

TIDEHAVEN INDEPENDENT SCHOOL DISTRICT

ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED AUGUST 31, 2018



Tidehaven Independent School District
Annual Financial Report
For The Year Ended August 31, 2018

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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, 2018, at a meeting of the board of trustees of such school district on the 15 day of JANUARY, 2019.



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, 2018, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the 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, 2018, 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.

Emphasis of Matter

Change in Accounting Principle

As described in Note A to the financial statements, in 2018, Tidehaven Independent School District adopted new accounting guidance, Governmental Accounting Standards Board Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the 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 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 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 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, 2018 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, 2018



TIDEHAVEN INDEPENDENT SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

AUGUST 31, 2018

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, 2018. 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, 2018

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, 2018 and 2017 are summarized as follows:

	Governmental Activities		
	<u>8/31/2018</u>	<u>8/31/2017</u>	<u>Variance</u>
Current and other assets	\$ 19,514,475	\$ 20,442,916	\$ (928,441)
Capital assets	<u>50,291,316</u>	<u>52,408,515</u>	<u>(2,117,199)</u>
Total assets	<u>69,805,791</u>	<u>72,851,431</u>	<u>(3,045,640)</u>
Deferred outflows of resources	<u>483,088</u>	<u>369,022</u>	<u>114,066</u>
Other liabilities	2,243,813	3,117,859	(874,046)
Noncurrent liabilities	<u>46,732,272</u>	<u>46,751,465</u>	<u>(19,193)</u>
Total liabilities	<u>48,976,085</u>	<u>49,869,324</u>	<u>(893,239)</u>
Deferred inflows of resources	<u>1,290,199</u>	<u>350,650</u>	<u>939,549</u>
Net position:			
Net investment in capital assets	5,853,652	6,778,448	(924,796)
Restricted	772,301	1,877,058	(1,104,757)
Unrestricted	<u>13,396,642</u>	<u>14,344,973</u>	<u>(948,331)</u>
Total net position	<u>\$ 20,022,595</u>	<u>\$ 23,000,479</u>	<u>\$ (2,977,884)</u>

Current assets net amount decreased by 928,441, and the decline were primarily in property tax receivable due to the settlement of prior year receivable obligation. The overall cash balance increased by \$2,861,497 as a result of the settlement collection of \$3.5million. Capital assets decreased by over \$2.1 million due retirement of assets during the fiscal year 2017/2018 as discussed further below.

Current year deferred outflow of resources increase by \$114,066 due to the District adoption of GASB 75 – Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions. The noncurrent Deferred inflow of resources increased by \$939,549 which represent the aggregate effects of GASB 68 “Accounting and Financial Reporting for Pensions, and the recent pronouncement of GASB 75 “Accounting and Financial Reporting of Postemployment Benefits Other Than Pensions. Other liabilities decreased by over \$874,000 primarily in the amount due to state for overpayment.

A portion of the District's net position (29 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 (3.9 percent) represents resources that are subject to

TIDEHAVEN INDEPENDENT SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

AUGUST 31, 2018

external restrictions on how they may be used. The remaining balance (67 percent) of unrestricted net position may be used to meet the District's ongoing obligations to educate the school-age children of Tidehaven ISD.

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, 2018 and 2017 are summarized as follows:

	Governmental Activities		
	8/31/2018	8/31/2017	Variance
Revenues:			
Program Revenues:			
Charges for services	\$ 312,521	\$ 219,484	\$ 93,037
Operating grants & contributions	597,860	1,378,056	(780,196)
Capital grants & contributions	-	-	-
General Revenues:			
Property taxes	14,035,332	13,067,368	967,964
Investment earnings	-	66,151	(66,151)
Grants & contributions not restricted for specific purpose	1,435,054	795,617	639,437
Miscellaneous	16,749	40,003	(23,254)
Total revenues	<u>16,397,516</u>	<u>15,566,679</u>	<u>830,837</u>
Expenses:			
Instruction	4,637,848	5,201,395	(563,547)
Instructional resources and media	110,503	132,390	(21,887)
Curriculum and staff development	126,089	88,691	37,398
Instructional leadership	32,838	25,605	7,233
School leadership	636,088	719,794	(83,706)
Guidance and counseling	156,355	213,220	(56,865)
Social Work Series	123	543	(420)
Health services	134,921	138,916	(3,995)
Student transportation	253,083	221,105	31,978
Food service	619,772	734,853	(115,081)
Extracurricular activities	560,950	573,485	(12,535)
General administration	504,295	602,625	(98,330)
Plant maintenance and operations	1,391,438	1,415,134	(23,696)
Security and monitoring services	49,931	46,130	3,801
Data processing services	177,862	227,780	(49,918)
Interest on long-term debt	1,456,464	1,517,019	(60,555)
Bond issuance costs	2,650	2,650	-
Capital outlay	720,869	111,868	609,001
Contracted Instr Services Between Schools	3,002,261	2,784,331	217,930
Payments related to SSA	142,344	171,606	(29,262)
Other Intergovernmental Charges	235,202	223,585	11,617
Total expenses	<u>14,951,886</u>	<u>15,152,725</u>	<u>(200,839)</u>

TIDEHAVEN INDEPENDENT SCHOOL DISTRICT

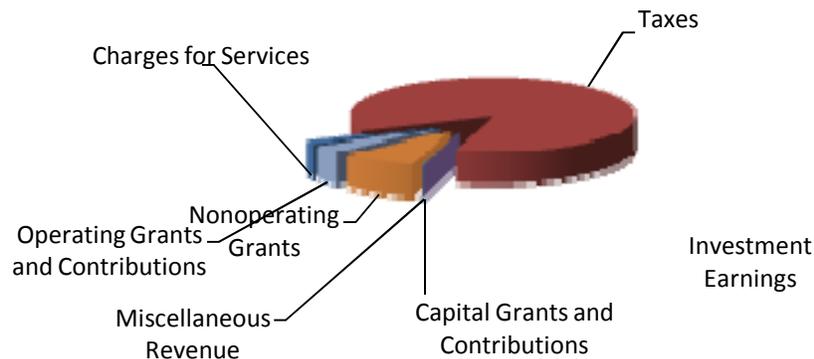
MANAGEMENT'S DISCUSSION AND ANALYSIS

AUGUST 31, 2018

Increase in net position	1,445,630	413,954	1,031,676
Net position beginning	23,000,479	22,586,525	413,954
Prior Period Adjustment	(4,423,514)	-	(4,423,514)
Net position-Beginning, as Restated	<u>18,576,965</u>	<u>22,586,525</u>	<u>(4,009,560)</u>
Net position ending	<u>\$ 20,022,595</u>	<u>\$ 23,000,479</u>	<u>\$ (2,977,884)</u>

Governmental activities. Governmental activities increased the District's net position by \$1,445,630 in current operations compared to the prior year increase of \$413,954. Overall, revenue decreased by \$830,837 and expenditures decreased by \$200,839. Key elements of these changes are as follows:

- Instructional expense (\$563,547); School leadership (\$83,706); Food Service (\$115,081), and General Administration (\$98,330) all decline when compared to prior year. The reduction is the effect of the GASB 68 aggregate reduced cost in 2018 relative to 2017 school year.
- Property tax revenue recognition increased by over \$967,964 due to the settlement of a large taxpayer dispute for 2014, 2015 & 2016 resulting in adjustments over \$1.8 in taxes receivable.
- Operating Grants and Contributions declined by \$780,196 as a result of the effect of newly adopted GASB 75.
- Grants and Contributions Not Restricted to Specific Program increased by \$639,437 due to increase in state funding.
- During fiscal year 2018, the District adopted GASB 75 pronouncement for Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions. The adoption of GASB 75 requires a prior period adjustment to report the effect of the GASB 75 retroactively in amount \$ (4,423,514).



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, 2018

At the end of the current fiscal year the District's governmental funds reported combined ending fund balances of \$18,304,552, an increase of \$4,963,476. \$8,317,986 of this total constitutes unassigned fund balance, which is available for spending at the District's discretion. \$7,520,355 represents amounts committed for future construction, upgrades, equipment purchases and use in campus activity funds. \$313,805 of fund balance is in non-spendable (prepaid items) form that may not be spent, and \$10,000 is endowment principal. The remaining \$2,142,406 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 \$8,317,986 and total fund balance of \$16,131,791. 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 51% of total general fund balance while the unassigned fund balance represents 71% of total general fund expenditures.

The general fund balance increased by \$4,561,939 compared to the prior year increase of \$1,444,275. Revenue increased by \$3,837,008 and expenditures increased by \$746,284.

General Fund Budgetary Highlights. The Board of Trustees approved increases to appropriations of \$430,438 during the year when compare to prior year. The most significant increase was instructional cost of \$418,216 to cover the various salary adjustments.

Actual revenue exceeded budgetary estimates by \$197,309 and actual expenditures were less than appropriations by \$663,343.

Debt Administration

Debt service activity for the year consisted of debt payment of \$1,175,000 in principal and recognition of \$2,518,165 in net OPEB liabilities at August 31, 2018 due to effects of GASB 75 as noted earlier.

	Governmental Activities		
	8/31/2018	8/31/2017	Variance
General obligation bonds	\$ 44,020,000	\$ 45,195,000	\$ (1,175,000)
Unamortized bond premium	417,664	435,067	(17,403)
Net OPEB liability	2,518,165	-	2,518,165
Net pension liability	976,443	1,121,398	(144,955)
	<u>\$ 47,932,272</u>	<u>\$ 46,751,465</u>	<u>\$ 1,180,807</u>

Capital Assets

	Governmental Activities		
	8/31/2018	8/31/2017	Variance
Land	\$ 486,415	\$ 486,415	\$ -
Construction in progress	-	170,824	(170,824)
Buildings & Improvements	56,536,611	58,484,610	(1,947,999)
Vehicles & Equipment	2,520,327	2,564,481	(44,154)
Totals	59,543,353	61,706,330	(2,162,977)
Less accumulated depreciation	(9,252,037)	(9,297,814)	45,777
	<u>\$ 50,291,316</u>	<u>\$ 52,408,516</u>	<u>\$ (2,117,200)</u>

TIDEHAVEN INDEPENDENT SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

AUGUST 31, 2018

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

- Retirement of \$2,141,769 in Building & Improvement
- Retirement of some vehicles in the total amount of \$227,874
- 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 2018-2019 budgets include the following:

- Instructional and Related services increased by \$349,667
- Support services (student) decreased by 203,411
- Administrative Support services increased by \$58,174
- And Nonstudent Support services increased by \$83,173

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: Superintendent, PO Box 129, El Maton, TX 77440 or call 361-588-6321.

Basic Financial Statements



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

1

Data Control Codes	Governmental Activities
ASSETS:	
1110 <i>Cash and Cash Equivalents</i>	\$ 18,860,038
1120 <i>Current Investments</i>	450
1225 <i>Property Taxes Receivable (Net)</i>	226,645
1240 <i>Due from Other Governments</i>	87,625
1300 <i>Inventories</i>	25,912
1410 <i>Unrealized Expenses</i>	313,805
Capital Assets:	
1510 <i>Land</i>	486,413
1520 <i>Buildings and Improvements, Net</i>	48,986,237
1530 <i>Furniture and Equipment, Net</i>	818,666
1000 Total Assets	<u>69,805,791</u>
DEFERRED OUTFLOWS OF RESOURCES:	
	<i>Deferred Outflow Related to Pensions</i> 451,025
	<i>Deferred Outflow Related to OPEB</i> 32,063
1700 Total Deferred Outflows of Resources	<u>483,088</u>
LIABILITIES:	
2110 <i>Accounts Payable</i>	67,969
2140 <i>Interest Payable</i>	60,534
2165 <i>Accrued Liabilities</i>	406,529
2180 <i>Due to Other Governments</i>	499,819
2300 <i>Unearned Revenue</i>	8,962
Noncurrent Liabilities:	
2501 <i>Due Within One Year</i>	1,200,000
2502 <i>Due in More Than One Year</i>	43,237,664
2540 <i>Net Pension Liability</i>	976,443
2545 <i>Net OPEB Liability</i>	2,518,165
2000 Total Liabilities	<u>48,976,085</u>
DEFERRED INFLOWS OF RESOURCES:	
	<i>Deferred Inflow Related to Pensions</i> 236,845
	<i>Deferred Inflow Related to OPEB</i> 1,053,354
2600 Total Deferred Inflows of Resources	<u>1,290,199</u>
NET POSITION:	
3200 Net Investment in Capital Assets	5,853,652
Restricted For:	
3850 <i>Debt Service</i>	389,845
3860 <i>Capital Projects</i>	346,688
Other Purposes	
3890 <i>Expendable</i>	25,768
3890 <i>Nonexpendable</i>	10,000
3900 Unrestricted	13,396,642
3000 Total Net Position	<u>\$ 20,022,595</u>

The accompanying notes are an integral part of this statement.

TIDEHAVEN INDEPENDENT SCHOOL DISTRICT

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED AUGUST 31, 2018

Data Control Codes	Functions/Programs	1	3	4	Net (Expense) Revenue and Changes in Net Position
		Expenses	Charges for Services	Operating Grants and Contributions	Governmental Activities
	Governmental Activities:				
11	<i>Instruction</i>	\$ 4,637,848	\$ 38,933	\$ 133,663	\$ (4,465,252)
12	<i>Instructional Resources and Media Services</i>	110,503	915	(12,205)	(121,793)
13	<i>Curriculum and Staff Development</i>	126,089	578	36,792	(88,719)
21	<i>Instructional Leadership</i>	32,838	125	12,481	(20,232)
23	<i>School Leadership</i>	636,088	36,938	(66,668)	(665,818)
31	<i>Guidance, Counseling, & Evaluation Services</i>	156,355	1,282	196,018	40,945
32	<i>Social Work Services</i>	123	--	--	(123)
33	<i>Health Services</i>	134,921	1,099	(14,672)	(148,494)
34	<i>Student Transportation</i>	253,083	3,701	(30,872)	(280,254)
35	<i>Food Service</i>	619,772	144,346	436,656	(38,770)
36	<i>Cocurricular/Extracurricular Activities</i>	560,950	38,135	(24,224)	(547,039)
41	<i>General Administration</i>	504,295	3,913	(38,203)	(538,585)
51	<i>Facilities Maintenance and Operations</i>	1,391,438	9,434	(27,604)	(1,409,608)
52	<i>Security and Monitoring Services</i>	49,931	385	(4,103)	(53,649)
53	<i>Data Processing Services</i>	177,862	1,301	(17,316)	(193,877)
72	<i>Interest on Long-term Debt</i>	1,456,464	1,993	18,117	(1,436,354)
73	<i>Bond Issuance Costs and Fees</i>	2,650	--	--	(2,650)
81	<i>Capital Outlay</i>	720,869	3,337	--	(717,532)
91	<i>Contracted Instructional Services between Schools</i>	3,002,261	24,921	--	(2,977,340)
93	<i>Payments Related to Shared Services Arrangement</i>	142,344	1,185	--	(141,159)
99	<i>Other Intergovernmental Charges</i>	235,202	--	--	(235,202)
TG	Total Governmental Activities	<u>14,951,886</u>	<u>312,521</u>	<u>597,860</u>	<u>(14,041,505)</u>
TP	Total Primary Government	<u>\$ 14,951,886</u>	<u>\$ 312,521</u>	<u>\$ 597,860</u>	<u>(14,041,505)</u>
	General Revenues:				
MT	<i>Property Taxes, Levied for General Purposes</i>				11,647,605
DT	<i>Property Taxes, Levied for Debt Service</i>				2,387,727
GC	<i>Grants and Contributions Not Restricted to Specific Progra</i>				1,435,054
MI	<i>Miscellaneous</i>				16,748
TR	Total General Revenues				<u>15,487,134</u>
CN	Change in Net Position				<u>1,445,629</u>
NB	Net Position - Beginning				23,000,480
PA	Prior Period Adjustment				(4,423,514)
	Net Position - Beginning, as Restated				<u>18,576,966</u>
NE	Net Position - Ending				<u>\$ 20,022,595</u>

The accompanying notes are an integral part of this statement.

TIDEHAVEN INDEPENDENT SCHOOL DISTRICT

BALANCE SHEET - GOVERNMENTAL FUNDS

AUGUST 31, 2018

Data Control Codes	10 General Fund	50 Debt Service Fund	Other Governmental Funds	98 Total Governmental Funds	
ASSETS:					
1110	Cash and Cash Equivalents	\$ 16,717,459	\$ 1,742,776	\$ 399,803	\$ 18,860,038
1120	Current Investments	450	--	--	450
1225	Taxes Receivable, Net	169,327	57,318	--	226,645
1240	Due from Other Governments	463	--	87,162	87,625
1300	Inventories	--	--	25,912	25,912
1410	Unrealized Expenditures	313,805	--	--	313,805
1000	Total Assets	<u>17,201,504</u>	<u>1,800,094</u>	<u>512,877</u>	<u>19,514,475</u>
LIABILITIES:					
Current Liabilities:					
2110	Accounts Payable	\$ 9,446	\$ --	\$ 58,523	\$ 67,969
2160	Accrued Wages Payable	380,901	--	14,304	395,205
2180	Due to Other Governments	499,819	--	--	499,819
2200	Accrued Expenditures	10,221	--	1,103	11,324
2300	Unearned Revenue	--	--	8,962	8,962
2000	Total Liabilities	<u>900,387</u>	<u>--</u>	<u>82,892</u>	<u>983,279</u>
DEFERRED INFLOWS OF RESOURCES:					
	Deferred Revenue	169,326	57,318	--	226,644
2600	Total Deferred Inflows of Resources	<u>169,326</u>	<u>57,318</u>	<u>--</u>	<u>226,644</u>
FUND BALANCES:					
Nonspendable Fund Balances:					
3425	Endowment Principal	--	--	10,000	10,000
3430	Prepaid Items	313,805	--	--	313,805
Restricted Fund Balances:					
3450	Federal/State Funds Grant Restrictions	--	--	47,174	47,174
3470	Capital Acquisitions & Contractual Obligations	--	--	346,688	346,688
3480	Retirement of Long-Term Debt	--	1,742,776	--	1,742,776
3490	Other Restrictions of Fund Balance	--	--	5,768	5,768
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	--	--	20,355	20,355
3600	Unassigned	8,317,986	--	--	8,317,986
3000	Total Fund Balances	<u>16,131,791</u>	<u>1,742,776</u>	<u>429,985</u>	<u>18,304,552</u>
4000	Total Liabilities, Deferred Inflow of Resources and Fund Balances	<u>\$ 17,201,504</u>	<u>\$ 1,800,094</u>	<u>\$ 512,877</u>	<u>\$ 19,514,475</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, 2018*

Total fund balances - governmental funds balance sheet	\$ 18,304,552
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.	50,291,317
Property taxes receivable unavailable to pay for current period expenditures are deferred in the funds.	226,644
Payables for bond principal which are not due in the current period are not reported in the funds.	(44,020,000)
Payables for bond interest which are not due in the current period are not reported in the funds.	(60,534)
Recognition of the District's proportionate share of the net pension liability is not reported in the funds.	(3,494,608)
Deferred Resource Inflows related to the pension plan are not reported in the funds.	(1,290,199)
Deferred Resource Outflows related to the pension plan are not reported in the funds.	483,088
Bond premiums are amortized in the SNA but not in the funds.	(417,664)
Rounding difference	(1)
Net position of governmental activities - Statement of Net Position	<u>\$ 20,022,595</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, 2018

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>	\$ 14,248,800	\$ 3,742,651	\$ 196,064	\$ 18,187,515
5800 <i>State Program Revenues</i>	1,809,748	18,117	34,970	1,862,835
5900 <i>Federal Program Revenues</i>	206,981	--	1,167,719	1,374,700
5020 Total Revenues	<u>16,265,529</u>	<u>3,760,768</u>	<u>1,398,753</u>	<u>21,425,050</u>
EXPENDITURES:				
Current:				
0011 <i>Instruction</i>	4,457,873	--	659,990	5,117,863
0012 <i>Instructional Resources and Media Services</i>	109,802	--	--	109,802
0013 <i>Curriculum and Staff Development</i>	69,365	--	36,794	106,159
0021 <i>Instructional Leadership</i>	14,600	--	12,485	27,085
0023 <i>School Leadership</i>	604,909	--	55,857	660,766
0031 <i>Guidance, Counseling, & Evaluation Services</i>	154,118	--	9,027	163,145
0033 <i>Health Services</i>	131,943	--	--	131,943
0034 <i>Student Transportation</i>	445,272	--	--	445,272
0035 <i>Food Service</i>	15,960	--	566,121	582,081
0036 <i>Cocurricular/Extracurricular Activities</i>	508,825	--	--	508,825
0041 <i>General Administration</i>	471,554	--	--	471,554
0051 <i>Facilities Maintenance and Operations</i>	1,136,446	--	17,332	1,153,778
0052 <i>Security and Monitoring Services</i>	46,630	--	--	46,630
0053 <i>Data Processing Services</i>	156,486	--	--	156,486
0071 <i>Principal on Long-term Debt</i>	--	1,175,000	--	1,175,000
0072 <i>Interest on Long-term Debt</i>	--	1,478,911	--	1,478,911
0073 <i>Bond Issuance Costs and Fees</i>	--	2,650	--	2,650
0081 <i>Capital Outlay</i>	--	--	743,817	743,817
0091 <i>Contracted Instructional Services</i>				
0091 <i>Between Public Schools</i>	3,002,261	--	--	3,002,261
0093 <i>Payments to Shared Service Arrangements</i>	142,344	--	--	142,344
0099 <i>Other Intergovernmental Charges</i>	235,202	--	--	235,202
6030 Total Expenditures	<u>11,703,590</u>	<u>2,656,561</u>	<u>2,101,423</u>	<u>16,461,574</u>
1100 Excess (Deficiency) of Revenues Over (Under)				
1100 Expenditures	<u>4,561,939</u>	<u>1,104,207</u>	<u>(702,670)</u>	<u>4,963,476</u>
Other Financing Sources and (Uses):				
7915 <i>Transfers In</i>	60,000	--	--	60,000
8911 <i>Transfers Out</i>	(60,000)	--	--	(60,000)
7080 Total Other Financing Sources and (Uses)	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>
1200 Net Change in Fund Balances	<u>4,561,939</u>	<u>1,104,207</u>	<u>(702,670)</u>	<u>4,963,476</u>
0100 Fund Balances - Beginning	<u>11,569,852</u>	<u>638,569</u>	<u>1,132,655</u>	<u>13,341,076</u>
3000 Fund Balances - Ending	<u>\$ 16,131,791</u>	<u>\$ 1,742,776</u>	<u>\$ 429,985</u>	<u>\$ 18,304,552</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, 2018*

Net change in fund balances - total governmental funds	\$ 4,963,476
Amounts reported for governmental activities in the Statement of Activities ("SOA") are different because:	
Capital outlays are not reported as expenses in the SOA.	206,668
The depreciation of capital assets used in governmental activities is not reported in the funds.	(2,323,867)
Certain property tax revenues are deferred in the funds. This is the change in these amounts this year.	(3,822,916)
Repayment of bond principal is an expenditure in the funds but is not an expense in the SOA.	1,175,000
(Increase) decrease in accrued interest from beginning of period to end of period.	5,044
Bond premiums are reported in the funds but not in the SOA.	17,403
The District's share of the unrecognized deferred inflows and outflows for the pension plan was amortized.	2,429,440
Pension expense relating to GASB 68 is recorded in the SOA but not in the funds.	<u>(1,204,619)</u>
Change in net position of governmental activities - Statement of Activities	<u>\$ 1,445,629</u>

The accompanying notes are an integral part of this statement.

TIDEHAVEN INDEPENDENT SCHOOL DISTRICT

STATEMENT OF FIDUCIARY NET POSITION

FIDUCIARY FUNDS

AUGUST 31, 2018

Data Control Codes	Private-purpose Trust Funds	Agency Funds Student Activity
ASSETS:		
1110 <i>Cash and Cash Equivalents</i>	\$ 74,167	\$ 59,507
1000 Total Assets	<u>74,167</u>	<u>59,507</u>
LIABILITIES:		
Current Liabilities:		
2110 <i>Accounts Payable</i>	\$ 29,550	\$ --
2190 <i>Due to Student Groups</i>	--	59,507
2000 Total Liabilities	<u>29,550</u>	<u>59,507</u>
NET POSITION:		
3800 <i>Held in Trust</i>	44,617	--
3000 Total Net Position	<u>\$ 44,617</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, 2018

	Private- Purpose Trusts
Additions:	
Investment Income	\$ 240
Gifts & Bequests	29,015
Total Additions	<u>29,255</u>
Deductions:	
Scholarship Awards	34,750
Administrative Expenses	--
Total Deductions	<u>34,750</u>
Change in Net Position	(5,495)
Net Position-Beginning of the Year	<u>50,112</u>
Net Position-End of the Year	<u>\$ 44,617</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, 2018

A. Summary of Significant Accounting Policies

Description of Government-wide Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the government. All fiduciary activities are reported only in the fund financial statements.

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" as defined by the GASB in its Statement No. 14, "The Financial Reporting Entity," as revised by GASB Statement No.39, and there are no component units included within the reporting entity.

Basis of Presentation – Government-wide Financial Statements

While separate government-wide and fund financial statements are presented, they are interrelated. The governmental activities column incorporates data from governmental funds. Separate financial statements are provided for governmental funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

Basis of Presentation – Fund Financial Statements

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

The District reports the following major governmental funds

The general fund is the government's primary operating fund. It accounts for all financial resources of the general government, except those accounted for in another fund.

Debt Service Fund: a governmental 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.

Additionally, the District reports the following fund types:

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.

Private-Purpose Trust Funds: These funds are used to report trust arrangements for scholarships 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.

TIDEHAVEN INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED AUGUST 31, 2018

During the course of operations the District has activity between funds for various purposes. Any residual balances outstanding at year end are reported as due from/to other funds and advances to/from other funds. While these balances are reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Balances between the funds included in governmental activities (i.e., the governmental and internal service funds) are eliminated so that only the net amount is included as internal balances in the governmental activities column.

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

Measurement Focus and Basis of Accounting

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

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

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

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

The private purpose trust fund is reported using the economic resources measurement focus and the accrual basis of accounting. The agency fund has no measurement focus but utilizes the accrual basis of accounting for reporting its assets and liabilities.

Budgetary Information

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for the general fund, food service fund and debt service fund. Other special revenue funds do not have appropriated budgets since other means control the use of these resources (e.g., grant awards and endowment requirements) and sometimes span a period of more than one fiscal year.

TIDEHAVEN INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED AUGUST 31, 2018

The appropriated budget is prepared at the fund and function level. The department heads may make transfers of appropriations within a function; however, transfers of appropriations between functions require the approval of the Board of Trustees. The legal level of budgetary control (i.e., the level at which expenditures may not legally exceed appropriations) is the functional level.

Appropriations in all budgeted funds lapse at the end of the fiscal year. Encumbrances are commitments related to unperformed (executory) contracts for goods or services (i.e., purchase orders, contracts, and commitments). Encumbrance accounting is utilized to the extent necessary to assure effective budgetary control and accountability and to facilitate effective cash planning and control. While all appropriations lapse at year end, valid outstanding encumbrances (those for which performance under the executory contract is expected in the next year) are re-appropriated and become part of the subsequent year's budget pursuant to state regulations.

Assets, Liabilities, Deferred Outflows/inflows of Resources, and Net Position/fund Balance

Cash and cash equivalents

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

Investments

Investments for the District are reported at fair value (generally based on quoted market prices) except for the position in Government Investment Pool (Pool). In accordance with state law, the Pool operates in conformity with all of the requirements of the Securities and Exchange Commission's (SEC) Rule 2a7 as promulgated under the Investment Company Act of 1940, as amended. Accordingly, the Pool qualifies as a 2a7-like pool and is reported at the net asset value per share (which approximates fair value) even though it is calculated using the amortized cost method. The Pool is subject to regulatory oversight by the State Treasurer, although it is not registered with the SEC.

Inventories and Prepaid Items

Inventories of purchased food on the balance sheet are stated at 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. 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.

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

Capital assets

Purchased or constructed capital assets are reported at cost or estimated historical cost. Donated fixed 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:

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

TIDEHAVEN INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED AUGUST 31, 2018

Deferred outflows/inflows of resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/ expenditure) until then. The District have some items that qualifies for reporting in this category. The deferred outflows of resources calculated in the actuarial pension study required by GASB 68 & 75 and the current year pension payments are reported in the government-wide statement of net position.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The District has two items that qualify for reporting in this category. The item "unavailable" revenue is reported in the governmental funds balance sheet. The "unavailable" source represents the uncollected delinquent taxes receivable. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available for governmental funds. The deferred inflows of resources calculated in the actuarial pension study required by GASB 68 and 75 are reported in the government-wide statement of net position.

Net position flow assumption

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

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.

Fund balance policies

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

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

Amounts in the assigned fund balance classification are intended to be used by the District for specific purposes but do not meet the criteria to be classified as committed. The Board of Trustees has not delegated the authority to assign fund balance. When it is appropriate to assign fund balance this is accomplished in the same manner as committed funds that is through the adoption of a resolution. Unlike commitments, assignments generally only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment. Conversely, as discussed above, an additional action is essential to either remove or revise a commitment.

TIDEHAVEN INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED AUGUST 31, 2018

Revenues and Expenditures/expenses

Program revenues

Amounts reported as program revenues include 1) fees, fines, and charges paid by the recipients of goods or services offered by the programs and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. All taxes, including those dedicated for specific purposes, and other internally dedicated resources are reported as general revenues rather than as program revenues.

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 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 (1) when they become due or past due and receivable within the current period and (2) when they are expected to be collected during a 60-day period after the close of the fiscal year.

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.

Compensated absences

Vacation days shall be used during the year in which they are earned and shall not accumulate. Unused vacation days shall not be reimbursed upon the employee's resignation, retirement, or any other termination of employment. Local sick days accumulate up to a maximum of 20 days and state sick days accumulate indefinitely. Unused sick days shall not be reimbursed upon the employee's resignation, retirement, or any other termination of employment.

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 insure accuracy in building a statewide database for policy development and funding plans.

B. Deposits and Investments

Cash Deposits

Custodial credit risk - deposits. In the case of deposits, this is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District's funds are required to be deposited and invested under the terms of a depository contract. At August 31, 2018, the carrying amount of the District's deposits (cash, certificates of deposit, and interest-bearing savings accounts included in temporary investments) was \$18,860,038 and the bank balance was \$19,224,996. The District's cash deposits at August 31, 2018 and during the year ended August 31, 2018, were entirely covered by FDIC insurance or by pledged collateral held by the District's agent bank in the District's name.

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.

TIDEHAVEN INDEPENDENT SCHOOL DISTRICT

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FOR THE YEAR ENDED AUGUST 31, 2018

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.

The government utilizes a pooled investment concept for all its funds to maximize its investment program. Investment income from this internal pooling is allocated to the respective funds based upon the sources of funds invested.

August 31, 2018 the District did not own any investments as defined above.

C. Capital Assets

Capital asset activity for the year ended August 31, 2018, was as follows:

	Beginning Balances	Increases	Decreases	Ending Balances
<u>Governmental activities:</u>				
<i>Capital assets not being depreciated:</i>				
Land	\$ 486,415	\$ --	\$ --	\$ 486,415
Construction in progress	170,824	--	170,824	--
Total capital assets not being depreciated	<u>657,239</u>	<u>--</u>	<u>170,824</u>	<u>486,415</u>
<i>Capital assets being depreciated:</i>				
Buildings and improvements	58,484,608	193,772	2,141,769	56,536,611
Equipment	732,489	--	--	732,489
Vehicles	1,831,992	183,720	227,874	1,787,838
Total capital assets being depreciated	<u>61,049,089</u>	<u>377,492</u>	<u>2,369,643</u>	<u>59,056,938</u>
Less accumulated depreciation for:				
Buildings and improvements	(7,484,339)	(1,308,207)	1,242,171	(7,550,374)
Equipment	(319,298)	(39,752)	--	(359,050)
Vehicles	(1,494,177)	(76,310)	227,874	(1,342,613)
Total accumulated depreciation	<u>(9,297,814)</u>	<u>(1,424,269)</u>	<u>1,470,045</u>	<u>(9,252,037)</u>
Total capital assets being depreciated, net	<u>51,751,275</u>	<u>(1,046,777)</u>	<u>899,598</u>	<u>49,804,901</u>
Governmental activities capital assets, net	<u>\$ 52,408,514</u>	<u>\$ (1,046,777)</u>	<u>\$ 1,070,422</u>	<u>\$ 50,291,316</u>

The District had \$899,598 loss resulting in disposition of assets and Depreciation expense was charged to functions as follows:

Instruction	\$ 716,344
Instructional Resources and Media Services	18,233
Curriculum and Staff Development	12,215
Instructional Leadership	3,526
School Leadership	99,131
Guidance, Counseling, & Evaluation Services	29,365
Social work services	75
Health Services	19,132
Student Transportation	30,451
Food Services	101,205
Extracurricular Activities	78,981
General Administration	82,994
Plant Maintenance and Operations	194,894

TIDEHAVEN INDEPENDENT SCHOOL DISTRICT

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Security and Monitoring Services	6,353
Data Processing Services	31,370
	<u>\$ 1,424,269</u>

E. 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, 2018, are as follows:

	Beginning			Ending	Amounts
Governmental activities:	Balance	Increases	Decreases	Balance	Due Within
					One Year
General obligation bonds	\$ 45,195,000	\$ --	\$ 1,175,000	\$ 44,020,000	\$ 1,200,000
Unamortized bond premium	435,067	--	17,403	417,664	--
Net OPEB liability*	4,445,694	--	1,927,529	2,518,165	--
Net pension liability	1,121,398	--	144,955	976,443	--
Total governmental activities	<u>\$ 51,197,159</u>	<u>\$ --</u>	<u>\$ 3,264,887</u>	<u>\$ 47,932,272</u>	<u>\$ 1,200,000</u>

* The general fund is typically used to liquidate this liability. The beginning net OPEB liability has been restated for the effects of GASB 75.

Debt service requirements on long-term debt at August 31, 2017, are as follows:

Year Ending August 31,	Governmental Activities		
	Principal	Interest	Total
2019	\$ 1,200,000	1,437,536	\$ 2,637,536
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 to 2028	7,410,000	5,608,715	13,018,715
2029 to 2033	8,830,000	4,358,079	13,188,079
2034 to 2038	10,830,000	2,780,158	13,610,158
2039 to 2043	10,580,000	759,708	11,339,708
Totals	<u>\$ 44,020,000</u>	<u>\$ 20,395,470</u>	<u>\$ 64,415,470</u>

E. 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 2018, 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, 2018, Tidehaven ISD participated in the TASB Risk Management Fund's (the Fund's) Property and Liability Programs with coverage in:

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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, 2017, 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, 2017, 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, 2018, 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, 2018, 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, 2017, are available at the TASB offices and have been filed with the Texas Department of Insurance in Austin.

F. Pension Plan

1. Plan Description

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

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.

TIDEHAVEN INDEPENDENT SCHOOL DISTRICT

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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. 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 percent (multiplier) times the average of the five highest annual creditable salaries times years of credited service to arrive at the annual standard annuity except for members who are grandfathered, the three highest annual salaries are used. The normal service retirement is at age 65 with 5 years of credited service or when the sum of the member's age and years of credited service equals 80 or more years. Early retirement is at age 55 with 5 years of service credit or earlier than 55 with 30 years of service credit. There are additional provisions for early retirement if the sum of the member's age and years of service credit total at least 80, but the member is less than age 60 or 62 depending on date of employment, or if the member was grandfathered in under a previous rule. There are no automatic post-employment benefit changes; including automatic COLAs. Ad hoc post-employment benefit changes, including ad hoc COLAs, can be granted by the Texas Legislature as noted in the Plan description in (1.) above.

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 84th Texas Legislature, General Appropriations Act (GAA) established the employer contribution rates for fiscal years 2016 and 2017.

	<u>Contribution Rates</u>	
	2017	2018
Member	7.7%	7.7%
Non-Employer Contributing Entity (NECE - State)	6.8%	6.8%
Employers	6.8%	6.8%
District's 2018 Employer Contributions	\$ 268,637	
District's 2018 Member Contributions	\$ 402,807	
NECE 2017 On-Behalf Contributions to District	\$ 282,009	

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

TIDEHAVEN INDEPENDENT SCHOOL DISTRICT

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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 evaluation was determined using the following actuarial assumptions:

Valuation Date	August 31, 2017
Actuarial Cost Method	Individual Entry Age Normal
Asset Valuation Method	Market Value
Single Discount Rate	8%
Long-term expected Investment Rate of Return	8%
Inflation	2.5%
Salary Increases including inflation	3.5% to 9.5%
Payroll Growth Rate	2.5%
Benefit Changes during the year	None
Ad hoc post-employment benefit changes	None

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

6. Discount Rate

The discount rate used to measure the total pension liability was 8%. There was no change in the discount rate since the previous year. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and those of the contributing employers and the non-employer contributing entity are made at the statutorily required rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

TIDEHAVEN INDEPENDENT SCHOOL DISTRICT

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The long-term rate of return on pension plan investments is 8%. The long-term expected rate of return on pension plan investments was determined using a building block method in which best-estimates ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of geometric real rates of return for each major asset class included in the Systems target asset allocation as of August 31, 2017 are summarized below:

Teacher Retirement System of Texas			
Asset Allocation and Long-Term Expected Real Rate of Return			
As of August 31, 2017			
Asset Class	Target Allocation*	Long-term Expected Geometric Real Rate of Return	Expected Contribution to Long-term Portfolio Returns **
Global Equity			
U.S.	18%	4.6%	1.0%
Non-U.S. Developed	13%	5.1%	0.8%
Emerging Markets	9%	5.9%	0.7%
Directional Hedge Funds	4%	3.2%	0.1%
Private Equity	13%	7.0%	1.1%
Stable Value			
U.S. Treasuries	11%	0.7%	0.1%
Absolute Return	0%	1.8%	0.0%
Stable Value Hedge Funds	4%	3.0%	0.1%
Cash	1%	-0.2%	0.0%
Real Return			
Global Inflation Linked Bonds	3%	0.9%	0.0%
Real Assets	16%	5.1%	1.1%
Energy & Natural Resources	3%	6.6%	0.2%
Commodities	0%	1.2%	0.0%
Risk Parity			
Risk Parity	5%	6.7%	0.3%
Inflation Expectation			2.2%
Alpha			1.0%
Total	100%		8.7%

* Target allocations are based on the FY2014 policy model. Infrastructure was moved from Real Assets to Energy and Natural Resources in FY2017, but the reallocation does not affect the long term expected geometric real rate of return or expected contribution to long-term portfolio returns.

** 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 (8%) in measuring the Net Pension Liability.

	1% Decrease in Discount Rate 7%	Discount Rate 8%	1% Increase in Discount Rate 9%
District's proportionate share of the net pension liability	\$ 1,646,090	\$ 976,443	\$ 418,853

TIDEHAVEN INDEPENDENT SCHOOL DISTRICT

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

At August 31, 2018, the District reported a liability of \$976,443 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	\$ 976,443
State's proportionate share that is associated with District	2,757,076
Total	<u>\$ 3,733,519</u>

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

At August 31, 2017 the employer's proportion of the collective net pension liability was 0.0030538%. which was an increase (decrease) of 0.0030538% from its proportion measured as of August 31, 2016.

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

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

For the year ended August 31, 2018, the District recognized pension expense of \$210,299 and revenue of \$210,299 for support provided by the State.

At August 31, 2018, 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	\$ 14,286	\$ 52,658
Changes in actuarial assumptions	44,479	25,463
Difference between projected and actual investment earnings	--	71,161
Changes in proportion and difference between the District's contributions and the proportionate share of contributions	123,623	87,563
Contributions paid to TRS subsequent to the measurement date	268,637	--
Total	<u>\$ 451,025</u>	<u>\$ 236,845</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
2019	\$ (20,674)
2020	\$ 41,655
2021	\$ (25,460)
2022	\$ (42,704)
2023	\$ (9,665)
Thereafter	\$ 2,390

TIDEHAVEN INDEPENDENT SCHOOL DISTRICT

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FOR THE YEAR ENDED AUGUST 31, 2018

G. 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.

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

<u>Net OPEB Liability:</u>	<u>Total</u>
Total OPEB liability	\$ 43,885,784,621
Less: plan fiduciary net position	<u>399,535,986</u>
Net OPEB liability	<u>\$ 43,486,248,635</u>
Net position as a percentage of total OPEB liability	0.91%

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 two Medicare health plans for an additional fee. To qualify for TRS-Care coverage, a retiree must have at least 10 years of service credit in the TRS pension system. The Board of Trustees is granted the authority to establish basic and optional group insurance coverage for participants as well as to amend benefit terms as needed under Chapter 1575.052. There are no automatic post-employment benefit changes, including automatic COLAs.

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

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

* or surviving spouse

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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.

Texas Insurance Code, section 1575.202 establishes the state's contribution rate which is 1.0% of the employee's salary. Section 1575.203 establishes the active employee's rate which is .65% of pay. Section 1575.204 establishes an employer contribution rate of not less than 0.25 percent or not more than 0.75 percent of the salary of each active employee of the public. The actual employer contribution rate is prescribed by the Legislature in the General Appropriations Act. The following table shows contributions to the TRS-Care plan by type of contributor.

Contribution Rates		
	2017	2018
Active Employee	0.65%	0.65%
Non-Employer Contributing Entity (NECE) - State	1.00%	1.25%
Employers	0.55%	0.75%
Federal/Private Funding Remitted by Employers	1.00%	1.25%
Current fiscal year District contributions		\$ 31,670
Current fiscal year Member contributions		\$ 402,807
2017 measurement year NECE contributions		\$ 46,070

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 employers hire a TRS retiree, they are required to pay to TRS-Care a monthly surcharge of \$535 per retiree.

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

5. Actuarial Assumptions

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

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

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

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

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

Additional Actuarial Methods and Assumptions:

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

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

**Includes inflation at 2.50%

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

6. Discount Rate

A single discount rate of 3.42% was used to measure the total OPEB liability. There was a change of 0.44% in the discount rate since the previous year. Because the plan is essentially a "pay-as-you-go" plan, there are no investments and 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 not to be able to make all future benefit payments of current plan members. Therefore, the municipal bond rate was applied to all periods of projected benefit payments to determine the total OPEB liability. The source of the municipal bond rate was fixed-income municipal bonds with 20 years to maturity that include only federally tax-exempt municipal bonds as reported in Fidelity Index's "20-year Municipal GO AA Index" as of August 31, 2017.

7. Discount Rate Sensitivity Analysis

The following schedule shows the impact on 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 (2.42%)	Current Single Discount Rate (3.42%)	1% Increase in Discount Rate (4.42%)
District's proportionate share of net OPEB liability	\$ 2,972,060	\$ 2,518,165	\$ 2,153,336

TIDEHAVEN INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED AUGUST 31, 2018

8. Healthcare Cost Trend Rates Sensitivity Analysis

The following presents the net OPEB liability of the plan using the assumed healthcare cost trend rate, as well as what the net OPEB liability would be if it were calculated using a trend rate that is 1% less than and 1% greater than the assumed healthcare cost trend rate:

	1% Decrease	Current Healthcare Cost Trend Rate	1% Increase
District's proportionate share of net OPEB liability	\$ 2,096,624	\$ 2,518,165	\$ 3,071,280

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

At August 31, 2018, the District reported a liability of \$2,518,165 for its proportionate share of the TRS's net OPEB liability. This liability reflects a reduction for State OPEB support provided to the District. The amount recognized by the District as its proportionate share of the net OPEB liability, the related State support, and the total portion of the net OPEB liability that was associated with the District were as follows:

District's proportionate share of the collective net OPEB liability	\$ 2,518,165
State's proportionate share that is associated with the District	\$ <u>3,853,424</u>
Total	\$ <u><u>6,371,589</u></u>

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

At August 31, 2017 the District's proportion of the collective net OPEB liability was 0.0057907.

Since this is the first year of implementation, the District does not have the proportion measured as of August 31, 2016.

The Notes to the Financial Statements for August 31, 2016 for TRS stated that the change in proportion was immaterial and, therefore, disregarded this year.

10. Changes Since the Prior Actuarial Valuation.

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

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

The Affordable Care Act includes a 40% excise tax on high-cost health plans known as the "Cadillac tax." In this valuation the impact of this tax has been calculated as a portion of the trend assumption. Assumptions and methods used to determine the impact of the Cadillac Tax include:

TIDEHAVEN INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED AUGUST 31, 2018

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

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

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

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

For the year ended August 31, 2018, the District recognized OPEB expense of \$(1,289,458) and revenue of \$(1,289,458) for support provided by the State.

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

	Deferred Outflow of Resources	Deferred Inflow of Resources
Differences between expected and actual economic experience	\$ --	\$ 52,569
Changes in actuarial assumptions	--	1,000,785
Differences between projected and actual investment earnings	383	--
Changes in proportion and difference between the District's contributions and the proportionate share of contributions	10	--
Contributions paid to TRS subsequent to the measurement date	31,670	
	\$ 32,063	1,053,354

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
2019	\$ (138,939)
2020	\$ (138,939)
2021	\$ (138,939)
2022	\$ (138,939)
2023	\$ (139,034)
Thereafter	\$ (358,172)

TIDEHAVEN INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED AUGUST 31, 2018

H. Employee Health Care Coverage

During the year ended August 31, 2018, 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.

I. Commitments and Contingencies

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.

No reportable litigation was pending against the District at August 31, 2018.

J. Shared Services Arrangements

The District participates in a shared services arrangement ("SSA") 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.

K. 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	\$ 14,117,587	\$ 3,740,658	\$ --	\$ 17,858,245
Investment earnings	82,248	1,993	3,710	87,951
Food service fees	--	--	144,210	144,210
Enterprise service revenue	--	--	24,787	24,787
Rent	12,620	--	--	12,620
Athletic receipts	34,695	--	--	34,695
Other	1,650	--	23,357	25,007
	<u>\$ 14,248,800</u>	<u>\$ 3,742,651</u>	<u>\$ 196,064</u>	<u>\$ 18,187,515</u>

TIDEHAVEN INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2018

L. 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.

M. Disaggregated Receivables

Receivables at August 31, 2018 for the District's individual major funds and nonmajor funds in the aggregate, including applicable allowances for uncollectible amounts are as follows and are scheduled for collection within one year:

	General	Debt Service	Aggregate Remaining	Totals
Property taxes	\$ 515,624	\$ 96,083	\$ --	\$ 611,707
Business personal property penalty	6,878	--	--	6,878
Less allowance	(353,175)	(38,765)	--	(391,940)
Net taxes and penalty receivable	<u>\$ 169,327</u>	<u>\$ 57,318</u>	<u>\$ --</u>	<u>\$ 226,645</u>
Due from other Governments:				
Texas Education Agency	\$ 463	\$ --	\$ 50,227	\$ 50,690
Due from Federal Agencies			36,935	36,935
	<u>\$ 463</u>	<u>\$ --</u>	<u>\$ 87,162</u>	<u>\$ 87,625</u>

N. Negative Operating Grants and Contributions

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

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

TIDEHAVEN INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED AUGUST 31, 2018

Following are the effects on the Statement of Activities as a result of the negative on-behalf accruals recorded:

	Operating Grants and Contributions	Negative On-Behalf Accruals	Operating Grants and Contributions (excluding on- behalf accruals)
11 - Instruction	\$ 133,695	\$ (818,317)	\$ 952,012
12 - Instructional Resources and Media Services	(12,205)	(18,963)	6,758
13 - Curriculum and Instructional Staff Development	36,792	--	36,792
21 - Instructional Leadership	12,481	--	12,481
23 - School Leadership	(66,700)	(103,633)	36,933
31 - Guidance, Counseling and Evaluation Services	196,018	(31,056)	227,074
33 - Health Services	(14,672)	(22,796)	8,124
34 - Student (Pupil) Transportation	(30,872)	(47,966)	17,094
35 - Food Services	436,656	(46,638)	483,294
36 - Extracurricular Activities	(24,224)	(37,636)	13,412
41 - General Administration	(38,203)	(59,357)	21,154
51 - Facilities Maintenance and Operations	(27,604)	(69,821)	42,217
52 - Security and Monitor Services	(4,103)	(6,373)	2,270
53 - Data Processing Service	(17,316)	(26,902)	9,586
	<u>579,743</u>	<u>(1,289,458)</u>	<u>1,869,201</u>

O. Prior Period Adjustments

During fiscal year 2018, the District adopted GASB Statement No. 75 for Accounting and Financial Reporting for Post-employment Benefits Other Than Pensions. With GASB 75, the District must assume their proportionate share of the Net OPEB Liability of the Teacher Retirement System of Texas. Adoption of GASB 75 required a prior period adjustment to report the effect of GASB 75 retroactively. The prior period adjustment totaled \$(4,423,514) which resulted in a restated beginning net position balance of \$18,576,966.

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

EXHIBIT G-1

GENERAL FUND

Page 1 of 2

BUDGETARY COMPARISON SCHEDULE

FOR THE YEAR ENDED AUGUST 31, 2018

Data Control Codes	1		2		3		Variance with Final Budget Positive (Negative)
	Budgeted Amounts				Actual		
	Original	Final					
REVENUES:							
5700	Local and Intermediate Sources	\$ 14,179,440	\$ 14,213,040	\$ 14,248,800	\$	35,760	
5800	State Program Revenues	1,650,180	1,650,180	1,809,748		159,568	
5900	Federal Program Revenues	205,000	205,000	206,981		1,981	
5020	Total Revenues	<u>16,034,620</u>	<u>16,068,220</u>	<u>16,265,529</u>		<u>197,309</u>	
EXPENDITURES:							
Current:							
Instruction & Instructional Related Services:							
0011	Instruction	4,512,504	4,512,504	4,457,873		54,631	
0012	Instructional Resources and Media Services	123,660	123,660	109,802		13,858	
0013	Curriculum and Staff Development	74,140	74,140	69,365		4,775	
	Total Instruction & Instr. Related Services	<u>4,710,304</u>	<u>4,710,304</u>	<u>4,637,040</u>		<u>73,264</u>	
Instructional and School Leadership:							
0021	Instructional Leadership	16,600	16,600	14,600		2,000	
0023	School Leadership	613,967	613,967	604,909		9,058	
	Total Instructional & School Leadership	<u>630,567</u>	<u>630,567</u>	<u>619,509</u>		<u>11,058</u>	
Support Services - Student (Pupil):							
0031	Guidance, Counseling and Evaluation Services	169,292	169,292	154,118		15,174	
0033	Health Services	135,508	135,508	131,943		3,565	
0034	Student (Pupil) Transportation	599,836	599,836	445,272		154,564	
0035	Food Services	25,200	25,200	15,960		9,240	
0036	Cocurricular/Extracurricular Activities	425,255	523,953	508,825		15,128	
	Total Support Services - Student (Pupil)	<u>1,355,091</u>	<u>1,453,789</u>	<u>1,256,118</u>		<u>197,671</u>	
Administrative Support Services:							
0041	General Administration	480,673	480,673	471,554		9,119	
	Total Administrative Support Services	<u>480,673</u>	<u>480,673</u>	<u>471,554</u>		<u>9,119</u>	
Support Services - Nonstudent Based:							
0051	Plant Maintenance and Operations	1,243,356	1,243,356	1,136,446		106,910	
0052	Security and Monitoring Services	50,010	50,010	46,630		3,380	
0053	Data Processing Services	167,934	167,934	156,486		11,448	
	Total Support Services - Nonstudent Based	<u>1,461,300</u>	<u>1,461,300</u>	<u>1,339,562</u>		<u>121,738</u>	
Intergovernmental Charges:							
0091	Contracted Instr. Services Between Public Schools	3,233,945	3,233,945	3,002,261		231,684	
0093	Payments to Fiscal Agent/Member Dist.-SSA	160,855	160,855	142,344		18,511	
0099	Other Intergovernmental Charges	235,500	235,500	235,202		298	
	Total Intergovernmental Charges	<u>3,630,300</u>	<u>3,630,300</u>	<u>3,379,807</u>		<u>250,493</u>	
6030	Total Expenditures	<u>12,268,235</u>	<u>12,366,933</u>	<u>11,703,590</u>		<u>663,343</u>	
1100	Excess (Deficiency) of Revenues Over (Under)						
1100	Expenditures	<u>3,766,385</u>	<u>3,701,287</u>	<u>4,561,939</u>		<u>860,652</u>	
Other Financing Sources (Uses):							
7915	Transfers In	--	59,698	60,000		302	
8911	Transfers Out	(103,798)	(103,798)	(60,000)		43,798	
7080	Total Other Financing Sources and (Uses)	<u>(103,798)</u>	<u>(44,100)</u>	<u>--</u>		<u>44,100</u>	
1200	Net Change in Fund Balance	<u>3,662,587</u>	<u>3,657,187</u>	<u>4,561,939</u>		<u>904,752</u>	
0100	Fund Balance - Beginning	11,569,852	11,569,852	11,569,852		--	
3000	Fund Balance - Ending	<u>\$ 15,232,439</u>	<u>\$ 15,227,039</u>	<u>\$ 16,131,791</u>	<u>\$</u>	<u>904,752</u>	

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									
	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
District's proportion of the net pension liability (asset)	0.00305388%	0.0029676%	0.0034232%	0.002720%	--	--	--	--	--	--
District's proportionate share of the net pension liability (asset)	\$ 976,443	\$ 1,121,398	\$ 1,210,056	\$ 740,439	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --
State's proportionate share of the net pension liability (asset) associated with the District	2,757,076	3,291,209	3,214,833	2,864,113	--	--	--	--	--	--
Total	\$ 3,733,519	\$ 4,412,607	\$ 4,424,889	\$ 3,604,552	\$ --					
District's covered-employee payroll	\$ 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	19.80%	23.74%	25.30%	14.90%	--	--	--	--	--	--
Plan fiduciary net position as a percentage of the total pension liability	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									
	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Contractually required contribution	\$ 268,637	\$ 98,827	\$ 96,995	\$ 101,364	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --
Contributions in relation to the contractually required contribution	(268,637)	(98,827)	(96,995)	(101,364)	--	--	--	--	--	--
Contribution deficiency (excess)	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --
District's covered-employee payroll	\$ 5,231,260	\$ 4,930,834	\$ 4,723,099	\$ 4,782,733	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --
Contributions as a percentage of covered-employee payroll	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 PROPORTIONATE
SHARE OF THE NET OPEB LIABILITY
TEACHER RETIREMENT SYSTEM OF TEXAS
LAST TEN FISCAL YEARS *

	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
District's proportion of the collective net OPEB liability	0.00579%	--	--	--	--	--	--	--	--	--
District's proportionate share of the collective net OPEB liability	\$ 2,518,165	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --
State proportionate share of the collective net OPEB liability associated with the District	\$ 3,853,424	\$ 1	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --
Total	\$ 6,371,589	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --
District's covered-employee payroll	\$ 4,930,834	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --
District's proportionate share of the net OPEB liability as a percentage of its covered-employee payroll	51.07%	--	--	--	--	--	--	--	--	--
Plan fiduciary net position as a percentage of the total OPEB liability	0.91%	--	--	--	--	--	--	--	--	--

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

	Fiscal Year Ended									
	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Statorily or contractually required District contribution	\$ 31,670	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --
Contributions recognized by OPEB in relation to statorily or contractually required contribution	(31,670)	--	--	--	--	--	--	--	--	--
Contribution deficiency (excess)	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --
District's covered-employee payroll	\$ 313,984	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --
Contributions as a percentage of covered-employee payroll	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, 2018

Budget

Under GASBS No. 34, budgetary comparison information is required to be presented for the general fund and each major special revenue fund with a legally adopted Budget. In accordance with State law the budgets must be prepared in accordance with GAAP; and in accordance with the Texas Education Agency the District is required to adopt a budget for the general fund, food service fund and debt service fund (if applicable).

Defined Benefit Pension Plan

Changes since the prior actuarial valuation - The following are changes to the actuarial assumptions or other inputs that affected measurement of the total pension liability since the prior measurement period:

Economic Assumptions

- 1 The inflation assumption was decreased from 3.00% to 2.50%.
- 2 The ultimate merit assumption for long-service employees was decreased from 1.25% to 1.00%.
- 3 In accordance with the observed experience, there were small adjustments in the service based promotional/longevity component of the salary scale.
- 4 The payroll growth assumption was lowered from 3.50% to 2.50%.
- 5 The post-retirement mortality tables for non-disabled retirees were updated to reflect recent TRS member experience. Mortality rates will be assumed to continue to improve in the future using a fully generational approach and Scale BB.
- 6 The post-retirement mortality tables for disabled retirees were updated to reflect recent TRS member experience. Mortality rates will be assumed to continue to improve in the future using a fully generational approach and Scale BB.
- 7 The pre-retirement mortality tables for active employees were updated to use 90% of the recently published RP-2014 mortality table for active employees. Mortality rates will be assumed to continue to improve in the future using a fully generational approach and Scale BB.
- 8 Previously, it was assumed 10% of all members who had contributed in the past 5 years to be an active member. This was an implicit rehire assumption because teachers have historically had a high incidence of terminating employment for a time and then returning to the workforce at a later date. This methodology was modified to add a more explicit valuation of the rehire incidence in the termination liabilities, and therefore these 10% are no longer being counted as active members.
- 9 There were adjustments to the termination patterns for members consistent with experience and future expectations. The termination patterns were adjusted to reflect the rehire assumption. The timing of the termination decrement was also changed from the middle of the year to the beginning to match the actual pattern in the data.
- 10 Small adjustments were made to the retirement patterns for members consistent with experience and future expectations.
- 11 Small adjustments to the disability patterns were made for members consistent with experience and future expectations. Two separate patterns were created based on whether the member has 10 years of service or more.
- 12 For members that become disabled in the future, it is assumed 20% of them will choose a 100% joint and survivor annuity option.
- 13 The method of using celled data in the valuation process was changed to now using individual data records to allow for better reporting of some items, such as actuarial gains and losses by source.

There were no changes of benefit terms 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, 2018

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	\$ 36,677	\$ 347,713	\$ 15,413	\$ 399,803
1240	Due from Other Governments	87,162	--	--	87,162
1300	Inventories	25,912	--	--	25,912
1000	Total Assets	<u>149,751</u>	<u>347,713</u>	<u>15,413</u>	<u>512,877</u>
LIABILITIES:					
Current Liabilities:					
2110	Accounts Payable	\$ 57,498	\$ 1,025	\$ --	\$ 58,523
2160	Accrued Wages Payable	14,304	--	--	14,304
2200	Accrued Expenditures	1,103	--	--	1,103
2300	Unearned Revenue	8,962	--	--	8,962
2000	Total Liabilities	<u>81,867</u>	<u>1,025</u>	<u>--</u>	<u>82,892</u>
FUND BALANCES:					
Nonspendable Fund Balances:					
3425	Endowment Principal	--	--	10,000	10,000
Restricted Fund Balances:					
3450	Federal/State Funds Grant Restrictions	47,174	--	--	47,174
3470	Capital Acquisitions & Contractual Obligations	--	346,688	--	346,688
3490	Other Restrictions of Fund Balance	355	--	5,413	5,768
Committed Fund Balances:					
3545	Other Committed Fund Balance	20,355	--	--	20,355
3000	Total Fund Balances	<u>67,884</u>	<u>346,688</u>	<u>15,413</u>	<u>429,985</u>
4000	Total Liabilities and Fund Balances	<u>\$ 149,751</u>	<u>\$ 347,713</u>	<u>\$ 15,413</u>	<u>\$ 512,877</u>



TIDEHAVEN INDEPENDENT SCHOOL DISTRICT

COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED AUGUST 31, 2018

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>	\$ 176,128	\$ 19,936	\$ --	\$ 196,064
5800 <i>State Program Revenues</i>	34,970	--	--	34,970
5900 <i>Federal Program Revenues</i>	1,167,719	--	--	1,167,719
5020 Total Revenues	<u>1,378,817</u>	<u>19,936</u>	<u>--</u>	<u>1,398,753</u>
EXPENDITURES:				
Current:				
0011 <i>Instruction</i>	659,990	--	--	659,990
0013 <i>Curriculum and Staff Development</i>	36,794	--	--	36,794
0021 <i>Instructional Leadership</i>	12,485	--	--	12,485
0023 <i>School Leadership</i>	55,857	--	--	55,857
0031 <i>Guidance, Counseling, & Evaluation Services</i>	9,027	--	--	9,027
0035 <i>Food Service</i>	566,121	--	--	566,121
0051 <i>Facilities Maintenance and Operations</i>	17,332	--	--	17,332
0081 <i>Capital Outlay</i>	--	743,817	--	743,817
6030 Total Expenditures	<u>1,357,606</u>	<u>743,817</u>	<u>--</u>	<u>2,101,423</u>
1100 Excess (Deficiency) of Revenues Over (Under)				
1100 Expenditures	21,211	(723,881)	--	(702,670)
1200 Net Change in Fund Balances	<u>21,211</u>	<u>(723,881)</u>	<u>--</u>	<u>(702,670)</u>
0100 Fund Balances - Beginning	46,673	1,070,569	15,413	1,132,655
3000 Fund Balances - Ending	<u>\$ 67,884</u>	<u>\$ 346,688</u>	<u>\$ 15,413</u>	<u>\$ 429,985</u>

TIDEHAVEN INDEPENDENT SCHOOL DISTRICT

COMBINING BALANCE SHEET

NONMAJOR SPECIAL REVENUE FUNDS

AUGUST 31, 2018

Data Control Codes	211 ESEA Title I Improving Basic Programs	224 IDEA-B Formula	240 National School Breakfast/Lunch Program
ASSETS:			
1110 <i>Cash and Cash Equivalents</i>	\$ --	\$ --	\$ 13,557
1240 <i>Due from Other Governments</i>	20,307	--	36,935
1300 <i>Inventories</i>	--	--	25,912
1000 Total Assets	<u>20,307</u>	<u>--</u>	<u>76,404</u>
LIABILITIES:			
Current Liabilities:			
2110 <i>Accounts Payable</i>	\$ 20,307	\$ --	\$ 7,271
2160 <i>Accrued Wages Payable</i>	--	--	14,304
2200 <i>Accrued Expenditures</i>	--	--	1,103
2300 <i>Unearned Revenue</i>	--	--	8,962
2000 Total Liabilities	<u>20,307</u>	<u>--</u>	<u>31,640</u>
FUND BALANCES:			
Restricted Fund Balances:			
3450 <i>Federal/State Funds Grant Restrictions</i>	--	--	44,764
3490 <i>Other Restrictions of Fund Balance</i>	--	--	--
Committed Fund Balances:			
3545 <i>Other Committed Fund Balance</i>	--	--	--
3000 Total Fund Balances	<u>--</u>	<u>--</u>	<u>44,764</u>
4000 Total Liabilities and Fund Balances	<u>\$ 20,307</u>	<u>\$ --</u>	<u>\$ 76,404</u>

255 ESEA Title II Training & Recruiting	270 ESEA, Title VI Part B, Subpart 2 Rural School	289 Emergency Impact Aid Program	410 State Textbook Fund
\$ --	\$ --	\$ --	\$ 2,765
1,997	469	27,454	--
--	--	--	--
<u>1,997</u>	<u>469</u>	<u>27,454</u>	<u>2,765</u>
\$ 1,997	\$ 469	\$ 27,454	\$ --
--	--	--	--
--	--	--	--
<u>1,997</u>	<u>469</u>	<u>27,454</u>	<u>--</u>
--	--	--	2,410
--	--	--	355
--	--	--	--
<u>--</u>	<u>--</u>	<u>--</u>	<u>2,765</u>
<u>\$ 1,997</u>	<u>\$ 469</u>	<u>\$ 27,454</u>	<u>\$ 2,765</u>



TIDEHAVEN INDEPENDENT SCHOOL DISTRICT

COMBINING BALANCE SHEET

NONMAJOR SPECIAL REVENUE FUNDS

AUGUST 31, 2018

Data Control Codes	429 State Funded Special Revenue Fund	461 Campus Activity Funds	Total Nonmajor Special Revenue Funds (See Exhibit H-1)	
ASSETS:				
1110	Cash and Cash Equivalents	\$ --	\$ 20,355	\$ 36,677
1240	Due from Other Governments	--	--	87,162
1300	Inventories	--	--	25,912
1000	Total Assets	<u>--</u>	<u>20,355</u>	<u>149,751</u>
LIABILITIES:				
Current Liabilities:				
2110	Accounts Payable	\$ --	\$ --	\$ 57,498
2160	Accrued Wages Payable	--	--	14,304
2200	Accrued Expenditures	--	--	1,103
2300	Unearned Revenue	--	--	8,962
2000	Total Liabilities	<u>--</u>	<u>--</u>	<u>81,867</u>
FUND BALANCES:				
Restricted Fund Balances:				
3450	Federal/State Funds Grant Restrictions	--	--	47,174
3490	Other Restrictions of Fund Balance	--	--	355
Committed Fund Balances:				
3545	Other Committed Fund Balance	--	20,355	20,355
3000	Total Fund Balances	<u>--</u>	<u>20,355</u>	<u>67,884</u>
4000	Total Liabilities and Fund Balances	<u>\$ --</u>	<u>\$ 20,355</u>	<u>\$ 149,751</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, 2018

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>	\$ --	\$ --	\$ 144,211
5800 <i>State Program Revenues</i>	--	--	2,812
5900 <i>Federal Program Revenues</i>	431,370	126,858	463,862
5020 Total Revenues	<u>431,370</u>	<u>126,858</u>	<u>610,885</u>
EXPENDITURES:			
Current:			
0011 <i>Instruction</i>	421,097	126,826	--
0013 <i>Curriculum and Staff Development</i>	--	--	--
0021 <i>Instructional Leadership</i>	10,273	--	--
0023 <i>School Leadership</i>	--	32	--
0031 <i>Guidance, Counseling, & Evaluation Services</i>	--	--	--
0035 <i>Food Service</i>	--	--	566,121
0051 <i>Facilities Maintenance and Operations</i>	--	--	--
6030 Total Expenditures	<u>431,370</u>	<u>126,858</u>	<u>566,121</u>
1100 Excess (Deficiency) of Revenues Over (Under)			
1100 Expenditures	--	--	44,764
1200 Net Change in Fund Balances	--	--	44,764
0100 Fund Balances - Beginning	--	--	--
3000 Fund Balances - Ending	<u>\$ --</u>	<u>\$ --</u>	<u>\$ 44,764</u>

255 ESEA Title II Training & Recruiting	270 ESEA, Title VI Part B, Subpart 2 Rural School	289 Emergency Impact Aid Program	410 State Textbook Fund
\$ --	\$ --	\$ --	\$ --
--	--	--	31,808
<u>84,056</u>	<u>25,469</u>	<u>36,104</u>	--
<u>84,056</u>	<u>25,469</u>	<u>36,104</u>	<u>31,808</u>
46,090	24,429	9,745	31,453
36,794	--	--	--
1,172	1,040	--	--
--	--	--	--
--	--	9,027	--
--	--	--	--
--	--	17,332	--
<u>84,056</u>	<u>25,469</u>	<u>36,104</u>	<u>31,453</u>
--	--	--	355
--	--	--	<u>355</u>
--	--	--	2,410
<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, 2018

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>	\$ --	\$ 31,917	\$ 176,128
5800 <i>State Program Revenues</i>	350	--	34,970
5900 <i>Federal Program Revenues</i>	--	--	1,167,719
5020 Total Revenues	<u>350</u>	<u>31,917</u>	<u>1,378,817</u>
EXPENDITURES:			
Current:			
0011 <i>Instruction</i>	350	--	659,990
0013 <i>Curriculum and Staff Development</i>	--	--	36,794
0021 <i>Instructional Leadership</i>	--	--	12,485
0023 <i>School Leadership</i>	--	55,825	55,857
0031 <i>Guidance, Counseling, & Evaluation Services</i>	--	--	9,027
0035 <i>Food Service</i>	--	--	566,121
0051 <i>Facilities Maintenance and Operations</i>	--	--	17,332
6030 Total Expenditures	<u>350</u>	<u>55,825</u>	<u>1,357,606</u>
1100 Excess (Deficiency) of Revenues Over (Under)			
1100 Expenditures	--	(23,908)	21,211
1200 Net Change in Fund Balances	--	(23,908)	21,211
0100 Fund Balances - Beginning	--	44,263	46,673
3000 Fund Balances - Ending	<u>\$ --</u>	<u>\$ 20,355</u>	<u>\$ 67,884</u>

TIDEHAVEN INDEPENDENT SCHOOL DISTRICT
 COMBINING STATEMENT OF FIDUCIARY NET POSITION
 PRIVATE-PURPOSE TRUST FUNDS
 AUGUST 31, 2018

Data Control Codes	816 Nelson Memorial Scholarship	817 Alumni Scholarship
	<u> </u>	<u> </u>
ASSETS:		
1110 <i>Cash and Cash Equivalents</i>	\$ 20,331	\$ 16,284
1000 Total Assets	<u>20,331</u>	<u>16,284</u>
LIABILITIES:		
Current Liabilities:		
2110 <i>Accounts Payable</i>	\$ --	\$ 4,250
2000 Total Liabilities	<u>--</u>	<u>4,250</u>
NET POSITION:		
3800 <i>Held in Trust</i>	20,331	12,034
3000 Total Net Position	<u>\$ 20,331</u>	<u>\$ 12,034</u>

818	819	829	Total Private- Purpose Trust Funds (See Exhibit E-1)
R.M.Zemanek Scholarship	Carl Trull Scholarship	Miscellaneous Scholarships	
\$ <u>807</u>	\$ <u>20,955</u>	\$ <u>15,790</u>	\$ <u>74,167</u>
<u>807</u>	<u>20,955</u>	<u>15,790</u>	<u>74,167</u>
\$ <u>500</u>	\$ <u>16,400</u>	\$ <u>8,400</u>	\$ <u>29,550</u>
<u>500</u>	<u>16,400</u>	<u>8,400</u>	<u>29,550</u>
307	4,555	7,390	44,617
\$ <u><u>307</u></u>	\$ <u><u>4,555</u></u>	\$ <u><u>7,390</u></u>	\$ <u><u>44,617</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, 2018

	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	\$ 98	\$ --	\$ 3	\$ 61	\$ 78	\$ 240
Gifts & Bequests	--	5,450	--	21,800	1,765	29,015
Total Additions	<u>98</u>	<u>5,450</u>	<u>3</u>	<u>21,861</u>	<u>1,843</u>	<u>29,255</u>
Deductions:						
Scholarship Awards	--	2,000	1,500	19,850	11,400	34,750
Administrative Expenses	--	--	--	--	--	--
Total Deductions	<u>--</u>	<u>2,000</u>	<u>1,500</u>	<u>19,850</u>	<u>11,400</u>	<u>34,750</u>
Change in Net Position	98	3,450	(1,497)	2,011	(9,557)	(5,495)
Net Position-Beg. of the Year	20,233	8,584	1,804	2,544	16,947	50,112
Net Position-End of the Year	<u>\$ 20,331</u>	<u>\$ 12,034</u>	<u>\$ 307</u>	<u>\$ 4,555</u>	<u>\$ 7,390</u>	<u>\$ 44,617</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, 2018

Year Ended August 31	1 Tax Rates		2	3 Assessed/Appraised Value For School Tax Purposes	
	Maintenance	Debt Service			
2009 and Prior Years	\$ Various	\$ Various		\$	Various
2010	1.035	--			808,459,614
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 (School Year Under Audit)	1.005	.25040			1,139,907,278

1000 Totals

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

* Note: The District was required to refund \$1,003,975 due to settlement of a property lawsuit.

10 Beginning Balance 9/1/17	20 Current Year's Total Levy	31 Maintenance Collections	32 Debt Service Collections	40 Entire Year's Adjustments	50 Ending Balance 8/31/18
\$ 149,664	\$ --	\$ 2,463	\$ --	\$ (15,353)	\$ 131,848
12,287	--	952	--	(50)	11,285
11,470	--	908	--	(49)	10,513
11,875	--	836	--	(49)	10,990
34,807	--	1,423	274	(166)	32,944
43,791	-- *	7,575	1,602 *	6,213	40,827
4,047,418	--	1,004,267	325,942	(2,650,036)	67,173
2,091,484	--	591,081	219,947	(1,205,617)	74,839
1,009,935	--	286,534	73,019	(565,697)	84,685
--	14,239,070	11,312,283	2,823,688	43,504	146,603
<u>\$ 7,412,731</u>	<u>\$ 14,239,070</u>	<u>\$ 13,208,322</u>	<u>\$ 3,444,472</u>	<u>\$ (4,387,300)</u>	<u>\$ 611,707</u>
\$ --	\$ --	\$ --	\$ --	\$ --	\$ --

TIDEHAVEN INDEPENDENT SCHOOL DISTRICT

NATIONAL SCHOOL BREAKFAST AND LUNCH PROGRAM
 BUDGETARY COMPARISON SCHEDULE
 FOR THE YEAR ENDED AUGUST 31, 2018

EXHIBIT J-3

Data Control Codes	1	2	3
	Budget	Actual	Variance Positive (Negative)
REVENUES:			
5700 <i>Local and Intermediate Sources</i>	\$ 141,000	\$ 144,211	\$ 3,211
5800 <i>State Program Revenues</i>	2,800	2,812	12
5900 <i>Federal Program Revenues</i>	425,000	463,862	38,862
5020 Total Revenues	<u>568,800</u>	<u>610,885</u>	<u>42,085</u>
EXPENDITURES:			
Current:			
Support Services - Student (Pupil):			
0035 <i>Food Services</i>	591,500	566,121	25,379
Total Support Services - Student (Pupil)	<u>591,500</u>	<u>566,121</u>	<u>25,379</u>
6030 Total Expenditures	<u>591,500</u>	<u>566,121</u>	<u>25,379</u>
1100 Excess (Deficiency) of Revenues Over (Under)			
1100 Expenditures	<u>(22,700)</u>	44,764	67,464
1200 Net Change in Fund Balance	<u>(22,700)</u>	44,764	67,464
0100 Fund Balance - Beginning	--	--	--
3000 Fund Balance - Ending	<u>\$ (22,700)</u>	<u>\$ 44,764</u>	<u>\$ 67,464</u>

TIDEHAVEN INDEPENDENT SCHOOL DISTRICT

EXHIBIT J-4

DEBT SERVICE FUND
 BUDGETARY COMPARISON SCHEDULE
 FOR THE YEAR ENDED AUGUST 31, 2018

Data Control Codes	1	2	3
	Budget	Actual	Variance Positive (Negative)
REVENUES:			
5700 <i>Local and Intermediate Sources</i>	\$ 3,721,705	\$ 3,742,651	\$ 20,946
5800 <i>State Program Revenues</i>	17,666	18,117	451
5020 <i>Total Revenues</i>	<u>3,739,371</u>	<u>3,760,768</u>	<u>21,397</u>
EXPENDITURES:			
Debt Service:			
0071 <i>Principal on Long-Term Debt</i>	1,175,000	1,175,000	--
0072 <i>Interest on Long-Term Debt</i>	1,478,912	1,478,911	1
0073 <i>Bond Issuance Costs and Fees</i>	18,667	2,650	16,017
<i>Total Debt Service</i>	<u>2,672,579</u>	<u>2,656,561</u>	<u>16,018</u>
6030 <i>Total Expenditures</i>	<u>2,672,579</u>	<u>2,656,561</u>	<u>16,018</u>
1100 <i>Excess (Deficiency) of Revenues Over (Under)</i>			
1100 <i>Expenditures</i>	1,066,792	1,104,207	37,415
1200 <i>Net Change in Fund Balance</i>	1,066,792	1,104,207	37,415
0100 <i>Fund Balance - Beginning</i>	638,569	638,569	--
3000 <i>Fund Balance - Ending</i>	<u>\$ 1,705,361</u>	<u>\$ 1,742,776</u>	<u>\$ 37,415</u>



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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, 2018, 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, 2018.

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, 2018

Harry Afadapa & Associates, PC
Certified Public Accountants
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Independent Auditor's Report on Compliance for Each Major Program and
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, 2018. 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, 2018.

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, 2018

TIDEHAVEN INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED AUGUST 31, 2018

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 No

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

Noncompliance material to financial statements noted? Yes No

2. Federal Awards

Internal control over major programs:

One or more material weaknesses identified? Yes No

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

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

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 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 Basic/Priority & Focus programs

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

Auditee qualified as low-risk auditee? 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, 2018

<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, 2018

EXHIBIT K-1

(1)	(2)	(2A)	(3)
Federal Grantor/ Pass-Through Grantor/ Program or Cluster Title	Federal CFDA Number	Pass- Through Entity Identifying Number	Passed Through to Subrecipients Federal Expenditures
SPECIAL EDUCATION (IDEA) CLUSTER:			
<u>U. S. Department of Education</u>			
Passed Through Bay City ISD:			
<i>IDEA-B Formula</i>	84.027	18660001158901	\$ 62,346 \$ 62,346
Passed Through State Department of Education:			
<i>IDEA-B Formula</i>	84.027	18660001158901	64,480 64,480
Total U. S. Department of Education			126,826 126,826
Total Special Education (IDEA) Cluster			126,826 126,826
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>	84.010	18610101158902	-- 185,443
<i>ESEA Title I Part A - Improving Basic Programs</i>	84.010A	18610101158902	-- 245,927
<i>ESEA, Title VI, Part B, Subpart 2 - Rural and Low Income School</i>	84.358	18696001158902	-- 9,752
<i>ESEA, Title VI, Part B, Subpart 2 - Rural and Low Income School</i>	84.358	18696001158902	-- 15,717
Total CFDA Number 84.358			-- 25,469
<i>ESEA Title II Part A - Teacher & Principal Training & Recruiting</i>	84.367A	18694501158902	-- 35,923
<i>ESEA Title II Part A - Teacher & Principal Training & Recruiting</i>	84.367A	18694501158902	-- 48,133
Total CFDA Number 84.367a			-- 84,056
<i>Emergency Impact Aid Program</i>	84.938C	18680101158902	-- 36,104
Total Passed Through State Department of Education			-- 576,999
Total U. S. Department of Education			-- 576,999
<u>U. S. Department of Agriculture</u>			
Passed Through Texas Department of Agriculture:			
Commodity Supplemental Food Program (Non-cash)*	10.565	158001A	-- 40,284
Total Passed Through Texas Department of Agriculture			40,284
Passed Through State Department of Education-Texas Education Agency:			
School Breakfast Program*	10.553	71401801	-- 113,491
Total CFDA Number 10.553			113,491
National School Lunch Program*	10.555	71301801	-- 310,119
Total CFDA Number 10.555			310,119
Total U.S. Department of Agriculture			-- 463,894
TOTAL EXPENDITURES OF FEDERAL AWARDS			\$ 126,826 \$ 1,167,719

* - Indicates clustered programs under OMB Uniform Guidance (2.CFR 200)
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, 2018

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, 2018

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.	\$ 976,443
SF13	Net OPEB Liabilities (object 2545) at fiscal year-end.	\$ 2,518,165

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."

