

ANNUAL FINANCIAL REPORT

of the

**WOODVILLE
INDEPENDENT SCHOOL DISTRICT**

**For the Year Ended
August 31, 2018**

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WOODVILLE
INDEPENDENT SCHOOL DISTRICT
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INTRODUCTORY SECTION

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CERTIFICATE OF BOARD

Woodville Independent School District
Name of School District

Tyler
County

229-903
Co. Dist. Number

We, the undersigned, certify that the attached annual financial reports of the above named school district were reviewed and (check one) X approved _____ disapproved for the year ended August 31, 2018, at a meeting of the Board of Trustees of such school district on the 17 day of December, 2018.



Signature of Board Secretary



Signature of Board President

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

(attach list as necessary)

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FINANCIAL SECTION

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INDEPENDENT AUDITORS' REPORT

To the Board of Trustees of the
Woodville Independent School District:

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Woodville Independent School District (the "District"), as of and for the year ended August 31, 2018, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinions

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

Emphasis of Matter

Change in Accounting Principle

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

Other Matters

Required Supplementary Information

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

Other Information

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

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

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 14, 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 the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

BELT HARRIS PECHACEK, LLP

Belt Harris Pechacek, LLP
Certified Public Accountants
Houston, Texas
December 14, 2018

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

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WOODVILLE

INDEPENDENT SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

For the Year Ended August 31, 2018

The purpose of the Management's Discussion and Analysis (MD&A) is to give the readers an objective and easily readable analysis of the financial activities of Woodville Independent School District (the "District") for the year ending August 31, 2018. The analysis is based on currently known facts, decisions, or economic conditions. It presents short and long-term analysis of the District's activities, compares current year results with those of the prior year, and discusses the positive and negative aspects of that comparison. Please read the MD&A in conjunction with the District's financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

- The District's total combined net position at August 31, 2018 was \$12,924,038.
- For the fiscal year ended August 31, 2018, the District's general fund reported a total fund balance of \$9,153,072, of which \$12,798 is nonspendable and \$2,684,560 is unassigned.
- At the end of the fiscal year, the District's governmental funds (the general fund plus all state and federal grant funds and the debt service fund) reported combined ending fund balances of \$10,146,574.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

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

WOODVILLE
INDEPENDENT SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
For the Year Ended August 31, 2018

GOVERNMENT-WIDE FINANCIAL STATEMENTS

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

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

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

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

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

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

FUND FINANCIAL STATEMENTS

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

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

WOODVILLE
INDEPENDENT SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
For the Year Ended August 31, 2018

The District has the following kinds of funds:

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

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

The District’s combined net position was \$12,924,038 at August 31, 2018. *Table 1* focuses on net position while *Table 2* shows the revenues and expenses that changed the net position balance during the fiscal year ended August 31, 2018. *Table 1* indicates the District’s net position increased \$2,321,012 in total from the prior year. The details of this increase can be seen in *Table 2*. The total assets increased \$593,251 mainly due to the current investment increase. The total liabilities decreased \$4,641,184 mainly due to the adjustment for the implementation of Governmental Accounting Standards Board Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions* (“GASB No. 75”) for OPEB liability, current year principal payments on outstanding bonds, and the current year amortization of unamortized bond premiums. The District experienced a decrease in total revenue of \$1,621,828 due to decreases in operating grants and contributions, and grants and contributions not restricted for specific programs. Total expenses also experienced a decrease as a result of fewer instruction and guidance, counseling, and evaluation services cost during the year.

WOODVILLE
INDEPENDENT SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
For the Year Ended August 31, 2018

Table 1
Net Position

Description	Governmental Activities		Total Change
	2018	2017	2018-2017
Current assets	\$ 13,194,399	\$ 11,722,972	\$ 1,471,427
Capital assets	13,908,458	14,786,634	(878,176)
Total Assets	27,102,857	26,509,606	593,251
Deferred outflows - pensions	969,765	1,392,297	(422,532)
Deferred outflows - OPEB	89,885	64,511	25,374
Total Deferred Outflows of Resources	1,059,650	1,456,808	(397,158)
Current liabilities	1,444,589	704,886	739,703
Long-term liabilities	11,078,754	16,459,641	(5,380,887)
Total Liabilities	12,523,343	17,164,527	(4,641,184)
Deferred inflows - pensions	458,005	198,861	259,144
Deferred inflows - OPEB	2,257,121	-	2,257,121
Total Deferred Inflows of Resources	2,715,126	198,861	2,516,265
Net Position:			
Net investment in capital assets	11,130,352	11,801,975	(671,623)
Restricted	993,238	866,369	126,869
Unrestricted	800,448	(2,065,318)	2,865,766
Total Net Position	\$ 12,924,038	\$ 10,603,026	\$ 2,321,012

WOODVILLE
INDEPENDENT SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
For the Year Ended August 31, 2018

Table 2
Changes in Net Position

	Governmental Activities		Total Change
	2018	2017	2018-2017
Revenues			
Program revenues:			
Charges for services	\$ 609,234	\$ 655,232	\$ (45,998)
Operating grants and contributions	678,829	2,486,835	(1,808,006)
General revenues:			
Property taxes	6,227,073	5,844,930	382,143
Grants and contributions not restricted for specific programs	6,802,030	6,898,874	(96,844)
Investment earnings	137,431	55,975	81,456
Other revenue	75,000	209,579	(134,579)
Total Revenue	14,529,597	16,151,425	(1,621,828)
Expenses			
Instruction	5,529,778	8,232,251	(2,702,473)
Instructional resources and media services	186,113	197,301	(11,188)
Curriculum/instructional staff development	99,414	130,305	(30,891)
Instructional leadership	102,436	134,427	(31,991)
School leadership	642,377	874,472	(232,095)
Guidance, counseling, and evaluation services	324,547	754,234	(429,687)
Health services	108,643	144,010	(35,367)
Student (pupil) transportation	661,144	747,552	(86,408)
Food services	762,782	961,129	(198,347)
Extracurricular activities	874,121	1,049,855	(175,734)
General administration	556,403	767,560	(211,157)
Plant maintenance and operations	1,556,175	1,860,420	(304,245)
Security and monitoring services	50,290	56,458	(6,168)
Data processing services	259,853	291,559	(31,706)
Community services	31,600	32,475	(875)
Debt service - interest	50,724	64,107	(13,383)
Debt service - bond insurance	-	500	(500)
Facilities acquisition and construction	94,176	-	94,176
Payments to shared services arrangements	80,990	79,342	1,648
Other intergovernmental charges	237,019	241,938	(4,919)
Total Expenses	12,208,585	16,619,895	(4,411,310)
Change in Net Position	2,321,012	(468,470)	2,789,482
Beginning net position	10,603,026	11,071,496	(468,470)
Ending Net Position	\$ 12,924,038	\$ 10,603,026	\$ 2,321,012

WOODVILLE
INDEPENDENT SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
For the Year Ended August 31, 2018

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

At the close of the fiscal year ending August 31, 2018, the District's governmental funds reported a combined fund balance of \$10,146,574. This compares to a combined fund balance of \$9,487,621 at August 31, 2017. The fund balance in the general fund of \$9,153,072 increased by \$662,996 during the fiscal year. The increase can be attributed largely to an increase in property tax revenue as a result of a rise in property valuations. The fund balance in the debt service fund of \$777,648 increased by \$33,697, primarily due to an interfund transfer in excess of debt service payments. When compared to prior year revenue and expenses, IDEA B fund experienced increases in both revenue and expenses by \$94,423. The textbook fund also increased in revenue and expenses by \$4,490 when compared to the prior year revenue and expenses.

GENERAL FUND BUDGETARY HIGHLIGHTS

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

During the period ended August 31, 2018, the District amended its budget as required by State law and to reflect current levels of revenue and anticipated expenses. The general fund's actual revenues were more than budgeted revenues by \$444,651. Total general fund budgeted expenditures exceeded actual expenditures by \$144,316 with the largest positive variances in instruction and plant maintenance and operations.

CAPITAL ASSETS

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

At August 31, 2018, the District had a total of \$13,908,458 invested in capital assets (net of depreciation) such as land, construction in progress, buildings, and District equipment. This total includes \$366,201 invested during the fiscal year ended August 31, 2018.

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

- 2019 International bus \$101,021
- Cafeteria equipment \$96,748
- High school intercom \$42,200
- CNC water cutting table \$24,556
- 2001 Chevy maintenance truck \$7,500

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

LONG-TERM DEBT

At year end, the District had \$2,759,000 in general obligation bonds outstanding versus \$3,456,000 last year. The District paid \$697,000 in principal payments during the year.

WOODVILLE
INDEPENDENT SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
For the Year Ended August 31, 2018

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

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

The District's budgeted expenditures for the 2018-2019 school year total \$12,683,679, and the District's Board adopted a Maintenance and Operations tax rate of \$1.155 and an Interest and Sinking rate of \$0.00 for a combined rate of \$1.155 per \$100 of valuation.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Cody Jarrott, CPA, Assistant Superintendent-Finance, at 505 N. Charlton, Woodville, Texas 75979 or by calling (409) 283-3752.

BASIC FINANCIAL STATEMENTS

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WOODVILLE
INDEPENDENT SCHOOL DISTRICT
STATEMENT OF NET POSITION - EXHIBIT A-1
August 31, 2018

1

<u>Data Control Codes</u>		<u>Governmental Activities</u>
	<u>Assets</u>	
1110	Cash and cash equivalents	\$ 1,570,769
1120	Investments	9,064,197
1225	Property taxes receivables (net)	1,536,916
1240	Due from other governments	936,342
1250	Accrued interest	173
1300	Inventories	12,798
1410	Prepaid items	73,204
		<u>13,194,399</u>
	Capital assets:	
1510	Land	740,152
1520	Buildings and improvements, net	10,608,381
1530	Furniture and equipment, net	2,333,245
1580	Construction in progress	226,680
		<u>13,908,458</u>
1000	Total Assets	<u>27,102,857</u>
	<u>Deferred Outflows of Resources</u>	
1705	Deferred outflows - pensions	969,765
1710	Deferred outflows - OPEB	89,885
1700	Total Deferred Outflows of Resources	<u>1,059,650</u>
	<u>Liabilities</u>	
2110	Accounts payable	119,846
2140	Interest payable	6,884
2150	Payroll deductions payable	72,686
2160	Accrued wages payable	529,147
2180	Due to other governments	381,719
2200	Accrued expenses	11,079
2300	Unearned revenue	323,228
		<u>1,444,589</u>
	Noncurrent liabilities:	
2501	Long-term liabilities due within one year	717,000
2502	Long-term liabilities due in more than one year	2,061,106
2540	Net pension liability	2,904,735
2550	Net OPEB liability	5,395,913
		<u>11,078,754</u>
2000	Total Liabilities	<u>12,523,343</u>
	<u>Deferred Inflows of Resources</u>	
2605	Deferred inflows - pensions	458,005
2610	Deferred inflows - OPEB	2,257,121
2600	Total Deferred Inflows of Resources	<u>2,715,126</u>
	<u>Net Position</u>	
3200	Net investment in capital assets	11,130,352
	Restricted for:	
3820	Federal and state programs	215,590
3850	Debt service	777,648
3900	Unrestricted	800,448
3000	Total Net Position	<u>\$ 12,924,038</u>

See Notes to Financial Statements.

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WOODVILLE

INDEPENDENT SCHOOL DISTRICT

STATEMENT OF ACTIVITIES - EXHIBIT B-1

For the Year Ended August 31, 2018

Data Control Codes	Functions/Programs	1 Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Position
			3 Charges for Services	4 Operating Grants and Contributions	
					6 Primary Gov. Governmental Activities
	Primary Government				
	Governmental Activities				
11	Instruction	\$ 5,529,778	\$ 156,590	\$ 59,624	\$ (5,313,564)
12	Instructional resources				
12	and media services	186,113	-	15,988	(170,125)
13	Curriculum/instructional		-		
13	staff development	99,414	-	13,272	(86,142)
21	Instructional leadership	102,436	114,459	(5,338)	6,685
23	School leadership	642,377	-	(110,642)	(753,019)
31	Guidance, counseling, and				
31	evaluation services	324,547	105,808	75,893	(142,846)
33	Health services	108,643	-	173,114	64,471
34	Student (pupil) transportation	661,144	-	(47,823)	(708,967)
35	Food services	762,782	176,493	737,121	150,832
36	Extracurricular activities	874,121	31,703	(65,931)	(908,349)
41	General administration	556,403	1,404	(88,115)	(643,114)
51	Plant maintenance and operations	1,556,175	22,777	(86,377)	(1,619,775)
52	Security and monitoring services	50,290	-	-	(50,290)
53	Data processing services	259,853	-	(18,538)	(278,391)
61	Community services	31,600	-	-	(31,600)
72	Debt service - interest	50,724	-	16,581	(34,143)
81	Facilities acquisition and construction	94,176	-	-	(94,176)
93	Payments to shared services agreements	80,990	-	10,000	(70,990)
99	Other intergovernmental charges	237,019	-	-	(237,019)
	Total Governmental Activities	<u>\$ 12,208,585</u>	<u>\$ 609,234</u>	<u>\$ 678,829</u>	<u>(10,920,522)</u>
TP	Total Primary Government	<u>\$ 12,208,585</u>	<u>\$ 609,234</u>	<u>\$ 678,829</u>	<u>(10,920,522)</u>
	General Revenues				
MT	Property taxes, levied for general purposes				5,607,787
DT	Property taxes, levied for debt service				619,286
GC	Grants and contributions not restricted				
GC	for specific program				6,802,030
IE	Investment earnings				137,431
MI	Miscellaneous local and intermediate revenue				75,000
TR				Total General Revenues	<u>13,241,534</u>
CN				Change in Net Position	<u>2,321,012</u>
NB	Beginning net position				10,603,026
NE				Ending Net Position	<u>\$ 12,924,038</u>

See Notes to Financial Statements.

WOODVILLE
INDEPENDENT SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS - EXHIBIT C-1
August 31, 2018

Data Control Codes		10	313	410	50
		General	IDEA B	Textbook	Debt Service
	<u>Assets</u>				
1110	Cash and cash equivalents	\$ 1,183,209	\$ -	\$ -	\$ 158,843
1120	Investments	8,445,392	-	-	618,805
1220	Taxes receivables	1,755,376	-	-	165,769
1230	Allowance for uncollectible taxes	(351,075)	-	-	(33,154)
1240	Due from other governments	22,493	259,773	321,564	-
1250	Accrued interest	173	-	-	-
1260	Due from other funds	531,980	-	-	-
1300	Inventories	12,798	-	-	-
1000	Total Assets	\$ 11,600,346	\$ 259,773	\$ 321,564	\$ 910,263
	<u>Liabilities</u>				
2110	Accounts payable	\$ 71,354	\$ 4,620	\$ -	\$ -
2150	Payroll deductions payable	72,686	-	-	-
2160	Accrued wages payable	501,770	-	-	-
2170	Due to other funds	4,936	255,153	11,090	-
2180	Due to other governments	381,719	-	-	-
2200	Accrued expenditures	10,508	-	-	-
2300	Unearned revenue	-	-	310,474	-
2000	Total Liabilities	1,042,973	259,773	321,564	-
	<u>Deferred Inflows of Resources</u>				
2601	Unavailable revenue - property taxes	1,404,301	-	-	132,615
2600	Total Deferred Inflows of Resources	1,404,301	-	-	132,615
	<u>Fund Balances</u>				
	Nonspendable:				
3410	Inventories	12,798	-	-	-
	Restricted:				
3450	Federal/state funds grant restrictions	-	-	-	-
3480	Debt service	-	-	-	777,648
	Committed:				
3510	Construction	3,200,000	-	-	-
3530	Capital expenditures	200,000	-	-	-
3545	Contingency	3,055,714	-	-	-
3600	Unassigned	2,684,560	-	-	-
3000	Total Fund Balances	9,153,072	-	-	777,648
4000	Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 11,600,346	\$ 259,773	\$ 321,564	\$ 910,263

See Notes to Financial Statements.

Other Governmental Funds	98 Total Governmental Funds
\$ 228,717	\$ 1,570,769
-	9,064,197
-	1,921,145
-	(384,229)
332,512	936,342
-	173
4,936	536,916
-	12,798
<u>\$ 566,165</u>	<u>\$ 13,658,111</u>
\$ 43,872	\$ 119,846
-	72,686
27,377	529,147
265,737	536,916
-	381,719
571	11,079
12,754	323,228
<u>350,311</u>	<u>1,974,621</u>
-	1,536,916
-	1,536,916
-	12,798
215,590	215,590
-	777,648
264	3,200,264
-	200,000
-	3,055,714
-	2,684,560
<u>215,854</u>	<u>10,146,574</u>
<u>\$ 566,165</u>	<u>\$ 13,658,111</u>

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WOODVILLE
INDEPENDENT SCHOOL DISTRICT
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION - EXHIBIT C-1R
August 31, 2018

Total fund balances for governmental funds		\$ 10,146,574
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Amounts reported for governmental activities in the Statement of Net Position are different because:

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

Capital assets - nondepreciable	966,832	
Capital assets - depreciable	12,941,626	
		13,908,458

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

Deferred revenue - property taxes	1,536,916	
Prepaid expenses	73,204	
		1,610,120

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

Accrued interest	(6,884)	
Deferred outflows - pensions	969,765	
Deferred inflows - pensions	(458,005)	
Net pension liability	(2,904,735)	
Deferred outflows - OPEB	89,885	
Deferred inflows - OPEB	(2,257,121)	
Net OPEB liability	(5,395,913)	
Noncurrent liabilities due in one year	(717,000)	
Noncurrent liabilities due in more than one year	(2,061,106)	
		(12,741,114)

Net Position of Governmental Activities		\$ 12,924,038
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See Notes to Financial Statements.

WOODVILLE
INDEPENDENT SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS - EXHIBIT C-2
For the Year Ended August 31, 2018

Data Control Codes		10	313	410	50
		General	IDEA B	Textbook	Debt Service
Revenues					
5700	Local, intermediate, and out-of-state	\$ 5,894,884	\$ -	\$ -	\$ 628,557
5800	State program revenues	7,372,872	-	73,482	16,581
5900	Federal program revenues	215,012	819,302	-	-
5020	Total Revenues	<u>13,482,768</u>	<u>819,302</u>	<u>73,482</u>	<u>645,138</u>
Expenditures					
0011	Instruction	6,188,767	675,282	73,482	-
0012	Instructional resources and media services	155,105	-	-	-
0013	Curriculum and instructional staff development	112,838	7,659	-	-
0021	Instructional leadership	12,137	5,767	-	-
0023	School leadership	876,778	-	-	-
0031	Guidance, counseling, and evaluation services	326,874	130,594	-	-
0033	Health services	140,557	-	-	-
0034	Student (pupil) transportation	717,730	-	-	-
0035	Food services	-	-	-	-
0036	Extracurricular activities	814,332	-	-	-
0041	General administration	728,945	-	-	-
0051	Plant maintenance and operations	1,831,766	-	-	-
0052	Security and monitoring services	50,290	-	-	-
0053	Data processing services	293,845	-	-	-
0061	Community services	31,600	-	-	-
Debt service:					
0071	Principal	-	-	-	697,000
0072	Interest	-	-	-	59,641
0073	Bond issuance costs and fees	-	-	-	500
Capital outlay:					
0081	Facilities acquisition and construction	94,176	-	-	-
Intergovernmental:					
0093	Payments to shared services arrangements	70,990	-	-	-
0099	Other governmental charges	237,019	-	-	-
6030	Total Expenditures	<u>12,683,749</u>	<u>819,302</u>	<u>73,482</u>	<u>757,141</u>
1100	Excess (Deficiency) of Revenues				
1100	Over (Under) Expenditures	<u>799,019</u>	<u>-</u>	<u>-</u>	<u>(112,003)</u>
Other Financing Sources (Uses)					
7912	Sale of real and personal property	9,677	-	-	-
7915	Transfers in	-	-	-	145,700
8911	Transfers (out)	(145,700)	-	-	-
7080	Total Other Financing Sources (Uses)	<u>(136,023)</u>	<u>-</u>	<u>-</u>	<u>145,700</u>
1200	Net Change in Fund Balances	662,996	-	-	33,697
0100	Beginning fund balances	8,490,076	-	-	743,951
3000	Ending Fund Balances	<u>\$ 9,153,072</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 777,648</u>

See Notes to Financial Statements.

Other Governmental Funds	98 Total Governmental Funds
\$ 452,388	\$ 6,975,829
47,135	7,510,070
1,535,814	2,570,128
<u>2,035,337</u>	<u>17,056,027</u>
637,566	7,575,097
33,712	188,817
24,058	144,555
121,154	139,058
-	876,778
189,621	647,089
-	140,557
-	717,730
1,055,562	1,055,562
-	814,332
1,404	730,349
-	1,831,766
-	50,290
-	293,845
-	31,600
-	697,000
-	59,641
-	500
-	94,176
10,000	80,990
-	237,019
<u>2,073,077</u>	<u>16,406,751</u>
<u>(37,740)</u>	<u>649,276</u>
-	9,677
-	145,700
-	(145,700)
<u>-</u>	<u>9,677</u>
(37,740)	658,953
253,594	9,487,621
<u>\$ 215,854</u>	<u>\$ 10,146,574</u>

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WOODVILLE
INDEPENDENT SCHOOL DISTRICT
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE
STATEMENT OF ACTIVITIES - EXHIBIT C-3
For the Year Ended August 31, 2018

Net change in fund balances - total governmental funds	\$	658,953
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Amounts reported for governmental activities in the Statement of Activities are different because:

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

Depreciation		(1,232,318)
Capital activity, net		354,142

Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.		72,907
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The issuance of long-term debt (e.g., bonds, leases, certificates of obligation) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued; whereas, these amounts are deferred and amortized in the Statement of Activities.

Principal repayments		697,000
Accrued interest		(136)
Amortization of premiums		9,553

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

Change in net pension liability		544,034
Change in deferred outflows - pensions		(422,532)
Change in deferred inflows - pensions		(259,144)
Change in net OPEB liability		4,130,300
Change in deferred outflows - OPEB		25,374
Change in deferred inflows - OPEB		(2,257,121)

Change in Net Position of Governmental Activities	\$	<u>2,321,012</u>
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See Notes to Financial Statements.

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WOODVILLE
INDEPENDENT SCHOOL DISTRICT
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS - EXHIBIT E-1
August 31, 2018

	810	865
	Private Purpose Trust Fund	Agency Fund
	Scholarships	Student Activity
<u>Assets</u>		
Cash and cash equivalents	\$ 17,126	\$ 119,359
Total Assets	<u>17,126</u>	<u>119,359</u>
<u>Liabilities</u>		
Current liabilities:		
Due to student groups	-	119,359
Total Liabilities	<u>-</u>	<u>\$ 119,359</u>
<u>Net Position</u>		
Held in trust	17,126	
Total Liabilities and Net Position	<u>\$ 17,126</u>	

See Notes to Financial Statements.

WOODVILLE
INDEPENDENT SCHOOL DISTRICT
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS - EXHIBIT E-2
For the Year Ended August 31, 2018

		<u>Private Purpose Trust Fund Scholarships</u>
<u>Additions</u>		
Local and intermediate sources		\$ 25,188
	Total Additions	<u>25,188</u>
<u>Deductions</u>		
Operating expenses		25,185
	Total Deductions	<u>25,185</u>
	Changes in Net Position	3
Beginning net position		<u>17,123</u>
	Ending Net Position	<u><u>\$ 17,126</u></u>

See Notes to Financial Statements.

WOODVILLE
INDEPENDENT SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
For the Year Ended August 31, 2018

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

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

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

Considerations regarding the potential for inclusion of other entities, organizations, or functions in the District’s financial reporting entity are based on criteria prescribed by GAAP. These same criteria are evaluated in considering whether the District is a part of any other governmental or other type of reporting entity. The overriding elements associated with the prescribed criteria considered in determining that the District’s financial reporting entity status is that of a primary government are that it has a separately elected governing body, it is legally separate, and it is fiscally independent of other state and local governments. Additionally, prescribed criteria under GAAP include considerations pertaining to organizations for which the primary government is financially accountable, and considerations pertaining to organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity’s financial statements to be misleading or incomplete.

B. Government-Wide Financial Statements

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

C. Basis of Presentation – Government-Wide Financial Statements

While separate government-wide and fund financial statements are presented, they are interrelated. The governmental activities column incorporates data from governmental funds. Separate financial statements are provided for governmental funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements.

WOODVILLE
INDEPENDENT SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended August 31, 2018

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments in lieu of taxes where the amounts are reasonably equivalent in value to the interfund services provided. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

D. Basis of Presentation – Fund Financial Statements

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

The District reports the following governmental funds:

General Fund

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

Debt Service Fund

The debt service fund is used to account for and report financial resources that are restricted, committed, or assigned to expenditures for principal and interest on all long-term debt of the District. The primary source of revenue for debt service is local property taxes. While the debt service fund does not meet the requirements to be considered a major fund, it is reported as such due to its significance.

Special Revenue Funds

The special revenue funds are used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditures for specific purposes other than debt service. The restricted or committed proceeds of specific revenue sources comprise a substantial portion of the inflows of these special revenue funds. Most federal and some state financial assistance is accounted for in a special revenue fund. The IDEA B and Textbook funds met the technical criteria to be presented as major.

Capital Projects Fund

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

WOODVILLE
INDEPENDENT SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended August 31, 2018

Fiduciary Funds

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

The District has the following type of fiduciary funds:

Agency Funds

The agency funds are custodial in nature and do not present results of operations or have a measurement focus. Agency funds are accounted for using the accrual basis of accounting. These funds are used to account for the District's student activity funds.

Trust Funds

The trust funds are custodial in nature and do not present results of operations or have a measurement focus. Trust funds are accounted for using the accrual basis of accounting. These funds are used to account for the District's scholarship funds held in trust for students.

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

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

E. Measurement Focus and Basis of Accounting

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

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

The governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are

WOODVILLE
INDEPENDENT SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended August 31, 2018

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

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

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

1. Cash and Cash Equivalents

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

2. Investments

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

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

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

3. Inventories and Prepaid Items

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

WOODVILLE

INDEPENDENT SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS (Continued)

For the Year Ended August 31, 2018

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

4. Capital Assets

Capital assets, which include land, buildings, furniture, and equipment, are reported in the applicable governmental activities columns in the government-wide financial statements. Capital assets are defined by the District as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value at the date of donation. Major outlays for capital assets and improvements are capitalized as projects are constructed.

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

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

<u>Asset Description</u>	<u>Estimated Useful Life</u>
Buildings and improvements	40 years
Building improvements (including infrastructure)	20 years
Vehicles	12 years
Furniture, fixtures and equipment	5 years

5. Deferred Outflows/Inflows of Resources

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

WOODVILLE
INDEPENDENT SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended August 31, 2018

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

6. Long-Term Obligations

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

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

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

7. Net Position Flow Assumption

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

WOODVILLE
INDEPENDENT SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended August 31, 2018

8. Fund Balance Flow Assumptions

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

9. Fund Balance Policies

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

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

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

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

10. Estimates

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

WOODVILLE
INDEPENDENT SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended August 31, 2018

11. Data Control Codes

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

12. Pensions

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

13. Other Postemployment Benefits

The fiduciary net position of the Texas Public School Retired Employees Group Insurance Program ("TRS-Care") has been determined using the flow of economic resources measurement focus and full accrual basis of accounting. This includes, for purposes of measuring the net other postemployment benefits (OPEB) liability, deferred outflows of resources and deferred inflows of resources related to OPEB, OPEB expense, and information about assets, liabilities, and additions to/deductions from TRS-Care's fiduciary net position. Benefit payments are recognized when due and payable in accordance with the benefit terms. There are no investments as this is a pay-as-you-go plan and all cash is held in a cash account.

G. Revenues and Expenditures/Expenses

1. Program Revenues

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

2. 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. Teacher Retirement System of Texas (TRS) and Texas Public School Retired Employees Group Insurance Program ("TRS-Care") are both cost-sharing plans with special funding situations. Therefore, on-behalf expense activity of the NECE must be recorded at the government-wide level of reporting on the statement of activities in accordance with GASB Statement No. 68, Accounting and Financial

WOODVILLE

INDEPENDENT SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS (Continued)

For the Year Ended August 31, 2018

Reporting for Pensions, and Statement No, 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions.

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

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

	Operating Grants and Contributions (Excluding On- Behalf Accruals)	Negative On-Behalf Accruals	Operating Grants and Contributions As Reported
11 - Instruction	\$ 1,309,828	\$ (1,250,204)	\$ 59,624
12 - Instruction resources and media services	32,319	(16,331)	15,988
13 - Curriculum and staff development	36,227	(22,955)	13,272
21 - Instructional leadership	10,847	(16,185)	(5,338)
23 - School leadership	-	(110,642)	(110,642)
31 - Guidance, counseling, and evaluation services	239,983	(164,090)	75,893
33 - Health services	189,719	(16,605)	173,114
34 - Student (Pupil) transportation	-	(47,823)	(47,823)
35 - Food service	857,653	(120,532)	737,121
36 - Extracurricular activities	-	(65,931)	(65,931)
41 - General administration	-	(88,115)	(88,115)
51 - Facilities maintenance and operation	-	(86,377)	(86,377)
53 - Data processing services	-	(18,538)	(18,538)
72 - Debt service - interest	16,581	-	16,581
93 - Shared services arrangements	10,000	-	10,000
	<u>\$ 2,703,157</u>	<u>\$ (2,024,328)</u>	<u>\$ 678,829</u>

3. Property Taxes

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

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

WOODVILLE

INDEPENDENT SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS (Continued)

For the Year Ended August 31, 2018

II. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

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

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

During the year, the District amended its budget as required by State law and to reflect current levels of revenue and anticipated expenditures. There were no material changes between the original budget and the final amended budget.

III. DETAILED NOTES ON ALL FUNDS

A. Deposits and Investments

As of August 31, 2018, the District had the following investments:

<u>Investments</u>	<u>Maturity</u>	<u>Amount</u>	<u>Weighted Average Maturity (Years)</u>
Texpool	N/A	\$ 5,202,397	0.08
Lone Star	N/A	3,611,800	0.05
Certificate of deposit	9/10/2018	250,000	0.03
		<u>\$ 9,064,197</u>	
Portfolio weighted average maturity			0.07

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

Custodial credit risk – deposits. In the case of deposits, this is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District's investment policy requires funds on deposit at the depository bank to be collateralized. As of August 31, 2018, demand deposit accounts and certificates of deposits were entirely insured or collateralized with securities as provided by State laws and regulations and FDIC insurance.

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

WOODVILLE
INDEPENDENT SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended August 31, 2018

TexPool

TexPool was established as a trust company with the Treasurer of the State of Texas as trustee, segregated from all other trustees, investments, and activities of the trust company. The State Comptroller of Public Accounts exercises oversight responsibility over TexPool. Oversight includes the ability to significantly influence operations, designation of management, and accountability for fiscal matters. Additionally, the State Comptroller has established an advisory board composed of both participants in TexPool and other persons who do not have a business relationship with TexPool. The advisory board members review the investment policy and management fee structure. Finally, Standard & Poor's rates TexPool 'AAAm'. As a requirement to maintain the rating, weekly portfolio information must be submitted to Standard & Poor's, as well as to the office of the Comptroller of Public Accounts for review.

TexPool is an external investment pool measured at amortized cost. In order to meet the criteria to be recorded at amortized cost, TexPool must transact at a stable net asset value per share and maintain certain maturity, quality, liquidity, and diversification requirements within TexPool. TexPool transacts at a net asset value of \$1.00 per share, has weighted average maturities of 60 days or less, and weighted average lives of 120 days or less. Investments held are highly rated by nationally recognized statistical rating organizations, have no more than five percent of portfolio with one issuer (excluding U.S. government securities), and can meet reasonably foreseeable redemptions. TexPool has a redemption notice period of one day and may redeem daily. TexPool's authority may only impose restrictions on redemptions in the event of a general suspension of trading on major securities markets, general banking moratorium, or national state of emergency that affects TexPool's liquidity.

Lone Star

The Lone Star Investment Pool ("Lone Star") is a public funds investment pool created pursuant to the Interlocal Cooperation Act, Texas Government Code, Chapter 791, and the Public Funds Investment Act, Texas Government Code, Chapter 2256. Lone Star is administered by First Public, a subsidiary of the Texas Association of School Boards (TASB), with Standish and American Beacon Advisors managing the investment and reinvestment of Lone Star's assets. State Street Bank provides custody and valuation services to Lone Star. All of the Board of Trustees' eleven members are Lone Star participants by either being employees or elected officials of a participant. Lone Star has established an advisory board composed of both pool members and nonmembers. Lone Star is rated 'AAA' by Standard and Poor's and operated in a manner consistent with the SEC's Rule 2a7 of the Investment Company Act of 1940. The District is invested in the Government Overnight Fund of Lone Star which seeks to maintain a net asset value of \$1.00. Lone Star has 3 different funds: Government Overnight, Corporate Overnight, and Corporate Overnight Plus. Government and Corporate Overnight maintain a net asset value of \$1.00 and the Corporate Overnight Plus maintains a net asset value of \$0.50.

WOODVILLE
INDEPENDENT SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended August 31, 2018

B. Capital Assets

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

	Beginning Balances	Increases	(Decreases)	Ending Balances
Governmental Activities:				
Capital assets not being depreciated:				
Land	\$ 740,152	\$ -	\$ -	\$ 740,152
Construction in progress	226,680	-	-	226,680
Total Capital Assets Not Being Depreciated	<u>966,832</u>	<u>-</u>	<u>-</u>	<u>966,832</u>
Other capital assets:				
Buildings and improvements	25,976,557	94,176	-	26,070,733
Furniture and equipment	6,690,374	272,025	(319,948)	6,642,451
Total Other Capital Assets	<u>32,666,931</u>	<u>366,201</u>	<u>(319,948)</u>	<u>32,713,184</u>
Less accumulated depreciation for:				
Buildings and improvements	(14,695,711)	(766,641)	-	(15,462,352)
Furniture and equipment	(4,151,419)	(465,677)	307,890	(4,309,206)
Total Accumulated Depreciation	<u>(18,847,130)</u>	<u>(1,232,318)</u>	<u>307,890</u>	<u>(19,771,558)</u>
Other capital assets, net	<u>13,819,801</u>	<u>(866,117)</u>	<u>(12,058)</u>	<u>12,941,626</u>
Governmental Activities Capital Assets, Net	<u>\$ 14,786,633</u>	<u>\$ (866,117)</u>	<u>\$ (12,058)</u>	<u>13,908,458</u>
			Less associated debt	<u>(2,778,106)</u>
			Net Investment in Capital Assets	<u><u>\$ 11,130,352</u></u>

Depreciation was charged to governmental functions as follows:

	Governmental Activities
11 Instruction	\$ 609,687
12 Instructional resources and media services	33,872
23 School leadership	20,323
31 Guidance, counseling, and evaluation services	6,774
33 Health services	6,774
34 Student transportation	173,220
35 Food services	55,854
36 Extracurricular activities	203,892
41 General administration	11,766
51 Plant maintenance and operations	99,897
53 Data processing services	10,259
Total Depreciation Expense	<u><u>\$ 1,232,318</u></u>

WOODVILLE
INDEPENDENT SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended August 31, 2018

C. Long-Term Debt

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

Governmental Activities:	Interest Rate Payable	Beginning Balance	Additions	(Reductions)	Ending Balance	Amounts Due Within One Year
Bonds payable:						
2010 Refunding Bond	2.0 - 4.0%	\$ 1,730,000	\$ -	\$ (555,000)	\$ 1,175,000	\$ 575,000
2013 CO Bond - QZAB	0.25%	1,726,000	-	(142,000)	1,584,000	142,000
		<u>3,456,000</u>	<u>-</u>	<u>(697,000)</u>	<u>2,759,000</u>	<u>717,000</u>
Other liabilities:						
Unamortized premium		28,659	-	(9,553)	19,106	*
Net pension liability		3,448,769	-	(544,034)	2,904,735	-
Net OPEB liability		9,526,213	-	(4,130,300)	5,395,913	-
Total Governmental Activities		<u>\$ 16,459,641</u>	<u>\$ -</u>	<u>\$ (5,380,887)</u>	<u>\$ 11,078,754</u>	<u>\$ 717,000</u>
Long-term liabilities due in more than one year					<u>\$ 10,361,754</u>	
*Debt associated with capital assets					<u>\$ 2,778,106</u>	

Long-term liabilities applicable to the District's governmental activities are not due and payable in the current period and, accordingly, are not reported as fund liabilities in the governmental funds. Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due.

The annual requirements to amortize debt issues outstanding at year end were as follows:

Year Ended Aug 31	Principal	Interest	Total Requirements
2019	\$ 717,000	\$ 39,460	\$ 756,460
2020	743,000	15,605	758,605
2021	143,000	3,248	146,248
2022	143,000	2,890	145,890
2023	144,000	2,532	146,532
2024-2028	578,000	6,527	584,527
2029	291,000	1,093	292,093
Total	<u>\$ 2,759,000</u>	<u>\$ 71,355</u>	<u>\$ 2,830,355</u>

WOODVILLE
INDEPENDENT SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended August 31, 2018

D. Commitments Under Noncapitalized Leases

The District has various operating lease agreements for copiers. Rental expenditures recognized by the District for the fiscal year are as follow:

Rental Expenditures in 2018 \$ 89,057

The following is a schedule of future minimum lease payments under non-cancelable operating leases as of August 31, 2018:

Year Ending August 31	Governmental Activities
2019	\$ 95,934
2020	95,934
2021	95,934
2022	17,168
	<u>\$ 304,970</u>

E. Interfund Transactions

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

Due to	Due From	Amount
General fund	Other governmental funds	\$ 265,737
General fund	IDEA B	255,153
General fund	Textbook	11,090
Other governmental funds	General fund	4,936
	Total	<u>\$ 536,916</u>

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

Transfers Out	Transfers In	Amount
General fund	Debt service fund	\$ 145,700
	Total	<u>\$ 145,700</u>

Amount transferred between funds is related to the QZAB debt payment.

IV. OTHER INFORMATION

A. Risk Management

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

WOODVILLE
INDEPENDENT SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended August 31, 2018

B. Contingent Liabilities

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

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

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

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

C. Defined Benefit Pension Plan

Teacher Retirement System

Plan Description

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

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

WOODVILLE

INDEPENDENT SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS (Continued)

For the Year Ended August 31, 2018

Pension Plan Fiduciary Net Position

Detailed information about the TRS'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.

Benefits Provided

TRS provides service and disability retirement, as well as death and survivor benefits, to eligible employees (and their beneficiaries) of public and higher education in Texas. The pension formula is calculated using 2.3% (multiplier) times the average of the five highest annual creditable salaries times years of credited service to arrive at the annual standard annuity except for members who are grandfathered, the three highest annual salaries are used. The normal service retirement is at age 65 with 5 years of credited service or when the sum of the member's age and years of credited service equals 80 or more years. Early retirement is at age 55 with 5 years of service credit or earlier than 55 with 30 years of service credit. There are additional provisions for early retirement if the sum of the member's age and years of service credit total at least 80, but the member is less than age 60 or 62 depending on date of employment, or if the member was grandfathered in under a previous rule. There are no automatic postemployment benefit changes, including automatic cost of living adjustments (COLAs). Ad hoc postemployment benefit changes, including ad hoc COLAs can be granted by the Texas Legislature as noted in the Plan Description above.

Contributions

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

Employee contribution rates are set in state statute, Texas Government Code 825.402. Senate Bill 1458 of the 83rd Texas Legislature amended Texas Government Code 825.402 for member contributions and established employee contribution rates for fiscal years 2014 through 2017. The 83rd Texas Legislature, General Appropriations Act (GAA) established the employer contribution rates for fiscal years 2014 and 2015. The 84th Texas Legislature, General Appropriations Act (GAA) established the employer contribution rates for fiscal years 2016 and 2017.

Contribution Rates

	<u>2017</u>	<u>2018</u>
Member	7.7%	7.7%
Non-Employer Contributing Entity (NECE-State)	6.8%	6.8%
Employers	6.8%	6.8%

2017 Employer Contributions	\$297,737
2017 Member Contributions	\$294,570
2017 NECE On-behalf Contributions	\$496,033

WOODVILLE
INDEPENDENT SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended August 31, 2018

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 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 (public school, junior college, other entities, or the State of Texas as the employer for senior universities and medical schools) are required to pay the employer contribution rate in the following instances:

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

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

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

WOODVILLE

INDEPENDENT SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS (Continued)

For the Year Ended August 31, 2018

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	8.0%
Long-term expected investment rate of return	8.0%
Inflation	2.5%
Salary increases including inflation	3.5% to 9.5%
Payroll growth rate	2.5%
Benefit changes during the year	None
Ad hoc post-employment benefit changes	None

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

Discount Rate

The discount rate used to measure the total pension liability was 8%. There was no change in the discount rate since the previous year. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and those of the contributing employers and the 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 of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

WOODVILLE
INDEPENDENT SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended August 31, 2018

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

Teacher Retirement System of Texas
Asset Allocation and Long-Term Expected Real Rate of Return
As of August 31, 2017

Asset Class	Target Allocation	Long-Term Expected Geometric Real Rate of Return	Expected Contribution to Long-Term Portfolio Returns *
Global Equity			
U.S.	18.0%	4.6%	1.0%
Non-U.S. Developed	13.0%	5.1%	0.8%
Emerging Markets	9.0%	5.9%	0.7%
Directional Hedge Funds	4.0%	3.2%	0.1%
Private Equity	13.0%	7.0%	1.1%
Stable Value			
U.S. Treasuries	11.0%	0.7%	0.1%
Absolute Return	0.0%	1.8%	0.0%
Hedge Funds (Stable Value)	4.0%	3.0%	0.1%
Cash	1.0%	-0.2%	0.0%
Real Return			
Global Inflation-Linked Bonds	3.0%	0.9%	0.0%
Real Assets	16.0%	5.1%	1.1%
Energy and Natural Resources	3.0%	6.6%	0.2%
Commodities	0.0%	1.2%	0.0%
Risk Parity			
Risk Parity	5.0%	6.7%	0.3%
Inflation Expectation	0.0%		2.2%
Alpha	0.0%		1.0%
Total	100.0%		8.7%

* The Expected Contribution to Returns incorporates the volatility drag resulting from the conversion between Arithmetic and Geometric mean returns.

WOODVILLE

INDEPENDENT SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS (Continued)

For the Year Ended August 31, 2018

Discount Rate Sensitivity Analysis

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

	1% Decrease in Discount Rate (7%)	Current Discount Rate (8%)	1% Increase in Discount Rate (9%)
District's proportionate share of the net pension liability	\$ 4,896,809	\$ 2,904,735	\$ 1,246,010

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

At August 31, 2018, the District reported a liability of \$2,904,735 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	\$ 2,904,735
State's proportionate share that is associated with the District	4,849,493
Total	\$ 7,754,228

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

At August 31, 2017, the District's proportion of the collective net pension liability was 0.0090845%, which was a decrease of 0.0000420% from its proportion measured as of August 31, 2016.

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

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

For the year ended August 31, 2018, the District recognized pension expense of \$369,900 and revenue of \$369,900 for support provided by the State.

WOODVILLE
INDEPENDENT SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended August 31, 2018

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:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual economic experience	\$ 42,498	\$ 156,649
Changes in actuarial assumptions	132,315	75,747
Difference between projected and actual investment earnings	-	211,691
Changes in proportion and difference between the employer's contributions and the proportionate share of contributions	512,515	13,918
Contributions paid to TRS subsequent to the measurement	282,437	-
Total	\$ 969,765	\$ 458,005

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

Year Ended August 31	Pension Expense
2019	\$ 33,458
2020	218,875
2021	19,212
2022	(37,301)
2023	(424)
Thereafter	(4,497)
Total	\$ 229,323

D. Defined Other Postemployment Benefit Plans

Plan Description

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

OPEB Plan Fiduciary Net Position

Detailed information about the TRS-Care's fiduciary net position is available in the separately-issued TRS Comprehensive Annual Financial Report that includes financial statements and Required Supplementary Information. That report may be obtained on the Internet at 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.

WOODVILLE
INDEPENDENT SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended August 31, 2018

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

Total OPEB liability	\$ 43,885,784,621
Less: plan fiduciary net position	<u>399,535,986</u>
Net OPEB Liability	<u>\$ 43,486,248,635</u>

Net position as a percentage of total OPEB liability 0.91%

Benefits Provided

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

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

The premium rates for the Optional Health Insurance are based on years of service of the member. The schedule below shows the monthly rates for the average retiree with Medicare Parts A and B coverage, with 20 to 29 years of service, for the Basic Plan and the two Optional Health Insurance plans:

TRS-Care Plan Premium Rates			
Effective September 1, 2016 - December 31, 2017			
	TRS-Care 1	TRS-Care 2	TRS-Care 3
	Basic Plan	Optional Plan	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*

WOODVILLE

INDEPENDENT SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS (Continued)

For the Year Ended August 31, 2018

Contributions

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

Texas Insurance Code, section 1575.202 establishes the State's contribution rate, which is 1.00 percent of the employee's salary. Section 1575.203 establishes the active employee's rate, which is 0.65 percent of pay. Section 1575.204 establishes an employer contribution rate of not less than 0.25 percent or not more than 0.75 percent 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 TRS-Care by type of contributor:

	Contribution Rates	
	Fiscal Year	
	2017	2018
Active employee	0.65%	0.65%
Non-employer contributing entity (NECE-State)	1.00%	1.25%
Employers	0.55%	0.75%
Federal/private funding remitted by employers	1.00%	1.25%
2017 Employer Contributions	\$	64,511
2017 Member Contributions	\$	26,460
2017 NECE On-Behalf Contributions	\$	85,541

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

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.

Actuarial Assumptions

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

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

WOODVILLE

INDEPENDENT SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS (Continued)

For the Year Ended August 31, 2018

- The active mortality rates were based on 90 percent of the RP-2014 Employee Mortality Tables for males and females. The post-retirement mortality rates were based on the 2015 TRS of Texas Healthy Pensioner Mortality Tables.

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

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

Additional actuarial methods and assumptions are as follows:

Valuation date	August 31, 2017
Actuarial cost method	Individual entry age normal
Inflation	2.50%
Discount rate*	3.42% *
Aging factors	Based on plan specific experience
Expenses	Third-party administrative expenses related to the delivery of health care benefits are included in the age-adjusted claims costs.
Payroll growth rate	2.50%
Projected salary increases**	3.50% to 9.50% **
Healthcare trend rates***	4.50% to 12.00% ***
Election rates	Normal retirement: 70% participation prior to age 65
Ad hoc postemployment benefit changes	None

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

** Includes inflation at 2.50%

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

Discount Rate

A single discount rate of 3.42 percent was used to measure the total OPEB liability. There was a change of 0.44 percent in the discount rate since the previous year. Because TRS-Care is essentially a "pay-as-you-go" plan, the single discount rate is equal to the prevailing municipal bond rate. The projection of cash flows used to determine the discount rate assumed that contributions from active members and those of the contributing employers and the non-employer contributing entity are made at the statutorily required rates. Based on those assumptions, TRS-Care's fiduciary net position was

WOODVILLE

INDEPENDENT SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS (Continued)

For the Year Ended August 31, 2018

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.

Sensitivity of the Net OPEB Liability

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

	1% Decrease (2.42%)	Current Discount Rate (3.42%)	1% Increase (4.42%)
District's proportionate share of the net OPEB liability	\$ 6,368,517	\$ 5,395,913	\$ 4,614,159

Healthcare Cost Trend Rates Sensitivity Analysis – The following presents the net OPEB liability of TRS-Care using the assumed healthcare cost trend rate, as well as what the net OPEB liability would be if it were calculated using a trend rate that is one percent less than or one percent higher than the assumed healthcare cost trend rate:

	1% Decrease in Healthcare Cost Trend Rate	Current Healthcare Cost Trend Rate	1% Increase in Healthcare Cost Trend Rate
District's proportionate share of the net OPEB liability	\$ 4,492,637	\$ 5,395,913	\$ 6,581,126

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

At August 31, 2018, the District reported a liability of \$5,395,913 for its proportionate share of TRS-Care's net OPEB liability. This liability reflects a reduction for State OPEB support provided to the District. The amount recognized by the District as its proportionate share of the net OPEB liability, the related State support, and the total portion of the net OPEB liability that was associated with the District were as follows:

District's proportionate share of the collective net OPEB liability	\$ 5,395,913
State's proportionate share that is associated with the District	7,154,923
Total	\$ 12,550,836

The net OPEB liability was measured as of August 31, 2017 and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date. The District's proportion of the net OPEB liability was based on the District's contributions to TRS-Care relative to the contributions of all employers to TRS-Care for the period September 1, 2016 through August 31, 2017.

WOODVILLE
INDEPENDENT SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended August 31, 2018

At the August 31, 2017 measurement date, the District's proportion of the collective net OPEB liability was 0.0124083 percent, which was the same proportion measured as of August 31, 2016.

Changes Since the Prior Actuarial Valuation

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

- Significant plan changes were adopted during the fiscal year ending August 31, 2017. Effective January 1, 2018, only one health plan option will exist (instead of three) and all retirees will be required to contribute monthly premiums for coverage. The health plan changes triggered changes to several of the assumptions, including participation rates, retirement rates, and spousal participation rates.
- The August 31, 2016 valuation had assumed that the savings related to the Medicare Part D reimbursements would phase out by 2022. This assumption was removed for the August 31, 2017 valuation. Although there is uncertainty regarding these federal subsidies, the new assumption better reflects the current substantive plan. This change was unrelated to the plan amendment and its impact was included as an assumption change in the reconciliation of the total OPEB liability. This change significantly lowered the OPEB liability.
- The discount rate changed from 2.98 percent as of August 31, 2016 to 3.42 percent as of August 31, 2017. This change lowered total OPEB liability.

In this valuation, the impact of the Cadillac Tax has been calculated as a portion of the trend assumption. Assumptions and methods used to determine the impact of the Cadillac Tax include:

- 2018 thresholds of \$850/\$2,292 were indexed annual by 2.50%.
- Premium data submitted was not adjusted for permissible exclusions to the Cadillac Tax.
- There were no special adjustments to the dollar limit other than those permissible for non-Medicare retirees over 55.

Results indicate that the value of the excise tax would be reasonably represented by a 25 basis-point addition to the long-term trend rate assumption.

Future actuarial measurements may differ significantly from the current measurements due to such factors as the following: plan experience differing from that anticipated by the economic or demographic assumptions, changes in economic or demographic assumptions, increases or decreases expected as part of the natural operation of the methodology used for these measurements, and changes in plan provision or applicable law.

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

WOODVILLE
INDEPENDENT SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended August 31, 2018

For the year ended August 31, 2018, the District recognized OPEB expense of (\$2,394,228) and revenue of \$2,394,228 for support provided by the State.

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual economic experience	\$ -	\$ 112,644
Changes in actuarial assumptions	-	2,144,477
Difference between projected and actual investment earnings	820	
Changes in proportion and difference between the employer's contributions and the proportionate share of contributions	23	-
Contributions paid to TRS subsequent to the measurement date	89,042	-
Total	\$ 89,885	\$ 2,257,121

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

Year Ended August 31	OPEB Expense
2019	\$ (297,718)
2020	(297,718)
2021	(297,718)
2022	(297,718)
2023	(297,922)
Thereafter	(767,484)
Total	\$ (2,256,278)

E. Workers' Compensation Insurance

During the year ended August 31, 2018, the District met its workers' compensation obligations through participation in the Deep East Texas Self-Insurance Fund (the "Fund"), a public entity risk pool, which is self-sustained through member contributions. The Fund reinsures to statutory limits through commercial companies for claims in excess of \$1,000,000. The Fund contracts with independent actuaries to determine the adequacy of reserves and fully funds those reserves. The members of the Fund have no known premium liabilities for workers' compensation coverage in excess of their contracted annual premium. However, if the assets of the Fund were to be exhausted, members would be liable for their portion of the Fund's liabilities. This would indicate that members would be contingently liable for the portion of the liability applicable to their political entity. Independent auditors conduct a financial audit at the close of each plan year and, as of the most recent audit, the Fund has adequate assets to more than cover 100 percent of all liabilities.

F. Unemployment Compensation

During the year ended August 31, 2018, the District met its statutory unemployment compensation obligations by participating as a self-funded member of the TASB Risk Management Fund (the

WOODVILLE
INDEPENDENT SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended August 31, 2018

“Fund”). The Fund was created and is operated under the provisions of the Interlocal Cooperation Act, Chapter 791 of the Texas Government Code. The Fund’s Unemployment Compensation Program is authorized by Section 22.005 of the Texas Education Code and Chapter 172 of the Texas Local Government Code. All members participating in the Fund execute interlocal agreements that define the responsibilities of the parties.

The Fund meets its quarterly obligation to the Texas Workforce Commission. Expenses are accrued monthly until the quarterly payment has been made. Expenses can be reasonably estimated; therefore there is no need for specific or aggregate stop-loss coverage for the unemployment compensation pool. For the year ended August 31, 2018, the Fund anticipates that the District has no additional liability beyond the contractual obligation for payment of contribution.

The Fund engages the services of an independent auditor to conduct a financial audit after the close of each year on August 31. The audit is accepted by the Fund’s Board of Trustees in February of the following year. The Fund’s audited financial statements as of August 31, 2017 are available on the TASB Risk Management Fund website and have been filed with the Texas Department of Insurance in Austin.

G. Shared Services Arrangements

The District is the fiscal agent for two shared services arrangements (SSA) which provide services to the member districts listed below. All services are provided by the fiscal agent. The member districts provide the funds to the fiscal agent.

According to guidance provided in the TEA’s Resource Guide, the District has accounted for the fiscal agent’s activities of the SSA in special revenue funds and will be accounted for using Model 3 in the SSA section of the Resource Guide.

Expenditures of the SSA are summarized below:

<u>Member Districts</u>	Tyler County	
	Special Ed Co-Op	Carl Perkins Co-Op
Chester ISD	\$ 48,685	\$ 2,138
Colmesneil ISD	70,441	3,349
Spurger ISD	48,354	3,198
Warren ISD	37,424	9,606
Woodville ISD	70,990	16,860
Zavalla ISD	-	4,812
Kountze ISD	-	15,813
Total	\$ 275,894	\$ 55,776

WOODVILLE
INDEPENDENT SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended August 31, 2018

H. Tax Abatements

The District has entered into a property tax abatement agreement (the “Agreement”) with Texas Pellets, Inc., (the “Company”) for a limitation on appraised value of property for school district maintenance and operation taxes pursuant to Chapter 313 of the Texas Tax Code, the Texas Economic Development Act (the “Act”) as of September 17, 2012.

Under the Act, a taxpayer agrees to build or install property and create jobs in exchange for a 10-year limitation on the taxable property value for school district maintenance and operations tax (M&O) purposes. The minimum limitation value varies by school district.

The Agreement was for the company to invest capital of \$175,199,083 on a long-term basis for a value limitation of \$10,000,000. For fiscal year 2018, which is year three of the Agreement with the M&O tax rate of \$1.04 per \$100, with property valued at \$83,455,395 without considering the limit and \$10,000,000 with the limit. When calculated, the District forgoes collecting \$763,936 in tax revenue—however, that will be offset by the increase in state funding through the FSP funding formula.

The Agreement provides for recapture along with penalty and interest costs in the event of a material breach.

I. Restatement of Net Position

Due to the implementation of GASB *Standard 75*, the District restated its beginning net position as follows:

	Governmental Activities
Beginning net position - as reported	\$ 20,064,728
Restatement - net OPEB liability	(9,526,213)
Restatement - deferred outflows	64,511
Beginning net position - restated	<u>\$ 10,603,026</u>

REQUIRED SUPPLEMENTARY INFORMATION

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WOODVILLE
INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - GENERAL FUND - EXHIBIT G-1
For the Year Ended August 31, 2018

Data Control Codes		Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
		Original	Final		
	Revenues				
5700	Local and intermediate sources	\$ 5,769,137	\$ 5,769,137	\$ 5,894,884	\$ 125,747
5800	State program revenues	6,717,980	7,063,980	7,372,872	308,892
5900	Federal program revenues	15,000	205,000	215,012	10,012
5020	Total Revenues	<u>12,502,117</u>	<u>13,038,117</u>	<u>13,482,768</u>	<u>444,651</u>
	Expenditures				
0011	Instruction	6,372,960	6,282,954	6,188,767	94,187
0012	Instructional resources and media services	139,608	155,108	155,105	3
0013	Curriculum/instructional staff development	112,192	114,202	112,838	1,364
0021	Instructional leadership	5,725	16,725	12,137	4,588
0023	School leadership	865,031	880,031	876,778	3,253
0031	Guidance, counseling, and evaluation services	318,418	327,893	326,874	1,019
0033	Health services	143,498	141,123	140,557	566
0034	Student (pupil) transportation	885,890	723,077	717,730	5,347
0036	Extracurricular activities	675,154	820,988	814,332	6,656
0041	General administration	714,612	730,712	728,945	1,767
0051	Plant maintenance and operations	1,787,282	1,855,782	1,831,766	24,016
0052	Security and monitoring services	56,480	50,380	50,290	90
0053	Data processing services	302,010	293,910	293,845	65
0061	Community services	34,150	31,625	31,600	25
	Capital outlay:				
0081	Facilities acquisition and construction	94,200	94,200	94,176	24
	Intergovernmental:				
0093	Payments to shared services arrangements	70,855	71,355	70,990	365
0099	Other governmental charges	250,000	238,000	237,019	981
6030	Total Expenditures	<u>12,828,065</u>	<u>12,828,065</u>	<u>12,683,749</u>	<u>144,316</u>
1100	Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(325,948)</u>	<u>210,052</u>	<u>799,019</u>	<u>588,967</u>
	Other Financing Sources (Uses)				
7912	Sale of real and personal property	-	9,700	9,677	(23)
8911	Transfers (out)	(145,700)	(145,700)	(145,700)	-
7080	Total Other Financing (Uses)	<u>(145,700)</u>	<u>(136,000)</u>	<u>(136,023)</u>	<u>(23)</u>
1200	Net Change in Fund Balance	<u>(471,648)</u>	<u>74,052</u>	<u>662,996</u>	<u>588,944</u>
0100	Beginning fund balance	8,490,076	8,490,076	8,490,076	-
3000	Ending Fund Balance	<u>\$ 8,018,428</u>	<u>\$ 8,564,128</u>	<u>\$ 9,153,072</u>	<u>\$ 588,944</u>

Notes to Required Supplementary Information:

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

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WOODVILLE
INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE
OF THE NET PENSION LIABILITY
TEACHER RETIREMENT SYSTEM OF TEXAS (TRS) - EXHIBIT G-2
For the Year Ended August 31, 2018

		Measurement Year*			
		2017	2016	2015	2014
District's proportion of the net pension liability (asset)		0.0090845%	0.0091265%	0.0095176%	0.0061929%
District's proportionate share of the net pension liability (asset)		\$ 2,904,735	\$ 3,448,769	\$ 3,364,345	\$ 1,654,209
State's proportionate share of the net pension liability (asset) associated with the District		4,849,493	6,080,852	6,026,371	5,296,143
	Total	<u>\$ 7,754,228</u>	<u>\$ 9,529,621</u>	<u>\$ 9,390,716</u>	<u>\$ 6,950,352</u>
District's covered employee payroll**		\$ 9,711,159	\$ 9,780,055	\$ 9,618,280	\$ 9,571,165
District's proportionate share of the net pension liability (asset) as a percentage of its covered employee payroll		29.91%	35.26%	34.98%	17.28%
Plan fiduciary net position as a percentage of the total pension liability		82.17%	78.00%	78.43%	83.25%

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

** As of the measurement date.

Notes to Required Supplementary Information:

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

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

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WOODVILLE
INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF DISTRICT CONTRIBUTIONS
TEACHER RETIREMENT SYSTEM OF TEXAS (TRS) - EXHIBIT G-3
For the Year Ended August 31, 2018

	Fiscal Year*			
	2018	2017	2016	2015
Contractually required contribution	\$ 282,437	\$ 297,737	\$ 289,971	\$ 281,820
Contributions in relations to the contractually required contribution	282,437	297,737	289,971	281,820
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered employee payroll	\$ 9,335,725	\$ 9,711,159	\$ 9,780,055	\$ 9,618,280
Contributions as a percentage of covered employee payroll	3.03%	3.07%	2.96%	2.93%

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

WOODVILLE
INDEPENDENT SCHOOL DISTRICT
*SCHEDULE OF THE DISTRICT'S PROPORTIONATE
 SHARE OF THE NET OPEB LIABILITY*

**TEXAS PUBLIC SCHOOL RETIRED EMPLOYEES GROUP INSURANCE PROGRAM (TRS-Care) -
 EXHIBIT G-4**

For the Year Ended August 31, 2018

	Measurement Year*
	<u>2017</u>
District's proportion of the collective net OPEB liability (asset)	0.0124083%
District's proportionate share of the collective net OPEB liability (asset)	\$ 5,395,913
State's proportionate share of the collective net OPEB liability (asset) associated with the District	7,154,923
Total	<u><u>\$ 12,550,836</u></u>
District's covered employee payroll**	\$ 9,711,159
District's proportionate share of the net OPEB liability (asset) as a percentage of its covered employee payroll	55.56%
Plan fiduciary net position as a percentage of the total OPEB liability	0.91%

* Only one year of information is currently available.

Notes to Required Supplementary Information:

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

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

WOODVILLE
INDEPENDENT SCHOOL DISTRICT

SCHEDULE OF DISTRICT CONTRIBUTIONS

TEXAS PUBLIC SCHOOL RETIRED EMPLOYEES GROUP INSURANCE PROGRAM (TRS-Care)-

EXHIBIT G-5

For the Year Ended August 31, 2018

	<u>Fiscal Year*</u>
	<u>2018</u>
Statutorily required contributions	\$ 89,042
Contributions in relations to the statutorily required contributions	89,042
Contribution deficiency (excess)	<u>\$ -</u>
District's covered employee payroll	<u>\$ 9,335,725</u>
Contributions as a percentage of covered employee payroll	0.95%

* Only one year of information is currently available.

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***OTHER SUPPLEMENTARY
INFORMATION***

WOODVILLE
INDEPENDENT SCHOOL DISTRICT
COMBINING BALANCE SHEET

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

August 31, 2018

Data Control Codes		Special Revenue Funds			
		211	240	255	270
		Part A Improving Basic Prog	National School Breakfast and Lunch Program	ESEA Title II Part A Training	Rural and Low Income
	Assets				
1110	Cash and cash equivalents	\$ -	\$ 215,699	\$ -	\$ -
1240	Due from other governments	151,686	62,504	62,307	4,385
1260	Due from other funds	-	-	-	-
1000	Total Assets	<u>\$ 151,686</u>	<u>\$ 278,203</u>	<u>\$ 62,307</u>	<u>\$ 4,385</u>
	Liabilities				
2110	Accounts payable	\$ -	\$ 41,803	\$ -	\$ -
2160	Accrued wages payable	-	20,378	-	-
2170	Due to other funds	151,686	-	62,307	4,385
2200	Accrued expenditures	-	432	-	-
2300	Unearned revenue	-	-	-	-
2000	Total Liabilities	<u>151,686</u>	<u>62,613</u>	<u>62,307</u>	<u>4,385</u>
	Fund Balances				
	Restricted:				
3450	Federal/state fund grant restrictions	-	215,590	-	-
	Committed:				
3510	Construction	-	-	-	-
3000	Total Fund Balances	<u>-</u>	<u>215,590</u>	<u>-</u>	<u>-</u>
4000	Total Liabilities and Fund Balances	<u>\$ 151,686</u>	<u>\$ 278,203</u>	<u>\$ 62,307</u>	<u>\$ 4,385</u>

Special Revenue Funds					
289	314	331	429	437	459
Teacher Incentive Program	IDEA B Preschool	Carl Perkins	Pre-K Grant	Special Education	Resnet
\$ -	\$ -	\$ -	\$ 350	\$ -	\$ 12,404
335	15,072	21,976	-	14,247	-
-	-	-	-	4,936	-
<u>\$ 335</u>	<u>\$ 15,072</u>	<u>\$ 21,976</u>	<u>\$ 350</u>	<u>\$ 19,183</u>	<u>\$ 12,404</u>
\$ -	\$ -	\$ 2,069	\$ -	\$ -	\$ -
-	-	-	-	6,999	-
335	15,072	19,907	-	12,045	-
-	-	-	-	139	-
-	-	-	350	-	12,404
<u>335</u>	<u>15,072</u>	<u>21,976</u>	<u>350</u>	<u>19,183</u>	<u>12,404</u>
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>\$ 335</u>	<u>\$ 15,072</u>	<u>\$ 21,976</u>	<u>\$ 350</u>	<u>\$ 19,183</u>	<u>\$ 12,404</u>

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WOODVILLE

INDEPENDENT SCHOOL DISTRICT

COMBINING BALANCE SHEET

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

August 31, 2018

Data Control Codes		Cpaital Project Fund 616	Total Nonmajor Governmental Funds
		Summit Security	
	<u>Assets</u>		
1110	Cash and cash equivalents	\$ 264	\$ 228,717
1240	Due from other governments	-	332,512
1260	Due from other funds	-	4,936
1000	Total Assets	<u>\$ 264</u>	<u>\$ 566,165</u>
	<u>Liabilities</u>		
2110	Accounts payable	\$ -	\$ 43,872
2160	Accrued wages payable	-	27,377
2170	Due to other funds	-	265,737
2200	Accrued expenditures	-	571
2300	Unearned revenue	-	12,754
2000	Total Liabilities	<u>-</u>	<u>350,311</u>
	<u>Fund Balances</u>		
	Restricted:		
3450	Federal/state fund grant restrictions	-	215,590
	Committed:		
3510	Construction	264	264
3000	Total Fund Balances	<u>264</u>	<u>215,854</u>
4000	Total Liabilities and Fund Balances	<u>\$ 264</u>	<u>\$ 566,165</u>

WOODVILLE
INDEPENDENT SCHOOL DISTRICT
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS - EXHIBIT H-2 (Page 1 of 2)
For the Year Ended August 31, 2018

Data Control Codes		Special Revenue Funds			
		211	240	255	270
		Part A Improving Basic Prog	National School Breakfast and Lunch Program	ESEA Title II Part A Training	Rural and Low Income
<u>Revenues</u>					
5700	Local, intermediate, and out-of-state	\$ -	\$ 176,493	\$ -	\$ -
5800	State program revenues	-	24,459	-	-
5900	Federal program revenues	503,589	816,870	88,741	25,402
5020	Total Revenues	<u>503,589</u>	<u>1,017,822</u>	<u>88,741</u>	<u>25,402</u>
<u>Expenditures</u>					
Current:					
0011	Instruction	373,341	-	86,491	25,402
0012	Instructional resources and media services	33,712	-	-	-
0013	Curriculum/instructional staff development	17,936	-	2,250	-
0021	Instructional leadership	-	-	-	-
0031	Guidance, counseling, and evaluation serv	78,600	-	-	-
0035	Food services	-	1,055,562	-	-
0041	General administration	-	-	-	-
0093	Payments to shared services arrangements	-	-	-	-
6030	Total Expenditures	<u>503,589</u>	<u>1,055,562</u>	<u>88,741</u>	<u>25,402</u>
(Deficiency) of Revenues					
(Under) Expenditures		<u>-</u>	<u>(37,740)</u>	<u>-</u>	<u>-</u>
1200	Net Change in Fund Balances	<u>-</u>	<u>(37,740)</u>	<u>-</u>	<u>-</u>
0100	Beginning fund balances	<u>-</u>	<u>253,330</u>	<u>-</u>	<u>-</u>
3000	Ending Fund Balances	<u>\$ -</u>	<u>\$ 215,590</u>	<u>\$ -</u>	<u>\$ -</u>

Special Revenue Funds					
289	314	331	429	437	459
Teacher Incentive Program	IDEA B Preschool	Carl Perkins	Pre-K Grant	Special Education	Resnet
\$ -	\$ -	\$ -	\$ -	\$ 275,895	\$ -
-	-	-	7,935	14,741	-
11,115	34,321	55,776	-	-	-
11,115	34,321	55,776	7,935	290,636	-
11,115	34,321	45,776	4,063	57,057	-
-	-	-	-	-	-
-	-	-	3,872	-	-
-	-	-	-	121,154	-
-	-	-	-	111,021	-
-	-	-	-	-	-
-	-	-	-	1,404	-
-	-	10,000	-	-	-
11,115	34,321	55,776	7,935	290,636	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

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WOODVILLE
INDEPENDENT SCHOOL DISTRICT
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS - EXHIBIT H-2 (Page 2 of 2)
For the Year Ended August 31, 2018

Data Control Codes		Capital Project Fund	Total Nonmajor Governmental Funds
		616	
	<u>Revenues</u>		
5700	Local, intermediate, and out-of-state	\$ -	\$ 452,388
5800	State program revenues	-	47,135
5900	Federal program revenues	-	1,535,814
5020	Total Revenues	-	2,035,337
	<u>Expenditures</u>		
	Current:		
0011	Instruction	-	637,566
0012	Instructional resources and media services	-	33,712
0013	Curriculum/instructional staff development	-	24,058
0021	Instructional leadership	-	121,154
0031	Guidance, counseling, and evaluation services	-	189,621
0035	Food services	-	1,055,562
0041	General administration	-	1,404
0093	Payments to shared services arrangements	-	10,000
6030	Total Expenditures	-	2,073,077
	(Deficiency) of Revenues		
	(Under) Expenditures	-	(37,740)
1200	Net Change in Fund Balances	-	(37,740)
0100	Beginning fund balances	264	253,594
3000	Ending Fund Balances	\$ 264	\$ 215,854

WOODVILLE
INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF DELINQUENT TAXES RECEIVABLE - EXHIBIT J-1
For the Year Ended August 31, 2018

	1	2	3
	Tax Rates		Net Assessed/ Appraised Value For School Tax Purposes
Last Ten Years	Maintenance	Debt Service	
2009 and prior	Various	Various	Various
2010	\$ 1.0400	\$ 0.0700	\$ 855,074,234
2011	\$ 1.0400	\$ 0.0700	\$ 888,863,333
2012	\$ 1.0400	\$ 0.0800	\$ 820,620,892
2013	\$ 1.0400	\$ 0.0600	\$ 857,271,100
2014	\$ 1.0400	\$ 0.0650	\$ 762,595,475
2015	\$ 1.0400	\$ 0.0750	\$ 846,465,112
2016	\$ 1.0400	\$ 0.0850	\$ 766,888,700
2017	\$ 1.0400	\$ 0.1050	\$ 530,985,590
2018	\$ 1.0400	\$ 0.1150	\$ 573,064,838
1000 Totals			

10	20	31	32	40	50
Beginning Balance 9/1/17	Current Year's Total Levy	Maintenance Total Collected	Debt Service Total Collected	Entire Year's Adjustments	Ending Balance 8/31/18
\$ 850,632	\$ -	\$ 13,857	\$ 982	\$ (17,915)	\$ 817,878
75,485	-	2,220	149	(1,978)	71,138
74,772	-	2,037	137	(2,273)	70,325
81,395	-	2,257	174	(2,180)	76,784
88,257	-	7,310	422	1,933	82,458
100,875	-	13,067	817	2,215	89,206
127,169	-	22,445	1,619	1,680	104,785
158,702	-	35,293	2,884	2,474	122,999
272,722	-	70,184	7,086	(9,849)	185,603
-	6,196,895	5,262,994	581,965	(51,967)	299,969
<u>\$ 1,830,009</u>	<u>\$ 6,196,895</u>	<u>\$ 5,431,664</u>	<u>\$ 596,235</u>	<u>\$ (77,860)</u>	<u>\$ 1,921,145</u>

WOODVILLE
INDEPENDENT SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
NATIONAL SCHOOL BREAKFAST AND LUNCH PROGRAM - EXHIBIT J-2
For the Year Ended August 31, 2018

Data Control Codes		Budgeted Amounts			Variance With Final Budget
		Original	Final	Actual	Positive
					(Negative)
<u>Revenues</u>					
5700	Local and intermediate sources	\$ 203,000	\$ 203,000	\$ 176,493	\$ (26,507)
5800	State program revenues	22,500	22,500	24,459	1,959
5900	Federal program revenues	685,000	702,500	816,870	114,370
5020	Total Revenues	910,500	928,000	1,017,822	89,822
<u>Expenditures</u>					
0035	Food services	904,562	1,076,535	1,055,562	20,973
6030	Total Expenditures	904,562	1,076,535	1,055,562	20,973
1200	Net Change in Fund Balance	5,938	(148,535)	(37,740)	110,795
0100	Beginning fund balance	253,330	253,330	253,330	-
3000	Ending Fund Balance	\$ 259,268	\$ 104,795	\$ 215,590	\$ 110,795

WOODVILLE
INDEPENDENT SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
DEBT SERVICE FUND - EXHIBIT J-3
For the Year Ended August 31, 2018

Data Control Codes		Budgeted Amounts		Actual	Variance With Final Budget Positive (Negative)
		Original	Final		
	<u>Revenues</u>				
5700	Local and intermediate sources	\$ 666,100	\$ 666,100	\$ 628,557	\$ (37,543)
5800	State program revenues	17,000	17,000	16,581	(419)
5020	Total Revenues	<u>683,100</u>	<u>683,100</u>	<u>645,138</u>	<u>(37,962)</u>
	<u>Expenditures</u>				
	Debt service:				
0071	Principal	697,000	697,000	697,000	-
0072	Interest	59,641	59,641	59,641	-
0073	Bond issuance costs and fees	500	500	500	-
6030	Total Expenditures	<u>757,141</u>	<u>757,141</u>	<u>757,141</u>	<u>-</u>
1100	(Deficiency) of Revenues				
1100	(Under) Expenditures	<u>(74,041)</u>	<u>(74,041)</u>	<u>(112,003)</u>	<u>(37,962)</u>
	<u>Other Financing Sources (Uses):</u>				
7915	Transfers in	145,700	145,700	145,700	-
7080	Total Other Financing Sources	<u>145,700</u>	<u>145,700</u>	<u>145,700</u>	<u>-</u>
1200	Net Change in Fund Balance	71,659	71,659	33,697	(37,962)
0100	Beginning fund balance	743,951	743,951	743,951	-
3000	Ending Fund Balance	<u>\$ 815,610</u>	<u>\$ 815,610</u>	<u>\$ 777,648</u>	<u>\$ (37,962)</u>

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FEDERAL AWARDS AND OTHER COMPLIANCE SECTION

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

December 14, 2018

To the Board of Trustees of
Woodville Independent School District:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Woodville Independent School District (the "District"), as of and for the year ended August 31, 2018, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated December 14, 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 combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the District's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

Compliance and Other Matters

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

Purpose of this Report

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

BELT HARRIS PECHACEK, LLP

Belt Harris Pechacek, LLP
Certified Public Accountants
Houston, Texas



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

December 14, 2018

To the Board of Trustees of
Woodville Independent School District:

Report on Compliance for Each Major Federal Program

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

Management's Responsibility

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

Auditors' Responsibility

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

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

Opinion on Each Major Federal Program

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

Report on Internal Control Over Compliance

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

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

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

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

BELT HARRIS PECHACEK, LLP

Belt Harris Pechacek, LLP
Certified Public Accountants
Houston, Texas

WOODVILLE
INDEPENDENT SCHOOL DISTRICT
SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS
For the Year Ended August 31, 2018

A. SUMMARY OF PRIOR YEAR AUDIT FINDINGS

No prior year findings.

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WOODVILLE
INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended August 31, 2018

A. SUMMARY OF AUDIT RESULTS

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

<u>CFDA Numbers</u>	<u>Name of Federal Program</u>
10.553 & 10.555	Child Nutrition Cluster
84.010	Title I

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

B. FINDINGS – BASIC FINANCIAL STATEMENT AUDIT

None Noted

C. FINDINGS – FEDERAL AWARDS

None Noted

WOODVILLE
INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS - EXHIBIT K-1
For the Year Ended August 31, 2018

(1)	(2)	(2A)	(3)
Federal Grantor/Pass Through Grantor/Program or Cluster Title	Federal CFDA Number	Pass-through Entity Identifying Number	Federal Expenditures
U.S. DEPARTMENT OF EDUCATION			
<i>Passed Through State Department of Education</i>			
Title I, Part A Improving Basic Programs	84.010	18610101229903	\$ 408,589
Title I, School Improvement	84.010	18610123229903	95,000
Carl D. Perkins Basic Formula Grant	84.048A	18420006229903	56,154
Title II, Part A, Supporting Effective Instruction	84.367A	18694501229903	91,336
Title V, Part B, Subpart 2 - Rural and Low-Income Schools	84.358B	18696001229903	25,402
Title IV, Part A, Subpart I	84.424A	18680101229903	11,115
Special Education Cluster (IDEA) Cluster:			
IDEA B, Formula Grant*	84.027A	186600012299036000	838,822
IDEA B, Preschool*	84.173A	186610012299036000	34,321
TOTAL U.S. DEPARTMENT OF EDUCATION			1,560,739
U.S. DEPARTMENT OF AGRICULTURE			
<i>Passed Through State Department of Education</i>			
Child Nutrition Cluster:			
School Breakfast Program*	10.553	229903	\$ 251,391
National School Lunch Program*	10.555	229903	483,383
USDA Commodities	10.565	229004A	82,096
TOTAL U.S. DEPARTMENT OF AGRICULTURE			816,870
TOTAL EXPENDITURES OF FEDERAL AWARDS			\$ 2,377,609
		Federal revenue per SEFA	\$ 2,377,609
		SHARS	192,519
		C-2 Federal revenue	\$ 2,570,128

* Indicates clustered program under OMB Compliance Supplement

The accompanying notes are an integral part of this schedule.

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WOODVILLE
INDEPENDENT SCHOOL DISTRICT
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended August 31, 2018

NOTE 1: BASIS OF ACCOUNTING

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

NOTE 2: INDIRECT COST RATE

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

WOODVILLE
INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF REQUIRED RESPONSES TO
SELECTED SCHOOL FIRST INDICATORS - EXHIBIT L-1
For the Year Ended August 31, 2018

<u>Data Control Codes</u>		<u>Responses</u>
SF2	Were there any disclosures in the annual financial report and/or other sources of information concerning nonpayment of any terms of any debt agreement at fiscal year end?	No
SF4	Was there an unmodified opinion in the annual financial report?	Yes
SF5	Did the annual financial report disclose any instances of material weaknesses in internal controls over financial reporting and compliance for local, state, or federal funds?	No
SF6	Was there any disclosure in the annual financial report of material noncompliance for grants, contracts, and laws related to local, state, or federal funds?	No
SF7	Did the District make timely payments to the Teacher Retirement System, Texas Workforce Commission, Internal Revenue Service, and other government agencies?	Yes
SF8	Did the District <u>not</u> receive an adjusted repayment schedule for more than one fiscal year for an over allocation of Foundation School Program funds as a result of a financial hardship?	Yes
SF10	Total accumulated accretion on capital appreciation bonds included in government-wide financial statements at fiscal year end	\$ -
SF11	Net pension asset (1920) at fiscal year end	\$ -
SF12	Net pension liability (2540) at fiscal year end	\$ 2,904,735

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