

HAMLIN COLLEGIATE
INDEPENDENT SCHOOL DISTRICT
JONES COUNTY, TEXAS
ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED AUGUST 31, 2020

HAMLIN COLLEGIATE INDEPENDENT SCHOOL DISTRICT **ANNUAL FINANCIAL REPORT** **FOR THE YEAR ENDED AUGUST 31, 2020**

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CERTIFICATE OF BOARD

**Hamlin Collegiate Independent
School District**

Name of School District

Jones

County

127903

County – District 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 **20th** day of **October , 2020**.

Signature of Board President

Signature of Board Secretary

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

James E. Rodgers and Company, P.C.

Certified Public Accountants

20 Southwest Third Street • PO Box 669 • Hamlin, Texas 79520 • Tel: 325-576-2356 • Fax: 325-576-3525

E-mail: rodgerscpa@att.net

Member of Texas Society of CPA's and American Institute of CPA's

Richard E. Rodgers CPA • Gerald L. Rodgers CPA

October 20, 2020

Report on Financial Statements Issued in Accordance with Government Auditing Standards and a Single Audit Accompanied by Required Supplementary Information, Supplementary Information, and Other Information

Independent Auditor's Report

To the Board of Trustees
Hamlin Collegiate Independent School District
Hamlin, Texas 79520

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 Hamlin Collegiate 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 Hamlin Collegiate Independent School 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 entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

James E. Rodgers and Company, P.C.

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 Hamlin Collegiate 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.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, and schedules for pension and OPEB liabilities and contributions 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 Hamlin Collegiate Independent School District's basic financial statements. The combining and individual nonmajor fund financial statements, and the Texas Education Agency required information in conformity with laws and regulations of the State of Texas in Exhibits J-1 through J-3, are presented for purposes of additional analysis and are not a required part 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* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements, the Texas Education Agency required information in conformity with laws and regulations of the state of Texas in Exhibits J-1 through J-3, and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements, the Texas Education Agency required 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 this section.

James E. Rodgers and Company, P.C.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 20, 2020, on our consideration of the Hamlin Collegiate 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 to solely 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 Hamlin Collegiate Independent School 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 Hamlin Collegiate Independent School District's internal control over financial reporting and compliance.

Respectfully submitted,



James E. Rodgers and Company, P.C.



MANAGEMENT'S DISCUSSION AND ANALYSIS

In this section of the Annual Financial and Compliance Report, we, the administration of **Hamlin Collegiate Independent School District**, discuss and analyze the District's financial performance for the fiscal year ended August 31, 2020. Please read it in conjunction with the independent auditor's report and the District's Basic Financial Statements.

FINANCIAL HIGHLIGHTS

District's Total Net Position at the End of the Year	\$	3,998,531
Total District Revenues for the Current Fiscal Year		7,899,593
Total District Expenses for the Current Fiscal Year		6,877,400
Fund Balance in the General Fund at the End of Year		2,574,047

Changes in the District's Finances from the Previous Fiscal Year

	Increase (Decrease)	
	\$	%
<u>Change in Net Position:</u>		
Change in the District's Total Net Position	\$ 1,022,193	34.34%
<u>Revenue Changes:</u>		
Change in the District's Total Revenues	\$ 2,066,456	35.43%
Change in the District's Property Tax Revenues	287,288	17.27%
Change in the District's State Aid Formula Grants	603,877	20.64%
Change in Operating Grants and Contributions	1,113,722	102.50%
<u>Expense Changes:</u>		
Change in the District's Total Expenses	\$ 1,578,472	29.79%
<u>Other Information:</u>		
Change in the District's General Fund Balance	\$ (289,275)	-10.10%
Excess (Deficit) of Actual Revenue over Budgeted Revenue	392,997	4.18%

OVERVIEW OF THE FINANCIAL STATEMENTS

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

Government-wide financial statements. The *government-wide financial statements* are designed to provide readers with a broad overview of the District's finances, in a format similar to that of a private sector business.

The *statement of net position* presents information on all of the District's assets and deferred outflows of resources, and liabilities and deferred inflows of resources with the difference between the two reported a *net position*. Over time, increases or decreases in net position may serve as a useful indicator as to whether the financial position of the District is improving or deteriorating.

The *statement of activities* presents information showing how the District's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods such as uncollected property tax and earned but unused sick and vacation leave.

The government-wide financial statements distinguish functions of the District that are principally supported by taxes, intergovernmental revenues, and user fees & charges (*governmental activities*). The governmental activities of the District include the education of District students and the programs necessary to support such education.

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

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

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate the comparison between *governmental funds* and *governmental activities*. The District maintains numerous individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General and Debt Service Funds as they are considered major funds. Data from the other funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of *combining statements* elsewhere in this report.

The District adopts an annual appropriated budget for the General Fund. A budgetary comparison schedule has been provided for this fund to demonstrate compliance with this budget. Supplementary budgetary comparison schedules have also been prepared for the Child Nutrition and Debt Service Funds and are included in the other supplementary information section of this report.

Proprietary funds. The District maintains an *internal service fund* as an accounting device used to accumulate and allocate costs internally among the District's various functions. The District uses this internal service fund to account for its workers compensation self-insurance. Internal service funds are generally considered a *governmental activity* and are included in the government-wide financial statements.

Fiduciary funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are *not* reflected in the government-wide financial statements because the resources of those funds are *not* available to support the District's own programs. The District maintains student activity accounts and scholarship funds as fiduciary funds.

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

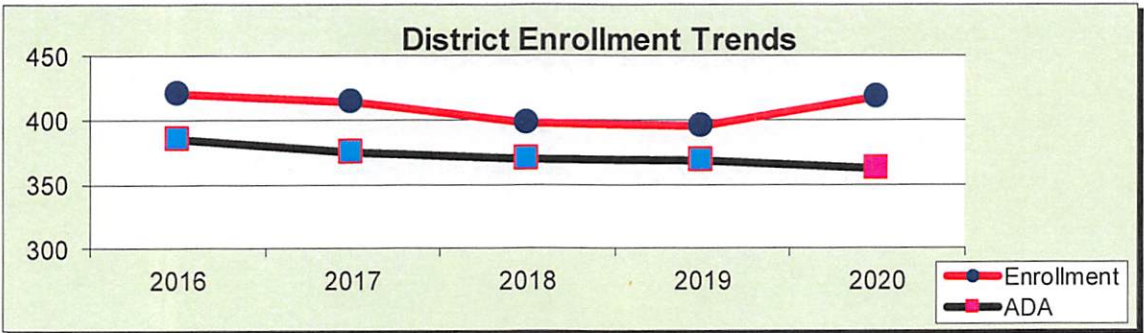
Other information. The combining statements referred to earlier in connection with nonmajor governmental funds are presented immediately following the required supplementary information. In addition, certain information required by the Texas Education Agency and the federal government regarding tax collection and grant expenditures is also presented along with required supplementary information related to the District’s contributions to a cost-sharing pension plan with the Teacher Retirement System of Texas.

DISTRICT FINANCES

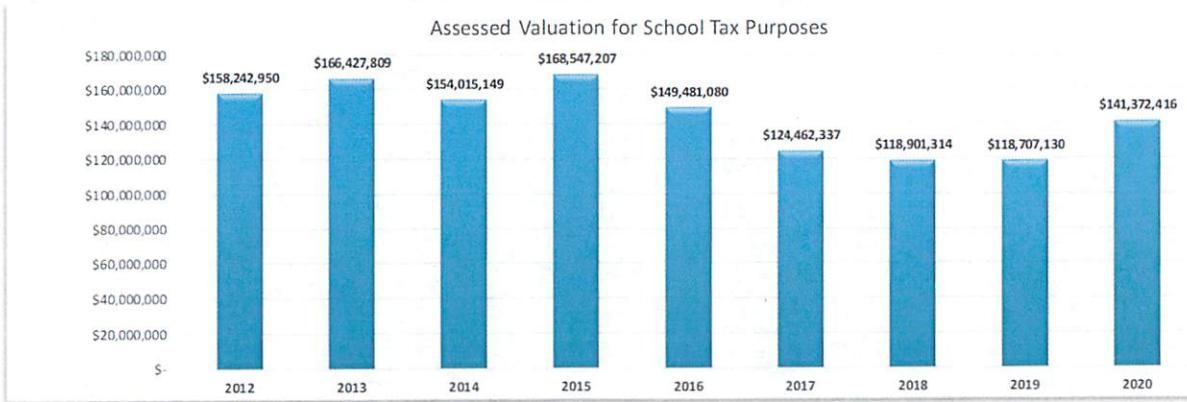
District’s activities are primarily funded from local property tax revenues and education funding from the State of Texas. State funding for public education in Texas is based upon the District’s average daily attendance, thus the District’s revenue is highly dependent on enrollment trends. The District receives additional weighted funding for students enrolled in career and technology coursework, gifted and talented, special education, bilingual, and compensatory education programs. The demographics of the District and the types of coursework students pursue are constantly changing and thus affecting funding. The following chart details the enrollment trends of the District.

ENROLLMENT TRENDS

Year	Enrollment	ADA
2016	420	384
2017	413	374
2018	397	369
2019	395	368
2020	417	362



A history of the District’s assessed valuation for school tax purposes is as follows:



Both student enrollment and the local property tax base are important attributes affecting District’s finances.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

The following table indicates the net position of the District at the end of the current and prior fiscal years.

Table I - Net Position						
	Governmental Activities		Business-Type Activities		Totals	
	2019	2020	2019	2020	2019	2020
Current and other assets	\$ 3,640,826	\$ 3,873,841	\$ -	\$ -	\$ 3,640,826	\$ 3,873,841
Capital assets (net)	5,808,479	7,056,043	-	-	5,808,479	7,056,043
Deferred Outflow of Resources	1,505,293	1,332,226	-	-	1,505,293	1,332,226
Total assets and deferred outflows	\$ 10,954,598	\$ 12,262,110	\$ -	\$ -	\$ 10,954,598	\$ 12,262,110
Long-term liabilities	\$ 3,729,667	\$ 3,521,685	\$ -	\$ -	\$ 3,729,667	\$ 3,521,685
Other liabilities	275,715	775,743	-	-	275,715	775,743
Net pension liability	1,183,231	1,023,409	-	-	1,183,231	1,023,409
Net OPEB liability	2,007,494	1,714,411	-	-	2,007,494	1,714,411
Deferred Inflow of Resources	782,153	1,228,331	-	-	782,153	1,228,331
Total liabilities / deferred inflows	\$ 7,978,260	\$ 8,263,579	\$ -	\$ -	\$ 7,978,260	\$ 8,263,579
Net Position:						
Net Investment in capital assets	\$ 2,274,284	\$ 3,701,659	\$ -	\$ -	\$ 2,274,284	\$ 3,701,659
Restricted	114,364	244,160	-	-	114,364	244,160
Unrestricted	587,690	52,712	-	-	587,690	52,712
Total net position	\$ 2,976,338	\$ 3,998,531	\$ -	\$ -	\$ 2,976,338	\$ 3,998,531

The following table indicates the changes in net position of the District during the current and prior fiscal years.

Table II - Change in Net Position						
	Governmental Activities		Business-Type Activities		Totals	
	2019	2020	2019	2020	2019	2020
Program Revenues:						
Charges for Services	\$ 57,522	\$ 33,517	\$ -	\$ -	\$ 57,522	\$ 33,517
Operating grants & contributions	1,086,521	2,200,243	-	-	1,086,521	2,200,243
General Revenues:						
Maintenance & operations taxes	1,390,972	1,545,766	-	-	1,390,972	1,545,766
Debt service taxes	272,200	404,694	-	-	272,200	404,694
State aid - formula grants	2,925,968	3,529,845	-	-	2,925,968	3,529,845
Grants and contributions not restricted	13,633	55,653	-	-	13,633	55,653
Investment earnings	9,717	10,069	-	-	9,717	10,069
Miscellaneous	76,604	119,806	-	-	76,604	119,806
Total Revenues	\$ 5,833,137	\$ 7,899,593	\$ -	\$ -	\$ 5,833,137	\$ 7,899,593
Expenses						
Instruction, curriculum, & media services	\$ 2,512,438	\$ 3,903,716	\$ -	\$ -	\$ 2,512,438	\$ 3,903,716
Instructional & school leadership	306,096	378,404	-	-	306,096	378,404
Student support services	224,830	211,344	-	-	224,830	211,344
Food services	271,886	277,137	-	-	271,886	277,137
Extracurricular activities	413,463	289,447	-	-	413,463	289,447
General administration & data processing	537,335	607,513	-	-	537,335	607,513
Plant maintenance & security	739,472	921,811	-	-	739,472	921,811
Interest/fees on long term debt	129,518	116,505	-	-	129,518	116,505
Other intergovernmental & business	163,890	171,523	-	-	163,890	171,523
Total Expenses	\$ 5,298,928	\$ 6,877,400	\$ -	\$ -	\$ 5,298,928	\$ 6,877,400
Increase in net position	\$ 534,209	\$ 1,022,193	\$ -	\$ -	\$ 534,209	\$ 1,022,193
Transfers	-	-	-	-	-	-
Net position at 9/1	2,442,129	2,976,338	-	-	2,442,129	2,976,338
Total Net Position	\$ 2,976,338	\$ 3,998,531	\$ -	\$ -	\$ 2,976,338	\$ 3,998,531

Analysis of Change in Net Position for Governmental Activities:

Excess of Revenues Over Expenditures for Governmental Funds	\$ (149,452)
Change in Net Position of the Internal Service Fund for Governmental Activities	(1,517)
Current Year Purchases of Capital Assets	1,586,713
Current Year Debt Principal Payments	272,144
Depreciation	(339,149)
Other Modified to Full Accrual Revenue Adjustments	(178,367)
Net adjustment to pension expense per GASB 68	(115,284)
Net adjustment for OPEB plan required by GASB 75	(52,895)
Change in Net Position of Governmental Activities	<u>\$ 1,022,193</u>

THE DISTRICT'S FUNDS

A financial summary of the District's funds for the current year is as follows:

Governmental Fund Financial Statements				
	General Fund	Special Revenue Funds	Debt Service Fund	Total
Revenues	\$ 5,587,532	\$ 1,601,704	\$ 472,649	\$ 7,661,885
Expenditures	(5,935,410)	(1,641,197)	(333,380)	(7,909,987)
Other Financing Sources	98,650	40,047	-	138,697
Other Financing Uses	(40,047)	-	-	(40,047)
Net Change in Fund Balance	\$ (289,275)	\$ 554	\$ 139,269	\$ (149,452)
Beginning Fund Balance	2,863,322	10,098	59,170	2,932,590
Prior Period Adjustment	-	-	-	-
Ending Fund Balance				
All Governmental Funds	\$ 2,574,047	\$ 10,652	\$ 198,439	\$ 2,783,138

The District modified its budget during the year resulting in a net increase in budgeted expenditures between the original and final budget in the District's General Fund as detailed in Exhibit G-1.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At the end of the current fiscal year, the District had invested in a broad range of capital assets, including facilities and equipment for instruction, transportation, athletics, administration, and maintenance.

This year's major additions and the net change in total capital assets are as follows:

Facilities Upgrades	\$	650,474
Food Service Equipment		5,049
Scoreboards		30,760
Playground		70,816
Equipment (PTech)		20,967
Weight Equipment		145,638
53 Passenger Bus		98,650
Construction in Progress		564,359
Total Capital Asset Additions	\$	1,586,713
Total Capital Asset Retirements		-
Net Change in Capital Assets	\$	1,586,713

The District's next fiscal year capital budget includes \$275,000 capital outlay appropriations in the General Fund.

Debt

The District's long-term debt as of the end of the current fiscal year is as follows:

Debt Issue	Interest Rate on Issue	Amounts Original Issue	Interest Current Year	Outstanding End of Current Fiscal Year	Next Year's Total Principal and Interest Requirement
2015 Tax Refunding Bonds	3.00-4.00%	\$ 3,765,000	\$ 119,550	\$ 3,135,000	\$ 328,175
2016 Girardin 14 Passenger Bus Lease	2.68%	61,575	283	-	-
2016 Bluebird 28 Passenger Bus Lease	2.60%	110,680	1,617	48,772	17,215
2017 Bluebird 71 Passenger Bus Lease	2.60%	91,665	1,319	40,910	14,155
2020 Bluebird 53 Passenger Bus Lease	2.78%	98,650	233	78,006	20,876
Totals End of Year		\$ 4,127,570	\$ 123,002	\$ 3,302,688	\$ 380,421

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

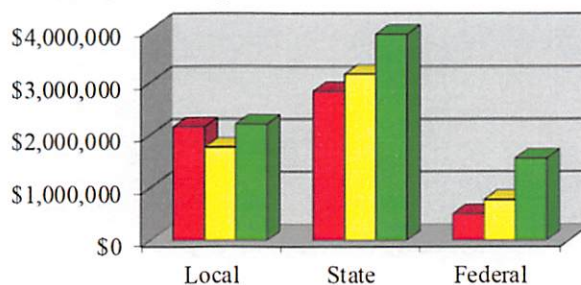
The District's elected and appointed officials considered many factors when setting the next fiscal year budget and tax rates. Expected student enrollment and property valuation for ad valorem taxes were implicit in the expected revenue and expenditures when adopting the budget for next year. A summary of the subsequent fiscal year budget for funds legally required to be budgeted is as follows:

Fiscal Year 2020 - 2021 Adopted Budget				
	General Fund	Child Nutrition Fund	Debt Service Fund	TOTALS
Revenues	\$ 5,270,515	\$ 257,050	\$ 371,200	\$ 5,898,765
Expenditures	(5,171,000)	-	(332,175)	(5,503,175)
Other Financing Sources	-	47,474	-	47,474
Other Financing Uses	(47,474)	(304,524)	-	(351,998)
Net Change in Fund Balance	\$ 52,041	\$ -	\$ 39,025	\$ 91,066
Beginning of Year Fund Balance	2,574,047	1,961	198,439	2,774,447
Projected End of Year Fund Balance	\$ 2,626,088	\$ 1,961	\$ 237,464	\$ 2,865,513

The following graph indicates the District's revenues by source for the last three years.

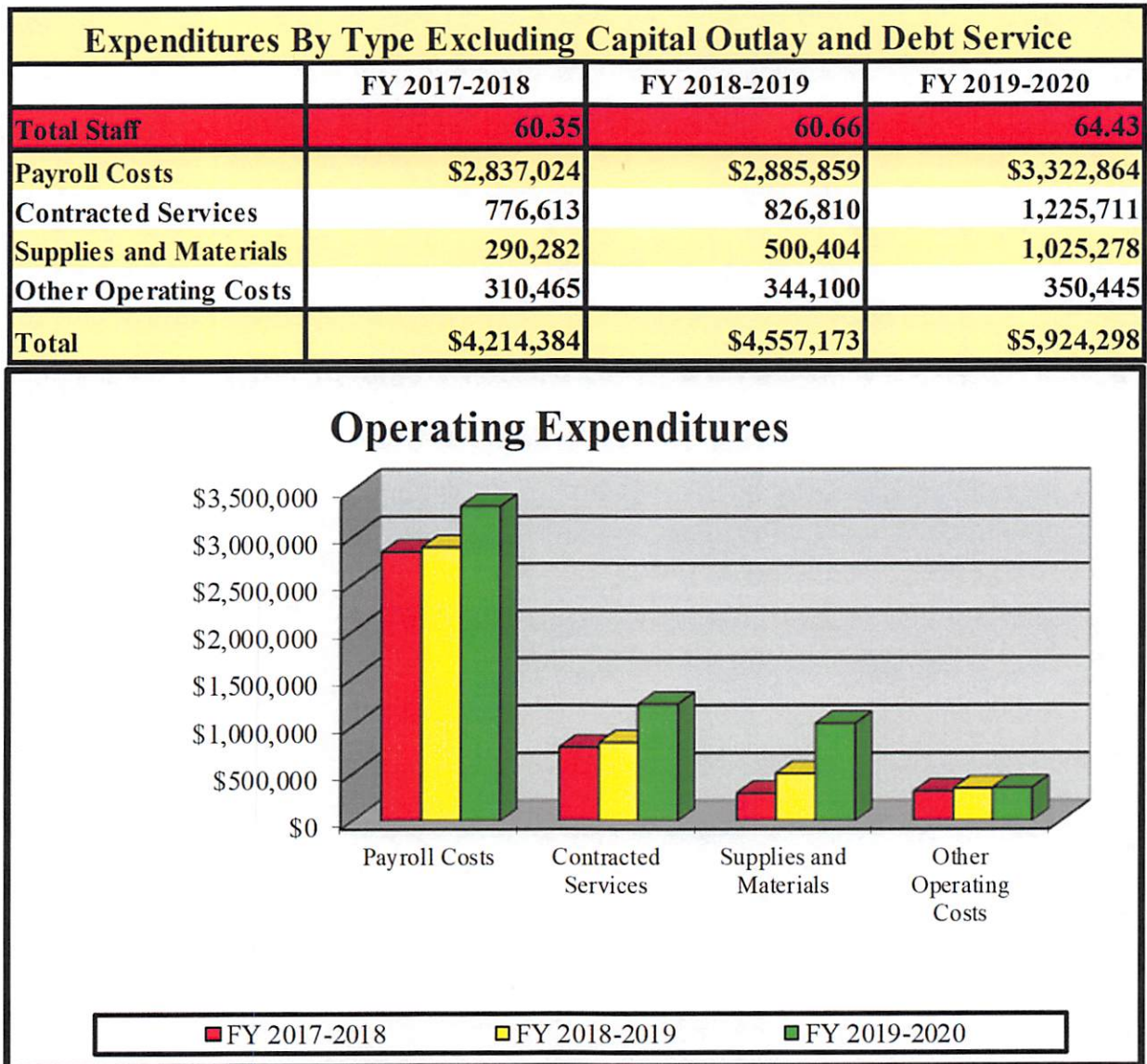
REVENUES BY SOURCE			
	Fiscal Year 2017-2018	Fiscal Year 2018-2019	Fiscal Year 2019-2020
ADA	369,438	368,342	362,108
Local	\$2,149,316	\$1,759,536	\$2,203,896
State	2,828,130	3,151,304	3,908,131
Federal	502,721	769,314	1,549,858
Total	\$5,480,167	\$5,680,154	\$7,661,885

Revenues by Source



■ Fiscal Year 2017-2018 ■ Fiscal Year 2018-2019 ■ Fiscal Year 2019-2020

The following graph indicates the operating expenditures for the District for the last three years.



CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our students and parents, citizens, taxpayers, and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the District's business office, at **Hamlin Collegiate Independent School District, 450 SW Avenue F, Hamlin, Texas 79520; (325) 576-3624** or visit us at our website at <http://www.hamlin.escl4.net>.

BASIC FINANCIAL STATEMENTS

HAMLIN COLLEGIATE INDEPENDENT SCHOOL DISTRICT
STATEMENT OF NET POSITION
AUGUST 31, 2020

EXHIBIT A-1

Data Control Codes	Primary Government Governmental Activities
ASSETS	
1110 Cash and Cash Equivalents	\$ 2,701,391
1120 Current Investments	500,000
1220 Property Taxes - Delinquent	419,942
1230 Allowance for Uncollectible Taxes	(104,985)
1240 Due from Other Governments	351,217
1290 Other Receivables, Net	6,276
Capital Assets:	
1510 Land	65,293
1520 Buildings, Net	5,686,421
1530 Furniture and Equipment, Net	472,241
1550 Leased Property Under Capital Leases, Net	267,728
1580 Construction in Progress	564,360
1000 Total Assets	10,929,884
DEFERRED OUTFLOWS OF RESOURCES	
1701 Deferred Charge for Refunding	159,445
1705 Deferred Outflow Related to TRS Pension	520,130
1706 Deferred Outflow Related to TRS OPEB	652,651
1700 Total Deferred Outflows of Resources	1,332,226
LIABILITIES	
2110 Accounts Payable	561,510
2160 Accrued Wages Payable	181,322
2177 Due to Fiduciary Funds	100
2200 Accrued Expenses	17,811
2300 Unearned Revenue	15,000
Noncurrent Liabilities:	
2501 Due Within One Year	270,606
2502 Due in More Than One Year	3,251,079
2540 Net Pension Liability (District's Share)	1,023,409
2545 Net OPEB Liability (District's Share)	1,714,411
2000 Total Liabilities	7,035,248
DEFERRED INFLOWS OF RESOURCES	
2605 Deferred Inflow Related to TRS Pension	267,858
2606 Deferred Inflow Related to TRS OPEB	960,473
2600 Total Deferred Inflows of Resources	1,228,331
NET POSITION	
3200 Net Investment in Capital Assets	3,701,659
3820 Restricted for Federal and State Programs	1,961
3850 Restricted for Debt Service	242,199
3900 Unrestricted	52,712
3000 Total Net Position	\$ 3,998,531

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

HAMLIN COLLEGIATE INDEPENDENT SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED AUGUST 31, 2020

FOR THE YEAR ENDED AUGUST 31, 2020				Net (Expense) Revenue and Changes in Net Position
Data Control Codes	1	Program Revenues		6
	Expenses	Charges for Services	Operating Grants and Contributions	Primary Gov. Governmental Activities
Primary Government:				
GOVERNMENTAL ACTIVITIES:				
11 Instruction	\$ 3,893,653	\$ -	\$ 1,835,227	\$ (2,058,426)
12 Instructional Resources and Media Services	2,456	-	-	(2,456)
13 Curriculum and Instructional Staff Development	7,607	-	3,182	(4,425)
21 Instructional Leadership	116,233	-	-	(116,233)
23 School Leadership	262,171	-	-	(262,171)
31 Guidance, Counseling and Evaluation Services	74,025	-	-	(74,025)
33 Health Services	31,504	-	-	(31,504)
34 Student (Pupil) Transportation	105,815	-	-	(105,815)
35 Food Services	277,137	6,873	230,045	(40,219)
36 Extracurricular Activities	289,447	26,094	-	(263,353)
41 General Administration	459,240	-	47,951	(411,289)
51 Facilities Maintenance and Operations	921,811	550	83,838	(837,423)
53 Data Processing Services	148,273	-	-	(148,273)
72 Debt Service - Interest on Long-Term Debt	112,675	-	-	(112,675)
73 Debt Service - Bond Issuance Cost and Fees	3,830	-	-	(3,830)
93 Payments Related to Shared Services Arrangements	128,104	-	-	(128,104)
99 Other Intergovernmental Charges	43,419	-	-	(43,419)
[TP] TOTAL PRIMARY GOVERNMENT:	<u>\$ 6,877,400</u>	<u>\$ 33,517</u>	<u>\$ 2,200,243</u>	<u>(4,643,640)</u>
Data Control Codes	General Revenues:			
	Taxes:			
MT	Property Taxes, Levied for General Purposes			1,545,766
DT	Property Taxes, Levied for Debt Service			404,694
SF	State Aid - Formula Grants			3,529,845
GC	Grants and Contributions not Restricted			55,653
IE	Investment Earnings			10,069
MI	Miscellaneous Local and Intermediate Revenue			119,806
TR	Total General Revenues			5,665,833
CN	Change in Net Position			1,022,193
NB	Net Position - Beginning			2,976,338
NE	Net Position - Ending			\$ 3,998,531

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

HAMLIN COLLEGIATE INDEPENDENT SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
AUGUST 31, 2020

Data Control Codes	10 General Fund	Major PublicCharter School Grant	Other Funds	Total Governmental Funds
ASSETS				
1110 Cash and Cash Equivalents	\$ 2,444,233	\$ -	\$ 227,827	\$ 2,672,060
1120 Investments - Current	500,000	-	-	500,000
1220 Property Taxes - Delinquent	351,125	-	68,817	419,942
1230 Allowance for Uncollectible Taxes	(87,781)	-	(17,204)	(104,985)
1240 Due from Other Governments	282,641	-	68,576	351,217
1260 Due from Other Funds	42,553	-	-	42,553
1290 Other Receivables	5,017	-	1,259	6,276
1000 Total Assets	<u>\$ 3,537,788</u>	<u>\$ -</u>	<u>\$ 349,275</u>	<u>\$ 3,887,063</u>
LIABILITIES				
2110 Accounts Payable	\$ 539,289	\$ -	\$ 22,221	\$ 561,510
2160 Accrued Wages Payable	157,796	-	23,526	181,322
2170 Due to Other Funds	100	-	25,277	25,377
2200 Accrued Expenditures	3,212	-	2,547	5,759
2300 Unearned Revenue	-	-	15,000	15,000
2000 Total Liabilities	<u>700,397</u>	<u>-</u>	<u>88,571</u>	<u>788,968</u>
DEFERRED INFLOWS OF RESOURCES				
2601 Unavailable Revenue - Property Taxes	263,344	-	51,613	314,957
2600 Total Deferred Inflows of Resources	<u>263,344</u>	<u>-</u>	<u>51,613</u>	<u>314,957</u>
FUND BALANCES				
Restricted Fund Balance:				
3450 Federal or State Funds Grant Restriction	-	-	1,961	1,961
3480 Retirement of Long-Term Debt	-	-	198,439	198,439
Committed Fund Balance:				
3510 Construction	900,000	-	-	900,000
Assigned Fund Balance:				
3590 Other Assigned Fund Balance	-	-	8,691	8,691
3600 Unassigned Fund Balance	1,674,047	-	-	1,674,047
3000 Total Fund Balances	<u>2,574,047</u>	<u>-</u>	<u>209,091</u>	<u>2,783,138</u>
4000 Total Liabilities, Deferred Inflows & Fund Balances	<u>\$ 3,537,788</u>	<u>\$ -</u>	<u>\$ 349,275</u>	<u>\$ 3,887,063</u>

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

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

EXHIBIT C-2

Total Fund Balances - Governmental Funds	\$ 2,783,138
1 The District uses internal service funds to charge the costs of certain activities, such as workers compensation self-insurance, to appropriate functions in other funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net position. The net effect of this consolidation is to increase net position.	3
2 Capital assets used in governmental activities are not financial resources and therefore are not reported in governmental funds. At the beginning of the year, the cost of these assets less the accumulated depreciation (net book value) is included in net position. In addition, long-term liabilities are not due and payable in the current period, and, therefore are not reported as liabilities in the funds. The net effect of including the beginning balances for capital assets (net of depreciation) and long-term debt in the governmental activities is to increase government-wide net position.	2,262,418
3 Current year capital outlays and long-term debt principal payments are expenditures in the fund financial statements, but they should be shown as increases in capital assets and reductions in long-term debt in the government-wide financial statements. The net effect of including the current year capital outlays and debt principal payments is to increase net position.	1,858,857
4 Recognition of the GASB 68 reporting requirements for the District's pension plan through TRS requires that additional items be reported in the government-wide statements. The District's share of the TRS pension plan resulted in a net pension liability, a deferred outflow related to the TRS pension, and a deferred inflow related to the TRS pension. This resulted in a reduction of reported ending net position.	(771,137)
5 Recognition of the GASB 75 reporting requirements for the District's OPEB plan through TRS-Care requires that additional items be reported in the government-wide statements.. The District's share of the TRS-Care plan resulted in a net OPEB liability, a deferred outflow related to TRS OPEB, and a deferred inflow related to TRS OPEB. This resulted in a reduction of reported ending net position.	(2,022,233)
6 The current year depreciation expense increases accumulated depreciation. The net effect of the current year's depreciation is to decrease net position.	(339,149)
7 Various other reclassifications and eliminations are necessary to convert from the modified accrual basis of accounting to accrual basis of accounting. These include recognizing unavailable revenue from property taxes as revenue, reclassifying the proceeds of issuing long-term debt as an increase in long-term liabilities, and recognizing the liabilities associated with maturing long-term debt and interest. The net effect of these reclassifications and recognitions is to increase net position.	226,634
19 Net Position of Governmental Activities	\$ 3,998,531

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

HAMLIN COLLEGIATE 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	Major PublicCharter School Grant	Other Funds	Total Governmental Funds
REVENUES:				
5700 Total Local and Intermediate Sources	\$ 1,768,617	\$ -	\$ 435,279	\$ 2,203,896
5800 State Program Revenues	3,734,562	-	173,569	3,908,131
5900 Federal Program Revenues	84,353	861,304	604,201	1,549,858
5020 Total Revenues	5,587,532	861,304	1,213,049	7,661,885
EXPENDITURES:				
Current:				
0011 Instruction	1,999,175	757,886	460,707	3,217,768
0012 Instructional Resources and Media Services	2,456	-	-	2,456
0013 Curriculum and Instructional Staff Development	4,425	-	3,182	7,607
0021 Instructional Leadership	113,385	-	-	113,385
0023 School Leadership	252,494	-	-	252,494
0031 Guidance, Counseling, and Evaluation Services	70,709	-	-	70,709
0033 Health Services	30,790	-	-	30,790
0034 Student (Pupil) Transportation	159,774	-	-	159,774
0035 Food Services	-	-	271,462	271,462
0036 Extracurricular Activities	401,416	-	10,856	412,272
0041 General Administration	380,759	47,951	-	428,710
0051 Facilities Maintenance and Operations	1,080,502	-	33,686	1,114,188
0053 Data Processing Services	144,611	-	-	144,611
Debt Service:				
0071 Principal on Long-Term Debt	62,144	-	210,000	272,144
0072 Interest on Long-Term Debt	3,452	-	119,550	123,002
0073 Bond Issuance Cost and Fees	-	-	3,830	3,830
Capital Outlay:				
0081 Facilities Acquisition and Construction	1,057,795	55,467	-	1,113,262
Intergovernmental:				
0093 Payments to Fiscal Agent/Member Districts of SSA	128,104	-	-	128,104
0099 Other Intergovernmental Charges	43,419	-	-	43,419
6030 Total Expenditures	5,935,410	861,304	1,113,273	7,909,987
1100 Excess (Deficiency) of Revenues Over (Under) Expenditures	(347,878)	-	99,776	(248,102)
OTHER FINANCING SOURCES (USES):				
7913 Capital Leases	98,650	-	-	98,650
7915 Transfers In	-	-	40,047	40,047
8911 Transfers Out (Use)	(40,047)	-	-	(40,047)
7080 Total Other Financing Sources (Uses)	58,603	-	40,047	98,650
1200 Net Change in Fund Balances	(289,275)	-	139,823	(149,452)
0100 Fund Balance - September 1 (Beginning)	2,863,322	-	69,268	2,932,590
3000 Fund Balance - August 31 (Ending)	\$ 2,574,047	\$ -	\$ 209,091	\$ 2,783,138

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

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

EXHIBIT C-4

Total Net Change in Fund Balances - Governmental Funds	\$ (149,452)
The District uses internal service funds to charge the costs of certain activities, such as workers compensation self-insurance, to appropriate functions in other funds. The net income (loss) of internal service funds are reported with governmental activities. The net effect of this consolidation is to decrease net position.	(1,517)
Current year capital outlays and long-term debt principal payments are expenditures in the fund financial statements, but they should be shown as increases in capital assets and reductions in long-term debt in the government-wide financial statements. The net effect of removing the current fiscal year capital outlays and debt principal payments is to decrease net position.	1,858,857
Depreciation is not recognized as an expense in governmental funds since it does not require the use of current financial resources. The net effect of the current year's depreciation is to decrease net position.	(339,149)
Various other reclassifications and eliminations are necessary to convert from the modified accrual basis of accounting to accrual basis of accounting. These include recognizing unavailable revenue from property taxes as revenue, adjusting current year revenue to show the revenue earned from the current year's tax levy, reclassifying the proceeds of long-term debt issued, and recognizing the liabilities associated with maturing long-term debt and interest. The net effect of these reclassifications and recognitions is to decrease net position.	(178,367)
Current year changes due to GASB 68 increased revenues, but also increased expenditures. The net effect on the change in the ending net position was a decrease in the change in net position.	(115,284)
GASB 75 requires that certain plan expenditures be de-expended and recorded as deferred resource outflows. These contributions made after the measurement date of the plan caused the change in ending net position to increase. Contributions made before the measurement date and during the previous fiscal year were also expended and recorded as a reduction in net pension liability. This caused a decrease the change in net position. Finally, the proportionate share of the TRS OPEB expense on the plan as a whole had to be recorded. The net OPEB expense increased the change in net position. The net result is a decrease in the change in net position.	(52,895)
Change in Net Position of Governmental Activities	\$ 1,022,193

HAMLIN COLLEGIATE INDEPENDENT SCHOOL DISTRICT
 STATEMENT OF NET POSITION
 PROPRIETARY FUNDS
 AUGUST 31, 2020

	Governmental Activities -
	Workers Comp Internal Service Fund
ASSETS	
Current Assets:	
Cash and Cash Equivalents	\$ 29,331
Total Assets	<u>29,331</u>
LIABILITIES	
Current Liabilities:	
Due to Other Funds	17,276
Accrued Expenses	<u>12,052</u>
Total Liabilities	<u>29,328</u>
NET POSITION	
Unrestricted Net Position	<u>3</u>
Total Net Position	<u><u>\$ 3</u></u>

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

HAMLIN COLLEGIATE INDEPENDENT SCHOOL DISTRICT
 STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
 PROPRIETARY FUNDS
 FOR THE YEAR ENDED AUGUST 31, 2020

	Governmental Activities -
	Workers Comp Internal Service Fund
OPERATING REVENUES:	
Local and Intermediate Sources	\$ 11,215
Total Operating Revenues	<u>11,215</u>
OPERATING EXPENSES:	
Professional and Contracted Services	<u>12,774</u>
Total Operating Expenses	<u>12,774</u>
Operating Income (Loss)	<u>(1,559)</u>
NONOPERATING REVENUES (EXPENSES):	
Earnings from Temporary Deposits & Investments	<u>42</u>
Total Nonoperating Revenues (Expenses)	<u>42</u>
Change in Net Position	(1,517)
Total Net Position September 1 (Beginning)	<u>1,520</u>
Total Net Position August 31 (Ending)	<u><u>\$ 3</u></u>

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

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

	Governmental Activities -
	Workers Comp Internal Service Fund
<u>Cash Flows from Operating Activities:</u>	
Cash Received from Assessments - Other Funds	\$ -
Cash Payments for Insurance Claims	(1,760)
Cash Payments for Other Operating Expenses	(10,559)
Net Cash Used for Operating Activities	(12,319)
<u>Cash Flows from Investing Activities:</u>	
Interest and Dividends on Investments	42
Net Cash Provided by Investing Activities	42
Net Decrease in Cash and Cash Equivalents	(12,277)
Cash and Cash Equivalents at Beginning of Year	41,608
Cash and Cash Equivalents at End of Year	\$ 29,331
<u>Reconciliation of Operating Income (Loss) to Net Cash</u>	
<u>Used for Operating Activities:</u>	
Operating Income (Loss):	\$ (1,559)
Effect of Increases and Decreases in Current Assets and Liabilities:	
Increase (decrease) in Accrued Claims Liability	455
Increase (decrease) in Due to Other Funds	(11,215)
Net Cash Used for Operating Activities	\$ (12,319)
<u>Reconciliation of Total Cash and Cash Equivalents:</u>	
Cash and Cash Equivalents on Balance Sheet	\$ 29,331
Pooled Cash and Cash Equivalents on Balance Sheet	-
Total Cash and Cash Equivalents	\$ 29,331

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

HAMLIN COLLEGIATE INDEPENDENT SCHOOL DISTRICT
 STATEMENT OF FIDUCIARY NET POSITION
 FIDUCIARY FUNDS
 AUGUST 31, 2020

	Scholarship Trust Funds	Student Activity Custodial Fd
ASSETS		
Cash and Cash Equivalents	\$ 48,856	\$ 73,887
Investments - Current	14,616	-
Due from Other Funds	100	-
Other Receivables	-	225
Total Assets	<u>63,572</u>	<u>\$ 74,112</u>
NET POSITION		
Restricted for Scholarships	63,572	-
Held for Student Activities	-	74,112
Total Net Position	<u>\$ 63,572</u>	<u>\$ 74,112</u>

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

HAMLIN COLLEGIATE INDEPENDENT SCHOOL DISTRICT
 STATEMENT OF CHANGES IN FIDUCIARY FUND NET POSITION
 FIDUCIARY FUNDS
 FOR THE YEAR ENDED AUGUST 31, 2020

	Scholarship Trust Funds	Student Activity Custodial Fd
ADDITIONS:		
Contributions from Foundations, Gifts and Bequests	\$ 1,385	\$ -
Received from Student Groups	-	126,397
Earnings from Temporary Deposits	96	-
Total Additions	<u>1,481</u>	<u>126,397</u>
DEDUCTIONS:		
Professional and Contracted Services	3,500	-
Other Deductions	-	99,826
Total Deductions	<u>3,500</u>	<u>99,826</u>
Change in Fiduciary Net Position	(2,019)	26,571
Total Net Position September 1 (Beginning)	<u>65,591</u>	<u>47,541</u>
Total Net Position August 31 (Ending)	<u><u>\$ 63,572</u></u>	<u><u>\$ 74,112</u></u>

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

HAMLIN COLLEGIATE INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED AUGUST 31, 2020

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Hamlin Collegiate Independent School District (the "District") is a public educational agency operating under the applicable laws and regulations of the State of Texas. It is governed by a seven member Board of Trustees (the "Board") elected by registered voters of the District. The District prepares its basic financial statements in conformity with generally accepted accounting principles accepted in the United States of America as applied to governmental entities. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The District also complies with the requirements of the appropriate version of Texas Education Agency's Financial Accountability System Resource Guide (the "Resource Guide") and the requirements of contracts and grants of agencies from which it receives funds.

A. REPORTING ENTITY

The Board of Trustees (the "Board") is elected by the public and has the authority to make decisions, appoint administrators and managers, and significantly influence operations. For financial reporting purposes, the accompanying financial statements include all operations over which the District is financially accountable. The District applies current GASB criteria to potential component units and other related entities in evaluating the potential inclusion in the reporting entity. The criteria for inclusion in the reporting entity involves whether the District or its officials appoint a voting majority of an organization's governing body, and is either able to impose its will on the organization or there is a potential for the organization to provide specific financial benefits or to impose specific financial burdens on the District such that exclusion of such information would cause the District's financial statements to be incomplete. For the current fiscal year, the reporting entity of the District does not include any component units.

B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

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

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

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

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

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues result from providing goods and services in connection with a proprietary fund's principal ongoing operations; they usually come from exchange or exchange-like transactions. All other revenues are non-operating. Operating expenses can be tied specifically to the production of the goods and services, such as materials and labor and direct overhead. Other expenses are non-operating.

C. MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND FINANCIAL STATEMENT PRESENTATION

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

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

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

Revenues from local sources consist primarily of property taxes. Property tax revenues and revenues received from the State are recognized under the "susceptible to accrual" concept, that is, when they are both measurable and available. The District considers them "available" if they will be collected within 60 days of the end of the fiscal year. Miscellaneous revenues are recorded as revenue when received in cash because they are generally not measurable until received. Investment earnings are recorded as earned, since they are both measurable and available.

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

The Proprietary Fund Types and Fiduciary Funds are accounted for on a flow of economic resources measurement focus and utilize the accrual basis of accounting. This basis of accounting recognizes revenues in the accounting period in which they are earned and become measurable and expenses in the accounting period in which they are incurred and become measurable. The District applies all GASB pronouncements as well as the Financial Accounting Standards Board pronouncements issued on or before November 30, 1989, unless these pronouncements conflict or contradict GASB pronouncements.

With this measurement focus, all assets and all liabilities associated with the operation of these funds are included on the fund Statement of Net Position. The fund equity is segregated into net investment in capital assets, restricted net position, and unrestricted net position.

D. FUND ACCOUNTING

The District reports the following major governmental funds:

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

Public Charter School Special Revenue Fund – The District accounts for grant revenues and expenditures applicable to the Public Charter School grant program.

The District does not report any major enterprise funds.

Additionally, the District reports the following fund type(s):

Governmental Funds:

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

Debt Service Funds – The District accounts for resources accumulated and payments made for principal and interest on long-term general obligation debt of governmental funds in a debt service fund.

Capital Projects Funds – Proceeds from long-term debt financing and revenues and expenditures related to authorized construction and other capital asset acquisitions are accounted for in a capital projects fund. The District did not maintain capital projects funds during the current fiscal year.

Proprietary Funds:

Enterprise Funds – The District's activities for which outside users are charged a fee roughly equal to the cost of providing the goods or services of those activities are accounted for in an enterprise fund. The District does not maintain enterprise funds.

Internal Service Funds – Revenues and expenses related to services provided to organizations inside the District on a cost reimbursement basis (such as workers' compensation) are accounted for in an internal service fund when applicable.

Fiduciary Funds:

Private Purpose Trust Funds – The District accounts for donations for which the donor has stipulated that both the principal and the income may be used for purposes that benefit parties outside the District. When applicable, the District maintains a private purpose trust fund to provide scholarships for students that have graduated from the District.

Custodial Funds – The District accounts for resources held for others in a custodial capacity in agency funds including funds used to account for student activities.

Transactions between funds that are representative of lending / borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to / from other funds". While these balances are reported in the fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Balances between the funds included in governmental activities are eliminated so that only the net amount is included in the governmental activities column. Similarly, balances between the funds included in any business-type activities are eliminated so that only the net amount is included as internal balances in the business-type activities column.

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

E. OTHER ACCOUNTING POLICIES

1. For purposes of the statement of cash flows for proprietary funds, the District considers highly liquid investments to be cash equivalents if they have maturity of three months or less when purchased.
2. The District reports inventories of supplies using the first-in, first-out inventory cost method. The supplies include consumable maintenance, instructional, office, athletic, and transportation items. Under the purchase method, supplies are recorded as expenditures when they are purchased. Inventories of food commodities are recorded at market values supplied by the Department of Agriculture. Although commodities are received at no cost, their fair market value is supplied by the Department of Agriculture and recorded as revenue and expenditures when received. Material inventories including food commodities are recorded as an asset and a corresponding amount of expenditures are reduced at year-end. No material inventories existed at the end of the fiscal year.
3. In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as expenditures in the year the related debt is issued.

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

4. It is the District's policy to permit some employees to accumulate earned but unused vacation and sick pay benefits. There is no liability for unpaid accumulated sick leave since the District does not have a policy to pay any amounts when employees separate from service with the District. All vacation pay is accrued when incurred in the government-wide, proprietary, and fiduciary fund financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements.
5. Capital assets, which include land, buildings, furniture and equipment and infrastructure assets are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the District as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed.

Buildings, furniture and equipment of the District are depreciated using the straight-line method over the following estimated useful lives:

ASSETS	YEARS
Buildings and Improvements	15 - 40
Vehicles	5 - 20
Furniture and Equipment	5 - 20

6. Since Internal Service Funds in the District support the operations of governmental funds, they are consolidated with the governmental funds in the government-wide financial statements. The expenditures of governmental funds that create the revenues of internal service funds are eliminated to avoid "grossing up" the revenues and expenses of the District as a whole.
7. Restricted assets, if applicable, of the District are limited to cash and certificates of deposit which have been gifted to the District with the stipulation that only the earnings are available for current and future scholarship recipients.
8. The District participates in a self-funded workers' compensation program and executes an inter-local agreement that define the responsibilities of the parties. The program provides statutory workers' compensation benefits to its members and their injured employees.

9. Net Position and Fund Balances:

Government-wide and Proprietary Fund Net Position:

Government-wide and proprietary fund net position is divided into three components:

- Net investment in capital assets—consist of the historical cost of capital assets less accumulated depreciation and less any debt that remains outstanding that was used to finance those assets plus deferred outflows of resources less deferred inflows of resources related to those assets.
- Restricted net position—consist of assets that are restricted by the District's creditors (for example, through debt covenants), by the state enabling legislation (through restrictions on shared revenues), by grantors (both federal and state), and by other contributors.
- Unrestricted—all other net position is reported in this category.

Governmental Fund Balances:

In the governmental fund financial statements, fund balances are classified as follows:

- Non-spendable—Amounts that cannot be spent either because they are in a non-spendable form or because they are legally or contractually required to be maintained intact.
- Restricted—Amounts that can be spent only for specific purposes because of the District's state or federal laws, or externally imposed conditions by grantors or creditors.
- Committed—Amounts that can be used only for specific purposes determined by a formal action by Board of Trustees' ordinance.
- Assigned—Amounts that are designated by the Superintendent for a particular purpose but are not spendable until a budget ordinance is passed or there is a majority vote approval (for capital projects or debt service) by the Board of Trustees.
- Unassigned—All amounts not included in other spendable classification.

10. Use of Restricted Resources:

When an expenditure/expense is incurred that can be paid using either restricted or unrestricted resources (net position), the District's policy is to first apply the expenditure/expense toward restricted resources and then toward unrestricted resources. In governmental funds, the District's policy is to first apply the expenditure toward restricted fund balance and then to other, less-restrictive classifications—committed and then assigned fund balances before using unassigned fund balances.

11. The District applies Governmental Accounting Standards Board ("GASB") Statement No. 72, Fair Market Value Measurement and Application. GASB Statement No. 72 provides guidance for determining a fair value measurement for reporting purposes and applying fair value to certain investments and disclosures related to all fair value measurements.
12. Investment income reported in one fund has not been assigned directly to another fund by the District.
13. The Data Control Codes refer to the account code structure prescribed by the Texas Education Agency (TEA) in the *Financial Accountability System Resource Guide*. Texas Education Agency requires school districts to display these codes in the financial statements filed with the Agency in order to insure accuracy in building a statewide database for policy development and funding plans.
14. Deferred Outflows of Resources: The District reports decreases in net assets that relate to future periods as deferred outflows of resources in a separate section of its government-wide and proprietary funds statements of net position. Deferred outflows of resources related to

pension and other post-employment benefits reporting is presented in the government wide statements.

15. **Deferred Inflow of Resources:** The District's governmental funds report a separate section for deferred inflows of resources. This separate financial statement element reflects an increase in net assets that applies to a future period(s). The District will not recognize the related revenues until a future event occurs. The District has various items which occur because governmental fund revenues are not recognized until available (collected not later than 60 days after the end of the District's fiscal year) under the modified accrual basis of accounting that qualifies for reporting in this category. Deferred property taxes and grants are reported in the governmental funds balance sheet. A deferred inflow related to pension and other post-employment benefits reporting is presented on the government wide statements.
16. **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.
17. **The fiduciary net position of the Teacher Retirement System of Texas (TRS) TRS-Care Plan** has been determined using the flow of economic resource measurement focus and full accrual basis of accounting. This includes for purposes of measuring the new OPEB liability, deferred outflows of resources and deferred inflows or 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.

II. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

A. EXPLANATION OF CERTAIN DIFFERENCES BETWEEN THE GOVERNMENTAL FUND BALANCE SHEET AND THE GOVERNMENT-WIDE STATEMENT OF NET POSITION

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

Capital Assets at the Beginning of the Year	Historical Cost	Accumulated Depreciation	Net Value at Beginning of Year	Change in Net Position
Land	\$ 65,293	\$ -	\$ 65,293	
Buildings and Improvements	11,350,995	(6,048,372)	5,302,623	
Furniture and Equipment	1,400,038	(1,161,522)	238,516	
Leased Property Under Capital Leases	263,920	(61,873)	202,047	
Change in Net Position				\$ 5,808,479

Long-term Liabilities at the Beginning of the Year	Payable at Beginning of Year
Bonds Payable	\$ 3,345,000
Notes and Capital Leases Payable	131,182
Unamortized Premium on Bonds	243,139
Accrued Interest - Bonds, Notes, and Capital Leases	10,346
Less: Deferred Charge on Refunding	(183,606)
Change in Net Position	3,546,061
Net Adjustment to Net Position	\$ 2,262,418

B. EXPLANATION OF CERTAIN DIFFERENCES BETWEEN THE GOVERNMENTAL FUND STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES AND THE GOVERNMENT-WIDE STATEMENT OF ACTIVITIES

Exhibit C-4 provides a reconciliation between the net changes in fund balance as shown on the governmental fund statement of revenues, expenditures, and changes in fund balances and the changes in net position of governmental activities as reported on the government-wide statement of activities. One element of that reconciliation explains that current year capital outlays and debt principal payments are expenditures in the fund financial statements, but should be shown as increases in capital assets and decreases in long-term debt in the government-wide statements. This adjustment affects both the net position balance and the change in net position shown in Exhibit C-2 and Exhibit C-4. The details of this adjustment are as follows:

	Amount	Adjustments To Changes in Net Position	Adjustments to Net Position
Current Year Capital Outlay			
Buildings & Improvements	\$ 650,474		
Furniture & Equipment	273,229		
Leased Property Under Capital Leases	98,650		
Construction in Progress	564,360		
Total Capital Outlay	\$ 1,586,713	\$ 1,586,713	\$ 1,586,713
Debt Principal Payments			
Bond Principal	\$ 210,000		
Capital Lease Payments	62,144		
Total Principal Payments	\$ 272,144	272,144	272,144
Total Adjustment to Net Position		\$ 1,858,857	\$ 1,858,857

Another element of the reconciliation on Exhibits C-2 and C-4 are described as various other reclassifications and eliminations necessary to convert from the modified accrual basis of accounting to accrual basis of accounting. This adjustment is the result of several items. The details of this adjustment are as follows:

	Amount	Adjustments to Change in Net Position	Adjustments to Net Position
Adjustments to Revenue, Unearned Revenue, Beginning Net Position:			
Begin Year Unearned Property Tax Revenue	\$ 405,001	\$ -	\$ 405,001
Modified to Full Accrual Property Tax Adjustments	(90,044)	(90,044)	(90,044)
Other Revenue/Expense Adjustments	-	-	-
Reclassify Proceeds of Bonds, Loans & Capital Leases:			
New Loans / Capital Leases Issued	(98,650)	(98,650)	(98,650)
Modified Accrual:			
Adjust Interest Expense on Long-term Debt	(2,493)	2,493	2,493
Current Year Amortization of Bond Premium	31,995	31,995	31,995
Amortization of Deferred Charge on Refunding	(24,161)	(24,161)	(24,161)
Totals		\$ (178,367)	\$ 226,634

III. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. BUDGETARY DATA

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

The following procedures are followed in establishing the budgetary data reflected in the basic financial statements:

- Prior to August 20, the District prepares a budget for the next succeeding fiscal year beginning September 1. The operating budget includes proposed expenditures and the means of financing them.
- A meeting of the Board is then called for the purpose of adopting the proposed budget. At least ten days public notice of the meeting must be given.
- Prior to September 1, the budget is legally enacted through passage of a resolution by the board. Once a budget is approved, it can only be amended at the function and fund level by approval of a majority of the members of the Board. Amendments are presented to the Board at its regular meetings. Each amendment must have Board approval. As required by law, such amendments are made before the fact, are reflected in the official minutes of the Board, and are not made after fiscal year end. Because the District has a policy of careful budgetary control, several amendments were necessary during the year. Significant amendments were made in the instruction and transportation function.
- Each budget is controlled by the budget coordinator at the revenue and expenditure function/object level. Budgeted amounts are as adopted and amended by the Board of Trustees. All budget appropriations lapse at year-end. A reconciliation of fund balances for both appropriated budget and non-appropriated budget special revenue funds is as follows:

	End of Year Fund Balance
Appropriated Budget Funds - Food Service Special Revenue Fund	\$ 1,961
Non-appropriated Budget Funds	8,691
All Special Revenue Funds	\$ 10,652

B. EXCESS OF EXPENDITURES OVER APPROPRIATIONS

The District did not have an excess of expenditures over appropriations for any functions that were material to the financial statements in legally required budgeted funds for the current year.

C. DEFICIT FUND EQUITY

The District did not incur a deficit fund balance in any fund during the current fiscal year.

IV. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS

A. CASH, CASH EQUIVALENTS AND INVESTMENTS

Cash and Cash Equivalents

The carrying amount of the District's cash and temporary investments at the end of the fiscal year follows:

<u>Cash and Cash Equivalents by Type</u>	<u>8/31/2020</u>
Cash Deposits in Bank	\$ 2,823,214
Certificates of Deposit Maturity to 3 months	-
Cash on Hand	920
Restricted Cash Deposits in Bank	-
Total Cash and Cash Equivalents by Account Type	\$ 2,824,134

<u>Cash and Cash Equivalents by Fund:</u>	<u>8/31/2020</u>
Cash and Cash Equivalents:	
General Fund	\$ 2,444,233
Non-Major Governmental Funds	227,827
Cash and Investments - Enterprise	-
Internal Service Funds	29,331
Custodial Funds	73,887
Trust Funds	48,856
Total Cash and Cash Equivalents by Fund	\$ 2,824,134

District Policies and Legal and Contractual Provisions Governing Deposits

Custodial Credit Risk for Deposits: State law requires governmental entities to contract with financial institutions in which funds will be deposited to secure those deposits with insurance or pledged securities with a fair value equaling or exceeding the amount on deposit at the end of each business day. The pledged securities must be in the name of the governmental entity and held by the entity or its agent. The District's cash deposits subject to custodial credit risk at the date of the highest cash balance and at year end were:

<u>Custodial Credit Risk</u>	<u>Highest Cash Balance</u>	<u>8/31/2020</u>
Name of Depository Bank: Vista Bank		
Total amount of FDIC Insurance (FDIC)	\$ 727,030	\$ 697,180
Letters of Credit Held	4,000,000	4,000,000
Total FDIC, Bond or Securities Pledged	\$ 4,727,030	\$ 4,697,180
Cash Deposits and Cash Investments in Bank	\$ 3,998,587	\$ 3,427,375
Excess or (Shortage) of Deposits compared to FDIC and Letter of Credit	\$ 728,443	\$ 1,269,805
The District's cash deposits were entirely covered by FDIC		
Insurance or by bond or pledged collateral by the Depository Bank	YES	YES

Foreign Currency Risk: The District limits the risk that changes in exchange rates will adversely affect the fair value of an investment or a deposit by limiting all deposits denominated in a foreign currency.

Investments

District Policies and Legal and Contractual Provisions Governing Investments

Compliance with the Public Funds Investment Act

The **Public Funds Investment Act** (Government Code Chapter 2256) contains specific provisions in the areas of investment practices, management reports, and establishment of appropriate policies. Among other things, it requires a governmental entity 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, (9) and bid solicitation preferences for certificates of deposit.

Statutes authorize the entity to invest in (1) obligations of the U.S. Treasury, certain U.S. agencies, and the State of Texas and its agencies; (2) guaranteed or secured certificates of deposit issued by state and national banks domiciled in Texas; (3) obligations of states, agencies, counties, cities and other political subdivisions of any state having been rated as to investment quality not less than an "A"; (4) No load money market funds with a weighted average maturity of 90 days or less; (5) fully collateralized repurchase agreements; (6) commercial paper having a stated maturity of 270 days or less from the date of issuance and is not rated less than A-1 or P-1 by two nationally recognized credit rating agencies OR one nationally recognized credit agency and is fully secured by an irrevocable letter of credit; (7) secured corporate bonds rated not lower than "AA-" or the equivalent; (8) public funds investment pools; and (9) guaranteed investment contracts for bond proceeds investment only, with a defined termination date and secured by U.S. Government direct or agency obligations approved by the Texas Public Funds Investment Act in an amount equal to the bond proceeds. The Act also requires the entity to have independent auditors perform test procedures related to investment practices as provided by the Act. The District is in substantial compliance with the requirements of the Act and with local policies.

Additional policies and contractual provisions governing investments for the District are specified below:

Credit Risk: To limit the risk that an issuer or other counterparty to an investment will not fulfill its obligations, the District limits investments in commercial paper, corporate bonds, and mutual bond funds to the top 2 or 3 ratings issued by nationally recognized statistical rating organizations (NRSROs). As of the current fiscal year, the district's investments were rated by Standard & Poor's, Fitch Ratings, etc.

Custodial Credit Risk for Investments: To limit the risk that, in the event of the failure of the counterparty to a transaction, a government will not be able to recover the value of investment or collateral securities that are in possession of an outside party the District requires counterparties to register the securities in the name of the district and hand them over to the District or its designated agent. This includes securities in securities lending transactions. All the securities are in the District's name and held by the District or its agent.

Concentration of Credit Risk: To limit the risk of loss attributed to the magnitude of a government's investment in a single issuer, the District limits investments to less than 5% of its total investments.

The District further limits investments in a single issuer to 20% when they would cause investment risks to be significantly greater in the governmental and business-type activities, individual major funds, aggregate non-major funds and fiduciary fund types than they are in the primary government.

Interest Rate Risk: To limit the risk that changes in interest rates will adversely affect the fair value of investments, the District requires at least half of the investment portfolio to have maturities of less than one year on a weighted average maturity basis.

Foreign Currency Risk for Investments: The District limits the risk that changes in exchange rates will adversely affect the fair value of an investment by avoiding all investments denominated in a foreign currency.

The District categorizes its fair value measurements with the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. Investments that are measured at fair value using the net asset value per share (or its equivalent) as a practical expedient are not classified in the fair value hierarchy below. In instances where inputs used to measure fair value fall into different levels in the above fair value hierarchy, fair value measurements in their entirety are categorized based on the lowest level input that is significant to the valuation. The District's assessment of the significance of particular inputs to these fair value measurements requires judgment and considers factors specific to each asset or liability.

As of the end of the current fiscal year, the District had the following investments:

Investments	End of Year Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Percent of Total Investments	Weighted Average Maturity (Days)	Credit Risk
Investments measured by fair value level -							
Certificates of Deposit	500,000	-	500,000	-	97.16%	180	BBB+ to AA-
Restricted Investments-							
Scholarship Funds-Certificates of Deposit	14,616	-	14,616	-	2.84%	180	BBB+ to AA-
Total Investments	\$ 514,616	\$ -	\$ 514,616	\$ -	100.00%		

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 located in the District 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 31 of each year, a tax lien attaches to property to secure the payment of all taxes, penalties, and interest ultimately imposed. Property tax revenues are considered available (1) when they become due or past due and receivable within the current period and (2) when they are expected to be collected during a 60-day period after the close of the school fiscal year.

C. DELINQUENT TAXES RECEIVABLE

Delinquent taxes are prorated between maintenance and debt service based on rates adopted for the year of the levy. Allowances for uncollectible tax receivables within the General and Debt Service Funds are based on historical experience in collecting property taxes. Uncollectible personal property taxes are periodically reviewed and written off, but the District is prohibited from writing off real property taxes without specific statutory authority from the Texas Legislature.

D. INTERFUND BALANCES AND TRANSFERS

Inter-fund balances at year end consisted of the following amounts:

FUND	Due From Other Funds	Due To Other Funds
General Fund		
Non-major Governmental Funds	\$ 25,277	\$ -
Internal Service Funds	17,276	
All Others	-	100
Total General Fund	<u>\$ 42,553</u>	<u>\$ 100</u>
Non-major Governmental Funds		
General Fund	<u>\$ -</u>	<u>\$ 25,277</u>
Total Non-major Governmental Funds	<u>\$ -</u>	<u>\$ 25,277</u>
Internal Service Funds		
General Fund	<u>\$ -</u>	<u>\$ 17,276</u>
Total Internal Service Funds	<u>\$ -</u>	<u>\$ 17,276</u>
All Other Funds		
General Fund	<u>\$ 100</u>	<u>\$ -</u>
Total All Other Funds	<u>\$ 100</u>	<u>\$ -</u>
Total Interfund Receivables / Payables	<u>\$ 42,653</u>	<u>\$ 42,653</u>

The purpose of the interfund receivables and payables are as follows:

- The \$100 amount due from the General Fund to the Lou Ferguson Scholarship Fund represents a donation deposited in the General Fund that is due to the Scholarship Fund.
- The \$17,276 receivable / payable between the General Fund and the Internal Service Fund represents excess amounts funded to the Internal Service Fund.
- The \$25,277 receivable / payable between the General Fund and nonmajor governmental funds represent short term advances resulting from pooled cash accounts.

Inter-fund transfers for the current year consisted of the following amounts:

FUND	Transfers In	Transfers Out
General Fund		
Non-major Special Revenue Governmental Funds	\$ -	\$ 40,047
Total General Fund	<u>\$ -</u>	<u>\$ 40,047</u>
Non-major Governmental Funds		
General Fund	<u>\$ 40,047</u>	<u>\$ -</u>
Total Non-major Governmental Funds	<u>\$ 40,047</u>	<u>\$ -</u>
Total Interfund Transfers	<u>\$ 40,047</u>	<u>\$ 40,047</u>

The purpose of the inter-fund transfers were as follows:

- \$40,047 was transferred from the General Fund to the Food Service Fund to fund operating costs for that program.

E. DISAGGREGATION OF RECEIVABLES AND PAYABLES

Receivables at year end were as follows:

	Property Taxes	Other Governments	Due From Other Funds	Other	Total Receivables
Governmental Activities:					
General Fund	\$ 351,125	\$ 282,641	\$ 42,553	\$ 5,017	\$ 681,336
Non-major Governmental Funds	68,817	68,576	-	1,259	138,652
Total Governmental Activities	\$ 419,942	\$ 351,217	\$ 42,553	\$ 6,276	819,988
Amounts not scheduled for collection during subsequent year	\$ -	\$ -	\$ -	\$ -	\$ -

Payables at year end were as follows:

	Accounts Payable	Accrued Wages Payable	Accrued Expenditures	Due To Other Funds	Due To Other Govt.	Total Payables
Governmental Activities:						
General Fund	\$ 539,289	\$ 157,796	\$ 3,212	\$ 100	\$ -	\$ 700,397
Non-major Governmental Funds	22,221	23,526	2,547	25,277	-	73,571
Internal Service Funds	-	-	12,052	17,276	-	29,328
Total Governmental Type Activities	\$ 561,510	\$ 181,322	\$ 17,811	\$ 42,653	\$ -	\$ 803,296
Amounts not scheduled for payment during subsequent year	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

F. CAPITAL ASSET ACTIVITY

Capital asset activity for the District for the current year was as follows:

Primary Government				
	Beginning Balance	Additions	Retirements	Ending Balance
Governmental Activities:				
<u>Capital Assets Not Being Depreciated:</u>				
Land	\$ 65,293	\$ -	\$ -	\$ 65,293
Construction In Progress	-	564,360	-	564,360
<u>Capital Assets Being Depreciated:</u>				
Buildings and Improvements	11,350,995	650,474	-	12,001,469
Furniture and Equipment	1,400,038	273,229	-	1,673,267
Leased Property Under Capital Leases	263,920	98,650	-	362,570
Totals at Historic Cost	\$ 13,080,246	\$ 1,586,713	\$ -	\$ 14,666,959
Less Accumulated Depreciation for:				
Buildings and Improvements	\$ 6,048,372	\$ 266,676	\$ -	\$ 6,315,048
Furniture and Equipment	1,161,522	39,504	-	1,201,026
Leased Property Under Capital Leases	61,873	32,969	-	94,842
Total Accumulated Depreciation	\$ 7,271,767	\$ 339,149	\$ -	\$ 7,610,916
Governmental Activities Capital Assets- Net	\$ 5,808,479	\$ 1,247,564	\$ -	\$ 7,056,043

Depreciation expense was charged to governmental functions as follows:

Instruction	\$ 264,423
Student (Pupil) Transportation	44,092
Food Services	5,675
Extracurricular Activities	14,033
General Administration	1,772
Plant Maintenance and Operations	9,154
In addition, depreciation on capital assets held by the District's Internal Service Fund(s) is charged to the various functions based on their usage of the assets	-
Total Depreciation Expense	\$ 339,149

The District has no capital assets that are not being depreciated as of the current fiscal year end except for land and construction in progress as listed previously.

G. SHORT-TERM DEBT PAYABLE

The District accounts for short-term debts for maintenance purposes through the General Fund. Short-term debts include notes made in accordance with the provisions of the Texas Education Code Section 45.108. The proceeds from loans are shown in the governmental fund financial statements as Other Resources and principal payments are shown as Other Uses. The District had no short-term debt obligations at any time during the current fiscal year.

H. BONDS, CAPITAL LEASES, AND OTHER LONG-TERM DEBT

Long-term debt activity as shown in the Statement of Net Position at year end was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental Activities:					
Bonds and Notes Payable:					
General Obligation Bonds	\$ 3,345,000	\$ -	\$ 210,000	3,135,000	\$ 215,000
Premium on Bond Issuance	243,139	-	31,995	211,144	
Capital Leases	131,182	98,650	62,144	167,688	47,753
Total Bonds and Notes Payable	\$ 3,719,321	\$ 98,650	\$ 304,139	\$ 3,513,832	\$ 262,753
Other Liabilities:					
Accrued Interest Payable	\$ 10,346	\$ 120,509	\$ 123,002	7,853	\$ 7,853
Total Other Liabilities	\$ 10,346	\$ 120,509	\$ 123,002	\$ 7,853	\$ 7,853
Total Governmental Activities Long-Term Liabilities	\$ 3,729,667	\$ 219,159	\$ 427,141	\$ 3,521,685	\$ 270,606

Long-term debt and related debt service requirements of the District are as follows:

Debt Payable - Governmental Activities:

Description	Interest Rate	Original Issue	Interest Current Year	Beginning Balance 9/1/2019	Additions	Reductions	Ending Balance 8/31/2020
General Obligation Bonds Payable:							
2015 Tax Refunding Bonds	3% - 4%	\$ 3,765,000	\$ 119,550	\$ 3,345,000	\$ -	\$ 210,000	\$ 3,135,000
Total General Obligation Bonds			\$ 119,550	\$ 3,345,000	\$ -	\$ 210,000	\$ 3,135,000
Premium on Bond Issuance				\$ 243,139	\$ -	\$ 31,995	\$ 211,144
Capital Leases Payable:							
2016 Girardin Bus Lease	2.68%	\$ 61,575	\$ 283	\$ 13,190	\$ -	\$ 13,190	\$ -
2016 Bluebird Bus Lease	2.60%	110,680	1,617	64,308	-	15,536	48,772
2017 Bluebird Bus Lease	2.60%	91,665	1,319	53,684	-	12,774	40,910
2021 Bluebird Bus Lease	2.78%	98,650	233	-	98,650	20,644	78,006
Total Capital Leases			\$ 3,452	\$ 131,182	\$ 98,650	\$ 62,144	\$ 167,688
Total Debt Payable - Governmental Activities			\$ 123,002	\$ 3,719,321	\$ 98,650	\$ 304,139	\$ 3,513,832

The following table summarizes the annual debt service requirements of the District's Governmental Activities long-term debt August 31, 2019:

	General Obligation Bonds		Maintenance Notes		Capital Leases		Totals	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2020	\$ 215,000	\$ 113,175	\$ -	\$ -	\$ 47,753	\$ 4,493	\$ 262,753	\$ 117,668
2021	220,000	106,650	-	-	49,028	3,218	269,028	109,868
2022	230,000	99,900	-	-	50,599	1,849	280,599	101,749
2023	235,000	92,925	-	-	20,308	566	255,308	93,491
2024	240,000	84,600	-	-	-	-	240,000	84,600
2025-2029	1,370,000	266,400	-	-	-	-	1,370,000	266,400
2030-2034	625,000	25,300	-	-	-	-	625,000	25,300
2035-2039	-	-	-	-	-	-	-	-
2040-2044	-	-	-	-	-	-	-	-
Totals	\$ 3,135,000	\$ 788,950	\$ -	\$ -	\$ 167,688	\$ 10,126	\$ 3,302,688	\$ 799,076

I. COMMITMENTS UNDER OPERATING LEASES

Commitments under operating (non-capitalized) lease agreements for facilities and equipment provide for minimum future rental payments at year end as follows (the imputed interest on the leases range from 4.50% to 5.25%:

Year Ending August 31		
2021	\$	25,420
2022		25,420
2023		8,473
2022		-
2023		-
Total Minimum Future Rentals	\$	59,313
Rental Expenditures in Current Fiscal Year	\$	39,422

J. ACCUMULATED UNPAID VACATION AND SICK LEAVE BENEFITS

Upon retirement or death of certain employees, the District pays any accrued sick leave and vacation leave in "lump sum" cash payment to such employee or his/her estate. Individuals employed after October 1, 1985, are not eligible to receive the lump sum payments. The District had no accrued compensated absence liability at the end of the fiscal year.

K. HEALTH CARE COVERAGE

The District provided health insurance coverage for employees under the provisions of the Teacher Retirement System of Texas (TRS) active care health insurance plan during the current year. The District paid premiums per month per employee as set by District policy to the plan. Employees, at their option, authorized payroll withholdings to pay premiums for the excess of employee's total premium over the amount funded by the District. The plan was authorized by Article 3.51-2, Texas Insurance Code and was documented by contractual agreement.

L. DEFERRED INFLOWS of RESOURCES / UNEARNED REVENUES – GOVERNMENTAL FUND STATEMENTS

Unavailable revenue at year-end consisted of the following:

	General Fund	Special Revenue Funds	Debt Service Fund	Total
Net Tax Revenue	\$ 263,344	\$ -	\$ 51,613	\$ 314,957
Grant Revenues	-	15,000	-	15,000
Total Deferred Inflows	\$ 263,344	\$ 15,000	\$ 51,613	\$ 329,957

M. DUE FROM OTHER GOVERNMENTS

The District participates in a variety of federal and state programs from which it receives grants to partially or fully finance certain activities. In addition, the District receives entitlements from the State through the School Foundation and Per Capita Programs. Amounts due from federal and state governments at year end are summarized below. All federal grants shown below are passed through the TEA and are reported on the combined financial statements as "Due from State Agencies" except for some federal programs which are received directly from the federal government for grants such as the REAP Program.

FUND	Due from State -				TOTAL
	Due From State - Foundation Entitlements	Federal and State Source Grants	Due from Other Governments		
General	\$ 282,641	\$ -	\$ -	\$	282,641
Special Revenue	-	68,576	-		68,576
Totals	\$ 282,641	\$ 68,576	\$ -	\$	351,217

N. REVENUE FROM LOCAL AND INTERMEDIATE SOURCES

During the current year, revenues from local and intermediate sources consisted of the following:

	General Fund	Special Revenue Fund	Debt Service Fund	Total
Property Taxes	\$ 1,598,821	\$ -	\$ 410,992	\$ 2,009,813
Property Tax Penalty and Interest	25,024	-	5,668	30,692
Investment Income	9,733	-	336	10,069
Food Sales	-	6,873	-	6,873
Extracurricular Student Activities	26,094	-	-	26,094
Other Miscellaneous Revenues	108,945	11,410	-	120,355
Totals	\$ 1,768,617	\$ 18,283	\$ 416,996	\$ 2,203,896

O. LITIGATION

The District is exposed to various risks of losses related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The District is aware of the potential of exposure to claims related to these areas; however, legal counsel and the District do not expect any financial exposure to assets of the District.

P. SIGNIFICANT COMMITMENTS AND CONTINGENCIES

The District had no pending commitments or contingencies relative to construction or substantial facilities improvements at the end of the fiscal year.

Q. JOINT VENTURE-SHARED SERVICE ARRANGEMENTS

The District is a member of various shared services arrangements (SSA's) that are accounted for using Model 3 in the Texas Education Agency (TEA) accounting guide for school districts. The SSA's provides services for member districts. Other districts serve as the fiscal agent for the SSA's. In addition to the District, other member districts participate in the shared services arrangements also. The fiscal agent for each SSA provides SSA services. The member districts provide the funds to the fiscal agent. According to guidance provided in the TEA's Resource Guide, the fiscal agent for each SSA has accounted for the fiscal agent's activities of the SSA in special revenue funds. The Shared Services Arrangements listed below have been accounted for using Model 3 in the SSA section of the Resource Guide. The District has accounted for the payments to the fiscal agent in the General Fund No. 199 as intergovernmental expenditures (function 93). A chart detailing the District's participation in those shared services arrangement is a follows:

Shared Services Arrangement	Type of Services	Fiscal Agent	Funding Source	Fiscal Agent Special Revenue Fund	District Special Revenue Fund	Program Expenditures Current Year
Tri-County Education SSA	Special Education	Stamford ISD Sweetwater	State Funding	437	N.A.	\$ 123,328
PEP SSA	Compensatory	ISD	State Funding	459	N.A.	\$ 4,776
TOTAL FUNCTION 93 EXPENDITURES						\$ 128,104

The District also participates in shared service arrangements with other school districts / education service centers for various educational activities. In addition to the District, other member districts participate in the educational cooperatives and the fiscal agent provides SSA services. The funding for each activity is received by the fiscal agent from the grantor agency. The fiscal agent then provides the funds to the member districts. According to guidance provided in TEA's Resource Guide, the Fiscal Agent has accounted for the fiscal agent's activities of the SSA in a Special Revenue Fund. The Shared Services Arrangements has been accounted for using Model 1 in the SSA section of the TEA Resource Guide. The District neither has a joint ownership interest in fixed assets purchased by the fiscal agent, 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 shared services arrangement. Presented below are the shared service arrangements in which the District participates and the extent of funding received and expended under each program.

Shared Services Arrangement	Type of Services	Fiscal Agent	Funding Source	Fiscal Agent Special Revenue Fund	District Special Revenue Fund	Program Expenditures Current Year
Tri-County Education SSA	Special Education	Stamford ISD	IDEA, Part B - Formula	313	224	\$ 34,841
Region 14 ESC	Teacher Training	Region 14	Title II Part A	342	255	\$ 12,289

R. SUBSEQUENT EVENTS

In preparing the basic financial statements, District administration has evaluated events and transactions for potential recognition or disclosure through October 20, 2020, the date this Annual Financial Report was available to be issued. No materials subsequent events had occurred.

S. RELATED ORGANIZATIONS

The District at present does not maintain an educational foundation and it does not receive material support from related entities as defined under current governmental accounting standards. These entities are usually established as not-for-profit entities to provide assistance and support for teachers and students to develop special programs and projects and other school district support activities. Booster clubs and parent teacher organizations that support the District are considered immaterial to the financial statements.

T. RELATED PARTY TRANSACTIONS

The District did not incur any material reportable related party transactions or balances as of and during the current year.

U. FUND BALANCE / NET POSITION ADJUSTMENTS

During the current fiscal year, the District did not make any fund balance or net position adjustments.

V. RISK FINANCING AND OTHER COVERAGE

Workers' Compensation Pool

The District participates in a self-insurance plan for workers' compensation benefits as authorized by Section 504.011 of the Labor Code. The District participates in this plan (School Comp. self-funded workers' compensation program) along with other participating entities. The District contributes annual amounts determined by School Comp. As claims arise, they are submitted to and paid by School Comp. on behalf of the District under terms of a contractual agreement. According to state statute, the District is protected against unanticipated catastrophic claims and aggregate loss by coverage carried through a commercial insurer licensed or eligible to do business in Texas in accordance with the Texas Insurance Code. Coverage was in effect for specific occurrences exceeding \$350,000 and aggregate retention at \$5,000,000. The costs associated with this self-insurance plan are reported as interfund transactions to the extent of amounts actuarially determined. Accordingly, they are treated as operating revenues of the Internal Service Fund and operating expenditures of the General Fund. The liabilities of the plan include incurred but not reported claims. These liabilities reported in the funds at August 31, 2018, are based on the requirements of Governmental Accounting Standards Board No. 10, which requires that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated. These liabilities include an amount for claims that have been incurred but not reported.

Because actual claims liabilities depend on such complex factors as inflation, changes in legal doctrines and damage awards, the process used in computing claims liability does not necessarily result in an exact amount. Claims liabilities are reevaluated periodically to take into consideration recently settled claims, the frequency of claims and other economic and social factors. Workers' compensation liabilities for incurred losses to be settled by fixed or reasonably determinable payments over a long period of time were computed by an actuary and are reported at their present value using an expected future investment yield assumption.

Estimates of claims payable and of claims incurred, but not reported at August 31, 2018, are reflected as accounts and claims payable of the Fund. The plan is funded to discharge liabilities of the Fund as they become due. Changes in the balances of claims liabilities during the past year are as follows:

	Previous Fiscal Year	Current Fiscal Year
Unpaid claims, beginning of year	\$ 10,472	\$ 15,596
Incurred claims (including IBNR'S)	8,383	-
Claim Payments	(3,259)	(3,544)
Unpaid claims, end of year	\$ 15,596	\$ 12,052

Unemployment Compensation Program

During the year ended August 31, 2020, the District provided unemployment compensation coverage to its employees through participation in the TASB Risk Management Fund (the Fund). The Fund was created and is operated under the provisions of the Inter-local Cooperation Act, Chapter 791 of the Texas Government Code. The Fund's unemployment compensation program is authorized by Section 22.005 of the Texas Education Code and Chapter 172 of the Texas Local Government Code. All members participating in the Fund execute Inter-local Agreements that define the responsibilities of the parties.

The Fund meets its quarterly obligations to the Texas Workforce Commission. Expenses are accrued each month until the quarterly payment has been made. Expenses can be reasonably estimated; therefore, there is no need for specific or aggregate stop loss coverage for Unemployment Compensation pool members.

The Fund engages the services of an independent auditor to conduct a financial audit after the close of each plan year on August 31. The audit is accepted by the Fund's Board of Trustees in February of the following year. The Fund's audited financial statements as of the end of the fiscal year, are available at the TASB offices and have been filed with the Texas Department of Insurance in Austin.

W. DEFINED BENEFIT PENSION PLAN

a. 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.

b. Pension Plan Fiduciary Net Position / Applicable Disclosure Dates

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 <http://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.

For disclosure in this footnote, applicable dates and periods are as follows: 1) the fiscal year reporting date and period are August 31, 2019 and the twelve months then ended; 2) the measurement date for the pension data was August 31, 2019 (date of actuarial valuation) and the measurement period was the period September 1, 2018 through August 31, 2019; 3) the previous measurement date and date of prior actuarial valuation was August 31, 2018.

c. Benefits Provided

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

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.

d. 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.

	Contribution Rates	
	2019	2020
Member	7.7%	7.7%
Non-Employer Contributing Entity (State)	6.8%	7.5%
Employers	6.8%	7.5%
Current fiscal year employer contributions		\$ 81,881
Current fiscal year member contributions		\$ 198,928
2019 measurement year NECE on-behalf contributions		\$ 113,278
<u>Payments made by the State On-Behalf of the District for Medicare, Part D:</u>		
Fiscal year 2018 Medicare, Part D On-Behalf		\$ 7,133
Fiscal year 2019 Medicare, Part D On-Behalf		\$ 8,198
Fiscal year 2020 Medicare, Part D On-Behalf		\$ 10,950

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

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

- On the portion of the member's salary that exceeds the statutory minimum for members entitled to the statutory minimum under Section 21.402 of the Texas Education Code.
- During a new member's first 90 days of employment.
- When any part or all of an employee's salary is paid by federal funding sources, a privately sponsored source, from non-educational and general, or local funds.
- When the employing district is a public junior college or junior college district, the employer shall contribute to the retirement system an amount equal to 50% of the state contribution rate for certain instructional or administrative employees; and 100% of the state contribution rate for all other employees.
- When the employing district is a public or charter school, the employer shall contribute 1.5% of covered payroll to the pension fund beginning in fiscal year 2020. This contribution rate called the Public Education Employer Contribution will replace the Non(OASDI) surcharge that was in effect in fiscal year 2019.

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

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

2019 and was replaced with the Public Education Employer Contribution explained above.

e. Actuarial Assumptions

The total pension liability in the measurement date 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 of August 2019	2.69%. Source for the rate is the Fixed Income Market Data/Yield Curve/Data Municipal Bonds with 20 years to maturity that include only federally tax-exempt municipal bonds as reported in Fidelity Index's "20-Year Municipal GO AA Index"
Last year ending August 31 in Projection Period (100 years)	2116
Inflation	2.30%
Salary Increases including inflation	3.05 % to 9.05% including inflation
Ad hoc post-employment benefit changes	None

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

f. Discount Rate

The discount rate of 7.25 percent 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 percent. 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 percent of payroll in fiscal year 2020 gradually increased to 9.55 percent 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 to 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 the measurement date (see page 52 of the TRS CAFR) are summarized

Teacher Retirement System of Texas
Asset Allocation and Long-Term Expected Real Rate of Return
As of August 31, 2019

Asset Class	FY 2019 Target Allocation ¹ %	New Target Allocation ² %	Long-Term Expected Geometric Real Rate of Return ³
Global Equity			
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%
Stable Value			
U.S. Treasuries ⁴	11.0%	16.0%	3.1%
Stable Value Hedge Funds	4.0%	5.0%	4.5%
Absolute Return	0.0%	0.0%	0.0%
Real Return			
Global Inflation Linked Bonds ⁴	3.0%	-	-
Real Estate	14.0%	15.0%	8.5%
Energy, Natural Resources and Infrastructure	5.0%	6.0%	7.3%
Commodities	0.0%	0.0%	0.0%
Risk Parity			
Risk Parity	5.0%	8.0%	5.8%/6.5% ⁵
Leverage			
Cash	1.0%	2.0%	2.50%
Asset Allocation Leverage	-	-6.0%	2.70%
Expected Return	100.00%	100.00%	7.23%
¹ Target allocations are based on the Strategic Asset Allocation as of FY2019 ² New allocations are based on the Strategic Asset Allocation to be implemented FY2020 ³ 10-Year annualized geometric nominal returns include the real rate of return and inflation of 2.1% ⁴ New Target Allocation groups Government Bonds within the stable value allocation. This includes global sovereign nominal and inflation-linked bonds ⁵ 5.8% (6.5%) return expectation corresponds to Risk Parity with a 10% (12%) target volatility			

below:

g. Discount Rate Sensitivity Analysis

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

	1% Decrease in Discount Rate (6.25%)	Discount Rate (7.25%)	1% Increase in Discount Rate (8.25%)
District's proportionate share of the net pension liability:	\$ 1,573,128	\$ 1,023,409	\$ 578,030

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

At the fiscal year reporting date, the District reported the liability 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	\$ 1,023,409
State's proportionate share that is associated with the District	<u>1,682,453</u>
Total	<u>\$ 2,705,862</u>

The net pension liability was measured as of the previous measurement date and rolled forward to the current measurement date and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of the measurement date. The employer's proportion of the net pension liability was based on the employer's contributions to the pension plan relative to the contributions of all employers to the plan for the measurement period.

On the measurement date, the employer's proportion of the collective net pension liability and the percentage increase (decrease) from its proportion measured as of the previous measurement date are shown in the required supplementary information in Exhibit G-2.

Changes Since the Prior Actuarial Valuation

- The single discount rate on the previous measurement date was a blended rate of 6.907 percent and that has changed to the long-term rate of return of 7.25 percent on the measurement date.
- With the enactment of SB 3 by the 2019 Texas Legislature, and assumption has been made about how this would impact future salaries. It is assumed that eligible active members will receive a \$2,700 increase in fiscal year 2020. This is an 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 2018 in either the matching amount of their monthly annuity payment or \$2,000 whichever is less.

For the current fiscal year, the District recognized the following:

Year Ended August 31, 2020 pension expense	\$ 461,455
Revenue for support provided by the State	<u>\$ 264,290</u>

At the end of the current fiscal year, 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 actuarial experiences	\$ 4,299	\$ 35,534
Changes in actuarial assumptions	317,512	131,211
Differences between projected and actual investment earnings	10,277	-
Changes in proportion and differences between the employer's contributions and the proportionate share of contributions	106,161	101,113
Total as of August 31, 2019 measurement date	\$ 438,249	\$ 267,858
Contributions paid to TRS subsequent to the measurement date	81,881	
Total as of fiscal year-end	<u>\$ 520,130</u>	<u>\$ 267,858</u>

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

<u>Fiscal year ended August 31,</u>	<u>Pension Expense Amount</u>
2021	\$ 46,393
2022	34,074
2023	42,821
2024	47,098
2025	13,334
Thereafter	(13,329)

X. DEFINED OTHER POST-EMPLOYMENT BENEFIT PLANS

Plan Description

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

OPEB Plan Fiduciary Net Position / Applicable Disclosure Dates

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 require supplementary information. That report may be obtained on the Internet at <http://www.trs.state.tx.us/about/documents/cafr.pdf#CAFR>; by writing to the TRS at 1000 Red River Street, Austin, TX, 78701-2698; or by calling (512)-542-6592.

For disclosure in this footnote, applicable dates and periods are as follows: 1) the fiscal year reporting date and period are August 31, 2019 and the twelve months then ended; 2) the measurement date for the pension data was August 31, 2019 (date of actuarial valuation) and the measurement period was the period September 1, 2018 through August 31, 2019; 3) the previous measurement date and date of prior actuarial valuation was August 31, 2018.

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 Premiums 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	1020	999

Contribution

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 charge 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 .75% of pay. Section 1575.204 establishes an employer contribution rate of not less than 0.25 percent or not more than 0.75 percent of the salary of each active employee of the public. The actual employer contribution rate is prescribed by the Legislature in the General Appropriations Act. The following table shows contributions to the TRS-Care plan by type of contributor.

	<u>Contribution Rates</u>	
	<u>2019</u>	<u>2020</u>
Member	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%
Current fiscal year employer contributions		\$ 29,175
Current fiscal year member contributions		\$ 16,792
2019 measurement year NECE on-behalf contributions		\$ 34,186

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

TRS-Care received supplemental appropriations from the State of Texas as the Non-Employer Contributing Entity in the amount of \$73.6 million in fiscal year 2019.

Actuarial Assumptions

The total OPEB liability in the previous actuarial valuation was rolled forward to the current measurement date. The actuarial valuation was determined using the following actuarial assumptions:

<u>Actuarial Methods and Assumptions:</u>	
Rates of Mortality	General Inflation
Rates of Retirement	Wage Inflation
Rates of Termination	Expected Payroll Growth
Rates of Disability Incidence	
<u>Additional Actuarial Methods and Assumptions:</u>	
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
Election Rates	Normal Retirement: 65% participation prior to age 65 and 50% after age 65. 25% of pre-65 retirees are assumed to discontinue coverage at age 65
Expenses	Thirty-party administrative expenses related to the delivery of health care benefits are included in the age-adjusted claims costs
Salary Increases	3.05% to 9.05%, including inflation
Ad-hoc Post Employment	None
Benefit Changes	

The assumptions and other inputs used for members of TRS-Care are identical to the assumptions used in the previous measurement date TRS pension actuarial valuation that was rolled forward to measurement date:

The impact of the Cadillac Tax that is returning in fiscal year 2023, has been calculated as a portion of the trend assumption. Assumptions and methods used to determine the impact of the Cadillac Tax include:

- 2018 thresholds of \$850 / \$2,292 were indexed annually by 2.30%
- Premium data submitted was not adjusted for permissible exclusions to the Cadillac Tax.
- There were no special adjustment to the dollar limit other than those permissible for non-Medicare retirees over 55.

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

Discount Rate

A single discount rate of 2.63% was used to measure the total OPEB liability. There was a decrease of 1.06% in the discount rate since the previous year. The Discount Rate can be found in the 2019 TRS CAFR on page 71. 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 a 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.

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 (2.63%) in measuring the Net OPEB Liability.

	1% Decrease in Discount Rate (1.63%)	Discount Rate (2.63%)	1% Increase in Discount Rate (3.63%)
Proportionate share of the net OPEB liability	\$ 2,069,842	\$ 1,714,411	\$ 1,436,354

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

For the current fiscal year reporting date, the District reported a liability of \$1,714,411 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	\$ 1,714,411
State's proportionate share that is associated with the District	2,278,066
Total	<u>\$ 3,992,477</u>

The Net OPEB Liability for the previous measurement date was rolled forward to the current measurement date and the Total OPEB Liability used to calculate the Net OPEB Liability was determined by an actuarial valuation as of that date. The employer's proportion of the Net OPEB Liability was based on the employer's contributions to the OPEB plan relative to the contributions of all employers to the plan for the measurement period.

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	Current Healthcare Cost Trend Rate	1% Increase
Proportionate share of net OPEB liability	\$ 1,398,555	\$ 1,714,411	\$ 2,137,509

Changes Since the Prior Actuarial Valuation

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

- The discount rate changed from 3.69 percent as of the previous measurement date to 2.63 percent as of the current measurement date. This change increased the total OPEB liability (TOL).
- The participation rate for pre-65 retirees was lowered from 70 percent to 65 percent. The participation rate for post-65 retirees was lowered from 75 percent to 50 percent. 25 percent 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 trend rates were reset to better reflect the plan's anticipated experience. This change increased the TOL.
- The percentage of retirees who are assumed to have two-person coverage was lowered from 20 percent to 15 percent. In addition, the participation assumption for the surviving spouse of employees that die while actively employed was lowered from 20 percent to 10 percent. 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 current fiscal year reporting period, the District recognized OPEB expense of \$142,110 and revenue of \$60,040 for support proved by the State.

At the current fiscal year end, 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 actuarial experiences	\$ 84,106	\$ 280,545
Changes in actuarial assumptions	95,222	461,134
Differences between projected and actual investment earnings	185	-
Changes in proportion and differences between the employer's contributions and the proportionate share of contributions	443,963	218,794
Contributions paid to TRS subsequent to the measurement date	29,175	
Total as of fiscal year-end	\$ 652,651	\$ 960,473

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

Fiscal year ended August 31,	OPEB Expense Amount
2021	\$ (58,751)
2022	(58,751)
2023	(58,811)
2024	(58,845)
2025	(58,836)
Thereafter	(43,003)

REQUIRED SUPPLEMENTARY INFORMATION

HAMLIN COLLEGIATE INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED AUGUST 31, 2020

Data Control Codes	Budgeted Amounts		Actual Amounts (GAAP BASIS)	Variance With Final Budget Positive or (Negative)
	Original	Final		
REVENUES:				
5700 Total Local and Intermediate Sources	\$ 1,370,000	\$ 1,451,012	\$ 1,768,617	\$ 317,605
5800 State Program Revenues	3,693,523	3,693,523	3,734,562	41,039
5900 Federal Program Revenues	50,000	50,000	84,353	34,353
5020 Total Revenues	5,113,523	5,194,535	5,587,532	392,997
EXPENDITURES:				
Current:				
0011 Instruction	2,121,626	2,096,626	1,999,175	97,451
0012 Instructional Resources and Media Services	5,606	5,606	2,456	3,150
0013 Curriculum and Instructional Staff Development	4,600	4,600	4,425	175
0021 Instructional Leadership	114,108	117,108	113,385	3,723
0023 School Leadership	229,206	254,206	252,494	1,712
0031 Guidance, Counseling, and Evaluation Services	72,426	72,426	70,709	1,717
0033 Health Services	41,296	41,296	30,790	10,506
0034 Student (Pupil) Transportation	132,530	181,180	159,774	21,406
0036 Extracurricular Activities	310,572	451,434	401,416	50,018
0041 General Administration	396,550	396,550	380,759	15,791
0051 Facilities Maintenance and Operations	922,369	1,107,069	1,080,502	26,567
0053 Data Processing Services	134,997	149,997	144,611	5,386
Debt Service:				
0071 Principal on Long-Term Debt	41,502	62,202	62,144	58
0072 Interest on Long-Term Debt	3,345	3,645	3,452	193
Capital Outlay:				
0081 Facilities Acquisition and Construction	225,000	1,100,000	1,057,795	42,205
Intergovernmental:				
0093 Payments to Fiscal Agent/Member Districts of SSA	128,828	128,828	128,104	724
0099 Other Intergovernmental Charges	45,000	45,000	43,419	1,581
6030 Total Expenditures	4,929,561	6,217,773	5,935,410	282,363
1100 Excess (Deficiency) of Revenues Over Expenditures	183,962	(1,023,238)	(347,878)	675,360
OTHER FINANCING SOURCES (USES):				
7913 Capital Leases	-	-	98,650	98,650
8911 Transfers Out (Use)	(30,000)	(31,700)	(40,047)	(8,347)
7080 Total Other Financing Sources (Uses)	(30,000)	(31,700)	58,603	90,303
1200 Net Change in Fund Balances	153,962	(1,054,938)	(289,275)	765,663
0100 Fund Balance - September 1 (Beginning)	2,863,322	2,863,322	2,863,322	-
3000 Fund Balance - August 31 (Ending)	\$ 3,017,284	\$ 1,808,384	\$ 2,574,047	\$ 765,663

HAMLIN COLLEGIATE INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
TEACHER RETIREMENT SYSTEM OF TEXAS
FOR THE YEAR ENDED AUGUST 31, 2020

	FY 2020 Plan Year 2019	FY 2019 Plan Year 2018	FY 2018 Plan Year 2017
District's Proportion of the Net Pension Liability (Asset)	0.001968732%	0.002149672%	0.001937441%
District's Proportionate Share of Net Pension Liability (Asset)	\$ 1,023,409	\$ 1,183,231	\$ 619,489
State's Proportionate Share of the Net Pension Liability (Asset) Associated with the District	1,682,453	1,876,829	1,256,167
Total	<u>\$ 2,705,862</u>	<u>\$ 3,060,060</u>	<u>\$ 1,875,656</u>
District's Covered Payroll	\$ 2,189,779	\$ 2,117,714	\$ 2,279,745
District's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	46.74%	55.87%	27.17%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	75.24%	73.74%	82.17%

Note: GASB Codification, Vol. 2, P20.183 requires that the information on this schedule be data from the period corresponding with the periods covered as of the measurement dates of August 31, 2019 for year 2020, August 31, 2018 for year 2019, August 31, 2017 for year 2018, August 31, 2016 for year 2017, August 31, 2015 for year 2016 and August 31, 2014 for year 2015.

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

FY 2017 Plan Year	FY 2016 Plan Year	FY 2015 Plan Year 2014
0.0020736%	0.002292%	0.001551%
\$ 783,576	\$ 810,262	\$ 414,267
1,634,730	1,704,925	1,699,625
\$ 2,418,306	\$ 2,515,187	\$ 2,113,892
\$ 2,503,505	\$ 2,501,734	\$ 2,880,535
31.30%	32.39%	14.38%
78.00%	78.43%	83.25%

HAMLIN COLLEGIATE INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF DISTRICT'S CONTRIBUTIONS FOR PENSIONS
TEACHER RETIREMENT SYSTEM OF TEXAS
FOR FISCAL YEAR 2020

	2020	2019	2018
Contractually Required Contribution	\$ 81,881	\$ 68,807	\$ 78,725
Contribution in Relation to the Contractually Required Contribution	(81,881)	(68,807)	(78,725)
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -
District's Covered Payroll	\$ 2,583,475	\$ 2,189,779	\$ 2,117,714
Contributions as a Percentage of Covered Payroll	3.17%	3.14%	3.72%

Note: GASB Codification, Vol. 2, P20.183 requires that the data in this schedule be presented as of the District's respective fiscal years as opposed to the time periods covered by the measurement dates ending August 31 of the preceding year.

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

	2017	2016	2015
\$	63,498	\$ 67,874	\$ 39,319
	(63,498)	(67,874)	(39,319)
\$	-	\$ -	\$ -
\$	2,279,745	\$ 2,469,511	\$ 2,501,734
	2.79%	2.75%	1.57%

HAMLIN COLLEGIATE INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET OPEB LIABILITY
TEACHER RETIREMENT SYSTEM OF TEXAS
FOR THE YEAR ENDED AUGUST 31, 2020

	FY 2020 Plan Year 2019	FY 2019 Plan Year 2018	FY 2018 Plan Year 2017
District's Proportion of the Net Liability (Asset) for Other Postemployment Benefits	0.003625216%	0.004020543%	0.003095973%
District's Proportionate Share of Net OPEB Liability (Asset)	\$ 1,714,411	\$ 2,007,494	\$ 1,346,323
State's Proportionate Share of the Net OPEB Liability (Asset) Associated with the District	2,278,066	1,719,744	1,734,057
Total	<u>\$ 3,992,477</u>	<u>\$ 3,727,238</u>	<u>\$ 3,080,380</u>
District's Covered Payroll	\$ 2,189,779	\$ 2,117,714	\$ 2,279,745
District's Proportionate Share of the Net OPEB Liability (Asset) as a Percentage of its Covered Payroll	78.29%	94.80%	59.06%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	2.66%	1.57%	0.09%

Note: GASB Codification, Vol. 2, P50.238 states that the information on this schedule should be determined as of the measurement date. Therefore the amounts reported for FY 2020 are for the measurement date of August 31, 2019. The amounts for FY 2019 are for the measurement date August 31, 2018. The amounts for FY 2018 are based on the August 31, 2017 measurement date.

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

HAMLIN COLLEGIATE INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF DISTRICT'S CONTRIBUTIONS FOR OTHER POSTEMPLOYMENT BENEFITS (OPEB)
TEACHER RETIREMENT SYSTEM OF TEXAS
FOR FISCAL YEAR 2020

	2020	2019	2018
Contractually Required Contribution	\$ 29,175	\$ 25,554	\$ 28,006
Contribution in Relation to the Contractually Required Contribution	(29,175)	(25,554)	(28,006)
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -
District's Covered Payroll	\$ 2,583,475	\$ 2,189,779	\$ 2,117,714
Contributions as a Percentage of Covered Payroll	1.13%	1.17%	1.32%

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

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

**HAMLIN COLLEGIATE INDEPENDENT SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED AUGUST 31, 2020**

A. Notes to Schedules for the TRS Pension / OPEB Plan

Changes Since the Prior Actuarial Valuation

- The single discount rate as of August 31, 2018 was a blended rate of 6.907 percent and that has changed to the long-term rate of return of 7.25 percent as of August 31, 2019.
- With the enactment of SB 3 by the 2019 Texas Legislature, and assumption has been made about how this would impact future salaries. It is assumed that eligible active members will receive a \$2,700 increase in fiscal year 2020. This is an 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 2018 in either the matching amount of their monthly annuity payment or \$2,000 whichever is less.

B. Notes to Schedules for the TRS OPEB Plan

Changes Since the Prior Actuarial Valuation

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

- The discount rate changed from 3.69 percent as of August 31, 2018 to 2.63 percent as of August 31, 2019. This change increased the total OPEB liability (TOL).
- The participation rate for pre-65 retirees was lowered from 70 percent to 65 percent. The participation rate for post-65 retirees was lowered from 75 percent to 50 percent. 25 percent 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 trend rates were reset to better reflect the plan's anticipated experience. This change increased the TOL.
- The percentage of retirees who are assumed to have two-person coverage was lowered from 20 percent to 15 percent. In addition, the participation assumption for the surviving spouse of employees that die while actively employed was lowered from 20 percent to 10 percent. 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.

**HAMLIN COLLEGIATE INDEPENDENT SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED AUGUST 31, 2020**

C. Stewardship, Compliance and Accountability

Budget

The Board of Trustees (local school board) is legally required to adopt an annual budget (on a 12-month basis) for the general fund, the food service fund, and the debt service fund. The budgets must be prepared by August 20 and adopted by the local school board before expenditures are made and, if applicable, before the tax rate for the year is adopted. The required supplementary information for the general fund budget is reported in Exhibit G-1 "Budgetary Comparison Schedule – General Fund. The required Texas Education Agency (TEA) schedules for the food service fund and the debt service fund are presented in Exhibit's J-2 "Budgetary Comparison Schedule – Child Nutrition Fund and Exhibit J-3 "Budgetary Comparison Schedule – Debt Service Fund".

Once a budget is approved, it can be amended at the fund and function level only by majority vote of the members of the Board of Trustees.

Encumbrances for goods or purchased services are documented by purchase orders or contracts. Under State of Texas law, appropriations lapse at year end August 31, and encumbrances outstanding at that time are to be either cancelled or appropriately provided for in the subsequent year's budget.

It is a violation of Texas State Law for expenditures to exceed the budget in any function of the general fund, the food service fund, or the debt service fund.

Expenditures Exceeding Appropriation

The current year expenditures did not exceed appropriations in any functions in the general fund as detailed in Exhibit G-1 "Budgetary Comparison Schedule -General Fund". The current year expenditures also did not exceed appropriations in any functions in the food service fund as detailed in Exhibit J-2 "Budgetary Comparison Schedule -Child Nutrition Fund". The current year expenditures also did not exceed appropriations in any functions in the debt service fund as detailed in Exhibit J-3 "Budgetary Comparison Schedule -Debt Service Fund".

**OTHER SUPPLEMENTARY INFORMATION –
COMBINING SCHEDULES**

HAMLIN COLLEGIATE INDEPENDENT SCHOOL DISTRICT
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
AUGUST 31, 2020

Data Control Codes		205 Head Start	206 ESEA Title X, Pt.C Homeless	211 ESEA I, A Improving Basic Program	224 IDEA - Part B Formula
ASSETS					
1110	Cash and Cash Equivalents	\$ -	\$ -	\$ -	\$ -
1220	Property Taxes - Delinquent	-	-	-	-
1230	Allowance for Uncollectible Taxes	-	-	-	-
1240	Due from Other Governments	27,551	-	13,495	3,222
1290	Other Receivables	-	-	-	-
1000	Total Assets	<u>\$ 27,551</u>	<u>\$ -</u>	<u>\$ 13,495</u>	<u>\$ 3,222</u>
LIABILITIES					
2110	Accounts Payable	\$ -	\$ -	\$ -	\$ -
2160	Accrued Wages Payable	6,440	-	12,182	2,906
2170	Due to Other Funds	20,411	-	-	-
2200	Accrued Expenditures	700	-	1,313	316
2300	Unearned Revenue	-	-	-	-
2000	Total Liabilities	<u>27,551</u>	<u>-</u>	<u>13,495</u>	<u>3,222</u>
DEFERRED INFLOWS OF RESOURCES					
2601	Unavailable Revenue - Property Taxes	-	-	-	-
2600	Total Deferred Inflows of Resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES					
Restricted Fund Balance:					
3450	Federal or State Funds Grant Restriction	-	-	-	-
3480	Retirement of Long-Term Debt	-	-	-	-
Assigned Fund Balance:					
3590	Other Assigned Fund Balance	-	-	-	-
3000	Total Fund Balances	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
4000	Total Liabilities, Deferred Inflows & Fund Balances	<u>\$ 27,551</u>	<u>\$ -</u>	<u>\$ 13,495</u>	<u>\$ 3,222</u>

225 IDEA - Part B Preschool	240 National Breakfast and Lunch Program	244 Career and Technical - Basic Grant	255 ESEA II,A Training and Recruiting	270 ESEA VI, Pt B Rural & Low Income	289 TITLE IV, PART A	410 State Instructional Materials	427 TTART Grant Fund
\$ -	\$ 6,956	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 15,000
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
976	17,226	-	1,735	-	-	1,171	-
-	-	-	-	-	-	-	-
<u>\$ 976</u>	<u>\$ 24,182</u>	<u>\$ -</u>	<u>\$ 1,735</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,171</u>	<u>\$ 15,000</u>
\$ -	\$ 22,221	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
880	-	-	1,118	-	-	-	-
-	-	-	495	-	-	1,171	-
96	-	-	122	-	-	-	-
-	-	-	-	-	-	-	15,000
<u>976</u>	<u>22,221</u>	<u>-</u>	<u>1,735</u>	<u>-</u>	<u>-</u>	<u>1,171</u>	<u>15,000</u>
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	1,961	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>-</u>	<u>1,961</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>\$ 976</u>	<u>\$ 24,182</u>	<u>\$ -</u>	<u>\$ 1,735</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,171</u>	<u>\$ 15,000</u>

HAMLIN COLLEGIATE INDEPENDENT SCHOOL DISTRICT
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
AUGUST 31, 2020

Data Control Codes		429 Other State Special Revenue Funds	459 Summer Internship Fund	461 Campus Activity Funds	Total Nonmajor Special Revenue Funds
ASSETS					
1110	Cash and Cash Equivalents	\$ -	\$ -	\$ 8,691	\$ 30,647
1220	Property Taxes - Delinquent	-	-	-	-
1230	Allowance for Uncollectible Taxes	-	-	-	-
1240	Due from Other Governments	3,200	-	-	68,576
1290	Other Receivables	-	-	-	-
1000	Total Assets	<u>\$ 3,200</u>	<u>\$ -</u>	<u>\$ 8,691</u>	<u>\$ 99,223</u>
LIABILITIES					
2110	Accounts Payable	\$ -	\$ -	\$ -	\$ 22,221
2160	Accrued Wages Payable	-	-	-	23,526
2170	Due to Other Funds	3,200	-	-	25,277
2200	Accrued Expenditures	-	-	-	2,547
2300	Unearned Revenue	-	-	-	15,000
2000	Total Liabilities	<u>3,200</u>	<u>-</u>	<u>-</u>	<u>88,571</u>
DEFERRED INFLOWS OF RESOURCES					
2601	Unavailable Revenue - Property Taxes	-	-	-	-
2600	Total Deferred Inflows of Resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES					
Restricted Fund Balance:					
3450	Federal or State Funds Grant Restriction	-	-	-	1,961
3480	Retirement of Long-Term Debt	-	-	-	-
Assigned Fund Balance:					
3590	Other Assigned Fund Balance	-	-	8,691	8,691
3000	Total Fund Balances	<u>-</u>	<u>-</u>	<u>8,691</u>	<u>10,652</u>
4000	Total Liabilities, Deferred Inflows & Fund Balances	<u>\$ 3,200</u>	<u>\$ -</u>	<u>\$ 8,691</u>	<u>\$ 99,223</u>

599 Debt Service Fund	Total Nonmajor Governmental Funds
\$ 197,180	\$ 227,827
68,817	68,817
(17,204)	(17,204)
-	68,576
1,259	1,259
<u>\$ 250,052</u>	<u>\$ 349,275</u>
\$ -	\$ 22,221
-	23,526
-	25,277
-	2,547
-	15,000
<u>-</u>	<u>88,571</u>
51,613	51,613
<u>51,613</u>	<u>51,613</u>
-	1,961
198,439	198,439
-	8,691
<u>198,439</u>	<u>209,091</u>
<u>\$ 250,052</u>	<u>\$ 349,275</u>

HAMLIN COLLEGIATE INDEPENDENT SCHOOL DISTRICT
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED AUGUST 31, 2020

Data Control Codes	205 Head Start	206 ESEA Title X, Pt.C Homeless	211 ESEA I, A Improving Basic Program	224 IDEA - Part B Formula
REVENUES:				
5700 Total Local and Intermediate Sources	\$ -	\$ -	\$ -	\$ -
5800 State Program Revenues	-	-	-	-
5900 Federal Program Revenues	102,474	1,592	170,393	34,841
5020 Total Revenues	102,474	1,592	170,393	34,841
EXPENDITURES:				
Current:				
0011 Instruction	102,474	1,592	170,393	34,841
0013 Curriculum and Instructional Staff Development	-	-	-	-
0035 Food Services	-	-	-	-
0036 Extracurricular Activities	-	-	-	-
0051 Facilities Maintenance and Operations	-	-	-	-
Debt Service:				
0071 Principal on Long-Term Debt	-	-	-	-
0072 Interest on Long-Term Debt	-	-	-	-
0073 Bond Issuance Cost and Fees	-	-	-	-
6030 Total Expenditures	102,474	1,592	170,393	34,841
1100 Excess (Deficiency) of Revenues Over (Under) Expenditures	-	-	-	-
OTHER FINANCING SOURCES (USES):				
7915 Transfers In	-	-	-	-
1200 Net Change in Fund Balance	-	-	-	-
0100 Fund Balance - September 1 (Beginning)	-	-	-	-
3000 Fund Balance - August 31 (Ending)	\$ -	\$ -	\$ -	\$ -

225 IDEA - Part B Preschool	240 National Breakfast and Lunch Program	244 Career and Technical - Basic Grant	255 ESEA II,A Training and Recruiting	270 ESEA VI, Pt B Rural & Low Income	289 TITLE IV, PART A	410 State Instructional Materials	427 TTART Grant Fund
\$ -	\$ 6,873	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	891	-	-	-	-	17,368	26,000
12,289	229,154	4,992	15,258	23,986	9,222	-	-
12,289	236,918	4,992	15,258	23,986	9,222	17,368	26,000
12,289	-	5,179	15,258	23,986	536	17,368	26,000
-	-	-	-	-	-	-	-
-	271,462	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	8,686	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
12,289	271,462	5,179	15,258	23,986	9,222	17,368	26,000
-	(34,544)	(187)	-	-	-	-	-
-	34,544	187	-	-	-	-	-
-	-	-	-	-	-	-	-
-	1,961	-	-	-	-	-	-
\$ -	\$ 1,961	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

HAMLIN COLLEGIATE INDEPENDENT SCHOOL DISTRICT
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED AUGUST 31, 2020

Data Control Codes	429 Other State Special Revenue Funds	459 Summer Internship Fund	461 Campus Activity Funds	Total Nonmajor Special Revenue Funds
REVENUES:				
5700 Total Local and Intermediate Sources	\$ -	\$ -	\$ 11,410	\$ 18,283
5800 State Program Revenues	53,833	19,824	-	117,916
5900 Federal Program Revenues	-	-	-	604,201
5020 Total Revenues	53,833	19,824	11,410	740,400
EXPENDITURES:				
Current:				
0011 Instruction	30,967	19,824	-	460,707
0013 Curriculum and Instructional Staff Development	3,182	-	-	3,182
0035 Food Services	-	-	-	271,462
0036 Extracurricular Activities	-	-	10,856	10,856
0051 Facilities Maintenance and Operations	25,000	-	-	33,686
Debt Service:				
0071 Principal on Long-Term Debt	-	-	-	-
0072 Interest on Long-Term Debt	-	-	-	-
0073 Bond Issuance Cost and Fees	-	-	-	-
6030 Total Expenditures	59,149	19,824	10,856	779,893
1100 Excess (Deficiency) of Revenues Over (Under) Expenditures	(5,316)	-	554	(39,493)
OTHER FINANCING SOURCES (USES):				
7915 Transfers In	5,316	-	-	40,047
1200 Net Change in Fund Balance	-	-	554	554
0100 Fund Balance - September 1 (Beginning)	-	-	8,137	10,098
3000 Fund Balance - August 31 (Ending)	\$ -	\$ -	\$ 8,691	\$ 10,652

599		Total	
Debt		Nonmajor	
Service		Governmental	
Fund		Funds	
\$	416,996	\$	435,279
	55,653		173,569
	-		604,201
	472,649		1,213,049
	-		460,707
	-		3,182
	-		271,462
	-		10,856
	-		33,686
	210,000		210,000
	119,550		119,550
	3,830		3,830
	333,380		1,113,273
	139,269		99,776
	-		40,047
	139,269		139,823
	59,170		69,268
\$	198,439	\$	209,091

HAMLIN COLLEGIATE INDEPENDENT SCHOOL DISTRICT
 COMBINING STATEMENT OF FIDUCIARY NET POSITION
 PRIVATE PURPOSE TRUST FUNDS
 AUGUST 31, 2020

	810 Ferguson Scholarship Fund	811 Hodges Scholarship Fund	812 Jeffrey Scholarship Fund	813 Smith Scholarship Fund	Total Scholarship Trust Funds
ASSETS					
Cash and Cash Equivalents	\$ 40,188	\$ 3,695	\$ 4,178	\$ 795	\$ 48,856
Investments - Current	14,616	-	-	-	14,616
Due from Other Funds	100	-	-	-	100
Total Assets	<u>54,904</u>	<u>3,695</u>	<u>4,178</u>	<u>795</u>	<u>63,572</u>
NET POSITION					
Restricted for Scholarships	\$ 54,904	\$ 3,695	\$ 4,178	\$ 795	\$ 63,572
Total Net Position	<u>\$ 54,904</u>	<u>\$ 3,695</u>	<u>\$ 4,178</u>	<u>\$ 795</u>	<u>\$ 63,572</u>

HAMLIN COLLEGIATE INDEPENDENT SCHOOL DISTRICT
 COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
 PRIVATE PURPOSE TRUST FUNDS
 FOR THE YEAR ENDED AUGUST 31, 2020

	810 Ferguson Scholarship Fund	811 Hodges Scholarship Fund	812 Jeffrey Scholarship Fund	813 Smith Scholarship Fund	Total Scholarship Trust Funds
ADDITIONS:					
Contributions from Foundations, Gifts and	\$ -	\$ 1,385	\$ -	\$ -	\$ 1,385
Earnings from Temporary Deposits	91	2	2	1	96
Total Additions	91	1,387	2	1	1,481
DEDUCTIONS:					
Professional and Contracted Services	2,000	1,000	500	-	3,500
Total Deductions	2,000	1,000	500	-	3,500
Change in Net Position	(1,909)	387	(498)	1	(2,019)
Net Position - September 1 (Beginning)	56,813	3,308	4,676	794	65,591
Net Position - August 31 (Ending)	\$ 54,904	\$ 3,695	\$ 4,178	\$ 795	\$ 63,572

REQUIRED TEXAS EDUCATION AGENCY SCHEDULES

HAMLIN COLLEGIATE INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF DELINQUENT TAXES RECEIVABLE
FISCAL YEAR ENDED AUGUST 31, 2020

Last 10 Years 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	1.170000	0.15000	158,242,950
2013	1.170000	0.20000	166,427,809
2014	1.170000	0.24000	154,015,149
2015	1.170000	0.21500	168,547,207
2016	1.170000	0.22500	149,481,080
2017	1.170000	0.22500	124,462,337
2018	1.170000	0.22500	118,901,314
2019	1.170000	0.22500	118,707,130
2020 (School year under audit)	1.068400	0.27660	141,372,416
100 TOTALS			

(10) Beginning Balance 9/1/2019	(20) Current Year's Total Levy	(31) Maintenance Collections	(32) Debt Service Collections	(40) Entire Year's Adjustments	(50) Ending Balance 8/31/2020
\$ 45,073	\$ -	\$ 727	\$ 95	\$ (7,212)	\$ 37,039
5,747	-	91	12	(181)	5,463
8,582	-	222	38	(789)	7,533
17,505	-	1,490	306	(1,038)	14,671
65,096	-	21,187	3,893	(1,014)	39,002
89,248	-	28,265	5,436	(2,322)	53,225
94,105	-	28,164	5,408	(1,499)	59,034
105,034	-	30,700	5,904	(1,637)	66,793
109,612	-	29,592	5,836	(2,816)	71,368
-	1,908,262	1,458,383	384,065	-	65,814
<u>\$ 540,002</u>	<u>\$ 1,908,262</u>	<u>\$ 1,598,821</u>	<u>\$ 410,993</u>	<u>\$ (18,508)</u>	<u>\$ 419,942</u>

HAMLIN COLLEGIATE INDEPENDENT SCHOOL DISTRICT
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
 BUDGET AND ACTUAL - CHILD NUTRITION PROGRAM
 FOR THE YEAR ENDED AUGUST 31, 2020

Data Control Codes	Budgeted Amounts		Actual Amounts (GAAP BASIS)	Variance With Final Budget Positive or (Negative)
	Original	Final		
REVENUES:				
5700 Total Local and Intermediate Sources	\$ 12,500	\$ 12,500	\$ 6,873	\$ (5,627)
5800 State Program Revenues	40,800	40,800	891	(39,909)
5900 Federal Program Revenues	211,000	211,000	229,154	18,154
5020 Total Revenues	264,300	264,300	236,918	(27,382)
EXPENDITURES:				
Current:				
0035 Food Services	296,000	296,000	271,462	24,538
6030 Total Expenditures	296,000	296,000	271,462	24,538
1100 Excess (Deficiency) of Revenues Over Expenditures	(31,700)	(31,700)	(34,544)	(2,844)
OTHER FINANCING SOURCES (USES):				
7915 Transfers In	31,700	31,700	34,544	2,844
1200 Net Change in Fund Balances	-	-	-	-
0100 Fund Balance - September 1 (Beginning)	1,961	1,961	1,961	-
3000 Fund Balance - August 31 (Ending)	\$ 1,961	\$ 1,961	\$ 1,961	\$ -

HAMLIN COLLEGIATE INDEPENDENT SCHOOL DISTRICT
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
 BUDGET AND ACTUAL - DEBT SERVICE FUND
 FOR THE YEAR ENDED AUGUST 31, 2020

Data Control Codes	Budgeted Amounts		Actual Amounts (GAAP BASIS)	Variance With Final Budget Positive or (Negative)
	Original	Final		
REVENUES:				
5700 Total Local and Intermediate Sources	\$ 311,100	\$ 311,100	\$ 416,996	\$ 105,896
5800 State Program Revenues	22,000	22,500	55,653	33,153
5020 Total Revenues	333,100	333,600	472,649	139,049
EXPENDITURES:				
Debt Service:				
0071 Principal on Long-Term Debt	210,000	210,000	210,000	-
0072 Interest on Long-Term Debt	119,600	119,600	119,550	50
0073 Bond Issuance Cost and Fees	3,500	4,000	3,830	170
6030 Total Expenditures	333,100	333,600	333,380	220
1200 Net Change in Fund Balances	-	-	139,269	139,269
0100 Fund Balance - September 1 (Beginning)	139,269	59,170	59,170	-
3000 Fund Balance - August 31 (Ending)	\$ 139,269	\$ 59,170	\$ 198,439	\$ 139,269

**REPORTS ON COMPLIANCE, INTERNAL CONTROLS AND
FEDERAL AWARDS**

James E. Rodgers and Company, P.C.

Certified Public Accountants

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Member of Texas Society of CPA's and American Institute of CPA's

Richard E. Rodgers CPA • Gerald L. Rodgers CPA

October 20, 2020

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*

Independent Auditor's Report

To the Board of Trustees
Hamlin Collegiate Independent School District
Hamlin, Texas 79520

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 Hamlin Collegiate Independent School District as of and for the year ended August 31, 2020, and the related notes to the financial statements, which collectively comprise Hamlin Collegiate Independent School District's basic financial statements, and have issued our report thereon dated October 20, 2020.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Hamlin Collegiate Independent School District's internal control over financial reporting (internal control) as a basis for designing 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 Hamlin Collegiate Independent School District's internal control. Accordingly, we do not express an opinion on the effectiveness of Hamlin Collegiate 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.

James E. Rodgers and Company, P.C.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Hamlin Collegiate 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 financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed 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,

A handwritten signature in cursive script that reads "James E. Rodgers & Company".

James E. Rodgers and Company, P.C.

James E. Rodgers and Company, P.C.

Certified Public Accountants

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Richard E. Rodgers CPA • Gerald L. Rodgers CPA

October 20, 2020

Report on Compliance for each Major Federal Program and Report on Internal Control over Compliance

Independent Auditor's Report

To the Board of Trustees
Hamlin Collegiate Independent School District
Hamlin, Texas 79520

Report on Compliance for Each Major Federal Program

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

Management's Responsibility

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

Auditor's Responsibility

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

Opinion on Each Major Federal Program

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

James E. Rodgers and Company, P.C.

Other Matters

The results of our auditing procedures disclosed no instances of noncompliance which are required to be reported in accordance with the Uniform Guidance and therefore, are not described in the accompanying schedule of findings and questioned costs. Our opinion on each major federal program is not modified with respect to these matters.

Report on Internal Control Over Compliance

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

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

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

Respectfully submitted,



James E. Rodgers and Company, P.C.

James E. Rodgers and Company, P.C.

Certified Public Accountants

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

I. Summary of the Auditor's Results:

1.	Type of report issued on whether the financial statements were prepared in accordance with GAAP (generally accepted accounting standards):	Unmodified opinion
2.	Internal Control over financial reporting:	
2 (a).	Significant deficiencies in internal control:	None
(b).	Significant deficiencies that were material weaknesses:	None
3.	Noncompliance, which is material to the financial statements:	None
4.	Internal Control over major federal programs:	
4 (a).	Significant deficiencies in internal control over major programs	None
(b).	Material weaknesses in internal control over major programs identified	None
5.	Type of report issued on compliance with major programs	Unmodified opinion
6.	Audit findings that the auditor is required to report under 2 CFR 200.516(a):	None
7.	Identification of major programs: • Public Charter Schools Grant – CFDA 84.282	
8.	Dollar threshold used to distinguish between Type A and Type B programs	\$750,000
9.	District qualified as a low-risk auditee	No

II. Findings Relating to the Financial Statements Which Are Required To Be Reported in Accordance with *Generally Accepted Government Auditing Standards (GAGAS)*.

Finding 2020-001:

a.	Condition:	Not applicable (no current year findings)
b.	Criteria:	Not applicable (no current year findings)
c.	Cause:	Not applicable (no current year findings)
d.	Effect:	Not applicable (no current year findings)
e.	Recommendation:	Not applicable (no current year findings)
f.	District Response:	Not applicable (no current year findings)

III. Findings and Questioned Costs for Federal Awards Including Audit Findings as Described in 6(a) – 6(f) above.

There were no audit findings or questioned costs for federal awards that are required to be reported.



HAMLIN COLLEGIATE I.S.D.
∞PAPER POSSIBILITIES



**SCHEDULE OF STATUS OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED AUGUST 31, 2020**

Prior Year Finding 2019-001: The District did not have any prior year (fiscal year ended August 31, 2019) reportable findings.

Current Status: Not applicable since there were no prior findings.



HAMLIN COLLEGIATE I.S.D.
4PAPER POSSIBILITIES



**CORRECTIVE ACTION PLAN
FOR THE YEAR ENDED AUGUST 31, 2020**

The name of the contact person responsible for corrective action:

Dr. Randy Burks, Superintendent

District Phone Number: 325-576-3624

There were no current year findings, thus, a corrective action plan is not required.

PO Box 338 | 250 SW Ave F. | Hamlin, TX 79520
PH: 325.576.2722 | FAX: 325.576.2152
School Website: www.hamlin.esc14.net

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

(1) FEDERAL GRANTOR/ PASS-THROUGH GRANTOR/ PROGRAM or CLUSTER TITLE	(2) Federal CFDA Number	(3) Pass-Through Entity Identifying Number	(4) Federal Expenditures
U.S. DEPARTMENT OF EDUCATION			
<u>Passed Through State Department of Education</u>			
ESEA, Title I, Part A - Improving Basic Programs	84.010A	20610101127903	\$ 170,393
*IDEA - Part B, Formula	84.027	206600011279066600	34,841
*IDEA - Part B, Preschool	84.173	206610011279066610	12,289
Total Special Education Cluster (IDEA)			47,130
PTECH and ICIA Planning	84.084	203922017110008	4,992
ESEA, Title X, Part C -Homeless Children	84.196	204600057110028	1,592
Public Charter Schools	84.282	18590105711000	861,304
ESEA, Title VI, Part B - Rural & Low Income Prog.	84.358B	S358A190444	23,986
ESEA, Title II, Part A, Teacher Principal Training	84.367A	20694501221950	15,258
Other Federally Funded Special Revenue Funds	84.424A	20680101221950	9,222
Total Passed Through State Department of Education			1,133,877
TOTAL U.S. DEPARTMENT OF EDUCATION			1,133,877
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			
<u>Passed Through Texas Dept of Human Services/ESC14</u>			
Head Start	93.600	06CH011543-01	102,474
Total Passed Through Texas Dept of Human Services/ESC14			102,474
TOTAL U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			102,474
U.S. DEPARTMENT OF AGRICULTURE			
<u>Passed Through the State Department of Agriculture</u>			
*School Breakfast Program	10.553	71402001	96,705
*National School Lunch Program - Cash Assistance	10.555	71302001	121,259
*National School Lunch Prog. - Non-Cash Assistance	10.555	71302001	11,190
Total CFDA Number 10.555			132,449
Total Child Nutrition Cluster			229,154
Total Passed Through the State Department of Agriculture			229,154
TOTAL U.S. DEPARTMENT OF AGRICULTURE			229,154
TOTAL EXPENDITURES OF FEDERAL AWARDS			\$ 1,465,505

*Clustered Programs

**HAMLIN COLLEGIATE INDEPENDENT SCHOOL DISTRICT
NOTES ON THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS and
ACCOUNTING POLICIES FOR FEDERAL AWARDS
YEAR ENDED AUGUST 31, 2020**

BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal award activity of the Hamlin Collegiate Independent School District (the "District") under programs of the federal government for the year ended August 31, 2020. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the District, it is not intended to and does not present the financial position, change in net position, or cash flows of the District

ACCOUNTING POLICIES

1. For all Federal programs, the District uses the fund types specified in Texas Education Agency's *Financial Accountability System Resource Guide*. Special revenue funds are used to account for resources restricted to, or designated for, specific purposes by a grantor. Federal and state financial assistance generally is accounted for in a Special Revenue Fund.
2. The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. The Governmental Fund types and Expendable Trust Funds are accounted for using a current financial resources measurement focus. All Federal grant funds were accounted for in a Special Revenue Fund that is a Governmental Fund type. With this measurement focus, only current assets and current liabilities and the fund balance are included on the balance sheet. Operating statements of these funds present increases and decreases in net current assets.
3. The modified accrual basis of accounting is used for the Governmental Fund types, the Expendable Trust Funds, and Agency Funds. This basis of accounting recognizes revenues in the accounting period in which they become susceptible to accrual, i.e., both measurable and available, and expenditures in the accounting period in which the fund liability is incurred, if measurable, except for un-matured interest on General Long-Term Debt, which is recognized when due, and certain compensated absences and claims and judgments, which are recognized when the obligations are expected to be liquidated with expendable available financial resources.
4. Federal grant funds are recorded as earned to the extent of expenditures made under the provisions of the grant, and, accordingly, when such funds are received, they are recorded as deferred revenues until earned.
5. The period of performance for federal grant funds for the purpose of liquidation of outstanding obligations made on or before the ending date of the federal project period extended 30 days beyond the federal project period ending date, in accordance with provisions in the Uniform Guidance.
6. Indirect Costs
The District did not elect to use a de minimis cost rate of 10% as described at 2CFR §200.414(f) – Indirect (F&A) Costs.

**HAMLIN COLLEGIATE INDEPENDENT SCHOOL DISTRICT
NOTES ON THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS and
ACCOUNTING POLICIES FOR FEDERAL AWARDS
YEAR ENDED AUGUST 31, 2020**

7. Reconciliation of Federal Awards

The following is a reconciliation of expenditures of federal awards in the SEFA and federal program Revenues in the Statement of Revenues, Expenditures and Changes in Fund Balance of the Governmental funds.

Federal program revenues per Exhibit C-3	\$ 1,549,858
School Health & Related Services (SHARS) Reimbursement not reported to the SEFA	(\$ 84,353)
Total federal expenditures on Exhibit K-1	<u>\$ 1,465,505</u>