Capital assets, which include land, buildings, furniture, and equipment, are reported in the applicable governmental activities columns in the government-wide financial statements. Capital assets are defined by the District as assets with an initial, individual cost of more than \$5,000 and an estimated useful life greater than a year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed (except for intangible right-to-use lease assets, the measurement of which is discussed in leases). Donated capital assets are recorded at acquisition value at the date of donation. Major outlays for capital assets and improvements are capitalized as projects are constructed.

(Continued)

CENTER INDEPENDENT SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
For the year ended August 31, 2024

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The costs of normal maintenance and repairs that do not add to the service capacity of the District or materially extend assets' lives are not capitalized.

Property, plant, and equipment of the primary government are depreciated using the straight-line method over the following estimated useful lives:

<u>Asset Description</u>	<u>Estimated Useful Life</u>
Buildings and improvements	20 to 40 years
Vehicles	5 to 15 years
Furniture, fixtures, and equipment	5 to 15 years

Deferred Outflows/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 element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expense/expenditure) until then. 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 a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time.

Deferred outflows/inflows of resources are amortized as follows:

- Deferred outflows/inflows from pension/other postemployment benefits (OPEB) activities are amortized over the average of the expected service lives of pension/OPEB plan members, except for the net differences between the projected and actual investment earnings on the pension/OPEB plan assets, which are amortized over a period of five years.
- For employer pension/OPEB plan contributions that were made subsequent to the measurement date through the end of the District's fiscal year, the amount is deferred and recognized as a reduction to the net pension/OPEB liability during the measurement period in which the contributions were made.

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.

Receivable and Payables 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.

(Continued)

CENTER INDEPENDENT SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
For the year ended August 31, 2024

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 consolidations. 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.

Long-Term Obligations: In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities Statement of Net Position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method, if material. Bonds payable are reported net of the applicable bond premium or discount.

Long-term debt for governmental funds is not reported as a liability in the fund financial statements until due. The debt proceeds are reported as other financing sources, net of the applicable premium or discount and payment of principal and interest reported as expenditures. In the governmental fund types, issuance costs, even if withheld from the actual net proceeds received, are reported as debt service expenditures. However, claims and judgments paid from governmental funds are reported as a liability in the fund financial statements only for the portion expected to be financed from expendable, available financial resources.

The property tax rate is allocated each year between the general and debt service funds. The full amount estimated to be required for debt service on general obligation debt is provided by the tax along with the interest earned in the debt service fund.

Leases: The District is a lessee for noncancellable leases of equipment. The District recognizes a lease liability and an intangible, right-to-use lease asset (the "lease asset") in the government-wide financial statements.

At the commencement of a lease, the District initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The lease asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease asset is amortized on a straight-line basis over the term of the lease.

Key estimates and judgments related to leases include how the District determines (1) the discount rate it uses to discount the expected lease payments to present value, (2) lease term, and (3) lease payments.

- The District uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the District generally uses its estimated incremental borrowing rate as the discount rate for leases.
- The lease term includes the noncancellable period of the lease.
- Lease payments included in the measurement of the lease liability are composed of fixed payments and the purchase option price that the District is reasonably certain to exercise.

(Continued)

CENTER INDEPENDENT SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
For the year ended August 31, 2024

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The District monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease asset and liability if certain changes occur that are expected to significantly affect the amount of the lease liability.

Lease assets are reported with other capital assets and lease liabilities are reported with long-term debt on the Statement of Net Position.

Compensated Absences: Vacation is to be taken within the same year it is earned, and any unused days at the end of the year are forfeited. Therefore, no liability has been accrued in the financial statements. Employees of the District are entitled to sick leave. Any employee having accumulated 50 days of State sick leave upon retirement who has worked for the District for at least five years, is to be paid the amount of the benefit based on the employee's annual salary and supplements for the period prior to retirement. Sick leave is accrued when incurred in the governmental-wide financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of the employee resignations and retirements.

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 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.

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.

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

Amounts that cannot be spent because they are either not in spendable form or legally or contractually required to be maintained intact are classified as nonspendable fund balance. Amounts that are externally imposed by creditors, grantors, contributors, or laws or regulations of other governments or imposed by law through constitutional provisions are classified as restricted fund balance.

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

(Continued)

CENTER INDEPENDENT SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
For the year ended August 31, 2024

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Estimates: The preparation of financial statements, in conformity with GAAP, requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

Data Control Codes: The data control codes refer to the account code structure prescribed by TEA in the Resource Guide. The TEA requires school districts to display these codes in the financial statements filed with the TEA in order to ensure accuracy in building a statewide database for policy development and funding plans.

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

Other Postemployment Benefits: The fiduciary net position of the TRS Texas Public School Retired Employees Group Insurance Program ("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 OPEB, OPEB expense, and information about assets, liabilities, and additions to/deductions from TRS-Care's fiduciary net position. Benefit payments are recognized when due and payable in accordance with the benefit terms. There are no investments as this is a pay-as-you-go plan and all cash is held in a cash account.

Revenues and Expenditures/Expenses:

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 function or segment. All taxes, including those dedicated for specific purposes, and other internally dedicated resources are reported as general revenues rather than as program revenues.

Property Taxes: All taxes due to the District on real or personal property are payable at the Office of the Tax Assessor-Collector and may be paid at any time after the tax rolls for the year have been completed and approved, which is no later than October 1. Taxes are due by January 31, and all taxes not paid prior to this date are deemed delinquent and are subject to such penalty and interest.

(Continued)

CENTER INDEPENDENT SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
For the year ended August 31, 2024

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Property taxes attach as an enforceable lien on property as of January 1 each year. Taxes are levied on October 1 and are payable prior to the next February 1. District property tax revenues are recognized when collected.

NOTE 2 - STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

Annual budgets are adopted on a basis consistent with GAAP. The original budget is adopted by the District prior to the beginning of the year. The legal level of control is the function code stated in the approved budget. Appropriations lapse at the end of the year. Supplemental budget appropriations were made for the year.

In accordance with State law and generally accepted accounting principles, the District prepares an annual budget for the general fund, the national school breakfast and lunch program special revenue fund, and the debt service fund. The District budgets the capital projects fund for each project, which normally covers multiple years. Special revenue funds have budgets approved by the funding agency and are amended throughout the year as required.

During the year, the district amended its budget as required by state law and to reflect current levels of revenue and anticipated expenditures. These amendments caused material changes in budgeted amounts.

NOTE 3 - DETAILED NOTES ON ALL FUNDS

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.

Cash Deposits: At August 31, 2024, the carrying amount of the District's deposits (cash, certificates of deposit, and interest-bearing savings accounts included in temporary investments) was \$5,766,307 and the bank balance was \$6,810,686. The District's cash deposits at August 31, 2024, were entirely covered by FDIC insurance or by pledged collateral held by the District's agent bank in the District's name.

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.

(Continued)

CENTER INDEPENDENT SCHOOL DISTRICT
 NOTES TO FINANCIAL STATEMENTS
 For the year ended August 31, 2024

NOTE 3 - DETAILED NOTES ON ALL FUNDS (Continued)

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; 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 had investments with Lone Star Investment Pool of \$11,747,200 with \$10,244,774 report within cash and cash equivalents and \$1,502,426 reported as restricted assets. The restricted assets are held for the purpose of funding future principal payment on debt. The financial institution that holds the deposits is the paying agent/registrars of the future principal payments on debt. Information regarding the contractual agreements related to the deposits held for future principal payment on debt is described in the long-term debt disclosures.

As of August 31, 2024, the District had the following investments:

<u>Investments</u>	<u>Amount</u>	Maturity (Years) <u>Weighted Average</u>
Lone Star Investment Pool	<u>\$ 11,747,200</u>	0.06
Portfolio weighted average maturity		0.06

Interest rate risk – In accordance with its investment policy, the District manages its exposure to declines in fair values by structuring the investment portfolio so that securities mature to meet cash requirements for ongoing operations and invest operating funds primarily in short-term securities.

Credit risk. The District's policy requires that investment pools must be rated no lower than 'AAA' or 'AAA-m'. Bankers' acceptances must be issued in the United States and carry a rating of 'A1'/P1' as provided by two of the top nationally recognized rating agencies. As of August 31, 2024, the District's investments in the investment pool were rated 'AAA' by Standard & Poor's.

Custodial credit risk - deposits – In the case of deposits, this is the risk that the District's deposits may not be returned in the event of a bank failure. The District's investment policy requires funds on deposit at the depository bank to be collateralized by securities. As of August 31, 2024, demand deposit accounts were entirely insured or collateralized with securities as provided by State laws and regulations and FDIC insurance.

Custodial credit risk - investments – For an investment, this is the risk that the District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party in the event of the failure of the counterparty. The District's investment policy requires that it will seek to safekeep securities at financial institutions, avoiding physical possession. Further, all trades, where applicable, shall be conducted on a delivery versus payment basis or commercial book entry system as utilized by the Federal Reserve and shall be protected through the use of a third-party custody/safekeeping agent.

(Continued)

CENTER INDEPENDENT SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
For the year ended August 31, 2024

NOTE 3 - DETAILED NOTES ON ALL FUNDS (Continued)

Lone Star - The Lone Star Investment Pool ("Lone Star") is a public funds investment pool created pursuant to the Interlocal Cooperation Act, Chapter 791 of the Texas Government Code, and the Public Funds Investment Act, Chapter 2256 of the Texas Government Code. Lone Star is administered by First Public, a subsidiary of the Texas Association of School Boards, with Standish and American Beacon Advisors managing the investment and reinvestment of Lone Star's assets. State Street Bank provides custody and valuation services to Lone Star. All of the Board of Trustees' eleven members are Lone Star participants by either being employees or elected officials of a participant. Lone Star has established an advisory board composed of both Lone Star members and nonmembers. Lone Star is rated 'AAA' by Standard and Poor's and operated in a manner consistent with the SEC's Rule 2a7 of the Investment Company Act of 1940. The District is invested in the Government Overnight Fund of Lone Star which seeks to maintain a net asset value of \$1.00. Lone Star has 3 different funds: Government Overnight, Corporate Overnight, and Corporate Overnight Plus. Government Overnight, Corporate Overnight, and Corporate Overnight Plus maintain a net asset value of \$1.00.

Capital Assets: A summary of changes in capital assets for governmental activities at year end is as follows:

	<u>Beginning Balances</u>	<u>Increase</u>	<u>(Decreases)</u>	<u>Ending Balances</u>
<u>Governmental activities</u>				
Capital assets not being depreciated/amortized:				
Land and land improvements	\$ 1,466,795	\$ -	\$ -	\$ 1,466,795
Construction in progress	15,789,860	10,161,660	(13,082,119)	12,869,401
Total capital assets not being depreciated	<u>17,256,655</u>	<u>10,161,660</u>	<u>(13,082,119)</u>	<u>14,336,196</u>
Capital assets, being depreciated:				
Buildings and improvements	64,486,731	12,713,201	-	77,199,932
Furniture and equipment	6,349,159	1,430,463	(288,259)	7,491,363
Right-to-use assets	1,060,545	-	-	1,060,545
Total other capital assets	<u>71,896,435</u>	<u>14,143,664</u>	<u>(288,259)</u>	<u>85,751,840</u>
Less accumulated depreciation for:				
Buildings and improvements	(26,202,808)	(1,911,304)	-	(28,114,112)
Furniture and equipment	(4,906,993)	(501,013)	283,259	(5,124,747)
Right-to-use assets	(259,197)	(146,180)	-	(405,377)
Total accumulated depreciation	<u>(31,368,998)</u>	<u>(2,558,497)</u>	<u>283,259</u>	<u>(33,644,236)</u>
Other capital assets, net	<u>40,527,437</u>	<u>11,585,167</u>	<u>(5,000)</u>	<u>52,107,604</u>
Governmental activities capital assets, net	<u>\$ 57,784,092</u>	<u>\$ 21,746,827</u>	<u>\$ (13,087,119)</u>	<u>66,443,800</u>
				Less associated debt (43,735,477)
				Plus unspent bond proceeds 3,310,688
				Less construction payable* (1,511,316)
				<u>Net investment in capital assets \$ 24,507,695</u>

*Construction payable to be paid for with unspent bond proceeds.

(Continued)

CENTER INDEPENDENT SCHOOL DISTRICT
 NOTES TO FINANCIAL STATEMENTS
 For the year ended August 31, 2024

NOTE 3 - DETAILED NOTES ON ALL FUNDS (Continued)

The significant commitments related to construction in progress at year end are as follows:

<u>Project Description</u>	<u>Total in Progress</u>	<u>Remaining Commitment</u>
Event Center	<u>\$ 12,558,092</u>	<u>\$ 2,524,093</u>

Depreciation was charged to governmental functions as follows:

<u>Data Control Codes</u>		<u>Governmental Activities</u>
11	Instruction	\$ 1,076,939
12	Instructional resources/media services	22,956
13	Curriculum and instructional staff development	52,149
21	Instructional leadership	44,847
23	School leadership	102,335
31	Guidance, counseling, and evaluation services	95,926
33	Health services	17,356
34	Student (pupil) transportation	132,480
35	Food services	100,338
36	Extracurricular activities	138,634
41	General administration	66,834
51	Facilities maintenance and operations	633,567
52	Security and monitoring services	30,647
53	Data processing services	31,900
61	Community services	11,589
	Total depreciation and amortization expense	<u>\$ 2,558,497</u>

(Continued)

CENTER INDEPENDENT SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
For the year ended August 31, 2024

NOTE 3 - DETAILED NOTES ON ALL FUNDS (Continued)

Long-Term Debt: The following is a summary of changes in the District's total governmental long-term liabilities for the year. In general, the District uses the debt service funds to liquidate governmental long-term liabilities.

	<u>Beginning Balances</u>	<u>Additions</u>	<u>(Reductions)</u>	<u>Ending Balances</u>	<u>Amounts Due Within One Year</u>
<u>Governmental activities</u>					
Bonds, notes, and other payables:					
Unlimited Tax School Building					
Bonds, Series 2018	\$ 17,895,000	\$ -	\$ (395,000)	\$ 17,500,000	\$ 415,000
Unlimited Tax School Building					
Serial Bonds, Series 2019	6,985,000	-	(250,000)	6,735,000	260,000
Term Bonds, Series 2019	2,200,000	-	-	2,200,000	-
Unlimited Tax School Building					
Serial Bonds, Series 2022	4,215,000	-	(15,000)	4,200,000	20,000
Term Bonds, Series 2022	5,090,000	-	-	5,090,000	-
Unlimited Tax School Building					
Serial Bonds, Series 2023	635,000	-	(25,000)	610,000	55,000
Term Bonds, Series 2023	1,815,000	-	-	1,815,000	-
Direct borrowing/placement:					
2011 Maintenance Tax Note	2,345,000	-	-	2,345,000	-
Leases payable	843,606	-	(122,250)	721,356	76,123
	<u>42,023,606</u>	<u>-</u>	<u>(807,250)</u>	<u>41,216,356</u>	<u>826,123</u>
Other liabilities:					
Unamortized premium	2,629,474	-	(110,353)	2,519,121	*
Compensated absences	222,371	25,519	-	247,890	223,101
Net pension liability	8,651,475	926,222	-	9,577,697	-
Net OPEB liability	<u>5,313,422</u>	<u>-</u>	<u>(218,069)</u>	<u>5,095,353</u>	<u>-</u>
Total governmental activities	<u>\$ 58,840,348</u>	<u>\$ 951,741</u>	<u>\$ (1,135,672)</u>	<u>\$ 58,656,417</u>	<u>\$ 1,049,224</u>
				<u>\$ 57,607,193</u>	
				<u>\$ 43,735,477</u>	

Long-term liabilities applicable to the District's governmental activities are not due and payable in the current period and, accordingly, are not reported as fund liabilities in the governmental funds. Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due. The governmental activities' compensated absences, lease payable, net pension liability, and net OPEB liability are generally liquidated by the general fund.

QSCB Bonds Payable: The Qualified School Construction Bonds, Series 2011 Maintenance Tax Note (the "Note") require the District to make mandatory deposits into a cumulative sinking fund deposit account held by the paying agent/registrar for the Note on February 15th in each of the years starting from 2022 and ending 2026. Any interest earned from the investment of prior deposits shall be applied as a credit against a subsequent year's mandatory sinking fund amount. Such deposits and any interest earned shall be used to pay the principal of the Note upon maturity and are pledged to pay the debt service requirements on the Notes. During the fiscal year, the District's contribution to the cumulative sinking fund deposit account was \$467,000 and the interest earned was \$67,137. As of August 31, 2024, the cumulative sinking fund deposit balance was \$1,502,426 and is restricted in the general fund to be used to pay the Notes when due in 2026.

(Continued)

CENTER INDEPENDENT SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
For the year ended August 31, 2024

NOTE 3 - DETAILED NOTES ON ALL FUNDS (Continued)

The annual requirements to the separate sinking fund and to amortize debt issues outstanding for maintenance tax note at year end were as follows:

Maintenance Tax Note Obligation - Direct Borrowing				
	Sinking Fund	Interest	Total Requirements	Principal
2025	\$ 467,000	\$ 148,908	\$ 615,908	\$ -
2026	477,000	74,454	551,454	2,345,000
Total	\$ 944,000	\$ 223,362	\$ 1,167,362	\$ 2,345,000

Bonds Payable: 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 unlimited tax refunding or school building serial/term bonds.

Bonds Payable			
	Principal	Interest	Total Requirements
2025	\$ 750,000	\$ 1,560,689	\$ 2,310,689
2026	790,000	1,521,989	2,311,989
2027	830,000	1,481,289	2,311,289
2028	870,000	1,438,564	2,308,564
2029	910,000	1,401,064	2,311,064
2030 - 2034	5,050,000	6,501,649	11,551,649
2035 - 2039	6,035,000	5,517,609	11,552,609
2040 - 2044	7,375,000	4,173,631	11,548,631
2045 - 2049	9,100,000	2,416,622	11,516,622
2050 - 2052	6,440,000	401,306	6,841,306
Total	\$ 38,150,000	\$ 26,414,412	\$ 64,564,412

Leases: During the current fiscal year, the District was a lessee to various lease agreements for the acquisition and use of copiers, and a lessee to one lease agreement for the use of a building. As of August 31, 2024, the value of lease liability was \$721,356. The copier and building leases have an estimated borrowing rate of 3.94%. The equipment and building have a four-year and a nineteen-year estimated useful life, respectively. The equipment leases have terms ranging from 11 to 48 months. The value of the right-to-use assets as of the end of the current fiscal year was \$1,060,545 and had accumulated amortization of \$405,377.

(Continued)

CENTER INDEPENDENT SCHOOL DISTRICT
 NOTES TO FINANCIAL STATEMENTS
 For the year ended August 31, 2024

NOTE 3 - DETAILED NOTES ON ALL FUNDS (Continued)

The future principal and interest lease payments as of August 31, 2024, were as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total Requirements</u>
2025	\$ 76,123	\$ 27,300	\$ 103,423
2026	50,710	24,500	75,210
2027	50,990	22,510	73,500
2028	52,035	20,493	72,528
2029	54,952	18,380	73,332
2030 - 2034	331,424	55,508	386,932
2035 - 2036	<u>105,122</u>	<u>2,958</u>	<u>108,080</u>
Total	<u>\$ 721,356</u>	<u>\$ 171,649</u>	<u>\$ 893,005</u>

Interfund Transactions: The following is a summary of the District's interfund transactions for the year:

<u>Due To</u>	<u>Due From</u>	<u>Amounts</u>
General fund	Nonmajor governmental funds	\$ 163,283
General fund	Debt service fund	124,305
Capital projects fund	General fund	33,361
Nonmajor governmental funds	General fund	213,928
		<u>\$ 534,877</u>

Amounts recorded as due to/from are considered to be temporary loans and will be repaid during the following year.

NOTE 4 - OTHER INFORMATION

Risk Management: The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters for which the District purchases commercial insurance. The District has not significantly reduced insurance coverage or had settlements which exceeded coverage amounts for the past three years.

Contingent Liabilities: Amounts received or receivable from granting agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount of expenditures which may be disallowed by the grantor cannot be determined at this time although the District expects such amounts, if any, to be immaterial.

Liabilities are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. Liabilities include an amount for claims that have been incurred but not reported. Claim liabilities are calculated considering the effects of inflation, recent claim settlement trends including frequency and amount of payouts, and other economic and social factors. No claim liabilities are reported at year end.

(Continued)

CENTER INDEPENDENT SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
For the year ended August 31, 2024

NOTE 4 - OTHER INFORMATION (Continued)

The Tax Reform Act of 1986 instituted certain arbitrage restrictions consisting of complex regulations with respect to issuance of tax-exempt bonds after August 31, 1986. Arbitrage regulations deal with the investment of tax-exempt bond proceeds at an interest yield greater than the interest yield paid to bondholders. Generally, all interest paid to bondholders can be retroactively rendered taxable if applicable rebates are not reported and paid to the Internal Revenue Service (IRS) at least every five years for applicable bond issues. Accordingly, there is the risk that if such calculations are not performed, or not performed correctly, it could result in a substantial liability to the District. Although the District does not anticipate that it will have any arbitrage liability, it periodically engages an arbitrage consultant to perform the calculations in accordance with IRS rules and regulations.

Defined Benefit Pension Plan:

Teacher Retirement System

Plan Description: The District participates in a multiple-employer, cost-sharing, defined benefit pension plan 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. TRS's Board of Trustees does not have the authority to establish or amend benefit terms.

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

Pension Plan Fiduciary Net Position: Detailed information about TRS's fiduciary net position is available in a separately issued Annual Comprehensive Financial Report that includes financial statements and Required Supplementary Information. That report may be obtained on the Internet at <https://www.trs.texas.gov/Pages/about/publications.aspx>; by writing to TRS at 1000 Red River Street, Austin, TX, 78701-2698, or by calling (512) 542-6592.

Benefits Provided: TRS provides service and disability retirement, as well as death and survivor benefits, to eligible employees (and their beneficiaries) of public and higher education in the State. The pension formula is calculated using 2.3% (multiplier) times the average of the five highest annual creditable salaries times years of credited service to arrive at the annual standard annuity except for members who are grandfathered, the three highest annual salaries are used. The normal service retirement is at age 65 with 5 years of credited service or when the sum of the member's age and years of credited service equals 80 or more years. Early retirement is at age 55 with 5 years of service credit or earlier than 55 with 30 years of service credit. There are additional provisions for early retirement if the sum of the member's age and years of service credit total at least 80, but the member is less than age 60 or 62 depending on 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 above.

(Continued)

CENTER INDEPENDENT SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
For the year ended August 31, 2024

NOTE 4 - OTHER INFORMATION (Continued)

Texas Government Code section 821.006 prohibits benefit improvements if, as a result of the particular action, the time required to amortize TRS's 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. Actuarial implications of the funding provided in the manner are determined by TRS's actuary.

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 TRS during the fiscal year.

Employee contribution rates are set in state statute, Texas Government Code 825.402. The TRS Pension Reform Bill (Senate Bill 12) of the 86th Texas Legislature amended Texas Government Code 825.402 for member contributions and increased employee and employer contribution rates for fiscal years 2019 through 2025.

Contribution Rates			
<u>Fiscal Year</u>	<u>State</u>	<u>Public Education Employer</u>	<u>Active Employee</u>
2023	8.00%	1.80%	8.00%
2024	8.25%	1.90%	8.25%
2025	8.25%	2.00%	8.25%

Contribution Rates			
		<u>2023</u>	<u>2024</u>
Member		8.00%	8.25%
NECE (State)		8.00%	8.25%
Employers		8.00%	8.25%

		<u>Measurement Year 2023</u>	<u>Fiscal Year Year 2024</u>
Employer contributions	\$	716,719	\$ 833,467
Member contributions	\$	1,428,592	\$ 1,560,731
NECE on-behalf contributions	\$	1,059,509	\$ 1,162,464

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

(Continued)

CENTER INDEPENDENT SCHOOL DISTRICT
 NOTES TO FINANCIAL STATEMENTS
 For the year ended August 31, 2024

NOTE 4 - OTHER INFORMATION (Continued)

As the NECE for public education and junior colleges, the State contributes to TRS 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 schools, junior colleges, other entities, or the State 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 or from noneducational, and general or local funds.
- When the employing district is a public junior college or junior college district, the employer shall contribute to TRS 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.

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

- All public schools, charter schools, and regional educational service centers must contribute 1.8% of the member's salary beginning in the fiscal year 2023, gradually increasing to 2.0% in fiscal year 2025.
- When employing a retiree of the TRS, the employer shall pay both the member contribution and the state contribution as an employment after retirement surcharge.

Actuarial Assumptions: The total pension liability (TPL) in the August 31, 2022 actuarial valuation was determined using the following actuarial assumptions:

Valuation date	August 31, 2022 rolled forward to August 31, 2023
Actuarial cost method	Individual entry age normal
Asset valuation method	Fair value
Single discount rate	7.00%
Long-term expected investment rate of return	7.00%
Municipal bond rate	4.13% - The source for the rate is the Fixed Income Market Data/Yield Curve/Data Municipal Bonds with 20 years to maturity that include only federally tax-exempt municipal bonds as reported in Fidelity Index's "20-Year Municipal GO AA Index."
Inflation	2.30%
Salary increases including inflation	2.95% to 8.95%, including inflation
Benefit changes during the year	None
Ad hoc post-employment benefit changes	None

The actuarial methods and assumptions are used in the determination of the TPL are the same assumptions used in the actuarial valuation as of August 31, 2022. For a full description of these assumptions, please see the TRS actuarial valuation report dated November 22, 2022.

(Continued)

CENTER INDEPENDENT SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
For the year ended August 31, 2024

NOTE 4 - OTHER INFORMATION (Continued)

Discount Rate: A single discount rate of 7.00% was used to measure the TPL. The single discount rate was based on the expected rate of return on plan investments of 7.00%. The projection of cash flows used to determine this single discount rate assumed that contributions from active members, employers, and the NECE will be made at the rates set by the Legislature during the 2019 session. It is assumed that future employer and state contributions will be 9.50% of payroll in fiscal year 2024 increasing to 9.56% in fiscal year 2025 and thereafter. This includes all employer and state contributions for active and rehired retirees.

Based on those assumptions, the TRS'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 TRS investments was applied to all periods of projected benefit payments to determine the TPL.

The long-term expected rate of return on TRS investments is 7.00%. The long-term expected rate of return on TRS 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.

(Continued)

CENTER INDEPENDENT SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
For the year ended August 31, 2024

NOTE 4 - OTHER INFORMATION (Continued)

Best estimates of geometric real rates of return for each major asset class included in TRS's target asset allocation as of August 31, 2023 are summarized below:

**Teacher Retirement System of Texas
Asset Allocation and Long-Term Expected Real Rate of Return
As of August 31, 2023**

<u>Asset Class</u>	<u>Target Allocation (1)</u>	<u>Long-Term Expected Geometric Real Rate of Return (2)</u>	<u>Long-Term Expected Portfolio Return</u>
Global Equity			
U.S.	18.00%	4.00%	1.00%
Non-U.S. Developed	13.00%	4.50%	0.90%
Emerging Markets	9.00%	4.80%	0.70%
Private Equity	14.00%	7.00%	1.50%
Stable Value			
Government Bonds	16.00%	2.50%	0.50%
Absolute Return*	0.00%	3.60%	0.00%
Stable Value Hedge Funds	5.00%	4.10%	0.20%
Real Return			
Real Estate	15.00%	4.90%	1.10%
Energy, Natural Resources, and Infrastructure	6.00%	4.80%	0.40%
Commodities	0.00%	4.40%	0.00%
Risk Parity			
Risk Parity	8.00%	4.50%	0.40%
Asset Allocation Leverage			
Cash	2.00%	3.70%	0.00%
Asset Allocation Leverage	<u>-6.00%</u>	4.40%	-0.10%
Inflation Expectation			2.30%
Volatility Drag(3)			<u>-0.90%</u>
Total	<u>100.00%</u>		<u>8.00%</u>

* Absolute Return includes Credit Sensitive Investments.

(1) Target allocations are based on the FY2023 policy model.

(2) Capital market assumptions come from Aon Hewitt (as of 8/31/2023).

(3) The volatility drag results from the conversation between arithmetic and geometric mean returns.

(Continued)

CENTER INDEPENDENT SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
For the year ended August 31, 2024

NOTE 4 - OTHER INFORMATION (Continued)

Discount Rate Sensitivity Analysis: The following table presents the net pension liability (NPL) of TRS using the discount rate of 7%, and what the NPL would be if it was calculated using a discount rate that is 1% point lower (6%) or 1% point higher (8%) than the current rate:

	1% Decrease in Discount Rate (6%)	Current Discount Rate (7%)	1% Increase in Discount Rate (8%)
District's proportionate share of the net pension liability	\$ 14,319,187	\$ 9,577,697	\$ 5,635,145

Pension Liability, Pension Expense, and Deferred Outflows/Inflows of Resources Related to Pensions: At August 31, 2024 the District reported a liability of \$9,577,697 for its proportionate share of the TRS's NPL. 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 NPL, the related State support, and the total portion of the NPL that was associated with the District were as follows:

District's proportionate share of the collective net pension liability	\$ 9,577,697
State's proportionate share that is associated with the District	<u>14,158,502</u>
 Total	 <u>\$ 23,736,199</u>

The NPL was measured as of August 31, 2022 and rolled forward to August 31, 2023 and the TPL used to calculate the NPL was determined by an actuarial valuation as of that date. The District's proportion of the NPL was based on the District's contributions to TRS relative to the contributions of all employers to TRS for the period September 1, 2022 through August 31, 2023.

At August 31, 2024, the District's proportion of the collective NPL was 0.0139433%, which was an decrease of 0.000629% from its proportion measured as of August 31, 2023.

Changes Since the Prior Actuarial Valuation: The actuarial assumptions and methods are the same as used in the determination of the prior year's net pension liability.

The Texas 2023 Legislature passed legislation that provides a one-time stipend to certain retired teachers. The stipend was paid to retirees beginning in September of 2023. The Legislature appropriated funds to pay for this one-time stipend so there will be no impact on the net pension liability of TRS. In addition, the Legislature also provided for a cost-sharing adjustment (COLA) to retirees which was approved during the November 2023 election which will be paid in January of 2024. Therefore, this contingent liability was not reflected as of August 2023.

The amount of pension expense recognized by the District in the reporting period was \$1,049,057.

For the year ended August 31, 2024, the District recognized pension expense of \$2,137,811 and revenue of \$2,137,811 for support provided by the State.

(Continued)

CENTER INDEPENDENT SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
For the year ended August 31, 2024

NOTE 4 - OTHER INFORMATION (Continued)

At the measurement year ended August 31, 2023, the District reported its proportionate share of the TRS's deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual economic experience	\$ 341,257	\$ 115,975
Changes in actuarial assumptions	905,863	221,685
Difference between projected and actual investment earnings	1,393,788	-
Changes in proportion and difference between the employer's contributions and the proportionate share of contributions	471,754	440,034
Contributions paid to TRS subsequent to the measurement date	833,467	-
	<u>\$ 3,946,129</u>	<u>\$ 777,694</u>

\$833,467 reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as a reduction of the NPL for fiscal year August 31, 2025. 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:

<u>Fiscal Year Ended August 31</u>	<u>Pension Expense</u>
2025	\$ 479,950
2026	288,824
2027	1,218,081
2028	346,638
2029	1,475
Total	<u>\$ 2,334,968</u>

Defined Other Postemployment Benefits Plan:

Texas Public School Retired Employees Group Insurance Program

Plan Description: The District participates in the Texas Public School Retired Employees Group Insurance Program (TRS-Care). It is a multiple-employer, cost-sharing defined benefit OPEB plan with a special funding situation. TRS-Care program was established in 1986 by the Texas Legislature.

The TRS Board of Trustees (the "Board") administers the TRS-Care program and the related fund in accordance with Texas Insurance Code Chapter 1575. 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. The Board may adopt rules, plans, procedures, and orders reasonably necessary to administer the program, including minimum benefits and financing standards.

(Continued)

CENTER INDEPENDENT SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
For the year ended August 31, 2024

NOTE 4 - OTHER INFORMATION (Continued)

OPEB Plan Fiduciary Net Position: Detailed information about the TRS-Care's fiduciary net position is available in a separately issued TRS Annual Comprehensive Financial Report that includes financial statements and Required Supplementary Information. That report may be obtained on the Internet at http://www.trs.texas.gov/Pages/about_publications.aspx; 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, 2023 are as follows:

Total OPEB liability	\$ 26,028,070,267
Less: plan fiduciary net position	<u>(3,889,765,203)</u>
 Net OPEB Liability	 <u><u>\$ 22,138,305,064</u></u>
 Net position as a percentage of total OPEB liability	 14.94%

Benefits Provided: TRS-Care provides health insurance coverage to retirees from public and charter schools, regional education service centers, and other educational districts who are members of TRS. Optional dependent coverage is available for an additional fee.

Eligible non-Medicare retirees and their dependents may enroll in TRS-Care Standard, a high-deductible health plan. Eligible Medicare retirees and their dependents may enroll in the TRS-Care Medicare Advantage medical plan and the TRS-Care Medicare Rx prescription drug plan. To qualify for TRS-Care coverage, a retiree must have at least 10 years of service credit in TRS. There are no automatic postemployment benefit changes, including automatic COLAs.

The premium rates for retirees are reflected in the following table:

TRS-Care Plan Premium Rates			
		<u>Medicare</u>	<u>Non-Medicare</u>
Retiree or surviving spouse	\$	135	\$ 200
Retiree and spouse	\$	529	\$ 689
Retiree or surviving spouse and children	\$	468	\$ 408
Retiree and family	\$	1,020	\$ 999

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 1.25% of the employee's salary. Section 1575.203 establishes the active employee's rate which is 0.65% of pay. Section 1575.204 establishes an employer contribution rate of not less than 0.25% or not more than 0.75% of the salary of each active employee of the public or charter school. The actual employer contribution rate is prescribed by the Legislature in the GAA, which is 0.75% of each active employee's pay for fiscal year 2023.

(Continued)

CENTER INDEPENDENT SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
For the year ended August 31, 2024

NOTE 4 - OTHER INFORMATION (Continued)

The following table shows contributions to TRS-Care by type of contributor:

	Contribution Rates	
	Fiscal Year	
	Year 2023	Year 2024
Active employee	0.65%	0.65%
NECE (State)	1.25%	1.25%
Employers	0.75%	0.75%
Federal/private funding remitted by employer	1.25%	1.25%
	Measurement	Fiscal Year
	Year 2023	Year 2024
District contributions	\$ 199,658	\$ 207,321
Member contributions	\$ 63,862	\$ 61,483
NECE on-behalf contributions	\$ 240,918	\$ 236,474

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

TRS-Care received supplemental appropriations from the State as the NECE in the amount of \$21.3 million in fiscal year 2023 provided by Rider 1 of the Senate Bill GAA of the 87th Legislature. These amounts were re-appropriated from the amounts received by the pension and TRS-Care funds in excess of the state's actual obligation and then transferred to TRS-Care.

Actuarial Assumptions: The actuarial valuation was performed as of August 31, 2022. Update procedures were used to roll forward the total OPEB liability to August 31, 2023.

The actuarial valuation of the OPEB plan offered through TRS-Care is similar to the actuarial valuation performed for TRS, except that the OPEB valuation is more complex. The demographic assumptions were updated based on the experience study performed for TRS for the period ending August 31, 2021. The following assumptions and other inputs used for members of TRS-Care are based on an established pattern of practice and are identical to the assumptions used in the August 31, 2022 TRS pension actuarial valuation that was rolled forward to August 31, 2023:

- | | |
|-------------------------|------------------------|
| 1. Rates of Mortality | 4. Rates of Disability |
| 2. Rates of Retirement | 5. General Inflation |
| 3. Rates of Termination | 6. Wage Inflation |

The active mortality rates were based on PUB(2010), Amount-Weighted, Below-Median Income, Teacher male and female tables (with a two-year set forward for males). The post-retirement mortality rates for healthy lives were based on the 2021 TRS of Texas Healthy Pensioner Mortality Tables. The rates were projected on a fully generational basis using the ultimate improvement rates from mortality projection scale MP-2021.

(Continued)

CENTER INDEPENDENT SCHOOL DISTRICT
 NOTES TO FINANCIAL STATEMENTS
 For the year ended August 31, 2024

NOTE 4 - OTHER INFORMATION (Continued)

Additional actuarial methods and assumptions are as follows:

Valuation date	August 31, 2022 rolled forward to August 31, 2023
Actuarial cost method	Individual entry age normal
Inflation	2.30%
Single discount rate	4.13% as of August 31, 2023
Aging factors	Based on plan-specific experience
Expenses	Third-party administrative expenses related to the delivery of healthcare benefits are included in the age-adjusted claims costs.
Projected salary increases	2.95% to 8.95%, including inflation
Healthcare trend rates	Medical trend rates: 7.75% (Medicare retirees) and 7.00% (non-Medicare retirees) Prescription drug trend rate: 7.75%. The initial trend rate decreased to an ultimate rate of 4.25% over a period of 12 years.
Election rates	Normal retirement: 62% participation prior to age 65 and 25% participation after age 65. 30% of pre-65 retirees are assumed to discontinue coverage at age 65.
Ad hoc postemployment benefit changes	None

Discount Rate: A single discount rate of 4.13% was used to measure the total OPEB liability. This was an increase of 0.22% in the discount rate since the previous year.

Because the investments are held in cash and there is no intentional objective to advance fund the benefits, the single discount rate is equal to the prevailing municipal bond rate.

The source of the municipal bond rate is the Fidelity “20-year Municipal GO AA Index” as of August 31, 2023 using the Fixed Income Market Data/Yield Curve/ Data Municipal bonds with 20 years to maturity that include only federally tax-exempt municipal bonds.

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 percentage point lower than and 1 percentage point higher than the discount rate that was used (4.13%) in measuring the net OPEB liability:

	1% Decrease in Discount Rate (3.13%)	Current Discount Rate (4.13%)	1% Increase in Discount Rate (5.13%)
District's proportionate share of the net OPEB liability	\$ 6,001,264	\$ 5,095,353	\$ 4,356,107

(Continued)

CENTER INDEPENDENT SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
For the year ended August 31, 2024

NOTE 4 - OTHER INFORMATION (Continued)

Healthcare Cost Trend Rates Sensitivity Analysis – The following presents the net OPEB liability of TRS-Care 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 or 1% higher than the assumed healthcare cost trend rate:

	1% Decrease in Healthcare Cost Trend Rate	Current Healthcare Cost Trend Rate	1% Increase in Healthcare Cost Trend Rate
District's proportionate share of the net OPEB liability	\$ 4,195,768	\$ 5,095,353	\$ 6,252,671

OPEB Liability, OPEB Expense, and Deferred Outflows/Inflows of Resources Related to OPEB: At August 31, 2024, the District reported a liability of \$5,095,353 for its proportionate share of TRS-Care's net OPEB liability. This liability reflects a reduction for State OPEB support provided to the District. The amount recognized by the District as its proportionate share of the net OPEB liability, the related State support, and the total portion of the net OPEB liability that was associated with the District were as follows:

District's proportionate share of the collective net OPEB liability	\$ 5,095,353
State's proportionate share that is associated with the District	<u>6,148,326</u>
 Total	 <u>\$ 11,243,679</u>

The net OPEB liability was measured as of August 31, 2022 and rolled forward to August 31, 2023, 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 TRS-Care relative to the contributions of all employers to TRS-Care for the period September 1, 2022 through August 31, 2023.

At August 31, 2024, the employer's proportion of the collective net OPEB liability was 0.0230160%, compared to 0.0221910% as of August 31, 2023.

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

- The discount rate changed from 3.91% as of August 31, 2022 to 4.13% as of August 31, 2023, accompanied by revised demographic and economic assumptions based on the TRS experience.

There were no changes in benefit terms since the prior measurement date.

The amount of OPEB expense recognized by the District in the reporting period was \$403,307.

For the year ended August 31, 2024, the District recognized OPEB expense of \$1,314,382 and revenue of \$1,314,382 for support provided by the State.

(Continued)

CENTER INDEPENDENT SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
For the year ended August 31, 2024

NOTE 4 – OTHER INFORMATION (Continued)

On August 31, 2024, the District reported its proportionate share of TRS-Care's deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual economic experience	\$ 230,526	\$ 4,286,774
Changes in actuarial assumptions	695,478	3,120,020
Difference between projected and actual investment earnings	2,202	-
Changes in proportion and difference between the employer's contributions and the proportionate share of contributions	1,169,268	729,382
Contributions paid to TRS subsequent to the measurement date	<u>207,321</u>	<u>-</u>
	<u>\$ 2,304,795</u>	<u>\$ 8,136,176</u>

The amount of \$207,321 for contributions made after the measurement date of the net OPEB liability but before the end of the District's reporting period will be recognized as a reduction of the net OPEB liability in the subsequent fiscal year. 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:

<u>Fiscal Year Ended August 31</u>	<u>OPEB Expense</u>
2025	\$ (1,329,495)
2026	(1,095,796)
2027	(779,405)
2028	(904,574)
2029	(752,373)
Thereafter	<u>(1,177,059)</u>
Total	<u>\$ (6,038,702)</u>

Medicare Part D Subsidies: The Medicare Prescription Drug, Improvement, and Modernization Act of 2003, which was effective January 1, 2006, established prescription drug coverage for Medicare beneficiaries known as Medicare Part D. One of the provisions of Medicare Part D allows for TRS-Care to receive retiree drug subsidy payments from the federal government to offset certain prescription drug expenditures for eligible TRS-Care participants. For the fiscal years ended August 31, 2024, 2023, and 2022, the subsidy payments received by TRS-Care on behalf of the District were \$98,571, \$93,875, and \$75,047, respectively.

(Continued)

CENTER INDEPENDENT SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
For the year ended August 31, 2024

NOTE 4 - OTHER INFORMATION (Continued)

Employee Health Care Coverage: During the year ended August 31, 2024, employees of the District were covered by a health insurance plan (the “Plan”). The District paid premiums of \$300 per month per employee to the Plan. Employees, at their option, authorized payroll withholdings to pay premiums for dependents. All premiums were paid to a licensed insurer. The Plan was authorized by Article 3.51-2, Texas Insurance Code and was documented by contractual agreement. The contract between the District and the insurer is renewable September 1, 2024 and terms of coverage and premiums costs are included in the contractual provisions.

Workers’ Compensation: During the year ended August 31, 2024, employees of the District participated in a workers’ compensation plan (the “Plan”). The Plan as authorized by Section 21.992, Texas Education Code and was documented by contractual agreements.

The contract between the District and the third-party administrator, Claims Administrative Services (CAS), acting on-behalf of the self-funded pool, is renewable September 1, 2024, and terms, as well as costs of coverage, are included in the contractual provisions.

In accordance with state statutes, the District was protected against unanticipated catastrophic individual or aggregate loss by reinsurance coverage carried through Midwest Employers Casualty, a commercial insurer licensed or eligible to do business in the State in accordance with Texas Insurance Code. Reinsurance coverage was in effect for individual claims exceeding \$500,000 and for aggregate claims with a statutory limit of \$3,000,000. According to CAS, the unfunded claim benefit obligation included \$74,957 in claims that were unpaid and \$33,520 in estimated claims incurred, but not reported.

The claims liability is based on estimates of the ultimate cost of reported claims (including future claims adjustment expenses) and an estimate for claims which have been incurred but not reported based on historical experience. Changes in the claims’ liability for workers’ compensation benefits for the current fiscal year are summarized below:

	<u>2024</u>	<u>2023</u>
Claims liability at beginning of the year	\$ 30,060	\$ -
Current year claims charges and estimated changes	72,556	34,018
Claim payments	<u>(27,659)</u>	<u>(3,958)</u>
Claims liability at year end	<u>\$ 74,957</u>	<u>\$ 30,060</u>

Unemployment Compensation: During the year ended August 31, 2024, 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. For the year ended August 31, 2024, the Fund anticipates that the District has no additional liability beyond the contractual obligation for payment of contribution.

(Continued)

CENTER INDEPENDENT SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
For the year ended August 31, 2024

NOTE 4 - OTHER INFORMATION (Continued)

The Fund engages the services of an independent auditor to conduct a financial audit after the close of each year on August 31. The audit is accepted by the Fund's Board of Trustees in February of the following year. The Fund's audited financial statements as of August 31, 2023 are available on the TASB Risk Management Fund website and have been filed with the Texas Department of Insurance in Austin.

Auto, Liability, and Property Program: During the year ended August 31, 2024, the District participated in the following TASB Risk Management Fund (the "Fund") programs:

- Auto Liability
- Auto Physical Damage
- Privacy and Information Security
- Property
- School Liability

The Fund was created and is operated under the provision of the Interlocal Cooperation Act, Chapter 791 of the Texas Government Code. All members participating in the Fund execute interlocal agreements that define the responsibilities of the parties.

The Fund purchases stop-loss coverage for protection against catastrophic and larger than anticipated claims for the auto, liability, and property programs. The terms and limits of the stop-loss program vary by line of coverage. The Fund uses the services of an independent actuary to determine the adequacy of reserves and fully funds those reserves. For the year ended August 31, 2024, the Fund anticipates that the District has no additional liability beyond the contractual obligations for payment of contributions.

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 approved by the Fund's Board of Trustees in February of the following year. The Fund's audited financial statements as of August 31, 2023 are available on the TASB Risk Management Fund website and have been filed with the Texas State Board of Insurance in Austin.

REQUIRED SUPPLEMENTARY INFORMATION

CENTER INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE BUDGET AND ACTUAL - GENERAL FUND - EXHIBIT G-1
For the year ended August 31, 2024

Data Control Codes		Budgeted Amounts		Actual	Variance with Final Budget
		Original	Final		
Revenues					
5700	Local and intermediate sources	\$ 6,136,467	\$ 6,136,467	\$ 6,367,923	\$ (231,456)
5800	State program revenues	21,710,399	21,710,399	21,025,880	684,519
5900	Federal program revenues	450,000	450,000	390,638	59,362
5020	Total revenues	<u>28,296,866</u>	<u>28,296,866</u>	<u>27,784,441</u>	<u>512,425</u>
Expenditures					
Current					
0011	Instruction	15,435,816	15,913,841	15,864,172	49,669
0012	Instructional resources and media services	189,968	189,968	180,646	9,322
0013	Curriculum/instructional staff development	165,907	161,382	147,916	13,466
0021	Instructional leadership	556,990	646,990	587,124	59,866
0023	School leadership	1,745,921	1,745,921	1,708,839	37,082
0031	Guidance, counseling, and evaluation service	914,313	925,813	919,392	6,421
0033	Health services	198,482	298,482	260,092	38,390
0034	Student (pupil) transportation	1,422,691	2,400,775	2,266,088	134,687
0036	Extracurricular activities	1,017,900	1,355,318	1,295,729	59,589
0041	General administration	1,230,816	1,300,816	1,265,804	35,012
0051	Plant maintenance and operations	3,129,267	3,929,267	3,607,455	321,812
0052	Security and monitoring services	364,615	424,615	396,810	27,805
0053	Data processing services	548,200	548,200	513,529	34,671
0061	Community services	250,221	255,221	250,940	4,281
Debt service:					
0071	Principal	686,582	286,582	120,171	166,411
0072	Interest	180,749	180,749	180,749	-
0073	Bond issuance costs and fees	700	700	700	-
Intergovernmental:					
0099	Other intergovernmental charges	257,728	246,728	245,777	951
6030	Total expenditures	<u>28,296,866</u>	<u>30,811,368</u>	<u>29,811,933</u>	<u>999,435</u>
1200	Net change in fund balance	-	(2,514,502)	(2,027,492)	(487,010)
0100	Beginning fund balance	<u>14,717,441</u>	<u>14,717,441</u>	<u>14,717,441</u>	-
3000	Ending fund balance	<u>\$ 14,717,441</u>	<u>\$ 12,202,939</u>	<u>\$ 12,689,949</u>	<u>\$ (487,010)</u>

Notes to Required Supplementary Information:

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

CENTER INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
TEACHER RETIREMENT SYSTEM OF TEXAS (TRS) - EXHIBIT G-2
For the year ended August 31, 2024

	Measurement Year									
	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
District's proportion of the net pension liability (asset)	0.0139433%	0.0145728%	0.0140517%	0.0128796%	0.0136459%	0.0146547%	0.0135913%	0.0141876%	0.0154962%	0.0096160%
District's proportionate share of the net pension liability (asset)	\$ 9,577,697	\$ 8,651,475	\$ 3,578,471	\$ 6,898,053	\$ 7,093,566	\$ 8,066,323	\$ 4,345,761	\$ 5,361,295	\$ 5,477,700	\$ 2,568,567
State's proportionate share of the net pension liability (asset) associated with the District	<u>14,158,502</u>	<u>12,797,918</u>	<u>6,043,294</u>	<u>13,068,773</u>	<u>12,002,096</u>	<u>13,561,281</u>	<u>8,295,006</u>	<u>9,991,763</u>	<u>9,795,156</u>	<u>8,269,759</u>
Total	<u>\$ 23,736,199</u>	<u>\$ 21,449,393</u>	<u>\$ 9,621,765</u>	<u>\$ 19,966,826</u>	<u>\$ 19,095,662</u>	<u>\$ 21,627,604</u>	<u>\$ 12,640,767</u>	<u>\$ 15,353,058</u>	<u>\$ 15,272,856</u>	<u>\$ 10,838,326</u>
District's covered payroll	\$ 17,857,400	\$ 18,091,396	\$ 17,511,562	\$ 16,880,557	\$ 15,874,707	\$ 16,297,288	\$ 15,671,850	\$ 15,696,039	\$ 15,668,897	\$ 14,804,755
District's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	53.63%	47.82%	20.43%	40.86%	44.68%	49.49%	27.72%	34.16%	34.96%	17.35%
Plan fiduciary net position as a percentage of the total pension liability	73.15%	75.62%	88.79%	75.54%	75.24%	73.74%	82.17%	78.00%	78.43%	83.25%

Notes to Required Supplementary Information:

1. *Changes in Assumptions:* The actuarial assumptions and methods are the same as used in the determination of the prior year's NPL.
2. *Changes in Benefits:* There were no changes of benefit terms that affected measurement of the TPL during the measurement period.

CENTER INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF DISTRICT CONTRIBUTIONS
TEACHER RETIREMENT SYSTEM OF TEXAS (TRS) - EXHIBIT G-3
For the year ended August 31, 2024

	Fiscal Year									
	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually required contribution	\$ 833,467	\$ 716,719	\$ 680,224	\$ 596,129	\$ 531,307	\$ 478,560	\$ 493,473	\$ 445,443	\$ 450,495	\$ 458,850
Contributions in relation to the contractually required contribution	<u>833,467</u>	<u>716,719</u>	<u>680,224</u>	<u>596,129</u>	<u>531,307</u>	<u>478,560</u>	<u>493,473</u>	<u>445,443</u>	<u>450,495</u>	<u>458,850</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	\$ 18,917,951	\$ 17,857,400	\$ 18,091,396	\$ 17,511,562	\$ 16,880,557	\$ 15,874,707	\$ 16,297,288	\$ 15,671,850	\$ 15,696,039	\$ 15,668,897
Contributions as a percentage of covered payroll	4.41%	4.02%	3.76%	3.40%	3.15%	3.01%	3.03%	2.84%	2.87%	2.93%

CENTER INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET OPEB LIABILITY
TEXAS PUBLIC SCHOOL RETIRED EMPLOYEES GROUP INSURANCE PROGRAM (TRS-CARE) EXHIBIT G-4
For the year ended August 31, 2024

	Measurement Year*						
	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
District's proportion of the collective net OPEB liability (asset)	0.0230160%	0.0221910%	0.0236532%	0.0226250%	0.0219125%	0.0220881%	0.0216766%
District's proportionate share of the collective net OPEB liability (asset)	\$ 5,095,353	\$ 5,313,422	\$ 9,124,086	\$ 8,600,794	\$ 10,362,682	\$ 11,028,767	\$ 9,426,350
State's proportionate share of the collective net OPEB liability (asset) associated with the District	<u>6,148,326</u>	<u>6,481,540</u>	<u>12,224,242</u>	<u>11,557,405</u>	<u>13,769,688</u>	<u>13,755,810</u>	<u>12,167,530</u>
Total	<u>\$ 11,243,679</u>	<u>\$ 11,794,962</u>	<u>\$ 21,348,328</u>	<u>\$ 20,158,199</u>	<u>\$ 24,132,370</u>	<u>\$ 24,784,577</u>	<u>\$ 21,593,880</u>
District's covered payroll	\$ 17,857,400	\$ 18,091,396	\$ 17,511,562	\$ 16,880,557	\$ 15,874,707	\$ 16,297,288	\$ 15,671,850
District's proportionate share of the net OPEB liability (asset) as a percentage of its covered payroll	28.53%	29.37%	52.10%	50.95%	65.28%	67.67%	60.15%
Plan fiduciary net position as a percentage of the total OPEB liability	14.94%	11.52%	6.18%	4.99%	2.66%	1.57%	0.91%

* Only seven years' worth of information is currently available.

Notes to Required Supplementary Information:

1. *Changes in Assumptions:* The discount rate was changed from 3.91% as of August 31, 2022 to 4.13% as of August 31, 2023. This change decreased the total OPEB liability.
2. *Changes in Benefits:* There were no changes of benefit terms since the prior measurement date.

CENTER INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF DISTRICT CONTRIBUTIONS TEXAS PUBLIC SCHOOL
RETIRED EMPLOYEES GROUP INSURANCE PROGRAM (TRS-CARE) EXHIBIT G-5
For the year ended August 31, 2024

	Fiscal Year*						
	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Statutorily required contributions	\$ 207,321	\$ 199,658	\$ 182,549	\$ 182,853	\$ 171,923	\$ 155,092	\$ 152,311
Contributions in relation to the statutorily required contributions	<u>207,321</u>	<u>199,658</u>	<u>182,549</u>	<u>182,853</u>	<u>171,923</u>	<u>155,092</u>	<u>152,311</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	\$ 18,917,951	\$ 17,857,400	\$ 18,091,396	\$ 17,511,562	\$ 16,880,557	\$ 15,874,707	\$ 16,297,288
Contributions as a percentage of covered payroll	1.10%	1.12%	1.01%	1.04%	1.02%	0.98%	0.93%

* Only seven years' worth of information is currently available.

OTHER SUPPLEMENTARY INFORMATION

CENTER INDEPENDENT SCHOOL DISTRICT
 COMBINING BALANCE SHEET
 NONMAJOR SPECIAL REVENUE GOVERNMENTAL FUNDS - EXHIBIT H-1
 August 31, 2024

Data Control Codes	211	224	225	240	244	255
<u>Data Control Codes</u>	Title I, Part A Improving Basic Programs	IDEA Part B Formula	IDEA Part B Preschool	National School Breakfast/ Lunch Program	Career and Technology- Basic Grant	Title II, Part A Training
ASSETS						
1110	Cash and cash equivalents	\$ -	\$ -	\$ -	\$ 582,039	\$ -
1240	Due from other governments	103,383	104,310	5,674	124,605	973
1260	Due from other funds	-	-	-	213,928	-
1000	Total assets	<u>\$ 103,383</u>	<u>\$ 104,310</u>	<u>\$ 5,674</u>	<u>\$ 920,572</u>	<u>\$ 973</u>
LIABILITIES						
2160	Accrued wages payable	\$ 36,961	\$ 9,747	\$ -	\$ 56,523	\$ -
2170	Due to other funds	62,247	93,426	5,674	-	973
2200	Accrued expenditures	4,175	1,137	-	1,215	-
2300	Unearned revenue	-	-	-	-	-
2000	Total liabilities	<u>103,383</u>	<u>104,310</u>	<u>5,674</u>	<u>57,738</u>	<u>973</u>
FUND BALANCES						
Restricted						
3450	Federal/state fund grant restrictions	-	-	-	862,834	-
3490	Other restrictions of fund balance	-	-	-	-	-
3000	Total fund balances	<u>-</u>	<u>-</u>	<u>-</u>	<u>862,834</u>	<u>-</u>
4000	Total liabilities and fund balances	<u>\$ 103,383</u>	<u>\$ 104,310</u>	<u>\$ 5,674</u>	<u>\$ 920,572</u>	<u>\$ 973</u>

(Continued)

CENTER INDEPENDENT SCHOOL DISTRICT
 COMBINING BALANCE SHEET
 NONMAJOR SPECIAL REVENUE GOVERNMENTAL FUNDS - EXHIBIT H-1
 August 31, 2024

Data Control Codes	263	270	282	289	397	410
<u>Data Control Codes</u>	Title III, Part A English Language	Title VI Rural & Low Income School	ESSER III	Other Federal Special Revenue	Advanced Placement Incentives	Instructional Materials State
ASSETS						
1110 Cash and cash equivalents	\$ -	\$ -	\$ -	\$ 2,186	\$ 450	\$ -
1240 Due from other governments	6,223	-	-	7,066	-	-
1260 Due from other funds	-	-	-	-	-	-
1000 Total assets	<u>\$ 6,223</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 9,252</u>	<u>\$ 450</u>	<u>\$ -</u>
LIABILITIES						
2160 Accrued wages payable	\$ 5,217	\$ -	\$ -	\$ 5,593	\$ -	\$ -
2170 Due to other funds	403	-	-	-	-	-
2200 Accrued expenditures	603	-	-	649	-	-
2300 Unearned revenue	-	-	-	3,010	-	-
2000 Total liabilities	<u>6,223</u>	<u>-</u>	<u>-</u>	<u>9,252</u>	<u>-</u>	<u>-</u>
FUND BALANCES						
Restricted						
3450 Federal/state fund grant restrictions	-	-	-	-	450	-
3490 Other restrictions of fund balance	-	-	-	-	-	-
3000 Total fund balances	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>450</u>	<u>-</u>
4000 Total liabilities and fund balances	<u>\$ 6,223</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 9,252</u>	<u>\$ 450</u>	<u>\$ -</u>

(Continued)

CENTER INDEPENDENT SCHOOL DISTRICT
 COMBINING BALANCE SHEET
 NONMAJOR SPECIAL REVENUE GOVERNMENTAL FUNDS - EXHIBIT H-1
 August 31, 2024

Data Control Codes	429 Special Other State Revenue	458 SSA Alternative Education	461 Campus Activity	Total Nonmajor Governmental Funds	
ASSETS					
1110	Cash and cash equivalents	\$ -	\$ 183,750	\$ 68,414	\$ 836,839
1240	Due from other governments	-	-	-	358,283
1260	Due from other funds	-	-	-	213,928
1000	Total assets	<u>\$ -</u>	<u>\$ 183,750</u>	<u>\$ 68,414</u>	<u>\$ 1,409,050</u>
LIABILITIES					
2160	Accrued wages payable	\$ -	\$ -	\$ -	\$ 118,958
2170	Due to other funds	-	-	-	163,283
2200	Accrued expenditures	-	-	-	8,351
2300	Unearned revenue	-	-	-	3,010
2000	Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>293,602</u>
FUND BALANCES					
Restricted					
3450	Federal/state fund grant restrictions	-	183,750	-	1,047,034
3490	Other restrictions of fund balance	-	-	68,414	68,414
3000	Total fund balances	<u>-</u>	<u>183,750</u>	<u>68,414</u>	<u>1,115,448</u>
4000	Total liabilities and fund balances	<u>\$ -</u>	<u>\$ 183,750</u>	<u>\$ 68,414</u>	<u>\$ 1,409,050</u>

CENTER INDEPENDENT SCHOOL DISTRICT
 COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
 NONMAJOR SPECIAL REVENUE GOVERNMENTAL FUNDS - EXHIBIT H-2
 For the year ended August 31, 2024

Data Control Codes		211	224	225	240	244	255
Codes		Title I, Part A Improving Basic Programs	IDEA Part B Formula	IDEA Part B Preschool	National School Breakfast/ Lunch Program	Career and Technology- Basic Grant	Title II, Part A Training
Revenues							
5700	Local, intermediate, and out-of-state	\$ -	\$ -	\$ -	\$ 267,555	\$ -	\$ -
5800	State program revenues	-	-	-	51,081	-	-
5900	Federal program revenues	1,095,956	595,756	32,810	1,583,227	47,367	89,510
5020	Total revenues	<u>1,095,956</u>	<u>595,756</u>	<u>32,810</u>	<u>1,901,863</u>	<u>47,367</u>	<u>89,510</u>
Expenditures							
Current							
0011	Instruction	835,133	224,150	23,969	-	47,367	48,328
0012	Instructional resources and						
0012	media services	-	-	-	-	-	-
0013	Curriculum and staff development	248,057	700	-	-	-	41,182
0021	Instructional leadership	12,766	85,097	-	-	-	-
0023	School leadership	-	-	-	-	-	-
0031	Guidance, counseling, and						
0031	evaluation services	-	285,809	8,841	-	-	-
0033	Health services	-	-	-	-	-	-
0035	Food service	-	-	-	2,564,087	-	-
0036	Extracurricular activities	-	-	-	-	-	-
0041	General administration	-	-	-	-	-	-
0052	Security and monitoring services	-	-	-	-	-	-
Debt service							
0071	Principal on long-term debt	-	-	-	2,079	-	-
0072	Interest on long-term debt	-	-	-	95	-	-
6030	Total expenditures	<u>1,095,956</u>	<u>595,756</u>	<u>32,810</u>	<u>2,566,261</u>	<u>47,367</u>	<u>89,510</u>
1200	Net change in fund balances	-	-	-	(664,398)	-	-
0100	Beginning fund balances	-	-	-	1,527,232	-	-
3000	Ending fund balances	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 862,834</u>	<u>\$ -</u>	<u>\$ -</u>

(Continued)

CENTER INDEPENDENT SCHOOL DISTRICT
 COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
 NONMAJOR SPECIAL REVENUE GOVERNMENTAL FUNDS - EXHIBIT H-2
 For the year ended August 31, 2024

Data Control Codes	263	270	282	289	397	410
	Title III, Part A English Language	Title VI Rural & Low Income School	ESSER III	Other Federal Special Revenue	Advanced Placement Incentives	Instructional Materials State
Revenues						
5700	Local, intermediate, and out-of-state	\$ -	\$ -	\$ -	\$ -	\$ -
5800	State program revenues	-	-	-	204	412,725
5900	Federal program revenues	76,059	83,739	309,309	-	-
5020	Total revenues	<u>76,059</u>	<u>83,739</u>	<u>309,309</u>	<u>204</u>	<u>412,725</u>
Expenditures						
Current						
0011	Instruction	56,905	83,739	241,914	21,413	-
0012	Instructional resources and					
0012	media services	-	-	1,030	-	-
0013	Curriculum and staff development	19,154	-	1,030	2,963	-
0021	Instructional leadership	-	-	7,206	-	-
0023	School leadership	-	-	26,766	-	-
0031	Guidance, counseling, and					
0031	evaluation services	-	-	13,367	58,256	204
0033	Health services	-	-	5,144	-	-
0035	Food service	-	-	-	-	-
0036	Extracurricular activities	-	-	498	-	-
0041	General administration	-	-	12,354	-	-
0052	Security and monitoring services	-	-	-	-	-
Debt service						
0071	Principal on long-term debt	-	-	-	-	-
0072	Interest on long-term debt	-	-	-	-	-
6030	Total expenditures	<u>76,059</u>	<u>83,739</u>	<u>309,309</u>	<u>82,632</u>	<u>204</u>
1200	Net change in fund balances	-	-	-	-	-
0100	Beginning fund balances	-	-	-	450	-
3000	Ending fund balances	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 450</u>	<u>\$ -</u>

(Continued)

CENTER INDEPENDENT SCHOOL DISTRICT
 COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
 NONMAJOR SPECIAL REVENUE GOVERNMENTAL FUNDS - EXHIBIT H-2
 For the year ended August 31, 2024

Data Control Codes	429 Special Other State Revenue	458 SSA Alternative Education	461 Campus Activity	Total Nonmajor Governmental Funds
Revenues				
5700	Local, intermediate, and out-of-state	\$ -	\$ -	\$ 137,372
5800	State program revenues	371,579	-	-
5900	Federal program revenues	-	-	-
5020	Total revenues	<u>371,579</u>	<u>-</u>	<u>137,372</u>
Expenditures				
Current				
0011	Instruction	1,050	-	-
0012	Instructional resources and media services	-	-	-
0013	Curriculum and staff development	-	-	-
0021	Instructional leadership	-	-	-
0023	School leadership	-	-	-
0031	Guidance, counseling, and evaluation services	-	-	-
0033	Health services	-	-	-
0035	Food service	-	-	-
0036	Extracurricular activities	-	-	-
0041	General administration	-	-	-
0052	Security and monitoring services	355,850	-	-
Debt service				
0071	Principal on long-term debt	-	-	-
0072	Interest on long-term debt	-	-	-
6030	Total expenditures	<u>356,900</u>	<u>-</u>	<u>132,514</u>
1100	Excess of revenues over expenditures	<u>14,679</u>	<u>-</u>	<u>4,858</u>
1200	Net change in fund balances	14,679	-	4,858
0100	Beginning fund balances	<u>(14,679)</u>	<u>183,750</u>	<u>63,556</u>
3000	Ending fund balances	<u>\$ -</u>	<u>\$ 183,750</u>	<u>\$ 68,414</u>
			<u>\$</u>	<u>\$ 1,115,448</u>

CENTER INDEPENDENT SCHOOL DISTRICT
 SCHEDULE OF DELINQUENT TAXES RECEIVABLE - EXHIBIT J-1
 August 31, 2024

	1	2	3	10	20	31	32	40	50
	Tax Rates		Net Assessed/ Appraised Value For School	Beginning Balance	Current Year's	Maintenance Total	Debt Service Total	Entire Year's	Ending Balance
<u>Last Ten Years</u>	<u>Maintenance</u>	<u>Debt Services</u>	<u>Tax Purposes</u>	<u>09/01/23</u>	<u>Total Levy</u>	<u>Collected</u>	<u>Collected</u>	<u>Adjustments</u>	<u>08/31/24</u>
2015 and prior	Various	Various	Various	\$ 436,374	\$ -	\$ 15,556	\$ 2,178	\$ (9,947)	\$ 408,693
2016	\$ 1.1700	\$ 0.1638	\$ 556,143,966	58,055	-	3,013	422	(199)	54,421
2017	1.1700	0.1638	524,436,665	75,782	-	4,312	604	(1,379)	69,487
2018	1.1700	0.1638	525,684,302	62,809	-	6,856	960	(1,365)	53,628
2019	1.1700	0.2438	534,325,963	70,407	-	5,960	1,242	(1,442)	61,763
2020	1.0683	0.2438	553,998,629	100,861	-	10,753	2,454	(1,536)	86,118
2021	1.0547	0.3025	553,060,787	112,004	-	8,316	2,385	(2,228)	99,075
2022	1.0402	0.2872	590,941,537	119,291	-	10,808	2,987	(5,673)	99,823
2023	0.9429	0.2875	660,463,576	225,638	-	54,321	16,563	(27,204)	127,550
2024	0.7575	0.2875	690,507,226	-	7,243,005	5,024,581	1,907,019	(80,873)	230,532
1000 Totals				<u>\$ 1,261,221</u>	<u>\$ 7,243,005</u>	<u>\$ 5,144,476</u>	<u>\$ 1,936,814</u>	<u>\$ (131,846)</u>	<u>\$ 1,291,090</u>
8000 Taxes refunded						\$ 6,216			
9000 Tax increment						\$ -			

CENTER INDEPENDENT SCHOOL DISTRICT
 BUDGETARY COMPARISON SCHEDULES
 NATIONAL SCHOOL BREAKFAST AND LUNCH PROGRAM - EXHIBIT J-2
 For the year ended August 31, 2024

Data Control Codes		Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
		Original	Final		
	Revenues				
5700	Local and intermediate sources	\$ 811,056	\$ 811,056	\$ 267,555	\$ (543,501)
5800	State program revenues	13,136	13,136	51,081	37,945
5900	Federal program revenues	1,367,681	1,367,681	1,583,227	215,546
5020	Total revenues	<u>2,191,873</u>	<u>2,191,873</u>	<u>1,901,863</u>	<u>(290,010)</u>
	Expenditures				
0035	Food services	2,191,873	2,787,873	2,564,087	223,786
	Debt services				
0071	Principal	-	3,905	2,079	1,826
0072	Interest	-	95	95	-
6030	Total expenditures	<u>2,191,873</u>	<u>2,791,873</u>	<u>2,566,261</u>	<u>225,612</u>
1200	Net change in fund balance	-	(600,000)	(664,398)	(515,622)
0100	Beginning fund balance	<u>1,527,232</u>	<u>1,527,232</u>	<u>1,527,232</u>	-
3000	Ending fund balance	<u>\$ 1,527,232</u>	<u>\$ 927,232</u>	<u>\$ 862,834</u>	<u>\$ (515,622)</u>

Notes to Supplementary Information:

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

CENTER INDEPENDENT SCHOOL DISTRICT
 BUDGETARY COMPARISON SCHEDULE
 DEBT SERVICE FUND - EXHIBIT J-3
 For the year ended August 31, 2024

Data Control Codes		Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
		Original	Final		
	Revenues				
5700	Local and intermediate sources	\$ 2,311,527	\$ 2,311,527	\$ 2,030,651	\$ (280,876)
5800	State program revenues	-	-	149,778	149,778
5020	Total revenues	<u>2,311,527</u>	<u>2,311,527</u>	<u>2,180,429</u>	<u>(131,098)</u>
	Expenditures				
0071	Principal	2,311,527	685,658	685,000	658
0072	Interest	-	1,625,869	1,625,869	-
6030	Total expenditures	<u>2,311,527</u>	<u>2,311,527</u>	<u>2,310,869</u>	<u>658</u>
1200	Net change in fund balance	-	-	(130,440)	(131,756)
0100	Beginning fund balance	<u>731,703</u>	<u>731,703</u>	<u>731,703</u>	-
3000	Ending fund balance	<u>\$ 731,703</u>	<u>\$ 731,703</u>	<u>\$ 601,263</u>	<u>\$ (131,756)</u>

Notes to Supplementary Information:

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

CENTER INDEPENDENT SCHOOL DISTRICT
 USE OF FUNDS REPORT
 FOR SELECT STATE ALLOTMENT PROGRAMS - EXHIBIT J-4
 For the year ended August 31, 2024

<u>Data Control Codes</u>		<u>Responses</u>
<u>Section A: Compensatory Education Programs</u>		
AP1	Did the District expend any state compensatory education program state allotment funds during the District's fiscal year?	Yes
AP2	Does the District have written policies and procedures for its state compensatory education program?	Yes
AP3	List the total state allotment funds received for state compensatory education programs during the District's fiscal year.	\$ 2,981,532
AP4	List the actual direct program expenditures for state compensatory education programs during the District's fiscal year. (PICs 24, 26, 28, 29, 30, 34)	\$ 2,041,629
<u>Section B: Bilingual Education Programs</u>		
AP5	Did the District expend any bilingual education program state allotment funds during the District's fiscal year?	Yes
AP6	Does the District have written policies and procedures for its bilingual education program?	Yes
AP7	List the total state allotment funds received for bilingual education programs during the District's fiscal year.	\$ 472,458
AP8	List the actual direct program expenditures for bilingual education programs during the District's fiscal year. (PICs 25, 35)	\$ 673,296

FEDERAL AWARDS AND COMPLIANCE SECTION

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND
ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To the Board of Trustees of
Center Independent School District
Center, Texas

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 Center Independent School District (the "District"), as of and for the year ended August 31, 2024, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated January 28, 2025.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting (internal control) as a basis for designing 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. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as item 2024-001, that we consider to be a significant deficiency.

(Continued)

Report on 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 financial statements. 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*.

District's Response to Finding

Government Auditing Standards requires the auditor to perform limited procedures on the District's response to the findings identified in our audit and described in the accompanying schedule of findings and questioned costs. The District's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.


Crowe LLP

Houston, Texas
January 28, 2025

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR MAJOR FEDERAL PROGRAM AND
REPORT ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

To the Board of Trustees of
Center Independent School District
Center, Texas

Report on Compliance for Major Federal Program

Opinion on Major Federal Program

We have audited Center Independent School District (the "District") compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on the District's major federal program for the year ended August 31, 2024. The District's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the District complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended August 31, 2024.

Basis for Opinion on Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (*Government Auditing Standards*); 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). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the District and to meet our other ethical responsibilities in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for the major federal program. Our audit does not provide a legal determination of the District's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the District's federal programs.

(Continued)

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the District's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the District's compliance with the requirements of the major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the District's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- obtain an understanding of the District's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances 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 the District's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on 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 Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit, we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

(Continued)

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.

Crowe LLP

Crowe LLP

Houston, Texas
January 28, 2025

CENTER INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS - EXHIBIT K-1
For the year ended August 31, 2024

(1)	(2)	(2A)	(3)
<u>Federal Grantor/Pass-Through Grantor/Program Title</u>	<u>Federal AL Number</u>	<u>Pass-Through Entity Identifying Number</u>	<u>Federal Expenditures</u>
Special Education (IDEA) Cluster:			
<u>U.S. DEPARTMENT OF EDUCATION</u>			
<i>Passed Through State Department of Education</i>			
IDEA B, Formula Grant	84.027A	246600012109016000	\$ 595,756
IDEA B, Preschool	84.173A	246610012109016000	32,810
Total Special Education (IDEA) Cluster			628,566
Other Programs:			
<u>U.S. DEPARTMENT OF EDUCATION</u>			
<i>Passed Through State Department of Education</i>			
Title I, Part A Improving Basic Programs	84.010A	24610101210901	1,095,956
21-22 Perkins V: Strengthening CTE for 21st Century	84.048A	24420006210901	47,367
Title II, Part A, Supporting Effective Instruction	84.367A	24694501210901	89,510
Title III, Part A-ELA	84.365A	24671001210901	76,059
Title V, Part B, Subpart 2, Rural and Low-Income School Program	84.358B	24696001210901	83,739
COVID-19 American Rescue Plan (ARP) ESSER III	84.425U	21528001210901	309,309
Title IV, Part A, Subpart 1	84.424A	24680101210901	76,754
LEP Summer School	84.369A	69552302	5,878
Total Passed Through State Department of Education			2,413,138
Total U.S. Department of Education			2,413,138
<u>U.S DEPARTMENT OF INTERIOR</u>			
<i>Passed Through Shelby County, Texas</i>			
Secure Rural Schools National Forest	15.234	N/A	12,664
Federal Oil and Gas Royalty	15.427	N/A	153,740
Total Passed Through Shelby County, Texas			166,404
Total U.S. Department of Interior			166,404
Child Nutrition Cluster:			
<u>U.S. DEPARTMENT OF AGRICULTURE</u>			
<i>Passed Through State Department of Education</i>			
School Breakfast Program	10.553	806780706	360,209
National School Lunch Program	10.555	806780706	998,830
<i>Passed Through State Department of Agriculture</i>			
Reduce Price - School Breakfast Program	10.555	246TX332N1099	1,514
Total Passed Through State Department of Education			1,360,553
<i>Direct Program</i>			
Supply Chain Assistance Grant	10.555	236TX400N8903	96,897
Total Child Nutrition Cluster			1,457,450

The accompanying notes are an integral part of this schedule.

CENTER INDEPENDENT SCHOOL DISTRICT
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS - EXHIBIT K-1
 For the year ended August 31, 2024

(1)	(2)	(2A)	(3)
<u>Federal Grantor/Pass-Through Grantor/Program Title</u>	<u>Federal AL Number</u>	<u>Pass-Through Entity Identifying Number</u>	<u>Federal Expenditures</u>
Food Distribution Cluster:			
<u>U.S. DEPARTMENT OF AGRICULTURE</u>			
USDA Commodities	10.565	806780706	120,289
Total Food Distribution Cluster			<u>120,289</u>
<i>Passed Through Texas Department of Agriculture</i>			
Commodity Storage Delivery Fee Reimbursement SY22	10.560	00-980	4,553
Commodity Storage Delivery Fee Reimbursement SY23	10.560	00-980	935
Total Passed Through Texas Department of Agriculture			<u>5,488</u>
Total U.S. Department of Agriculture			<u>1,583,227</u>
Total Expenditures of Federal Awards			<u>\$ 4,162,769</u>
		Federal revenue per SEFA	\$ 4,162,769
		SHARS	163,902
		Qualified School Construction Bonds	<u>60,332</u>
		C-2 Federal revenue	<u>\$ 4,387,003</u>

The accompanying notes are an integral part of this schedule.

CENTER INDEPENDENT SCHOOL DISTRICT
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the year ended August 31, 2024

NOTE 1 – BASIS OF ACCOUNTING

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 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.

NOTE 2 – 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.

NOTE 3 – INDIRECT COST RATE

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

NOTE 4 – SUBRECIPIENTS

The District did not provide any federal awards to subrecipients during the fiscal year ending August 31, 2024. Accordingly, there are no amounts included in the SEFA that represent payments to subrecipients.

CENTER INDEPENDENT SCHOOL DISTRICT
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS - EXHIBIT F-1
 For the year ended August 31, 2024

SECTION I - SUMMARY OF AUDITOR'S RESULTS

FINANCIAL STATEMENTS

Type of report the auditor issued on whether the financial statements audited were prepared in accordance with GAAP?	Unmodified
Internal control over financial reporting:	
• Material weakness(es) identified?	No
• Significant deficiency(s) identified?	Yes
Noncompliance material to financial statements noted?	No

FEDERAL PROGRAMS

Internal control over major programs:	
• Material weakness(es) identified?	No
• Significant deficiency(s) identified?	None Noted
Type of auditor's report issued on compliance for major federal programs:	Unmodified
Any audit findings that are required to be reporting in accordance with § 2 CFR 200.516(a)?	No

Identification of major federal programs:

<u>Assistance Listing (AL) Number(s)</u>	<u>Name of Federal Program or Cluster</u>
10.553 and 10.555	Child Nutrition Cluster

What is the dollar threshold used to distinguish between Type A and Type B programs:	\$750,000
Did the auditee qualify as low-risk auditee?	Yes

SECTION II - FINANCIAL STATEMENT FINDINGS

Finding 2024-001 – Lack of Formal Documentation for Chief Financial Officer (CFO) Approval of Bank Reconciliations

Audit Finding: Significant Deficiency

Reported in Prior Year: No

Condition: The District contracts with Region 5 Education Service Center (Region 5) to perform monthly bank reconciliations. The Accounts Payable Clerk (the "Clerk") reviews the reconciliations and any suggested adjustments provided by Region 5. However, there is no formal documentation indicating that the CFO has reviewed and approved the bank reconciliations when no adjustments are needed.

(Continued)

CENTER INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS - EXHIBIT F-1
For the year ended August 31, 2024

Criteria: Effective internal control over financial reporting requires that all significant financial transactions and reconciliations be reviewed and approved by appropriate personnel. This includes maintaining formal documentation of such reviews and approvals to ensure accuracy, completeness, and accountability.

Cause: The District does not have a formal process in place to document the CFO's approval of bank reconciliations when no adjustments are necessary.

Effect: Without formal documentation of the CFO's approval, there is a risk that errors or discrepancies in the bank reconciliations may go undetected, potentially leading to inaccurate financial reporting and reduced accountability.

Recommendation: The District should implement a formal process to document the CFO's review and approval of all bank reconciliations, regardless of whether adjustments are needed. This could include a sign-off sheet or electronic approval system that records the CFO's review and approval date. Additionally, the District should ensure that all relevant personnel are trained on the new process to maintain compliance and enhance internal controls.

Views of Responsible Officials: See Corrective Action Plan.

SECTION III - FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

None identified.

CENTER INDEPENDENT SCHOOL DISTRICT
SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS
For the year ended August 31, 2024

SUMMARY OF PRIOR YEAR AUDIT FINDINGS

None to report.



Center Independent School District

Superintendent, Dr. Brian Morris

Corrective Action Plan

Finding 2024-001 – Lack of Formal Documentation for Chief Financial Officer (CFO) Approval of Bank Reconciliations

Contact Person: Valerie Moore, CFO

Corrective Action Planned:

To address the finding of lacking formal documentation for CFO approval of bank reconciliations, the District will develop and implement a standardized approval process, including a sign-off sheet or electronic system to document the CFO's review and approval. Policies and procedures will be updated accordingly, and relevant personnel will be trained on the new process. The CFO will oversee the implementation, ensuring compliance and conducting regular monitoring and periodic reviews to assess effectiveness and make improvements as needed.

Anticipated Completion Date: End of January, 2025

Valerie Moore, CFO

CENTER INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF REQUIRED RESPONSES TO
SELECTED SCHOOL FIRST INDICATORS - EXHIBIT L-1
For the year ended August 31, 2024

<u>Data Control Codes</u>		<u>Responses</u>
SF1	Was there an unmodified opinion in the annual financial report on the financial statements as a whole?	Yes
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
SF3	Did the District make timely payments to the Teacher Retirement System (TRS), Texas Workforce Commission (TWC), Internal Revenue Service (IRS), and other government agencies?	Yes
SF4	Was the District issued a warrant hold?	No
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 District post the required financial information on its website in accordance with Government Code, Local Government Code, Texas Education Code, Texas Administrative Code, and other statutes, laws, and rules that were in effect at the District's fiscal year end?	Yes
SF8	Did the Board members discuss the District's property values at a board meeting within 120 days before the District adopted its budget?	Yes
SF9	Total accumulated accretion on capital appreciation bonds included in government-wide financial statements at fiscal year end	<u>\$ -</u>