

**BENAVIDES  
INDEPENDENT  
SCHOOL DISTRICT**

*Annual Financial Report*

*For the Year Ended August 31, 2020*



**GOWLAND, STREALLY, MORALES & COMPANY, PLLC**

Certified Public Accountants

Benavides Independent School District  
Annual Financial Report  
For The Year Ended August 31, 2020

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*Introductory Section*

CERTIFICATE OF BOARD

Benavides Independent School District  
Name of School District

Duval  
County

066-901  
Co.-Dist. Number

We, the undersigned, certify that the attached annual financial reports of the above named school district were reviewed and (check one) \_\_\_\_\_approved \_\_\_\_\_disapproved for the year ended August 31, 2020, at a meeting of the board of trustees of such school district on the \_\_\_\_ day of \_\_\_\_\_, \_\_\_\_\_.

\_\_\_\_\_  
Signature of Board Secretary

\_\_\_\_\_  
Signature of Board President

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

## Financial Section



GOWLAND, STREALLY, MORALES & COMPANY, PLLC

Certified Public Accountants

5934 S. Staples St. Ste. 201  
Corpus Christi, TX 78413  
Telephone: (361) 993-1000  
Fax: (361) 991-2880

### **Independent Auditor's Report**

To the Board of Trustees  
Benavides Independent School District  
P.O. Drawer P  
Benavides, Texas 78341-0916

#### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Benavides Independent School District ("the District") as of and for the year ended August 31, 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.

#### **Auditor's Responsibility**

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

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

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

## Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Benavides Independent School District as of August 31, 2020, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

As described in Note A to the financial statements, in 2020, Benavides Independent School District adopted new accounting guidance, Governmental Accounting Standards Board Statement No. 88, *Certain Disclosures Related to Debt, Including Direct Borrowing and Direct Placements*. Our opinion is not modified with respect to this matter.

As described in Note A to the financial statements, in 2020, Benavides Independent School District adopted new accounting guidance, Governmental Accounting Standards Board Statement No. 83, *Certain Asset Retirement Obligations*. Our opinion is not modified with respect to this matter.

## Other Matters

### *Required Supplementary Information*

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

### *Other Information*

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



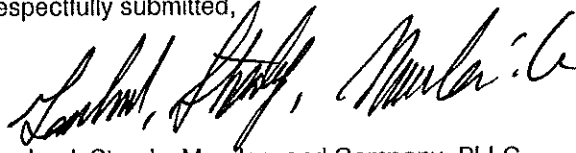
The combining financial statements and other supplementary information and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such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

The introductory section has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

#### **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated January 4, 2021 on our consideration of Benavides Independent School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Benavides Independent School District's internal control over financial reporting and compliance.

Respectfully submitted,



Gowland, Strealy, Morales, and Company, PLLC  
Corpus Christi, Texas  
January 4, 2021

## Management's Discussion and Analysis

This section of Benavides Independent School District's annual financial report presents our discussion and analysis of the District's financial performance during the fiscal year ended August 31, 2020. Please read it in conjunction with the District's financial statements, which follow this section.

### FINANCIAL HIGHLIGHTS

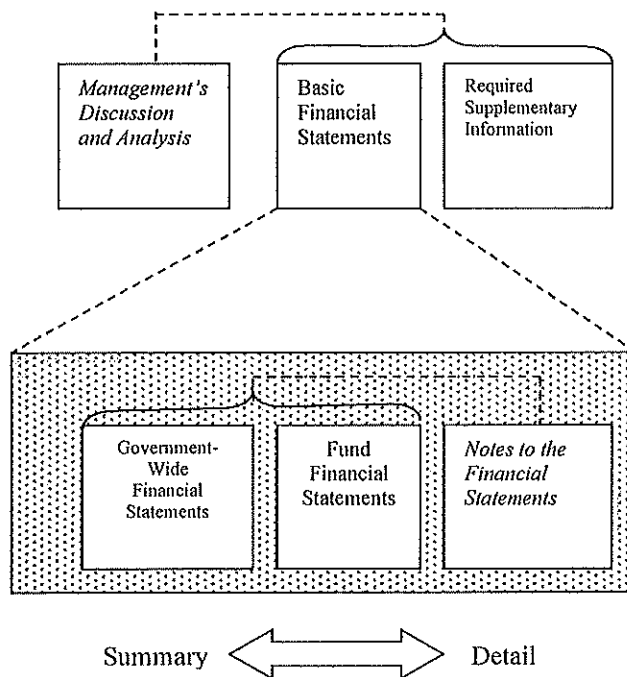
- The District's total combined net position was \$8,321,011 at August 31, 2020.
- During the year, the District's expenses were \$6,101,486 or \$2,386,127 less than the \$8,487,613 generated in taxes and other revenues for governmental activities, not including special items.
- The total cost of the District's programs was \$6,101,486 or \$257,162 less than last year, with no new programs added.
- The general fund reported a fund balance this year of \$5,097,661, which is \$2,528,355 more than the 2019 balance of \$2,569,306.

### 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-term* 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.

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



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.

Figure A-2 summarizes the major features of the District's financial statements, including the portion of the District government 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.

<b>Figure A-2. Major Features of the District's Government-Wide and Fund Financial Statements</b>				
<i>Type of Statements</i>	<b>Fund Statements</b>			
	<b>Government-Wide</b>	<b>Governmental Funds</b>	<b>Proprietary Funds</b>	<b>Fiduciary Funds</b>
<i>Scope</i>	Entire District's government (except fiduciary funds) and the District's component units	The activities of the District that are not proprietary or fiduciary	Activities the District operates similar to private businesses; self insurance	Instances in which the district is the trustee or agent for someone else's resources
<i>Required financial statement</i>	*Statement of net position	*Balance Sheet	*Statement of net position	*Statement of Fiduciary net position
	*Statement of activities	*Statement of revenues, expenditures & changes in fund balances	*Statement of revenues, expenses and changes in fund net position *Statement of cash flows	*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 liabilities, both financial and capital, short-term and long-term	Only assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets included	All assets and liabilities, both financial and capital, and short-term and long-term	All assets and liabilities, both short-term and long-term, the District's funds do not currently contain capital assets, although they can
<i>Type of inflow/outflow information</i>	All revenue and expenses during the 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 the year, regardless of when cash is received or paid	All revenues and expenses during the year, regardless of when cash is received or paid

### **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 liabilities. All of the current year's revenues and expenses are accounted for in the statement 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 liabilities – are 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, you need to consider additional non-financial 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 three 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 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 statement, we provide additional information at the bottom of the governmental funds statement, or on the subsequent page, that explains the relationship (or differences) between them.
- *Internal Service Funds* – These funds are used to report activities that provide supplies and services for the District's other programs and activities – such as the District's Self Insurance Fund.
- *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. 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 assets to finance its operations.

## **FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE**

### **Net Position**

The District's *combined* net position was approximately \$8,321,011 at August 31, 2020. Investment in capital assets (e.g. land, buildings, furniture and equipment, less any related debt used to acquire those assets that is still outstanding) is \$6,165,210. The District uses these capital assets to provide services to students; consequently, these assets are not available for future spending.

A portion of the District's net position, \$897,869, represents resources that are subject to external restrictions on how they may be used. The remaining balance of net position of 1,257,932 may be used to meet the District's ongoing obligations. (See Table A-1).

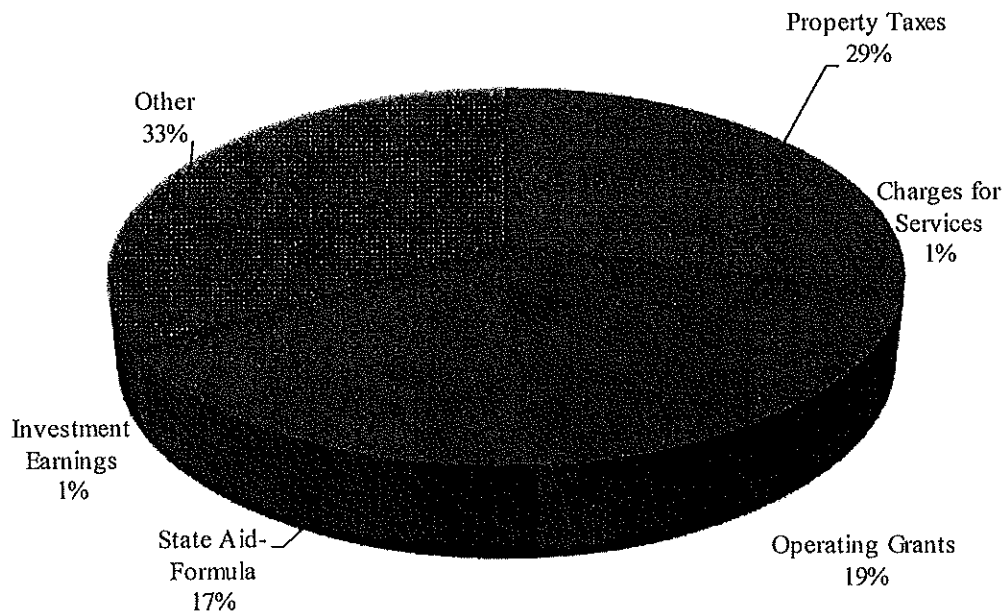
**Table A-1**  
**The District's Net Position**

	<b>Governmental Activities</b>		<b>Total Change 2020-2019</b>
	<b>2020</b>	<b>2019</b>	
<b>Current Assets:</b>			
Cash and Cash Equivalents	\$ 4,523,531	\$ 2,033,311	\$ 2,490,220
Current Investments	1,128,128	1,116,078	12,050
Property Taxes Receivable (net)	826,004	830,091	(4,087)
Due from Other Governments	764,974	419,375	345,599
Internal Balances	-	33	(33)
Due from Fiduciary	-	300	(300)
Other Receivables (Net)	6,138	5,724	414
<b>Total Current Assets</b>	<u>7,248,775</u>	<u>4,404,912</u>	<u>2,843,863</u>
<b>Noncurrent Assets:</b>			
Capital Assets	11,235,577	11,623,528	(387,951)
<b>Total Assets</b>	<u>18,484,352</u>	<u>16,028,440</u>	<u>2,455,912</u>
<b>Deferred Outflows of Resources</b>			
Deferred Outflow Related to Pensions	608,746	765,172	(156,426)
Deferred Outflow Related to OPEB	242,441	213,129	29,312
<b>Total Deferred Outflows</b>	<u>851,187</u>	<u>978,301</u>	<u>(127,114)</u>
<b>Current Liabilities:</b>			
Accounts Payable	195,176	110,420	84,756
Interest Payable	4,720	4,720	-
Accrued Liabilities	281,491	216,712	64,779
Due to Fiduciary	-	33	(33)
Unearned Revenue	348,939	193,480	155,459
<b>Total Current Liabilities</b>	<u>830,326</u>	<u>525,365</u>	<u>304,961</u>
<b>Long-Term Liabilities</b>			-
Due Within One Year	32,854	23,984	8,870
Due in More Than One Year	5,037,513	5,402,838	(365,325)
Net Pension Liability	1,209,249	1,316,363	(107,114)
Net OPEB Liability	2,070,165	2,618,732	(548,567)
<b>Total Liabilities</b>	<u>9,180,107</u>	<u>9,887,282</u>	<u>(707,175)</u>
<b>Deferred Inflows of Resources</b>			
Deferred Inflow Related to Pensions	306,472	181,716	124,756
Deferred Inflow Related to OPEB	1,528,549	1,002,859	525,690
<b>Total Deferred Inflows</b>	<u>1,835,021</u>	<u>1,184,575</u>	<u>650,446</u>
<b>Net Position</b>			
Net Investment in Capital Assets	6,165,210	6,196,706	(31,496)
Restricted	897,869	872,869	25,000
Unrestricted	1,257,932	(1,134,691)	2,392,623
<b>Total Net Position</b>	<u>\$ 8,321,011</u>	<u>\$ 5,934,884</u>	<u>\$ 2,386,127</u>

### Changes in Net Position

The District's total revenues were \$8,487,613. A significant portion, 33%, of the District's revenues comes from miscellaneous revenue, 29% comes from taxes (see Figure A-3), while 19% relates to both operating grants.

Figure A-3 District  
Sources of Revenue for Fiscal Year



The total cost of all programs and services was \$6,101,486; 54% of these costs are for instructional and student services.

### Governmental Activities

Property tax rates decreased from \$1.301/\$100 to \$1.122/\$100 valuation, although the District experienced an increase of \$73,043 in tax revenues to \$2,863,115.

Current and other assets increased by \$2,843,863 from the previous year, mainly due from cash and cash equivalents. Capital assets decreased by \$387,951 due to depreciation.

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**Table A-2**  
**Changes in Benavides Independent School District**  
**Statement of Activities**

	<b>Governmental Activities</b>		<b>Total Change</b>
	<b>2020</b>	<b>2019</b>	<b>2020-2019</b>
<b>Revenues:</b>			
<b>Program revenues:</b>			
Charges for service	\$ 54,308	\$ 54,644	\$ (336)
Operating grants and contributions	1,521,811	1,558,996	(37,185)
<b>General Revenues:</b>			
Maintenance and operations taxes	2,307,162	2,230,055	77,107
Debt service taxes	555,953	560,017	(4,064)
Grants and contributions not restricted to specific functions	1,349,835	1,681,089	(331,254)
Investment earnings	42,810	46,131	(3,321)
Miscellaneous	2,655,734	388,418	2,267,316
<b>Total Revenue</b>	<b>8,487,613</b>	<b>6,519,350</b>	<b>1,968,263</b>
<b>Expenses:</b>			
Instruction, curriculum and media services	2,510,042	2,809,641	(299,599)
Instructional and school leadership	369,965	324,239	45,726
Student support services	409,217	502,718	(93,501)
Child nutrition	392,370	347,591	44,779
Cocurricular activities	271,398	370,682	(99,284)
General administration	799,841	460,366	339,475
Facilities maintenance, security & data processing	1,017,417	1,182,712	(165,295)
Community services	0	177	(177)
Debt services	124,154	165,604	(41,450)
Capital Outlay	-	-	-
Contracted instructional service	207,082	194,918	12,164
<b>Total Expenses</b>	<b>6,101,486</b>	<b>6,358,648</b>	<b>(257,162)</b>
<b>Increase (decrease) in net position before special item</b>	<b>2,386,127</b>	<b>160,702</b>	<b>2,225,425</b>
<b>Special Item:</b>			
Special Item Outflow	-	-	-
Special Item Inflow	-	-	-
<b>Increase (decrease) in net position</b>	<b>2,386,127</b>	<b>160,702</b>	<b>2,225,425</b>
<b>Net Position, Beginning</b>	<b>5,934,884</b>	<b>5,774,182</b>	<b>160,702</b>
<b>Prior Period Adjustment</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net Position - Beginning, as Restated</b>	<b>5,934,884</b>	<b>5,774,182</b>	<b>160,702</b>
<b>Net Position, Ending</b>	<b>\$ 8,321,011</b>	<b>\$ 5,934,884</b>	<b>\$ 2,386,127</b>

**Table A-3**  
**Net Cost of Selected District Functions**

	Total Cost of Services		% Change	Net Cost of Services		% Change
	2020	2019		2020	2019	
Instruction	\$ 2,475,914	\$ 2,761,178	-10.33%	\$ 1,773,730	\$ 1,786,045	-0.69%
General administration	799,841	460,366	73.74%	479,454	421,868	13.65%
Plant Maint. And Operations	820,827	1,006,548	-18.45%	812,553	994,919	-18.33%

Table A-3 presents the cost of each of the District's largest functions 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.

- The cost of all *governmental* activities this year was \$6,101,486.
- However, the amount that our taxpayers paid for these activities through property taxes was \$2,863,115.
- Some of the cost was paid by those who directly benefited from the programs, \$54,308, or by grants and contributions of \$1,521,811.

#### **FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS**

Revenues from governmental fund types total \$8,320,867, an increase of \$1,939,454, or 30.4%, from the preceding year. This increase is primarily due to a \$2,336,841 increase in local revenues, which more than offset a decrease of \$532,820 in state revenues.

#### **General Fund Budgetary Highlights**

Over the course of the year, the District revised its budget several times. Even with these adjustments, actual expenditures were \$1,003,640 below final budget amounts. The most significant positive variance resulted from lower capital outlay expenses. Staffing is budgeted for full employment throughout the year.

Additionally, resources available were \$29,928 below the financial budgeted amount. As noted earlier:

- Property tax collections and other local revenues were \$37,778 more than expected.
- State funding was \$31,073 more than the final amended budgeted amount for the current year.
- In the 2019-2020 school year, the general fund's fund balance increased by \$2,528,355 to \$5,097,661.

#### **Capital Assets**

At the end of 2020, the District had invested \$24,551,503 in a broad range of capital assets, including land, buildings, equipment and vehicles (See Table A-4). This amount remained stable when compared to last year.



**Table A-4**  
**District's Capital Assets**

	<u>2019</u>	<u>Additions</u>	<u>Deletions</u>	<u>2020</u>
Land	\$ 40,762	\$ -	\$ -	\$ 40,762
Construction in Progress	-	-	-	-
Buildings and Improvements	22,639,446	-	-	22,639,446
Vehicles and Equipment	1,788,393	82,902	-	1,871,295
Totals at historical cost	<u>24,468,601</u>	<u>82,902</u>	<u>-</u>	<u>24,551,503</u>
Total accumulated depreciation	12,845,073	470,853	-	13,315,926
Net capital assets	<u>\$ 11,623,528</u>	<u>\$ (387,951)</u>	<u>\$ -</u>	<u>\$ 11,235,577</u>

**Long-Term Debt**

The District has the following debt at August 31, 2020:

**Table A-5**  
**The District's Long-Term Debt**

	<u>2020</u>	<u>2019</u>	<u>Total % Change</u>
Ltd. tax refunding bonds	\$ 4,760,000	\$ 4,780,000	-0.42%
Premium on Bonds	105,708	105,708	0.00%
Capital leases	59,101	3,984	1383.46%
Net Pension Liability	1,209,249	1,316,363	-8.14%
Net OPEB Liability	2,070,165	2,618,732	-20.95%
	<u>\$ 8,204,223</u>	<u>\$ 8,824,787</u>	-7.03%

The District doesn't anticipate issuing any new debt of any kind during the next year. Additional information regarding the District's Long-Term Debt can be found in the notes to the financial statements.

**ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES**

- Appraised values used for the 2020 property tax assessments will be up \$25,997,439, or 11.6% from 2019. However, the total tax rate will decrease to \$0.97 per \$100 valuation for the general fund (plus a \$.1523 tax rate per \$100 valuation for debt service fund, down from \$1.04 and .268 per \$100 valuation in the 2019 tax year). No major construction is anticipated during the ensuing 2020 year.
- General operating fund spending per student increased in the 2020-2021 budget from \$14,384 to \$13,766, an increase of 4.49%.
- The district's 2021 refined average daily attendance is expected to decrease from 282 to 280 students.

These indicators were taken into account when adopting the general fund budget for 2020-2021. Amounts available for appropriation in the general fund budget are \$3,854,368, a decrease of 44.3% from the final 2020 budget of \$6,921,045. Property taxes are projected to decrease \$2,489,715 or 49.4% from the prior year's final budget, due to decreasing values.

State unrestricted revenue is expected to decrease by \$306,214, or 20.9% from the 2020 year, as the District will receive substantially less "Foundation" revenue than it did in the 2020 year. The District will use these revenues to finance programs currently offered.

Expenditures are budgeted to decrease by 13.0% or \$575,817 to \$3,854,368 from prior year actual expenditures. The largest decrease is in the area of instruction due to approximately 2 less students attending Benavides ISD as well as the need to eliminate several position. The biggest increase is going to be in curriculum/staff development. The District has added no major new programs or initiatives to the 2021 budget.

If these estimates are realized, the District's budgetary general fund balance is expected to remain the same by the close of 2021.

#### **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 Office.

*Basic Financial Statements*

**BENAVIDES INDEPENDENT SCHOOL DISTRICT**  
**STATEMENT OF NET POSITION**  
**AUGUST 31, 2020**

1

Data Control Codes		Governmental Activities
	<b>ASSETS:</b>	
1110	Cash and Cash Equivalents	\$ 4,523,531
1120	Current Investments	1,128,128
1225	Property Taxes Receivable (Net)	826,004
1240	Due from Other Governments	764,974
1267	Due from Fiduciary	600
1290	Other Receivables (Net)	6,138
	Capital Assets:	
1510	Land	40,762
1520	Buildings and Improvements, Net	10,772,002
1530	Furniture and Equipment, Net	422,813
1000	Total Assets	<u>18,484,952</u>
	<b>DEFERRED OUTFLOWS OF RESOURCES:</b>	
	Deferred Outflow Related to Pensions	608,746
	Deferred Outflow Related to OPEB	242,441
1700	Total Deferred Outflows of Resources	<u>851,187</u>
	<b>LIABILITIES:</b>	
2110	Accounts Payable	195,176
2140	Interest Payable	4,720
2165	Accrued Liabilities	281,491
2300	Unearned Revenue	348,939
	Noncurrent Liabilities:	
2501	Due Within One Year	32,854
2502	Due in More Than One Year	5,037,513
2540	Net Pension Liability	1,209,249
2545	Net OPEB Liability	2,070,165
2000	Total Liabilities	<u>9,180,107</u>
	<b>DEFERRED INFLOWS OF RESOURCES:</b>	
	Deferred Inflow Related to Pensions	306,472
	Deferred Inflow Related to OPEB	1,528,549
2600	Total Deferred Inflows of Resources	<u>1,835,021</u>
	<b>NET POSITION:</b>	
3200	Net Investment in Capital Assets	6,165,210
	Restricted For:	
3850	Debt Service	540,210
3890	Other Purposes	357,659
3900	Unrestricted	1,257,932
3000	Total Net Position	<u>\$ 8,321,011</u>

The accompanying notes are an integral part of this statement.

**BENAVIDES INDEPENDENT SCHOOL DISTRICT**  
**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED AUGUST 31, 2020**

Data Control Codes	Functions/Programs	1	3	4	Net (Expense) Revenue and Changes in Net Position
		Expenses	Charges for Services	Program Revenues Operating Grants and Contributions	Governmental Activities
	Governmental Activities:				
11	Instruction	\$ 2,475,914	\$ 14,944	\$ 687,240	\$ (1,773,730)
12	Instructional Resources and Media Services	11,343	--	--	(11,343)
13	Curriculum and Staff Development	22,785	--	13,932	(8,853)
21	Instructional Leadership	89,444	--	66,587	(22,857)
23	School Leadership	280,521	87	29,525	(250,909)
31	Guidance, Counseling, & Evaluation Services	167,945	--	21,163	(146,782)
33	Health Services	25,171	--	41,305	16,134
34	Student Transportation	216,101	--	3,918	(212,183)
35	Food Service	392,370	13,069	312,264	(67,037)
36	Cocurricular/Extracurricular Activities	271,398	17,808	14,023	(239,567)
41	General Administration	799,841	8,400	311,987	(479,454)
51	Facilities Maintenance and Operations	820,827	--	8,274	(812,553)
52	Security and Monitoring Services	17,189	--	64	(17,125)
53	Data Processing Services	179,401	--	11,529	(167,872)
72	Interest on Long-term Debt	123,749	--	--	(123,749)
73	Bond Issuance Costs and Fees	405	--	--	(405)
93	Payments Related to Shared Services Arrangements	98,162	--	--	(98,162)
99	Other Intergovernmental Charges	108,920	--	--	(108,920)
TG	Total Governmental Activities	6,101,486	54,308	1,521,811	(4,525,367)
TP	Total Primary Government	\$ 6,101,486	\$ 54,308	\$ 1,521,811	(4,525,367)
	General Revenues:				
MT	Property Taxes, Levied for General Purposes				2,307,162
DT	Property Taxes, Levied for Debt Service				555,953
IE	Investment Earnings				42,810
GC	Grants and Contributions Not Restricted to Specific Programs				1,349,835
MI	Miscellaneous				2,655,733
	Other Resources (Reclassify to revenue)				1
TR	Total General Revenues				6,911,494
CN	Change in Net Position				2,386,127
NB	Net Position - Beginning				5,934,884
NE	Net Position - Ending				\$ 8,321,011

The accompanying notes are an integral part of this statement.

**BENAVIDES INDEPENDENT SCHOOL DISTRICT**  
**BALANCE SHEET - GOVERNMENTAL FUNDS**  
**AUGUST 31, 2020**

Data Control Codes	10 General Fund	50 Debt Service Fund	Other Governmental Funds	98 Total Governmental Funds
<b>ASSETS:</b>				
1110 Cash and Cash Equivalents	\$ 4,523,000	\$ 6,156	\$ (37,287)	\$ 4,491,869
1120 Current Investments	1,128,128	--	--	1,128,128
1225 Taxes Receivable, Net	657,041	168,963	--	826,004
1240 Due from Other Governments	81,913	193,912	489,149	764,974
1260 Due from Other Funds	82,837	--	811	83,648
1290 Other Receivables	5,015	--	1,123	6,138
1000 Total Assets	<u>\$ 6,477,934</u>	<u>\$ 369,031</u>	<u>\$ 453,796</u>	<u>\$ 7,300,761</u>
<b>LIABILITIES:</b>				
Current Liabilities:				
2110 Accounts Payable	\$ 114,255	\$ --	\$ 80,921	\$ 195,176
2160 Accrued Wages Payable	254,093	--	19,391	273,484
2170 Due to Other Funds	33	82,237	778	83,048
2200 Accrued Expenditures	5,913	--	2,094	8,007
2300 Unearned Revenue	348,939	--	--	348,939
2000 Total Liabilities	<u>723,233</u>	<u>82,237</u>	<u>103,184</u>	<u>908,654</u>
<b>DEFERRED INFLOWS OF RESOURCES:</b>				
Deferred Revenue	657,040	168,963	--	826,003
2600 Total Deferred Inflows of Resources	<u>657,040</u>	<u>168,963</u>	<u>--</u>	<u>826,003</u>
<b>FUND BALANCES:</b>				
Restricted Fund Balances:				
3450 Federal/State Funds Grant Restrictions	7,745	--	--	7,745
3480 Retirement of Long-Term Debt	--	117,831	--	117,831
3490 Other Restrictions of Fund Balance	--	--	334,119	334,119
Committed Fund Balances:				
3510 Construction	2,188,245	--	--	2,188,245
3545 Other Committed Fund Balance	--	--	16,493	16,493
3600 Unassigned	2,901,671	--	--	2,901,671
3000 Total Fund Balances	<u>5,097,661</u>	<u>117,831</u>	<u>350,612</u>	<u>5,566,104</u>
Total Liabilities, Deferred Inflow of Resources and Fund Balances	<u>\$ 6,477,934</u>	<u>\$ 369,031</u>	<u>\$ 453,796</u>	<u>\$ 7,300,761</u>

The accompanying notes are an integral part of this statement.

**BENAVIDES INDEPENDENT SCHOOL DISTRICT**  
**RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET**  
**TO THE STATEMENT OF NET POSITION**  
**AUGUST 31, 2020**

Total fund balances - governmental funds balance sheet \$ 5,566,104

Amounts reported for governmental activities in the Statement of Net Position  
("SNP") are different because:

Capital assets used in governmental activities are not reported in the funds.	11,235,577
Property taxes receivable unavailable to pay for current period expenditures are deferred in the funds.	826,004
The assets and liabilities of internal service funds are included in governmental activities in the SNP.	31,660
Payables for bond principal which are not due in the current period are not reported in the funds.	(4,760,000)
Payables for capital leases which are not due in the current period are not reported in the funds.	(59,099)
Payables for bond interest which are not due in the current period are not reported in the funds.	(4,720)
Other long-term assets are not available to pay for current period expenditures and are deferred in the funds.	258,205
Recognition of the District's proportionate share of the net pension liability is not reported in the funds.	(1,209,249)
Deferred Resource Inflows related to the pension plan are not reported in the funds.	(306,472)
Deferred Resource Outflows related to the pension plan are not reported in the funds.	608,746
The accumulated accretion of interest on capital appreciation bonds is not reported in the funds.	(403,762)
Bond premiums are amortized in the SNA but not in the funds.	(105,710)
Recognition of the District's proportionate share of the net OPEB liability is not reported in the funds.	(2,070,165)
Deferred Resource Inflows related to the OPEB plan are not reported in the funds.	(1,528,549)
Deferred Resource Outflows related to the OPEB plan are not reported in the funds.	242,441

Net position of governmental activities - Statement of Net Position \$ 8,321,011

The accompanying notes are an integral part of this statement.

**BENAVIDES INDEPENDENT SCHOOL DISTRICT**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCES - GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED AUGUST 31, 2020**

Data Control Codes	10 General Fund	50 Debt Service Fund	Other Governmental Funds	98 Total Governmental Funds
<b>REVENUES:</b>				
5700 Local and Intermediate Sources	\$ 5,041,012	\$ 560,209	\$ 18,831	\$ 5,620,052
5800 State Program Revenues	1,500,358	9,221	105,934	1,615,513
5900 Federal Program Revenues	349,747	--	735,555	1,085,302
5020 Total Revenues	<u>6,891,117</u>	<u>569,430</u>	<u>860,320</u>	<u>8,320,867</u>
<b>EXPENDITURES:</b>				
Current:				
0011 Instruction	1,640,256	--	501,124	2,141,380
0012 Instructional Resources and Media Services	10,360	--	--	10,360
0013 Curriculum and Staff Development	6,861	--	13,937	20,798
0021 Instructional Leadership	14,727	--	65,745	80,472
0023 School Leadership	235,430	--	1,633	237,063
0031 Guidance, Counseling, & Evaluation Services	136,412	--	4,096	140,508
0033 Health Services	21,354	--	--	21,354
0034 Student Transportation	193,246	--	1,803	195,049
0035 Food Service	351,328	--	--	351,328
0036 Cocurricular/Extracurricular Activities	231,159	--	11,307	242,466
0041 General Administration	450,552	--	282,027	732,579
0051 Facilities Maintenance and Operations	744,549	--	--	744,549
0052 Security and Monitoring Services	15,619	--	64	15,683
0053 Data Processing Services	156,006	--	--	156,006
0071 Principal on Long-term Debt	12,309	20,000	--	32,309
0072 Interest on Long-term Debt	2,935	512,383	--	515,318
0073 Bond Issuance Costs and Fees	--	405	--	405
0093 Payments to Shared Service Arrangements	98,162	--	--	98,162
0099 Other Intergovernmental Charges	108,920	--	--	108,920
6030 Total Expenditures	<u>4,430,185</u>	<u>532,788</u>	<u>881,736</u>	<u>5,844,709</u>
1100 Excess (Deficiency) of Revenues Over (Under)				
1100 Expenditures	<u>2,460,932</u>	<u>36,642</u>	<u>(21,416)</u>	<u>2,476,158</u>
Other Financing Sources and (Uses):				
7913 Issuance of Capital Leases	67,423	--	--	67,423
7915 Transfers In	26,000	--	--	26,000
8911 Transfers Out	(26,000)	--	--	(26,000)
7080 Total Other Financing Sources and (Uses)	<u>67,423</u>	<u>--</u>	<u>--</u>	<u>67,423</u>
1200 Net Change in Fund Balances	<u>2,528,355</u>	<u>36,642</u>	<u>(21,416)</u>	<u>2,543,581</u>
0100 Fund Balances - Beginning	2,569,306	81,189	372,028	3,022,523
3000 Fund Balances - Ending	<u>\$ 5,097,661</u>	<u>\$ 117,831</u>	<u>\$ 350,612</u>	<u>\$ 5,566,104</u>

The accompanying notes are an integral part of this statement.



**BENAVIDES INDEPENDENT SCHOOL DISTRICT**  
**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,**  
**AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS**  
**TO THE STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED AUGUST 31, 2020**

Net change in fund balances - total governmental funds \$ 2,543,581

Amounts reported for governmental activities in the Statement of Activities  
("SOA") are different because:

Capital outlays are not reported as expenses in the SOA.	82,902
The depreciation of capital assets used in governmental activities is not reported in the funds.	(470,853)
Certain property tax revenues are deferred in the funds. This is the change in these amounts this year.	(4,085)
Repayment of bond principal is an expenditure in the funds but is not an expense in the SOA.	425,000
Repayment of capital lease principal is an expenditure in the funds but is not an expense in the SOA.	12,308
The accretion of interest on capital appreciation bonds is not reported in the funds.	(13,431)
The net revenue (expense) of internal service funds is reported with governmental activities.	6
Proceeds of leases do not provide revenue in the SOA, but are reported as current resources in the funds.	(67,423)
The District's share of the unrecognized deferred inflows and outflows for the pension plan was amortized.	132,173
Pension expense relating to GASB 68 is recorded in the SOA but not in the funds.	(306,241)
OPEB contributions made after the measurement date but in current FY were de-expended & reduced NPL.	15,005
The District's share of the unrecognized deferred inflows and outflows for the OPEB plan was amortized.	38,658
OPEB expense relating to GASB 75 is recorded in the SOA but not in the funds.	(1,473)

Change in net position of governmental activities - Statement of Activities \$ 2,386,127

The accompanying notes are an integral part of this statement.

**BENAVIDES INDEPENDENT SCHOOL DISTRICT**  
**STATEMENT OF NET POSITION**  
**INTERNAL SERVICE FUND**  
**AUGUST 31, 2020**

		Nonmajor Internal Service Fund	
Data Control Codes		Insurance Fund	
<b>ASSETS:</b>			
Current Assets:			
1110	Cash and Cash Equivalents	\$	31,660
	Total Current Assets		31,660
1000	Total Assets		31,660
<b>LIABILITIES:</b>			
2000	Total Liabilities		--
<b>NET POSITION:</b>			
3900	Unrestricted	\$	31,660
3000	Total Net Position	\$	31,660

The accompanying notes are an integral part of this statement.

**BENAVIDES INDEPENDENT SCHOOL DISTRICT**  
**STATEMENT OF REVENUES, EXPENSES, AND CHANGES**  
**IN FUND NET POSITION - INTERNAL SERVICE FUND**  
**FOR THE YEAR ENDED AUGUST 31, 2020**

Data Control Codes		Nonmajor Internal Service Fund
		Insurance Fund
	<b>OPERATING REVENUES:</b>	
5700	<i>Local and Intermediate Sources</i>	\$ 31,168
5020	Total Revenues	<u>31,168</u>
	<b>OPERATING EXPENSES:</b>	
6400	<i>Other Operating Costs</i>	<u>31,162</u>
6030	Total Expenses	<u>31,162</u>
1300	Change in Net Position	6
0100	Total Net Position - Beginning	31,654
3300	Total Net Position - Ending	<u>\$ 31,660</u>

The accompanying notes are an integral part of this statement.

**BENAVIDES INDEPENDENT SCHOOL DISTRICT**  
**STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUNDS**  
**FOR THE YEAR ENDED AUGUST 31, 2020**

	Nonmajor Service Funds
<b>Cash Flows from Operating Activities:</b>	
<i>Cash Receipts (Payments) for Quasi-external         Operating Transactions with Other Funds</i>	\$ 31,168
<i>Cash Payments to Other Suppliers for Goods and Services</i>	(31,162)
Net Cash Provided (Used) by Operating Activities	<u>6</u>
 Net Increase (Decrease) in Cash and Cash Equivalents	 6
Cash and Cash Equivalents at Beginning of Year	31,654
Cash and Cash Equivalents at End of Year	<u>\$ 31,660</u>
 <b>Reconciliation of Operating Income to Net Cash Provided by Operating Activities:</b>	
Operating Income (Loss)	\$ 6
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:	
Change in Assets and Liabilities:	
<i>Increase (Decrease) in Accounts Payable</i>	--
<i>Total Adjustments</i>	--
Net Cash Provided (Used) by Operating Activities	<u>\$ 6</u>

The accompanying notes are an integral part of this statement.

**BENAVIDES INDEPENDENT SCHOOL DISTRICT**  
**STATEMENT OF FIDUCIARY NET POSITION**  
**FIDUCIARY FUNDS**  
**AUGUST 31, 2020**

		Custodial Fund
Data Control Codes		Student Activity
<b>ASSETS:</b>		
1110	Cash and Cash Equivalents	\$ 30,815
1000	Total Assets	<u>30,815</u>
<b>LIABILITIES:</b>		
Current Liabilities:		
2170	Due to Other Funds	\$ 600
2190	Due to Student Groups	<u>30,215</u>
2000	Total Liabilities	<u>30,815</u>
<b>NET POSITION:</b>		
3000	Total Net Position	\$ --

The accompanying notes are an integral part of this statement.

**BENAVIDES INDEPENDENT SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED AUGUST 31, 2020**

**A. Summary of Significant Accounting Policies**

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

**1. Reporting Entity**

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

**2. Basis of Presentation, Basis of Accounting**

**a. Basis of Presentation**

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

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

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

Proprietary fund operating revenues, such as charges for services, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. Nonoperating revenues, such as subsidies and investment earnings, result from nonexchange transactions or ancillary activities.

The District reports the following major governmental funds:

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

Debt Service Fund: This fund is used to account for the District's debt service property tax revenue and related debt service expenditures for bonded debt.

**BENAVIDES INDEPENDENT SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED AUGUST 31, 2020**

In addition, the District reports the following fund types:

**Internal Service Funds:** These funds are used to account for revenues and expenses related to services provided to parties inside the District. These funds facilitate distribution of support costs to the users of support services on a cost-reimbursement basis. Because the principal users of the internal services are the District's governmental activities, this fund type is included in the "Governmental Activities" column of the government-wide financial statements.

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

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

**b. Measurement Focus, Basis of Accounting**

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

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

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

**3. Financial Statement Amounts**

**a. Cash and Cash Equivalents**

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

## BENAVIDES INDEPENDENT SCHOOL DISTRICT

### NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED AUGUST 31, 2020

#### b. Property Taxes

Property taxes are levied by October 1 on the assessed value listed as of the prior January 1 for all real and business personal property in conformity with Subtitle E, Texas Property Tax Code. Taxes are due on receipt of the tax bill and are delinquent if not paid before February 1 of the year following the year in which imposed. On January 1 of each year, a tax lien attaches to property to secure the payment of all taxes, penalties, and interest ultimately imposed. Property tax revenues are considered available when they become due or past due and receivable within the current period. They are expected to be collected during a 60-day period after the close of the fiscal year. The assessed value of the roll on January 1, 2019, upon which the levy for the 2020 fiscal year was based, was \$249,991,805.

The tax rates assessed for the year ended August 31, 2020, to finance General Fund operations and Debt Service was \$1.1223 per \$100 valuation.

Current tax collections, net of discounts, for the year ended August 31, 2020 were 97% of the year-end adjusted tax levy.

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

The following table shows a schedule of delinquent taxes receivable and the allowance for uncollectible taxes for the District:

	Balance 09/01/19	Current Year Levy	Total Collections	Yearly Adjustments	Balance 08/31/20
Delinquent Taxes					
Receivable	\$ 1,679,406	\$ 2,763,535	\$ 2,863,200	\$ 123,476	\$ 1,703,217
Allowance for					
Uncollectible Taxes	(849,316)			(27,897)	(877,213)
Net Delinquent					
Taxes Receivable	\$ 830,090	\$ 2,763,535	\$ 2,863,200	\$ 95,579	\$ 826,004

#### c. Inventories and Prepaid Items

The District records purchases of supplies as expenditures, utilizing the purchase method of accounting for inventory in accordance with the Resource Guide.

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

#### d. Capital Assets

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



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

<u>Asset Class</u>	<u>Estimated Useful Lives</u>
Infrastructure	30
Buildings	50
Building Improvements	20
Vehicles	2-15
Office Equipment	3-15
Computer Equipment	3-15

Impairment losses related to capital assets are recognized and measured when there has been a significant, unexpected decline in the service utility of capital assets. The events or changes in circumstances which lead to impairment determinations are not considered to be normal or ordinary. The service utility of a capital asset is the usable capacity which, at acquisition, was expected to be used or provide service. Common indicators of impairment include - evidence of physical damage where the level of damage is such that restoration efforts are needed to restore service utility; enactment of laws or approval of regulations as well as changes in environmental factors ; technological developments, or other evidence of obsolescence; changes in the manner of duration of use of capital assets; or construction stoppage due to lack of funding. There were no impairment charges during fiscal 2020.

**e. Deferred Outflows and Inflows of Resources**

In addition to assets, the statements of financial position (the government-wide Statement of Net Position and governmental funds balance sheet) will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position and/or fund balance that applies to one or more future periods and so will not be recognized as an outflow of resources (expense/expenditure) until then.

In addition to liabilities, the statements of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to one or more future periods and so will not be recognized as an inflow of resources (revenue) until that time.

**f. Receivable and Payable Balances**

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

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

**g. Interfund Activity**

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

**BENAVIDES INDEPENDENT SCHOOL DISTRICT**  
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**h. Use of Estimates**

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

**i. Data Control Codes**

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

**j. Fund Balances - Governmental Funds**

Fund balances of the governmental funds are classified as follows:

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

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

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

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

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

**k. Net Position Flow Assumption**

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

**BENAVIDES INDEPENDENT SCHOOL DISTRICT**  
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**I. Fund Balance Flow Assumptions**

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

**4. Pensions**

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

**5. Other Post-Employment Benefits**

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

**6. Implementation of New Standards**

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

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

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

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

For notes to financial statements related to debt, this Statement also requires that existing and additional information be provided for direct borrowings and direct placements of debt separately from other debt.

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

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

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

*GASB Statement No. 92, Omnibus 2020*

Although the effective date for the majority of GASB Statement No. 92, Omnibus 2020 has been postponed by GASB Statement No. 95 for one year, the District has adopted paragraph 11 of Statement 92 with respect to reinsurance recoveries. Paragraph 11 states that "amounts that (a) are recoverable from reinsurers or excess insurers and (b) relate to paid claims and claim adjustment expenses may be reported as reductions of expenses but are not required to be. The District has also adopted paragraph 13 of Statement 92 in regards to changing all uses of the terms *derivative* and *derivatives* in existing standards to *derivative instrument* and *derivative instruments*, respectively. The provisions in paragraphs 11 and 13 were excluded from the scope of Statement 95 because paragraph 11 retains the reporting option, and thus only clarifies that an option exists, and paragraph 13 imposes no burden on the District. As such, this statement does not impact the District.

GASB Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans - an Amendment of GASB Statements No. 14 and No. 84, and a Supersession of GASB Statement No. 32.*

The District has adopted paragraphs 4 and 5 of GASB Statement No. 92. Paragraph 4 states that for purposes of determining whether a primary government is financially accountable for a potential component unit, except for a potential component unit that is a defined contribution pension plan, a defined contribution OPEB plan, or an other employee benefit plan (for example, certain Section 457 plans), if the primary government performs the duties that a governing board typically would perform, the absence of a governing board should be treated the same as the appointment of a voting majority of a governing board. Paragraph 5 states that the financial burden criterion in paragraph 7 of Statement 84 is applicable to only defined benefit pension plans and defined benefit OPEB plans that are administered through trusts that meet the criteria in paragraph 3 of Statement No. 67, *Financial Reporting for Pension Plans*, or paragraph 3 of Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, respectively. The requirements in paragraphs 6 - 9 of this Statement are effective for fiscal years beginning after June 15, 2021. All other requirements of this Statement are effective for reporting periods beginning after June 15, 2021.

**7. Future Implementation of New Standards**

In order to provide temporary relief to governments and other stakeholders in light of the COVID-19 pandemic, GASB Statement No. 95, *Postponement of the Effective Dates of Certain Authoritative Guidance* is currently in effect to postpone the effective dates of certain provisions in Statements that first became effective or are scheduled to become effective for periods beginning after June 15, 2018 and later.

The effective dates for the following pronouncements are postponed by one year:

Statement No. 84, *Fiduciary Activities*

Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*

Statement No. 90, *Majority Equity Interests*

Statement No. 91, *Conduit Debt Obligations*

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Statement No. 92, *Omnibus 2020*

Statement No. 93, *Replacement of Interbank Offered Rates*

The effective dates for the following pronouncements are postponed by 18 months:

Statement No. 87, *Leases*

**B. Compliance and Accountability**

**1. Finance-Related Legal and Contractual Provisions**

In accordance with GASB Statement No. 38, "Certain Financial Statement Note Disclosures," violations of finance-related legal and contractual provisions, if any, are reported below, along with actions taken to address such violations:

<u>Violation</u>	<u>Action Taken</u>
Excess Expenditures Over Appropriations	Review of current budgeting procedures
General Fund, FN 11	\$ 33,786
General Fund, FN 35	\$ 33,928
General Fund, FN 41	\$ 31,006
General Fund, FN 72	\$ 2,470
General Fund, FN 93	\$ 4,948

**2. Deficit Fund Balance or Fund Net Position of Individual Funds**

Following are funds having deficit fund balances or fund net position at year end, if any, along with remarks which address such deficits:

<u>Fund Name</u>	<u>Deficit Amount</u>	<u>Remarks</u>
None reported	Not applicable	Not applicable

**C. Deposits and Investments**

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

**1. Cash Deposits:**

At August 31, 2020, the carrying amount of the District's deposits (cash, certificates of deposit, and interest-bearing savings accounts included in temporary investments) was \$4,554,343 and the bank balance was \$4,620,446. The District's cash deposits at August 31, 2020 and during the year ended August 31, 2020, were entirely covered by FDIC insurance or by pledged collateral held by the District's agent bank in the District's name.

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**2. Investments:**

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

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

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

The District's investment at August 31, 2020 is shown below.

<u>Investment or Investment Type</u>	<u>Maturity</u>	<u>Fair Value</u>
Lone Star Investment Pool	N/A	\$ 1,128,128
Total Investments		<u>\$ 1,128,128</u>

**3. Analysis of Specific Deposit and Investment Risks**

GASB Statement No. 40 requires a determination as to whether the District was exposed to the following specific investment risks at year end and if so, the reporting of certain related disclosures:

**a. 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 rating agencies are designed to give an indication of credit risk. At year end, the District was not significantly exposed to credit risk.

At August 31, 2020, the District's investments, other than those which are obligations of or guaranteed by the U. S. Government, are rated as to credit quality as follows:

Lone Star Investment Pool - Rated AAAm

**b. 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 government, and are held by either the counterparty or the counterparty's trust department or agent but not in the District's name.

At year end, the District was not exposed to custodial credit risk.

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c. Concentration of Credit Risk

This risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. At year end, the District was not exposed to concentration of credit risk.

d. Interest Rate Risk

This is the risk that changes in interest rates will adversely affect the fair value of an investment. At year end, the District was not exposed to interest rate risk.

e. Foreign Currency Risk

This is the risk that exchange rates will adversely affect the fair value of an investment. At year end, the District was not exposed to foreign currency risk.

Investment Accounting Policy

The District's general policy is to report money market investments and short-term participating interest-earning investment contracts at amortized cost and to report nonparticipating interest-earning investment contracts using a cost-based measure. However, if the fair value of an investment is significantly affected by the impairment of the credit standing of the issuer or by other factors, it is reported at fair value. All other investments are reported at fair value unless a legal contract exists which guarantees a higher value. The term "short-term" refers to investments which have a remaining term of one year or less at time of purchase. The term "nonparticipating" means that the investment's value does not vary with market interest rate changes. Nonnegotiable certificates of deposit are examples of nonparticipating interest-earning investment contracts.

Public Funds Investment Pools

Public funds investment pools in Texas ("Pools") are established under the authority of the Interlocal Cooperation Act, Chapter 79 of the Texas Government Code, and are subject to the provisions of the Public Funds Investment Act (the "Act"), Chapter 2256 of the Texas Government Code. In addition to other provisions of the Act designed to promote liquidity and safety of principal, the Act requires Pools to: 1) have an advisory board composed of participants in the pool and other persons who do not have a business relationship with the pool and are qualified to advise the pool; 2) maintain a continuous rating of no lower than AAA or AAA-m or an equivalent rating by at least one nationally recognized rating service; and 3) maintain the market value of its underlying investment portfolio within one half of one percent of the value of its shares.

The District's investments in Pools are reported at an amount determined by the fair value per share of the pool's underlying portfolio, unless the pool is 2a7-like, in which case they are reported at share value. A 2a7-like pool is one which is not registered with the Securities and Exchange Commission ("SEC") as an investment company, but nevertheless has a policy that it will, and does, operate in a manner consistent with the SEC's Rule 2a7 of the Investment Company Act of 1940.

Lone Star

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

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**D. Capital Assets**

Capital asset activity for the year ended 2020, Benavides Independent School District, was as follows:

	Beginning Balances	Increases	Decreases	Ending Balances
<b>Governmental activities:</b>				
<i>Capital assets not being depreciated:</i>				
Land	\$ 40,762	\$ --	\$ --	\$ 40,762
Total capital assets not being depreciated	40,762	--	--	40,762
<i>Capital assets being depreciated:</i>				
Buildings and improvements	22,639,446	--	--	22,639,446
Equipment	804,304	82,902	--	887,206
Vehicles	984,089	--	--	984,089
Total capital assets being depreciated	24,427,839	82,902	--	24,510,741
Less accumulated depreciation for:				
Buildings and improvements	(11,480,783)	(386,661)	--	(11,867,444)
Equipment	(492,024)	(65,840)	--	(557,864)
Vehicles	(872,266)	(18,352)	--	(890,618)
Total accumulated depreciation	(12,845,073)	(470,853)	--	(13,315,926)
Total capital assets being depreciated, net	11,582,766	(387,951)	--	11,194,815
Governmental activities capital assets, net	\$ 11,623,528	\$ (387,951)	\$ --	\$ 11,235,577

Depreciation was charged to functions as follows:

Instruction	\$ 198,683
Instructional Resources and Media Services	983
Curriculum and Staff Development	1,974
Instructional Leadership	7,638
School Leadership	22,500
Guidance, Counseling, & Evaluation Services	13,336
Health Services	2,027
Student Transportation	18,352
Food Services	33,345
Extracurricular Activities	23,013
General Administration	62,021
Plant Maintenance and Operations	70,667
Security and Monitoring Services	1,506
Data Processing Services	14,808
	<u>\$ 470,853</u>

**E. Interfund Balances and Activities**

**1. Due To and From Other Funds**

Balances due to and due from other funds at 2020, Benavides Independent School District, consisted of the following:

Due To Fund	Due From Fund	Amount	Purpose
General Fund	Agency Fund	\$ 600	Short-term loans
General Fund	Debt Service Fund	82,237	Short-term loans
Other Governmental Funds	General Fund	33	Capital projects expenditures
Other Governmental Funds	Other Governmental Funds	778	Short-term loans
	Total	<u>\$ 83,648</u>	

All amounts due are scheduled to be repaid within one year.



**BENAVIDES INDEPENDENT SCHOOL DISTRICT**  
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2. Transfers To and From Other Funds

Transfers to and from other funds at 2020, Benavides Independent School District, consisted of the following:

Transfers From	Transfers To	Amount	Reason
General fund	Food Service General Fund	\$ 26,000	Supplement other funds sources
	Total	<u>\$ 26,000</u>	

F. Long-Term Obligations

1. Long-Term Obligation Activity

Long-term obligations include debt and other long-term liabilities. Changes in long-term obligations for the year ended 2020, Benavides Independent School District, are as follows:

	Beginning Balance	Increases	Decreases	Ending Balance	Amounts Due Within One Year
<b>Governmental activities:</b>					
Ltd Tax Refunding Bonds					
-2012	\$ 4,780,000	\$ --	\$ 20,000	\$ 4,760,000	\$ 20,000
Premium on Bonds	105,708	--	--	105,708	--
Capital Leases	3,984	67,423	12,306	59,101	12,854
Net Pension Liability *	1,316,363	--	107,114	1,209,249	--
Net OPEB Liability *	2,618,732	--	548,567	2,070,165	--
Total governmental activities	<u>\$ 8,824,787</u>	<u>\$ 67,423</u>	<u>\$ 687,987</u>	<u>\$ 8,204,223</u>	<u>\$ 32,854</u>
				403,762	
				(258,204)	
				<u>8,349,781</u>	

\* Other long-term liabilities

The funds typically used to liquidate other long-term liabilities in the past are as follows:

Liability	Activity Type	Fund
Net Pension Liability	Governmental	General
Net OPEB Liability	Governmental	General

	2020	2019
--	------	------

Unlimited Tax School Bonds:

\$6,720,000 Unlimited Tax Refunding Bonds, Series 2012,  
payable in annual installments of \$532,3822 to \$532,220  
including interest at 2% to 2.5%, secured by property taxes  
and maturing August 2031

\$ 4,760,000	\$ 4,780,000
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**BENAVIDES INDEPENDENT SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
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**2. Debt Service Requirements**

Debt service requirements on long-term debt at 2020, Benavides Independent School District, are as follows:

Year Ending 2020,	2012 Refunding Governmental Activities		
	Principal	Interest	Total
2021	\$ 20,000	\$ 497,382	\$ 517,382
2022	430,000	107,380	537,380
2023	440,000	96,632	536,632
2024	450,000	85,633	535,633
2025	455,000	74,383	529,383
2026-2030	2,445,000	218,415	2,663,415
2031-2035	520,000	12,220	532,220
Totals	\$ 4,760,000	\$ 1,092,045	\$ 5,852,045

**Maintenance Notes and Time Warrants**

**3. Advance Refunding of Debt**

On December 1, 2012, the District issued \$6,720,000 in Unlimited Tax Refunding Bonds, Series 2012, with interest rates ranging between 2.0% and 2.5%. The District issued the bonds to advance refund \$6,720,000 of the outstanding Series 2006 Unlimited Tax School Building Bonds with interest ranging from 5.0% to 4.1%. The District used the net proceeds along with other resources to purchase U.S. government securities. These securities were deposited in an irrevocable trust to provide for all future debt service on the refunded portion of the 2006 Series bonds. As a result, that portion of the 2006 Series bonds is considered defeased, and the District has removed the liability from its accounts. The outstanding principal of the defeased bonds is \$0 at August 31, 2016 as they were called on August 15, 2016.

The advance refunding reduced total debt service payments over the next 19 years by nearly \$984,605. This results in an economic gain (difference between the present values of the debt service payments on the old and new debt) of \$836,912.

**4. Capital Leases**

Commitments under capitalized lease agreements for facilities and equipment provide for minimum future lease payments as of 2020, Benavides Independent School District, as follows:

Year Ending 2020:	
2021	\$ 14,718
2022	14,718
2023	14,719
2024	14,719
2025	3,680
Total Minimum Lease Payments	\$ 62,554
Less amounts representing interest	(3,453)
Present value of net minimum lease payments	\$ 59,101

The effective interest rate on capital leases is 2.72% to 3.25%.

**G. Risk Management**

The District is exposed to various risks of loss related to torts, theft, damage or destruction of assets, errors and omissions, injuries to employees, and natural disasters. During fiscal year 2020, the District purchased commercial insurance to cover general liabilities. There were no significant reductions in coverage in the past fiscal year and there were no settlements exceeding insurance coverage for each of the past three fiscal years.

**BENAVIDES INDEPENDENT SCHOOL DISTRICT**  
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**H. Pension Plan**

**1. Plan Description**

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

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

**2. Pension Plan Fiduciary Net Position**

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

**3. Benefits Provided**

TRS provides service and disability retirement, as well as death and survivor benefits, to eligible employees (and their beneficiaries) of public and higher education in Texas. The pension formula is calculated using 2.3% (multiplier) times the average of the five highest annual creditable salaries times years of credited service to arrive at the annual standard annuity except for members who are grandfathered, the three highest annual salaries are used. The normal service retirement is at age 65 with 5 years of credited service or when the sum of the member's age and years of credited service equals 80 or more years. Early retirement is at age 55 with 5 years of service credit or earlier than 55 with 30 years of service credit. There are additional provisions for early retirement if the sum of the member's age and years of service credit total at least 80, but the member is less than age 60 or 62 depending on date of employment, or if the member was grandfathered in under a previous rule. There are no automatic post-employment benefit changes; including automatic COLAs. Ad hoc post-employment benefit changes, including ad hoc COLAs can be granted by the Texas Legislature as noted in the Plan description in (1.) above.

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.

**BENAVIDES INDEPENDENT SCHOOL DISTRICT**  
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**4. Contributions**

Contribution requirements are established or amended pursuant to Article 16, section 67 of the Texas Constitution which requires the Texas legislature to establish a member contribution rate of not less than 6% of the member's annual compensation and a state contribution rate of not less than 6% and not more than 10% of the aggregate annual compensation paid to members of the system during the fiscal year.

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.

<b>Contribution Rates</b>		
	<b>2019</b>	<b>2020</b>
Member	7.7%	7.7%
Non-Employer Contributing Entity (State)	6.8%	6.8%
Employers	6.8%	6.8%
District's 2019 Employer Contributions	\$ 82,213	
District's 2019 Member Contributions	\$ 169,644	
2019 NECE On-Behalf Contributions (state)	\$ 107,952	

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

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

- When employing a retiree of the Teacher Retirement System the employer shall pay both the member contribution and the state contribution as an employment after retirement surcharge.

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--- 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.

**5. 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.

**6. Discount Rate**

A single discount rate of 7.25% was used to measure the total pension liability. The single discount rate was based on the expected rate of return on 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 session. It is assumed that 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 the Systems target asset allocation as of August 31, 2019 are summarized below:

**BENAVIDES INDEPENDENT SCHOOL DISTRICT**  
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<b>Asset Class</b>	<b>FY 2019 Target Allocation *</b>	<b>New Target Allocation **</b>	<b>Long-Term Expected Geometric Real Rate of Return ***</b>
<b>Global Equity</b>			
USA	18.0%	18.0%	6.4%
Non-U.S. Developed	13.0%	13.0%	6.3%
Emerging Markets	9.0%	9.0%	7.3%
Directional Hedge Funds	4.0%	-	-
Private Equity	13.0%	14.0%	8.4%
<b>Stable Value</b>			
U.S. Treasuries ****	11.0%	16.0%	3.1%
Stable Value Hedge Funds	4.0%	5.0%	4.5%
Absolute Return	0.0%	0.0%	0.0%
<b>Real Return</b>			
Global Inflation Linked Bonds ****	3.0%	-	-
Real Estate	14.0%	15.0%	8.5%
Energy, Natural Resources & Infrastructure	5.0%	6.0%	7.3%
Commodities	0.0%	0.0%	0.0%
<b>Risk Parity</b>			
Risk Parity	5.0%	8.0%	5.8%/6.5%*****
<b>Leverage</b>			
Cash	1.0%	2.0%	2.5%
Asset Allocation Leverage	-	-6.0%	2.7%
<b>Expected Return</b>	<b>100.0%</b>	<b>100.0%</b>	<b>7.23%</b>
<p>* Target allocations are based on the Strategic Asset Allocation as of FY2019</p> <p>** New allocations are based on the Strategic Asset Allocation to be implemented FY2020</p> <p>*** 10-Year annualized geometric nominal returns include the real rate of return and inflation of 2.1%</p> <p>**** New Target Allocation groups Government Bonds within the stable value allocation. This includes global sovereign nominal and inflation-linked bonds</p> <p>***** 5.8% (6.5%) return expectation corresponds to Risk Parity with a 10% (12%) target volatility</p>			

**7. Discount Rate Sensitivity Analysis**

The following schedule shows the impact of the Net Pension Liability if the discount rate used was 1% less than and 1% greater than the discount rate that was used (7.25%) in measuring the Net Pension Liability.

	<b>1% Decrease in Discount Rate 6.25%</b>	<b>Discount Rate 7.25%</b>	<b>1% Increase in Discount Rate 8.25%</b>
District's proportionate share of the net pension liability:	\$ 1,858,792	\$ 1,209,249	\$ 682,994

**BENAVIDES INDEPENDENT SCHOOL DISTRICT**  
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**8. Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions**

At August 31, 2020, the District reported a liability of \$1,209,249 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	\$ 1,209,249
State's proportionate share that is associated with District	<u>1,603,343</u>
Total	<u>\$ 2,812,592</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 District's proportion of the net pension liability was based on the District's contributions to the pension plan relative to the contributions of all employers to the plan for the period September 1, 2018 through August 31, 2019.

At August 31, 2019 the employer's proportion of the collective net pension liability was 0.0023262342%, which was an increase (decrease) of 0.0023262342% from its proportion measured as of August 31, 2018.

**Changes Since the Prior Actuarial Valuation -**

- 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.

For the year ended August 31, 2020, the District recognized pension expense of \$251,863 and revenue of \$251,863 for support provided by the State.

At August 31, 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:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ 5,080	\$ 41,987
Changes in actuarial assumptions	375,169	155,037
Difference between projected and actual investment earnings	12,142	--
Changes in proportion and difference between the District's contributions and the proportionate share of contributions	134,142	109,448
Contributions paid to TRS subsequent to the measurement date	<u>82,213</u>	<u>--</u>
Total	<u>\$ 608,746</u>	<u>\$ 306,472</u>

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

Year Ended August 31	Pension Expense Amount
2021	\$ 80,872
2022	\$ 63,017
2023	\$ 40,660
2024	\$ 39,215
2025	\$ 8,840
Thereafter	\$ (12,545)

**I. Defined Other Post-Employment Benefit Plans**

**1. Plan Description**

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

**2. OPEB Plan Fiduciary Net Position**

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

**3. Benefits Provided**

TRS-Care provides health insurance coverage to 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.

TRS-Care Monthly Premium Rates		
	Medicare	Non-Medicare
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



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**4. Contributions**

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

Texas Insurance Code, section 1575.202 establishes the state's contribution rate which is 1.25% 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 General Appropriations Act. The following table shows contributions to the TRS-Care plan by type of contributor.

Contribution Rates		
	2019	2020
Active Employee	0.65%	0.65%
Non-Employer Contributing Entity (State)	1.25%	1.25%
Employers	0.75%	0.75%
Federal/private Funding remitted by Employers	1.25%	1.25%
District's 2020 Employer Contributions	\$ 25,672	
District's 2020 Member Contributions	\$ 14,322	
2019 NECE On-Behalf Contributions (state)	\$ 41,280	

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 hiring a TRS retiree, employers are required to pay 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.

**5. 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 actuarial valuation of the OPEB plan offered through TRS-Care is similar to the actuarial valuations performed for the pension plan, except that the OPEB valuation is more complex. All of the demographic assumptions, including rates of retirement, termination, and disability, and most of the economic assumptions, including general inflation and salary increases, used in the OPEB valuation were identical to those used in the respective TRS pension valuation. The demographic assumptions were developed in the experience study performed for TRS for the period ending August 31, 2017.

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The following assumptions and other inputs used for members of TRS-Care are identical to the assumptions used in the August 31, 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%
Single Discount Rate	2.63% as of August 31, 2019
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	7.30% **
Election Rates	Normal Retirement: 65% participation prior to age 65 and 50% after age 65. ***
Ad Hoc Post-Employment Benefit Changes	None

\* Includes inflation at 2.5%.

\*\*7.3% for FY2020, 7.4% for FY 2021, 7.0% for FY 2022, decreasing 0.5% per year to an ultimate rate of 4.5% for FY 2027 and later years.

\*\*\* 25% of pre-65 retirees are assumed to discontinue coverage at age 65.

**6. Discount Rate**

A single discount rate of 2.63% was used to measure the total OPEB liability. There was an increase 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.

**7. Discount Rate Sensitivity Analysis**

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

	1% Decrease in Discount Rate (1.63%)	Current Single Discount Rate (2.63%)	1% Increase in Discount Rate (3.63%)
District's proportionate share of net OPEB liability	\$ 2,499,353	\$ 2,070,165	\$ 1,734,410

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

At August 31, 2020, the District reported a liability of \$(373,303) for its proportionate share of the TRS's Net OPEB liability. This liability reflects a reduction for State OPEB support provided to the District. The amount recognized by the District as its proportionate share of the net OPEB liability, the related State support, and the total portion of the net OPEB liability that was associated with the District were as follows:

District's proportionate share of the collective net OPEB liability	\$ 2,070,165
State's proportionate share that is associated with the District	\$ 2,750,786
Total	\$ 4,820,951

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 District's proportion of the Net OPEB Liability was based on the District's contributions to OPEB relative to the contributions of all employers to the plan for the period September 1, 2018 thru August 31, 2019.

At August 31, 2020 the District's proportion of the collective net OPEB liability was 0.0043774813%, compared to 0.0052447096% as of August 31, 2019.

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

	1% Decrease in Healthcare Trend Rate (7.5%)	Current Single Healthcare Trend Rate (8.5%)	1% Increase in Healthcare Trend Rate (9.5%)
District's proportionate share of net OPEB liability	\$ 1,688,768	\$ 2,070,165	\$ 2,581,061

**9. Changes Since the Prior Actuarial Valuation**

The following were changes to the actuarial assumptions or other inputs that affected measurement of the Total OPEB Liability (TOL) since the prior measurement period:

- The discount rate was changed from 3.69% as of August 31, 2018 to 2.63% as of August 31, 2019. This change increased the TOL.
- The health care trend rates were reset to better reflect the plan's anticipated experience. This change increased the TOL.
- 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 TOL.
- 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 TOL.
- Change of Benefit Terms Since the Prior Measurement Date - There were no changes in benefit terms since the prior measurement date.

For the year ended August 31, 2020, the District recognized OPEB expense of \$72,499 and revenue of \$72,499 for support provided by the State.

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At August 31, 2020, the District reported its proportionate share of the TRS's deferred outflows of resources and deferred inflows of resources related to other post-employment benefits from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ 101,559	\$ 338,760
Changes in actuarial assumptions	114,981	556,823
Differences between projected and actual investment earnings	269	45
Changes in proportion and difference between the District's contributions and the proportionate share of contributions	5	632,966
Contributions paid to TRS subsequent to the measurement date	25,627	
Total	\$ 242,441	\$ 1,528,594

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

Year ended August 31,	OPEB Expense Amount
2021	\$ (195,699)
2022	\$ (195,699)
2023	\$ (195,772)
2024	\$ (195,815)
2025	\$ (195,803)
Thereafter	\$ (332,992)

**10. Medicare Part D Subsidies**

The Medicare Prescription Drug, Improvement, and Modernization Act of 2003, which was effective January 1, 2006, established prescription drug coverage for Medicare beneficiaries known as Medicare Part D. One of the provisions of Medicare Part D allows for the Texas Public School Retired Employee Group Insurance Program (TRS-Care) to receive retiree drug subsidy payments from the federal government to offset certain prescription drug expenditures for eligible TRS-Care participants. For the current fiscal year ended August 31, 2020, the subsidy payment received by TRS-Care on behalf of the District was \$10,411.

**J. Employee Health Care Coverage**

During the year ended August 31, 2020, employees of the District were covered by a health insurance plan (the Plan). The District paid premiums of \$275 per month per employee to the Plan. Employees, at their option, authorized payroll withholdings to pay premiums for dependents. All premiums were paid to a licensed insurer. The Plan was authorized by Section 21.922, Texas Education Code and was documented by contractual agreement.

The contract between the District and the licensed insurer is renewable September 1, 2020, and terms of coverage and premium costs are included in the contractual provisions.

Latest financial statements for the Blue Cross Blue Shield of Texas are available for the year ended December 31, 2019, have been filed with the Texas State Board of Insurance, Austin, Texas, and are public records.

**BENAVIDES INDEPENDENT SCHOOL DISTRICT**  
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**FOR THE YEAR ENDED AUGUST 31, 2020**

**K. Commitments and Contingencies**

**1. Contingencies**

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

**2. Litigation**

No reportable litigation was pending against the District at August 31, 2020.

**L. Shared Services Arrangements**

**Shared Services Arrangement - Membership**

The District participates in a shared services arrangement ("SSA") for IDEA-B Formula and IDEA-B Preschool with the following school districts:

**Member Districts**

San Diego ISD  
Benavides ISD  
Freer ISD  
Ramirez ISD

The District does not account for revenues or expenditures in this program and does not disclose them in these financial statements. The District neither has a joint ownership interest in fixed assets purchased by the fiscal agent, San Diego ISD nor does the District have a net equity interest in the fiscal agent. The fiscal agent is neither accumulating significant financial resources nor fiscal exigencies that would give rise to a future additional benefit or burden to the District. The fiscal agent manager is responsible for all financial activities of the SSA.

The District participates in a shared services arrangement for Vocational Education - Basic Grant with numerous other school districts. The District accounts for revenues and expenditures of this program in the special revenue fund 244. The District neither has a joint ownership interest in fixed assets purchased by the fiscal agent, Region 2 Education Service Center nor does the District have a net equity interest in the fiscal agent. The fiscal agent is neither accumulating significant financial resources nor fiscal exigencies that would give rise to a future additional benefit or burden to the District. The fiscal agent manager is responsible for all financial activities of the SSA.

**M. Subsequent Events**

Management has reviewed subsequent events and transactions that occurred after the balance sheet date through January 4, 2021 (the date of the Audit Report). The financial statements include all Type I events or transactions, including estimates, required to be recognized in accordance with generally accepted accounting principles. Management and those charged with governance have determined that there is one non-recognized Type II subsequent event that requires additional disclosure:

In November of 2019, the United States learned of the virus known as COVID-19. Over the last several months, it has changed the dynamics of the economy including the New York Stock Exchange, which has remained volatile.

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The District and its Board of Trustees have no control over these global and national events, except to try to guide the District through these condition they present. These conditions may include, but may not be limited to:

1. Unstable economic environment
2. Potentially violent fluctuations in the stock market
3. Potential shortages of basic goods and services
4. Managing any loss of revenue and unexpected expenditures that may occur

As of the audit date, the District has had no material effect on the financial statements as a result of these conditions.

## *Required Supplementary Information*

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

# BENAVIDES INDEPENDENT SCHOOL DISTRICT

## GENERAL FUND

### BUDGETARY COMPARISON SCHEDULE

FOR THE YEAR ENDED AUGUST 31, 2020

EXHIBIT G-1

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Data Control Codes		1	2	3	Variance with Final Budget Positive (Negative)
		Budgeted Amounts		Actual	
		Original	Final		
	<b>REVENUES:</b>				
5700	Local and Intermediate Sources	\$ 3,757,527	\$ 5,003,234	\$ 5,041,012	\$ 37,778
5800	State Program Revenues	1,469,285	1,469,285	1,500,358	31,073
5900	Federal Program Revenues	446,795	448,526	349,747	(98,779)
5020	Total Revenues	5,673,607	6,921,045	6,891,117	(29,928)
	<b>EXPENDITURES:</b>				
	Current:				
	Instruction & Instructional Related Services:				
0011	Instruction	1,536,470	1,606,470	1,640,256	(33,786)
0012	Instructional Resources and Media Services	12,000	12,000	10,360	1,640
0013	Curriculum and Staff Development	18,050	18,050	6,861	11,189
	Total Instruction & Instr. Related Services	1,566,520	1,636,520	1,657,477	(20,957)
	Instructional and School Leadership:				
0021	Instructional Leadership	25,909	25,909	14,727	11,182
0023	School Leadership	165,094	239,094	235,430	3,664
	Total Instructional & School Leadership	191,003	265,003	250,157	14,846
	Support Services - Student (Pupil):				
0031	Guidance, Counseling and Evaluation Services	149,530	161,530	136,412	25,118
0033	Health Services	21,262	24,262	21,354	2,908
0034	Student (Pupil) Transportation	245,573	262,573	193,246	69,327
0035	Food Services	317,400	317,400	351,328	(33,928)
0036	Cocurricular/Extracurricular Activities	310,954	317,433	231,159	86,274
	Total Support Services - Student (Pupil)	1,044,719	1,083,198	933,499	149,699
	Administrative Support Services:				
0041	General Administration	358,428	419,546	450,552	(31,006)
	Total Administrative Support Services	358,428	419,546	450,552	(31,006)
	Support Services - Nonstudent Based:				
0051	Plant Maintenance and Operations	811,536	814,285	744,549	69,736
0052	Security and Monitoring Services	35,948	20,948	15,619	5,329
0053	Data Processing Services	158,413	164,413	156,006	8,407
	Total Support Services - Nonstudent Based	1,005,897	999,646	916,174	83,472
	Debt Service:				
0071	Principal on Long-Term Debt	11,826	19,697	12,309	7,388
0072	Interest on Long-Term Debt	--	465	2,935	(2,470)
	Total Debt Service	11,826	20,163	15,244	4,919
	Capital Outlay:				
0081	Capital Outlay	818,298	807,615	--	807,615
	Total Capital Outlay	818,298	807,615	--	807,615
	Intergovernmental Charges:				
0093	Payments to Fiscal Agent/Member Dist.-SSA	93,214	93,214	98,162	(4,948)
0099	Other Intergovernmental Charges	102,000	108,921	108,920	1
	Total Intergovernmental Charges	195,214	202,135	207,082	(4,947)
6030	Total Expenditures	5,191,905	5,433,825	4,430,185	1,003,640



# BENAVIDES INDEPENDENT SCHOOL DISTRICT

## GENERAL FUND

### BUDGETARY COMPARISON SCHEDULE

FOR THE YEAR ENDED AUGUST 31, 2020

EXHIBIT G-1

Page 2 of 2

		1	2	3	Variance with Final Budget
Data Control Codes		Budgeted Amounts		Actual	Positive (Negative)
		Original	Final		
1100	Excess (Deficiency) of Revenues Over (Under)				
1100	Expenditures	481,702	1,487,220	2,460,932	973,712
	Other Financing Sources (Uses):				
7913	Issuance of Capital Leases	--	--	67,423	67,423
7915	Transfers In	--	33,000	26,000	(7,000)
8911	Transfers Out	--	(33,000)	(26,000)	7,000
7080	Total Other Financing Sources and (Uses)	--	--	67,423	67,423
1200	Net Change in Fund Balance	481,702	1,487,220	2,528,355	1,041,135
0100	Fund Balance - Beginning	2,569,306	2,569,306	2,569,306	--
3000	Fund Balance - Ending	\$ 3,051,008	\$ 4,056,526	\$ 5,097,661	\$ 1,041,135

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

	Measurement Year Ended August 31,			
	2019	2018	2017	2016
District's proportion of the net pension liability (asset)	0.0023262342%	0.0023915420%	0.0025989069%	0.0027911216%
				0.0029824000%
District's proportionate share of the net pension liability (asset)	\$ 1,209,249 \$	1,316,363 \$	830,990 \$	1,054,723 \$
				1,054,239 \$
State's proportionate share of the net pension liability (asset) associated with the District	1,603,343	2,098,854	1,444,699	1,476,073
				1,675,038
Total	\$ 2,812,592 \$	3,415,217 \$	2,275,689 \$	2,530,796 \$
				2,729,277 \$
District's covered-employee payroll	\$ 2,186,116 \$	2,356,616 \$	2,659,721 \$	2,357,566 \$
				2,600,887 \$
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	55.31%	55.86%	31.24%	44.74%
				40.53%
Plan fiduciary net position as a percentage of the total pension liability	75.24%	73.74%	82.17%	78.00%
				83.25%

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

EXHIBIT G-3

**BENAVIDES INDEPENDENT SCHOOL DISTRICT**  
**SCHEDULE OF DISTRICT CONTRIBUTIONS**  
**TEACHER RETIREMENT SYSTEM OF TEXAS (TRS)**  
**LAST TEN FISCAL YEARS \***

	Fiscal Year Ended August 31,				
	2020	2019	2018	2017	2016
Contractually required contribution	\$ 82,213 \$	78,558 \$	83,254 \$	95,916 \$	116,218 \$
Contributions in relation to the contractually required contribution	(82,213)	(78,558)	(83,254)	(95,916)	(116,218)
Contribution deficiency (excess)	\$ -- \$	-- \$	-- \$	-- \$	-- \$
District's covered-employee payroll	\$ 2,203,185 \$	2,186,116 \$	2,356,616 \$	2,659,721 \$	2,357,566 \$
Contributions as a percentage of covered-employee payroll	3.73%	3.59%	3.53%	3.61%	4.93%

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

Note: GASB 68, Paragraph 81.2.b requires that the data in this schedule be presented as of the District's current fiscal year as opposed to the time period covered by the measurement date of September 1, 2016 - August 31, 2017.

**BENAVIDES INDEPENDENT SCHOOL DISTRICT**  
**SCHEDULE OF THE DISTRICT'S PROPORTIONATE**  
**SHARE OF THE NET OPEB LIABILITY**  
**TEACHER RETIREMENT SYSTEM OF TEXAS**  
**LAST TEN FISCAL YEARS \***

EXHIBIT G-4

	Measurement Year Ended		
	2019	2018	2017
District's proportion of the collective net OPEB liability	0.0043774813%	0.0052447096%	0.0055631733%
District's proportionate share of the collective net OPEB liability	\$ 2,070,165	\$ 2,618,732	\$ 2,419,215
State proportionate share of the collective net OPEB liability associated with the District	2,750,786	1,919,548	1,913,782
Total	<u>\$ 4,820,951</u>	<u>\$ 4,538,280</u>	<u>\$ 4,332,997</u>
District's covered-employee payroll	\$ 2,186,116	\$ 2,356,616	\$ 2,659,721
District's proportionate share of the net OPEB liability as a percentage of its covered-employee payroll	94.70%	111.12%	90.96%
Plan fiduciary net position as a percentage of the total OPEB liability	2.66%	1.57%	0.91%

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

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

EXHIBIT G-5

	Fiscal Year Ended		
	2020	2019	2018
Statutorily or contractually required District contribution	\$ 25,672	\$ 29,998	\$ 37,251
Contributions recognized by OPEB in relation to statutorily or contractually required contribution	(25,672)	(29,998)	(37,251)
Contribution deficiency (excess)	\$ --	\$ --	\$ --
District's covered-employee payroll	\$ 2,203,185	\$ 2,186,116	\$ 2,356,616
Contributions as a percentage of covered-employee payroll	1.17%	1.37%	1.58%

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

## **BENAVIDES INDEPENDENT SCHOOL DISTRICT**

### **NOTES TO REQUIRED SUPPLEMENTARY INFORMATION FOR THE YEAR ENDED AUGUST 31, 2020**

#### **Budget**

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

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

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

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

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

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

#### **Defined Benefit Pension Plan**

##### ***Changes of benefit terms***

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

##### ***Changes of assumptions***

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

## *Combining Statements and Budget Comparisons as Supplementary Information*

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

# BENAVIDES INDEPENDENT SCHOOL DISTRICT

## COMBINING BALANCE SHEET

### NONMAJOR SPECIAL REVENUE FUNDS

AUGUST 31, 2020

Data Control Codes	211 ESEA Title I Improving Basic Programs	224 IDEA-Part B Formula	225 IDEA-Part B Preschool Grant	255 ESEA Title II Training & Recruiting
<b>ASSETS:</b>				
1110 Cash and Cash Equivalents	\$ (43,839)	\$ (20,860)	\$ (77)	\$ (2,068)
1240 Due from Other Governments	75,144	28,838	77	2,068
1260 Due from Other Funds	--	--	--	--
1290 Other Receivables	--	--	--	--
1000 Total Assets	<u>31,305</u>	<u>7,978</u>		
<b>LIABILITIES:</b>				
Current Liabilities:				
2110 Accounts Payable	\$ 23,807	\$ 200	\$ --	\$ --
2160 Accrued Wages Payable	6,775	7,020	--	--
2170 Due to Other Funds	--	--	--	--
2200 Accrued Expenditures	723	758	--	--
2000 Total Liabilities	<u>31,305</u>	<u>7,978</u>	<u>--</u>	<u>--</u>
<b>FUND BALANCES:</b>				
Restricted Fund Balances:				
3490 Other Restrictions of Fund Balance	--	--	--	--
Committed Fund Balances:				
3545 Other Committed Fund Balance	--	--	--	--
3000 Total Fund Balances	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>
4000 Total Liabilities and Fund Balances	<u>\$ 31,305</u>	<u>\$ 7,978</u>	<u>\$ --</u>	<u>\$ --</u>



270 ESEA, Title VI Part B, Subpart 2 Rural School	288 School Action Fund	289 ESSA, Title IV Part A, Subpart 1	410 State Textbook Fund	427 State Funded Special Revenue Fund
\$ --	\$ (262,787)	\$ --	\$ (5,796)	\$ --
--	324,095	--	6,574	--
--	--	--	--	--
--	--	--	--	--
	61,308		778	
\$ --	\$ 55,099	\$ --	\$ --	\$ --
--	5,596	--	--	--
--	--	--	778	--
--	613	--	--	--
--	61,308	--	778	--
--	--	--	--	--
--	--	--	--	--
--	--	--	--	--
	61,308		778	

**BENAVIDES INDEPENDENT SCHOOL DISTRICT****COMBINING BALANCE SHEET****NONMAJOR SPECIAL REVENUE FUNDS****AUGUST 31, 2020**

Data Control Codes		429 State Funded Special Revenue Fund	459 Summer Career and Technology	461 Campus Activity Funds
<b>ASSETS:</b>				
1110	Cash and Cash Equivalents	\$ (3,496)	\$ (46,042)	\$ 14,559
1240	Due from Other Governments	3,496	47,857	--
1260	Due from Other Funds	--	--	811
1290	Other Receivables	--	--	1,123
1000	Total Assets		1,815	16,493
<b>LIABILITIES:</b>				
Current Liabilities:				
2110	Accounts Payable	\$ --	\$ 1,815	\$ --
2160	Accrued Wages Payable	--	--	--
2170	Due to Other Funds	--	--	--
2200	Accrued Expenditures	--	--	--
2000	Total Liabilities	--	1,815	--
<b>FUND BALANCES:</b>				
Restricted Fund Balances:				
3490	Other Restrictions of Fund Balance	--	--	--
Committed Fund Balances:				
3545	Other Committed Fund Balance	--	--	16,493
3000	Total Fund Balances	--	--	16,493
4000	Total Liabilities and Fund Balances	\$ --	\$ 1,815	\$ 16,493

496	497	499	Total Nonmajor Special Revenue Funds (See Exhibit C-1)
Dyslexia Grant	Autism Grant	Insurance Claims	
\$ --	\$ (1,000)	\$ 334,119	\$ (37,287)
--	1,000	--	489,149
--	--	--	811
--	--	--	1,123
		334,119	453,796
\$ --	\$ --	\$ --	\$ 80,921
--	--	--	19,391
--	--	--	778
--	--	--	2,094
		--	103,184
--	--	334,119	334,119
--	--	--	16,493
--	--	334,119	350,612
\$ --	\$ --	\$ 334,119	\$ 453,796

**BENAVIDES INDEPENDENT SCHOOL DISTRICT**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES,**  
**AND CHANGES IN FUND BALANCES**  
**NONMAJOR SPECIAL REVENUE FUNDS**  
**FOR THE YEAR ENDED AUGUST 31, 2020**

Data Control Codes	211 ESEA Title I Improving Basic Programs	224 IDEA-Part B Formula	225 IDEA-Part B Preschool Grant	255 ESEA Title II Training & Recruiting
<b>REVENUES:</b>				
5700 <i>Local and Intermediate Sources</i>	\$ --	\$ --	\$ --	\$ --
5800 <i>State Program Revenues</i>	--	--	--	--
5900 <i>Federal Program Revenues</i>	149,450	77,460	1,536	6,536
5020 <i>Total Revenues</i>	149,450	77,460	1,536	6,536
<b>EXPENDITURES:</b>				
Current:				
0011 <i>Instruction</i>	137,727	77,460	1,536	1,000
0013 <i>Curriculum and Staff Development</i>	11,723	--	--	414
0021 <i>Instructional Leadership</i>	--	--	--	--
0023 <i>School Leadership</i>	--	--	--	1,026
0031 <i>Guidance, Counseling, &amp; Evaluation Services</i>	--	--	--	4,096
0034 <i>Student Transportation</i>	--	--	--	--
0036 <i>Cocurricular/Extracurricular Activities</i>	--	--	--	--
0041 <i>General Administration</i>	--	--	--	--
0052 <i>Security and Monitoring Services</i>	--	--	--	--
6030 <i>Total Expenditures</i>	149,450	77,460	1,536	6,536
1100 <i>Excess (Deficiency) of Revenues Over (Under)</i>	--	--	--	--
1100 <i>Expenditures</i>	--	--	--	--
1200 <i>Net Change in Fund Balances</i>	--	--	--	--
0100 <i>Fund Balances - Beginning</i>	--	--	--	--
3000 <i>Fund Balances - Ending</i>	\$ --	\$ --	\$ --	\$ --

288 School Action Fund	289 ESSA, Title IV Part A, Subpart 1	410 State Textbook Fund	429 State Funded Special Revenue Fund	459 Summer Career and Technology
\$ --	\$ --	\$ --	\$ --	\$ --
--	--	21,520	3,846	47,857
495,972	4,601	--	--	--
<u>495,972</u>	<u>4,601</u>	<u>21,520</u>	<u>3,846</u>	<u>47,857</u>
147,670	4,537	21,520	3,496	47,857
--	--	--	350	--
65,745	--	--	--	--
530	--	--	--	--
--	--	--	--	--
--	--	--	--	--
282,027	--	--	--	--
--	64	--	--	--
<u>495,972</u>	<u>4,601</u>	<u>21,520</u>	<u>3,846</u>	<u>47,857</u>
--	--	--	--	--
--	--	--	--	--
--	--	--	--	--
<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>

**BENAVIDES INDEPENDENT SCHOOL DISTRICT**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES,**  
**AND CHANGES IN FUND BALANCES**  
**NONMAJOR SPECIAL REVENUE FUNDS**  
**FOR THE YEAR ENDED AUGUST 31, 2020**

Data Control Codes		461 Campus Activity Funds	496 Dyslexia Grant
<b>REVENUES:</b>			
5700	Local and Intermediate Sources	\$ 17,028	\$ --
5800	State Program Revenues	--	12,819
5900	Federal Program Revenues	--	--
5020	Total Revenues	<u>17,028</u>	<u>12,819</u>
<b>EXPENDITURES:</b>			
Current:			
0011	Instruction	3,520	12,369
0013	Curriculum and Staff Development	--	450
0021	Instructional Leadership	--	--
0023	School Leadership	77	--
0031	Guidance, Counseling, & Evaluation Services	--	--
0034	Student Transportation	--	--
0036	Cocurricular/Extracurricular Activities	11,307	--
0041	General Administration	--	--
0052	Security and Monitoring Services	--	--
6030	Total Expenditures	<u>14,904</u>	<u>12,819</u>
1100	Excess (Deficiency) of Revenues Over (Under)		
1100	Expenditures	2,124	--
1200	Net Change in Fund Balances	<u>2,124</u>	--
0100	Fund Balances - Beginning	14,369	--
3000	Fund Balances - Ending	<u>\$ 16,493</u>	<u>\$ --</u>

## EXHIBIT H-2

Page 2 of 2

497	499	Total Nonmajor Special Revenue Funds (See Exhibit C-2)
Autism Grant	Insurance Claims	
\$ --	\$ 1,803	\$ 18,831
19,892	--	105,934
--	--	735,555
<u>19,892</u>	<u>1,803</u>	<u>860,320</u>
18,892	23,540	501,124
1,000	--	13,937
--	--	65,745
--	--	1,633
--	--	4,096
--	1,803	1,803
--	--	11,307
--	--	282,027
--	--	64
<u>19,892</u>	<u>25,343</u>	<u>881,736</u>
--	(23,540)	(21,416)
--	(23,540)	(21,416)
--	357,659	372,028
<u>\$ --</u>	<u>\$ 334,119</u>	<u>\$ 950,612</u>

**BENAVIDES INDEPENDENT SCHOOL DISTRICT**  
**SCHEDULE OF DELINQUENT TAXES RECEIVABLE**  
**FOR THE YEAR ENDED AUGUST 31, 2020**

Year Ended August 31	1		2		3	
	Tax Rates				Assessed/Appraised Value For School Tax Purposes	
	Maintenance		Debt Service			
2011 and Prior Years	\$	Various	\$	Various	\$	Various
2012		1.04		.2372		246,799,719
2013		1.04		.2542		229,230,932
2014		1.04		.2235		237,819,673
2015		1.04		.2398		243,039,093
2016		1.04		.2411		229,085,900
2017		1.04		.2826		204,761,528
2018		1.04		.268		214,240,148
2019		1.04		.268		223,994,366
2020 (School Year Under Audit)		.97		.1523		249,991,805

1000 Totals

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



## EXHIBIT J-1

10 Beginning Balance 9/1/19	20 Current Year's Total Levy	31 Maintenance Collections	32 Debt Service Collections	40 Entire Year's Adjustments	50 Ending Balance 8/31/20
\$ 607,878	\$ --	\$ 5,781	\$ 465	\$ (35,984)	\$ 565,648
39,940	--	989	226	--	38,725
66,780	--	758	185	(6,962)	58,875
142,463	--	978	210	(6,573)	134,702
132,583	--	4,578	1,056	(2,553)	124,396
159,946	--	4,796	1,112	(2,574)	151,464
167,156	--	10,091	2,742	(3,159)	151,164
177,512	--	6,353	1,637	(5,139)	164,383
185,148	--	18,116	4,545	(5,230)	157,257
--	2,763,535	2,253,164	545,418	191,650	156,603
<u>\$ 1,679,406</u>	<u>\$ 2,763,535</u>	<u>\$ 2,305,604</u>	<u>\$ 557,596</u>	<u>\$ 123,476</u>	<u>\$ 1,703,217</u>
\$ --	\$ --	\$ --	\$ --	\$ --	\$ --

# BENAVIDES INDEPENDENT SCHOOL DISTRICT

EXHIBIT J-2

## DEBT SERVICE FUND BUDGETARY COMPARISON SCHEDULE FOR THE YEAR ENDED AUGUST 31, 2020

Data Control Codes		1	2	3	Variance with Final Budget Positive (Negative)
		Budgeted Amounts		Actual	
		Original	Final		
<b>REVENUES:</b>					
5700	Local and Intermediate Sources	\$ 535,908	\$ 535,908	\$ 560,209	\$ 24,301
5800	State Program Revenues	--	--	9,221	9,221
5020	Total Revenues	<u>535,908</u>	<u>535,908</u>	<u>569,430</u>	<u>33,522</u>
<b>EXPENDITURES:</b>					
Debt Service:					
0071	Principal on Long-Term Debt	20,000	20,000	20,000	--
0072	Interest on Long-Term Debt	512,383	512,383	512,383	--
0073	Bond Issuance Costs and Fees	3,000	3,000	405	2,595
	Total Debt Service	<u>535,383</u>	<u>535,383</u>	<u>532,788</u>	<u>2,595</u>
6030	Total Expenditures	<u>535,383</u>	<u>535,383</u>	<u>532,788</u>	<u>2,595</u>
1100	Excess (Deficiency) of Revenues Over (Under)				
1100	Expenditures	<u>525</u>	<u>525</u>	<u>36,642</u>	<u>36,117</u>
1200	Net Change in Fund Balance	<u>525</u>	<u>525</u>	<u>36,642</u>	<u>36,117</u>
0100	Fund Balance - Beginning	81,189	81,189	81,189	--
3000	Fund Balance - Ending	<u>\$ 81,714</u>	<u>\$ 81,714</u>	<u>\$ 117,831</u>	<u>\$ 36,117</u>



GOWLAND, STREATLY, MORALES & COMPANY, PLLC

Certified Public Accountants

5934 S. Staples St. Ste. 201  
Corpus Christi, TX 78413  
Telephone: (361) 993-1000  
Fax: (361) 991-2880

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

Board of Trustees  
Benavides Independent School District  
P.O. Drawer P  
Benavides, Texas 78341-0916

Members of the Board of Trustees:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Benavides Independent School District, as of and for the year ended August 31, 2020, and the related notes to the financial statements, which collectively comprise Benavides Independent School District's basic financial statements, and have issued our report thereon dated January 4, 2021.

**Internal Control Over Financial Reporting**

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

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

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

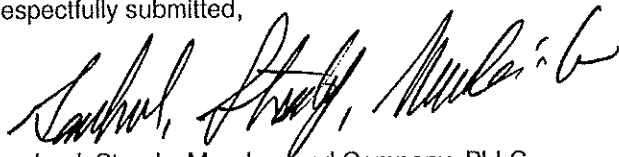
## Compliance and Other Matters

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

## Purpose of this Report

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

Respectfully submitted,



Gowland, Streaty, Morales, and Company, PLLC  
Corpus Christi, TX  
January 4, 2021





GOWLAND, STREALLY, MORALES & COMPANY, PLLC

Certified Public Accountants

5934 S. Staples St. Ste. 201  
Corpus Christi, TX 78413  
Telephone: (361) 993-1000  
Fax: (361) 991-2880

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

Board of Trustees  
Benavides Independent School District  
P.O. Drawer P  
Benavides, Texas 78341-0916

Members of the Board of Trustees:

**Report on Compliance for Each Major Federal Program**

We have audited the Benavides Independent School District's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on Benavides Independent School District's major federal program for the year ended August 31, 2020. Benavides Independent School District's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

***Management's Responsibility***

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

***Auditor's Responsibility***

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

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

### **Opinion on Each Major Federal Program**

In our opinion, the Benavides Independent School District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended August 31, 2020.

### **Report on Internal Control Over Compliance**

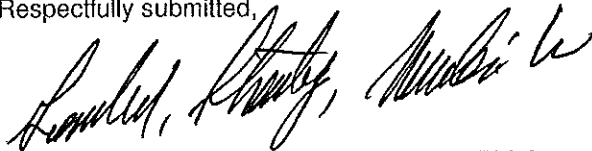
Management of the Benavides Independent School District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Benavides Independent School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

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

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

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

Respectfully submitted,



Gowland, Strealy, Morales, and Company, PLLC  
Corpus Christi, TX  
January 4, 2021

**BENAVIDES INDEPENDENT SCHOOL DISTRICT**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**FOR THE YEAR ENDED AUGUST 31, 2020**

**A. Summary of Auditor's Results**

**1. Financial Statements**

Type of auditor's report issued:

Unmodified

Internal control over financial reporting:

One or more material weaknesses identified?

\_\_\_\_ Yes      X No

One or more significant deficiencies identified that  
are not considered to be material weaknesses?

\_\_\_\_ Yes      X None Reported

Noncompliance material to financial  
statements noted?

\_\_\_\_ Yes      X No

**2. Federal Awards**

Internal control over major programs:

One or more material weaknesses identified?

\_\_\_\_ Yes      X No

One or more significant deficiencies identified that  
are not considered to be material weaknesses?

\_\_\_\_ Yes      X None Reported

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

Unmodified

Version of compliance supplement used in audit:

August 2020

Any audit findings disclosed that are required to be  
reported in accordance with Title 2 U.S. Code of  
Federal Regulations (CFR) Part 200?

\_\_\_\_ Yes      X No

Identification of major programs:

CFDA Number(s)

Name of Federal Program or Cluster

84.010A

School Action Fund

Dollar threshold used to distinguish between  
type A and type B programs:

\$750,000

Auditee qualified as low-risk auditee?

\_\_\_\_ Yes      X No

**B. Financial Statement Findings**

NONE

**C. Federal Award Findings and Questioned Costs**

NONE

**BENAVIDES INDEPENDENT SCHOOL DISTRICT**  
**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS**  
**FOR THE YEAR ENDED AUGUST 31, 2020**

<u>Finding/Recommendation</u>	<u>Current Status</u>	<u>Management's Explanation If Not Implemented</u>
There were no findings or questioned costs in the prior year.		



**BENAVIDES INDEPENDENT SCHOOL DISTRICT**  
**CORRECTIVE ACTION PLAN**  
**FOR THE YEAR ENDED AUGUST 31, 2020**

There are no findings or questioned costs in the current year.

**BENAVIDES INDEPENDENT SCHOOL DISTRICT**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**FOR THE YEAR ENDED AUGUST 31, 2020**

**EXHIBIT K-1**

(1)	(2)	(2A)	(3)	
Federal Grantor/ Pass-Through Grantor/ Program or Cluster Title	Federal CFDA Number	Pass- Through Entity Identifying Number	Passed Through to Subrecipients	Federal Expenditures
<b>CHILD NUTRITION CLUSTER:</b>				
<u>U. S. Department of Agriculture</u>				
Passed Through State Department of Education:				
School Breakfast Program	10.553	71402101	\$ --	\$ 95,215
National School Lunch Program	10.555	71302101	--	162,711
Total Passed Through State Department of Education			--	257,926
Total U. S. Department of Agriculture			--	257,926
Total Child Nutrition Cluster			--	257,926
<b>SPECIAL EDUCATION (IDEA) CLUSTER:</b>				
<u>U. S. Department of Education</u>				
Passed Through State Department of Education:				
IDEA-Part B, Formula	84.027	2066000106690	--	68,526
IDEA-Part B, Formula	84.027	2166000106690	--	8,934
Total CFDA Number 84.027			--	77,460
IDEA-Part B, Preschool	84.173	2066100106690	--	1,536
Total Passed Through State Department of Education			--	78,996
Total U. S. Department of Education			--	78,996
Total Special Education (IDEA) Cluster			--	78,996
<b>OTHER PROGRAMS:</b>				
<u>U. S. Department of Education</u>				
Passed Through State Department of Education:				
School Action Fund	84.010A	1961014771100	--	495,972
ESEA Title I Part A - Improving Basic Programs	84.010a	2061014106690	--	149,450
Total CFDA Number 84.010a			--	645,422
ESEA, Title VI, Part B, Subpart 2-Rural and Low Income School Gra	84.358a	066-901	--	--
ESEA Title II, Part A - Teacher & Principal Training & Recruiting	84.367a	2069450106690	--	6,536
Title IV, Part A, Subpart 1	84.424A	2068010106690	--	4,601
Total Passed Through State Department of Education			--	656,559
Total U. S. Department of Education			--	656,559
<u>U. S. Department of Agriculture</u>				
Passed Through Texas Department of Agriculture:				
Food Distribution (Non-Cash)	10.550	066-901	--	18,622
Child and Adult Care Food Program	10.558	066-901	--	22,950
NSLP Equipment Assistance Grant	10.579	6TX300355	--	11,606
Total Passed Through Texas Department of Agriculture			--	53,178
Total U. S. Department of Agriculture			--	53,178
TOTAL EXPENDITURES OF FEDERAL AWARDS			\$ --	\$ 1,046,659
TOTAL EXPENDITURES OF FEDERAL AWARDS				\$ 1,046,659
School Health and Related Services (SHARS)				38,643
TOTAL FEDERAL PROGRAM REVENUE EXHIBIT C-2				\$ 1,085,302

The accompanying notes are an integral part of this schedule.

**BENAVIDES INDEPENDENT SCHOOL DISTRICT**  
**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**FOR THE YEAR ENDED AUGUST 31, 2020**

Basis of Presentation

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

Summary of Significant Accounting Policies

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

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

**BENAVIDES INDEPENDENT SCHOOL DISTRICT**  
**SCHEDULE OF REQUIRED RESPONSES TO SELECTED SCHOOL FIRST INDICATORS**  
**AS OF AUGUST 31, 2020**

<u>Data Control Codes</u>		<u>Responses</u>
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 Services (IRS), and other government agencies? (If the school district was issued a warrant hold and the warrant hold was not cleared within 30 days from the date the warrant hold was issued, the school district is considered to not have made timely payments.)  Payments to the TRS and TWC are considered timely if a warrant hold that was issued in connection to the untimely payment was cleared within 30 days from the date the warrant hold was issued.  Payments to the IRS are considered timely if a penalty or delinquent payment notice was cleared within 30 days from the date then notice was issued.	Yes
SF4	Was the school district issued a warrant hold? Even if the issue surrounding the initial warrant hold was resolved and cleared within 30 days, the school district is considered to have been 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 in 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	\$ 403,762