

TIDEHAVEN INDEPENDENT SCHOOL DISTRICT

ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED AUGUST 31, 2019



Tidehaven Independent School District
Annual Financial Report
For The Year Ended August 31, 2019

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Introductory Section



CERTIFICATE OF BOARD

Tidehaven Independent School District
Name of School District

Matagorda
County

158-902
Co.-Dist. Number

We, the undersigned, certify that the attached annual financial reports of the above named school district were reviewed and (check one) _____ approved _____ disapproved for the year ended August 31, 2019, at a meeting of the board of trustees of such school district on the ____ day of _____, _____.

Signature of Board Secretary

Signature of Board President

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



Financial Section



Harry Afadapa & Associates, PC
Certified Public Accountants
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Stafford, Texas 77477
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Independent Auditor's Report

To the Board of Trustees
Tidehaven Independent School District
PO Box 129
El Maton, Texas 77440

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Tidehaven Independent School District ("the District") as of and for the year ended August 31, 2019, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the 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 Tidehaven Independent School District as of August 31, 2019, and the respective changes in financial position, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, and budgetary comparison information and schedule of the District's proportionate share of the net pension liability and schedule of District pension contributions, and schedule of the District's proportionate share of the net OPEB liability and schedule of District OPEB contributions identified as Required Supplementary Information in the table of contents be presented as supplement to 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 Tidehaven Independent School District's basic financial statements. The introductory section and combining and individual nonmajor fund financial statements 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* 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 accompanying other supplementary information is presented for purposes of additional analysis and is also not a required part of the basic financial statements.

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

The introductory section has 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 it.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 20, 2019 on our consideration of Tidehaven Independent School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Tidehaven Independent School District's internal control over financial reporting and compliance.

Respectfully submitted,

Harry Afadapa & Associates, PC

Stafford, Texas
December 20, 2019



TIDEHAVEN INDEPENDENT SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

AUGUST 31, 2019

This discussion and analysis of the Tidehaven Independent School District's financial statements provides a narrative overview of the District's financial activities for the fiscal year ended August 31, 2019. The information presented here should be read in conjunction with the basic financial statements and the accompanying notes to those financial statements.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the District's basic financial statements. The District's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other required supplementary information in addition to the basic financial statements themselves.

Government-wide financial statements. The *government-wide financial statements* are designed to provide readers with a broad overview of Tidehaven Independent School District's finances in a manner similar to private sector business. They present the financial picture of the District from an economic resources measurement focus using the accrual basis of accounting. These statements include all assets of the District as well as all liabilities. Additionally, certain eliminations have occurred in regards to interfund activity, payables and receivables.

The *statement of net position* presents information on all of the District's assets and liabilities, with the difference between the two reported as net position. Increases or decreases in net position over time may serve as a useful indicator of whether the financial position of Tidehaven Independent School District is improving or deteriorating.

The *statement of activities* presents information showing how the district's net position changed during the most recent fiscal year using full accrual basis of accounting. 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. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods.

Fund financial statements. A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. Tidehaven Independent School District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the District can be divided into two categories: governmental funds and fiduciary funds.

Governmental funds. *Governmental funds* are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *current sources and uses of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating a district's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the district-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the district's near-term financing decisions. Both the governmental funds balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

Fiduciary funds. *Fiduciary funds* are used to account for resources held for the benefit of parties outside the district. Fiduciary funds are not reflected in the district-wide financial statement because the resources of those funds are not available to support the District's own programs. The accounting used for the fiduciary funds is much like that used for proprietary funds. The District is responsible for ensuring that the assets reported in these funds are used for their intended purposes.

TIDEHAVEN INDEPENDENT SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

AUGUST 31, 2019

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the district-wide and fund financial statements.

Other information. In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary information* that further explains and supports the information in the financial statements.

District-wide Financial Analysis

The District's net position at August 31, 2019 and 2018 are summarized as follows:

	Governmental Activities		
	8/31/2019	8/31/2018	Variance
Current and other assets	\$ 17,109,650	\$ 19,514,475	\$ (2,404,825)
Capital assets	52,021,884	50,291,316	1,730,568
Total assets	<u>69,131,534</u>	<u>69,805,791</u>	<u>(674,257)</u>
Deferred outflows of resources	1,768,178	483,088	1,285,090
Other liabilities	1,935,734	2,243,813	(308,079)
Noncurrent liabilities	47,189,839	46,732,272	457,567
Total liabilities	<u>49,125,573</u>	<u>48,976,085</u>	<u>149,488</u>
Deferred inflows of resources	1,170,470	1,290,199	(119,729)
Net position:			
Net investment in capital assets	8,801,623	5,853,652	2,947,971
Restricted	1,585,722	772,301	813,421
Unrestricted	10,216,323	13,396,642	(3,180,319)
Total net position	<u>\$ 20,603,668</u>	<u>\$ 20,022,595</u>	<u>\$ 581,073</u>

Current assets net amount decreased by \$2,404,825, and the decline was primarily in cash account at year end when compared to prior year balance. Cash declined by \$2,485,567 due to completion of capital project activities. Capital assets increase by \$1,730,568 due to completion of construction in progress projects totaling \$2,987,484, and net disposition of asset of \$1,736,155. Deferred Outflow of resources increased by \$1,285,090 which consist of increase in Deferred Outflow Related to Pension [GASB 68] of \$802,688 and increase in Deferred Outflow Related to Other Postemployment Benefit Other than Pension [GASB 75] of \$482,402.

Noncurrent liabilities increased by \$457,567 primarily from increases Net Pension Liability [\$1,106,372] and Net OPEB Liability [\$603,598], current year bond payment of \$1,200,000, and net current portion of long term bond obligation.

A portion of the District's net position [43 percent] reflects its investment in capital assets, net of related debt. The District uses capital assets to provide services to students; consequently these assets are not available for future spending. An additional portion of the District's net position [8 percent] represents resources that are subject to external restrictions on how they may be used. The remaining balance [49 percent] of unrestricted net position may be used to meet the District's ongoing obligations to educate the school-age children of Tidehaven ISD.

TIDEHAVEN INDEPENDENT SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

AUGUST 31, 2019

At the end of the current fiscal year, the District is able to report positive balances in all three categories of net position. The same situation held true for the prior fiscal year.

The District's Governmental activities at August 31, 2019 and 2018 are summarized as follows:

	Governmental Activities		
	8/31/2019	8/31/2018	Variance
Revenues:			
Program Revenues:			
Charges for services	\$ 422,572	\$ 312,521	\$ 110,051
Operating grants & contributions	2,126,580	597,860	1,528,720
Capital grants & contributions	-	-	-
General Revenues:			
Property taxes	13,901,162	14,035,332	(134,170)
Investment earnings	160,824	-	160,824
Grants & contributions not restricted for specific purpose	1,336,992	1,435,054	(98,062)
Gain on property asset sale	4,000	-	4,000
Miscellaneous	6,725	16,749	(10,024)
Total revenues	<u>17,958,855</u>	<u>16,397,516</u>	<u>1,561,339</u>
Expenses:			
Instruction	6,649,975	4,637,848	2,012,127
Instructional resources and media	141,202	110,503	30,699
Curriculum and staff development	144,300	126,089	18,211
Instructional leadership	35,318	32,838	2,480
School leadership	842,178	636,088	206,090
Guidance and counseling	213,030	156,355	56,675
Social Work Series	19	123	(104)
Health services	200,464	134,921	65,543
Student transportation	400,667	253,083	147,584
Food service	751,909	619,772	132,137
Extracurricular activities	665,317	560,950	104,367
General administration	638,256	504,295	133,961
Plant maintenance and operations	1,610,386	1,391,438	218,948
Security and monitoring services	63,302	49,931	13,371
Data processing services	236,341	177,862	58,479
Interest on long-term debt	1,414,046	1,456,464	(42,418)
Bond issuance costs	2,650	2,650	-
Capital outlay	53,272	720,869	(667,597)
Contracted Instr Services Between Schools	2,962,120	3,002,261	(40,141)
Payments related to SSA	149,566	142,344	7,222
Other Intergovernmental Charges	203,465	235,202	(31,737)
Total expenses	<u>17,377,783</u>	<u>14,951,886</u>	<u>2,425,897</u>

TIDEHAVEN INDEPENDENT SCHOOL DISTRICT

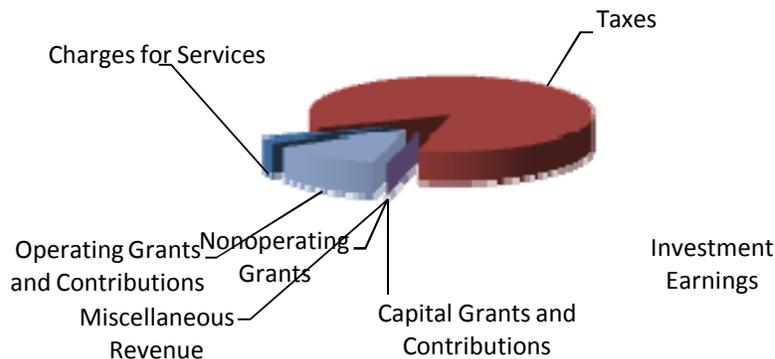
MANAGEMENT'S DISCUSSION AND ANALYSIS

AUGUST 31, 2019

Increase in net position	581,072	1,445,630	(864,558)
Net position beginning	20,022,595	23,000,479	(2,977,884)
Prior Period Adjustment	-	(4,423,514)	4,423,514
Net position-Beginning, as Restated	<u>20,022,595</u>	<u>18,576,965</u>	<u>1,445,630</u>
Net position ending	<u>\$ 20,603,667</u>	<u>\$ 20,022,595</u>	<u>\$ 581,072</u>

Governmental activities. Governmental activities increased the District's net position by \$581,072 in current operations compared to the prior year increase of \$1,445,630. Overall, revenue increased by \$1,561,339 and expenditures increased by \$2,425,897. Key elements of these changes are as follows:

- Except for capital outlay that decreased by \$667,597; Interest on long term debt payment that decreased by \$42,418; contracted instructional service between schools cost by \$40,141 and Other intergovernmental charges that decreased by \$31,737, all other categories of expenditures increased when compared to prior year balances. Significant portion of these increases are the effect of the GASB 68 and GASB 75.
- Property tax revenue recognition decreased by over \$134,000 due to the state wide homeowner's property reduction.
- Operating Grants and Contributions increase by \$1,528,720 as second year implementation of GASB 75 is no longer required to be netted against this revenue category which was required in the initial year of implementation – 2018.
- Grants and Contributions Not Restricted to Specific Program decreased by \$98,062 due to decrease in state funding.



Financial Analysis of the District's Funds

As noted earlier, the District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. Fund accounting and budget controls has been the framework of the District's strong fiscal management and accountability.

Governmental funds. The general government functions are reported in the General and Special Revenue Funds. The focus of the District's *governmental funds* is to provide information on current sources, uses, and balances of *spendable* resources. Such information is useful in determining the District's financing requirements. In particular, *unassigned fund balance* may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

TIDEHAVEN INDEPENDENT SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

AUGUST 31, 2019

At the end of the current fiscal year the District's governmental funds reported combined ending fund balances of \$16,254,562, a decrease of \$2,049,990. \$6,771,694 of this total constitutes unassigned fund balance, which is available for spending at the District's discretion. \$7,5249,527 represents amounts committed for future construction, upgrades, equipment purchases and use in campus activity funds. \$367,718 of fund balance is in non-spendable (prepaid items) form that may not be spent, and \$10,000 is endowment principal. The remaining \$1,555,623 is restricted by outside sources to indicate that it is not available for new spending.

The general fund is the chief operating fund of the District. At the end of the current fiscal year, unassigned fund balance of the general fund was \$6,358,312 and total fund balance of \$14,226,030. As a measure of the general fund's liquidity, it may be useful to compare unassigned fund balance to total fund expenditures. Unassigned fund balance represents 44% of total general fund balance while the unassigned fund balance represents 40% of total general fund expenditures.

The general fund balance decreased by \$1,905,761 compared to the prior year increase of \$4,561,939. Revenue decreased by \$2,636,848 and expenditures increased by \$3,995,676. The increase in the expenditures are in these major areas – Instructional expenditures \$492,567; Facilities Maintenance & Operations \$514,606; Capital outlay \$2,738,951; and Contracted Instructional Services between Public School \$40,141.

General Fund Budgetary Highlights. The Board of Trustees approved increases to appropriations all through the year.

Actual revenue exceeded budgetary estimates by \$646,010 and actual expenditures were less than appropriations by \$2,533,923.

Debt Administration

Debt service activity for the year consisted of debt payment of \$1,200,000 in principal and recognition of additional debt obligation of \$603,598 for net OPEB liabilities, and \$1,106,372 for net pension liability for the fiscal year ended August 31, 2019.

	Governmental Activities		
	<u>8/31/2019</u>	<u>8/31/2018</u>	<u>Variance</u>
General obligation bonds	\$ 42,820,000	\$ 44,020,000	\$ (1,200,000)
Unamortized bond premium	400,261	417,664	(17,403)
Net OPEB liability	3,121,763	2,518,165	603,598
Net pension liability	2,082,815	976,443	1,106,372
	<u>\$ 48,424,839</u>	<u>\$ 47,932,272</u>	<u>\$ 492,567</u>

Capital Assets

	Governmental Activities		
	<u>8/31/2019</u>	<u>8/31/2018</u>	<u>Variance</u>
Land	\$ 482,413	\$ 486,415	\$ (4,002)
Construction in progress	2,987,484	-	2,987,484
Buildings & Improvements	54,964,398	56,536,611	(1,572,213)
Vehicles & Equipment	2,531,739	2,520,327	11,412
Totals	60,966,034	59,543,353	1,422,681
Less accumulated depreciation	(8,944,151)	(9,252,037)	307,886
	<u>\$ 52,021,883</u>	<u>\$ 50,291,316</u>	<u>\$ 1,730,567</u>

TIDEHAVEN INDEPENDENT SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

AUGUST 31, 2019

Some of the more significant capital events during the year includes the following:

- Retirement and disposition of \$1,572,213 in Building & Improvement
- Retirement and disposition of \$159,942 in vehicles, machinery and equipment
- Additional assets in construction in progress in the amount \$2,987,484
- Depreciation expense for the year was \$1,424,269.

Economic Factors and Next Year's Budgets and Rates

The annual budget is developed to provide efficient, effective and controlled use of the District's resources. Some of the more significant factors taken into consideration in adopting the 2019-2020 budgets include the following:

- Instructional and Related services increased by \$513,970
- Support services (student) increased by 439,708
- Administrative Support services increased by \$65,397
- And Nonstudent Support services decreased by \$324,748

Request for Information

This financial report is designed to provide a general overview of the District's finances. Questions concerning any of the information provided in this report or request for additional information should be addressed to the Tidehaven Independent School District, Attention: Business Manager, P.O Box 129, El Maton, TX 77440 or call 361-588-6321.

Basic Financial Statements



TIDEHAVEN INDEPENDENT SCHOOL DISTRICT
STATEMENT OF NET POSITION
AUGUST 31, 2019

Data Control Codes	1	Governmental Activities
ASSETS:		
1110	<i>Cash and Cash Equivalents</i>	\$ 16,370,472
1120	<i>Current Investments</i>	450
1225	<i>Property Taxes Receivable (Net)</i>	212,900
1240	<i>Due from Other Governments</i>	130,338
1300	<i>Inventories</i>	27,771
1410	<i>Unrealized Expenses</i>	367,718
Capital Assets:		
1510	<i>Land</i>	482,413
1520	<i>Buildings and Improvements, Net</i>	47,678,030
1530	<i>Furniture and Equipment, Net</i>	873,957
1580	<i>Construction in Progress</i>	2,987,484
1000	Total Assets	<u>69,131,533</u>
DEFERRED OUTFLOWS OF RESOURCES:		
	<i>Deferred Outflow Related to Pensions</i>	1,253,713
	<i>Deferred Outflow Related to OPEB</i>	514,465
1700	Total Deferred Outflows of Resources	<u>1,768,178</u>
LIABILITIES:		
2110	<i>Accounts Payable</i>	10,345
2140	<i>Interest Payable</i>	54,447
2165	<i>Accrued Liabilities</i>	477,691
2180	<i>Due to Other Governments</i>	149,289
2300	<i>Unearned Revenue</i>	8,962
Noncurrent Liabilities:		
2501	<i>Due Within One Year</i>	1,235,000
2502	<i>Due in More Than One Year</i>	41,985,261
2540	<i>Net Pension Liability</i>	2,082,815
2545	<i>Net OPEB Liability</i>	3,121,763
2000	Total Liabilities	<u>49,125,573</u>
DEFERRED INFLOWS OF RESOURCES:		
	<i>Deferred Inflow Related to Pensions</i>	183,293
	<i>Deferred Inflow Related to OPEB</i>	987,177
2600	Total Deferred Inflows of Resources	<u>1,170,470</u>
NET POSITION:		
3200	Net Investment in Capital Assets	8,801,623
Restricted For:		
3850	Debt Service	1,621,032
3860	Capital Projects	(81,449)
	Other Purposes	
3890	Expendable	36,139
3890	Nonexpendable	10,000
3900	Unrestricted	10,216,323
3000	Total Net Position	<u>\$ 20,603,668</u>

The accompanying notes are an integral part of this statement.

TIDEHAVEN INDEPENDENT SCHOOL DISTRICT

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED AUGUST 31, 2019

Data Control Codes	Functions/Programs	1 Expenses	3 Program Revenues		4 Operating Grants and Contributions	Net (Expense) Revenue and Changes in Net Position
			Charges for Services			
	Governmental Activities:					
11	<i>Instruction</i>	\$ 6,649,975	\$ 83,895	\$ 759,370	\$ (5,806,710)	
12	<i>Instructional Resources and Media Services</i>	141,202	1,904	5,488	(133,810)	
13	<i>Curriculum and Staff Development</i>	144,300	1,143	55,526	(87,631)	
21	<i>Instructional Leadership</i>	35,318	330	9,327	(25,661)	
23	<i>School Leadership</i>	842,178	60,223	34,589	(747,366)	
31	<i>Guidance, Counseling, & Evaluation Services</i>	213,030	3,022	200,669	(9,339)	
32	<i>Social Work Services</i>	19	--	--	(19)	
33	<i>Health Services</i>	200,464	2,768	7,680	(190,016)	
34	<i>Student Transportation</i>	400,667	7,186	15,207	(378,274)	
35	<i>Food Service</i>	751,909	74,365	594,326	(83,218)	
36	<i>Cocurricular/Extracurricular Activities</i>	665,317	27,403	11,430	(626,484)	
41	<i>General Administration</i>	638,256	8,659	21,012	(608,585)	
51	<i>Facilities Maintenance and Operations</i>	1,610,386	26,865	23,109	(1,560,412)	
52	<i>Security and Monitoring Services</i>	63,302	863	2,758	(59,681)	
53	<i>Data Processing Services</i>	236,341	3,276	7,688	(225,377)	
61	<i>Community Services</i>	--	--	358,625	358,625	
72	<i>Interest on Long-term Debt</i>	1,414,046	24,436	19,776	(1,369,834)	
73	<i>Bond Issuance Costs and Fees</i>	2,650	--	--	(2,650)	
81	<i>Capital Outlay</i>	53,272	45,576	--	(7,696)	
91	<i>Contracted Instructional Services between Schools</i>	2,962,120	48,220	--	(2,913,900)	
93	<i>Payments Related to Shared Services Arrangement</i>	149,566	2,438	--	(147,128)	
99	<i>Other Intergovernmental Charges</i>	203,465	--	--	(203,465)	
TG	Total Governmental Activities	<u>17,377,783</u>	<u>422,572</u>	<u>2,126,580</u>	<u>(14,824,631)</u>	
TP	Total Primary Government	<u>\$ 17,377,783</u>	<u>\$ 422,572</u>	<u>\$ 2,126,580</u>	<u>(14,828,631)</u>	
	General Revenues:					
MT	<i>Property Taxes, Levied for General Purposes</i>				11,423,543	
DT	<i>Property Taxes, Levied for Debt Service</i>				2,477,619	
GC	<i>Grants and Contributions Not Restricted to Specific Programs</i>				1,336,992	
MI	<i>Miscellaneous</i>				6,725	
	<i>Other Resources (Reclassify to revenue)</i>				160,824	
	<i>Non-operating Revenues (Reclassify to revenue)</i>				4,000	
TR	Total General Revenues				<u>15,409,703</u>	
CN	Change in Net Position				581,072	
NB	Net Position - Beginning				20,022,596	
NE	Net Position - Ending				<u>\$ 20,603,668</u>	

The accompanying notes are an integral part of this statement.

TIDEHAVEN INDEPENDENT SCHOOL DISTRICT

BALANCE SHEET - GOVERNMENTAL FUNDS

AUGUST 31, 2019

Data Control Codes	10 General Fund	50 Debt Service Fund	Other Governmental Funds	98 Total Governmental Funds	
ASSETS:					
1110	Cash and Cash Equivalents	\$ 14,381,035	\$ 1,623,977	\$ 365,460	\$ 16,370,472
1120	Current Investments	450	--	--	450
1225	Taxes Receivable, Net	155,138	57,762	--	212,900
1240	Due from Other Governments	93,403	--	36,935	130,338
1260	Due from Other Funds	1,025	--	--	1,025
1300	Inventories	--	--	27,771	27,771
1410	Unrealized Expenditures	367,718	--	--	367,718
1000	Total Assets	<u>14,998,769</u>	<u>1,681,739</u>	<u>430,166</u>	<u>17,110,674</u>
LIABILITIES:					
Current Liabilities:					
2110	Accounts Payable	\$ 10,132	\$ --	\$ 213	\$ 10,345
2150	Payroll Deductions & Withholdings	127	--	--	127
2160	Accrued Wages Payable	447,801	--	16,150	463,951
2170	Due to Other Funds	--	--	1,025	1,025
2180	Due to Other Governments	149,289	--	--	149,289
2200	Accrued Expenditures	12,302	--	1,311	13,613
2300	Unearned Revenue	--	--	8,962	8,962
2000	Total Liabilities	<u>619,651</u>	<u>--</u>	<u>27,661</u>	<u>647,312</u>
DEFERRED INFLOWS OF RESOURCES:					
	Deferred Revenue	153,088	55,712	--	208,800
2600	Total Deferred Inflows of Resources	<u>153,088</u>	<u>55,712</u>	<u>--</u>	<u>208,800</u>
FUND BALANCES:					
Nonspendable Fund Balances:					
3425	Endowment Principal	--	--	10,000	10,000
3430	Prepaid Items	367,718	--	--	367,718
Restricted Fund Balances:					
3450	Federal/State Funds Grant Restrictions	--	--	8,780	8,780
3470	Capital Acquisitions & Contractual Obligations	--	--	(81,449)	(81,449)
3480	Retirement of Long-Term Debt	--	1,622,638	--	1,622,638
3490	Other Restrictions of Fund Balance	--	--	5,654	5,654
Committed Fund Balances:					
3510	Construction	7,000,000	--	--	7,000,000
3530	Capital Expenditures for Equipment	500,000	--	--	500,000
3545	Other Committed Fund Balance	--	--	49,527	49,527
3600	Unassigned	6,358,312	3,389	346,688	6,708,389
Unassigned, Reported in Nonmajor:					
3610	Special Revenue Funds	--	--	63,495	63,495
3630	Permanent Funds	--	--	(190)	(190)
3000	Total Fund Balances	<u>14,226,030</u>	<u>1,626,027</u>	<u>402,505</u>	<u>16,254,562</u>
4000	Total Liabilities, Deferred Inflow of Resources and Fund Balances	<u>\$ 14,998,769</u>	<u>\$ 1,681,739</u>	<u>\$ 430,166</u>	<u>\$ 17,110,674</u>

The accompanying notes are an integral part of this statement.

TIDEHAVEN INDEPENDENT SCHOOL DISTRICT
*RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
 TO THE STATEMENT OF NET POSITION
 AUGUST 31, 2019*

Total fund balances - governmental funds balance sheet	\$ 16,254,562
Amounts reported for governmental activities in the Statement of Net Position ("SNP") are different because:	
Capital assets used in governmental activities are not reported in the funds.	52,021,885
Property taxes receivable unavailable to pay for current period expenditures are deferred in the funds.	208,800
Payables for bond principal which are not due in the current period are not reported in the funds.	(42,820,000)
Payables for bond interest which are not due in the current period are not reported in the funds.	(54,447)
Recognition of the District's proportionate share of the net pension liability is not reported in the funds.	(2,082,815)
Deferred Resource Inflows related to the pension plan are not reported in the funds.	(183,293)
Deferred Resource Outflows related to the pension plan are not reported in the funds.	1,768,178
Bond premiums are amortized in the SNA but not in the funds.	(400,261)
Recognition of the District's proportionate share of the net OPEB liability is not reported in the funds.	(3,121,763)
Deferred Resource Inflows related to the OPEB plan are not reported in the funds.	(987,177)
Rounding difference	(1)
Net position of governmental activities - Statement of Net Position	<u>\$ 20,603,668</u>

The accompanying notes are an integral part of this statement.

TIDEHAVEN INDEPENDENT SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - GOVERNMENTAL FUNDS
FOR THE YEAR ENDED AUGUST 31, 2019

Data Control Codes	10 General Fund	50 Debt Service Fund	Other Governmental Funds	98 Total Governmental Funds
REVENUES:				
5700 <i>Local and Intermediate Sources</i>	\$ 11,720,010	\$ 2,503,661	\$ 121,828	\$ 14,345,499
5800 <i>State Program Revenues</i>	1,707,518	19,776	106,593	1,833,887
5900 <i>Federal Program Revenues</i>	201,153	--	1,072,711	1,273,864
5020 Total Revenues	<u>13,628,681</u>	<u>2,523,437</u>	<u>1,301,132</u>	<u>17,453,250</u>
EXPENDITURES:				
Current:				
0011 <i>Instruction</i>	4,950,440	--	541,336	5,491,776
0012 <i>Instructional Resources and Media Services</i>	116,979	--	--	116,979
0013 <i>Curriculum and Staff Development</i>	69,653	--	55,526	125,179
0021 <i>Instructional Leadership</i>	21,017	--	9,321	30,338
0023 <i>School Leadership</i>	655,978	--	39,353	695,331
0031 <i>Guidance, Counseling, & Evaluation Services</i>	185,537	--	(9,027)	176,510
0033 <i>Health Services</i>	169,938	--	--	169,938
0034 <i>Student Transportation</i>	441,206	--	--	441,206
0035 <i>Food Service</i>	15,032	--	609,668	624,700
0036 <i>Cocurricular/Extracurricular Activities</i>	581,654	--	--	581,654
0041 <i>General Administration</i>	532,049	--	--	532,049
0051 <i>Facilities Maintenance and Operations</i>	1,651,052	--	--	1,651,052
0052 <i>Security and Monitoring Services</i>	53,164	--	--	53,164
0053 <i>Data Processing Services</i>	201,465	--	--	201,465
0071 <i>Principal on Long-term Debt</i>	--	1,200,000	--	1,200,000
0072 <i>Interest on Long-term Debt</i>	--	1,437,536	--	1,437,536
0073 <i>Bond Issuance Costs and Fees</i>	--	2,650	--	2,650
0081 <i>Capital Outlay</i>	2,738,951	--	82,436	2,821,387
0091 <i>Contracted Instructional Services</i>				
0091 <i>Between Public Schools</i>	2,962,120	--	--	2,962,120
0093 <i>Payments to Shared Service Arrangements</i>	149,566	--	--	149,566
0099 <i>Other Intergovernmental Charges</i>	203,465	--	--	203,465
6030 Total Expenditures	<u>15,699,266</u>	<u>2,640,186</u>	<u>1,328,613</u>	<u>19,668,065</u>
1100 Excess (Deficiency) of Revenues Over (Under)				
1100 Expenditures	<u>(2,070,585)</u>	<u>(116,749)</u>	<u>(27,481)</u>	<u>(2,214,815)</u>
Other Financing Sources and (Uses):				
7912 <i>Sale of Real or Personal Property</i>	160,824	--	--	160,824
7915 <i>Transfers In</i>	95,000	--	--	95,000
7949 <i>Other Resources</i>	4,000	--	--	4,000
8911 <i>Transfers Out</i>	(95,000)	--	--	(95,000)
7080 Total Other Financing Sources and (Uses)	<u>164,824</u>	<u>--</u>	<u>--</u>	<u>164,824</u>
1200 Net Change in Fund Balances	<u>(1,905,761)</u>	<u>(116,749)</u>	<u>(27,481)</u>	<u>(2,049,991)</u>
0100 Fund Balances - Beginning	<u>16,131,791</u>	<u>1,742,776</u>	<u>429,986</u>	<u>18,304,553</u>
3000 Fund Balances - Ending	<u>\$ 14,226,030</u>	<u>\$ 1,626,027</u>	<u>\$ 402,505</u>	<u>\$ 16,254,562</u>

The accompanying notes are an integral part of this statement.

TIDEHAVEN INDEPENDENT SCHOOL DISTRICT
*RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
 AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
 TO THE STATEMENT OF ACTIVITIES
 FOR THE YEAR ENDED AUGUST 31, 2019*

Net change in fund balances - total governmental funds	\$ (2,049,991)
Amounts reported for governmental activities in the Statement of Activities ("SOA") are different because:	
Capital outlays are not reported as expenses in the SOA.	3,082,770
The depreciation of capital assets used in governmental activities is not reported in the funds.	(1,352,201)
Certain property tax revenues are deferred in the funds. This is the change in these amounts this year.	(17,844)
Repayment of bond principal is an expenditure in the funds but is not an expense in the SOA.	1,200,000
Bond issuance costs and similar items are amortized in the SOA but not in the funds.	17,403
(Increase) decrease in accrued interest from beginning of period to end of period.	6,087
Pension expense relating to GASB 68 is recorded in the SOA but not in the funds.	(305,151)
Rounding difference	(1)
	<u>581,072</u>
Change in net position of governmental activities - Statement of Activities	\$ <u>581,072</u>

The accompanying notes are an integral part of this statement.

TIDEHAVEN INDEPENDENT SCHOOL DISTRICT*STATEMENT OF FIDUCIARY NET POSITION**FIDUCIARY FUNDS**AUGUST 31, 2019*

Data Control Codes	Private-purpose Trust Funds	Agency Funds Student Activity
ASSETS:		
1110 <i>Cash and Cash Equivalents</i>	\$ 65,190	\$ 51,271
1000 Total Assets	<u>65,190</u>	<u>51,271</u>
LIABILITIES:		
Current Liabilities:		
2110 <i>Accounts Payable</i>	\$ 18,075	\$ --
2190 <i>Due to Student Groups</i>	--	51,271
2000 Total Liabilities	<u>18,075</u>	<u>51,271</u>
NET POSITION:		
3800 <i>Held in Trust</i>	47,115	--
3000 Total Net Position	<u>\$ 47,115</u>	<u>\$ --</u>

The accompanying notes are an integral part of this statement.

TIDEHAVEN INDEPENDENT SCHOOL DISTRICT
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
FOR THE YEAR ENDED AUGUST 31, 2019

	Private- Purpose Trusts
Additions:	
Investment Income	\$ 496
Gifts & Bequests	17,900
Total Additions	<u>18,396</u>
Deductions:	
Scholarship Awards	23,250
Administrative Expenses	500
Total Deductions	<u>23,750</u>
Change in Net Position	(5,354)
Net Position-Beginning of the Year	52,469
Net Position-End of the Year	<u>\$ 47,115</u>

The accompanying notes are an integral part of this statement.

TIDEHAVEN INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2019

A. Summary of Significant Accounting Policies

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

1. Reporting Entity

The Board of School Trustees ("Board"), a seven-member group, has governance responsibilities over all activities related to public elementary and secondary education within the jurisdiction of the District. The Board is elected by the public and has the exclusive power and duty to govern and oversee the management of the public schools of the District. All powers and duties not specifically delegated by statute to the Texas Education Agency ("TEA") or to the State Board of Education are reserved for the Board, and the TEA may not substitute its judgment for the lawful exercise of those powers and duties by the Board. The District receives funding from local, state and federal government sources and must comply with the requirements of those funding entities. However, the District is not included in any other governmental reporting entity and there are no component units included within the District's reporting entity.

2. Basis of Presentation, Basis of Accounting

a. Basis of Presentation

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

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

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

The District reports the following major governmental funds:

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

Debt Service Fund: A government fund, with budgetary control, that must be used to account for general long-term debt principal and interest for debt issues and other long-term debts for which a tax has been dedicated.

TIDEHAVEN INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED AUGUST 31, 2019

In addition, the District reports the following fund types:

Private-Purpose Trust Funds: These funds are used to report trust arrangements under which principal and income benefit individuals, private organizations, or other governments not reported in other fiduciary fund types.

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

Fiduciary funds are reported in the fiduciary fund financial statements. However, because their assets are held in a trustee or agent capacity and are therefore not available to support District programs, these funds are not included in the government-wide statements.

b. Measurement Focus, Basis of Accounting

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

Governmental Fund Financial Statements: Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The District considers all revenues reported in the governmental funds to be available if the revenues are collected within sixty days after year-end. Revenues from local sources consist primarily of property taxes. Property tax revenues and revenues received from the State are recognized under the susceptible-to-accrual concept. Miscellaneous revenues are recorded as revenue when received in cash because they are generally not measurable until actually received. Investment earnings are recorded as earned, since they are both measurable and available. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

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

3. Financial Statement Amounts

a. Cash and Cash Equivalents

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

b. Property Taxes

Property taxes are levied by October 1 on the assessed value listed as of the prior January 1 for all real and business personal property in conformity with Subtitle E, Texas Property Tax Code. Taxes are due on receipt of the tax bill and are delinquent if not paid before February 1 of the year following the year in

TIDEHAVEN INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED AUGUST 31, 2019

which imposed. On January 1 of each year, a tax lien attaches to property to secure the payment of all taxes, penalties, and interest ultimately imposed. Property tax revenues are considered available when they become due or past due and receivable within the current period.

Allowances for uncollectible tax receivables within the General and Debt Service Funds are based upon historical experience in collecting property taxes. Uncollectible personal property taxes are periodically reviewed and written off, but the District is prohibited from writing off real property taxes without specific statutory authority from the Texas Legislature.

c. Inventories and Prepaid Items

Inventories of supplies on the balance sheet are stated at weighted average cost, while inventories of food commodities are recorded at market values supplied by the Texas Department of Human Services. Inventory items are recorded as expenditures when they are consumed. Supplies are used for almost all functions of activity, while food commodities are used only in the food service program. Although commodities are received at no cost, their fair market value is supplied by the Texas Department of Human Services and recorded as inventory and deferred revenue when received. When requisitioned, inventory and deferred revenue are relieved, expenditures are charged, and revenue is recognized for an equal amount. Inventories also include plant maintenance and operation supplies as well as instructional supplies.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items.

d. Capital Assets

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

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

<u>Asset Class</u>	<u>Estimated Useful Lives</u>
Buildings	50
Building Improvements	20-30
Vehicles	8-15
Equipment	10-15

e. Deferred Outflows and Inflows of Resources

In addition to assets, the statements of financial position (the government-wide Statement of Net Position and governmental funds balance sheet) 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 and/or fund balance that applies to one or more future periods and so will not be recognized as an outflow of resources (expense/expenditure) until then.

In addition to liabilities, the statements 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 one or more future periods and so will not be recognized as an inflow of resources (revenue) until that time.

TIDEHAVEN INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED AUGUST 31, 2019

f. Receivable and Payable Balances

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

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

g. Interfund Activity

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

h. Use of Estimates

The preparation of financial statements in conformity with GAAP requires the use of management's estimates.

i. Data Control Codes

Data Control Codes appear in the rows and above the columns of certain financial statements. The TEA requires the display of these codes in the financial statements filed with TEA in order to ensure accuracy in building a statewide database for policy development and funding plans.

j. Fund Balances - Governmental Funds

Fund balances of the governmental funds are classified as follows:

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

Restricted Fund Balance - represents amounts that are constrained by external parties, constitutional provisions or enabling legislation.

Committed Fund Balance - represents amounts that can only be used for a specific purpose because of a formal action by the District's Board of Trustees. Committed amounts cannot be used for any other purpose unless the Board of Trustees removes those constraints by taking the same type of formal action. Committed fund balance amounts may be used for other purposes with appropriate due process by the Board of Trustees. Commitments are typically done through adoption and amendment of the budget. Committed fund balance amounts differ from restricted balances in that the constraints on their use do not come from outside parties, constitutional provisions, or enabling legislation.

Assigned Fund Balance - represents amounts which the District intends to use for a specific purpose, but that do not meet the criteria to be classified as restricted or committed. Intent may be stipulated by the Board of Trustees or by an official or body to which the Board of Trustees delegates the authority. Specific amounts that are not restricted or committed in a special revenue, capital projects, debt service or permanent fund are assigned for purposes in accordance with the nature of their fund type or the fund's primary purpose. Assignments within the general fund convey that the intended use of those amounts is for a specific purpose that is narrower than the general purposes of the District itself.

TIDEHAVEN INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED AUGUST 31, 2019

Unassigned Fund Balance - represents amounts which are unconstrained in that they may be spent for any purpose. Only the general fund reports a positive unassigned fund balance. Other governmental funds might report a negative balance in this classification because of overspending for specific purposes for which amounts had been restricted, committed or assigned.

k. 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 and proprietary 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 net position to have been depleted before unrestricted net position is applied.

l. 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.

4. 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.

5. Other Post-Employment Benefits

The fiduciary net position of the Teacher Retirement System of Texas (TRS) TRS Care Plan has been determined using the flow of economic resources measurement focus and full accrual basis of accounting. This includes for purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to other post-employment benefits, OPEB 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.

6. Implementation of New Standards

In the current fiscal year, the District implemented the following new standards. The applicable provisions of the new standards are summarized below. Implementation is reflected in the financial statements and the notes to the financial statements.

TIDEHAVEN INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED AUGUST 31, 2019

GASB 88 - Certain Disclosures Related to Debt, Including Direct Borrowing and Direct Placements

The primary objective of this statement is to improve the information that is disclosed in notes to government financial statements related to debt, including direct borrowings and direct placements. It also clarifies which liabilities governments should include when disclosing information related to debt.

This statement defines debt for purposes of disclosure in notes to financial statements as a liability that arises from a contractual obligation to pay cash (or other assets that may be used in lieu of cash) in one or more payments to settle an amount that is fixed at the date the contractual obligation is established. This statement requires that additional essential information related to debt be disclosed in notes to financial statements, including unused lines of credit; assets pledged as collateral for the debt; and terms specified in debt agreements related to significant events of default with finance-related consequences, significant termination events with finance-related consequences, and significant subjective acceleration clauses.

GASB Statement No. 83, *Certain Asset Retirement Obligations*

This statement addresses accounting and financial reporting for certain asset retirement obligations (AROs). An ARO is a legally enforceable liability associated with the retirement of a tangible capital asset. A government that has legal obligations to perform future asset retirement activities related to its tangible capital assets should recognize a liability based on the guidance in this statement.

The District does not currently have any AROs and does not expect that implementation of the pronouncement will have an impact on the financial statements.

GASB Statement No. 90, *Majority Equity Interests - an amendment of GASB Statements No. 14 and No. 61*

The primary objectives of this Statement are to improve the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and to improve the relevance of financial statement information for certain component units. It defines a majority equity interest and specifies that a majority equity interest in a legally separate organization should be reported as an investment if a government's holding of the equity interest meets the definition of an investment. This Statement also establishes that ownership of a majority equity interest in a legally separate organization results in the government being financially accountable for the legally separate organization and, therefore, the government should report that organization as a component unit.

GASB Statement No. 84, *Fiduciary Activities*

This statement establishes standards of accounting and financial reporting by establishing specific criteria for identifying activities that should be reported as fiduciary activities and clarifying whether and how business-type activities should report their fiduciary activities. The focus of the criteria generally is on whether a government is controlling the assets of the fiduciary activity and the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities.

B. Deposits and Investments

The District's funds are required to be deposited and invested under the terms of a depository contract. The depository bank deposits for safekeeping and trust with the District's agent bank approved pledged securities in an amount sufficient to protect District funds on a day-to-day basis during the period of the contract. The pledge of approved securities is waived only to the extent of the depository bank's dollar amount of Federal Deposit Insurance Corporation ("FDIC") insurance.

TIDEHAVEN INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED AUGUST 31, 2019

1. Cash Deposits:

At August 31, 2019, the carrying amount of the District's deposits (cash, certificates of deposit, and interest-bearing savings accounts included in temporary investments) was \$16,370,473 and the bank balance was \$17,320,013. The District's cash deposits at August 31, 2019 and during the year ended August 31, 2019, were entirely covered by FDIC insurance or by pledged collateral held by the District's agent bank in the District's name.

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

- a. Market value of securities pledged as of the date of the highest combined balance on deposit was \$30,105,678
- b. The highest combined balances of cash, savings and time deposit accounts amounted to \$25,394,493 and occurred during the month of March 2019.
- c. Total amount of FDIC coverage at the time of the largest combined balance was \$250,000

2. Investments:

The District is required by Government Code Chapter 2256, The Public Funds Investment Act, to adopt, implement, and publicize an investment policy. That policy must address the following areas: (1) safety of principal and liquidity, (2) portfolio diversification, (3) allowable investments, (4) acceptable risk levels, (5) expected rates of return, (6) maximum allowable stated maturity of portfolio investments, (7) maximum average dollar-weighted maturity allowed based on the stated maturity date for the portfolio, (8) investment staff quality and capabilities, and (9) bid solicitation preferences for certificates of deposit.

The Public Funds Investment Act ("Act") requires an annual audit of investment practices. Audit procedures in this area conducted as a part of the audit of the basic financial statements disclosed that in the areas of investment practices, management reports and establishment of appropriate policies, the District adhered to the requirements of the Act. Additionally, investment practices of the District were in accordance with local policies.

The Act determines the types of investments which are allowable for the District. These include, with certain restrictions, 1) obligations of the U.S. Treasury, U.S. agencies, and the State of Texas, 2) certificates of deposit, 3) certain municipal securities, 4) securities lending program, 5) repurchase agreements, 6) bankers acceptances, 7) mutual funds, 8) investment pools, 9) guaranteed investment contracts, and 10) commercial paper.

As at August 31, 2019 the District did not own any investments as defined above.

C. Disaggregated Receivables

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

	General Fund	Debt Service Fund	Nonmajor Other Funds	Totals
Property Taxes	\$ 513,069	\$ 91,467	\$ --	\$ 604,536
Business Personal Property	--	--	--	--
Less allowance on taxes	(357,931)	(33,705)	--	(391,636)
	<u>\$ 155,138</u>	<u>\$ 57,762</u>	<u>\$ --</u>	<u>\$ 212,900</u>

TIDEHAVEN INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED AUGUST 31, 2019

	General Fund	Debt Service Fund	Nonmajor Other Funds	Totals
Due from other governments:				
Texas Education Agency	\$ 93,403	\$ --	\$ 36,935	\$ 130,338
	<u>\$ 93,403</u>	<u>\$ --</u>	<u>\$ 36,935</u>	<u>\$ 130,338</u>

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

D. Capital Assets

Capital asset activity for the year ended August 31, 2019, was as follows:

	Beginning Balances	Increases	Decreases	Ending Balances
<i>Governmental activities:</i>				
<i>Capital assets not being depreciated:</i>				
Land	\$ 486,413	\$ --	\$ 4,000	\$ 482,413
Construction in progress	--	2,987,484	--	2,987,484
Total capital assets not being depreciated	<u>\$ 486,413</u>	<u>\$ 2,987,484</u>	<u>\$ 4,000</u>	<u>\$ 3,469,897</u>
<i>Capital assets being depreciated:</i>				
Buildings and improvements	\$ 56,536,611	\$ --	\$ 1,572,213	\$ 54,964,398
Equipment	732,489	76,069	138,942	669,616
Vehicles	1,787,838	95,285	21,000	1,862,123
Total capital assets being depreciated	<u>\$ 59,056,938</u>	<u>\$ 171,354</u>	<u>\$ 1,732,155</u>	<u>\$ 57,496,137</u>
Less accumulated depreciation for:				
Buildings and improvements	\$ (7,550,374)	\$ (1,308,207)	\$ 1,572,213	\$ (7,286,368)
Equipment	(359,050)	(39,752)	138,942	(259,860)
Vehicles	(1,342,613)	(76,310)	21,000	(1,397,923)
Total accumulated depreciation	<u>\$ (9,252,037)</u>	<u>\$ (1,424,269)</u>	<u>\$ 1,732,155</u>	<u>\$ (8,944,151)</u>
Total capital assets being depreciated, net	49,804,901	(1,252,915)	--	48,551,986
Governmental activities capital assets, net	<u>\$ 50,291,314</u>	<u>\$ 1,734,569</u>	<u>\$ 4,000</u>	<u>\$ 52,021,883</u>

Depreciation was charged to functions as follows:

Instruction	\$ 703,307
Instructional Resources and Media Services	16,757
Curriculum and Staff Development	19,121
Instructional Leadership	4,980
School Leadership	96,460
Guidance, Counseling, & Evaluation Services	23,711
Social Work Services	19
Health Services	20,460
Student Transportation	38,379
Food Services	93,986
Extracurricular Activities	85,066
General Administration	76,474
Plant Maintenance and Operations	211,005
Security and Monitoring Services	7,572
Data Processing Services	26,972
	<u>\$ 1,424,269</u>

TIDEHAVEN INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED AUGUST 31, 2019

E. Interfund Balances and Activities

1. Due To and From Other Funds

Balances due to and due from other funds at August 31, 2019, consisted of the following:

Due To Fund	Due From Fund	Amount	Purpose
General Fund	Capital Project Fund	\$ 1,025	Capital projects expenditures
	Total	\$ 1,025	

2 No loans between funds.

F. Long-Term Obligations

General Obligation Bonds

The District issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities. These bonds are direct obligations and pledge the full faith and credit of the District. The bonds are dated July 15, 2012, mature February 15, 2042 and bear interest between 2% and 5%.

Changes in Long-Term Debt

Long-term obligations include debt and other long-term liabilities. Changes in long-term obligations for the year ended August 31, 2019, are as follows:

Governmental activities:	Beginning Balance	Increases	Decreases	Ending Balance	Amounts Due Within One Year
General obligation bonds	\$ 44,020,000	\$ --	\$ 1,200,000	\$ 42,820,000	\$ 1,235,000
Unamortized bond premium	417,664	--	17,403	400,261	--
Net OPEB liability*	2,518,165	646,729	43,131	3,121,763	--
Net pension liability *	976,443	1,233,846	127,474	2,082,815	--
Total governmental activities:	\$ 47,932,272	\$ 1,880,575	\$ 1,388,008	\$ 48,424,839	\$ 1,235,000

* The general fund is typically used to liquidate this liability.

Debt service requirements on long-term debt at August 31, 2019, are as follows:

Year Ending August 31,	Governmental Activities		
	Principal	Interest	Total
2020	\$ 1,235,000	1,413,186	\$ 2,648,186
2021	1,275,000	1,386,492	2,661,492
2022	1,310,000	1,352,498	2,662,498
2023	1,350,000	1,299,098	2,649,098
2024	1,395,000	1,230,473	2,625,473
2025 to 2029	7,645,000	5,354,590	12,999,590
2030 to 2034	9,185,000	4,079,719	13,264,719
2035 to 2039	11,315,000	2,407,701	13,722,701
2040 to 2044	8,110,000	434,177	8,544,177
Totals	\$ 42,820,000	\$ 18,957,934	\$ 61,777,934

TIDEHAVEN INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED AUGUST 31, 2019

G. Risk Management

The District is exposed to various risks of loss related to torts, theft, damage or destruction of assets, errors and omissions, injuries to employees, and natural disasters. During fiscal year 2019, the District purchased commercial insurance to cover general liabilities. There were no significant reductions in coverage in the past fiscal year and there were no settlements exceeding insurance coverage for each of the past three fiscal years.

Property/Liability Program

During the year ended August 31, 2019, Tidehaven ISD participated in the TASB Risk Management Fund's (the Fund's) Property and Liability Programs with coverage in:

- Auto Liability
- Auto Physical Damage
- Equipment Breakdown
- Crime
- General Liability
- Property
- Sexual Misconduct Endorsement
- SP Legal Liability

The Fund was created and is operated under the provision of the Interlocal Cooperation Act, Chapter 791 of the Texas Government Code. All members participating in the Fund execute Interlocal Agreements that define the responsibilities of the parties. The Fund purchases stop-loss coverage for protection against catastrophic and larger than anticipated claims for the Property Casualty Program. The terms and limits of the stop-loss program vary by line of coverage. The Fund uses the services of an independent actuary to determine the adequacy of reserves and fully funds those reserves. For the year ended August 31, 2018, the Fund anticipates Tidehaven ISD has no additional liability beyond the contractual obligations for payment of contributions. The Fund engages the services of an independent auditor to conduct a financial audit after the close of each plan year on August 31. The audit is accepted by the Fund's Board of Trustees in February of the following year. The Fund's audited financial statements as of August 31, 2018, are available at the TASB offices and have been filed with the Texas Department of Insurance in Austin.

Workers' Compensation Pool

During the year ended August 31, 2019, Tidehaven ISD met its statutory workers' compensation obligations through participation in the TASB Risk Management Fund (the Fund). The Fund was created and is operated under the provisions of the Interlocal Cooperation Act, Chapter 791 of the Texas Government Code. The Fund's Workers' Compensation Program is authorized by Chapter 504, Texas Labor Code. All members participating in the Fund execute Interlocal Agreements that define the responsibilities of the parties. The Fund provides statutory workers' compensation benefits to its members and their injured employees. The Fund and its members are protected against higher than expected claims costs through the purchase of stop loss coverage for any claim in excess of the Fund's self-insured retention of \$1.5 million. The Fund uses the services of an independent actuary to determine reserve adequacy and fully funds those reserves. For the year-ended August 31, 2019, the Fund anticipates no additional liability to members beyond their contractual obligations for payment of contributions. The Fund engages the services of an independent auditor to conduct a financial audit after the close of each plan year on August 31. The audit is accepted by the Fund's Board of Trustees in February of the following year. The Fund's audited financial statements as of August 31, 2018, are available at the TASB offices and have been filed with the Texas Department of Insurance in Austin.

TIDEHAVEN INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED AUGUST 31, 2019

H. Pension Plan

1. Plan Description

The District participates in a cost-sharing multiple-employer defined benefit pension that has a special funding situation. The plan is administered by the Teacher Retirement System of Texas (TRS) and is 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.

2. Pension Plan Fiduciary Net Position

Detail information about the Teacher Retirement System's fiduciary net position is available in a separately-issued Comprehensive Annual Financial Report that includes financial statements and required supplementary information. That report may be obtained on the Internet at <https://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.

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

4. 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 85th Texas Legislature, General Appropriations Act (GAA) affirmed that the employer contribution rates for fiscal years 2018 and 2019 would remain the same.

TIDEHAVEN INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED AUGUST 31, 2019

	<u>Contribution Rates</u>	
	2018	2019
Member	7.7%	7.7%
Non-Employer Contributing Entity (NECE - State)	6.8%	6.8%
Employers	6.8%	6.8%
District's 2019 Employer Contributions	\$ 179,539	
District's 2019 Member Contributions	\$ 449,980	
2018 NECE On-Behalf Contributions (state)	\$ 266,394	

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

As the non-employer contributing entity for public education and junior colleges, the State of Texas contributes to the retirement system an amount equal to the current employer contribution rate times the aggregate annual compensation of all participating members of the pension trust fund during that fiscal year reduced by the amounts described below which are paid by the employers. Employers (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 the Teacher Retirement System the employer shall pay both the member contribution and the state contribution as an employment after retirement surcharge.
- When a school district or charter school does not contribute to the Federal Old-Age, Survivors and Disability Insurance (OASDI) Program for certain employees, they must contribute 1.5% of the state contribution rate for certain instructional or administrative employees; and 100% of the state contribution rate for all other employees.

5. Actuarial Assumptions

The total pension liability in the August 31, 2017 actuarial valuation rolled forward to August 31, 2018 was determined using the following actuarial assumptions:

Valuation Date	August 31, 2017 rolled forward to August 31, 2018
Actuarial Cost Method	Individual Entry Age Normal

TIDEHAVEN INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED AUGUST 31, 2019

Asset Valuation Method	Market Value
Single Discount Rate	6.907%
Long-term expected Investment Rate of Return	7.25%
Inflation	2.30%
Salary Increases including inflation	3.05% to 9.05%
Payroll Growth Rate	3.00%
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 three year period ending August 31, 2017 and adopted in July, 2018.

6. Discount Rate

The single discount rate used to measure the total pension liability was 6.907%. The single discount rate was based on the expected rate of return on the pension plan investments of 7.25% and a municipal bond rate of 3.69%. The projection of cash flows used to determine the discount rate assumed the 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 sufficient to finance the benefit payments until the year 2069. As a result, the long-term expected rate of return on pension plan investments was applied to projected benefit payments through the year 2069, and the municipal bond rate was applied to all benefit payments after that date. 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. Best estimates of arithmetic real rates of return for each major asset class included in the Systems target asset allocation as of August 31, 2018 are summarized below:

Teacher Retirement System of Texas			
Asset Allocation and Long-Term Expected Rate of Return			
As of August 31, 2018			
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%	5.7%	1.0%
Non-U.S. Developed	13.0%	6.9%	0.9%
Emerging Markets	9.0%	8.9%	0.8%
Directional Hedge Funds	4.0%	3.5%	0.1%
Private Equity	13.0%	10.2%	1.3%
Stable Value			
U.S. Treasuries	11.0%	1.1%	0.1%
Absolute Return	0.0%	0.0%	0.0%
Stable Value Hedge Funds	4.0%	3.1%	0.1%
Cash	1.0%	-0.3%	0.0%

TIDEHAVEN INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED AUGUST 31, 2019

Real Return			
Global Inflation Linked Bond	3.0%	0.7%	0.0%
Real Assets	14.0%	5.2%	0.7%
Energy & Natural Resource	5.0%	7.5%	0.4%
Commodities	0.0%	0.0%	0.0%
Risk Parity			
Risk Parity	5.0%	3.7%	0.2%
Inflation Expectation			2.3%
Alpha			-0.8%
Total	100.0%		7.2%

* Target allocation are based on the FY 2016 policy model.

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

7. 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 (6.907%) in measuring the Net Pension Liability.

	1% Decrease in Discount Rate 5.907%	Discount Rate 6.907%	1% Increase in Discount Rate 7.907%
District's proportionate share of the net pension liability	\$ 3,143,468	\$ 2,082,815	\$ 1,224,154

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

At August 31, 2019, the District reported a liability of \$2,082,815 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	\$ 2,082,815
State's proportionate share that is associated with District	4,355,366
Total	<u>\$ 6,438,181</u>

The net pension liability was measured as of August 31, 2017 and rolled forward to August 31, 2018 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of August 31, 2017 rolled forward to August 31, 2018. 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, 2017 through August 31, 2018.

At August 31, 2018 the employer's proportion of the collective net pension liability was 0.003784% which was an increase (decrease) of 0.003784% from its proportion measured as of August 31, 2017.

TIDEHAVEN INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED AUGUST 31, 2019

Changes Since the Prior Actuarial Valuation

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

- The Total Pension Liability as of August 31, 2018 was developed using a roll-forward method from the August 31, 2017 valuation.
- Demographic assumptions including post-retirement mortality, termination rates, and rates of retirement were updated based on the experience study performed for TRS for the period ending August 31, 2017.
- Economic assumptions including rates of salary increase for individual participants was updated based on the same experience study.
- The discount rate changed from 8.0% as of August 31, 2017 to 6.907% as of August 31, 2018.
- The long-term assumed rate of return changed from 8.0% to 7.25%.
- The change in the long-term assumed rate of return combined with the change in the single discount rate was the primary reason for the increase in the Net Pension Liability.

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, 2019, the District recognized pension expense of \$431,065 and revenue of \$431,065 for support provided by the State.

At August 31, 2019, the District reported its proportionate share of the TRS' deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

(The amounts below will be the cumulative layers from the current and prior years combined)

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ 12,983	\$ 51,104
Changes in actuarial assumptions	750,955	23,467
Difference between projected and actual investment earnings	--	39,520
Changes in proportion and difference between the District's contributions and the proportionate share of contributions	310,236	69,202
Contributions paid to TRS subsequent to the measurement date	179,539	--
Total	<u>\$ 1,253,713</u>	<u>\$ 183,293</u>

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 Amount
2020	\$ 215,762
2021	\$ 132,598
2022	\$ 111,810
2023	\$ 157,187
2024	\$ 166,092
Thereafter	\$ 107,432

TIDEHAVEN INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED AUGUST 31, 2019

I. Defined Other Post-Employment Benefit Plans

1. Plan Description

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

2. OPEB Plan Fiduciary Net Position

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

3. Benefits Provided

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

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

The premium rates for the optional health insurance are based on years of service of the member. The schedule below shows the monthly rates for a retiree with and without Medicare coverage.

TRS-Care Monthly for Retirees January 1, 2018 thru December 31, 2018		
	Medicare	Non-Medicare
Retiree*	\$ 135	\$ 200
Retiree and Spouse	529	689
Retiree* and Children	468	408
Retiree and Family	1,020	999

* or surviving spouse

4. Contributions

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

TIDEHAVEN INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED AUGUST 31, 2019

Texas Insurance Code, section 1575.202 establishes the state's contribution rate which is 1.25% of the employee's salary. Section 1575.203 establishes the active employee's rate which is 0.75% of pay. Section 1575.204 establishes an employer contribution rate of not less than 0.25% 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 the TRS-Care plan by type of contributor.

Contribution Rates		
	2018	2019
Active Employee	0.65%	0.65%
Non-Employer Contributing Entity (State)	1.25%	1.25%
Employers	0.75%	0.75%
Federal/private Funding remitted by Employers	1.25%	1.25%

District's 2019 Employer Contributions	\$	43,168
District's 2019 Member Contributions	\$	449,980
2018 NECE On-Behalf Contributions (state)	\$	61,526

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

TRS-Care received supplemental appropriations from the State of Texas as the Non-Employer Contributing Entity in the amount of \$182.6 million in fiscal year 2018. The 85th Texas Legislature, House Bill 30 provided an additional \$212 million in one-time, supplemental funding for the FY2018-19 biennium to continue to support the program. This was also received in FY2018 bringing the total appropriations received in fiscal year 2018 to \$394.6 million.

5. Actuarial Assumptions

The total OPEB liability in the August 31, 2017 actuarial valuation was rolled forward to August 31, 2018. The actuarial valuation was determined using the following actuarial assumptions:

The actuarial valuation of TRS-Care is similar to the actuarial valuations performed on the pension plan, except that the OPEB valuation is more complex. All of the demographic assumptions, including rates of retirement, termination, and disability, and most of the economic assumptions, including general inflation, salary increases, and general payroll growth, used in the OPEB valuation were identical to those used in the respective TRS pension valuation. Since the assumptions were based upon a recent actuarial experience study performed and they were reasonable for this OPEB valuation, they were employed in the 2018 CAFR for the Teacher Retirement System of Texas.

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 that was rolled forward to August 31, 2018:

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

TIDEHAVEN INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2019

Additional Actuarial Methods and Assumptions:

Valuation Date	August 31, 2017 rolled forward to August 31, 2018
Actuarial Cost Method	Individual Entry Age Normal
Inflation	2.30%
Single Discount Rate *	3.69% *
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	3.00%
Projected Salary Increases	3.05% to 9.05%, including inflation ***
Healthcare Trend Rates **	8.50% **
Election Rates	Normal Retirement: 70% participation prior to age 65 and 75% after age 65.
Ad Hoc Post-Employment Benefit Changes	None

*Sourced from 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, 2018.

**8.50% for FY2019, decreasing 0.5% per year to 4.50% for FY2027 and later years.

*** Includes inflation at 2.5%.

6. Discount Rate

A single discount rate of 3.69% was used to measure the total OPEB liability. There was an increase of .27% in the discount rate since the previous year. Because the plan is essentially a "pay-as-you-go" plan, the single discount rate is equal to the prevailing municipal bond rate. The projection of cash flows used to determine the discount rate assumed that contributions from active members and those of the contributing employers and the non-employer contributing entity are made at the statutorily required rates. Based on those assumptions, the OPEB plan's fiduciary net position was projected to not be able to make all future benefit payments of current plan members. Therefore, the municipal bond rate was applied to all periods of projected benefit payments to determine the total OPEB liability.

7. Discount Rate Sensitivity Analysis

The following schedule shows the impact of the Net OPEB Liability if the discount rate used was 1% less than and 1% greater than the discount rate that was used in measuring the net OPEB liability.

	1% Decrease in Discount Rate (2.69%)	Current Single Discount Rate (3.69%)	1% Increase in Discount Rate (4.69%)
District's proportionate share of net OPEB liability	\$ 3,715,971	\$ 3,121,763	\$ 2,651,707

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

At August 31, 2019, the District reported a liability of \$3,121,763 for its proportionate share of the TRS's Net OPEB liability. This liability reflects a reduction for State OPEB support provided to the District. The amount

TIDEHAVEN INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED AUGUST 31, 2019

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	\$ 3,121,763
State's proportionate share that is associated with the District	<u>\$ 4,459,543</u>
 Total	 <u>\$ 7,581,306</u>

The Net OPEB liability was measured as of August 31, 2017 and rolled forward to August 31, 2018 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 OPEB relative to the contributions of all employers to the plan for the period September 1, 2017 thru August 31, 2018.

At August 31, 2019 the District's proportion of the collective net OPEB liability was 0.0062522%, which was an increase (decrease) of 0.00046445% from its proportion measured as of August 31, 2017.

The following schedule shows the impact of the net OPEB liability if a healthcare trend rate that is 1% less than and 1% greater than the assumed 8.5% rate is used.

	1% Decrease in Healthcare Trend Rate (7.5%)	Current Single Healthcare Trend Rate (8.5%)	1% Increase in Healthcare Trend Rate (9.5%)
District's proportionate share of net OPEB liability	\$ 2,592,675	\$ 3,121,763	\$ 3,818,583

9. 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:

- Adjustments were made for retirees that were known to have discontinued their health care coverage in fiscal year 2018. This change increased the Total OPEB Liability.
- The health care trend rate assumption was updated to reflect the anticipated return of the Health Insurer Fee (HIF) in 2020. This change increased the Total OPEB Liability.
- Demographic and economic assumptions were updated based on the experience study performed for TRS for the period ending August 31, 2017. This change increased the Total OPEB Liability.
- The discount rate was changed from 3.42% as of August 31, 2017 to 3.69% as of August 31, 2018. This change lowered the Total OPEB Liability \$2.3 billion.
- Change of Benefit Terms Since the Prior Measurement Date - Please see the 2018 TRS CAFR, page 68 section B for a list of changes made effective September 1, 2017 by the 85th Texas Legislature.

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 annually 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.

TIDEHAVEN INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED AUGUST 31, 2019

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.

Changes of benefit terms that affected measurement of the total OPEB liability during the measurement period are listed below:

The 85th Legislature, Regular Session, passed the following statutory changes in House Bill 3976 which became effective on September 1, 2017:

- Created a high-deductible health plan that provides a zero cost for generic prescriptions for certain preventive drugs and provides a zero premium for disability retirees who retired as a disability retiree on or before January 1, 2017 and are not eligible to enroll in Medicare.
- Created a single Medicare Advantage plan and Medicare prescription drug plan for all Medicare-eligible participants.
- Allowed the System to provide other appropriate health benefit plans to address the needs of enrollees eligible for Medicare.
- Allowed eligible retirees and their eligible dependents to enroll in TRS-Care when the retiree reaches 65 years of age, rather than waiting for the next enrollment period.
- Eliminated free coverage under TRS-Care, except for certain disability retirees enrolled during Plan Years 2018 through 2021, requiring members to contribute \$200 per month toward their health insurance premiums.

For the year ended August 31, 2019, the District recognized OPEB expense of \$162,211 and revenue of \$162,211 for support provided by the State. At August 31, 2019, the District reported its proportionate share of the TRS's deferred outflows of resources and deferred inflows of resources related to other post-employment benefits from the following sources:

	Deferred Outflow of Resources	Deferred Inflow of Resources
Differences between expected and actual economic experience	\$ 165,660	\$ 49,266
Changes in actuarial assumptions	52,094	937,911
Differences between projected and actual investment earnings	546	--
Changes in proportion and difference between the District's contributions and the proportionate share of contributions	252,997	--
Contributions paid to TRS subsequent to the measurement date	43,168	
Total	<u>\$ 514,465</u>	<u>\$ 987,177</u>

TIDEHAVEN INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED AUGUST 31, 2019

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,	Amount
2020	\$ (91,391)
2021	\$ (91,391)
2022	\$ (91,391)
2023	\$ (91,495)
2024	\$ (91,556)
Thereafter	\$ (58,656)

10. Medicare Part D Subsidies

The Medicare Prescription Drug, Improvement, and Modernization Act of 2003, which was effective January 1, 2006, established prescription drug coverage for Medicare beneficiaries known as Medicare Part D. One of the provisions of Medicare Part D allows for the Texas Public School Retired Employee Group Insurance Program (TRS-Care) to receive retiree drug subsidy payments from the federal government to offset certain prescription drug expenditures for eligible TRS-Care participants. For the current fiscal year ended August 31, 2019, the subsidy payment received by TRS-Care on behalf of the District was \$20,252

J. Employee Health Care Coverage

During the year ended August 31, 2019, employees of the District were covered by a health insurance plan (the Plan). The District paid premiums of per pay period per employee and dependents to the Plan. All premiums were paid to a self-funded pool. The Plan was authorized by Article 3.51-2, Texas Insurance Code and was documented by contractual agreement. The contract between the District and the licensed insurer is renewable , and terms of coverage and premium costs are included in the contractual provisions.

K. Commitments and Contingencies

1. Contingencies

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

2. Litigation

No reportable litigation was pending against the District at August 31, 2019.

TIDEHAVEN INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED AUGUST 31, 2019

L. Shared Services Arrangements ("SSA")

The District participates in a shared services arrangement for state special education with the following school districts:

Member Districts

- Bay City ISD
- Palacios ISD
- Van Vleck ISD
- Matagorda ISD
- Tidehaven ISD

The District does not account for revenues or expenditures in this program and does not disclose them in these financial statements. The District neither has a joint ownership interest in fixed assets purchased by the fiscal agent, Bay City ISD nor does the District have a net equity interest in the fiscal agent. The fiscal agent is neither accumulating significant financial resources nor fiscal exigencies that would give rise to a future additional benefit or burden to the District. The fiscal agent manager is responsible for all financial activities of the SSA. The financial report for this SSA may be obtained by writing Bay City ISD, 520 7th Street, Bay City, Tx 77414 or by calling (979) 245-5766.

M. Disaggregated Revenue

During the current year, revenues reported in the fund financial statements from local sources consisted of the following:

	General Fund	Debt Service Fund	Other Nonmajor Funds	Totals
Property taxes	\$ 11,439,780	\$ 2,479,225	\$ --	\$ 13,919,005
Investment earnings	205,304	24,436	1,352	231,093
Food service fees	--	--	71,309	71,309
Enterprise service revenue	--	--	40,615	40,615
Rent	12,620	--	--	12,620
Gift & Bequests	12,519	--	8,552	21,070
Insurance	23,480	--	--	23,480
Athletic receipts	19,582	--	--	19,582
Other	6,725	--	--	6,725
	<u>\$ 11,720,010</u>	<u>\$ 2,503,661</u>	<u>\$ 121,828</u>	<u>\$ 14,345,499</u>

N. Fund Balance

Committed Fund Balances

The Board of Trustees committed funds in the campus activities special revenue fund for use at the campus level and general funds for various construction projects, bus purchases and technology upgrades.

Restricted Fund Balances

Restricted fund balances in the special revenue funds represent amounts restricted for state and federal grants as well as amounts restricted by donors. Fund balance in the capital projects represents bond funds restricted for capital acquisitions and contracts.

Nonspendable Fund Balances

Nonspendable fund balance in the general fund represents the prepayment of expenditures that will be budgeted next year. The nonspendable in other governmental funds represents a permanent endowment in which only the earnings may be spent as determined by the donor.

Required Supplementary Information

Required supplementary information includes financial information and disclosures required by the Governmental Accounting Standards Board but not considered a part of the basic financial statements.



TIDEHAVEN INDEPENDENT SCHOOL DISTRICT

GENERAL FUND
 BUDGETARY COMPARISON SCHEDULE
 FOR THE YEAR ENDED AUGUST 31, 2019

EXHIBIT G-1

Page 1 of 2

Data Control Codes	Budgeted Amounts			Variance with Final Budget Positive (Negative)	
	1	2	3		
	Original	Final	Actual		
REVENUES:					
5700	Local and Intermediate Sources	\$ 11,590,343	\$ 11,698,743	\$ 11,720,010	\$ 21,267
5800	State Program Revenues	1,136,928	1,085,928	1,707,518	621,590
5900	Federal Program Revenues	134,000	198,000	201,153	3,153
5020	Total Revenues	<u>12,861,271</u>	<u>12,982,671</u>	<u>13,628,681</u>	<u>646,010</u>
EXPENDITURES:					
Current:					
Instruction & Instructional Related Services:					
0011	Instruction	4,877,436	5,201,396	4,950,440	250,956
0012	Instructional Resources and Media Services	125,047	130,947	116,979	13,968
0013	Curriculum and Staff Development	57,488	74,653	69,653	5,000
	Total Instruction & Instr. Related Services	<u>5,059,971</u>	<u>5,406,996</u>	<u>5,137,072</u>	<u>269,924</u>
Instructional and School Leadership:					
0021	Instructional Leadership	14,150	21,242	21,017	225
0023	School Leadership	631,128	691,728	655,978	35,750
	Total Instructional & School Leadership	<u>645,278</u>	<u>712,970</u>	<u>676,995</u>	<u>35,975</u>
Support Services - Student (Pupil):					
0031	Guidance, Counseling and Evaluation Services	170,009	190,409	185,537	4,872
0033	Health Services	136,664	187,664	169,938	17,726
0034	Student (Pupil) Transportation	508,877	635,757	441,206	194,551
0035	Food Services	25,015	26,015	15,032	10,983
0036	Cocurricular/Extracurricular Activities	409,813	670,909	581,654	89,255
	Total Support Services - Student (Pupil)	<u>1,250,378</u>	<u>1,710,754</u>	<u>1,393,367</u>	<u>317,387</u>
Administrative Support Services:					
0041	General Administration	538,847	578,947	532,049	46,898
	Total Administrative Support Services	<u>538,847</u>	<u>578,947</u>	<u>532,049</u>	<u>46,898</u>
Support Services - Nonstudent Based:					
0051	Plant Maintenance and Operations	1,277,045	1,796,545	1,651,052	145,493
0052	Security and Monitoring Services	62,931	62,931	53,164	9,767
0053	Data Processing Services	204,497	206,097	201,465	4,632
	Total Support Services - Nonstudent Based	<u>1,544,473</u>	<u>2,065,573</u>	<u>1,905,681</u>	<u>159,892</u>
Capital Outlay:					
0081	Capital Outlay	--	4,154,066	2,738,951	1,415,115
	Total Capital Outlay	<u>--</u>	<u>4,154,066</u>	<u>2,738,951</u>	<u>1,415,115</u>
Intergovernmental Charges:					
0091	Contracted Instr. Services Between Public Schools	3,201,966	3,201,966	2,962,120	239,846
0093	Payments to Fiscal Agent/Member Dist.-SSA	161,585	161,585	149,566	12,019
0099	Other Intergovernmental Charges	240,332	240,332	203,465	36,867
	Total Intergovernmental Charges	<u>3,603,883</u>	<u>3,603,883</u>	<u>3,315,151</u>	<u>288,732</u>
6030	Total Expenditures	<u>12,642,830</u>	<u>18,233,189</u>	<u>15,699,266</u>	<u>2,533,923</u>
1100	Excess (Deficiency) of Revenues Over (Under)				
1100	Expenditures	<u>218,441</u>	<u>(5,250,518)</u>	<u>(2,070,585)</u>	<u>3,179,933</u>

TIDEHAVEN INDEPENDENT SCHOOL DISTRICT

GENERAL FUND
 BUDGETARY COMPARISON SCHEDULE
 FOR THE YEAR ENDED AUGUST 31, 2019

EXHIBIT G-1

Page 2 of 2

Data Control Codes	1	2	3	Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual	
	Original	Final		
Other Financing Sources (Uses):				
7912				
7912				
7915				
7949				
8911				
7080				
1200				
0100				
3000				

TIDEHAVEN INDEPENDENT SCHOOL DISTRICT
 SCHEDULE OF THE DISTRICT'S PROPORTIONATE
 SHARE OF THE NET PENSION LIABILITY
 TEACHER RETIREMENT SYSTEM OF TEXAS PENSION PLAN
 LAST TEN FISCAL YEARS *

Measurement period ending August 31,	Fiscal Year									
	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
District's proportion of the net pension liability (asset)	0.0037840%	0.0030538%	0.0029676%	0.0034232%	0.0027720%	--	--	--	--	--
District's proportionate share of the net pension liability (asset)	\$ 2,082,815	\$ 976,443	\$ 1,121,398	\$ 1,210,056	\$ 740,439	\$ --	\$ --	\$ --	\$ --	\$ --
State's proportionate share of the net pension liability (asset) associated with the District	4,355,366	2,757,076	3,291,209	3,214,833	2,864,113	--	--	--	--	--
Total	\$ 6,438,181	\$ 3,733,519	\$ 4,412,607	\$ 4,424,889	\$ 3,604,552	\$ --				
District's covered-employee payroll	\$ 5,231,260	\$ 4,930,834	\$ 4,723,099	\$ 4,782,733	\$ 4,968,843	\$ --	\$ --	\$ --	\$ --	\$ --
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	39.81%	19.80%	23.74%	25.30%	14.90%	--	--	--	--	--
Plan fiduciary net position as a percentage of the total pension liability	73.74%	82.17%	78.00%	78.43%	83.25%	--	--	--	--	--

* This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, this schedule provides the information only for those years for which information is available.

TIDEHAVEN INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF DISTRICT CONTRIBUTIONS
TEACHER RETIREMENT SYSTEM OF TEXAS PENSION PLAN
LAST TEN FISCAL YEARS *

Fiscal year ending August 31,	Fiscal Year									
	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Contractually required contribution	\$ 179,539	\$ 268,637	\$ 98,827	\$ 96,995	\$ 101,364	\$ --	\$ --	\$ --	\$ --	\$ --
Contributions in relation to the contractually required contribution	(179,539)	(268,637)	(98,827)	(96,995)	(101,364)	--	--	--	--	--
Contribution deficiency (excess)	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --
District's covered-employee payroll	\$ 5,843,902	\$ 5,231,260	\$ 4,930,834	\$ 4,723,099	\$ 4,782,733	\$ --	\$ --	\$ --	\$ --	\$ --
Contributions as a percentage of covered-employee payroll	3.07%	5.14%	2.00%	2.05%	2.12%	--	--	--	--	--

* This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, this schedule provides the information for those years for which information is available.

TIDEHAVEN INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF THE DISTRICT'S OPEB CONTRIBUTIONS
TEACHER RETIREMENT SYSTEM OF TEXAS
LAST TEN FISCAL YEARS *

	Fiscal Year Ended									
	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Statorily or contractually required District contribution	\$ 43,168	\$ 31,670	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --
Contributions recognized by OPEB in relation to statorily or contractually required contribution	(43,168)	(31,670)	--	--	--	--	--	--	--	--
Contribution deficiency (excess)	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --
District's covered-employee payroll	\$ 690,972	\$ 313,984	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --
Contributions as a percentage of covered-employee payroll	6.25%	10.09%	--	--	--	--	--	--	--	--

* This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, this schedule provides the information for those years for which information is available.

TIDEHAVEN INDEPENDENT SCHOOL DISTRICT

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED AUGUST 31, 2019

Budget

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

- a. Prior to August 21 of the preceding fiscal year, the District prepares a budget for the next succeeding fiscal year. The operating budget includes proposed expenditures and the means of financing them.
- b. A meeting of the Board is then called for the purpose of adopting the proposed budget after ten days' public notice of the meeting has been given.
- c. Prior to the beginning of the fiscal year, the budget is legally enacted through passage of a resolution by the Board.

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

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

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

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

Defined Benefit Pension Plan

Changes of benefit terms

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

Changes of assumptions

There were no changes of assumptions or other inputs that affected measurement of the total pension liability during the measurement period.



*Combining Statements and Budget Comparisons
as Supplementary Information*

This supplementary information includes financial statements and schedules not required by the Governmental Accounting Standards Board, nor a part of the basic financial statements, but are presented for purposes of additional analysis.

TIDEHAVEN INDEPENDENT SCHOOL DISTRICT

COMBINING BALANCE SHEET

NONMAJOR GOVERNMENTAL FUNDS

AUGUST 31, 2019

Data Control Codes	Special Revenue Funds	Capital Projects Fund	Permanent Fund	Total Nonmajor Governmental Funds (See Exhibit C-1)	
ASSETS:					
1110	Cash and Cash Equivalents	\$ 83,783	\$ 266,264	\$ 15,413	\$ 365,460
1240	Due from Other Governments	36,935	--	--	36,935
1300	Inventories	27,771	--	--	27,771
1000	Total Assets	<u>148,489</u>	<u>266,264</u>	<u>15,413</u>	<u>430,166</u>
LIABILITIES:					
Current Liabilities:					
2110	Accounts Payable	\$ 213	\$ --	\$ --	\$ 213
2160	Accrued Wages Payable	16,150	--	--	16,150
2170	Due to Other Funds	--	1,025	--	1,025
2200	Accrued Expenditures	1,311	--	--	1,311
2300	Unearned Revenue	8,962	--	--	8,962
2000	Total Liabilities	<u>26,636</u>	<u>1,025</u>	<u>--</u>	<u>27,661</u>
FUND BALANCES:					
Nonspendable Fund Balances:					
3425	Endowment Principal	--	--	10,000	10,000
Restricted Fund Balances:					
3450	Federal/State Funds Grant Restrictions	8,780	--	--	8,780
3470	Capital Acquisitions & Contractual Obligations	--	(81,449)	--	(81,449)
3490	Other Restrictions of Fund Balance	51	--	5,603	5,654
Committed Fund Balances:					
3545	Other Committed Fund Balance	49,527	--	--	49,527
3600	Unassigned	--	346,688	--	346,688
Unassigned, Reported in Nonmajor:					
3610	Special Revenue Funds	63,495	--	--	63,495
3630	Permanent Funds	--	--	(190)	(190)
3000	Total Fund Balances	<u>121,853</u>	<u>265,239</u>	<u>15,413</u>	<u>402,505</u>
4000	Total Liabilities and Fund Balances	<u>\$ 148,489</u>	<u>\$ 266,264</u>	<u>\$ 15,413</u>	<u>\$ 430,166</u>

TIDEHAVEN INDEPENDENT SCHOOL DISTRICT

COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED AUGUST 31, 2019

Data Control Codes	Special Revenue Funds	Capital Projects Fund	Permanent Fund	Total Nonmajor Governmental Funds (See Exhibit C-2)
REVENUES:				
5700 <i>Local and Intermediate Sources</i>	\$ 120,841	\$ 987	\$ --	\$ 121,828
5800 <i>State Program Revenues</i>	106,593	--	--	106,593
5900 <i>Federal Program Revenues</i>	1,072,711	--	--	1,072,711
5020 Total Revenues	<u>1,300,145</u>	<u>987</u>	<u>--</u>	<u>1,301,132</u>
EXPENDITURES:				
Current:				
0011 <i>Instruction</i>	541,336	--	--	541,336
0013 <i>Curriculum and Staff Development</i>	55,526	--	--	55,526
0021 <i>Instructional Leadership</i>	9,321	--	--	9,321
0023 <i>School Leadership</i>	39,353	--	--	39,353
0031 <i>Guidance, Counseling, & Evaluation Services</i>	(9,027)	--	--	(9,027)
0035 <i>Food Service</i>	609,668	--	--	609,668
0081 <i>Capital Outlay</i>	--	82,436	--	82,436
6030 Total Expenditures	<u>1,246,177</u>	<u>82,436</u>	<u>--</u>	<u>1,328,613</u>
1100 Excess (Deficiency) of Revenues Over (Under)				
1100 Expenditures	53,968	(81,449)	--	(27,481)
1200 Net Change in Fund Balances	<u>53,968</u>	<u>(81,449)</u>	<u>--</u>	<u>(27,481)</u>
0100 Fund Balances - Beginning	67,885	346,688	15,413	429,986
3000 Fund Balances - Ending	<u>\$ 121,853</u>	<u>\$ 265,239</u>	<u>\$ 15,413</u>	<u>\$ 402,505</u>

TIDEHAVEN INDEPENDENT SCHOOL DISTRICT

COMBINING BALANCE SHEET

NONMAJOR SPECIAL REVENUE FUNDS

AUGUST 31, 2019

Data Control Codes	224 IDEA-B Formula	240 National School Breakfast/Lunch Program
ASSETS:		
1110 <i>Cash and Cash Equivalents</i>	\$ 51	\$ 50,431
1240 <i>Due from Other Governments</i>	--	36,935
1300 <i>Inventories</i>	--	27,771
1000 Total Assets	<u>51</u>	<u>115,137</u>
LIABILITIES:		
Current Liabilities:		
2110 <i>Accounts Payable</i>	\$ --	\$ 213
2160 <i>Accrued Wages Payable</i>	--	16,150
2200 <i>Accrued Expenditures</i>	--	1,311
2300 <i>Unearned Revenue</i>	--	8,962
2000 Total Liabilities	<u>--</u>	<u>26,636</u>
FUND BALANCES:		
Restricted Fund Balances:		
3450 <i>Federal/State Funds Grant Restrictions</i>	--	8,780
3490 <i>Other Restrictions of Fund Balance</i>	51	--
Committed Fund Balances:		
3545 <i>Other Committed Fund Balance</i>	--	18,991
Unassigned, Reported in Nonmajor:		
3610 <i>Special Revenue Funds</i>	--	60,730
3000 Total Fund Balances	<u>51</u>	<u>88,501</u>
4000 Total Liabilities and Fund Balances	<u>\$ 51</u>	<u>\$ 115,137</u>

EXHIBIT H-3

410 State Textbook Fund	461 Campus Activity Funds	Total Nonmajor Special Revenue Funds (See Exhibit H-1)
\$ 2,765	\$ 30,536	\$ 83,783
--	--	36,935
--	--	27,771
<u>2,765</u>	<u>30,536</u>	<u>148,489</u>
\$ --	\$ --	\$ 213
--	--	16,150
--	--	1,311
--	--	8,962
<u>--</u>	<u>--</u>	<u>26,636</u>
--	--	8,780
--	--	51
--	30,536	49,527
2,765	--	63,495
<u>2,765</u>	<u>30,536</u>	<u>121,853</u>
<u>\$ 2,765</u>	<u>\$ 30,536</u>	<u>\$ 148,489</u>

TIDEHAVEN INDEPENDENT SCHOOL DISTRICT

COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED AUGUST 31, 2019

Data Control Codes	211 ESEA Title I Improving Basic Programs	224 IDEA-B Formula	240 National School Breakfast/Lunch Program
REVENUES:			
5700 <i>Local and Intermediate Sources</i>	\$ --	\$ --	\$ 71,308
5800 <i>State Program Revenues</i>	--	--	2,803
5900 <i>Federal Program Revenues</i>	347,732	80,189	579,294
5020 Total Revenues	<u>347,732</u>	<u>80,189</u>	<u>653,405</u>
EXPENDITURES:			
Current:			
0011 <i>Instruction</i>	309,867	80,138	--
0013 <i>Curriculum and Staff Development</i>	30,184	--	--
0021 <i>Instructional Leadership</i>	7,681	--	--
0023 <i>School Leadership</i>	--	--	--
0031 <i>Guidance, Counseling, & Evaluation Services</i>	--	--	--
0035 <i>Food Service</i>	--	--	609,668
6030 Total Expenditures	<u>347,732</u>	<u>80,138</u>	<u>609,668</u>
1100 Excess (Deficiency) of Revenues Over (Under)			
1100 Expenditures	--	51	43,737
1200 Net Change in Fund Balances	--	51	43,737
0100 Fund Balances - Beginning	--	--	44,764
3000 Fund Balances - Ending	<u>\$ --</u>	<u>\$ 51</u>	<u>\$ 88,501</u>

255 ESEA Title II Training & Recruiting	270 ESEA, Title VI Part B, Subpart 2 Rural School	289 Emergency Impact Aid LEA	410 State Textbook Fund
\$ --	\$ --	\$ --	\$ --
--	--	--	103,790
<u>51,804</u>	<u>8,242</u>	<u>5,450</u>	<u>--</u>
<u>51,804</u>	<u>8,242</u>	<u>5,450</u>	<u>103,790</u>
25,847	7,417	14,277	103,790
25,342	--	--	--
615	825	200	--
--	--	--	--
--	--	(9,027)	--
--	--	--	--
<u>51,804</u>	<u>8,242</u>	<u>5,450</u>	<u>103,790</u>
--	--	--	--
--	--	--	--
--	--	--	2,765
<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ 2,765</u>



TIDEHAVEN INDEPENDENT SCHOOL DISTRICT

COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED AUGUST 31, 2019

Data Control Codes	429 State Funded Special Revenue Fund	461 Campus Activity Funds	Total Nonmajor Special Revenue Funds (See Exhibit H-2)
REVENUES:			
5700 <i>Local and Intermediate Sources</i>	\$ --	\$ 49,533	\$ 120,841
5800 <i>State Program Revenues</i>	--	--	106,593
5900 <i>Federal Program Revenues</i>	--	--	1,072,711
5020 Total Revenues	<u>--</u>	<u>49,533</u>	<u>1,300,145</u>
EXPENDITURES:			
Current:			
0011 <i>Instruction</i>	--	--	541,336
0013 <i>Curriculum and Staff Development</i>	--	--	55,526
0021 <i>Instructional Leadership</i>	--	--	9,321
0023 <i>School Leadership</i>	--	39,353	39,353
0031 <i>Guidance, Counseling, & Evaluation Services</i>	--	--	(9,027)
0035 <i>Food Service</i>	--	--	609,668
6030 Total Expenditures	<u>--</u>	<u>39,353</u>	<u>1,246,177</u>
1100 Excess (Deficiency) of Revenues Over (Under)			
1100 Expenditures	--	10,180	53,968
1200 Net Change in Fund Balances	--	10,180	53,968
0100 Fund Balances - Beginning	--	20,356	67,885
3000 Fund Balances - Ending	<u>\$ --</u>	<u>\$ 30,536</u>	<u>\$ 121,853</u>

TIDEHAVEN INDEPENDENT SCHOOL DISTRICT
 COMBINING STATEMENT OF FIDUCIARY NET POSITION
 PRIVATE-PURPOSE TRUST FUNDS
 AUGUST 31, 2019

Data Control Codes		816 Nelson Memorial Scholarship	817 Alumni Scholarship
	ASSETS:		
1110	<i>Cash and Cash Equivalents</i>	\$ 20,599	\$ 11,184
1000	Total Assets	<u>20,599</u>	<u>11,184</u>
	LIABILITIES:		
	Current Liabilities:		
2110	<i>Accounts Payable</i>	\$ --	\$ 250
2000	Total Liabilities	<u>--</u>	<u>250</u>
	NET POSITION:		
3800	<i>Held in Trust</i>	20,599	10,934
3000	Total Net Position	<u>\$ 20,599</u>	<u>\$ 10,934</u>

818	819	829	Total Private- Purpose Trust Funds (See Exhibit E-1)
R.M.Zemanek Scholarship	Carl Trull Scholarship	Miscellaneous Scholarships	
\$ <u>311</u>	\$ <u>21,151</u>	\$ <u>11,945</u>	\$ <u>65,190</u>
<u>311</u>	<u>21,151</u>	<u>11,945</u>	<u>65,190</u>
\$ <u>--</u>	\$ <u>17,825</u>	\$ <u>--</u>	\$ <u>18,075</u>
<u>--</u>	<u>17,825</u>	<u>--</u>	<u>18,075</u>
311	3,326	11,945	47,115
\$ <u><u>311</u></u>	\$ <u><u>3,326</u></u>	\$ <u><u>11,945</u></u>	\$ <u><u>47,115</u></u>

TIDEHAVEN INDEPENDENT SCHOOL DISTRICT
COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
ALL PRIVATE-PURPOSE TRUST FUNDS
FOR THE YEAR ENDED AUGUST 31, 2019

	816 Nelson Memorial Scholarship	817 Alumni Scholarship	818 R.M.Zemanek Scholarship	819 Carl Trull Scholarship	829 Miscellaneous Scholarships	Total Private-Purpose Trust Funds (See Exhibit E-2)
Additions:						
Investment Income	\$ 267	\$ --	\$ 4	\$ 70	\$ 155	\$ 496
Gift & Bequests	--	2,900	--	15,000	--	17,900
Total Additions	<u>267</u>	<u>2,900</u>	<u>4</u>	<u>15,070</u>	<u>155</u>	<u>18,396</u>
Deductions:						
Scholarship Awards	--	8,250	--	15,000	--	23,250
Administrative Expenses	--	--	--	--	500	500
Total Deductions	<u>--</u>	<u>8,250</u>	<u>--</u>	<u>15,000</u>	<u>500</u>	<u>23,750</u>
Change in Net Position	267	(5,350)	4	70	(345)	(5,354)
Net Position-Beginning of	20,332	16,284	307	3,256	12,291	52,469
Net Position-End of the	<u>20,599</u>	<u>10,934</u>	<u>311</u>	<u>3,326</u>	<u>11,946</u>	<u>47,115</u>

Other Supplementary Information

This section includes financial information and disclosures not required by the Governmental Accounting Standards Board and not considered a part of the basic financial statements. It may, however, include information which is required by other entities.

TIDEHAVEN INDEPENDENT SCHOOL DISTRICT

SCHEDULE OF DELINQUENT TAXES RECEIVABLE
 FOR THE YEAR ENDED AUGUST 31, 2019

Year Ended August 31	1		2		3	
	Tax Rates				Assessed/Appraised Value For School Tax Purposes	
	Maintenance		Debt Service			
2010 and Prior Years	\$	Various	\$	Various	\$	Various
2011		1.005		--		1,131,424,876
2012		1.005		--		1,306,563,582
2013		1.005		.1936		1,453,291,897
2014		1.005		.2126		1,294,889,947
2015		1.005		.3262		1,111,597,530
2016		1.005		.374		1,012,396,571
2017		1.005		.25611		1,041,458,556
2018		1.005		.25040		1,139,907,278
2019 (School Year Under Audit)		1.005		.21775		1,133,307,789

1000 Totals

9000 - Portion of Row 1000 for Taxes Paid into Tax Increment Zone Under Chapter 311, Tax Code

10 Beginning Balance 9/1/18	20 Current Year's Total Levy	31 Maintenance Collections	32 Debt Service Collections	40 Entire Year's Adjustments	50 Ending Balance 8/31/19
\$ 143,133	\$ --	\$ 3,780	\$ --	\$ (11,646)	\$ 127,707
10,513	--	386	--	(249)	9,878
10,990	--	493	--	(244)	10,253
32,944	--	(7,880)	1,338	(10,974)	28,512
40,827	--	2,206	467	(15,690)	22,464
67,173	--	3,600	1,163	(203)	62,207
74,839	--	7,295	2,711	(210)	64,623
84,685	--	13,013	3,316	(4,711)	63,645
146,603	--	38,992	9,707	(6,576)	91,328
--	13,852,099	11,335,525	2,453,165	60,510	123,919
<u>\$ 611,707</u>	<u>\$ 13,852,099</u>	<u>\$ 11,397,410</u>	<u>\$ 2,471,867</u>	<u>\$ 10,007</u>	<u>\$ 604,536</u>

TIDEHAVEN INDEPENDENT SCHOOL DISTRICT

NATIONAL SCHOOL BREAKFAST AND LUNCH PROGRAM

BUDGETARY COMPARISON SCHEDULE

FOR THE YEAR ENDED AUGUST 31, 2019

EXHIBIT J-3

Data Control Codes	1	2	3
	Budget	Actual	Variance Positive (Negative)
REVENUES:			
5700 <i>Local and Intermediate Sources</i>	\$ 64,100	\$ 71,308	\$ 7,208
5800 <i>State Program Revenues</i>	2,800	2,803	3
5900 <i>Federal Program Revenues</i>	573,000	579,294	6,294
5020 Total Revenues	<u>639,900</u>	<u>653,405</u>	<u>13,505</u>
EXPENDITURES:			
Current:			
Support Services - Student (Pupil):			
0035 <i>Food Services</i>	647,897	609,668	38,229
Total Support Services - Student (Pupil)	<u>647,897</u>	<u>609,668</u>	<u>38,229</u>
6030 Total Expenditures	<u>647,897</u>	<u>609,668</u>	<u>38,229</u>
1100 Excess (Deficiency) of Revenues Over (Under)			
1100 Expenditures	(7,997)	43,737	51,734
1200 Net Change in Fund Balance	(7,997)	43,737	51,734
0100 Fund Balance - Beginning	--	44,764	44,764
3000 Fund Balance - Ending	<u>\$ (7,997)</u>	<u>\$ 88,501</u>	<u>\$ 96,498</u>

TIDEHAVEN INDEPENDENT SCHOOL DISTRICT

EXHIBIT J-4

DEBT SERVICE FUND
 BUDGETARY COMPARISON SCHEDULE
 FOR THE YEAR ENDED AUGUST 31, 2019

Data Control Codes	1	2	3
	Budget	Actual	Variance Positive (Negative)
REVENUES:			
5700 <i>Local and Intermediate Sources</i>	\$ 2,469,669	\$ 2,503,661	\$ 33,992
5800 <i>State Program Revenues</i>	16,719	19,776	3,057
5020 <i>Total Revenues</i>	<u>2,486,388</u>	<u>2,523,437</u>	<u>37,049</u>
EXPENDITURES:			
Debt Service:			
0071 <i>Principal on Long-Term Debt</i>	1,200,000	1,200,000	--
0072 <i>Interest on Long-Term Debt</i>	1,437,537	1,437,536	1
0073 <i>Bond Issuance Costs and Fees</i>	5,000	2,650	2,350
<i>Total Debt Service</i>	<u>2,642,537</u>	<u>2,640,186</u>	<u>2,351</u>
6030 <i>Total Expenditures</i>	<u>2,642,537</u>	<u>2,640,186</u>	<u>2,351</u>
1100 <i>Excess (Deficiency) of Revenues Over (Under)</i>			
1100 <i>Expenditures</i>	(156,149)	(116,749)	39,400
1200 <i>Net Change in Fund Balance</i>	(156,149)	(116,749)	39,400
0100 <i>Fund Balance - Beginning</i>	--	1,742,776	1,742,776
3000 <i>Fund Balance - Ending</i>	<u>\$ (156,149)</u>	<u>\$ 1,626,027</u>	<u>\$ 1,782,176</u>



Harry Afadapa & Associates, PC

Certified Public Accountants

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Independent Auditor's Report on Internal Control over Financial Reporting and
On Compliance and Other Matters Based on an Audit of Financial Statements
Performed In Accordance With *Government Auditing Standards*

Board of Trustees
Tidehaven Independent School District
PO Box 129
El Maton, Texas 77440

Members of the Board of Trustees:

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 Tidehaven Independent School District, as of and for the year ended August 31, 2019, and the related notes to the financial statements, which collectively comprise Tidehaven Independent School District's basic financial statements, and have issued our report thereon dated December 20, 2019.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Tidehaven Independent School 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 Tidehaven Independent School District's internal control. Accordingly, we do not express an opinion on the effectiveness of the Tidehaven Independent School District's internal control.

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Tidehaven Independent School 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 entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Respectfully submitted,

Harry Afadapa & Associates, PC

Stafford, Texas
December 20, 2019

Harry Afadapa & Associates, PC

Certified Public Accountants

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Stafford, Texas 77477

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Independent Auditor's Report on Compliance for Each Major Federal Program and Report on Internal Control Over Compliance Required by the Uniform Guidance

Board of Trustees
Tidehaven Independent School District
PO Box 129
El Maton, Texas 77440

Members of the Board of Trustees:

Report on Compliance for Each Major Federal Program

We have audited the Tidehaven Independent School District's 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 Tidehaven Independent School District's major federal programs for the year ended August 31, 2019. Tidehaven Independent School District's major federal programs are identified in the summary of auditor's 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.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Tidehaven Independent School 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 Tidehaven Independent School 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 Tidehaven Independent School District's compliance.

Opinion on Each Major Federal Program

In our opinion, the Tidehaven Independent School 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, 2019.

Report on Internal Control Over Compliance

Management of the Tidehaven Independent School 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 Tidehaven Independent School 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 Tidehaven Independent School 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 a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the 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 considered 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.

Respectfully submitted,

Harry Afadapa & Associates, PC

Stafford, Texas
December 20, 2019

TIDEHAVEN INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED AUGUST 31, 2019

A. Summary of Auditor's Results

1. Financial Statements

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

One or more material weaknesses identified? Yes X No

One or more significant deficiencies identified that are not considered to be material weaknesses? Yes X None Reported

Noncompliance material to financial statements noted? Yes X No

2. Federal Awards

Internal control over major programs:

One or more material weaknesses identified? Yes X No

One or more significant deficiencies identified that are not considered to be material weaknesses? Yes X None Reported

Type of auditor's report issued on compliance for major programs: Unmodified

Version of compliance supplement used in audit: August 2019

Any audit findings disclosed that are required to be reported in accordance with Title 2 U.S. Code of Federal Regulations (CFR) Part 200? Yes X No

Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
10.553/10.555	Child Nutrition Cluster
84.010	Title 1- School Improvement Programs

Dollar threshold used to distinguish between type A and type B programs: \$750,000

Auditee qualified as low-risk auditee? X Yes No

B. Financial Statement Findings

NONE

C. Federal Award Findings and Questioned Costs

NONE

TIDEHAVEN INDEPENDENT SCHOOL DISTRICT
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED AUGUST 31, 2019

<u>Finding/Recommendation</u>	<u>Current Status</u>	<u>Management's Explanation If Not Implemented</u>
None.		

TIDEHAVEN INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED AUGUST 31, 2019

EXHIBIT K-1

(1) Federal Grantor/ Pass-Through Grantor/ Program or Cluster Title	(2) Federal CFDA Number	(2A) Pass- Through Entity Identifying Number	Passed Through to Subrecipients	(3) Federal Expenditures
SPECIAL EDUCATION (IDEA) CLUSTER:				
<u>U. S. Department of Education</u>				
Passed Through State Department of Education:				
<i>IDEA-B Formula</i>	84.027	19660001158901	\$ 80,138	\$ 80,138
Total U. S. Department of Education			<u>80,138</u>	<u>80,138</u>
Total Special Education (IDEA) Cluster			<u>80,138</u>	<u>80,138</u>
OTHER PROGRAMS:				
<u>U. S. Department of Education</u>				
Passed Through State Department of Education:				
<i>ESEA Title I Part A - Improving Basic Programs</i>	84.010a	19610101158902	--	347,732
<i>ESEA, Title VI, Part B, Subpart 2 - Rural and Low Income School</i>	84.358	19696001158902	--	8,242
<i>ESEA Title II Part A - Teacher & Principal Training & Recruiting</i>	84.367a	19694501158902	--	1,674
<i>ESEA Title II Part A - Teacher & Principal Training & Recruiting</i>	84.367a	19694501158902	--	50,130
Total CFDA Number 84.367a			<u>--</u>	<u>51,804</u>
<i>Federally Funded Special Revenue Funds</i>	84.938c	19680101158902	--	5,450
<i>Fund 2899 - Emergency Impact Aid Program</i>				
Total CFDA Number 2899			<u>--</u>	<u>5,450</u>
Total Passed Through State Department of Education			<u>80,138</u>	<u>407,778</u>
Total U. S. Department of Education			<u>80,138</u>	<u>413,228</u>
<u>U. S. Department of Agriculture</u>				
Passed Through Texas Department of Agriculture:				
Commodity Supplemental Food Program (Non-cash)*	10.565	158001A	--	43,526
Total Passed Through Texas Department of Agriculture				<u>43,526</u>
Passed Through State Department of Education-Texas Education Agency:				
School Breakfast Program*	10.553	71401901	--	199,375
Total CFDA Number 10.553				<u>199,375</u>
National School Lunch Program*	10.555	71301901	--	410,293
Total CFDA Number 10.555				<u>410,293</u>
Total U.S. Department of Agriculture			<u>--</u>	<u>653,194</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS			<u>\$ 80,138</u>	<u>\$ 1,146,560</u>
Reconciliation of Expenditures:				
Aggregate Expenditure [H-4]				1,246,177
Less:				
Campus Activity fund (39,353)				
State Textbook fund (103,790)				(143,143)
Add: Commodity supp food prog				43,526
				<u>1,146,560</u>

The accompanying notes are an integral part of this schedule.

TIDEHAVEN INDEPENDENT SCHOOL DISTRICT
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED AUGUST 31, 2019

Basis of Presentation

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

Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the modified accrual basis of accounting. These expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the Schedule, if any, represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years.

Tidehaven Independent School District has elected not to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.

TIDEHAVEN INDEPENDENT SCHOOL DISTRICT

SCHEDULE OF REQUIRED RESPONSES TO SELECTED SCHOOL FIRST INDICATORS
AS OF AUGUST 31, 2019

Data Control Codes		Responses
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 school district make timely payments to the Teachers Retirement System (TRS), Texas Workforce Commission (TWC), Internal Revenue Service (IRS), and other governmental agencies?	Yes
SF8	Did the school district <u>not</u> receive an adjusted repayment schedule for more than one fiscal year for an over allocation of Foundation School Program (FSP) funds as a result of a financial hardship?	Yes
SF10	What was the total accumulated accretion on capital appreciation bonds (CABs) included in government-wide financial statements at fiscal year-end?	\$ --
SF11	Net Pension Assets (object 1920) at fiscal year-end.	\$ --
SF12	Net Pension Liabilities (object 2540) at fiscal year-end.	\$ 2,082,815
SF13	Pension Expense (object 6147) at fiscal year-end.	\$

In correspondence to all school administrators dated November 1, 2017, the TEA's Director of Financial Compliance stated "For 2017, and until further notice, no data should be entered in the field for data feed Schedule L-1 question SF13. If the AFR and data feed has been submitted no additional steps need to be taken."

