

ENNIS INDEPENDENT SCHOOL DISTRICT

ANNUAL FINANCIAL REPORT FOR THE

YEAR ENDED AUGUST 31, 2018

ENNIS INDEPENDENT SCHOOL DISTRICT
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CERTIFICATE OF BOARD

ENNIS INDEPENDENT SCHOOL DISTRICT
Name of School District

ELLIS
County

070-903
County-District Number

We, the undersigned, certify that the attached annual financial reports of the above named school district were reviewed and approved ✓ disapproved _____ for the year ended August 31, 2018 at a meeting of the Board of Trustees of such school district on the 8th day of January, 2019.

Walter R. Bousley
Signature of Board Secretary

[Signature]
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

INDEPENDENT AUDITORS' REPORT

Board of Trustees
Ennis Independent School District
Ennis, TX

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

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinions

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

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis (pages iv through viii) and budgetary comparison information (pages 38, 53 and 54) and Pension other Post-Benefit Employee Benefits information (pages 39-42) be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's financial statements as a whole. The combining and individual nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the financial statements. . The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements.

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 21, 2018, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the 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 Ennis Independent School District's internal control over financial reporting and compliance.

A handwritten signature in blue ink that reads "Judd Thomas Smith, P.C." The signature is written in a cursive style with a large initial 'J' and 'S'.

Dallas, Texas
December 21, 2018

ENNIS INDEPENDENT SCHOOL DISTRICT MANAGEMENT'S DISCUSSION AND ANALYSIS

In this section of the Annual Financial and Compliance Report, we, the managers of Ennis Independent School District, discuss and analyze the District's financial performance for the fiscal year ended August 31, 2018. Please read it in conjunction with our transmittal letter, the independent auditors' report, and the District's Basic Financial Statements.

Using this Annual Report

This annual report consists of a series of financial statements. The government-wide financial statements include the Statement of Net Position and the Statement of Activities (Exhibits A-1 and B-1). These provide information about the activities of the District as a whole and present a longer-term view of the District's property and debt obligations and other financial matters. They reflect the flow of total economic resources in a manner similar to the financial reports of a business enterprise.

Fund financial statements (Exhibits C-1 and C-3) report the District's operations in more detail than the government-wide statements by providing information about the District's most significant funds. For governmental activities, these statements tell how services were financed in the short term as well as what resources remain for future spending. They reflect the flow of current financial resources and supply the basis for tax levies and the appropriations budget. The remaining statements (for Fiduciary funds) provide financial information about activities for which the District acts solely as a trustee or agent for the benefit of those outside of the district.

The notes to the financial statements provide narrative explanations or additional data needed for full disclosure in the government-wide statements or the fund financial statements.

The combining statements for nonmajor funds contain even more information about the District's individual funds. These are not required by TEA. The sections labeled Required TEA Schedules and Federal Awards Section contain data used by monitoring or regulatory agencies for assurance that the District is using funds supplied in compliance with the terms of grants.

Reporting the District as a Whole

The analysis of the District's overall financial position and operations is illustrated on Exhibit A-1 on the Statement of Net Position, and on Exhibit B-1, the Statement of Activities. Their primary purpose is to show whether the District is better off or worse off as a result of the year's activities. The Statement of Net Position includes all the District's assets and liabilities at the end of the year while the Statement of Activities includes all the revenues and expenses generated by the District's operations during the year. These statements apply the accrual basis of accounting which is the basis used by private sector companies.

All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid. The District's revenues are divided into those provided by outside parties who share the costs of some programs, such as tuition received from students from outside the District, and grants provided by the U.S. Department of Education to assist children with disabilities or from disadvantaged backgrounds (program revenues), and revenues provided by the taxpayers or by TEA in equalization funding processes (general revenues). All of the District's assets are reported whether they serve the current year or future years. Liabilities are considered regardless of whether they must be paid in the current or future years.

These two statements (Exhibits A-1 and B-1) report the District's net position and changes in it. The District's net position (the difference between assets and liabilities) provides one measure of the District's financial health, or financial position. Over time, increases or decreases in the District's net position are one

indicator of whether its financial health is improving or deteriorating. To fully assess the overall health of the District, however, you should consider nonfinancial factors as well, such as changes in the District's average daily attendance or its property tax base and the condition of the District's facilities.

The Statement of Net Position and the Statement of Activities are comprised of governmental activities. The District's basic services are reported here, including the instruction, counseling, co-curricular activities, food services, transportation, maintenance, community services, and general administration. Property taxes, tuition, fees, and state and federal grants finance most of these activities. The District has no business-type activities.

Reporting the District's Most Significant Funds

The fund financial statements begin on page 3 and provide detailed information about the most significant funds—not the District as a whole. Laws and contracts require the District to establish some funds, such as grants received under the No Child Left Behind Act from the U.S. Department of Education. The District's administration establishes many other funds to help it control and manage money for particular purposes (like campus activities). The District uses exclusively Governmental-type funds (as opposed to Business-type funds). The District's basic services are reported in governmental funds. These funds use modified accrual accounting (a method that measures the receipt and disbursement of cash and all other financial assets that can be readily converted to cash) and report balances that are available for future spending. The governmental fund statements provide a detailed short-term view of the District's general operations and the basic services it provides. We describe the differences between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds in reconciliation schedules following each of the fund financial statements.

The District as Trustee

The District is the trustee, or fiduciary, for money raised by student activities and scholarship programs. All of the District's fiduciary activities are reported in the Statement of Fiduciary Net Position on page 10. We exclude these resources from the District's other financial statements because the District cannot use these assets to finance its operations. The District is only responsible for ensuring that the assets reported in these funds are used for their intended purposes.

Government-Wide Financial Analysis

Our analysis focuses on the net position (Table I) and changes in net position (Table II) of the District's governmental-type activities; both tables can be found on page viii of this analysis.

As indicated earlier, net position may serve over time as a useful indicator of a government's financial position. Net position is made up of three major components: net investment in capital assets, restricted, and unrestricted. In the case of the District, liabilities exceeded assets by \$48,249,758 at August 31, 2018, compared to \$23,647,537 at August 31, 2017. The increase in total net assets of \$4,327,022 compared to the decrease in the prior fiscal year totaling \$259,630. In addition, there was a prior period adjustment of \$(28,929,243) related to liabilities for other post-employment benefits required to be recorded.

The major factors contributing to the decrease in net position invested in capital assets net of related debt was current year accretion of interest, depreciation expense, capital additions, and repayment of long term debt. Accreted interest is the change in the current value of an original-issue discount bond. Since the interest is compounded each year until it is paid, the bond is sold at a discount from par. Each year a portion of the future obligation to pay the compounded interest is recognized as an expense. The compounded interest is calculated as the change in present value of the bond versus the present value from the previous year. The cash requirements for the repayment of the principal, current interest and compounded interest remain unchanged as a result of this calculation. Those requirements are listed in the footnotes to these financial statements. Depreciation expense is only recorded for purposes of the government wide financial statement presentation and does not represent an outflow of cash as the cash was paid when the asset was acquired. Capital additions and repayments of long term debt are not shown as an outflow of net position.

Listed below is a detail of the changes in net investment in capital assets:

Beginning balance	\$	(43,058,899)
Accreted Interest		(4,364,628)
Depreciation expense		(4,983,371)
Refunding of outstanding bonds		-
Amortization of premiums and deferred charges		-
Capital asset additions		3,922,347
Repayment of debt		4,785,000
Ending balance	<u>\$</u>	<u>(43,699,551)</u>

The negative balance in net investment in capital assets results from the fact that the book balance of the capital assets (purchase costs less accumulated depreciation to date) is less than the book balance of capital debt (outstanding principal plus accreted interest to date). The overall deficit balance in net position is largely a result of the fact that necessary tax revenues for debt service have yet to be assessed and recognized for financial statement purposes. Future tax revenues will be recognized annually as the capital debt nears maturity and will require payment.

The District recognized an increase of \$320,537 in cash and investments resulting in an ending balance of \$27,287,136 which approximates the total of restricted and unrestricted net position, net of pension and OPEB liabilities.

The District's total revenues increased by 5.678%, or a total of \$3,126,028. A significant portion, 51%, of the District's revenues comes from taxes. Tax collections and total tax levy increased approximately 2.8% from prior year. State revenues decreased by approximately 3.4% and federal revenues increased approximately 4.7%. Investment earnings increased slightly throughout the year.

The total cost of all governmental activities, including accreted interest and depreciation expense, for the current year was \$53,910,283. This includes negative on-behalf payments as described on page 36 of the footnotes. As shown in the Statement of Activities on page 2, the amount that our taxpayers ultimately financed for these activities through District taxes and net position was only approximately \$27.6 million because some of the costs were paid by those who directly benefited from the programs or by other governments and organizations that subsidized certain programs with grants and contributions or by State equalization funding.

The District's Funds

As the District completed the year, its governmental funds (as presented in the balance sheet on page 3) reported a combined fund balance of \$24,999,638, as compared to the year ending August 31, 2017 fund balance of \$25,298,187. The \$298,549 decrease in fund balance results from an increase in the fund balance in the General Fund (prior to transfers) of \$2,083,157 and net decreases in other governmental funds of \$2,381,706.

The District's General Fund balance of \$19,938,897 reported on page 5 differs from the General Fund's budgetary fund balance of \$18,042,293 reported in the budgetary comparison schedule on page 38. This is principally due to cost savings in personnel.

Capital Asset and Debt Administration

Capital Assets

At the end of 2018, the District had approximately \$155 million invested in a broad range of capital assets, including facilities and equipment for instruction, transportation, food service, athletics, administration, and maintenance. Additional information on capital assets is contained in Note V, Section F of the Notes to the Financial Statements.

Debt

At year-end, the District had \$120,314,341 in bond principal outstanding versus \$124,045,579 last year. Additional information on debt can be found in Note V, Section G of the Notes to the Financial Statements.

Economic Factors and Next Year's Budgets and Rates

The District's elected and appointed officials considered many factors when setting the fiscal-year 2018 budget and tax rates. One of those factors is the net taxable value which had an increase of approximately 4% from 2016 net taxable values. The District's 2017-2018 refined average daily attendance is expected to remain steady or have a slight increase. The District budgeted based on numbers from 2016-2017 with no increase.

These factors as well as others were taken into account when adopting the General Fund budget for 2018. Amounts available for appropriation in the General Fund budget are approximately \$47 million. The District will use its revenues to finance programs we currently offer. The District set aside \$3 million of the General Fund fund balance in fiscal year 2015 to fund building improvements. Approximately \$2 million of that remains for additional improvements. In fiscal year 2017, the District set aside \$3.7 million for renovation of the current Ag facilities, converting a current gymnasium into a multipurpose indoor facility and for technology infrastructure upgrades. As of August 31, 2017, \$1.8 million remained of those funds. Salaries comprise approximately 80% of the General Fund expenditure budget. The Maintenance and Operations (M&O) tax rate is at the maximum allowed by the State without a rollback election. The District will not be able to further increase the M & O rate without going to the voters for approval under current legislation. The Interest and Sinking (I&S) tax rate decreased from .5% to .4958% and will be used to cover the debt payments as a result of the issued bonds.

If these estimates are realized, the District's budgetary General Fund balance is expected to remain about the same by the close of 2018.

Contacting the District's Financial Management

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the District's business office, at Ennis Independent School District, 303 W. Knox, Ennis, TX 75119.

Ennis Independent School District

Table I
Net Position

	Governmental Activities <u>2018</u>	Governmental Activities <u>2017</u>
Current and other assets	\$ 31,369,022	\$ 31,383,728
Capital assets, net	154,573,870	155,634,894
Total assets	<u>185,942,892</u>	<u>187,018,622</u>
Deferred outflows of resources	21,438,891	23,190,632
Total assets and deferred outflows of resources	<u>207,381,783</u>	<u>210,209,254</u>
Long-term liabilities	236,119,733	223,421,330
Other liabilities	11,219,410	9,821,794
Total liabilities	<u>247,339,143</u>	<u>233,243,124</u>
Deferred inflows of resources	8,292,398	613,667
Total liabilities and deferred inflows of resources	<u>255,631,541</u>	<u>233,856,791</u>
Net Position:		
Net investment in capital assets	(43,699,551)	(43,058,899)
Restricted	5,350,928	7,558,961
Unrestricted	(9,901,135)	11,852,401
Total net position	<u>\$ (48,249,758)</u>	<u>\$ (23,647,537)</u>

Table II
Changes in Net Position

	Governmental Activities <u>2018</u>	Governmental Activities <u>2017</u>
Revenues:		
Program revenues:		
Charges for services	\$ -	\$ -
Operating grants and contributions	(28,623)	9,263,663
General revenues:		
Maintenance and operations taxes	20,031,172	19,551,904
Debt service taxes	9,706,829	9,377,088
Grants and contributions not restricted to specific functions	26,345,856	25,064,976
Investment earnings	559,337	290,753
Miscellaneous	1,622,734	855,179
Total revenue	<u>58,237,305</u>	<u>64,403,563</u>
Expenses:		
11 Instruction	24,435,306	32,862,995
12 Instructional resources and media services	600,494	851,488
13 Curriculum and staff development	413,483	540,637
21 Instructional leadership	1,066,558	1,285,109
23 School leadership	1,781,461	2,662,353
31 Guidance, counseling and evaluation services	1,252,838	1,672,663
32 Social work services	37,967	40,626
33 Health services	470,984	619,951
34 Student (pupil) transportation	1,400,409	1,536,447
35 Food services	3,601,940	4,046,573
36 Cocurricular/extracurricular activities	1,697,228	2,077,719
41 General administration	1,499,694	1,882,369
51 Plant maintenance and operations	5,520,599	5,515,166
52 Security and monitoring services	326,002	293,380
53 Data processing services	426,218	590,451
61 Community services	34,250	41,450
72 Debt service - Interest on long term debt	8,922,401	7,927,822
73 Debt service - Bond issuance cost and fees	98,499	215,994
81 Facilities acquisition and construction	323,952	-
93 Payments to fiscal agent/member districts of SSA	-	-
Total expenses	<u>53,910,283</u>	<u>64,663,193</u>
Increase (decrease) in net position	4,327,022	(259,630)
Beginning net position	(23,647,537)	(23,387,907)
Prior period adjustment	(28,929,243)	-
Ending net position	<u>\$ (48,249,758)</u>	<u>\$ (23,647,537)</u>

GOVERNMENT-WIDE FINANCIAL STATEMENTS

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

EXHIBIT A-1

Data Control Codes	Primary Government
	Governmental Activities
ASSETS	
1110 Cash and Cash Equivalents	\$ 290,734
1120 Current Investments	26,996,402
1220 Property Taxes Receivable (Delinquent)	837,809
1230 Allowance for Uncollectible Taxes	(10,000)
1240 Due from Other Governments	2,484,967
1290 Other Receivables, net	205,909
1300 Inventories	54,404
1410 Prepayments	508,798
Capital Assets:	
1510 Land	5,600,696
1520 Buildings, Net	146,038,133
1530 Furniture and Equipment, Net	2,935,041
1000 Total Assets	185,942,893
DEFERRED OUTFLOWS OF RESOURCES	
1701 Deferred Charge for Refunding	18,089,003
1705 Deferred Outflow Related to TRS Pension	3,175,991
1706 Deferred Outflow Related to TRS OPEB	173,897
1700 Total Deferred Outflows of Resources	21,438,891
LIABILITIES	
2110 Accounts Payable	1,051,498
2120 Short Term Debt Payable	5,805,000
2150 Payroll Deductions & Withholdings	121
2160 Accrued Wages Payable	2,454,379
2180 Due to Other Governments	329,276
2200 Accrued Expenses	8,080
2300 Unearned Revenue	1,571,057
Noncurrent Liabilities:	
2502 Due in More Than One Year	210,557,425
2540 Net Pension Liability (District's Share)	9,064,251
2545 Net OPEB Liability (District's Share)	16,498,057
2000 Total Liabilities	247,339,144
DEFERRED INFLOWS OF RESOURCES	
2605 Deferred Inflow Related to TRS Pension	1,391,230
2606 Deferred Inflow Related to TRS OPEB	6,901,168
2600 Total Deferred Inflows of Resources	8,292,398
NET POSITION	
3200 Net Investment in Capital Assets	(43,699,551)
3820 Restricted for Federal and State Programs	1,121,899
3850 Restricted for Debt Service	3,054,078
3860 Restricted for Capital Projects	611,749
3890 Restricted for Other Purposes	563,202
3900 Unrestricted	(9,901,135)
3000 Total Net Position	\$ (48,249,758)

The notes to the financial statements are an integral part of this statement.

ENNIS INDEPENDENT SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED AUGUST 31, 2017

EXHIBIT B-1

Data Control Codes	1	Program Revenues		6
Codes	Expenses	3	4	Net (Expense) Revenue and Changes in Net Position
Codes	Expenses	Charges for Services	Operating Grants and Contributions	Primary Gov. Governmental Activities
Primary Government:				
GOVERNMENTAL ACTIVITIES:				
11 Instruction	\$ 24,435,306	\$ -	\$ (2,629,250)	\$ (27,064,556)
12 Instructional Resources and Media Services	600,494	-	(110,099)	(710,593)
13 Curriculum and Staff Development	413,483	-	17,285	(396,198)
21 Instructional Leadership	1,066,558	-	282,134	(784,424)
23 School Leadership	1,781,461	-	(435,112)	(2,216,573)
31 Guidance, Counseling and Evaluation Services	1,252,838	-	224,214	(1,028,624)
32 Social Work Services	37,967	-	(8,802)	(46,769)
33 Health Services	470,984	-	(120,483)	(591,467)
34 Student (Pupil) Transportation	1,400,409	-	(170,016)	(1,570,425)
35 Food Services	3,601,940	-	3,458,821	(143,119)
36 Extracurricular Activities	1,697,228	-	(113,102)	(1,810,330)
41 General Administration	1,499,694	-	(220,605)	(1,720,299)
51 Facilities Maintenance and Operations	5,520,599	-	(61,801)	(5,582,400)
52 Security and Monitoring Services	326,002	-	(67,187)	(393,189)
53 Data Processing Services	426,218	-	(106,201)	(532,419)
61 Community Services	34,250	-	31,581	(2,669)
72 Debt Service - Interest on Long Term Debt	8,922,401	-	-	(8,922,401)
73 Debt Service - Bond Issuance Cost and Fees	98,499	-	-	(98,499)
81 Capital Outlay	323,952	-	-	(323,952)
[TP] TOTAL PRIMARY GOVERNMENT:	<u>\$ 53,910,283</u>	<u>\$ -</u>	<u>\$ (28,623)</u>	<u>\$ (53,938,906)</u>
Data Control Codes	General Revenues:			
	Taxes:			
MT	Property Taxes, Levied for General Purposes			20,031,172
DT	Property Taxes, Levied for Debt Service			9,706,829
GC	Grants and Contributions not Restricted			26,345,856
IE	Investment Earnings			559,337
MI	Miscellaneous Local and Intermediate Revenue			1,442,187
FR	Transfers In (Out):			180,547
TR	Total General Revenues & Transfers			<u>58,265,928</u>
CN	Change in Net Position			4,327,022
NB	Net Position - Beginning			(23,647,537)
PA	Prior Period Adjustment			(28,929,243)
NE	Net Position--Ending			<u>\$ (48,249,758)</u>

The notes to the financial statements are an integral part of this statement.

GOVERNMENTAL FUND FINANCIAL STATEMENTS

ENNIS INDEPENDENT SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
AUGUST 31, 2018

Data Control Codes	10 General Fund	50 Debt Service Fund	Other Funds	Total Governmental Funds
ASSETS				
1110 Cash and Cash Equivalents	\$ 139,294	\$ -	\$ 133,438	\$ 272,732
1120 Investments - Current	22,126,024	3,046,174	1,824,204	26,996,402
1220 Property Taxes - Delinquent	567,340	270,469	-	837,809
1230 Allowance for Uncollectible Taxes (Credit)	(6,772)	(3,228)	-	(10,000)
1240 Receivables from Other Governments	1,669,716	12,077	803,174	2,484,967
1260 Due from Other Funds	495,703	7,928	-	503,631
1290 Other Receivables	49,200	-	156,796	205,996
1300 Inventories	-	-	54,404	54,404
1410 Prepayments	508,798	-	-	508,798
1000 Total Assets	<u>\$ 25,549,303</u>	<u>\$ 3,333,420</u>	<u>\$ 2,972,016</u>	<u>\$ 31,854,739</u>
LIABILITIES				
2110 Accounts Payable	\$ 720,927	\$ -	\$ 328,998	\$ 1,049,925
2150 Payroll Deductions and Withholdings Payable	121	-	-	121
2160 Accrued Wages Payable	2,313,727	-	140,652	2,454,379
2170 Due to Other Funds	8,016	-	495,703	503,719
2180 Due to Other Governments	329,251	25	-	329,276
2200 Accrued Expenditures	8,080	-	-	8,080
2300 Unearned Revenues	2,230,284	279,317	-	2,509,601
2000 Total Liabilities	<u>5,610,406</u>	<u>279,342</u>	<u>965,353</u>	<u>6,855,101</u>
FUND BALANCES				
Nonspendable Fund Balance:				
3410 Inventories	-	-	54,404	54,404
3430 Prepaid Items	508,798	-	-	508,798
Restricted Fund Balance:				
3450 Federal or State Funds Grant Restriction	-	-	1,121,899	1,121,899
3470 Capital Acquisition and Contractual Obligation	-	-	611,749	611,749
3480 Retirement of Long-Term Debt	-	3,054,078	-	3,054,078
Committed Fund Balance:				
3510 Construction	5,710,625	-	-	5,710,625
Assigned Fund Balance:				
3590 Other Assigned Fund Balance	-	-	218,611	218,611
3600 Unassigned Fund Balance	13,719,474	-	-	13,719,474
3000 Total Fund Balances	<u>19,938,897</u>	<u>3,054,078</u>	<u>2,006,663</u>	<u>24,999,638</u>
4000 Total Liabilities and Fund Balances	<u>\$ 25,549,303</u>	<u>\$ 3,333,420</u>	<u>\$ 2,972,016</u>	<u>\$ 31,854,739</u>

The notes to the financial statements are an integral part of this statement.

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

EXHIBIT C-2

Total Fund Balances - Governmental Funds	\$	24,999,638
1 The District uses internal service funds to charge the costs of certain activities, such as self-insurance and printing, to appropriate functions in other funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net position. The net effect of this consolidation is to increase net position.		16,429
2 Capital assets used in governmental activities are not financial resources and therefore are not reported in governmental funds. At the beginning of the year, the cost of these assets was \$253,724,307 and the accumulated depreciation was (\$98,089,413). In addition, long-term liabilities, including bonds payable, are not due and payable in the current period, and, therefore are not reported as liabilities in the funds. The net effect of including the beginning balances for capital assets (net of depreciation) and long-term debt in the governmental activities is to decrease net position.		(43,058,899)
3 Current year capital outlays and long-term debt principal payments are expenditures in the fund financial statements, but they should be shown as increases in capital assets and reductions in long-term debt in the government-wide financial statements. The net effect of including the 2018 capital outlays and debt principal payments is to decrease net position.		4,342,719
4 Included in the items related to debt is the recognition of the District's proportionate share of the net pension liability required by GASB 68. At the beginning of the year, the net position related to TRS was a Deferred Resource Outflow in the amount of \$3,175,991, a Deferred Resource Inflow in the amount of \$1,391,230 and a net pension liability in the amount of \$9,064,251. The impact of this on Net Position is a decrease in net position in the amount of \$7,279,490.		(7,279,490)
5 Included in the items related to debt is the recognition of the District's proportionate share of the net other post-employment benefit (OPEB) liability required by GASB 75. At the beginning of the year, the net position related to TRS-Care was a Deferred Resource Outflow in the amount of \$173,897, A Deferred Resource Inflow in the amount of \$6,901,168 and a net OPEB liability in the amount of \$16,498,057. The impact of this on the Net Position is a decrease of \$23,225,328.		(23,225,328)
6 The 2018 depreciation expense increases accumulated depreciation. The net effect of the current year's depreciation is to decrease net position.		(4,983,371)
7 Various other reclassifications and eliminations are necessary to convert from the modified accrual basis of accounting to accrual basis of accounting. These include recognizing unavailable revenue from property taxes as revenue, reclassifying the proceeds of bond sales as an increase in bonds payable, and recognizing the liabilities associated with maturing long-term debt and interest. The net effect of these reclassifications and recognitions is to increase net position.		938,544
19 Net Position of Governmental Activities	<u>\$</u>	<u>(48,249,758)</u>

The notes to the financial statements are an integral part of this statement.

ENNIS INDEPENDENT SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED AUGUST 31, 2018

Data Control Codes	10 General Fund	50 Debt Service Fund	Other Funds	Total Governmental Funds
REVENUES:				
5700 Total Local and Intermediate Sources	\$ 21,201,421	\$ 9,828,269	\$ 1,055,512	\$ 32,085,202
5800 State Program Revenues	25,701,962	220,963	389,493	26,312,418
5900 Federal Program Revenues	776,225	-	5,737,842	6,514,067
5020 Total Revenues	<u>47,679,608</u>	<u>10,049,232</u>	<u>7,182,847</u>	<u>64,911,687</u>
EXPENDITURES:				
Current:				
0011 Instruction	27,966,133	-	2,067,337	30,033,470
0012 Instructional Resources and Media Services	788,043	-	-	788,043
0013 Curriculum and Instructional Staff Development	472,110	-	72,212	544,322
0021 Instructional Leadership	1,041,309	-	460,689	1,501,998
0023 School Leadership	2,454,315	-	482	2,454,797
0031 Guidance, Counseling and Evaluation Services	1,342,613	-	445,137	1,787,750
0032 Social Work Services	37,967	-	-	37,967
0033 Health Services	658,533	-	-	658,533
0034 Student (Pupil) Transportation	1,613,820	-	-	1,613,820
0035 Food Services	-	-	3,466,516	3,466,516
0036 Extracurricular Activities	1,158,506	-	388,471	1,546,977
0041 General Administration	1,722,188	-	6,097	1,728,285
0051 Facilities Maintenance and Operations	5,397,756	-	-	5,397,756
0052 Security and Monitoring Services	379,321	-	-	379,321
0053 Data Processing Services	613,767	-	-	613,767
0061 Community Services	2,668	-	31,582	34,250
Debt Service:				
0071 Principal on Long Term Debt	-	4,785,000	-	4,785,000
0072 Interest on Long Term Debt	-	4,652,821	-	4,652,821
0073 Bond Issuance Cost and Fees	-	98,499	-	98,499
Capital Outlay:				
0081 Facilities Acquisition and Construction	127,949	-	3,233,990	3,361,939
6030 Total Expenditures	<u>45,776,998</u>	<u>9,536,320</u>	<u>10,172,513</u>	<u>65,485,831</u>
1100 Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>1,902,610</u>	<u>512,912</u>	<u>(2,989,666)</u>	<u>(574,144)</u>
OTHER FINANCING SOURCES (USES):				
7911 Capital Related Debt Issued (Regular Bonds)	-	1,801,328	-	1,801,328
7912 Sale of Real and Personal Property	180,547	-	-	180,547
7916 Premium or Discount on Issuance of Bonds	-	1,480,109	-	1,480,109
8940 Payment to Bond Refunding Escrow Agent (Use)	-	(3,186,389)	-	(3,186,389)
7080 Total Other Financing Sources (Uses)	<u>180,547</u>	<u>95,048</u>	<u>-</u>	<u>275,595</u>
1200 Net Change in Fund Balances	2,083,157	607,960	(2,989,666)	(298,549)
0100 Fund Balance - September 1 (Beginning)	<u>17,855,740</u>	<u>2,446,118</u>	<u>4,996,329</u>	<u>25,298,187</u>
3000 Fund Balance - August 31 (Ending)	<u>\$ 19,938,897</u>	<u>\$ 3,054,078</u>	<u>\$ 2,006,663</u>	<u>\$ 24,999,638</u>

The notes to the financial statements are an integral part of this statement.

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

EXHIBIT C-4

Total Net Change in Fund Balances - Governmental Funds	\$	(298,549)
The District uses internal service funds to charge the costs of certain activities, such as self-insurance and printing, to appropriate functions in other funds. The net income (loss) of internal service funds are reported with governmental activities. The net effect of this consolidation is to increase net position.		(1,949)
Current year capital outlays and long-term debt principal payments are expenditures in the fund financial statements, but they should be shown as increases in capital assets and reductions in long-term debt in the government-wide financial statements. The net effect of removing the 2018 capital outlays and debt principal payments is to decrease net position.		4,342,719
Depreciation is not recognized as an expense in governmental funds since it does not require the use of current financial resources. The net effect of the current year's depreciation is to decrease net position.		(4,983,371)
Various other reclassifications and eliminations are necessary to convert from the modified accrual basis of accounting to accrual basis of accounting. These include recognizing unavailable revenue from property taxes as revenue, adjusting current year revenue to show the revenue earned from the current year's tax levy, reclassifying the proceeds of bond sales, and recognizing the liabilities associated with maturing long-term debt and interest. The net effect of these reclassifications and recognitions is to decrease net position.		(91,825)
Current year changes due to GASB 68 increased revenues in the amount of \$1,120,108 but also increased expenditures in the amount of \$1,464,026. The net effect on the change in the ending net position was a decrease in the amount of \$343,918.		(343,918)
Current year changes due to GASB 75 increased revenue by \$7,988,525 but also increased expenses by \$13,692,440. The net effect on the change in the ending net position was a increase in the amount of \$5,703,915		5,703,915
Change in Net Position of Governmental Activities	\$	4,327,022

The notes to the financial statements are an integral part of this statement.

PROPRIETARY FUNDS

ENNIS INDEPENDENT SCHOOL DISTRICT
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
AUGUST 31, 2018

EXHIBIT D-1

	Governmental Activities -	
		Internal Service Fund
ASSETS		
Current Assets:		
Cash and Cash Equivalents	\$	18,002
Total Assets		18,002
LIABILITIES		
Current Liabilities:		
Accounts Payable		1,573
Total Liabilities		1,573
NET POSITION		
Unrestricted Net Position		16,429
Total Net Position	\$	16,429

The notes to the financial statements are an integral part of this statement.

ENNIS INDEPENDENT SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED AUGUST 31, 2018

	Governmental Activities -
	Internal Service Fund
OPERATING REVENUES:	
Local and Intermediate Sources	\$ 105,313
Total Operating Revenues	105,313
OPERATING EXPENSES:	
Payroll Costs	60,061
Professional and Contracted Services	23,753
Supplies and Materials	23,448
Total Operating Expenses	107,262
Operating Income (Loss)	(1,949)
Total Net Position - September 1 (Beginning)	18,378
 Total Net Position - August 31 (Ending)	 \$ 16,429

The notes to the financial statements are an integral part of this statement.

ENNIS INDEPENDENT SCHOOL DISTRICT
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED AUGUST 31, 2018

	Governmental Activities -
	Internal Service Fund
<u>Cash Flows from Operating Activities:</u>	
Cash Received from User Charges	\$ 105,313
Cash Payments to Employees for Services	(62,124)
Cash Payments for Suppliers	(24,625)
Cash Payments for Other Operating Expenses	(23,448)
Net Cash Used for Operating Activities	<u>(4,884)</u>
Net Decrease in Cash and Cash Equivalents	(4,884)
Cash and Cash Equivalents at Beginning of Year	22,886
Cash and Cash Equivalents at End of Year	<u>\$ 18,002</u>
<u>Reconciliation of Operating Income (Loss) to Net Cash</u>	
<u>Used for Operating Activities:</u>	
Operating Income (Loss):	\$ (1,949)
Effect of Increases and Decreases in Current Assets and Liabilities:	
Increase (decrease) in Accounts Payable	(872)
Increase (decrease) in Payroll Deductions	(2,063)
Net Cash Used for Operating Activities	<u>\$ (4,884)</u>

The notes to the financial statements are an integral part of this statement.

FIDUCIARY FUND (AND SIMILAR COMPONENT UNITS)
FINANCIAL STATEMENTS

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

	Agency Funds
<hr/>	
ASSETS	
Cash and Cash Equivalents	\$ 219,237
Due from Other Funds	88
Total Assets	<u>\$ 219,325</u>
LIABILITIES	
Accounts Payable	\$ 266
Due to Student Groups	219,059
Total Liabilities	<u>\$ 219,325</u>

The notes to the financial statements are an integral part of this statement.

ENNIS INDEPENDENT SCHOOL DISTRICT

Notes to Financial Statements
Year Ended August 31, 2018

I. Summary of Significant Accounting Policies

A. Reporting Entity

The Board of School Trustees, a seven member group, has governance responsibilities over all activities related to public elementary and secondary education within the jurisdiction of Ennis Independent School District (the "District"). Because members of the Board of Trustees are elected by the public, they have the authority to make decisions, appoint administrators and managers, significantly influence operations, and have the primary accountability for fiscal matters. The District is not included in any other governmental "reporting entity" as defined in Section 2100, Codification of Governmental Accounting and Financial Reporting Standards.

Since the District receives funding from local, state, and federal government sources, it must comply with the requirements of the entities providing those funds.

B. Government-wide and Fund Financial Statements

The Statement of Net Position and the Statement of Activities are government-wide financial statements. They report information on all of the Ennis Independent School District non-fiduciary activities with most of the inter-fund activities removed. Governmental activities include programs supported primarily by taxes, state foundation funds, grants, and other intergovernmental revenues. Business-type activities include operations that rely, to a significant extent, on fees and charges for support.

The Statement of Activities demonstrates how other people or entities that participate in programs the District operates have shared in the payment of the direct costs. The "Charges for Services" column includes payments made by parties that purchase, use, or directly benefit from goods or services provided by a given function or segment of the District. Examples include tuition paid by students not residing in the district, school lunch charges, etc. The "Grants and Contributions" column includes amounts paid by organizations outside the District to help meet the operational or capital requirements of a given function. Examples include grants under the Elementary and Secondary Education Act. If a revenue is not a program revenue, it is a general revenue used to support all of the District's functions. Taxes are always general revenues.

Inter-fund activities between governmental funds appear as due to/due from on the Governmental Fund Balance Sheet and as other resources and other uses on the Governmental Fund Statement of Revenues, Expenditures and Changes in Fund Balance. All inter-fund transactions between governmental funds are eliminated on the government-wide statements. Inter-fund activities between governmental funds and fiduciary funds remain as due to/due from on the government-wide Statement of Activities.

The fund financial statements provide reports on the financial condition and results of operations for three fund categories - governmental, proprietary, and fiduciary. Since the resources in the fiduciary funds cannot be used for District operations, they are not included in the government-wide statements. The District considers some governmental funds major and reports their financial condition and results of operations in a separate column.

ENNIS INDEPENDENT SCHOOL DISTRICT

Notes to Financial Statements
Year Ended August 31, 2018

B. Government-wide and Fund Financial Statements, continued

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. All other revenues and expenses are non-operating.

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements use 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 the 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.

Governmental fund financial statements use the current financial resources measurement focus and the modified accrual basis of accounting. With this measurement focus, only current assets, current liabilities, and fund balances are included on the balance sheet. Operating statements of these funds present net increases and decreases in current assets (i.e., revenues and other financing sources and expenditures and other financing uses).

The modified accrual basis of accounting recognizes revenues in the accounting period in which they become both measurable and available, and it recognizes expenditures in the accounting period in which the fund liability is incurred, if measurable, except for unmatured interest and principal on long-term debt, which is recognized when due. The expenditures related to certain compensated absences and claims and judgments are recognized when the obligations are expected to be liquidated with expendable available financial resources. The District considers all revenues available if they are collectible within 60 days after year end.

Revenues from local sources consist primarily of property taxes. Property tax revenues and revenues received from the State are recognized under the susceptible-to-accrual concept. Miscellaneous revenues are recorded as revenue when received in cash because they are generally not measurable until actually received. Investment earnings are recorded as earned, since they are both measurable and available.

Grant funds are considered to be earned to the extent of expenditures made under the provisions of the grant. Accordingly, when such funds are received, they are recorded as deferred revenues until related and authorized expenditures have been made. If balances have not been expended by the end of the project period, grantors sometimes require the District to refund all or part of the unused amount.

ENNIS INDEPENDENT SCHOOL DISTRICT

Notes to Financial Statements
Year Ended August 31, 2018

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation, continued

The proprietary fund types and fiduciary funds are accounted for on a flow of economic resources measurement focus and utilize the accrual basis of accounting. This basis of accounting recognizes revenues in the accounting period in which they are earned and become measurable, and expenses in the accounting period in which they are incurred and become measurable. The District applies all GASB pronouncements as well as the Financial Accounting Standards Board pronouncements issued on or before November 30, 1989, unless these pronouncements conflict or contradict GASB pronouncements. With this measurement focus, all assets and all liabilities associated with the operation of these funds are included on the fund Statement of Net Position. The fund equity is segregated into invested in capital assets net of related debt, restricted net assets, and unrestricted net assets.

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

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

D. Fund Accounting

The District reports the following major governmental funds:

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

Additionally, the District reports the following fund types:

Governmental Funds:

1. Special Revenue Funds - The District accounts for resources restricted to, or designated for, specific purposes by the District or a grantor in a special revenue fund. Most Federal and some State financial assistance is accounted for in a special revenue fund, and sometimes unused balances must be returned to the grantor at the close of specified project periods.

ENNIS INDEPENDENT SCHOOL DISTRICT

Notes to Financial Statements
Year Ended August 31, 2018

D. Fund Accounting, continued

2. Debt Service Funds - The District accounts for resources accumulated and payments made for principal and interest on long-term general obligation debt of governmental funds in a debt service fund.
3. Capital Projects Funds - The proceeds from long-term debt financing and revenues and expenditures related to authorized construction and other capital asset acquisitions are accounted for in a capital projects fund.
4. Permanent Funds - The District accounts for donations for which the donor has stipulated that the principal may not be expended and where the income may only be used for purposes that support the District's programs. The District has no permanent funds.

Proprietary Funds:

5. Enterprise Funds - The District's activities for which outside users are charged a fee roughly equal to the cost of providing the goods or services of those activities are accounted for in an enterprise fund. The District has no enterprise fund.
6. Internal Service Funds - Revenues and expenses related to services provided to organizations inside the District on a cost reimbursement basis are accounted for in an internal service fund. The District has one internal service fund for printing.

Fiduciary Funds:

7. Private Purpose Trust Funds - The District accounts for donations for which the donor has stipulated that both the principal and the income may be used for purposes that benefit parties outside the District. The District has no private purpose trust funds.
8. Pension (and Other Employee Benefit) Trust Funds - These funds are used to account for local pension and other employee benefit funds that are provided by the District, in lieu of or in addition to, the Teacher Retirement System of Texas. The District has no pension trust funds.
9. Investment Trust Fund - This fund is one in which the District holds assets in trust for other entities participating in an investment program managed by the district. The District has no investment trust funds.
10. Agency Funds - The District accounts for resources held for others in a custodial capacity in agency funds.

ENNIS INDEPENDENT SCHOOL DISTRICT

Notes to Financial Statements
Year Ended August 31, 2018

E. Other Accounting Policies

1. For purposes of the Statement of Cash Flows for proprietary and similar fund types, the District considers highly liquid investments to be cash equivalents if they have a maturity of three months or less when purchased.
2. Supplies are recorded as expenditures when they are purchased. Inventories of food commodities are recorded at market values supplied by the Texas Department of Human Services. 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.
3. In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

In the fund financial statements, governmental fund types recognized bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

4. Capital assets, which include land, buildings, furniture, and equipment are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the District as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed. Buildings, furniture, and equipment of the District are depreciated using the straight line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings and Improvements	50
Buses	15
Office Equipment	7
Vehicles	5
Computer Equipment	3

ENNIS INDEPENDENT SCHOOL DISTRICT

Notes to Financial Statements
Year Ended August 31, 2018

E. Other Accounting Policies, continued

5. In the Government-Wide Financial Statements net assets on the Statement of Net Assets include the following:

Invested in Capital Assets, Net of Related Debt -- the component of net assets that reports the difference between capital assets less both the accumulated depreciation and the outstanding balance of debt net of premiums and discounts, excluding unspent

proceeds, that is directly attributable to the acquisition, construction or improvement of these capital assets.

Restricted -- the component of net assets that reports the difference between assets and liabilities with constraints placed on their use by law for Federal and State Programs, Debt Service, Capital Projects.

Unrestricted -- the difference between the assets and liabilities that is not reported in Net Assets Invested in Capital Assets, Net of Related Debt, Net Assets Restricted for Food Service or Net Assets Restricted for Debt Service.

In the Governmental Fund Financial Statements the District has adopted the provisions of GASB Statement No. 54, *Fund Balance Reporting and Government Fund Type Definitions*. The objective of the statement is to enhance the usefulness of fund balance information by providing clearer fund balance classifications that can be more consistently applied and by clarifying the existing government fund type definitions. The statement establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. Fund balance classifications, under GASB 54 are Nonspendable, Restricted, Committed, Assigned, and Unassigned. These classifications reflect not only the nature of funds, but also provide clarity to the level of restriction placed upon fund balance. Fund balance can have different levels of constraint, such as external versus internal compliance requirements. Unassigned fund balance is a residual classification within the General Fund. The General Fund should be the only fund that reports a positive unassigned balance. In all other funds, unassigned is limited to negative residual fund balance.

In accordance with GASB 54, the District classifies governmental fund balances as follows:

Nonspendable -- includes amounts that cannot be spent because they are either not in spendable form, or, for legal or contractual reasons, must be kept intact. This classification includes prepaid items.

Restricted -- includes fund balance amounts that are constrained for specific purposes which are externally imposed by providers, such as creditors or amounts restricted due to constitutional provisions or enabling legislation. This classification includes the child nutrition program, retirement of long term debt, construction programs and other federal and state grants.

ENNIS INDEPENDENT SCHOOL DISTRICT

Notes to Financial Statements
Year Ended August 31, 2018

E. Other Accounting Policies, continued

Committed -- includes fund balance amounts that are constrained for specific purposes that are internally imposed by the District through formal action of the highest level of decision making authority. Committed fund balance is reported pursuant to resolution passed by the District’s Board of Trustees. This classification includes campus activity funds, local special revenue funds and potential litigation, claims and judgments.

Assigned -- includes fund balance amounts that are self-imposed by the District to be used for a particular purpose. Fund balance can be assigned by the District’s Board, the Superintendent, or the Assistant Superintendent of Finance. This classification includes insurance deductibles, encumbrances, program start-up costs, projected budget deficit for subsequent years and other legal uses.

Unassigned -- includes residual positive fund balance within the General Fund which has not been classified within the other above mentioned categories. Unassigned fund balance may also include negative balances for any governmental fund if expenditures exceed amounts restricted, committed, or assigned for those specific purposes.

6. When the District incurs an expense for which it may use either restricted or unrestricted assets, it uses the restricted assets first unless unrestricted assets will have to be returned because they were not used.
7. The Data Control Codes refer to the account code structure prescribed by Texas Education Agency (the “TEA”) in the *Financial Accountability System Resource Guide* (the “Resource Guide”). The TEA requires school districts to display these codes in the financial statements filed with the Agency in order to ensure accuracy in building a statewide database for policy development and funding plans.
8. The Resource Guide provides that Texas school districts record net tax levies initially as deferred revenue and convert those deferrals to realized revenue when the taxes are collected. The District had the following deferred revenues for major funds (reported on the Balance Sheet as Unearned and Unavailable Revenues) at August 31, 2018:

	<u>General Fund</u>	<u>Debt Service</u>
General Fund Debt Service		
From Property Taxes	\$ 560,568	\$ 267,241
Other Deferred Revenue:		
Other items	-	-
Foundation Aid	<u>1,669,716</u>	<u>12,076</u>
Total Deferred Revenues	<u>\$ 2,230,284</u>	<u>\$ 279,317</u>

9. Encumbrances for goods or purchased services are documented by purchase orders or contracts. Under Texas law, appropriations lapse at August 31 and encumbrances outstanding at that time are to be either cancelled or appropriately provided for in the subsequent year's budget. This year all encumbrances were paid and none carried over to following year.

ENNIS INDEPENDENT SCHOOL DISTRICT

Notes to Financial Statements
Year Ended August 31, 2018

E. Other Accounting Policies, continued

10. In accordance with Texas Education Code, Chapter 44, subchapter A, the District has adopted and installed an accounting system which meets at least the minimum requirements prescribed by the State Board of Education and approved by the State Auditor. Specifically, the District's accounting system uses the code structure presented in the Accounting Code of the Resource Guide.

II. Reconciliation of Government-Wide and Fund Financial Statements

A. Explanation of Certain Differences Between the Governmental Fund Balance Sheet and the Government-Wide Statement of Net Assets

Exhibit C-2 provides the reconciliation between the fund balance for total governmental funds on the governmental fund balance sheet and the net assets for governmental activities as reported in the government-wide statement of net assets. One element of that reconciliation explains that capital assets are not financial resources and are therefore not reported in governmental funds. In addition, long-term liabilities, including bonds payable, are not due and payable in the current period and are not reported as liabilities in the funds.

The details of capital assets and long-term debt at the beginning of the year were as follows:

<u>Capital Assets at the Beginning of the Year</u>	<u>Historic Cost</u>	<u>Accumulated Depreciation</u>	<u>Net Value at the Beginning of the Year</u>	<u>Change in Net Assets</u>
Land	\$ 5,600,696	\$ -	\$ 5,600,696	
Buildings	221,174,528	(74,747,575)	146,426,953	
Vehicles & equipment	26,316,847	(23,341,838)	2,975,009	
Construction in process	<u>632,236</u>	<u>-</u>	<u>-</u>	
Change in net position				\$ 155,634,894
<u>Long-term liabilities at the beginning of the year</u>			<u>Payable at the Beginning of the Year</u>	
Bonds payable			(196,181,749)	
Deferred charges on refunding			18,970,667	
Premiums on issuance			<u>(21,482,711)</u>	
Change in net position				<u>(198,693,793)</u>
Net adjustment to net position				\$ <u>(43,058,899)</u>

B. Explanation of Certain Differences Between the Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balances and the Government-Wide Statement of Activities

Exhibit C-4 provides reconciliation between the net changes in fund balance as shown on the governmental fund statement of revenues, expenditures, and changes in fund balances and the changes in net position of governmental activities as reported on the government-wide statement of activities. One element of that reconciliation explains that current year capital outlays and debt principal payments are expenditures in the fund financial statements, but should be shown as increases in capital assets and decreases in long-term debt in the government-wide statements. This adjustment affects both the net position balance and the change in net position. The details of this adjustment are as follows:

ENNIS INDEPENDENT SCHOOL DISTRICT

Notes to Financial Statements
Year Ended August 31, 2018

B. Explanation of Certain Differences Between the Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balances and the Government-Wide Statement of Activities, continued

	<u>Amount</u>	(Exhibit C-4) <u>Adjustments to Changes in Net Position</u>	(Exhibit C-2) <u>Adjustments to Net Position</u>
Current year capital outlay			
Buildings & improvements	\$ 3,101,478		
Vehicles	175,865		
Equipment	<u>645,004</u>		
Total capital outlay	3,922,347	\$ 3,922,347	\$ 3,922,347
Bond principal payments	4,785,000	4,785,000	4,785,000
Accretion of interest	(4,364,628)	<u>(4,364,628)</u>	<u>(4,364,628)</u>
Adjustment to net position		\$ <u>4,342,719</u>	\$ <u>4,342,719</u>

Another element of the reconciliation on Exhibit C-4 is described as various other reclassifications and eliminations necessary to convert from the modified accrual basis of accounting to accrual basis of accounting. This adjustment is the result of several items. The details for this element are as follows:

	<u>Amount</u>	(Exhibit C-4) <u>Adjustments to Changes in Net Position</u>	(Exhibit C-2) <u>Adjustments to Net Position</u>
Adjustments to revenue and deferred revenue			
Current year taxes not collected	\$ 474,272	\$ 474,272	
Taxes collected from prior year levies	(566,097)	(566,097)	
Uncollected taxes (assumed collectible) from current year levy	464,272		\$ 464,272
Uncollected taxes (assumed collectible) from prior year levy	474,272		474,272
Miscellaneous net charges from refunding transactions	-	-	-
Total		\$ <u>(91,825)</u>	\$ <u>938,544</u>

III. Stewardship, Compliance, and Accountability

A. Budgetary Data

The Board of Trustees adopts an "appropriated budget" for the General Fund, Debt Service Fund and the Food Service Fund (which is included in the Special Revenue Funds). The District is required to present the adopted and final amended budgeted revenues and expenditures for each of these funds. The District compares the final amended budget to actual revenues and expenditures. The General Fund Budget report appears in Exhibit G-1 and the other two reports are in Exhibit J-4 and J-5.

ENNIS INDEPENDENT SCHOOL DISTRICT

Notes to Financial Statements
Year Ended August 31, 2018

A. Budgetary Data, continued

The following procedures are followed in establishing the budgetary data reflected in the general-purpose financial statements:

1. Prior to August 20, the District prepares a budget for the next succeeding fiscal year beginning September 1. The operating budget includes proposed expenditures and the means of financing them.
2. A meeting of the Board is then called for the purpose of adopting the proposed budget. At least ten days public notice of the meeting must be given.
3. Prior to September 1, the budget is legally enacted through passage of a resolution by the Board. Once a budget is approved, it can only be amended at the function and fund level by approval of a majority of the members of the Board. Amendments are presented to the Board at its regular meetings. Each amendment must have Board approval. As required by law, such amendments are made before the fact, are reflected in the official minutes of the Board, and are not made after fiscal year end. Because the District has a policy of careful budgetary control, several amendments were necessary during the year. However, none of these were significant.
4. Each budget is controlled by the budget coordinator at the revenue and expenditure function/object level. Budgeted amounts are as amended by the Board. All budget appropriations lapse at year end.

IV. Detailed Notes on All Funds and Account Groups

A. Deposits, Securities and Investments

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

1. Cash Deposits - The District's cash deposits at August 31, 2018, were entirely covered by FDIC insurance or by pledged collateral held by the District's agent bank in District's name. The deposits were collateralized in accordance with Texas Law, and the Texas Education Agency maintains copies of all safekeeping receipts in the name of the District.
2. Investments - The Public Funds Investment Act (Government Code Chapter 2256) contains specific provisions in the areas of investment practices, management reports and establishment of appropriate policies. Among other things, it requires the District 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

ENNIS INDEPENDENT SCHOOL DISTRICT

Notes to Financial Statements
Year Ended August 31, 2018

A. Deposits, Securities and Investments - continued

based on the stated maturity date for the portfolio, (8) investment staff quality and capabilities, (9) and bid solicitation preferences for certificates of deposit. Statutes authorize the District to invest in (1) obligations of the U.S. Treasury, certain U.S. agencies, and the State of Texas, (2) certificates of deposit, (3) certain municipal securities, (4) money market savings accounts, (5) repurchase agreements, (6) bankers acceptances, (7) Mutual Funds, (8) Investment pools, (9) guaranteed investments contracts, (10) and common trust funds. The Act also requires the District to have independent auditors perform test procedures related to investment practices as provided by the Act. The District is in substantial compliance with the requirements of the Act and with local policies.

In compliance with the Public Funds Investment Act, the District has adopted a deposit and investment policy. That policy addresses the following risks:

- a. 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 entire balance on the date of highest deposit should be either collateralized with securities held by the District’s agent or covered by FDIC insurance. Thus, the District’s deposits should not be exposed to custodial credit risk. The following is disclosed regarding coverage of cash deposit balances on the date of highest deposit:
 1. Name of the bank: Prosperity Bank - Ennis, TX
 2. The largest combined balances of cash, savings, and time deposits accounts amounted to \$3,240,576 occurred during the month of April 2018.
 3. The combined balances above on that date did not exceed the collateral and FDIC insurance.
- b. Custodial Credit Risk – Investments: For an investment, this is the risk that, in the event of the failure of the counterparty, the District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. At August 31, 2018, the District held investments in bank certificates of deposit and in public fund investment pools. Investments in external investment pools are considered unclassified as to custodial credit risk because they are not evidenced by securities that exist in physical or book entry form. The District’s investments in certificates of deposit are with the District’s depository bank and are collateralized with securities held by the District’s agent.
- c. Credit Risk: This is the risk that an issuer or other counterparty to an investment will be unable to fulfill its obligations. The rating of securities by nationally recognized rating agencies is designed to give an indication of credit risk. The District invests only in investment pools that are rated AAA or AAAM and certificates of deposit. The credit quality rating for the TexPool Investment Pool, the MBIA Texas CLASS, and the TexasTERM portfolios at year-end were all AAAM (Standard & Poor’s).

ENNIS INDEPENDENT SCHOOL DISTRICT

Notes to Financial Statements
Year Ended August 31, 2018

A. Deposits, Securities and Investments – continued

- d. **Interest Rate Risk:** This is the risk that changes in interest rates will adversely affect the fair value of an investment. The District manages its exposure to declines in fair values by limiting the weighted average maturity of its investment portfolio to less than one year from the time of purchase. The maturity date of the certificates of deposit ranged from 12 months to 18 months at the time of purchase. The weighted average maturity for the District's investment in external investment pools is less than 60 days.

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

- f. **Concentration of Credit Risk:** This is the risk of loss attributed to the magnitude of the District's investment in a single issuer (i.e., lack of diversification). Concentration risk is defined as positions of 5 percent or more in the securities of a single issuer. The District invests only in investment pools and certificates of deposit at the District's depository bank, which are collateralized by securities held by the District's agent. Investment pools are excluded from the 5 percent disclosure requirement. Investments in certificates of deposit with Citizens National Bank represented 29 percent of total investments.

Public funds investment pools in Texas ("Pools") are established under the authority of the Interlocal Cooperation Act, Chapter 79 of the Texas Government Code, and are subject to the provisions of the Public Funds Investment Act (the "Act"), Chapter 2256 of the Texas Government Code. In addition to other provisions of the Act designed to promote liquidity and safety of principal, the Act requires Pools to: 1) have an advisory board composed of participants in the pool and other persons who do not have a business relationship with the pool and are qualified to advise the pool; 2) maintain a continuous rating of no lower than AAA or AAA-m or equivalent rating by at least one nationally recognized rating service; and 3) maintain the market value of its underlying investment portfolio within one half of one percent of the value of its shares. The District's investments in Pools are reported at an amount determined by the fair value per share of the pool's underlying portfolio, unless the pool is 2a7-like, in which case they are reported at share value. A 2a7-like pool is one which is not registered with the Securities and Exchange Commission ("SEC") as an investment company, but nevertheless has a policy that it will, and does, operate in a manner consistent with the SEC's rules 2a7 of the Investment Company Act of 1940. The District's temporary investments at August 31, 2018 are shown below:

<u>Name</u>	<u>Carrying Amount</u>	<u>Market Value</u>
TexPool	\$ 9,342,956	\$ 9,342,956
MBIA Texas CLASS	9,185,808	9,185,808
TexasTERM	420,013	420,013
Money market accounts	226,233	226,233
Certificates of deposit	<u>7,821,392</u>	<u>7,821,392</u>
Total investments	<u>\$ 26,996,402</u>	<u>\$ 26,996,402</u>

ENNIS INDEPENDENT SCHOOL DISTRICT

Notes to Financial Statements
Year Ended August 31, 2018

B. Property Taxes

Property taxes are levied by October 1 in conformity with Subtitle E, Texas Property Tax Code. Taxes are due on receipt of the tax bill and are delinquent if not paid before February 1 of the year following the 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 when they become due or past due and receivable within the current period and those expected to be collected during a 60 day period after the close of the school fiscal year.

C. Delinquent Taxes Receivable

Delinquent taxes are prorated between maintenance and debt service based on rates adopted for the year of the levy. Allowances for uncollectible taxes 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.

D. Due from Other Governments

The District participates in a variety of federal and state programs from which it receives grants to partially or fully finance certain activities. In addition, the District receives entitlements from the State through the School Foundation and Per Capita Programs. Amounts due from federal and state governments as of August 31, 2018 are summarized below. All federal grants shown below are passed through the TEA and are reported on the combined financial statements as Due from Other Governments.

<u>Fund</u>	<u>State Entitlements</u>	<u>Federal Grants</u>	<u>Non Grant</u>	<u>Total</u>
General	\$ 1,669,716	\$ -	\$ -	\$ 1,669,716
Special Revenue	284,887	518,287	-	803,174
Debt Service Funds	<u>12,077</u>	<u>-</u>	<u>-</u>	<u>12,077</u>
Total	<u>\$ 1,966,680</u>	<u>\$ 518,287</u>	<u>\$ -</u>	<u>\$ 2,484,967</u>

E. Inter-fund Receivables and Payables

Inter-fund balances at August 31, 2018 consisted of the following individual fund balances:

	<u>Due from Other Funds</u>	<u>Due to Other Funds</u>
General Fund:		
Special Revenue Funds	\$ 495,703	\$ -
Debt Service Fund	-	7,928
Fiduciary Fund		88
Special Revenue Funds:		
General Fund	-	495,703
Debt Service Fund:		
General Fund	7,928	
Fiduciary Fund:		
General Fund	<u>88</u>	<u>-</u>
Total	<u>\$ 503,719</u>	<u>\$ 503,719</u>

ENNIS INDEPENDENT SCHOOL DISTRICT

Notes to Financial Statements Year Ended August 31, 2018

F. Changes in General Fixed Assets

	Beginning Balance	Additions	Reclass/ Retirement	Ending Balance
Governmental activities:				
Land	\$ 5,600,696	\$ -	\$ -	\$ 5,600,696
Buildings and improvements	221,174,528	3,101,478	632,236	224,908,242
Vehicles	5,742,131	175,865	-	5,917,996
Equipment	20,574,716	645,004	-	21,219,720
Construction in progress	632,236		(632,236)	-
Total	<u>\$253,724,307</u>	<u>\$ 3,922,347</u>	<u>\$ -</u>	<u>\$257,646,654</u>
Less accumulated depreciation for:				
Buildings and improvements	(74,747,575)	(4,122,534)	-	(78,870,109)
Vehicles and equipment	(23,341,838)	(860,837)	-	(24,202,675)
Total accumulated depreciation	<u>(98,089,413)</u>	<u>(4,983,371) *</u>	<u>-</u>	<u>(103,072,784)</u>
Governmental activities capital assets, net	<u>\$ 155,634,894</u>	<u>\$ (1,061,024)</u>	<u>\$ -</u>	<u>\$ 154,573,870</u>

* Depreciation expense was charged to governmental functions as follows:

Instruction	\$ 3,287,023
Curriculum and instructional staff development	4,277
Instructional leadership	61,675
School leadership	125,631
Guidance, counseling and evaluation services	2,996
Student transportation	215,269
Food services	266,225
Co-curricular activities	406,519
General administration	30,999
Plant maintenance and operations	570,810
Security and monitoring services	11,947
Total depreciation expense	<u>\$ 4,983,371</u>

G. Bonds

Ennis Independent School District has entered into a continuing disclosure undertaking to provide Annual Reports and Material Event Notices to the State Information Depository of Texas (SID), which is the Municipal Advisory Council. This information is required under SEC Rule 15c2 - 12 to enable investors to analyze the financial condition and operations of Ennis Independent School District.

Long-term liability activity for the year ended August 31, 2018 was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Amounts Due Within One Year
Governmental Activities					
Bonds payable:					
General obligation debt	\$124,045,579	\$ 1,801,328	\$ (5,532,566)	\$120,314,341	\$ 5,000,658
Accreted interest	<u>72,136,170</u>	<u>4,388,842</u>	<u>(1,053,761)</u>	<u>75,471,251</u>	<u>804,342</u>
Total	<u>\$196,181,749</u>	<u>\$ 6,190,170</u>	<u>\$ (6,586,327)</u>	<u>\$195,785,592</u>	<u>\$ 5,805,000</u>

ENNIS INDEPENDENT SCHOOL DISTRICT

Notes to Financial Statements
Year Ended August 31, 2018

G. Bonds – continued

Bonded indebtedness of the District is reflected in the General Long-Term Debt Account group, and current requirements for principal and interest expenditures are accounted for in the Debt Service Fund. Effective interest rates on the bonds range from .69% to 5.00%.

Presented below is a summary of general obligation bond payment requirements to maturity:

Year ended August 31,	General Obligation		Total Requirements
	Principal	Interest	
2019	\$ 5,000,658	\$ 4,994,892	\$ 9,995,550
2020	5,814,044	4,779,706	10,593,750
2021	6,809,431	4,510,319	11,319,750
2022	8,605,701	3,644,049	12,249,750
2023	10,232,015	3,279,985	13,512,000
2024-2028	42,142,508	30,385,742	72,528,250
2029-2033	18,795,506	62,082,494	80,878,000
2034-2038	19,159,478	59,076,272	78,235,750
2039-2040	<u>3,755,000</u>	<u>13,565,000</u>	<u>17,320,000</u>
Total	<u>\$120,314,341</u>	<u>\$ 186,318,459</u>	<u>\$ 306,632,800</u>

Issue	Rate	Due	Principal	Interest	Total
Series 2010 Refunding Bonds	.069%-4.73%	2019-2030	\$ 4,272,679	\$ 6,697,321	\$ 10,970,000
Series 2013 Refunding Bonds	4.29%-4.32%	2039-2040	3,755,000	13,565,000	17,320,000
Series 2015 Refunding Bonds	3.16%-5.00%	2019-2037	65,594,483	91,684,517	157,279,000
Series 2016 Refunding Bonds	3.02%-5.00%	2019-2037	10,707,102	10,745,898	21,453,000
Series 2017 Refunding Bonds	3.54%-5.00%	2019-2038	34,183,749	58,654,251	92,838,000
Series 2018 Refunding Bonds	1.61%-3.87%	2019-2038	<u>1,801,328</u>	<u>4,971,472</u>	<u>6,772,800</u>
Total Bonds			<u>\$120,314,341</u>	<u>\$186,318,459</u>	<u>\$306,632,800</u>

The 2010, 2013, 2015, 2016, 2017 and 2018 bond series include Capital Appreciation Bonds. No interest is paid on these bonds prior to maturity. The bonds mature at various dates from 2019 to 2040. Interest accrues on these bonds each February 15 and August 15 even though the interest is not paid until maturity.

The long-term portion of outstanding bonds recorded on the Statement of Net Position includes unamortized issuance premiums on bonds totaling \$20,576,833 at August 31, 2018.

H. Debt Issuance and Defeased Debt

In 2017, the District issued \$1,801,328 in Unlimited Tax Refunding Bonds to advance refund \$1,801,328 of outstanding 2008 series building bonds along with applicable accreted interest. The net proceeds received from the issuance of the bonds of \$3,186,389 (\$1,801,328 par amount of the bonds plus \$1,480,109 of premium paid on the bonds less \$95,048 of underwriting fees, insurance, and other issuance costs) were used to purchase U.S. and State and Local Government Series Securities. Those securities were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments on the refunded 2008 series bonds. As a result, those bonds were considered to be defeased and the liability for those bonds was removed from long-term debt.

ENNIS INDEPENDENT SCHOOL DISTRICT

Notes to Financial Statements
Year Ended August 31, 2018

H. Debt Issuance and Defeased Debt - continued

The refunding was undertaken to reduce the District's annual debt service obligations and to obtain an economic gain (difference between the present value of the debt service payments on the old and new debt) of \$3,471,651.

In prior years, the District has defeased other bond series in advance refunding transactions which have since been fully redeemed. As of August 31, 2018, no amounts remain outstanding.

I. Health Care Coverage

During the year ended August 31, 2018, employees of the District were covered under the TRS Active Care health care plan. The District enrolled in TRS Active Care, the statewide health coverage program for public education employees, effective September 1, 2002. The District contributes \$170 per employee on a monthly basis to be used toward health insurance premiums; employees, at their option, may authorize payroll withholdings to pay premiums for dependents.

J. Pension Plan Obligations

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

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

Pension Plan Fiduciary Net Position

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

ENNIS INDEPENDENT SCHOOL DISTRICT

Notes to Financial Statements
Year Ended August 31, 2018

J. Pension Plan Obligations - continued

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 (A) above.

Contributions

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

Employee contribution rates are set in state statute, Texas Government Code 825.402. Senate Bill 1458 of the 83rd Texas Legislature amended Texas Government Code 825.402 for member contributions and established employee contribution rates for fiscal years 2014 thru 2017. It also added a 1.5% contribution for employers not paying Old Age Survivor and Disability Insurance (OASDI) on certain employees effective for fiscal year 2015. The 83rd Texas Legislature, General Appropriations Act (GAA) established the employer contribution rates for fiscal years 2016 and 2017.

Contribution Rates

	<u>2018</u>	<u>2017</u>
Member	7.7%	7.2%
Non-Employer Contributing Entity (State)	6.8%	6.8%
Employers	6.8%	6.8%
2018 Employer Contributions	\$ 929,091	
2018 Member Contributions	\$ 2,310,876	
2018 NECE On-behalf Contributions	\$ 1,805,944	

ENNIS INDEPENDENT SCHOOL DISTRICT

Notes to Financial Statements
Year Ended August 31, 2018

J. Pension Plan Obligations – continued

Contributions - continued

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

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

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

In addition to the employer contributions listed above, 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.

Actuarial Assumptions

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

Valuation Date	August 31, 2017
Actuarial Cost Method	Individual Entry Age Normal
Asset Valuation Method	Market Value
Single Discount Rate	8.00%
Long-term expected Investment Rate of Return	8.00%
Inflation	2.5%
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.

ENNIS INDEPENDENT SCHOOL DISTRICT

Notes to Financial Statements
Year Ended August 31, 2018

J. Pension Plan Obligations - continued

Discount Rate

The discount rate used to measure the total pension liability was 8.0%. There was no change in the discount rate since the previous year. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and those of the contributing employers and the non-employer contributing entity are made at the statutorily required rates.

Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. The long-term rate of return on pension plan investments is 8%. The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimates ranges 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:

Asset Class	Target Allocation	Real Return Geometric Basis	Long-Term Expected Portfolio Real Rate of Return *
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	3%	0.9%	0.0%
Real Assets	16%	5.1%	1.1%
Energy and Natural Resources	3%	6.6%	0.2%
Commodities	0%	1.2%	0.0%
Risk Parity			
Risk Parity	5%	6.7%	0.3%
Inflation Expectation			2.2%
Alpha	—		1.0%
Total	<u>100%</u>		<u>8.7%</u>

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

ENNIS INDEPENDENT SCHOOL DISTRICT

Notes to Financial Statements
Year Ended August 31, 2018

J. Pension Plan Obligations – continued

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 2017 Net Pension Liability.

	1% Decrease in Discount Rate (7.0%)	Discount Rate (8.0%)	1% Increase in Discount Rate (9.0%)
District’s proportionate share of the net pension liability:	\$15,280,514	\$9,064,251	\$3,888,110

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

At August 31, 2017, the District reported a liability of \$9,064,251 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	\$ 9,064,251
State’s proportionate share that is associated with District	<u>14,395,493</u>
Total	<u>\$ 23,459,744</u>

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

At August 31, 2017 the District’s proportion of the collective net pension liability was 0.0288% which was an increase of 0.0009% from its proportion measured as of August 31, 2016.

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

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

For the year ended August 31, 2018, the District recognized pension expense of \$2,086,597 and revenue of \$2,086,597 for support provided by the State.

ENNIS INDEPENDENT SCHOOL DISTRICT

Notes to Financial Statements
Year Ended August 31, 2018

J. Pension Plan Obligations – continued

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

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

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual economic experience	\$ 132,614	\$ 488,823
Changes in actuarial assumptions	412,891	236,370
Difference between projected and actual investment earnings	-	660,582
Changes in proportion and difference between the employer’s contributions and the proportionate share of contributions	1,641,370	5,455
Contributions paid to TRS subsequent to the measurement date	<u>989,116</u>	<u>-</u>
Total	<u>\$3,175,991</u>	<u>\$ 1,391,230</u>

K. Retiree Health Plan

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.

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.

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.

ENNIS INDEPENDENT SCHOOL DISTRICT

Notes to Financial Statements
Year Ended August 31, 2018

K. Retiree Health Plan- continued

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

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

TRS-Care Plan Premium Rates
Effective 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

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.

ENNIS INDEPENDENT SCHOOL DISTRICT

Notes to Financial Statements
Year Ended August 31, 2018

K. Retiree Health Plan- continued

Contribution Rates

	<u>2018</u>	<u>2017</u>
Member	0.65%	0.65%
Non-Employer Contributing Entity (State)	1.25%	1.00%
Employers	0.75%	0.55%
Federal Funding remitted by Employers	1.25%	1.00%
2017 Employer Contributions	\$ 171,315	
2017 Member Contributions	\$ 202,463	
2017 NECE On-behalf Contributions	\$ 272,864	

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

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

Actuarial Assumptions

The total OPEB liability in the August 31, 2017 actuarial valuation was determined using the following actuarial assumptions: *Actuarial Assumptions can be found in the 2017 TRS CAFR, Note 10, page 82.*

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 Assuptions

Valuation Date	August 31, 2017
Actuarial Cost Method	Individual Entry Age Normal
Inflation	2.5%
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 cost
Salary Increases including inflation	3.5% to 9.5%
Payroll Growth Rate	2.5%
Election rates	4.50 to 12.00%
Ad hoc post-employment benefit changes	None

ENNIS INDEPENDENT SCHOOL DISTRICT

Notes to Financial Statements
Year Ended August 31, 2018

K. Retiree Health Plan- continued

Other Information

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

Discount Rate

A single discount rate of 3.42% was used to measure the total OPEB liability. There was a change of .44 percent in the discount rate since the previous year. Because the plan is essentially a “pay-as-you-go” plan, the single discount rate is equal to the prevailing municipal bond rate. The projection of cash flows used to determine the discount rate assumed that contributions from active members and those of the contributing employers and the nonemployer contributing entity are made at the statutorily required rates. Based on those assumptions, the OPEB plan’s fiduciary net position was projected to *not be able to* make all future benefit payments of current plan members. Therefore, the municipal bond rate was applied to all periods of projected benefit payments to determine the total OPEB liability.

The source of the municipal bond rate was Fixed-income municipal bonds with 20 years to maturity that include only federally tax-exempt municipal bonds as reported in Fidelity Index’s “20-year Municipal GO AA Index” as of August 31, 2017.

Discount Rate Sensitivity Analysis

The following presents the District’s proportional share of the net OPEB liability of the plan using the discount rate for 20-year, tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher, as well as what the net OPEB liability would be if it were calculated using a discount rate that is one-percentage point lower (2.42%) or one-percentage point higher (4.42%) than the AA/Aa rate:

Sensitivity of the Net OPEB Liability to the Single Discount Rate Assumptions

1% Decrease in Discount Rate (2.42%)	Current Single Discount Rate (3.42%)	1% Increase in Discount Rate (4.42%)
\$19,471,667	\$16,498,057	\$14,107,819

ENNIS INDEPENDENT SCHOOL DISTRICT

Notes to Financial Statements
Year Ended August 31, 2018

K. Retiree Health Plan- continued

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 \$16,498,057 for its proportionate share of the TRS's net OPEB 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 OPEB liability	\$ 16,498,057
State's proportionate share that is associated with District	<u>24,502,619</u>
Total	<u>\$ 41,000,676</u>

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

At August 31, 2017 the District's proportion of the collective net pension liability was 0.0379% which was the same proportion measured as of August 31, 2016.

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

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

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual economic experience	\$ -	\$ 344,409
Changes in actuarial assumptions	-	6,556,759
Difference between projected and actual investment earnings	2,506	-
Changes in proportion and difference between the employer's contributions and the proportionate share of contributions	76	-
Contributions paid to TRS subsequent to the measurement date	<u>171,315</u>	<u>-</u>
Total	<u>\$ 173,897</u>	<u>\$ 6,901,168</u>

ENNIS INDEPENDENT SCHOOL DISTRICT

Notes to Financial Statements
Year Ended August 31, 2018

K. Retiree Health Plan- continued

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.

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

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

<u>Function</u>	<u>Operating Grants and Contributions</u>	<u>Negative On- Behalf Accruals</u>	<u>Operating Grants and Contributions (Excluding On-Behalf Accruals)</u>
11 Instruction	\$ (2,629,250)	\$ (5,437,254)	\$ 2,808,004
12 Instructional Resources and Media Services	(110,099)	(129,061)	18,962
13 Curriculum and Instructional Staff Development	17,285	(63,837)	81,122
21 Instructional Leadership	282,134	(209,309)	491,443
23 School Leadership	(435,112)	(510,053)	74,941
31 Guidance, Counseling and Evaluation Services	224,214	(258,974)	483,188
32 Social Work Services	(8,802)	(10,318)	1,516
33 Health Services	(120,483)	(141,234)	20,751
34 Student (Pupil) Transportation	(170,016)	(199,299)	29,283
35 Food Services	3,458,821	(9,019)	3,467,840
36 Extracurricular Activities	(113,102)	(134,602)	21,500
41 General Administration	(220,605)	(258,601)	37,996
51 Facilities Maintenance and Operations	(61,801)	(72,445)	10,644
52 Security and Monitoring Services	(67,187)	(78,759)	11,572
53 Data Processing Services	(106,201)	(124,493)	18,292
61 Community Services	31,581	-	31,581
	<u>\$ (28,623)</u>	<u>\$ (7,637,258)</u>	<u>\$ 7,608,635</u>

ENNIS INDEPENDENT SCHOOL DISTRICT

Notes to Financial Statements
Year Ended August 31, 2018

L. Teacher Employee Recruitment and Retention Program (TERRP)

Plan Description – Ennis Independent School District contributes to the Teacher Employee Recruitment and Retention Program Plan. The Plan is a defined contribution retirement plan and is completely funded by the employer. The Plan's annual financial report and other required disclosure information are available by writing the record keeper: JEM Resource Partners, 4201 Bee Caves Rd C-101, Austin, TX 78746.

Funding Policy – Under the plan provisions, the District contributes as a base match the lesser of 50% of an Employee's contribution to a 403(b) or 457 or 2% of the Employee's base salary if the Employee has less than 8 absences. In addition to the base match, Employees are eligible for an attendance match. An Employee with zero absences will receive an attendance match of the lesser 50% of the Employee's contribution to a 403(b) or 457 plan or 2% of the Employee's base salary. An Employee with less than three absences will receive an attendance match of 25% of the Employee's contribution to a 403(b) or 457 plan up to 1% of the Employee's base salary. District contributions for the years ending August 31, 2018 and 2017 were \$257,975 and \$245,372. Plan members are 100% vested after five years of employment, 75% vested after four years of employment, and 50% vested after three years of employment. Plan members are not vested in years one or two. The vesting schedule is waived and Participants become fully vested in their account balance for the following reasons:

Retirement (must qualify for TRS benefit), total disability (as defined by TRS) or death.

REQUIRED SUPPLEMENTARY INFORMATION

ENNIS INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED AUGUST 31, 2018

EXHIBIT G-1

Data Control Codes	Budgeted Amounts		Actual Amounts (GAAP BASIS)	Variance With Final Budget Positive or (Negative)	
	Original	Final			
REVENUES:					
5700	Total Local and Intermediate Sources	\$ 20,601,798	\$ 20,601,798	\$ 21,201,421	\$ 599,623
5800	State Program Revenues	25,636,973	25,636,973	25,701,962	64,989
5900	Federal Program Revenues	800,000	800,000	776,225	(23,775)
5020	Total Revenues	47,038,771	47,038,771	47,679,608	640,837
EXPENDITURES:					
Current:					
0011	Instruction	28,509,152	28,449,876	27,966,133	483,743
0012	Instructional Resources and Media Services	893,231	828,097	788,043	40,054
0013	Curriculum and Instructional Staff Development	588,736	499,017	472,110	26,907
0021	Instructional Leadership	1,058,525	1,051,275	1,041,309	9,966
0023	School Leadership	2,458,572	2,514,400	2,454,315	60,085
0031	Guidance, Counseling and Evaluation Services	1,351,743	1,357,743	1,342,613	15,130
0032	Social Work Services	41,278	38,639	37,967	672
0033	Health Services	674,338	663,886	658,533	5,353
0034	Student (Pupil) Transportation	1,748,542	1,748,542	1,613,820	134,722
0036	Extracurricular Activities	1,304,721	1,276,210	1,158,506	117,704
0041	General Administration	1,905,730	1,854,744	1,722,188	132,556
0051	Facilities Maintenance and Operations	5,479,016	5,416,652	5,397,756	18,896
0052	Security and Monitoring Services	382,647	382,647	379,321	3,326
0053	Data Processing Services	642,540	642,540	613,767	28,773
0061	Community Services	-	-	2,668	(2,668)
Capital Outlay:					
0081	Facilities Acquisition and Construction	-	127,950	127,949	1
6030	Total Expenditures	47,038,771	46,852,218	45,776,998	1,075,220
1100	Excess of Revenues Over Expenditures	-	186,553	1,902,610	1,716,057
OTHER FINANCING SOURCES (USES):					
7912	Sale of Real and Personal Property	-	-	180,547	180,547
1200	Net Change in Fund Balances	-	186,553	2,083,157	1,896,604
0100	Fund Balance - September 1 (Beginning)	17,855,740	17,855,740	17,855,740	-
3000	Fund Balance - August 31 (Ending)	\$ 17,855,740	\$ 18,042,293	\$ 19,938,897	\$ 1,896,604

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

	FY 2018 Plan Year 2017	FY 2017 Plan Year 2016	FY 2016 Plan Year 2015	FY 2015 Plan Year 2014
District's Proportion of the Net Pension Liability (Asset)	0.00028348%	0.00027897%	0.000292286%	0.000192243%
District's Proportionate Share of Net Pension Liability (Asset)	\$ 9,064,251	\$ 10,541,870	\$ 10,331,921	\$ 5,135,076
State's Proportionate Share of the Net Pension Liability (Asset) associated with the District	14,395,493	18,044,416	18,893,642	16,588,022
Total	<u>\$ 23,459,744</u>	<u>\$ 28,586,286</u>	<u>\$ 29,225,563</u>	<u>\$ 21,723,098</u>
District's Covered Payroll	\$ 31,148,220	\$ 30,011,252	\$ 29,468,885	\$ 30,132,208
District's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	29.10%	35.13%	35.06%	17.04%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	61.36%	78.00%	78.43%	83.25%

Note: GASB 68, Paragraph 81 requires that the information on this schedule be data from the period corresponding with the periods covered as of the measurement dates of August 31, 2017 for year 2018, August 31, 2016 for Year 2017, August 31, 2015 for Year 2016 and August 31, 2014 for 2015.

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

ENNIS INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF DISTRICT CONTRIBUTIONS FOR PENSIONS
TEACHER RETIREMENT SYSTEM OF TEXAS
FOR FISCAL YEAR 2018

	2018	2017	2016	2015
Contractually Required Contribution	\$ 989,116	\$ 943,288	\$ 826,252	\$ 865,471
Contribution in Relation to the Contractually Required Contribution	989,116	943,288	826,252	865,471
Contribution Deficiency (Excess)	\$ -0-	\$ -0-	\$ -0-	\$ -0-
District's Covered Payroll	\$ 31,148,220	\$ 30,011,252	\$ 29,468,885	\$ 30,132,208
Contributions as a Percentage of Covered Payroll	3.17%	3.14%	2.80%	2.87%

Note: GASB 68, Paragraph 81 requires that the data in this schedule be presented as of the District's respective fiscal years as opposed to the time periods covered by the measurement dates ending August 31 of the preceding year.

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

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

	<u>FY 2018</u> <u>Plan Year 2017</u>
District's Proportion of the Net Liability (Asset) for Other Post Employment Benefits	0.0379%
District's Proportionate Share of Net Post Employment Benefit Liability (Asset)	\$ 16,498,057
State's Proportionate Share of the Net Post Employment Benefit Liability (Asset) associated with the District	24,502,619
Total	<u>\$ 41,000,676</u>
District's Covered Payroll	\$ 31,148,220
District's Proportionate Share of the Net OPEB Liability (Asset) as a Percentage of its Covered Payroll	52.97%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	59.76%

Note: GASB Codification, Vol. 2, P50.238 states that the information on this schedule should be determined as of the measurement date. Therefore the amounts reported for FY 2018 are based on the August 31, 2017 measurement date.

This schedule shows only the year for which this information is available. Additional information will be added until 10 years of data are available and reported.

ENNIS INDEPENDENT SCHOOL DISTRICT
 SCHEDULE OF DISTRICT CONTRIBUTIONS FOR OTHER POST EMPLOYMENT BENEFITS (OPEB)
 TEACHER RETIREMENT SYSTEM OF TEXAS
 FOR FISCAL YEAR 2018

	2018
Contractually Required Contribution	\$ 171,315
Contribution in Relation to the Contractually Required Contribution	171,315
Contribution Deficiency (Excess)	\$ -0-
District's Covered Payroll	\$ 31,148,220
Contributions as a Percentage of Covered Payroll	0.55%

Note: GASB Codification, Vol. 2, P50.238 requires that the data in this schedule be presented as of the District's respective fiscal years as opposed to the time periods covered by the measurement dates ending August 31 of the preceding year.

Information in this schedule should be provided only for the years where data is available. Eventually 10 years of data should be presented.

OTHER SUPPLEMENTARY INFORMATION

ENNIS INDEPENDENT SCHOOL DISTRICT
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 AUGUST 31, 2018

Data Control Codes	205 Head Start	206 ESEA Title X, Pt.C Homeless	211 ESEA I, A Improving Basic Program	224 IDEA - Part B Formula
ASSETS				
1110 Cash and Cash Equivalents	\$ -	\$ -	\$ -	\$ 9,830
1120 Investments - Current	-	-	-	-
1240 Receivables from Other Governments	23,043	20,053	97,832	69,518
1290 Other Receivables	-	-	-	-
1300 Inventories	-	-	-	-
1000 Total Assets	<u>\$ 23,043</u>	<u>\$ 20,053</u>	<u>\$ 97,832</u>	<u>\$ 79,348</u>
LIABILITIES				
2110 Accounts Payable	\$ 129	\$ -	\$ -	\$ -
2160 Accrued Wages Payable	6,677	-	36,376	79,348
2170 Due to Other Funds	16,237	20,053	61,456	-
2000 Total Liabilities	<u>23,043</u>	<u>20,053</u>	<u>97,832</u>	<u>79,348</u>
FUND BALANCES				
Nonspendable Fund Balance:				
3410 Inventories	-	-	-	-
Restricted Fund Balance:				
3450 Federal or State Funds Grant Restriction	-	-	-	-
3470 Capital Acquisition and Contractual Obligation	-	-	-	-
Assigned Fund Balance:				
3590 Other Assigned Fund Balance	-	-	-	-
3000 Total Fund Balances	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
4000 Total Liabilities and Fund Balances	<u>\$ 23,043</u>	<u>\$ 20,053</u>	<u>\$ 97,832</u>	<u>\$ 79,348</u>

225 IDEA - Part B Preschool	240 National Breakfast and Lunch Program	244 Career and Technical - Basic Grant	255 ESEA II,A Training and Recruiting	263 Title III, A English Lang. Acquisition	270 ESEA VI, Pt B Rural & Low Income	289 Other Federal Special Revenue Funds	410 State Textbook Fund
\$ -	\$ 361,458	\$ -	\$ 4,005	\$ -	\$ -	\$ -	\$ -
-	749,029	-	-	-	-	-	-
51	201,433	26,145	14,246	27,609	38,357	-	284,887
-	156,796	-	-	-	-	-	-
-	54,404	-	-	-	-	-	-
<u>\$ 51</u>	<u>\$ 1,523,120</u>	<u>\$ 26,145</u>	<u>\$ 18,251</u>	<u>\$ 27,609</u>	<u>\$ 38,357</u>	<u>\$ -</u>	<u>\$ 284,887</u>
\$ -	\$ 328,869	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	18,251	-	-	-	-
51	17,948	26,145	-	27,609	38,357	-	284,887
<u>51</u>	<u>346,817</u>	<u>26,145</u>	<u>18,251</u>	<u>27,609</u>	<u>38,357</u>	<u>-</u>	<u>284,887</u>
-	54,404	-	-	-	-	-	-
-	1,121,899	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>-</u>	<u>1,176,303</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>\$ 51</u>	<u>\$ 1,523,120</u>	<u>\$ 26,145</u>	<u>\$ 18,251</u>	<u>\$ 27,609</u>	<u>\$ 38,357</u>	<u>\$ -</u>	<u>\$ 284,887</u>

ENNIS INDEPENDENT SCHOOL DISTRICT
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 AUGUST 31, 2018

Data Control Codes	429 Other State Special Revenue Funds	461 Campus Activity Funds	Total Nonmajor Special Revenue Funds	698 Capital Improvements
ASSETS				
1110	\$ -	\$ (241,855)	\$ 133,438	\$ -
1120	-	463,426	1,212,455	611,749
1240	-	-	803,174	-
1290	-	-	156,796	-
1300	-	-	54,404	-
1000	<u>\$ -</u>	<u>\$ 221,571</u>	<u>\$ 2,360,267</u>	<u>\$ 611,749</u>
LIABILITIES				
2110	\$ -	\$ -	\$ 328,998	\$ -
2160	-	-	140,652	-
2170	-	2,960	495,703	-
2000	<u>-</u>	<u>2,960</u>	<u>965,353</u>	<u>-</u>
FUND BALANCES				
Nonspendable Fund Balance:				
3410	-	-	54,404	-
Restricted Fund Balance:				
3450	-	-	1,121,899	-
3470	-	-	-	611,749
Assigned Fund Balance:				
3590	-	218,611	218,611	-
3000	<u>-</u>	<u>218,611</u>	<u>1,394,914</u>	<u>611,749</u>
4000	<u>\$ -</u>	<u>\$ 221,571</u>	<u>\$ 2,360,267</u>	<u>\$ 611,749</u>

699 Capital Projects 2006 Bond	Total Nonmajor Capital Project Funds	Total Nonmajor Governmental Funds
\$ -	\$ -	\$ 133,438
-	611,749	1,824,204
-	-	803,174
-	-	156,796
-	-	54,404
<u>\$ -</u>	<u>\$ 611,749</u>	<u>\$ 2,972,016</u>
\$ -	\$ -	\$ 328,998
-	-	140,652
-	-	495,703
<u>-</u>	<u>-</u>	<u>965,353</u>
-	-	54,404
-	-	1,121,899
-	611,749	611,749
-	-	218,611
<u>-</u>	<u>611,749</u>	<u>2,006,663</u>
<u>\$ -</u>	<u>\$ 611,749</u>	<u>\$ 2,972,016</u>

ENNIS 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	205 Head Start	206 ESEA Title X, Pt.C Homeless	211 ESEA I, A Improving Basic Program	224 IDEA - Part B Formula
REVENUES:				
5700 Total Local and Intermediate Sources	\$ -	\$ -	\$ -	\$ -
5800 State Program Revenues	-	-	-	-
5900 Federal Program Revenues	122,971	32,482	1,167,759	924,444
5020 Total Revenues	122,971	32,482	1,167,759	924,444
EXPENDITURES:				
Current:				
0011 Instruction	122,971	20,305	736,101	418,742
0013 Curriculum and Instructional Staff Development	-	867	13,805	40
0021 Instructional Leadership	-	11,310	391,028	58,351
0023 School Leadership	-	-	-	-
0031 Guidance, Counseling and Evaluation Services	-	-	-	445,137
0035 Food Services	-	-	-	-
0036 Extracurricular Activities	-	-	-	1,723
0041 General Administration	-	-	-	-
0061 Community Services	-	-	26,825	451
Capital Outlay:				
0081 Facilities Acquisition and Construction	-	-	-	-
6030 Total Expenditures	122,971	32,482	1,167,759	924,444
1200 Net Change in Fund Balance	-	-	-	-
0100 Fund Balance - September 1 (Beginning)	-	-	-	-
3000 Fund Balance - August 31 (Ending)	\$ -	\$ -	\$ -	\$ -

225 IDEA - Part B Preschool	240 National Breakfast and Lunch Program	244 Career and Technical - Basic Grant	255 ESEA II,A Training and Recruiting	263 Title III, A English Lang. Acquisition	270 ESEA VI, Pt B Rural & Low Income	289 Other Federal Special Revenue Funds	410 State Textbook Fund
\$ -	\$ 616,851	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	19,474	-	-	-	-	-	367,947
51	3,087,876	65,393	162,254	63,871	79,605	31,136	-
51	3,724,201	65,393	162,254	63,871	79,605	31,136	367,947
51	-	65,393	162,254	55,509	30,631	27,136	367,947
-	-	-	-	4,056	48,974	4,000	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	3,466,516	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	4,306	-	-	-
-	-	-	-	-	-	-	-
51	3,466,516	65,393	162,254	63,871	79,605	31,136	367,947
-	257,685	-	-	-	-	-	-
-	918,618	-	-	-	-	-	-
\$ -	\$ 1,176,303	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

ENNIS 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	429 Other State Special Revenue Funds	461 Campus Activity Funds	Total Nonmajor Special Revenue Funds	698 Capital Improvements
REVENUES:				
5700 Total Local and Intermediate Sources	\$ -	\$ 416,682	\$ 1,033,533	\$ -
5800 State Program Revenues	2,072	-	389,493	-
5900 Federal Program Revenues	-	-	5,737,842	-
5020 Total Revenues	2,072	416,682	7,160,868	-
EXPENDITURES:				
Current:				
0011 Instruction	2,072	58,225	2,067,337	-
0013 Curriculum and Instructional Staff Development	-	470	72,212	-
0021 Instructional Leadership	-	-	460,689	-
0023 School Leadership	-	482	482	-
0031 Guidance, Counseling and Evaluation Services	-	-	445,137	-
0035 Food Services	-	-	3,466,516	-
0036 Extracurricular Activities	-	386,748	388,471	-
0041 General Administration	-	6,097	6,097	-
0061 Community Services	-	-	31,582	-
Capital Outlay:				
0081 Facilities Acquisition and Construction	-	-	-	1,190,210
6030 Total Expenditures	2,072	452,022	6,938,523	1,190,210
1200 Net Change in Fund Balance	-	(35,340)	222,345	(1,190,210)
0100 Fund Balance - September 1 (Beginning)	-	253,951	1,172,569	1,801,959
3000 Fund Balance - August 31 (Ending)	\$ -	\$ 218,611	\$ 1,394,914	\$ 611,749

699 Capital Projects 2006 Bond	Total Nonmajor Capital Project Funds	Total Nonmajor Governmental Funds
\$ 21,979	\$ 21,979	\$ 1,055,512
-	-	389,493
-	-	5,737,842
21,979	21,979	7,182,847
-	-	2,067,337
-	-	72,212
-	-	460,689
-	-	482
-	-	445,137
-	-	3,466,516
-	-	388,471
-	-	6,097
-	-	31,582
2,043,780	3,233,990	3,233,990
2,043,780	3,233,990	10,172,513
(2,021,801)	(3,212,011)	(2,989,666)
2,021,801	3,823,760	4,996,329
\$ -	\$ 611,749	\$ 2,006,663

REQUIRED TEA SCHEDULES

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

Last 10 Years Ended August 31	(1)	(2)	(3)
	Tax Rates		Assessed/Appraised Value for School Tax Purposes
	Maintenance	Debt Service	
2009 and prior years	Various	Various	\$ 1,743,357,926
2010	1.040000	0.470000	1,708,602,317
2011	1.040000	0.500000	1,725,726,510
2012	1.040000	0.500000	1,753,464,940
2013	1.040000	0.500000	1,763,054,156
2014	1.040000	0.500000	1,786,202,458
2015	1.040000	0.500000	1,771,832,606
2016	1.040000	0.500000	1,812,886,833
2017	1.040000	0.500000	1,905,270,892
2018 (School year under audit)	1.040000	0.500000	1,984,361,088
1000 TOTALS			

(10) Beginning Balance 9/1/2017	(20) Current Year's Total Levy	(31) Maintenance Collections	(32) Debt Service Collections	(40) Entire Year's Adjustments	(50) Ending Balance 8/31/2018
\$ 227,402	\$ -	\$ 16,395	\$ 3,453	\$ (126,332)	\$ 81,222
27,792	-	3,558	1,608	(5,607)	17,019
33,330	-	4,322	2,078	(4,537)	22,393
54,004	-	14,233	6,843	(8,308)	24,620
62,841	-	18,587	8,936	(4,578)	30,740
70,339	-	17,883	8,597	(6,880)	36,979
103,748	-	23,305	11,204	(3,087)	66,152
148,149	-	42,761	20,559	(3,508)	81,321
312,764	-	117,247	56,369	(25,320)	113,828
-	29,981,686	19,889,587	9,562,301	(166,263)	363,535
<u>\$ 1,040,369</u>	<u>\$ 29,981,686</u>	<u>\$ 20,147,878</u>	<u>\$ 9,681,948</u>	<u>\$ (354,420)</u>	<u>\$ 837,809</u>

ENNIS INDEPENDENT SCHOOL DISTRICT
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
 BUDGET AND ACTUAL - CHILD NUTRITION PROGRAM
 FOR THE YEAR ENDED AUGUST 31, 2018

Data Control Codes	Budgeted Amounts		Actual Amounts (GAAP BASIS)	Variance With Final Budget Positive or (Negative)
	Original	Final		
REVENUES:				
5700 Total Local and Intermediate Sources	\$ 427,000	\$ 490,000	\$ 616,851	\$ 126,851
5800 State Program Revenues	17,000	17,000	19,474	2,474
5900 Federal Program Revenues	2,963,627	3,010,712	3,087,876	77,164
5020 Total Revenues	3,407,627	3,517,712	3,724,201	206,489
EXPENDITURES:				
0035 Food Services	3,442,627	3,517,712	3,466,516	51,196
6030 Total Expenditures	3,442,627	3,517,712	3,466,516	51,196
1200 Net Change in Fund Balances	(35,000)	-	257,685	257,685
0100 Fund Balance - September 1 (Beginning)	918,618	918,618	918,618	-
3000 Fund Balance - August 31 (Ending)	\$ 883,618	\$ 918,618	\$ 1,176,303	\$ 257,685

ENNIS INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - DEBT SERVICE FUND
FOR THE YEAR ENDED AUGUST 31, 2018

Data Control Codes	Budgeted Amounts		Actual Amounts (GAAP BASIS)	Variance With Final Budget Positive or (Negative)	
	Original	Final			
REVENUES:					
5700	Total Local and Intermediate Sources	\$ 9,656,485	\$ 9,810,725	\$ 9,828,269	\$ 17,544
5800	State Program Revenues	221,937	219,244	220,963	1,719
5020	Total Revenues	9,878,422	10,029,969	10,049,232	19,263
EXPENDITURES:					
Debt Service:					
0071	Principal on Long Term Debt	9,437,272	4,785,000	4,785,000	-
0072	Interest on Long Term Debt	-	4,652,822	4,652,821	1
0073	Bond Issuance Cost and Fees	-	3,452	98,499	(95,047)
6030	Total Expenditures	9,437,272	9,441,274	9,536,320	(95,046)
1100	Excess of Revenues Over Expenditures	441,150	588,695	512,912	(75,783)
OTHER FINANCING SOURCES (USES):					
7911	Capital Related Debt Issued (Regular Bonds)	-	-	1,801,328	1,801,328
7916	Premium or Discount on Issuance of Bonds	-	-	1,480,109	1,480,109
8940	Payment to Bond Refunding Escrow Agent (Use)	-	-	(3,186,389)	(3,186,389)
7080	Total Other Financing Sources (Uses)	-	-	95,048	95,048
1200	Net Change in Fund Balances	441,150	588,695	607,960	19,265
0100	Fund Balance - September 1 (Beginning)	2,446,118	2,446,118	2,446,118	-
3000	Fund Balance - August 31 (Ending)	\$ 2,887,268	\$ 3,034,813	\$ 3,054,078	\$ 19,265

FEDERAL AWARDS SECTION

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

Board of Trustees
Ennis Independent School District
Ennis, Texas

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 Ennis 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 Ennis Independent School District's basic financial statements, and have issued our report thereon dated December 21, 2018.

Internal Control over Financial Reporting

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

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free of 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.

Judd, Thomas, Smith & Company, P.C.

Dallas, Texas
December 21, 2018

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

Board of School Trustees
Ennis Independent School District
Ennis, Texas

Report on Compliance for Each Major Federal Program

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

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

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

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

Opinion on Each Major Federal Program

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

Report on Internal Control over Compliance

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

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

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

JDD, THOMAS SMITH & COMPANY, P.C.

Dallas, Texas
December 21, 2018

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

PART I - SUMMARY OF THE AUDITORS' RESULTS:

Financial Statement Section

1. The auditors' report expresses an unmodified opinion on the financial statements of Ennis Independent School District.
2. No material weaknesses relating to internal control over financial reporting were identified in the audit of the financial statements.
3. No significant deficiencies that are not considered material weaknesses relating to internal control over financial reporting were identified in the audit of the financial statements.
4. No instances of noncompliance material to the financial statements of Ennis Independent School District were disclosed during the audit.

Federal Awards Section

1. No material weaknesses relating to internal control over major federal programs were identified in the audit of the financial statements.
2. No significant deficiencies that are not considered material weaknesses relating to internal control over major federal programs were identified in the audit of the financial statements.
3. The auditors' report on compliance for major programs expresses an unqualified opinion.
4. The audit did not disclose any audit findings required to be reported upon.
5. The programs tested as major programs include:

ESEA, Title I, Part A - Improving Basic Programs	84.010A
Special Education Cluster	84.027 and 84.173

6. The threshold used for distinguishing between Type A and Type B programs was \$750,000.
7. The auditee qualified as a low-risk auditee.

PART II - FINDINGS RELATED TO THE FINANCIAL STATEMENTS

There were no findings which are required to be reported in accordance with *Generally Accepted Government Auditing Standards*.

PART III - FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

None

ENNIS INDEPENDENT SCHOOL DISTRICT
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED AUGUST 31, 2018

There were no prior year audit findings.

ENNIS INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED AUGUST 31, 2018

(1)	(2)	(3)	(4)
FEDERAL GRANTOR/ PASS-THROUGH GRANTOR/ PROGRAM or CLUSTER TITLE	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
U.S. DEPARTMENT OF EDUCATION			
<u>Passed Through Region 10 Education Service Center</u>			
Title III, Part A - English Language Acquisition	84.365A	18671001057950	\$ 63,871
ESEA, Title X, Part C -Homeless Children	84.196	186150057950	32,482
Total Passed Through Region 10 Education Service Center			96,353
<u>Passed Through State Department of Education</u>			
ESEA, Title I, Part A - Improving Basic Programs	84.010A	18610101070903	1,167,759
*IDEA - Part B, Formula	84.027	186600010709036000	924,444
*IDEA - Part B, Preschool	84.173	1866100107090360000	51
Total Special Education Cluster (IDEA)			924,495
Career and Technical - Basic Grant	84.048	18420006070903	65,393
ESEA, Title VI, Part B - Rural & Low Income Prog.	84.358B	18696001070903	79,605
ESEA, Title II, Part A, Supporting Effective Instr	84.367A	1869450101070903	162,254
Summer School LEP	84.369A	69551702	5,936
Title IV, Part A	84.358	18680101070903	25,200
Total Passed Through State Department of Education			2,430,642
TOTAL U.S. DEPARTMENT OF EDUCATION			2,526,995
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			
<u>Passed Through Texas Dept of Human Services</u>			
Head Start	93.600	3282.63	122,971
Total Passed Through Texas Dept of Human Services			122,971
TOTAL U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			122,971
U.S. DEPARTMENT OF AGRICULTURE			
<u>Passed Through the State Department of Agriculture</u>			
*School Breakfast Program	10.553	71401201	1,043,560
*National School Lunch Program - Cash Assistance	10.555	71301201	1,830,086
*National School Lunch Prog. - Non-Cash Assistance	10.555		214,230
Total CFDA Number 10.555			2,044,316
Total Child Nutrition Cluster			3,087,876
Total Passed Through the State Department of Agriculture			3,087,876
TOTAL U.S. DEPARTMENT OF AGRICULTURE			3,087,876
TOTAL EXPENDITURES OF FEDERAL AWARDS			\$ 5,737,842

*Clustered Programs

ENNIS INDEPENDENT SCHOOL DISTRICT

Notes on Accounting Policies for Federal Awards
Year Ended August 31, 2018

1. The District utilizes the fund types specified in the Resource Guide.

Special Revenue Funds - are used to account for resources restricted to, or designed for, specific purposes by a grantor. Federal and state financial assistance generally is accounted for in a Special Revenue Fund. Generally, unused balances are returned to the grantor at the close of specified project periods.

2. The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. The Governmental Fund types and Expendable Trust Fund are accounted for using a current financial resources measurement focus. All federal grant funds were accounted for in the Special Revenue Fund, a component of the Governmental Fund type. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. Operating statements of these funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net current assets.

The modified accrual basis of accounting is used for the Governmental Fund Types, the Expendable Trust Fund, and Agency Funds. This basis of accounting recognizes revenues in the accounting period in which they become susceptible to accrual i.e., both measurable and available, and expenditures in the accounting period in which the fund liability is incurred, if measurable, except for unmatured interest on General Long-Term Debt, which is recognized when due, and certain compensated absences and claims and judgments, which are recognized when the obligations are expected to be liquidated with expendable available financial resources.

Federal grant funds are considered to be earned to the extent of expenditures made under the provisions of the grant, and, accordingly, when such funds are received, they are recorded as deferred revenues until earned.

3. The period of availability for federal grant funds for the purpose of liquidation of outstanding obligations made on or before the ending date of the federal project period extended 30 days beyond the federal project period ending date, in accordance with provisions in Section H. Period of Availability of Federal Funds, Part 3, OMB Circular A-133 Compliance Supplement – Provisional 6/97.
4. Reconciliation of Federal Program Revenues and Schedule of Expenditures of Federal Awards:

Total expenditures of federal awards per the Schedule of Expenditures of Federal Awards	\$ 5,737,842
SHARS revenue	<u>776,225</u>
Total federal program revenues per the Statement of Revenues, Expenditures, and Changes in Fund Balance – Governmental Funds (Exhibit C-3)	\$ <u>6,514,067</u>

SCHOOLS FIRST QUESTIONNAIRE

Ennis Independent School District

Fiscal Year 2018

SF2	Were there any disclosures in the Annual Financial Report and/or other sources of information concerning nonpayment of any terms of any debt agreement at fiscal year end?	No
SF4	Was there an unmodified opinion in the Annual Financial Report on the financial statements as a whole?	Yes
SF5	Did the Annual Financial Report disclose any instances of material weaknesses in internal controls over financial reporting and compliance for local, state, or federal funds?	No
SF6	Was there any disclosure in the Annual Financial Report of material noncompliance for grants, contracts, and laws related to local, state, or federal funds?	No
SF7	Did the school district make timely payments to the Teachers Retirement System (TRS), Texas Workforce Commission (TWC), Internal Revenue Service (IRS), and other government agencies?	Yes
SF8	Did the school district not receive an adjusted repayment schedule for more than one fiscal year for an over allocation of Foundation School Program (FSP) funds as a result of a financial hardship?	Yes
SF10	Total accumulated accretion on CABs included in government-wide financial statements at fiscal year-end.	75,471,251
SF11	Net Pension Assets (1920) at fiscal year-end.	0
SF12	Net Pension Liabilities (2540) at fiscal year-end.	9,064,251
SF13	Pension Expense (6147) at fiscal year-end.	