

WHITE SETTLEMENT INDEPENDENT SCHOOL DISTRICT
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE TEN MONTHS ENDED
JUNE 30, 2020



White Settlement, Texas

Prepared by the Business Services Department

Janette Owens, CPA – Director of Business

THIS PAGE LEFT BLANK INTENTIONALLY

WHITE SETTLEMENT INDEPENDENT SCHOOL DISTRICT

COMPREHENSIVE ANNUAL FINANCIAL REPORT FOR THE TEN MONTHS ENDED JUNE 30, 2020

TABLE OF CONTENTS

<u>Exhibit</u>		<u>Page</u>
INTRODUCTORY SECTION		
	Letter of Transmittal	i
	Administrative Organizational Chart	viii
	List of Elected and Appointed Officials	ix
	Certificate of Board	x
FINANCIAL SECTION		
	Independent Auditor's Report	1
	Management's Discussion and Analysis	3
Basic Financial Statements		
Government-wide Statements:		
A-1	Statement of Net Position.....	10
B-1	Statement of Activities.....	11
Governmental Fund Financial Statements:		
C-1	Balance Sheet.....	13
C-2	Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position	14
C-3	Statement of Revenues, Expenditures, and Changes in Fund Balance	15
C-4	Reconciliation of the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances to the Statement of Activities	16
Proprietary Fund Financial Statements:		
D-1	Statement of Net Position – Proprietary Fund	17
D-2	Statement of revenues, Expenditures and Changes in Fund Balance – Proprietary Fund.....	18
D-3	Statement of Cash Flows – Proprietary Fund	19
Fiduciary Fund Financial Statements:		
E-1	Statement of Assets and Liabilities.....	20
	Notes to the Financial Statements.....	21

Required Supplementary Information

G-1	Schedule of Revenues, Expenditures and Changes in Fund Balance Budget and Actual – General Fund	45
	Notes to Required Budgetary Schedule	46
G-2	Schedule to the District's Proportionate Share of the Net Pension Liability – Teacher Retirement System	47
G-3	Schedule of the District's Pension Contributions – Teacher Retirement System	49
G-4	Schedule of the District's Proportionate Share of the Net OPEB Liability – Teacher Retirement System	51
G-5	Schedule of the District's OPEB Contributions – Teacher Retirement System	52

Combining Statements

Nonmajor Governmental Funds:

H-1	Combining Balance Sheet	53
H-2	Combining Statement of Revenues, Expenditures, and Changes in Fund Balances	57

Fiduciary Fund:

I-1	Combining Statement of Changes in Assets and Liabilities – Agency Fund	61
-----	--	----

Required TEA Schedules

J-1	Schedule of Delinquent Taxes Receivable	62
J-4	Schedule of Revenues, Expenditures and Changes in Fund Balance Budget and Actual – National Breakfast and Lunch Program Fund	64
J-5	Schedule of Revenues, Expenditures and Changes in Fund Balance Budget and Actual – Debt Service Fund	65

STATISTICAL SECTION (UNAUDITED)

Table

1	Net Position by Component	66
2	Change in Net Position.....	68
3	Fund Balances of Governmental Funds	72
4	Changes in Fund Balances of Governmental Funds	74
5	Total Assessed and Net Taxable Value of Taxable Property	78
6	Property Tax Rates – Direct and Overlapping Governments	80
7	Principal Property Taxpayers	82
8	Property Tax Levies and Collections.....	84
9	Outstanding Debt by Type.....	85
10	Ratio of Net General Bonded Debt to Taxable Assessed Valuation	87

11	Estimated General Obligation Overlapping Debt Statement	89
12	Demographic and Economic Statistics.....	90
13	Principal Employers.....	91
14	Full-Time Equivalent District Employees by Type.....	93
15	Teacher Data.....	94
16	Teacher Base Salaries	96
17	Expenditures, Enrollment and Per Pupil Cost	97
18	Total Expenses of Governmental Activities, Enrollment and Per Pupil Cost.....	98
19	School Building Information	99

FEDERAL AWARDS SECTION

	Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	100
	Independent Auditor's Report on Compliance for Each Major Federal Program and Report on Internal Control Over Compliance in Accordance with Uniform Guidance.....	102
K-1	Schedule of Expenditures of Federal Awards.....	104
	Notes to Schedule of Expenditures of Federal Awards	105
	Schedule of Findings and Questioned Costs	106

THIS PAGE LEFT BLANK INTENTIONALLY

INTRODUCTORY SECTION

THIS PAGE LEFT BLANK INTENTIONALLY



Finance & Operations • 401 S. Cherry Lane • White Settlement, TX 76108
www.wsisd.com

November 4, 2020

Ben Davis
Board of Trustees
White Settlement Independent School District
401 S Cherry Lane
White Settlement ISD

Dear Mr. Davis. and Members of the Board:

The Texas Education Code requires that all school districts file a set of financial statements with the Texas Education Agency (TEA) within 150 days of the close of each fiscal year. The financial statements must be presented in conformity with the generally accepted accounting principles (GAAP) and audited by a firm of licensed certified public accountants in accordance with generally accepted auditing standards. Pursuant to the requirement, we hereby issue the Comprehensive Annual Financial Report of the White Settlement Independent School District (the District) for the fiscal year ended June 30, 2020.

The comprehensive annual financial report is presented in four sections: Introductory, Financial, Statistical and Federal Awards. The Introductory section includes this transmittal letter, the District's organizational chart and a list of principal officials. The management's discussion and analysis in the Financial section provides an overview of the financial position and results of operations for the year. The Financial section also includes the auditor's report, the basic financial statements, including the Government Wide Financial Statements and the Governmental Fund Financial Statements, the combining schedules and required supplementary information. The Statistical section includes selected financial and demographic information, generally presented on a multi-year basis. The Federal Awards section includes the schedule of federal awards, auditor's reports and the schedule of findings for both current and prior years.

This report consists of management's representations concerning the finances of the district. Consequently, management assumes full responsibility for the completeness and reliability of all the information presented in this report. In order to provide a reasonable basis for making these representations, management of the District has established a comprehensive internal control framework that is designed to protect the District's assets from loss, theft or misuse. Additionally, the internal control framework is designed to compile sufficient reliable information for the preparation of the district's financial statements in conformity with GAAP. Because the costs of internal controls should not outweigh their benefits, the District's comprehensive framework of internal controls has been designed to provide reasonable assurance rather than absolute assurance that the financial statements will be free from material misstatement. To the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

The financial statements of the District have been audited by Pattillo, Brown and Hill, L.L.P., a firm of licensed certified public accountants. The goal of the independent audit is to provide reasonable assurance that the financial statements of the District are free of material misstatement. The independent audit involves examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditors concluded, based upon the audit, that there was a reasonable basis for rendering an unmodified opinion and that the financial statements are fairly presented in conformity with GAAP. The independent auditors' report is presented as the first component of the financial section of this report.

The independent audit of the financial statements is part of a broader, federally mandated "Single Audit" designed to meet the special need of federal grantor agencies. The standards governing Single Audit engagements require the independent auditor to report not only on the fair presentation of the financial statements, but also on the audited government's internal controls and compliance with legal requirements, with special emphasis on internal controls and legal requirements involving the administration of federal awards. These reports are available in the Federal Awards section of this report.

GAAP require that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The District's MD&A can be found immediately following the report of the independent auditors.

Governing Body

Established in 1959, White Settlement ISD is governed by a Board of Trustees. The Board consists of seven elected citizens who are active in a variety of school, business, and community groups. The Board offers stability and leadership to the district and sets the tone for educational improvement. Trustees serve overlapping terms of three years. Candidates run for specific places but do not represent geographical areas. All candidates must be qualified voters and residents of White Settlement ISD. Monthly meetings are posted and advertised as required by law so trustees may fulfill their duties to the students, parents, staff, and taxpayers. Special meetings and work sessions are scheduled as needed and announced in compliance with public notice requirements.

The Board has final control over all school matters limited only by the state legislature, by the courts, and by the will of the people as expressed in school Board elections. Board decisions are based on a majority vote of those present.

In general, the Board adopts policies, sets direction for curriculum, employs the Superintendent, and oversees the operations of the District. Besides general Board business, Trustees are charged with numerous statutory regulations including calling trustee and other school elections and canvassing the results, organizing the Board and electing its officers. The Board is also responsible for setting the tax rate, setting the salary schedules, and acting as a board of appeals in personnel and student matters, confirming recommendation for textbook adoptions and adopting and amending the annual budget.

The Board of Trustees meets annually for strategic planning and to set goals for the District. The goals are both long-term and short-term in an effort to focus resources and efforts on specific areas, as well as set high standards for the students and staff of the District.

The White Settlement ISD motto, mission, vision, and belief statements are adopted by the Board of Trustees.

Motto

Think Big ... Bears Do!

Mission

Fostering a culture of excellence and empowering Brewer Bears to be innovators and leaders of tomorrow by providing premier education.

Vision

- Developing passion to learn...discovering purpose for tomorrow.

Core Beliefs

We believe:

- All students are our top priority.
- Every student has value and purpose.
- Our students deserve a passionate teacher in every classroom every day.
 - A safe, secure and enriched environment enhances learning.
- Learning is a shared responsibility that requires active involvement by students, staff, families and the community.

District Goals

Every year the District and Board of Trustees review and update the District goals. The goals are the foundation of the District Improvement Plan. The goals for 2019-2020 include:

- Maximize student achievement through high standards across all disciplines, which incorporate critical thinking, creativity, collaboration, high quality, instructional strategies and innovative teaching.
- Cultivate a safe, nurturing and collaborative environment that promotes active involvement by parents, students, and community members.
- Sustain an effective and efficient organization by utilizing a flexible, responsive and consistent process for financial and operational management.
- Design professional learning opportunities that lead to effective teaching practices, instructional leadership, and improved student results.
 - The district will recruit, develop, and retain qualified, certified and effective personnel.

Economic Conditions and Outlook

The financial statement are best understood when it is considered within the perspective of the environment in which the District operates.

The student enrollment was a record high in October 2019 of 6,984 students. Student enrollment has increased 713 students since 2011 (average of one to two percent per year). The District projects a continued steady growth of 1.5 percent to 3 percent for the next several years due to the expected population growth. The population has grown an average of 2% over the last ten years. The Dallas/Fort Worth Area (DFW) is expected to grow to over 8 million people in the next 5 years (increase of 3.7% from 2019).

White Settlement Independent School District is a growing suburban school district that serves more than 6,900 students in pre-kindergarten through 12th grades. White Settlement ISD encompasses 24 square miles in Tarrant County, and students reside in the City of White Settlement and a portion of the City of Fort Worth. The District is west of the City of Fort Worth, along Interstate Highway 20 and on the mid-western boundary of Tarrant County. Tarrant County is one of the largest manufacturing counties in the United States.

There are several nearby colleges and universities located in Fort Worth, including Texas Christian University and Texas Wesleyan University. The oil and gas production in Tarrant County accounts for 6.43 percent of the total state production.

Housing

The residential growth of the District is ranked 32nd out of 89 Dallas/Fort Worth school districts. From October 2018 through September 2019, there were 348 new homes started in the District. This is the highest starts during a 12-month period in over 12 years. There are several new residential developments currently being developed within the District. The new builders are focusing on mid-price residences, ranging from \$280,000 to \$350,000 versus the surrounding areas that offer the more expensive residences. This is a strategy of the current builders to attract first-time home buyers to this market. These homes are value driven, entry-level and move up homes priced. The median new home price was \$243,844 for White Settlement ISD, \$320,000 for greater Fort Worth's and \$347,175 for the Dallas Fort Worth Area. Approximately 152 vacant developed lots and 4,187 lots for future development remain in the District. In addition to the residences there are a couple of multi-family construction projects underway. The District projects that it will take 5 to 7 years for all the current developed lots and future planned single family lots to be built out. The new residences are concentrated (91%) on the City of Fort Worth part of the District.

Employment

According to the Bureau of Labor Statistics, the Dallas-Fort Worth area created more than 115,000 new jobs between August 2018 and August 2019. This is second only to New York City in number of jobs added during that period. The job growth rate for DFW of 3.1% exceeded the national job growth rate of 1.4%. Currently, the District does not have any new large employers that have committed to move into the area; however, there are many new small businesses that have located in White Settlement in the last few years. White Settlement ISD largest employer, Lockheed Martin, is an American aerospace, defense, arms, security, advanced technologies company.

Prior to COVID (April 2020), the state's unemployment rate has been at or below the national rate for eleven consecutive years, according to the Bureau of Labor Statistics. In June 2020, the unemployment rate in the DFW area declined by 6%, compared to the national decline of 11.8 percent. Despite the DFW job losses in April, May, and June, DFW had the second-lowest rate of loss among the 12 largest metropolitan areas in the country. The unemployment rate for the DFW area in August 2020 was 8.4 percent compared to the Nationwide rate of 11.2 percent.

Impact of COVID-19

The District continues to monitor the spread of COVID-19 and is working with local, state, and national agencies to address the potential impact of the Pandemic upon the District. While the potential impact of the Pandemic on the District cannot be quantified at this time, the continued outbreak of COVID-19 could have an adverse effect on the District's operations and financial condition.

Education

The White Settlement School District, home of the Fightin' Brewer Bears, offers a hometown, community atmosphere with all the benefits of city living. Conveniently located west of downtown Fort Worth and just minutes from Lockheed Martin and the Naval Air Station, Joint Reserve Base, White Settlement ISD is located in the Dallas/Fort Worth metroplex. White Settlement ISD is just minutes from Fort Worth's Cultural Arts District that offers a science and history museum, two world-renowned art museums, and numerous performing art facilities. White Settlement ISD is a community-rich in pride and tradition, and every family can become part of the Brewer Bear tradition because the District offers Open Enrollment for kindergarten through 12th grade students.

Fully accredited by the Texas Education Agency, the district is comprised of nine schools and 855 employees including teachers and support personnel. White Settlement ISD offers four elementary campuses including North Elementary which offers a STEAM (Science, Technology, Engineering, Arts, and Math) Academy, a Fine Arts Academy, an intermediate school (grades 5 and 6), a middle school (grades 7 and 8), a high school (grades 9 through 12), and an alternative campus. The district also has 8 portable buildings throughout the district to provide additional instructional teaching space.

Student Achievement

For the past two years, White Settlement ISD has earned a B accountability rating from the Texas Education Agency. Liberty Elementary earned an A rating and four distinctions, and the Fine Arts Academy received three distinctions.

White Settlement ISD offers a Dual Credit Academy at Brewer High School so juniors and seniors may earn college credit while taking high school courses. This program is a partnership with Tarrant County College and University of Texas On-Ramps. Students have the opportunity to graduate high school with a maximum of 36 college credit hours. Brewer High School also offers Advanced Placement (AP) Courses for high school students.

The district's growing Career and Technical Education (CTE) program provides students with a variety of career avenues including Agriculture, Culinary Arts and Engineering. White Settlement ISD is the only district in Texas to offer an Unmanned Aircraft Systems (drone) program that enables students to receive Federal Aviation Administration certification. Brewer High School students can graduate high school with industry standard certifications through CTE classes which allows them the choice of entering into the work force upon graduation.

A variety of CTE clubs are offered including Law Enforcement, FCCLA, FFA, Audio Video, and Animation. Students compete in the SkillsUSA competition, FCCLA and more. More than 300 Brewer High School Students competed at state competitions in 2018-2019 (the 2019-2020 season ended early due to COVID; however, the number of students who advanced to state was consistent with 2018-2019)

Technology

White Settlement ISD is a Dell EMC Model School District. White Settlement's team of Dell EMC certified educators work with staff to integrate the best practices in technology applications, enhancing student collaboration, imagination and problem-solving that results in digital learners that are prepared for the 21st century.

As part of the district's 1-1 technology initiative, all students in grades 3 through 12 have Dell laptops, and all pre-kindergarten through second grade use iPads in the classroom. In 2019-2020, White Settlement ISD provided touchscreen smart boards in the classrooms.

STEAM Academy

The North Elementary STEAM Academy serves students in grades kindergarten through 4th grades and integrates Science, Technology, Engineering, Arts and Math into every subject.

Dual Language Immersion Programs

White Settlement ISD implements one-way and two-way Dual Language Immersion programs, enabling both native Spanish and English speakers to develop proficiency (listening, speaking, reading and writing) and receive content area instruction in both English and Spanish.

These students can continue to participate in Dual Language in grades 5th and 5th at Tannahill Intermediate and take the Spanish Placement Exam. Passing this exam enables students to continue in the Advanced Spanish program in grades 7th and 8th and earn early credits for both high school and college. Dual Language students are also on a pathway to earn the Seal of Biliteracy Award upon graduation.

Early Childhood Academy

White Settlement ISD offers an Early Childhood Academy at West Elementary that provides full-day prekindergarten. All pre-kindergarten and Early Childhood Special Education classes and the Pre-Kindergarten Dual Language classes attend the Early Childhood Academy.

Fine Arts Academy

Kindergarten through 4th grade students attend music or art rotations four times a week, and 5th and 6th grade students have the opportunity to participate in band, art, choir, dance, and PE. Sixth graders may also enroll in Pre-Advanced Placement reading and math.

Extracurricular Programs

Brewer Bears have the opportunity to participate in a variety of award-winning athletic and fine arts programs including band and color guard, choir, cross country, dance, theater, football, basketball, baseball, soccer, softball, tennis, track, volleyball, wrestling, powerlifting and more.

District of Innovation

In January 2017, a committee of teachers, administrators and parents explored the possibility of becoming a "District of Innovation". Created during the 2015 legislative session, the designation allows school districts greater local control and flexibility regarding certain provision of the Texas Education Code in an effort to utilize the designation to better serve students.

White Settlement ISD's plan addresses the following areas: the first day of instruction, teacher certification, terms of probationary contracts, classroom ratios, and the evaluation tool for teachers and administrators.

The District of Innovation enables White Settlement ISD:

- To develop an academic calendar that starts earlier than the fourth Monday of August;
- To hire non-certified individuals who have industry experience in a Career and Technology Education field, who are proficient in the educational field, or who are proficient in the Fine Arts educational field;
- To issue a probationary contract for up to two years for experienced teachers, counselors, or nurses to allow for the district to better evaluate the teacher's effectiveness in the classroom;
- Flexibility to exceed the 22:1 ratio in the classroom in the event of unforeseen enrollment growth. White Settlement ISS's priority is to continue ensuring a 22:1 classroom ratio;
- To use a locally developed evaluation system to better meet the needs of teachers and administrators.

The Board of Trustees held a public meeting on March 30, 2017 regarding the plan, and trustees adopted the plan during the public meeting on May 9, 2017. The plan was amended last amended in September 2019 to allow for hiring of at-will non-certified individuals who have industry experience in the Fine Arts Educational Field. The plan's exemptions are valid for five years.

Long Term Financial Planning

White Settlement ISD's five-year plan is driven by the district's mission, vision, motto, and beliefs, developed during strategic planning which includes the Board of Trustees, White Settlement ISD Leadership Team, and instructional and technology coaches. Teachers, parents and community members are also involved in the development and annual review of the plan.

The District Leadership meets periodically with the District financial advisor and with the demographer to review enrollment growth and facility needs. The District uses the information provided by these resources to develop a plan to consider a bond package to provide relief for overcrowding, replace aging facilities, expand program offerings to students, perform repairs and maintenance, and provide capacity for anticipated student enrollment growth. The District anticipates student enrollment growth in excess of 2% over the next five years.

The District reduced debt portfolio by refinancing bonds at a much lower interest rates. The District has refinance bonds in eight of the last nine years and saved taxpayers millions of dollars by reducing the overall amount of outstanding debt. The District maintains an A+ rating from Fitch that allows us to get great interest rates. As an example, in July 2020, the District refinanced 7.7 million in bonds saving the taxpayers 3 million. The District has another opportunity in 2021 to refinance 25 million in bonds.

Since the Texas Legislature meets every two years to approve education funding, school districts are unable to accurately predict what mandates or funding changes will be implemented over the long-term. White Settlement ISD has accumulated unassigned fund balance in excess of \$17 million to prepare for uncertainties in future student enrollment growth, property values, and funding reductions.

The 2019-2020 adopted budget included \$500,000 for additional teachers and staff to accommodate growth and \$3,200,000 for employee compensation that included a 8% increase for teachers. The District performed a market salary study and revised the pay schedules to within 90% of current market. One of the goals of the Strategic Planning Team is to recruit and retain high quality employees. This is a challenge since we compete with a few large school districts. Normally we are ranked within the top 15 Districts in the area on pay.

Finance Awards

White Settlement ISD was awarded the Transparency Stars award for its continued progress toward achieving financial transparency. The Texas Comptroller's Leadership Circle program recognizes local governments across Texas that are striving to meet a high standard for financial transparency online. The District's efforts to provide citizens with clear, consistent information in a user-friendly format have paved the way for achieving greater financial transparency. This is the third year the District has earned the star for Traditional Finances and Debt Obligations. The District was awarded the star for Contracts & Procurement during 2019-2020 school year.

The FIRST (Financial Accountability Rating System of Texas) program, a financial accountability system for Texas School Districts, was developed by the Texas Education Agency in response to Senate Bill 875 of the 76th Texas Legislature in 1999. The primary goal of the FIRST is to achieve quality performance in the management of school district' financial resources, a goal made more significant due to the complexity of accounting associated with the Texas school finance system. For school year 2018-2019, the Texas Education Agency assigned one of the following four ratings, "A" for "Superior Achievement", followed by "B" for "Above Standard Achievement", "C" for "Standard Achievement" and "F" for "Substandard Achievement". White Settlement ISD has received the highest rating for 17 years demonstrating the District commitment to high quality financial management and reporting. For 2018-2019 the District received an "A" (for Superior) ratings.

Report Information

The Comprehensive Annual Financial Report is prepared in accordance with generally accepted accounting principles (GAAP) and in conformance with standards of financial reporting established by the Governmental Accounting Standards Board (GASB) using guidelines recommended by the Government Finance Officers Association of the United States and Canada (GFOA). All funds of the district are covered by this report. The district's financial policies address accounting and fiscal operations of the district, with an emphasis on asset, procurement, and budget management.

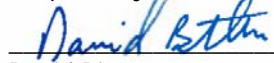
The district maintains budgetary controls, and the objective is to ensure compliance with legal provisions embodied in the annual budget approved by the District's Board of Trustees. The annual expenditure budget serves as the foundation for the district's financial planning and control. Every school district in Texas is required, by law, to prepare and file a budget with the Texas Education Agency (TEA). The board legally adopts a budget for the General Fund, Debt Service Fund, and Child Nutrition Fund. Budgets for Special Revenue Funds (other than Child Nutrition) and Capital Projects Funds are prepared on a project bases, based on grant regulations or applicable bond ordinances.

Budgetary control (the level at which expenditures cannot legally exceed appropriations) is mandated at the functional category level within each fund. These functional categories are defined by Texas Education Agency and identify the purpose of transactions. The District also maintains an encumbrance accounting system as one technique of accomplishing budgetary control. Encumbered amounts lapse at year end unless specifically identified for rollover into the next fiscal year.

Acknowledgements

The preparation of this report could not have been accomplished without the efficient and dedicated efforts of the entire staff of the Business Services Department. We would like to express our sincere appreciation to all members of the departments and surrounding entities who assisted and contributed to the preparation of this report. We would also like to express appreciation to the Board of Trustees for their interest and support in the financial operations of the District. Finally, we would like to thank the residents of the District for their support of, and belief in, our public schools, and principals and teachers who provide the quality education for which the District has become known.

Respectfully submitted,



David Bitters

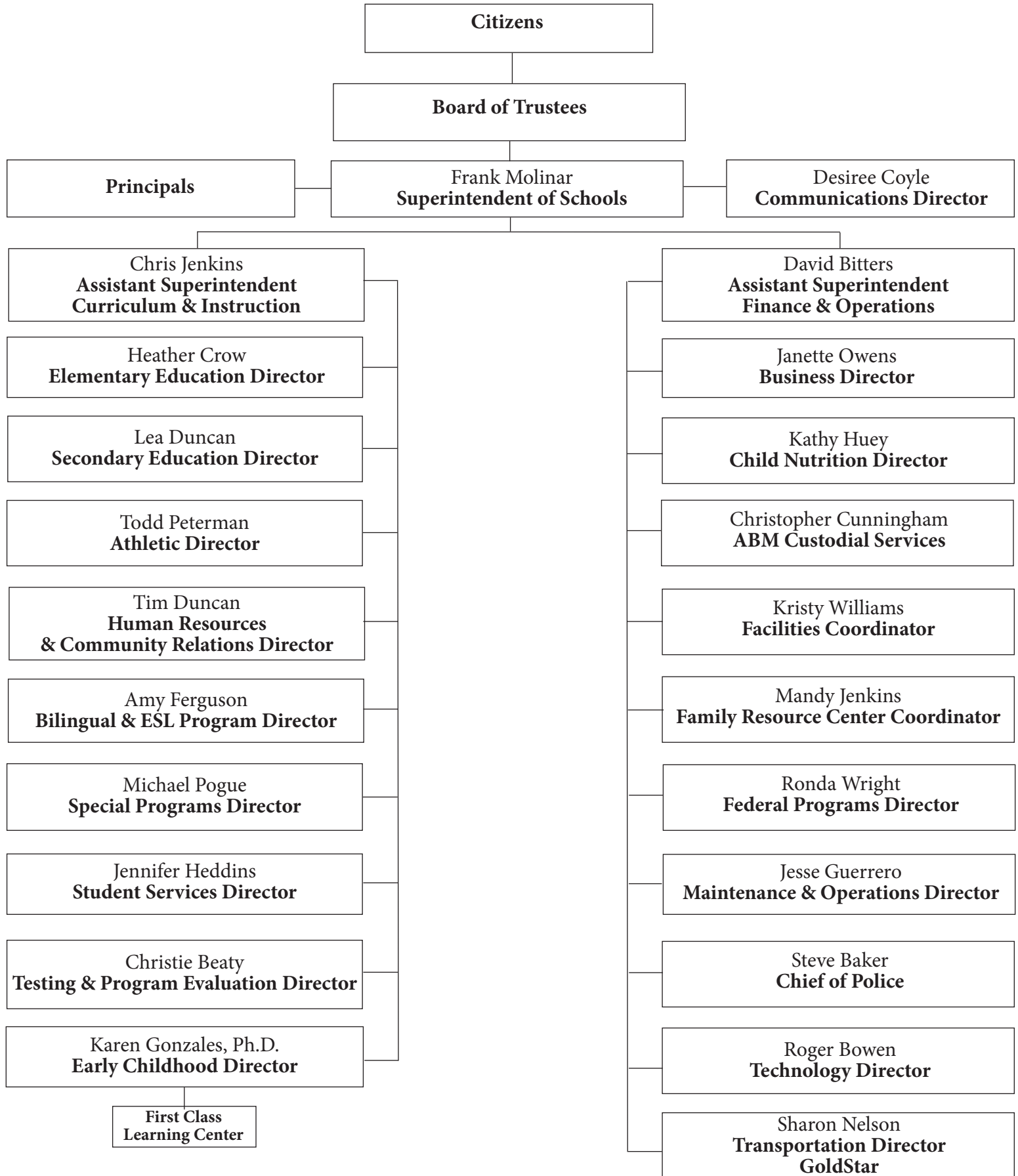
Assistant Superintendent of Finance and Operations



Janette Owens

Director of Business

White Settlement ISD 2019-2020 Organizational Chart



WHITE SETTLEMENT INDEPENDENT SCHOOL DISTRICT

PRINCIPAL OFFICIALS

JUNE 30, 2020

Board of Trustees

Ben Davis, President

John Bradley, Vice President

Amanda Sanchez, Secretary

Melissa Brown

Dr. Jeremy Lelek

Glen Lowry

Raymond Patterson

District Leadership

Frank Molinar, Superintendent of Schools

David Bitters, Assistant Superintendent of Finance & Operations

Chris Jenkins, Assistant Superintendent of Curriculum, Instruction & Administrative Services

Tim Duncan, Human Resources & Community Relations Director

Desiree Coyle, Communications Director

Janette Owens, Business Director

CERTIFICATE OF BOARD

White Settlement Independent School District
Name of School District

Tarrant
County

220920
Co.-Dist.Number

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

Amanda Sanchez

Signature of Board Secretary

Ben Davis

Signature of Board President

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

THIS PAGE LEFT BLANK INTENTIONALLY

FINANCIAL SECTION

THIS PAGE LEFT BLANK INTENTIONALLY



INDEPENDENT AUDITOR'S REPORT

Board of Trustees of
White Settlement Independent School District
White Settlement, Texas

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 White Settlement Independent School District, as of and for the ten months ended June 30, 2020, and the related notes to the financial statements, which collectively comprise White Settlement Independent School District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

OFFICE LOCATIONS

TEXAS | Waco | Temple | Hillsboro | Houston
NEW MEXICO | Albuquerque

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of White Settlement Independent School District, as of June 30, 2020, and the respective changes in financial position and, where applicable, cash flows thereof for the ten months then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise White Settlement Independent School District's basic financial statements. The combining statements, required TEA schedules and the Schedule of Expenditures of Federal Awards, as required by the audit requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining statements, required TEA schedules and the Schedule of Expenditures of Federal Awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining 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.

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 4, 2020 on our consideration of White Settlement Independent School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of White Settlement Independent School District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering White Settlement Independent School District's internal control over financial reporting and compliance.

Pattillo, Brown & Hill, L.L.P.

Waco, Texas
November 4, 2020

MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the White Settlement Independent School District (the "District"), we offer readers of the District's financial statements this narrative overview and analysis of the financial activities of the District for the ten months ended June 30, 2020. We encourage readers to consider the information presented here in conjunction with the financial statements.

Financial Highlights

- The liabilities and deferred inflows of resources of the District exceeded its assets and deferred outflow of resources at the close of the most recent period by \$96,682,234 (net position - deficit). This is a decrease of \$2,332,755 in the current year, which is consistent with the prior year decrease and primarily due to the accretion of interest on capital appreciation bonds.
- For 2020, the District elected to change its fiscal year-end from August 31 to June 30. For the 10 months ended June 30, 2020, this resulted in an overall increase to the fund balance of the District's funds. This was caused by the timing of certain revenues and expenditures, particularly property tax revenues which are largely collected in January and were unaffected by a shortened fiscal year.
- As of the close of the current fiscal year, the District's governmental funds reported a combined ending fund balance of \$36,473,702, an increase of \$10,197,827 from the prior year. Contributing to this change was the increase in the debt service fund balance. This increase is attributed to the debt service property tax revenue being slightly higher than the prior year, but only the February 2020 debt service payments were expended within the 10 months reported. Restricted debt service fund balance will be used to pay for the August 2020 debt service payments.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$17,901,231 or 32% of total General Fund current year expenditures. Prior year unassigned fund balance for the General Fund was \$16,358,781, or 29% of total General Fund expenditures.

Overview of the Financial Statements

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

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, deferred outflows/inflows of resources, and liabilities, with the difference being reported as net position. Over time, increases and 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 on 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 for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes).

In the District's government-wide financial statements the functions of the District are being principally supported by taxes and intergovernmental revenues (governmental activities) The governmental activities of the District include instruction, school leadership, guidance, counseling and evaluation services, social work services, health services, student transportation, extracurricular activities, general administration, facilities maintenance and operations, security and monitoring services and community services.

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 statement and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the District can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

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

Because the focus of the governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The District maintains 18 individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund and debt service fund, which are considered to be major funds. Data from the remaining 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.

The District adopts an annual appropriated budget for its general fund. A budgetary comparison schedule has been provided for the general fund to demonstrate compliance with this budget.

Proprietary Funds. The District maintains one type of proprietary fund. An *internal service fund* is an accounting device used to accumulate and allocate costs internally among the District's various functions. The District uses an internal service fund to account for the management of its retained risks for worker's compensation. This service has been included within *governmental activities* in the government-wide financial statements.

The internal service fund is included is a single column on the proprietary fund financial statements.

Fiduciary Funds. Fiduciary funds are used to account for resources held for the benefit of parties outside of the District. Fiduciary funds are *not* reported in the government-wide financial statements because the resources of those funds are *not* available to support the District's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

The District maintains one type of fiduciary fund. The *Agency fund* reports resources held by the District is a custodial capacity primarily for student groups.

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

Other Information – In addition to the basic financial statements and accompanying notes, this report also presents *required supplementary information* concerning the District's pension and OPEB plans.

Government-wide Overall Financial Analysis

As noted earlier, net position over time may serve as a useful indicator of a government's financial position. In the case of the District, liabilities and deferred inflows of resources exceeded assets and deferred outflows of resources by \$96,682,234 at the close of the most recent fiscal year.

	Governmental Activities		
	2020	2019	Change
Current and other assets	\$ 45,993,384	\$ 31,680,265	45.18%
Capital assets	<u>111,628,868</u>	<u>117,707,652</u>	-5.16%
Total assets	<u>157,622,252</u>	<u>149,387,917</u>	5.51%
Deferred outflows of resources	<u>16,314,718</u>	<u>16,786,515</u>	-2.81%
Current liabilities	10,217,442	4,411,866	
Long-term liabilities	<u>248,235,817</u>	<u>248,028,267</u>	0.08%
Total liabilities	<u>258,453,259</u>	<u>252,440,133</u>	2.38%
Deferred inflows of resources	<u>12,165,945</u>	<u>8,083,778</u>	50.50%
Net position:			
Net investment in capital assets	(76,463,248)	(72,589,440)	5.34%
Restricted	13,850,799	8,347,025	65.94%
Unrestricted	<u>(34,069,785)</u>	<u>(30,107,064)</u>	13.16%
Total net position	<u>\$(96,682,234)</u>	<u>\$(94,349,479)</u>	2.47%

A large portion of the District's deficit net position, (\$76,463,248), reflects the District's net investment in capital assets (e.g., land, buildings, furniture and equipment, and accumulated depreciation), less any related debt used to acquire those assets that is still outstanding. 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. The District's net investment in capital assets is a deficit primarily due to the long-term debt used to finance some of the District's capital assets maturing after capital assets are depreciated.

An additional portion of the District's net position, \$13,850,799, represent resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position, (\$34,069,785), is a deficit. This is not an indication that the District has insufficient resources available to meet financial obligations next year, but rather the result of having long-term commitments that are more than currently available resources.

At the end of the current fiscal year, the District did not report positive balances in net investment in capital assets and unrestricted net position, and the same held true for the prior fiscal year.

CHANGES IN NET POSITION

	Governmental Activities		
	2020	2019	Change
REVENUES			
Program revenues:			
Charges for services	\$ 2,292,553	\$ 3,194,543	-28%
Operating grants and contributions	13,545,729	14,068,651	-4%
General revenues:			
Maintenance and operations taxes	22,969,632	20,909,747	10%
Debt service taxes	10,980,958	9,649,284	14%
Grants and contributions not restricted	30,151,552	31,252,016	-4%
Investment earnings	354,771	733,427	-52%
Miscellaneous	<u>197,048</u>	<u>273,683</u>	-28%
Total revenues	<u>80,492,243</u>	<u>80,081,351</u>	1%
EXPENSES			
Instruction	43,093,333	40,313,147	7%
Instructional resources and media services	380,693	363,619	5%
Curriculum and instructional staff development	1,146,010	1,337,518	-14%
Instructional leadership	1,421,072	1,319,944	8%
School leadership	4,435,519	4,614,328	-4%
Guidance, counseling and evaluation services	2,556,297	2,334,050	10%
Social work services	100,023	175,227	-43%
Health services	747,656	713,321	5%
Student (pupil) transportation	1,649,302	1,616,818	2%
Food services	4,130,023	4,267,345	-3%
Co-curricular/extra curricular activities	3,148,021	3,179,266	-1%
General administration	2,045,112	2,419,750	-15%
Plant maintenance and operations	7,247,731	7,928,218	-9%
Security and monitoring services	427,636	400,459	7%
Data processing services	1,878,927	1,777,604	6%
Community services	679,265	633,626	7%
Debt service - interest on long-term debt	7,545,093	8,345,544	-10%
Debt service - bond issuance costs	5,117	6,807	-25%
Payments related to shared services arrangements	22,620	122,977	-82%
Payments to other governmental agencies	-	7,095	100%
Other intergovernmental changes	<u>165,548</u>	<u>155,949</u>	6%
Total expenses	<u>82,824,998</u>	<u>82,032,612</u>	1%
CHANGE IN NET POSITION	<u>(2,332,755)</u>	<u>(1,951,261)</u>	20%
NET POSITION, BEGINNING	<u>(94,349,479)</u>	<u>(92,398,218)</u>	2%
NET POSITION, ENDING	<u>\$ (96,682,234)</u>	<u>\$ (94,349,479)</u>	2%

The District's net position decreased by \$2,332,755 from the prior fiscal year. This change is consistent with the prior year decrease and primarily due to the accretion of interest on capital appreciation bonds. Additional items that were a factor include a reduction in revenue from ticket sales and facility usage fees, which occurred as a result of the COVID-19 pandemic during fiscal year 2020.

Financial Analysis of Governmental Funds

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 the balance 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 the District's net resources available for discretionary use for a particular purpose by either an external party, the District itself, or a group or individual that has been delegated authority to assign resources for use for particular purposes by the District's Board.

At year-end the District's governmental funds reported a combined ending fund balance of \$36,473,702, a net increase of \$10,197,827 from last year's combined fund balance. Unassigned fund balance is \$17,901,231, or 49% of total and is available for spending at the District's discretion. The remainder of fund balance is not available for discretionary spending because it is classified as non-spendable, restricted, committed, or assigned.

The General Fund is the chief operating fund of the District. At the end of the current fiscal year the general fund's total fund balance was \$19,875,406, of which \$17,901,231, or 90% of total, is unassigned. The total fund balance increased by \$2,171,078 primarily due to increases in tax revenues compared with reduced expenditures caused by the district's changed fiscal year-end.

The Debt Service Fund ending fund balance was \$14,846,976, all of which is reserved for the payment of future debt service. The total fund balance increased by \$8,177,828 in comparison to the prior year. Although property tax revenue increases did contribute to this overall increase, the majority of the change was due to the District changing its fiscal year-end: most of the District's bond and note payments are due semi-annually on February 15 and August 15, and because of the shortened fiscal year only interest payments made on February 15th occurred during the ten months ended June 30, 2020.

General Fund Budgetary Highlights

Over the course of the year, the Board of Trustees revised the District's budget several times. These budget amendments fall into three categories:

- Adjusting state revenue for updated average daily attendance projections.
- Amendment to reduce budgets for amounts not spent during the year.
- Other major amendments to the General Fund expenditures included a \$1,562,693 increase in Function 11 – Instruction for student technology and added personnel, a \$1,009,255 increase in Function 51 – Facilities Maintenance & Operations for improvement to facilities, an increase of \$222,340 in Function 34 – Transportation Services for added bus routes and white fleet buses purchased, and a \$251,856 increase in Function 36 – Extracurricular Activities for upgrade of athletics and extracurricular equipment and programs.

The District's actual General Fund balance of \$19,875,406 differs from the General Fund's budgetary fund balance of \$16,038,003. The difference of \$3,837,403 is primarily due to actual expenditures being \$3,896,027 less than budgeted expenditures.

Capital Assets and Debt Administration

Capital Assets. The District's investments in capital assets for its governmental activities at the end of this fiscal year amounts to \$111,628,868 (net of accumulated depreciation) for a net decrease of \$6,078,784 or 5.2% from last year. This investment in capital assets includes land, buildings and improvements, and furniture and equipment. The decrease was not due to the district disposing of significant assets, but rather due to depreciation accumulating in excess of additions.

Major additions for the current fiscal year included the purchase of a scoreboard for the high school gym for \$136,634 and three Chevrolet vehicles totaling \$92,148.

District's Capital Assets

	2020	2019
Land	\$ 4,305,444	\$ 4,305,444
Building & improvements	205,582,466	204,916,712
Furniture & equipment	9,219,461	9,224,162
Less depreciation	(107,478,503)	(100,738,666)
Totals	\$ 111,628,868	\$ 117,707,652

Additional information about the District's capital assets are presented in the notes to the financial statements.

Long-term Liability Administration. At year-end, the District had \$248,235,817 in long-term liabilities versus \$248,028,267 last year. The change in long-term liabilities is primarily attributable to increases in the district's proportionate share of the TRS net pension and OPEB liabilities.

Most of the principal and interest payments are due on the District's bonds each year on February 15 and August 15. Because of the shortened fiscal year for 2020 caused by the District changing its fiscal year, the bond payments due on February 15th are the only payments reported within the 10 months ended June 30, 2020, and only included interest. This resulted in little change in the District's outstanding bonds and notes, and as mentioned previously, a significant increase in fund balance for the Debt Service Fund.

District's Outstanding Debt

	2020	2019
Bonds payable	\$ 149,227,316	\$ 149,227,316
Notes payable	758,034	758,034
Accreted interest on CABs	16,697,641	14,405,583
Premium related to CABs	30,665,035	30,665,035
Premium on bonds	7,590,618	7,969,910
Maintenance tax note	4,180,000	4,485,000
Net Pension Liability (proportionate share)	17,639,050	18,088,914
Net OPEB Liability (proportionate share)	21,478,123	22,428,475
Totals	\$ 248,235,817	\$ 248,028,267

The State issues guidelines recommending that a government entity should limit the amount of general obligation debt to 10% of its total assessed valuation. The current debt limitation for the District is \$227,826,214. The District's current outstanding general obligation debt does not exceed this amount.

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

- The District's 2020-2021 refined average daily attendance (ADA) is expected to be 6450. The budget is based on an ADA of 6450.
- The District continues to grow at a rate of 1%-1.5% per year. Several new housing additions support the projection of continued growth. If growth continues, the District will begin the process of forming the Facility/Board Committee during the 2020-2021 school year.
- The current amended budget is a negative \$2,739,090. The negative amount includes \$572,000 for staff positions added, \$350,000 for additional instructional supplies, \$290,000 for Transportation bus routes added and contract adjustment, \$200,000 for band uniforms, \$250,000 for operations special projects and re-budgeting \$144,001 for projects not completed in previous year.
- The District is continuing to work with its financial advisors and bond advisors to refinance bonded indebtedness to reduce debt amount.

- The District reduced the maintenance and operations and debt service tax rates for 2020-2021. The debt service rate was reduced to .4543 from .48 and the maintenance and operations tax rate was reduced to .9616 from .97.

The District also considered the effects of the ongoing COVID-19 pandemic. Although the pandemic has resulted in an economic downturn and presents significant future uncertainty, the District's property tax revenues were not significantly affected, as those tax revenues were due in January before the pandemic began. Although the pandemic could negatively affect next year's property tax collections or demand for services, statewide foundation revenue is expected to cover possible shortfalls in local revenue.

Requests for Information

This financial report is designed to provide our citizens, taxpayers, customers, investors and creditors with a general overview of the District's finances as well as demonstrate accountability for funds the District receives. Questions concerning any of the information provided in this report or requests for additional information should be addressed to the Business Office, at White Settlement I.S.D., 401 S. Cherry Lane, White Settlement, Texas 76108.

THIS PAGE LEFT BLANK INTENTIONALLY

BASIC FINANCIAL STATEMENTS

THIS PAGE LEFT BLANK INTENTIONALLY

WHITE SETTLEMENT INDEPENDENT SCHOOL DISTRICT

EXHIBIT A-1

STATEMENT OF NET POSITION

JUNE 30, 2020

Data Control Codes		Governmental Activities
	ASSETS	
1110	Cash and cash equivalents	\$ 5,366,279
1120	Current investments	30,379,243
1220	Property taxes receivable (delinquent)	1,589,623
1230	Allowance for uncollectible taxes	(623,722)
1240	Due from other governments	9,245,869
1290	Other receivables	15,100
1300	Inventories	18,085
1410	Prepaid items	2,907
	Capital assets:	
1510	Land	4,305,444
1520	Buildings and improvements, net	104,138,744
1530	Furniture and equipment, net	<u>3,184,680</u>
1000	Total assets	<u>157,622,252</u>
	DEFERRED OUTFLOWS OF RESOURCES	
1701	Deferred loss on bond refunding	4,328,887
1705	Deferred outflow related to pensions	8,485,339
1706	Deferred outflow related to other post-employment benefits	<u>3,500,492</u>
1700	Total deferred outflows of resources	<u>16,314,718</u>
	LIABILITIES	
2110	Accounts payable	992,253
2140	Interest payable	2,327,107
2160	Accrued wages payable	6,241,083
2180	Due to other governments	632,621
2300	Unearned revenue	24,378
	Noncurrent liabilities:	
2501	Due within one year	2,604,500
2502	Due in more than one year	206,514,144
2540	Net pension liability (proportionate share)	17,639,050
2545	Net other post-employment benefit liability (proportionate share)	<u>21,478,123</u>
2000	Total liabilities	<u>258,453,259</u>
	DEFERRED INFLOWS OF RESOURCES	
2605	Deferred inflow related to pensions	2,874,190
2606	Deferred inflow related to other post-employment benefits	<u>9,291,755</u>
2600	Total deferred inflows of resources	<u>12,165,945</u>
	NET POSITION	
3200	Net investment in capital assets	(76,463,248)
	Restricted for:	
3820	Federal and state programs	980,911
3850	Debt service	12,837,013
3890	GAP awards	32,875
3900	Unrestricted	<u>(34,069,785)</u>
3000	Total net position (deficit)	\$ <u>(96,682,234)</u>

The accompanying notes are an integral part of this financial statement.

WHITE SETTLEMENT INDEPENDENT SCHOOL DISTRICT

STATEMENT OF ACTIVITIES

FOR THE TEN MONTHS ENDED JUNE 30, 2020

Data Control Codes	1	Program Revenues 3
Functions/Programs	Expenses	Charges for Services
Primary government:		
Governmental activities:		
11 Instruction	\$ 43,093,333	\$ 438,226
12 Instructional resources and media services	380,693	-
13 Curriculum and staff development	1,146,010	-
21 Instructional leadership	1,421,072	-
23 School leadership	4,435,519	-
31 Guidance, counseling, and evaluation services	2,556,297	-
32 Social work services	100,023	-
33 Health services	747,656	-
34 Student transportation	1,649,302	-
35 Food service	4,130,023	838,796
36 Extracurricular activities	3,148,021	1,015,531
41 General administration	2,045,112	-
51 Facilities maintenance and operations	7,247,731	-
52 Security and monitoring services	427,636	-
53 Data processing services	1,878,927	-
61 Community services	679,265	-
72 Interest on long-term debt	7,545,093	-
73 Bond issuance costs and fees	5,117	-
93 Payments for shared services arrangements	22,620	-
99 Other intergovernmental changes	165,548	-
[TP] Total primary government	\$ 82,824,998	\$ 2,292,553
General revenues:		
Taxes:		
MT Property taxes, levied for general purposes		
DT Property taxes, levied for debt service		
GC Grants and contributions not restricted to specific programs		
IE Investment earnings		
MI Miscellaneous		
TR Total general revenues		
CN Change in net position		
NB Net position, beginning		
NE Net position, ending		

The accompanying notes are an integral part of this financial statement.

Program Revenues	Net (Expenses) Revenue and Changes in in Net Position
4	6
Operating Grants and Contributions	Primary Gov. Governmental Activities
\$ 7,346,552	\$(35,308,555)
24,710	(355,983)
613,190	(532,820)
165,798	(1,255,274)
375,938	(4,059,581)
1,012,125	(1,544,172)
8,525	(91,498)
78,228	(669,428)
54,777	(1,594,525)
2,611,115	(680,112)
151,690	(1,980,800)
141,258	(1,903,854)
392,113	(6,855,618)
62,971	(364,665)
96,163	(1,782,764)
85,969	(593,296)
299,460	(7,245,633)
-	(5,117)
25,147	2,527
-	(165,548)
<u>\$ 13,545,729</u>	<u>\$(66,986,716)</u>

22,969,632
10,980,958

30,151,552
354,771
197,048
64,653,961
(2,332,755)
(94,349,479)
\$(96,682,234)

WHITE SETTLEMENT INDEPENDENT SCHOOL DISTRICT

EXHIBIT C-1

**BALANCE SHEET
GOVERNMENTAL FUNDS**

JUNE 30, 2020

Data Control Codes		10 General Fund	50 Debt Service Fund	Other Funds	Total Governmental Funds
ASSETS					
1110	Cash and cash equivalents	\$ 4,856,253	\$ 117,914	\$ 379,193	\$ 5,353,360
1120	Investments - current	13,323,050	15,361,683	1,694,510	30,379,243
1220	Property taxes - delinquent	1,069,579	520,044	-	1,589,623
1230	Allowance for uncollectible taxes (credit)	(420,822)	(202,900)	-	(623,722)
1240	Receivables from other governments	8,546,717	-	699,152	9,245,869
1260	Due from other funds	486,508	-	-	486,508
1290	Other receivables	15,100	-	-	15,100
1300	Inventories	-	-	18,085	18,085
1410	Prepaid items	2,907	-	-	2,907
1000	Total assets	<u>27,879,292</u>	<u>15,796,741</u>	<u>2,790,940</u>	<u>46,466,973</u>
LIABILITIES					
2110	Accounts payable	598,580	-	37,223	635,803
2160	Accrued wages payable	5,749,765	-	491,318	6,241,083
2170	Due to other funds	343,531	-	486,508	830,039
2180	Due to other governments	-	632,621	-	632,621
2300	Unearned revenues	-	-	24,378	24,378
2000	Total liabilities	<u>6,691,876</u>	<u>632,621</u>	<u>1,039,427</u>	<u>8,363,924</u>
DEFERRED INFLOWS OF RESOURCES					
2601	Unavailable revenue	<u>1,312,010</u>	<u>317,144</u>	<u>193</u>	<u>1,629,347</u>
2600	Total deferred inflows of resources	<u>1,312,010</u>	<u>317,144</u>	<u>193</u>	<u>1,629,347</u>
FUND BALANCES					
Nonspendable:					
3430	Prepaid items	2,907	-	-	2,907
Restricted:					
3450	Federal or state grant restrictions	-	-	980,911	980,911
3480	Retirement of long-term debt	-	14,846,976	-	14,846,976
3490	GAP awards	-	-	32,875	32,875
3545	Committed for campus activity	-	-	737,534	737,534
Assigned:					
3590	Future technology purchases	1,386,429	-	-	1,386,429
3590	Subsequent year's budget	584,839	-	-	584,839
3600	Unassigned	<u>17,901,231</u>	<u>-</u>	<u>-</u>	<u>17,901,231</u>
3000	Total fund balances	<u>19,875,406</u>	<u>14,846,976</u>	<u>1,751,320</u>	<u>36,473,702</u>
4000	Total liabilities, deferred inflows and fund balances	<u>\$ 27,879,292</u>	<u>\$ 15,796,741</u>	<u>\$ 2,790,940</u>	<u>\$ 46,466,973</u>

The accompanying notes are an integral part of this financial statement.

WHITE SETTLEMENT INDEPENDENT SCHOOL DISTRICT

EXHIBIT C-2

RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION

JUNE 30, 2020

Total fund balances - governmental funds	\$ 36,473,702
Amounts reported for 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 in the funds.	111,628,868
2 Some receivables are reported as deferred inflows of resources in the governmental funds balance sheet, but are recognized as a revenue in the statement of activities.	
Property taxes	965,901
School health and related services (SHARS)	663,253
Grants	193
3 Long-term liabilities, including bonds, accreted interest and tax notes, are not due and payable in the current period and therefore are not reported in the funds. Also, the losses on refunding of bonds and the premium on issuance of bonds payable are not reported on the balance sheet in the funds.	
General and certificates of obligation	(184,072,351)
Notes payable	(758,034)
Unamortized premium	(7,590,618)
Accreted interest	(16,697,641)
Deferred loss on refunding	4,328,887
4 Interest payable is not due and payable in the current period and, therefore, is not reported as a liability in the governmental funds.	(2,327,107)
5 Included in the items related to debt is the recognition of the District's proportionate share of the net pension liability required by GASB 68.	
Net pension liability - proportionate share	(17,639,050)
Deferred outflows related to pensions	8,485,339
Deferred inflows related to pensions	(2,874,190)
6 Included in the items related to debt is the recognition of the District's proportionate share of the net other post-employment benefit (OPEB) liability required by GASB 75.	
Net OPEB liability - proportionate share	(21,478,123)
Deferred outflows related to OPEB	3,500,492
Deferred inflows related to OPEB	(9,291,755)
Net position of governmental activities	\$ (96,682,234)

STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS

FOR THE TEN MONTHS ENDED JUNE 30, 2020

Data Control Codes		10 General Fund	50 Debt Service Fund	Other Funds	Total Governmental Funds
REVENUES					
5700	Local and intermediate sources	\$ 23,744,851	\$ 10,951,168	\$ 1,816,470	\$ 36,512,489
5800	State program	33,419,867	299,460	1,025,468	34,744,795
5900	Federal program	583,274	-	5,354,694	5,937,968
5020	Total revenues	<u>57,747,992</u>	<u>11,250,628</u>	<u>8,196,632</u>	<u>77,195,252</u>
EXPENDITURES					
Current:					
0011	Instruction	32,720,453	-	2,567,833	35,288,286
0012	Instructional resources and media services	241,958	-	70	242,028
0013	Curriculum and instructional staff development	457,083	-	498,682	955,765
0021	Instructional leadership	1,194,789	-	-	1,194,789
0023	School leadership	3,763,256	-	-	3,763,256
0031	Guidance, counseling and evaluation services	1,429,437	-	608,377	2,037,814
0032	Social work services	69,901	-	-	69,901
0033	Health services	591,038	-	-	591,038
0034	Student (pupil) transportation	1,494,930	-	-	1,494,930
0035	Food services	-	-	3,571,799	3,571,799
0036	Extracurricular activities	2,133,344	-	719,762	2,853,106
0041	General administration	1,688,266	-	-	1,688,266
0051	Facilities maintenance and operations	6,571,032	-	284,314	6,855,346
0052	Security and monitoring services	386,278	-	30,613	416,891
0053	Data processing services	1,812,399	-	7,410	1,819,809
0061	Community services	489,505	-	36,231	525,736
Debt service:					
0071	Principal on long term debt	305,000	-	-	305,000
0072	Interest on long term debt	62,697	3,067,683	-	3,130,380
0073	Bond issuance costs and fees	-	5,117	-	5,117
Intergovernmental:					
0093	Payments for SSA	-	-	22,620	22,620
0099	Other intergovernmental charges	165,548	-	-	165,548
6030	Total expenditures	<u>55,576,914</u>	<u>3,072,800</u>	<u>8,347,711</u>	<u>66,997,425</u>
1200	Net change in fund balances	<u>2,171,078</u>	<u>8,177,828</u>	<u>(151,079)</u>	<u>10,197,827</u>
0100	Fund balance - September 1 (beginning)	<u>17,704,328</u>	<u>6,669,148</u>	<u>1,902,399</u>	<u>26,275,875</u>
3000	Fund balance - June 30 (ending)	<u>\$ 19,875,406</u>	<u>\$ 14,846,976</u>	<u>\$ 1,751,320</u>	<u>\$ 36,473,702</u>

RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES

FOR THE TEN MONTHS ENDED JUNE 30, 2020

Net change in fund balances - total governmental funds	\$ 10,197,827
Amounts reported for governmental activities in the statement of activities are different because:	
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense.	
Additions to capital assets	813,884
Disposals of capital assets	(28,257)
Depreciation on capital assets	(6,864,411)
Some receivables are not considered available revenues and are reported as deferred inflows in the governmental funds.	
Property taxes	379,792
School health and related services (SHARS)	222,933
Grants	193
The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position. Repayment of bond, tax note, and capital lease principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.	
Principal repayment	305,000
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.	
Amortization of premium and deferred loss on refunding of bonds payable	170,547
Accreted interest on capital appreciation bonds	(2,292,058)
Accrued interest payable	(2,293,202)
GASB 68 Required that certain plan expenditures be de-expended and recorded as deferred resource outflows. These contributions made after the measurement date of the plan caused the change in ending net position to increase by \$1,195,854. Contributions made before the measurement date and during the previous fiscal year were expended and recorded as a reduction in net pension liability. This caused a decrease in net position totaling \$986,105. Finally, the proportionate share of pension expense on the plans as a whole had to be recorded. The net pension expense decreased the change in net position by \$2,727,626.	
	(2,517,877)
GASB 75 Required that certain plan expenditures be de-expended and recorded as deferred resource outflows. These contributions made after the measurement date of the plan caused the change in ending net position to increase by \$285,664. Contributions made before the measurement date and during the previous fiscal year were expended and recorded as a reduction in net OPEB liability. This caused a decrease in net position totaling \$266,877. Finally, the proportionate share of OPEB expense on the plans as a whole had to be recorded. The net OPEB expense decreased the change in net position by \$445,913.	
	(427,126)
Change in net position of governmental activities	<u>\$ (2,332,755)</u>

WHITE SETTLEMENT INDEPENDENT SCHOOL DISTRICT**EXHIBIT D-1**STATEMENT OF NET POSITION
PROPRIETARY FUND

JUNE 30, 2020

	<u>Governmental Activities Internal Service Fund</u>
ASSETS	
Current assets:	
Cash and cash equivalents	\$ 12,919
Due from other funds	<u>343,531</u>
Total current assets	<u>356,450</u>
 Total assets	 <u>356,450</u>
LIABILITIES	
Current liabilities:	
Accounts payable	<u>356,450</u>
Total current liabilities	<u>356,450</u>
 Total liabilities	 <u>356,450</u>
NET POSITION	\$ <u><u>-</u></u>

WHITE SETTLEMENT INDEPENDENT SCHOOL DISTRICT**EXHIBIT D-2**STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN FUND NET POSITION
PROPRETARY FUND

FOR THE TEN MONTHS ENDED JUNE 30, 2020

	<u>Governmental Activities Internal Service Fund</u>
OPERATING REVENUES	
Local and intermediate sources	\$ <u>53,738</u>
Total operating revenues	<u>53,738</u>
OPERATING EXPENSES	
Professional and contracted services	<u>53,738</u>
Total operating expenses	<u>53,738</u>
OPERATING INCOME (LOSS)	-
NET POSITION, BEGINNING	<u>-</u>
NET POSITION, ENDING	\$ <u><u>-</u></u>

STATEMENT OF CASH FLOWS
PROPRIETARY FUND

FOR THE TEN MONTHS ENDED JUNE 30, 2020

	<u>Governmental Activities Internal Service Fund</u>
CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts from user charges	\$ 54,633
Payments for insurance claims	(52,709)
Net cash provided by operating activities	<u>1,924</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	1,924
CASH AND CASH EQUIVALENTS, BEGINNING	<u>10,995</u>
CASH AND CASH EQUIVALENTS, ENDING	<u>12,919</u>
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES	
Operating income	-
Adjustments to reconcile operating income to net cash provided (used) by operating activities:	
(Increase) in due from other funds	895
Increase in accounts payable	<u>1,029</u>
Net cash provided by operating activities	<u>\$ 1,924</u>

WHITE SETTLEMENT INDEPENDENT SCHOOL DISTRICT**EXHIBIT E-1**

STATEMENT OF ASSETS AND LIABILITIES

FIDUCIARY FUNDS

JUNE 30, 2020

	<u>Agency Fund</u>
ASSETS	
Cash and cash equivalents	\$ <u>39,435</u>
Total assets	<u>39,435</u>
LIABILITIES	
Due to student groups	<u>39,435</u>
Total liabilities	\$ <u><u>39,435</u></u>

WHITE SETTLEMENT INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2020

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

White Settlement Independent School District (the "District") is a public educational agency operating under the applicable laws and regulations of the State of Texas. It is governed by a seven-member Board of Trustees (the "Board") elected by registered voters of the District. The District prepares its financial statements in conformity with generally accepted accounting principles promulgated by the Governmental Accounting Standards Board and it complies with the requirements of the Texas Education Agency's *Financial Accountability System Resource Guide* (the "Resource Guide") and the requirements of contracts and grants of agencies from which it receives funds.

The Board of Trustees (the "Board") is elected by the public and it has the decision-making authority, the power to designate management, the ability to significantly influence operations and the primary accountability for fiscal matters. Therefore, the District is a financial reporting entity as defined by the Governmental Accounting Standards Board ("GASB"). There are no component units included within the reporting entity.

B. Fiscal Year

In October 2019, the District received authorization from the Texas Education Agency to change its fiscal year-end from August 31 to June 30. Therefore, these financial statements are presented for the 10 months from September 1, 2019, to June 30, 2020. Future fiscal years will begin on July 1 and end on June 30.

C. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government. All fiduciary activities are reported only in the fund financial statements. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities are supported by taxes, state foundation funds and intergovernmental revenue.

The statement of activities demonstrates the degree to which direct expenses of a given function or segment 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 customers or applicants who purchase, use, or directly benefit from goods or services provided by a given function or segment of the District, examples include tuition paid by students not residing in the District, school lunch charges, etc. and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a given function or segment, examples include grants under the Elementary and Secondary Education Act. Taxes and other items not properly included among program revenue are reported instead as general revenue.

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

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

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as current financial resources or economic resources. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Revenue is 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 revenue 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*. Revenue is recognized as soon as it is both measurable and available. Revenue is considered to be *available* when it is collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenue to be available if it is collectible within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, similar to accrual accounting. However, debt services expenditures, as well as expenditures related to claims and judgments, are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt is reported as other financing sources.

Property taxes, state foundation funds, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenue of the current fiscal period. Entitlements are recorded as revenue when all eligibility requirements are met, including any time requirements, and the amount received during the period or within the availability period for this revenue source (within 60 days of year-end). All other revenue items are considered to be measurable and available only when cash is received by the District.

The proprietary fund is reported using the *economic resources measurement focus* and the *accrual basis of accounting*. The agency fund has no measurement focus but utilizes the *accrual basis of accounting* for reporting its assets and liabilities.

The District reports the following major funds:

General Fund – The General Fund is the District’s primary operating fund. It is used to account for all financial transactions except for those required to be accounted for in another fund. Major revenue sources include local property taxes and state funding under the Foundation School Program. Expenditures include all costs associated with the daily operations of the District except for costs accounted for in another fund.

Debt Service Fund – The Debt Service Fund accounts for resources accumulated and payments made for principal and interest on long-term general obligation debt. Revenues include property taxes, state funding under the Instructional Facilities and Existing Debt Allotments and earned interest. The fund balance represents amounts that are available for retirement of future payments of principal, interest and fees.

In addition, the District reports the following fund types:

Internal Service Fund – This fund accounts for the District’s self-insurance for worker’s compensation.

Fiduciary Funds – Agency Funds – The Agency Fund is custodial in nature and accounts for activities of student groups. This accounting reflects the District’s agency relationship with student activity organizations.

During the course of operations, the District has activity between funds for various purposes. Any residual balances outstanding at year end are reported as due from/to 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 the governmental activities are eliminated.

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. 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.

E. Assets, Liabilities, Deferred Outflows/Inflows of Resources, Net Position/Fund Balance, Revenues and Expenditures/Expenses

Deposits and Investments

The District's cash and cash equivalents are considered as cash on hand, demand deposits, and short-term investments with original maturities of three months or less from date of acquisition.

Investments for the District are reported at fair value, except for the position in investment pools. The District's investments in Pools are reported at the net asset value per share (which approximates fair value) even though it is calculated using the amortized cost method.

TexPool, LoneStar and TexStar have a redemption notice period of one day and may redeem daily. The investment pool's authority may only impose restrictions on redemptions in the event of a general suspension of trading on major securities markets, general banking moratorium or national state of emergency that affects the pool's liquidity.

Property Taxes

Delinquent property tax receivables are prorated between the General Fund and Debt Service Fund based on rates adopted for the year of the levy. Allowances for uncollectible tax receivables is based on historical experience in collecting property taxes. Management periodically reviews outstanding property taxes and establishes an allowance adequate to reflect the anticipated net collectible balance. The District is prohibited from writing off real property taxes without specific statutory authority from the Texas Legislature.

Property taxes are levied by October 1 and are due and payable at that time. The Board establishes the District's property tax rates annually. The authorized tax rates for property taxes assessed on January 1, 2019, were \$.97 and \$0.48 per \$100 for the General Fund and Debt Service Fund, respectively, based on a net assessed valuation of \$2,278,262,138.

The legally authorized tax rate limit for the District is \$1.17 per \$100 assessed valuation for maintenance and operations. On January 1 of each year, a tax lien attaches to property to secure the payment of penalties imposed. Property tax revenues are considered available when they become due or past due and receivable within the current period and those expected to be collected during the 60-day period after the close of the District's fiscal year.

Inventories and Prepaid Items

The District uses the consumption method to account for inventories of food products, school supplies, and athletic equipment. Under this method, these items are carried in an inventory account of the respective fund at cost, using the first-in, first-out method of accounting and are subsequently charged to expenditures when consumed. In the General Fund, reported inventories are offset by a fund balance reserve. Inventories of food commodities used in the food service program are recorded at acquisition value. Although commodities are received at no cost, the acquisition value is recorded as inventory and unearned revenue when received. When requisitioned, inventory and unearned revenues are relieved, expenditures are charged, and revenue is recognized for an equal amount.

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

Capital Assets

Capital assets, which include land, buildings and improvements, furniture and equipment and construction in progress, are reported in the applicable governmental column in the government-wide financial statements. The cost of the infrastructure (e.g., roads, bridges, sidewalks, and similar items) 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 of more than \$5,000 and an estimated useful life in excess of two years. Such assets are recorded at historical or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value, which is the price that would be paid to acquire an asset with equivalent service potential at the acquisition date.

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.

Capital lease assets of the District are depreciated using the straight-line method over the following estimated lives:

<u>Asset Classification</u>	<u>Useful Life</u>
Buildings and improvements	20-50
Furniture and equipment	10-15

Unearned Revenues

Unearned revenues represent revenues received by the District but not yet earned and are not available for use by the District to liquidate current year liabilities.

Long-term Obligations

General obligation bonds which have been issued to fund the District's capital projects are to be repaid from tax revenues of the District. In the government-wide financial statements long-term debt and other long-term obligations are reported as liabilities in the governmental activities Statement of Net Position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method. Bonds payable are reported net of the applicable bond premium or discount.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as 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.

Compensated Absences

Upon retirement from the District, employees shall receive \$15 for each year of verifiable service to the District. In addition, retirees who have completed at least five years of consecutive District service shall be reimbursed for all unused personal and/or sick leave at the rate of \$10 per day. These benefits are recorded whenever the expenditure is incurred.

Defined-Benefit Pension Plan

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

Other Post-Employment Benefits

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

Deferred Outflows/Inflow of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The District has two items that qualify for reporting in this category. It is deferred charge on refunding and deferred outflow related to TRS reported in the government-wide statement of net position. A 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. The item related to TRS represents the District's share of the unrecognized plan deferred outflow of resources which TRS uses in calculating the ending net pension liability.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The District has two types of inflows, which arise only under a modified accrual basis of accounting that qualifies for reporting in this category. The governmental funds report unavailable revenues from two sources: property taxes and school health and related services (SHARS). These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. The District also recognizes their share of the unrecognized TRS plan deferred inflows of resources which TRS uses in calculating the ending net pension liability.

Net Position

Net position represents the difference between assets, deferred outflows (inflows) of resources and liabilities. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvements of those assets, and adding back unspent proceeds. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislations adopted by the District or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

Net Position Flow Assumption

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

Fund Balance

The governmental fund financial statements present fund balances based on classifications that comprise a hierarchy that is based primarily on the extent to which the District is bound to honor constraints on the specific purposes for which amounts in the respective governmental funds can be spent. The classifications used in the governmental fund financial statements are as follows:

- **Non-spendable:** This classification includes amounts that cannot be spent either because it is not in spendable form or because of legal or contractual requirements. Examples include inventories, long-term receivables, endowment principal, and/or prepaid/deferred items.
- **Restricted:** This classification includes the component of the spendable fund balance constrained to a specific purpose by a provider, such as a creditor. Grantor, contributor, or law or regulation of other governments. Restricted fund balance includes funds for federal/state grants, construction programs, debt service, and other restrictions.
- **Committed:** This classification includes the component of spendable fund balance constrained to a specific purpose by the Board. A Board resolution is required to establish, modify, or rescind fund balance commitment. Only the action that constitutes the most binding constraint of the Board can be considered a commitment for fund balance classification purposes. Committed fund balance includes campus activity funds.
- **Assigned:** This classification includes the component of the spendable fund balance that is spendable or available for appropriation but has been tentatively earmarked for some specific purpose by the Board of Trustees or by an official or body to which the Board of Trustees delegates. Specific amounts that are not restricted or committed in a special revenue, capital projects, debt service, or permanent fund are assigned for purposes in accordance with the nature of their fund type of the fund's primary purpose. Assignments within the general fund conveys that the intended use of those amounts is a specific purpose that is narrower than the general purposes of the District itself.
- **Unassigned:** This classification includes the residual classification of the General Fund and includes all amounts not contained in other classifications. This portion of the total fund balance in the general fund is available to finance operating expenditures. Only the General Fund will have unassigned amounts. By accounting for amounts in other funds, the District has implicitly assigned the funds for purposes of those particular funds.

Fund Balance Flow Assumption

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

Encumbrances

Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of funds are recorded in the accounting system in order to reserve a portion of the applicable appropriation, is employed in the governmental fund types on the governmental fund financial statements. Encumbrances are liquidated at year end.

Use of Estimates

The preparation of financial statements, in conformity with accounting principles generally accepted in the United States of America, requires management to make estimations and assumptions that affect the reported amounts of 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.

The amount of state foundation revenue a district earns for a year can and does vary until the time when final values for each of the factors in the formula become available. Availability can be as late as into the next fiscal year. It is at least reasonably possible that the foundation revenue for the fiscal year will ultimately change from the amount calculated as of June 30, 2020 because of the factors that TEA uses in its calculations.

Data Control Codes

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

II. DETAILED NOTES ON ALL ACTIVITIES AND FUNDS

A. Deposits and Investments

The District's funds are required to be deposited and invested under the terms of a depository contract pursuant to the School Depository Act. The depository bank places approved pledged securities for safekeeping and trust with the District's agent bank 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.

Cash and deposits of the District include all amounts deposited at the District's depository bank, including demand deposits and certificates of deposit. As of year-end the District's cash deposits were entirely covered by FDIC insurance or by pledged collateral held by the District's agent bank in the District's name.

The following are investments held by the District at year-end:

<u>Investment Type</u>	<u>Reported Value</u>	<u>Percentage of Investments</u>	<u>Weighted Average Maturity (Days)</u>
Tex Pool	\$ 12,527,816	41.2%	36
Tex Pool Prime	5,870,767	19.3%	52
TexStar	10,878,727	35.8%	33
Lone Star	<u>1,101,933</u>	3.6%	35
	<u>\$ 30,379,243</u>	<u>100.0%</u>	

The Public Funds Investment Act (Government Code Chapter 2256) contains specific provisions in the areas of investment practices, management reports and establishment of appropriate policies. Among other things, it requires the District to adopt, implement, and publicize an investment policy. That policy must address the following areas: (1) safety of principal and liquidity, (2) portfolio diversification, (3) allowable investments, (4) acceptable risk levels, (5) expected rates of returns, (6) maximum allowable stated maturity of portfolio investments, (7) maximum average dollar-weighted maturity allowed based on the stated maturity date for the portfolio, (8) investment staff quality and capabilities, (9) and bid solicitation preferences for certificates of deposit.

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

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

Credit Risk – This is the risk that a security issuer may default on an interest or principal payment. State law limits investment in local government pools to those that are rated AAA or equivalent by at least one Nationally Recognized Statistical Rating Organization (NRSRO). The District controls and monitors this risk by purchasing quality rated instruments that have been evaluated by agencies such as Standard and Poor's (S&P) or Moody's Investors Service, or by investing in public fund investment pools rated no lower than AAA or AAAM.

Custodial Credit Risk – Investments: For an investment this is the risk that, in the event of the failure of the counterparty, the District will not be able to recover the value of its investments or collateral securities that are in possession of an outside party. The District's investment in TexPool, Lone Star and TexStar are not exposed to custodial risk. External investment pools are not subject to custodial risk because investments are not evidenced by securities that exist in physical or book entry form. State law limits investments in public funds investment pools to those rated no lower than AAA or AAAM or an equivalent rating by at least one nationally recognized rating service. As of June 30, 2019, the District's investments in TexPool, Lone Star and TexStar are rated AAAM.

Concentration of Credit Risk – To limit the risk of loss attributed to the magnitude of a government's investment in a single issuer, the District limits investments to less than 5% of its total investments. The District further limits investments in a single issuer when they would cause investments risks to be significantly greater in the governmental activities, individual major funds, aggregate non-major funds and fiduciary fund types than they are in the primary government.

B. Interfund Receivables and Payables

The following is a summary of amounts due to and due from other funds:

	Due From Other Funds	Due To Other Funds
General fund	\$ 486,508	\$ 343,531
Nonmajor governmental	-	486,508
Internal Service Fund	343,531	-

Interfund receivables and payables generally arise from short-term cash advances between different funds with balances being repaid generally within one year.

C. Operating Leases

The District leases office equipment and automobiles under noncancelable operating leases. Total costs for such leases were \$183,773 for the year. The future minimum lease payments for active operating leases are summarized below:

<u>Year Ending June 30</u>	<u>Amount</u>
2021	153,410

D. Capital Assets

Capital asset activity for the ten months ended June 30, 2020 is as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ <u>4,305,444</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>4,305,444</u>
Total capital assets, not being depreciated	<u>4,305,444</u>	<u>-</u>	<u>-</u>	<u>4,305,444</u>
Capital assets, being depreciated:				
Buildings and improvements	204,916,712	721,392	55,638	205,582,466
Furniture and equipment	<u>9,224,162</u>	<u>92,492</u>	<u>97,193</u>	<u>9,219,461</u>
Total capital assets, being depreciated	<u>214,140,874</u>	<u>813,884</u>	<u>152,831</u>	<u>214,801,927</u>
Less accumulated depreciation for:				
Buildings and improvements	94,676,827	6,807,848	40,953	101,443,722
Furniture and equipment	<u>6,061,839</u>	<u>56,563</u>	<u>83,621</u>	<u>6,034,781</u>
Total accumulated depreciation	<u>100,738,666</u>	<u>6,864,411</u>	<u>124,574</u>	<u>107,478,503</u>
Total governmental activities				
capital assets, net	\$ <u>117,707,652</u>	\$ <u>(6,050,527)</u>	\$ <u>28,257</u>	\$ <u>111,628,868</u>

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

Governmental activities:	
Instruction	\$ 3,948,859
Instruction Resources & Media Services	122,123
Curriculum & Instructional Staff Development	46,299
Instructional Leadership	104,677
School Leadership	421,390
Guidance, Counseling & Evaluation Services	195,262
Social Work Services	20,801
Health Services	78,507
Student (Pupil) Transportation	154,372
Food Services	371,065
Extracurricular Activities	171,106
General Administration	231,496
Plant Maintenance & Operations	817,954
Security & Monitoring Services	32,208
Data Processing Services	23,485
Community Services	<u>124,807</u>
Total depreciation expense	<u>\$ 6,864,411</u>

E. Deferred Inflows of Resources

At June 30, 2020, the District reported the following deferred inflows of resources in the governmental funds:

	General	Debt Service	Nonmajor Governmental	Total
Unavailable revenue - property taxes	\$ 648,757	\$ 317,144	\$ -	\$ 965,901
Unavailable revenue - grants	-	-	193	193
Unavailable revenue SHARS cost settlement	<u>663,253</u>	<u>-</u>	<u>-</u>	<u>663,253</u>
Totals	<u>\$ 1,312,010</u>	<u>\$ 317,144</u>	<u>\$ 193</u>	<u>\$ 1,629,347</u>

F. Long-Term Debt

Changes in the District's long-term liabilities for the year ended June 30, 2020 are as follows:

	Beginning Balance	Additions	Retirements	Ending Balance	Due Within One Year
Bonds payable	\$ 149,227,316	\$ -	\$ -	\$ 149,227,316	\$ 1,978,717
Notes Payable	758,034	-	-	758,034	100,783
Accreted interest on CABs	14,405,583	2,292,058	-	16,697,641	-
Premium related to CABs	30,665,035	-	-	30,665,035	-
Premium on bonds	7,969,910	-	379,292	7,590,618	-
Maintenance tax notes	<u>4,485,000</u>	<u>-</u>	<u>305,000</u>	<u>4,180,000</u>	<u>525,000</u>
Total	<u>\$ 207,510,878</u>	<u>\$ 2,292,058</u>	<u>\$ 684,292</u>	<u>\$ 209,118,644</u>	<u>\$ 2,604,500</u>

Maintenance Tax Notes

The district has issued maintenance tax notes pursuant to Chapter 45, Texas Education Code, as amended and as authorized by duly qualified electors. Local Maintenance tax levies are used to retire this current year maintenance tax note and prior years maintenance tax note obligations payable from the General Fund.

Issue/Maturity Dates	Interest Rate	Original Amount	Beginning Balance	Issued	Retired	Ending Balance	Due in One Year
Series 2013							
2013/28	2.38%	\$ 4,610,000	\$ 2,935,000	\$ -	\$ 305,000	\$ 2,630,000	\$ 315,000
Series 2015							
2016/25	2.49%	1,400,000	875,000	-	-	875,000	135,000
Series 2017							
2017/27	2.34%	<u>825,000</u>	<u>675,000</u>	<u>-</u>	<u>-</u>	<u>675,000</u>	<u>75,000</u>
		\$ <u>6,835,000</u>	\$ <u>4,485,000</u>	\$ <u>-</u>	\$ <u>305,000</u>	\$ <u>4,180,000</u>	\$ <u>525,000</u>

The following is a summary of the District's future annual debt service requirements to maturity for the maintenance tax notes.

Year Ended June 30,	Principal	Interest	Total Requirements
2021	\$ 525,000	\$ 97,618	\$ 622,618
2022	540,000	84,884	624,884
2023	550,000	71,848	621,848
2024	565,000	58,510	623,510
2025	560,000	44,932	604,932
2026-2028	<u>1,440,000</u>	<u>60,077</u>	<u>1,500,077</u>
Totals	\$ <u>4,180,000</u>	\$ <u>417,869</u>	\$ <u>4,597,869</u>

The District paid \$116,122 in interest expense during the year.

Notes Payable

The notes payable outstanding at June 30, 2020, were issued for the purpose of installing high-efficiency lighting in district buildings. The notes are secured by the purchased equipment. The original principal amount totaling \$758,034 is payable in annual installments with an interest rate of 2.4%. Final Maturity of the notes is August 15, 2026.

The annual debt service requirements to maturity for notes payable is as follows:

Year Ended June 30,	Principal	Interest	Total Requirements
2021	\$ 100,783	\$ 16,983	\$ 117,766
2022	103,151	14,536	117,687
2023	105,627	12,031	117,658
2024	108,162	9,465	117,627
2025	110,757	6,838	117,595
2026-2028	<u>229,554</u>	<u>5,543</u>	<u>235,097</u>
Totals	\$ <u>758,034</u>	\$ <u>65,396</u>	\$ <u>823,430</u>

Bonds Payable

Debt service requirements for general obligation bonds are payable from fund balance and future revenues of the Debt Service Fund which consists principally of property taxes collected by the District, state funding, and interest earnings.

A summary of changes in general obligation bonds for the year ended June 30, 2020, are as follows:

Issue/ Maturity Date	Interest Rates Payable	Amounts Original Issue	Beginning Balance	Retired	Ending Balance	Amounts Due Within One Year
Series 2003 ULB Bonds/2033	3.125%/ 5.90%	\$ 20,883,645	\$ 2,669,134	\$ -	\$ 2,669,134	\$ -
Series 2011 UTR Bonds/2034	3.54%/ 6.00%	8,328,990	7,790,418	-	7,790,418	58,766
Series 2012 UTR Bonds/2031	0.3%/ 3.61%	30,574,884	28,277,424	-	28,277,424	714,951
Series 2013 UTR Bonds/2045	2.0%/ 5.00%	40,160,142	40,160,152	-	40,160,152	-
Series 2014 UTR Bonds/2045	0.6%/ 5.00%	49,374,874	48,501,362	-	48,501,362	-
Series 2015A UTR Bonds/2037	2.0%/ 5.00%	16,155,000	13,430,000	-	13,430,000	940,000
Series 2015B UTR Bonds/2041	2.0%/ 4.59%	7,268,826	7,013,826	-	7,013,826	30,000
Series 2016 UTR Bonds/2032	2.0%/ 3.00%	2,115,000	1,385,000	-	1,385,000	235,000
Totals			\$ 149,227,316	\$ -	\$ 149,227,316	\$ 1,978,717

The following is a summary of the District's future annual debt service requirements to maturity for general obligation bonds.

Year Ended June 30,	Principal	Interest	Total Requirements
2021	\$ 1,978,717	\$ 8,779,820	\$ 10,758,537
2022	2,089,025	8,740,664	10,829,689
2023	1,869,398	9,100,266	10,969,664
2024	4,843,350	6,406,463	11,249,813
2025	3,434,993	8,161,146	11,596,139
2026-2030	23,350,541	37,511,394	60,861,935
2031-2035	30,015,129	34,095,656	64,110,785
2036-2040	14,311,125	54,523,548	68,834,673
2041-2045	52,070,028	24,811,098	76,881,126
2046	15,265,000	335,025	15,600,025
Totals	\$ 149,227,306	\$ 192,465,080	\$ 341,692,386

There are numerous limitations and restrictions contained in the various general obligation bond indentures. The District has complied with all significant limitations and restrictions as of June 30, 2020.

In prior years, the District issued refunding bonds for the purpose of restructuring debt cash flow requirements. Proceeds from the refunding bonds were placed in an irrevocable trust to provide for all future debt service payments on the old bonds. The old bonds are considered defeased, and accordingly, the trust account assets and liabilities are not included in the District's financial statements. As of June 30, 2020, there are no bonds considered defeased that are still outstanding.

The District's outstanding bonds payable contain a provision that, in an event of default, outstanding amounts will be paid from the corpus of the Texas Permanent School Fund. The District's outstanding tax notes contain a provision that, in an event of default, outstanding amounts become immediately due.

G. Net Position

At year-end net position was a deficit of \$96,682,234. A large portion of this deficit is related to the corresponding deferred outflows/inflows and liabilities of the District's proportionate share of the TRS pension and OPEB liabilities. These items reduce net position by \$12,027,901 (pension) and \$27,269,386 (OPEB). Additionally, the District accrued interest on capital appreciation bonds as of year-end in the amount of \$16,697,641, and capital assets are being depreciated faster than the long-term liabilities are being paid off that were to fund the purchase of these capital assets.

H. Defined Benefit Pension Plan

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

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

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

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

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

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

	Contribution Rates	
	2019	2020
Member	7.7%	7.7%
Non-employer contributing entity (State)	6.8%	7.5%
Employers	6.8%	7.5%
Current fiscal year employer contributions		\$ 1,195,854
Current fiscal year member contributions		2,711,241
2019 measurement year NECE on-behalf contributions		1,853,102

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 source or a privately sponsored source, from non-educational and general, and 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 are two additional surcharges an employer is subject to:

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

Actuarial Assumptions - The total pension liability in the August 31, 2018 actuarial valuation was rolled forward to August 31, 2019 and was determined using the following actuarial assumptions:

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%
Inflation	2.3%
Salary Increases Including Inflation	3.05% to 9.05%
Payroll Growth Rate	3.0%
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. 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	FY 2019 Target Allocation ¹	New Target Allocation ²	Long-Term Expected Geometric Real Rate of Return ³
Global Equity			
U.S.	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 ⁵	3.00%	0.00%	0.00%
Real Estate	14.00%	15.00%	8.50%
Energy, Natural Resources and Commodities	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	0.0%	-6.0%	2.70%
Expected Return	100.00%	100.00%	7.23%

¹ Target allocations are based on the Strategic Asset Allocation as of FY2019

² New allocations are based on the Strategic Asset Allocation to be implemented FY2020

³ 10-Year annualized geometric nominal returns include the real rate of return and inflation of 2.1%

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

	1% Decrease in Discount Rate (6.25%)	Discount Rate (7.25%)	1% Increase in Discount Rate (8.25%)
District's proportionate share of net pension liability	\$ 27,113,782	\$ 17,639,050	\$ 9,962,688

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions - At June 30, 2020, the District reported a liability of \$17,639,050 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	\$	17,639,050
State's proportionate share that is associated with the District		<u>27,523,076</u>
Total	\$	<u>45,162,126</u>

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

At August 31, 2019, the employer's proportion of the collective net pension liability was 0.0339322601% which was an increase of 0.0010686762% 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.

For the fiscal year ended August 31, 2020, the District recognized pension expense of \$8,037,218 and revenue of \$4,323,487 for support provided by the State.

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ 74,100	\$ 612,456
Changes in actuarial assumptions	5,472,499	2,261,496
Difference between projected and actual investment earnings	177,116	-
Changes in proportion and difference between the employer's contributions and the proportionate share of contributions	1,565,770	238
Contributions paid to TRS subsequent to the measurement date	<u>1,195,854</u>	<u>-</u>
Total as of fiscal year-end	\$ <u>8,485,339</u>	\$ <u>2,874,190</u>

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

Fiscal Year Ended June 30,	Pension Expense Amount
2021	\$ 1,120,171
2022	917,507
2023	1,125,431
2024	1,032,456
2025	359,143
Thereafter	(139,413)

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

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

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

Benefits Provided. TRS-Care provides health insurance coverage to retirees from public schools, charter schools, regional education service centers and other educational districts who are members of the TRS pension plan. Optional dependent coverage is available for an additional fee.

Eligible non-Medicare retirees and their dependents may enroll in TRS-Care Standard, a high-deductible health plan. Eligible Medicare retirees and their dependents may enroll in the TRS-Care Medicare Advantage medical plan and the TRS-Care Medicare Rx prescription drug plan. To qualify for TRS-Care coverage, a retiree must have at least 10 years of service credit in the TRS pension system. The Board of Trustees is granted the authority to establish basic and optional group insurance coverage for participants as well as to amend benefit terms as needed under Chapter 1575.052. There are no automatic post-employment benefit changes; including automatic COLAs.

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

	TRS-Care Monthly Premium Rates	
	Medicare	Non-Medicare
Retiree*	\$ 135	\$ 200
Retiree and Spouse	529	689
Retiree* and Children	468	408
Retiree and Family	1,020	999

* or surviving spouse

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

Texas Insurance Code, section 1575.202 establishes the state's contribution rate which is 1.25% of the employee's salary. Section 1575.203 establishes the active employee's rate which is .75% of pay. Section 1575.204 establishes an employer contribution rate of not less than 0.25 percent or not more than 0.75 percent of the salary of each active employee of the public. The actual employer contribution rate is prescribed by the Legislature in the General Appropriations Act. The following table shows contributions to the TRS-Care plan by type of contributor.

	Contribution Rates	
	2019	2020
Active employee	0.65%	0.65%
Non-Employer Contributing Entity (State)	1.25%	1.25%
Employers	0.75%	0.75%
Federal/Private Funding Remitted by Employers	1.25%	1.25%
Current fiscal year employer contributions		\$ 285,664
Current fiscal year member contributions		228,875
2019 measurement year NECE on-behalf contributions		428,283

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

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

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

The following assumptions and other inputs are identical to the assumptions used in the prior actuarial valuation:

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

Additional Actuarial Methods and Assumptions

Valuation Date	August 31, 2018 rolled forward to August 31, 2019
Actuarial Cost Method	Individual Entry Age Normal
Inflation	2.30%
Discount Rate	2.63% as of August 31, 2019
Aging Factors	Based on plan specific experience
Expenses	Third-party administrative expenses related to the delivery of health care benefits are included in the age-adjusted claims costs.
Payroll Growth Rate	3.00%
Projected Salary Increases	3.05% to 9.05%
Healthcare Trend Rates	4.50% to 10.25%
Election Rates	Normal Retirement: 65% participation prior to age 65 and 50% participation after age 65. 25% of pre-65 retirees are assumed to discontinue coverage at age 65.
Ad hoc post-employment benefit changes	None

Discount Rate. A single discount rate of 2.63% was used to measure the total OPEB liability. There was an decrease of 1.06 percent in the discount rate since the previous year. Because the plan is essentially a “pay-as-you-go” plan, the single discount rate is equal to the prevailing municipal bond rate. The projection of cash flows used to determine the discount rate assumed that contributions from active members and those of the contributing employers and the 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. The following schedule shows the impact of the Net OPEB Liability if the discount rate used was 1% less than and 1% greater than the discount rate that was used (2.63%) in measuring the Net OPEB Liability.

	1% Decrease in Discount Rate (1.63%)	Discount Rate (2.63%)	1% Increase in Discount Rate (3.63%)
Proportionate share of net OPEB liability	\$ 25,930,987	\$ 21,478,123	\$ 17,994,645

Healthcare Cost Trend Rates Sensitivity Analysis. 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 rate used.

	1% Decrease	Current Healthcare Cost Trend Rate	1% Increase
Proportionate share of net OPEB liability	\$ 17,521,100	\$ 21,478,123	\$ 26,778,718

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEBs. At June 30, 2020, the District reported a liability of \$21,478,123 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	\$ 21,478,123
State's proportionate share that is associated with the District	<u>28,539,622</u>
Total	<u>\$ 50,017,745</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 employer's proportion of the collective Net OPEB Liability was 0.0454167208%, which was an increase of 0.0004977058% 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 OPEB liability 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.
- 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 Prior Measurement Date – There were no changes in benefit terms since the prior measurement date.

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

- 2018 thresholds of \$850/\$2,292 were indexed annually by 2.50 percent.
- Premium data submitted was not adjusted for permissible exclusions to the Cadillac Tax.
- There were no special adjustments to the dollar limit other than those permissible for non-Medicare retirees over 55.

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

For the year ended June 30, 2020, the District recognized OPEB expense of \$1,464,977 and revenue of \$752,187 for support provided by the State.

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual actuarial experiences	\$ 1,053,685	\$ 3,514,667
Changes in actuarial assumptions	1,192,942	5,777,088
Differences between projected and actual investment earnings	2,317	-
Changes in proportion and differences between the employer's contributions and the proportionate share of contributions	965,884	-
Contributions paid to OPEB subsequent to the measurement date	<u>285,664</u>	<u>-</u>
Total as of fiscal year-end	<u>\$ 3,500,492</u>	<u>\$ 9,291,755</u>

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

For the Year Ended June 30,	OPEB Expense
2021	\$(1,052,692)
2022	(1,052,692)
2023	(1,053,442)
2024	(1,053,871)
2025	(1,053,753)
Thereafter	(810,477)

J. Medicare Part D – On-behalf Payments

The Medicare Prescription Drug, Improvement and Modernization Act of 2003, which was effective January 1, 2006, established prescription drug coverage for Medicare beneficiaries known as Medicare Part D. One of those provisions of Medicare Part D allows for the Texas Public School Retired Employee Group Insurance Program (TRS-Care) to receive retiree drug expenditures for eligible TRS-Care participants. These on-behalf payments of \$179,797, \$145,065, and \$112,210 were recognized for the years ended June 30, 2020, and August 31, 2019 and 2018, respectively, as equal revenues and expenditures.

K. Active Employee Health Care Coverage

The District participates in TRS Active Care sponsored by the Teacher Retirement System of Texas and administered through Aetna and Caremark (pharmacy). TRS Active Care provides health care coverage to employees (and their dependents) of participating public education entities. Optional life and long-term care insurance are also provided to active members and retirees. The plan is authorized by the Texas Insurance Code, Title 8, Subtitle H, Chapter 1579 and by the Texas Administrative Code, Title 34, Part 3, Chapter 41. The District contributed approximately \$330 per month per participant to the plan, and employees, at their option, authorized payroll withholdings to pay employee contributions and additional premiums for dependents. The TRS issues a publicly available financial report that includes financial statements and required supplementary information for TRS Active Care. That report may be obtained by visiting the TRS Website at www.trs.state.tx.us, by writing the Communications Department of the Texas Retirement System of Texas at 1000 Red River Street, Austin, Texas 78701, or by calling (800) 223-8778.

L. Self-insured Workers' Compensation

The District has a self-funded workers' compensation program with the Texas Educational Insurance Association with claims being administered by Claims Administrative Services, Inc. The District does not purchase aggregate excess insurance. The worker's compensation internal service fund is funded by charges to the District's other funds and is based primarily upon the contributing funds' claims experience. Liabilities of the fund are reported when it is probable that a loss has occurred, and the amount of the loss can be reasonably estimated. Liabilities include an amount for claims that have been incurred but not reported (IBNRs). The result of the process to estimate the claims liability is not an exact amount as it depends on many complex factors. Because actual claim liabilities depend on such complex factors as inflation, changes in legal doctrines, and damage awards, the process used in computing the liability does not result necessarily in an exact amount. The liability booked was the discounted estimate of the actuary at the mean funding level.

Changes in the workers' compensation claims liability amounts are represented below:

Fiscal Year	Beginning Balance	Current Year Claims and Changes in Estimates	Claims Payments	Ending Balance
2018	\$ 299,262	\$ 201,677	\$ 145,518	\$ 355,421
2019	355,421	199,438	194,137	360,722
2020	360,722	48,809	53,081	356,450

M. Commitments and Contingencies

State and Federal Grants

Minimum foundation funding received from TEA is based primarily upon information concerning average daily attendance at the District's schools which is compiled by the District and supplied to TEA. Federal funding for the child nutrition programs is based primarily upon the number and type of meals served and on user charges as reported TEA. Federal and state funding received under various grant programs are based upon reimbursable expenditures made under program guidelines.

These programs are governed by various statutory rules and regulations of the grantors. Amounts received and receivable under these various funding programs are subject to periodic audit and adjustment by the funding agencies. To the extent, if any, that the District has not complied with all the rules and regulations with respect to performance, financial or otherwise, adjustment to or return of funding monies may be required. In the opinion of the District's administration, there are no significant contingent liabilities relating to matters of compliance and, accordingly, no provision has been made in the accompanying financial statements for such contingencies.

N. Risk Management

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

O. Subsequent Events

In July 2020, the District issued its Unlimited Tax Refunding Bonds, Series 2020, in the amount of \$7,661,645, to refund existing obligations at a present value savings. The bonds bear interest at 4% per annum and mature in stages from 2031 to 2034.

In November 2020, the District's issued its Unlimited Tax Refunding Bonds, Taxable Series 2020A, in the amount of \$113,924,583 to refund existing obligations at a present value savings. The bonds include current interest bonds that bear interest from 2.25-2.76% and mature from 2021 through 2036, as well as capital appreciation bonds that will mature from 2023 through 2035.

P. New Accounting Standards

Significant new accounting standards issued by the Governmental Accounting Standards Board (GASB) not yet implemented by the District include the following:

Statement No. 84, Fiduciary Activities – This Statement improves guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. The focus is generally on whether a government is controlling the assets of the fiduciary activity and on the beneficiaries with whom a fiduciary relationship exists. This Statement will become effective for the District in fiscal year 2021.

Statement No. 87, Leases – This Statement will improve the accounting and financial reporting for leases by governments by requiring recognition of certain lease assets and liabilities previously classifies as operating leases. It establishes a single model for lease accounting based on the principle that leases are financing the right to use an underlying asset. Under the Statement a lessee is required to recognize a lease liability and an intangible right-to-use asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resource, enhancing the relevance and consistency of information about leasing activities. This Statement will become effective for the District in fiscal year 2022.

THIS PAGE LEFT BLANK INTENTIONALLY

REQUIRED SUPPLEMENTARY INFORMATION

WHITE SETTLEMENT INDEPENDENT SCHOOL DISTRICT

EXHIBIT G-1

SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - GENERAL FUND
FOR THE TEN MONTHS ENDED JUNE 30, 2020

Data Control Codes		Budgeted Amounts		Actual Amounts	Variance With Final Budget
		Original	Final		Positive or
					(Negative)
REVENUES					
5700	Local and intermediate sources	\$ 18,840,549	\$ 23,199,072	\$ 23,744,851	\$ 545,779
5800	State program	37,792,627	34,043,544	33,419,867	(623,677)
5900	Federal program	<u>371,420</u>	<u>564,000</u>	<u>583,274</u>	<u>19,274</u>
5020	Total revenues	<u>57,004,596</u>	<u>57,806,616</u>	<u>57,747,992</u>	<u>(58,624)</u>
EXPENDITURES					
	Current:				
0011	Instruction	33,603,490	35,172,007	32,720,453	2,451,554
0012	Instructional resources and media services	291,560	271,413	241,958	29,455
0013	Curriculum and instructional staff development	518,184	487,084	457,083	30,001
0021	Instructional leadership	1,332,696	1,241,860	1,194,789	47,071
0023	School leadership	4,191,114	3,869,587	3,763,256	106,331
0031	Guidance, counseling and evaluation services	1,596,070	1,504,347	1,429,437	74,910
0032	Social work services	78,264	77,284	69,901	7,383
0033	Health services	632,366	643,866	591,038	52,828
0034	Student (pupil) transportation	1,322,400	1,544,740	1,494,930	49,810
0036	Extracurricular activities	1,994,033	2,245,890	2,133,344	112,546
0041	General administration	2,172,840	1,786,690	1,688,266	98,424
0051	Facilities maintenance and operations	6,026,864	7,036,120	6,571,032	465,088
0052	Security and monitoring services	352,502	486,902	386,278	100,624
0053	Data processing services	1,881,128	1,903,635	1,812,399	91,236
0061	Community services	511,416	516,516	489,505	27,011
	Debt Service:				
0071	Principal on long term debt	610,000	305,000	305,000	-
0072	Interest on long term debt	130,000	63,000	62,697	303
	Capital Outlay:				
0081	Facilities acquisition and construction	-	151,000	-	151,000
	Intergovernmental:				
0095	Payments to Juvenile Justice Alternative Ed. Prg.	50,000	-	-	-
0099	Other intergovernmental charges	<u>165,000</u>	<u>166,000</u>	<u>165,548</u>	<u>452</u>
6030	Total expenditures	<u>57,459,927</u>	<u>59,472,941</u>	<u>55,576,914</u>	<u>3,896,027</u>
1200	Net change in fund balances	<u>(455,331)</u>	<u>(1,666,325)</u>	<u>2,171,078</u>	<u>3,837,403</u>
0100	Fund balance - September 1 (beginning)	<u>17,704,328</u>	<u>17,704,328</u>	<u>17,704,328</u>	<u>-</u>
3000	Fund balance - June 30 (ending)	<u>\$ 17,248,997</u>	<u>\$ 16,038,003</u>	<u>\$ 19,875,406</u>	<u>\$ 3,837,403</u>

WHITE SETTLEMENT INDEPENDENT SCHOOL DISTRICT

NOTES TO REQUIRED BUDGETARY SCHEDULE

JUNE 30, 2020

Budgetary Information

The Board of Trustees adopts an "appropriated budget" for the General Fund, Child Nutrition Program and the Debt Service Fund. The District is required to present the adopted and final amended budgeted revenues and expenditures for each of these funds. The District compares the final amended budget to actual revenues and expenditures. The general fund budget schedule appears in Exhibit G-1 "Statement of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – General Fund" and the other two schedules are at Exhibit J-4 "Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – National Breakfast and Lunch Program Fund" and J-5 "Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – Debt Service Fund".

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

1. Prior to June 20 the District prepares a budget for the next succeeding fiscal year beginning July 1. The operating budget includes proposed expenditures and the means of financing these items.
2. A meeting of the Board is then called for the purpose of adopting the proposed budget. At least ten days' public notices of the meeting must be given.
3. Prior to July 1, the budget is legally enacted through passage of a resolution by the Board. Once a budget is approved, it can be amended at the function and fund level by approval of a majority of the members of the Board. Changes can be made to the budget at any detail within the function level without an amendment approved by the Board. During the year, several budget amendments were made with Board approval. The most significant amendments were for carryover funding; mid-year adjustment of operating costs; and year-end adjustments to expenditures based on the latest information concerning operating cost. All budget appropriations lapse at year-end.

Major amendments to the General Fund expenditures included a \$1,562,693 increase in Function 11 – Instruction for student technology and added personnel, a \$1,009,255 increase in Function 51 – Facilities Maintenance & Operations for improvement to facilities, an increase of \$222,340 in Function 34 – Transportation Services for added bus routes and white fleet buses purchased, and a \$251,856 increase in Function 36 – Extracurricular Activities for upgrade of athletics and extracurricular equipment and programs. The amended budget decreased state revenue by \$3,749,083 for a reduction in foundation school revenue for the 2019-2020 school year, increased local revenue by \$4,358,523 for additional tax collections and interest earned on investments, and increased federal revenue by \$192,580 for additional SHARS cost report settle-up in 2019-2020.

WHITE SETTLEMENT INDEPENDENT SCHOOL DISTRICT**SCHEDULE OF DISTRICT'S PROPORTIONATE
SHARE OF THE NET PENSION LIABILITY
TEACHER RETIREMENT SYSTEM**

FOR THE TEN MONTHS ENDED JUNE 30, 2020

	Measurement Year Ended August 31,	
	2019	2018
District's proportion of the net pension liability (asset)	0.0339323%	0.0328636%
District's proportionate share of net pension liability (asset)	\$ 17,639,050	\$ 18,088,914
States proportionate share of the net pension liability (asset) associated with the District	<u>27,523,076</u>	<u>30,529,514</u>
Total	\$ <u>45,162,126</u>	\$ <u>48,618,428</u>
District's covered payroll	\$ 38,487,929	\$ 37,504,122
District's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	45.83%	48.23%
Plan fiduciary net position as a percentage of the total pension liability	75.24%	73.74%

Note: This schedule is required to have 10 years of information, but the information prior to measurement year 2014 is not available.

Measurement Year Ended August 31,			
2017	2016	2015	2014
0.0326942%	0.0310672%	0.0314931%	0.0213237%
\$ 10,453,833	\$ 11,739,850	\$ 11,132,392	\$ 5,695,856
<u>17,646,524</u>	<u>20,957,985</u>	<u>20,172,521</u>	<u>18,279,451</u>
\$ <u>28,100,357</u>	\$ <u>32,697,835</u>	\$ <u>31,304,913</u>	\$ <u>23,975,307</u>
\$ 35,862,709	\$ 33,877,660	\$ 32,515,707	\$ 32,967,207
29.15%	34.65%	34.24%	17.28%
82.17%	78.00%	78.43%	83.25%

WHITE SETTLEMENT INDEPENDENT SCHOOL DISTRICT**SCHEDULE OF THE DISTRICT'S PENSION CONTRIBUTIONS
TEACHER RETIREMENT SYSTEM**

FOR THE TEN MONTHS ENDED JUNE 30, 2020

	<u>Fiscal Year Ended</u> <u>June 30,</u> <u>2020</u>	<u>Fiscal Year Ended</u> <u>August 31,</u> <u>2019</u>
Contractually required contribution	\$ 1,195,854	\$ 1,180,867
Contribution in relation to the contractually required contribution	(1,195,854)	(1,180,867)
Contribution deficiency (excess)	\$ -	\$ -
District's covered payroll	\$ 35,210,925	\$ 38,487,929
Contributions as a percentage of covered payroll	3.40%	3.07%

Note: This schedule is required to have 10 years of information, but the information prior to fiscal year 2015 is not available.

Note: For 2020, the District changed its fiscal year-end from August 31 to June 30. Therefore, all years preceding 2020 are presented for the fiscal year ended August 31.

Fiscal Year Ended August 31,			
2018	2017	2016	2015
\$ 1,107,915	\$ 1,069,196	\$ 987,085	\$ 963,149
(1,107,915)	(1,069,196)	(987,085)	(963,149)
\$ -	\$ -	\$ -	\$ -
\$ 37,504,122	\$ 35,862,709	\$ 33,877,660	\$ 32,515,707
2.95%	2.98%	2.91%	2.96%

SCHEDULE OF THE DISTRICT'S PROPORTIONATE
SHARE OF THE NET OPEB LIABILITY
TEACHER RETIREMENT SYSTEM

FOR THE TEN MONTHS ENDED JUNE 30, 2020

	Measurement Year Ended August 31,		
	2019	2018	2017
District's proportion of the net OPEB liability (asset)	0.0454167%	0.0449190%	0.0434796%
District's proportionate share of net OPEB liability (asset)	\$ 21,478,123	\$ 22,428,475	\$ 18,907,653
States proportionate share of the net OPEB liability (asset) associated with the District	<u>28,539,622</u>	<u>31,916,485</u>	<u>27,969,102</u>
Total	\$ <u>50,017,745</u>	\$ <u>54,344,960</u>	\$ <u>46,876,755</u>
District's covered employee payroll	\$ 38,487,929	\$ 37,504,122	\$ 35,862,709
District's proportionate share of the net OPEB liability (asset) as a percentage of its covered employee payroll	55.80%	59.80%	52.72%
Plan fiduciary net position as a percentage of the total OPEB liability	2.66%	1.57%	0.91%

Note: This schedule is required to have 10 years of information, but the information prior to measurement year 2017 is not available.

SCHEDULE OF THE DISTRICT'S PROPORTIONATE
SHARE OF THE NET OPEB LIABILITY
TEACHER RETIREMENT SYSTEM

FOR THE TEN MONTHS ENDED JUNE 30, 2020

	Fiscal Year Ended June 30, 2020	Fiscal Year Ended August 31,	
		2019	2018
Contractually required contribution	\$ 285,664	\$ 321,439	\$ 318,742
Contribution in relation to the contractually required contribution	(285,664)	(321,439)	(318,742)
Contribution deficiency (excess)	\$ -	\$ -	\$ -
District's covered employee payroll	\$ 35,210,925	\$ 38,487,929	\$ 37,504,122
Contributions as a percentage of covered employee payroll	0.81%	0.84%	0.85%

Note: This schedule is required to have 10 years of information, but the information prior to fiscal year 2018 is not available.

Note: For 2020, the District changed its fiscal year-end from August 31 to June 30. Therefore, all years preceding 2020 are presented for the fiscal year ended August 31.

THIS PAGE LEFT BLANK INTENTIONALLY

COMBINING STATEMENTS

THIS PAGE LEFT BLANK INTENTIONALLY

NONMAJOR GOVERNMENTAL FUNDS

ESEA, Title I, Part A – Improving Basic Programs – Provide opportunities for children served to acquire the knowledge and skills to meet the challenging State performance standards developed for all children.

IDEA – Part B, Formula – Operate educational programs for children with disabilities.

IDEA – Part B, Preschool – Support programs for preschool children with disabilities.

National School Breakfast and Lunch Program – Support programs using federal reimbursement revenues from the United States Department of Agriculture (USDA).

Career and Technical – Basic Grant – Provide career and technology education to develop new and/or improved marketable skills for paid and unpaid employment.

ESEA II, A, Training and Recruiting – Provide programs for improvement for school principals and recruiting teachers.

Title III, Part A – English Language Acquisition – Improve the education of children with limited English proficiency, by assisting the children to learn English.

Elementary and Secondary School Emergency Relief - This fund is used to account for federal stimulus Elementary and ESSER funds granted to LEAs through the CARES Act to support LEAs' ability to operate and instruct their students during the COVID-19 pandemic.

Other Federal Special Revenue - This fund classification is to be used to account, on a project basis, for federally funded special revenue funds that have not been specified above. Any locally defined codes that are used at the local option are to be converted to Fund 289 for PEIMS reporting.

Advanced Placement Incentives – This fund classification is to be used to account, on a project basis, for funds awarded to school districts under the Texas Advanced Placement Award Incentive Program, Chapter 28, Subchapter C, TEC.

State Textbook Fund – This fund is used to account for the purchase of instructional materials, technological equipment, and technology-related services purchased through the Texas Education Agency online requisition system.

Public School Child Care Services – This fund is used to account for local revenues related to school child care services.

Other State Special Revenue Funds – This fund classification is used to account for various state special revenue funds. Included are funds awarded to recognize and reward those students, teachers and schools that demonstrate success in achieving the state's advanced academic standards.

Campus Activity Funds - This fund classification is to be used to account for transactions related to a principal's activity fund if the monies generated are not subject to recall by the school district's board of trustees into the General Fund.

Liberty After School Program – This fund is used to account for local revenues related to the Liberty After School Program.

Foundation GAP Awards – This fund is used to account for local revenues related to various foundation grants awarded by the District.

WHITE SETTLEMENT INDEPENDENT SCHOOL DISTRICT

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS

JUNE 30, 2020

Data Control Codes		211 ESEA I, A Improving Basic Program	224 IDEA Part B Formula	225 IDEA Part B Preschool
	ASSETS			
1110	Cash and cash equivalents	\$ -	\$ -	\$ -
1120	Investments - current	-	-	-
1240	Receivables from other governments	103,536	179,841	5,955
1300	Inventories	-	-	-
1000	Total assets	<u>103,536</u>	<u>179,841</u>	<u>5,955</u>
	LIABILITIES			
2110	Accounts payable	-	-	-
2160	Accrued wages payable	103,536	179,841	5,955
2170	Due to other funds	-	-	-
2300	Unearned revenues	-	-	-
2000	Total liabilities	<u>103,536</u>	<u>179,841</u>	<u>5,955</u>
	DEFERRED INFLOWS OF RESOURCES			
2601	Unavailable revenue	-	-	-
2600	Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>-</u>
	FUND BALANCES			
	Restricted:			
3450	Federal or state grant restriction	-	-	-
3490	GAP awards	-	-	-
	Committed:			
3545	Campus activity	-	-	-
3000	Total fund balances	<u>-</u>	<u>-</u>	<u>-</u>
4000	Total liabilities, deferred inflows and			
4000	fund balances	\$ <u>103,536</u>	\$ <u>179,841</u>	\$ <u>5,955</u>

EXHIBIT H-1

240 National Breakfast and Lunch Program	244 Career and Technical - Basic Grant	255 ESEA II, A Training and Recruiting	263 Title III, A English Lang. Acquisition	266 Elementary and Secondary School Emergency Relief
\$ -	\$ -	\$ -	\$ -	\$ -
1,296,808	-	-	-	-
84,571	-	5,598	6,924	305,131
18,085	-	-	-	-
<u>1,399,464</u>	<u>-</u>	<u>5,598</u>	<u>6,924</u>	<u>305,131</u>
37,223	-	-	-	-
189,464	-	5,598	6,924	-
173,781	-	-	-	305,131
18,085	-	-	-	-
<u>418,553</u>	<u>-</u>	<u>5,598</u>	<u>6,924</u>	<u>305,131</u>
-	-	-	-	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
980,911	-	-	-	-
-	-	-	-	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>980,911</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
\$ <u>1,399,464</u>	\$ <u>-</u>	\$ <u>5,598</u>	\$ <u>6,924</u>	\$ <u>305,131</u>

WHITE SETTLEMENT INDEPENDENT SCHOOL DISTRICT

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS

JUNE 30, 2020

Data Control Codes		289 Other Federal Special Revenue Funds	397 Advanced Placement Incentives	410 State Textbook Fund
	ASSETS			
1110	Cash and cash equivalents	\$ -	\$ 193	\$ -
1120	Investments - current	-	-	-
1240	Receivables from other governments	7,596	-	-
1300	Inventories	-	-	-
1000	Total assets	<u>7,596</u>	<u>193</u>	<u>-</u>
	LIABILITIES			
2110	Accounts payable	-	-	-
2160	Accrued wages payable	-	-	-
2170	Due to other funds	7,596	-	-
2300	Unearned revenues	-	-	-
2000	Total liabilities	<u>7,596</u>	<u>-</u>	<u>-</u>
	DEFERRED INFLOWS OF RESOURCES			
2601	Unavailable revenue	-	193	-
2600	Total deferred inflows of resources	<u>-</u>	<u>193</u>	<u>-</u>
	FUND BALANCES			
	Restricted:			
3450	Federal or state grant restriction	-	-	-
3490	GAP awards	-	-	-
	Committed:			
3545	Campus activity	-	-	-
3000	Total fund balances	<u>-</u>	<u>-</u>	<u>-</u>
4000	Total liabilities and fund balances	\$ <u>7,596</u>	\$ <u>193</u>	\$ <u>-</u>

EXHIBIT H-1

412 Public School Child Care Services	429 Other State Special Revenue Funds	461 Campus Activity Funds	482 Liberty After School Program	486 Foundation GAP Awards	Total Nonmajor Governmental Funds
\$ -	\$ -	\$ 339,832	\$ 6,293	\$ 32,875	\$ 379,193
-	-	397,702	-	-	1,694,510
-	-	-	-	-	699,152
-	-	-	-	-	18,085
-	-	737,534	6,293	32,875	2,790,940
-	-	-	-	-	37,223
-	-	-	-	-	491,318
-	-	-	-	-	486,508
-	-	-	6,293	-	24,378
-	-	-	6,293	-	1,039,427
-	-	-	-	-	193
-	-	-	-	-	193
-	-	-	-	-	980,911
-	-	-	-	32,875	32,875
-	-	737,534	-	-	737,534
-	-	737,534	-	32,875	1,751,320
\$ -	\$ -	\$ 737,534	\$ 6,293	\$ 32,875	\$ 2,790,940

WHITE SETTLEMENT INDEPENDENT SCHOOL DISTRICT

COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS

FOR THE TEN MONTHS ENDED JUNE 30, 2020

Data Control Codes		211 ESEA I, A Improving Basic Program	224 IDEA Part B Formula	225 IDEA Part B Preschool
REVENUES				
5700	Local and intermediate sources	\$ -	\$ -	\$ -
5800	State program	-	-	-
5900	Federal program	<u>928,074</u>	<u>1,375,217</u>	<u>36,011</u>
5020	Total revenues	<u>928,074</u>	<u>1,375,217</u>	<u>36,011</u>
EXPENDITURES				
	Current:			
0011	Instruction	544,209	818,419	36,011
0012	Instructional Resources and Media Services	-	-	-
0013	Curriculum and instructional staff development	383,865	-	-
0031	Guidance, counseling and evaluation services	-	534,178	-
0035	Food services	-	-	-
0036	Extracurricular activities	-	-	-
0051	Facilities maintenance and operations	-	-	-
0052	Security and Monitoring Services	-	-	-
0053	Data processing	-	-	-
0061	Community services	-	-	-
	Intergovernmental:			
0093	Payments for SSA	<u>-</u>	<u>22,620</u>	<u>-</u>
6030	Total expenditures	<u>928,074</u>	<u>1,375,217</u>	<u>36,011</u>
1100	Excess (deficiency) of revenues over (under) (under) expenditures	<u>-</u>	<u>-</u>	<u>-</u>
1200	Net change in fund balances	-	-	-
0100	Fund balance - September 1 (beginning)	<u>-</u>	<u>-</u>	<u>-</u>
3000	Fund balance - June 30 (ending)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

240 National Breakfast and Lunch Program	244 Career and Technical - Basic Grant	255 ESEA II, A Training and Recruiting	263 Title III, A English Lang. Acquisition	266 Elementary and Secondary School Emergency Relief
\$ 852,213	\$ -	\$ -	\$ -	\$ -
67,040	-	-	-	-
<u>2,335,787</u>	<u>70,094</u>	<u>156,565</u>	<u>87,131</u>	<u>305,131</u>
<u>3,255,040</u>	<u>70,094</u>	<u>156,565</u>	<u>87,131</u>	<u>305,131</u>
-	70,094	41,748	87,131	12,182
-	-	-	-	-
-	-	114,817	-	-
-	-	-	-	-
3,571,799	-	-	-	-
-	-	-	-	655
-	-	-	-	284,314
-	-	-	-	570
-	-	-	-	7,410
-	-	-	-	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>3,571,799</u>	<u>70,094</u>	<u>156,565</u>	<u>87,131</u>	<u>305,131</u>
(316,759)	-	-	-	-
(316,759)	-	-	-	-
<u>1,297,670</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
\$ <u>980,911</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>

WHITE SETTLEMENT INDEPENDENT SCHOOL DISTRICT

COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS

FOR THE TEN MONTHS ENDED JUNE 30, 2020

<u>Data Control Codes</u>		<u>289 Other Federal Special Revenue Funds</u>	<u>397 Advanced Placement Incentives</u>	<u>410 State Textbook Fund</u>
REVENUES				
5700	Local and intermediate sources	\$ -	\$ -	\$ -
5800	State program	-	-	908,358
5900	Federal program	<u>60,684</u>	<u>-</u>	<u>-</u>
5020	Total revenues	<u>60,684</u>	<u>-</u>	<u>908,358</u>
EXPENDITURES				
Current:				
0011	Instruction	6,442	-	908,358
0012	Instructional Resources and Media Services	-	-	-
0013	Curriculum and instructional staff development	-	-	-
0031	Guidance, counseling and evaluation services	24,199	-	-
0035	Food services	-	-	-
0036	Extracurricular activities	-	-	-
0051	Facilities maintenance and operations	-	-	-
0052	Security and Monitoring Services	30,043	-	-
0053	Data processing	-	-	-
0061	Community services	-	-	-
Intergovernmental:				
0093	Payments for SSA	<u>-</u>	<u>-</u>	<u>-</u>
6030	Total expenditures	<u>60,684</u>	<u>-</u>	<u>908,358</u>
1100	Excess (deficiency) of revenues over (under) (under) expenditures	<u>-</u>	<u>-</u>	<u>-</u>
1200	Net change in fund balances	-	-	-
0100	Fund balance - September 1 (beginning)	<u>-</u>	<u>-</u>	<u>-</u>
3000	Fund balance - June 30 (ending)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

412 Public School Child Care Services	429 Other State Special Revenue Funds	461 Campus Activity Funds	482 Liberty After School Program	486 Foundation GAP Awards	Total Nonmajor Governmental Funds
\$ 36,231	\$ -	\$ 866,938	\$ -	\$ 61,088	\$ 1,816,470
-	50,070	-	-	-	1,025,468
-	-	-	-	-	5,354,694
<u>36,231</u>	<u>50,070</u>	<u>866,938</u>	<u>-</u>	<u>61,088</u>	<u>8,196,632</u>
-	-	-	-	43,239	2,567,833
-	70	-	-	-	70
-	-	-	-	-	498,682
-	50,000	-	-	-	608,377
-	-	-	-	-	3,571,799
-	-	719,107	-	-	719,762
-	-	-	-	-	284,314
-	-	-	-	-	30,613
-	-	-	-	-	7,410
36,231	-	-	-	-	36,231
-	-	-	-	-	22,620
<u>36,231</u>	<u>50,070</u>	<u>719,107</u>	<u>-</u>	<u>43,239</u>	<u>8,347,711</u>
-	-	147,831	-	17,849	(151,079)
-	-	147,831	-	17,849	(151,079)
-	-	589,703	-	15,026	1,902,399
\$ -	\$ -	\$ 737,534	\$ -	\$ 32,875	\$ 1,751,320

THIS PAGE LEFT BLANK INTENTIONALLY

REQUIRED TEA SCHEDULES

AGENCY FUND

Student Activity Fund – This fund accounts for the collection of fees, fund raising, and other revenues from student activities. The resources are held by the District but decisions about expenditures are made by the student groups.

WHITE SETTLEMENT INDEPENDENT SCHOOL DISTRICT

EXHIBIT I-1

COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES

AGENCY FUND

FOR THE TEN MONTHS ENDED JUNE 30, 2020

<u>Data Control Codes</u>		<u>Beginning Balance</u>	<u>Additions</u>	<u>Deductions</u>	<u>Ending Balance</u>
ASSETS					
1110	Cash and cash equivalents	\$ <u>45,767</u>	\$ <u>82,764</u>	\$ <u>89,096</u>	\$ <u>39,435</u>
	Total assets	<u>45,767</u>	<u>82,764</u>	<u>89,096</u>	<u>39,435</u>
LIABILITIES					
2190	Due to student groups	<u>45,767</u>	<u>84,506</u>	<u>90,838</u>	<u>39,435</u>
	Total liabilities	\$ <u><u>45,767</u></u>	<u><u>84,506</u></u>	<u><u>90,838</u></u>	\$ <u><u>39,435</u></u>

WHITE SETTLEMENT INDEPENDENT SCHOOL DISTRICT

SCHEDULE OF DELIQUENT TAXES RECEIVABLE

FOR THE TEN MONTHS ENDED JUNE 30, 2020

Last Ten Years Ended August 31,	1	2	3	10
	Tax Rates		Net Assessed/ Appraised Value for School Tax Purpose	Beginning Balance 9/1/2019
	Maintenance	Debt Service		
2011 and prior years	1.040000	0.500000	\$ 1,587,446,887	\$ 377,630
2012	1.040000	0.500000	1,442,831,364	23,024
2013	1.040000	0.500000	1,518,036,104	44,216
2014	1.040000	0.500000	1,654,544,805	51,833
2015	1.040000	0.500000	1,475,635,974	27,927
2016	1.040000	0.500000	1,581,388,247	52,409
2017	1.040000	0.500000	1,465,946,753	62,461
2018	1.040000	0.500000	1,598,911,104	100,448
2019	1.040000	0.480000	1,946,152,961	398,326
2020	0.970000	0.480000	2,278,262,138	-
1000 Totals				\$ 1,138,274
				** \$ -

**7/1/2020 to 8/31/2020 activity after new fiscal year end pertaining to Tax Year 2019

EXHIBIT J-1

20	31	32	40	50
Current Year's Total Levy	Maintenance Total Collections	Debt Service Total Collections	Entire Year's Adjustments	Ending Balance 6/30/2020
\$ -	\$ 1,645	\$ 791	\$ (2,855)	\$ 372,338
-	17	8	(430)	22,570
-	206	99	(374)	43,537
-	319	153	(750)	50,610
-	(99)	(47)	(2,191)	25,882
-	1,108	532	(3,038)	47,730
-	2,379	1,144	(5,413)	53,526
-	11,680	5,615	(14,710)	68,443
-	144,541	66,711	(65,380)	121,694
<u>33,034,801</u>	<u>22,163,965</u>	<u>10,967,735</u>	<u>880,192</u>	<u>783,294</u>
\$ <u>33,034,801</u>	\$ <u>22,325,761</u>	\$ <u>11,042,742</u>	\$ <u>785,050</u>	\$ <u>1,589,623</u>
\$ <u>-</u>	\$ <u>152,264</u>	\$ <u>75,336</u>	\$ <u>(105,268)</u>	\$ <u>1,256,755</u>

WHITE SETTLEMENT INDEPENDENT SCHOOL DISTRICT

EXHIBIT J-4

**SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET TO ACTUAL
NATIONAL BREAKFAST AND LUNCH PROGRAM FUND**

FOR THE TEN MONTHS ENDED JUNE 30, 2020

		Budgeted Amounts		Actual	Variance with
		Original	Final	Amounts	Final Budget Positive (Negative)
REVENUES					
5700	Local and intermediate sources	\$ 1,106,400	\$ 850,400	\$ 852,213	\$ 1,813
5800	State program	51,000	152,500	67,040	(85,460)
5900	Federal program	<u>2,533,000</u>	<u>2,264,000</u>	<u>2,335,787</u>	<u>71,787</u>
5020	Total revenues	<u>3,690,400</u>	<u>3,266,900</u>	<u>3,255,040</u>	<u>(11,860)</u>
EXPENDITURES					
Current:					
0035	Food service	<u>3,757,199</u>	<u>3,690,008</u>	<u>3,571,799</u>	<u>118,209</u>
6030	Total expenditures	<u>3,757,199</u>	<u>3,690,008</u>	<u>3,571,799</u>	<u>118,209</u>
1200	Net change in fund balances	(66,799)	(423,108)	(316,759)	106,349
0100	Fund balance - September 1 (beginning)	<u>1,297,670</u>	<u>1,297,670</u>	<u>1,297,670</u>	<u>-</u>
3000	Fund balance - June 30 (ending)	<u>\$ 1,230,871</u>	<u>\$ 874,562</u>	<u>\$ 980,911</u>	<u>\$ 106,349</u>

WHITE SETTLEMENT INDEPENDENT SCHOOL DISTRICT

EXHIBIT J-5

SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
DEBT SERVICE FUND

FOR THE TEN MONTHS ENDED JUNE 30, 2020

Data Control Codes		Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
		Original	Final		
REVENUES					
5700	Local and intermediate sources	\$ 10,968,215	\$ 10,909,000	\$ 10,951,168	\$ 42,168
5800	State program	763,000	299,460	299,460	-
5020	Total revenues	11,731,215	11,208,460	11,250,628	42,168
EXPENDITURES					
	Debt service:				
0071	Principal on long-term debt	1,978,718	-	-	-
0072	Interest on long-term debt	8,796,648	3,067,685	3,067,683	2
0073	Bond issuance costs and fees	10,004	5,004	5,117	(113)
6030	Total expenditures	10,785,370	3,072,689	3,072,800	(111)
1200	Net change in fund balances	945,845	8,135,771	8,177,828	42,057
0100	Fund balance - September 1 (beginning)	6,669,148	6,669,148	6,669,148	-
3000	Fund balance - June 30 (ending)	\$ 7,614,993	\$ 14,804,919	\$ 14,846,976	\$ 42,057

THIS PAGE LEFT BLANK INTENTIONALLY

STATISTICAL SECTION

THIS PAGE LEFT BLANK INTENTIONALLY

STATISTICAL SECTION

This part of the District statistical comprehensive annual financial report presents detailed information as a context for understanding the information in the financial statements, note disclosures, and required supplementary information. The statistical section includes a number of schedules that fall within the following categories:

<u>Contents</u>	<u>Page</u>
Financial Trend Data These schedules contain trend information on how the District's financial performance and well-being have changed over time.	66-78
Revenue Capacity Data These schedules contain information on the District's most significant local revenue source, the property tax.	80-85
Debt Capacity Data These schedules present information to help assess the affordability of the District's current levels of outstanding debt and the District's ability to issue additional debt in the future.	87-89
Demographic and Economic Information These schedules offer demographic and economic indicators to help understand the environment within which the District's financial activities take place.	90-93
Operating Information These schedules contain service and infrastructure data to help the reader understand how the information in the District's financial report relates to the service the District provides and the activities it performs.	94-99

WHITE SETTLEMENT INDEPENDENT SCHOOL DISTRICT

NET POSITION BY COMPONENT

LAST TEN FISCAL YEARS
(Accrual Basis of Accounting)

	Fiscal Year			
	2011	2012	2013	2014
Governmental activities				
Net investment in capital assets	\$(15,681,398)	\$(30,784,493)	\$(21,040,752)	\$(28,820,934)
Restricted	7,347,913	8,438,156	6,459,416	7,368,973
Unrestricted	(16,671,358)	(7,885,810)	(28,540,302)	(30,311,386)
Total primary government net position	<u>\$(25,004,843)</u>	<u>\$(30,232,147)</u>	<u>\$(43,121,638)</u>	<u>\$(51,763,347)</u>

(1) The District changed the fiscal year end in 2020 from August 31st to June 30th. Fiscal year-end 2020 is for 10 months only.

(2) In 2018, the District implemented Governmental Accounting Standards Board Statement 75, causing unrestricted net position to decrease substantially.

Source of Information: White Settlement Independent School District Financial Statements

TABLE 1

Fiscal Year					
2015	2016	2017	2018 (2)	2019	2020 (1)
\$(31,374,479)	\$(32,915,116)	\$(69,016,747)	\$(70,737,319)	\$(72,589,440)	\$(76,463,248)
6,726,533	5,252,812	5,654,395	6,549,146	8,347,025	13,850,799
(34,884,708)	(35,703,820)	(1,448,023)	(28,210,045)	(30,107,064)	(34,069,785)
\$(59,532,654)	\$(63,366,124)	\$(64,810,375)	\$(92,398,218)	\$(94,349,479)	\$(96,682,234)

WHITE SETTLEMENT INDEPENDENT SCHOOL DISTRICT

CHANGE IN NET POSITION

LAST TEN FISCAL YEARS
(Accrual Basis of Accounting)

	Fiscal Year			
	2011	2012	2013	2014
Expenses				
Governmental activities:				
Instruction	\$ 30,738,167	\$ 29,399,507	\$ 31,109,527	\$ 32,791,312
Instruction resources and media services	877,538	466,726	452,212	413,959
Curriculum and staff development	231,533	158,123	590,002	840,234
Instructional leadership	720,375	799,222	636,468	616,297
School leadership	3,390,707	3,230,189	3,329,506	3,591,504
Guidance, counseling and evaluation services	1,411,101	1,452,180	1,470,954	1,567,655
Social work services	167,490	85,385	95,427	123,717
Health services	466,211	548,894	553,775	602,555
Student transportation	898,353	1,556,330	1,243,228	1,195,909
Food service	3,327,500	3,401,976	3,607,666	3,614,021
Extracurricular activities	1,909,996	1,980,907	2,095,015	2,313,685
General administration	1,777,888	1,760,963	2,078,851	2,008,398
Plant maintenance and operations	6,038,355	5,480,034	5,672,010	5,831,251
Security and monitoring services	309,992	304,740	348,180	340,769
Data processing services	149,173	716,573	4,729,765	2,438,889
Community services	666,128	531,525	544,097	554,367
Debt Service - Interest on long-term debt	12,363,422	10,391,681	13,503,478	8,276,252
Debt Service - Bond issuance cost and fees	63,855	85,898	623,487	633,496
Facilities acquisition and construction	58,382	4,187,935	3,683,870	1,994,373
Payments related to shared services arrangements	90,000	96,024	83,246	94,820
Payments to Juvenile Justice Alternative Ed. Program	24,375	-	-	-
Other intergovernmental charges	136,227	142,994	153,723	145,623
Total primary government expenses	<u>65,816,768</u>	<u>66,777,806</u>	<u>76,604,487</u>	<u>69,989,086</u>
Program Revenues				
Governmental activities:				
Charges for services				
Instruction	134,205	506,577	482,967	497,131
Transportation	-	-	-	1,123
Food services	1,194,722	1,229,294	1,167,980	1,142,365
Cocurricular/extracurricular activities	935,559	1,036,864	905,919	317,048
Plant maintenance and operations	51,878	71,443	85,932	64,435
Community services	523,661	56,079	-	-
Operating grants and contributions	8,549,845	7,857,840	6,998,488	8,003,986
Total primary government program revenues	<u>11,389,870</u>	<u>10,758,097</u>	<u>9,641,286</u>	<u>10,026,088</u>
Net (Expense)/Revenue	<u>54,426,898</u>	<u>56,019,709</u>	<u>66,963,201</u>	<u>59,962,998</u>

TABLE 2

Fiscal Year					
2015	2016	2017	2018	2019	2020 (1)
\$ 33,385,844	\$ 35,689,134	\$ 37,444,689	\$ 24,957,793	\$ 40,313,147	\$ 43,093,333
415,540	439,109	455,643	312,385	363,619	380,693
964,060	1,143,571	1,153,908	828,053	1,337,518	1,146,010
603,509	777,660	869,753	707,740	1,319,944	1,421,072
3,751,520	4,146,928	4,230,007	2,802,884	4,614,328	4,435,519
1,556,950	1,691,124	1,685,480	1,254,578	2,334,050	2,556,297
127,897	140,351	165,107	111,771	175,227	100,023
643,589	602,841	627,609	403,201	713,321	747,656
1,216,737	1,209,605	1,279,729	1,277,002	1,616,818	1,649,302
3,699,429	3,889,507	3,664,080	3,278,888	4,267,345	4,130,023
2,229,485	2,384,228	2,544,694	2,223,112	3,179,266	3,148,021
1,929,900	2,170,941	2,162,063	1,638,671	2,419,750	2,045,112
6,029,101	6,804,069	6,393,693	6,199,058	7,928,218	7,247,731
374,356	383,939	363,021	243,439	400,459	427,636
1,395,154	1,485,885	1,722,806	1,273,751	1,777,604	1,878,927
560,264	617,985	597,010	440,707	633,626	679,265
7,756,231	8,476,004	7,652,755	8,432,716	8,345,544	7,545,093
397,920	127,165	21,997	6,807	6,807	5,117
-	-	-	-	-	-
117,336	129,004	104,265	102,758	122,977	22,620
-	-	-	10,578	7,095	-
<u>147,071</u>	<u>131,968</u>	<u>138,615</u>	<u>146,472</u>	<u>155,949</u>	<u>165,548</u>
<u>67,301,893</u>	<u>72,441,018</u>	<u>73,276,924</u>	<u>56,652,364</u>	<u>82,032,612</u>	<u>82,824,998</u>
545,914	529,813	468,423	438,676	468,986	438,226
-	-	-	-	-	-
1,141,371	1,224,412	1,183,943	1,153,925	1,145,903	838,796
201,178	1,001,227	1,228,111	1,221,073	1,579,654	1,015,531
87,757	151,756	-	-	-	-
-	-	-	-	-	-
<u>7,610,559</u>	<u>8,532,853</u>	<u>11,716,361</u>	<u>(136,716)</u>	<u>14,068,651</u>	<u>13,545,729</u>
<u>9,586,779</u>	<u>11,440,061</u>	<u>14,596,838</u>	<u>2,676,958</u>	<u>17,263,194</u>	<u>15,838,282</u>
<u>57,715,114</u>	<u>61,000,957</u>	<u>58,680,086</u>	<u>53,975,406</u>	<u>64,769,418</u>	<u>66,986,716</u>

WHITE SETTLEMENT INDEPENDENT SCHOOL DISTRICT**CHANGE IN NET POSITION****LAST TEN FISCAL YEARS
(Accrual Basis of Accounting)**

	Fiscal Year			
	2011	2012	2013	2014
General Revenues and Other Changes in Net Position				
Governmental activities:				
Taxes				
Property taxes, levied for General Purposes	\$ 15,147,962	\$ 15,630,810	\$ 17,570,012	\$ 15,528,433
Property taxes, levied for Debt Service	7,282,674	7,514,813	8,449,183	7,465,592
Grants and contributions not restricted	24,401,257	24,853,417	26,009,873	26,540,466
Investment earnings	29,710	33,642	35,868	23,595
Gas Lease/Mineral Rights Revenues	113,577	261,692	264,686	439,747
Miscellaneous	317,882	2,498,031	3,187,007	1,171,083
Special/Extraordinary Items	-	-	(23,608)	152,373
Total government activities	<u>47,293,062</u>	<u>50,792,405</u>	<u>55,493,021</u>	<u>51,321,289</u>
Change in Net Position	<u>\$ 7,133,836</u>	<u>\$ 5,227,304</u>	<u>\$ 11,470,180</u>	<u>\$ 8,641,709</u>

(1) The District changed the fiscal year end in 2020 from August 31st to June 30th. Fiscal year-end 2020 is for 10 months only.

TABLE 2

Fiscal Year					
2015	2016	2017	2018	2019	2020 (1)
\$ 16,387,518	\$ 16,401,775	\$ 17,310,681	\$ 18,844,514	\$ 20,909,747	\$ 22,969,632
7,878,614	7,885,468	8,268,456	9,015,016	9,649,284	10,980,958
30,547,575	32,466,146	31,238,273	30,891,919	31,252,016	30,151,552
23,136	65,231	232,874	458,467	733,427	354,771
186,490	76,663	185,551	343,152	273,683	197,048
1,052,896	572,204	-	-	-	-
23,005	-	-	-	-	-
<u>56,099,234</u>	<u>57,467,487</u>	<u>57,235,835</u>	<u>59,553,068</u>	<u>62,818,157</u>	<u>64,653,961</u>
<u>\$ 1,615,880</u>	<u>\$ 3,533,470</u>	<u>\$ 1,444,251</u>	<u>\$ (5,577,662)</u>	<u>\$ 1,951,261</u>	<u>\$ 2,332,755</u>

WHITE SETTLEMENT INDEPENDENT SCHOOL DISTRICT

FUND BALANCES OF GOVERNMENTAL FUNDS

LAST TEN FISCAL YEARS
(Modified Accrual Basis of Accounting)

	Fiscal Year			
	2011	2012	2013	2014
General Fund				
Nonspendable	\$ 25,044	\$ 156,893	\$ 108,464	\$ -
Assigned	3,421,396	3,683,088	149,528	974,866
Unassigned	<u>7,795,263</u>	<u>9,404,823</u>	<u>15,068,905</u>	<u>10,997,270</u>
Total general fund	<u>11,241,703</u>	<u>13,244,804</u>	<u>15,326,897</u>	<u>11,972,136</u>
All Other Governmental Funds				
Nonspendable	1,508	-	-	-
Committed (Campus Activity)	-	409,569	393,175	406,851
Restricted:				
Grant funds	790,294	997,159	863,976	972,979
Debt service funds	2,979,573	3,537,253	5,272,414	5,298,929
GAP Awards	-	-	-	-
Assigned:				
Construction	96	96	-	-
Other Assigned Fund Balance	<u>376,630</u>	<u>36,652</u>	<u>28,658</u>	<u>8,044</u>
Unassigned	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total all other governmental funds	<u>4,148,101</u>	<u>4,980,729</u>	<u>6,558,223</u>	<u>6,686,803</u>
Total Governmental Funds	<u>\$ 15,389,804</u>	<u>\$ 18,225,533</u>	<u>\$ 21,885,120</u>	<u>\$ 18,658,939</u>

(1) The District changed the fiscal year end in 2020 from August 31st to June 30th. Fiscal year-end 2020 is for 10 months only.

Source of Information: White Settlement Independent School District Financial Statements.

TABLE 3

Fiscal Year					
2015	2016	2017	2018	2019	2020 (1)
\$ -	\$ 1,729	\$ 1,257	\$ 190	\$ 1,465	\$ 2,907
1,086,653	1,061,546	-	1,250,733	1,344,082	1,971,268
<u>12,912,102</u>	<u>13,888,282</u>	<u>15,575,395</u>	<u>14,369,615</u>	<u>16,358,781</u>	<u>17,901,231</u>
<u>13,998,755</u>	<u>14,951,557</u>	<u>15,576,652</u>	<u>15,620,538</u>	<u>17,704,328</u>	<u>19,875,406</u>
-	-	-	-	-	-
407,223	404,237	418,234	548,716	589,703	737,534
908,065	803,665	991,802	1,265,879	1,297,670	980,911
5,386,357	4,338,267	4,512,797	5,026,032	6,669,148	14,846,976
-	-	8,353	21,526	15,026	32,875
-	-	-	-	-	-
<u>17,867</u>	<u>21,801</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>6,719,512</u>	<u>5,567,970</u>	<u>5,931,186</u>	<u>6,862,153</u>	<u>8,571,547</u>	<u>16,598,296</u>
\$ <u>20,718,267</u>	\$ <u>20,519,527</u>	\$ <u>21,507,838</u>	\$ <u>22,482,691</u>	\$ <u>26,275,875</u>	\$ <u>36,473,702</u>

WHITE SETTLEMENT INDEPENDENT SCHOOL DISTRICT

CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS

LAST TEN FISCAL YEARS (Modified Accrual Basis of Accounting)

	Fiscal Year			
	2011	2012	2013	2014
Local and intermediate sources	\$ 25,923,777	\$ 28,572,359	\$ 31,754,351	\$ 26,425,688
State programs revenues	26,618,276	27,219,611	28,290,511	29,736,056
Federal programs revenues	6,331,988	5,490,743	4,716,692	4,807,785
Total Revenues	58,874,041	61,282,713	64,761,554	60,969,529
Expenditures by Function				
Instruction	\$ 27,037,488	\$ 25,709,820	\$ 27,224,211	\$ 28,939,220
Instruction resources and media services	763,090	352,619	331,714	294,829
Curriculum and staff development	188,144	114,862	544,319	795,069
Instructional leadership	622,277	701,416	533,184	514,185
School leadership	2,995,800	2,836,455	2,913,720	3,180,440
Guidance, counseling and evaluation services	1,228,111	1,269,733	1,278,289	1,377,178
Social work services	147,996	65,949	74,903	103,426
Health services	392,638	475,539	476,312	525,971
Student transportation	844,068	750,926	1,201,360	1,004,901
Food service	2,979,756	3,055,265	3,466,082	3,302,129
Extracurricular activities	1,759,400	1,827,181	1,926,185	2,146,772
General administration	1,571,854	1,565,014	1,850,434	1,784,127
Facilities maintenance and operations	5,271,808	4,815,387	5,051,746	5,307,687
Security and monitoring services	303,308	274,646	374,864	347,845
Data processing services	127,164	694,629	4,706,592	2,448,564
Community services	549,165	414,910	420,950	432,619
Debt service - principal on long-term debt	3,819,781	4,630,000	4,066,617	3,285,155
Debt service - interest on long-term debt	6,103,982	4,769,058	4,943,558	6,394,418
Debt service - bond issuance cost and fees	204,370	478,753	623,487	633,496
Facilities acquisition and construction	58,382	4,187,935	4,357,092	2,359,393
Payments related to shared services arrangements	90,000	96,024	83,246	94,820
Payments related to Juvenile Justice Alternative Ed Program	24,375	-	-	-
Other intergovernmental charges	136,227	142,994	153,723	145,623
Total Expenditures by Function	57,219,184	59,229,115	66,602,588	65,417,867
Other Financing Sources (Uses)				
Refunding bonds issued	8,328,990	30,574,884	40,160,142	49,374,874
Capital Leases	-	-	64,850	-
Sale of assets	-	23,885	-	-
Loan proceeds	-	-	4,610,000	-
Premium/discount on issuance of bond	1,665,683	11,336,585	12,262,647	16,143,544
Transfers in	10,913	20,354	96	-
Transfers out	-	-	(96)	-
Payment to bond refunding escrow agent	(9,792,458)	(41,435,269)	(51,838,095)	(64,888,380)
Total Other Financing Sources (Uses)	213,128	520,439	5,259,544	630,038

TABLE 4

Fiscal Year					
2015	2016	2017	2018	2019	2020 (1)
\$ 27,327,672	\$ 27,745,613	\$ 28,837,357	\$ 31,618,786	\$ 34,681,145	\$ 36,512,489
33,263,638	34,864,997	36,167,442	35,565,006	37,042,105	34,744,795
4,861,480	4,997,082	5,623,790	5,461,933	6,689,241	5,937,968
65,452,790	67,607,692	70,628,589	72,645,725	78,412,491	77,195,252
\$ 29,890,060	\$ 30,807,817	\$ 32,941,435	\$ 32,533,479	\$ 34,343,672	\$ 35,288,286
297,903	308,418	330,661	270,283	239,274	242,028
936,913	1,048,559	1,073,252	1,193,931	1,100,374	955,765
511,410	644,703	746,637	911,974	1,115,657	1,194,789
3,380,449	3,568,019	3,722,673	3,819,571	3,968,888	3,763,256
1,390,662	1,426,127	1,446,556	1,685,315	1,882,721	2,037,814
107,860	116,298	140,708	144,996	143,628	69,901
572,316	503,350	537,786	502,891	580,967	591,038
1,194,915	1,126,218	2,351,992	1,140,338	1,548,036	1,494,930
3,410,278	3,734,871	3,466,541	3,429,058	3,832,517	3,571,799
2,073,382	2,179,984	2,357,553	2,743,823	3,124,088	2,853,106
1,719,976	1,860,282	1,896,577	1,971,228	2,070,101	1,688,266
5,168,066	5,665,910	5,651,481	7,343,395	7,220,290	6,855,346
343,316	363,874	324,697	363,493	365,658	416,891
1,372,532	1,459,445	1,686,449	1,839,775	1,818,254	1,819,809
444,393	476,794	465,983	485,162	498,553	525,736
3,099,097	2,886,292	2,470,102	3,201,232	2,555,697	305,000
7,362,819	7,759,205	8,400,855	7,916,608	8,610,230	3,130,380
397,920	127,165	21,997	6,807	6,807	5,117
88,078	2,173,123	218,041	10,350	65,908	-
117,336	129,004	104,265	102,758	122,977	22,620
-	-	-	10,578	7,095	-
147,071	131,968	138,615	146,472	155,949	165,548
64,026,752	68,497,426	70,494,856	71,773,517	75,377,341	66,997,425
23,423,826	2,115,000	-	-	-	-
-	-	-	-	-	-
40,000	-	29,578	102,645	-	-
-	1,400,000	825,000	-	758,034	-
3,633,492	149,723	-	-	-	-
-	99,460	-	-	-	-
-	-	-	-	-	-
(26,662,522)	(3,160,852)	-	-	-	-
434,796	603,331	854,578	102,645	758,034	-

WHITE SETTLEMENT INDEPENDENT SCHOOL DISTRICT

CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS

LAST TEN FISCAL YEARS (Modified Accrual Basis of Accounting)

	Fiscal Year			
	2011	2012	2013	2014
Specia/Extraordinary Items				
Gas Lease/Mineral Interests	\$ 113,577	\$ 261,692	\$ 264,686	\$ 439,747
Sale of Metlife Stock	-	-	(23,608)	-
Other	-	-	-	152,373
Total Special Items	<u>\$ 113,577</u>	<u>\$ 261,692</u>	<u>\$ 241,078</u>	<u>\$ 592,120</u>
Net change in fund balances	<u>\$ 1,981,562</u>	<u>\$ 2,835,729</u>	<u>\$ 3,659,588</u>	<u>\$ (3,226,180)</u>
Debt Service as a Percentage of Noncapital Expenditures	17.76%	16.71%	14.75%	15.95%

(1) The District changed the fiscal year end in 2020 from August 31st to June 30th. Fiscal year-end 2020 is for 10 months only.

(2) This table includes all governmental fund types of the White Settlement Independent School District.

(3) Revenue classifications are in accordance with those prescribed by the Texas Education Agency.

Source of Information: White Settlement Independent School District Financial Statements

TABLE 4

Fiscal Year					
2015	2016	2017	2018	2019	2020 (1)
\$ 186,490	\$ 76,663	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
23,005	-	-	-	-	-
\$ 209,495	\$ 76,663	\$ -	\$ -	\$ -	\$ -
\$ 2,070,329	\$ (209,740)	\$ 988,311	\$ 974,853	\$ 3,793,184	\$ 10,197,827
17.00%	16.32%	15.80%	16.00%	15.05%	5.19%

WHITE SETTLEMENT INDEPENDENT SCHOOL DISTRICT**TOTAL ASSESSED AND NET TAXABLE VALUE OF TAXABLE PROPERTY****LAST TEN FISCAL YEARS**

Fiscal Year	Real Property Assessed Value	Personal Property Assessed Value	Total Assessed Value	Total Exemptions and Freeze	Net Taxable Value
2011	\$1,392,534,914	\$393,581,835	\$ 1,786,116,749	\$ 317,870,368	\$ 1,468,246,381
2012	1,412,025,318	449,060,006	1,861,085,324	325,811,551	1,535,273,773
2013	1,411,722,849	600,464,664	2,012,187,513	328,719,734	1,683,467,779
2014	1,462,213,134	370,706,884	1,832,920,018	329,083,722	1,503,836,296
2015	1,563,536,036	311,257,948	1,874,793,984	324,766,103	1,550,027,881
2016	1,638,152,609	328,146,691	1,966,299,300	384,911,053	1,581,388,247
2017	1,947,420,821	236,123,756	2,183,544,577	717,597,824	1,465,946,753
2018	2,181,061,763	229,115,281	2,410,177,044	811,265,940	1,598,911,104
2019	2,397,426,050	258,078,667	2,655,504,717	709,351,756	1,946,152,961
2020	2,636,232,957	303,706,035	2,939,938,992	661,676,854	2,278,262,138

(1) The value is the appraised value at original certification and fluctuates due to property owner protests and preliminary appraisal values at the time of certification.

(2) Tax Rates are per \$100 of assessed value.

(3) The District's direct rates are limited by state statute to \$1.04 for maintenance and operations and \$.50 for debt service.

Source of Information: Tarrant Central Appraisal District

TABLE 5

Maintenance and Operations Rate	Interest and Sinking Rate	Total Direct Rate
1.0400	0.5000	1.5400
1.0400	0.5000	1.5400
1.0400	0.5000	1.5400
1.0400	0.5000	1.5400
1.0400	0.5000	1.5400
1.0400	0.5000	1.5400
1.0400	0.5000	1.5400
1.0400	0.5000	1.5400
1.0400	0.5000	1.5400
0.9700	0.4800	1.4500

WHITE SETTLEMENT INDEPENDENT SCHOOL DISTRICT**PROPERTY TAX RATES - DIRECT OVERLAPPING GOVERNMENTS****LAST TEN FISCAL YEARS**

<u>Fiscal Year</u>	<u>White Settlement Independent School District M/O</u>	<u>White Settlement Independent School District I & S</u>	<u>White Settlement Independent School District Total</u>	<u>City of Fort Worth</u>	<u>City of White Settlement</u>
2011	\$ 1.0400	\$ 0.5000	\$ 1.5400	\$ 0.8550	\$ 0.6860
2012	1.04000	0.50000	1.54000	0.85500	0.74200
2013	1.04000	0.50000	1.54000	0.85500	0.61470
2014	1.04000	0.50000	1.54000	0.85500	0.67000
2015	1.04000	0.50000	1.54000	0.85500	0.69000
2016	1.04000	0.50000	1.54000	0.85500	0.73300
2017	1.04000	0.50000	1.54000	0.83500	0.75500
2018	1.04000	0.50000	1.54000	0.80500	0.76200
2019	1.04000	0.50000	1.52000	0.75500	0.76200
2020	0.97000	0.48000	1.45000	0.74750	0.73225

(1) Tax Rates are per \$100 of assessed value.

(2) The District's direct rates are limited to \$1.04 for maintenance and operations and \$.50 for debt service.

Source of Information: Tarrant County Tax Office

TABLE 6

City of Westworth Village	Tarrant County	Town of Lakeside	Tarrant Co Hosp Dist (JPS Health Network)	Live Osk Creek MUD #1
\$ 0.5000	\$ 0.2640	\$ 0.3729	\$ 0.2279	0.99000
0.50000	0.26400	0.37925	0.22790	0.99000
0.49200	0.26400	0.37925	0.22790	0.35000
0.49200	0.26400	0.37926	0.22790	0.99000
0.49200	0.26400	0.37900	0.22790	0.99000
0.50000	0.26400	0.36000	0.22790	0.99000
0.50000	0.26400	0.36000	0.22790	0.99000
0.50000	0.25400	0.37500	0.22443	0.99000
0.48500	0.24400	0.37900	0.22443	1.00000
0.48500	0.23400	0.40630	0.22443	0.00000

WHITE SETTLEMENT INDEPENDENT SCHOOL DISTRICT

PRINCIPAL PROPERTY TAXPAYERS

CURRENT PERIOD AND NINE YEARS AGO

Principal Taxpayers	Type of Property	2020		Rank	Percentage of Total Taxable Assessed Valuation
		Taxable Assessed Valuation			
SPM Flow Control Inc.	Oil Field Equip Manuf Plant	\$ 67,061,047		1	2.77%
CRV Investments LLC/Oak View Apartments LLC	Investment	55,700,000		2	2.30%
Oxford Villas No 2 LLC	Apartments	48,920,000		3	2.02%
Constellation/Upland LLC ETAL	Apartments	38,690,000		4	1.60%
SPI Westpoint 264 LLC	Commercial	36,470,198		5	1.51%
Oncor Electric Delivery CO LLC	Utility	27,469,131		6	1.13%
Asbury Fort Worth Ford LLC	Auto Dealer	26,853,218		7	1.11%
Wal-Mart Stores Tex	Retail Store	19,658,864		8	0.81%
AEP Charter High Point DT W LLC	Charter School	19,223,069		9	0.79%
WG NLA LLC	Real Estate	15,973,136		10	0.66%
Chesapeake Operating	Land/ Improvements	-			-
Devon Energy Production	Utility	-			-
Fortress Properties, Ltd.	Contractor	-			-
Westpoint Dfw Apartments	Apartments	-			-
Talon Oil & Gas	Land/ Improvements	-			-
Lockheed Martin Aeronautics Co	Aeronautics	-			-
Total		\$ 356,018,663			14.70%
Total Net Taxable Value		\$ 2,420,361,163			100.00%

Source of Information: Tarrant County Appraisal District

TABLE 7

2011			
Taxable Assessed Valuation	Rank	Percentage of Total Taxable Assessed Valuation	
\$ 95,824,401	1	6.53%	
-		-	
-		-	
23,890,000	4	1.63%	
-		-	
17,356,602	8	1.18%	
-		-	
22,722,780	5	1.55%	
-		-	
-		-	
43,979,040	2	3.00%	
42,544,180	3	2.90%	
20,000,000	6	1.36%	
20,000,000	7	1.36%	
15,424,970	9	1.05%	
14,000,000	10	0.95%	
<u>\$ 315,741,973</u>		<u>21.50%</u>	
<u>\$ 1,468,246,381</u>		<u>100.00%</u>	

THIS PAGE LEFT BLANK INTENTIONALLY

WHITE SETTLEMENT INDEPENDENT SCHOOL DISTRICT**TABLE 8****PROPERTY TAX LEVIES AND COLLECTIONS****LAST TEN FISCAL YEARS**

<u>Fiscal Year</u>	<u>Tax Levy</u>	<u>Levy Year Tax Collections</u>	<u>Percent of Levy Collected in Levy Year</u>	<u>Tax Collections in Subsequent Years</u>	<u>Total Tax Collections to Date 2020</u>	<u>Total Collections to Date as Percent of Levy</u>
2011	\$ 22,400,283	\$ 22,149,275	98.88%	\$ 214,872	\$ 22,364,147	99.84%
2012	23,199,301	22,968,562	99.01%	208,169	23,176,731	99.90%
2013	25,779,475	25,561,290	99.15%	174,649	25,735,939	99.83%
2014	22,933,815	22,706,840	99.01%	176,365	22,883,205	99.78%
2015	24,374,231	24,069,790	98.75%	278,558	24,348,348	99.89%
2016	24,373,826	24,147,979	99.07%	178,174	24,326,153	99.80%
2017	25,394,615	25,110,848	98.88%	230,575	25,341,423	99.79%
2018	27,629,174	27,399,273	99.17%	161,861	27,561,134	99.75%
2019	30,711,935	30,313,610	98.70%	278,484	30,592,094	99.61%
2020 (1)	33,914,993	33,131,700	97.69%	-	33,131,700	97.69%

(1) The reduction in value In 2014 is due to a major taxpayer removing a significant amount of property from the District.

(2) The District changed the fiscal year end in 2020 from September 30th to June 30th. Fiscal year-end 2020 is for 10 months only.

Source of Information: White Settlement Independent School District; Tarrant County Tax Office

WHITE SETTLEMENT INDEPENDENT SCHOOL DISTRICT

OUTSTANDING DEBT BY TYPE

LAST TEN FISCAL YEARS

Fiscal Year	Governmental Activities			Loans Payable	Total Primary Government
	Bonds Payable	Maintenance Tax Notes	Capital Leases		
2011	\$ 203,454,459	\$ -	\$ -	\$ -	\$ 203,454,459
2012	204,919,109	-	-	-	204,919,109
2013	232,589,684	4,610,000	43,233	-	237,242,917
2014	243,896,928	4,365,000	21,616	-	248,283,544
2015	243,336,529	4,095,000	-	-	247,431,529
2016	239,208,388	5,080,000	-	-	244,288,388
2017	198,445,579	5,495,000	-	-	203,940,579
2018	204,784,489	4,995,000	-	-	209,779,489
2019	202,267,844	4,485,000	-	758,034	207,510,878
2020	204,180,610	4,180,000	-	758,034	209,118,644

(1) Bonds Payable includes Accreted Interest (from Capital Appreciation Bonds) and Premium (Discount) on Bonds.

(2) Details regarding the District's outstanding debt can be found in the Notes to the Financial Statements.

(3) Population is from Municipal Advisory Council of Texas

(4) The percentage of Personal Income is the mean salary times the population divided by the Total Primary Government Debt.

Source of Information: White Settlement Independent School District and Municipal Advisory Council of Texas

TABLE 9

<u>Percentage of Personal Income</u>	<u>Estimated Population</u>	<u>Per Capita</u>
13.90%	30,253	\$ 6,725
33.35%	31,152	6,578
15.48%	32,127	7,385
15.64%	33,348	7,445
16.71%	33,555	7,374
15.63%	34,105	7,163
11.15%	34,474	5,916
10.89%	34,788	6,030
10.40%	34,861	5,953
9.81%	34,859	5,999

WHITE SETTLEMENT INDEPENDENT SCHOOL DISTRICT

**RATIO OF NET GENERAL BONDED DEBT TO TAXABLE ASSESSED VALUATION
AND NET BONDED DEBT PER CAPITA**

LAST TEN FISCAL YEARS

<u>Fiscal Year</u>	<u>Taxable Assessed Value</u>	<u>Assessment Ratio</u>	<u>Gross Bonded Debt Outstanding at Year-end</u>	<u>Reserve for Retirement of Bonded Debt</u>
2011	\$ 1,468,246,381	100%	\$ 203,454,459	\$ 2,979,573
2012	1,535,273,773	100%	204,919,109	3,537,253
2013	1,683,467,779	100%	232,589,684	5,481,047
2014	1,503,836,296	100%	243,896,928	5,298,929
2015	1,550,027,881	100%	243,336,529	5,386,357
2016	1,651,789,520	100%	239,208,388	4,338,367
2017	1,706,036,079	100%	198,445,579	4,512,797
2018	1,833,123,068	100%	204,784,489	5,026,032
2019	2,052,594,935	100%	202,267,844	6,669,148
2020	2,278,262,138	100%	204,180,610	15,130,215

(1) The Reserve for Retirement of Bonded Debt is the Fund Balance in the Debt Service Fund at fiscal year-end.

(2) One million dollars of fund balance was used to pay down the bonds refinanced in 2016.

(3) Population is from Municipal Advisory Council of Texas

Source of Information: Tarrant Central Appraisal District and District Debt Schedules and Municipal Advisory Council of Texas

TABLE 10

<u>Net Bonded Debt Outstanding at Year-end</u>	<u>Ratio Net Bonded Debt to Taxable Assessed Valuation</u>	<u>Estimated Population</u>	<u>Net Bonded Debt per Capita</u>	<u>Taxable Assessed Valuation per Capita</u>
\$ 200,474,886	11.77%	30,253	\$ 6,627	\$ 48,532
201,381,856	10.25%	31,152	6,464	49,283
227,108,637	9.65%	32,127	7,069	52,400
238,597,999	9.30%	33,348	7,155	45,095
237,950,172	8.73%	33,555	7,091	46,194
234,870,021	8.13%	34,105	6,887	48,432
193,932,782	11.37%	34,474	5,625	49,488
199,758,457	10.90%	34,788	5,742	52,694
195,598,696	9.53%	34,861	5,611	58,879
189,050,395	8.30%	34,859	5,423	65,356

WHITE SETTLEMENT INDEPENDENT SCHOOL DISTRICT

TABLE 11

ESTIMATED GENERAL OBLIGATION OVERLAPPING DEBT STATEMENT

FISCAL YEAR 2020

<u>Taxing Body</u>	<u>Gross Dollar Amount</u>	<u>Percent Overlapping</u>	<u>Dollar Overlap</u>
City of Fort Worth	\$ 813,495,000	1.47%	\$ 11,958,377
Town of Lakeside	-	6.54%	-
Live Oak Creek MUD#	11,260,000	100.00%	11,260,000
Tarrant County	266,375,000	1.16%	3,089,950
Tarrant County Hospital District	16,135,000	1.16%	187,166
City of Westworth Village	9,157,000	3.70%	338,809
City of White Settlement	21,315,000	96.24%	<u>20,513,556</u>
Subtotal, overlapping debt			\$ <u>47,347,858</u>
White Settlement Independent School District direct debt			\$ <u>208,360,610</u>
Total direct and overlapping debt			\$ <u>255,708,468</u>

(1) Overlapping governments are those that coincide at least in part, with geographic boundaries of the District. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the property taxpayers of White Settlement Independent School District. This process recognizes that, when considering the District's ability to issue and the repay long-term debt, the entire debt burden borne by the property taxpayers should be taken into the account. However, this does not imply that every taxpayer is a resident, and therefore responsible for repaying the debt, of each overlapping government.

Source: Municipal Advisory Council of Texas

WHITE SETTLEMENT INDEPENDENT SCHOOL DISTRICT**TABLE 12****DEMOGRAPHIC AND ECONOMIC STATISTICS**

<u>Fiscal Year</u>	<u>Population</u>	<u>Personal Income (1)</u>	<u>Per Capita Median Wage</u>	<u>Unemployment Rate</u>
2011	30,253	\$ 1,463,367,863	\$ 48,371	8.30%
2012	31,152	1,548,970,896	49,723	6.20%
2013	32,127	1,532,618,535	47,705	6.00%
2014	33,348	1,587,798,324	47,613	5.00%
2015	33,555	1,480,345,935	44,117	4.00%
2016	34,105	1,562,725,205	45,821	4.10%
2017	34,474	1,828,397,538	53,037	3.40%
2018	34,788	1,925,585,376	55,352	3.40%
2019	34,861	1,994,990,447	57,227	3.10%
2020	34,859	2,132,499,325	61,175	3.00%

(1) Personal income is the product of district population and mean wage.

(2) Median wage is for Tarrant County.

(3) Unemployment rate is for Tarrant County.

(4) Population from Municipal Advisory Council of Texas

Source: Municipal Advisory Council of Texas and Bureau of Labor Statistics.

WHITE SETTLEMENT INDEPENDENT SCHOOL DISTRICT

PRINCIPAL EMPLOYERS

CURRENT YEAR AND TEN YEARS AGO

Employer	Type of Business	2020	
		Estimated Range of Employees	Percentage of Total
Lockheed Martin Aeronautics Company	Manufacturing	15,200	63%
White Settlement ISD	School District	846	5%
Weir SPM	Manufacturing	500	2%
Walmart Supercenter	Retail Trade	250	1%
PDX, Inc.	Service	250	1%
West Side Campus of Care	Health Care & Social Assistance	160	1%
City of White Settlement	Public Administration	121	0%
David McDavid Ford	Retail Trade	109	0%
HOLT Cat of Fort Worth	Wholesale Trade	100	0%
Albertson's	Retail Trade	100	0%
Region 11 Education Service Center	Educational Services	175	1%
Trinity Healthcare Residence	Health Care & Social Assistance	<u>100</u>	<u>0%</u>
Totals		17,636	74%
Total Employment		24,249	

(1) Employment data is for the City of White Settlement and is not seasonally adjusted.

(2) Based on 2014 NCTOG Employer Information Estimate

Source: North Central Council of Governments and the Municipal Advisory Council of Texas.

TABLE 13

2010	
Estimated Range of Employees	Percentage of Total
14,902	74%
613	4%
414	2%
250	1%
175	1%
150	1%
153	1%
100	0%
100	0%
<u>100</u>	<u>0%</u>
16,957	85%
20,202	

THIS PAGE LEFT BLANK INTENTIONALLY

WHITE SETTLEMENT INDEPENDENT SCHOOL DISTRICT**TABLE 14****FULL-TIME-EQUIVALENT DISTRICT EMPLOYEES BY TYPE**

<u>Fiscal Year</u>	<u>Teachers</u>	<u>Professional Support</u>	<u>Campus Administration</u>	<u>Central Administration</u>	<u>Educational Aides</u>	<u>Auxiliary Staff</u>	<u>Total FTEs</u>
2011	392.2	46.3	28.9	8.0	83.9	220.0	779.3
2012	377.5	45.0	28.7	7.0	87.0	185.4	730.6
2013	392.4	46.4	28.6	7.9	89.0	170.4	734.7
2014	400.2	54.5	26.2	9.0	88.8	177.3	756.0
2015	401.3	60.4	28.3	9.0	91.5 (1)	126.2	716.7
2016	414.6	58.2	27.9	10.0	95.4	121.0	727.1
2017	425.5	55.3	28.3	10.0	96.9	123.0	739.0
2018	430.8 (2)	74.6	27.6	10.0	103.2	140.1	786.3
2019	423.5	82.8	28.6	10.0	93.6	92.2	730.7
2020	432.5	84.3	31.6	10.0 (3)	107.3	96.0	761.7

(1) The District outsourced the custodial services causing the reduction in Auxiliary staff.

(2) Added District-wide Student Services Department and Instructional Coaches.

(3) Added Educational Teaching Assistants for the all-day Pre-K Program.

Source: Texas Academic Performance Report (TAPR) Report published by the Texas Education Agency

WHITE SETTLEMENT INDEPENDENT SCHOOL DISTRICT**TEACHER DATA****LAST TEN FISCAL YEARS**

	Fiscal Year			
	2011	2012	2013	2014
Total Number of Teachers	392.2	377.5	392.4	400.2
Teachers by Highest Degree Held				
No Degree	-	-	2.9	0.5
Bachelors	340.2	331.6	341.7	342.0
Masters	51.6	45.6	47.5	57.4
Doctorate	0.3	0.3	0.3	0.3
Teachers by Years of Experience				
Beginning Teachers	41.9	11.7	21.1	20.0
1-5 Years Experience	131.6	130.1	125.7	119.3
6-10 Years Experiences	68.3	82.6	81.3	97.7
11-20 Years Experience	84.2	92.3	101.7	98.5
Over 20 Years Experience	66.1	60.8	62.5	64.8
Average Salary by Years Experience				
Beginning Teachers	44,017	45,856	44,424	45,025
1-5 Years Experience	43,882	43,334	43,834	46,232
6-10 Years Experiences	45,104	44,673	44,687	47,179
11-20 Years Experience	49,900	49,425	49,144	49,655
Over 20 Years Experience	55,775	56,055	56,261	56,950
Overall Average Years with District	7.0	7.6	7.6	7.4
Overall Average Years Experience	10.3	10.8	10.9	10.8
Overall Average Teacher Salary	47,407	47,243	47,400	48,980
Turnover Rate for Teachers	13.4%	11.4%	13.1%	16.6%

(1) 2020 Turnover Rate for Teachers not available.

Source: Texas Academic Performance Report (TAPR) Report published by the Texas Education Agency

TABLE 15

Fiscal Year					
2015	2016	2017	2018	2019	2020
401.3	414.6	425.5	430.8	423.5	432.5
0.3	4.8	3.0	2.3	1.9	2.0
335.2	337.6	355.6	346.4	347.4	350.2
65.8	72.2	66.9	82.1	74.1	80.4
-	-	-	-	-	-
13.5	25.4	28.1	17.4	28.3	14.4
116.3	123.1	126.0	143.8	132.2	136.2
105.7	94.8	100.0	95.7	87.8	99.3
100.4	108.6	111.6	107.9	111.9	120.9
65.5	62.7	59.8	65.9	63.3	61.7
44,690	43,994	44,320	46,435	48,374	54,907
45,564	47,001	48,246	48,889	50,177	53,757
47,355	47,695	49,386	50,394	50,396	55,045
50,192	50,244	52,366	53,730	55,081	58,409
56,164	57,109	59,713	60,417	61,171	64,479
7.5	7.1	6.5	6.5	6.3	6.1
11.2	10.7	10.2	10.5	10.6	10.8
48,894	49,355	50,947	52,100	53,041	56,917
15.5%	19.1%	16.8%	16.5%	25.6%	0.0% (1)

WHITE SETTLEMENT INDEPENDENT SCHOOL DISTRICT

TABLE 16

TEACHER BASE SALARIES

LAST TEN FISCAL YEARS

Fiscal Year Ended 6/30: (1)	District		Region Average Salary	Statewide Average Salary
	Minimum Salary	Maximum Salary		
2011	\$ 42,600	\$ 57,400	\$ 50,986	\$ 46,638
2012	42,600	57,400	50,386	48,375
2013	45,000	58,900	51,130	48,821
2014	45,000	58,900	52,208	49,692
2015	45,500	59,400	53,291	45,570
2016	47,000	60,900	54,379	46,450
2017	47,800	61,700	55,194	52,525
2018	48,500	62,400	56,144	47,883
2019	52,500	66,400	56,985	54,122
2020	53,800	67,700	NA	(2) NA

(1) Salary amount does not include stipends.

(2) Current year information is not yet available.

Source: Texas Academic Performance Report (TAPR) Report published by the Texas Education Agency and

WHITE SETTLEMENT INDEPENDENT SCHOOL DISTRICT**TABLE 17****EXPENDITURES, ENROLLMENT AND PER PUPIL COST****LAST TEN YEARS**

<u>Fiscal Year</u>	<u>Enrollment</u>	<u>Operating Expenditures</u>	<u>Cost per Pupil</u>	<u>Governmental Funds Expenditures</u>	<u>Cost per Pupil</u>	<u>Teaching Staff</u>	<u>Pupil-Teacher Ratio</u>	<u>Students Receiving Free/Reduced Lunch</u>
2011	6,271	\$ 39,290,390	6,265	\$ 46,060,085	7,345	392	16.0	53.6%
2012	6,384	36,631,646	5,738	44,372,136	6,951	378	16.9	55.1%
2013	6,514	44,195,961	6,785	51,208,683	7,861	392	16.6	53.3%
2014	6,551	43,977,435	6,713	51,569,263	7,872	400	16.4	53.5%
2015	6,647	44,870,295	6,750	52,300,583	7,868	401	16.6	53.2%
2016	6,697	46,696,903	6,973	52,947,488	7,906	415	16.2	53.8%
2017	6,794	49,881,866	7,342	57,301,371	8,434	426	16.0	55.2%
2018	6,842	50,399,255	7,366	57,363,055	8,384	431	15.9	55.1%
2019	6,836	52,906,515	7,739	61,415,833	8,984	424	16.1	57.3%
2020	6,842	55,043,669	8,045	66,997,425	9,792	433	16.1	58.5%

(1) Operating expenditures include only the General Fund and include total expenditures less debt service, capital outlay, and intergovernmental charges

(2) The District changed the fiscal year end in 2020 from September 30th to June 30th. Fiscal year-end 2020 is for 10 months only.

Source: White Settlement Independent School District and Texas Education Agency (TAPR) Report

WHITE SETTLEMENT INDEPENDENT SCHOOL DISTRICT**TABLE 18**TOTAL EXPENSES OF GOVERNMENTAL ACTIVITIES,
ENROLLMENT AND PER PUPIL COST

LAST TEN FISCAL YEARS

<u>Fiscal Year</u>	<u>Enrollment</u>	<u>Government- Wide Expenses</u>	<u>Cost Per Pupil</u>
2011	6,271	\$ 46,954,824	\$ 7,488
2012	6,384	45,020,375	7,052
2013	6,214	52,458,111	8,442
2014	6,551	52,599,782	8,029
2015	6,647	52,931,767	7,963
2016	6,697	55,419,673	8,275
2017	6,794	60,492,048	8,904
2018	6,842	56,652,364	8,280
2019	6,836	82,032,612	12,000
2020	6,842	82,824,998	12,105

(1) The District changed the fiscal year end in 2020 from September 30th to June 30th. Fiscal year-end 2020 is for 10 months only.

Source: White Settlement Independent School District and Texas Education Agency

WHITE SETTLEMENT INDEPENDENT SCHOOL DISTRICT**TABLE 19****SCHOOL BUILDING INFORMATION****CURRENT YEAR**

	<u>Year Built</u>	<u>Grades Served</u>	<u>Building Capacity</u>	<u>Enrollment</u>	<u>Percent of Capacity Used</u>
HIGH SCHOOL					
Brewer High School	2006	9-12	2,453	2,020	82.3%
MIDDLE SCHOOL					
Brewer Middle School	1957/2006	7-8	1,242	1,125	90.6%
INTERMEDIATE SCHOOL					
Tannahill Intermediate School	2000	5-6	1,020	957	93.8%
ELEMENTARY SCHOOLS					
Liberty Elementary School	1975	K-4	682	635	93.1%
North Elementary School	2004	K-4	950	736	77.5%
West Elementary & Pre-k School	1953/2006	EE-4	851	561	65.9%
Blue Haze Elementary School	1988/2006	K-4	1,010	641	63.5%
Fine Arts Academy	2005	K-6	340	311	91.5%
OTHER PROGRAMS					
Disciplinary Alternative Education Program	2019	3-12	-	N/A	

(1) Enrollment as of December 31, 2019

(2) Building capacity does not include portable buildings.

(3) The second date listed is the date major renovations were done to the campus.

(4) The DAEP campus was acquired during the 2018-2019 school year when the Head Start Program decided to no longer provide services at this location. The building was renovated and converted to the DAEP Campus.

Source of Information: White Settlement Independent School District

THIS PAGE LEFT BLANK INTENTIONALLY

FEDERAL AWARDS SECTION

THIS PAGE LEFT BLANK INTENTIONALLY



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

Board of Trustees of
White Settlement Independent School District
White Settlement, Texas

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of White Settlement Independent School District, as of and for the ten months ended June 30, 2020, and the related notes to the financial statements, which collectively comprise White Settlement Independent School District's basic financial statements, and have issued our report thereon dated November 4, 2020.

Internal Control Over Financial Reporting

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

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

OFFICE LOCATIONS

TEXAS | Waco | Temple | Hillsboro | Houston
NEW MEXICO | Albuquerque

Our consideration of internal control over financial reporting 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 financial reporting that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control over financial reporting 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 White Settlement Independent School District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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

Pattillo, Brown & Hill, L.L.P.

Waco, Texas
November 4, 2020



**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR
FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL OVER
COMPLIANCE IN ACCORDANCE WITH THE UNIFORM GUIDANCE**

Board of Trustees of
White Settlement Independent School District
White Settlement, Texas

Report on Compliance for Each Major Federal Program

We have audited White Settlement Independent School District's compliance with the types of compliance requirements described in the *Office of Management and Budget (OMB) Compliance Supplement* that could have a direct and material effect on each of White Settlement Independent School District's major federal programs for the ten months ended June 30, 2020. White Settlement Independent School District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of White Settlement Independent School District's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations (CFR) 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 White Settlement Independent School District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

OFFICE LOCATIONS

TEXAS | Waco | Temple | Hillsboro | Houston
NEW MEXICO | Albuquerque

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

Opinion on Each Major Federal Program

In our opinion, White Settlement Independent School District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the ten months ended June 30, 2020.

Report on Internal Control over Compliance

Management of White Settlement Independent School District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered White Settlement Independent School District's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate under 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 White Settlement Independent School District's internal control over compliance.

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

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

Pattillo, Brown & Hill, L.L.P.

Waco, Texas
November 4, 2020

WHITE SETTLEMENT INDEPENDENT SCHOOL DISTRICT

EXHIBIT K-1

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

FOR THE TEN MONTHS ENDED JUNE 30, 2020

(1) Federal Grantor/ Pass-through Grantor/ Grantor/Program Title	(2) Federal CFDA Number	(2A) Pass-through Entity Identifying Number	(3) Federal Expenditures	(4) Pass-through Expenditures
<u>U. S. DEPARTMENT OF AGRICULTURE</u>				
Passed through the Texas Education Agency:				
School Breakfast Program (SBP)	10.553	71402001	\$ 301,806	\$ -
School Breakfast Program (SBP) Seamless Summer Option - COVID-19	10.553	71402001	86,528	-
School Breakfast Program (SBP) Seamless Summer Option - COVID-19	10.553	52402001	32,641	-
National School Lunch Program (NSLP)	10.555	71302001	1,350,752	-
National School Lunch Program (NSLP) Seamless Summer Option - COVID-19	10.555	71302001	137,659	-
National School Lunch Program (NSLP) Seamless Summer Option - COVID-19	10.555	52302001	51,930	-
Total Passed through the Texas Education Agency			<u>1,961,316</u>	<u>-</u>
Passed through the Texas Department of Agriculture:				
National School Lunch Program Commodities - Non-cash assistance	10.555	01032 CE	283,608	-
Total Child Nutrition Cluster			<u>2,244,924</u>	<u>-</u>
Child and Adult Care Food Program	10.558	01032 CE	90,863	-
Total Passed through the Texas Department of Agriculture			<u>374,471</u>	<u>-</u>
TOTAL U. S. DEPARTMENT OF AGRICULTURE			<u>2,335,787</u>	<u>-</u>
<u>U. S. DEPARTMENT OF EDUCATION</u>				
Passed through the Texas Education Agency:				
Title I, Part A - Grants to Local Education Agencies	84.010	20610123220920	928,074	-
IDEA B Formula - Special Education Grants to States	84.027	206600012209206000	1,375,217	22,620
IDEA Preschool - Special Education Preschool Grants	84.173	206610012209206000	36,011	-
Total IDEA Cluster			<u>1,411,228</u>	<u>22,620</u>
Perkins IV - Career and Technical Education	84.048A	20420006220920	70,094	-
Title III, Part A - English Language Acquisition	84.365A	20671001220920	87,131	-
Title II, Part A - Supporting Effective Instruction State Grants	84.367A	20694501220920	156,565	-
Summer School for Limited English Proficient Students	84.369A	69551902	5,343	-
Title IV, Part A - Student Support Academic Enrichment Grants	84.424A	206801012200920	47,745	-
Emergency Impact Aid to LEAs	84.938C	51271901	7,596	-
Total Passed through the Texas Education Agency			<u>2,713,776</u>	<u>22,620</u>
TOTAL U. S. DEPARTMENT OF EDUCATION			<u>2,713,776</u>	<u>22,620</u>
<u>U. S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</u>				
Passed through Texas Health and Human Services Commission:				
Medicaid Administrative Claiming Program - MAC	93.778	529-09-0032-00046	22,966	-
Total Passed through Texas Health and Human Services Commission			<u>22,966</u>	<u>-</u>
TOTAL U. S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			<u>22,966</u>	<u>-</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS			<u>\$ 5,072,529</u>	<u>\$ 22,620</u>

WHITE SETTLEMENT INDEPENDENT SCHOOL DISTRICT

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

JUNE 30, 2020

1. GENERAL

The Schedule of Expenditures of Federal Awards (SEFA) presents the activity of all applicable federal award programs of White Settlement Independent School District. The District's reporting entity is defined in Note I of the financial statements. Federal awards received directly from federal agencies, as well as federal awards passed through other government agencies, are included on the SEFA.

2. BASIS OF ACCOUNTING

The SEFA is presented using the modified accrual basis of accounting. The District's significant accounting policies, including the modified accrual basis of accounting, are presented in Note 1 of the basic financial statements. The SEFA is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Therefore, some of the amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the financial statements.

3. INDIRECT COSTS

The District did not elect to use a de minimis cost rate of 10% as described at 2 CFR §200.414(f)—Indirect (F&A) costs.

4. RECONCILIATION OF FEDERAL REVENUES AND THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

The following is the reconciliation of federal revenues and the Schedule of Expenditures of Federal Awards for the fiscal year:

Federal revenues on the Statement of Revenues, Expenditures and Changes in Fund Balance Governmental Funds (Exhibit C-3)	\$ 5,937,968
Elementary and Secondary School Emergency Relief (ESSER) Funds recognized as revenue for financial statement purposes, but not reported on SEFA due to grant award notification occurring subsequent to year-end.	(305,131)
School health and related services revenue	(560,308)
Federal expenditures on the Schedule of Expenditures of Federal Awards (Exhibit K-1)	\$ <u>5,072,529</u>

WHITE SETTLEMENT INDEPENDENT SCHOOL DISTRICT

SCHEDULE AND FINDINGS AND QUESTIONED COSTS

FOR THE TEN MONTHS ENDED JUNE 30, 2020

Summary of Auditor's Results

Financial Statements:

Type of auditor's report issued	Unmodified
Internal control over financial reporting:	
Material weakness(es) identified?	No
Significant deficiency(ies) identified, that were not considered a material weakness	None reported
Material noncompliance to the financial statements noted?	None

Federal Awards:

Internal control over major programs:	
Material weakness(es) identified?	No
Significant deficiency(ies) identified, that were not considered a material weakness	None reported

Type of auditor's report on compliance for major programs	Unmodified
--	------------

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?	None
---	------

Identification of major programs:

CFDA Numbers: 10.553 and 10.555	Name of Federal Program or Cluster: Child Nutrition Cluster
------------------------------------	--

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

Auditee qualified as low-risk auditee?	Yes
--	-----

**Findings Relating to the Financial Statements Which are Required to be Reported in
Accordance With Generally Accepted Government Auditing Standards**

None

Findings and Questioned Costs for Federal Awards

None

THIS PAGE LEFT BLANK INTENTIONALLY