

ANNUAL FINANCIAL REPORT

of

**CENTER
INDEPENDENT SCHOOL DISTRICT**

**For the Year Ended
August 31, 2021**

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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, 2021, 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 Financial Statements

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, 2021, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the District's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the District as of August 31, 2021, 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.

Other Matters

Required Supplementary Information

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

Other Information

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

The combining and individual nonmajor fund financial statements, the schedule of expenditures of federal awards, and other supplementary information are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements, the schedule of expenditures of federal awards, and other supplementary information are fairly stated in all material respects in relation to the basic financial statements as a whole.

The introductory section and the schedule of required responses to selected school first indicators have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated January 25, 2022 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 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
January 25, 2022

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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, 2021

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, 2021. 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, 2021 was \$19,307,617.
- For the fiscal year ended August 31, 2021, the District's general fund reported a total fund balance of \$11,991,264. The general fund consists of committed fund balance of \$2,981,129 for construction and retirement of loans and notes payable. The remaining general fund balance of \$9,010,135 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 combined ending fund balances of \$22,792,664.

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 agent 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.

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INDEPENDENT SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
For the Year Ended August 31, 2021

GOVERNMENT-WIDE FINANCIAL STATEMENTS

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

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

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

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

Governmental Activities – The District's basic services such as instruction, extracurricular activities, curriculum and staff development, health services, general administration, and plant operations and maintenance are included in *governmental activities*. Locally assessed property taxes, together with State foundation program entitlements, which are based upon student enrollment and attendance, finance most of the governmental activities.

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

FUND FINANCIAL STATEMENTS

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

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

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INDEPENDENT SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
For the Year Ended August 31, 2021

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 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 \$19,307,617 at August 31, 2021. *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, 2021.

Table 1 indicates the District’s net position increased \$3,795,945 in total from the prior year. The details of this decrease can be seen in *Table 2*. The net decrease of total assets was \$247,152 due to a decrease in current assets and an increase in capital assets. Current assets decreased primarily due to spending unspent bond proceeds on capital outlay and spending restricted funds on retirement of debt principal. Capital assets increased primarily due to an increase in construction in progress. The total liabilities decreased by \$6,229,114 which was substantially due to a decrease in long-term liabilities from retirement of debt and decreases in pension and other postemployment benefits (OPEB) liabilities. The District experienced an increase in total revenue of \$3,235,877 primarily due to an increase in operating grants and contributions that are primarily restricted for specific programs. Total expenses experienced an overall decrease of \$1,477,208 mainly due to decreases in plant maintenance and operations, interest on debt, and decreases among several functions due to expenses related to pension and OPEB liabilities.

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INDEPENDENT SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
For the Year Ended August 31, 2021

Table 1
Net Position

<u>Description</u>	<u>Governmental Activities</u>		<u>Total Change</u>
	<u>2021</u>	<u>2020</u>	<u>2021-2020</u>
Current assets	\$ 27,688,087	\$ 33,597,488	\$ (5,909,401)
Capital assets	48,575,668	42,913,419	5,662,249
Total Assets	<u>76,263,755</u>	<u>76,510,907</u>	<u>(247,152)</u>
Deferred charge on refunding	15,859	31,719	(15,860)
Deferred outflows - pensions	2,756,948	3,523,989	(767,041)
Deferred outflows - OPEB	1,733,938	1,454,288	279,650
Total Deferred Outflows of Resources	<u>4,506,745</u>	<u>5,009,996</u>	<u>(503,251)</u>
Current liabilities	4,402,927	4,268,668	134,259
Long-term liabilities	49,127,706	55,491,079	(6,363,373)
Total Liabilities	<u>53,530,633</u>	<u>59,759,747</u>	<u>(6,229,114)</u>
Deferred inflows - pensions	1,549,100	1,669,162	(120,062)
Deferred inflows - OPEB	6,383,150	4,580,322	1,802,828
Total Deferred Inflows of Resources	<u>7,932,250</u>	<u>6,249,484</u>	<u>1,682,766</u>
Net Position:			
Net investment			
in capital assets	25,172,903	22,339,376	2,833,527
Restricted	579,060	2,843,948	(2,264,888)
Unrestricted	(6,444,346)	(9,671,652)	3,227,306
Total Net Position	<u>\$ 19,307,617</u>	<u>\$ 15,511,672</u>	<u>\$ 3,795,945</u>

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INDEPENDENT SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
For the Year Ended August 31, 2021

Table 2
Changes in Net Position

	Governmental Activities		Total Change
	2021	2020	2021-2020
Revenues			
Program revenues:			
Charges for services	\$ 214,537	\$ 493,750	\$ (279,213)
Operating grants and contributions	8,997,922	5,928,735	3,069,187
General revenues:			
Property taxes	7,651,353	7,070,312	581,041
Grants and contributions not restricted for specific programs	19,822,519	19,733,129	89,390
Investment earnings	104,066	442,472	(338,406)
Other revenue	321,201	207,323	113,878
Total Revenue	<u>37,111,598</u>	<u>33,875,721</u>	<u>3,235,877</u>
Expenses			
Instruction	17,552,610	17,600,999	(48,389)
Instructional resources and media services	269,970	362,207	(92,237)
Curriculum/instructional staff development	621,765	861,795	(240,030)
Instructional leadership	646,634	734,699	(88,065)
School leadership	1,493,915	1,675,252	(181,337)
Guidance, counseling, and evaluation services	1,421,108	1,563,606	(142,498)
Health services	250,855	281,915	(31,060)
Student (pupil) transportation	1,625,307	1,481,470	143,837
Food services	1,555,361	1,526,187	29,174
Extracurricular activities	1,177,700	1,360,110	(182,410)
General administration	1,268,940	1,068,334	200,606
Plant maintenance and operations	2,917,217	3,490,747	(573,530)
Security and monitoring services	327,742	323,813	3,929
Data processing services	473,067	504,387	(31,320)
Community services	210,225	190,224	20,001
Debt service - interest	1,208,581	1,487,720	(279,139)
Payments to shared services arrangements	110,018	102,566	7,452
Other intergovernmental charges	184,637	176,830	7,807
Total Expenses	<u>33,315,653</u>	<u>34,792,861</u>	<u>(1,477,208)</u>
Change in Net Position	3,795,945	(917,140)	4,713,085
Beginning net position	15,511,672	16,428,812	(917,140)
Ending Net Position	<u>\$ 19,307,617</u>	<u>\$ 15,511,672</u>	<u>\$ 3,795,945</u>

CENTER
INDEPENDENT SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
For the Year Ended August 31, 2021

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

At the close of the fiscal year ending August 31, 2021, the District's governmental funds reported a combined fund balance of \$22,792,664 which was a \$6,131,779 decrease from combined fund balance of \$28,924,443 at August 31, 2020. The fund balance in the general fund of \$11,991,264 increased by \$829,135 during the fiscal year. This increase can be attributed to an increase in foundation revenue from the State. The fund balance in the debt service fund of \$183,960 increased by \$49,499, primarily due to property tax revenue and state contributions received in excess of debt service payments. The capital projects fund decreased by \$7,225,482 due primarily to capital outlay for construction. The ending capital projects fund balance of \$10,271,745 is primarily restricted for capital projects. The District's Elementary and Secondary School Emergency Relief fund II had federal revenues for reimbursable expenditures of \$1,570,503.

GENERAL FUND BUDGETARY HIGHLIGHTS

In accordance with State law and generally accepted accounting standards, 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, 2021, the District amended its budget as required by State law and to reflect current levels of revenue and anticipated expenses. The general fund's actual revenues were more than budgeted by \$2,605,869 due primarily to more state program revenue than expected. Total general fund budgeted expenditures exceeded actual expenditures by \$1,592,505 with the largest positive variances in instruction and plant maintenance and operations.

CAPITAL ASSETS

Capital assets are generally defined as those items that have useful lives of two years or more and have an initial cost or value (if donated) of an amount determined by the Board. During the fiscal year ended August 31, 2021, the District used a capitalization threshold of \$5,000, which means that all capital type assets, including library books, with a cost or initial value of less than \$5,000 were not included in the capital assets inventory.

At August 31, 2021, the District had a total of \$48,575,668 invested in capital assets (net of depreciation) such as land, construction in progress, buildings, and District equipment. This total includes \$7,303,439 invested during the fiscal year ended August 31, 2021.

Major capital asset events during the fiscal year included the following:

- Construction in progress of Phase 1 projects of \$7,139,520
- Bus for \$100,863
- Maintenance vehicle for \$63,056

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

CENTER
INDEPENDENT SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
For the Year Ended August 31, 2021

LONG-TERM DEBT

At year end, the District had \$31,245,000 in general obligation bonds outstanding versus \$35,365,000 last year. The District paid \$4,120,000 in principal payments during the year.

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

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

The proposed budget for fiscal year 2021-2022 is \$26,592,957 which is about a 2.95 percent decrease from fiscal year 2020-2021. Total budgeted revenues are \$26,592,957 with State revenues budgeted for \$19,792,412 which is 74.43 percent of our total revenue. Local revenues are budgeted to be \$6,250,545 which is 23.50 percent of total revenues.

Our local taxable values are \$561,615,134, which is an increase of \$22,751,334 from last year's values of \$538,863,800.

The fiscal year 2021-2022 budget is based upon the tax rate of \$1.3277. The rate consists of the maintenance and operation (M & O) rate of \$1.0402, a decrease of \$.0145 and the interest and sinking (I & S) rate of \$0.2875, a decrease by \$.0150.

Budgeted payroll costs for fiscal year 2021-2022 is 78.18 percent of the total budget which leaves 21.82 percent for the remaining activities and operations of the District. The fiscal year 2021-2022 budget amounts are determined based on our current projected revenue. Included in the budget is an increase in 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 continued spread of the COVID-19 pandemic has given rise in uncertainties that may have a significant negative impact on the operating activities and results of the District. The occurrence and extent of such impact will depend on future developments, including (i) the duration and spread of the virus, (ii) governmental quarantine measures, (iii) the effects on the financial markets, and (iv) the effects on the overall economy, all of which are uncertain. The overall impact the financial operations for the 2020-2021 school year as a percentage of the overall budget was nominal.

The focus for fiscal year 2021-22 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 PR 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, 2021

1

<u>Data Control Codes</u>		<u>Governmental Activities</u>
	<u>Assets</u>	
1110	Cash and cash equivalents	\$ 21,207,328
1120	Investments	1,999,279
1225	Property taxes receivables (net)	543,226
1240	Due from other governments	3,795,851
1267	Due from fiduciary funds	52,790
1290	Other receivable	89,613
		<u>27,688,087</u>
	Capital assets:	
1510	Land	915,194
1520	Buildings and improvements, net	28,328,059
1530	Furniture and equipment, net	1,674,106
1580	Construction in progress	17,658,309
		<u>48,575,668</u>
1000	Total Assets	<u>76,263,755</u>
	<u>Deferred Outflows of Resources</u>	
1701	Deferred charge on refunding	15,859
1705	Deferred outflows - pensions	2,756,948
1710	Deferred outflows - OPEB	1,733,938
1700	Total Deferred Outflows of Resources	<u>4,506,745</u>
	<u>Liabilities</u>	
2110	Accounts payable	1,834,965
2140	Interest payable	50,730
2160	Accrued wages payable	1,398,378
2200	Accrued expenses	34,280
2300	Unearned revenue	1,084,574
		<u>4,402,927</u>
	Noncurrent liabilities:	
2501	Long-term liabilities due within one year	1,210,000
2502	Long-term liabilities due in more than one year	32,418,859
2540	Net pension liability	6,898,053
2545	Net OPEB liability	8,600,794
		<u>49,127,706</u>
2000	Total Liabilities	<u>53,530,633</u>
	<u>Deferred Inflows of Resources</u>	
2605	Deferred inflows - pensions	1,549,100
2610	Deferred inflows - OPEB	6,383,150
2600	Total Deferred Inflows of Resources	<u>7,932,250</u>
	<u>Net Position</u>	
3200	Net investment in capital assets	25,172,903
	Restricted for:	
3820	Federal and state programs	345,695
3850	Debt service	233,365
3900	Unrestricted	(6,444,346)
3000	Total Net Position	<u>\$ 19,307,617</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, 2021

Data Control Codes	Functions/Programs	1 Expenses	Program Revenues		6
			3 Charges for Services	4 Operating Grants and Contributions	Net (Expense) Revenue and Changes in Net Position Primary Gov. Governmental Activities
	Primary Government				
	Governmental Activities				
11	Instruction	\$ 17,552,610	\$ -	\$ 5,184,802	\$ (12,367,808)
12	Instructional resources				
12	and media services	269,970	-	23,625	(246,346)
13	Curriculum/instructional				
13	staff development	621,765	-	314,941	(306,824)
21	Instructional leadership	646,634	-	60,920	(585,714)
23	School leadership	1,493,915	-	141,905	(1,352,010)
31	Guidance, counseling, and				
31	evaluation services	1,421,108	-	340,635	(1,080,472)
33	Health services	250,855	-	22,776	(228,078)
34	Student (pupil) transportation	1,625,307	-	136,915	(1,488,393)
35	Food services	1,555,361	214,537	1,451,000	110,176
36	Extracurricular activities	1,177,700	-	101,376	(1,076,325)
41	General administration	1,268,940		124,096	(1,144,844)
51	Plant maintenance and operations	2,917,217		221,823	(2,695,394)
52	Security and monitoring services	327,742	-	40,553	(287,189)
53	Data processing services	473,067	-	48,779	(424,288)
61	Community services	210,225	-	49,707	(160,518)
72	Debt service - interest	1,208,581	-	734,070	(474,511)
93	Payments to shared service				
93	arrangements	110,018	-	-	(110,018)
99	Other intergovernmental charges	184,637	-	-	(184,637)
TG	Total Governmental Activities	<u>33,315,653</u>	<u>214,537</u>	<u>8,997,922</u>	<u>(24,103,194)</u>
TP	Total Primary Government	<u>\$ 33,315,653</u>	<u>\$ 214,537</u>	<u>\$ 8,997,922</u>	<u>(24,103,194)</u>
	General Revenues				
MT	Property taxes, levied for general purposes				5,936,393
DT	Property taxes, levied for debt service				1,714,960
GC	Grants and contributions not restricted				
GC	for specific program				19,822,519
IE	Investment earnings				104,066
MI	Miscellaneous local and intermediate revenue				321,201
TR					Total General Revenues
CN					<u>27,899,139</u>
NB					Change in Net Position
NB	Beginning net position				15,511,672
NE					Ending Net Position
					<u>\$ 19,307,617</u>

See Notes to Financial Statements.

CENTER
INDEPENDENT SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS - EXHIBIT C-1
August 31, 2021

Data Control Codes		10	50	60	
		General	Debt Service	Capital Projects	ESSER II
<u>Assets</u>					
1110	Cash and cash equivalents	\$ 8,798,095	\$ 201,895	\$ 12,073,349	\$ -
1120	Investments	1,999,279	-	-	-
1220	Taxes receivables	991,818	178,492	-	-
1230	Allowance for uncollectible taxes	(548,727)	(78,357)	-	-
1240	Due from other governments	1,662,545	16,757	-	1,570,503
1260	Due from other funds	2,119,184	-	33,361	-
1267	Due from fiduciary funds	52,790	-	-	-
1290	Other receivable	-	89,613	-	-
1000	Total Assets	\$ 15,074,984	\$ 408,400	\$ 12,106,710	\$ 1,570,503
<u>Liabilities</u>					
2110	Accounts payable	\$ -	\$ -	\$ 1,834,965	\$ -
2160	Accrued wages payable	1,318,414	-	-	-
2170	Due to other funds	218,996	124,305	-	1,570,503
2200	Accrued expenditures	28,123	-	-	-
2300	Unearned revenue	1,075,096	-	-	-
2000	Total Liabilities	2,640,629	124,305	1,834,965	1,570,503
<u>Deferred Inflows of Resources</u>					
2601	Unavailable revenue - property taxes	443,091	100,135	-	-
2600	Total Deferred Inflows of Resources	443,091	100,135	-	-
<u>Fund Balances</u>					
Restricted:					
3450	Federal/state funds				
3450	grant restrictions	-	-	-	-
3470	Capital acquisitions and contracts	-	-	10,071,745	-
3480	Debt service	-	183,960	-	-
Committed:					
3510	Construction	1,850,000	-	200,000	-
3525	Retirement of loans or				
3525	note payables	1,131,129	-	-	-
3600	Unassigned	9,010,135	-	-	-
3000	Total Fund Balances	11,991,264	183,960	10,271,745	-
4000	Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 15,074,984	\$ 408,400	\$ 12,106,710	\$ 1,570,503

See Notes to Financial Statements.

Nonmajor Governmental Funds	98 Total Governmental Funds
\$ 133,989	\$ 21,207,328
-	1,999,279
-	1,170,310
-	(627,084)
546,046	3,795,851
185,635	2,338,180
-	52,790
-	89,613
<u>\$ 865,670</u>	<u>\$ 30,026,267</u>
\$ -	\$ 1,834,965
79,964	1,398,378
424,376	2,338,180
6,157	34,280
9,478	1,084,574
<u>519,975</u>	<u>6,690,377</u>
-	543,226
-	543,226
345,695	345,695
-	10,071,745
-	183,960
-	2,050,000
-	1,131,129
-	9,010,135
<u>345,695</u>	<u>22,792,664</u>
<u>\$ 865,670</u>	<u>\$ 30,026,267</u>

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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, 2021

Total fund balances for governmental funds \$ 22,792,664

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	18,573,503	
Capital assets - depreciable, net	30,002,165	48,575,668

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		543,226
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Some liabilities, including bonds payable, are not reported as liabilities in the governmental funds.

Accrued interest	(50,730)	
Deferred charge on refunding	15,859	
Deferred outflows - pensions	2,756,948	
Deferred inflows - pensions	(1,549,100)	
Net pension liability	(6,898,053)	
Deferred outflows - OPEB	1,733,938	
Deferred inflows - OPEB	(6,383,150)	
Net OPEB liability	(8,600,794)	
Noncurrent liabilities due in one year	(1,210,000)	
Noncurrent liabilities due in more than one year	(32,418,859)	(52,603,941)

Net Position of Governmental Activities	\$ 19,307,617
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See Notes to Financial Statements.

**CENTER
INDEPENDENT SCHOOL DISTRICT**
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS - EXHIBIT C-2
For the Year Ended August 31, 2021

Data Control Codes		10	50	60	
		General	Debt Service	Capital Projects	ESSER II
Revenues					
5700	Local, intermediate, and out-of-state	\$ 6,317,110	\$ 1,672,730	\$ 13,297	\$ -
5800	State program revenues	21,105,171	734,070	-	-
5900	Federal program revenues	654,139	-	-	1,570,503
5020	Total Revenues	<u>28,076,420</u>	<u>2,406,800</u>	<u>13,297</u>	<u>1,570,503</u>
Expenditures					
0011	Instruction	13,000,582	-	-	1,033,705
0012	Instructional resources and media services	247,407	-	-	-
0013	Curriculum and instructional staff development	287,432	-	-	-
0021	Instructional leadership	598,725	-	-	-
0023	School leadership	1,373,434	-	-	-
0031	Guidance, counseling, and evaluation services	1,064,769	-	-	-
0033	Health services	232,000	-	-	-
0034	Student (pupil) transportation	1,505,455	-	-	-
0035	Food services	-	-	-	-
0036	Extracurricular activities	1,048,009	-	-	-
0041	General administration	1,181,590	-	-	-
0051	Plant maintenance and operations	2,253,834	-	-	536,798
0052	Security and monitoring services	287,180	-	-	-
0053	Data processing services	443,555	-	-	-
0061	Community services	165,180	-	-	-
Debt service:					
0071	Principal	2,955,000	1,165,000	-	-
0072	Interest	308,478	1,191,601	-	-
0073	Bond issuance costs and fees	-	700	-	-
Capital outlay:					
0081	Facilities acquisition and construction	-	-	7,238,779	-
Intergovernmental:					
0093	Payments to shared services arrangements	110,018	-	-	-
0099	Other governmental charges	184,637	-	-	-
6030	Total Expenditures	<u>27,247,285</u>	<u>2,357,301</u>	<u>7,238,779</u>	<u>1,570,503</u>
1100	Excess (Deficiency) of Revenues				
1100	Over (Under) Expenditures	<u>829,135</u>	<u>49,499</u>	<u>(7,225,482)</u>	<u>-</u>
1200	Net Change in Fund Balances	829,135	49,499	(7,225,482)	-
0100	Beginning fund balances	11,162,129	134,461	17,497,227	-
3000	Ending Fund Balances	<u>\$ 11,991,264</u>	<u>\$ 183,960</u>	<u>\$ 10,271,745</u>	<u>\$ -</u>

See Notes to Financial Statements.

Nonmajor Governmental Funds	98 Total Governmental Funds
\$ 214,537	\$ 8,217,674
478,520	22,317,761
3,852,218	6,076,860
<u>4,545,275</u>	<u>36,612,295</u>
2,279,924	16,314,211
-	247,407
285,829	573,261
8,019	606,744
2,815	1,376,249
237,702	1,302,471
-	232,000
-	1,505,455
1,436,559	1,436,559
-	1,048,009
8,129	1,189,719
18,432	2,809,064
16,755	303,935
-	443,555
36,042	201,222
-	4,120,000
-	1,500,079
-	700
-	7,238,779
-	110,018
-	184,637
<u>4,330,206</u>	<u>42,744,074</u>
<u>215,069</u>	<u>(6,131,779)</u>
215,069	(6,131,779)
130,626	28,924,443
<u>\$ 345,695</u>	<u>\$ 22,792,664</u>

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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, 2021

Net change in fund balances - total governmental funds \$ (6,131,779)

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.

Depreciation	(1,641,190)
Capital activity, net	7,303,439

Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.	72,681
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The issuance of long-term debt (e.g., bonds, 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.

Principal repayments	4,120,000
Change in accrued interest	15,438
Amortization of premiums	292,620
Amortization of deferred outflows from loss on refunding	(15,860)

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 compensated absences	(6,648)
Change in net pension liability	195,513
Change in deferred outflows - pensions	(767,041)
Change in deferred inflows - pensions	120,062
Change in net OPEB liability	1,761,888
Change in deferred outflows - OPEB	279,650
Change in deferred inflows - OPEB	(1,802,828)

Change in Net Position of Governmental Activities	\$ <u>3,795,945</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, 2021

	Private-Purpose Trust Fund	Custodial Fund Student Activity
<u>Assets</u>		
Cash and cash equivalents	\$ 44,780	\$ 215,000
Total Assets	44,780	215,000
<u>Liabilities</u>		
Current liabilities:		
Due to other funds	-	52,790
Total Liabilities	-	52,790
<u>Net Position</u>		
Restricted for scholarships	44,780	
Restricted for individuals and organizations	-	162,210
Total Net Position	\$ 44,780	\$ 162,210

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, 2021

	Private-Purpose Trust Fund	Custodial Fund Student Activities
<u>Additions</u>		
Student club fees and dues	\$ -	\$ 140,348
Student group fundraising activities	-	383,909
Donations and interest	6,721	131,327
Total Additions	<u>6,721</u>	<u>655,584</u>
<u>Deductions</u>		
Student activities	-	617,447
Scholarship awards	6,750	62,907
Total Deductions	<u>6,750</u>	<u>680,354</u>
Changes in Fiduciary Net Position	(29)	(24,770)
Beginning net position	<u>44,809</u>	<u>186,980</u>
Ending Net Position	<u>\$ 44,780</u>	<u>\$ 162,210</u>

See Notes to Financial Statements.

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CENTER
INDEPENDENT SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
For the Year Ended August 31, 2021

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, 2021

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 major 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. The Elementary and Secondary Emergency Relief (ESSER) II special revenue fund is used to account for revenues and expenditures related to the ESSER grant awards. This fund is primarily on a reimbursement basis and has a program year that does not coincide with the District's fiscal year. ESSER II is considered a major fund for reporting purposes.

Fiduciary Funds

The fiduciary funds account for assets held by the District in a trustee capacity or as an agent 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 fund.

CENTER
INDEPENDENT SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended August 31, 2021

Private-Purpose Trust Fund

The private-purpose trust fund is custodial in nature and does not present results of operations or have a measurement focus. The trust fund is accounted for using the accrual basis of accounting. This fund is used to account for the District's scholarship funds held in trust for students.

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 capital 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

CENTER
INDEPENDENT SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended August 31, 2021

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.

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 pool operates 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. 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.

CENTER
INDEPENDENT SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended August 31, 2021

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.

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.

CENTER
INDEPENDENT SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended August 31, 2021

6. 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 that 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.

7. 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.

8. 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.

9. 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,

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committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

10. 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.

11. 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.

12. 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.

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13. 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.

14. 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.

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.

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In accordance with State law and generally accepted accounting standards, the District prepares an annual budget for the general fund, the national school lunch and breakfast 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. There was a material change related to the new tax maintenance note between the original budget and the final amended budget.

A. Expenditures in Excess of Appropriations

For the year, expenditures exceeded appropriations at the legal level of control as follows:

General Fund		
Curriculum/instructional staff development	\$	54,967
Guidance, counseling, and evaluation services	\$	14,982
Security and monitoring services	\$	21,846
Community services	\$	3,981

III. DETAILED NOTES ON ALL FUNDS

A. Deposits and Investments

As of August 31, 2021, the District had the following investments:

<u>Investments</u>	<u>Amount</u>	<u>Weighted Average Maturity (Years)</u>
Lone Star Investment Pool	\$ 15,942,378	0.12
U.S. Government agency bonds/notes	1,999,279	2.15
Total Investments	<u>\$ 17,941,657</u>	
Portfolio weighted average maturity		0.35

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

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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, 2021, the District had the following recurring fair value measurements:

	August 31, 2021	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)
Investments by Fair Value Level				
<u>U.S. Government agency bonds/notes</u>				
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, 2021, 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, 2021 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, 2021, 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

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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.

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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:				
Land	\$ 915,194	\$ -	\$ -	\$ 915,194
Construction in progress	11,339,831	7,139,520	(821,042)	17,658,309
Total Capital Assets Not Being Depreciated	<u>12,255,025</u>	<u>7,139,520</u>	<u>(821,042)</u>	<u>18,573,503</u>
Other capital assets:				
Buildings and improvements	50,503,913	821,042	-	51,324,955
Furniture and equipment	5,965,287	163,919	-	6,129,206
Total Other Capital Assets	<u>56,469,200</u>	<u>984,961</u>	<u>-</u>	<u>57,454,161</u>
Less accumulated depreciation for:				
Buildings and improvements	(21,717,413)	(1,279,483)	-	(22,996,896)
Furniture and equipment	(4,093,393)	(361,707)	-	(4,455,100)
Total Accumulated Depreciation	<u>(25,810,806)</u>	<u>(1,641,190)</u>	<u>-</u>	<u>(27,451,996)</u>
Other capital assets, net	30,658,394	(656,229)	-	30,002,165
Governmental Activities Capital Assets, Net	<u>\$ 42,913,419</u>	<u>\$ 6,483,291</u>	<u>\$ (821,042)</u>	<u>48,575,668</u>
			Less associated debt	(33,490,369)
			Plus unspent bond proceeds	10,071,745
			Plus deferred charge on refunding	15,859
			Net Investment in Capital Assets	<u>\$ 25,172,903</u>

Depreciation was charged to governmental functions as follows:

	<u>Governmental Activities</u>
11 Instruction	\$ 836,611
12 Instructional resources and media services	17,833
13 Curriculum and instructional staff development	40,512
21 Instructional leadership	34,839
23 School leadership	79,497
31 Guidance, counseling, and evaluation services	74,519
33 Health services	13,483
34 Student transportation	102,916
35 Food services	77,946
36 Extracurricular activities	107,697
41 General administration	51,919
51 Plant maintenance and operations	145,826
52 Security and monitoring services	23,807
53 Data processing services	24,782
61 Community services	9,003
Total Depreciation Expense	<u>\$ 1,641,190</u>

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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 payable:						
Unlimited Tax Refunding						
Bonds, Series 2016	\$ 2,375,000	\$ -	\$ (1,165,000)	\$ 1,210,000	\$ 1,210,000	2.00 - 4.00%
Unlimited Tax School Building						
Bonds, Series 2018	18,270,000	-	-	18,270,000	-	4.00 - 5.00%
Unlimited Tax School Building						
Serial Bonds, Series 2019	7,220,000	-	-	7,220,000	-	2.125 - 5.00%
Unlimited Tax School Building						
Term Bonds, Series 2019	2,200,000	-	-	2,200,000	-	2.20 - 2.40%
Notes payable:						
Direct borrowing/placement:						
2011 Tax Maintenance Note	5,300,000	-	(2,955,000)	2,345,000	-	5.40 - 6.35%
	<u>35,365,000</u>	<u>-</u>	<u>(4,120,000)</u>	<u>31,245,000</u>	<u>* 1,210,000</u>	
Other liabilities:						
Unamortized premium	2,537,989	-	(292,620)	2,245,369	*	-
Compensated absences	131,842	6,648	-	138,490	-	-
Net pension liability	7,093,566	-	(195,513)	6,898,053	-	-
Net OPEB liability	10,362,682	-	(1,761,888)	8,600,794	-	-
Total Governmental Activities	<u>\$ 55,491,079</u>	<u>\$ 6,648</u>	<u>\$ (6,370,021)</u>	<u>\$ 49,127,706</u>	<u>\$ 1,210,000</u>	
				<u>\$ 47,917,706</u>		
				<u>* Debt associated with capital assets</u>	<u>\$ 33,490,369</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, net pension liability, and net OPEB liability are generally liquidated by the general fund.

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 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 function 71, 72 and 73. During the year ended August 31, 2021, the District paid \$2,955,000 in principal and \$308,478 in interest. During the year ended August 31, 2021, the District received \$329,525 in credit payments to issuers of qualified bonds from the United States Treasury. The federal revenue has been accounted for in the general fund in federal program revenues of \$329,525. The District was also required by the annual debt covenant to restrict \$427,000 as restricted fund balance for retirement of long-term debt. This payment is made annually to a separate sinking fund. As of August 31, 2021, there is no restricted fund balance in the general

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fund for retirement of long-term debt since the funding in the separate sinking fund went towards payment of debt principal and interest.

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	Total		
	Fund	Interest	Requirements	Principal
2022	\$ 467,000	\$ 148,908	\$ 615,908	\$ -
2023	467,000	148,908	615,908	-
2024	467,000	148,908	615,908	-
2025	467,000	148,908	615,908	-
2026	477,000	74,454	551,454	2,345,000
Total	\$ 2,345,000	\$ 670,086	\$ 3,015,086	\$ 2,345,000

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.

The annual requirements for bonds payable at year end were as follows:

Fiscal Year Ended Aug 31	Bonds Payable		
	Principal	Interest	Total
		Requirements	
2022	\$ 1,210,000	1,142,601	\$ 2,352,601
2023	610,000	1,103,151	1,713,151
2024	645,000	1,071,776	1,716,776
2025	675,000	1,038,776	1,713,776
2026	710,000	1,004,151	1,714,151
2027-2031	4,075,000	4,504,281	8,579,281
2032-2036	4,835,000	3,745,989	8,580,989
2037-2041	5,765,000	2,812,079	8,577,079
2042-2046	7,085,000	1,486,959	8,571,959
2047-2048	3,290,000	143,094	3,433,094
Total	\$ 28,900,000	\$ 18,052,858	\$ 46,952,858

D. Interfund Transactions

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

Due to	Due from	Amount
General fund	ESSER II	\$ 1,570,503
General fund	Nonmajor governmental funds	424,376
General fund	Debt service fund	124,305
Nonmajor governmental funds	General	185,635
Capital projects fund	General	33,361
	Total	\$ 2,338,180

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

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.

The District is a defendant in various lawsuits. Although the outcome of these lawsuits is not presently determinable, it is the opinion of the District's counsel that resolution of these matters will not have a material adverse effect on the financial condition of the District.

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 the TRS. It is a defined benefit pension plan

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established and administered in accordance with the Texas Constitution, Article XVI, Section 67 and Texas Government Code, Title 8, Subtitle C. The pension trust fund is a qualified pension trust under Section 401(a) of the Internal Revenue Code. The Texas Legislature establishes benefits and contribution rates within the guidelines of the Texas Constitution. The pension's Board of Trustees does not have the authority to establish or amend benefit terms.

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

Pension Plan Fiduciary Net Position

Detailed information about 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 Texas. 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.

In May 2019, the 86th Texas Legislature approved the TRS Pension Reform Bill (SB12) that provides for gradual contribution increase from the State, participating employers, and active employees to make TRS actuarially sound. This action causing TRS to be actuarially sound allowed the Legislature to approve funding for a thirteenth check in September 2019. All eligible members retired as of December 31, 2018 received an extra annuity check in either the matching amount of their monthly annuity or \$2,000, whichever was less.

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Contributions

Contribution requirements are established or amended pursuant to Article 16, section 67 of the Texas Constitution which requires the Texas Legislature to establish a member contribution rate of not less than 6% of the member’s annual compensation and a state contribution rate of not less than 6% and not more than 10% of the aggregate annual compensation paid to members of TRS during the fiscal year.

Employee contribution rates are set in state statute, Texas Government Code 825.402. SB12 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 Employer*	Active Employee
2020	7.50%	1.50%	7.70%
2021	7.50%	1.60%	7.70%
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%

Contribution Rates		
	2020	2021
Member	7.7%	7.7%
NECE (State)	7.5%	7.5%
Employers	7.5%	7.5%

	Measurement Year (2020)	Fiscal Year (2021)
Employer contributions	\$ 531,416	\$ 596,129
Member contributions	\$ 1,299,803	\$ 1,348,390
NECE on-behalf contributions	\$ 1,006,798	\$ 1,014,119

Contributors to TRS include members, employers, and the State as the only non-employer 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.

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- 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 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 1.5% of the member’s salary beginning in fiscal year 2020, gradually increasing to 2% 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, 2019 actuarial valuation rolled forward to August 31, 2020 was determined using the following actuarial assumptions:

Valuation date	August 31, 2019 rolled forward to August 31, 2020
Actuarial cost method	Individual entry age normal
Asset valuation method	Market value
Single discount rate	7.25%
Long-term expected investment rate of return	7.25%
Municipal bond rate	2.33%. 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	3.05% to 9.05%, 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 ending August 31, 2019. For a full description of these assumptions, please see the TRS actuarial valuation report dated November 14, 2019.

Discount Rate

A single discount rate of 7.25% was used to measure the TPL. The single discount rate was based on the expected rate of return on plan investments of 7.25%. 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

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NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended August 31, 2021

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.

The long-term expected rate of return on TRS investments is 7.25%. 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, 2020 are summarized below:

Teacher Retirement System of Texas
Asset Allocation and Long-Term Expected Real Rate of Return
As of August 31, 2020

Asset Class	Target Allocation (1)	Long-Term Expected Geometric Real Rate Return (2)	Long-Term Expected Geometric Real Rate of Return (3)
Global Equity			
U.S.	18.00%	3.90%	0.99%
Non-U.S. Developed	13.00%	5.10%	0.92%
Emerging Markets	9.00%	5.60%	0.83%
Private Equity	14.00%	6.70%	1.41%
Stable Value			
Government Bonds	16.00%	-0.70%	-0.05%
Stable Value Hedge Funds	5.00%	1.90%	0.11%
Real Return			
Real Estate	15.00%	4.60%	1.01%
Energy, Natural Resources, and Infrastructure	6.00%	6.00%	0.42%
Risk Parity			
Risk Parity	8.00%	3.00%	0.30%
Leverage			
Cash	2.00%	-1.50%	-0.03%
Asset Allocation Leverage	-6.00%	-1.30%	0.08%
Inflation Expectation			2.00%
Volatility Drag (3)			-0.67%
Total	100.00%	33.30%	7.32%

(1) Target allocations are based on the fiscal year 2020 policy model.

(2) Capital Market Assumptions come from Aon Hewitt (as of 08/31/2020)

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

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NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended August 31, 2021

Discount Rate Sensitivity Analysis

The following schedule shows the impact of the net pension liability (NPL) if the discount rate used was 1% less than and 1% greater than the discount rate that was used (7.25%) in measuring the NPL.

	1% Decrease in Discount Rate (6.25%)	Current Discount Rate (7.25%)	1% Increase in Discount Rate (8.25%)
District's proportionate share of the NPL	\$ 10,636,675	\$ 6,898,053	\$ 3,860,505

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

At August 31, 2021, the District reported a liability of \$6,898,053 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	\$ 6,898,053
State's proportionate share that is associated with the District	13,068,773
Total	\$ 19,966,826

The NPL was measured as of August 31, 2019 and rolled forward to August 31, 2020 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, 2019 through August 31, 2020.

At August 31, 2021, the District's proportion of the collective NPL was 0.0128796%, which was a decrease of 0.0007663% from its proportion measured as of August 31, 2020.

Changes Since the Prior Actuarial Valuation

There were no changes in assumptions since the prior measurement date.

For the year ended August 31, 2021, the District recognized pension expense of \$1,571,883 and revenue of \$1,571,883 for support provided by the State.

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NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended August 31, 2021

At August 31, 2021, 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	\$ 12,595	\$ 192,506
Changes in actuarial assumptions	1,600,594	680,561
Difference between projected and actual investment earnings	139,646	-
Changes in proportion and difference between the employer’s contributions and the proportionate share of contributions	407,984	676,033
Contributions paid to TRS subsequent to the measurement	596,129	-
Total	\$ 2,756,948	\$ 1,549,100

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
2022	\$ 228,350
2023	246,692
2024	261,071
2025	34,672
2026	(141,724)
Thereafter	(17,342)
Total	\$ 611,719

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 is administered through a trust by the TRS Board of Trustees (the “Board”). It is established and administered in accordance with the Texas Insurance Code, Chapter 1575.

OPEB Plan Fiduciary Net Position

Detailed information about the TRS-Care’s 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.

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NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended August 31, 2021

Components of the net OPEB liability of TRS-Care as of August 31, 2020 are as follows:

Total OPEB liability		\$ 40,010,833,815
Less: plan fiduciary net position		1,996,317,932
Net OPEB Liability		<u>\$ 38,014,515,883</u>
Net position as a percentage of total OPEB liability		4.99%

Benefits Provided

TRS-Care provides health insurance coverage to retirees from public schools 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 Texas Legislature and there is no continuing obligation to provide benefits beyond each fiscal year. TRS-Care is currently funded on a pay-as-you-go basis and is subject to change based on available funding. Funding for TRS-Care is provided by retiree premium contributions and contributions from the State, active employees, and school districts based upon public school district payroll. The TRS Board does not have the authority to set or amend contribution rates.

Texas Insurance Code, section 1575.202 establishes the State's contribution rate, which is 1.25% of the employee's salary. Section 1575.203 establishes the active employee's rate, which is 0.65% of pay. Section 1575.204 establishes an employer contribution rate of not less than 0.25% or not more than 0.75% of the salary of each active employee of the public. The actual employer contribution rate is prescribed by the Legislature in the GAA.

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NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended August 31, 2021

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

	Contribution Rates	
	Fiscal Year	
	2020	2021
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 Year (2020)	Fiscal Year (2021)
Employer contributions	\$ 171,971	\$ 182,853
Member contributions	\$ 54,862	\$ 56,913
NECE on-behalf contributions	\$ 231,078	\$ 218,895

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 employers hire a TRS retiree, they 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 \$230.8 million in fiscal year 2020 to maintain premiums and benefits levels in the 2020-2021 biennium.

Actuarial Assumptions

The total OPEB liability in the August 31, 2019 actuarial valuation was rolled forward to August 31, 2020.

The actuarial valuation of the OPEB plan offered through TRS-Care is similar to the actuarial valuation performed for the TRS pension plan, except that the OPEB valuation is more complex. All of the demographic assumptions, including rates of retirement, termination, and disability, and most of the economic assumptions, including general inflation and salary increases, used in the OPEB valuation were identical to those used in the respective TRS pension valuation. 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 identical to the assumptions used in the August 31, 2019 TRS pension actuarial valuation that was rolled forward to August 31, 2020:

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

The active mortality rates were based on 90% of the RP-2014 Employee Mortality Tables for males and females, with full generational mortality using Scale BB. The post-retirement mortality rates for

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NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended August 31, 2021

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.

The initial medical trend rates were 9.00% for Medicare retirees and 7.30% for non-Medicare retirees. There was an initial prescription drug trend rate of 9.00% for all retirees. The initial trend rates decrease to an ultimate trend rate of 4.25% over a period of 13 years.

Additional actuarial methods and assumptions are as follows:

Valuation date	August 31, 2019 rolled forward to August 31, 2020
Actuarial cost method	Individual entry age normal
Inflation	2.30%
Single discount rate	2.33% as of August 31, 2020
Aging factors	Based on plan specific experience
Election rates	Normal retirement: 65% participation prior to age 65 and 40% participation after age 65. 25% of pre-65 retirees are assumed to discontinue coverage at age 65.
Expenses	Third-party administrative expenses related to the delivery of health care benefits are included in the age-adjusted claims costs.
Payroll growth rate	2.50%
Projected salary increases	3.05% to 9.05%, including inflation
Healthcare trend rates	Medical trend rates: 9% (Medicare retirees) and 7.30% (non-Medicare retirees). Prescription drug rate: 9%
Ad hoc postemployment benefit changes	None

Discount Rate

A single discount rate of 2.33% was used to measure the total OPEB liability. There was a decrease of 0.30% 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, 2020 using the fixed-income municipal bonds with 20 years to maturity that include only federally tax-exempt municipal bonds.

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NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended August 31, 2021

Sensitivity of the Net OPEB Liability

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

	1% Decrease (1.33%)	Current Discount Rate (2.33%)	1% Increase (3.33%)
District's proportionate share of the net OPEB liability	<u>\$ 10,320,933</u>	<u>\$ 8,600,794</u>	<u>\$ 7,242,131</u>

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	Increase in Healthcare Cost Trend Rate
District's proportionate share of the net OPEB liability	<u>\$ 7,025,747</u>	<u>\$ 8,600,794</u>	<u>\$ 10,698,534</u>

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

At August 31, 2021, the District reported a liability of \$8,600,794 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	\$ 8,600,794	
State's proportionate share that is associated with the District	11,557,405	
Total	<u>\$ 20,158,199</u>	

The net OPEB liability was measured as of August 31, 2019 and rolled forward to August 31, 2020 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, 2019 through August 31, 2020.

At August 31, 2021, the District's proportion of the collective net OPEB liability was 0.022625025% compared to 0.021912487% as of August 31, 2020.

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NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended August 31, 2021

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 2.63% as of August 31, 2019 to 2.33% as of August 31, 2020. This change increased the total OPEB liability.
- The participation rate for pre-65 retirees was lowered from 50% to 40%. This change lowered the total OPEB liability.
- The ultimate health care trend assumption was lowered from 4.50% to 4.25% as a result of Congress' repeal of the excise (Cadillac) tax on high-cost employer health plans in December 2019. This change lowered the total OPEB liability.

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

For the year ended August 31, 2021, the District recognized OPEB expense of \$80,250 and revenue of \$80,250 for support provided by the State.

At August 31, 2021, 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	\$ 450,334	\$ 3,936,163
Changes in actuarial assumptions	530,490	2,361,822
Difference between projected and actual investment earnings	2,794	-
Changes in proportion and difference between the employer's contributions and the proportionate share of contributions	567,467	85,165
Contributions paid to TRS subsequent to the measurement date	182,853	-
Total	\$ 1,733,938	\$ 6,383,150

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
2022	\$ (820,613)
2023	(820,986)
2024	(821,200)
2025	(821,141)
2026	(591,413)
Thereafter	(956,712)
Total	\$ (4,832,065)

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NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended August 31, 2021

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, 2021, 2020, and 2019, the subsidiary payments received by TRS-Care on behalf of the District were \$77,427, \$71,192, and \$63,104, respectively.

E. Employee Health Care Coverage

During the year ended August 31, 2021, 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.

F. Workers’ Compensation Insurance

During the year ended August 31, 2021, the District met its workers’ compensation obligations through participation in the Deep East Texas Self-Insurance Fund (the “Fund”), a public entity risk pool, which is self-sustained through member contributions. The Fund reinsures to statutory limits through commercial companies for claims in excess of \$1,000,000. The Fund contracts with independent actuaries to determine the adequacy of reserves and fully funds those reserves. The members of the Fund have no known premium liabilities for workers’ compensation coverage in excess of their contracted annual premium. However, if the assets of the Fund were to be exhausted, members would be liable for their portion of the Fund’s liabilities. This would indicate that members would be contingently liable for the portion of the liability applicable to their political entity. Independent auditors conduct a financial audit at the close of each plan year and, as of the most recent audit, the Fund has adequate assets to more than cover 100% of all liabilities.

G. Unemployment Compensation

During the year ended August 31, 2021, 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, 2021, 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, 2020 are available on the

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NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended August 31, 2021

TASB Risk Management Fund website and have been filed with the Texas Department of Insurance in Austin.

H. Auto, Liability, and Property Program

During the year ended August 31, 2021, 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, 2021, 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, 2020 are available on the TASB Risk Management Fund website and have been filed with the Texas State Board of Insurance in Austin.

I. Shared Services Arrangements

The District participates in several share service arrangements (SSA) described as follows:

State Funded: The District participates in an SSA which provides instructional programs to students under disciplinary action by their respective districts. Other member districts include several other districts in Shelby County. All services are provided by the District, the fiscal agent. The member districts provide funds to the fiscal agent. The District has accounted for their portion of the activities of the SSA in general fund function 93 and has accounted for the payment using Model 3 in the SSA section of the Resource Guide.

State Funded: The District participates in an SSA which provides services for University Interscholastic League competitions to member districts. In addition to the District, other member districts include various other districts. All services are provided by the fiscal agent, Tatum Independent School District. The member districts provide funds to the fiscal agent.

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NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended August 31, 2021

SSA payments were as follows for year ended August 31, 2021:

General fund - function 93:

	<u>Payments</u>
SSA - Alternative Education	\$ 106,568
SSA - UIL	3,450
Total	<u><u>\$ 110,018</u></u>

State Funded: The District participate in an SSA which provides instructional programs to students under disciplinary action by their respective districts, through the Shelby County Alternative Education Program (AEP). In addition to the District, other member districts include five other districts. All services are provided by the District, the fiscal agent. The member districts provide funds to the fiscal agent. According to guidance provided by TEA’s Resource Guide, the District has accounted for their portion of the activities of the SSA in special revenue fund number 458, Share Services Arrangements – State Funded Program Alternative Education. The payment has been accounted for using Model 3 in the SSA section of the Resource Guide.

State program funds of the SSA attributable to each participating district were summarized below:

<u>Member Districts</u>	<u>Percentage</u>	<u>SSA Alternative Education</u>
Center ISD	49.26%	\$ 106,568
Shelbyville ISD	14.27%	30,859
Joaquin ISD	12.07%	26,100
Timson ISD	13.33%	28,843
Tenaha ISD	9.68%	20,945
Excelsior ISD	1.39%	3,013
Total SSA funding received	<u>100.00%</u>	<u>216,329</u>
TRS on behalf revenue		<u>12,625</u>
Total State program revenues		<u><u>\$ 228,954</u></u>

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REQUIRED SUPPLEMENTARY INFORMATION

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SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - GENERAL FUND - EXHIBIT G-1
For the Year Ended August 31, 2021

Data Control Codes		Budgeted Amounts		Actual	Variance with Final Budget
		Original	Final		Positive (Negative)
Revenues					
5700	Local and intermediate sources	\$ 6,198,071	\$ 5,704,560	\$ 6,317,110	\$ 612,550
5800	State program revenues	20,242,433	19,265,991	21,105,171	1,839,180
5900	Federal program revenues	634,139	500,000	654,139	154,139
5020	Total Revenues	<u>27,074,643</u>	<u>25,470,551</u>	<u>28,076,420</u>	<u>2,605,869</u>
Expenditures					
0011	Instruction	14,069,346	13,959,346	13,000,582	958,764
0012	Instructional resources and media services	308,244	273,244	247,407	25,837
0013	Curriculum/instructional staff development	247,465	232,465	287,432	* (54,967)
0021	Instructional leadership	678,961	628,961	598,725	30,236
0023	School leadership	1,283,301	1,375,301	1,373,434	1,867
0031	Guidance, counseling, and evaluation services	963,787	1,049,787	1,064,769	* (14,982)
0033	Health services	225,455	232,455	232,000	455
0034	Student (pupil) transportation	1,473,115	1,508,115	1,505,455	2,660
0036	Extracurricular activities	1,218,233	1,068,233	1,048,009	20,224
0041	General administration	874,262	1,199,262	1,181,590	17,672
0051	Plant maintenance and operations	2,613,959	2,713,959	2,253,834	460,125
0052	Security and monitoring services	240,334	265,334	287,180	* (21,846)
0053	Data processing services	408,563	448,563	443,555	5,008
0061	Community services	136,199	161,199	165,180	* (3,981)
Debt service:					
0071	Principal	3,109,239	3,109,239	2,955,000	154,239
0072	Interest	308,478	308,478	308,478	-
Intergovernmental:					
0093	Payments to shared services arrangements	119,349	119,349	110,018	9,331
0099	Other governmental charges	161,500	186,500	184,637	1,863
6030	Total Expenditures	<u>28,439,790</u>	<u>28,839,790</u>	<u>27,247,285</u>	<u>1,592,505</u>
1200	Net Change in Fund Balance	(1,365,147)	(3,369,239)	829,135	4,198,374
0100	Beginning fund balance	11,162,129	11,162,129	11,162,129	-
3000	Ending Fund Balance	<u>\$ 9,796,982</u>	<u>\$ 7,792,890</u>	<u>\$ 11,991,264</u>	<u>\$ 4,198,374</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, 2021

	Measurement Year*			
	2020	2019	2018	2017
District's proportion of the net pension liability (asset)	0.012879600%	0.013645902%	0.014654737%	0.0135913%
District's proportionate share of the net pension liability (asset)	\$ 6,898,053	\$ 7,093,566	\$ 8,066,323	\$ 4,345,761
State's proportionate share of the net pension liability (asset) associated with the District	13,068,773	12,002,096	13,561,281	8,295,006
Total	<u>\$ 19,966,826</u>	<u>\$ 19,095,662</u>	<u>\$ 21,627,604</u>	<u>\$ 12,640,767</u>
District's covered payroll**	\$ 16,880,557	\$ 15,874,707	\$ 16,297,288	\$ 15,674,850
District's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	40.86%	44.68%	49.49%	27.72%
Plan fiduciary net position as a percentage of the total pension liability	75.54%	75.24%	73.74%	82.17%

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

** As of the measurement date.

Notes to Required Supplementary Information:

1. *Changes in Assumptions:*

There were no changes in assumptions that affected measurement of the total pension liability (TPL) during the measurement period

2. *Changes in Benefits:*

There were no changes of benefit terms that affected measurement of the TPL during the measurement period.

Measurement Year*		
2016	2015	2014
0.014187632%	0.015496200%	0.009616000%
\$ 5,361,295	\$ 5,477,700	\$ 2,568,567
<u>9,991,763</u>	<u>9,795,156</u>	<u>8,269,759</u>
<u>\$ 15,353,058</u>	<u>\$ 15,272,856</u>	<u>\$ 10,838,326</u>
\$ 15,696,039	\$ 15,668,897	\$ 14,804,755
34.16%	34.96%	17.35%
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, 2021

	Fiscal Year*			
	2021	2020	2019	2018
Contractually required contribution	\$ 596,129	\$ 531,307	\$ 478,560	\$ 493,473
Contributions in relations to the contractually required contribution	596,129	531,307	478,560	493,473
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	\$ 17,511,562	\$ 16,880,557	\$ 15,874,707	\$ 16,297,288
Contributions as a percentage of covered payroll	3.40%	3.15%	3.01%	3.03%

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

Fiscal Year*		
2017	2016	2015
\$ 445,443	\$ 450,495	\$ 458,850
445,443	450,495	458,850
\$ -	\$ -	\$ -
\$ 15,671,850	\$ 15,696,039	\$ 15,668,897
2.84%	2.87%	2.93%

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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, 2021

	Measurement Year*			
	2020	2019	2018	2017
District's proportion of the collective net OPEB liability (asset)	0.022625025%	0.021912487%	0.022088054%	0.021676622%
District's proportionate share of the collective net OPEB liability (asset)	\$ 8,600,794	\$ 10,362,682	\$ 11,028,767	\$ 9,426,350
State's proportionate share of the collective net OPEB liability (asset) associated with the District	11,557,405	13,769,688	13,755,810	12,167,530
Total	\$ 20,158,199	\$ 24,132,370	\$ 24,784,577	\$ 21,593,880
District's covered payroll**	\$ 16,880,557	\$ 15,874,707	\$ 16,297,288	\$ 15,671,850
District's proportionate share of the net OPEB liability (asset) as a percentage of its covered payroll	50.95%	65.28%	67.67%	60.15%
Plan fiduciary net position as a percentage of the total OPEB liability	4.99%	2.66%	1.57%	0.91%

* Only four years' of information is currently available.

Notes to Required Supplementary Information:

1. *Changes in Assumptions:*

The discount rate was changed from 2.63% as of August 31, 2019 to 2.33% as of August 31, 2020. This change increased the total OPEB liability.

The participation rate for post-65 retirees was lowered from 50% to 40%. This change lowered the total OPEB liability.

The ultimate health care trend assumption was lowered from 4.50% to 4.25% as a result of Congress' repeal of the excise (Cadillac) tax on high-cost employer health plans in December 2019. This change lowered the total OPEB liability.

2. *Changes in Benefits:*

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

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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, 2021

	Fiscal Year*			
	2021	2020	2019	2018
Statutorily required contributions	\$ 182,853	\$ 171,923	\$ 155,092	\$ 152,311
Contributions in relations to the statutorily required contributions	182,853	171,923	155,092	152,311
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -
District's covered payroll	\$ 17,511,562	\$ 16,880,557	\$ 15,874,707	\$ 16,297,288
Contributions as a percentage of covered payroll	1.04%	1.02%	0.98%	0.93%

* Only four years' of information is currently available.

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***OTHER SUPPLEMENTARY
INFORMATION***

CENTER
INDEPENDENT SCHOOL DISTRICT
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS - EXHIBIT H-1 (Page 1 of 3)
August 31, 2021

Data Control Codes		Special Revenue Funds			
		211	212	224	225
		Part A Improving Basic Prog	Title I Part C Migrant	IDEA Part B Formula	IDEA Part B Preschool
<u>Assets</u>					
1110	Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -
1240	Due from other governments	111,187	1,383	55,330	4,869
1260	Due from other funds	-	-	-	-
1000	Total Assets	\$ 111,187	\$ 1,383	\$ 55,330	\$ 4,869
<u>Liabilities</u>					
2160	Accrued wages payable	\$ 43,373	\$ -	\$ 7,061	\$ -
2170	Due to other funds	63,678	1,383	48,167	4,869
2200	Accrued expenditures	4,136	-	102	-
2300	Unearned revenue	-	-	-	-
2000	Total Liabilities	111,187	1,383	55,330	4,869
<u>Fund Balances</u>					
Restricted:					
3450	Federal/state fund				
3450	grant restrictions	-	-	-	-
3000	Total Fund Balances	-	-	-	-
4000	Total Liabilities and Fund Balances	\$ 111,187	\$ 1,383	\$ 55,330	\$ 4,869

Special Revenue Funds

240	244	255	263	266	270
National School Breakfast and Lunch Program	Career and Technical Basic	Title II Part A Training	Title III Part A English Language	Elementary and Secondary School Emergency Relief	Title VI Rural and Low Income
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
30,111	-	34,347	6,111	2,124	35,350
185,635	-	-	-	-	-
<u>\$ 215,746</u>	<u>\$ -</u>	<u>\$ 34,347</u>	<u>\$ 6,111</u>	<u>\$ 2,124</u>	<u>\$ 35,350</u>
\$ 5,662	\$ -	\$ 4,706	\$ 4,188	\$ -	\$ -
-	-	29,118	1,455	2,124	35,350
100	-	523	468	-	-
8,267	-	-	-	-	-
<u>14,029</u>	<u>-</u>	<u>34,347</u>	<u>6,111</u>	<u>2,124</u>	<u>35,350</u>
201,717	-	-	-	-	-
<u>201,717</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>\$ 215,746</u>	<u>\$ -</u>	<u>\$ 34,347</u>	<u>\$ 6,111</u>	<u>\$ 2,124</u>	<u>\$ 35,350</u>

CENTER
INDEPENDENT SCHOOL DISTRICT
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS - EXHIBIT H-1 (Page 2 of 3)
August 31, 2021

Data Control Codes		Special Revenue Funds			
		276	282	289	385
		Title I SIP Academy	Elementary and Secondary School Emergency Relief ESSER III	Other Federal Special Revenue	Visually Impaired SSVI
<u>Assets</u>					
1110	Cash and cash equivalents	\$ -	\$ -	\$ 813	\$ -
1240	Due from other governments	-	234,260	9,342	-
1260	Due from other funds	-	-	-	-
1000	Total Assets	\$ -	\$ 234,260	\$ 10,155	\$ -
<u>Liabilities</u>					
2160	Accrued wages payable	\$ -	\$ -	\$ 5,560	\$ -
2170	Due to other funds	-	234,260	3,972	-
2200	Accrued expenditures	-	-	623	-
2300	Unearned revenue	-	-	-	-
2000	Total Liabilities	-	234,260	10,155	-
<u>Fund Balances</u>					
Restricted:					
3450	Federal/state fund				
3450	grant restrictions	-	-	-	-
3000	Total Fund Balances	-	-	-	-
4000	Total Liabilities and Fund Balances	\$ -	\$ 234,260	\$ 10,155	\$ -

Special Revenue Funds

397	410	426	427	429	458
Advanced Placement Incentives	State Instructional Materials	Technology Lending	State Funded NIBRS	Other State Special Revenue	SSA Alternative Education
\$ 450	\$ 1,211	\$ -	\$ -	\$ 1,219	\$ 130,296
-	-	-	-	-	21,632
-	-	-	-	-	-
<u>\$ 450</u>	<u>\$ 1,211</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,219</u>	<u>\$ 151,928</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 9,414
-	-	-	-	-	-
-	-	-	-	-	205
-	1,211	-	-	-	-
<u>-</u>	<u>1,211</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>9,619</u>
450	-	-	-	1,219	142,309
<u>450</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,219</u>	<u>142,309</u>
<u>\$ 450</u>	<u>\$ 1,211</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,219</u>	<u>\$ 151,928</u>

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CENTER
INDEPENDENT SCHOOL DISTRICT
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS - EXHIBITS H-1 (Page 3 of 3)
August 31, 2021

<u>Data Control Codes</u>		<u>Total Nonmajor Governmental Funds</u>
	<u>Assets</u>	
1110	Cash and cash equivalents	\$ 133,989
1240	Due from other governments	546,046
1260	Due from other funds	185,635
1000	Total Assets	<u><u>\$ 865,670</u></u>
	<u>Liabilities</u>	
2160	Accrued wages payable	\$ 79,964
2170	Due to other funds	424,376
2200	Accrued expenditures	6,157
2300	Unearned revenue	9,478
2000	Total Liabilities	<u><u>519,975</u></u>
	<u>Fund Balances</u>	
	Restricted:	
3450	Federal/state fund	
3450	grant restrictions	345,695
3000	Total Fund Balances	<u><u>345,695</u></u>
4000	Total Liabilities and Fund Balances	<u><u>\$ 865,670</u></u>

CENTER
INDEPENDENT SCHOOL DISTRICT
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS - EXHIBIT H-2 (Page 1 of 3)
For the Year Ended August 31, 2021

Data Control Codes		Special Revenue Funds			
		211	212	224	225
		Part A Improving Basic Prog	Title I Part C Migrant	IDEA Part B Formula	IDEA Part B Preschool
Revenues					
5700	Local, intermediate, and out-of-state	\$ -	\$ -	\$ -	\$ -
5800	State program revenues	-	-	-	-
5900	Federal program revenues	719,426	13,679	563,704	29,380
5020	Total Revenues	<u>719,426</u>	<u>13,679</u>	<u>563,704</u>	<u>29,380</u>
Expenditures					
Current:					
0011	Instruction	471,904	-	419,386	-
0013	Curriculum and staff development	223,734	-	-	-
0021	Instructional leadership	1,425	-	-	-
0023	School leadership	-	-	-	-
0031	Guidance, counseling, and				
0031	evaluation services	-	-	144,318	29,380
0035	Food services	-	-	-	-
0041	General administration	-	-	-	-
0051	Plant maintenance and operations	-	-	-	-
0052	Security and monitoring services	-	-	-	-
0061	Community services	22,363	13,679	-	-
6030	Total Expenditures	<u>719,426</u>	<u>13,679</u>	<u>563,704</u>	<u>29,380</u>
1200	Net Change in Fund Balances	-	-	-	-
0100	Beginning fund balances	-	-	-	-
3000	Ending Fund Balances	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Special Revenue Funds

240	244	255	263	266	270
National School Breakfast and Lunch Program	Career and Technical Basic	Title II Part A Training	Title III Part A English Language	Elementary and Secondary School Emergency Relief	Title VI Rural and Low Income
\$ 214,537	\$ -	\$ -	\$ -	\$ -	\$ -
14,271	-	-	-	-	-
1,409,468	36,665	104,237	58,893	546,521	52,388
<u>1,638,276</u>	<u>36,665</u>	<u>104,237</u>	<u>58,893</u>	<u>546,521</u>	<u>52,388</u>
-	36,665	77,864	47,978	546,521	52,388
-	-	26,373	10,915	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
1,436,559	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>1,436,559</u>	<u>36,665</u>	<u>104,237</u>	<u>58,893</u>	<u>546,521</u>	<u>52,388</u>
201,717	-	-	-	-	-
-	-	-	-	-	-
<u>\$ 201,717</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 3)
For the Year Ended August 31, 2021

Data Control Codes		Special Revenue Funds			
		276	282	289	385
		Title I SIP Academy	Elementary and Secondary School Emergency Relief ESSER III	Other Federal Special Revenue	Visually Impaired SSVI
Revenues					
5700	Local, intermediate, and out-of-state	\$ -	\$ -	\$ -	\$ -
5800	State program revenues	-	-	-	2,400
5900	Federal program revenues	23,786	234,260	59,811	-
5020	Total Revenues	<u>23,786</u>	<u>234,260</u>	<u>59,811</u>	<u>2,400</u>
Expenditures					
Current:					
0011	Instruction	23,786	210,440	-	2,400
0013	Curriculum and staff development	-	14,411	10,396	-
0021	Instructional leadership	-	6,594	-	-
0023	School leadership	-	2,815	-	-
0031	Guidance, counseling, and				
0031	evaluation services	-	-	49,415	-
0035	Food services	-	-	-	-
0041	General administration	-	-	-	-
0051	Plant maintenance and operations	-	-	-	-
0052	Security and monitoring services	-	-	-	-
0061	Community services	-	-	-	-
6030	Total Expenditures	<u>23,786</u>	<u>234,260</u>	<u>59,811</u>	<u>2,400</u>
1200	Net Change in Fund Balances	-	-	-	-
0100	Beginning fund balances	-	-	-	-
3000	Ending Fund Balances	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Special Revenue Funds

397	410	426	427	429	458
Advanced Placement Incentives	State Instructional Materials	Technology Lending	State Funded NIBRS	Other State Special Revenue	SSA Alternative Education
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	130,858	45,292	16,755	40,000	228,944
-	-	-	-	-	-
-	130,858	45,292	16,755	40,000	228,944
-	130,858	45,292	-	24,192	190,250
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	14,589	-
-	-	-	-	-	-
-	-	-	-	-	8,129
-	-	-	-	-	18,432
-	-	-	16,755	-	-
-	-	-	-	-	-
-	130,858	45,292	16,755	38,781	216,811
-	-	-	-	1,219	12,133
450	-	-	-	-	130,176
\$ 450	\$ -	\$ -	\$ -	\$ 1,219	\$ 142,309

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CENTER
INDEPENDENT SCHOOL DISTRICT
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS - EXHIBIT H-2 (Page 3 of 3)
For the Year Ended August 31, 2021

<u>Data Control Codes</u>		<u>Total Nonmajor Governmental Funds</u>
	<u>Revenues</u>	
5700	Local, intermediate, and out-of-state	\$ 214,537
5800	State program revenues	478,520
5900	Federal program revenues	<u>3,852,218</u>
5020	Total Revenues	<u>4,545,275</u>
	<u>Expenditures</u>	
	Current:	
0011	Instruction	2,279,924
0013	Curriculum and staff development	285,829
0021	Instructional leadership	8,019
0023	School leadership	2,815
0031	Guidance, counseling, and	
0031	evaluation services	237,702
0035	Food services	1,436,559
0041	General administration	8,129
0051	Plant maintenance and operations	18,432
0052	Security and monitoring services	16,755
0061	Community services	<u>36,042</u>
6030	Total Expenditures	<u>4,330,206</u>
1200	Net Change in Fund Balances	215,069
0100	Beginning fund balances	<u>130,626</u>
3000	Ending Fund Balances	<u><u>\$ 345,695</u></u>

CENTER
INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF DELINQUENT TAXES RECEIVABLE - EXHIBIT J-1
For the Year Ended August 31, 2021

<u>Last Ten Years</u>	1		2		3	
	<u>Tax Rates</u>				<u>Net Assessed/ Appraised Value For School Tax Purposes</u>	
	<u>Maintenance</u>	<u>Debt Service</u>				
2012 and prior	Various	Various			Various	
2013	\$ 1.1700	\$ 0.1638			\$ 591,614,327	
2014	\$ 1.1700	\$ 0.1638			\$ 591,684,360	
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	
1000 Totals						

10	20	31	32	40	50
Beginning Balance 9/1/20	Current Year's Total Levy	Maintenance Total Collected	Debt Service Total Collected	Entire Year's Adjustments	Ending Balance 8/31/21
\$ 315,700	\$ -	\$ 9,106	\$ 1,275	\$ (10,194)	\$ 295,125
66,860	-	1,068	149	(10,616)	55,027
69,683	-	1,571	220	(6,289)	61,603
97,166	-	2,670	374	(19,796)	74,326
94,729	-	9,238	1,293	(15,151)	69,047
93,645	-	8,124	1,137	(403)	83,981
98,710	-	15,059	2,108	(298)	81,245
112,406	-	6,953	1,449	(12,678)	91,326
341,208	-	75,752	15,107	(97,829)	152,520
-	7,506,140	5,672,960	1,627,070	-	206,110
<u>\$ 1,290,107</u>	<u>\$ 7,506,140</u>	<u>\$ 5,802,501</u>	<u>\$ 1,650,182</u>	<u>\$ (173,254)</u>	<u>\$ 1,170,310</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, 2021

Data Control Codes		Budgeted Amounts		Actual	Variance With Final Budget Positive (Negative)
		Original	Final		
	Revenues				
5700	Local and intermediate sources	\$ 202,817	\$ 202,817	\$ 214,537	\$ 11,720
5800	State program revenues	8,600	8,600	14,271	5,671
5900	Federal program revenues	1,327,528	1,327,528	1,409,468	81,940
5020	Total Revenues	<u>1,538,945</u>	<u>1,538,945</u>	<u>1,638,276</u>	<u>99,331</u>
	Expenditures				
0035	Food services	1,538,945	1,538,945	1,436,559	102,386
6030	Total Expenditures	<u>1,538,945</u>	<u>1,538,945</u>	<u>1,436,559</u>	<u>102,386</u>
1200	Net Change in Fund Balance	-	-	201,717	201,717
0100	Beginning fund balance	-	-	-	-
3000	Ending Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 201,717</u>	<u>\$ 201,717</u>

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**CENTER
INDEPENDENT SCHOOL DISTRICT**

BUDGETARY COMPARISON SCHEDULE

DEBT SERVICE FUND - EXHIBIT J-3

For the Year Ended August 31, 2021

Data Control Codes		Budgeted Amounts		Actual	Variance With Final Budget Positive (Negative)
		Original	Final		
	Revenues				
5700	Local and intermediate sources	\$ 1,629,720	\$ 1,629,720	\$ 1,672,730	\$ 43,010
5800	State program revenues	726,382	726,382	734,070	7,688
5020	Total Revenues	<u>2,356,102</u>	<u>2,356,102</u>	<u>2,406,800</u>	<u>50,698</u>
	Expenditures				
	Debt service:				
0071	Principal	1,165,000	1,165,000	1,165,000	-
0072	Interest	1,191,102	1,280,917	1,191,601	89,316
0073	Bond issuance costs and fees	-	1,000	700	300
6030	Total Expenditures	<u>2,356,102</u>	<u>2,446,917</u>	<u>2,357,301</u>	<u>89,616</u>
1200	Net Change in Fund Balance	-	(90,815)	49,499	140,314
0100	Beginning fund balance	134,461	134,461	134,461	-
3000	Ending Fund Balance	<u>\$ 134,461</u>	<u>\$ 43,646</u>	<u>\$ 183,960</u>	<u>\$ 140,314</u>

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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, 2021

<u>Data Control Codes</u>		<u>Responses</u>
<u>Section A: Compensatory Education Programs</u>		
AP1	Did your 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.	\$ 3,290,100
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)	\$ 1,981,866
<u>Section B: Bilingual Education Programs</u>		
AP5	Did your 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.	\$ 443,514
AP8	List the actual direct program expenditures for bilingual education programs during the District's fiscal year. (PICs 25, 35)	\$ 430,304

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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, 2021, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated January 25, 2022.

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 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 combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the District's financial statements will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the 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
January 25, 2022



**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

We have audited the Center Independent School District's (the "District") compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the year ended August 31, 2021. The District's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditors' Responsibility

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

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

Opinion on Each Major Federal Program

In our opinion, the District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended August 31, 2021.

Report on Internal Control Over Compliance

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

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

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

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

BELT HARRIS PECHACEK, LLLP

Belt Harris Pechacek, LLLP
Certified Public Accountants
Houston, Texas
January 25, 2022

CENTER
INDEPENDENT SCHOOL DISTRICT
SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS
For the Year Ended August 31, 2021

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
For the Year Ended August 31, 2021

A. SUMMARY OF AUDIT RESULTS

1. The auditors' report expresses an unmodified opinion on the financial statements of Center Independent School District (the "District").
2. No significant deficiencies or material weaknesses in internal control were disclosed by the audit of the basic financial statements.
3. No instances of noncompliance material to the financial statements were disclosed during the audit.
4. No significant deficiencies or material weaknesses in internal control over major federal award programs were disclosed by the audit.
5. The auditors' report on compliance for the major federal award programs expresses an unmodified opinion.
6. No audit findings relative to the major federal award programs for the District are reported in Part C of this schedule.
7. The programs included as major programs are:

<u>AL Numbers</u>	<u>Name of Federal Program</u>
10.553 & 10.555	Child Nutrition Cluster
84.425D	Elementary and Secondary School Emergency Relief

8. The threshold for distinguishing Type A and B programs was \$750,000.
9. The District did qualify as a low-risk auditee.

B. FINDINGS – BASIC FINANCIAL STATEMENTS AUDIT

None Noted

C. FINDINGS – FEDERAL AWARDS

None Noted

CENTER
INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS - EXHIBIT K-1 (Page 1 of 2)
For the Year Ended August 31, 2021

(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	21610101210901	\$ 719,426
Title I, Part C - Migrant	84.011A	21615001210901	13,679
20-21 Perkins V: Strengthening CTE for 21st Century	84.048A	21420006210901	36,665
Title II, Part A, Supporting Effective Instruction	84.367A	21694501210901	104,237
Title III, Part A-ELA	84.365A	21671001210901	58,893
Title V, B, SP 2, RLIS	84.358B	20696001210901	52,388
Instructional Continuity	84.377A	17610740210901	23,786
Title IV, Part A, Subpart I	84.424A	21680101210901	59,811
Elementary and Secondary School Emergency Relief Fund (ESSER) Cluster:			
COVID 19 ESSER I*	84.425D	20521001210901	546,521
COVID 19 ESSER II*	84.425D	21521001210901	1,570,503
COVID 19 ESSER III*	84.425D	21528001210901	234,260
			<u>2,351,284</u>
Special Education Cluster (IDEA) Cluster:			
IDEA B, Formula Grant*	84.027A	21660001210901	563,704
IDEA B, Preschool*	84.173A	21661001210901	29,380
			<u>593,084</u>
TOTAL U.S. DEPARTMENT OF EDUCATION			<u><u>4,013,253</u></u>
U.S. DEPARTMENT OF AGRICULTURE			
Child Nutrition Cluster:			
<i>Passed Through State Department of Education</i>			
School Breakfast Program*	10.553	806780706	\$ 293,907
National School Lunch Program*	10.555	806780706	854,942
<i>Passed Through State Department of Agriculture</i>			
COVID 19 National School Lunch			
Emergency Operation Costs Reimbursement Program*	10.555	806780706	5,393
National School Lunch Program Equipment Assistance*	10.579	6TX300355	22,340
			<u>1,176,582</u>
<i>Passed Through State Department of Agriculture</i>			
COVID 19 Child Adult Care Food Program			
Emergency Operational Costs Reimbursement Program	10.558	806780706	118,347
USDA Commodities	10.565	806780706	114,539
TOTAL U.S. DEPARTMENT OF AGRICULTURE			<u><u>1,409,468</u></u>

CENTER
INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS - EXHIBIT K-1 (Page 2 of 2)
For the Year Ended August 31, 2021

(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 TREASURY			
<i>Passed Through Shelby County</i>			
COVID 19 Coronavirus Relief Fund	21.019	N/A	\$ 20,000
TOTAL U.S. DEPARTMENT OF TREASURY			<u>20,000</u>
U.S. DEPARTMENT OF INTERIOR			
<i>Passed Through Shelby County</i>			
Federal Oil and Gas Royalty	15.427	N/A	\$ 42,536
TOTAL U.S. DEPARTMENT OF INTERIOR			<u>42,536</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS			<u><u>\$ 5,485,257</u></u>
		Federal revenue per SEFA	\$ 5,485,257
		SHARS	262,078
		Qualified School Construction Bonds	329,525
		C-2 Federal revenue	<u><u>\$ 6,076,860</u></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, 2021

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.

NOTE 4: PRIOR YEAR EXPENDITURES

Expenditures in the amount of \$20,000 related to the federal grant program, Coronavirus Relief Fund, AL Number 21.019, were incurred in the prior fiscal year; however, approval for these grant funds was not provided until fiscal year 2021. Accordingly, these expenditures have been listed on the fiscal year 2021 SEFA.

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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, 2021

<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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