

ANNUAL FINANCIAL REPORT

of

**CENTER
INDEPENDENT SCHOOL DISTRICT**

**For the Year Ended
August 31, 2023**

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CENTER INDEPENDENT SCHOOL DISTRICT

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INTRODUCTORY SECTION

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CERTIFICATE OF BOARD

Center Independent School District
Name of School District

Shelby
County

210-901
Co. Dist. Number

We, the undersigned, certify that the attached annual financial reports of the above named school district were reviewed and (check one) _____ approved _____disapproved for the year ended August 31, 2023, at a meeting of the Board of Trustees of such school district on the _____ day of _____, _____.

Signature of Board Secretary

Signature of Board President

If the Board of Trustees disapproved of the auditors' report, the reason(s) for disapproving it is (are):

(attach list as necessary)

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FINANCIAL SECTION

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INDEPENDENT AUDITORS' REPORT

To the Board of Trustees of
Center Independent School District:

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying 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, 2023, 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 financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the District as of August 31, 2023, 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 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 Auditors' 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.

Responsibility 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.

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.

Auditors' Responsibility 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 auditors' report that includes our opinions. 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 generally accepted auditing standards 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 generally accepted auditing standards 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 schedule, schedules of the District's proportionate share of the net pension and other postemployment benefits liability, and schedules of contributions, identified as Required Supplementary Information on the table of contents, 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.

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 required parts 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 auditors' 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 December 21, 2023 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.

BELT HARRIS PECHACEK, LLLP

Belt Harris Pechacek, LLLP
Certified Public Accountants
Houston, Texas
December 21, 2023

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

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CENTER INDEPENDENT SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

For the Year Ended August 31, 2023

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, 2023. 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, 2023 was \$24,718,761.
- For the fiscal year ended August 31, 2023, the District's general fund reported a total fund balance of \$14,717,441. The general fund consists of restricted fund balance of \$968,289 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 \$10,768,023 is unassigned.
- At the end of the fiscal year, the District's governmental funds (the general fund plus all state and federal grant funds, the debt service fund, and the capital projects funds) reported a combined ending fund balance of \$29,033,137.

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.

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

CENTER INDEPENDENT SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

For the Year Ended August 31, 2023

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.

The District has the following kinds of funds:

- *Governmental funds* – 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, additional

CENTER INDEPENDENT SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
For the Year Ended August 31, 2023

information is provided at the bottom of the governmental funds statement, or on the subsequent page, that explains the relationship (or differences) between them.

- *Fiduciary funds* – The District serves as the trustee, or fiduciary, for certain funds such as student activity and trust funds. The District is responsible for ensuring that the assets reported in these funds are used for their intended purposes. All of the District's fiduciary activities are reported in a separate statement of fiduciary net position and a statement of changes in fiduciary net position. These activities are excluded 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 \$24,718,761 at August 31, 2023. *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, 2023.

Table 1 indicates the District's net position increased \$1,430,171 in total from the prior year. The details of this increase can be seen in *Table 2*. Total assets increased by \$2,261,537 due to increases in capital assets. Current assets decreased primarily due to the cash spent on capital projects and less revenue due from other governments. Capital assets increased primarily due to the addition of construction in progress related to the covered practice facility and the event center projects. The net increase in total liabilities of \$2,657,545 was substantially due to an increase in long-term liabilities from the issuance of new debt and the increase in net pension liability, offset by the decrease in other postemployment benefits liability. The District experienced a net decrease in total revenue of \$2,904,902 primarily due to a decrease in operating grants and contributions that are restricted for specific programs. Total expenses experienced a net decrease of \$354,100 mainly due to decreases in expenses for instruction, plant maintenance and operations, and student (pupil) transportation.

CENTER INDEPENDENT SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
For the Year Ended August 31, 2023

Table 1
Net Position

<u>Description</u>	<u>Governmental</u> <u>Activities</u>		<u>Total</u>
	<u>2023</u>	<u>2022</u>	<u>Change</u> <u>2023-2022</u>
Current assets	\$ 32,656,294	\$ 36,899,819	\$ (4,243,525)
Capital assets	57,784,092	51,279,030	6,505,062
Total Assets	<u>90,440,386</u>	<u>88,178,849</u>	<u>2,261,537</u>
Deferred outflows - pensions	3,963,322	2,559,514	1,403,808
Deferred outflows - OPEB	2,227,974	2,649,544	(421,570)
Total Deferred Outflows of Resources	<u>6,191,296</u>	<u>5,209,058</u>	<u>982,238</u>
Current liabilities	3,188,377	3,710,181	(521,804)
Long-term liabilities	58,840,348	55,660,999	3,179,349
Total Liabilities	<u>62,028,725</u>	<u>59,371,180</u>	<u>2,657,545</u>
Deferred inflows - pensions	930,415	4,308,808	(3,378,393)
Deferred inflows - OPEB	8,953,781	6,419,329	2,534,452
Total Deferred Inflows of Resources	<u>9,884,196</u>	<u>10,728,137</u>	<u>(843,941)</u>
Net Position:			
Net investment in capital assets	24,754,696	24,616,218	138,478
Restricted	3,474,980	2,066,873	1,408,107
Unrestricted	(3,510,915)	(3,394,501)	(116,414)
Total Net Position	<u>\$ 24,718,761</u>	<u>\$ 23,288,590</u>	<u>\$ 1,430,171</u>

CENTER INDEPENDENT SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
For the Year Ended August 31, 2023

Table 2
Changes in Net Position

	Governmental Activities		Total Change
	2023	2022	2023-2022
Revenues			
Program revenues:			
Charges for services	\$ 268,069	\$ 149,351	\$ 118,718
Operating grants and contributions	8,135,402	12,635,795	(4,500,393)
General revenues:			
Property taxes	8,190,896	7,939,469	251,427
Grants and contributions not restricted for specific programs	18,886,112	18,720,222	165,890
Investment earnings	1,362,291	166,767	1,195,524
Other revenue	310,240	446,308	(136,068)
Total Revenue	37,153,010	40,057,912	(2,904,902)
Expenses			
Instruction	18,297,702	19,140,678	(842,976)
Instructional resources and media services	211,761	274,041	(62,280)
Curriculum/instructional staff development	468,497	475,853	(7,356)
Instructional leadership	668,732	607,468	61,264
School leadership	1,718,514	1,515,133	203,381
Guidance, counseling, and evaluation services	1,448,814	1,241,650	207,164
Health services	278,639	268,743	9,896
Student (pupil) transportation	1,670,664	2,083,744	(413,080)
Food services	1,496,076	1,583,166	(87,090)
Extracurricular activities	1,368,292	1,111,802	256,490
General administration	1,525,624	1,194,431	331,193
Plant maintenance and operations	3,388,840	3,579,553	(190,713)
Security and monitoring services	411,974	284,699	127,275
Data processing services	559,490	662,209	(102,719)
Community services	244,166	237,282	6,884
Debt service - interest	1,755,432	1,502,655	252,777
Payments to shared services arrangements	-	110,071	(110,071)
Other intergovernmental charges	209,622	203,760	5,862
Total Expenses	35,722,839	36,076,939	(354,100)
Change in Net Position	1,430,171	3,980,973	(2,550,802)
Beginning net position	23,288,590	19,307,617	3,980,973
Ending Net Position	\$ 24,718,761	\$ 23,288,590	\$ 1,430,171

CENTER INDEPENDENT SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

For the Year Ended August 31, 2023

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

At the close of the fiscal year ending August 31, 2023, the District's governmental funds reported a combined fund balance of \$29,033,137 which was a \$3,711,616 decrease from a combined fund balance of \$32,744,753 at August 31, 2022. The fund balance in the general fund of \$14,717,441 was a decrease of \$59,659 from fund balance in the prior year. This decrease can be attributed to expenditure increases for instruction and school leadership salaries and the purchase of land in the current year. The restricted fund balance for the debt service fund of \$731,703 was an increase of \$277,878, primarily due to property tax revenue and state contributions received in excess of debt service payments. The capital projects fund fund balance decreased by \$4,556,089 due to construction of the covered practice facility and the event center projects. The ending fund balance in the capital projects fund of \$11,823,684 is primarily restricted for capital projects.

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, 2023, the District amended its budget as required by State law and to reflect current levels of revenue and anticipated expenditures. The general fund's actual revenues were more than budgeted by \$1,170,335 due primarily to more local and intermediate sources and state program revenue than expected. Total general fund budgeted expenditures exceeded actual expenditures by \$2,051,530 with the largest positive variance in instruction, guidance, counseling, and evaluation services; student transportation; plant maintenance and operations; debt service; and facilities acquisition and construction expenditures.

CAPITAL ASSETS

At August 31, 2023, the District had a total of \$57,784,092 invested in capital assets (net of depreciation) such as land, construction in progress, buildings, and District equipment. This total includes \$8,676,932 invested during the fiscal year ended August 31, 2023 with the major capital assets purchased being:

- Construction in progress of Phase 2 project of \$634,477.
- Construction in progress of the covered practice facility \$4,361,725.
- Construction in progress of the event center \$3,008,722.
- Purchase of land \$500,691.
- Purchase of two vehicles \$49,999.

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

LONG-TERM DEBT

At year end, the District had \$42,023,606 in general obligation bonds, maintenance tax notes, and leases payable outstanding versus \$40,260,788 last year. The District paid \$757,590 in principal payments and issued new bond proceeds of \$2,450,000 for future construction and improvement during the year.

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

CENTER INDEPENDENT SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
For the Year Ended August 31, 2023

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

The proposed budget for fiscal year 2023-2024 is \$28,296,866 which is about a 1.05 percent increase from fiscal year 2022-2023. Total budgeted revenues are \$28,296,866 with State revenues budgeted for \$21,710,399 which is 77 percent of our total revenue. Local revenues are budgeted to be \$6,136,467 which is 21 percent of total revenues. The remaining 2 percent is made up of other revenues.

Our local taxable value is \$722,597,610, which is \$75,608,886 higher than last year's value of \$646,988,724.

The fiscal year 2023-2024 budget is based upon the tax rate of \$1.045. The rate consists of the maintenance and operation (M & O) rate of \$0.7575, a decrease of \$0.185, and the interest and sinking (I & S) rate of \$0.2875, no change from the prior year.

Payroll cost is 77.2 percent of the total budget which leaves 22.8 percent for the remaining activities and operations of the District. The 2023-2024 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 2023-2024 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.

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BASIC FINANCIAL STATEMENTS

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CENTER INDEPENDENT SCHOOL DISTRICT

STATEMENT OF NET POSITION - EXHIBIT A-1

August 31, 2023

1

<u>Data Control Codes</u>		<u>Governmental Activities</u>
	<u>Assets</u>	
1110	Cash and cash equivalents	\$ 26,746,978
1120	Investments	1,999,279
1225	Property taxes receivables (net)	567,637
1240	Due from other governments	2,374,111
1800	Restricted assets	968,289
		<u>32,656,294</u>
	Capital assets:	
1510	Land	1,466,795
1520	Buildings and improvements, net	38,283,923
1530	Furniture and equipment, net	1,442,166
1550	Right-to-use assets, net	801,348
1580	Construction in progress	15,789,860
		<u>57,784,092</u>
1000		Total Assets <u>90,440,386</u>
	<u>Deferred Outflows of Resources</u>	
1705	Deferred outflows - pensions	3,963,322
1710	Deferred outflows - OPEB	2,227,974
1700		Total Deferred Outflows of Resources <u>6,191,296</u>
	<u>Liabilities</u>	
2110	Accounts payable	1,467,006
2140	Interest payable	102,797
2160	Accrued wages payable	1,531,731
2200	Accrued expenses	76,246
2300	Unearned revenue	10,597
		<u>3,188,377</u>
	Noncurrent liabilities:	
2501	Long-term liabilities due within one year	1,007,384
2502	Long-term liabilities due in more than one year	43,868,067
2540	Net pension liability	8,651,475
2545	Net OPEB liability	5,313,422
		<u>58,840,348</u>
2000		Total Liabilities <u>62,028,725</u>
	<u>Deferred Inflows of Resources</u>	
2605	Deferred inflows - pensions	930,415
2610	Deferred inflows - OPEB	8,953,781
2600		Total Deferred Inflows of Resources <u>9,884,196</u>
	<u>Net Position</u>	
3200	Net investment in capital assets	24,754,696
	Restricted for:	
3820	Federal and state programs	1,711,432
3850	Debt service	1,699,992
3890	Other purposes	63,556
3900	Unrestricted	(3,510,915)
3000		Total Net Position <u>\$ 24,718,761</u>

See Notes to Financial Statements.

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CENTER INDEPENDENT SCHOOL DISTRICT

STATEMENT OF ACTIVITIES - EXHIBIT B-1

For the Year Ended August 31, 2023

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 Gov. Governmental Activities
	Primary Government				
	Governmental Activities				
11	Instruction	\$ 18,297,702	\$ -	\$ 4,177,003	\$ (14,120,699)
12	Instructional resources				
12	and media services	211,761	-	16,578	(195,183)
13	Curriculum and instructional				
13	staff development	468,497	-	289,035	(179,462)
21	Instructional leadership	668,732	-	64,189	(604,543)
23	School leadership	1,718,514	-	165,083	(1,553,431)
31	Guidance, counseling, and				
31	evaluation services	1,448,814	-	586,909	(861,905)
33	Health services	278,639	-	23,442	(255,197)
34	Student (pupil) transportation	1,670,664	-	123,008	(1,547,656)
35	Food services	1,496,076	268,069	1,664,056	436,049
36	Extracurricular activities	1,368,292	-	88,613	(1,279,679)
41	General administration	1,525,624	-	111,545	(1,414,079)
51	Plant maintenance and operations	3,388,840	-	214,548	(3,174,292)
52	Security and monitoring services	411,974	-	26,679	(385,295)
53	Data processing services	559,490	-	49,704	(509,786)
61	Community services	244,166	-	21,057	(223,109)
72	Debt service - interest	1,755,432	-	513,953	(1,241,479)
99	Other intergovernmental charges	209,622	-	-	(209,622)
TG	Total Governmental Activities	<u>35,722,839</u>	<u>268,069</u>	<u>8,135,402</u>	<u>(27,319,368)</u>
TP	Total Primary Government	<u>\$ 35,722,839</u>	<u>\$ 268,069</u>	<u>\$ 8,135,402</u>	<u>(27,319,368)</u>
	General Revenues				
MT	Property taxes, levied for general purposes				6,281,662
DT	Property taxes, levied for debt service				1,909,234
GC	Grants and contributions not restricted				
GC	for specific programs				18,886,112
IE	Investment earnings				1,362,291
MI	Miscellaneous local and intermediate revenue				310,240
TR					Total General Revenues
CN					<u>28,749,539</u>
NB					Change in Net Position
NE					1,430,171
	Beginning net position				<u>23,288,590</u>
					Ending Net Position
					<u>\$ 24,718,761</u>

See Notes to Financial Statements.

CENTER INDEPENDENT SCHOOL DISTRICT

BALANCE SHEET

GOVERNMENTAL FUNDS - EXHIBIT C-1

August 31, 2023

Data Control Codes	10 <u>General</u>	50 <u>Debt Service</u>	60 <u>Capital Projects</u>	ONMF Other Nonmajor <u>Governmental</u>	
<u>Assets</u>					
1110	Cash and cash equivalents	\$ 11,123,653	\$ 856,008	\$ 13,264,302	\$ 1,503,015
1120	Investments	1,999,279	-	-	-
1220	Taxes receivables	1,049,081	212,140	-	-
1230	Allowance for uncollectible taxes	(601,811)	(91,773)	-	-
1240	Due from other governments	1,617,503	-	-	756,608
1260	Due from other funds	1,089,560	-	426,948	213,926
1800	Restricted assets	968,289	-	-	-
1000	Total Assets	<u>\$ 17,245,554</u>	<u>\$ 976,375</u>	<u>\$ 13,691,250</u>	<u>\$ 2,473,549</u>
<u>Liabilities</u>					
2110	Accounts payable	\$ -	\$ -	\$ 1,467,006	\$ -
2160	Accrued wages payable	1,410,674	-	-	121,057
2170	Due to other funds	640,874	124,305	393,587	571,668
2200	Accrued expenditures	29,295	-	6,973	9,918
2300	Unearned revenue	-	-	-	10,597
2000	Total Liabilities	<u>2,080,843</u>	<u>124,305</u>	<u>1,867,566</u>	<u>713,240</u>
<u>Deferred Inflows of Resources</u>					
2600	Unavailable revenue - property taxes	447,270	120,367	-	-
<u>Fund Balances</u>					
Restricted:					
3450	Federal/state funds grant restrictions	-	-	-	1,711,432
3470	Capital acquisitions and contracts	-	-	11,623,684	-
3480	Debt service	968,289	731,703	-	-
3490	Other restrictions	-	-	-	63,556
Committed:					
3510	Construction	1,850,000	-	200,000	-
3525	Retirement of loans or note payables	1,131,129	-	-	-
3600	Unassigned	10,768,023	-	-	(14,679)
3000	Total Fund Balances	<u>14,717,441</u>	<u>731,703</u>	<u>11,823,684</u>	<u>1,760,309</u>
4000	Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 17,245,554</u>	<u>\$ 976,375</u>	<u>\$ 13,691,250</u>	<u>\$ 2,473,549</u>

See Notes to Financial Statements.

98
Total
Governmental
Funds

\$ 26,746,978
1,999,279
1,261,221
(693,584)
2,374,111
1,730,434
968,289
\$ 34,386,728

\$ 1,467,006
1,531,731
1,730,434
46,186
10,597
4,785,954

567,637

1,711,432
11,623,684
1,699,992
63,556

2,050,000
1,131,129
10,753,344
29,033,137

\$ 34,386,728

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CENTER INDEPENDENT SCHOOL DISTRICT
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION - EXHIBIT C-1R
August 31, 2023

Total fund balances for governmental funds \$ 29,033,137

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	17,256,655	
Capital assets - depreciable, net	39,726,089	
Right-to-use assets - amortizable, net	801,348	
		57,784,092

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	567,637
-----------------------------------	---------

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	(102,797)	
Accrued expenses for workers' compensation claims	(30,060)	
Deferred outflows - pensions	3,963,322	
Deferred inflows - pensions	(930,415)	
Net pension liability	(8,651,475)	
Deferred outflows - OPEB	2,227,974	
Deferred inflows - OPEB	(8,953,781)	
Net OPEB liability	(5,313,422)	
Noncurrent liabilities due in one year	(1,007,384)	
Noncurrent liabilities due in more than one year	(43,868,067)	
		(62,666,105)

Net Position of Governmental Activities **\$ 24,718,761**

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, 2023

Data Control Codes		10	50	60	ONMF Other Nonmajor Governmental
		General	Debt Service	Capital Projects	
Revenues					
5700	Local, intermediate, and out-of-state	\$ 7,148,871	\$ 1,951,604	\$ 702,034	\$ 425,480
5800	State program revenues	20,275,093	513,953	-	170,128
5900	Federal program revenues	664,770	-	-	4,431,399
5020	Total Revenues	<u>28,088,734</u>	<u>2,465,557</u>	<u>702,034</u>	<u>5,027,007</u>
Expenditures					
Current:					
0011	Instruction	15,202,180	-	(30,195)	1,945,394
0012	Instructional resources and media services	185,317	-	-	4,118
0013	Curriculum and instructional staff development	153,695	-	-	260,787
0021	Instructional leadership	546,016	-	-	74,526
0023	School leadership	1,581,738	-	-	23,677
0031	Guidance, counseling, and evaluation services	851,676	-	-	491,466
0033	Health services	257,477	-	-	3,088
0034	Student (pupil) transportation	1,578,057	-	-	15,184
0035	Food services	-	-	-	1,404,166
0036	Extracurricular activities	1,078,896	-	-	157,539
0041	General administration	1,340,137	-	-	9,522
0051	Plant maintenance and operations	3,194,799	-	-	24,074
0052	Security and monitoring services	346,379	-	-	36,336
0053	Data processing services	523,962	-	-	4,118
0061	Community services	223,128	-	-	8,235
Debt service:					
0071	Principal	125,443	630,000	-	1,083
0072	Interest	185,868	1,556,979	-	95
0073	Bond issuance costs and fees	-	700	115,004	-
Capital outlay:					
0081	Facilities acquisition and construction	571,756	-	7,781,344	-
Intergovernmental:					
0099	Other intergovernmental charges	209,622	-	-	-
6030	Total Expenditures	<u>28,156,146</u>	<u>2,187,679</u>	<u>7,866,153</u>	<u>4,463,408</u>
1100	Excess (Deficiency) of Revenues				
1100	Over (Under) Expenditures	<u>(67,412)</u>	<u>277,878</u>	<u>(7,164,119)</u>	<u>563,599</u>
Other Financing Sources (Uses)					
7911	Issuance of bonds	-	-	2,450,000	-
7913	Proceeds from right-to-use leased assets	70,408	-	-	-
7915	Transfers in	-	-	-	62,655
7916	Premium/discount on bonds	-	-	158,030	-
8911	Transfers (out)	(62,655)	-	-	-
7080	Total Other Financing Sources (Uses)	<u>7,753</u>	<u>-</u>	<u>2,608,030</u>	<u>62,655</u>
1200	Net Change in Fund Balances	(59,659)	277,878	(4,556,089)	626,254
0100	Beginning fund balances	14,777,100	453,825	16,379,773	1,134,055
3000	Ending Fund Balances	<u>\$ 14,717,441</u>	<u>\$ 731,703</u>	<u>\$ 11,823,684</u>	<u>\$ 1,760,309</u>

See Notes to Financial Statements.

98
Total
Governmental
Funds

\$ 10,227,989
20,959,174
5,096,169

36,283,332

17,117,379
189,435

414,482
620,542
1,605,415

1,343,142
260,565
1,593,241
1,404,166
1,236,435
1,349,659
3,218,873
382,715
528,080
231,363

756,526
1,742,942
115,704

8,353,100

209,622

42,673,386

(6,390,054)

2,450,000
70,408
62,655
158,030
(62,655)

2,678,438
(3,711,616)
32,744,753

\$ 29,033,137

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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, 2023

Net change in fund balances - total governmental funds \$ (3,711,616)

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	(2,024,666)
Amortization of right-to-use assets	(146,180)
Capital and right-to-use assets additions, net of disposals	8,675,908

Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.	27,134
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The issuance of long-term debt (e.g., bonds, leases, loans, tax notes) 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 when debt is first issued; whereas, these amounts are deferred and amortized in the Statement of Activities.

New bond issuance	(2,450,000)
New obligation from lease agreements	(70,408)
Principal repayments on bonds, notes, and leases	757,590
Change in accrued interest	(7,179)
Amortization of premiums, net of additions	(47,677)

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	(30,060)
Change in compensated absences	(106,514)
Change in net pension liability	(5,073,004)
Change in deferred outflows - pensions	1,403,808
Change in deferred inflows - pensions	3,378,393
Change in net OPEB liability	3,810,664
Change in deferred outflows - OPEB	(421,570)
Change in deferred inflows - OPEB	(2,534,452)
Net on-behalf contributions adjustment - revenues	2,143,119
Net on-behalf contributions adjustment - expenses	(2,143,119)

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

Fund level on-behalf adjustment - revenues	(1,300,575)
Fund level on-behalf adjustment - expenditures	1,300,575

Change in Net Position of Governmental Activities	\$ <u>1,430,171</u>
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See Notes to Financial Statements.

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CENTER INDEPENDENT SCHOOL DISTRICT

STATEMENT OF FIDUCIARY NET POSITION

FIDUCIARY FUNDS - EXHIBIT E-1

August 31, 2023

<u>Data Control Codes</u>		<u>Private-Purpose Trust Fund</u>	<u>Custodial Fund Student Activity</u>
	<u>Assets</u>		
1110	Cash and cash equivalents	\$ 51,733	\$ 217,088
1000	Total Assets	51,733	217,088
	<u>Net Position</u>		
3800	Held in trust	51,733	35,130
3810	Restricted for student activity	-	181,958
3000	Total Net Position	\$ 51,733	\$ 217,088

See Notes to Financial Statements.

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CENTER INDEPENDENT SCHOOL DISTRICT
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS - EXHIBIT E-2
For the Year Ended August 31, 2023

	Private-Purpose Trust Fund	Custodial Fund Student Activity
<u>Additions</u>		
Student club fees and dues	\$ -	\$ 178,754
Student group fundraising activities	-	116,326
Donations and interest	8,773	235,683
Total Additions	8,773	530,763
<u>Deductions</u>		
Band	-	23,592
Campus fundraising	-	32,824
Chaparrals	-	44,385
Cheerleaders	-	126,510
Hospitality and tourism	-	17,657
National Honor Society	-	26,692
Athletics	-	39,333
Future Farmers of America	-	13,480
Scholarship awards	320	204,375
Total Deductions	320	528,848
Changes in Net Position	8,453	1,915
Beginning net position	43,280	215,173
Ending Net Position	\$ 51,733	\$ 217,088

See Notes to Financial Statements.

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CENTER INDEPENDENT SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

For the Year Ended August 31, 2023

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. 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 (GAAP) promulgated by the Governmental Accounting Standards Board (GASB) and it complies with the requirements of the appropriate version of the 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 GAAP, 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.

B. Government-Wide Financial Statements

The government-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) report information on all of the 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.

C. Basis of Presentation – Government-Wide Financial Statements

While separate government-wide and fund financial statements are presented, they are interrelated. The governmental activities column incorporates data from governmental funds. Separate financial statements are provided for governmental 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. Exceptions to this general rule are payments in lieu of taxes where the amounts are reasonably equivalent in value to the interfund services provided. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

D. Basis of Presentation – Fund Financial Statements

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

CENTER INDEPENDENT SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS (Continued)

For the Year Ended August 31, 2023

The District reports the following governmental funds:

General Fund

The general fund is the District's primary operating fund. It is used to account for and report all financial resources not accounted for and reported in another fund. The general fund is always considered a major fund for reporting purposes.

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 and report 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 Funds

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

The District has the following type of fiduciary funds:

Custodial Fund

The custodial fund reports resources, not in a trust, that are held by the District for other parties outside of the District. The custodial fund is 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.

CENTER INDEPENDENT SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS (Continued)

For the Year Ended August 31, 2023

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.

E. 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.

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, grant revenue, 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 this revenue source (within 60 days of year end). All other revenue items are considered to be measurable and available only when cash is received by the District.

CENTER INDEPENDENT SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS (Continued)

For the Year Ended August 31, 2023

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

1. 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.

2. 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 Government 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

3. Inventories and Prepaid Items

Inventories are valued at cost using the first-in/first-out (FIFO) method. The costs of governmental fund type inventories are recorded as expenditures when the related liability is incurred (i.e., the purchase method).

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements. The cost of prepaid items is recorded as expenditures/expenses when consumed rather than when purchased.

4. 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 in excess of two years. 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 note I.F.9 below). 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.

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

CENTER INDEPENDENT SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS (Continued)

For the Year Ended August 31, 2023

Property, plant, and equipment of the District are depreciated using the straight-line method over the following estimated useful years:

Asset Description	Estimated Useful Life
Buildings and improvements	20-40 years
Vehicles	5-15 years
Furniture, fixtures, and equipment	5-15 years

5. 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.
- A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of refunded or refunding debt.

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.

6. 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.

CENTER INDEPENDENT SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS (Continued)

For the Year Ended August 31, 2023

7. 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.

8. 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 straight-line 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 are 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.

9. 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.

CENTER INDEPENDENT SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS (Continued)

For the Year Ended August 31, 2023

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.

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.

10. Subscription-Based Information Technology Arrangements

The District has noncancellable subscription-based information technology arrangements (SBITAs) to finance the use of information technology software. The District would recognize a liability (the “subscription liability”) and an intangible, right-to-use subscription asset (the “subscription asset”) in the government-wide financial statements. The District’s SBITAs to report are immaterial to the financial statements as a whole and are not recognized as a subscription liability or a subscription asset.

11. 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.

12. 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.

CENTER INDEPENDENT SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS (Continued)

For the Year Ended August 31, 2023

13. 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.

14. 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.

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.

15. 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.

CENTER INDEPENDENT SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS (Continued)

For the Year Ended August 31, 2023

16. Data Control Codes

The data control codes refer to the account code structure prescribed by the 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.

17. 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.

18. 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.

G. Revenues and Expenditures/Expenses

1. 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.

2. 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.

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.

CENTER INDEPENDENT SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS (Continued)

For the Year Ended August 31, 2023

II. 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.

A. Expenditures in Excess of Appropriations

For the year, expenditures exceeded appropriations at the legal level of control in transfers out of the general fund.

B. Deficit fund balance

For the year, fund 429, other state special revenue fund, had a deficit fund balance of \$14,679.

III. DETAILED NOTES ON ALL FUNDS

A. Deposits and Investments

As of August 31, 2023, the District had the following investments:

<u>Investments</u>	<u>Amount</u>	<u>Weighted Average Maturity (Years)</u>
Lone Star Investment Pool	\$ 22,668,347	0.05
U.S. Government agency bonds/notes	1,999,279	0.09
Total Investments	<u>\$ 24,667,626</u>	
Portfolio weighted average maturity		0.05

Fair Value Measurements

The District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. GASB Statement No. 72, *Fair Value Measurement and Application*, provides a framework for measuring fair value establishing a three-level fair value hierarchy that describes the inputs used to measure assets and liabilities:

- Level 1 inputs are quoted prices (unadjusted) for identical assets or liabilities in active markets that a government can access at the measurement date.
- Level 2 inputs are inputs other than quoted prices within Level 1 that are observable for an asset or liability, either directly or indirectly.

CENTER INDEPENDENT SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS (Continued)

For the Year Ended August 31, 2023

- Level 3 inputs are unobservable inputs for an asset or liability.

The fair value hierarchy gives the highest priority to Level 1 inputs and the lowest priority to Level 3 inputs. If a price for an identical asset or liability is not observable, a government should measure fair value using another valuation technique that maximizes the use of relevant observable inputs and minimizes the use of unobservable inputs. If the fair value of an asset or a liability is measured using inputs from more than one level of the fair value hierarchy, the measurement is considered to be based on the lowest priority level input that is significant to the entire measurement.

Fair value is measured in a manner consistent with one of the three approaches: market approach, cost approach, and the income approach. The valuation methodology used is based upon whichever technique is the most appropriate and provides the best representation of fair value for that particular asset or liability. The market approach uses prices and other relevant information generated by market transactions involving identical or comparable assets, liabilities, or groups of assets and liabilities. The cost approach reflects the amount that would be required to replace the present service capacity of an asset. The income approach converts future amounts, such as cash flows, to a single current (discounted) amount.

As of August 31, 2023, the District had the following recurring fair value measurements:

Investments by Fair Value Level	August 31, 2023	Fair Value Measurements Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
U.S. Government agency bonds/notes				
Federal Home Loan Bank	\$ 1,999,279	\$ 1,999,279	\$ -	\$ -

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, 2023, the District’s investments in the investment pool were rated ‘AAA’ by Standard & Poor’s. All other investments are guaranteed (either express or implied) by the full faith and credit of the United States Government or the issuing U.S. agency. More specifically, the U.S. agency securities held by the District as of August 31, 2023 consist of a variety of bonds and discount notes issued by the Federal Home Loan Bank. These investments were rated not less than ‘AAA’ by both Moody’s and Standard & Poor’s.

Custodial credit risk – deposits. In the case of deposits, this is the risk that in the event of a bank failure, the District’s deposits may not be returned to it. The District’s investment policy requires funds on deposit at the depository bank to be collateralized. As of August 31, 2023, 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

CENTER INDEPENDENT SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS (Continued)

For the Year Ended August 31, 2023

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.

Lone Star

The Lone Star Investment Pool ("Lone Star") is a public funds investment pool created pursuant to the Interlocal Cooperation Act, Texas Government Code, Chapter 791, and the Public Funds Investment Act, Texas Government Code, Chapter 2256. 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 pool 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.

CENTER INDEPENDENT SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS (Continued)

For the Year Ended August 31, 2023

B. Capital Assets

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

	<u>Beginning Balances</u>	<u>Increases</u>	<u>(Decreases)</u>	<u>Ending Balances</u>
Governmental Activities:				
Capital assets not being depreciated/amortized:				
Land	\$ 915,194	\$ 551,601	\$ -	\$ 1,466,795
Construction in progress	7,784,936	8,004,924	-	15,789,860
Total Capital Assets Not Being Depreciated/Amortized	<u>8,700,130</u>	<u>8,556,525</u>	<u>-</u>	<u>17,256,655</u>
Other capital assets:				
Buildings and improvements	64,486,731	-	-	64,486,731
Furniture and equipment	6,299,160	49,999	-	6,349,159
Right-to-use assets	1,009,009	70,408	(18,872)	1,060,545
Total Other Capital Assets	<u>71,794,900</u>	<u>120,407</u>	<u>(18,872)</u>	<u>71,896,435</u>
Less accumulated depreciation/amortization for:				
Buildings and improvements	(24,599,852)	(1,602,956)	-	(26,202,808)
Furniture and equipment	(4,485,283)	(421,710)	-	(4,906,993)
Right-to-use assets	(130,865)	(146,180)	17,848	(259,197)
Total Accumulated Depreciation/Amortization	<u>(29,216,000)</u>	<u>(2,170,846)</u>	<u>17,848</u>	<u>(31,368,998)</u>
Other capital assets, net	<u>42,578,900</u>	<u>(2,050,439)</u>	<u>(1,024)</u>	<u>40,527,437</u>
Governmental Activities Capital Assets, Net	<u>\$ 51,279,030</u>	<u>\$ 6,506,086</u>	<u>\$ (1,024)</u>	<u>57,784,092</u>
			Less associated debt	(44,653,080)
			Plus unspent bond proceeds	<u>11,623,684</u>
			Net Investment in Capital Assets	<u>\$ 24,754,696</u>

Depreciation and amortization was charged to governmental functions as follows:

	<u>Governmental Activities</u>
11 Instruction	\$ 969,138
12 Instructional resources and media services	20,658
13 Curriculum and instructional staff development	46,929
21 Instructional leadership	40,358
23 School leadership	92,091
31 Guidance, counseling, and evaluation services	86,324
33 Health services	15,619
34 Student transportation	119,219
35 Food services	90,294
36 Extracurricular activities	124,757
41 General administration	60,144
51 Plant maintenance and operations	438,600
52 Security and monitoring services	27,579
53 Data processing services	28,707
61 Community services	10,429
Total Depreciation and Amortization Expense	<u>\$ 2,170,846</u>

CENTER INDEPENDENT SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS (Continued)

For the Year Ended August 31, 2023

C. 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 general and debt service funds to liquidate governmental long-term liabilities.

Governmental Activities:	Beginning Balance	Additions	(Reductions)	Ending Balance	Amounts Due Within One Year	Interest Rates
Bonds, notes, and other payables:						
Unlimited Tax School Building Bonds, Series 2018	\$ 18,270,000	\$ -	\$ (375,000)	\$ 17,895,000	\$ 395,000	4.00 - 5.00%
Unlimited Tax School Building Serial Bonds, Series 2019	7,220,000	-	(235,000)	6,985,000	250,000	2.125 - 5.00%
Term Bonds, Series 2019	2,200,000	-	-	2,200,000	-	2.20 - 2.40%
Unlimited Tax School Building Serial Bonds, Series 2022	4,235,000	-	(20,000)	4,215,000	15,000	4.75 - 6.00%
Term Bonds, Series 2022	5,090,000	-	-	5,090,000	-	4.00 - 5.50%
Unlimited Tax School Building Serial Bonds, Series 2023	-	635,000	-	635,000	25,000	5.00%
Term Bonds, Series 2023	-	1,815,000	-	1,815,000	-	4.00 - 5.00%
Direct borrowing/placement:						
2011 Maintenance Tax Note	2,345,000	-	-	2,345,000	-	5.40 - 6.35%
Leases payable	900,788	70,408	(127,590)	843,606	122,250	3.94%
	<u>40,260,788</u>	<u>2,520,408</u>	<u>(757,590)</u>	<u>42,023,606</u>	<u>807,250</u>	
Other liabilities:						
Unamortized premium	2,581,797	158,030	(110,353)	2,629,474	*	-
Compensated absences	115,857	-	106,514	222,371	200,134	-
Net pension liability	3,578,471	-	5,073,004	8,651,475	-	-
Net OPEB liability	9,124,086	(3,810,664)	-	5,313,422	-	-
Total Governmental Activities	<u>\$ 55,660,999</u>	<u>\$ (1,132,226)</u>	<u>\$ 4,311,575</u>	<u>\$ 58,840,348</u>	<u>\$ 1,007,384</u>	
				<u>\$ 57,832,964</u>		
						<u>\$ 44,653,080</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.

On May 15, 2023, the District issued \$2,450,000 of Unlimited Tax School Building Bonds, Series 2023 (the "Series 2023 bonds") for the purpose of constructing a multipurpose gymnasium/auditorium and the acquisition of land. The bond issue consisted of \$635,000 of serial bonds maturing annually beginning February 15, 2024 through February 15, 2033 and \$1,815,000 of term bonds maturing biennially beginning February 15, 2035 through February 15, 2048. The stated interest rate ranges between 5.00% for the serial bonds and 4.00% to 5.00% for the term bonds. Bond series proceeds from issuing the Unlimited Tax School Building Bonds, Series 2023 bonds are accounted for in the capital projects fund as other financing sources in the amount of \$2,450,000 for capital-related debt issued and \$158,030 for premium on issuance of bonds. The District paid \$115,004 in bond issuance cost and fees.

CENTER INDEPENDENT SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS (Continued)

For the Year Ended August 31, 2023

QSCB Bonds Payable

On February 23, 2011, the District borrowed \$5,300,000 in a Qualified School Construction Maintenance Tax Note (QSCB), Taxable Series 2011. The District submitted an application including repair, renovation, and major improvement projects that was approved by the TEA for the QSCB Program. In the governmental fund financial statements, maintenance tax note obligations of the District's current requirements for principal, interest, and fees expenditures are accounted for in the general fund in functions 71 and 72; and in the debt service fund for payment of principal, interest and fees in functions 71, 72, and 73. During the year ended August 31, 2023, the District paid \$148,908 in interest. The District was also required by the annual debt covenant to restrict \$934,000 as restricted fund balance for retirement of long-term debt. This payment is made annually to a separate sinking fund. As of August 31, 2023, \$968,289 is restricted in the general fund for retirement of long-term debt.

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

Fiscal Year Ended Aug 31	Maintenance Tax Note Obligation - Direct Borrowing			
	Sinking Fund	Total		
	Interest	Requirements	Principal	
2024	\$ 467,000	\$ 148,908	\$ 615,908	\$ -
2025	467,000	148,908	551,454	-
2026	477,000	74,454	551,454	2,345,000
Total	\$ 1,411,000	\$ 372,270	\$ 1,718,816	\$ 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.

Fiscal Year Ended Aug 31	Bonds Payable		
	Principal	Interest	Total
	Requirements		
2024	\$ 685,000	\$ 1,624,026	\$ 2,309,026
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
2029-2033	4,880,000	6,674,219	11,554,219
2034-2038	5,815,000	5,434,304	11,249,304
2039-2043	7,075,000	4,477,886	11,552,886
2044-2048	8,740,000	2,804,603	11,544,603
2049-2052	8,400,000	720,868	9,120,868
Total	\$ 38,835,000	\$ 27,738,437	\$ 66,573,437

CENTER INDEPENDENT SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS (Continued)

For the Year Ended August 31, 2023

Leases

During the current fiscal year, the District was a lessee to nine lease agreements for the acquisition and use of copiers, and a lessee to one lease agreement for the use of a building. An initial lease liability was recorded in the amount of \$70,408 during the current fiscal year. 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 \$259,197.

The future principal and interest lease payments as of August 31, 2023, were as follows:

Fiscal Year Ended Aug 31	Principal	Interest	Total Requirements
2024	\$ 122,250	\$ 31,935	\$ 154,185
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
2029-2033	311,955	68,137	380,092
2034-2036	179,543	8,709	188,252
	\$ 843,606	\$ 203,584	\$ 1,047,190

D. Interfund Transactions

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

Due to	Due from	Amount
General fund	Nonmajor governmental funds	\$ 571,668
General fund	Debt service fund	124,305
General fund	Capital projects fund	393,587
Capital projects fund	General fund	426,948
Nonmajor governmental funds	General fund	213,926
	Total	\$ 1,730,434

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

Transfers Out	Transfers In	Amount
General fund	Nonmajor governmental funds	\$ 62,655

The amount transferred is related to expenditures paid by other governmental funds moved to the general fund.

CENTER INDEPENDENT SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS (Continued)

For the Year Ended August 31, 2023

IV. OTHER INFORMATION

A. 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.

B. 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.

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.

C. Defined Benefit Pension Plan

Teacher Retirement System

Plan Description

The District participates in a cost-sharing multiple-employer defined benefit pension that has a special funding situation. The plan is administered by TRS. It is a defined benefit pension plan established and administered in accordance with the Texas Constitution, Article XVI, Section 67 and Texas Government Code, Title 8, Subtitle C. The pension trust fund is a qualified pension trust under Section 401(a) of the Internal Revenue Code. The Texas Legislature (the "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 Texas 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.

CENTER INDEPENDENT SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS (Continued)

For the Year Ended August 31, 2023

Pension Plan Fiduciary Net Position

Detailed information about the 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 Plan Description above.

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 determine 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.

CENTER INDEPENDENT SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS (Continued)

For the Year Ended August 31, 2023

Employee contribution rates are set in state statute, Texas Government Code 825.402. 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 2020 through 2025.

Contribution Rates			
Fiscal Year	State	Public Education	Active
		Employer	Employee
2022	7.75%	1.70%	8.00%
2023	8.00%	1.80%	8.00%
2024	8.25%	1.90%	8.25%
2025	8.25%	2.00%	8.25%

Note: SB12 of the 86th Texas Legislature establishes contribution rates through FY2025. Additional rate changes will require Legislative action.

	Contribution Rates	
	2022	2023
Member	8.00%	8.00%
NECE (State)	7.75%	7.75%
Employers	7.75%	7.75%

	Measurement Year (2022)	Fiscal Year (2023)
Employer contributions	\$ 680,008	\$ 717,078
Member contributions	\$ 1,447,312	\$ 1,428,592
NECE on-behalf contributions	\$ 1,005,920	\$ 112,697

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).

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

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

CENTER INDEPENDENT SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS (Continued)

For the Year Ended August 31, 2023

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 1.7% of the member's salary beginning in fiscal year 2022, gradually increasing to 2.0% in fiscal year 2025.
- When employing a retiree of 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, 2021 rolled forward to August 31, 2022
Actuarial cost method	Individual entry age normal
Asset valuation method	Market value
Single discount rate	7.00%
Long-term expected investment rate of return	7.00%
Municipal bond rate as of August 2020	3.91% - 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 postemployment benefit changes	None

The actuarial methods and assumptions used in the determination of the TPL are the same assumptions used in the actuarial valuation as of August 31, 2021. For a full description of these assumptions, please see the TRS actuarial valuation report dated November 12, 2021.

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 8.50% of payroll in fiscal year 2020 gradually increasing to 9.55% of payroll over the next several years. This includes all employer and state contributions for active and rehired retirees.

Based on those assumptions, TRS' 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.

CENTER INDEPENDENT SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS (Continued)

For the Year Ended August 31, 2023

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.

Best estimates of geometric real rates of return for each major asset class included in TRS' target asset allocation as of August 31, 2022 are summarized below:

Teacher Retirement System of Texas
Asset Allocation and Long-Term Expected Real Rate of Return
As of August 31, 2022

Asset Class	Target Allocation (1)	Long-Term Expected Geometric Real Rate Return (2)	Expected Contributions to Long-Term Portfolio Returns
Global Equity			
U.S.	18.00%	4.60%	1.12%
Non-U.S. Developed	13.00%	4.90%	0.90%
Emerging Markets	9.00%	5.40%	0.75%
Private Equity*	14.00%	7.70%	1.55%
Stable Value			
Government Bonds	16.00%	1.00%	0.22%
Absolute Return	0.00%	3.70%	0.00%
Stable Value Hedge Funds	5.00%	3.40%	0.18%
Real Return			
Real Estate	15.00%	4.10%	0.94%
Energy, Natural Resources, and Infrastructure	6.00%	5.10%	0.37%
Commodities	0.00%	3.60%	0.00%
Risk Parity			
Risk Parity	8.00%	4.60%	0.43%
Leverage			
Cash	2.00%	3.00%	0.01%
Asset Allocation Leverage	-6.00%	3.60%	-0.05%
Inflation Expectation			2.70%
Volatility Drag (3)			-0.91%
Total	100.00%	54.70%	8.21%

*Absolute Return includes Credit Sensitive Investments

(1) Target allocations are based on the fiscal year 2022 policy model.

(2) Capital Market Assumptions come from Aon Hewitt (as of 08/31/2022).

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

CENTER INDEPENDENT SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS (Continued)

For the Year Ended August 31, 2023

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 NPL	\$ 13,458,415	\$ 8,651,475	\$ 4,755,225

Pension Liability, Pension Expense, and Deferred Outflows/Inflows of Resources Related to Pensions

At the fiscal year ended August 31, 2023, the District reported a liability of \$8,651,475 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	\$ 8,651,475
State's proportionate share that is associated with the District	12,797,918
Total	\$ 21,449,393

The NPL was measured as of August 31, 2021 and rolled forward to August 31, 2022, 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, 2021 through August 31, 2022.

At August 31, 2023, the District's proportion of the collective NPL was 0.0145728%, which was an increase of 0.0005211% from its proportion measured as of August 31, 2022.

Changes Since the Prior Actuarial Valuation

The actuarial assumptions and methods have been modified since the determination of the prior year's NPL. These new assumptions were adopted in conjunction with an actuarial experience study. The primary assumption change was the lowering of the single discount rate from 7.25% to 7.00%.

For the year ended August 31, 2023, the District recognized pension expense of \$1,223,336 and revenue of \$1,223,336 for support provided by the State.

CENTER INDEPENDENT SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS (Continued)

For the Year Ended August 31, 2023

At 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:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual economic experience	\$ 125,446	\$ 188,619
Changes in actuarial assumptions	1,612,051	401,768
Difference between projected and actual investment earnings	854,738	-
Changes in proportion and difference between the employer’s contributions and the proportionate share of contributions	654,009	340,028
Contributions paid to TRS subsequent to the measurement date	717,078	-
Total	\$ 3,963,322	\$ 930,415

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:

Fiscal Year Ended August 31	Pension Expense
2024	\$ 582,687
2025	325,958
2026	126,115
2027	1,094,660
2028	186,409
Total	\$ 2,315,829

D. Defined Other Postemployment Benefits Plan

Texas Public School Retired Employees Group Insurance Program

Plan Description

The District participates in TRS-Care. It is a multiple-employer, cost-sharing defined benefit OPEB plan that has a special funding situation. TRS-Care 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.

OPEB Plan Fiduciary Net Position

Detailed information about the TRS-Care fiduciary net position is available in the 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.

CENTER INDEPENDENT SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended August 31, 2023

Components of the net OPEB liability of TRS-Care as of August 31, 2022 are as follows:

Total OPEB liability		\$ 27,061,942,520
Less: plan fiduciary net position		(3,117,937,218)
Net OPEB Liability		<u>\$ 23,944,005,302</u>
Net position as a percentage of total OPEB liability		11.52%

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		
	Medicare	Non-Medicare
Retiree*	\$ 135	\$ 200
Retiree and spouse	\$ 529	\$ 689
Retiree* and children	\$ 468	\$ 408
Retiree and family	\$ 1,020	\$ 999

**or surviving spouse*

Contributions

Contribution rates for TRS-Care are established in state statute by the 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.

CENTER INDEPENDENT SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS (Continued)

For the Year Ended August 31, 2023

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

	Contribution Rates	
	Fiscal Year	
	2022	2023
Active employee	0.65%	0.65%
NECE (State)	1.25%	1.25%
Employers	0.75%	0.75%
Federal/private funding remitted by employers	1.25%	1.25%

	Measurement	Fiscal
	Year (2022)	Year (2023)
Employer contributions	\$ 182,264	\$ 199,871
Member contributions	\$ 58,435	\$ 58,037
NECE on-behalf contributions	\$ 222,333	\$ 223,218

In addition to the employer contributions listed above, there is an additional surcharge to which all TRS employers are subject (regardless of whether or not 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 \$83 million in fiscal year 2022 from the Federal Rescue Plan Act to help defray COVID-19-related health care costs during fiscal year 2022.

Actuarial Assumptions

The actuarial valuation was performed as of August 31, 2021. Update procedures were used to roll forward the total OPEB liability to August 31, 2022.

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 developed in the experience study performed for TRS for the period ending August 31, 2017. 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, 2021 TRS actuarial valuation that was rolled forward to August 31, 2022:

- | | |
|-------------------------|------------------------|
| 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 90% of the RP-2014 Employee Mortality Tables for males and females. The post-retirement mortality rates for healthy lives were based on the 2018 TRS of Texas Healthy Pensioner Mortality Tables, with full generational projection using the ultimate improvement rates from the most recently published scale MP-2018.

CENTER INDEPENDENT SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS (Continued)

For the Year Ended August 31, 2023

Additional actuarial methods and assumptions are as follows:

Valuation date	August 31, 2021 rolled forward to August 31, 2022
Actuarial cost method	Individual entry age normal
Inflation	2.30%
Single discount rate	3.91% as of August 31, 2022
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	3.05% to 9.05%, including inflation
Healthcare trend rates	Medical trend rates: 8.25% (Medicare retirees) and 7.25% (non-Medicare retirees). Prescription drug rate: 8.25%
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 3.91% was used to measure the total OPEB liability. There was an increase of 1.96% in the discount rate since the previous year. Because TRS-Care is essentially a “pay-as-you-go” plan, the single discount rate is equal to the prevailing municipal bond rate. The projection of cash flows used to determine the discount rate assumed that contributions from active members and those of the contributing employers and the NECE are made at the statutorily required rates. Based on those assumptions, TRS-Care’s fiduciary net position was projected to not be able to make all future benefit payments of current plan members. Therefore, the municipal bond rate was applied to all periods of projected benefit payments to determine the total OPEB liability.

The source of the municipal bond rate is the Fidelity “20-year Municipal GO AA Index” as of August 31, 2021 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% lower than and 1% higher than the discount rate that was used (3.91%) in measuring the net OPEB liability:

	1% Decrease in Discount Rate (2.91%)	Current Discount Rate (3.91%)	1% Increase in Discount Rate (4.91%)
District's proportionate share of the net OPEB liability	<u>\$ 6,264,946</u>	<u>\$ 5,313,422</u>	<u>\$ 4,542,565</u>

CENTER INDEPENDENT SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS (Continued)

For the Year Ended August 31, 2023

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	\$ 4,378,283	\$ 5,313,422	\$ 6,525,708

OPEB Liability, OPEB Expense, and Deferred Outflows/Inflows of Resources Related to OPEB

At August 31, 2023, the District reported a liability of \$5,313,422 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	\$	5,313,422
State's proportionate share that is associated with the District		6,481,540
Total		\$ 11,794,962

The net OPEB liability was measured as of August 31, 2021 and rolled forward to August 31, 2022, 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, 2021 through August 31, 2022.

At August 31, 2023, the District's proportion of the collective net OPEB liability was 0.0221910% compared to 0.023653173% as of August 31, 2022.

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 was changed from 1.95% as of August 31, 2021 to 3.91% as of August 31, 2022. This change decreased the total OPEB liability.

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 \$655,056.

CENTER INDEPENDENT SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS (Continued)

For the Year Ended August 31, 2023

At August 31, 2023, 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:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual economic experience	\$ 295,407	\$ 4,426,557
Changes in actuarial assumptions	809,339	3,691,449
Difference between projected and actual investment earnings	15,828	-
Changes in proportion and difference between the employer’s contributions and the proportionate share of contributions	907,529	835,775
Contributions paid to TRS subsequent to the measurement date	199,871	-
Total	\$ 2,227,974	\$ 8,953,781

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:

Fiscal Year Ended August 31	OPEB Expense
2024	(1,260,364)
2025	(1,260,307)
2026	(1,034,985)
2027	(729,934)
2028	(851,582)
Thereafter	(1,788,506)
Total	\$ (6,925,678)

For the year ended August 31, 2023, the District recognized OPEB expense of \$919,783 and revenue of \$919,783 for support provided by the State.

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, 2023, 2022, and 2021, the subsidiary payments received by TRS-Care on behalf of the District were \$93,875, \$75,047, and \$77,427, respectively.

E. Employee Health Care Coverage

During the year ended August 31, 2023, 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, 2023 and terms of coverage and premiums costs are included in the contractual provisions.

CENTER INDEPENDENT SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS (Continued)

For the Year Ended August 31, 2023

F. Workers' Compensation Insurance

During the year ended August 31, 2023, employees of the District were covered by a workers' compensation plan (the "Plan"). The Plan was authorized by Section 21.922, 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, 2023, 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 \$30,060 in claims that were unpaid and \$10,425 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>Fiscal Year</u>
	<u>2023</u>
Claims liability at beginning of the year	\$ -
Current year claims and estimated changes	34,018
Claims payments	(3,958)
Claims liability at year end	<u>\$ 30,060</u>

G. Unemployment Compensation

During the year ended August 31, 2023, 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, 2023, the Fund anticipates that the District has no additional liability beyond the contractual obligation for payment of contribution.

The Fund engages the services of an independent auditor to conduct a financial audit after the close of each year on August 31. The audit is accepted by the Fund's Board of Trustees in February of the following year. The Fund's audited financial statements as of August 31, 2022 are available on the TASB Risk Management Fund website and have been filed with the Texas Department of Insurance in Austin.

CENTER INDEPENDENT SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS (Continued)

For the Year Ended August 31, 2023

H. Auto, Liability, and Property Program

During the year ended August 31, 2023, 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, 2023, 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, 2022 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

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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, 2023

Data Control Codes		Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
		Original	Final		
Revenues					
5700	Local and intermediate sources	\$ 6,539,876	\$ 6,539,876	\$ 7,148,871	\$ 608,995
5800	State program revenues	19,828,523	19,828,523	20,275,093	446,570
5900	Federal program revenues	550,000	550,000	664,770	114,770
5020	Total Revenues	<u>26,918,399</u>	<u>26,918,399</u>	<u>28,088,734</u>	<u>1,170,335</u>
Expenditures					
Current:					
0011	Instruction	14,493,317	15,514,518	15,202,180	312,338
0012	Instructional resources and media services	145,085	195,235	185,317	9,918
0013	Curriculum and instructional staff development	137,228	169,878	153,695	16,183
0021	Instructional leadership	545,449	555,074	546,016	9,058
0023	School leadership	1,591,401	1,640,519	1,581,738	58,781
0031	Guidance, counseling, and evaluation services	950,564	1,053,915	851,676	202,239
0033	Health services	174,670	268,070	257,477	10,593
0034	Student (pupil) transportation	1,462,873	1,800,839	1,578,057	222,782
0036	Extracurricular activities	1,010,057	1,132,062	1,078,896	53,166
0041	General administration	1,167,816	1,393,099	1,340,137	52,962
0051	Plant maintenance and operations	3,014,023	3,413,957	3,194,799	219,158
0052	Security and monitoring services	297,481	372,871	346,379	26,492
0053	Data processing services	544,039	541,589	523,962	17,627
0061	Community services	262,788	227,788	223,128	4,660
Debt service:					
0071	Principal	911,608	759,700	125,443	634,257
0072	Interest	-	297,816	185,868	111,948
Capital outlay:					
0081	Facilities acquisition and construction	-	660,746	571,756	88,990
Intergovernmental:					
0099	Other intergovernmental charges	210,000	210,000	209,622	378
6030	Total Expenditures	<u>26,918,399</u>	<u>30,207,676</u>	<u>28,156,146</u>	<u>2,051,530</u>
1100	(Deficiency) of Revenues (Under) Expenditures	<u>-</u>	<u>(3,289,277)</u>	<u>(67,412)</u>	<u>3,221,865</u>
Other Financing Sources (Uses)					
7913	Proceeds from right-to-use leased assets	-	158,246	70,408	(87,838)
8911	Transfers (out)	-	-	(62,655)	(62,655) *
7080	Total Other Financing Sources (Uses)	<u>-</u>	<u>158,246</u>	<u>7,753</u>	<u>(150,493)</u>
1200	Net Change in Fund Balance	<u>-</u>	<u>(3,131,031)</u>	<u>(59,659)</u>	<u>3,071,372</u>
0100	Beginning fund balance	14,777,100	14,777,100	14,777,100	-
3000	Ending Fund Balance	<u>\$ 14,777,100</u>	<u>\$ 11,646,069</u>	<u>\$ 14,717,441</u>	<u>\$ 3,071,372</u>

Notes to Required Supplementary Information:

1. Annual budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP).
2. *Expenditures exceeded appropriations at the legal level of control.

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, 2023

	Measurement Year*			
	2022	2021	2020	2019
District's proportion of the net pension liability (asset)	0.014572800%	0.014051700%	0.012879600%	0.013645902%
District's proportionate share of the net pension liability (asset)	\$ 8,651,475	\$ 3,578,471	\$ 6,898,053	\$ 7,093,566
State's proportionate share of the net pension liability (asset) associated with the District	12,797,918	6,043,294	13,068,773	12,002,096
Total	<u>\$ 21,449,393</u>	<u>\$ 9,621,765</u>	<u>\$ 19,966,826</u>	<u>\$ 19,095,662</u>
District's covered payroll**	\$ 18,091,396	\$ 17,511,562	\$ 16,880,557	\$ 15,874,707
District's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	47.82%	20.43%	40.86%	44.68%
Plan fiduciary net position as a percentage of the total pension liability	75.62%	88.79%	75.54%	75.24%

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

** As of the measurement date.

Notes to Required Supplementary Information:

1. *Changes in Assumptions:*

The discount rate changed from 7.25% as of August 31, 2021 to 7.00% as of August 31, 2022.

2. *Changes in Benefits:*

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

Measurement Year*

<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
0.014654737%	0.0135913%	0.014187632%	0.015496200%	0.009616000%
\$ 8,066,323	\$ 4,345,761	\$ 5,361,295	\$ 5,477,700	\$ 2,568,567
<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>
<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>
\$ 16,297,288	\$ 15,674,850	\$ 15,696,039	\$ 15,668,897	\$ 14,804,755
49.49%	27.72%	34.16%	34.96%	17.35%
73.74%	82.17%	78.00%	78.43%	83.25%

CENTER INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF DISTRICT CONTRIBUTIONS
TEACHER RETIREMENT SYSTEM OF TEXAS (TRS) - EXHIBIT G-3
For the Year Ended August 31, 2023

	Fiscal Year*			
	2023	2022	2021	2020
Contractually required contribution	\$ 717,078	\$ 680,224	\$ 596,129	\$ 531,307
Contributions in relation to the contractually required contribution	717,078	680,224	596,129	531,307
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	\$ 17,857,400	\$ 18,091,396	\$ 17,511,562	\$ 16,880,557
Contributions as a percentage of covered payroll	4.02%	3.76%	3.40%	3.15%

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

Fiscal Year*

2019	2018	2017	2016	2015
\$ 478,560	\$ 493,473	\$ 445,443	\$ 450,495	\$ 458,850
478,560	493,473	445,443	450,495	458,850
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 15,874,707	\$ 16,297,288	\$ 15,671,850	\$ 15,696,039	\$ 15,668,897
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, 2023

	Measurement Year*			
	2022	2021	2020	2019
District's proportion of the collective net OPEB liability (asset)	0.022191000%	0.023653173%	0.022625025%	0.021912487%
District's proportionate share of the collective net OPEB liability (asset)	\$ 5,313,422	\$ 9,124,086	\$ 8,600,794	\$ 10,362,682
State's proportionate share of the collective net OPEB liability (asset) associated with the District	6,481,540	12,224,242	11,557,405	13,769,688
Total	<u>\$ 11,794,962</u>	<u>\$ 21,348,328</u>	<u>\$ 20,158,199</u>	<u>\$ 24,132,370</u>
District's covered payroll**	\$ 18,091,396	\$ 17,511,562	\$ 16,880,557	\$ 15,874,707
District's proportionate share of the net OPEB liability (asset) as a percentage of its covered payroll	29.37%	52.10%	50.95%	65.28%
Plan fiduciary net position as a percentage of the total OPEB liability	11.52%	6.18%	4.99%	2.66%

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

Notes to Required Supplementary Information:

1. *Changes in Assumptions:*

The discount rate was changed from 1.95% as of August 31, 2021 to 3.91% as of August 31, 2022. This change decreased the total OPEB liability.

2. *Changes in Benefits:*

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

Measurement Year*

<u>2018</u>	<u>2017</u>
-------------	-------------

0.022088054% 0.021676622%

\$ 11,028,767 \$ 9,426,350

<u>13,755,810</u>	<u>12,167,530</u>
<u>\$ 24,784,577</u>	<u>\$ 21,593,880</u>

\$ 16,297,288 \$ 15,671,850

67.67% 60.15%

1.57% 0.91%

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, 2023

	Fiscal Year*			
	2023	2022	2021	2020
Statutorily required contributions	\$ 199,871	\$ 182,549	\$ 182,853	\$ 171,923
Contributions in relation to the statutorily required contributions	199,871	182,549	182,853	171,923
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -
District's covered payroll	\$ 17,857,400	\$ 18,091,396	\$ 17,511,562	\$ 16,880,557
Contributions as a percentage of covered payroll	1.12%	1.01%	1.04%	1.02%

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

Fiscal Year*	
2019	2018
\$ 155,092	\$ 152,311
155,092	152,311
\$ -	\$ -
\$ 15,874,707	\$ 16,297,288
0.98%	0.93%

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***OTHER SUPPLEMENTARY
INFORMATION***

CENTER INDEPENDENT SCHOOL DISTRICT

COMBINING BALANCE SHEET

NONMAJOR GOVERNMENTAL FUNDS - EXHIBIT H-1 (Page 1 of 2)

August 31, 2023

Data Control Codes		Special Revenue Funds			
		211	224	225	240
		Title I	IDEA	IDEA	National School
		Part A Improving Basic Prog	Part B Formula	Part B Preschool	Breakfast and Lunch Program
Assets					
1110	Cash and cash equivalents	\$ -	\$ -	\$ -	\$ 1,250,891
1240	Due from other governments	158,229	71,374	1,013	106,024
1260	Due from other funds	-	-	-	213,926
1000	Total Assets	\$ 158,229	\$ 71,374	\$ 1,013	\$ 1,570,841
Liabilities					
2160	Accrued wages payable	\$ 39,304	\$ 23,066	\$ -	\$ 42,678
2170	Due to other funds	114,490	45,616	1,013	-
2200	Accrued expenditures	4,435	2,692	-	931
2300	Unearned revenue	-	-	-	-
2000	Total Liabilities	158,229	71,374	1,013	43,609
Fund Balances					
Restricted:					
3450	Federal/state fund grant restrictions	-	-	-	1,527,232
3490	Other restrictions of fund balance	-	-	-	-
3600	Unassigned	-	-	-	-
3000	Total Fund Balances	-	-	-	1,527,232
4000	Total Liabilities and Fund Balances	\$ 158,229	\$ 71,374	\$ 1,013	\$ 1,570,841

Special Revenue Funds

244	255	263	270	281	282
Career and Technical Basic	Title II Part A Training	Title III Part A English Language	Title VI Rural and Low Income	ESSER II	ESSER III
\$ 1,620	\$ -	\$ -	\$ -	\$ -	\$ -
-	8,610	30,489	-	296	366,198
-	-	-	-	-	-
<u>\$ 1,620</u>	<u>\$ 8,610</u>	<u>\$ 30,489</u>	<u>\$ -</u>	<u>\$ 296</u>	<u>\$ 366,198</u>
\$ -	\$ 4,920	\$ 5,242	\$ -	\$ -	\$ -
1,620	3,117	24,639	-	296	366,198
-	573	608	-	-	-
-	-	-	-	-	-
<u>1,620</u>	<u>8,610</u>	<u>30,489</u>	<u>-</u>	<u>296</u>	<u>366,198</u>
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>\$ 1,620</u>	<u>\$ 8,610</u>	<u>\$ 30,489</u>	<u>\$ -</u>	<u>\$ 296</u>	<u>\$ 366,198</u>

CENTER INDEPENDENT SCHOOL DISTRICT

COMBINING BALANCE SHEET

NONMAJOR GOVERNMENTAL FUNDS - EXHIBIT H-1 (Page 2 of 2)

August 31, 2023

Data Control Codes		Special Revenue Funds			
		284	285	289	397
		IDEA-B Formula ARP	IDEA-B Preschool ARP	Other Federal Special Revenue	Advanced Placement Incentives
<u>Assets</u>					
1110	Cash and cash equivalents	\$ -	\$ -	\$ 1,413	\$ 450
1240	Due from other governments	-	-	14,375	-
1260	Due from other funds	-	-	-	-
1000	Total Assets	\$ -	\$ -	\$ 15,788	\$ 450
<u>Liabilities</u>					
2160	Accrued wages payable	\$ -	\$ -	\$ 5,847	\$ -
2170	Due to other funds	-	-	-	-
2200	Accrued expenditures	-	-	679	-
2300	Unearned revenue	-	-	9,262	-
2000	Total Liabilities	-	-	15,788	-
<u>Fund Balances</u>					
Restricted:					
3450	Federal/state fund grant restrictions	-	-	-	450
3490	Other restrictions of fund balance	-	-	-	-
3600	Unassigned	-	-	-	-
3000	Total Fund Balances	-	-	-	450
4000	Total Liabilities and Fund Balances	\$ -	\$ -	\$ 15,788	\$ 450

Special Revenue Funds

410	429	458	461	Total Nonmajor Governmental Funds
State Instructional Materials	Other State Special Revenue	SSA Alternative Education	Campus Activity	
\$ 1,335	\$ -	\$ 183,750	\$ 63,556	\$ 1,503,015
-	-	-	-	756,608
-	-	-	-	213,926
<u>\$ 1,335</u>	<u>\$ -</u>	<u>\$ 183,750</u>	<u>\$ 63,556</u>	<u>\$ 2,473,549</u>
\$ -	\$ -	\$ -	\$ -	\$ 121,057
-	14,679	-	-	571,668
-	-	-	-	9,918
1,335	-	-	-	10,597
<u>1,335</u>	<u>14,679</u>	<u>-</u>	<u>-</u>	<u>713,240</u>
-	-	183,750	-	1,711,432
-	-	-	63,556	63,556
-	(14,679)	-	-	(14,679)
<u>-</u>	<u>(14,679)</u>	<u>183,750</u>	<u>63,556</u>	<u>1,760,309</u>
<u>\$ 1,335</u>	<u>\$ -</u>	<u>\$ 183,750</u>	<u>\$ 63,556</u>	<u>\$ 2,473,549</u>

CENTER INDEPENDENT SCHOOL DISTRICT

COMBINING STATEMENT OF REVENUES, EXPENDITURES,

AND CHANGES IN FUND BALANCES

NONMAJOR GOVERNMENTAL FUNDS - EXHIBIT H-2 (Page 1 of 2)

For the Year Ended August 31, 2023

Data Control Codes		Special Revenue Funds			
		211	224	225	240
		Title I Part A Improving Basic Prog	IDEA Part B Formula	IDEA Part B Preschool	National School Breakfast and Lunch Program
Revenues					
5700	Local, intermediate, and out-of-state	\$ -	\$ -	\$ -	\$ 268,069
5800	State program revenues	-	-	-	13,625
5900	Federal program revenues	873,439	600,794	28,331	1,646,722
5020	Total Revenues	873,439	600,794	28,331	1,928,416
Expenditures					
Current:					
0011	Instruction	644,807	214,583	19,722	-
0012	Instructional resources and				
0012	media services	-	-	-	-
0013	Curriculum and staff development	222,101	675	-	-
0021	Instructional leadership	6,531	12,530	-	-
0023	School leadership	-	-	-	-
0031	Guidance, counseling, and				
0031	evaluation services	-	373,006	8,609	-
0033	Health services	-	-	-	-
0034	Student transportation	-	-	-	-
0035	Food services	-	-	-	1,402,107
0036	Extracurricular activities	-	-	-	-
0041	General administration	-	-	-	-
0051	Plant maintenance and operations	-	-	-	-
0052	Security and monitoring services	-	-	-	-
0053	Data processing services	-	-	-	-
0061	Community services	-	-	-	-
Debt service:					
0071	Principal	-	-	-	1,083
0072	Interest	-	-	-	95
6030	Total Expenditures	873,439	600,794	28,331	1,403,285
1100	Excess of Revenues				
1100	Over Expenditures	-	-	-	525,131
Other Financing Sources (Uses)					
7915	Transfers in	-	-	-	-
7080	Total Other Financing Sources	-	-	-	-
1200	Net Change in Fund Balances	-	-	-	525,131
0100	Beginning fund balances	-	-	-	1,002,101
3000	Ending Fund Balances	\$ -	\$ -	\$ -	\$ 1,527,232

Special Revenue Funds

244	255	263	270	281	282
Career and Technical Basic	Title II Part A Training	Title III Part A English Language	Title VI Rural and Low Income	ESSER II	ESSER III
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
38,360	71,863	111,907	98,084	13,304	834,852
<u>38,360</u>	<u>71,863</u>	<u>111,907</u>	<u>98,084</u>	<u>13,304</u>	<u>834,852</u>
38,360	47,901	102,356	98,084	296	672,857
-	-	-	-	-	4,118
-	23,962	9,551	-	-	2,059
-	-	-	-	-	55,465
-	-	-	-	-	23,677
-	-	-	-	-	15,941
-	-	-	-	-	3,088
-	-	-	-	-	15,184
-	-	-	-	-	2,059
-	-	-	-	-	1,029
-	-	-	-	-	9,522
-	-	-	-	13,008	11,066
-	-	-	-	-	6,434
-	-	-	-	-	4,118
-	-	-	-	-	8,235
-	-	-	-	-	-
-	-	-	-	-	-
<u>38,360</u>	<u>71,863</u>	<u>111,907</u>	<u>98,084</u>	<u>13,304</u>	<u>834,852</u>
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

CENTER INDEPENDENT SCHOOL DISTRICT

COMBINING STATEMENT OF REVENUES, EXPENDITURES,

AND CHANGES IN FUND BALANCES

NONMAJOR GOVERNMENTAL FUNDS - EXHIBIT H-2 (Page 2 of 2)

For the Year Ended August 31, 2023

Data Control Codes		Special Revenue Funds			
		284	285	289	397
		IDEA-B Formula ARP	IDEA-B Preschool ARP	Other Federal Special Revenue	Advanced Placement Incentives
Revenues					
5700	Local, intermediate, and out-of-state	\$ -	\$ -	\$ -	\$ -
5800	State program revenues	-	-	-	-
5900	Federal program revenues	15,753	306	97,684	-
5020	Total Revenues	15,753	306	97,684	-
Expenditures					
Current:					
0011	Instruction	-	-	17,394	-
0012	Instructional resources and				
0012	media services	-	-	-	-
0013	Curriculum and staff development	-	-	2,439	-
0021	Instructional leadership	-	-	-	-
0023	School leadership	-	-	-	-
0031	Guidance, counseling, and				
0031	evaluation services	15,753	306	77,851	-
0033	Health services	-	-	-	-
0034	Student transportation	-	-	-	-
0035	Food services	-	-	-	-
0036	Extracurricular activities	-	-	-	-
0041	General administration	-	-	-	-
0051	Plant maintenance and operations	-	-	-	-
0052	Security and monitoring services	-	-	-	-
0053	Data processing services	-	-	-	-
0061	Community services	-	-	-	-
Debt service:					
0071	Principal	-	-	-	-
0072	Interest	-	-	-	-
6030	Total Expenditures	15,753	306	97,684	-
1100	Excess of Revenues				
1100	Over Expenditures	-	-	-	-
Other Financing Sources (Uses)					
7915	Transfers in	-	-	-	-
7080	Total Other Financing Sources	-	-	-	-
1200	Net Change in Fund Balances	-	-	-	-
0100	Beginning fund balances	-	-	-	450
3000	Ending Fund Balances	\$ -	\$ -	\$ -	\$ 450

Special Revenue Funds				
410	429	458	461	
State Instructional Materials	Other State Special Revenue	SSA Alternative Education	Campus Activity	Total Nonmajor Governmental Funds
\$ -	\$ -	\$ -	\$ 157,411	\$ 425,480
87,800	68,703	-	-	170,128
-	-	-	-	4,431,399
<u>87,800</u>	<u>68,703</u>	<u>-</u>	<u>157,411</u>	<u>5,027,007</u>
87,800	1,234	-	-	1,945,394
-	-	-	-	4,118
-	-	-	-	260,787
-	-	-	-	74,526
-	-	-	-	23,677
-	-	-	-	491,466
-	-	-	-	3,088
-	-	-	-	15,184
-	-	-	-	1,404,166
-	-	-	156,510	157,539
-	-	-	-	9,522
-	-	-	-	24,074
-	29,902	-	-	36,336
-	-	-	-	4,118
-	-	-	-	8,235
-	-	-	-	1,083
-	-	-	-	95
<u>87,800</u>	<u>31,136</u>	<u>-</u>	<u>156,510</u>	<u>4,463,408</u>
-	37,567	-	901	563,599
-	-	-	62,655	62,655
-	-	-	62,655	62,655
-	37,567	-	63,556	626,254
-	(52,246)	183,750	-	1,134,055
<u>\$ -</u>	<u>\$ (14,679)</u>	<u>\$ 183,750</u>	<u>\$ 63,556</u>	<u>\$ 1,760,309</u>

CENTER INDEPENDENT SCHOOL DISTRICT

SCHEDULE OF DELINQUENT TAXES RECEIVABLE - EXHIBIT J-1

For the Year Ended August 31, 2023

	1	2	3
	Tax Rates		Net Assessed/ Appraised Value For School Tax Purposes
Last Ten Years	Maintenance	Debt Service	Value For School Tax Purposes
2014 and prior	Various	Various	Various
2015	\$ 1.1700	\$ 0.1638	\$ 601,696,128
2016	\$ 1.1700	\$ 0.1638	\$ 556,143,966
2017	\$ 1.1700	\$ 0.1638	\$ 524,436,665
2018	\$ 1.1700	\$ 0.1638	\$ 525,684,302
2019	\$ 1.1700	\$ 0.2438	\$ 534,324,963
2020	\$ 1.0683	\$ 0.2438	\$ 553,998,629
2021	\$ 1.0547	\$ 0.3025	\$ 553,060,787
2022	\$ 1.0402	\$ 0.2875	\$ 590,941,537
2023	\$ 0.9429	\$ 0.2875	\$ 660,463,576

1000 Totals

8000 Taxes Refunded

9000 Tax Increment

10	20	31	32	40	50
Beginning Balance 9/1/22	Current Year's Total Levy	Maintenance Total Collected	Debt Service Total Collected	Entire Year's Adjustments	Ending Balance 8/31/23
\$ 397,283	\$ -	\$ 8,183	\$ 1,146	\$ (14,966)	\$ 372,988
66,767	-	2,400	336	(645)	63,386
63,384	-	4,109	575	(645)	58,055
78,261	-	1,684	236	(559)	75,782
66,571	-	3,299	462	(1)	62,809
76,574	-	5,057	1,054	(56)	70,407
121,323	-	16,524	3,771	(167)	100,861
139,988	-	22,511	6,456	983	112,004
190,543	-	52,295	14,454	(4,503)	119,291
-	8,126,344	6,059,963	1,845,351	4,608	225,638
<u>\$ 1,200,694</u>	<u>\$ 8,126,344</u>	<u>\$ 6,176,025</u>	<u>\$ 1,873,841</u>	<u>\$ (15,951)</u>	<u>\$ 1,261,221</u>
		<u>\$ 9,731</u>			
		<u>\$ -</u>			

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CENTER INDEPENDENT SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
NATIONAL SCHOOL BREAKFAST AND LUNCH PROGRAM - EXHIBIT J-2
For the Year Ended August 31, 2023

Data Control Codes		Budgeted Amounts		Actual	Variance With Final Budget Positive (Negative)
		Original	Final		
Revenues					
5700	Local and intermediate sources	\$ 185,088	\$ 191,248	\$ 268,069	\$ 76,821
5800	State program revenues	-	-	13,625	13,625
5900	Federal program revenues	1,060,752	1,060,752	1,646,722	585,970
5020	Total Revenues	<u>1,245,840</u>	<u>1,252,000</u>	<u>1,928,416</u>	<u>676,416</u>
Expenditures					
Current:					
0035	Food services	1,252,000	1,810,524	1,402,107	408,417
Debt service:					
0071	Principal	-	3,905	1,083	2,822
0072	Interest	-	95	95	-
6030	Total Expenditures	<u>1,252,000</u>	<u>1,814,524</u>	<u>1,403,285</u>	<u>411,239</u>
1200	Net Change in Fund Balance	(6,160)	(562,524)	525,131	1,087,655
0100	Beginning fund balance	1,002,101	1,002,101	1,002,101	-
3000	Ending Fund Balance	<u>\$ 995,941</u>	<u>\$ 439,577</u>	<u>\$ 1,527,232</u>	<u>\$ 1,087,655</u>

Notes to Supplementary Information:

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

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CENTER INDEPENDENT SCHOOL DISTRICT

BUDGETARY COMPARISON SCHEDULE

DEBT SERVICE FUND - EXHIBIT J-3

For the Year Ended August 31, 2023

Data Control Codes		Budgeted Amounts		Actual	Variance With Final Budget Positive (Negative)
		Original	Final		
	Revenues				
5700	Local and intermediate sources	\$ 2,186,479	\$ 1,539,281	\$ 1,951,604	\$ 412,323
5800	State program revenues	-	647,198	513,953	(133,245)
5020	Total Revenues	2,186,479	2,186,479	2,465,557	279,078
	Expenditures				
	Debt service:				
0071	Principal	2,186,479	630,101	630,000	101
0072	Interest	-	1,556,979	1,556,979	-
0073	Bond issuance costs and fees	-	700	700	-
6030	Total Expenditures	2,186,479	2,187,780	2,187,679	101
1200	Net Change in Fund Balance	-	(1,301)	277,878	279,179
0100	Beginning fund balance	453,825	453,825	453,825	-
3000	Ending Fund Balance	\$ 453,825	\$ 452,524	\$ 731,703	\$ 279,179

Notes to Supplementary Information:

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

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CENTER INDEPENDENT SCHOOL DISTRICT

USE OF FUNDS REPORT FOR

SELECT STATE ALLOTMENT PROGRAMS - EXHIBIT J-4

For the Year Ended August 31, 2023

<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.	\$ 3,039,547
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)	\$ 2,032,309
<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.	\$ 465,051
AP8	List the actual direct program expenditures for bilingual education programs during the District's fiscal year. (PICs 25, 35)	\$ 326,941

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FEDERAL AWARDS AND OTHER COMPLIANCE SECTION

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

To the Board of Trustees of
Center Independent School District:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Center Independent School District (the "District"), as of and for the year ended August 31, 2023, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated December 21, 2023.

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. However, material weaknesses or significant deficiencies may exist that have not been identified.

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*.

Purpose of this Report

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

BELT HARRIS PECHACEK, LLLP

Belt Harris Pechacek, LLLP
Certified Public Accountants
Houston, Texas
December 21, 2023



**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM
AND ON INTERNAL CONTROL OVER COMPLIANCE
REQUIRED BY THE UNIFORM GUIDANCE**

To the Board of Trustees of
Center Independent School District:

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Center Independent School District's (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 each of the District's major federal programs for the year ended August 31, 2023. The District's major federal programs are identified in the summary of auditors' 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 each of its major federal programs for the year ended August 31, 2023.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditors' 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 each 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.

Auditors' 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 generally accepted auditing standards, *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 each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *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 Auditors' 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 have not been 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.

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.

BELT HARRIS PECHACEK, LLLP

Belt Harris Pechacek, LLLP
Certified Public Accountants
Houston, Texas
December 21, 2023

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CENTER INDEPENDENT SCHOOL DISTRICT
SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS
For the Year Ended August 31, 2023

A. SUMMARY OF PRIOR YEAR AUDIT FINDINGS

No prior year findings.

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CENTER INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS - EXHIBIT F-1
For the Year Ended August 31, 2023

I. SUMMARY OF AUDITORS' RESULTS

Financial Statements

What were the results of the auditors' determination of whether the financial statements of the auditee were prepared in accordance with generally accepted accounting principles?	Unmodified
Is a 'going concern' emphasis-of-matter paragraph included in the audit report?	No
Is a significant deficiency in internal control disclosed?	No
Is a material weakness in internal control disclosed?	No
Is a material noncompliance disclosed?	No

Federal Programs

Type of audit report issued on compliance for each major program	Unmodified
Is a significant deficiency in internal control over major programs disclosed?	No
Is a material weakness in internal control over major programs disclosed?	No
Does the auditors' report include a statement that the auditee's financial statements include departments, agencies, or other organizational units expending federal awards which are not included in this audit?	No
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
Did the audit disclose any audit findings that the auditor is required to report under Uniform Guidance 2 CFR §200.516 Audit Findings paragraph (a)?	No

Major Program Information and Audit Findings

Identification of major programs:

<u>Assistance Listing (AL) Number(s)</u>	<u>Name of Federal Program or Cluster</u>	<u>Number of Audit Findings</u>
84.425D	Elementary and Secondary School Emergency Relief (ESSER) Fund	0
84.425U	American Rescue Plan - ESSER (ARP ESSER)	0
84.027A & 84.173A	Special Education (IDEA) Cluster	0

II. FINANCIAL STATEMENT FINDINGS

None identified.

III. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

None identified.

CENTER INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS - EXHIBIT K-1 (Page 1 of 2)
For the Year Ended August 31, 2023

(1)	(2)	(2A)	(3)
<u>Federal Grantor/Pass-Through Grantor/Program or Cluster Title</u>	<u>Federal AL Number</u>	<u>Pass-through Entity Identifying Number</u>	<u>Federal Expenditures</u>
U.S. DEPARTMENT OF EDUCATION			
<i>Passed Through State Department of Education</i>			
Title I, Part A Improving Basic Programs	84.010A	23610101210901	\$ 873,439
21-22 Perkins V: Strengthening CTE for 21st Century	84.048A	23420006210901	38,360
Title II, Part A, Supporting Effective Instruction	84.367A	23694501210901	71,863
Title III, Part A-ELA	84.365A	22671001210901	3,334
Title III, Part A-ELA	84.365A	23671001210901	111,907
Total AL Number 84.365A			<u>115,241</u>
Title V, Part B, Subpart 2, Rural and Low-Income School Program	84.358B	23696001210901	98,084
Title IV, Part A, Subpart 1	84.424A	23680101210901	86,012
LEP Summer School	84.369A	69552002	11,672
COVID-19 CRRSA ESSER II	84.425D	21521001210901	13,304
COVID-19 American Rescue Plan (ARP) ESSER III	84.425U	21528001210901	834,852
Special Education Cluster (IDEA) Cluster:			
IDEA B, Formula Grant*	84.027A	236600012109016000	600,794
IDEA B, Formula Grant - ARP*	84.027A	225350022109015000	15,753
Total AL Number 84.027A			<u>616,547</u>
IDEA B, Preschool*	84.173A	236610012109016000	28,331
IDEA B, Preschool - ARP*	84.173A	225360022109015000	306
Total AL Number 84.173A			<u>28,637</u>
TOTAL U.S. DEPARTMENT OF EDUCATION			<u>2,788,011</u>
U.S. DEPARTMENT OF AGRICULTURE			
Child Nutrition Cluster:			
<i>Passed Through State Department of Education</i>			
School Breakfast Program*	10.553	806780706	368,668
National School Lunch Program*	10.555	806780706	1,069,424
<i>Passed Through State Department of Agriculture</i>			
Supply Chain Assistance Grant*	10.555	226TX400N8903	57,041
State Pandemic Electronic Benefit Transfer (P-EBT) Local Level Administrative Costs Grant	10.649	226TX109S9009	3,135
Commodities Storage Delivery Reimbursement	10.560	236TX312N2533	6,512
USDA Commodities	10.565	806780706	141,942
TOTAL U.S. DEPARTMENT OF AGRICULTURE			<u>1,646,722</u>

CENTER INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS - EXHIBIT K-1 (Page 2 of 2)
For the Year Ended August 31, 2023

(1)	(2)	(2A)	(3)
<u>Federal Grantor/Pass-Through Grantor/Program or Cluster Title</u>	<u>Federal AL Number</u>	<u>Pass-through Entity Identifying Number</u>	<u>Federal Expenditures</u>
U.S. DEPARTMENT OF INTERIOR			
<i>Passed Through Shelby County, Texas</i>			
Secure Rural Schools National Forest	15.234	N/A	\$ 17,476
Federal Oil and Gas Royalty	15.427	N/A	154,986
TOTAL U.S. DEPARTMENT OF INTERIOR			<u>172,462</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS			<u>\$ 4,607,195</u>
Federal revenue per SEFA			\$ 4,607,195
SHARS			369,441
Qualified School Construction Bonds			119,533
C-2 Federal revenue			<u>\$ 5,096,169</u>

* Indicates clustered program under OMB Compliance Supplement
The accompanying notes are an integral part of this schedule.

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CENTER INDEPENDENT SCHOOL DISTRICT
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended August 31, 2023

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* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance).

Therefore, some amounts presented in the SEFA 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 minimis indirect cost rate allowed under the Uniform Guidance.

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CENTER INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF REQUIRED RESPONSES TO
SELECTED SCHOOL FIRST INDICATORS - EXHIBIT L-1
For the Year Ended August 31, 2023

<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, Texas Workforce Commission, Internal Revenue Service, 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>

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