

**COLDSPRING-OAKHURST
CONSOLIDATED INDEPENDENT
SCHOOL DISTRICT**

**ANNUAL FINANCIAL AND
COMPLIANCE REPORT**

For The Year Ended August 31, 2020



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CERTIFICATE OF BOARD

Coldspring-Oakhurst Consolidated ISD

Name of School District

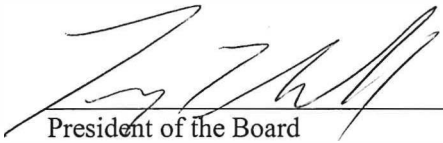
San Jacinto

County

204-901

Co. - Dist. No.

We, the undersigned, certify that the attached annual financial reports of the above named school district were reviewed and approved for the year ended August 31, 2020, at a meeting of the board of trustees of such school district on January 25, 2021.



President of the Board



Vice President of the Board



FINANCIAL SECTION



INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees
Coldspring-Oakhurst Consolidated ISD
Coldspring, TX

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 Coldspring-Oakhurst Consolidated Independent School District (the "District"), as of and for the fiscal year ended August 31, 2020, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to in the first paragraph present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the District, as of August 31, 2020, and the respective changes in financial position for the fiscal year then ended in conformity with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The combining and individual nonmajor fund financial statements and required Texas Education Agency ("TEA") schedules, as listed in the table of contents, 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 the U.S. Office of Management and Budget ("OMB"); *Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), and is also not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements, required TEA schedules, and the schedule of expenditures of federal awards, as listed in the table of contents, 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, required TEA schedules, and the schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

To the Board of Trustees
Coldspring-Oakhurst Consolidated ISD

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated January 25, 2021 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Whitley Penn LLP

Houston, Texas
January 25, 2021



COLDSPRING-OAKHURST CONSOLIDATED ISD

MANAGEMENT'S DISCUSSION AND ANALYSIS

This section of the Coldspring-Oakhurst CISD's annual financial report presents the administration's discussion and analysis of the District's financial performance during the fiscal period ended August 31, 2020. Please read it in conjunction with the District's financial statements, which follow this section.

Financial Highlights

The assets and deferred outflows of resources of the District exceeded liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$7,690,945. Of this amount, \$12,035,157 was net investment in capital assets, which represents the carrying value of the capital assets which exceed the debt related to the capital assets, \$276,708 was restricted for debt service, and \$19,645 was restricted for federal and state programs. The remaining amount was a deficit unrestricted net position of \$4,640,565.

- The District's total net position decreased by \$369,948 due to increases in pension and other post-employment benefit expenses. The total of these amounts increased by \$743,613 from the prior year.
- The District's governmental funds reported combined ending fund balances of \$8,775,049 as of August 31, 2020. Of this amount, \$56,723 is non-spendable in the form of prepaid items. Fund balance of \$2,728,171 is restricted for (1) federal and state grants in the amount of \$19,645, (2) debt service in the amount of \$101,104, and (3) \$2,607,422 for capital acquisitions. Fund balance of \$1,536,512 is committed for (1) Construction repairs, renovations of \$1,000,000 and (2) instructional program enhancement of \$500,000 and (3) other committed in the amount of \$36,512. The remaining amount in fund balance of \$4,453,643 in the general fund is classified as unassigned and is available for spending at the District's discretion. This is a decrease of \$673,508 as compared to the prior fiscal year. The unassigned fund balance represents 26 percent of total general fund expenditures.
- The District's total bonded debt decreased by \$735,658, or 3.7 percent during the current fiscal year.

Overview of the Financial Statements

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

Government-wide Financial Statements

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

The *Statement of Net Position* presents information on all of the District's assets, liabilities, and deferred inflows/outflows of resources, with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of 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 (e.g., uncollected taxes and earned but unused sick leave).

COLDSPRING-OAKHURST CONSOLIDATED ISD

MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)

The government-wide financial statements of the District are principally supported by taxes and intergovernmental revenues (*governmental activities*). The governmental activities of the District include Instruction, Instructional Resources and Media Services, Curriculum and Instructional Staff Development, Instructional Leadership, School Leadership, Guidance, Counseling, and Evaluation Services, Health Services, Student Transportation, Food Services, Extracurricular Activities, General Administration, Plant Maintenance and Operations, Security and Monitoring Services, Data Processing Services, Community Services, Interest on Long-term Debt, Issuance Costs and Fees, and Other Intergovernmental Charges, as applicable.

The government-wide financial statements can be found as noted in the table of contents of this report.

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 two categories: governmental funds and fiduciary funds.

Governmental Funds

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on 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 District'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 District'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 this comparison between *governmental funds* and *governmental activities*.

The District maintains individual governmental funds for general, special revenue, debt service, and capital projects 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 fund and capital projects fund, both of which are considered to be major funds. Data from the other governmental 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 the financial statements. The District adopts an annual appropriated budget for its general fund, debt service fund, and national school breakfast and lunch program (child nutrition) special revenue fund.

Fiduciary Funds

Fiduciary funds are used to account for resources held for the benefit of students. Fiduciary funds are not reflected in the government-wide financial statement because the resources of those funds are *not* available to support the District's own programs. The funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

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.

COLDSPRING-OAKHURST CONSOLIDATED ISD
MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)

Required Supplementary Information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information that further explains and supports the information in the financial statements. The required supplementary information relates to comparison of the original adopted budget, the final amended budget, and the actual amounts for the fiscal year. This is required supplementary information for the general fund and any major special revenue funds. The District did not have any major special revenue funds; therefore, only the general fund is presented as required supplementary information. The Required Supplementary Information also includes information related to the required pension system information and the required other post-employment benefit system information.

Other Information

The combining and individual fund statements and schedules and other supplementary information are presented immediately following the required supplementary information.

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a District's financial position. In the case of the District, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$7,690,945 at the close of the most recent fiscal year.

A portion of the District's net position reflects its investment in capital assets (e.g., land, buildings and improvements, furniture and equipment, construction in progress), less any outstanding related debt used to acquire those assets. The District uses these capital assets to provide services to students; consequently, these assets are not available for future spending. Although the District's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

	Governmental Activities	
	2020	2019
Current and other assets	\$ 15,070,090	\$ 19,444,728
Capital and non current assets	28,899,172	22,993,313
Total Assets	43,969,262	42,438,041
Deferred outflows	3,856,671	4,262,505
Total Deferred Outflows of Resources	3,856,671	4,262,505
Current liabilities	3,171,213	1,230,123
Long term liabilities	32,242,864	34,446,484
Total Liabilities	35,414,077	35,676,607
Deferred inflows	4,720,911	2,963,046
Total Deferred Inflows of Resources	4,720,911	2,963,046
Net Position:		
Net investment in capital assets	12,035,157	12,182,406
Restricted	296,353	200,340
Unrestricted	(4,640,565)	(4,321,853)
Total Net Position	\$ 7,690,945	\$ 8,060,893

COLDSPRING-OAKHURST CONSOLIDATED ISD
MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)

Net position in the governmental activities are restricted for various purposes as follows:

	Governmental Activities	
	2020	2019
Federal and state programs	\$ 19,645	\$ 19,645
Debt Service	276,708	180,695
	<u>\$ 296,353</u>	<u>\$ 200,340</u>

The remaining balance of net position in the governmental activities consists of an unrestricted net deficit of \$4,640,565. At the end of the current fiscal year, the District reports positive balances in net investment in capital assets, which is reported net of outstanding related debt, and restricted net position in the governmental activities. The District's net position of the governmental activities decreased by \$369,948 during the current fiscal year due to an increase in pension and other-post employment benefit expenses.

	Governmental Activities	
	2020	2019
Program Revenues		
Charges for services	\$ 51,424	\$ 334,875
Operating grants	3,982,585	3,082,285
General Revenues		
Property taxes	15,400,083	15,031,830
State Aid - Formula Grants	2,420,332	2,079,588
Interest earnings	202,318	403,208
Other	-	200,862
Total Revenues	<u>22,056,742</u>	<u>21,132,648</u>
Expenses		
Instruction	10,916,641	9,403,279
Instructional resources and media services	617,261	472,402
Curriculum and staff development	285,474	295,489
Instructional leadership	311,425	434,555
School leadership	1,063,701	1,046,806
Guidance, counseling, and evaluation services	513,630	447,675
Health services	222,423	198,838
Student transportation	1,275,229	1,347,373
Food service	1,298,400	1,305,319
Extracurricular activities	798,037	774,518
General administration	745,940	756,881
Plant, maintenance and operations	2,084,696	1,950,757
Security and monitoring services	385,872	400,689
Data processing services	180,557	164,883
Community services	75,645	36,725
Interest on long-term debt	631,869	649,221
Debt issuance costs and fees	600	630
Facilities repairs	485,384	-
Other intergovernmental charges	533,906	467,175
Total Expenses	<u>22,426,690</u>	<u>20,153,215</u>
Increase (Decrease) in Net Position	(369,948)	979,433
Beginning net position	<u>8,060,893</u>	<u>7,081,460</u>
Ending Net Position	<u>\$ 7,690,945</u>	<u>\$ 8,060,893</u>

COLDSPRING-OAKHURST CONSOLIDATED ISD
MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)

Governmental Activities

Governmental activities decreased the District's net position by \$369,948. Revenues are generated primarily from three sources. Property taxes, state-aid formula grants, and operating grants and contributions represent 99 percent of total revenues. The remaining 1 percent is generated from charges for services, investment earnings, and miscellaneous revenues.

	Total Revenues	% of Total Revenues
Property taxes	\$ 15,400,083	70%
State Aid - Formula Grants	2,420,332	11%
Operating grants and contributions	3,982,585	18%
Other revenue	253,742	1%
Total Revenues	\$ 22,056,742	100%

The primary functional expense of the District is instruction, which represents 49 percent of total expenses. Plant maintenance and operations, student transportation, and food service represent 9 percent, 6 percent, and 6 percent, respectively, of the total expenses. The remaining individual functional categories of expenses are each less than 5 percent of total expenses.

	Total Expenses	% of Total Expenses
Instruction	\$ 10,916,641	49%
Plant maintenance and operations	2,084,696	9%
Student transportation	1,275,229	6%
Food service	1,298,400	6%
Other expenses	6,851,724	31%
Total Expenses	\$ 22,426,690	100%

Governmental Funds Financial Analysis

As noted earlier, the District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

The focus of the District's *governmental funds* is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the District's financing requirements. In particular, *unassigned fund balance* may serve as a useful measure of a District's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the District's governmental funds reported combined ending fund balances of \$8,775,049, a decrease of \$6,760,009 in comparison with the prior year.

The general fund is the chief operating fund of the District. At the end of the current fiscal year, unassigned fund balance of the general fund was \$4,453,643 while total fund balance reached \$6,010,366. As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 26 percent of expenditures and total fund balance represents 35 percent of the same amount.

During the current fiscal year, the total fund balance of the District's general fund increased by \$78,062 while total general fund expenditures showed an increase of \$1,442,184. The increase in expenditures was primarily due to new personnel costs and mandated salary increases brought forth by House Bill 3.

COLDSPRING-OAKHURST CONSOLIDATED ISD
MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)

The capital projects fund ended the year with a total fund balance of \$2,607,422, all of which is restricted for capital acquisition program and contractual obligations. The net decrease in the capital project fund balance during the current year of \$6,883,264 was due to the ongoing construction efforts at the District's campuses.

General Fund Budgetary Highlights

Differences between the original budget and the final amended budget of the general fund are summarized as follows:

	Budget	
	Original	Final Amended
Total revenues	\$ 17,539,424	\$ 17,233,424
Total expenditures	17,904,736	17,506,813
Other financing sources (uses)	-	(203,295)
Net changes in fund balance	<u>\$ (365,312)</u>	<u>\$ (476,684)</u>

Capital Assets and Long-term Liabilities

Capital Assets

The District's investment in capital assets for its governmental type activities as of August 31, 2020, includes land, construction in progress, buildings and improvements, furniture and equipment, and vehicles. The investment in capital assets (capital outlays) during the current year amounted to \$7,228,674. The following table summarizes the investment in capital assets as of August 31, 2020 and 2019.

	August 31, 2020	August 31, 2019
Land	\$ 586,383	\$ 586,383
Construction in progress	7,930,645	6,056,331
Buildings and improvements	33,903,868	29,083,581
Furniture and equipment	1,910,982	1,885,997
Vehicles	3,472,247	3,229,614
Total	<u>47,804,125</u>	<u>40,841,906</u>
Less accumulated depreciation for:		
Buildings and improvements	(14,962,468)	(14,057,876)
Furniture and equipment	(1,535,912)	(1,567,472)
Vehicles	(2,406,573)	(2,223,245)
Total accumulated depreciation	<u>(18,904,953)</u>	<u>(17,848,593)</u>
Net capital assets	<u>\$ 28,899,172</u>	<u>\$ 22,993,313</u>

Additional information on the District's capital assets can be found in the notes to the financial statements.

COLDSPRING-OAKHURST CONSOLIDATED ISD
MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)

Long-term Liabilities

At the end of the current fiscal year, the District had \$18,951,047 in bonded debt outstanding net of premiums, a decrease of \$735,658 over the previous year. The District's bonds are sold with an "AAA" rating and are guaranteed through the Texas Permanent School Fund Guarantee Program. The underlying rating of the bonds from Standard and Poor's is "AA" and from Moody's Investors Service is "Aa3" for unlimited tax debt.

Changes in long-term liabilities, for the year ended August 31, 2020, are as follows:

	August 31, 2020	August 31, 2019
General obligation bonds	\$ 18,330,000	\$ 19,030,000
Bond premiums/discounts	621,047	656,705
	<u>\$ 18,951,047</u>	<u>\$ 19,686,705</u>

Additional information on the District's long-term liabilities can be found in the notes to the financial statements.

Economic Factors and Next Year's Budgets and Rates

Indicators, both financial and non-financial, that will impact the District in the immediate future are:

- Current enrollment totals 1,533 students, which is a 3.3% decrease from the prior year.
 - District staff totals 288 employees, which includes 115 teachers and 35 teachers' aides and secretaries.
 - The District maintains 4 campuses for instruction.
 - The unemployment rate for the County is currently 9.5 percent, which is an increase from a rate of 4.9 percent a year ago. This compares unfavorably to the state's average unemployment rate of 8.1 percent, which is an increase from a rate of 3.5 percent a year ago.
 - Property values of the District are projected to increase 8.9 percent.
 - A maintenance and operations tax rate of \$0.9185 and an interest and sinking tax rate of \$.1950 was adopted for 2020-2021.

All of these factors were considered in preparing the District's budget for the 2021 fiscal year.

Contacting the District's Financial Management

This financial report is designed to provide a general overview of the District's finances for all those with an interest in the District's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Business Manager, Coldspring-Oakhurst Consolidated Independent School District, 125 FM 1514, Coldspring, Texas 77331.



BASIC FINANCIAL STATEMENTS



COLDSPRING-OAKHURST CONSOLIDATED ISD
STATEMENT OF NET POSITION
August 31, 2020

Exhibit A-1

Data Control Codes		Governmental Activities
	Assets	
1110	Cash and cash equivalents	\$ 11,461,765
1225	Property taxes receivables, net	3,153,849
1240	Due from other governments	367,747
1290	Other receivables, net	1,437
1300	Inventories	28,569
1410	Prepaid items	56,723
	Capital assets not subject to depreciation:	
1510	Land	586,383
1580	Construction in progress	7,930,645
	Capital assets net of depreciation:	
1520	Buildings and improvements, net	18,941,400
1530	Furniture and equipment, net	375,070
1531	Vehicles	1,065,674
1000	Total Assets	<u>43,969,262</u>
	Deferred Outflows of Resources	
	Deferred charge on refunding	6,668
	Deferred outflows - pension	2,582,080
	Deferred outflows - OPEB	1,267,923
1700	Total deferred outflows of resources	<u>3,856,671</u>
	Liabilities	
2110	Accounts payable	2,370,251
2140	Interest payable	30,021
2150	Payroll deductions and withholdings	116,393
2160	Accrued wages payable	173,577
2180	Due to other governments	420
2200	Accrued expenses	4,508
2300	Unearned revenue	476,043
	Noncurrent Liabilities:	
2501	Due within one year	830,434
2502	Due in more than one year	18,742,935
2540	Net pension liability	5,219,223
2545	Net OPEB liability	7,450,272
2000	Total Liabilities	<u>35,414,077</u>
	Deferred Inflows of Resources	
	Deferred inflows - pension	1,017,635
	Deferred inflows - OPEB	3,703,276
2600	Total deferred inflows of resources	<u>4,720,911</u>
	Net Position	
3200	Net investment in capital assets	12,035,157
	Restricted for:	
3820	Federal and state programs	19,645
3850	Debt service	276,708
3900	Unrestricted	<u>(4,640,565)</u>
3000	Total Net Position	<u>\$ 7,690,945</u>



COLDSPRING-OAKHURST CONSOLIDATED ISD
Exhibit B-1
STATEMENT OF ACTIVITIES
For the Year Ended August 31, 2020

Data Control Codes	Functions/Programs	Expenses	Program Revenue		Net (Expense) Revenue and Changes in Net Position
			Charges for Services	Operating Grants and Contributions	
	Governmental activities:				
11	Instruction	\$ 10,916,641	\$ (89,009)	\$ 1,736,382	\$ (9,269,268)
12	Instructional resources and media services	617,261	1,219	147,804	(468,238)
13	Curriculum and staff development	285,474	406	100,189	(184,879)
21	Instructional leadership	311,425	813	32,296	(278,316)
23	School leadership	1,063,701	2,439	106,362	(954,900)
31	Guidance, counseling, and evaluation	513,630	813	182,573	(330,244)
33	Health services	222,423	406	381,390	159,373
34	Student transportation	1,275,229	3,252	88,347	(1,183,630)
35	Food service	1,298,400	97,836	867,097	(333,467)
36	Extracurricular activities	798,037	23,570	35,277	(739,190)
41	General administration	745,940	1,626	41,872	(702,442)
51	Plant, maintenance and operations	2,084,696	6,834	243,842	(1,834,020)
52	Security and monitoring services	385,872	813	-	(385,059)
53	Data processing services	180,557	406	11,139	(169,012)
61	Community services	75,645	-	8,015	(67,630)
72	Interest on long-term debt	631,869	-	-	(631,869)
73	Debt issuance costs and fees	600	-	-	(600)
81	Facilities repairs	485,384	-	-	(485,384)
99	Other intergovernmental charges	533,906	-	-	(533,906)
TG	Total governmental activities	<u>\$ 22,426,690</u>	<u>\$ 51,424</u>	<u>\$ 3,982,585</u>	<u>(18,392,681)</u>

Data Control Codes		
	General revenues:	
	Taxes:	
MT	Property taxes, levied for general purposes	13,956,205
DT	Property taxes, levied for debt service	1,443,878
SF	State-aid formula grants	2,420,332
IE	Investment earnings	202,318
TR	Total general revenues	<u>18,022,733</u>
CN	Change in net position	(369,948)
NB	Net position - beginning	<u>8,060,893</u>
NE	Net position - ending	<u>\$ 7,690,945</u>

COLDSPRING-OAKHURST CONSOLIDATED ISD
BALANCE SHEET
GOVERNMENTAL FUNDS
August 31, 2020

Exhibit C-1
Page 1 of 2

Data Control Codes		General Fund	Capital Projects Fund
	Assets		
1110	Cash and cash equivalents	\$ 6,520,318	\$ 4,700,744
	Receivables:		
1220	Property taxes - delinquent	3,382,829	-
1230	Allowance for uncollectible taxes (credit)	(434,605)	-
1240	Receivables from other governments	239,637	-
1260	Due from other funds	133,379	-
1290	Other receivables	1,437	-
1300	Inventories, at cost	-	-
1410	Prepaid items	56,723	-
1000	Total Assets	\$ 9,899,718	\$ 4,700,744
	Liabilities, Deferred Inflows and Fund Balances		
	Liabilities:		
2110	Accounts payable	\$ 178,468	\$ 2,077,763
2150	Payroll withholdings payable	116,393	-
2160	Accrued wages payable	159,607	-
2170	Due to other funds	18,515	15,559
2180	Payable to other governments	-	-
2200	Accrued expenditure	3,382	-
2300	Unearned revenue	464,763	-
2000	Total Liabilities	941,128	2,093,322
	Deferred Inflows of Resources		
2600	Deferred inflows - property taxes	2,948,224	-
	Total Deferred Inflows of Resources	2,948,224	-
	Fund Balances:		
	Nonspendable:		
3430	Prepaid items	56,723	-
	Restricted:		
3450	Grant restrictions	-	-
3470	Capital acquisitions	-	2,607,422
3480	Debt service	-	-
	Committed:		
3510	Construction repairs, renovations	1,000,000	-
3530	Instructional program enhancement	500,000	-
3545	Campus Activity	-	-
3600	Unassigned	4,453,643	-
3000	Total Fund Balances	6,010,366	2,607,422
4000	Total Liabilities, Deferred Inflows and Fund Balances	\$ 9,899,718	\$ 4,700,744

COLDSPRING-OAKHURST CONSOLIDATED ISD
BALANCE SHEET
GOVERNMENTAL FUNDS
August 31, 2020

Exhibit C-1
Page 2 of 2

Data Control Codes		Total Nonmajor Governmental Funds	Total Governmental Funds
	Assets		
1110	Cash and cash equivalents	\$ 240,703	\$ 11,461,765
	Receivables:		
1220	Property taxes - delinquent	227,021	3,609,850
1230	Allowance for uncollectible taxes (credit)	(21,396)	(456,001)
1240	Receivables from other governments	128,110	367,747
1260	Due from other funds	41,802	175,181
1290	Other receivables	-	1,437
1300	Inventories, at cost	28,569	28,569
1410	Prepaid items	-	56,723
1000	Total Assets	<u>\$ 644,809</u>	<u>\$ 15,245,271</u>
	Liabilities, Deferred Inflows and Fund Balances		
	Liabilities:		
2110	Accounts payable	\$ 114,020	\$ 2,370,251
2150	Payroll withholdings payable	-	116,393
2160	Accrued wages payable	13,970	173,577
2170	Due to other funds	141,107	175,181
2180	Payable to other governments	420	420
2200	Accrued expenditure	1,126	4,508
2300	Unearned revenue	11,280	476,043
2000	Total Liabilities	<u>281,923</u>	<u>3,316,373</u>
	Deferred Inflows of Resources		
	Deferred inflows - property taxes	205,625	3,153,849
2600	Total Deferred Inflows of Resources	<u>205,625</u>	<u>3,153,849</u>
	Fund Balances:		
	Nonspendable:		
3430	Prepaid items	-	56,723
	Restricted:		
3450	Grant restrictions	19,645	19,645
3470	Capital acquisitions	-	2,607,422
3480	Debt service	101,104	101,104
	Committed:		
3510	Construction repairs, renovations	-	1,000,000
3520	Instructional program enhancement	-	500,000
3545	Campus Activity	36,512	36,512
3600	Unassigned	-	4,453,643
3000	Total Fund Balances	<u>157,261</u>	<u>8,775,049</u>
4000	Total Liabilities, Deferred Inflows and Fund Balances	<u>\$ 644,809</u>	<u>\$ 15,245,271</u>



COLDSPRING-OAKHURST CONSOLIDATED ISD
RECONCILIATION OF BALANCE SHEET FOR GOVERNMENTAL FUNDS
TO STATEMENT OF NET POSITION
August 31, 2020

Exhibit C-2

Data Control Codes		
	Total fund balance, governmental funds	\$ 8,775,049
	Amounts reported for governmental activities in the statement of net position are different because:	
1	Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds. Capital assets at historical cost, net of accumulated depreciation, where applicable.	28,899,172
2	Property taxes receivable have been levied and are due this year, but are not available soon enough to pay for the current period's expenditures, these property taxes and related penalty and interest amounts (net of allowance for uncollectible accounts).	3,153,849
3	Deferred charges on refunding	6,668
4	Deferred inflows and outflows related to pension activities	1,564,445
5	Deferred inflows and outflows related to OPEB activities	(2,435,353)
	Long-term liabilities, including bonds payable, are not due and payable in the current period, and therefore are not reported as liabilities in the funds. Long-term liabilities at year end consist of:	
6	General obligation bonds	(18,857,058)
7	Premiums on issuance	(621,047)
8	Accrued compensated absences	(35,413)
9	Accrued workers compensation	(59,851)
10	Accrued interest payable	(30,021)
11	Net pension liability	(5,219,223)
12	Net OPEB liability	<u>(7,450,272)</u>
19	Total net position - governmental activities (see B-1)	<u>\$ 7,690,945</u>

COLDSPRING-OAKHURST CONSOLIDATED ISD
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - GOVERNMENTAL FUNDS
For the Year Ended August 31, 2020

Exhibit C-3
Page 1 of 2

Data Control Codes		General Fund	Capital Projects Fund
	Revenues		
5700	Local, intermediate, and out-of-state	\$ 13,723,115	\$ 109,260
5800	State program revenues	3,320,386	-
5900	Federal program revenues	578,983	-
5020	Total Revenues	17,622,484	109,260
	Expenditures		
	Current:		
0011	Instruction	8,867,479	-
0012	Instruction resources and media services	466,330	-
0013	Curriculum and instructional staff development	167,552	-
0021	Instructional leadership	282,520	-
0023	School leadership	964,082	-
0031	Guidance, counseling and evaluation services	310,787	-
0033	Health services	203,326	-
0034	Student transportation	1,265,360	-
0035	Food services	-	-
0036	Extracurricular activities	702,613	-
0041	General administration	659,103	-
0051	Facilities maintenance and operations	1,990,275	-
0052	Security and monitoring services	394,729	-
0053	Data processing services	176,252	-
0061	Community services	72,302	-
	Debt service:		
0071	Principal on long-term debt	97,165	-
0072	Interest on long-term debt	16,940	-
0073	Bond issuance costs and fees	-	-
	Capital outlay:		
0081	Facilities acquisition and construction	170,444	6,992,524
	Intergovernmental:		
0099	Other intergovernmental charges	533,906	-
6030	Total Expenditures	17,341,165	6,992,524
	Excess (deficiency) of revenues		
1100	over expenditures	281,319	(6,883,264)
	Other Financing Sources (Uses)		
7915	Transfers in	-	-
8911	Transfers out	(203,257)	-
7080	Total other financing sources (uses)	(203,257)	-
1200	Net change in fund balances	78,062	(6,883,264)
0100	Fund Balance - September 1 (Beginning)	5,932,304	9,490,686
3000	Fund Balance - August 31 (Ending)	\$ 6,010,366	\$ 2,607,422

COLDSPRING-OAKHURST CONSOLIDATED ISD
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - GOVERNMENTAL FUNDS
For the Year Ended August 31, 2020

Exhibit C-3
Page 2 of 2

Data Control Codes		Total Nonmajor Governmental Funds	Total Governmental Funds
Revenues			
5700	Local, intermediate, and out-of-state	\$ 1,498,188	\$ 15,330,563
5800	State program revenues	173,347	3,493,733
5900	Federal program revenues	1,825,475	2,404,458
5020	Total Revenues	3,497,010	21,228,754
Expenditures			
Current:			
0011	Instruction	736,283	9,603,762
0012	Instruction resources and media services	110,965	577,295
0013	Curriculum and instructional staff development	81,040	248,592
0021	Instructional leadership	-	282,520
0023	School leadership	-	964,082
0031	Guidance, counseling and evaluation services	145,035	455,822
0033	Health services	-	203,326
0034	Student transportation	-	1,265,360
0035	Food services	1,169,485	1,169,485
0036	Extracurricular activities	3,790	706,403
0041	General administration	-	659,103
0051	Facilities maintenance and operations	-	1,990,275
0052	Security and monitoring services	58,268	452,997
0053	Data processing services	-	176,252
0061	Community services	134	72,436
Debt service:			
0071	Principal on long-term debt	700,000	797,165
0072	Interest on long-term debt	649,474	666,414
0073	Bond issuance costs and fees	600	600
Capital outlay:			
0081	Facilities acquisition and construction	-	7,162,968
Intergovernmental:			
0099	Other intergovernmental charges	-	533,906
6030	Total Expenditures	3,655,074	27,988,763
1100	Excess (deficiency) of revenues over expenditures	(158,064)	(6,760,009)
Other Financing Sources (Uses)			
7915	Transfers in	203,257	203,257
8911	Transfers out	-	(203,257)
7080	Total other financing sources (uses)	203,257	-
1200	Net change in fund balances	45,193	(6,760,009)
0100	Fund Balance - September 1 (Beginning)	112,068	15,535,058
3000	Fund Balance - August 31 (Ending)	\$ 157,261	8,775,049

COLDSPRING-OAKHURST CONSOLIDATED ISD
RECONCILIATION OF STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
For the Year Ended August 31, 2020

Exhibit C-4

**Data
Control
Codes**

	Net change in fund balances - total governmental funds (from C-3)	\$ (6,760,009)
	Amounts reported for governmental activities in the statement of activities (B-1) are different because:	
1	Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.	
	Capitalized expenditures reclassified to assets.	7,228,674
	Depreciation expense taken to Statement of Activities.	(1,203,350)
2	Governmental funds report the entire net sales price (proceeds) from sale of an asset as revenue because it provides current financial resources. In contrast, the Statement of Activities reports only the gain on the sale of the assets. Thus, the change in net position differs from the change in fund balance by the cost of the asset sold.	(119,465)
3	Property tax revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	442,727
4	Repayment of bond and note principal are expenditures in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.	797,165
5	Pension contributions made during the current fiscal year are reported as expenditures in the governmental funds and are reported as deferred outflows and reductions in net pension liability as opposed to expenses in the statement of activity.	408,442
6	OPEB contributions made after the net OPEB liability date are reported as expenditures in the governmental funds and are reported as deferred outflows on the face of the statement of net position.	125,499
	Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds:	
7	Decrease in interest payable not recognized in fund statements	1,554
8	Amortization of gain/loss on refunding and premiums/discounts	32,991
9	Increase in long-term portion of accrued compensated absences	(5,513)
10	Increase in long-term portion of accrued workers compensation	(41,109)
11	Pension expense for the pension plan measurement year	(1,083,577)
12	OPEB expense for the OPEB plan measurement year	(193,977)
13	Change in net position of governmental activities (see B-1)	\$ (369,948)

COLDSPRING-OAKHURST CONSOLIDATED ISD
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUND
August 31, 2020

Exhibit E-1

Data Control Codes		Agency Fund
	Assets	
1110	Cash and cash equivalents	\$ 183,146
	Total Assets	<u>\$ 183,146</u>
	Liabilities	
2190	Due to student groups	\$ 183,146
2000	Total Liabilities	<u>\$ 183,146</u>



Note 1 - Summary of Significant Accounting Policies

Reporting Entity

The Coldspring-Oakhurst Consolidated Independent School District (the “District”) is governed by a seven-member board of trustees (the Board), which has governance responsibilities over all activities related to public, elementary and secondary, education within the District. Members of the Board are elected by the public; have authority to make decisions; appoint management and significantly influence operations; and have primary accountability for fiscal matters; the District is not included in any other governmental reporting entity. The accompanying financial statements present the District.

Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the non-fiduciary activities of the District. The effect of interfund activity has been removed from these statements. *Governmental activities* normally are supported by taxes and intergovernmental revenues.

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

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

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

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

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

Grant revenues and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the District.

Note 1 - Summary of Significant Accounting Policies (continued)

Measurement Focus, Basis of Accounting, and Financial Statement Presentation (continued)

The District reports the following major governmental funds:

- The *general fund* is the District's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.
- The *capital projects fund* is used to account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets.

The District reports the following nonmajor governmental funds:

- The *debt service fund* accounts for the resources accumulated and payments made for principal and interest on long-term general obligation debt of governmental funds.
- The *special revenue funds* are used to account for resources restricted to, or committed for specific purposes by a grantor. Federal and state financial assistance generally is accounted for in a special revenue fund. Generally, unused balances are returned to the grantor at the close of the specified project periods. With respect to the campus activity funds, funds are rolled over from year to year for use in the program.

The District also reports the following fiduciary fund:

- The *agency fund* is used to account for assets held by the District as an agent for student organizations and taxpayer refunds and overpayments. The fund is custodial in nature (assets equal liabilities) and does not involve measurement of results of operation.

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

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.

Further, certain activity occurs during the year involving transfers of resources between funds. In fund financial statements these amounts are reported at gross amounts as transfers in/out. While reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements.

Amounts reported as *program revenues* include 1) charges to students or users for goods, services, or privileges provided and 2) operating grants and contributions. Internally dedicated resources are reported as *general revenues* rather than as program revenues. Likewise, general revenues include all taxes and investment income.

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

Note 1 - Summary of Significant Accounting Policies (continued)

Current and future GASB pronouncements

The following GASB pronouncement has been implemented by the District in the current fiscal year:

GASB Statement No. 95, *Postponement of the Effective Dates of Certain Authoritative Guidance*. This Statement was issued in March 2020. The primary objective of this Statement is to provide temporary relief to governments and other stakeholders in light of the COVID-19 pandemic. That objective is accomplished by postponing the effective dates of certain provisions in Statements and Implementation Guides that first became effective or are scheduled to become effective for periods beginning after June 15, 2018, and later. The requirements of this Statement are effective immediately.

- Statement No. 83, *Certain Asset Retirement Obligations*
- Statement No. 84, *Fiduciary Activities*
- Statement No. 88, *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements*
- Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*
- Statement No. 90, *Majority Equity Interests*
- Statement No. 91, *Conduit Debt Obligations*
- Statement No. 92, *Omnibus 2020*
- Statement No. 93, *Replacement of Interbank Offered Rates*
- Implementation Guide No. 2017-3, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions (and Certain Issues Related to OPEB Plan Reporting)*
- Implementation Guide No. 2018-1, *Implementation Guidance Update—2018*
- Implementation Guide No. 2019-1, *Implementation Guidance Update—2019*
- Implementation Guide No. 2019-2, *Fiduciary Activities*.

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

- Statement No. 87, *Leases*
- Implementation Guide No. 2019-3, *Leases*.

The District implemented GASB No. 83, *Certain Asset Retirement Obligations* and GASB No. 88, *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements* in fiscal year 2019. The District plans on implementing GASB No. 84, *Fiduciary Activities* in fiscal year 2021 and GASB No. 87, *Leases* in fiscal year 2022.

The following GASB pronouncements have been issued but not yet implemented by the District:

GASB Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans*—an amendment of GASB Statements No. 14 and No. 84, and a supersession of GASB Statement No. 32. It was issued in June 2020, but the requirements in (1) paragraph 4 of this Statement as it applies to defined contribution pension plans, defined contribution OPEB plans, and other employee benefit plans and (2) paragraph 5 of this Statement are effective immediately. The requirements in paragraphs 6–9 of this Statement are effective for fiscal years beginning after June 15, 2021. Implementation of this Statement is planned for fiscal year 2022.

Note 1 - Summary of Significant Accounting Policies (continued)

Current and Future GASB Pronouncements (continued)

GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*. This statement was issued in May 2020 and provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. To the extent relevant, the standards for SBITAs are based on the standards established in Statement No. 87, *Leases*, as amended. This statement is effective for fiscal years beginning after June 15, 2022, and all reporting periods thereafter. Implementation of this Statement is planned for fiscal year 2023.

Deposits and Investments

The District's cash and cash equivalents are considered to be cash on hand and bank demand or time deposits with original maturities of twelve months or less from the date of acquisition. Investments for the District, except for certain investment pools, are reported at fair value. The investment pools operate in accordance with appropriate state laws and regulations and are reported at amortized cost or fair value. The District categorizes fair value measurements of its investments based on the hierarchy established by generally accepted accounting principles. The fair value hierarchy, which has three levels, is based on the valuation inputs used to measure an asset's fair value: 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. The District's local government investment pools are recorded at amortized costs as permitted by GASB Statement No. 79 *Certain Investment Pools and Pool Participants*.

Receivables and Payables

Activity 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" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds."

Property tax receivables include unpaid property taxes at year-end along with penalties and interest assessed on these unpaid taxes and are shown net of an allowance for uncollectible taxes. Revenues from property taxes are recognized when levied to the extent they are available. The District considers property taxes as available when collected. However, not all outstanding property taxes are expected to be collected within one year of the date of the financial statements. Property values are determined by the San Jacinto County Appraisal District as of January 1 of each year. Prior to September 1 of each year, the District must adopt its annual budget and as soon thereafter as practicable, shall adopt a tax rate thus creating the tax levy. Property taxes for the current calendar year are levied on approximately October 1 of each year and are payable by January 31 of the following year. Property tax receivables are recorded as of the date levied. Unpaid taxes become delinquent on February 1 and a tax lien on real property is created as of July 1 of each year.

The tax rates applicable to the maintenance and operation and debt service for fiscal year 2020 were \$0.9700 and \$0.1021, respectively, based on a taxable value of \$1,365,845,537. Uncollected taxes are recorded as unavailable revenue in the fund financial statements net of the related allowance for uncollectible taxes.

Note 1 - Summary of Significant Accounting Policies (continued)

Inventories and prepaid items

Inventories are valued at cost using the first-in/first-out (FIFO) method and consist of expendable supplies used to operate the National School Breakfast and Lunch Program. The cost of such inventories is recorded as expenditures/expenses when consumed rather than when purchased.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

Capital Assets

Capital assets, which include land, construction in progress, buildings and improvements, furniture and equipment, and vehicles, are reported in the governmental column in the government-wide financial statements. The District's infrastructure includes parking lots and roads associated with various buildings. The cost of the infrastructure was initially capitalized with the building cost and is being depreciated over the same useful life as the building. Capital assets are defined by the District as assets with an initial, individual cost that equals or exceeds \$5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition 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 and improvements, furniture and equipment, and vehicles of the District are depreciated using the straight-line method over the following estimated useful lives:

Assets	In Years
Buildings and improvements	5 - 40
Furniture and equipment	3 - 25
Vehicles	5 - 10

Compensated Absences

It is the District's policy to permit employees to accumulate earned but unused leave benefits. The term leave includes state personal days and state sick leave days. Payment for unused leave days accumulated will be made upon retirement (in accordance with guidelines established by the board policy) for all employees. All sick pay is accrued when incurred for employees who are eligible for retirement in the government-wide financial statements. A liability for these amounts is reported in governmental funds only if they have met the District's requirements and State's retirement eligibility requirements.

The District does not have a liability for unpaid vacation at year-end due to the District's policy does not allow a carryover of vacation days not taken at August 31.

Note 1 - Summary of Significant Accounting Policies (continued)

Long-term Obligations

The District's long-term obligations consist of bonded indebtedness, notes payable, workers' compensation, and compensated absences. In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities statement of net position. Bond premiums and discounts amortized over the life of the bonds using the bonds outstanding method, which approximates the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are recognized as an expense in the period incurred.

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.

The current requirements for general obligation bonds principal and interest expenditures are accounted for in the debt service fund. The current requirements for notes payable principal and interest expenditures are accounted for in the general fund. The current requirements for compensated absences and workers compensation are accounted for in the general fund.

Deferred Outflows/Inflows of Resources

A *deferred outflow of resources* is a consumption of a government's net assets (a decrease in assets in excess of any related decrease in liabilities or an increase in liabilities in excess of any related increase in assets) by the government that is applicable to a future reporting period. The District has three items that qualify for reporting in this category:

- *Deferred outflows of resources for refunding* - Reported in the government-wide statement of net position, this deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.
- *Deferred outflows of resources for pension* - Reported in the government-wide financial statement of net position, this deferred outflow results from pension plan contributions made after the measurement date of the net pension liability and the results of 1) differences between projected and actual earnings on pension plan investments, 2) changes in actuarial assumptions, 3) differences between expected and actual actuarial experiences, and 4) changes in the District's proportional share of pension liabilities. The deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the next fiscal year. The deferred outflows resulting from differences between projected and actual earnings on pension plan investments will be amortized over a closed five-year period. The remaining pension related deferred outflows will be amortized over the expected remaining service lives of all employees (active and inactive employees) that are provided with pensions through the pension plan.

Note 1 - Summary of Significant Accounting Policies (continued)

Deferred Outflows/Inflows of Resources (continued)

- *Deferred outflows of resources for other post-employment benefits (OPEB)* - Reported in the governmentwide financial statement of net position, this deferred outflow results from OPEB plan contributions made after the measurement date of the net OPEB liability and the results of 1) differences between projected and actual earnings on plan investments, 2) changes in actuarial assumptions, 3) differences between expected and actual actuarial experiences, and 4) changes in the District's proportional share of net OPEB liabilities. The deferred outflows of resources related to OPEB resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the next fiscal year. The deferred outflows resulting from differences between projected and actual earnings on plan investments will be amortized over a closed five-year period. The remaining OPEB related deferred outflows will be amortized over the expected remaining service lives of all employees (active and inactive employees) that are provided with post-employment benefits through the plan.

A *deferred inflow of resources* is an acquisition of a government's net assets (an increase in assets in excess of any related increase in liabilities or a decrease in liabilities in excess of any related decrease in assets) by the government that is applicable to a future reporting period. The District has three items that qualify for reporting in this category:

- *Deferred inflows of resources for unavailable revenues* - Reported only in the governmental funds balance sheet, unavailable revenues from property taxes arise under the modified accrual basis of accounting. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. The District reported property taxes that are unavailable as deferred inflows of resources on the fund financial statements.
- *Deferred inflows of resources for pension* - Reported in the government-wide financial statement of net position, these deferred inflows result primarily from 1) differences between projected and actual earnings on pension plan investments, 2) changes in actuarial assumptions, 3) differences between expected and actual actuarial experiences, and 4) changes in the District's proportional share of pension liabilities. The deferred inflows resulting from differences between projected and actual earnings on pension plan investments will be amortized over a closed five-year period. The remaining pension related deferred inflows will be amortized over the expected remaining service lives of all employees (active and inactive employees) that are provided with pensions through the pension plan.
- *Deferred inflows of resources for other post-employment benefits (OPEB)* - Reported in the government-wide financial statement of net position, these deferred inflows result primarily from 1) changes in actuarial assumptions, 2) differences between expected and actual actuarial experiences, and 3) changes in the District's proportional share of net OPEB liabilities. These OPEB related deferred inflows will be amortized over the expected remaining service lives of all employees (active and inactive employees) that are provided with post-employment benefits through the plan.

Pension

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.

Note 1 - Summary of Significant Accounting Policies (continued)

Other Post-Employment Benefits

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

Fund Balance Classifications

In the fund financial statements, governmental funds report classifications of fund balance based on controls placed upon the funds. In accordance with the Governmental Accounting Standards Board (GASB) Statement No. 54, effective June 30, 2011, fund balance classifications are recorded as follows:

- *Nonspendable fund balance* - amounts that are not in spendable form or are required to be maintained intact. As such, prepaid items have been properly classified in the Governmental Funds Balance Sheet (Exhibit C-1).
- *Restricted fund balance* - amounts that can be spent only for specific purposes because of local, state or federal laws, or externally imposed conditions by grantors or creditors.
- *Committed fund balance* - amounts that can be used only for the specific purposes determined by a formal action of the District's highest level of decision-making authority. The board of trustees (the Board) is the highest level of decision-making authority for the District that can, by board action or adoption of a resolution prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by board action or the resolution remains in place until a similar action is taken (the board action or adoption of another resolution) to remove or revise the limitation. The District has committed 100 percent of fund 461 campus activity funds' fund balance, \$1,000,000 in the general fund for construction repairs and renovations, and \$500,000 in the general fund for instructional program enhancement.
- *Assigned fund balance* - Amounts in the assigned fund balance classification are intended to be used by the District for specific purposes but do not meet the criteria to be classified as committed. The Board has, by policy, authorized the superintendent or his designee to assign fund balance. The Board may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year's appropriated budget. Unlike commitments, assignments generally exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment. Conversely, as discussed above, an additional action is essential to either remove or revise a commitment.
- *Unassigned fund balance* - amounts that are available for any purpose. Positive amounts are reported only in the general fund.

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the District considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the District considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds.

Note 1 - Summary of Significant Accounting Policies (continued)

Data Control Codes

The Data Control Codes refer to the account code structure prescribed by the Texas Education Agency (TEA) in the Financial Accountability System Resource Guide. TEA requires school districts to display these codes in the financial statements filed with the Agency in order to ensure accuracy in building a statewide database for policy development and funding plans.

Use of Estimates

The presentation of financial statements, in conformity with generally accepted accounting principles, liabilities, disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

Note 2 - Deposits and Investments

Cash Deposits

The District's funds are required to be deposited and invested under the terms of a depository contract pursuant to the Texas School Depository Act. The depository bank pledges securities which comply with state law and these securities are held for safekeeping and trust with the District's and the depository banks' agent bank. The pledged securities shall be in an amount sufficient to protect District funds on a day-to-day basis during the period of the contract. The pledge of approved securities is waived only to the extent of the depository bank's dollar amount of Federal Deposit Insurance Corporation (FDIC) insurance. At August 31, 2020, the District's cash in bank totaled \$844,946 while the carrying value was \$676,449. Pledged collateral and FDIC insurance for these deposits totaled \$6,982,201. Certificates of deposit requiring collateral at August 31, 2020 totaled \$1,565,150. Pledged collateral and FDIC insurance for the certificate of deposit totaled \$1,765,129. As such, the District's cash and certificates of deposit were properly collateralized at August 31, 2020.

The District's investment policy is in accordance with the Public Funds Investment Act, the Public Funds Collateral Act, and federal and state laws. The District further limits its investments to obligations of the U.S. Treasury or the State of Texas, certain U.S. Agencies, certificates of deposit, collateralized mortgage obligations, no-load money market mutual funds, certain municipal securities, repurchase agreements, or investment pools.

Investments

For fiscal year 2020, the District invested in the State of Texas TexSTAR Investment Pool and the Texas Association of School Boards Lone Star Investment Pool. TexSTAR and Lone Star operate in a manner consistent with the Security and Exchange Commission's Rule 2a7 of the Investment Company Act of 1940.

Lone Star Investment Pool is restricted to invest in obligations of the United States or its agencies and instrumentalities; other obligations insured by the United States; fully collateralized repurchase agreements having a defined termination date, secured by obligations described previously; and SEC-registered no-load money market mutual funds, the assets which consist exclusively of the obligations described above.

TexSTAR Investment Pool is duly chartered by the State of Texas Interlocal Cooperation Act, is administered and managed by JPMorgan Fleming Asset Management, Inc. and First Southwest Asset Management, Inc. JP Morgan Chase Bank and/or its subsidiary JP Morgan Investor Services Co. is the custodial bank. The primary objectives of TexSTAR are, in order of priority, preservation and protection of principal, maintenance of sufficient liquidity to meet Participants' needs, diversification to avoid unreasonable or avoidable risks, and yield.

Note 2 - Deposits and Investments

Investments (continued)

At year-end, the District's cash and investments balances and the weighted average maturity of these investments were as follows:

	Carrying Value	Weighted Average Maturity (Days)
Governmental Activities:		
Cash and deposits	\$ 520,103	N/A
Certificates of deposit	1,565,150	110
Investments:		
Local Government Investment Pools:		
Lone Star	9,374,921	65
TexSTAR	1,591	28
Total Local Government Investment Pools	9,376,512	65
Total Governmental Activities	11,461,765	
Fiduciary Funds		
Cash and deposits	156,346	N/A
Investments:		
Local Government Investment Pools:		
Lone Star	26,800	65
Total Local Government Investment Pools	26,800	65
Total Fiduciary Funds	183,146	
Total Cash and Investments	\$ 11,644,911	

Investments' fair value measurement are as follows at August 31, 2020:

Investments	Fair Value	Fair Value Measurements Using		
		Level 1 Inputs	Level 2 Inputs	Level 3 Inputs
Debt securities				
Certificates of Deposit	\$ 1,565,150	\$ 1,565,150	\$ -	\$ -
Total debt securities	<u>\$ 1,565,150</u>	<u>\$ 1,565,150</u>	<u>\$ -</u>	<u>\$ -</u>

Note 2 - Deposits and Investments

Investments (continued)

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates may adversely affect the value of the investments. The District monitors interest rate risk utilizing weighted average maturity analysis. In accordance with its investment policy, the District reduces its exposure to declines in fair values by limiting the weighted average maturity of any internally created pool to no more than 180 days, and any individual investments not to exceed one year from the time of purchase, unless specifically authorized by the Board of Trustees.

	Carrying Value	Investment Maturity in Years	
		Less than 1	1-5
Certificates of Deposit	\$ 1,565,150	\$ 1,565,150	\$ -
Local Government Investment Pools:			
Lone Star	9,401,721	9,401,721	-
TexSTAR	1,591	1,591	-
	<u>\$ 10,968,462</u>	<u>\$ 10,968,462</u>	<u>\$ -</u>

Credit Risk

State law and the District's investment policy limits investments in all categories to top ratings issued by nationally recognized statistical rating organizations. The District's investment policy requires the investment portfolio to be diversified in terms of investment instruments, maturity scheduling, and financial institutions in order to reduce the risk of loss resulting from over-concentration of assets in a specific class of investments, specific maturity, or specific issuer.

As of August 31, 2020, the District's portfolio consisted of the following:

Investment Type	Carrying Value	Percentage of Portfolio	Rating	Rating Agency
Certificates of Deposit	\$ 1,565,150	14.27%	N/A	N/A
Lone Star	9,401,721	85.72%	AAAm	Standard and Poor's
TexSTAR	1,591	0.01%	AAAm	Standard and Poor's
	<u>\$ 10,968,462</u>	<u>100.00%</u>		

The District reports its local government investment pools at amortized cost as permitted by GASB Statement No. 79, *Certain External Investment Pools and Pool Participants*. In addition, the investment pools do not have any limitations and restrictions on withdrawals such as notice periods or maximum transaction amounts. The four pools do not impose any liquidity fees or redemption gates.

Note 3 - Receivables and Unearned Revenues

Receivables as of year-end for the District's individual major and nonmajor funds in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

	General Fund	Nonmajor Governmental Funds	Total
Governmental activities			
Property taxes	\$ 3,382,829	\$ 227,021	\$ 3,609,850
Due from other governments	239,637	128,110	367,747
Other	1,437	-	1,437
Gross receivables	3,623,903	355,131	3,979,034
Less: Allowance for doubtful accounts	(434,605)	(21,396)	(456,001)
Net total governmental activities	<u>\$ 3,189,298</u>	<u>\$ 333,735</u>	<u>\$ 3,523,033</u>

Governmental funds report unearned revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period or in connection with resources that have been received, but not yet earned. At the end of the current fiscal year, the District reported unearned revenues for advanced collection of fees in the amount of \$476,043.

Note 4 - Interfund Receivables, Payables, and Transfers

Interfund balances consist of short-term lending/borrowing arrangements that result primarily from payroll and other regularly occurring charges that are primarily paid by the general fund and then charged back to the appropriate other fund. Additionally, some lending/borrowing may occur between two or more nonmajor governmental funds.

The composition of interfund receivable/payable balances as of August 31, 2020, is as follows:

	Receivable Fund		
	Nonmajor Governmental		
Payable Fund	General Fund	Funds	Totals
Governmental funds			
General fund	\$ -	\$ 18,515	\$ 18,515
Capital Projects Fund	15,559	-	15,559
Nonmajor governmental funds	117,820	23,287	141,107
Total governmental funds	<u>\$ 133,379</u>	<u>\$ 41,802</u>	<u>\$ 175,181</u>

Note 4 - Interfund Receivables, Payables, and Transfers (continued)

Interfund transfers are defined as “flows of assets from one fund to another fund without equivalent flow of assets in return and without a requirement for repayment.” Transfers are the use of funds collected in one fund to finance various programs accounted for in other funds. The following is a summary of the District’s transfers for the fiscal year ended August 31, 2020:

Transfers Out	Transfers In Nonmajor Governmental Funds	Totals
Governmental funds		
General fund	\$ 203,257	\$ 203,257
Total governmental funds	\$ 203,257	\$ 203,257

Transfers between the general fund and nonmajor funds are to cover the excess expenditures in the national school breakfast and lunch fund.

Note 5 - Capital Assets

Capital asset activity for the fiscal year ended August 31, 2020, was as follows:

	Balance September 01, 2019	Additions	(Retirements)	Transfers	Balance August 31, 2020
Capital assets, not being depreciated					
Land	\$ 586,383	\$ -	\$ -	\$ -	\$ 586,383
Construction in progress	6,056,331	6,677,585	-	(4,803,271)	7,930,645
Total Capital assets, not being depreciated	6,642,714	6,677,585	-	(4,803,271)	8,517,028
Capital assets, being depreciated					
Buildings and improvements	29,083,581	89,538	(72,522)	4,803,271	33,903,868
Furniture and equipment	1,885,997	218,918	(193,933)	-	1,910,982
Vehicles	3,229,614	242,633	-	-	3,472,247
Total Capital assets, being depreciated	34,199,192	551,089	(266,455)	4,803,271	39,287,097
Less accumulated depreciation for:					
Buildings and improvements	(14,057,876)	(928,758)	24,166	-	(14,962,468)
Furniture and Equipment	(1,567,472)	(91,264)	122,824	-	(1,535,912)
Vehicles	(2,223,245)	(183,328)	-	-	(2,406,573)
Total Accumulated depreciation	(17,848,593)	(1,203,350)	146,990	-	(18,904,953)
Governmental Capital Assets	\$ 22,993,313	\$ 6,025,324	\$ (119,465)	\$ -	\$ 28,899,172

Note 5 - Capital Assets (continued)

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

Function	Depreciation Expense
Instruction	\$ 659,873
Instructional resources and media services	21,045
Curriculum and staff development	13,165
School leadership	15,580
Guidance, counseling and evaluation services	3,329
Health services	1,575
Student transportation	160,126
Food Services	82,317
Extracurricular activities	142,899
General administration	53,231
Plant maintenance and operations	39,843
Security and monitoring services	10,367
	<u>\$ 1,203,350</u>

Project	Approved Construction Budget	Construction in Progress	Remaining Commitment
Phase D - Elementary, Intermediate, CTE, and High School	\$ 7,558,750	\$ 7,077,461	\$ 481,289
Phase E	639,244	509,730	129,514
Security Upgrades - Elementary, Intermediate, Junior High, and High School	250,000	241,054	8,946
Preferred Technologies - Phase D Cameras	104,447	102,400	2,047
	<u>\$ 8,552,441</u>	<u>\$ 7,930,645</u>	<u>\$ 621,796</u>

Note 6 - Long-term Liabilities

The District's long-term liabilities consist of bond indebtedness, notes payable, workers compensation, and compensated absences. The current requirements for general obligation bonds principal and interest expenditures are accounted for in the debt service fund. Other long-term liabilities are generally liquidated with resources of the general fund.

Note 6 - Long-term Liabilities (continued)

Changes in Long-term Liabilities

Long-term liability activity for the year ended August 31, 2020, was as follows:

	Balance September 01, 2019	Additions	Retirements	Balance August 31, 2020	Due Within One Year
General obligation bonds	\$ 19,030,000	\$ -	\$ (700,000)	\$ 18,330,000	\$ 725,000
Premiums/discounts	656,705	-	(35,658)	621,047	-
Total Bonds Payable	19,686,705	-	(735,658)	18,951,047	725,000
Notes Payable	624,223	-	(97,165)	527,058	99,815
Workers Compensation	18,742	44,982	(3,873)	59,851	3,702
Compensated absences	29,900	7,600	(2,087)	35,413	1,917
Total Long-term Liabilities	\$ 20,359,570	\$ 52,582	\$ (838,783)	\$ 19,573,369	\$ 830,434

General Obligation Bonds

The District issues general obligation bonds to provide funds for the construction and equipment of school buildings and to refund general obligation bonds. General obligation bonds are direct obligations and pledge the full faith and credit of the District. These bonds are issued as current interest bonds with various amounts of principal maturing each year.

General obligation bonds currently outstanding are as follows:

Issue	Original Issuance Amount	Interest Rate (%)	Maturity Date	Debt Outstanding
Unlimited Tax refunding Bonds Series 2017	\$ 1,290,000	2.100%	2/15/2023	\$ 650,000
Unlimited Tax refunding Bonds Series 2018	18,405,000	3.000%	2/15/2038	17,680,000
				\$ 18,330,000

Debt service requirements to maturity are as follows:

Year Ending August 31,	Principal	Interest	Totals
2021	\$ 725,000	\$ 622,615	\$ 1,347,615
2022	745,000	592,875	1,337,875
2023	775,000	560,625	1,335,625
2024	805,000	524,025	1,329,025
2025	835,000	483,025	1,318,025
2026 - 2030	4,715,000	1,852,525	6,567,525
2031 - 2035	5,750,000	1,040,700	6,790,700
2036 - 2040	3,980,000	182,250	4,162,250
	\$ 18,330,000	\$ 5,858,640	\$ 24,188,640

Note 6 - Long-term Liabilities (continued)

Refunding of Long-Term Debt

In prior years, the District defeased certain outstanding bonds by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust accounts and the liability for the defeased bonds are not included in the District's financial statements. At August 31, 2020, the District had no outstanding bonds that are considered defeased.

Notes Payable

In July 2015, the District issued \$1,000,000 a maintenance tax note, series 2015. The proceeds were used to provide funds for the construction and equipment of school facilities.

Notes payable currently outstanding are as follows:

<u>Issue</u>	<u>Original issuance amount</u>	<u>Interest Rate (%)</u>	<u>Maturity Date</u>	<u>Debt Outstanding</u>
Maintenance Tax Note, Series 2015	\$ 1,000,000	2.728%	2/1/2025	\$ 527,058
				<u>\$ 527,058</u>

Debt service requirements to maturity are as follows:

<u>Year Ending August 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Totals</u>
2021	\$ 99,815	\$ 14,378	\$ 114,193
2022	102,538	11,655	114,193
2023	105,335	8,858	114,193
2024	108,209	5,984	114,193
2025	111,161	3,032	114,193
	<u>\$ 527,058</u>	<u>\$ 43,907</u>	<u>\$ 570,965</u>

Note 7 - Fund Balance

Committed Fund Balance

The committed fund balance in the governmental funds consists of the following:

	<u>General Fund</u>	<u>Campus Activity Fund</u>
Committed Fund Balances		
Construction repairs, renovations	\$1,000,000	\$ -
Instructional program enhancement	500,000	-
Campus activities	-	36,512
Total Committed Fund Balances	<u>\$1,500,000</u>	<u>\$ 36,512</u>

Note 8 - Revenues from Local and Intermediate Sources

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

	General Fund	Capital Projects Fund	Nonmajor Governmental Funds	Total
Property taxes	\$ 13,249,930	\$ -	\$ 1,373,936	\$ 14,623,866
Penalties, interest and other tax related revenue	309,024	-	24,466	333,490
Tuition and fees	8,505	-	-	8,505
Investment Income	91,108	109,260	1,950	202,318
Facility rentals	1,956	-	-	1,956
Gifts and bequests	28,525	-	-	28,525
Co-curricular student activities	21,944	-	97,753	119,697
Other	12,123	-	83	12,206
	<u>\$ 13,723,115</u>	<u>\$ 109,260</u>	<u>\$ 1,498,188</u>	<u>\$ 15,330,563</u>

Note 9 - Operating Leases

Commitments under operating lease (non-capitalized) agreements for facilities and equipment are subject to fiscal funding clauses. As such, the agreements are cancelable and the District is therefore not obligated for minimum future rental payments as of August 31, 2020. The imputed interest on the leases is not readily determinable.

Rental expenditures for the year ended August 31, 2020 amounted to \$1,384.

Note 10 - Defined Benefit Pension

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 workload and who are not exempted from membership under Texas Government Code, Title 8, Section 822.002 are covered by the system.

Pension Plan Fiduciary Net Position

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

Note 10 - Defined Benefit Pension Plan Description (continued)

Benefits Provided

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

Texas Government Code section 821.006 prohibits benefit improvements, if, as a result of the particular action, the time required to amortize TRS' unfunded actuarial liabilities would be increased to a period that exceeds 31 years, or, if the amortization period already exceeds 31 years, the period would be increased by such action.

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

Contributions

Contribution requirements are established or amended pursuant to Article 16, section 67 of the Texas Constitution which requires the Texas legislature to establish a member contribution rate of not less than 6% of the member's annual compensation and a state contribution rate of not less than 6% and not more than 10% of the aggregate annual compensation paid to members of 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	
	2020	2019
Member	7.70%	7.70%
Non-Employer Contributing Entity	7.50%	6.80%
Employers	7.50%	6.80%

Note 10 - Defined Benefit Pension Plan Description (continued)

Contributions (continued)

	<u>Measurement Year (2019)</u>		<u>Fiscal Year (2020)</u>
	<u>Contributions Required and Made</u>	<u>Pension Expense</u>	<u>TRS Contributions</u>
Employer (District)	\$ 351,420	\$ 1,083,577	\$ 407,286
Employee (Member)	817,572	-	871,767
Non-Employer Contributing Entity On-Behalf Contributions (State)	526,991	1,229,528	672,840

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.

Note 10 - Defined Benefit Pension Plan Description (continued)

Actuarial Assumptions

The total pension liability in the August 31, 2018 actuarial valuation rolled forward to August 31, 2019 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%
	2.63%. Source for the rate is the Fixed Income Market Data/Yield
Municipal Bond Rate as of August 2019	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."
Inflation	2.30%
Salary Increases	3.05% to 9.05% including inflation
Benefit Changes During the Year	None
Ad Hoc Post-Employment Benefit Changes	None

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

Discount Rate

A single discount rate of 7.25 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 increasing 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 of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

The long-term rate of return on pension plan investments is 7.25%. The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimates ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

Note 10 - Defined Benefit Pension Plan Description (continued)

Discount Rate (continued)

Best estimates of geometric real rates of return for each major asset class included in the Systems target asset allocation as of August 31, 2019 are summarized below:

Asset Class	Target Allocation¹	New Target Allocation²	Long-Term Expected Geometric Real Rate of Return³
Global Equity			
USA	18.00%	18.00%	6.40%
Non-U.S. Developed	13.00%	13.00%	6.30%
Emerging Markets	9.00%	9.00%	7.30%
Directional Hedge Funds	4.00%	0.00%	0.00%
Private Equity	13.00%	14.00%	8.40%
Stable Value			
U.S. Treasuries ⁴	11.00%	16.00%	3.10%
Stable Value Hedge Funds	4.00%	5.00%	4.50%
Absolute Return	0.00%	0.00%	0.00%
Real Return			
Global Inflation Linked Bonds ⁴	3.00%	0.00%	0.00%
Real Estate	14.00%	15.00%	8.50%
Energy, Natural Resources and Infrastructure	5.00%	6.00%	7.30%
Commodities	0.00%	0.00%	0.00%
Risk Parity			
Risk Parity	5.00%	8.00%	5.8%/6.5% ⁵
Leverage			
Cash	1.00%	2.00%	2.50%
Asset Allocation Leverage	0.00%	-6.00%	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 in 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-

⁵ 5.8% (6.5%) return expectation corresponds to Risk Parity with a 10% (12%) volatility.

Note 10 - Defined Benefit Pension Plan Description (continued)

Discount Rate Sensitivity Analysis

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

	Discount Rate		
	1% Decrease (6.25%)	Current Rate (7.25%)	1% Increase (8.25%)
District's proportional share of the net pension liability	\$ 8,022,704	\$ 5,219,223	\$ 2,947,862

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

At August 31, 2020, the District reported a liability of \$5,219,223 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	\$ 5,219,223
State's proportionate share that is associated with the District	7,827,109
Total	<u>\$ 13,046,332</u>

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

At August 31, 2019, the District's proportion of the collective net pension liability was 0.0100% which was a decrease of 0.0005% from its proportion measured as of August 31, 2018.

Changes Since the Prior Actuarial Valuation

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

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

Note 10 - Defined Benefit Pension Plan Description (continued)

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

For the year ended August 31, 2020, the District recognized pension expense of \$1,083,577 in addition to revenue of \$1,229,528 representing pension expense incurred by the State on behalf of the District.

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 21,925	\$ (181,220)
Changes in assumptions	1,619,259	(669,155)
Net difference between projected and actual earnings on pension plan investments	52,407	-
Changes in proportion and differences between District contributions and proportionate share of contributions	481,203	(167,260)
District contributions subsequent to the measurement date	407,286	-
Total	<u>\$ 2,582,080</u>	<u>\$ (1,017,635)</u>

Deferred outflows of resources resulting from District contributions subsequent to the measurement date in the amount of \$407,286 will be recognized as a reduction of the net pension liability in the year ended August 31, 2021. The net amounts of the District's balances of deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended August 31,	Pension Expense Amount
2021	\$ 314,155
2022	251,460
2023	291,917
2024	280,782
2025	77,146
Thereafter	(58,301)
	<u>\$ 1,157,159</u>

Note 11 - Defined Other Postemployment 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

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

Benefits Provided

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

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

The premium rates for retirees are reflected in the following table.

TRS-Care Monthly for Retirees		
	Medicare	Non-Medicare
Retiree or Surviving Spouse	\$ 135	\$ 200
Retiree and Spouse	529	689
Retiree or Surviving Spouse and Children	468	408
Retiree and Family	1,020	999

Note 11 - Defined Other Postemployment Benefit Plans (continued)

Contributions

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

Texas Insurance Code, section 1575.202 establishes the state's contribution rate which is 1.25% of the employee's salary. Section 1575.203 establishes the active employee's rate which is 0.75% of pay. Section 1575.204 establishes an employer contribution rate of not less than 0.25% or not more than 0.75% of the salary of each active employee of the public. The actual employer contribution rate is prescribed by the Legislature in the General Appropriations Act. The following table shows contributions to the TRS-Care plan by type of contributor.

	Contribution Rates	
	2020	2019
Active Employee	0.65%	0.65%
Non-Employer Contributing Entity (State)	1.25%	1.25%
Employers	0.75%	0.75%
Federal/Private Funding remitted by Employers	1.25%	1.25%

	Measurement Year (2019)		Fiscal Year (2020)
	Contributions Required and Made	Pension Expense	TRS Contributions
Employer (District)	\$ 111,810	\$ 193,978	\$ 124,950
Employee (Member)	69,016	-	74,373
Non-Employer Contributing Entity			
On-Behalf Contributions (State)	148,562	260,917	219,007

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

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

In addition, \$230,756,971 was transferred to TRS to pay for TRS-Care during the 86th Legislative Session, House Bill 1. GASB Statement No. 85 requires that an on-behalf payment is recorded for the districts proportionate share. The proportionate share was determined using the GASB Statement No. 75 TRS-Care proportionate share allocation. For the year ended August 31, 2020, the District recorded an expenditure for their proportionate share of the funds along with the corresponding revenue of \$36,354.

Note 11 - Defined Other Postemployment Benefit Plans (continued)

Actuarial Assumptions

The total OPEB liability in the August 31, 2018 was rolled forward to August 31, 2019. The 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
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	Third-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
Healthcare Trend Rates	Initial medical trend rates were 10.25% for Medicare retirees and 7.50% for non-Medicare retirees. Initial prescription drug trend rate of 10.25% for all retirees. The initial trend rates decrease to an ultimate trend rate of 4.50% over a period of 13 years.
Ad hoc post-employment benefit changes	None

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

The following assumptions used for members of TRS are identical to the assumptions employed in the August 31, 2019 TRS annual pension actuarial valuation: (a) Rates of Mortality, (b) Rates of Retirement, (c) Rates of Termination, (d) Rates of Disability, (e) General Inflation, (f) Wage Inflation, and (g) Salary Increases.

The active mortality rates were based on 90 percent of the RP-2014 Employee Mortality Tables for males and females, with full generational mortality using Scale BB. The post-retirement mortality rates for healthy lives were based on the 2018 TRS of Texas Healthy Pensioner Mortality Tables, with full generational projection using the ultimate improvement rates from the most recently published scale (U-MP).

Note 11 - Defined Other Postemployment Benefit Plans (continued)

Discount Rate

A single discount rate of 2.63% was used to measure the total OPEB liability. There was a decrease of 1.06% in the discount rate since the previous year. Because the plan is essentially a “pay-as-you-go” plan, the single discount rate is equal to the prevailing municipal bond rate. The projection of cash flows used to determine the discount rate assumed that contributions from active members and those of the contributing employers and the non-employer contributing entity are made at the statutorily required rates. Based on those assumptions, the OPEB plan’s fiduciary net position was projected to *not be able to* make all future benefit payments of current plan members. Therefore, the municipal bond rate was applied to all periods of projected benefit payments to determine the total OPEB liability.

Discount Rate Sensitivity Analysis

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

	Discount Rate		
	1% Decrease (1.63%)	Current Rate (2.63%)	1% Increase (3.63%)
District's proportionate share of the Net OPEB Liability:	\$ 8,994,871	\$ 7,450,272	\$ 6,241,934

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

At August 31, 2020, the District reported a liability of \$7,450,272 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	\$ 7,450,272
State's proportionate share that is associated with District	9,899,747
Total	<u>\$ 17,350,019</u>

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

At August 31, 2019 the District’s proportion of the collective Net OPEB Liability was 0.0158% which was a decrease of 0.0008% from its proportion measured as of August 31, 2018.

Note 11 - Defined Other Postemployment Benefit Plans (continued)

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

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:

	Healthcare Cost Trend Rate		
	1% Decrease	Current	1% Increase
District's proportionate share of the Net OPEB Liability:	\$ 6,077,672	\$ 7,450,272	\$ 9,288,930

Changes Since the Prior Actuarial Valuation

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

- The discount rate changed from 3.69 percent as of August 31, 2018 to 2.63 percent as of August 31, 2019. This change increased the TOL.
- The health care trend rates were reset to better reflect the plan's anticipated experience. This change increased the TOL.
- The participation rate for pre-65 retirees was lowered from 70 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 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 spouses 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 year ended August 31, 2020, the District recognized OPEB expense of \$193,977 in addition to revenue of \$260,917 representing OPEB expense incurred by the State on behalf of the District.

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ 365,499	\$ (1,219,158)
Changes in actuarial assumptions	413,805	(2,003,941)
Difference between projected and actual investment earnings	804	-
Changes in proportion and difference between the employer's contributions and the proportionate share of contributions	362,865	(480,177)
Contributions paid to TRS subsequent to the measurement date	124,950	-
Total	<u>\$ 1,267,923</u>	<u>\$ (3,703,276)</u>

Note 11 - Defined Other Postemployment Benefit Plans (continued)

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

Changes Since the Prior Actuarial Valuation (continued)

The \$124,950 reported as deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the total OPEB liability in the year ending August 31, 2021. The net amounts of the District's balances of deferred outflows and inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year ended August 31:	OPEB Expense Amount
2021	\$ (419,285)
2022	(419,285)
2023	(419,546)
2024	(419,694)
2025	(419,659)
Thereafter	(462,834)
	<u><u>\$ (2,560,303)</u></u>

Medicare Part D

The Medicare Prescription Drug, Improvement, and Modernization Act of 2003 established prescription drug coverage for Medicare beneficiaries know as Medicare Part D. Under Medicare Part D, TRS-Care receives retiree drug subsidy payments from the federal government to offset certain prescription drug expenditures for eligible TRS-Care participants. These payments are recorded as equal revenues and expenditures in the governmental funds financial statements of the District. For the years ended August 31, 2020, 2019, and 2018, the subsidy payments received by TRS-Care on behalf of the District were \$49,580, \$40,115, and \$32,129 respectively. The information for the year ended August 31, 2020, is an estimate provided by the Teacher Retirement System. These payments are recorded as equal revenues and expenditures in the governmental fund financial statements of the District.

Note 12 - Risk Management

Property/Liability

The District is exposed to various risks of loss related to property/liability losses for which the District participates in the Texas Association of Public Schools Risk Management Fund ("Fund"). The Fund was created to formulate, develop and administer a program of modified self-funding for the Fund's membership, obtain competitive costs for coverages, and develop a comprehensive loss control program. The District pays an annual premium to the Fund for its liability coverage and transfers the risk of loss to the Fund. The District's agreement with the Fund provides that the Fund will be self-sustaining through member premiums and may provide, through commercial companies, reinsurance contracts. In the event that the Fund was to discontinue operations, the member districts would be responsible for any eligible claims not funded by the Fund. In addition, there were no significant reductions in coverage in the past fiscal year and there were no settlements exceeding insurance coverage for each of the past three fiscal years.

Health Insurance

The District provides medical insurance coverage for its employees under the TRS-Active Care insurance provided by the Teachers' Retirement System of Texas.

Workers' Compensation

During the fiscal year ended August 31, 2020, the District met its statutory workers' compensation obligations through participation in the TASB Risk Management Fund (the Fund). The Fund was created and is operated under the provisions of the Interlocal Cooperation Act, Chapter 791 of the Texas Government Code. The Fund's Workers Compensation Program is authorized by Chapter 504, Texas Labor Code. All members participating in the Fund execute Interlocal Agreements that define the responsibilities of the parties. The Fund provides statutory workers' compensation benefits to its members' injured employees.

The District participates in the Fund's reimbursable aggregate deductible program. As such, the member is responsible for a certain amount of claims liability as outlined on the member's Contribution and Coverage Summary document. After the member's deductible has been met, the Fund is responsible for additional claims liability.

The Fund and its members are protected against higher than expected claims costs through the purchase of stop loss coverage for any claim in excess of the Fund's self-insured retention of \$2 million. The Fund uses the services of an independent actuary to determine reserve adequacy and fully funds those reserves. As of August 31, 2019, the Fund carries a discounted reserve of \$45,439,534 for future development on reported claims and claims that have been incurred but not yet reported. For the year-ended August 31, 2020, the Fund anticipates no additional liability to members beyond their contractual obligations for payment of contributions and reimbursable aggregate deductibles.

The Fund engages the services of independent auditors to conduct a financial audit after the close of each year on August 31. The audit is accepted by the Fund's Board of Trustees in February of the following year. The Fund's audited financial statements as of August 31, 2019, are available on the TASB Risk Management Fund website and have been filed with the Texas Department of Insurance in Austin.

Note 12 - Risk Management (continued)

Workers Compensation (continued)

The liability estimation requires the estimate of loss development over an extended period of time. During the self-insurance period of time, numerous internal and external factors will affect the ultimate settlement value of claims. Due to the inherent uncertainty with regard to the impact of these factors, there can be no guarantee that actual losses will not vary, perhaps significantly, from the estimates. There were no significant reductions in insurance coverage from the prior year or settlements exceeding insurance coverage for each of the past three fiscal years. The following is summary of the changes in the balances of claims liabilities for workers' compensation for the fiscal year ended August 31:

	2020	2019
Liability, beginning of period	\$ 18,742	\$ 22,949
Adjustment to estimated claims incurred	44,982	252
Payments on claims	(3,873)	(4,459)
Liability, end of period	<u>\$ 59,851</u>	<u>\$ 18,742</u>

Note 13 - Contingent Liabilities

The District participates in a number of federal and state financial assistance programs. Although the District's grant programs have been audited in accordance with the provisions of the Single Audit Act through August 31, 2020, these programs are subject to financial and compliance audits by the grantor agencies. The District is also subject to audit by the TEA of the attendance data upon which payments from the agency are based. These audits could result in questioned costs or refunds to be paid back to the granting agencies.

The District is a defendant in various lawsuits. Although the outcome of these lawsuits is not presently determinable, in the opinion of the District's counsel, the resolution of these matters will not have a material adverse effect on the financial condition of the District.

Note 14 - Arbitrage

In accordance with the provisions of Section 148(f) of the Internal Revenue Code of 1986, as amended, bonds must satisfy certain arbitrage rebate requirements. Positive arbitrage is the excess of (1) the amount earned on investments purchased with bond proceeds over (2) the amount that such investments would have earned had such investments been invested at a rate equal to the yield on the bond issue. In order to comply with the arbitrage rebate requirements, positive arbitrage must be paid to the U.S. Treasury at the end of each five-year anniversary date of the bond issue. The District has estimated that it does not have an arbitrage liability as of August 31, 2020.

Note 15 - Subsequent Events

On January 31, 2020, the Secretary of the United States Health and Human Services Department declared a public health emergency for the United States and on March 13, 2020, the President of the United States declared the outbreak of COVID-19 in the United States a national emergency. On March 13, 2020, the Governor of Texas (the “Governor”) declared a state of disaster for all counties in Texas in response to the COVID-19, which disaster declaration he has subsequently extended. In addition, certain local officials, including the County Judge of Harris County, also declared a local state of disaster.

The TEA advised districts that for to stabilize funding expectations for 2020-21, districts will be provided an ADA grace period for the first two six weeks of Foundation School Program reporting. Specifically, TEA will replace attendance numbers for each eligible LEA’s 2020-2021 first two six-week attendance periods with projected ADA and student FTE numbers calculating using a three-year average trend of final numbers from the 2017-2018 through the 2019-2020 school years, unless this projection is both 15% higher and 100 ADA higher than the 2020- 2021 LPE projections. In the latter case, 2020-2021 LPE counts will be used. Student enrollment as of mid-September 2020 is lower than budgeted student enrollment and the District is actively contacting all students who were dropped in 2020-21 due to not showing for remote instruction at the start of school in August 2020.

TEA will make available an ADA hold harmless for the third six weeks attendance reporting period, on the condition that LEAs allow on-campus instruction throughout the entire third six weeks period, as further described below. The ADA hold harmless methodology will be identical to the methodology used for the first two six weeks attendance reporting periods, except that the third six weeks will be examined independent of the first two six weeks attendance reporting periods. Specifically, if an LEA’s refined ADA counts during the third six weeks attendance reporting period is less than the ADA hold harmless projections (described in the prior question and available online), the third six-weeks attendance reporting period for 2020–2021 will be excluded from the calculation of ADA and student FTEs for FSP funding purposes and will be replaced with the ADA hold harmless projections. As noted above, this ADA hold harmless methodology will only apply to attendance-based counts and will not apply to enrollment based FSP allotments such as the state compensatory education allotment and the dyslexia allotment.

The full extent of the ongoing impact of COVID-19 on the District’s 2020-21 fiscal year and longer-term operational and financial performance will depend on future developments, many of which are outside of its control, including the effectiveness of the mitigation strategies related to COVID-19, the duration a D-19, and future governmental actions, all of which are highly uncertain and cannot be predicted.

REQUIRED SUPPLEMENTARY INFORMATION



COLDSPRING-OAKHURST CONSOLIDATED ISD
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
GENERAL FUND
For the Year Ended August 31, 2020

Exhibit G-1

Data Control Codes		Budgeted Amounts			Variance with Final Budget - Positive (Negative)
		Original	Final	Actual Amounts	
Revenues					
5700	Local revenues	\$ 14,073,805	\$ 13,873,805	\$ 13,723,115	\$ (150,690)
5800	State program revenues	3,095,619	2,989,619	3,320,386	330,767
5900	Federal program revenues	370,000	370,000	578,983	208,983
5020	Total Revenues	17,539,424	17,233,424	17,622,484	389,060
Expenditures					
Current:					
0011	Instruction	9,279,845	8,875,845	8,867,479	8,366
0012	Instruction resources and media services	466,975	466,800	466,330	470
0013	development	184,265	172,265	167,552	4,713
0021	Instructional leadership	383,040	288,040	282,520	5,520
0023	School leadership	974,517	974,517	964,082	10,435
0031	Guidance, counseling and evaluation services	327,764	317,764	310,787	6,977
0033	Health services	191,447	212,447	203,326	9,121
0034	Student transportation	1,268,911	1,313,911	1,265,360	48,551
0036	Extracurricular activities	666,731	711,231	702,613	8,618
0041	General administration	693,226	687,476	659,103	28,373
0051	Facilities maintenance and operations	2,147,117	2,007,117	1,990,275	16,842
0052	Security and monitoring services	409,498	400,000	394,729	5,271
0053	Data processing services	181,154	181,154	176,252	4,902
0061	Community services	68,058	73,058	72,302	756
Debt Service:					
0071	Principal on long-term debt	97,590	97,590	97,165	425
0072	Interest on long-term debt	16,940	16,940	16,940	-
Capital outlay:					
0081	Facilities, acquisition and construction	-	173,000	170,444	2,556
Intergovernmental:					
0099	Other intergovernmental charges	547,658	537,658	533,906	3,752
6030	Total Expenditures	17,904,736	17,506,813	17,341,165	165,648
1100	Excess (deficiency) of revenues over expenditures	(365,312)	(273,389)	281,319	554,708
Other Financing Sources (Uses)					
8911	Transfers out	-	(203,295)	(203,257)	38
7080	Total other financing sources (uses)	-	(203,295)	(203,257)	38
1200	Net change in fund balances	(365,312)	(476,684)	78,062	554,746
0100	Fund balances - beginning	5,932,304	5,932,304	5,932,304	-
3000	Fund balances - ending	\$ 5,566,992	\$ 5,455,620	\$ 6,010,366	\$ 554,746

Note 1 - Budget

A. Budgetary Information

Each school district in Texas is required by law to prepare annually a budget of anticipated revenues and expenditures for the general fund, debt service fund, and the Child Nutrition special revenue fund. The Texas Education Code requires the budget to be prepared not later than August 20 and adopted by August 31 of each year. The budgets are prepared on a basis of accounting that is used for reporting in accordance with generally accepted accounting principles.

The following procedures are followed in establishing the budgetary data reflected in the fund financial schedules:

1. Prior to August 20 of the preceding fiscal year, the District prepares a budget for the next succeeding fiscal year beginning September 1. The operating budget includes proposed expenditures and the means of financing them.
2. A meeting of the Board is then called for the purpose of adopting the proposed budget after ten days' public notice of the meeting has been given.
3. Prior to September 1, the budget is formally approved and adopted by the Board.

The appropriated budget is prepared by fund and function. The District's campus/department heads may make transfers of appropriations within a campus or department. Transfers of appropriations between campuses or departments require the approval of the District's management. Increasing any one of the functional spending categories, or revenues object accounts and other resources require the approval of the Board. The legal level of budgetary control (i.e., the level at which expenditures may not legally exceed appropriations) is the function level within a fund. All annual appropriations lapse at fiscal year-end.

For the fiscal year ending August 31, 2020, the District did not have any expenditures exceeding appropriations.

COLDSPRING-OAKHURST CONSOLIDATED ISD
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE
OF THE NET PENSION LIABILITY
TEACHER RETIREMENT SYSTEM OF TEXAS
Last Six Measurement Years Ended August 31

Exhibit G-3

	2019	2018	2017
District's proportion of the net pension liability	0.0100%	0.0105%	0.0099%
District's proportionate share of the net pension liability	\$ 5,219,223	\$ 5,787,617	\$ 3,179,104
State's proportionate share of the net pension liability associated with the District	7,827,109	8,413,837	5,240,504
Total	<u>\$ 13,046,332</u>	<u>\$ 14,201,454</u>	<u>\$ 8,419,608</u>
District's covered payroll (for Measurement Year)	\$ 10,617,826	\$ 10,300,313	\$ 10,268,612
District's proportionate share of the net pension liability as a percentage of covered payroll	49.2%	56.2%	31.0%
Plan's fiduciary net position as a percentage of the total pension liability *	75.24%	73.74%	82.17%
Plan's net pension liability as a percentage of covered payroll *	114.93%	126.11%	75.93%
	2016	2015	2014
District's proportion of the net pension liability	0.0096%	0.0102%	0.0065%
District's proportionate share of the net pension liability	\$ 3,624,066	\$ 3,603,443	\$ 1,725,021
State's proportionate share of the net pension liability associated with the District	6,252,862	6,406,183	5,660,518
Total	<u>\$ 9,876,928</u>	<u>\$ 10,009,626</u>	<u>\$ 7,385,539</u>
District's covered payroll (for Measurement Year)	\$ 10,007,018	\$ 10,141,766	\$ 10,013,984
District's proportionate share of the net pension liability as a percentage of covered payroll	36.2%	35.5%	17.2%
Plan's fiduciary net position as a percentage of the total pension liability *	78.00%	78.43%	83.25%
Plan's net pension liability as a percentage of covered payroll *	92.75%	91.94%	72.89%

The amounts presented for each Plan year which ends the preceding August 31 of the District's fiscal year. Net pension liability is presented prospectively in accordance with GASB 68.

* Per Teacher Retirement System of Texas' comprehensive annual financial report.

COLDSPRING-OAKHURST CONSOLIDATED ISD
SCHEDULE OF THE DISTRICT'S PENSION CONTRIBUTIONS
TEACHER RETIREMENT SYSTEM OF TEXAS
Last Six Fiscal Years Ended August 31

Exhibit G-4

	2020	2019	2018
Contractually required contributions	\$ 407,286	\$ 350,264	\$ 353,336
Contributions in relation to the contractually required contributions	407,286	350,264	353,336
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	\$ 11,442,124	\$ 10,617,826	\$ 10,300,313
Contributions as a percentage of covered payroll	3.56%	3.30%	3.43%
	2017	2016	2015
Contractually required contributions	\$ 325,863	\$ 304,711	\$ 301,850
Contributions in relation to the contractually required contributions	325,863	304,711	301,850
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	\$ 10,268,612	\$ 10,007,018	\$ 10,141,766
Contributions as a percentage of covered payroll	3.17%	3.04%	2.98%

Changes of Assumptions

- 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, an assumption has been made about how this would impact future salaries. It is assumed that eligible active members will each receive a \$2,700 increase in fiscal year 2020. This is in addition to the salary increase expected based on the actuarial assumptions.

Changes in Benefit Terms

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

Other Information

Effective September 1, 2014, employers who did not contribute to Social Security for TRS-eligible employees were required to contribute an additional 1.5% of TRS-eligible compensation which nearly doubled the District's contributions into the Plan. Because the District's proportional share of the plan is determined by its proportional share of contributions, the District recognized a corresponding increase in its share of net pension liability.

COLDSPRING-OAKHURST CONSOLIDATED ISD
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE
OF THE NET OPEB LIABILITY
TEACHER RETIREMENT SYSTEM OF TEXAS
Last Three Measurement Years Ended August 31

Exhibit G-6

	2019	2018	2017
District's proportion of the net OPEB liability	0.0158%	0.0166%	0.0159%
District's proportionate share of the net OPEB liability	\$ 7,450,272	\$ 8,299,297	\$ 6,899,318
State's proportionate share of the net OPEB liability associated with the District	9,899,747	8,731,093	7,936,330
Total	<u>\$ 17,350,019</u>	<u>\$ 17,030,390</u>	<u>\$ 14,835,648</u>
District's covered payroll (for Measurement Year)	\$ 10,617,826	\$ 10,300,313	\$ 10,268,612
District's proportionate share of the net OPEB liability as a percentage of its covered payroll	70.2%	80.6%	67.2%
Plan fiduciary net position as a percentage of the total OPEB liability	2.66%	1.57%	0.91%
Plan's net OPEB liability as a percentage of covered payroll	135.21%	146.64%	132.55%

The amounts presented for each Plan year which ends the preceding August 31 of the District's fiscal year.

Net OPEB liability is presented prospectively in accordance with GASB 75.

* Per Teacher Retirement System of Texas' comprehensive annual financial report.

COLDSPRING-OAKHURST CONSOLIDATED ISD
SCHEDULE OF THE DISTRICT'S OPEB CONTRIBUTIONS
TEACHER RETIREMENT SYSTEM OF TEXAS
Last Four Fiscal Years Ended August 31

Exhibit G-7

	2020	2019	2018
Contractually required contributions	\$ 124,950	\$ 111,809	\$ 105,154
Contributions in relation to the contractually required contributions	124,950	111,809	105,154
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	\$ 11,442,124	\$ 10,617,826	\$ 10,300,313
Contributions as a percentage of covered payroll	1.09%	1.05%	1.02%
	2017		
Contractually required contributions	\$ 56,477		
Contributions in relation to the contractually required contributions	56,477		
Contribution deficiency (excess)	<u>\$ -</u>		
District's covered payroll	\$ 10,268,612		
Contributions as a percentage of covered payroll	0.55%		

Changes of Assumptions

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

- The discount rate changed from 3.69 percent as of August 31, 2018 to 2.63 percent as of August 31, 2019. This change increased the TOL.
- The health care trend rates were reset to better reflect the plan's anticipated experience. This change increased the TOL.
- The participation rate for pre-65 retirees was lowered from 70 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 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 spouses 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.

Changes of Benefit Terms

The 85th Legislature, Regular Session, passed the following statutory changes in House Bill 3976 which became effective on September 1, 2017:

- Created a high-deductible health plan that provides a zero cost for generic prescriptions for certain preventive drugs and provides a zero premium for disability retirees who retired as a disability retiree on or before January 1, 2017 and are not eligible to enroll in Medicare
- Created a single Medicare Advantage plan and Medicare prescription drug plan for all Medicare-eligible participants
- Allowed the System to provide other, appropriate health benefit plans to address the needs of enrollees eligible for Medicare.
- Allowed eligible retirees and their eligible dependents to enroll in TRS-Care when the retiree reaches 65 years of age, rather than waiting for the next enrollment period
- Eliminated free coverage under TRS-Care, except for certain disability retirees enrolled during Plan Years 2018 through 2021, requiring members to contribute \$200 per month toward their health insurance premiums

OTHER SUPPLEMENTARY INFORMATION

COLDSPRING-OAKHURST CONSOLIDATED ISD
COMBINING BALANCE SHEET
ALL NONMAJOR GOVERNMENTAL FUNDS
August 31, 2020

Exhibit H-1
Page 1 of 5

	211	224	225	240
Data Control Codes	ESEA Title I, Part A	IDEA-B Formula	IDEA-B Preschool	Child Nutrition
Assets				
1110 Cash and cash equivalents	\$ -	\$ -	\$ -	\$ 141,140
Receivables:				
1220 Property taxes - delinquent	-	-	-	-
1230 Allowance for uncollectible taxes (credit)	-	-	-	-
1240 Receivables from other governments	2,774	-	-	-
1260 Due from other funds	1,676	8,907	150	-
1310 Inventories, at cost	-	-	-	28,569
1000 Total Assets	\$ 4,450	\$ 8,907	\$ 150	\$ 169,709
Liabilities and Fund Balances				
Liabilities:				
Current Liabilities:				
2110 Accounts payable	\$ 125	\$ 465	\$ -	\$ 7,653
2160 Accrued wages payable	3,555	7,860	135	1,655
2170 Due to other funds	500	-	-	140,607
2180 Due to other governments	-	-	-	-
2200 Accrued expenditures	270	582	15	179
2300 Unearned revenues	-	-	-	-
2000 Total Liabilities	4,450	8,907	150	150,094
Deferred Inflows of Resources				
Deferred inflows - Property Taxes	-	-	-	-
2600 Total Deferred Inflows of Resources	-	-	-	-
Fund Balances:				
Restricted:				
3450 Grant restrictions	-	-	-	19,615
3480 Debt service	-	-	-	-
Committed:				
3545 Campus Activity	-	-	-	-
3000 Total Fund Balances	-	-	-	19,615
Total Liabilities, Deferred Inflows and Fund Balances	\$ 4,450	\$ 8,907	\$ 150	\$ 169,709

COLDSPRING-OAKHURST CONSOLIDATED ISD
COMBINING BALANCE SHEET
ALL NONMAJOR GOVERNMENTAL FUNDS
August 31, 2020

Exhibit H-1
Page 2 of 5

	244	255	266	287
Data				
Control				
Codes	Vocational Ed	Title II,	CARES Act -	Ed Jobs
	-Basic	Part A	ESSERF	Fund
Assets				
1110 Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -
Receivables:				
1220 Property taxes - delinquent	-	-	-	-
1230 Allowance for uncollectible taxes (credit)	-	-	-	-
1240 Receivables from other governments	-	770	105,028	-
1260 Due from other funds	-	824	-	-
1310 Inventories, at cost	-	-	-	-
1000 Total Assets	\$ -	\$ 1,594	\$ 105,028	\$ -
Liabilities and Fund Balances				
Liabilities:				
Current Liabilities:				
2110 Accounts payable	\$ -	\$ 749	\$ 105,028	\$ -
2160 Accrued wages payable	-	765	-	-
2170 Due to other funds	-	-	-	-
2180 Due to other governments	-	-	-	-
2200 Accrued expenditures	-	80	-	-
2300 Unearned revenues	-	-	-	-
2000 Total Liabilities	-	1,594	105,028	-
Deferred Inflows of Resources				
Deferred inflows - Property Taxes	-	-	-	-
2600 Total Deferred Inflows of Resources	-	-	-	-
Fund Balances:				
Restricted:				
3450 Grant restrictions	-	-	-	-
3480 Debt service	-	-	-	-
Committed:				
3545 Campus Activity	-	-	-	-
3000 Total Fund Balances	-	-	-	-
Total Liabilities, Deferred Inflows				
4000 and Fund Balances	\$ -	\$ 1,594	\$ 105,028	\$ -

COLDSPRING-OAKHURST CONSOLIDATED ISD
COMBINING BALANCE SHEET
ALL NONMAJOR GOVERNMENTAL FUNDS
August 31, 2020

Exhibit H-1
Page 3 of 5

Data Control Codes		288	385	392	397
		JROTC	State Supplemental Visually Impaired	Noneducatio nal Community - Based Support	Advanced Placement Incentive
	Assets				
1110	Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -
	Receivables:				
1220	Property taxes - delinquent	-	-	-	-
1230	Allowance for uncollectible taxes (credit)	-	-	-	-
1240	Receivables from other governments	-	-	-	-
1260	Due from other funds	-	-	420	2,210
1310	Inventories, at cost	-	-	-	-
1000	Total Assets	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 420</u>	<u>\$ 2,210</u>
	Liabilities and Fund Balances				
	Liabilities:				
	Current Liabilities:				
2110	Accounts payable	\$ -	\$ -	\$ -	\$ -
2160	Accrued wages payable	-	-	-	-
2170	Due to other funds	-	-	-	-
2180	Due to other governments	-	-	420	-
2200	Accrued expenditures	-	-	-	-
2300	Unearned revenues	-	-	-	2,210
2000	Total Liabilities	<u>-</u>	<u>-</u>	<u>420</u>	<u>2,210</u>
	Deferred Inflows of Resources				
	Deferred inflows - Property Taxes	-	-	-	-
2600	Total Deferred Inflows of Resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	Fund Balances:				
	Restricted:				
3450	Grant restrictions	-	-	-	-
3480	Debt service	-	-	-	-
	Committed:				
3545	Campus Activity	-	-	-	-
3000	Total Fund Balances	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	Total Liabilities, Deferred Inflows				
4000	and Fund Balances	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 420</u>	<u>\$ 2,210</u>

COLDSPRING-OAKHURST CONSOLIDATED ISD
COMBINING BALANCE SHEET
ALL NONMAJOR GOVERNMENTAL FUNDS
August 31, 2020

Exhibit H-1
Page 4 of 5

	410	413	423	428
Data Control Codes	Instructional Materials Allotment	OOG-Dept of CJ Grant	Peace Officer Allocation	Reading Achievement Academy
Assets				
1110 Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -
Receivables:				
1220 Property taxes - delinquent	-	-	-	-
1230 Allowance for uncollectible taxes (credit)	-	-	-	-
1240 Receivables from other governments	-	-	-	-
1260 Due from other funds	6,148	-	2,898	-
1310 Inventories, at cost	-	-	-	-
1000 Total Assets	\$ 6,148	\$ -	\$ 2,898	\$ -
Liabilities and Fund Balances				
Liabilities:				
Current Liabilities:				
2110 Accounts payable	\$ -	\$ -	\$ -	\$ -
2160 Accrued wages payable	-	-	-	-
2170 Due to other funds	-	-	-	-
2180 Due to other governments	-	-	-	-
2200 Accrued expenditures	-	-	-	-
2300 Unearned revenues	6,148	-	2,898	-
2000 Total Liabilities	6,148	-	2,898	-
Deferred Inflows of Resources				
Deferred inflows - Property Taxes	-	-	-	-
2600 Total Deferred Inflows of Resources	-	-	-	-
Fund Balances:				
Restricted:				
3450 Grant restrictions	-	-	-	-
3480 Debt service	-	-	-	-
Committed:				
3545 Campus Activity	-	-	-	-
3000 Total Fund Balances	-	-	-	-
Total Liabilities, Deferred Inflows and Fund Balances	\$ 6,148	\$ -	\$ 2,898	\$ -

COLDSPRING-OAKHURST CONSOLIDATED ISD
COMBINING BALANCE SHEET
ALL NONMAJOR GOVERNMENTAL FUNDS
August 31, 2020

Exhibit H-1
Page 5 of 5

	429	461	599	
Data Control Codes	State Funded Special Revenue Fund	Campus Activity	Debt Service Fund	Total Nonmajor Governmental Funds
Assets				
1110 Cash and cash equivalents	\$ -	\$ 36,512	\$ 63,051	\$ 240,703
Receivables:				
1220 Property taxes - delinquent	-	-	227,021	227,021
1230 Allowance for uncollectible taxes (credit)	-	-	(21,396)	(21,396)
1240 Receivables from other governments	-	-	19,538	128,110
1260 Due from other funds	54	-	18,515	41,802
1310 Inventories, at cost	-	-	-	28,569
1000 Total Assets	\$ 54	\$ 36,512	\$ 306,729	\$ 644,809
Liabilities and Fund Balances				
Liabilities:				
Current Liabilities:				
2110 Accounts payable	\$ -	\$ -	\$ -	\$ 114,020
2160 Accrued wages payable	-	-	-	13,970
2170 Due to other funds	-	-	-	141,107
2180 Due to other governments	-	-	-	420
2200 Accrued expenditures	-	-	-	1,126
2300 Unearned revenues	24	-	-	11,280
2000 Total Liabilities	24	-	-	281,923
Deferred Inflows of Resources				
Deferred inflows - Property Taxes	-	-	205,625	205,625
2600 Total Deferred Inflows of Resources	-	-	205,625	205,625
Fund Balances:				
Restricted:				
3450 Grant restrictions	30	-	-	19,645
3480 Debt service	-	-	101,104	101,104
Committed:				
3545 Campus Activity	-	36,512	-	36,512
3000 Total Fund Balances	30	36,512	101,104	157,261
Total Liabilities, Deferred Inflows and Fund Balances	\$ 54	\$ 36,512	\$ 306,729	\$ 644,809

COLDSPRING-OAKHURST CONSOLIDATED ISD
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - ALL NONMAJOR GOVERNMENTAL FUNDS
For the Year Ended August 31, 2020

Exhibit H-2
Page 1 of 5

		211	224	225	240
Data Control Codes		ESEA Title I, Part A	IDEA-B Formula	IDEA-B Preschool	Child Nutrition
	Revenues				
5700	Local, intermediate, and out-of-state	\$ -	\$ -	\$ -	\$ 99,131
5800	State program revenues	-	-	-	5,062
5900	Federal program revenues	356,997	268,148	6,977	862,035
5020	Total Revenues	<u>356,997</u>	<u>268,148</u>	<u>6,977</u>	<u>966,228</u>
	Expenditures				
	Current:				
0011	Instruction	293,186	123,113	6,977	-
0012	Instruction resources and media services	-	-	-	-
0013	Curriculum and instructional staff development	63,677	-	-	-
0031	Guidance, counseling and evaluation services	-	145,035	-	-
0035	Food service	-	-	-	1,169,485
0036	Extracurricular activities	-	-	-	-
0052	Security and monitoring services	-	-	-	-
0061	Community services	134	-	-	-
	Debt service:				
0071	Principal on long-term debt	-	-	-	-
0072	Interest on long-term debt	-	-	-	-
0073	Bond issuance costs and fees	-	-	-	-
6030	Total Expenditures	<u>356,997</u>	<u>268,148</u>	<u>6,977</u>	<u>1,169,485</u>
1100	Excess (deficiency) of revenues over expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>(203,257)</u>
	Other Financing Sources (Uses)				
7915	Transfers in	-	-	-	203,257
7080	Total other financing sources and uses	<u>-</u>	<u>-</u>	<u>-</u>	<u>203,257</u>
1200	Net change in fund balances	-	-	-	-
0100	Fund balance - September 1 (beginning)	<u>-</u>	<u>-</u>	<u>-</u>	<u>19,615</u>
3000	Fund balance - August 31 (ending)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 19,615</u>

COLDSPRING-OAKHURST CONSOLIDATED ISD
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - ALL NONMAJOR GOVERNMENTAL FUNDS
For the Year Ended August 31, 2020

Exhibit H-2
Page 2 of 5

Data Control Codes		244	255	266	287
		Vocational Ed - Basic	Title II, Part A	CARES Act - ESSERF	Ed Jobs Fund
	Revenues				
5700	Local, intermediate, and out-of-state	\$ -	\$ -	\$ -	\$ -
5800	State program revenues	-	-	-	-
5900	Federal program revenues	53,216	66,322	207,929	1,713
5020	Total Revenues	<u>53,216</u>	<u>66,322</u>	<u>207,929</u>	<u>1,713</u>
	Expenditures				
	Current:				
0011	Instruction	53,216	48,959	195,881	1,713
0012	Instruction resources and media services	-	-	12,048	-
0013	Curriculum and instructional staff development	-	17,363	-	-
0031	Guidance, counseling and evaluation services	-	-	-	-
0035	Food service	-	-	-	-
0036	Extracurricular activities	-	-	-	-
0052	Security and monitoring services	-	-	-	-
0061	Community services	-	-	-	-
	Debt service:				
0071	Principal on long-term debt	-	-	-	-
0072	Interest on long-term debt	-	-	-	-
0073	Bond issuance costs and fees	-	-	-	-
6030	Total Expenditures	<u>53,216</u>	<u>66,322</u>	<u>207,929</u>	<u>1,713</u>
1100	Excess (deficiency) of revenues over expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	Other Financing Sources (Uses)				
7915	Transfers in	-	-	-	-
7080	Total other financing sources and uses	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
1200	Net change in fund balances	-	-	-	-
0100	Fund balance - September 1 (beginning)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
3000	Fund balance - August 31 (ending)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

COLDSPRING-OAKHURST CONSOLIDATED ISD
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - ALL NONMAJOR GOVERNMENTAL FUNDS
For the Year Ended August 31, 2020

Exhibit H-2
Page 3 of 5

Data Control Codes		288	385 State Supplemental Visually Impaired	392 Noneducational Community - Based Support	397 Advanced Placement Incentive
	Revenues	JROTC			
5700	Local, intermediate, and out-of-state	\$ -	\$ -	\$ -	\$ -
5800	State program revenues	-	2,100	-	-
5900	Federal program revenues	2,138	-	-	-
5020	Total Revenues	2,138	2,100	-	-
	Expenditures				
	Current:				
0011	Instruction	2,138	2,100	-	-
0012	Instruction resources and media services	-	-	-	-
0013	Curriculum and instructional staff development	-	-	-	-
0031	Guidance, counseling and evaluation services	-	-	-	-
0035	Food service	-	-	-	-
0036	Extracurricular activities	-	-	-	-
0052	Security and monitoring services	-	-	-	-
0061	Community services	-	-	-	-
	Debt service:				
0071	Principal on long-term debt	-	-	-	-
0072	Interest on long-term debt	-	-	-	-
0073	Bond issuance costs and fees	-	-	-	-
6030	Total Expenditures	2,138	2,100	-	-
1100	Excess (deficiency) of revenues over expenditures	-	-	-	-
	Other Financing Sources (Uses)				
7915	Transfers in	-	-	-	-
7080	Total other financing sources and uses	-	-	-	-
1200	Net change in fund balances	-	-	-	-
0100	Fund balance - September 1 (beginning)	-	-	-	-
3000	Fund balance - August 31 (ending)	\$ -	\$ -	\$ -	\$ -

COLDSPRING-OAKHURST CONSOLIDATED ISD
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - ALL NONMAJOR GOVERNMENTAL FUNDS
For the Year Ended August 31, 2020

Exhibit H-2
Page 4 of 5

Data Control Codes		410	413	423	428
		Instructional Materials Allotment	OOG-Dept of CJ Grant	Peace Officer Allocation	Reading Achievement Academy
	Revenues				
5700	Local, intermediate, and out-of-state	\$ -	\$ -	\$ -	\$ -
5800	State program revenues	98,917	35,793	-	9,000
5900	Federal program revenues	-	-	-	-
5020	Total Revenues	<u>98,917</u>	<u>35,793</u>	<u>-</u>	<u>9,000</u>
	Expenditures				
	Current:				
0011	Instruction	-	-	-	9,000
0012	Instruction resources and media services	98,917	-	-	-
0013	Curriculum and instructional staff development	-	-	-	-
0031	Guidance, counseling and evaluation services	-	-	-	-
0035	Food service	-	-	-	-
0036	Extracurricular activities	-	-	-	-
0052	Security and monitoring services	-	35,793	-	-
0061	Community services	-	-	-	-
	Debt service:				
0071	Principal on long-term debt	-	-	-	-
0072	Interest on long-term debt	-	-	-	-
0073	Bond issuance costs and fees	-	-	-	-
6030	Total Expenditures	<u>98,917</u>	<u>35,793</u>	<u>-</u>	<u>9,000</u>
1100	Excess (deficiency) of revenues over expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	Other Financing Sources (Uses)				
7915	Transfers in	-	-	-	-
7080	Total other financing sources and uses	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
1200	Net change in fund balances	-	-	-	-
0100	Fund balance - September 1 (beginning)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
3000	Fund balance - August 31 (ending)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

COLDSPRING-OAKHURST CONSOLIDATED ISD
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - ALL NONMAJOR GOVERNMENTAL FUNDS
For the Year Ended August 31, 2020

Exhibit H-2
Page 5 of 5

Data Control Codes		429	461	599	Total Nonmajor Governmental Funds
		State Funded Special Revenue Fund	Campus Activity	Debt Service Fund	
	Revenues				
5700	Local, intermediate, and out-of-state	\$ -	\$ -	\$ 1,399,057	\$ 1,498,188
5800	State program revenues	22,475	-	-	173,347
5900	Federal program revenues	-	-	-	1,825,475
5020	Total Revenues	<u>22,475</u>	<u>-</u>	<u>1,399,057</u>	<u>3,497,010</u>
	Expenditures				
	Current:				
0011	Instruction	-	-	-	736,283
0012	Instruction resources and media services	-	-	-	110,965
0013	Curriculum and instructional staff development	-	-	-	81,040
0031	Guidance, counseling and evaluation services	-	-	-	145,035
0035	Food service	-	-	-	1,169,485
0036	Extracurricular activities	-	3,790	-	3,790
0052	Security and monitoring services	22,475	-	-	58,268
0061	Community services	-	-	-	134
	Debt service:				
0071	Principal on long-term debt	-	-	700,000	700,000
0072	Interest on long-term debt	-	-	649,474	649,474
0073	Bond issuance costs and fees	-	-	600	600
6030	Total Expenditures	<u>22,475</u>	<u>3,790</u>	<u>1,350,074</u>	<u>3,655,074</u>
1100	Excess (deficiency) of revenues over expenditures	<u>-</u>	<u>(3,790)</u>	<u>48,983</u>	<u>(158,064)</u>
	Other Financing Sources (Uses)				
7915	Transfers in	-	-	-	203,257
7080	Total other financing sources and uses	<u>-</u>	<u>-</u>	<u>-</u>	<u>203,257</u>
1200	Net change in fund balances	-	(3,790)	48,983	45,193
0100	Fund balance - September 1 (beginning)	<u>30</u>	<u>40,302</u>	<u>52,121</u>	<u>112,068</u>
3000	Fund balance - August 31 (ending)	<u>\$ 30</u>	<u>\$ 36,512</u>	<u>\$ 101,104</u>	<u>\$ 157,261</u>



REQUIRED TEA SCHEDULES

COLDSPRING-OAKHURST CONSOLIDATED ISD
SCHEDULE OF DELINQUENT TAXES RECEIVABLE
For the Year Ended August 31, 2020

Exhibit J-1
Page 1 of 2

	1	2	3	10
<u>Last Ten Fiscal Years</u>	<u>Tax Rates</u>		<u>Net Assessed/Appraised Value For School Tax Purposes</u>	<u>Beginning Balance 8/31/19</u>
	<u>Maintenance</u>	<u>Debt Service</u>		
2010 and prior	Various	Various	Various	\$ 326,257
2012	\$ 1.040000	\$ 0.055000	\$ 897,866,484	79,197
2013	1.040000	0.055000	954,198,174	102,810
2014	1.040000	0.055000	951,855,616	115,536
2015	1.040000	0.055000	996,138,356	179,987
2016	1.040000	0.055000	993,755,160	204,257
2017	1.040000	0.055000	1,037,229,406	255,646
2018	1.040000	-	1,154,521,442	328,068
2019	1.040000	0.115000	1,243,090,364	722,669
2020	0.970000	0.102100	1,365,845,537	-
1000 Totals				<u><u>\$2,314,427</u></u>

COLDSPRING-OAKHURST CONSOLIDATED ISD
SCHEDULE OF DELINQUENT TAXES RECEIVABLE
For the Year Ended August 31, 2020

Exhibit J-1
Page 2 of 2

	20	31	32	40	50
<u>Last Ten Fiscal Years</u>	<u>Current Year's Total Levy</u>	<u>Maintenance Total Collections</u>	<u>Debt Service Total Collections</u>	<u>Entire Year's Adjustments</u>	<u>Ending Balance 8/31/20</u>
2009 and prior	\$ -	\$ 14,350	\$ 857	\$ (103,096)	\$ 207,954
2012	-	5,965	315	120	73,037
2013	-	11,787	623	(12)	90,388
2014	-	16,695	883	(419)	97,539
2015	-	40,411	2,137	316	137,755
2016	-	55,687	2,945	15,695	161,320
2017	-	68,766	3,636	16,771	200,015
2018	-	101,830	-	12,106	238,344
2019	-	266,430	29,433	33,396	460,202
2020	<u>14,643,230</u>	<u>12,657,585</u>	<u>1,332,080</u>	<u>(505)</u>	<u>653,060</u>
1000 Totals	<u><u>\$ 14,643,230</u></u>	<u><u>\$ 13,239,506</u></u>	<u><u>\$ 1,372,909</u></u>	<u><u>\$ (25,628)</u></u>	<u>2,319,614</u>
		Penalty and interest receivable on taxes			<u>1,290,236</u>
		Total taxes receivable per Exhibit C-1			<u><u>\$ 3,609,850</u></u>

COLDSPRING-OAKHURST CONSOLIDATED ISD
BUDGETARY COMPARISON SCHEDULE
NATIONAL SCHOOL BREAKFAST AND LUNCH PROGRAM
For the Year Ended August 31, 2020

Exhibit J-2

Data Control Codes		Budget		Actual Amounts	Variance with Final Budget Positive (Negative)
		Original	Final		
	Revenues				
5700	Local, Intermediate, and Out-of-State	\$ 168,100	\$ 99,300	\$ 99,131	\$ (169)
5800	State Program Revenues	5,000	5,000	5,062	62
5900	Federal Program Revenues	1,027,500	862,500	862,035	(465)
5020	Total Revenues	<u>1,200,600</u>	<u>966,800</u>	<u>966,228</u>	<u>(572)</u>
	Expenditures				
	Current:				
0035	Food Services	1,318,295	1,170,095	1,169,485	610
6030	Total Expenditures	<u>1,318,295</u>	<u>1,170,095</u>	<u>1,169,485</u>	<u>610</u>
1100	Excess (Deficiency) Revenues Over Expenditures	<u>(117,695)</u>	<u>(203,295)</u>	<u>(203,257)</u>	<u>38</u>
	Other Financing Sources (Uses)				
7915	Transfers in	-	203,295	203,257	(38)
7080	Total Other Financing Sources (Uses)	<u>-</u>	<u>203,295</u>	<u>203,257</u>	<u>(38)</u>
1200	Increase (Decrease) in Fund Balance	(117,695)	-	-	-
0100	Fund Balance - September 1 (Beginning)	<u>19,615</u>	<u>19,615</u>	<u>19,615</u>	<u>-</u>
3000	Fund Balance - August 31 (Ending)	<u>\$ (98,080)</u>	<u>\$ 19,615</u>	<u>\$ 19,615</u>	<u>\$ -</u>

COLDSPRING-OAKHURST CONSOLIDATED ISD
BUDGETARY COMPARISON SCHEDULE
DEBT SERVICE FUND
For the Year Ended August 31, 2020

Exhibit J-3

Data Control Codes		Budget		Actual Amounts	Variance with Final Budget Positive (Negative)
		Original	Final		
	Revenues				
5700	Local, Intermediate, and Out-of-State	\$ 1,381,577	\$ 1,381,577	\$ 1,399,057	\$ 17,480
5020	Total Revenues	<u>1,381,577</u>	<u>1,381,577</u>	<u>1,399,057</u>	<u>17,480</u>
	Expenditures				
	Debt Service:				
0071	Principal	700,000	700,000	700,000	-
0072	Interest and Fiscal Agent Fees	649,474	649,474	649,474	-
0073	Bond issuance costs and fees	2,500	2,500	600	1,900
6030	Total Expenditures	<u>1,351,974</u>	<u>1,351,974</u>	<u>1,350,074</u>	<u>1,900</u>
1200	Increase (Decrease) in Fund Balance	29,603	29,603	48,983	19,380
0100	Fund Balance - September 1 (Beginning)	<u>52,121</u>	<u>52,121</u>	<u>52,121</u>	<u>-</u>
3000	Fund Balance - August 31 (Ending)	<u>\$ 81,724</u>	<u>\$ 81,724</u>	<u>\$ 101,104</u>	<u>\$ 19,380</u>



FEDERAL AWARDS SECTION



**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***

To the Board of Trustees
Coldspring-Oakhurst Consolidated ISD
Coldspring, Texas

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Coldspring-Oakhurst Consolidated Independent School District (the “District”) as of and for the fiscal year ended August 31, 2020 and the related notes to the financial statements, which collectively comprise the District’s basic financial statements, and have issued our report thereon dated January 25, 2021.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the District’s internal control over financial reporting (internal control) 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 the District’s internal control. Accordingly, we do not express an opinion on the effectiveness of the District’s internal control.

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

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

Compliance and Other Matters

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

A handwritten signature in black ink that reads "Whitley Penn LLP". The signature is written in a cursive, flowing style.

Houston, Texas
January 25, 2021

**REPORT ON COMPLIANCE FOR THE MAJOR FEDERAL PROGRAM AND
REPORT ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED
BY THE *UNIFORM GUIDANCE***

To the Board of Trustees
Coldspring-Oakhurst Consolidated ISD
Coldspring, Texas

Report on Compliance for the Major Federal Program

We have audited Coldspring-Oakhurst Consolidated Independent School District's (the "District") compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the fiscal year ended August 31, 2020. The 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 the federal statutes, regulations and the terms and conditions of its federal awards to its federal programs.

Auditor's Responsibility

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

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

Opinion on Each Major Federal Program

In our opinion, the District, complied, in all material respects, with the 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.

Report on Internal Control over Compliance

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

A handwritten signature in black ink that reads "Whitley Penn LLP". The signature is written in a cursive, flowing style.

Houston, Texas
January 25, 2021

COLDSPRING-OAKHURST CONSOLIDATED ISD
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended August 31, 2020

I. Summary of Auditors' Results

Financial Statements

Type of auditors' report issued:	Unmodified
Internal control over financial reporting:	
Material weakness(es) identified?	No
Significant deficiencies identified that are not considered to be material weaknesses?	None Reported
Noncompliance material to financial statements noted?	No

Federal Awards

Internal control over major program:	
Material weakness(es) identified?	No
Significant deficiencies identified that are not considered to be material weaknesses?	None Reported
Type of auditors' report issued on compliance with major program:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with 2CFR 200.516(a)?	No

Identification of major programs

Name of Federal Program or Cluster: CFDA Numbers

US. Department of Education

Child Nutrition Cluster:	
National School Lunch Program (Commodities)	10.555
National School Breakfast Program	10.553
National School Lunch Program	10.555
COVID 19 - National School Breakfast Program	10.553
COVID 19 - National School Lunch Program	10.555

ESEA Title I Part A - Improving Basic Programs	84.010A
ESEA Title I, Part A Priority and Focus School Grant	84.010A

Dollar Threshold Considered Between Type A and Type B Federal Programs \$750,000

Auditee qualified as low-risk auditee? No

COLDSPRING-OAKHURST CONSOLIDATED ISD
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (continued)
For the Year Ended August 31, 2020

II. Financial Statement Findings

None reported

III. Federal Awards Findings and Questioned Costs

None reported

COLDSPRING-OAKHURST CONSOLIDATED ISD
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended August 31, 2020

Exhibit K-1

Fund Code	(1) Federal Grantor/ Pass-Through Grantor/ Program Title	(2) Federal CFDA Number	(2A) Pass-Through Entity Identifying Number	(3) Federal Expenditures
U. S. Department of Education				
Passed Through State Department of Education:				
211	ESEA Title I Part A - Improving Basic Programs	84.010A	20610101204901	\$ 347,321
211	ESEA Title I, Part A Priority and Focus School Grant	84.010A	20610141204901	9,676
	Total CFDA #84.010			<u>356,997</u>
224	IDEA B - Formula	84.027A	206600012049016000	268,148
225	IDEA - Part B Preschool	84.173A	206610012049016000	6,977
	Total Special Education Cluster (CFDA # 84.027, 84.173)			<u>275,125</u>
244	Carl D Perkins Basic Grant	84.048A	20420006204901	27,260
244	Carl D Perkins Reserve Grant	84.048A	204200287110014	25,956
	Total CFDA #84.048			<u>53,216</u>
255	Title II, Part A - Supporting Effective Instruction	84.367A	20694501204901	66,322
266	COVID 19 - ESSER Grant - CARES Act	84.425D	20521001204901	207,929
287	Title IV, Part A, Subpart I	84.424A	20680101204901	1,713
	Total U. S. Department of Education			<u>961,302</u>
U. S. Department of Agriculture				
Passed Through the Texas Department of Agriculture:				
Cash Assistance:				
240	Child & Adult Care Food Program	10.558	806780706	2,564
240	NSLP Equipment Assistance Grant	10.579	806780706	39,413
Passed Through the Texas Department of Agriculture:				
National School Lunch Program - USDA Commodities -				
240	Non-Cash Assistance	10.555	00962	65,961
Passed Through State Department of Education:				
Cash Assistance:				
240	National School Breakfast Program	10.553	71401901	27,172
240	National School Lunch Program	10.555	71301901	66,055
240	National School Breakfast Program	10.553	71402001	193,200
240	National School Lunch Program	10.555	71302001	449,710
240	COVID 19 - National School Breakfast Program	10.553	52402001	6,932
240	COVID 19 - National School Lunch Program	10.555	52302001	11,028
	Total Child Nutrition Cluster (CFDA #10.553, 10.555)			<u>820,058</u>
Passed Through San Jacinto County Treasurer's Office:				
199	Schools and Roads - Grants to States (Forest)	10.665	N/A	61,652
	Total U. S. Department of Agriculture			<u>923,687</u>
Total Expenditures of Federal Awards				<u><u>\$ 1,884,989</u></u>

Note 1 - Summary of Significant Accounting Policies

The District accounts for all awards under federal programs in the General and Special Revenue Funds in accordance with the Texas Education Agency's *Financial Accountability System Resource Guide*. These programs are accounted for using a current financial resources measurement focus. With this measurement focus only current assets and current liabilities generally are included on the balance sheet. Operating statements of these funds present increases (i.e. revenues and other financing sources) and decreases (i.e. expenditures and other financing uses) in net current assets.

Expenditures reported on the Schedule of Expenditures of Federal Awards are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. The District has not elected to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

Federal grant funds are considered to be earned to the extent of expenditures made under the provisions of the grant, and, accordingly, when such funds are received, they are recorded as unearned revenues until earned. Generally, unused balances are returned to the grantor at the close of specified project periods. All federal grants are subject to review by the grantor agencies. Any expenditures identified by the grantor agencies as disallowed could require reimbursement to the grantor agency from the District's general fund.

Note 2 - Basis of Presentation

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal grant activity of 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 the Office of Management and Budget (OMB) 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, changes in net position or cash flows of the District.

Note 3 - Reconciliation to Basic Financial Statements

The following is a reconciliation of expenditures of federal awards program per the Schedule of Expenditures of Federal Awards ("SEFA") and expenditures reported on the Statement of Revenues, Expenditures and Changes in Fund Balance – Governmental Funds:

Total Expenditures of Federal Awards - Exhibit K-1	\$ 1,884,989
JROTC	44,231
SHARS	348,426
E-Rate	126,812
Total Federal Revenue - Exhibit C-3	<u>\$ 2,404,458</u>

Note 4 - General Fund Expenditures

Federal awards reported in the general fund are summarized as follows:

JROTC	\$ 42,093
SHARS	348,426
E-Rate	126,812
Schools and Roads - Grants to States (Forest)	61,652
Total Federal Revenue - Exhibit C-3	\$ 578,983

COLDSPRING-OAKHURST CONSOLIDATED ISD

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

For the Year Ended August 31, 2020

Federal regulations, Title 2 U.S. Code of Federal Regulations Section 200.511 states, “The auditee is responsible for follow-up and corrective action on all audit findings. As part of this responsibility, the auditee must prepare a summary schedule of prior audit findings.” The summary schedule of prior audit findings must report the status of the following:

- All audit findings included in the prior audit’s schedule of findings and questioned costs and
- All audit findings reported in the prior audit’s summary schedule of prior audit findings except audit findings listed as corrected.

I. Prior Audit Findings

None Noted

COLDSPRING-OAKHURST CONSOLIDATED ISD

CORRECTIVE ACTION PLAN

For the Year Ended August 31, 2020

Federal regulations, Title 2 U.S. Code of Federal Regulations §200.511 states, “At the completion of the audit, the auditee must prepare, in a document separate from the auditor's findings described in §200.516 Audit findings, a corrective action plan to address each audit finding included in the current year auditor's reports.”

I. Corrective Action Plan

Not applicable



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Schedule L-1 - Required Responses to Selected School FIRST Indicators

SF1	Was there an unmodified opinion in the Annual Financial Report on the financial statements as a whole?	Yes
SF2	Were there any disclosures in the Annual Financial Report and/or other sources of information concerning nonpayment of any terms of any debt agreement at fiscal year end?	No
SF3	Did the school district make timely payments to the Teacher Retirement System (TRS), Texas Workforce Commission (TWC), Internal Revenue Service (IRS), and other government agencies? (If the school district was issued a warrant hold and the warrant hold was not cleared within 30 days from the date the warrant hold was issued, the school district is considered to not have made timely payments.) Payments to the TRS and TWC are considered timely if a warrant hold that was issued in connection to the untimely payment was cleared within 30 days from the date the warrant hold was issued. Payments to the IRS are considered timely if a penalty or delinquent payment notice was cleared within 30 days from the date the notice was issued.	Yes
SF4	Was the school district issued a warrant hold? Even if the issue surrounding the initial warrant hold was resolved and cleared within 30 days, the school district is considered to have been issued a warrant hold.	No
SF5	Did the Annual Financial Report disclose any instances of material weaknesses in internal controls over financial reporting and compliance for local, state, or federal funds?	No
SF6	Was there any disclosure in the Annual Financial Report of material noncompliance for grants, contracts, and laws related to local, state, or federal funds?	No
SF7	Did the school district post the required financial information on its website in accordance with Government Code, Local Government Code, Texas Education Code, Texas Administrative Code and other statutes, laws and rules that were in effect at the school district's fiscal year end?	Yes
SF8	Did the school board members discuss the school district's property values at a board meeting within 120 days before the school district adopted its budget?	Yes
SF9	Total accumulated accretion on CABs included in government-wide financial statements at fiscal year-end.	\$ 0