

**YANTIS INDEPENDENT
SCHOOL DISTRICT**

ANNUAL FINANCIAL REPORT

YEAR ENDED AUGUST 31, 2018

RUTHERFORD, TAYLOR & COMPANY, P.C.
Certified Public Accountants
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YANTIS INDEPENDENT SCHOOL DISTRICT
ANNUAL FINANCIAL REPORT
YEAR ENDED AUGUST 31, 2018

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CERTIFICATE OF BOARD

Yantis Independent School District
Name of School District

Wood
County

250-905
Co.-Dist. Number

We, the undersigned, certify that the attached auditor's report of the above named school district was reviewed and approved/ disapproved for the year ended August 31, 2018, at a meeting of the board of school trustees of such school district on December 11, 2018


Signature of Board Secretary


Signature of Board President

If the auditor's report was checked above as disapproved, the reasons(s) therefore is/are (attach list if necessary):

FINANCIAL SECTION

INDEPENDENT AUDITOR'S REPORT

Members of the Board:

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 the Yantis Independent School District (District), as of and for the year ended August 31, 2018, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's 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 auditor's 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 entity'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 entity'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 Yantis Independent School District as of August 31, 2018, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

Change in Accounting Principle

As discussed in Note Q to the financial statements, in 2018 the District adopted various accounting pronouncements issued by the Governmental Accounting Standards Board including GASB No. 75, Accounting and Financial Reporting for Postemployment Benefits Other than Pensions. Our opinions are not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information 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 schedules identified in the table of contents as other supplementary information are presented for the purpose of additional analysis, and are not a required part of the basic financial statements.

The other supplementary information schedules 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 other supplementary information schedules are fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 6, 2018, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is 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 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.



December 6, 2018
Greenville, Texas

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

Board of School Trustees

Members of the Board:

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 the Yantis Independent School District (District), as of and for the year ended August 31, 2018, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated December 6, 2018.

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

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

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

Compliance and Other Matters

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

Report on Internal Control – Continued

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.

Rutherford, Taylor & Company PC

December 6, 2018
Greenville, Texas

YANTIS INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COST
YEAR ENDED AUGUST 31, 2018

Financial Statement Findings (Section I)

2018-1

Depository Security

Criteria: Per contract, the District's approved depository bank must provide securities with market value in excess of cash on deposit making adjustments for Federal Deposit Insurance Corporation coverage.

Condition Found: The Depository failed to provide securities to cover the District's cash balance throughout the year.

Questioned Costs/Basis: None

Instances/Universe: The District's deposits were found to be unsecured four periods out of twelve periods reviewed.

Effect: District depository funds are at risk of loss during periods of inadequate security.

Recommendation: The District should request a monthly report from the depository that compares the balances on deposit with the depository with the market value of pledged securities and available FDIC insurance coverage. If amounts are not secured, the depository should provide additional securities to cover the deficit. These monthly reports should be reviewed by the District to ensure appropriate actions are taken by the depository to comply with contractual assurances to secure the District's funds on deposit.

YANTIS INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COST
YEAR ENDED AUGUST 31, 2018

Prior Year Findings (Section II)

NONE

YANTIS INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COST
YEAR ENDED AUGUST 31, 2018

Corrective Action Plans (Section III)

2018-1 Depository Security

The District contacted the depository when identified and the depository covered the deficiency.

YANTIS INDEPENDENT SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED AUGUST 31, 2018

This section of Yantis Independent School District's annual financial report presents our discussion and analysis of the District's financial performance during the year ended August 31, 2018. Please read it in conjunction with the District's basic financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

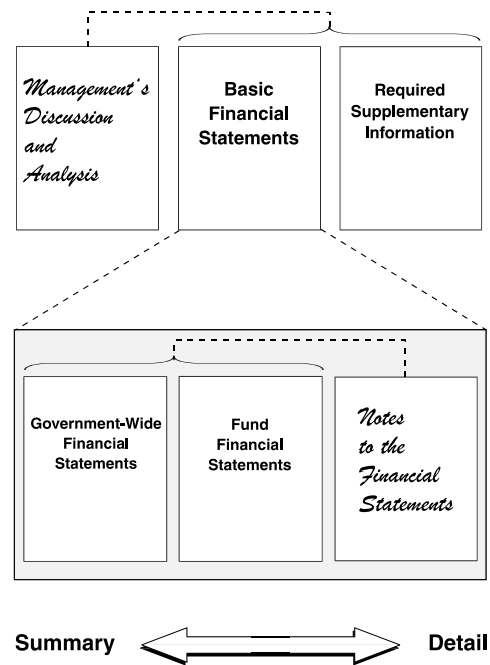
- The District's total combined net position was \$ 2,082,050 at August 31, 2018.
- During the period, the District's expenses were \$ 591,640 less than the \$ 3,671,911 generated in taxes and other revenues for governmental activities.
- The total cost of the District's programs decreased from last year as the District implemented GASB 75 in the current year. The implementation caused a significant reduction for OPEB plan changes which are reflected as decreases to both revenue and expenses.
- The General Fund reported a fund balance this period of \$ 1,721,460.
- The District issued no new debt during the year ended August 31, 2018.

OVERVIEW OF THE FINANCIAL STATEMENTS

This 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.
- Proprietary fund statements offer short- and long-term financial information about the activities the government operates like businesses, such as the print shop.
- 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 resources in question belong.

Figure A-1, Required Components of the District's Annual Financial Report



The basic financial statements also include notes that explain some of the information in the basic financial statements and provide more detailed data. The statements are followed by a section of required supplementary information that further explains and supports the information in the basic financial statements. Figure A-1 shows how the required parts of this annual report are arranged and related to one another.

YANTIS INDEPENDENT SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED AUGUST 31, 2018

Figure A-2. Major Features of the District's Government-wide and Fund Financial Statements

<i>Type of Statements</i>	Fund Statements			
	Government-wide	Governmental Funds	Proprietary Funds	Fiduciary Funds
<i>Scope</i>	Entire Agency's government (except fiduciary funds) and the Agency's component units	The activities of the district that are not proprietary or fiduciary	Activities the district operates similar to private businesses: self insurance	Instances in which the district is the trustee or agent for someone else's resources
<i>Required financial statements</i>	<ul style="list-style-type: none"> • Statement of net assets • Statement of activities 	<ul style="list-style-type: none"> • Balance sheet • Statement of revenues, expenditures & changes in fund balances 	<ul style="list-style-type: none"> • Statement of net assets • Statement of revenues, expenses and changes in fund net assets • Statement of cash flows 	<ul style="list-style-type: none"> • Statement of fiduciary net assets • Statement of changes in fiduciary net assets
<i>Accounting basis and measurement focus</i>	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus	Accrual accounting and economic resources focus
<i>Type of asset/liability information</i>	All assets and liabilities, both financial and capital, short-term and long-term	Only assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets included	All assets and liabilities, both financial and capital, and short-term and long-term	All assets and liabilities, both short-term and long-term; the Agency's funds do not currently contain capital assets, although they can
<i>Type of inflow/outflow information</i>	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and payment is due during the year or soon thereafter	All revenues and expenses during year, regardless of when cash is received or paid	All revenues and expenses during year, regardless of when cash is received or paid

Figure A-2 summarizes the major features of the District's basic financial statements, including the portion of the District government they cover and the types of information they contain. The remainder of this overview section of management's discussion and analysis explains the structure and contents of each of the statements.

GOVERNMENT-WIDE STATEMENTS

The government-wide statements report information about the District as a whole using accounting methods similar to those used by private-sector companies. The statement of net

position includes all of the government's assets and liabilities. All of the current year's revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

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

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

The government-wide financial statements of the District include the governmental activities. Most of the District's basic services are included here, such as instruction, extracurricular activities, curriculum and staff development, health services and general administration. Property taxes and grants finance most of these activities.

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 accounting devices that the District uses to keep track of specific sources of funding and spending for particular purposes.

- Some funds are required by State law and by bond covenants.
- The Board of Trustees establishes other funds to control and manage money for particular purposes or to show that it is properly using certain taxes and grants.

The District has the following kinds of funds:

- Governmental funds—Most of the District's basic services are included in governmental funds, which focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental fund statements provide a detailed short-term view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. Because this information does not encompass the additional long-term focus of the government-wide statements, we provide additional information on the subsequent page that explains the relationship (or differences) between them.

YANTIS INDEPENDENT SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED AUGUST 31, 2018

- **Fiduciary funds**—The District is the trustee, or fiduciary, for certain 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. We exclude these activities from the District's government-wide financial statements because the District cannot use these assets to finance its operations.

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

The District's combined net position were \$ 2,082,050 at August 31, 2018.

Yantis Independent School District's Net Position			Table A-1
	Governmental Activities		Total
	2018	2017	Percentage
			Change
			2017-2018
Assets:			
Cash and Investments	\$ 2,457,695	\$ 2,005,588	22.54%
Other Assets	316,831	547,840	-42.17%
Capital Assets less Accumulated Depreciation	2,419,892	2,635,390	-8.18%
Total Assets	\$ 5,194,418	\$ 5,188,818	0.11%
Total Deferred Outflows of Resources	\$ 382,760	\$ 508,059	-24.66%
Liabilities:			
Current Liabilities	\$ 152,776	\$ 175,732	-13.06%
Long-term Liabilities	2,569,838	1,710,884	50.21%
Total Liabilities	\$ 2,722,614	\$ 1,886,616	44.31%
Total Deferred Inflows of Resources	\$ 772,514	\$ 52,469	1372.32%
Net Position:			
Net Investment in Capital Assets	\$ 1,779,892	\$ 1,834,950	-3.00%
Restricted	730,262	654,109	11.64%
Unrestricted	(428,104)	1,268,733	-133.74%
Total Net Position	\$ 2,082,050	\$ 3,757,792	-44.59%

Approximately \$ 730,262 of the District's restricted net position represent funds held for debt retirement. These funds are restricted for the retirement of tax supported debt. The unrestricted net position represents resources available to fund the programs of the District next year.

CHANGES IN NET POSITION

The District's total revenues were \$ 3,671,911. 86% of the District's revenue comes from local property taxes (See Table A-2). 10% comes from state aid and federal grants, while only 4% relates to charges for services and other miscellaneous revenues including investment earnings.

The total cost of all programs and services was \$ 3,080,271. 46% of these costs are for instruction and instructional related staff and student services.

The District's tax collection percentage rate (current and delinquent base tax only) was 99.76%. The total tax collection percentage rate (base tax and penalty and interest) was 100.91%.

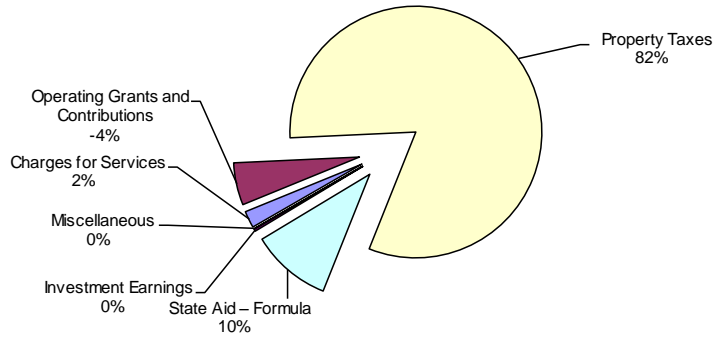
YANTIS INDEPENDENT SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED AUGUST 31, 2018

GOVERNMENTAL ACTIVITIES

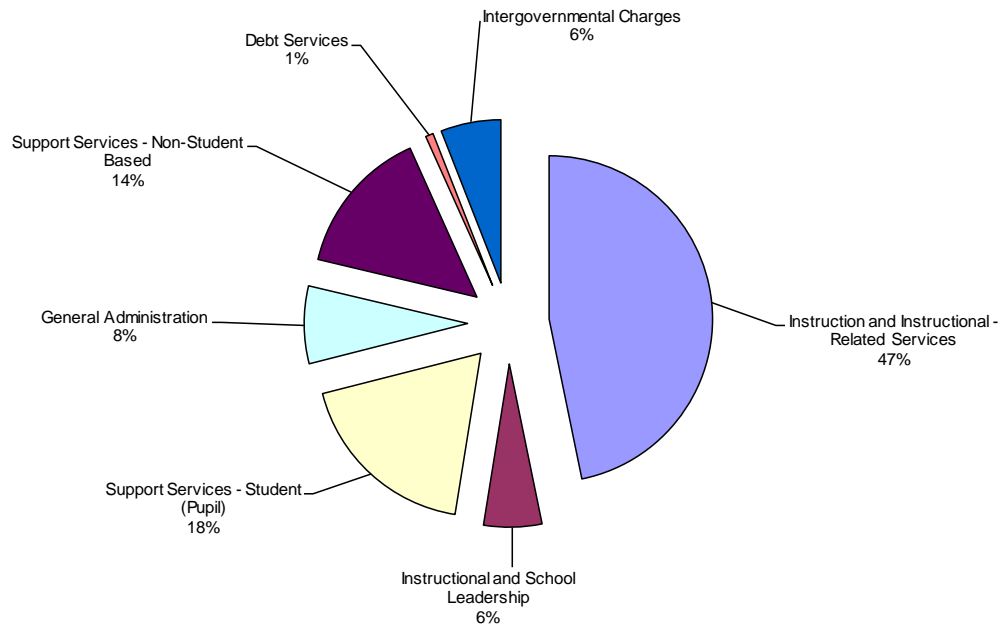
Changes in Yantis Independent School District's Net Position			Table A-2
	Governmental Activities		Total Percentage Change
	2018	2017	2017-2018
Program Revenues:			
Charges for Services	\$ 88,765	\$ 65,306	35.92%
Operating Grants and Contributions	(224,368)	503,699	-144.54%
General Revenues:			
Property Taxes	3,369,935	3,208,625	5.03%
State Aid – Formula	425,178	554,492	-23.32%
Investment Earnings	12,201	23,238	-47.50%
Miscellaneous	200	47,055	-99.57%
Total Revenues	\$ 3,671,911	\$ 4,402,415	-16.59%
Expenses:			
Instruction	\$ 1,417,632	\$ 2,417,177	-41.35%
Instructional Resources and Media Services	18,795	32,545	-42.25%
Curriculum and Staff Development	4,629	4,659	-0.64%
School Leadership	177,058	273,418	-35.24%
Guidance, Counseling and Evaluation Services	25,380	70,738	-64.12%
Health Services	36,421	58,002	-37.21%
Student (Pupil) Transportation	131,213	134,952	-2.77%
Food Services	180,901	244,484	-26.01%
Cocurricular/Extracurricular Activities	195,744	223,132	-12.27%
General Administration	236,681	271,120	-12.70%
Plant Maintenance and Operations	349,424	434,259	-19.54%
Security and Monitoring Services	14,009	15,650	-10.49%
Data Processing Services	85,682	87,806	-2.42%
Debt Service	23,596	27,499	-14.19%
Payments for Shared Service Arrangements	102,491	99,401	3.11%
Other Intergovernmental Charges	80,615	78,423	2.80%
Total Expenses	\$ 3,080,271	\$ 4,473,265	-31.14%
Excess (Deficiency) Before Other Resources, Uses and Transfers	\$ 591,640	\$ (70,850)	935.06%
Increase (Decrease) in Net Position	\$ 591,640	\$ (70,850)	935.06%
Net Position - Beginning (September 1)	\$ 3,757,792	\$ 3,828,642	-1.85%
Prior Period Adjustment	(2,267,382)	-	-100.00%
Net Position - Beginning, as Restated	\$ 1,490,410	\$ 3,828,642	
Net Position - Ending (August 31)	\$ 2,082,050	\$ 3,757,792	-44.59%

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

Sources of Revenue for Fiscal Year 2018 - See Table A-2



Functional Expenses for Fiscal Year 2018 - See Table A-2



YANTIS INDEPENDENT SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED AUGUST 31, 2018

- Table A-3 presents the cost of selected District functions as well as each function's net cost (total cost less fees generated by the activities and intergovernmental aid). The net cost reflects what was funded by state revenues as well as local tax dollars.
- The cost of all governmental activities this period was \$ 3,080,271.
- However, the amount that our taxpayers paid for these activities through property taxes was only \$ 3,369,935.
- Some of the cost was paid by those who directly benefited from the programs, \$ 88,765 or
- By grants and contributions, \$ (224,368).

Yantis Independent School District's Net Cost of Selected District Functions							Table A-3
	<u>Total Cost of Services</u>		<u>% Change</u>	<u>Net Cost of Services</u>		<u>% Change</u>	
	2018	2017		2018	2017		
Instruction	1,417,632	2,417,177	-41.35%	1,629,440	2,125,293	-23.33%	
School Leadership	177,058	273,418	-35.24%	229,132	260,232	-11.95%	
General Administration	236,681	271,120	-12.70%	277,354	261,930	5.89%	
Plant Maintenance and	349,424	434,259	-19.54%	385,156	425,396	-9.46%	
Debt Service	23,596	27,499	-14.19%	17,777	21,921	-18.90%	

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

Revenues in the governmental funds totaled \$ 4,398,373. This represents an increase of \$ 35,882 from the prior year revenues of \$ 4,362,491. This change is due to increased state aid and local revenue.

Expenditures in the governmental funds totaled \$ 4,152,528. This represents a decrease of \$ 80,650 from the prior year expenditures of \$ 4,233,178. The change represents an effort to reduce overall costs in the District.

GENERAL FUND BUDGETARY HIGHLIGHTS

Over the course of the year, the District revised its General Fund budget several times. With these adjustments, actual expenditures were \$ 29,019 below final General Fund budget amounts. The most significant variance resulted in general administration.

Resources available were \$ 135,849 above the final General Fund budgeted amounts. The favorable variance was generally due to better than expected attendance and increased state aid.

YANTIS INDEPENDENT SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED AUGUST 31, 2018

CAPITAL ASSETS AND DEBT ADMINISTRATION

CAPITAL ASSETS

At year end, the District had invested \$ 8,722,845 in a broad range of capital assets, including land, equipment, buildings and vehicles (See Table A-4).

Yantis Independent School District's Capital Assets			Table A-4
	Governmental Activities		Total Percentage Change
	2018	2017	2017-2018
Land	\$ 77,583	\$ 77,583	0.00%
Buildings and Improvements	7,860,350	7,860,350	0.00%
Vehicles	541,855	541,855	0.00%
Equipment	243,057	229,711	5.81%
Totals at Historical Cost	\$ 8,722,845	\$ 8,709,499	0.15%
Total Accumulated Depreciation	(6,302,953)	(6,074,109)	3.77%
Net Capital Assets	<u>\$ 2,419,892</u>	<u>\$ 2,635,390</u>	-8.18%

DEBT

At period-end, the District had \$ 652,009 in debt outstanding as shown in Table A-5. More detailed information about the District's debt is presented in the notes to the basic financial statements.

Bond Ratings -
The District's bonds
presently carry "AAA"

Yantis Independent School District's Debt			Table A-5
	Governmental Activities		Total Percentage Change
	2018	2017	2017-2018
Bonds Payable	\$ 640,000	\$ 785,000	-18.47%
Other Debt Payable	12,009	15,440	-22.22%
Total Debt Payable	<u>\$ 652,009</u>	<u>\$ 800,440</u>	-18.54%

YANTIS INDEPENDENT SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED AUGUST 31, 2018

ECONOMIC FACTORS

The District's property valuation has increased from the prior year with additional new homes and other improvements. Local property tax rates are restricted by state statute, without local elections, to \$ 1.04 for maintenance and operations. The state funding formula was changed to provide state funds to replace the lost local property tax revenue. This change in funding and other legislative changes could impact the District's financial operations, including cash flows.

Student population has remained at a steady historical growth rate in the District. The economic outlook for the area is for growth to be relatively slow, as indicated by property value changes in prior year. Housing has not expanded at the rate of other north central Texas communities. These economic conditions should allow the District to maintain constant funding and staffing levels.

The State has increased funding levels for the 2017-2019 biennium, which will affect the revenue levels of the District. With these increases in funding, the District anticipates monitoring expenditure levels to ensure financial stability remains strong.

A challenge to the State's funding system resulted in the system being held constitutional. Future legislative sessions could produce minor changes to funding for student populations. The legal process ended the challenges by the various interested parties including the State. State funding will continue under the present system until legislative changes occur.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional information, contact Belinda Brown, Business Manager for the District.

BASIC FINANCIAL STATEMENTS

YANTIS INDEPENDENT SCHOOL DISTRICT
STATEMENT OF NET POSITION
AUGUST 31, 2018

Data Control Codes	1
	Governmental Activities
ASSETS	
1110 Cash and Investments	\$ 2,457,695
1225 Property Taxes Receivable, Net	151,718
1240 Due from Other Governments	164,753
1290 Other Receivables, Net	360
Capital Assets:	
1510 Land	77,583
1520 Buildings and Improvement, Net	2,196,123
1530 Furniture and Equipment, Net	146,186
1000 Total Assets	\$ 5,194,418
DEFERRED OUTFLOWS OF RESOURCES	
1701 Deferred Outflows - Refunding	\$ 2,125
1705 Deferred Outflows - Pensions	360,631
1706 Deferred Outflows - OPEB	20,004
1700 Total Deferred Outflows of Resources	\$ 382,760
LIABILITIES	
2110 Accounts Payable	\$ 21,540
2140 Interest Payable	1,003
2165 Accrued Liabilities	127,475
2300 Unearned Revenues	2,758
Noncurrent Liabilities:	
2501 Due within one year	150,000
2502 Due in more than one year	502,009
2540 Net Pension Liability	624,787
2545 Net OPEB Liability	1,293,042
2000 Total Liabilities	\$ 2,722,614
DEFERRED INFLOWS OF RESOURCES	
2605 Deferred Inflows - Pensions	\$ 231,632
2606 Deferred Inflows - OPEB	540,882
2600 Total Deferred Inflows of Resources	\$ 772,514
NET POSITION	
3200 Net Investment in Capital Assets	\$ 1,779,892
Restricted For:	
3850 Debt Service	730,262
3900 Unrestricted	(428,104)
3000 Total Net Position	\$ 2,082,050

The accompanying notes are an integral part of this statement.

YANTIS INDEPENDENT SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
YEAR ENDED AUGUST 31, 2018

Data Control Codes	1	3	4	Net (Expense) Revenue and Changes in Net Position
Functions/Programs	Expenses	Program Revenues		Governmental Activities
		Charges for Services	Operating Grants and Contributions	
Governmental Activities:				
11 Instruction	\$ 1,417,632	\$ -	\$ (211,808)	\$ (1,629,440)
12 Instructional Resources and Media Services	18,795	-	-	(18,795)
13 Curriculum and Staff Development	4,629	-	-	(4,629)
23 School Leadership	177,058	-	(52,074)	(229,132)
31 Guidance, Counseling and Evaluation Services	25,380	-	(5,401)	(30,781)
33 Health Services	36,421	-	(11,569)	(47,990)
34 Student (Pupil) Transportation	131,213	-	(7,914)	(139,127)
35 Food Services	180,901	20,578	161,025	702
36 Co-curricular/Extracurricular Activities	195,744	68,187	(10,891)	(138,448)
41 General Administration	236,681	-	(40,673)	(277,354)
51 Plant Maintenance and Operations	349,424	-	(35,732)	(385,156)
52 Security and Monitoring Services	14,009	-	-	(14,009)
53 Data Processing Services	85,682	-	(15,150)	(100,832)
72 Interest on Long-term Debt	23,246	-	5,819	(17,427)
73 Bond Issuance Costs and Fees	350	-	-	(350)
93 Payments for Shared Service Arrangements	102,491	-	-	(102,491)
99 Other Intergovernmental Charges	80,615	-	-	(80,615)
TG Total Governmental Activities	<u>\$ 3,080,271</u>	<u>\$ 88,765</u>	<u>\$ (224,368)</u>	<u>\$ (3,215,874)</u>
TP Total Primary Government	<u>\$ 3,080,271</u>	<u>\$ 88,765</u>	<u>\$ (224,368)</u>	<u>\$ (3,215,874)</u>
General Revenues:				
MT Property Taxes, Levied for General Purpose				\$ 3,131,288
DT Property Taxes, Levied for Debt Service				238,647
IE Investment Earnings				12,201
GC Grant and Contributions Not Restricted to Specific Programs				425,178
MI Miscellaneous				200
TR Total General Revenues				<u>\$ 3,807,514</u>
CN Change in Net Position				\$ 591,640
NB Net Position - Beginning (September 1)				<u>3,757,792</u>
PA Prior Period Adjustment				\$ (2,267,382)
				<u>1,490,410</u>
NE Net Position - Ending (August 31)				<u>\$ 2,082,050</u>

The accompanying notes are an integral part of this statement.

YANTIS INDEPENDENT SCHOOL DISTRICT
BALANCE SHEET - GOVERNMENTAL FUNDS
AUGUST 31, 2018

Data Control Codes	10 General Fund	50 Debt Service Fund	Other Governmental Funds	98 Total Governmental Funds
ASSETS				
1110 Cash and Investments	\$ 1,709,771	\$ 720,202	\$ 27,722	\$ 2,457,695
1225 Property Taxes Receivable, Net	140,677	11,041	-	151,718
1240 Due from Other Governments	147,952	-	16,801	164,753
1290 Other Receivables	338	22	-	360
1000 Total Assets	<u>\$ 1,998,738</u>	<u>\$ 731,265</u>	<u>\$ 44,523</u>	<u>\$ 2,774,526</u>
LIABILITIES				
Current Liabilities:				
2110 Accounts Payable	\$ 18,491	\$ -	\$ 3,049	\$ 21,540
2150 Payroll Deductions & Withholdings	484	-	-	484
2160 Accrued Wages Payable	115,204	-	9,201	124,405
2200 Accrued Expenses	2,422	-	164	2,586
2300 Unearned Revenues	-	-	2,758	2,758
2000 Total Liabilities	<u>\$ 136,601</u>	<u>\$ -</u>	<u>\$ 15,172</u>	<u>\$ 151,773</u>
DEFERRED INFLOWS OF RESOURCES				
2600 Total Deferred Inflows of Resources	<u>\$ 140,677</u>	<u>\$ 11,041</u>	<u>\$ -</u>	<u>\$ 151,718</u>
FUND BALANCES				
Restricted Fund Balances:				
3480 Retirement of Long-Term Debt	\$ -	\$ 720,224	\$ -	\$ 720,224
3490 Other Restrictions	-	-	200	200
Committed Fund Balance:				
3545 Other Committed Fund Balance	26,566	-	29,151	55,717
3600 Unassigned	1,694,894	-	-	1,694,894
3000 Total Fund Balances	<u>\$ 1,721,460</u>	<u>\$ 720,224</u>	<u>\$ 29,351</u>	<u>\$ 2,471,035</u>
4000 Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 1,998,738</u>	<u>\$ 731,265</u>	<u>\$ 44,523</u>	<u>\$ 2,774,526</u>

The accompanying notes are an integral part of this statement.

YANTIS INDEPENDENT SCHOOL DISTRICT
RECONCILIATION OF THE BALANCE SHEET (GOVERNMENTAL FUNDS)
TO THE STATEMENT OF NET POSITION
AUGUST 31, 2018

Total fund balances - Balance Sheet (governmental funds)	\$	2,471,035
<p>Amounts reported for governmental activities in the statement of net position are different because:</p>		
Capital assets used in governmental activities are not reported in the funds.		2,419,892
Property taxes receivable unavailable to pay for current period expenditures are deferred in the funds.		151,718
Payables for bond principal which are not due in the current period are not reported in the funds.		(640,000)
Payables for bond interest which are not due in the current period are not reported in the funds.		(1,003)
Other long-term liabilities which are not due and payable in the current period are not reported in the funds.		3,431
Other long-term assets are not available to pay for current period expenditures and are deferred in the funds.		2,125
Recognition of the District's proportionate share of the net pension liability is not reported in the funds.		(624,787)
Deferred Resource Inflows related to the pension plan are not reported in the funds.		(231,632)
Deferred Resource Outflows related to the pension plan are not reported in the funds.		360,631
Recognition of the District's proportionate share of the net OPEB liability is not reported in the funds.		(1,293,042)
Deferred Resource Inflows related to the OPEB plan are not reported in the funds.		(540,882)
Deferred Resource Outflows related to the OPEB plan are not reported in the funds.		20,004
Bond premiums are amortized in the SNA but not in the funds.		(15,440)
		(15,440)
Net position of governmental activities - Statement of Net Position	\$	2,082,050

The accompanying notes are an integral part of this statement.

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

Data Control Codes	10 General Fund	50 Debt Service Fund	Other Governmental Funds	98 Total Governmental Funds
REVENUES				
5700 Local and Intermediate Sources	\$ 3,153,900	\$ 238,913	\$ 81,267	\$ 3,474,080
5800 State Program Revenues	590,041	5,819	23,948	619,808
5900 Federal Program Revenues	<u>11,396</u>	<u>-</u>	<u>293,089</u>	<u>304,485</u>
5020 Total Revenues	<u>\$ 3,755,337</u>	<u>\$ 244,732</u>	<u>\$ 398,304</u>	<u>\$ 4,398,373</u>
EXPENDITURES				
Current:				
0011 Instruction	\$ 1,930,415	\$ -	\$ 137,809	\$ 2,068,224
0012 Instructional Resources and Media Services	6,752	-	-	6,752
0013 Curriculum and Staff Development	4,629	-	-	4,629
0023 School Leadership	273,851	-	-	273,851
0031 Guidance, Counseling and Evaluation Services	35,325	-	-	35,325
0033 Health Services	56,005	-	-	56,005
0034 Student (Pupil) Transportation	122,176	-	-	122,176
0035 Food Services	5,335	-	213,499	218,834
0036 Cocurricular/Extracurricular Activities	121,606	-	47,523	169,129
0041 General Administration	315,095	-	-	315,095
0051 Plant Maintenance and Operations	412,396	-	-	412,396
0052 Security and Monitoring Services	859	-	-	859
0053 Data Processing Services	114,219	-	328	114,547
0071 Principal on Long-term Debt	-	145,000	-	145,000
0072 Interest on Long-term Debt	-	26,250	-	26,250
0073 Debt Issuance Cost and Fees	-	350	-	350
0093 Payments for Shared Service Arrangements	102,491	-	-	102,491
0099 Other Intergovernmental Charges	<u>80,615</u>	<u>-</u>	<u>-</u>	<u>80,615</u>
6030 Total Expenditures	<u>\$ 3,581,769</u>	<u>\$ 171,600</u>	<u>\$ 399,159</u>	<u>\$ 4,152,528</u>
1100 Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 173,568</u>	<u>\$ 73,132</u>	<u>\$ (855)</u>	<u>\$ 245,845</u>
OTHER FINANCING SOURCES (USES)				
7915 Transfers In	\$ -	\$ -	\$ 14,021	\$ 14,021
8911 Transfers Out	<u>(14,021)</u>	<u>-</u>	<u>-</u>	<u>(14,021)</u>
7080 Net Other Financing Sources (Uses)	<u>\$ (14,021)</u>	<u>\$ -</u>	<u>\$ 14,021</u>	<u>\$ -</u>
1200 Net Changes in Fund Balances	<u>\$ 159,547</u>	<u>\$ 73,132</u>	<u>\$ 13,166</u>	<u>\$ 245,845</u>
0100 Fund Balances - Beginning (September 1)	<u>1,561,913</u>	<u>647,092</u>	<u>16,185</u>	<u>2,225,190</u>
3000 Fund Balances - Ending (August 31)	<u>\$ 1,721,460</u>	<u>\$ 720,224</u>	<u>\$ 29,351</u>	<u>\$ 2,471,035</u>

The accompanying notes are an integral part of this statement.

YANTIS INDEPENDENT SCHOOL DISTRICT
 RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCE OF GOVERNMENTAL FUNDS
 TO THE STATEMENT OF ACTIVITIES
 YEAR ENDED AUGUST 31, 2018

Net change in fund balances - Total Governmental Funds	\$	245,845
Amounts reported for governmental activities in the statement of activities are different because:		
Capital outlays are not reported as expenses in the SOA.		13,346
The depreciation of capital assets used in governmental activities is not reported in the funds.		(228,844)
Certain property tax revenues are deferred in the funds. This is the change in these amounts this year.		(1,972)
Expenses not requiring the use of current financial resources are not reported as expenditures in the funds.		2,823
Repayment of bond principal is an expenditure in the funds but is not an expense in the SOA.		145,000
(Increase) decrease in accrued interest from beginning of period to end of period.		181
GASB 75 requires certain expenditures to be de-expended and recorded as deferred resource outflow.		19,800
OPEB contributions deferred in the prior year were expended in the current year		(15,418)
Pension expense relating to GASB 75 is recorded in the SOA but not in the funds.		449,080
GASB 68 requires certain expenditures to be de-expended and recorded as deferred resource outflow.		63,519
Pension contributions deferred in the prior year were expended in the current year		(63,758)
Pension expense relating to GASB 68 is recorded in the SOA but not in the funds.		<u>(37,962)</u>
Change in net position of governmental activities - Statement of Activities	\$	<u>591,640</u>

The accompanying notes are an integral part of this statement.

YANTIS INDEPENDENT SCHOOL DISTRICT
 STATEMENT OF FIDUCIARY NET POSITION - FIDUCIARY FUNDS
 AUGUST 31, 2018

Data Control Codes	Agency Fund Student Activity
ASSETS	
1110 Cash and Investments	\$ 24,156
1000 Total Assets	\$ 24,156
LIABILITIES	
2190 Due to Student Groups	\$ 24,156
2000 Total Liabilities	\$ 24,156
NET POSITION	
3000 Total Net Position	\$ -

The accompanying notes are an integral part of this statement.

YANTIS INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEAR ENDED AUGUST 31, 2018

A. Summary of Significant Accounting Policies

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

1. Reporting Entity

The Board of School Trustees (Board), a seven member group, has governance responsibilities over all activities related to public elementary and secondary education within the jurisdiction of the District. The Board is elected by the public and as a body corporate has the exclusive power and duty to govern and oversee the management of the public schools of the District. All powers and duties not specifically delegated by statute to the Texas Education Agency (Agency) or to the State Board of Education are reserved for the Board, and the Agency may not substitute its judgment for the lawful exercise of those powers and duties by the Board. The District is not included in any other governmental "reporting entity" as defined by GASB in its Statement No. 14, "The Financial Reporting Entity." There are no component units included within the reporting entity.

The District receives funding from local, state, and federal government sources and must comply with the requirements of these funding source entities.

2. Basis of Presentation – Basis of Accounting

a. Basis of Presentation

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

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

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

YANTIS INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEAR ENDED AUGUST 31, 2018

A. Summary of Significant Accounting Policies (Continued)

The District reports the following major governmental funds:

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

Debt Service Fund – This fund is used to account for the accumulation of resources for, and the payment of general long-term debt principal, interest and related costs.

In addition, the District reports the following fund types:

Special Revenue Funds – The District accounts for resources restricted to or designated for specific purposes by the District or a grantor in a special revenue fund. Most Federal and some State financial assistance is accounted for in a special revenue fund, and sometimes unused balances must be returned to the grantor at the close of specified project periods. The Board can commit specific types of resources to specific purposes which are included as special revenue funds.

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

b. Measurement Focus – Basis of Accounting

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

Governmental Fund Financial Statements – Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available.

The District considers all revenues reported in the governmental funds to be available if the revenues are collected within sixty days after year-end. Revenues from local sources consist primarily of property taxes. Property tax revenues and revenues received from the State are recognized under the susceptible-to-accrual concept. Miscellaneous revenues are recorded as revenue when received in cash because they are generally not measurable until actually received. Investment earnings are recorded as earned, since they are both measurable and available. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on long-term debt, which are recognized as expenditures to the extent they have matured. Capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of long-term debt and acquisitions under capital lease are reported as other financing sources.

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

YANTIS INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEAR ENDED AUGUST 31, 2018

A. Summary of Significant Accounting Policies (Continued)

3. Budgetary Data

The official budget was prepared for adoption for the general, food service and debt service funds. The following procedures are followed in establishing the budgetary data reflected in the basic financial statements:

- a. Prior to August 20 of the preceding fiscal year, the District prepares a budget for the next succeeding fiscal year beginning September 1.
- b. A meeting of the Board is called for the purpose of adopting the proposed budget with public notice given at least 10 days prior to the meeting.
- c. Prior to the expenditure of funds, the budget is adopted by the Board.

After adoption, the budget may be amended through action by the Board. Budget amendments are approved at the functional expenditure level. All amendments are before the fact and reflected in the official minutes of the Board. Budgets are controlled at the function level by personnel responsible for organizational financial reporting. All budget appropriations lapse at the year end. Budget amendments throughout the year were not significant.

4. Encumbrance Accounting

Encumbrances for goods or purchased services are documented by purchase orders or contracts. Under Texas law, appropriations lapse at August 31, and encumbrances outstanding at that time are to be either canceled or appropriately provided for in the subsequent year's budget. End-of-year outstanding encumbrances that were provided for in the subsequent year's budget are:

General Fund	\$	-0-
Special Revenue Fund		-0-
Debt Service Fund		-0-
Total	\$	-0-

5. Financial Statement Amounts

Cash and Investments

The District pools cash resources of its various funds in order to facilitate the management of cash. Cash applicable to a particular fund is readily identifiable. The balance in the pooled accounts is available to meet current operating requirements. Cash in excess of current requirements is invested in various interest-bearing securities and disclosed as a part of the District's cash and temporary investments.

For the purpose of the statement of cash flows, highly liquid investments are considered to be cash equivalents if they have a maturity of three months or less when purchased.

Inventories

The purchase method is used to account for inventories of school supplies, athletic equipment and food products. Under this method supplies and materials are debited as expenditures when purchased.

YANTIS INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEAR ENDED AUGUST 31, 2018

A. Summary of Significant Accounting Policies (Continued)

Fund Balance

Governmental funds utilize a fund balance presentation for equity. Fund balance is categorized as nonspendable, restricted, committed, assigned or unassigned.

Nonspendable fund balance – represents amounts that cannot be spent because they are either not in spendable form (such as inventory or prepaids) or legally required to remain intact (such as notes receivable or principal of a permanent fund).

Restricted fund balance – represents amounts with external constraints placed on the use of these resources (such as debt covenants, grantors, other governments, etc.) or imposed by enabling legislation. Restrictions may be changed or lifted only with the consent of resource providers.

Committed fund balance – represents amounts that can only be used for specific purposes imposed by a formal action of the District's highest level of decision-making authority, the Board. Committed resources cannot be used for any other purpose unless the Board removes or changes the specific use by taking the same formal action that imposed the constraint originally.

Assigned fund balance – represents amounts the District intends to use for specific purposes as expressed by the Board or an official delegated the authority. The Board has delegated the authority to assign fund balances to the Superintendent.

Unassigned fund balance – represents the residual classification for the general fund or deficit balances in other funds.

In circumstances where an expenditure is to be made for a purpose for which amounts are available in multiple fund balance classifications, the order in which resources will be expended is as follows: restricted fund balance, followed by committed fund balance, assigned fund balance, and lastly, unassigned fund balance.

The following schedule provides information about the specific fund balance classification by fund:

	General	Debt Service	Other Governmental	Total
Restricted:				
Retirement of Long Term Debt	\$ -	\$ 720,224	\$ -	\$ 720,224
Other Restrictions		-	200	200
Committed:				
Campus Activity	-	-	29,151	29,151
Future Budget Deficits	26,566	-	-	26,566
Unassigned	1,694,894	-	-	1,694,894
Totals	<u>\$ 1,721,460</u>	<u>\$ 720,224</u>	<u>\$ 29,351</u>	<u>\$ 2,471,035</u>

Accretion

Accretion is an adjustment of the difference between the price of a bond issued at an original discount and the par value of the bond. For governmental activities debt, the accreted recognized as it accrues by fiscal year.

YANTIS INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEAR ENDED AUGUST 31, 2018

A. Summary of Significant Accounting Policies (Continued)

Capital Assets

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

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

<u>Asset Class</u>	<u>Estimated Useful Lives</u>
Buildings	30
Buildings Improvements	7-10
Vehicles	7-10
Other Equipment	3-10

6. Deferred Outflows and Inflows of Resources

The District implemented GASB Statement Number 68, *Accounting and Financial Reporting for Pensions* and GASB Statement Number 75, *Accounting and Financial Reporting for Postemployment Benefits and Other Pensions*. In addition to assets and liabilities, the government-wide Statement of Net Position and governmental fund Balance Sheet report separate sections for deferred outflows and deferred inflows of resources. Deferred outflows of resources represent a consumption of net position/fund balance that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until then. Deferred inflows of resources represent the acquisition of net position/fund balance that applies to a future period and will not be recognized as inflow of resources (revenue) until that time. The District reports certain deferred inflows and outflows related to pensions on the government-wide Statement of Net Position. At the governmental fund level, earned but unavailable revenue is reported as a deferred inflow of resources. To the extent practical, this change in accounting principle is required to be reported as an adjustment to prior periods.

The District also implemented GASB Statement Number 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*, which amends the transition provisions of GASB 68. GASB 71 requires that, at transition, governments recognize a beginning deferred outflow of resources for pension contributions made subsequent to the measurement date of the beginning Net Pension Liability. Implementation is reflected in the financial statements and the prior period adjustment.

7. Receivable and Payable Balances

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

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

YANTIS INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEAR ENDED AUGUST 31, 2018

A. Summary of Significant Accounting Policies (Continued)

8. Interfund Activities

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

9. Vacation, Sick Leave and Other Compensated Absences

District employees are entitled to certain compensated absences based on their length of employment. Sick leave accrues at various rates established by the State and adopted by the Board of Trustees. Sick leave does not vest but accumulates and is recorded as an expenditure as it is paid.

10. 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. For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Teacher Retirement System of Texas (TRS) and additions to/deductions from TRS's fiduciary net position have been determined on the same basis as they are reported by TRS. For this purpose, 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.

11. Other Post-Employment Benefits

The fiduciary net position of the Teacher Retirement System of Texas (TRS) TRS Care Plan 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 other post-employment benefits, OPEB expenses, 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 term. There are no investments as this a pay-as-you-go plan and all cash is held in a cash account.

12. Use of Estimates

The preparation of financial statements in conformity with GAAP requires the use of management's estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

12. Data Control Codes

Data control codes refer to the account code structure prescribed by the Agency in the *Guide*. The Agency requires the District to display these codes in its financial statements filed with the Agency in order to ensure accuracy in building a statewide database for policy development and funding plans.

YANTIS INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEAR ENDED AUGUST 31, 2018

A. Summary of Significant Accounting Policies (Continued)

13. Accounting System

In accordance with Texas Education Code, Chapter 44, Subchapter A, the District adopted and implemented an accounting system which at least meets the minimum requirements prescribed by the State Board of Education and approved by the State Auditor. The District's accounting system uses codes and the code structure presented in the accounting code section of the *Guide*. Mandatory codes are utilized in the form provided in that section.

B. Deposits, Securities and Investments

The District's funds are deposited and invested under the terms of a depository contract. The contract requires the depository to pledge approved securities in an amount significant to protect the District's day-to-day balances. The pledge is waived only to the extent of the dollar amount of Federal Deposit Insurance Corporation (FDIC) insurance. At year end, all District cash deposits appear to have been covered by FDIC insurance or by pledged collateral held by the District's agent bank in the name of the District. The District's deposits appear to have been properly secured throughout the fiscal period.

The District's investment policies and types of investments are governed by the Public Funds Investment Act. The Act requires specific training, reporting and establishment of local policies. The District appears to have been in substantial compliance with the requirements of the Act.

State statutes and local policy authorize the District to invest in the following types of investment goods:

- a. obligations of the U.S. or its agencies or instrumentalities,
- b. obligations of the State of Texas or its agencies,
- c. obligations guaranteed by the U.S. or State of Texas or their agencies or instrumentalities,
- d. obligations of other states, agencies or political subdivisions having a national investment rating of "A" or greater,
- e. guaranteed or secured certificates of deposit issued by a bank domiciled in the State of Texas, or
- f. fully collateralized repurchase agreements.

District investments include investments in certificates of deposit at local depository. All investments are reported at share price (fair value) and are presented as cash and investments.

The following table identifies the District's investment at year end:

	<u>Credit Risk Rating</u>	<u>Fair Value</u>
Certificates of Deposit	N/A	\$ 484

In addition, the following is disclosed regarding coverage of combined cash balances on the date of highest balance:

- a. Name of bank: City National Bank, Sulphur Springs, Texas.
- b. Amount of bond and/or security pledged as of the date of the highest combined balance on deposit was \$ 4,000,000.
- c. Largest cash, savings and time deposit combined account balances amounted to \$ 3,722,904 and occurred during the month of February 2018.
- d. Total amount of FDIC coverage at the time of the highest combined balance was \$ 500,000.

YANTIS INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEAR ENDED AUGUST 31, 2018

B. Deposits, Securities and Investments (Continued)

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

a. Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The ratings of securities by nationally recognized agencies are designed to give an indication of credit risk. At period end, the District was not significantly exposed to credit risk.

b. Custodial Credit Risk

Deposits are exposed to custodial credit risk if they are not covered by depository insurance and the deposits are uncollateralized, collateralized with securities held by the pledging financial institution, or collateralized with securities held by the pledging financial institution's trust department or agent but not in the District's name.

Investment securities are exposed to custodial risk if the securities are uninsured, are not registered in the name of the government, and are held by either the counterparty or the counterparty's trust department or agent but not in the Districts' name. At August 31, 2018, the District was not exposed to custodial credit risk.

c. Concentration of Credit Risk

This risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. At August 31, 2018, the District was not exposed to concentration of credit risk.

d. Interest Rate Risk

This is the risk that changes in interest rates will adversely affect the fair value of an investment. At August 31, 2018, the District was not exposed to interest rate risk.

e. Foreign Currency Risk

This is the risk that exchange rates will adversely affect the fair value of an investment. At August 31, 2018, the District was not exposed to foreign currency risk.

C. Property Taxes

Property taxes are levied by October 1, in conformity with Subtitle E, Texas Property Tax Code. Taxes are due on receipt of the tax bill and are delinquent if not paid before February 1, of the year following the October 1 levy date. On January 1 of each year, a tax lien attaches to property to secure the payment of all taxes, penalties, and interest ultimately imposed. Property tax revenues are considered available when collected within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period.

Property taxes are prorated between maintenance and debt service based on rates adopted for the year of the levy. Allowances for uncollectibles within the General and Debt Service Funds are based upon historical experience in collecting property taxes. Section 33.05, Property Tax Code, requires the tax collector for the District to cancel and remove from the delinquent tax rolls a tax on real property that has been delinquent for more than 20 years or a tax on personal property that has been delinquent for more than 10 years. Delinquent taxes meeting this criteria may not be canceled if litigation concerning these taxes is pending.

The District levied taxes on property within the District at \$ 1.04 to fund general operations and \$ 0.0782 for the payment of principal and interest on long term debt. The rates were levied on property assessed totaling \$ 298,434,221.

YANTIS INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEAR ENDED AUGUST 31, 2018

D. Capital Assets

Capital asset activity during the year was as follows:

	Beginning Balance	Increases	Decreases	Ending Balances
<u>Governmental Activities</u>				
Capital Assets not Being Depreciated:				
Land	\$ 77,583	\$ -	\$ -	\$ 77,583
Total Capital Assets not being Depreciated	\$ 77,583	\$ -	\$ -	\$ 77,583
Capital Assets being Depreciated:				
Building and Improvements	\$ 7,860,350	\$ -	\$ -	\$ 7,860,350
Equipment	229,711	13,346	-	243,057
Vehicles	541,855	-	-	541,855
Total Capital Assets being Depreciated	\$ 8,631,916	\$ 13,346	\$ -	\$ 8,645,262
Less Accumulated Depreciation for :				
Buildings and Improvements	\$ 5,475,785	\$ 188,442	\$ -	\$ 5,664,227
Equipment	137,452	19,965	-	157,417
Vehicles	460,872	20,437	-	481,309
Total Accumulated Depreciation	\$ 6,074,109	\$ 228,844	\$ -	\$ 6,302,953
Total Capital Assets being Depreciated, Net	\$ 2,557,807	\$ (215,498)	\$ -	\$ 2,342,309
Governmental Activities Capital Assets, Net	\$ 2,635,390	\$ (215,498)	\$ -	\$ 2,419,892

Depreciation was charged to governmental activities functions as follows:

Instruction	\$ 91,891
Instructional Resources and Media Services	1,545
School Leadership	6,073
Guidance, Counseling and Evaluation Services	4,529
Health Services	1,545
Student (Pupil) Transportation	22,975
Food Services	18,889
Co-curricular/Extracurricular Activities	53,825
General Administration	3,071
Plant Maintenance and Operations	9,913
Security	13,150
Data Processing	1,438
Total	\$ 228,844

YANTIS INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEAR ENDED AUGUST 31, 2018

E. Long Term Obligations

Long-Term Obligation Activity

Long-term obligation activity during the year was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance	Amounts Due Within One Year
<u>Governmental Activities:</u>					
General Obligation Bonds	\$ 785,000	\$ -	\$ 145,000	\$ 640,000	\$ 150,000
Bond Premium (Discount)	15,440	-	3,431	12,009	-
Total Governmental Activities	<u>\$ 800,440</u>	<u>\$ -</u>	<u>\$ 148,431</u>	<u>\$ 652,009</u>	<u>\$ 150,000</u>

Bonds

The District has issued various series of general obligation bonds to fund facility construction and improvements. Bonds mature at various times with varying rates of interest. The bonds issued require the District to levy an ad valorem tax annually to retire the current maturities.

Bonds outstanding at year end are as follows:

Description	Interest Rate	Original Amount	Outstanding Balance
Unlimited Tax School Refunding Bonds, Series 2011	3.01%	\$ 1,534,999	\$ 640,000

Debt service requirements for bonded indebtedness at year end are as follows:

Year Ending August 31	Principal	Interest	Total Requirements
2019	\$ 150,000	\$ 21,450	\$ 171,450
2020	155,000	16,113	171,113
2021	165,000	10,100	175,100
2022	170,000	3,400	173,400
Totals	<u>\$ 640,000</u>	<u>\$ 51,063</u>	<u>\$ 691,063</u>

F. Pension Plan

1. Plan Description

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

YANTIS INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEAR ENDED AUGUST 31, 2018

F. Pension Plan (Continued)

2. *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 percent (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 post-employment benefit changes; including automatic COLAs. Ad hoc post-employment benefit changes, including ad hoc COLAs can be granted by the Texas Legislature as noted in the Plan description in (1) above.

3. *Contributions*

Contribution requirements are established or amended pursuant to Article 16, section 67 of the Texas Constitution which requires the Texas legislature to establish a member contribution rate of not less than 6% of the member's annual compensation and a state contribution rate of not less than 6% and not more than 10% of the aggregate annual compensation paid to members of the system during the fiscal year. Texas Government Code section 821.006 prohibits benefit improvements, if as a result of the particular action, the time required to amortize TRS' unfunded actuarial liabilities would be increased to a period that exceeds 31 years, or, if the amortization period already exceeds 31 years, the period would be increased by such action.

Employees' contribution rates are set in state statute, Texas Government Code 825.402. Senate Bill 1458 of the 83rd Texas Legislature amended Texas Government Code 825.402 for member contributions and established employee contribution rates for fiscal years 2014 thru 2017. The 83rd Texas Legislature, General Appropriations Act (GAA) established the employer contribution rates for fiscal years 2014 and 2015. The 84th Texas Legislature, General Appropriations Act (GAA) established the employer contribution rates for fiscal years 2017 and 2018.

Contribution Rates

	<u>2017</u>	<u>2018</u>
Member	7.7%	7.7%
Non-Employer Contributing Entity (State)	6.8%	6.8%
Employers	6.8%	6.8%
2018 Employer Contributions	\$	63,758
2018 Member Contributions	\$	173,365
2017 NECE On-Behalf Contributions	\$	141,914

YANTIS INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEAR ENDED AUGUST 31, 2018

F. Pension Plan (Continued)

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

As the non-employer contributing entity for public education and junior colleges, the State of Texas contributes to the retirement system an amount equal to the current employer contribution rate times the aggregate annual compensation of all participating members of the pension trust fund during that fiscal year reduced by the amounts described below which are paid by the employers. Employers are required to pay the employer contribution rate in the following instances:

On the portion of the member's salary that exceeds the statutory minimum for members entitled to the statutory minimum under Section 21.402 of the Texas Education Code.

During a new member's first 90 days of employment.

When any part or all of an employee's salary is paid by federal funding sources, a privately sponsored source, from non-educational and general, or local funds.

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

When employing a retiree of the Teacher Retirement System the employer shall pay both the member contribution and the state contribution as an employment after retirement surcharge.

When a school district or charter school does not contribute to the Federal Old-Age, Survivors and Disability Insurance (OASDI) Program for certain employees, they must contribute 1.5% of the state contribution rate for certain instructional or administrative employees; and 100% of the state contribution rate for all other employees.

4. *Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions*

At August 31, 2018, the District reported a liability of \$ 624,787 for its proportionate share of the TRS's net pension liability. This liability reflects a reduction for State pension support provided to the District. The amount recognized by the District as its proportionate share of the net pension liability, the related State support, and the total portion of the net pension liability that was associated with the District were as follows:

District's proportionate share of the collective net pension liability	\$ 624,787
State's proportionate share that is associated with the District	<u>1,387,429</u>
Total	<u>\$ 2,012,216</u>

The net pension liability was measured as of August 31, 2017 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The employer's proportion of the net pension liability was based on the employer's contribution to the pension plan relative to the contributions of all employers to the plan for the period September 1, 2016 thru August 31, 2017.

At August 31, 2017 the employer's proportion of the collective net pension liability was 0.0019540086% which was a decrease of 0.0004553052% from its proportion measured as of August 31, 2016.

YANTIS INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEAR ENDED AUGUST 31, 2018

F. Pension Plan (Continued)

Changes Since the Prior Actuarial Valuation

There were no changes to the actuarial assumptions or other inputs that affected measurement of the total pension liability since the prior measurement period. There were no changes of benefit terms that affected measurement of the total pension liability during the measurement period.

For the year ended August 31, 2018, the District recognized pension expense of \$ 207,548 and revenue of \$ 105,828 for support provided by the State.

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

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual actuarial experience	\$ 9,141	\$ 33,694
Changes of actuarial assumptions	28,460	16,293
Differences between projected and actual investment earnings	-	45,533
Changes in proportion and differences between the employer's contributions and the proportionate share of contributions	<u>259,511</u>	<u>136,112</u>
Total as of August 31, 2017 measurement date	\$ 297,112	\$ 231,632
Contributions paid to TRS subsequent to the measurement date	<u>63,519</u>	<u>-</u>
Total as of fiscal year end	<u>\$ 360,631</u>	<u>\$ 231,632</u>

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

<u>Fiscal Year Ending</u>	<u>Amount</u>
<u>August 31</u>	
2019	\$ 18,843
2020	58,725
2021	15,778
2022	1,743
2023	(11,289)
Thereafter	(18,320)

5. *Actuarial Assumptions*

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

Valuation Date	August 31, 2017
Actuarial Cost Method	Individual Entry Age Normal
Asset Valuation Method	Market Value
Single Discount Rate	8.00%
Long-term Expected Investment Rate of Return	8.00%
Inflation	2.50%
Salary Increases Including Inflation	3.50% to 9.50%
Payroll Growth Rate	2.50%
Benefit Changes During the Year	None
Ad hoc Post-Employment Benefit Changes	None

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

YANTIS INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEAR ENDED AUGUST 31, 2018

F. Pension Plan (Continued)

6. *Discount Rate*

The discount rate used to measure the total pension liability was 8.0%. There was no change in the discount rate since the previous year. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and those of the contributing employers and the non-employer contributing entity are made at the statutorily required rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. The long-term rate of return on pension plan investments is 8%. The long-term expected rate of return on pension plan investments was determined using a building block method in which best-estimates ranges future real rates of return (expected returns, net 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 the Systems target asset allocation as of August 31, 2017 are summarized below:

Asset Class	Target Allocation	Long-Term Expected Geometric Real Rate of Return	Expected Contribution to Long-Term Portfolio Returns *
Global Equity			
U.S.	18%	4.6%	1.0%
Non-U.S. Developed	13%	5.1%	0.8%
Emerging Markets	9%	5.9%	0.7%
Directional Hedge Funds	4%	3.2%	0.1%
Private Equity	13%	7.0%	1.1%
Stable Value			
U.S. Treasuries	11%	0.7%	0.1%
Absolute Return	0%	1.8%	0.0%
Stable Value Hedge Funds	4%	3.0%	0.1%
Cash	1%	-0.2%	0.0%
Real Return			
Global Inflation Linked Bonds	3%	0.9%	0.0%
Real Assets	16%	5.1%	1.1%
Energy and Natural Resources	3%	6.6%	0.2%
Commodities	0%	1.2%	0.0%
Risk Parity			
Risk Parity	5%	6.7%	0.3%
Inflation Expectation			2.2%
Alpha			1.0%
Total	<u>100%</u>		<u>8.7%</u>

* The expected contribution to returns incorporates the volatility drag resulting from the conversion between arithmetic and geometric mean returns.

YANTIS INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEAR ENDED AUGUST 31, 2018

F. Pension Plan (Continued)

7. *Discount Rate Sensitivity Analysis*

The following presents the District's share of the net pension liability of the plan using the discount rate of 8%, as well as what the District's share of the net pension liability would be if it were calculated using a discount rate that is 1 – percentage point lower (7%) or 1 – percentage point higher (9%) than the current rate:

	1% Decrease in Discount Rate	Discount Rate	1% Increase in Discount Rate
District's proportionate share of the net pension liability	\$ 1,053,267	\$ 624,787	\$ 268,007

8. *Pension Plan Fiduciary Net Position*

Detailed information about the Teacher Retirement System's fiduciary net position is available in a separately-issued Comprehensive Annual Financial Report that includes financial statements and required supplementary information. That report may be obtained on the Internet at <http://www.trs.state.tx.us/about/documents/cafr.pdf#CAFR>; by writing to TRS at 1000 Red River Street, Austin, TX 78701-2698; or by calling (512) 542-6592. The information provided in the Notes to the Financial Statements in the 2016 Comprehensive Annual Financial Report for TRS provides the following information regarding the Pension Plan fiduciary net position as of August 31, 2017 and 2016.

Net Pension Liability	August 31, 2017	August 31, 2016
Total Pension Liability	\$ 179,336,534,819	\$ 171,797,150,487
Less: Plan Fiduciary Net Position	<u>(147,361,922,120)</u>	<u>(134,008,637,473)</u>
Net Pension Liability	<u>\$ 31,974,612,699</u>	<u>\$ 37,788,513,014</u>
Net Position as percentage of Total Pension Liability	82.17%	78.00%

G. Defined Other Post-Employment Benefit Plans

1. *Plan Description*

The employer participates in the Texas Public School Retired Employees Group Insurance Program (TRS Care). It is a multiple-employer, cost-sharing defined Other Post-Employment Benefit (OPEB) plan that has a special funding situation. The plan is administered through a trust by the Teacher Retirement System of Texas (TRS) Board of Trustees. It is established and administered in accordance with the Texas Insurance Code, Chapter 1575.

2. *OPEB Plan Fiduciary Net Position*

Detail Information about the TRS-Care's fiduciary net position is available in the separately-issued TRS Comprehensive Annual Financial Report that includes financial statements and required supplementary information. That report may be obtained on the internet at <http://www.trs.state.tx.us/about/documents/cafr/pdf#CAFR>; by writing to TRS at 1000 Red River Street, Austin, TX 78701-2698; or by calling (512) 542-6592.

YANTIS INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEAR ENDED AUGUST 31, 2018

G. Defined Other Post-Employment Benefit Plans (Continued)

3. *Benefits Provided*

TRS-Care provides a basic health insurance coverage (TRS-Care 1), at no cost to all retirees from public schools, charter schools, regional education service centers and other educational districts who are members of the TRS pension plan. Optional dependent coverage is available for an additional fee.

Eligible retirees and their dependents not enrolled in Medicare may pay premiums to participate in one of two optional insurance plans with more comprehensive benefits (TRS-Care 2 and TRS-Care 3). Eligible retirees and dependents enrolled in Medicare may elect to participate in one of the two Medicare health plans for an additional fee. To qualify for TRS-Care coverage, a retiree must have at least 10 years of service credit in the TRS pension system. The Board of Trustees is granted the authority to establish basic and optional group insurance coverage for participants as well as to amend benefit terms as needed under Chapter 1575.052. There are no automatic post-employment benefit changes; including automatic COLAs

The premium rates for the optional health insurance are based on years of service of the member. The schedule below shows the monthly rates for the average retiree with Medicare Parts A&B coverage, with 20 to 29 years of service for the basic plan and the two optional plans.

TRS-Care Plan Premium Rates			
Effective Sept. 1, 2016 - Dec. 31, 2017			
	TRS-Care 1 Basic Plan	TRS-Care 2 Optional Plan	TRS-Care 3 Optional Plan
Retiree *	\$ -	\$ 70	\$ 100
Retiree and Spouse	20	175	255
Retiree * and Children	41	132	182
Retiree and Family	61	237	337
Surviving Children only	28	62	82

* or surviving spouse

4. *Contributions*

Contribution rates for the TRS-Care plan are established in state statute by the Texas Legislature, and there is no continuing obligation to provide benefits beyond each fiscal year. The TRS-Care plan 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 of trustees does not have the authority to set or amend contribution rates.

YANTIS INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEAR ENDED AUGUST 31, 2018

G. Defined Other Post-Employment Benefit Plans (Continued)

Texas Insurance Code, section 1575.202 establishes the state's contribution rate which is 1.0% of the employee's salary. Section 1575.203 establishes the active employee's rate which is 0.65% of pay. Section 1575.204 establishes an employer contribution rate of not less than 0.25% or not more than 0.75% of the salary of each active employee of the public. The actual employer contribution rate is prescribed by the Legislature in the General Appropriations Act. The following table shows contributions to the TRS-Care plan by type of contributor.

Contribution Rates

	<u>2017</u>	<u>2018</u>
Active Employee	0.65%	0.65%
Non-Employer Contributing Entity (State)	1.00%	1.25%
Employers	0.55%	0.75%
Federal/Private Funding remitted by Employers	1.00%	1.25%
2018 Employer Contributions	\$ 19,800	
2018 Member Contributions	\$ 14,635	
2017 NECE On-Behalf Contributions	\$ 23,935	

In addition to the employer contributions listed above, there is an additional surcharge all TRS employers are subject to (regardless of whether or not they participate in the TRS Care OPEB program). When employers hire a TRS retiree, they are required to pay to TRS Care, a monthly surcharge of \$ 535 per retiree.

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

5. *Actuarial Assumptions*

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

The following assumptions and other inputs used for members of TRS-Care are identical to the assumptions used in the August 31, 2017 TRS pension actuarial valuation:

Rates of Mortality	General Inflation
Rates of Retirement	Wage Inflation
Rates of Termination	Expected Payroll Growth
Rates of Disability Incidence	

YANTIS INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEAR ENDED AUGUST 31, 2018

G. Defined Other Post-Employment Benefit Plans (Continued)

Additional Actuarial Methods and Assumptions:

Valuation Date	August 31, 2017
Actuarial Cost Method	Individual Entry Age Normal
Inflation	2.50%
Discount Rate	3.42%
Aging Factors	Based on pan specific experience
	Third-party administrative expenses related to the delivery of health care benefits are included in the age- adjusted claims costs.
Expenses	
Payroll Growth Rate	2.50%
Projected Salary Increases	3.50% to 9.50%
Healthcare Trend Rates	4.50% to 12.00%
	Normal Retirement: 70% participation prior to age 65 and 75% participation after age 65
Election Rates	65
Ad hoc post-employment benefit changes	None

Other Information: There was a significant plan change adopted in fiscal year ending August 31, 2017. Effective January 1, 2018, only one health plan option will be offered and all retirees will be required to contribute monthly premiums for coverage. Assumption changes made for the August 31, 2017 valuation include a change to the assumption regarding the phase out of the Medicare Part D subsidies and a change to the discount rate from 2.98% as of August 31, 2016 to 3.42% as of August 31, 2017.

6. *Discount Rate*

A single discount rate of 3.42% was used to measure the total OPEB liability. There was a change of 0.44% in the discount rate since the previous year. Because the plan is essentially a “pay-as-you-go” plan, 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 non-employer contributing entity are made at the statutorily required rates. Based on those assumptions, the OPEB plan’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 was Fixed-income municipal bonds with 20 years to maturity that include only federally tax-exempt municipal bonds as reported in Fidelity Index’s “20-year Municipal GO AA Index” as of August 31, 2017.

7. *Discount Rate Sensitivity Analysis*

The following schedule shows the impact of the Net OPEB Liability if the discount rate used was 1% greater than the discount rate that was used (3.42%) in measuring the Net OPEB Liability.

	1% Decrease in Discount Rate	Discount Rate	1% Increase in Discount Rate
District’s proportionate share of the net OPEB liability	\$ 1,526,110	\$ 1,293,042	\$ 1,105,707

YANTIS INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEAR ENDED AUGUST 31, 2018

G. Defined Other Post-Employment Benefit Plans (Continued)

8. *Healthcare Cost Trend Rates Sensitivity Analysis*

The following presents the net OPEB liability of the plan using the assumed healthcare cost trend rate, as well as what the net OPEB liability would be if it were calculated using a trend rate that is one-percentage point lower or one-percentage point higher than the assumed healthcare cost trend rate.

	1% Decrease	Current Healthcare Cost Trend Rate	1% Increase
District's proportionate share of the net OPEB liability	\$ 1,076,587	\$ 1,293,042	\$ 1,577,059

9. *OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEBs*

At August 31, 2018 the District reported a liability of \$ 1,293,042 for its proportionate share of the TRS'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	\$ 1,293,042
State's proportionate share that is associated with the District	<u>2,001,991</u>
Total	<u>\$ 3,295,033</u>

The Net OPEB Liability was measured as of August 31, 2017 and the Total OPEB Liability used to calculate the Net OPEB Liability was determined by an actuarial valuation as of that date. The employer's proportion of the Net OPEB Liability was based on the employer's contribution to the OPEB plan relative to the contributions of all employers to the plan for the period September 1, 2016 thru August 31, 2017.

At August 31, 2017 the employer's proportion of the collective Net OPEB Liability was 0.0029734500%. Since this is the first year of implementation, the District does not have the proportion measured as of August 31, 2016. The Notes to the Financial Statements for August 31, 2017 for TRS stated that the change in proportion was immaterial and, therefore, disregarded this year.

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

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

For the year ended August 31, 2018, the District recognized OPEB expense of \$ (1,103,581) and revenue of \$ (669,919) for support provided by the State

YANTIS INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEAR ENDED AUGUST 31, 2018

G. Defined Other Post-Employment Benefit Plans (Continued)

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

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual actuarial experience	\$ -	\$ 26,993
Changes in actuarial assumptions	-	513,889
Difference between projected and actual investment earnings	196	-
Changes in proportion and difference between the employer's contributions and the proportionate share of contributions	<u>8</u>	<u>-</u>
Total as of August 31, 2017 measurement date	\$ 204	\$ 540,882
Contributions paid to TRS subsequent to the measurement date	<u>19,800</u>	<u>-</u>
Total at fiscal year end	<u>\$ 20,004</u>	<u>\$ 540,882</u>

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

<u>Fiscal Year Ending August 31</u>	<u>Amount</u>
2019	\$ (71,342)
2020	(71,342)
2021	(71,342)
2022	(71,342)
2023	(71,393)
Thereafter	(183,917)

H. Risk Management

Health Care

During the year, employees of the District were covered by a health insurance plan (the Plan). The District paid premiums of \$ 233 per month per employee and employees, at their option, authorized payroll withholdings to provide dependents coverage under the Plan. All premiums were paid to Teacher Retirement System of Texas (Aetna). The Plan was authorized by Article 3.51-2, Texas Insurance Code and was documented by contractual agreement.

The contract between the Yantis Independent School District and Teacher Retirement System of Texas (Aetna) is renewable September 1 of each year and terms of coverage and premium costs are included in the contractual provisions.

Latest financial statements for Aetna are available for the year ended December 31, 2017 and have been filed with the Texas State Board of Insurance, Austin, Texas, and are public records.

YANTIS INDEPENDENT SCHOOL DISTRICT
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 YEAR ENDED AUGUST 31, 2018

H. Risk Management

Unemployment Compensation Pool

During the year, 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 each month 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 Unemployment Compensation pool.

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

Other 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; injuries to employees; and natural disasters. During fiscal year 2018, the District purchased commercial insurance to cover these liabilities. There were not significant reductions in coverage in the past fiscal year, and there were no settlements exceeding insurance coverage for each of the past three fiscal years.

I. Litigation

The District does not appear to be involved in any litigation as of year end.

J. Commitments and Contingencies

The District participates in numerous state and federal grant programs which are governed by various rules and regulations of the grantor agencies. Costs charged to the respective grant programs are subject to audit and adjustment by the grantor agencies; therefore, to the extent that the District has not complied with the rules and regulations governing the grants, if any, refunds of any money received may be required and the collectability of any related receivable at August 31, 2018, may be impaired. In the opinion of the District, there are no significant contingent liabilities relating to compliance with the rules and regulations governing the respective grants; therefore, no provision has been recorded in the accompanying combined financial statements for such contingencies.

K. Interfund Balances and Activities

Interfund Transfers In (Out)

The composition of interfund transfers during the year are as follows:

<u>Transfers To</u>	<u>Transfers From</u>	<u>Amount</u>
Food Service Fund	General Fund	\$ 14,021

YANTIS INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEAR ENDED AUGUST 31, 2018

L. Shared Service Arrangements

The District participates in cooperative programs with other local districts. The District does not account for revenue or expenditures of these programs and does not disclose them in these financial statements.

<u>Shared Service Agreement</u>	<u>Fiscal Agent</u>	<u>Service</u>
Wood County Special Education SSA	Mineola Independent School District	Special Education
Alternative Education SSA	North Hopkins Independent School District	Alternative Education

M. Revenue from Local and Intermediate Sources

During the year, the District received revenue from local and intermediate sources consisting of the following:

	General	Debt Service	Other Governmental	Total
Property Tax Collections	\$ 3,136,101	\$ 235,807	\$ -	\$ 3,371,908
Investment Income	9,095	3,106	-	12,201
Gifts and Bequests	-	-	1,005	1,005
Food Service Income	-	-	20,579	20,579
Extracurricular Activities	8,704	-	59,483	68,187
Other	-	-	200	200
Total	\$ 3,153,900	\$ 238,913	\$ 81,267	\$ 3,474,080

N. Receivables

Receivables at year end, for the District's individual major funds and aggregate nonmajor funds, including any applicable allowances for uncollectible accounts are as follows:

	General	Debt Service	Other Governmental	Total
Due from Other Governments	\$ 352,116	\$ -	\$ 16,801	\$ 368,917
Property Taxes	156,308	12,268	-	168,576
Less Allowance for Uncollectible Property Taxes	(15,631)	(1,227)	-	(16,858)
Total	\$ 492,793	\$ 11,041	\$ 16,801	\$ 520,635

O. Subsequent Events

The District's management has evaluated subsequent events through December 6, 2018, the date which the financial statements were available for use.

YANTIS INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEAR ENDED AUGUST 31, 2018

P. State Aid Reconciliation

The State provides various types of funding for local school districts as provided for in state statute. The following reconciliation presents funding earned by the District in each category presented. Because of the State's delay in reconciling the funding to local districts, the summary below represents an estimate of earnings. The settle-up with the State will occur some 9 to 10 months following the fiscal year end.

Funding is earned for: 1) Available – annual allocation based on prior year enrollment; 2) Foundation – annual allocation based on student attendance, property tax collections and valuations, and special student population; 3) Instructional Facilities Allotment – based on property wealth; and 4) Existing Debt Allotment – based on eligible debt, student attendance and property wealth. Various other sources are received but not reconciled here as these are the major sources of funding.

	Available	Foundation	IFA	EDA
CY Summary of Finances (SOF)	\$ 71,067	\$ 507,156	Not	\$ 5,819
August Instructional Days Change	6,320	1,828	Eligible	-
Prior Period Settle-ups	-	41,299		-
Financial Statement Earnings	<u>\$ 77,387</u>	<u>\$ 550,283</u>	<u>\$ -</u>	<u>\$ 5,819</u>
Financial Statement Classifications:				
SOF Receivable (Overpayment) *	\$ -	\$ 133,142	\$ -	\$ -
August Instructional Days Receivable	7,963	6,847	-	-

* Overpayments are reported as Unearned Revenue in the government-wide Statements and Unearned Revenue in the governmental fund type financial statements.

Q. Change in Accounting Principles

Statement 75, Accounting and Financial Reporting for Postemployment Benefits and Other Pensions.

The Statement addresses accounting and reporting for postemployment benefits other than pensions (OPEB). Various standards for recognizing measuring and reporting liabilities, deferred outflows and deferred inflows are implemented to achieve the financial accounting and reporting objectives. Note disclosures and other required supplemental information were expanded to provide additional insight into the financial implications of the OPEB.

Statement 85, Omnibus 2017

The Statement addresses a variety of technical corrections to previously issued statements that were identified during the implementation of the standards. Included are amendments to GASB Statement 75 that enhance the financial reporting required.

R. Prior Period Adjustments

Government-wide Financial Statements

The increase in net assets identified on Exhibit B-1 includes the following corrections of errors in prior periods or changes related to implementations of new accounting standards:

Implementation of GASB 75 <i>Accounting and Financial Reporting for Post Employment Benefits and Other Pension</i> relating to retiree healthcare benefits decreased beginning net assets	\$ (2,267,382)
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YANTIS INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEAR ENDED AUGUST 31, 2018

S. Negative Operating Grants and Contributions – Statement of Activities

Expense activity is required to be recorded by districts who are participants in cost-sharing pension and OPEB benefit plans with a special funding situation where non-employer contributing entities (NECE) also participate in contributions to the plans. TRS-retirement and TRS-care benefit plans are both cost-sharing plans with special funding situations. Therefore, on-behalf expense activity of the NECE must be recorded at the government-wide level of reporting on the Statement of Activities in accordance with GASB 68 and 75.

During the year under audit, the NECE expense was negative due to changes in benefits within the TRS-care plan. The accrual for the proportionate share of that expense was a negative on-behalf revenue and negative on-behalf expense. This resulted in negative revenue for operating grants and contributions on the Statement of Activities. According to guidance provided directly from GASB, this is the correct reporting.

	Operating Grants and Contributions	Negative On-Behalf Accruals	Operating Grants and Contributions (excluding on-behalf accruals)
11 - Instruction	\$ (211,808)	\$ (431,845)	\$ 220,037
23 - School Leadership	(52,074)	(62,524)	10,450
31 - Guidance, Counseling and Evaluation Services	(5,401)	(6,485)	1,084
32 - Social Work Services	(11,569)	(13,890)	2,321
33 - Health Services	(7,914)	(9,502)	1,588
34 - Student (Pupil) Transportation	161,025	(21,461)	182,486
35 - Food Services	(10,891)	(14,284)	3,393
36 - Extracurricular Activities	(40,673)	(48,835)	8,162
41 - General Administration	(35,732)	(42,902)	7,170
52 - Security and Monitoring Services	(15,150)	-	(15,150)
53 - Data Processing Services	5,819	(18,191)	24,010
	<u>\$ (224,368)</u>	<u>\$ (669,919)</u>	<u>\$ 445,551</u>

T. Compliance, Stewardship, and Accountability

Expenditures over Appropriations

The following individual funds incurred expenditures in excess of appropriations at functional expenditure level

	Budget	Actual	Excess
General Fund:			
Instruction	\$ 1,912,705	\$ 1,930,415	\$ 17,710
Health Services	55,888	56,005	117
Food Services	-	5,335	5,335

REQUIRED SUPPLEMENTARY INFORMATION

YANTIS INDEPENDENT SCHOOL DISTRICT
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
YEAR ENDED AUGUST 31, 2018

Data Control Codes	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)	
	Original	Final			
REVENUES					
5700	Local and Intermediate Sources	\$ 3,164,189	\$ 3,164,189	\$ 3,153,900	\$ (10,289)
5800	State Program Revenues	443,563	443,563	590,041	146,478
5900	Federal Program Revenues	11,736	11,736	11,396	(340)
5020	Total Revenues	\$ 3,619,488	\$ 3,619,488	\$ 3,755,337	\$ 135,849
EXPENDITURES					
Instruction and Instructional Related Services:					
0011	Instruction	\$ 1,984,575	\$ 1,912,705	\$ 1,930,415	\$ (17,710)
0012	Instructional Resources and Media Services	10,055	10,055	6,752	3,303
0013	Curriculum and Staff Development	9,722	9,112	4,629	4,483
	Total Instruction and Instr. Related Services	<u>\$ 2,004,352</u>	<u>\$ 1,931,872</u>	<u>\$ 1,941,796</u>	<u>\$ (9,924)</u>
Instructional and School Leadership:					
0023	School Leadership	\$ 275,065	\$ 282,826	\$ 273,851	\$ 8,975
	Total Instructional and School Leadership	<u>\$ 275,065</u>	<u>\$ 282,826</u>	<u>\$ 273,851</u>	<u>\$ 8,975</u>
Support Services - Student (Pupil):					
0031	Guidance, Counseling and Evaluation Services	\$ 2,471	\$ 38,121	\$ 35,325	\$ 2,796
0033	Health Services	55,888	55,888	56,005	(117)
0034	Student (Pupil) Transportation	113,321	122,366	122,176	190
0035	Food Services	-	-	5,335	(5,335)
0036	Cocurricular/Extracurricular Activities	133,138	127,817	121,606	6,211
	Total Support Services - Student (Pupil)	<u>\$ 304,818</u>	<u>\$ 344,192</u>	<u>\$ 340,447</u>	<u>\$ 3,745</u>
Administrative Support Services:					
0041	General Administration	\$ 328,429	\$ 332,419	\$ 315,095	\$ 17,324
	Total Administrative Support Services	<u>\$ 328,429</u>	<u>\$ 332,419</u>	<u>\$ 315,095</u>	<u>\$ 17,324</u>
Support Services - Nonstudent Based:					
0051	Plant Maintenance and Operations	\$ 410,557	\$ 417,212	\$ 412,396	\$ 4,816
0052	Security and Monitoring Services	1,700	1,700	859	841
0053	Data Processing Services	111,867	117,367	114,219	3,148
	Total Support Services - Nonstudent Based	<u>\$ 524,124</u>	<u>\$ 536,279</u>	<u>\$ 527,474</u>	<u>\$ 8,805</u>
Intergovernmental Charges:					
0093	Payments for Shared Service Arrangements	\$ 102,000	\$ 102,500	\$ 102,491	\$ 9
0099	Other Intergovernmental Charges	72,000	80,700	80,615	85
	Total Intergovernmental Charges	<u>\$ 174,000</u>	<u>\$ 183,200</u>	<u>\$ 183,106</u>	<u>\$ 94</u>
6030	Total Expenditures	\$ 3,610,788	\$ 3,610,788	\$ 3,581,769	\$ 29,019
1100	Excess (Deficiency) of Revenues Over Expenditures	\$ 8,700	\$ 8,700	\$ 173,568	\$ 164,868
OTHER FINANCING SOURCES (USES)					
8911	Transfers Out	\$ -	\$ -	\$ (14,021)	\$ (14,021)
7080	Net Other Financing Sources (Uses)	\$ -	\$ -	\$ (14,021)	\$ (14,021)
1200	Net Change in Fund Balance	\$ 8,700	\$ 8,700	\$ 159,547	\$ 150,847
0100	Fund Balance - Beginning (September 1)	1,561,913	1,561,913	1,561,913	-
3000	Fund Balance - Ending (August 31)	\$ 1,570,613	\$ 1,570,613	\$ 1,721,460	\$ 150,847

YANTIS INDEPENDENT SCHOOL DISTRICT
 SCHEDULES OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
 TEACHER RETIREMENT SYSTEM OF TEXAS
 YEAR ENDED AUGUST 31, 2018

	<u>2017*</u>	<u>2016*</u>	<u>2015*</u>	<u>2014*</u>
District's proportion of the net pension liability	0.0019540086%	0.0024093138%	0.0022461000%	0.0010318000%
District's proportionate share of the net pension liability	\$ 624,787	\$ 910,444	\$ 793,966	\$ 275,608
State's proportionate share of the net pension liability associated with the District	<u>1,387,429</u>	<u>1,755,024</u>	<u>1,668,329</u>	<u>1,452,906</u>
Total	<u>\$ 2,012,216</u>	<u>\$ 2,665,468</u>	<u>\$ 2,462,295</u>	<u>\$ 1,728,514</u>
District's covered-employee payroll (for Measurement Year)	\$ 2,514,530	\$ 2,570,603	\$ 2,467,388	\$ 2,387,452
District's proportionate share of the net pension liability as a percentage of it's covered-employee payroll	24.85%	35.42%	32.18%	11.54%
Plan fiduciary net position as a percentage of the total pension liability	82.17%	78.00%	78.43%	83.25%

Note: Only four years of data is presented in accordance with GASB 68, paragraph 138. "The information for all periods for the 10-year schedules that are required to be presented as required supplementary information may not be available initially. In these cases, during the transition period, that information should be presented for as many years as are available. The schedules should not include information that is not measured in accordance with the requirements of this Statement."

* The years above present data for the measurement period ending date. The measurement period represents the period for which the pensions plan prepares its reports which provides a 12 month delay for financial reporting in accordance with GASB 68.

YANTIS INDEPENDENT SCHOOL DISTRICT
 SCHEDULE OF DISTRICT CONTRIBUTIONS
 TEACHER RETIREMENT SYSTEM OF TEXAS
 YEAR ENDED AUGUST 31, 2018

	2018	2017	2016	2015
Contractually required contributions	\$ 63,519	\$ 63,758	\$ 76,550	\$ 66,509
Contributions in relations to the contractual required contributions	<u>(63,519)</u>	<u>(63,758)</u>	<u>(76,550)</u>	<u>(66,509)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered employee payroll	\$ 2,273,535	\$ 2,514,530	\$ 2,570,603	\$ 2,467,388
Contributions as a percentage of covered employee payroll	2.79%	2.54%	2.98%	2.70%

Note: Only four years of data is presented in accordance with GASB 68, paragraph 138. "The information for all periods for the 10-year schedules that are required to be presented as required supplementary information may not be available initially. In these cases, during the transition period, that information should be presented for as many years as are available. The schedules should not include information that is not measured in accordance with the requirements of this Statement."

YANTIS INDEPENDENT SCHOOL DISTRICT
 SCHEDULES OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET OPEB LIABILITY
 TEACHER RETIREMENT SYSTEM OF TEXAS
 YEAR ENDED AUGUST 31, 2018

	2017 *
District's proportion of the Net OPEB Liability (Asset)	0.2973450000%
District's proportionate share of the Net OPEB Liability (Asset)	\$ 1,293,042
State's proportionate share of the Net OPEB Liability (Asset) associated with the District	2,001,991
 Total	 \$ 3,295,033
 District's covered-employee payroll (for Measurement Year)	 \$ 2,514,530
 District's proportionate share of the Net OPEB Liability as a percentage of it's covered-employee payroll	 51.42%
 Plan fiduciary net position as a percentage of the Total OPEB Liability	 0.91%

Note: Only one year of data is presented in accordance with GASB 75 paragraph 245. "The information for all periods for the 10-year schedules that are required to be presented as required supplementary information may not be available initially. In these cases, during the transition period, that information should be presented for as many years as are available. The schedules should not include information that is not measured in accordance with the

* The years above present data for the measurement period ending date. The measurement period represents the period for which the pension plan prepares its reports which provides a 12 month delay for financial reporting in accordance with GASB 75.

YANTIS INDEPENDENT SCHOOL DISTRICT
 SCHEDULE OF DISTRICT'S OPEB CONTRIBUTIONS
 TEACHER RETIREMENT SYSTEM OF TEXAS
 YEAR ENDED AUGUST 31, 2018

	2018
Contractually required contributions	\$ 19,800
Contributions in relations to the contractual required contributions	(19,800)
Contribution deficiency (excess)	\$ -
District's covered employee payroll	\$ 2,273,535
Contributions as a percentage of covered employee payroll	87.00%

Note: Only one year of data is presented in accordance with GASB 75, paragraph 245. "The information for all periods for the 10-year schedules that are required to be presented as required supplementary information may not be available initially. In these cases, during the transition period, that information should be presented for as many years as are available. The schedules should not include information that is not measured in accordance with the requirements of this Statement."

YANTIS INDEPENDENT SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
YEAR ENDED AUGUST 31, 2018

A. Budget

The official budget was prepared for adoption for all Government Fund Types. The budget was prepared in accordance with accounting practices generally accepted in the United States of America. The following procedures are followed in establishing the budgetary data reflected in the basic financial statements:

1. Prior to August 20 of the preceding fiscal year, the District prepares a budget for the next succeeding fiscal year beginning September 1. The operating budget includes proposed expenditures and the means of financing them.
2. A meeting of the Board is then called for the purpose of adopting the proposed budget after ten days' public notice of the meeting has been given.
3. Prior to September 1, the budget is legally enacted through passage of a resolution by the Board.

Once a budget is approved, it can be amended at function and fund level only by approval of a majority of the members of the Board. Amendments are presented to the Board at its regular meetings.

Each amendment must have Board approval. Such amendments are made before the fact, are reflected in the official minutes of the Board and are not made after fiscal year end as required by law.

Each amendment is controlled by the budget coordinator at the revenue and expenditure function/object level. Budgeted amounts are as amended by the Board. All budget appropriations lapse at year end.

Encumbrances for goods or purchased services are documented by purchase orders or contracts. Under Texas law, appropriations lapse at August 31, and encumbrances outstanding at the time are to be either cancelled or appropriately provided for in the subsequent year's budget. There were no end-of-year outstanding encumbrances that were provided for in the subsequent year's budget.

B. Defined Benefit Pension Plan

1. Changes of Assumptions

No changes in assumptions were made that affected the measurement of the total pension liability during the measurement period.

2. Changes of Benefit Terms

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

OTHER SUPPLEMENTARY INFORMATION

YANTIS INDEPENDENT SCHOOL DISTRICT
 SCHEDULE OF DELINQUENT TAXES RECEIVABLE
 YEAR ENDED AUGUST 31, 2018

Tax Roll Year	Last Ten Years Ended August 31	1 Tax Rates		3 Assessed/Appraised Value For School Tax Purposes	10 Beginning Balance 9/1/2017	20 Current Year's Total Levy	30 Maintenance Tax Collections	30a Debt Service Tax Collections	40 Entire Year's Adjustments	50 Ending Balance 8/31/2018
		Maintenance	2 Debt Service							
XXXX	2009 and Prior Years	Various	Various	Various	\$ 30,380	\$ -	\$ 1,956	\$ 161	\$ (1,198)	\$ 27,065
2009	2010	1.060000	0.070000	262,285,736	5,257	-	403	27	(180)	4,647
2010	2011	1.040000	0.090000	260,188,146	9,154	-	684	59	(328)	8,083
2011	2012	1.040000	0.090000	261,681,142	10,709	-	648	56	(329)	9,676
2012	2013	1.040000	0.090000	279,347,112	10,344	-	713	62	(201)	9,368
2013	2014	1.040000	0.090000	283,982,144	13,327	-	2,354	204	(141)	10,628
2014	2015	1.040000	0.090000	290,141,847	17,707	-	4,562	395	(581)	12,169
2015	2016	1.040000	0.078200	280,826,654	24,824	-	5,775	434	(1,301)	17,314
2016	2017	1.040000	0.078200	283,849,286	49,064	-	15,294	1,150	(5,410)	27,210
2017	2018	1.040000	0.078200	298,434,221	-	3,337,091	3,063,842	230,378	(455)	42,416
1000 TOTALS					\$ 170,766	\$ 3,337,091	\$ 3,096,231	\$ 232,926	\$ (10,124)	\$ 168,576

YANTIS INDEPENDENT SCHOOL DISTRICT
SCHOOL BREAKFAST AND NATIONAL SCHOOL LUNCH PROGRAM
BUDGETARY COMPARISON SCHEDULE
YEAR ENDED AUGUST 31, 2018

Data Control Codes	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)	
	Original	Final			
REVENUES					
5700	Local and Intermediate Sources	\$ 28,000	\$ 28,000	\$ 20,578	\$ (7,422)
5800	State Program Revenues	1,000	1,000	983	(17)
5900	Federal Program Revenues	158,000	158,000	177,917	19,917
5020	Total Revenues	\$ 187,000	\$ 187,000	\$ 199,478	\$ 12,478
EXPENDITURES					
Current:					
Support Services - Student (Pupil):					
0035	Food Services	\$ 237,964	\$ 237,964	\$ 213,499	\$ 24,465
	Total Support Services - Student (Pupil)	\$ 237,964	\$ 237,964	\$ 213,499	\$ 24,465
6030	Total Expenditures	\$ 237,964	\$ 237,964	\$ 213,499	\$ 24,465
1100	Excess (Deficiency) of Revenues Over Expenditures	\$ (50,964)	\$ (50,964)	\$ (14,021)	\$ 36,943
OTHER FINANCING SOURCES (USES)					
7915	Transfers In	\$ -	\$ -	\$ 14,021	\$ 14,021
7080	Net Other Financing Sources (Uses)	\$ -	\$ -	\$ 14,021	\$ 14,021
1200	Net Change in Fund Balance	\$ (50,964)	\$ (50,964)	\$ -	\$ 50,964
0100	Fund Balance - Beginning (September 1)	-	-	-	-
3000	Fund Balance - Ending (August 31)	\$ (50,964)	\$ (50,964)	\$ -	\$ 50,964

YANTIS INDEPENDENT SCHOOL DISTRICT
DEBT SERVICE FUND
BUDGETARY COMPARISON SCHEDULE
YEAR ENDED AUGUST 31, 2018

Data Control Codes	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)	
	Original	Final			
REVENUES					
5700	Local and Intermediate Sources	\$ 273,498	\$ 273,498	\$ 238,913	\$ (34,585)
5800	State Program Revenue	5,611	5,611	5,819	208
5020	Total Revenues	\$ 279,109	\$ 279,109	\$ 244,732	\$ (34,377)
EXPENDITURES					
Debt Service:					
0071	Principal on Long-term Debt	\$ 171,600	\$ 145,000	\$ 145,000	\$ -
0072	Interest on Long-term Debt	-	26,250	26,250	-
0073	Bond Issuance Costs and Fees	-	350	350	-
	Total Debt Service	<u>\$ 171,600</u>	<u>\$ 171,600</u>	<u>\$ 171,600</u>	<u>\$ -</u>
6030	Total Expenditures	\$ 171,600	\$ 171,600	\$ 171,600	\$ -
1100	Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 107,509</u>	<u>\$ 107,509</u>	<u>\$ 73,132</u>	<u>\$ (34,377)</u>
1200	Net Change in Fund Balance	\$ 107,509	\$ 107,509	\$ 73,132	\$ (34,377)
0100	Fund Balance - Beginning (September 1)	<u>647,092</u>	<u>647,092</u>	<u>647,092</u>	<u>-</u>
3000	Fund Balance - Ending (August 31)	<u>\$ 754,601</u>	<u>\$ 754,601</u>	<u>\$ 720,224</u>	<u>\$ (34,377)</u>

YANTIS INDEPENDENT SCHOOL DISTRICT
 SCHEDULE OF REQUIRED RESPONSES TO SELECTED SCHOOL FIRST INDICATORS
 AS OF AUGUST 31, 2018

<u>Data Control Codes</u>		<u>Response</u>
SF2	Were there any disclosures in the Annual Financial Report and/or other sources of information concerning nonpayment of any terms of any debt agreement at fiscal year end?	No
SF4	Was there an unmodified opinion in the annual Financial Report on the financial statements as a whole?	Yes
SF5	Did the Annual Financial Report disclose any instances of material weaknesses in internal controls over financial reporting and compliance for local, state, or federal funds?	No
SF6	Was there any disclosure in the Annual Financial Report of material noncompliance for grants, contracts, and laws related to local, state or federal funds?	No
SF7	Did the school district make timely payments to the Teachers Retirement System (TRS), Texas Workforce Commission (TWC), Internal Revenue Service (IRS), and other government agencies?	Yes
SF8	Did the school district not receive an adjusted repayment schedule for more than one fiscal year for an over allocation of Foundation School Program (FSP) funds as a result of a financial hardship?	Yes
SF10	Total accumulated accretion on CABs included in government-wide financial statements at fiscal year-end.	\$ -0-
SF11	Net Pension Assets (1920) at fiscal year-end.	\$ -0-
SF12	Net Pension Liabilities (2540) at fiscal year-end.	\$ 624,787
SF13	OPEB Liabilities (2545) at fiscal year-end.	\$ 1,293,042