

Eanes Independent School District

**Annual Financial Report
for the Fiscal Year Ended
June 30, 2020**



Eanes Independent School District

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Certificate of Board

Eanes Independent School District

Name of School District

Travis

County

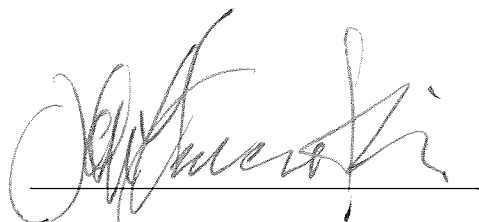
227909

Co.-Dist. Number

We, the undersigned, certify that the attached annual financial reports of the above-named school district were reviewed and (check one) approved disapproved for the year ended June 30, 2020 at a meeting of the Board of Trustees of such school district on the 17 day of November, 2020.



Signature of Board Secretary



Signature of Board President

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

Financial Section



MAXWELL LOCKE & RITTER LLP

Accountants and Consultants

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Independent Auditors' Report

The Board of Trustees of
Eanes Independent School District:

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Eanes Independent School District (the "District"), as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

Affiliated Company

ML&R WEALTH MANAGEMENT LLC

"A Registered Investment Advisor"

This firm is not a CPA firm

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the 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, the business-type activities, each major fund, and the aggregate remaining fund information of the District as of June 30, 2020, and the respective changes in financial position and, where applicable, cash flows thereof, and the respective budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the schedule of the District's proportionate share of the net pension liability, the schedule of District contributions - pensions, the schedule of the District's proportionate share of the net OPEB liability, the schedule of District contributions - OPEB, and the note to the required supplementary information on pages 5 through 14, 58, 59, 60, 61, and 62, respectively, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 16, 2020 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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Maxwell Locke + Ritter LLP

Austin, Texas
November 16, 2020

Eanes Independent School District Management's Discussion and Analysis

This section of Eanes Independent School District's (the "District") annual financial report presents our discussion and analysis of the District's financial performance during the year ended June 30, 2020. Please read it in conjunction with the District's financial statements, which follow this section.

Financial Highlights

- The District's total combined net position was \$67.3 million at June 30, 2020, a decrease of \$4.7 million from the prior year. In other words, during the year ended June 30, 2020, the District generated \$4.7 million less in taxes and other revenues than the \$219.6 million in expenses for governmental and business-type activities.
- The General Fund reported a fund balance at June 30, 2020 of \$24.9 million which is a \$1.9 million decrease from the prior year. Of the total General Fund fund balance, \$19.7 million or 79% is considered unassigned fund balance and may be used to meet the District's ongoing obligations.
- On September 12, 2019, the District issued \$46,550,000 of Unlimited Tax School Building Bonds, Series 2019A for the construction, acquisition, rehabilitation, renovation, expansion, improvement, and equipment of school buildings in the District, including safety and security improvements; student programs and support, including technology systems and equipment; instructional, co-curricular and extra-curricular spaces, including robotics, wrestling and aquatics; promotion of energy efficiency and conservation; facility systems and site improvements throughout the District; the purchase of new school buses, and paying the costs of issuance of the bonds.
- On September 12, 2019, the District issued \$14,930,000 in Variable Rate Unlimited Tax School Building Bonds, Series 2019B, for the construction, acquisition, rehabilitation, renovation, expansion, improvement, and equipment of school buildings in the District, including safety and security improvements; student programs and support, including technology systems and equipment; instructional, co-curricular and extra-curricular spaces, including robotics, wrestling and aquatics; promotion of energy efficiency and conservation; facility systems and site improvements throughout the District; the purchase of new school buses, and paying the costs of issuance of the bonds.

Overview of the Financial Statements

This annual report consists of three parts - *management's discussion and analysis* (this section), the *basic financial statements*, and *required supplementary information*. The basic financial statements include two kinds of statements that present different views of the District:

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

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

Certain information required by the Texas Education Agency and the federal government regarding tax collection and grant expenditures is also presented along with required supplementary information related to the District's contributions to a cost-sharing pension and OPEB plan with the Teacher Retirement System of Texas.

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

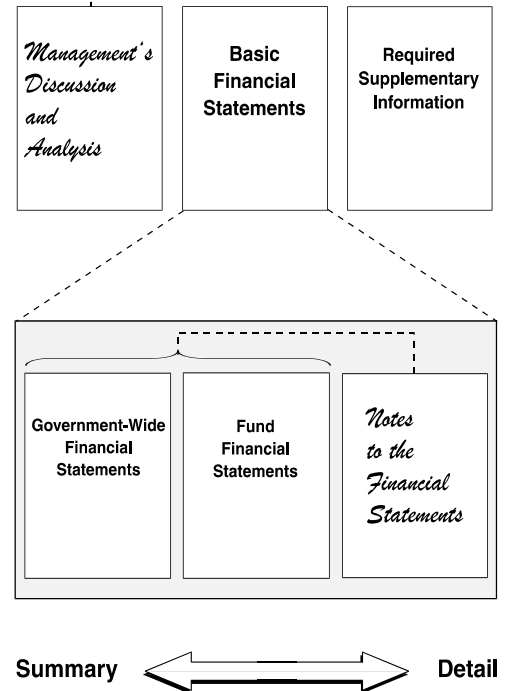


Figure A-2. Major Features of the District’s Government-wide and Fund Financial Statements

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

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

Government-wide Statements

The government-wide statements report information about the District as a whole using accounting methods similar to those used by private-sector companies. The statement of net position includes all of the government's assets and deferred outflows of resources and liabilities and deferred inflows of resources. All of the current period's revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

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

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

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

Fund Financial Statements

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

Some funds are required by State law and by bond covenants.

- The Board of Trustees establishes other funds to control and manage money for particular purposes or to show that it is properly using certain taxes and grants.

The District has the following kinds of funds:

- *Governmental funds* - Most of the District's basic services are included in governmental funds, which focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental fund statements provide a detailed *short-term* view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. Because this information does not encompass the additional long-term focus of the government-wide statements, we provide additional information at the bottom of the governmental funds statement, or on the subsequent page, that explain the relationship (or differences) between them.
- *Proprietary funds* - Services for which the District charges customers a fee are generally reported in proprietary funds. Proprietary funds, like the government-wide statements, provide both long-term and short-term financial information.
- *Fiduciary funds* - The District is the trustee, or *fiduciary*, for certain funds. It is also responsible for other assets that - because of a trust arrangement - can be used only for the trust beneficiaries. The District is responsible for ensuring that the assets reported in these funds are used for their intended purposes. All of the District's fiduciary activities are reported in a separate statement of fiduciary net position and a statement of changes in fiduciary net position. We exclude these activities from the District's government-wide financial statements because the District cannot use these resources to finance its operations.

Financial Analysis of the District as a Whole

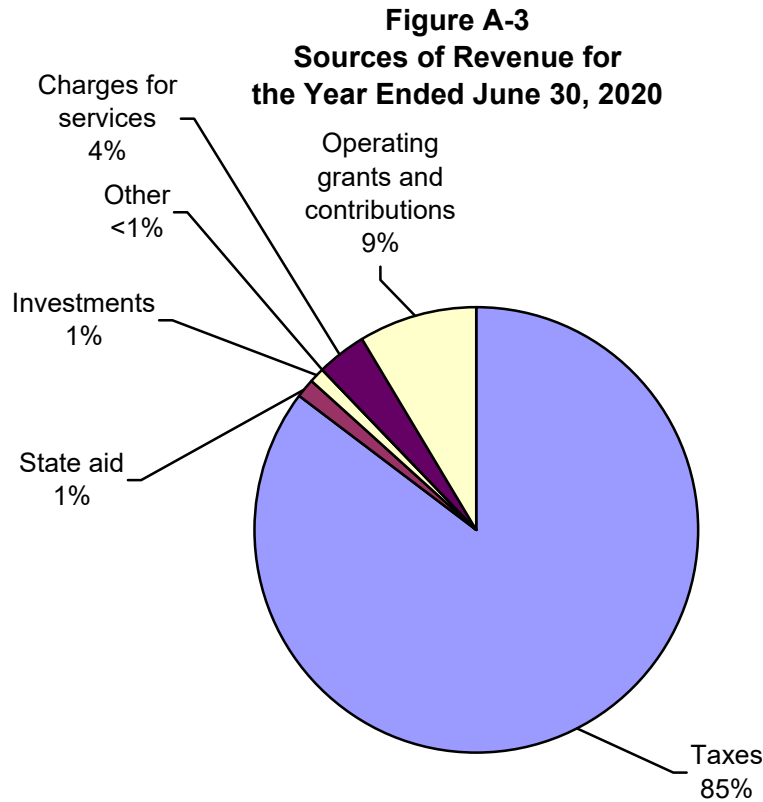
Net position - The District's combined net position was \$67.3 million as of June 30, 2020 (see Table A-1).

Table A-1
The District's Net Position
(In millions of dollars)

	Governmental Activities		Business-type Activities		Total		Total Percentage Change
	2020	2019	2020	2019	2020	2019	
Current and other assets	\$ 231.5	101.0	\$ 2.3	2.5	\$ 233.8	103.5	125.9%
Capital and non-current	175.7	175.0	0.8	0.9	176.5	175.9	0.3%
Total assets	407.2	276.0	3.1	3.4	410.3	279.4	46.9%
Deferred outflows	19.9	22.6	-	-	19.9	22.6	(11.9%)
Current liabilities	134.2	54.3	0.7	0.8	134.9	55.1	144.8%
Non-current liabilities	210.6	163.5	-	-	210.6	163.5	28.8%
Total liabilities	344.8	217.8	0.7	0.8	345.5	218.6	58.1%
Deferred inflows	17.4	11.4	-	-	17.4	11.4	52.6%
Net position:							
Net investment in capital assets	59.4	60.0	0.8	0.9	60.2	60.9	(1.1%)
Restricted	31.7	29.5	-	-	31.7	29.5	7.5%
Unrestricted	(26.2)	(20.1)	1.6	1.7	(24.6)	(18.4)	(33.7%)
Total net position	\$ 64.9	69.4	\$ 2.4	\$ 2.6	\$ 67.3	72.0	(6.5%)

Net position - Net investment in capital assets reflects the book value of the District's capital assets and is \$60.2 million more than the debt which financed those assets.

Changes in net position - The District's total revenues were \$214.9 million. A significant portion, 85 percent, of the District's revenue comes from taxes (See Figure A-3); 1 percent comes from state aid - formula grants, 4 percent relates to charges for services, and 9 percent comes from operating grants and contributions.



Governmental Activities

Property tax rates decreased from prior year from \$1.200 to \$1.130 per \$100 valuation. As a result, there was a decrease of approximately \$1.4 million in tax revenues to approximately \$182.9 million for the year ended June 30, 2020, down from approximately \$184.3 million in 2019. Overall, the District's net position decreased by approximately \$4.7 million during the year ended June 30, 2020 compared to an increase of approximately \$5.7 million for the year ended June 30, 2019. Key elements of these changes are as follows: decrease in net position for fiscal year ending June 30, 2020 from the decrease in property tax revenue noted above and loss in enterprise fund revenues related to the Coronavirus pandemic.

Table A-2
The District's Change in Net Position
(in millions of dollars)

	Governmental Activities		Business-Type Activities		Total		Percentage Change
	2020	2019	2020	2019	2020	2019	
<u>Program revenues:</u>							
Charges for services	\$ 1.2	1.3	\$ 6.1	7.7	\$ 7.3	9.0	(18.9%)
Operating grants and contributions	18.6	15.8	0.1	0.2	18.7	16.0	16.9%
<u>General revenues:</u>							
Property taxes	182.9	184.3	-	-	182.9	184.3	(0.8%)
State aid formula grants	3.1	4.7	-	-	3.1	4.7	(34.0%)
Investment earnings and other	2.9	3.0	-	-	2.9	3.0	(3.3%)
Total revenues	208.7	209.1	6.2	7.9	214.9	217.0	(1.0%)
<u>Expenses:</u>							
Instruction	74.2	62.8	-	-	74.2	62.8	18.2%
Instructional resources and media services	1.5	1.5	-	-	1.5	1.5	0.0%
Student support services	19.7	18.7	3.4	3.9	23.1	22.6	2.2%
General administration	3.9	3.8	-	-	3.9	3.8	2.6%
Support services	11.9	11.4	-	-	11.9	11.4	4.4%
Community services	0.2	0.3	2.5	2.7	2.7	3.0	(10.0%)
Interest on long-term debt and other debt service	5.1	3.7	-	-	5.1	3.7	37.8%
Facilities acquisition and construction	0.1	-	-	-	0.1	-	100%
Contracted instructional services between schools	96.3	101.7	-	-	96.3	101.7	(5.3%)
Other	0.8	0.8	-	-	0.8	0.8	0.0%
Total expenses	213.7	204.7	5.9	6.6	219.6	211.3	3.9%
Transfers	0.5	0.8	(0.5)	(0.8)	-	-	0.0%
Change in net position	\$ (4.5)	5.2	\$ (0.2)	0.5	\$ (4.7)	5.7	(182.5%)

The cost of all *governmental* activities for the year ended June 30, 2020 was \$213.7 million. However, the amount that our taxpayers paid for these activities through property taxes was only \$182.9 million. Some of the cost was paid by those who directly benefited from the programs (\$1.2 million) or by grants and contributions (\$18.6 million). The total cost of all programs and services (including business-type activities) was \$219.6 million; 34 percent of these costs were for instructional related services.

Table A-3 presents the cost of each of the District’s largest governmental functions for the years ended June 30, 2020 and 2019, as well as each function’s net cost (total cost less fees generated by the activities and intergovernmental aid). The net cost reflects what was funded by State revenues as well as local tax dollars.

Table A-3
Net Cost of Selected District Functions
(in millions of dollars)

	Total Cost of Services			Net Cost of Services		
	2020	2019	% Change	2020	2019	% Change
Instruction	\$ 74.2	62.8	18.2%	\$ 61.4	50.9	20.6%
School leadership	4.7	4.1	14.6%	4.2	3.7	13.5%
Guidance, counseling, and evaluation services	3.8	3.8	0.0%	2.3	2.2	4.5%
General administration	3.9	3.8	2.6%	3.6	3.6	0.0%
Interest on long-term debt and other debt service	5.1	3.7	37.8%	5.1	3.7	37.8%
Facilities maintenance and operations	9.0	8.8	2.3%	8.5	8.4	1.2%
Contracted instructional services between schools	96.3	101.7	(5.3%)	96.3	101.7	(5.3%)

Business-type Activities

Revenues of the District’s business-type activities decreased to \$6.2 million from \$7.8 million. For the Child Nutrition Fund, revenues decreased by approximately \$723,000 while expenses decreased by approximately \$387,000, which resulted in a decrease in net position of approximately \$151,000 compared to a decrease last year of approximately \$15,000. The remaining business-type revenues decreased by approximately \$901,000 and expenses decreased by approximately \$208,000 or 8 percent. Coupled with net transfers out of approximately \$658,000, this resulted in a decrease in net position for the remaining business-type funds of approximately \$80,000.

Financial Analysis of the District’s Funds

Revenues from governmental funds totaled \$204.8 million, a decrease of 0.2 percent from the preceding year. The \$1.2 million decrease in local revenues is a result of a decrease in the property tax rate. State and federal revenues increased by approximately \$679,000 from the preceding year due to an increase in operating grants. Recapture costs decreased as reflected through expenditures in the General Fund.

General Fund Budgetary Highlights

The District revised its General Fund budget over the course of the year. Even with the adjustments, actual expenditures were approximately \$1.9 million below final budget amounts for the General Fund. The most significant positive variance resulted from facilities maintenance and operations. Overall, resources available at the end of the year were approximately \$2.1 million more than the final budgeted amounts.

Capital Assets and Debt Administration

Capital Assets

As of June 30, 2020, the District had \$176.6 million invested in a broad range of capital assets, including land and land improvements, construction in progress, furniture and equipment, and buildings and improvements (See Table A-4). This amount represents a net increase (including additions and deductions) of approximately \$692,000 or 0.4 percent compared to last year. More detailed information about the District's capital assets is presented in the notes to the financial statements.

Table A-4
The District's Capital Assets
(in millions of dollars)

	Governmental Activities		Business-type Activities		Total		Total Percentage Change
	2020	2019	2020	2019	2020	2019	
Land and land improvements	\$ 21.2	21.2	\$ -	-	\$ 21.2	21.2	0.0%
Construction in progress	4.8	3.2	-	-	4.8	3.2	50.0%
Buildings and improvements	277.4	273.4	0.1	0.1	277.5	273.5	1.5%
Furniture and equipment	38.7	31.9	1.9	1.9	40.6	33.8	20.1%
Totals at historical cost	342.1	329.7	2.0	2.0	344.1	331.7	3.7%
Accumulated depreciation	(166.3)	(154.7)	(1.2)	(1.1)	(167.5)	(155.8)	7.5%
Net capital assets	<u>\$ 175.8</u>	<u>175.0</u>	<u>\$ 0.8</u>	<u>0.9</u>	<u>\$ 176.6</u>	<u>175.9</u>	<u>0.4%</u>

Long Term Debt

At June 30, 2020, the District had \$174.1 million in bonds and other long-term liabilities outstanding as shown in Table A-5. The District's bonds presently carry "AAA" ratings with underlying ratings as follows: Standard & Poor's "AA+" and Fitch "AA". More detailed information about the District's debt is presented in the notes to the financial statements.

Table A-5
The District's Long-Term Debt
(in millions of dollars)

	Governmental Activities		Total Percentage Change
	2020	2019	
Bonds, premiums, and accretion payable	\$ 174.1	120.9	44.0%
Compensated absences	0.8	0.7	14.3%
Capital lease payable	-	0.2	(100.0%)
Total long-term debt	<u>\$ 174.9</u>	<u>121.8</u>	<u>43.6%</u>

Economic Factors and Next Year's Budgets and Rates

- Certified net taxable property value increased for tax year 2020 to \$17.3 billion, an increase of 20 percent.
- Estimated recapture of tax revenues through the purchase of attendance credits is \$99.6 million for 2021, up from \$96.3 million in 2020.
- The General Fund budget for operating expenditures per student is approximately \$9,900 per pupil for 2021. Recapture expenditures are estimated at approximately \$12,100 per student.
- The District is anticipating a slight decrease in enrollment and average daily attendance for 2021.

These indicators were taken into account when adopting the General Fund budget for 2021. In the original approved budget, estimated revenues for 2021 are approximately \$177.4 million. Expenditures of approximately \$181.4 million are budgeted, including \$99.6 million for recapture. If these original estimates are realized, the District's budgetary fund balance is expected to decrease approximately \$3.9 million.

Beginning with the 2019-2020 fiscal year, the 86th Legislative Session brought significant changes to the Texas school finance system including some increased funding and significant property tax rate compression. As a result, the District built their budget on an operating tax rate of \$0.9765 and a debt service tax rate of \$0.14 for the 2020-2021 fiscal year. This results in a reduction of 1.35 cents per \$100 valuation.

The District maintained the insurance contribution of \$473 per month for all employees who participate in the health insurance program. There were no raises provided.

Due to the Coronavirus pandemic, on March 26, 2020, the District shifted to fully online learning for all students through the end of the school year. This shift resulted in significant changes to all aspects of school operations, many of which had a financial impact on the District. The most significant impacts were not in additional expenditures for cleaning supplies or personal protective equipment, but in revenue loss. The District made the decision to keep all employees on the payroll, including cafeteria workers, childcare providers, bus drivers, and other personnel who could not perform their duties remotely. Consequently, the District saw a loss in revenue in food service, daycare, after-school programs, and facility rentals without a corresponding decrease in expenses. Additionally, the District refunded a significant portion of extra-curricular participation fees for the year. For the 2020-21 school year, the District has partially reopened for in-person learning and expects to continue to see enterprise fund revenue losses compared to its historical norm. Additionally, the District has experienced an enrollment drop of about 200 students from our projection, which is consistent with what other Central Texas school districts have experienced. TEA has provided an ADA hold-harmless for the first semester, but the enrollment drop will impact FSP revenue beginning in the second semester.

As part of the Coronavirus Aid, Relief, and Economic Security (CARES) Act, the District received funding from the Elementary and Secondary School Emergency Relief Fund (ESSER) in the amount of \$115,000, a portion of which was reserved to offer equitable services to all private nonprofit schools within the District's boundaries. The ESSER grant is a federal fund source that is separate from the Foundation School Program (FSP) allotment. However, because ESSER funding is used as a method of finance for the 2019-2020 ADA Hold Harmless, local educational agencies (LEA) must combine the ESSER grant with the remainder of the normal FSP allotment in order to account for the total FSP allotment. Utilizing ESSER funds as a method of finance will assist in maintaining state funding for future years. If an LEA did not apply for the ESSER grant, it would result in a net loss of overall revenue.

Contacting the District's Financial Management

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the District's Business Services Department, 601 Camp Craft Road, Austin, Texas 78746.

Basic Financial Statements

Eanes Independent School District
Statement of Net Position
June 30, 2020

	Governmental Activities	Business-type Activities	Total
Assets:			
Cash and cash equivalents	\$ 224,894,918	2,460,541	227,355,459
Temporary investments	1,230,764	-	1,230,764
Receivables:			
Property taxes - delinquent	4,032,434	-	4,032,434
Allowance for uncollectible taxes	(2,387,631)	-	(2,387,631)
Due from other governments	3,141,241	-	3,141,241
Internal balances	263,958	(263,958)	-
Due from fiduciary funds	52	-	52
Other receivables	49,740	1,588	51,328
Inventories, at cost	65,950	64,749	130,699
Prepaid items	169,623	12,319	181,942
Capital assets (net of accumulated depreciation):			
Land and land improvements	21,215,260	9,625	21,224,885
Construction in progress	4,813,461	-	4,813,461
Buildings and improvements	140,258,826	70,454	140,329,280
Furniture and equipment	9,461,545	744,412	10,205,957
Total assets	<u>407,210,141</u>	<u>3,099,730</u>	<u>410,309,871</u>
Deferred Outflows of Resources:			
Deferred charges on bond refundings	2,486,251	-	2,486,251
Pension contributions after measurement date	1,398,027	-	1,398,027
Deferred outflows related to pension liability	10,602,051	-	10,602,051
OPEB contributions after measurement date	372,852	-	372,852
Deferred outflows related to OPEB liability	5,051,017	-	5,051,017
Total deferred outflows of resources	<u>19,910,198</u>	<u>-</u>	<u>19,910,198</u>
Liabilities:			
Current liabilities:			
Accounts payable	10,166,712	17,197	10,183,909
Payroll deductions and withholdings payable	1,292,306	63,017	1,355,323
Accrued wages payable	6,975,328	210,530	7,185,858
Due to other governments	96,284,579	-	96,284,579
Unearned revenue	111,309	401,818	513,127
Bond interest payable	2,603,568	-	2,603,568
Bonds payable	16,815,000	-	16,815,000
Noncurrent liabilities:			
Bonds payable	156,427,139	-	156,427,139
Accretion payable	857,471	-	857,471
Compensated absences	788,688	-	788,688
Net pension liability	22,957,008	-	22,957,008
Net OPEB liability	29,611,390	-	29,611,390
Total liabilities	<u>344,890,498</u>	<u>692,562</u>	<u>345,583,060</u>
Deferred Inflows of Resources:			
Deferred inflows related to pension liability	4,061,565	-	4,061,565
Deferred inflows related to OPEB liability	13,295,192	-	13,295,192
Total deferred inflows of resources	<u>17,356,757</u>	<u>-</u>	<u>17,356,757</u>
Net Position:			
Net investment in capital assets	59,424,575	824,491	60,249,066
Restricted for:			
Debt service	23,082,628	-	23,082,628
Authorized construction	8,590,371	-	8,590,371
Unrestricted	(26,224,490)	1,582,677	(24,641,813)
Total net position	<u>\$ 64,873,084</u>	<u>2,407,168</u>	<u>67,280,252</u>

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

**Eanes Independent School District
Statement of Activities
Year Ended June 30, 2020**

Functions/Programs	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Governmental Activities	Business-type Activities	Total
Governmental activities:						
Instruction	\$ 74,163,097	153,826	12,564,270	(61,445,001)	-	(61,445,001)
Instructional resources and media services	1,547,961	-	167,730	(1,380,231)	-	(1,380,231)
Curriculum and staff development	2,114,807	-	289,282	(1,825,525)	-	(1,825,525)
Instructional leadership	1,577,029	-	166,261	(1,410,768)	-	(1,410,768)
School leadership	4,726,450	-	523,785	(4,202,665)	-	(4,202,665)
Guidance, counseling, and evaluation services	3,818,188	-	1,503,412	(2,314,776)	-	(2,314,776)
Social work services	176,316	-	19,213	(157,103)	-	(157,103)
Health services	901,590	-	91,804	(809,786)	-	(809,786)
Student transportation	2,433,976	-	1,330,668	(1,103,308)	-	(1,103,308)
Food services	517,489	-	121,186	(396,303)	-	(396,303)
Extracurricular activities	3,428,745	1,044,854	724,391	(1,659,500)	-	(1,659,500)
General administration	3,878,093	-	322,810	(3,555,283)	-	(3,555,283)
Facilities maintenance and operations	9,026,360	-	479,415	(8,546,945)	-	(8,546,945)
Security and monitoring services	700,494	-	154,882	(545,612)	-	(545,612)
Data processing services	2,198,452	-	155,069	(2,043,383)	-	(2,043,383)
Community services	211,783	-	23,475	(188,308)	-	(188,308)
Interest on long-term debt	4,522,445	-	-	(4,522,445)	-	(4,522,445)
Other debt service	653,109	-	-	(653,109)	-	(653,109)
Facilities acquisition and construction	498	-	-	(498)	-	(498)
Contracted instructional services between schools	96,275,343	-	-	(96,275,343)	-	(96,275,343)
Other intergovernmental charges	805,823	-	-	(805,823)	-	(805,823)
Total governmental activities	\$ 213,678,048	1,198,680	18,637,653	(193,841,715)	-	(193,841,715)
Business-type activities:						
Food services	\$ 3,447,385	2,965,097	131,353	-	(350,935)	(350,935)
Community services	2,501,055	3,079,831	-	-	578,776	578,776
Total business-type activities	\$ 5,948,440	6,044,928	131,353	-	227,841	227,841
Total primary government	\$ 219,626,488	7,243,608	18,769,006	(193,841,715)	227,841	(193,613,874)
General revenues:						
Property taxes, levied for general purposes				\$ 160,274,624	-	160,274,624
Property taxes, levied for debt service				22,672,365	-	22,672,365
State aid formula grants				3,048,895	-	3,048,895
Investment earnings				2,413,185	-	2,413,185
Miscellaneous				524,972	-	524,972
Transfers				458,311	(458,311)	-
Total general revenues and other				189,392,352	(458,311)	188,934,041
Change in net position				(4,449,363)	(230,470)	(4,679,833)
Net position - beginning				69,322,447	2,637,638	71,960,085
Net position - ending				\$ 64,873,084	2,407,168	67,280,252

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

**Eanes Independent School District
Balance Sheet
Governmental Funds
June 30, 2020**

	General Fund	Debt Service Fund	Major Capital Projects Fund	Nonmajor Governmental Funds	Total Governmental Funds
Assets:					
Cash and cash equivalents	\$ 126,475,541	25,478,587	60,173,765	12,464,308	224,592,201
Temporary investments	1,230,764	-	-	-	1,230,764
Receivables:					
Property taxes - delinquent	3,504,199	528,235	-	-	4,032,434
Allowance for uncollectible taxes	(2,061,482)	(326,149)	-	-	(2,387,631)
Due from other governments	1,350,179	-	-	1,791,062	3,141,241
Due from other funds	416,338	5,523	785,326	-	1,207,187
Other receivables	49,740	-	-	-	49,740
Inventories, at cost	65,950	-	-	-	65,950
Prepaid items	163,368	-	-	6,255	169,623
Total assets	<u>\$ 131,194,597</u>	<u>25,686,196</u>	<u>60,959,091</u>	<u>14,261,625</u>	<u>232,101,509</u>
Liabilities, Deferred Inflows of Resources and Fund Balances:					
Liabilities:					
Accounts payable	\$ 456,131	-	8,052,730	1,657,851	10,166,712
Payroll deductions and withholdings payable	1,272,886	-	-	19,420	1,292,306
Accrued wages payable	6,738,499	-	-	236,829	6,975,328
Due to other governments	96,284,579	-	-	-	96,284,579
Due to other funds	5,523	-	-	937,654	943,177
Unearned revenue	68,500	-	-	42,809	111,309
Total liabilities	<u>104,826,118</u>	<u>-</u>	<u>8,052,730</u>	<u>2,894,563</u>	<u>115,773,411</u>
Deferred inflows of resources-					
Deferred revenue - property taxes	1,442,717	202,086	-	-	1,644,803
Fund balances:					
Nonspendable:					
Inventories	65,950	-	-	-	65,950
Prepaid items	163,368	-	-	6,255	169,623
Restricted for:					
Debt service	-	25,484,110	-	-	25,484,110
Authorized construction	-	-	52,906,361	10,115,381	63,021,742
Committed to-					
Campus activities	-	-	-	1,209,798	1,209,798
Assigned to:					
2020-21 budget deficit	3,944,441	-	-	-	3,944,441
Compensated absences	788,688	-	-	-	788,688
Encumbered for 2020-21	299,508	-	-	-	299,508
Special revenue funds	-	-	-	726,991	726,991
Unassigned	19,663,807	-	-	(691,363)	18,972,444
Total fund balances	<u>24,925,762</u>	<u>25,484,110</u>	<u>52,906,361</u>	<u>11,367,062</u>	<u>114,683,295</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 131,194,597</u>	<u>25,686,196</u>	<u>60,959,091</u>	<u>14,261,625</u>	

Amounts reported for *governmental activities* in the statement of net position are different because:

Capital assets used in governmental activities are not financial resources and therefore, are not reported in the funds	175,749,092
Other long-term assets are not available to pay for current-period expenditures and therefore, are deferred in the funds	1,644,803
The assets and liabilities of the Internal Service Fund are distributed in the statement of activities but are not considered part of the governmental funds	302,717
The following liabilities and deferred inflows and outflows of resources are not due and payable in the current period and, therefore, are not reported in the funds:	
Bonds payable, including premiums	(173,242,139)
Less: Deferred charges on bond refundings	2,486,251
Interest payable	(2,603,568)
Accretion payable	(857,471)
Compensated absences	(788,688)
Net pension liability	(22,957,008)
Net OPEB liability	(29,611,390)
Pension contributions after measurement date	1,398,027
Deferred outflows related to pension liability	10,602,051
Deferred inflows related to pension liability	(4,061,565)
OPEB contributions after measurement date	372,852
Deferred outflows related to OPEB liability	5,051,017
Deferred inflows related to OPEB liability	(13,295,192)
Net position of governmental activities	<u>\$ 64,873,084</u>

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

Eanes Independent School District
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
Year Ended June 30, 2020

	<u>General Fund</u>	<u>Debt Service Fund</u>	<u>Major Capital Projects Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenues:					
Local and intermediate sources	\$ 165,604,942	22,834,103	794,118	2,388,609	191,621,772
State program revenues	7,584,627	120,072	-	2,659,690	10,364,389
Federal program revenues	730,777	-	-	2,086,424	2,817,201
Total revenues	<u>173,920,346</u>	<u>22,954,175</u>	<u>794,118</u>	<u>7,134,723</u>	<u>204,803,362</u>
Expenditures:					
Current:					
Instruction	48,782,967	-	7,457,565	2,859,091	59,099,623
Instructional resources and media services	952,480	-	-	66,987	1,019,467
Curriculum and staff development	1,835,699	-	-	94,773	1,930,472
Instructional leadership	1,377,161	-	-	4,815	1,381,976
School leadership	4,019,026	-	-	66,484	4,085,510
Guidance, counseling, and evaluation services	2,254,519	-	-	1,247,838	3,502,357
Social work services	158,132	-	-	-	158,132
Health services	779,399	-	-	1,754	781,153
Student transportation	2,172,838	-	1,377,698	1,096,488	4,647,024
Food services	196,260	-	13,532	108,401	318,193
Extracurricular activities	2,561,287	-	143,094	679,854	3,384,235
General administration	3,431,882	-	-	16,836	3,448,718
Facilities maintenance and operations	8,057,548	-	747,610	6,093	8,811,251
Security and monitoring services	461,249	-	91,377	162,525	715,151
Data processing services	1,930,895	-	855,384	171,748	2,958,027
Community services	189,432	-	-	2,498	191,930
Debt service:					
Principal on long-term debt	-	14,655,000	-	167,305	14,822,305
Interest on long-term debt	-	5,158,722	-	3,918	5,162,640
Other debt service expenditures	-	15,281	637,828	-	653,109
Facilities acquisition and construction	74,899	-	5,977,001	1,738,827	7,790,727
Intergovernmental:					
Contracted instructional services between schools	96,275,343	-	-	-	96,275,343
Other intergovernmental charges	805,823	-	-	-	805,823
Total expenditures	<u>176,316,839</u>	<u>19,829,003</u>	<u>17,301,089</u>	<u>8,496,235</u>	<u>221,943,166</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(2,396,493)</u>	<u>3,125,172</u>	<u>(16,506,971)</u>	<u>(1,361,512)</u>	<u>(17,139,804)</u>
Other Financing Sources (Uses):					
Issuance of bonds	-	10,224	61,469,776	-	61,480,000
Premium on sale of bonds	-	-	8,168,052	-	8,168,052
Transfers in	658,311	-	-	-	658,311
Transfers out	(200,000)	-	-	-	(200,000)
Total other financing sources, net	<u>458,311</u>	<u>10,224</u>	<u>69,637,828</u>	<u>-</u>	<u>70,106,363</u>
Net change in fund balances	(1,938,182)	3,135,396	53,130,857	(1,361,512)	52,966,559
Fund balances--beginning	26,863,944	22,348,714	(224,496)	12,728,574	61,716,736
Fund balances--ending	<u>\$ 24,925,762</u>	<u>25,484,110</u>	<u>52,906,361</u>	<u>11,367,062</u>	<u>114,683,295</u>

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

**Eanes Independent School District
Reconciliation of the Statement of Revenues,
Expenditures, and Changes in Fund Balances
of Governmental Funds to the Statement of Activities
Year Ended June 30, 2020**

Net change in fund balances - total governmental funds	\$ 52,966,559
Amounts reported for <i>governmental activities</i> in the statement of activities are different because:	
Governmental funds report capital outlays as expenditures.	
However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense.	
Capital outlay	12,529,834
Depreciation expense	(11,738,497)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	
Change in deferred tax revenue	268,386
The revenues and expenses of the Internal Service Fund are distributed in the statement of net activities and it is not considered a governmental fund.	
The difference is the amount of operating loss.	
	(7,746)
Bond and capital lease proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position.	
Repayment of bond and capital lease principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.	
Bond proceeds, including premiums	(69,648,052)
Repayment of bond principal	14,655,000
Repayment of capital lease principal	167,305
Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.	
Change in bond interest payable	(693,802)
Change in accretion payable	(25,338)
Amortization of deferred charges on bond refundings	(469,940)
Amortization of bond premiums	1,829,275
Change in compensated absences	(74,261)
Pension contributions made during the measurement year	1,545,738
OPEB contributions made during the measurement year	446,571
Change in pension contributions made after the measurement date	98,684
Change in OPEB contributions made after the measurement date	17,895
Proportionate share of collective pension expense	359,117
Proportionate share of collective OPEB expense	1,643,448
Adjustment for ending deferred inflows and outflows related to net pension liability	(5,655,724)
Adjustment for ending deferred inflows and outflows related to net OPEB liability	(2,663,815)
Change in net position of governmental activities	<u>\$ (4,449,363)</u>

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

Eanes Independent School District
Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
General Fund
Year Ended June 30, 2020

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Local and intermediate sources	\$ 165,218,509	166,019,967	165,604,942	(415,025)
State program revenues	6,245,430	6,447,734	7,584,627	1,136,893
Federal program revenues	655,000	710,000	730,777	20,777
Total revenues	<u>172,118,939</u>	<u>173,177,701</u>	<u>173,920,346</u>	<u>742,645</u>
Expenditures:				
Current:				
Instruction	48,931,765	48,883,416	48,782,967	100,449
Instructional resources and media services	937,168	965,466	952,480	12,986
Curriculum and staff development	1,803,854	1,890,933	1,835,699	55,234
Instructional leadership	1,398,926	1,407,294	1,377,161	30,133
School leadership	4,006,090	4,051,992	4,019,026	32,966
Guidance, counseling, and evaluation services	2,273,871	2,277,625	2,254,519	23,106
Social work services	156,090	162,090	158,132	3,958
Health services	818,654	810,925	779,399	31,526
Student transportation	2,325,988	2,231,884	2,172,838	59,046
Food services	209,501	209,501	196,260	13,241
Extracurricular activities	2,424,707	2,633,194	2,561,287	71,907
General administration	3,484,416	3,594,259	3,431,882	162,377
Facilities maintenance and operations	8,769,436	8,704,693	8,057,548	647,145
Security and monitoring services	565,408	562,103	461,249	100,854
Data processing services	1,936,570	1,961,570	1,930,895	30,675
Community services	161,191	190,291	189,432	859
Facilities acquisition and construction	-	75,566	74,899	667
Intergovernmental:				
Contracted instructional services between schools	96,155,376	96,800,070	96,275,343	524,727
Other intergovernmental charges	830,000	830,000	805,823	24,177
Total expenditures	<u>177,189,011</u>	<u>178,242,872</u>	<u>176,316,839</u>	<u>1,926,033</u>
Deficiency of revenues under expenditures	<u>(5,070,072)</u>	<u>(5,065,171)</u>	<u>(2,396,493)</u>	<u>2,668,678</u>
Other Financing Sources (Uses):				
Other sources	450,000	-	-	-
Transfers in	1,400,000	1,200,000	658,311	(541,689)
Transfers out	-	(200,000)	(200,000)	-
Total other financing sources, net	<u>1,850,000</u>	<u>1,000,000</u>	<u>458,311</u>	<u>(541,689)</u>
Net change in fund balance	<u>(3,220,072)</u>	<u>(4,065,171)</u>	<u>(1,938,182)</u>	<u>2,126,989</u>
Fund balance--beginning	<u>26,863,944</u>	<u>26,863,944</u>	<u>26,863,944</u>	<u>-</u>
Fund balance--ending	<u>\$ 23,643,872</u>	<u>22,798,773</u>	<u>24,925,762</u>	<u>2,126,989</u>

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

Eanes Independent School District
Statement of Net Position
Proprietary Funds
June 30, 2020

	Business-type Activities- Nonmajor Enterprise Funds	Governmental Activities- Internal Service Fund	Total Proprietary Funds
Assets:			
Current assets:			
Cash and cash equivalents	\$ 2,460,541	302,717	2,763,258
Other receivables	1,588	-	1,588
Inventories, at cost	64,749	-	64,749
Prepaid items	12,319	-	12,319
Total current assets	<u>2,539,197</u>	<u>302,717</u>	<u>2,841,914</u>
Noncurrent assets-			
Capital assets:			
Land improvements	9,625	-	9,625
Buildings and improvements	174,927	-	174,927
Furniture and equipment	1,858,502	-	1,858,502
Accumulated depreciation	(1,218,563)	-	(1,218,563)
Total noncurrent assets	<u>824,491</u>	<u>-</u>	<u>824,491</u>
Total assets	<u>3,363,688</u>	<u>302,717</u>	<u>3,666,405</u>
Liabilities-			
Current liabilities:			
Accounts payable	17,197	-	17,197
Payroll deductions and withholdings payable	63,017	-	63,017
Accrued wages payable	210,530	-	210,530
Due to other funds	263,958	-	263,958
Unearned revenue	401,818	-	401,818
Total liabilities	<u>956,520</u>	<u>-</u>	<u>956,520</u>
Net Position:			
Net investment in capital assets	824,491	-	824,491
Unrestricted	1,582,677	302,717	1,885,394
Total net position	<u>\$ 2,407,168</u>	<u>302,717</u>	<u>2,709,885</u>

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

Eanes Independent School District
Statement of Revenues, Expenses, and Changes in Fund Net Position
Proprietary Funds
Year Ended June 30, 2020

	Business-type Activities- Nonmajor Enterprise Funds	Governmental Activities- Internal Service Fund	Total Proprietary Funds
Operating revenues-			
Charges for services	\$ 6,044,928	227,740	6,272,668
Operating expenses:			
Payroll costs	3,806,607	-	3,806,607
Professional and contracted services	310,373	40,622	350,995
Supplies and materials	1,659,189	194,864	1,854,053
Other operating	65,276	-	65,276
Depreciation	106,995	-	106,995
Total operating expenses	5,948,440	235,486	6,183,926
Operating income (loss)	96,488	(7,746)	88,742
Nonoperating revenues:			
State program revenues	3,732	-	3,732
Federal program revenues	127,621	-	127,621
Total nonoperating revenues	131,353	-	131,353
Income (loss) before transfer	227,841	(7,746)	220,095
Transfers in	200,000	-	200,000
Transfers out	(658,311)	-	(658,311)
Change in net position	(230,470)	(7,746)	(238,216)
Total net position--beginning	2,637,638	310,463	2,948,101
Total net position--ending	\$ 2,407,168	302,717	2,709,885

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

Eanes Independent School District
Statement of Cash Flows
Proprietary Funds
Year Ended June 30, 2020

	Business-type Activities- Nonmajor Enterprise Funds	Governmental Activities- Internal Service Fund	Total Proprietary Funds
Cash Flows from Operating Activities:			
Receipts from customers/contributors/students	\$ 6,105,794	196,691	6,302,485
Payments to suppliers	(1,917,578)	(272,443)	(2,190,021)
Payments to employees	(3,967,737)	-	(3,967,737)
Net cash provided by (used in) operating activities	<u>220,479</u>	<u>(75,752)</u>	<u>144,727</u>
Cash Flows from Noncapital Financing Activities:			
Transfers from other funds	200,000	-	200,000
Transfers to other funds	(658,311)	-	(658,311)
State program revenues	3,732	-	3,732
Federal program revenues	75,465	-	75,465
Net cash used in noncapital financing activities	<u>(379,114)</u>	<u>-</u>	<u>(379,114)</u>
Cash Flows from Capital and Related Financing Activities-			
Purchase of capital assets	(8,447)	-	(8,447)
Net change in cash and cash equivalents	(167,082)	(75,752)	(242,834)
Cash and cash equivalents - beginning of the year	2,627,623	378,469	3,006,092
Cash and cash equivalents - end of the year	<u>\$ 2,460,541</u>	<u>302,717</u>	<u>2,763,258</u>
Reconciliation of operating income to net cash provided by (used in) operating activities:			
Operating income (loss)	\$ 96,488	(7,746)	88,742
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:			
Depreciation	106,995	-	106,995
Federal commodities received	52,156	-	52,156
Decrease in other receivables	38,519	-	38,519
Increase in inventory	(23,220)	-	(23,220)
Decrease in prepaid items	1,011	-	1,011
Decrease in accounts payable	(2,674)	(36,957)	(39,631)
Decrease in payroll deductions and withholdings payable	(3,473)	-	(3,473)
Decrease in accrued wages payable	(157,657)	-	(157,657)
Increase in due to other funds	89,987	-	89,987
Increase (decrease) in unearned revenue	22,347	(31,049)	(8,702)
Net cash provided by (used in) operating activities	<u>\$ 220,479</u>	<u>(75,752)</u>	<u>144,727</u>

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

Eanes Independent School District
Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2020

	Private Purpose Trust	Agency Funds
Assets-		
Cash and cash equivalents	\$ 63,887	336,175
Total assets	\$ 63,887	336,175
 Liabilities:		
Accounts payable	\$ -	677
Due to student groups	-	331,874
Due to other governments	-	3,572
Due to other funds	-	52
Total liabilities	-	336,175
 Net Position-		
Held in trust for private purposes	\$ 63,887	

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

Eanes Independent School District
Statement of Changes in Fiduciary Net Position
Fiduciary Funds
Year Ended June 30, 2020

	Private Purpose Trust
Additions-	
Investment income	\$ 6,512
Deductions-	
Scholarships provided	1,640
Change in net position	4,872
Net position--beginning of the year	59,015
Net position--end of the year	\$ 63,887

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

Eanes Independent School District

Notes to Basic Financial Statements

Year Ended June 30, 2020

1. Summary of Significant Accounting Policies

The Financial Reporting Entity

This report includes those activities, organizations and functions which are related to the Eanes Independent School District (the “District”) and which are controlled by or dependent upon the District’s governing body, the Board of School Trustees (the “Board”). The Board, a seven member group, is the level of government which has governance responsibilities over all activities related to public elementary and secondary school education within the jurisdiction of the District. Since the District receives funding from local, state and federal government sources, it must comply with the requirements of the entities providing those funds. However, the District is not included in any other governmental “reporting entity” as defined by the Governmental Accounting Standards Board (“GASB”), since Board members are elected by the public and have decision making authority. There are no component units included within the reporting entity.

The accounting policies of the District substantially comply with the rules prescribed by the Texas Education Agency’s (the “TEA”) Financial Accountability System Resource Guide. These accounting policies conform to generally accepted accounting principles applicable to state and local governments.

Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e. the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the District. The effect of interfund activity has been removed from these statements. Governmental activities, which are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary and fiduciary fund financial statements. Agency funds have no measurement focus. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided and 2) operating grants and contributions. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes. As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers revenues to be available if they are collected within sixty days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures are recorded only when payment is due.

Major revenue sources considered susceptible to accrual include state and federal program revenues and interest income. No accrual for property taxes collected within sixty days of year end has been made as such amounts are deemed immaterial; delinquent property taxes at year end are reported as deferred inflows of resources.

The District reports the following major governmental funds:

The General Fund includes financial resources used for general operations. It is a budgeted fund, and any unassigned fund balance is considered resources available for current operations.

The Debt Service Fund includes debt service taxes and other revenues collected to retire bond principal and to pay interest due. It is a budgeted fund.

The Major Capital Projects Fund includes the proceeds from the Series 2019A Unlimited Tax School Building Bonds and the Series 2019B Variable Rate Unlimited Tax School Building Bonds to be used for authorized construction and other capital asset acquisitions.

Additionally, the District reports the following fund types:

Special Revenue Funds are governmental funds which include resources restricted, committed, or assigned for specific purposes by a grantor or the Board. Federally financed programs where unused balances are returned to the grantor at the close of specified project periods are accounted for in these funds. The District uses project accounting to maintain integrity for the various sources of funds.

Capital Projects Funds includes the proceeds from sales of bonds and other revenues to be used for authorized construction and other capital asset acquisitions.

Enterprise Funds are proprietary funds used to account for the operations of the District's child nutrition program, its community education program, its child care services programs, and its facilities rental program.

The Internal Service Fund is a proprietary fund and is used to account for the District's self insurance related to computer equipment.

The Private Purpose Trust Fund is a fiduciary trust fund and is used to account for the principal and income that benefit individuals in the form of scholarships.

Agency Funds are unbudgeted funds and are used to account for activities of student groups and other types of activities requiring clearing accounts. These funds have no equity, assets are equal to liabilities, and they do not include revenues and expenditures for general operations of the District.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses. The principal operating revenues of the District's internal service fund are from fees related to insurance for computer equipment. Operating expenses include professional and contracted services and supplies and materials.

When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first, then unrestricted resources as they are needed.

Budgetary Information

Budgets are prepared annually for the General Fund and the Debt Service Fund on the modified accrual basis and for the Child Nutrition Fund (an Enterprise Fund) on the accrual basis, which is consistent with generally accepted accounting principles. A formal budget is prepared by June 20th and is adopted by the Board at a public meeting after ten days public notice of the meeting had been given. The legal level of control for budgeted expenditures is the function level within the budgeted funds. Amendments to the budget are required prior to expending amounts greater than the budgeted amounts at the function level. Budgets are controlled at the departmental or campus level, the same level at which responsibility for operations is assigned. The budget was amended by the Board on a monthly basis as needed.

Encumbrances for goods or purchased services are documented by purchase orders or contracts. Under Texas law, appropriations lapse at June 30th, and encumbrances outstanding at that time are to be either canceled or provided for in the subsequent year's budget. At June 30, 2020, encumbrances outstanding of approximately \$299,500 were provided for in the subsequent year's General Fund budget and are included in assigned fund balance.

Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Net Position or Fund Balance

Investments - Temporary investments throughout the year consisted of investments in external local government investment pools (reported within cash and cash equivalents) and money market accounts, which are recognized at fair value or amortized cost. External local government investment pools are recognized at amortized cost as permitted by GASB Statement No. 79, *Certain External Investment Pools and Pool Participants*. The District is entitled to invest any and all of its funds in certificates of deposit, direct debt securities of the United States of America or the State of Texas, certain Federal agency securities and other types of municipal bonds, fully collateralized repurchase agreements, commercial paper and local government investment pools. The District's investment policies and types of investments are governed by Section 2256 of the Texas Government Code ("Public Funds Investment Act"). The District's management believes that it complied with the requirements of the Public Funds Investment Act and the District's investment policy. The District accrues interest on temporary investments based on the terms and effective interest rates of the specific investments.

Inventories - Inventories in the General Fund consist of expendable supplies held for consumption. Inventories are charged to expenditures when consumed. Supply and furniture and equipment inventory are recorded at cost (FIFO method) and are offset by a fund balance reserve which indicates that they do not represent "available expendable resources." Inventories in the Enterprise Fund consist of commodities, purchased food and supplies. Purchased food and supplies are recorded at cost (FIFO method) and charged to expense when consumed. The commodity portion of inventory is valued at estimated market values supplied by the Texas Department of Human Services.

Prepaid Items - Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements. Prepaid items are charged to expenditures when consumed.

Capital Assets - Capital assets, which include land and land improvements, construction in progress, buildings and improvements, and 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 at least \$5,000. Such assets are recorded at historical cost if purchased, or at acquisition value at the date of donation if donated. The costs of normal maintenance and repairs that do not add to the value of the assets or materially extend assets' lives are not capitalized. Capital assets (other than land and land improvements and construction in progress) are depreciated using the straight line method over the following estimated useful lives: buildings and improvements - ten to fifty years, furniture and equipment - three to fifteen years.

Ad Valorem Property Taxes - Delinquent taxes are prorated between maintenance and debt service based on rates adopted for the year of the levy. Allowances for uncollectibles within the General and Debt Service Funds are based upon historical experience in collecting property taxes. 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.

Accumulated Sick Leave Liability - The State of Texas (the “State”) has created a minimum sick leave program consisting of five days of sick leave per year with no limit on accumulation and transferability among districts for every person regularly employed in Texas public schools. Each district’s local Board is required to establish a sick leave plan. Local school districts may provide additional sick leave beyond the state minimum. The District’s policy is to reimburse teachers, upon resignation, who have been employed in the District for ten or more years for the number of unused local sick days equal to the number of remaining State days credited to the teacher since entering the District. Reimbursement is made at the daily rate of pay for a full-time substitute. The District’s liability for accrued compensated absences as of June 30, 2020 was \$788,688 and is included in the government-wide financial statements. A liability is reported in governmental funds only if they matured, for example, as a result of employee resignations and retirements. Compensated absences are generally liquidated by the General Fund.

Arbitrage - The Federal Tax Reform Act of 1986 requires issuers of tax-exempt debt to make payments to the United States Treasury of investment income received at yields that exceed the issuer’s tax-exempt borrowing rates. The U.S. Treasury requires payment for each issue every five years. The estimated liability is updated annually for any tax-exempt issuances or changes in yields until such time payment of the calculated liability is due. At June 30, 2020, the District had no liability for arbitrage.

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 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 other post-employment benefits (“OPEB”) liability, deferred outflows of resources and deferred inflows of resources related to OPEB, OPEB expense, and information about assets, liabilities and additions to/deductions from TRS Care’s fiduciary net position. Benefit payments are recognized when due and payable in accordance with the benefit terms. There are no investments as this is a pay-as you-go plan and all cash is held in a cash account.

Deferred Outflows and Deferred Inflows of Resources - The District complies with GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, which provides guidance for reporting the financial statement elements of deferred outflows of resources, which represent the consumption of the District’s net position that is applicable to a future reporting period, and deferred inflows of resources, which represent the District’s acquisition of net position applicable to a future reporting period.

The District complies with GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*, which establishes accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities. See Note 7, 12 and 13 for additional information on deferred inflows and outflows of resources.

Fund Balance/Deficit - The District complies with GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, which 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. See Note 10 for additional information on those fund balance classifications. One of the District's Capital Projects funds (620) had a deficit fund balance at June 30, 2020 of \$691,363. This deficit will be eliminated through the issuance of future bonds in fiscal year 2021.

Statement of Cash Flows - For purposes of the statement of cash flows of the Proprietary Funds, cash and cash equivalents include short-term investments with original stated maturities of less than ninety days.

Fair Value Measurements - The District complies with GASB Statement No. 72, *Fair Value Measurement and Application*, which defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction. Fair value accounting requires characterization of the inputs used to measure fair value into a three-level fair value hierarchy as follows:

- Level 1 inputs are based on unadjusted quoted market prices for identical assets or liabilities in an active market the entity has the ability to access.
- Level 2 inputs are observable inputs that reflect the assumptions market participants would use in pricing the asset or liability developed based on market data obtained from sources independent from the entity.
- Level 3 inputs are unobservable inputs that reflect the entity's own assumptions about the assumptions market participants would use in pricing the asset or liability developed based on the best information available.

There are three general valuation techniques that may be used to measure fair value:

- Market approach - uses prices generated by market transactions involving identical or comparable assets or liabilities.
- Cost approach - uses the amount that currently would be required to replace the service capacity of an asset (replacement cost).
- Income approach - uses valuation techniques to convert future amounts to present amounts based on current market expectations.

Use of Estimates - The preparation of financial statements, in conformity with generally accepted accounting principles, requires management to make estimates and assumptions that affect the reported amount of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

Recently Issued Accounting Pronouncements

In January 2017, the GASB issued GASB Statement No. 84, *Fiduciary Activities*, effective for fiscal years beginning after December 15, 2019. The objective of GASB Statement No. 84 is to improve accounting and financial reporting for fiduciary activities by establishing criteria for identifying fiduciary activities, requiring that all fiduciary funds present a statement of fiduciary net position and a statement of changes in fiduciary net position, except for business-types activities that normally expect to hold custodial assets for three months or less, and providing descriptions of the four types of fiduciary funds that should be reported, if applicable. GASB Statement No. 84 also provides for recognition of a liability to the beneficiaries in a fiduciary fund when an event has occurred that compels the government to disburse fiduciary resources. Management is evaluating the effects that the full implementation of GASB Statement No. 84 will have on its financial statements for the year ended June 30, 2021.

In June 2017, the GASB issued GASB Statement No. 87, *Leases*, effective for fiscal years beginning after June 15, 2021. The objective of GASB Statement No. 87 is to improve accounting and financial reporting for leases by governments by requiring recognition of certain lease assets and liabilities that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. GASB Statement No. 87 establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under GASB Statement No. 87, a lessee is required to recognize a lease liability and an intangible right-to-use asset, and a lessor is required to recognize a lease receivable and deferred inflow of resources. Management is evaluating the effects that the full implementation of GASB Statement No. 87 will have on its financial statements for the year ended June 30, 2022.

2. Deposits and Investments

The Public Funds Investment Act authorizes the District to invest in funds under a written investment policy, which is approved annually by the Board. The primary objectives of the District's investment strategy, in order of priority, are preservation and safety of principal, liquidity, and yield.

The District is authorized to invest in the following investment instruments provided that they meet the guidelines established in the investment policy:

- Obligations of, or guaranteed by, governmental entities
- Certificates of deposit and share certificates
- Fully collateralized repurchase agreements
- Banker's acceptance
- Commercial paper
- Money market funds and no-load mutual funds
- A guaranteed investment contract as an investment vehicle for bond proceeds provided it meets the criteria and eligibility requirements.
- Public funds investment pools

The District’s funds are required to be deposited and invested under the terms of a depository contract pursuant to the School Depository Act. The depository bank deposits for safekeeping and trust with the District’s agent 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 dollar amount of Federal Deposit Insurance Corporation (“FDIC”) insurance. Therefore the District is not exposed to custodial credit risk.

Under the depository contract, the District, at its own discretion, may invest funds in time deposits and certificates of deposit provided by the depository bank at interest rates approximating United States Treasury Bill rates.

At June 30, 2020, the carrying amount of the District’s deposits was (\$885,541) and the bank balance was \$309,271.

The District’s deposits with financial institutions at June 30, 2020 were entirely covered by FDIC insurance or by pledged collateral held by the District’s agent bank in the 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. During the year ended June 30, 2020, there were several instances in which the District’s deposits were not fully collateralized by FDIC insurance or by pledged collateral and thus were exposed to custodial credit risk. These instances were due to the timing of certain payments received by the District in which the bank did not increase the pledged collateral until the next day.

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

- Name of depository bank: Wells Fargo.
- Amount of bond and/or security pledged as of the date of the highest combined balance on deposit was \$6,088,507.
- Largest cash, savings and time deposit combined account balance amounted to \$5,281,841 and occurred during the month of March 2020.
- Total amount of FDIC coverage at the time of highest combined balance was \$250,000.

Investments held at June 30, 2020 consisted of the following:

Type	Fair Value	Weighted Average Maturity (Days)	Standard & Poor’s Rating
Local Governmental Investment Pools:			
TexPool	\$ 292,907	1	AAAm
Lone Star	225,734,099	1	AAAm
TexasDAILY	2,614,056	1	AAAm
Money market	<u>1,230,764</u>	1	N/A
Total investments	<u>\$ 229,871,826</u>		

The District had investments in three external local governmental investment pools at June 30, 2020, consisting of the Texas Local Governmental Investment Pool (“TexPool”), Lone Star Investment Pool (“Lone Star”), and TexasDAILY Local Government Investment Pool (“TexasDAILY”). Although TexPool, TexasDAILY and Lone Star are not registered with the SEC as investment companies, they operate in a manner consistent with the SEC’s Rule 2a7 of the Investment Company Act of 1940. These investments are stated at amortized cost, in accordance with GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*.

TexPool is overseen by the Texas State Comptroller of Public Accounts, who is the sole officer, director and shareholder of the Texas Treasury Safekeeping Trust Company which is authorized to operate TexPool. TexPool also has an advisory board to advise on TexPool’s investment policy, which is made up equally of participants and non-participants who do not have a business relationship with TexPool. Federated Investors manages daily operations of TexPool under a contract with the Comptroller and is the investment manager for the pool. TexPool’s investment policy stipulates that it must invest in accordance with the Public Funds Investment Act.

TexasDAILY is a portfolio of TexasTERM Local Government Investment Pool (“TexasTERM”) and provides daily access to funds. TexasTERM is organized in conformity with the Public Funds Investment Act. TexasTERM provides for a fixed rate, fixed-term investment for a period of 60 days to one year. TexasTERM is overseen by an advisory board composed of participants and non-participant members elected by the participant shareholders of TexasTERM. The advisory board is responsible for the overall management of TexasTERM, including formulation and implementation of its investment and operating policies. In addition, the advisory board members select and oversee the activities of the investment advisor and custodian of TexasTERM and monitor investment performance and the method of valuing the shares. TexasTERM is a floating net assets value fund, which is a non-2a7 fund. It is a fundamental objective of TexasTERM to assure the return of principal and interest at the date planned for redemption of shares; however the net asset value of shares may fluctuate prior to the planned redemption date.

Lone Star is governed by an eleven member board of trustees, in which all of the members are also participants in Lone Star. The board meets quarterly to review operations, adopt or make changes to the investment policy, review financial activity and approve contractor agreements. Lone Star also has an advisory board consisting of participants and non-participants. RBC Capital Markets, Inc. is an independent consultant for Lone Star that reviews daily operations, analyzes all investment transactions for compliance with the Public Funds Investment Act, and performs monitoring activities. The Bank of New York provides custody and valuation services for Lone Star. American Beacon Advisors and Standish Mellon provide other investment management services. Lone Star’s investment policy stipulates that it must invest in accordance with the Public Funds Investment Act.

In accordance with GASB Statement No. 79, the external local government investment pools do not have any limitations and restrictions on withdrawals such as notice periods or maximum transaction amounts. These pools do not impose any liquidity fees or redemption gates.

The District invests excess funds in money market accounts. Money market accounts are selected through competitive offers from the District's approved brokers. Purchases are made through best price execution, while considering which securities are most suitable to fit the District's portfolio needs and in compliance with the District's investment policy.

Money market accounts are valued using Level 1 inputs that are based on market data obtained from independent sources. The investments are reported by the District at fair value in accordance with GASB Statement No. 72.

Credit Risk - Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The ratings of securities by nationally recognized agencies are designed to give an indication of credit risk. At June 30, 2020, investments were included in external local governmental investment pools and money market accounts with ratings from Standard & Poor's in compliance with the District's investment policy.

Custodial Credit Risk - Deposits are exposed to custodial credit risk if they are not covered by depository insurance and the deposits are uncollateralized, collateralized with securities held by the pledging financial institution, or collateralized with securities held by the pledging financial institution's trust department or agent but not in the District's name. Investment securities are exposed to custodial credit risk if the securities are uninsured, are not registered in the name of the District, and are held by either the counterparty or the counterparty's trust department or agent but not in the District's name. At June 30, 2020, the District was not exposed to custodial credit risk.

Concentration of Credit Risk - Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investments in a single issuer. Information regarding investments in any one issuer that represents five percent or more of the District's total investments must be disclosed under GASB Statement No. 40, excluding investments issued or explicitly guaranteed by the U.S. government. At June 30, 2020, the District was not exposed to concentration of credit risk.

Interest Rate Risk - As a means of minimizing risk of loss due to interest rate fluctuations, the District's investment policy requires that the total portfolio of the District will not exceed the weighted average maturity of 365 days. The weighted average maturity for the total portfolio was 1 day. The District considers the holdings in the external local governmental investment pools to have a one day weighted average maturity due to the fact that the share position can usually be redeemed each day at the discretion of the shareholders, unless there has been a significant change in value. The money market securities had a weighted average maturity of 1 day, which is in compliance with the District's investment policy. Term limits on individual maturities did not exceed three years from the purchase date. At June 30, 2020, the District was not exposed to significant interest rate risk.

3. Property Taxes

The Texas Legislature in 1979 adopted a comprehensive Property Tax Code (the “Code”) which established a county-wide appraisal district and an appraisal review board in each county in the State. The Travis Central Appraisal District (the “Appraisal District”) is responsible for the recording and appraisal of all property in the District. Under the Code, the Board sets the tax rates on property and the Travis County Tax Office provides tax collection services. The Appraisal District is required under the Code to assess property at 100% of its appraised value. Further, real property must be reappraised at least every three years. Under certain circumstances, taxpayers and taxing units, including the District, may challenge orders of the Appraisal Review Board through various appeals and, if necessary, legal action.

Property taxes are levied as of 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 and penalties and interest that are ultimately imposed. The assessed value at January 1, 2019, upon which the October 2019 levy was based, was \$14,379,223,106. The District levied taxes based on a combined tax rate of \$1.13 per \$100 of assessed valuation for local maintenance (general governmental services) and debt service.

The 86th session of the Texas Legislature convened this past January 2019, with school finance reform as a critical priority. House Bill 3 (HB 3), passed by the 86th Texas Legislature, was one of the most transformative Texas education bills in recent history infusing more than \$11 billion into the public school system. HB 3 provided more money for Texas classrooms through an increase in the basic allotment for each student from \$5,140 to \$6,160, increased teacher compensation, funds free full-day Pre-K for eligible 4-year-olds, reduced the amount of money wealthy districts must spend to subsidize poor districts through the state’s recapture program, and cut local property taxes for Texas taxpayers. In summary, the bill focused on four major policy areas: teacher support, improving student outcomes, increasing funding, and reduction and reform of property taxes and recapture.

HB3 amended the Education Code to transfer certain sections from Chapter 41 to Chapter 49 and revised formulas used to determine excess local revenue under the Foundation School Program (FSB). The formula for recapture is now local revenue in excess of entitlement instead of wealth per weighted average daily attendance (WADA) basis. Under HB 3, recapture and non-recapture school districts are treated more equitably, and districts only pay tier one recapture on the amount above their formula entitlement. HB 3 modifies local revenue subject to recapture to be local revenue in excess of entitlement and is calculated by subtracting a district's tier one entitlement (and credit for appraisal costs) from its available school fund (ASF) distribution and local fund assignment.

During the year ended June 30, 2020, the District’s recapture liability was \$96,284,579. This amount was incorporated into the District’s budget and is included in the due to other governments total on the balance sheet (see Note 4). Under HB 3, districts now have the option of making one lump-sum payment in August after the fiscal year ends. The payment option to submit seven equal payments from February through August remains unchanged. The District opted to make one lump-sum payment in August.

4. Due from/to Other Governments

The District participates in a variety of federal and state programs from which it receives grants to partially or fully fund certain activities. The District also receives entitlements from the State through the School Foundation and Per Capita Programs. The District is also required to make payments to the State for recapture (see Note 3). These amounts are reported in the basic financial statements as Due from/to Other Governments and are summarized below as of June 30, 2020.

	General Fund	Nonmajor Governmental Funds	Total
Per Capita entitlement	\$ 1,344,757	-	1,344,757
Federal and state grants	-	1,791,062	1,791,062
Other	5,422	-	5,422
Total due from other governments	<u>\$ 1,350,179</u>	<u>1,791,062</u>	<u>3,141,241</u>
Recapture liability	<u>\$ 96,284,579</u>	-	<u>96,284,579</u>
Total due to other governments	<u>\$ 96,284,579</u>	<u>-</u>	<u>96,284,579</u>

5. Interfund Receivables, Payables, and Transfers

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables are classified as “due from other funds” or “due to other funds.” The composition of interfund balances as of June 30, 2020, was as follows:

Receivable Fund	Payable Fund	Amount
General	Nonmajor Special Revenue	\$ 152,328
General	Nonmajor Enterprise	263,958
General	Fiduciary	52
Debt Service	General	5,523
Capital Projects	Nonmajor Capital Projects	691,363
Capital Projects	Nonmajor Special Revenue	93,963
Total		<u>\$ 1,207,187</u>

During the year, the District transferred \$658,311 from four nonmajor enterprise funds to the General Fund to reimburse the General Fund for administrative and payroll costs and transferred \$200,000 from the General Fund to the Child Nutrition Fund to offset a negative net position due to revenue losses related to the Coronavirus pandemic.

6. Capital Assets

Capital asset activity for the year ended June 30, 2020, was as follows:

	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
Governmental activities:					
Capital assets, not being depreciated:					
Land and land improvements	\$ 21,215,260	-	-	-	21,215,260
Construction in progress	3,116,018	4,543,954	-	(2,846,511)	4,813,461
Total capital assets, not being depreciated	24,331,278	4,543,954	-	(2,846,511)	26,028,721
Capital assets, being depreciated:					
Buildings and improvements	273,455,188	2,928,843	-	967,787	277,351,818
Furniture and equipment	31,860,770	5,057,037	(72,025)	1,878,724	38,724,506
Total capital assets being depreciated	305,315,958	7,985,880	(72,025)	2,846,511	316,076,324
Less accumulated depreciation for:					
Buildings and improvements	(128,428,687)	(8,664,305)	-	-	(137,092,992)
Furniture and equipment	(26,260,794)	(3,074,192)	72,025	-	(29,262,961)
Total accumulated depreciation	(154,689,481)	(11,738,497)	72,025	-	(166,355,953)
Total capital assets, being depreciated, net	150,626,477	(3,752,617)	-	2,846,511	149,720,371
Governmental activities capital assets, net	174,957,755	791,337	-	-	175,749,092
Business-type activities:					
Land and land improvements	\$ 9,625	-	-	-	9,625
Buildings and improvements	174,927	-	-	-	174,927
Furniture and equipment	1,850,055	8,447	-	-	1,858,502
Less accumulated depreciation for:					
Buildings and improvements	(104,473)	(3,684)	-	-	(108,157)
Furniture and equipment	(1,007,095)	(103,311)	-	-	(1,110,406)
Total accumulated depreciation	(1,111,568)	(106,995)	-	-	(1,218,563)
Business-type activities capital assets, net	\$ 923,039	(98,548)	-	-	824,491

Depreciation expense was charged to functions / programs of the District as follows:

Governmental activities:

Instruction	\$ 10,003,546
Instructional resources and media services	433,151
Instructional leadership	42,259
School leadership	190,164
Guidance, counseling, and evaluation services	73,953
Health services	35,215
Student transportation	37,563
Food services	200,728
Extracurricular activities	30,520
General administration	125,602
Facilities maintenance and operations	<u>565,796</u>
Total depreciation expense - governmental activities	<u>\$ 11,738,497</u>

Business-type activities:

Community services	\$ 3,684
Food services	<u>103,311</u>
Total depreciation expense - business type activities	<u>\$ 106,995</u>

7. Deferred Charges on Bond Refundings

The following is a summary of deferred charges on bond refundings for the year ended June 30, 2020:

Deferred charges on bond refundings - June 30, 2019	\$ 2,956,191
Retirements from Series 2017 refunding	(71,886)
Retirements from Series 2016 refunding	(96,582)
Retirements from Series 2015B refunding	(221,738)
Retirements from Series 2013 refunding	<u>(79,734)</u>
Deferred charges on bond refundings - June 30, 2020	<u>\$ 2,486,251</u>

8. Long-Term Liabilities

The following is a summary of changes in long-term liabilities for the year ended June 30, 2020:

	Beginning Balance	Additions	Retirements	Ending Balance
General obligation bonds	\$ 108,210,000	61,480,000	(14,655,000)	155,035,000
Premiums on bonds	11,868,362	8,168,052	(1,829,275)	18,207,139
Accretion payable	832,133	25,338	-	857,471
Capital lease payable	167,305	-	(167,305)	-
Compensated absences	<u>714,427</u>	<u>74,261</u>	<u>-</u>	<u>788,688</u>
Total	<u>\$ 121,792,227</u>	<u>69,747,651</u>	<u>(16,651,580)</u>	<u>174,888,298</u>

Bonded debt consisted of the following at June 30, 2020:

General Obligation Bonds:

Series	Date of Issue	Amounts of Original Issue	Maturity Date	Interest Rate	Outstanding at 6-30-20	Current Portion
2009 Refunding	11-23-09	\$ 19,405,000	2022	4.00%	\$ 5,565,000	\$ 2,725,000
2011 School Building and Refunding	07-26-11	71,035,000	2031	1.875-5.25%	22,850,000	5,380,000
2013 Refunding	06-27-13	8,590,000	2025	2.00-3.00%	7,985,000	80,000
2015A School Building	07-28-15	48,080,000	2032	2.00-5.00%	28,030,000	2,980,000
2015B Refunding	07-28-15	24,005,000	2023	2.00-5.00%	12,380,000	4,050,000
2016 Refunding	09-21-16	8,390,000	2031	2.00-4.00%	8,250,000	35,000
2017 Refunding	12-21-17	8,725,000	2031	2.00-4.00%	8,495,000	-
2019A School Building	09-12-19	46,550,000	2036	1.75-5.00%	46,550,000	1,565,000
2019B Variable School Building	09-12-19	14,930,000	2040	7.00%	14,930,000	-
Total		<u>\$249,710,000</u>			<u>\$155,035,000</u>	<u>\$16,815,000</u>

For the general obligation bonds, the District has pledged as collateral the proceeds of a continuing, direct annual tax levied against taxable property within the District without limitation as to rate. The Texas Education Code generally limits issuance of additional ad valorem tax bonds if the tax rate needed to pay aggregate principal and interest amounts of the District's tax bond indebtedness exceeds \$0.50 per \$100 of assessed valuation of taxable property within the District. The District currently has a debt service tax rate of \$0.14.

In the prior years, the District defeased certain outstanding general obligation bonds by placing the proceeds of new bonds in irrevocable trusts to provide for all the future debt service payments on the old bonds. Accordingly, the trust account assets and the defeased bonds are not included in the District's financial statements. At June 30, 2020, outstanding bonds of \$17,280,000 are considered defeased.

On September 12, 2019 the District issued \$46,550,000 in Unlimited Tax School Building Bonds, Series 2019A, for the construction, acquisition, rehabilitation, renovation, expansion, improvement, and equipment of school buildings in the District, including safety and security improvements; student programs and support, including technology systems and equipment; instructional, co-curricular and extra-curricular spaces, including robotics, wrestling and aquatics; promotion of energy efficiency and conservation; facility systems and site improvements throughout the District; the purchase of new school buses, paying the costs of issuance of the bonds. The net proceeds of \$54,010,043 (after payment of \$426,728 in underwriting fees and other issuance costs) were used for the following: \$54,000,000 was invested by the District to fund future construction and \$10,043 was deposited in the Debt Service Fund for future bond issuance costs.

On September 12, 2019, the District issued \$14,930,000 in Variable Rate Unlimited Tax School Building Bonds, Series 2019B, for the construction, acquisition, rehabilitation, renovation, expansion, improvement, and equipment of school buildings in the District, including safety and security improvements; student programs and support, including technology systems and equipment; instructional, co-curricular and extra-curricular spaces, including robotics, wrestling and aquatics; promotion of energy efficiency and conservation; facility systems and site improvements throughout the District; the purchase of new school buses, and paying the costs of issuance of the bonds. The net proceeds of \$15,000,181 (after payment of \$211,100 in underwriting fees and other issuance costs) were used for the following: \$15,000,000 was invested by the District to fund future construction and \$181 was deposited in the Debt Service Fund for future bond issuance costs.

The annual principal installments for each of the outstanding issues vary each year. As of June 30, 2020, the debt service requirements of bonded indebtedness to maturity are as follows:

Year Ended June 30,	Governmental Activities		
	Principal	Interest	Total
2021	\$ 16,815,000	5,878,288	22,693,288
2022	16,975,000	5,152,363	22,127,363
2023	16,320,000	4,437,688	20,757,688
2024	11,185,000	4,772,100	15,957,100
2025	12,410,000	3,381,781	15,791,781
2026-2030	38,480,000	15,110,263	53,590,263
2031-2035	24,270,000	7,608,900	31,878,900
2036-2040	18,580,000	3,278,600	21,858,600
Total	<u>\$155,035,000</u>	<u>49,619,983</u>	<u>204,654,983</u>

The outstanding 2013 Series Bonds include both Serial and Capital Appreciation Bonds. The interest shown above, with respect to the Capital Appreciation Bonds, includes the interest to be paid on bonds maturing in the respective years and does not include accrued interest on bonds not maturing in those years.

The Series 2019B Bonds are variable interest bonds and will bear interest at a per annum rate of 1.75% through July 31, 2025. Thereafter, the bonds will bear interest at a rate or rates determined by the remarketing agent as provided in the bond order.

At June 30, 2020, unlimited tax bonds of \$11,000,000 were authorized by voters of the District, but unissued.

9. Revenues from Local and Intermediate Sources

For the year ended June 30, 2020, revenues from local and intermediate sources in the governmental funds consisted of the following:

	General Fund	Debt Service Fund	Major Capital Projects Fund	Nonmajor Governmental Funds	Total
Property taxes	\$159,507,740	22,556,226	-	-	182,063,966
Investment earnings	1,232,916	202,044	794,118	184,107	2,413,185
Penalties, interest, and other tax related income	538,804	75,833	-	-	614,637
Tuition and fees from patrons	153,826	-	-	-	153,826
Co-curricular student activities	1,044,854	-	-	-	1,044,854
Gifts and donations	2,618,299	-	-	793,588	3,411,887
Other	508,503	-	-	1,410,914	1,919,417
Total	\$165,604,942	22,834,103	794,118	2,388,609	191,621,772

10. Fund Balances

The District complies with GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, which 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. Those fund balance classifications are described below.

Nonspendable - Amounts that cannot be spent because they are either not in a spendable form or are legally or contractually required to be maintained intact.

Restricted - Amounts that can be spent only for specific purposes because of constraints imposed by external providers, or imposed by constitutional provisions or enabling legislation.

Committed - Amounts that can only be used for specific purposes pursuant to approval by formal action by the Board.

Assigned - For the General Fund, the Board, or an official or body that has been delegated authority by the Board, may appropriate amounts that are to be used for a specific purpose. For all other governmental funds, any remaining positive amounts not previously classified as nonspendable, restricted or committed.

Unassigned - Amounts that are available for any purpose; these amounts can be reported only in the District's General Fund.

The detail of the fund balances is included in the Governmental Funds Balance Sheet on page 17. Fund balance of the District may be committed for a specific purpose by formal action of the Board, the District's highest level of decision-making authority. Commitments may be established, modified, or rescinded only through a resolution approved by the Board. The Board has delegated authority to the Superintendent or the Chief Financial Officer to assign fund balance for a specific purpose. The details of assigned Special Revenue Funds fund balances are included in the Combining Balance Sheet - Nonmajor Special Revenue Funds on pages 65 through 67.

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

11. Deferred Compensation Plan

The District offers its employees a deferred compensation plan established in accordance with Internal Revenue Code Section 457. Assets and income of the District's plan are administered by a private corporation under contract with the District and are held for the exclusive benefit of the participants and their beneficiaries. Accordingly, the plan's assets and liabilities are not recorded in the District's basic financial statements.

12. Defined Benefit Pension Plans

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

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

Pension Plan Fiduciary Net Position

Detailed information about TRS's fiduciary net position is available in a separately-issued Comprehensive Annual Financial Report that includes financial statements and required supplementary information. That report may be obtained on the Internet at <https://www.trs.texas.gov/TRS%20Documents/cafr2019.pdf>, selecting About TRS then Publications then Financial Reports or by writing to TRS at 1000 Red River Street, Austin, TX, 78701-2698.

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, in which 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 cost-of-living adjustments ("COLAs"). Ad hoc post-employment benefit changes, including ad hoc COLAs can be granted by the Texas Legislature as noted in the Plan Description above.

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.

In May 2019, the 86th Texas Legislature approved the TRS Pension Reform Bill (Senate Bill 12) that provides for gradual contribution increases from the state, participating employers and active employees to make the pension fund actuarially sound. This action causing the pension fund to be actuarially sound, allowed the legislature to approve funding for a 13th check in September 2019. All eligible members retired as of December 31, 2018 received an extra annuity check in either the matching amount of their monthly annuity or \$2,000, whichever was less.

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 TRS during the fiscal year.

Employee contribution rates are set in state statute, Texas Government Code 825.402. The TRS Pension Reform Bill (Senate Bill 12) of the 86th Texas Legislature amended Texas Government Code 825.402 for member contributions and increased employee and employer contribution rates for fiscal years 2020 thru 2025.

	<u>2019</u>	<u>2020</u>
Contribution Rates:		
Member	7.7%	7.7%
Non-Employer Contributing Entity (State)	6.8%	7.5%
Employers	6.8%	7.5%

FY 2020 District Contributions	\$ 1,657,978
FY 2020 Member Contributions	\$ 4,587,919
FY 2020 NECE On-behalf Contributions	\$ 3,620,811

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.
- When the employing district is a public or charter school, the employer shall contribute 1.5% of covered payroll to the pension fund beginning in fiscal year 2020. This contribution rate called the Public Education Employer Contribution will replace the Non(OASDI) surcharge that was in effect in fiscal year 2019.

In addition to the employer contributions listed above, there is an additional surcharge an employer is subject to:

- When employing a retiree of TRS the employer shall pay both the member contribution and the state contribution as an employment after retirement surcharge.
- When a school district or charter school does not contribute to the Federal Old-Age, Survivors and Disability Insurance (OASDI) Program for certain employees, they must contribute 1.5% of the state contribution rate for certain instructional or administrative employees; and 100% of the state contribution rate for all other employees. This surcharge was in effect through fiscal year 2019 and was replaced with the Public Education Employer Contribution explained above.

Actuarial Assumptions

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

Valuation Date	August 31, 2018 rolled forward to August 31, 2019
Actuarial Cost Method	Individual Entry Age Normal
Asset Valuation Method	Market Value
Single Discount Rate	7.25%
Long-term expected Investment Rate of Return	7.25%
Municipal Bond Rate as of August 2019	2.63%
Inflation	2.30%
Salary Increases including inflation	3.05% to 9.05%
Benefit Changes during the year	None
Ad hoc post-employment benefit changes	None

The actuarial methods and assumptions used in the determination of the total pension liability are the same assumptions used in the actuarial valuation as of August 31, 2018. For a full description of these assumptions please see the actuarial valuation report dated November 9, 2018.

Discount Rate

A single discount rate of 7.25% was used to measure the pension liability. The single discount rate was based on the expected rate of return on pension plan investments of 7.25%. The projection of cash flows used to determine this single discount rate assumed that contributions from active members, employers and the non-employer contributing entity will be made at the rates set by the legislature during the 2019 sessions. It is assumed that the future employer and state contributions will be 8.50% of payroll in fiscal year 2020 gradually increasing to 9.55% of payroll over the next several years. This includes all employer and state contributions for active and rehired retirees.

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 7.25%. 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 TRS' target asset allocation as of August 31, 2019 are summarized below.

Asset Class	FY2019 Target Allocation (1)	New Target Allocation (2)	Long-Term Expected Geometric Real Rate of Return (3)
Global Equity			
USA	18%	18%	6.4%
Non-U.S. Developed	13%	13%	6.3%
Emerging Markets	9%	9%	7.3%
Directional Hedge Funds	4%	-	-
Private Equity	13%	14%	8.4%
Stable Value			
U.S. Treasuries (4)	11%	16%	3.1%
Stable Value Hedge Funds	4%	5%	4.5%
Absolute Return	0%	0%	0.0%
Real Return			
Global Inflation-Linked Bonds (4)	3%	-	-
Real Estate	14%	15%	8.5%
Energy, Natural Resources and Infrastructure	5%	6%	7.3%
Commodities	0%	0%	0.0%
Risk Parity			
Risk Parity	5%	8%	5.8%/6.5%(5)
Leverage			
Cash	1%	2%	2.50%
Asset Allocation Leverage	-	(6.0%)	2.70%
Expected Return	100%	100%	7.23%

- (1) Target allocations are based on the Strategic Asset Allocation as of FY2019
- (2) New allocations are based on the Strategic Asset Allocation to be implemented FY2020
- (3) 10-Year annualized geometric nominal returns include the real rate of return and inflation of 2.1%
- (4) New Target Allocation groups Government Bonds within the stable value allocation. This includes global sovereign nominal and inflation-linked bonds
- (5) 5.8% (6.5%) return expectation corresponds to Risk Parity with a 10% (12%) target volatility

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 (7.25%) in measuring the Net Pension Liability.

	1% Decrease in Discount Rate (6.25%)	Discount Rate (7.25%)	1% Increase in Discount Rate (8.25%)
District's proportionate share of the net pension liability	\$ 35,288,256	\$ 22,957,008	\$ 12,966,317

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

At June 30, 2020, the District reported a liability of \$22,957,008 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	\$ 22,957,008
State’s proportionate share that is associated with the District	<u>43,835,134</u>
Total	<u>\$ 66,792,142</u>

The net pension liability was measured as of August 31, 2018 and rolled forward to August 31, 2019 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, 2018 through August 31, 2019.

At August 31, 2019 the employer’s proportion of the collective net pension liability was 0.0442% which was a decrease of 0.0010% from its proportion measured as of August 31, 2018.

Changes Since the Prior Actuarial Valuation

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

- The single discount rate as of August 31, 2018 was a blended rate of 6.907% and that has changed to the long-term rate of return of 7.25% as of August 31, 2019.
- With the enactment of SB 3 by the 2019 Texas Legislature, an assumption has been made about how this would impact future salaries. It is assumed that eligible active members will each receive a \$2,700 increase in fiscal year 2020. This is in addition to the salary increase expected in the actuarial assumptions.
- The Texas legislature approved funding for a 13th check. All eligible members retired as of December 31, 2018 will receive an extra annuity check in September 2019 in either the matching amount of their monthly annuity payment or \$2,000, whichever is less.

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

For the year ended June 30, 2020, the District recognized pension expense of \$5,310,163 and revenue of \$6,885,882 for support provided by the State.

At June 30, 2020, 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	\$ 96,440	\$ 797,104
Changes in actuarial assumptions	7,122,391	2,943,309
Difference between projected and actual investment earnings	230,515	-
Changes in proportion and difference between the employer's contributions and the proportionate share of contributions	3,152,705	321,152
Contributions paid to TRS subsequent to the measurement date	<u>1,398,027</u>	<u>-</u>
Total	<u>\$ 12,000,078</u>	<u>\$ 4,061,565</u>

The \$1,398,027 reported as deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2021. The net amounts of the employer's balances of deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

	<u>Pension Expense Amount</u>
Year ended June 30:	
2021	\$ 1,912,262
2022	1,625,424
2023	1,616,410
2024	1,264,849
2025	354,673
Thereafter	(233,132)

13. Defined Other Post-Employment Benefit Plans

Plan Description

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

OPEB Plan Fiduciary Net Position

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

Benefits Provided

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

Eligible non-Medicare retirees and their dependents may enroll in TRS-Care Standard, a high-deductible health plan. Eligible Medicare retirees and their dependents may enroll in the TRS-Care Medicare Advantage medical plan and the TRS-Care Medicare Rx prescription drug plan. 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 retirees are reflected in the following table

	<u>Medicare</u>	<u>Non-Medicare</u>
Retiree or Surviving Spouse	\$ 135	\$ 200
Retiree and Spouse	529	689
Retiree or Surviving Spouse and Children	468	408
Retiree and Family	1,020	999

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 1.25% of the employee's salary. Section 1575.203 establishes the active employee's rate which is 0.75% of pay. Section 1575.204 establishes an employer contribution rate of not less than 0.25% or not more than 0.75% of the salary of each active employee of the public. The actual employer contribution rate is prescribed by the Legislature in the GAA. The following table shows contributions to the TRS-Care plan by type of contributor.

	2019	2020
Contribution Rates:		
Active Employee	0.65%	0.65%
Non-Employer Contributing Entity (State)	1.25%	1.25%
Employers	0.75%	0.75%
Federal/private Funding remitted by Employers	1.25%	1.25%
FY 2020 District Contributions		\$ 446,863
FY 2020 Member Contributions		\$ 387,318
FY 2020 NECE On-behalf Contributions		\$ 747,956

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 \$73.6 million in fiscal year 2019.

Actuarial Assumptions

The total OPEB liability in the August 31, 2018 actuarial valuation was rolled forward to August 31, 2019. The actuarial valuation was determined using the following actuarial assumptions:

The following assumptions and other inputs used for members of TRS-Care are identical to the assumptions used in the August 31, 2018 TRS pension actuarial valuation that was rolled forward to August 31, 2019:

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

Additional Actuarial Methods and Assumptions:

Valuation Date	August 31, 2018 rolled forward to August 31, 2019
Actuarial Cost Method	Individual Entry Age Normal
Inflation	2.30%
Discount Rate	2.63%
Aging Factors	Based on plan specific experience
Expenses	Third-party administrative expenses related to the delivery of health care benefits are included in the age-adjusted claims costs
Projected Salary Increases	3.05% to 9.05%, including inflation
Healthcare Trend Rates	4.50% to 10.25%
Election Rates	Normal retirement: 65% participation prior to age 65 and 50% participation after age 65. 25% of pre-65 retirees are assumed to discontinue coverage at age 65
Ad hoc post-employment benefit changes	None

Assumption changes include a discount rate change from 3.69% as of August 31, 2018 to 2.63% as of August 31, 2019, participation rates were updated, trend rates were reset to better reflect the plan's anticipated experience, percentage of retirees who are assumed to have two-person coverage was lowered from 20% to 15%, and the participation assumption for the surviving spouses of employees that die will actively employed was lowered from 20% to 10%.

Discount Rate

A single discount rate of 2.63% was used to measure the total OPEB liability. There was a decrease of 1.06% in the discount rate since the previous year. Because the plan is essentially a "pay-as-you-go" plan, the single discount rate is equal to the prevailing municipal bond rate. The projection of cash flows used to determine the discount rate assumed that contributions from active members and those of the contributing employers and the non-employer contributing entity are made at the statutorily required rates. Based on those assumptions, the OPEB plan's fiduciary net position was projected to not be able to make all future benefit payments of current plan members. Therefore, the municipal bond rate was applied to all periods of projected benefit payments to determine the total OPEB liability. The source of the municipal bond rate was fixed-income municipal bonds with 20 years to maturity that include only federally tax-exempt municipal bonds as reported in Fidelity Index's "20-year Municipal GO AA Index" as of August 31, 2019.

See Note 12 for the best estimate of geometric real rates of return for each major asset class included in the TRS target asset allocation as of August 31, 2019.

Sensitivity Analysis

Discount Rate - The following schedule shows the impact of the Net OPEB Liability if the discount rate used was 1% less than and 1% greater than the discount rate that was used (2.63%) in measuring the Net OPEB Liability.

	<u>1% Decrease in Discount Rate (1.63%)</u>	<u>Discount Rate (2.63%)</u>	<u>1% Increase in Discount Rate (3.63%)</u>
District's proportionate share of the net OPEB liability	\$ 35,750,448	\$ 29,611,390	\$ 24,808,797

Healthcare Cost Trend Rates - The following schedule shows the impact of the Net OPEB Liability if the healthcare cost trend rate that is 1% less than and 1% greater than the assumed 8.5% rate is used in measuring the Net OPEB Liability.

	<u>1% Decrease in Healthcare Cost Trend Rate</u>	<u>Current Healthcare Cost Trend Rate</u>	<u>1% Increase in Healthcare Cost Trend Rate</u>
District's proportionate share of the net OPEB liability	\$ 24,155,932	\$ 29,611,390	\$ 36,919,195

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

At June 30, 2020, the District reported a liability of \$29,611,390 for its proportionate share of the TRS's net OPEB liability. This liability reflects a reduction for State OPEB support provided to the District. The amount recognized by the District as its proportionate share of the net OPEB liability, the related State support, and the total portion of the Net OPEB liability that was associated with the District were as follows:

District's Proportionate share of the collective net OPEB liability	\$ 29,611,390
State's proportionate share that is associated with the District	<u>39,346,912</u>
Total	<u>\$ 68,958,302</u>

The net OPEB liability was measured as of August 31, 2018 and rolled forward to August 31, 2019 and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date. The employer's proportion of the Net OPEB liability was based on the employer's contributions to the OPEB plan relative to the contributions of all employers to the plan for the period September 1, 2018 through August 31, 2019.

At August 31, 2019 the employer's proportion of the collective net OPEB liability was 0.0626% which was a decrease of 0.009% from the proportion measured as of August 31, 2018.

Changes Since the Prior Actuarial Valuation

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

- The discount rate changed from 3.69% as of August 31, 2018 to 2.63% as of August 31, 2019. This change increased the Total OPEB Liability.
- The health care trend rates were reset to better reflect the plan's anticipated experience. This change increased the Total OPEB Liability.
- The participation rate for pre-65 retirees was lowered from 70% to 65%. The participation rate for post-65 retirees was lowered from 75% to 50%. 25% of pre-65 retirees are assumed to discontinue their coverage at age 65. There was no lapse assumption in the prior valuation. These changes decreased the Total OPEB Liability.
- The percentage of retirees who are assumed to have two-person coverage was lowered from 20% to 15%. In addition, the participation assumption for the surviving spouses of employees that die while actively employed was lowered from 20% to 10%. These changes decreased the Total OPEB Liability.

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

For the year ended June 30, 2020, the District recognized OPEB expense of \$1,004,942 and revenue of \$1,037,023 for support provided by the State.

At June 30, 2020, the District reported its proportionate share of the TRS's deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ 1,452,690	\$ 4,845,590
Changes in actuarial assumptions	1,644,682	7,964,737
Difference between projected and actual investment earnings	3,194	-
Changes in proportion and difference between the employer's contributions and the proportionate share of contributions	1,950,451	484,865
Contributions paid to TRS subsequent to the measurement date	372,852	-
Total	<u>\$ 5,423,869</u>	<u>\$ 13,295,192</u>

The \$372,852 reported as deferred outflows of resources related to OPEB resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2021. The net amounts of the employer’s balances of deferred outflows and inflows of resources related to OPEB will be recognized in OPEB expense as follows:

	<u>OPEB Expense Amount</u>
Year ended June 30:	
2021	\$ (1,417,076)
2022	(1,417,076)
2023	(1,418,110)
2024	(1,418,701)
2025	(1,418,539)
Thereafter	(1,154,673)

14. Health Care Coverage

During the year ended June 30, 2020, employees of the District were covered by a health insurance plan. The District contributed \$473 per month per employee to the plan, and employees, at their option, authorized payroll withholdings to pay contributions or premiums for dependents. All contributions were paid to a licensed insurer. The plan was authorized by Section 21.922, Texas Education Code and was documented by contractual agreement.

The District recognizes as revenues and expenditures retiree drug subsidy reimbursements under the provisions of Medicare Part D made by the federal government to TRS on behalf of the District. For the year ended June 30, 2020, reimbursements of \$287,037 were received by TRS and allocated to the District.

15. Risk Management

The District’s risk management program includes coverages through third party insurance providers for property, automobile liability, school professional liability, crime, workers compensation and other miscellaneous bonds. During the year ended June 30, 2020, there were no significant reductions in insurance coverage from coverage in the prior year. Losses in excess of the various deductible levels are covered through traditional indemnity coverage for buildings and contents and vehicle liability with various insurance firms. Settled claims have not exceeded insurance limits for the past five years.

16. Commitments and Contingencies

The District participates in a number of federal financial assistance programs. Although the District grant programs have been audited in accordance with the provisions of the Uniform Guidance through June 30, 2020, these programs are subject to financial and compliance audits. The amounts, if any, of expenditures which may be disallowed by the granting agencies cannot be determined at this time, although the District expects such amounts, if any, to be immaterial.

In September 2014, the District entered into an agreement to lease property to a company who planned to develop a multi-purpose indoor athletic center (the “facility”) to benefit both the District’s students and the community at-large. The District has the right to use the facility during the school day, and if necessary, terminate the lease if the property is needed for future instructional purposes or for reasons of financial exigency. The facility opened in December 2015 and expected annual future lease income to the District is as follows:

<u>Fiscal Years</u>	
2025-2029	\$ 282,265
2030-2034	352,472
2035-2039	398,790
2040-2044	451,194
2045-2049	510,484
2050-2054	577,566
2055-2059	653,462
2060-2064	739,333
2065	<u>78,587</u>
Total	<u>\$ 4,044,153</u>

In October 2015, the District entered into an agreement to lease property to a party (“Rentor”) who plans to develop property for athletic purposes to benefit both the District’s students and the community at-large. The District maintains the right to control and manage the use of the property, and if necessary, terminate the lease if property is needed for future instructional purposes or for reasons of financial exigency. During the expected three year period when the Rentor is developing the property for use, rental income to the District is \$5,000 per year. Once property is ready for use, expected annual future lease income to the District is as follows:

<u>Years</u>	
1-5	\$ 175,000
6-10	183,750
11-15	192,938
16-20	202,584
21-25	212,714
26-30	223,349
31-35	234,517
36-40	246,243
41-45	258,555
46-50	<u>271,482</u>
Total	<u>\$ 2,201,132</u>

At June 30, 2020, the District is also committed under construction contracts with a remaining balance of \$9,144,573.

In March 2020, the World Health Organization declared the outbreak of a novel coronavirus (COVID-19) as a pandemic, which continues to spread throughout the United States. While the disruption is expected to be temporary, there is uncertainty around the severity and duration. Therefore, while this issue may negatively impact the District's results of operations and financial position, the related financial impact cannot be reasonably concluded at this time. The District is actively managing its operations to maintain its cash flow and management believes that the District has adequate liquidity.

17. Subsequent Events

In September 2020, the District issued \$18,455,000 in Unlimited Tax School Building and Refunding Bonds, Series 2020A and \$6,325,000 in Unlimited Tax School Building Bonds, Taxable Series 2020T.

Required Supplementary Information

Eanes Independent School District
Schedule of the District's Proportionate Share of the Net Pension Liability
Teacher Retirement System of Texas
June 30, 2020**

	2019*	2018*	2017*	2016*	2015*	2014*
District's proportion of the net pension liability	0.0442%	0.0452%	0.0441%	0.0415%	0.0370%	0.0176%
District's proportionate share of the net pension liability	\$ 22,957,008	24,861,863	14,093,471	15,681,221	13,072,609	4,711,113
State's proportionate share of the net pension liability associated with the District	43,835,134	47,149,661	28,271,338	33,818,224	36,291,494	31,802,422
Total	<u>\$ 66,792,142</u>	<u>72,011,524</u>	<u>42,364,809</u>	<u>49,499,445</u>	<u>49,364,103</u>	<u>36,513,535</u>
District's covered-employee payroll (for Measurement Year)	57,205,331	55,448,500	54,265,804	51,984,296	50,738,468	50,417,291
District's proportionate share of the net pension liability as a percentage of it's covered-employee payroll	40.13%	44.84%	25.97%	30.17%	25.76%	9.34%
Plan fiduciary net position as a percentage of the total pension liability	75.24%	73.74%	82.17%	78.00%	78.43%	83.25%
Plan's net pension liability as a percentage of covered employee payroll	114.93%	126.11%	75.93%	92.75%	91.94%	72.90%

* The amounts presented for each Plan year are as of August 31, plan information was unavailable prior to 2013.

** Schedule should provide ten years of Plan information, but data was unavailable prior to 2013.

Eanes Independent School District
Schedule of District Contributions - Pensions
Teacher Retirement System of Texas
Last 10 Fiscal Years *

	2020	2019	2018	2017	2016
Contractually required contributions	\$ 1,657,978	\$ 1,553,401	\$ 1,506,638	\$ 1,405,880	\$ 1,295,836
Contributions in relation to the contractual required contributions	1,657,978	1,553,401	1,506,638	1,405,880	1,295,836
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered employee payroll	\$ 59,583,363	\$ 56,750,174	55,125,221	\$ 54,415,813	51,052,365
Contributions as a percentage of covered payroll	2.78%	2.74%	2.73%	2.58%	2.54%
	2015	2014	2013	2012	2011
Contractually required contributions	\$ 1,010,184	\$ 447,400	\$ 427,672	\$ 365,561	\$ 587,338
Contributions in relation to the contractual required contributions	1,010,184	447,400	427,672	365,561	587,338
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered employee payroll	\$ 50,825,694	\$ 50,056,157	\$ 47,904,262	\$ 39,319,194	\$ 49,456,009
Contributions as a percentage of covered payroll	1.99%	0.89%	0.89%	0.93%	1.19%

* Starting in fiscal year 2012, the District changed its year end to June 30th. Prior to this, the District's fiscal years ended on August 31st.

Eanes Independent School District
Schedule of the District's Proportionate Share of the Net OPEB Liability
Teacher Retirement System of Texas
June 30, 2020**

	<u>2019*</u>	<u>2018*</u>	<u>2017*</u>
District's proportion of the net OPEB liability	0.0626%	0.0635%	0.0594%
District's proportionate share of the net OPEB liability	\$ 29,611,390	31,701,409	25,842,771
State's proportionate share of the net OPEB liability associated with the District	<u>39,346,912</u>	<u>49,250,792</u>	<u>44,307,983</u>
Total	<u>\$ 68,958,302</u>	<u>80,952,201</u>	<u>70,150,754</u>
District's covered-employee payroll (for Measurement Year)	\$ 57,205,331	55,448,500	54,265,804
District's proportionate share of the net OPEB liability as a percentage of it's covered-employee payroll	51.76%	57.17%	47.62%
Plan fiduciary net position as a percentage of the total OPEB liability	2.66%	1.57%	0.91%
Plan's net OPEB liability as a percentage of covered employee payroll	135.21%	146.64%	132.55%

* The amounts presented for each Plan year are as of unavailable prior to 2017.

** Schedule should provide ten years of Plan information, but data was unavailable prior to 2017.

**Eanes Independent School District
Schedule of District Contributions - OPEB
Teacher Retirement System of Texas
Last 10 Fiscal Years ***

	2020	2019	2018	2017	2016
Contractually required contributions	\$ 446,863	\$ 425,592	\$ 395,299	\$ 297,125	\$ 280,791
Contributions in relation to the contractual required contributions	446,863	425,592	395,299	297,125	280,791
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>	<u>-</u>
District's covered employee payroll	\$ 59,583,363	\$ 56,750,174	55,125,221	\$ 54,415,813	51,052,365
Contributions as a percentage of covered payroll	0.75%	0.75%	0.72%	0.55%	0.55%
	2015	2014	2013	2012	2011
Contractually required contributions	\$ 279,560	\$ 275,323	\$ 263,483	\$ 216,219	\$ 272,005
Contributions in relation to the contractual required contributions	279,560	275,323	263,483	216,219	272,005
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered employee payroll	\$ 50,825,694	\$ 50,056,157	\$ 47,904,262	\$ 39,319,194	\$ 49,456,009
Contributions as a percentage of covered payroll	0.55%	0.55%	0.55%	0.55%	0.55%

* Starting in fiscal year 2012, the District changed its year end to June 30th. Prior to this, the District's fiscal years ended on August 31st.

Eanes Independent School District

Note to Required Supplementary Information Year Ended June 30, 2020

1. Change in Assumptions

Pensions

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

- The single discount rate as of August 31, 2018 was a blended rate of 6.907% and that has changed to the long-term rate of return of 7.25% as of August 31, 2019.
- With the enactment of SB 3 by the 2019 Texas Legislature, an assumption has been made about how this would impact future salaries. It is assumed that eligible active members will each receive a \$2,700 increase in fiscal year 2020. This is in addition to the salary increase expected in the actuarial assumptions.
- The Texas legislature approved funding for a 13th check. All eligible members retired as of December 31, 2018 will receive an extra annuity check in September 2019 in either the matching amount of their monthly annuity payment or \$2,000, whichever is less.

OPEB

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

- The discount rate changed from 3.69% as of August 31, 2018 to 2.63% as of August 31, 2019. This change increased the Total OPEB Liability.
- The health care trend rates were reset to better reflect the plan's anticipated experience. This change increased the Total OPEB Liability.
- The participation rate for pre-65 retirees was lowered from 70% to 65%. The participation rate for post-65 retirees was lowered from 75% to 50%. 25% of pre-65 retirees are assumed to discontinue their coverage at age 65. There was no lapse assumption in the prior valuation. These changes decreased the Total OPEB Liability.
- The percentage of retirees who are assumed to have two-person coverage was lowered from 20% to 15%. In addition, the participation assumption for the surviving spouses of employees that die while actively employed was lowered from 20% to 10%. These changes decreased the Total OPEB Liability.

**Combining and Individual
Fund Statements and Schedules**

Eanes Independent School District
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2020

	Special Revenue Funds	Capital Projects Funds	Total Nonmajor Governmental Funds
Assets:			
Cash and cash equivalents	\$ 2,321,221	10,143,087	12,464,308
Due from other governments	1,791,062	-	1,791,062
Prepaid items	6,255	-	6,255
Total assets	<u>\$ 4,118,538</u>	<u>10,143,087</u>	<u>14,261,625</u>
Liabilities and Fund Balances:			
Liabilities:			
Accounts payable	\$ 1,630,145	27,706	1,657,851
Payroll deductions and withholdings payable	19,420	-	19,420
Accrued wages payable	236,829	-	236,829
Due to other funds	246,291	691,363	937,654
Unearned revenue	42,809	-	42,809
Total liabilities	<u>2,175,494</u>	<u>719,069</u>	<u>2,894,563</u>
Fund balances:			
Nonspendable	6,255	-	6,255
Restricted	-	10,115,381	10,115,381
Committed	1,209,798	-	1,209,798
Assigned	726,991	-	726,991
Unassigned	-	(691,363)	(691,363)
Total fund balances	<u>1,943,044</u>	<u>9,424,018</u>	<u>11,367,062</u>
Total liabilities and fund balances	<u>\$ 4,118,538</u>	<u>10,143,087</u>	<u>14,261,625</u>

Eanes Independent School District
Combining Statement of Revenues, Expenditures, and
Changes in Fund Balances
Nonmajor Governmental Funds
Year Ended June 30, 2020

	Special Revenue Funds	Capital Projects Funds	Total Nonmajor Governmental Funds
Revenues:			
Local and intermediate sources	\$ 2,194,372	194,237	2,388,609
State program revenues	2,659,690	-	2,659,690
Federal program revenues	2,086,424	-	2,086,424
Total revenues	<u>6,940,486</u>	<u>194,237</u>	<u>7,134,723</u>
Expenditures:			
Current:			
Instruction	2,760,129	98,962	2,859,091
Instructional resources and media services	66,987	-	66,987
Curriculum and staff development	94,509	264	94,773
Instructional leadership	4,815	-	4,815
School leadership	47,484	19,000	66,484
Guidance, counseling and evaluation services	1,247,838	-	1,247,838
Health services	1,754	-	1,754
Student transportation	1,095,488	1,000	1,096,488
Food services	108,401	-	108,401
Extracurricular activities	679,854	-	679,854
General administration	1,836	15,000	16,836
Facilities maintenance and operations	2,922	3,171	6,093
Security and monitoring services	135,703	26,822	162,525
Data processing services	-	171,748	171,748
Community services	2,498	-	2,498
Principal on long-term debt	167,305	-	167,305
Interest on long-term debt	3,918	-	3,918
Facilities acquisition and construction	295,611	1,443,216	1,738,827
Total expenditures	<u>6,717,052</u>	<u>1,779,183</u>	<u>8,496,235</u>
Excess (deficiency) of revenues over (under) expenditures	223,434	(1,584,946)	(1,361,512)
Fund balances--beginning	<u>1,719,610</u>	<u>11,008,964</u>	<u>12,728,574</u>
Fund balances--ending	<u>\$ 1,943,044</u>	<u>9,424,018</u>	<u>11,367,062</u>

Eanes Independent School District
Combining Balance Sheet
Nonmajor Special Revenue Funds
June 30, 2020

	211	224	225	226	244	255	263
	Title I Grants to Local Educational Agencies	Special Ed Grants to States Formula	Special Education Preschool Grants	Special Ed Grants to States Disc. and High Cost	Career and Technical Education	Supporting Effective Instruction State Grants	English Language Acquisition State Grants
Assets:							
Cash and cash equivalents	\$ -	-	-	-	-	-	-
Due from other governments	35,350	116,085	5,153	161,376	5,209	24,954	15,445
Prepaid items	-	-	-	-	-	-	-
Total assets	<u>\$ 35,350</u>	<u>116,085</u>	<u>5,153</u>	<u>161,376</u>	<u>5,209</u>	<u>24,954</u>	<u>15,445</u>
Liabilities and Fund Balances:							
Liabilities:							
Accounts payable	\$ -	670	-	63,078	619	-	-
Payroll deductions and withholdings payable	2,815	14,496	475	-	-	1,617	-
Accrued wages payable	20,403	84,627	2,905	-	-	14,716	5,777
Due to other funds	12,132	16,292	1,773	98,298	4,590	8,621	9,668
Unearned revenue	-	-	-	-	-	-	-
Total liabilities	<u>35,350</u>	<u>116,085</u>	<u>5,153</u>	<u>161,376</u>	<u>5,209</u>	<u>24,954</u>	<u>15,445</u>
Fund balances:							
Nonspendable	-	-	-	-	-	-	-
Committed	-	-	-	-	-	-	-
Assigned	-	-	-	-	-	-	-
Total fund balances	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities and fund balances	<u>\$ 35,350</u>	<u>116,085</u>	<u>5,153</u>	<u>161,376</u>	<u>5,209</u>	<u>24,954</u>	<u>15,445</u>

(continued)

Eanes Independent School District
Combining Balance Sheet
Nonmajor Special Revenue Funds (continued)
June 30, 2020

	266	385	393	397	410	427
	Education Stabilization Fund	Visually Impaired	Texas Successful Schools	Advanced Placement Initiatives	State Instructional Materials	Texas Commission Environmental Quality
Assets:						
Cash and cash equivalents	\$ -	-	15,499	34,874	470,993	-
Due from other governments	108,401	937	-	-	-	1,189,451
Prepaid items	-	-	-	-	-	-
Total assets	<u>\$ 108,401</u>	<u>937</u>	<u>15,499</u>	<u>34,874</u>	<u>470,993</u>	<u>1,189,451</u>
Liabilities and Fund Balances:						
Liabilities:						
Accounts payable	\$ -	-	-	-	276,642	1,095,488
Payroll deductions and withholdings payable	-	-	-	-	-	-
Accrued wages payable	108,401	-	-	-	-	-
Due to other funds	-	937	-	-	-	93,963
Unearned revenue	-	-	-	-	-	-
Total liabilities	<u>108,401</u>	<u>937</u>	<u>-</u>	<u>-</u>	<u>276,642</u>	<u>1,189,451</u>
Fund balances:						
Nonspendable	-	-	-	-	-	-
Committed	-	-	-	-	-	-
Assigned	-	-	15,499	34,874	194,351	-
Total fund balances	<u>-</u>	<u>-</u>	<u>15,499</u>	<u>34,874</u>	<u>194,351</u>	<u>-</u>
Total liabilities and fund balances	<u>\$ 108,401</u>	<u>937</u>	<u>15,499</u>	<u>34,874</u>	<u>470,993</u>	<u>1,189,451</u>

(continued)

Eanes Independent School District
Combining Balance Sheet
Nonmajor Special Revenue Funds (continued)
June 30, 2020

	429	461	496	498	499	
	<u>Other State</u>	<u>Campus Activity Funds</u>	<u>TASB Loss Prevention</u>	<u>Other Local</u>	<u>Other Local</u>	<u>Total Nonmajor Special Revenue Funds</u>
Assets:						
Cash and cash equivalents	\$ 42,809	1,267,750	2,466	3,000	483,830	2,321,221
Due from other governments	128,701	-	-	-	-	1,791,062
Prepaid items	-	6,255	-	-	-	6,255
Total assets	<u>\$ 171,510</u>	<u>1,274,005</u>	<u>2,466</u>	<u>3,000</u>	<u>483,830</u>	<u>4,118,538</u>
Liabilities and Fund Balances:						
Liabilities:						
Accounts payable	\$ 128,701	57,950	-	-	6,997	1,630,145
Payroll deductions and withholdings payable	-	-	-	-	17	19,420
Accrued wages payable	-	-	-	-	-	236,829
Due to other funds	-	2	-	-	15	246,291
Unearned revenue	42,809	-	-	-	-	42,809
Total liabilities	<u>171,510</u>	<u>57,952</u>	<u>-</u>	<u>-</u>	<u>7,029</u>	<u>2,175,494</u>
Fund balances:						
Nonspendable	-	6,255	-	-	-	6,255
Committed	-	1,209,798	-	-	-	1,209,798
Assigned	-	-	2,466	3,000	476,801	726,991
Total fund balances	<u>-</u>	<u>1,216,053</u>	<u>2,466</u>	<u>3,000</u>	<u>476,801</u>	<u>1,943,044</u>
Total liabilities and fund balances	<u>\$ 171,510</u>	<u>1,274,005</u>	<u>2,466</u>	<u>3,000</u>	<u>483,830</u>	<u>4,118,538</u>

**Eanes Independent School District
Combining Statement of Revenues, Expenditures, and
Changes in Fund Balances
Nonmajor Special Revenue Funds
Year Ended June 30, 2020**

	211	224	225	226	244	255	263
	Title I Grants to Local Educational Agencies	Special Ed Grants to States Formula	Special Education Preschool Grants	Special Ed Grants to States Disc. and High Cost	Career and Technical Education	Supporting Effective Instruction State Grants	English Language Acquisition State Grants
Revenues:							
Local and intermediate sources	\$ -	-	-	-	-	-	-
State program revenues	-	-	-	-	-	-	-
Federal program revenues	144,562	1,200,606	21,617	436,377	51,008	103,358	20,495
Total revenues	<u>144,562</u>	<u>1,200,606</u>	<u>21,617</u>	<u>436,377</u>	<u>51,008</u>	<u>103,358</u>	<u>20,495</u>
Expenditures:							
Current:							
Instruction	144,562	318,118	21,617	436,377	45,617	103,358	10,826
Instructional resources and media services	-	-	-	-	-	-	-
Curriculum and staff development	-	7,975	-	-	2,391	-	9,000
Instructional leadership	-	-	-	-	-	-	-
School leadership	-	-	-	-	-	-	-
Guidance, counseling and evaluation services	-	872,915	-	-	3,000	-	669
Health services	-	1,598	-	-	-	-	-
Student transportation	-	-	-	-	-	-	-
Food service	-	-	-	-	-	-	-
Extracurricular activities	-	-	-	-	-	-	-
General administration	-	-	-	-	-	-	-
Facilities maintenance and operations	-	-	-	-	-	-	-
Security and monitoring services	-	-	-	-	-	-	-
Community services	-	-	-	-	-	-	-
Principal on long-term debt	-	-	-	-	-	-	-
Interest on long-term debt	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-
Total expenditures	<u>144,562</u>	<u>1,200,606</u>	<u>21,617</u>	<u>436,377</u>	<u>51,008</u>	<u>103,358</u>	<u>20,495</u>
Excess (deficiency) of revenues over (under) expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	-	-	-	-	-	-	-
Beginning fund balances	-	-	-	-	-	-	-
Ending fund balances	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

(continued)

**Eanes Independent School District
Combining Statement of Revenues, Expenditures, and
Changes in Fund Balances
Nonmajor Special Revenue Funds (continued)
Year Ended June 30, 2020**

	266	385	393	397	410	427
	<u>Education Stabilization Fund</u>	<u>Visually Impaired</u>	<u>Texas Successful Schools</u>	<u>Advanced Placement Initiatives</u>	<u>State Instructional Materials</u>	<u>Texas Commission Environmental Quality</u>
Revenues:						
Local and intermediate sources	\$ -	-	-	-	-	-
State program revenues	-	8,279	-	6,617	1,300,862	1,189,451
Federal program revenues	108,401	-	-	-	-	-
Total revenues	<u>108,401</u>	<u>8,279</u>	<u>-</u>	<u>6,617</u>	<u>1,300,862</u>	<u>1,189,451</u>
Expenditures:						
Current:						
Instruction	-	8,279	-	-	1,079,215	-
Instructional resources and media services	-	-	-	-	-	-
Curriculum and staff development	-	-	-	-	-	-
Instructional leadership	-	-	-	-	-	-
School leadership	-	-	-	-	-	-
Guidance, counseling and evaluation services	-	-	-	-	-	-
Health services	-	-	-	-	-	-
Student transportation	-	-	-	-	-	1,095,488
Food service	108,401	-	-	-	-	-
Extracurricular activities	-	-	-	-	-	-
General administration	-	-	-	-	-	-
Facilities maintenance and operations	-	-	-	-	-	-
Security and monitoring services	-	-	-	-	-	-
Community services	-	-	-	-	-	-
Principal on long-term debt	-	-	-	-	167,305	-
Interest on long-term debt	-	-	-	-	3,918	-
Facilities acquisition and construction	-	-	-	-	-	93,963
Total expenditures	<u>108,401</u>	<u>8,279</u>	<u>-</u>	<u>-</u>	<u>1,250,438</u>	<u>1,189,451</u>
Excess (deficiency) of revenues over (under) expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>6,617</u>	<u>50,424</u>	<u>-</u>
Net change in fund balances	<u>-</u>	<u>-</u>	<u>-</u>	<u>6,617</u>	<u>50,424</u>	<u>-</u>
Beginning fund balances	<u>-</u>	<u>-</u>	<u>15,499</u>	<u>28,257</u>	<u>143,927</u>	<u>-</u>
Ending fund balances	<u>\$ -</u>	<u>-</u>	<u>15,499</u>	<u>34,874</u>	<u>194,351</u>	<u>-</u>

(continued)

**Eanes Independent School District
Combining Statement of Revenues, Expenditures, and
Changes in Fund Balances
Nonmajor Special Revenue Funds (continued)
Year Ended June 30, 2020**

	429	461	496	498	499	Total Nonmajor Special Revenue Funds
	Other State	Campus Activity Funds	TASB Loss Prevention	Other Local	Other Local	
Revenues:						
Local and intermediate sources	\$ -	1,397,784	-	3,000	793,588	2,194,372
State program revenues	154,481	-	-	-	-	2,659,690
Federal program revenues	-	-	-	-	-	2,086,424
Total revenues	<u>154,481</u>	<u>1,397,784</u>	<u>-</u>	<u>3,000</u>	<u>793,588</u>	<u>6,940,486</u>
Expenditures:						
Current:						
Instruction	18,760	300,927	-	-	272,473	2,760,129
Instructional resources and media services	-	45,515	-	-	21,472	66,987
Curriculum and staff development	-	6,159	-	-	68,984	94,509
Instructional leadership	-	-	-	-	4,815	4,815
School leadership	-	33,117	-	-	14,367	47,484
Guidance, counseling and evaluation services	7,020	361,110	-	-	3,124	1,247,838
Health services	-	-	-	-	156	1,754
Student transportation	-	-	-	-	-	1,095,488
Food service	-	-	-	-	-	108,401
Extracurricular activities	-	324,497	-	-	355,357	679,854
General administration	-	979	-	-	857	1,836
Facilities maintenance and operations	-	-	-	-	2,922	2,922
Security and monitoring services	128,701	918	-	-	6,084	135,703
Community services	-	2,498	-	-	-	2,498
Principal on long-term debt	-	-	-	-	-	167,305
Interest on long-term debt	-	-	-	-	-	3,918
Facilities acquisition and construction	-	-	-	-	201,648	295,611
Total expenditures	<u>154,481</u>	<u>1,075,720</u>	<u>-</u>	<u>-</u>	<u>952,259</u>	<u>6,717,052</u>
Excess (deficiency) of revenues over (under) expenditures	<u>-</u>	<u>322,064</u>	<u>-</u>	<u>3,000</u>	<u>(158,671)</u>	<u>223,434</u>
Net change in fund balances	<u>-</u>	<u>322,064</u>	<u>-</u>	<u>3,000</u>	<u>(158,671)</u>	<u>223,434</u>
Beginning fund balances	<u>-</u>	<u>893,989</u>	<u>2,466</u>	<u>-</u>	<u>635,472</u>	<u>1,719,610</u>
Ending fund balances	<u>\$ -</u>	<u>1,216,053</u>	<u>2,466</u>	<u>3,000</u>	<u>476,801</u>	<u>1,943,044</u>

Eanes Independent School District
Combining Balance Sheet
Nonmajor Capital Projects Funds
June 30, 2020

	620	661	665	690	691	692	Total Nonmajor Capital Projects Funds
	Resources from Series 2020 Bonds	Resources from Series 2011 Bonds	Resources from Series 2015A Bonds	Resources from River Hills Land Sale	Resources from Donations for Local Field Improvements	Resources from Baldwin Land Sale	
Assets-							
Cash and cash equivalents	\$ -	-	1,552,716	3,465,706	-	5,124,665	10,143,087
Total assets	<u>\$ -</u>	<u>-</u>	<u>1,552,716</u>	<u>3,465,706</u>	<u>-</u>	<u>5,124,665</u>	<u>10,143,087</u>
Liabilities and Fund Balances:							
Liabilities:							
Accounts payable	\$ -	-	27,706	-	-	-	27,706
Due to other funds	691,363	-	-	-	-	-	691,363
Total liabilities	<u>691,363</u>	<u>-</u>	<u>27,706</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>719,069</u>
Fund balances:							
Restricted	-	-	1,525,010	3,465,706	-	5,124,665	10,115,381
Unassigned	(691,363)	-	-	-	-	-	(691,363)
Total fund balances	<u>(691,363)</u>	<u>-</u>	<u>1,525,010</u>	<u>3,465,706</u>	<u>-</u>	<u>5,124,665</u>	<u>9,424,018</u>
Total liabilities and fund balances	<u>\$ -</u>	<u>-</u>	<u>1,552,716</u>	<u>3,465,706</u>	<u>-</u>	<u>5,124,665</u>	<u>10,143,087</u>

Eanes Independent School District
Combining Statement of Revenues, Expenditures, and
Changes in Fund Balances
Nonmajor Capital Projects Funds
Year Ended June 30, 2020

	620	661	665	690	691	692	Total Nonmajor Capital Projects Funds
	Resources from Series 2020 Bonds	Resources from Series 2011 Bonds	Resources from Series 2015A Bonds	Resources from River Hills Land Sale	Resources from Donations for Local Field Improvements	Resources from Baldwin Land Sale	
Revenues-							
Local and intermediate sources	\$ -	14,385	31,413	58,242	4,733	85,464	194,237
Total revenues	-	14,385	31,413	58,242	4,733	85,464	194,237
Expenditures:							
Current:							
Instruction	-	5,327	93,635	-	-	-	98,962
Curriculum and staff development	-	264	-	-	-	-	264
School leadership	-	19,000	-	-	-	-	19,000
Student transportation	-	-	1,000	-	-	-	1,000
General administration	-	-	15,000	-	-	-	15,000
Facilities maintenance and operations	-	-	3,171	-	-	-	3,171
Security and monitoring services	-	-	26,822	-	-	-	26,822
Data processing services	-	104,300	67,448	-	-	-	171,748
Facilities acquisition and construction	691,363	-	313,431	59,162	379,260	-	1,443,216
Total expenditures	691,363	128,891	520,507	59,162	379,260	-	1,779,183
Excess (deficiency) of revenues over (under) expenditures	(691,363)	(114,506)	(489,094)	(920)	(374,527)	85,464	(1,584,946)
Fund balances--beginning	-	114,506	2,014,104	3,466,626	374,527	5,039,201	11,008,964
Fund balances--ending	\$ (691,363)	-	1,525,010	3,465,706	-	5,124,665	9,424,018

Eanes Independent School District
Combining Statement of Net Position
Nonmajor Enterprise Funds
June 30, 2020

	701	711	712	713	715	Total Nonmajor Enterprise Funds
	<u>Child Nutrition</u>	<u>Community Education</u>	<u>Child Development Center</u>	<u>Easy Care After School</u>	<u>Facility Rentals</u>	
Assets:						
Current assets:						
Cash and cash equivalents	\$ 2,030	765,238	402,819	1,071,432	219,022	2,460,541
Other receivables	121	-	-	-	1,467	1,588
Inventories, at cost	64,749	-	-	-	-	64,749
Prepaid items	-	10,723	1,596	-	-	12,319
Total current assets	<u>66,900</u>	<u>775,961</u>	<u>404,415</u>	<u>1,071,432</u>	<u>220,489</u>	<u>2,539,197</u>
Noncurrent assets-						
Capital assets:						
Land improvements	-	-	-	-	9,625	9,625
Buildings and improvements	138,191	-	36,736	-	-	174,927
Furniture and equipment	1,799,005	59,497	-	-	-	1,858,502
Accumulated depreciation	(1,144,434)	(59,497)	(14,632)	-	-	(1,218,563)
Total noncurrent assets	<u>792,762</u>	<u>-</u>	<u>22,104</u>	<u>-</u>	<u>9,625</u>	<u>824,491</u>
Total assets	<u>859,662</u>	<u>775,961</u>	<u>426,519</u>	<u>1,071,432</u>	<u>230,114</u>	<u>3,363,688</u>
Liabilities:						
Current liabilities:						
Accounts payable	\$ 3,582	4,930	3,728	2,737	2,220	17,197
Payroll deductions and withholdings payable	45,188	268	15,396	2,004	161	63,017
Accrued wages payable	66,751	49,761	86,912	7,106	-	210,530
Due to other funds	263,816	142	-	-	-	263,958
Unearned revenue	353,899	38,385	-	9,534	-	401,818
Total liabilities	<u>733,236</u>	<u>93,486</u>	<u>106,036</u>	<u>21,381</u>	<u>2,381</u>	<u>956,520</u>
Net Position:						
Net investment in capital assets	792,762	-	22,104	-	9,625	824,491
Unrestricted	(666,336)	682,475	298,379	1,050,051	218,108	1,582,677
Total net position	<u>\$ 126,426</u>	<u>682,475</u>	<u>320,483</u>	<u>1,050,051</u>	<u>227,733</u>	<u>2,407,168</u>

Eanes Independent School District
Combining Statement of Revenues, Expenses, and Changes in Fund Net Position
Nonmajor Enterprise Funds
Year Ended June 30, 2020

	701	711	712	713	715	Total Nonmajor Enterprise Funds
	Child Nutrition	Community Education	Child Development Center	Easy Care After School	Facility Rentals	
Operating revenues-						
Charges for services	\$ 2,965,097	831,877	1,178,447	637,773	431,734	6,044,928
Operating expenses:						
Payroll costs	1,679,780	351,740	1,282,115	310,018	182,954	3,806,607
Professional and contracted services	69,472	215,672	7,494	2,434	15,301	310,373
Supplies and materials	1,588,949	32,593	16,905	16,427	4,315	1,659,189
Other operating	5,873	28,285	15,660	14,205	1,253	65,276
Depreciation	103,311	-	3,684	-	-	106,995
Total operating expenses	3,447,385	628,290	1,325,858	343,084	203,823	5,948,440
Operating income (loss)	(482,288)	203,587	(147,411)	294,689	227,911	96,488
Nonoperating revenues:						
State program revenues	3,732	-	-	-	-	3,732
Federal program revenues	127,621	-	-	-	-	127,621
Total nonoperating revenues	131,353	-	-	-	-	131,353
Income (loss) before transfers	(350,935)	203,587	(147,411)	294,689	227,911	227,841
Transfers in	200,000	-	-	-	-	200,000
Transfers out	-	(43,333)	(43,333)	(43,334)	(528,311)	(658,311)
Change in net position	(150,935)	160,254	(190,744)	251,355	(300,400)	(230,470)
Total net position--beginning	277,361	522,221	511,227	798,696	528,133	2,637,638
Total net position--ending	\$ 126,426	682,475	320,483	1,050,051	227,733	2,407,168

**Eanes Independent School District
Combining Statement of Cash Flows
Nonmajor Enterprise Funds
Year Ended June 30, 2020**

	701	711	712	713	715	Total Nonmajor Enterprise Funds
	Child Nutrition	Community Education	Child Development Center	Easy Care After School	Facility Rentals	
Cash flows from operating activities:						
Receipts from customers/contributors	\$ 3,059,777	787,335	1,164,865	623,443	470,374	6,105,794
Payments to suppliers	(1,547,128)	(281,451)	(34,908)	(33,268)	(20,823)	(1,917,578)
Payments to employees	(1,781,369)	(387,248)	(1,288,690)	(325,267)	(185,163)	(3,967,737)
Net cash provided by (used in) operating activities	<u>(268,720)</u>	<u>118,636</u>	<u>(158,733)</u>	<u>264,908</u>	<u>264,388</u>	<u>220,479</u>
Cash flows from noncapital financing activities:						
Transfers from other funds	200,000	-	-	-	-	200,000
Transfers to other funds	-	(43,333)	(43,333)	(43,334)	(528,311)	(658,311)
State program revenues	3,732	-	-	-	-	3,732
Federal program revenues	75,465	-	-	-	-	75,465
Net cash provided by (used in) noncapital financing activities	<u>279,197</u>	<u>(43,333)</u>	<u>(43,333)</u>	<u>(43,334)</u>	<u>(528,311)</u>	<u>(379,114)</u>
Cash flows from capital and related financing activities-						
Purchase of capital assets	(8,447)	-	-	-	-	(8,447)
Net change in cash and cash equivalents	<u>2,030</u>	<u>75,303</u>	<u>(202,066)</u>	<u>221,574</u>	<u>(263,923)</u>	<u>(167,082)</u>
Cash and cash equivalents--beginning of the year	<u>-</u>	<u>689,935</u>	<u>604,885</u>	<u>849,858</u>	<u>482,945</u>	<u>2,627,623</u>
Cash and cash equivalents--end of the year	<u>\$ 2,030</u>	<u>765,238</u>	<u>402,819</u>	<u>1,071,432</u>	<u>219,022</u>	<u>2,460,541</u>
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:						
Operating income (loss)	\$ (482,288)	203,587	(147,411)	294,689	227,911	96,488
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:						
Depreciation	103,311	-	3,684	-	-	106,995
Federal commodities received	52,156	-	-	-	-	52,156
(Increase) decrease in other receivables	(121)	-	-	-	38,640	38,519
Increase in inventory	(23,220)	-	-	-	-	(23,220)
(Increase) decrease in prepaid items	-	(412)	1,423	-	-	1,011
Increase (decrease) in accounts payable	(1,718)	(4,528)	3,728	(202)	46	(2,674)
Decrease in payroll deductions and withholdings payable	(1,711)	(379)	(192)	(1,137)	(54)	(3,473)
Decrease in accrued wages payable	(99,878)	(35,129)	(6,383)	(14,112)	(2,155)	(157,657)
Increase in due to other funds	89,948	39	-	-	-	89,987
Increase (decrease) in unearned revenue	94,801	(44,542)	(13,582)	(14,330)	-	22,347
Net cash provided by (used in) operating activities	<u>\$ (268,720)</u>	<u>118,636</u>	<u>(158,733)</u>	<u>264,908</u>	<u>264,388</u>	<u>220,479</u>

Eanes Independent School District
Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
Debt Service Fund
Year Ended June 30, 2020

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Local and intermediate sources	\$ 22,688,329	22,688,329	22,834,103	145,774
State program revenues	114,761	114,761	120,072	5,311
Total revenues	<u>22,803,090</u>	<u>22,803,090</u>	<u>22,954,175</u>	<u>151,085</u>
Expenditures:				
Principal on long-term debt	14,655,000	14,655,000	14,655,000	-
Interest on long-term debt	4,486,488	5,158,722	5,158,722	-
Other debt service expenditures	30,000	30,000	15,281	14,719
Total expenditures	<u>19,171,488</u>	<u>19,843,722</u>	<u>19,829,003</u>	<u>14,719</u>
Excess of revenues over expenditures	<u>3,631,602</u>	<u>2,959,368</u>	<u>3,125,172</u>	<u>165,804</u>
Other Financing Sources-				
Issuance of bonds	-	10,225	10,224	(1)
Net change in fund balance	3,631,602	2,969,593	3,135,396	165,803
Fund balance--beginning	<u>22,348,714</u>	<u>22,348,714</u>	<u>22,348,714</u>	<u>-</u>
Fund balance--ending	<u>\$ 25,980,316</u>	<u>25,318,307</u>	<u>25,484,110</u>	<u>165,803</u>

Eanes Independent School District
Statement of Revenues, Expenses, and Changes in Fund Net Position - Budget and Actual
Child Nutrition Fund
Year Ended June 30, 2020

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Local and intermediate sources	\$ 3,653,400	3,023,400	2,965,097	(58,303)
State program revenues	4,500	4,500	3,732	(768)
Federal program revenues	155,000	135,000	127,621	(7,379)
Total revenues	<u>3,812,900</u>	<u>3,162,900</u>	<u>3,096,450</u>	<u>(66,450)</u>
Expenses:				
Food services	3,756,888	3,424,529	3,236,757	187,772
Facilities maintenance and operations	238,000	215,359	210,628	4,731
Total expenses	<u>3,994,888</u>	<u>3,639,888</u>	<u>3,447,385</u>	<u>192,503</u>
Other Financing Sources-				
Transfers in	<u>-</u>	<u>200,000</u>	<u>200,000</u>	<u>-</u>
Change in net position	(181,988)	(276,988)	(150,935)	126,053
Total net position--beginning	<u>277,361</u>	<u>277,361</u>	<u>277,361</u>	<u>-</u>
Total net position--ending	<u>\$ 95,373</u>	<u>373</u>	<u>126,426</u>	<u>126,053</u>

Other Schedules

**Eanes Independent School District
Schedule of Delinquent Taxes Receivable
Year Ended June 30, 2020**

Last Ten Years Ended June 30*	Tax Rates		Assessed/ Appraised Value for School Tax Purposes	Beginning Balance 6/30/2019	Current Year's Total Levy	Maintenance Total Collections	Debt Service Total Collections	Entire Year's Adjustment	Ending Balance 6/30/2020
	Maintenance	Debt Service							
2011 and earlier	Various	Various	Various	\$ 1,259,165	-	8,230	2,608	(487)	1,247,840
2012	1.0400	0.1725	8,453,820,341	63,740	-	3,698	613	-	59,429
2013	1.0400	0.1725	8,768,038,358	83,750	-	9,667	1,603	-	72,480
2014	1.0400	0.1725	9,223,025,771	82,487	-	8,836	1,466	-	72,185
2015	1.0400	0.1725	10,150,514,818	72,101	-	9,233	1,531	-	61,337
2016	1.0400	0.1725	11,142,016,675	110,641	-	25,625	4,250	-	80,766
2017	1.0400	0.1725	12,347,242,347	212,987	-	25,973	4,308	(1,072)	181,634
2018	1.0600	0.1400	13,068,122,738	321,563	-	(45,623)	(6,026)	(144,055)	229,157
2019	1.0600	0.1400	13,671,949,330	1,373,519	-	462,867	61,133	(437,833)	411,686
2020	0.9900	0.1400	14,379,223,106	-	184,105,109	158,999,234	22,484,740	(1,005,215)	1,615,920
Totals				\$ 3,579,953	184,105,109	159,507,740	22,556,226	(1,588,662)	4,032,434

* During 2012, the District changed its year end from August 31 to June 30.

Eanes Independent School District
Exhibit L-1 - Required Responses to Selected
School First Indicators
June 30, 2020

Data Control Codes	Description	Responses
SF1	Was there an unmodified opinion in the Annual Financial Report on the financial statements as a whole?	Yes
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
SF3	Did the school district make timely payments to the Teacher Retirement System (TRS), Texas Workforce Commission (TWC), Internal Revenue Service (IRS), and other government agencies?	Yes
SF4	Was the school district issued a warrant hold?	No
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 post the required financial information on its website in accordance with Government Code, Local Government Code, Texas Education Code, Texas Administrative Code and other statutes, laws and rules that were in effect at the school district's fiscal year end?	Yes
SF8	Did the school board members discuss the school district's property values at a board meeting within 120 days before the school district adopted its budget?	Yes
SF9	Total accumulated accretion on CABs included in government-wide financial statements at fiscal year-end	\$ 857,471

Federal Awards Section



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Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With *Government Auditing Standards*

The Board of Trustees of
Eanes Independent School District:

We have audited, 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, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Eanes Independent School District (the "District"), as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated November 16, 2020.

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.

Affiliated Company

ML&R WEALTH MANAGEMENT LLC

"A Registered Investment Advisor"

This firm is not a CPA firm

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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings and questioned costs as item 2020-001 that we consider to be a significant deficiency.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. 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 an instance of noncompliance or other matters that is required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of findings and questioned costs as item 2020-001.

The District's Response to the Finding

The District's response to the finding identified in our audit is described in the accompanying Schedule of Corrective Action Plan. The District's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

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.

Maxwell Locke + Ritter LLP

Austin, Texas
November 16, 2020



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Independent Auditors' Report on Compliance for Each Major Federal Program and Report on Internal Control Over Compliance Required by The Uniform Guidance

The Board of Trustees of
Eanes Independent School District:

Report on Compliance for the Major Federal Program

We have audited Eanes 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 the District's major federal program for the year ended June 30, 2020. The District's major federal program is identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditors' Responsibility

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

Affiliated Company

ML&R WEALTH MANAGEMENT LLC

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

Opinion on the Major Federal Program

In our opinion, the District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended June 30, 2020.

Report on Internal Control Over Compliance

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

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

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

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

Maxwell Locke + Ritter LLP

Austin, Texas
November 16, 2020

Eanes Independent School District
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2020

Federal Grantor/ Pass-Through Grantor/ Program Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Total Federal Expenditures
<u>U.S. Department of Education</u>			
<u>Passed Through Texas Education Agency:</u>			
Title I Grants to Local Educational Agencies	84.010A	20610101227909	\$ 144,562
Special Education Cluster:			
Special Education Grants to States (IDEA - Part B, Formula)	84.027A	196600012279096600	7,994
Special Education Grants to States (IDEA - Part B, Formula)	84.027A	206600012279096600	1,192,612
Special Education Grants to States (IDEA - Part B, Discretionary Residential)	84.027A	196600122279096677	27,509
Special Education Grants to States (IDEA - Part B, Discretionary Residential)	84.027A	206600122279096677	314,530
Special Education Grants to States (IDEA - Part B, High Cost Risk Pool)	84.027A	66001906	18,713
Special Education Grants to States (IDEA - Part B, High Cost Risk Pool)	84.027A	66002006	75,625
Total CFDA Number 84.027A			1,636,983
Special Education Preschool Grants (IDEA - Part B, Preschool)	84.173A	196610012279096610	285
Special Education Preschool Grants (IDEA - Part B, Preschool)	84.173A	206610012279096610	21,332
Total CFDA Number 84.173A			21,617
Total for Special Education Cluster			1,658,600
Career and Technical Education - Basic Grants to States	84.048A	20420006227909	51,008
English Language Acquisition State Grants	84.365A	19671001227909	5,050
English Language Acquisition State Grants	84.365A	20671001227909	15,445
Total CFDA Number 84.365A			20,495
Supporting Effective Instruction State Grants (formerly Improving Teacher Quality State Grants)	84.367A	19694501227909	1,059
Supporting Effective Instruction State Grants (formerly Improving Teacher Quality State Grants)	84.367A	20694501227909	102,299
Total CFDA Number 84.367A			103,358
COVID-19 Education Stabilization Fund	84.425D	20521001227909	108,401
Total Passed Through Texas Education Agency			2,086,424
Total Department of Education			2,086,424
<u>U.S. Department of Agriculture</u>			
Child Nutrition Cluster:			
<u>Passed Through Texas Education Agency-</u>			
National School Lunch Program	10.555	71302001	75,465
<u>Passed Through the Texas Department of Human Services-</u>			
Non-cash assistance - Food Distribution Program	10.555	71302001	52,156
Total CFDA Number 10.555			127,621
Total Child Nutrition Cluster			127,621
Total Department of Agriculture			127,621
<u>U.S. Department of Homeland Security</u>			
<u>Passed Through Texas Department of Public Safety Division of Emergency Management-</u>			
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	453-04749-00	8,045
Total U.S. Department of Homeland Security			8,045
Total Expenditures of Federal Awards			\$ 2,222,090

The accompanying notes are an integral part of this schedule.

Eanes Independent School District

Notes to the Schedule of Expenditures of Federal Awards Year Ended June 30, 2020

1. Basis of Presentation

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal award activity of Eanes Independent School District (the "District") under programs of the federal government for the year ended June 30, 2020. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the District, it is not intended to and does not present the financial position, change in net position, or cash flows of the District.

2. Summary of Significant Accounting Policies

Basis of Accounting

The expenditures reported on the Schedule are reported using the modified accrual basis of accounting, with the exception of the National School Lunch Program and the Food Distribution Program. Under the modified accrual basis of accounting, revenues are recognized in the accounting period in which they become available and measurable, and expenditures in the accounting period in which the fund liability is incurred, if measurable. Expenditures in the National School Lunch Program and the Food Distribution Program are not specifically attributable to this revenue source and are shown on the Schedule in an amount equal to revenue for balancing purposes only. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited to reimbursement.

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

Relationship to Basic Financial Statements

Expenditures of federal awards are reported in the District's basic financial statements in the General Fund and special revenue funds, with the exception of the National School Lunch Program and the Food Distribution Program which are accounted for in an enterprise fund.

Relationship to Federal Financial Reports

Amounts reported in the Schedule agree with the amounts reported in the related federal financial reports in all significant respects.

Valuation of Non-cash Programs

The District values revenues and expenditures for the Food Distribution Program based on the value of commodities received.

Eanes Independent School District

Schedule of Findings and Questioned Costs Year Ended June 30, 2020

Section I - Summary of Auditors' Results

Financial Statements

Type of auditors' report issued on whether the financial statements were prepared in accordance with GAAP:

Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? yes no
- Significant deficiency(ies) identified? yes none reported

Noncompliance material to financial statements noted?

yes no

Federal Awards

Internal control over the major federal program:

- Material weakness(es) identified? yes no
- Significant deficiency(ies) identified? yes none reported

Type of auditors' report issued on compliance for the major federal program:

Special Education Cluster

Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?

yes no

Identification of the major federal program:

CFDA Number(s)	Name of Federal Program or Cluster
	Special Education Cluster:
84.027A	Special Education Grants to States (IDEA - Part B, Formula)
84.027A	Special Education Grants to States (IDEA - Part B, Discretionary Residential)
84.027A	Special Education Grants to States (IDEA - Part B, High Cost Risk Pool)
84.173A	Special Education Preschool Grants (IDEA - Part B, Preschool)

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

Auditee qualified as low-risk auditee?

yes no

Eanes Independent School District

Schedule of Findings and Questioned Costs Year Ended June 30, 2020

Section II - Financial Statement Findings

There was one finding required to be recorded in accordance with *Government Auditing Standards* for the year ended June 30, 2020. There were no findings required to be reported in accordance with *Government Auditing Standards* for the year ended June 30, 2019.

Finding Relating to Internal Control over Financial Reporting and Compliance in Accordance with *Government Auditing Standards*:

2020-001

Criteria:	The District must expend at least 55% of the Foundation School Program (“FSP”) funding allotment received for direct costs related to career and technical education programs.
Condition /Context:	The District’s direct expenditures for career and technical education programs during the year ended June 30, 2020 totaled only 45% of the FSP funding allotment received.
Effect:	Noncompliance with the spending requirements for the school district FSP funding allotments formulated by the State of Texas and the TEA.
Cause:	Spending on career and technical education programs from the District’s FSP funding allotment was not properly monitored and adjusted during the year for compliance for this requirement.
Recommendations:	The District should monitor closely actual expenditures incurred to ensure the proper percentage of the District’s FSP funding allotment is spent on direct costs related to career and technical education programs.
Views of Responsible Officials and Planned Corrective Actions:	See Schedule of Corrective Action Plan

Section III - Federal Award Findings and Questioned Costs

There were no findings or questioned costs required to be reported in accordance with 2 CFR 200.516(a) for the year ended June 30, 2020. There was one finding required to be reported in accordance with 2 CFR 200.516(a) for the year ended June 30, 2019. See Summary Schedule of Prior Audit Finding for the current status of this finding.



Schedule of Corrective Action Plan (Auditee Prepared)

Year Ending June 30, 2020

Finding 2020-001

Planned Corrective Action: For the 2019-2020 fiscal year, a late adjustment was made to the summary of finances related to various allocations including the career and technical education programs. The late adjustment and the closure related to the pandemic did not allow for management to correct spending in this area. The TEA determines compliance using a three-year average and allows a District to carryover a balance to spend in the following year. Management will monitor actual expenditures closely and adjust to ensure compliance with the spending requirement on direct costs related to career and technical education programs.

Responsible Party: Maria Rockstead, Director of Finance

Estimated Completion Date: June 30, 2021



Summary Schedule of Prior Audit Finding (Auditee Prepared)

Year Ending June 30, 2020

Finding 2019-001

Condition: The District did not obtain price or rate quotations from qualified sources for selections procured under the small purchase procedure method as required by the procurement standards set out within Uniform Guidance at 2 CFR sections 200.318 through 200.326.

Status: Corrected as there were no instances noted during the current year audit.