

GODLEY INDEPENDENT SCHOOL DISTRICT
ANNUAL FINANCIAL REPORT FOR THE YEAR ENDED
AUGUST 31, 2020

GODLEY INDEPENDENT SCHOOL DISTRICT
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Year Ended August 31, 2020

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CERTIFICATE OF THE BOARD

Godley Independent School District
Name of School District

Johnson
County

126-911
Co. – Dist. Number

We, the undersigned, certify that the attached annual financial reports of the Godley Independent School District were reviewed and (check one) ____ approved ____ disapproved for the year ended August 31, 2020, at a meeting of the board of trustees of such school district on the ____ day of _____, 2021.

Signature of Board Secretary

Signature of Board President

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

INDEPENDENT AUDITOR'S REPORT

Board of Trustees
Godley Independent School District
313 N. Pearson
Godley, Texas 76044

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

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

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

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 6-14 and 71 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. Also included as required supplementary information are the following schedules related to the Teacher Retirement System (TRS) of Texas: Schedule of the District's Proportionate Share of the Net Pension Liability – TRS of Texas, Schedule of District Contributions – TRS of Texas, Schedule of the District's Proportionate Share of the Net OPEB Liability – TRS of Texas, Schedule of District Contributions for Other Post-Employment Benefits – TRS of Texas, and the Notes to Required Supplementary Information as reported on pages 72 through 78 respectively. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

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

The combining fund financial statements, the required Texas Education Agency 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 fund financial statements, the required Texas Education Agency 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 Texas Education Agency requires school districts to include certain information in the Annual Financial and Compliance Report in conformity with laws and regulations of the State of Texas. This information is in Exhibits identified in the Table of Contents as J-1, J-4, and J-5. This information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated January 19, 2021, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of law, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing on internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Kirk & Richardson, P.C.

Kirk & Richardson, P.C.
Fort Worth, Texas
January 19, 2021



GODLEY INDEPENDENT SCHOOL DISTRICT

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MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE FISCAL YEAR ENDED AUGUST 31, 2020 UNAUDITED

As management of the Godley Independent School District (the "District"), we offer this narrative overview and analysis of the financial activities of the District for the fiscal year ended August 31, 2020. Please read this narrative in conjunction with the independent auditor's report and the District's financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

- The District issued \$13,225,000 in Unlimited Tax School Building Bonds, Series 2019 for (1) the construction, acquisition, and equipment of school buildings in the District and land therefor and (2) to pay costs associated with the issuance of the Bonds.
- On October 31, 2019, the District entered into a loan agreement in the amount of \$340,701 to provide funding for lighting retrofit throughout the District.
- The net position of the District at the close of its fiscal year was \$13,989,532, a decrease of \$(793,758) from last year. The net position categories of net position are shown below:

Net investment in capital assets	\$ 5,782,030
Restricted:	
Federal & state programs	369,463
Debt service	4,325,340
Capital projects	10,054,306
Campus activities	579,826
Total restricted	15,328,935
Unrestricted	(7,121,433)
Net Position	\$13,989,532

- As of the close of the current fiscal year, the District's governmental funds reported a combined ending fund balance of \$24,328,447, an increase of \$8,960,311 over the prior year. Changes within the various funds are shown below:



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	General Fund	Debt Service Fund	Capital Projects	Other Funds
Increase/(decrease) from operations	<u>\$(1,397,996)</u>	<u>\$728,725</u>	<u>\$(4,971,310)</u>	<u>\$(441,069)</u>
Other financing sources (uses):				
Capital related debt issued	0	0	13,225,000	0
Non-current loans	340,701	0	0	0
Transfers in	0	0	0	64,385
Premium or discount on issuance of bonds	0	0	1,476,174	0
Transfers out (use)	<u>(64,385)</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total other financing sources (uses)	<u>276,316</u>	<u>0</u>	<u>14,701,174</u>	<u>64,385</u>
Special items:				
Mineral interests	86	0	0	0
Net change in fund balances	<u>\$(1,121,594)</u>	<u>\$728,725</u>	<u>\$9,729,864</u>	<u>\$(376,684)</u>

- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$4,380,170, or 17% of total General Fund current year expenditures, and may be used to finance future operating expenditures. Prior year unassigned fund balance for the General Fund was \$3,722,634, or 17% of total General Fund current year expenditures.
- No new educational programs were added during the year.

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 - These statements provide information about the activities of the District as a whole and present both a long-term and short-term view of the District's finances. The government-wide financial statements include the statement of net position and the statement of activities.

The statement of net position presents information on all District assets, deferred outflows/inflows 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 all current year's revenues and expenses regardless of when cash is received or paid. Thus, revenues and expenses are reported in the statement for some items that will only result in cash flows in future fiscal periods.

The District's government-wide financial statements distinguish the functions of the District as being principally supported by taxes and intergovernmental revenues (government activities) as opposed to business-type activities that are intended to recover all or a significant portion of their costs through user fees and charges. The District has an after school care program that is considered as a business-type activity



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and is accounted for in an Enterprise Fund. The District does not have any component units for which it is financially accountable.

- Fund financial statements – These statements report the District’s operations in more detail than the government-wide statements by providing information about the District’s most significant funds. Some funds are required by State law and/or bond covenants. Other funds may be established by the Board to control and manage money for a particular purpose or to show that certain taxes or grants are properly accounted for.

All the funds of the District can be divided into three classifications, governmental funds, proprietary funds, or fiduciary funds.

- Governmental funds – these financial statements tell how services were financed in the short term as well as what resources remain for future spending. They reflect the flow of current financial resources and supply the basis for tax levies and the appropriations budget.
- Proprietary funds – Proprietary funds are used to account for on-going organizations and activities where net income and capital maintenance are measured. All related assets, liabilities, equities, revenues, expenses, non-operating revenues and expenses, and transfers are accounted for through the fund affected. Generally accepted accounting principles that apply to similar businesses in the private sector are applicable to proprietary type funds, as net income and financial position are to be determined. These funds utilize the accrual basis of accounting. The District operated an after school care program as an enterprise fund during the year. A budget is not required to be approved by the District’s Board of Trustees. Expenses of an enterprise operation, including depreciation, are generally intended to be financed or recovered primarily through user charges, rather than from governmental grants or subsidies.
- Fiduciary funds – these financial statements provide information about activities for which the District acts solely as a trustee or agent for the benefit of others, for example, student activity funds and scholarships for graduating students. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the District’s operations.
- Notes to the financial statements - The notes provide additional information that is essential to a complete understanding of the data provided in the government-wide statements and the fund financial statements.
- Other information – This annual report contains other supplementary information in addition to the basic financial statements and the notes to the financial statements. The Management’s Discussion and Analysis is required supplementary information under governmental accounting standards. The “Combining Schedules” for nonmajor funds contain even more information about the District’s individual funds. The “Required Texas Education Agency Schedules” and “Reports on Internal Controls, Compliance, and Federal Awards” contain data used by monitoring or regulatory agencies for assurance that the District is using supplied funds in compliance with terms of grants.



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GOVERNMENT-WIDE FINANCIAL ANALYSIS

The following analysis presents both current and prior year data and discusses significant changes in the accounts. Our analysis focuses on the statement of net position (Table 1) and the statement of activities (Table 2) of the District's governmental activities.

Table 1
Statement of Net Position

	Governmental Activities	
	2020	2019
ASSETS:		
Current and other assets	\$ 28,037,855	\$ 18,277,623
Capital assets	82,690,364	77,801,288
Total assets	110,728,219	96,078,911
DEFERRED OUTFLOWS OF RESOURCES:		
Deferred charges for refunding	2,263,606	2,438,981
TRS – Pension	3,755,102	3,609,332
TRS – Other Post Employee Benefits	3,047,782	1,401,296
Total deferred outflow of resources	9,066,490	7,449,609
LIABILITIES:		
Current liabilities	3,293,002	2,477,273
Long-term liabilities	79,171,940	66,067,184
Sub-totals	82,464,942	68,544,457
TRS – Pension (District's Share)	7,316,655	6,988,299
TRS – Other Post Employee Benefits (District's Share)	10,326,235	9,735,144
Total liabilities	100,107,832	85,267,900
DEFERRED INFLOW OF RESOURCES:		
TRS – Pension	1,207,880	402,851
TRS – Other Post Employee Benefits	4,467,283	3,078,487
Total deferred inflow of resources	5,675,163	3,481,338
NET POSITION:		
Net investment in capital assets	5,782,030	14,209,229
Restricted	15,328,935	4,767,136
Unrestricted	(7,099,251)	(4,197,083)
Total net position	\$14,011,714	\$14,779,282

	Business Type Activities	
	2020	2019
ASSETS:		
Current and other assets	\$(22,182)	\$4,058
Total assets	(22,182)	4,058
LIABILITIES:		
Other liabilities	0	50
Total liabilities	0	50
NET POSITION:		
Unrestricted	(22,182)	4,008
Total net position	\$(22,182)	\$4,008



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A large portion of net position, \$5,782,030, or 41%, 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 are 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. An additional portion of the District's net position, \$15,328,935 or 109%, represents resources that are subject to external restrictions on how they may be used.

Table 2
Statement of Activities

	Governmental Activities	
	2020	2019
REVENUES:		
Program revenues:		
Charges for services	\$ 2,974,808	\$ 2,667,804
Operating grants and contributions	5,621,569	4,400,296
General revenues:		
Maintenance and operations taxes	9,503,138	9,152,184
Debt service taxes	4,898,523	4,399,857
State aid – formula grants	11,776,844	11,352,530
Grants and contributions not restricted	1,424,362	385,085
Investment earnings	377,169	358,228
Miscellaneous local & intermediate revenue	108,616	127,087
Special item – mineral rights	86	696
Total revenues	36,685,115	32,843,767
EXPENSES:		
Instruction & instructional-related services	18,720,259	16,500,867
Instructional & school leadership	2,628,378	2,253,725
Guidance, social work, health, transportation	4,056,672	3,108,495
Food service	1,438,107	1,268,836
Extracurricular activities	1,307,074	1,226,852
General administration	1,246,493	1,008,611
Plant maintenance & security	3,118,779	3,310,569
Data processing services	778,915	719,550
Community services	6,974	780
Debt service	2,867,905	2,403,665
Capital outlay	0	0
Intergovernmental charges	1,283,127	1,175,295
Total expenses	37,452,683	32,977,245
Increase/(Decrease) in net position before inflows/ outflows and special items	(767,568)	(133,478)
Net position beginning of year	14,779,282	14,912,760
Prior period adjustment	0	0
Net position end of year	\$14,011,714	\$14,779,282



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	Business Type Activities	
	2020	2019
REVENUES	\$63,047	\$66,344
EXPENSES	(89,237)	56,780
Increase/(Decrease) in net position before inflows/ Outflows and special items	(26,190)	9,564
Net position beginning of year	4,008	(5,556)
Net position end of year	\$(22,182)	\$4,008

Governmental Revenue by Source

	Governmental Activities	
	2020	2019
Program Revenues:		
Charges for services	8.1%	8.1%
Operating grants and contributions	15.3%	13.4%
General Revenues:		
Maintenance & operating taxes	25.9%	27.9%
Debt service taxes	13.3%	13.4%
State aid – formula grants	32.1%	34.6%
Grants and contributions not restricted	3.9%	1.1%
All others	1.4%	1.5%
Total Revenues	100.0%	100.0%

Governmental Expenses by Function

	Governmental Activities	
	2020	2019
Instruction & instructional-related services	50.1%	50.0%
Instructional & school leadership	7.0%	6.8%
Guidance, social work, health, transportation	10.8%	9.6%
Food service	3.8%	3.8%
Extracurricular activities	3.5%	3.7%
General administration	3.3%	3.1%
Plant maintenance & security	8.3%	10.0%
Data processing services	2.0%	2.2%
Community services	0.0%	0.0%
Debt service	7.7%	7.3%
Capital outlay	0.0%	0.0%
Intergovernmental charges	3.5%	3.5%
Total Expenses	100.0%	100.0%

The District's net position decreased by \$(767,568) from current fiscal year operations as shown below.

- 1) Total net change in Fund Balances – Governmental Funds: \$8,960,311
- 2) Capital outlays and long-term debt principal: \$(6,548,093)
- 3) Depreciation: \$(1,863,068)
- 4) GASB 68 adjustments: \$(987,615)
- 5) GASB 75 adjustments: \$(333,401)
- 5) Other miscellaneous adjustments: \$4,298



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The District is required under GASB 68 and GASB 75 to report its proportionate share of the unfunded liability associated with the Teacher Retirement System of Texas (TRS) pension plan and TRS – other post-employment benefits. The required entries to record the effects of GASB 68 and GASB 75 are book entries only in the statement of governmental activities and do not affect the funding of the District. These entries decreased the District's ending net position and are discussed in greater detail in the notes to the financial statements.

GOVERNMENTAL FUNDS FINANCIAL ANALYSIS

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

The District's governmental funds reported a combined ending fund balance of \$24,328,447, a net increase of \$8,960,311 as previously discussed. The unassigned fund balance is \$4,380,170, or 18.0%, 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 either nonspendable, restricted, committed, or assigned to the following items:

Nonspendable fund balance:

Prepaid items -

General Fund

\$105,765

SRF – SSA Special Education

2,729

Total prepaid items

\$108,494

Restricted fund balance:

Federal or state funds grant restrictions -

SSA – Special Education

\$366,734

Capital acquisition & contractual obligations -

Capital Projects Fund

\$10,054,306

Retirement of long-term debt -

Debt Service Fund

\$4,454,420

Committed fund balance:

General Fund – construction

\$1,431,055

General Fund – capital expenditures for equipment

1,000,000

General Fund – other committed fund balance

500,000

Other Funds - Campus activity funds

79,826

Total committed fund balances

\$3,010,881

Assigned fund balance:

General Fund – future budget deficits

\$1,953,442

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:

1. Amendments and supplemental appropriations that were approved shortly after the beginning of the year and reflect the actual beginning balances (versus the amounts we originally estimated).



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2. The major amendment to the General Fund was to increase Functions 34 – Student (Pupil) Transportation by \$1,380,052 to purchase new school buses. Other amendments were to various functions for unanticipated increases in operating costs, debt service payments, and facilities acquisition and construction.
3. Amendments to move funds from programs that did not need all the resources originally appropriated to programs with resource needs.

The District's actual General Fund balance of \$9,370,432 differs from the General Fund's budgetary fund balance of \$8,842,096. The difference of \$528,336 is primarily due to actual state revenues being less than budgeted revenues by \$384,871 and actual expenditures were \$987,183 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 \$82,690,364 (net of accumulated depreciation) for a net increase of \$4,889,076, or 6.2% from last year. The increase is primarily due to purchasing land for continuing District growth and construction-in-progress related to construction of new facilities within the District.

More detailed information about the District's capital assets is presented in the notes to the financial statements.

CAPITAL ASSETS		
	2020	2019
Land	\$ 3,258,692	\$ 2,454,488
Construction-in-progress	4,051,591	153,185
Buildings & improvements	90,384,998	89,978,884
Furniture & equipment	7,052,930	5,409,510
Less depreciation	(22,057,847)	(20,194,779)
Totals	<u>\$82,690,364</u>	<u>\$77,801,288</u>

Debt Service

At year-end, the District had \$96,814,830 in long-term debt versus \$82,790,627 last year, an increase of \$14,024,203 over last year. Increase is attributable to new bond issue and new loan as previously discussed and increases in the District share of TRS net pension liability and TRS net OPEB liability.



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LONG TERM DEBT

	Governmental Activities	
	2020	2019
Bonds payable	\$71,090,000	\$59,275,000
Unamortized premium/(discount)	7,788,378	6,756,040
Capital leases	0	36,144
Loan payable	293,562	0
Sub-totals	79,171,940	66,067,184
Net pension liability (District share – TRS)	7,316,655	6,988,299
Net OPEB liability (District share – TRS)	10,326,235	9,735,144
Totals	\$96,814,830	\$82,790,627

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

- Appraised taxable value used for the 2020-2021 budget preparation was \$1,015,209,386, an increase of \$30,763,649 or 3.0%, over last year's appraised taxable values of \$984,445,737.
- Budgeted spending per pupil was \$13,372 for the 2020-2021 budget, an increase of \$11 per pupil from the 2019-2020 actual per pupil amount of \$13,361. Based upon a projected student count of 2,330, this equates to a 2020-2021 total budget of \$31,372,230. The District's 2019-2020 refined average daily attendance was 2,147 and projected refined average daily attendance is estimated as 2,330 for the 2020-2021 school year, an increase of 183 over the prior year.
- The District's budget provided for across the board pay increases for all employees, the addition of several positions, and increases in the technology initiative.

These indicators were considered when adopting the general fund budget for 2020-2021. Amounts available for appropriation in the general fund budget are \$25.6 million. Expenditures in the general fund are budgeted to decrease slightly compared to the prior year actual expenditures of \$25.7 million due to the factors described above. At present, the District is not classified as a Chapter 41 District and will not be responsible for paying any recapture of their 2020-2021 local tax revenues.

If these estimates are realized, the District's budgetary General Fund balance could decrease slightly.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, investors, and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Chief Financial Officer with the district's business office at (817) 592-4300.

BASIC FINANCIAL STATEMENTS

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GODLEY INDEPENDENT SCHOOL DISTRICT
STATEMENT OF NET POSITION
AUGUST 31, 2020

EXHIBIT A-1

		1	2	3
		Primary Government		
Data			Business	
Control		Governmental	Type	
Codes		Activities	Activities	Total
ASSETS				
1110	Cash and Cash Equivalents	\$ 1,433,535	\$ -	\$ 1,433,535
1120	Current Investments	22,746,263	-	22,746,263
1220	Property Taxes - Delinquent	550,996	-	550,996
1230	Allowance for Uncollectible Taxes	(5,510)	-	(5,510)
1240	Due from Other Governments	1,932,243	-	1,932,243
1250	Accrued Interest	25,544	-	25,544
1260	Internal Balances	22,182	(22,182)	-
1267	Due from Fiduciary Funds	1,000	-	1,000
1290	Other Receivables, Net	1,217,847	-	1,217,847
1300	Inventories	2,613	-	2,613
1410	Prepayments	111,142	-	111,142
	Capital Assets:			
1510	Land	3,258,692	-	3,258,692
1520	Buildings, Net	73,006,734	-	73,006,734
1530	Furniture and Equipment, Net	2,373,347	-	2,373,347
1580	Construction in Progress	4,051,591	-	4,051,591
1000	Total Assets	110,728,219	(22,182)	110,706,037
DEFERRED OUTFLOWS OF RESOURCES				
1701	Deferred Charge for Refunding	2,263,606	-	2,263,606
1705	Deferred Outflow Related to TRS Pension	3,755,102	-	3,755,102
1706	Deferred Outflow Related to TRS OPEB	3,047,782	-	3,047,782
1700	Total Deferred Outflows of Resources	9,066,490	-	9,066,490
LIABILITIES				
2110	Accounts Payable	1,283,961	-	1,283,961
2140	Interest Payable	129,080	-	129,080
2150	Payroll Deductions and Withholdings	1,450	-	1,450
2160	Accrued Wages Payable	1,780,945	-	1,780,945
2177	Due to Fiduciary Funds	18,738	-	18,738
2190	Due to Student Groups	460	-	460
2300	Unearned Revenue	78,368	-	78,368
	Noncurrent Liabilities:			
2501	Due Within One Year	1,549,942	-	1,549,942
2502	Due in More Than One Year	77,621,998	-	77,621,998
2540	Net Pension Liability (District's Share)	7,316,655	-	7,316,655
2545	Net OPEB Liability (District's Share)	10,326,235	-	10,326,235
2000	Total Liabilities	100,107,832	-	100,107,832
DEFERRED INFLOWS OF RESOURCES				
2605	Deferred Inflow Related to TRS Pension	1,207,880	-	1,207,880
2606	Deferred Inflow Related to TRS OPEB	4,467,283	-	4,467,283
2600	Total Deferred Inflows of Resources	5,675,163	-	5,675,163
NET POSITION				
3200	Net Investment in Capital Assets	5,782,030	-	5,782,030
	Restricted:			
3820	Restricted for Federal and State Programs	369,463	-	369,463
3850	Restricted for Debt Service	4,325,340	-	4,325,340
3860	Restricted for Capital Projects	10,054,306	-	10,054,306
3870	Restricted for Campus Activities	579,826	-	579,826
3900	Unrestricted	(7,099,251)	(22,182)	(7,121,433)
3000	Total Net Position	\$ 14,011,714	\$ (22,182)	\$ 13,989,532

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

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

Data Control Codes	1	Program Revenues	
		3	4
	Expenses	Charges for Services	Operating Grants and Contributions
Primary Government:			
GOVERNMENTAL ACTIVITIES:			
11 Instruction	\$ 18,035,793	\$ 2,615,566	\$ 2,616,654
12 Instructional Resources and Media Services	423,617	-	34,291
13 Curriculum and Instructional Staff Development	260,849	-	100,300
21 Instructional Leadership	766,536	-	113,408
23 School Leadership	1,861,842	-	234,071
31 Guidance, Counseling, and Evaluation Services	1,834,493	-	766,083
32 Social Work Services	127,499	-	18,847
33 Health Services	292,922	-	36,827
34 Student (Pupil) Transportation	1,801,758	-	129,168
35 Food Services	1,438,107	314,208	959,615
36 Extracurricular Activities	1,307,074	45,034	67,395
41 General Administration	1,246,493	-	92,888
51 Facilities Maintenance and Operations	2,905,435	-	287,292
52 Security and Monitoring Services	213,344	-	88,906
53 Data Processing Services	778,915	-	69,928
61 Community Services	6,974	-	5,896
72 Debt Service - Interest on Long-Term Debt	2,665,451	-	-
73 Debt Service - Bond Issuance Cost and Fees	202,454	-	-
93 Payments Related to Shared Services Arrangements	1,095,777	-	-
99 Other Intergovernmental Charges	187,350	-	-
[TG] Total Governmental Activities:	37,452,683	2,974,808	5,621,569
BUSINESS-TYPE ACTIVITIES:			
01 Unidentified Fund from Trial Balance	89,237	63,047	-
[TB] Total Business-Type Activities:	89,237	63,047	-
[TP] TOTAL PRIMARY GOVERNMENT:	\$ 37,541,920	\$ 3,037,855	\$ 5,621,569
Data Control Codes	General Revenues:		
	Taxes:		
MT	Property Taxes, Levied for General Purposes		
DT	Property Taxes, Levied for Debt Service		
SF	State Aid - Formula Grants		
GC	Grants and Contributions not Restricted		
IE	Investment Earnings		
MI	Miscellaneous Local and Intermediate Revenue		
SI	Special Item - Mineral Interests		
TR	Total General Revenues and Special Items		
CN	Change in Net Position		
NB	Net Position - Beginning		
NE	Net Position - Ending		

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

Net (Expense) Revenue and Changes in Net Position		
6	7	8
Primary Government		
Governmental Activities	Business-type Activities	Total
\$ (12,803,573)	\$ -	\$ (12,803,573)
(389,326)	-	(389,326)
(160,549)	-	(160,549)
(653,128)	-	(653,128)
(1,627,771)	-	(1,627,771)
(1,068,410)	-	(1,068,410)
(108,652)	-	(108,652)
(256,095)	-	(256,095)
(1,672,590)	-	(1,672,590)
(164,284)	-	(164,284)
(1,194,645)	-	(1,194,645)
(1,153,605)	-	(1,153,605)
(2,618,143)	-	(2,618,143)
(124,438)	-	(124,438)
(708,987)	-	(708,987)
(1,078)	-	(1,078)
(2,665,451)	-	(2,665,451)
(202,454)	-	(202,454)
(1,095,777)	-	(1,095,777)
(187,350)	-	(187,350)
(28,856,306)	-	(28,856,306)
-	(26,190)	(26,190)
-	(26,190)	(26,190)
(28,856,306)	(26,190)	(28,882,496)
9,503,138	-	9,503,138
4,898,523	-	4,898,523
11,776,844	-	11,776,844
1,424,362	-	1,424,362
377,169	-	377,169
108,616	-	108,616
86	-	86
28,088,738	-	28,088,738
(767,568)	(26,190)	(793,758)
14,779,282	4,008	14,783,290
\$ 14,011,714	\$ (22,182)	\$ 13,989,532

GODLEY INDEPENDENT SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
AUGUST 31, 2020

Data Control Codes	10 General Fund	50 Debt Service Fund	60 Capital Projects
ASSETS			
1110 Cash and Cash Equivalents	\$ 1,232,164	\$ -	\$ -
1120 Investments - Current	6,471,237	4,445,898	11,282,695
1220 Property Taxes - Delinquent	411,233	139,763	-
1230 Allowance for Uncollectible Taxes	(4,112)	(1,398)	-
1240 Due from Other Governments	1,415,866	-	-
1250 Accrued Interest	19,798	5,746	-
1260 Due from Other Funds	417,006	2,776	-
1290 Other Receivables	1,203,404	-	-
1300 Inventories	-	-	-
1410 Prepayments	105,765	-	-
1000 Total Assets	<u>\$ 11,272,361</u>	<u>\$ 4,592,785</u>	<u>\$ 11,282,695</u>
LIABILITIES			
2110 Accounts Payable	\$ 55,305	\$ -	\$ 1,226,928
2150 Payroll Deductions and Withholdings Payable	1,449	-	-
2160 Accrued Wages Payable	1,416,240	-	-
2170 Due to Other Funds	21,354	-	1,461
2190 Due to Student Groups	460	-	-
2300 Unearned Revenue	-	-	-
2000 Total Liabilities	<u>1,494,808</u>	<u>-</u>	<u>1,228,389</u>
DEFERRED INFLOWS OF RESOURCES			
2601 Unavailable Revenue - Property Taxes	407,121	138,365	-
2600 Total Deferred Inflows of Resources	<u>407,121</u>	<u>138,365</u>	<u>-</u>
FUND BALANCES			
Nonspendable Fund Balance:			
3430 Prepaid Items	105,765	-	-
Restricted Fund Balance:			
3450 Federal or State Funds Grant Restriction	-	-	-
3470 Capital Acquisition and Contractual Obligation	-	-	10,054,306
3480 Retirement of Long-Term Debt	-	4,454,420	-
Committed Fund Balance:			
3510 Construction	1,431,055	-	-
3530 Capital Expenditures for Equipment	1,000,000	-	-
3545 Other Committed Fund Balance	500,000	-	-
Assigned Fund Balance:			
3590 Other Assigned Fund Balance	1,953,442	-	-
3600 Unassigned Fund Balance	4,380,170	-	-
3000 Total Fund Balances	<u>9,370,432</u>	<u>4,454,420</u>	<u>10,054,306</u>
4000 Total Liabilities, Deferred Inflows & Fund Balances	<u>\$ 11,272,361</u>	<u>\$ 4,592,785</u>	<u>\$ 11,282,695</u>

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

		Total	
Other		Governmental	
Funds		Funds	
\$	201,371	\$	1,433,535
	546,433		22,746,263
	-		550,996
	-		(5,510)
	516,377		1,932,243
	-		25,544
	70,830		490,612
	14,443		1,217,847
	2,613		2,613
	5,377		111,142
\$	1,357,444	\$	28,505,285
\$	1,162	\$	1,283,395
	1		1,450
	364,705		1,780,945
	463,919		486,734
	-		460
	78,368		78,368
	908,155		3,631,352
	-		545,486
	-		545,486
	2,729		108,494
	366,734		366,734
	-		10,054,306
	-		4,454,420
	-		1,431,055
	-		1,000,000
	79,826		579,826
	-		1,953,442
	-		4,380,170
	449,289		24,328,447
\$	1,357,444	\$	28,505,285

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

EXHIBIT C-2

Total Fund Balances - Governmental Funds	\$ 24,328,447
1 The District uses internal service funds to charge the costs of certain activities, such as self-insurance and printing, to appropriate functions in other funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net position. There is no change to net position as a result of this consolidation.	-
2 Capital assets used in governmental activities are not financial resources and therefore are not reported in governmental funds. At the beginning of the year, the cost of these assets was \$97,996,067 and the accumulated depreciation was \$(20,194,779). In addition, long-term liabilities, including bonds payable, are not due and payable in the current period, and, therefore are not reported as liabilities in the funds. The net effect of including the beginning balances for capital assets (net of depreciation) and long-term debt in the governmental activities is to increase net position.	14,064,111
3 Current year capital outlays and long-term debt principal payments are expenditures in the fund financial statements, but they should be shown as increases in capital assets and reductions in long-term debt in the government-wide financial statements. The District also issued new bonds and new loan proceeds that are reported as other financing resources in the fund statements, but should be shown as an increase in long-term debt in the government-wide financial statements. The net effect of including the 2020 capital outlays, debt principal payments, and new debt issued is to decrease net position.	(6,548,093)
4 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. The net position related to TRS included a deferred resource outflow in the amount of \$3,755,102, a deferred resource inflow in the amount of \$1,207,880, and a net pension liability in the amount of \$7,316,655. This resulted in a decrease in net position.	(4,769,433)
5 Included in the items related to debt is the recognition of the District's proportionate share of the net OPEB liability required by GASB 75. The net position related to TRS included a deferred resource outflow in the amount of \$3,047,782, a deferred resource inflow in the amount of \$4,467,283, and a net OPEB liability in the amount of \$10,326,235. This resulted in a decrease in net position.	(11,745,736)
6 The 2020 depreciation expense increases accumulated depreciation. The net effect of the current year's depreciation is to decrease net position.	(1,863,068)
7 Various other reclassifications and eliminations are necessary to convert from the modified accrual basis of accounting to accrual basis of accounting. These include recognizing unavailable revenue from property taxes as revenue, reclassifying the proceeds of bond sales as an increase in bonds payable, and recognizing the liabilities associated with maturing long-term debt and interest. The net effect of these reclassifications and recognitions is to increase net position.	545,486
19 Net Position of Governmental Activities	\$ 14,011,714

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

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

Data Control Codes	10 General Fund	50 Debt Service Fund	60 Capital Projects
REVENUES:			
5700 Total Local and Intermediate Sources	\$ 9,955,144	\$ 5,000,460	\$ 121,852
5800 State Program Revenues	14,136,187	44,378	-
5900 Federal Program Revenues	276,380	-	-
5020 Total Revenues	24,367,711	5,044,838	121,852
EXPENDITURES:			
Current:			
0011 Instruction	12,792,679	-	-
0012 Instructional Resources and Media Services	363,753	-	-
0013 Curriculum and Instructional Staff Development	160,549	-	-
0021 Instructional Leadership	272,624	-	-
0023 School Leadership	1,622,979	-	-
0031 Guidance, Counseling, and Evaluation Services	558,217	-	-
0032 Social Work Services	113,071	-	-
0033 Health Services	265,747	-	-
0034 Student (Pupil) Transportation	2,365,076	-	-
0035 Food Services	-	-	-
0036 Extracurricular Activities	1,010,599	-	-
0041 General Administration	1,156,605	-	-
0051 Facilities Maintenance and Operations	2,573,019	-	-
0052 Security and Monitoring Services	117,438	-	-
0053 Data Processing Services	730,945	-	-
0061 Community Services	1,943	-	-
Debt Service:			
0071 Principal on Long-Term Debt	47,140	1,410,000	-
0072 Interest on Long-Term Debt	8,972	2,904,833	-
0073 Bond Issuance Cost and Fees	-	1,280	201,174
Capital Outlay:			
0081 Facilities Acquisition and Construction	340,701	-	4,891,988
Intergovernmental:			
0093 Payments to Fiscal Agent/Member Districts of SSA	1,076,300	-	-
0099 Other Intergovernmental Charges	187,350	-	-
6030 Total Expenditures	25,765,707	4,316,113	5,093,162
1100 Excess (Deficiency) of Revenues Over (Under) Expenditures	(1,397,996)	728,725	(4,971,310)
OTHER FINANCING SOURCES (USES):			
7911 Capital Related Debt Issued	-	-	13,225,000
7914 Non-Current Loans	340,701	-	-
7915 Transfers In	-	-	-
7916 Premium or Discount on Issuance of Bonds	-	-	1,476,174
8911 Transfers Out (Use)	(64,385)	-	-
7080 Total Other Financing Sources (Uses)	276,316	-	14,701,174
SPECIAL ITEMS:			
7918 Special Item - Mineral Interests	86	-	-
1200 Net Change in Fund Balances	(1,121,594)	728,725	9,729,864
0100 Fund Balance - September 1 (Beginning)	10,492,026	3,725,695	324,442
3000 Fund Balance - August 31 (Ending)	\$ 9,370,432	\$ 4,454,420	\$ 10,054,306

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

		Total	
Other		Governmental	
Funds		Funds	
\$	2,780,917	\$	17,858,373
	619,513		14,800,078
	2,786,235		3,062,615
	6,186,665		35,721,066
	2,795,218		15,587,897
	11,779		375,532
	100,300		260,849
	421,456		694,080
	75,718		1,698,697
	1,087,259		1,645,476
	4,925		117,996
	6,298		272,045
	450,258		2,815,334
	1,319,518		1,319,518
	-		1,010,599
	4,370		1,160,975
	199,108		2,772,127
	95,906		213,344
	-		730,945
	-		1,943
	36,144		1,493,284
	-		2,913,805
	-		202,454
	-		5,232,689
	19,477		1,095,777
	-		187,350
	6,627,734		41,802,716
	(441,069)		(6,081,650)
	-		13,225,000
	-		340,701
	64,385		64,385
	-		1,476,174
	-		(64,385)
	64,385		15,041,875
	-		86
	(376,684)		8,960,311
	825,973		15,368,136
\$	449,289	\$	24,328,447

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

EXHIBIT C-4

Total Net Change in Fund Balances - Governmental Funds	\$	8,960,311
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The District uses internal service funds to charge the costs of certain activities, such as self-insurance and printing, to appropriate functions in other funds. The net income (loss) of internal service funds are reported with governmental activities. There is no change in net position as a result of this consolidation.		-
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Current year capital outlays and long-term debt principal payments are expenditures in the fund financial statements, but they should be shown as increases in capital assets and reductions in long-term debt in the government-wide financial statements. The District also issued new bonds and new loan proceeds that are reported as other financing resources in the fund statements, but should be shown as an increase in long-term debt in the government-wide financial statements. The net effect of including the 2020 capital outlays, debt principal payments, and new debt issued is to decrease net position.		(6,548,093)
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Depreciation is not recognized as an expense in governmental funds since it does not require the use of current financial resources. The net effect of the current year's depreciation is to decrease net position.		(1,863,068)
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Various other reclassifications and eliminations are necessary to convert from the modified accrual basis of accounting to accrual basis of accounting. These include recognizing unavailable revenue from property taxes as revenue, adjusting current year revenue to show the revenue earned from the current year's tax levy, reclassifying the proceeds of bond sales, and recognizing the liabilities associated with maturing long-term debt and interest. The net effect of these reclassifications and recognitions is to increase net position.		4,298
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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 \$568,510. Contributions made before the measurement date and during the previous fiscal year were also expended and recorded as a reduction in net pension liability. This caused a decrease in net position totaling \$490,776. Finally, the proportionate share of the TRS pension expense on the plan as a whole had to be recorded. The net pension expense decreased the change in net position by \$1,065,349. The net result is a decrease in the change in net position.		(987,615)
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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 \$177,051. Contributions made before the measurement date and during the previous fiscal year were also expended and recorded as a reduction in net OPEB liability. This caused a decrease in net position totaling \$154,488. Finally, the proportionate share of the TRS OPEB expense on the plan as a whole had to be recorded. The net OPEB expense decreased the change in net position by \$355,964. The net result is a decrease in the change in net position.		(333,401)
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Change in Net Position of Governmental Activities	\$	(767,568)
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The notes to the financial statements are an integral part of this statement.

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

EXHIBIT D-1

	Business-Type Activities -	Governmental Activities -
	Total Enterprise Funds	Internal Service Fund
ASSETS		
Current Assets:		
Due from Other Funds	\$ -	\$ 566
Total Assets	-	566
LIABILITIES		
Current Liabilities:		
Accounts Payable	-	566
Due to Other Funds	22,182	-
Total Liabilities	22,182	566
NET POSITION		
Unrestricted Net Position	(22,182)	-
Total Net Position	\$ (22,182)	\$ -

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

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

	Business-Type Activities -	Governmental Activities -
	Total Enterprise Funds	Internal Service Fund
OPERATING REVENUES:		
Local and Intermediate Sources	\$ 59,490	\$ 802
State Program Revenues	3,557	-
Total Operating Revenues	<u>63,047</u>	<u>802</u>
OPERATING EXPENSES:		
Payroll Costs	85,876	802
Supplies and Materials	3,361	-
Total Operating Expenses	<u>89,237</u>	<u>802</u>
Operating Income (Loss)	(26,190)	-
Total Net Position - September 1 (Beginning)	<u>4,008</u>	<u>-</u>
Total Net Position - August 31 (Ending)	<u><u>\$ (22,182)</u></u>	<u><u>\$ -</u></u>

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

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

EXHIBIT D-3

	Business-Type Activities	Governmental Activities -
	Total Enterprise Funds	Internal Service Fund
<u>Cash Flows from Operating Activities:</u>		
Cash Received from User Charges	\$ 81,672	\$ -
Cash Received from Other Funds	4,058	802
Cash Payments to Employees for Services	(82,340)	-
Cash Payments for Insurance Claims	-	(802)
Cash Payments for Suppliers	(3,390)	-
Net Cash Provided by Operating Activities	-	-
Net Increase in Cash and Cash Equivalents	-	-
Cash and Cash Equivalents at Beginning of Year	-	-
Cash and Cash Equivalents at End of Year	\$ -	\$ -
<u>Reconciliation of Operating Income (Loss) to Net Cash</u>		
<u>Provided by Operating Activities:</u>		
Operating Income (Loss):	\$ (26,190)	\$ -
Effect of Increases and Decreases in Current Assets and Liabilities:		
Decrease (increase) in Due from Other Funds	4,058	802
Increase (decrease) in Accounts Payable	(28)	(802)
Increase (decrease) in Payroll Deductions	(22)	-
Increase (decrease) in Due to Other Funds	22,182	-
Net Cash Provided by Operating Activities	\$ -	\$ -

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

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

	Private Purpose Trust Funds	Agency Fund
ASSETS		
Cash and Cash Equivalents	\$ 72,456	\$ 87,199
Investments - Current	26,493	-
Due from Other Governments	-	2,661
Due from Other Funds	3,474	15,264
Total Assets	<u>102,423</u>	<u>\$ 105,124</u>
LIABILITIES		
Due to Other Funds	1,000	\$ -
Due to Other Governments	-	17,632
Due to Student Groups	-	87,492
Total Liabilities	<u>1,000</u>	<u>\$ 105,124</u>
NET POSITION		
Restricted for Scholarships	<u>101,423</u>	
Total Net Position	<u>\$ 101,423</u>	

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

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

	Private Purpose Trust Funds
ADDITIONS:	
Earnings from Temporary Deposits	\$ 1,535
Contributions, Gifts and Donations	5,258
Total Additions	<u>6,793</u>
DEDUCTIONS:	
Other Deductions	5,731
Total Deductions	<u>5,731</u>
Change in Fiduciary Net Position	1,062
Total Net Position - September 1 (Beginning)	<u>100,361</u>
Total Net Position - August 31 (Ending)	<u><u>\$ 101,423</u></u>

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

I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Godley Independent School District (the “District”) is a public education agency operating under the applicable laws and regulations of the State of Texas. The District prepares its’ basic financial statements in conformity with generally accepted accounting principles (GAAP) promulgated by the Governmental Accounting Standards Board (GASB) and other authoritative sources identified in GASB Statement 76, and it complies with the requirements of the appropriate version 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.

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

Other Post-Employment Benefits (OPEB) – The fiduciary net position of the Teacher Retirement System of Texas TRS Care Plan has been determined using the flow of economic resources measurement focus and full accrual 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 a pay-as-you-go plan and all cash is held in a cash account.

The District’s investments in governmental investment pools are accounted for using the cost amortization method.

The following is a summary of the most significant accounting policies.

A. Reporting Entity

The District’s Board of Trustees (the “Board”), consisting of seven members, has governance responsibilities over all activities related to public school education within the District. The daily functioning of the District is under the supervision of the Superintendent. Board members are elected by the public, have authority to make decisions, appoint administrators and managers, and significantly influence operations. It also has the primary accountability for fiscal matters. Therefore, the District is a financial reporting entity as defined by Governmental Accounting Standards Board (GASB) in its *Statement No. 14, The Financial Reporting Entity*. There are no component units included within the reporting entity.

B. Basis of Presentation – Government-wide Financial Statements

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

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

Expense activity is required to be recorded by districts who are participants in cost-sharing pension and OPEB benefit plans with a special funding situation where non-employer contributing entities (NECE) also participate in contributions to the plans. TRS-Retirement and TRS-Care benefit plans are both cost-sharing plans with special funding situations. Therefore, on-behalf expense activity of the NECE must be recorded at the government-wide level of reporting on the Statement of Activities.

Interfund activities between governmental funds appear as due to/due from on the Governmental Fund Balance Sheet and as other resources and other uses on the governmental fund State of Revenues, Expenditures, and Changes in Fund Balance. All interfund transactions between governmental funds are eliminated on the government-wide statements. Interfund activities between governmental funds and fiduciary funds remain as due to/due from on the government-wide Statement of Activities.

C. Basis of Presentation – Fund Financial Statements

The accounts of the District are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, deferred outflows of resources, liabilities, deferred inflows of resources, fund balances, revenues, and expenditures. The fund statements are prepared on a current financial resources measurement focus and the modified accrual basis of accounting. Since the governmental fund statements are presented on a different measurement focus and the basis of accounting than the government-wide statements’ governmental activities column, a reconciliation is presented which briefly explains the adjustments necessary to reconcile the fund financial statements to the government-wide financial statements.

The District reports the following major government funds:

The General Fund – The General Fund is the District’s general 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 incurred by programs accounted for in other funds. The General Fund is always considered a major fund as defined by GASB 34. The General Fund is a budgeted fund, and any fund balances are considered resources for current and future operations.

The Debt Service Fund – This fund, which is a budgeted fund, accounts for the resources accumulated and payments made on long-term general obligation debt of governmental funds. Revenues include collections of general property taxes, state funding under the Instructional Facilities and Existing Debt Allotments, and earnings on investments of the fund. Expenditures of the fund are for the retirement of bonds and payments of interest on the bonded debt. The fund balance represents the amount that is available for the retirement of bonds and payment of interest in the future. This fund is also a budgeted fund, and any fund balances are considered resources for current and future operations.

The Capital Projects Fund – This fund, which is an unbudgeted fund, is used to account for proceeds from sales of bonds and other revenues to be used for authorized construction, renovations, and technology projects/enhancements.

In addition, the District maintains the following funds:

Governmental Funds:

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

The District's Food Service Fund (National Breakfast and Lunch Program) is considered a special revenue fund since it meets the following criteria: (1) User fees are charged to supplement the National School Breakfast and Lunch Program, (2) the General Fund subsidizes the Food Service Program for all expenditures in excess of the National Breakfast and Lunch Program, and (3) the District does not consider the Food Service Program completely self-supporting. Food Service fund balances are used exclusively for child nutrition program purposes. This is a budgeted fund.

Proprietary Funds:

Enterprise Funds – These funds are conceived to be self-supporting. Revenues and expenditures are incurred from operating an after-school child care program as a business-type activity.

Internal Service Funds – These funds are conceived to be self-supporting. Revenues are earned mainly from sales of services to the schools and operating departments of the District. The District uses this fund type to report its workers' compensation activities.

Fiduciary Funds:

Private-purpose Trust Fund – This fund is used to account for all trust agreements under which the principal and income benefit a specific school or group of students.

Fiduciary Funds – Agency Funds – The Agency Fund is custodial in nature and accounts for activities of student groups and other types of activities requiring clearing accounts. The fund has no equity. Assets are equal to liabilities and do not include revenues and expenditures for general operations of the District. This accounting reflects the District’s agency relationship with student activity organizations. Fiduciary funds use the accrual basis of accounting to recognize assets and liabilities.

The District does not have any permanent funds.

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

The accounting and financial reporting treatment are determined by the applicable measurement focus and the 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 use the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as 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 use the current financial resources measurement focus and the modified accrual basis of accounting. With this measurement focus, only current assets, current liabilities, and fund balances are included on the balance sheet. Operating statements of these funds present net increases and decreases in current assets (i.e., revenues and other financing resources and expenditures and other financing uses).

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

Revenues from local sources consist primarily of property taxes. Property tax revenues and revenues received from the State are recognized under the “susceptible to accrual” concept, that is, when they are both measurable and available. The District considers them “available” if they will be collected within 60 days of the end of the fiscal year. Property taxes received after the 60-day period are not considered available and, therefore, are recorded as the deferred inflow of resources in the Governmental Funds Balance Sheet. Miscellaneous revenues are recorded as revenue when received in cash because they are generally not measurable until actually received. Investment earnings are recorded as earned since they are both measurable and available.

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

Management's 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 and the related receivables and liabilities 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 midway into the next fiscal year.

E. Assets, Liabilities, Deferred Outflows/Inflows and Net Position or Fund Balance

1. Cash and Cash Equivalents - 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.
2. Investments - Investments are recorded at fair value. Investments are considered and classified as cash equivalents. Investments are primarily in FDIC insured investments, savings accounts, and public funds money markets and are not significantly affected by an impairment of the credit standing of the issues or other factors.
3. 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 fair market values supplied by the Texas Department of Human Services. Although commodities are received at no cost, their fair market 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 a prepayment in both government-wide and fund financial statements.

4. Other Receivables and Payables - These may include amounts due from local, state, and federal agencies resulting from an excess of expenditures over revenues incurred, accrued liabilities, interest payable, and accrued wages payable.
5. Interfund Activities - 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 funds included in governmental activities (i.e., the governmental and internal service funds) are eliminated so that only the net amount is included as internal balances in the governmental activities column.

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

6. 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.
7. 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 the estimated fair value at the date of donation.

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

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

Asset Classification	Useful Life
Buildings and improvements	20-50
Furniture & equipment	8-15

Land and construction in progress are not depreciable.

8. 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. A summary of unearned revenues by fund follows:

Special Revenue Funds:	
National Breakfast & Lunch Program	\$ 2,613
Other SSA Special Revenue Funds	75,755
Total	<u>\$78,368</u>

9. Long-term Obligations - In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activity, business-type activities, or proprietary fund type statements of net assets. Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-

line method which approximates the effective interest rate method. Bonds payable are reported net of the applicable bond premium or discount. Deferred loss on refunding, will be recognized as a deferred outflow of resources and amortized to interest expense over the life of the bonds. Bond issuance costs are expensed in the current period.

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.

10. Deferred Outflows/Inflow of Resources - In addition to assets, the District will sometimes report a separate section for deferred outflows of resources. A deferred outflow of resources is a consumption of a government's net assets (a decrease in assets in excess of any related decrease in liabilities or an increase in liabilities in excess of any related increase in assets) by the government that is applicable to a future reporting period. The District had the following deferred outflows of resources:

- Deferred outflows of resources for refunding – Reported in the government-wide statement of net position, this deferred charge on refunding results from the difference in the carrying value of the refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. During the current year, the District had \$2,263,606 in deferred charges for refunding.
- Deferred outflows of resources for pension – Reported in the government-wide financial statement of net position, this deferred outflow results from pension plan contributions made after the measurement date of the net pension liability and the results of differences between expected and actuarial experience. The deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the next fiscal year. During the current year, the District had \$3,755,102 deferred outflow related to TRS from implementing GASB 68. This amount consisted of \$3,186,592 for total net amounts per TRS August 31, 2019 measurement date and \$568,510 for contributions paid to TRS subsequent to the measurement date.
- Deferred outflow of resources related to TRS OPEB – Reported in the government-wide financial statement of net position, this deferred outflow results related to TRS OPEB contributions made after the measurement date of the net pension liability and the results of differences between expected and actuarial experience. The deferred outflows of resources related to TRS OPEB resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net TRS OPEB liability in the next fiscal year. During the current year, the District had \$3,047,782 deferred outflow related to TRS OPEB as a result of GASB 75. This amount consisted of \$2,870,731 for total net amounts per TRS OPEB August 31, 2019 measurement date and \$177,051 for contributions paid to TRS OPEB subsequent to the measurement date.

In addition to liabilities, the District will sometimes report a separate section for deferred inflow of resources. A deferred inflow of resources is an acquisition of a government's net assets (an increase in assets in excess of any related increase in liabilities or a decrease in liabilities in excess of any related decrease in assets) by the government that is applicable to a future reporting period. The District had three items that qualify for reporting in this category:

- Deferred inflow of resources for unavailable revenues – Reported only in the governmental funds balance sheet, for unavailable revenues from property taxes arise under the modified accrual basis of accounting. These amounts are deferred and recognized as an inflow of revenues in the period that the amounts become available. During the current year, the District recorded deferred inflow of resources \$407,121 and \$138,365 as unavailable revenues – property taxes with the General Fund and Debt Service Fund respectively.
 - Deferred inflow of resources for pensions – Reported in the government-wide financial statement of net position, these deferred inflows result primarily from differences between projected and actual earnings on pension plan investments. During the current year, the District recorded \$1,207,880 for total net amounts per TRS August 31, 2019 measurement date in accordance with GASB 68.
 - Deferred inflow of resources related to TRS OPEB – Reported in the government-wide financial statement of net position, these deferred inflows result primarily from differences between projected and actual earnings on TRS OPEB investments. During the current year, the District recorded \$4,467,283 for total net amounts per TRS OPEB August 31, 2019 measurement date in accordance with GASB 75.
11. 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.
12. Net Position Flow Assumptions - Sometimes the District will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. When both restricted and unrestricted resources are available for use in a specific program or for a specific purpose, the District's normal policy is to use the restricted resource to finance its activities.

The Government-wide Statement of Net Position includes the following:

Net investment in capital assets - the component of the net position that reports capital assets less both the accumulated depreciation and the outstanding balance of debt and is directly attributable to the acquisition, construction, or improvement of these capital assets.

Restricted for federal and state programs - the component of the net position that reports the difference between assets and liabilities related to federal and state programs that consist of assets with constraints placed on their use by granting agencies.

Restricted for debt service - the component of the net position that reports the difference between assets and liabilities adjusted on a government-wide basis that consists of assets with constraints placed on their use by the bond covenants.

Restricted for capital projects - funds that have been assigned for future expenditures for equipment.

Restricted for campus activities - funds that have been committed solely for the use by various campuses within the District.

Unrestricted net position - the difference between the assets and liabilities that are not reported in net investment in capital assets or restricted net position.

13. Fund Balance Flow Assumptions – Sometimes the District will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). 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, the committed fund balance is depleted first, followed by assigned fund balance. The unassigned fund balance is applied last.

14. Fund Balance Policies - In the fund financial statements, government funds report fund balances as either a non-spendable fund balance or a spendable fund balance.

Non-spendable fund balance – includes fund balance 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.

Spendable fund balance – Spendable fund balance includes restricted, committed, assigned, and unassigned components. These components can be described as follows:

Restricted fund balance – 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, capital acquisition/contractual obligations, and retirement of long-term debt.

Committed fund balance – the component of spendable fund balance constrained to a specific purpose by the Board. A Board resolution is required to establish, modify, or rescind a 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 funds for construction, capital expenditures for equipment, other committed fund balance, and campus activity funds.

Assigned fund balance – 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 or the fund’s primary purpose. Assignments within the general fund convey that the intended use of those amounts is a specific purpose that is narrower than the general purposes of the District itself. The District’s General Fund has \$1,953,442 as other assigned fund balance for future budgetary deficits.

Unassigned fund balance – is 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 funds. The District has a minimum fund balance policy that the Unassigned Fund Balance should represent 17% of total operating expenditures.

Disclosure of Fund Balances Reported on Balance Sheet – Governmental Funds
For Fiscal Year Ending August 31, 2020

	General Fund	Debt Service Fund	Capital Projects Fund	Other Funds
Nonspendable Fund Balance				
Prepaid Items	\$ 105,765	\$ 0	\$ 0	\$ 2,729
Restricted Fund Balance				
SSA Special Education	0	0	0	366,734
Capital acquisit. & contract. oblig.	0	0	10,054,306	0
Retirement of long-term debt	0	4,454,420	0	0
Committed Fund Balance				
Construction	1,431,055	0	0	0
Capital expenditures for equipment	1,000,000	0	0	0
Other committed fund balance	500,000	0	0	0
Campus activity funds	0	0	0	79,826
Assigned Fund Balance				
Future budgetary deficits	1,953,442	0	0	0
Unassigned	4,380,170	0	0	0
Total Fund Balance	<u>\$9,370,432</u>	<u>\$4,454,420</u>	<u>\$10,054,306</u>	<u>\$449,289</u>

15. 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 database for policy development and funding plans.

F. Implementation of New Standards

No new standards were implemented during the year.

II. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS.

Exhibit C-2 “Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position” provides the reconciliation between the fund balance for total governmental funds on the governmental fund balance sheet and the net position as reported in the government-wide statement of net position. One element of that reconciliation explains that capital assets are not financial resources and are therefore not reported in governmental funds. In addition, long-term liabilities, including bonds payable, are not due and payable in the current period and are not reported as liabilities in the funds. Also, the property taxes receivable which is included as unavailable revenue in the fund financial statements are adjusted based on when the tax levy was made and adjusted for uncollectible amounts. Also included are all of the adjustments required by GASB 68 and GASB 75.

Exhibit C-4 “Reconciliation of the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances to the Statement of Activities” provides a reconciliation between the net changes in fund balance as shown on the governmental fund statement of revenues, expenditures, and changes in fund balances and the changes in the net position of governmental activities as reported on the government-wide statement of activities. One element of that reconciliation explains that current year capital outlays and debt principal payments are expenditures in the fund financial statements but should be shown as increases in capital assets and decreases in long-term debt in the government-wide statements. This adjustment affects both the net position balance and the change in net position. The debt payments on the retirement of debt are recorded as expenditures for fund-basis financial statements but are a reduction of debt in the government-wide financial statements. The capital asset additions are expenditures in the fund-basis financial statements but capitalized in the government-wide financial statements. The fund-basis financial statements do not include depreciation expense. The depreciation expense is a deduction to reconcile to the government-wide statement of activities. New debt issues are treated as sources of revenue for fund-basis financial statements, but for the government-wide statements, those amounts are recorded as a liability. Property taxes are adjusted for the accrual basis and the unavailable revenues are adjusted based on prior year levies and current year uncollectable amounts. Also included are all of the adjustments required by GASB 68 and GASB 75.

III. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. Budgets and Budgetary Accounting

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 report appears in Exhibit G-1 “Statement of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – General Fund” and the other two reports are in Exhibit J-4 “Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual - Child Nutrition Program” and

GODLEY INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
AUGUST 31, 2020

Exhibit F-1

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 general-purpose financial statements:

1. On or before the date set by the State Board of Education, the District prepares a proposed budget covering all estimated revenue and proposed expenditures for the following fiscal year beginning September 1.
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 September 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 in 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.

	Original Budget Appropriations	Increase (Decrease)	Amended Budget Appropriations
General Fund – Exhibit G-1	\$24,187,136	\$2,565,754	\$26,752,890
Child Nutrition Program – Exhibit J-4	1,322,976	50,000	1,372,976
Debt Service Fund – Exhibit J-5	4,493,821	0	4,493,821

4. The major amendment to the General Fund was to increase Functions 34 – Student (Pupil) Transportation by \$1,380,052 to purchase new school buses. Other amendments were to various functions for unanticipated increases in operating costs, debt service payments, and facilities acquisition and construction.
5. Each budget is controlled at the revenue and expenditure function/object level. Budgeted amounts are as amended by the Board. A reconciliation of fund balances for both appropriated budget and non-appropriated budget special revenue funds is as follows:

	August 31, 2020 Fund Balance
Appropriated Budgeted Funds – National Breakfast & Lunch Program	\$ 0
Non-appropriated Budgeted Funds	449,289
All Special Revenue Funds	<u>\$449,289</u>

B. Excess of Expenditures over Appropriations

No excess of expenditures over appropriations existed for the year ended August 31, 2020.

C. Deficit Fund Equity

There were no deficit fund equities for the year ended August 31, 2020.

IV. DETAILED NOTES ON ALL FUNDS

A. Cash and Cash Equivalents

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.

Depository information is as follows:

- Depository bank: Wells Fargo Bank
- Highest combined balance: \$6,412,046
- Date of highest combined balance: January 15, 2020
- Amount of FDIC insurance: \$308,404
- Amount of pledged securities: \$8,117,631

Since the District complies with this law, it has no custodial credit risk for deposits.

The District's cash and cash equivalents, considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from date of acquisition. On August 31, 2020, the carrying value of the District's deposits was \$1,433,535 and the bank balance was \$1,834,411. The District's cash deposits on August 31, 2020, and during the year then ended, were entirely covered by FDIC insurance or by pledged collateral held by the District's agent bank in the District's name.

The District does not have any cash or cash equivalents in foreign currency; therefore, there is no foreign currency risk.

B. Investments

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. The District maintains an investment policy that authorizes the District to invest in obligations of U.S. Treasury and U.S. agencies, municipal securities and repurchase agreements, and the State Treasurer's investment pool or similar public investment pools. 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.

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In compliance with the Public Funds Investment Act, the District has adopted a deposit and investment policy.

The District's investments at August 31, 2020, are shown below:

<u>Investments</u>	<u>Carrying Amount</u>	<u>Fair Value</u>	<u>Percentage of Investments</u>	<u>Weighted Average Maturity (Days)</u>
TexPool – AAAM	\$19,796,775	\$19,796,775	87.0%	On demand
Municipal bonds	2,155,000	2,155,000	9.5%	On demand
TexasDaily - AAAM	513,161	513,161	2.3%	On demand
Savings/money market	281,327	281,327	1.2%	On demand
	<u>\$22,746,263</u>	<u>\$22,746,263</u>	<u>100.0%</u>	

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 investments 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. District investments are not exposed to custodial credit risk.

Credit Risk – This is the risk that a security issuer may default on 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.

Interest-rate Risk – This type of risk occurs when potential purchasers of debt securities do not agree to pay face value for those securities if interest rates rise. The District's investment policy does not allow the purchase of investments that would expose the District to interest-rate risk.

Concentration of Credit Risk – This type of risk is defined as positions of 5 percent or more in securities of a single issuer. The District is not exposed to the concentration of credit risk because the investment portfolio mainly consists of external investment pools.

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

C. Property Taxes

Property taxes are levied by October 1 on the assessed value listed as of the prior January 1 for all real property and business personal property located in the District in conformity with Subtitle E, Texas Property Tax Code. Taxes are due on receipt of the tax bill and delinquent if not paid before February 1 of the year following the year in which imposed. On January 31 of each year, a tax lien attaches to property to secure the payment of all taxes, penalties, and interest ultimately imposed. Property tax revenues are considered available (1) when they become due or past due and receivable

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with the current period and (2) when they are expected to be collected during a 60-day period after the close of the school fiscal year.

The Board establishes the District's property tax rates annually. The authorized tax rates for property taxes assessed on January 1, 2019, were \$0.97 and \$0.50 per \$100 for the General Fund and Debt Service Fund, respectively, based on a net assessed valuation of \$984,082,721.

The District has not entered into any tax abatement agreements in compliance with Tax Code Chapter 312.

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 collect during the 60-day period after the close of the District's fiscal year.

Delinquent taxes are prorated between the General Fund and Debt Service Fund based rates adopted for the year of the levy. Allowances for uncollectible tax receivables within the General and Debt Service Funds are based on historical experience in collecting property taxes.

Delinquent taxes receivables and the related allowance for uncollectible taxes in the governmental fund financial statements as of August 31, 2020, are as follows:

	Property Taxes - Delinquent	Allowance for Uncollectible Taxes	Unavailable Revenue - Property Taxes
General Fund	\$411,233	\$(4,112)	\$407,121
Debt Service Fund	139,763	(1,398)	138,365
Totals	\$550,996	\$(5,510)	\$545,486

Current tax collections for the levy year ended August 31, 2020, were 98.7% of the year-end adjusted tax levy.

Uncollectible personal property taxes are periodically reviewed and written off by the District. The District is prohibited from writing off real property taxes without specific statutory authority from the Texas Legislature.

The District has an agreement with Johnson County Tax Office ("County") whereby the County bills and collects the District's property taxes.

D. Disaggregation of Receivables and Payables

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

There are no significant receivables that are not scheduled for collection within one year of August 31, 2020.

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E. Receivables from Other Governments

Receivables from other governments, as of August 31, 2020, are as follow:

	Due from State	Due from Other Governments
General Fund	\$1,415,866	\$ 0
Special Revenue Funds:		
ESEA I, A – Improving Basic Programs	5,263	0
National Breakfast & Lunch Program	58,816	0
ESEA II, A – Training & Recruiting	19,914	0
Title III, A – English Language Acquisition	13,946	0
ESSER – School Emergency Relief	182,079	0
Title I – SIP Academy Grant	18,000	0
Other Federal Special Revenue Funds	2,143	0
SSA IDEA, Part B Formula	124,920	0
SSA IDEA, Part B Preschool	9,428	0
State Instructional Material	31,189	0
Other State Special Revenue Funds	45,754	0
Other SSA Special Revenue Funds	0	4,925
Total	<u>\$1,927,318</u>	<u>\$4,925</u>

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F. 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	\$417,006	
Special Revenue Funds:		
ESEA I, A – Improving Basic Programs		\$13,738
National Breakfast & Lunch Program		59,476
ESEA II, A – Training & Recruiting		19,914
Title III, A – English Language Acquisition		13,946
ESSER – School Emergency Relief		182,079
Title I – SIP Academy Grant		18,000
Other Federal Special Revenue Funds		2,143
SSA - IDEA – Part B Formula		5,473
SSA - IDEA – Part B Preschool		651
State Instructional Material		31,189
Other State Special Revenue Funds		45,754
Total Special Revenue Funds		392,363
Capital Projects Fund		1,461
Proprietary Funds – Enterprise Fund		22,182
Fiduciary Fund – Private Purpose Trust Fund		1,000
Totals	\$417,006	\$417,006
Debt Service Fund	\$2,776	
General Fund		\$2,776
Special Revenue Funds:		
Other SSA Special Revenue Funds	\$70,830	
SSA Special Education		\$70,830
Sub-totals	\$70,830	\$70,830
Proprietary Funds:		
Internal Service Fund	\$566	
SSA Special Education		\$566
Fiduciary Funds:		
Private Purpose Funds	\$3,474	
General Fund		\$3,467
National Breakfast & Lunch Program		7
Totals		\$3,474
Agency Funds	\$15,264	
General Fund		\$15,111
National Breakfast & Lunch Program		33
Campus Activity Fund		120
Totals		\$15,264

Interfund receivables and payables generally arise from interfund loans between different funds with balances being repaid generally within one year.

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Exhibit F-1

G. Interfund Transfers

The General Fund transferred \$64,385 to the National Breakfast & Lunch Program to supplement the operations of this program.

H. Other Financing Sources (Uses)

The District had the following financing sources and (uses) during the year:

General Fund:	
Non-current loans	<u>\$340,701</u>
Capital Projects Fund:	
Capital related debt issued	\$13,225,000
Premium or discount on issuance of bonds	<u>1,476,174</u>
Total	<u><u>\$14,701,174</u></u>

I. Special Items/Extraordinary Items

The General Fund received \$86 as special items – mineral interest during the year.

J. Operating Leases

The District leases office equipment under noncancelable operating leases. Total costs for such leases were \$80,841 for the year. The future minimum lease payments for active operating leases are summarized below:

<u>Year Ending August 31</u>	<u>Amount</u>
2021	\$31,576
2022	21,803
2023	1,316
Thereafter	0

K. Capital Asset Activity

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

	<u>Beginning Balance</u>	<u>Increases/ Adjustments</u>	<u>Decreases/ Adjustments</u>	<u>Ending Balance</u>
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 2,454,488	\$ 804,204	\$0	\$ 3,258,692
Construction in Progress	153,185	3,898,406	0	4,051,591
Total Capital Assets, not being depreciated	<u>2,607,673</u>	<u>4,702,610</u>	<u>0</u>	<u>7,310,283</u>
Capital assets, being depreciated:				
Buildings and improvements	89,978,884	406,114	0	90,384,998
Furniture and equipment	5,409,510	1,643,420	0	7,052,930
Total capital assets, being depreciated	<u>95,388,394</u>	<u>2,049,534</u>	<u>0</u>	<u>97,437,928</u>
Less accumulated depreciation for:				
Buildings and improvements	15,949,745	1,428,519	0	17,378,264
Furniture and equipment	4,245,034	434,549	0	4,679,583
Total accumulated depreciation	<u>20,194,779</u>	<u>1,863,068</u>	<u>0</u>	<u>22,057,847</u>
Governmental activities capital assets, net	<u>\$77,801,288</u>	<u>\$4,889,076</u>	<u>\$0</u>	<u>\$82,690,364</u>

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

Governmental activities:

11 – Instruction	\$1,136,961
12 – Instruction Resources & Media Services	24,535
23 – School Leadership	7,050
34 – Student (Pupil) Transportation	386,785
35 – Food Services	30,575
36 – Extracurricular Activities	236,163
41 – General Administration	2,214
51 – Plant Maintenance & Operations	38,310
53 – Data Processing Services	475
Total Depreciation Expense	<u>\$1,863,068</u>

Building and improvement expenditures were for completion of projects on the Godley High School. Furniture and equipment expenditures were for school buses and other vehicles, maintenance equipment, and band equipment.

L. Construction Commitments

Construction in progress and remaining commitments as of the end of the fiscal year are as follows:

Project	Approved Construction Budget	Construction In Progress	Estimated Remaining Commitment
Godley High School – Ag Barn	\$5,327,500	\$4,051,591	\$1,275,909

M. Long-Term Debt

Long-term debt of the District is comprised of bonds payable, accreted interest, premium on bonds, compensated absences, and net pension liability. 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.

The following is a summary of changes in long-term debt for government activities for the year ended August 31, 2020.

	Beginning Balance	Additions	Retirements	Ending Balance	Due Within One Year
Bonds payable	\$59,275,000	\$13,225,000	\$1,410,000	\$71,090,000	\$1,485,000
Premium on bonds	6,756,039	1,476,174	443,834	7,788,379	0
Loan payable	0	340,701	47,140	293,561	64,942
Capital leases	36,144	0	36,144	0	0
Sub-totals	66,067,183	15,041,875	1,937,118	79,171,940	1,549,942
Net pension liability	6,988,299	821,000	492,644	7,316,655	0
Net OPEB liability	9,735,144	746,062	154,971	10,326,235	0
Totals	<u>\$82,790,626</u>	<u>\$16,608,937</u>	<u>\$2,584,733</u>	<u>\$96,814,830</u>	<u>\$1,549,942</u>

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N. Bonds Payable

Bonded indebtedness of the District is reflected in the statement of net position. Current requirements for principal and interest expenditures are accounted for in the Debt Service Fund in the fund financial statements.

The District issued \$13,225,000 in Unlimited Tax School Building Bonds, Series 2019 for (1) the construction, acquisition, and equipment of school buildings in the District and land therefor and (2) to pay costs associated with the issuance of the Bonds.

A summary of changes in general obligation bonds for the year ended August 31, 2020, are as follows:

Issue/Maturity Date	Interest Rates Payable	Amounts Original Issue	Beginning Balance	Issued	Retired	Ending Balance	Due Within One Year
Series 2015 UTR Bonds/2033	2.0%/5.0%	25,615,000	\$24,385,000	\$ 0	\$1,050,000	\$23,335,000	\$1,115,000
Series 2015A UTR Bonds/2030	2.0%/4.0%	4,100,000	2,710,000	0	360,000	2,350,000	370,000
Series 2016 UTSB Bonds/2043	3.5%/4.0%	32,180,000	32,180,000	0	0	32,180,000	0
Series 2019 UTSB Bonds/2047	4%	13,225,000	0	13,225,000	0	13,225,000	0
Totals			\$59,275,000	\$13,225,000	\$1,410,000	\$71,090,000	\$1,485,000

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

Year Ended August 31	Principal	Interest	Total Requirements
2021	\$ 1,485,000	\$ 2,996,726	\$ 4,481,726
2022	1,565,000	2,944,419	4,509,419
2023	1,615,000	2,879,763	4,494,763
2024	1,690,000	2,799,213	4,489,213
2025	1,775,000	2,714,563	4,489,563
2026-2030	10,140,000	12,163,712	22,303,712
2031-2035	12,570,000	9,401,661	21,971,661
2036-2040	15,555,000	6,559,900	22,114,900
2041-2045	17,825,000	3,097,100	20,922,100
2046-2050	6,870,000	277,600	7,147,600
Totals	\$71,090,000	\$45,834,657	\$116,924,657

Interest and fees paid on general obligation bonds during the year were \$2,906.113.

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 August 31, 2020.

O. Defeasance of Debt

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

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accordingly, the trust account assets and liabilities are not included in the District's financial statements. On August 31, 2020, \$29,690,000 of bonds considered defeased are still outstanding.

P. Loan Payables

On October 31, 2019, the District entered into a loan agreement in the amount of \$340,701 to provide funding for lighting retrofit throughout the District.

Issue/Maturity Date	Interest Rates Payable	Amounts Original Issue	Beginning Balance	Issued	Retired	Ending Balance	Due Within One Year
2019/2025	3.74%	\$340,701	\$0	\$340,701	\$47,140	\$293,561	\$64,942

Year Ended August 31	Principal	Interest	Total Requirements
2021	\$ 64,942	\$ 9,873	\$ 74,815
2022	67,413	7,403	74,816
2023	69,978	4,838	74,816
2024	72,640	2,175	74,815
2025	18,588	116	18,704
Totals	\$293,561	\$24,405	\$317,966

Q. Revenue from Local and Intermediate Sources

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

	General Fund	Debt Service Fund	Capital Projects Fund	Other Funds	Totals
Property taxes	\$9,504,839	\$4,892,525	\$ 0	\$ 0	\$14,397,364
Food sales	0	0	0	314,208	314,208
Penalties, interest & other tax related income	73,221	32,891	0	0	106,112
SSA – local revenue from members	0	0	0	2,325,206	2,325,206
Tuition & fees	86,533	0	0	0	86,533
Earnings – temporary deposits & investments	180,273	75,044	121,852	417	377,586
Insurance recovery	2,503	0	0	0	2,503
Other revenues from local sources	62,741	0	0	141,086	203,827
Athletic activities	45,034	0	0	0	45,034
Total	\$9,955,144	\$5,000,460	\$121,852	\$2,780,917	\$17,858,373

R. State Aid Revenue

The District receives state revenues from TEA based upon the application of formula allocations, on behalf allocations, and other state miscellaneous programs. The components of state program revenues as shown in the governmental fund financial statements are as follows:

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	General Fund	Debt Service Fund	Other Funds	Fund Totals
Per Capita Apportionment	\$ 707,294	\$ 0	\$ 0	\$ 707,294
Foundation School Prg. Act Entitlements	10,938,594	0	130,956	11,069,550
State Program Revenues	0	44,378	306,857	351,235
TRS On-behalf Payments	1,199,729	0	176,775	1,376,504
TRS Medicare Part-D	88,378	0	0	88,378
State Revenues from State	1,202,192	0	0	1,202,192
SSA - State Revenues from Fiscal Agent	0	0	4,925	4,925
Total	<u>\$14,136,187</u>	<u>\$44,378</u>	<u>\$619,513</u>	<u>\$14,800,078</u>

S. Federal Program Revenues

The District receives federal program revenues for various programs as follows:

Revenues	General Fund	Other Funds
School Health & Related Services (SHARS)	\$256,235	\$ 0
Federal Revenues Distributed by TEA	20,145	0
U. S. Department of Education – Passed Through	0	1,878,977
U. S. Department of Agriculture – Passed Through	0	907,258
Totals	<u>\$276,380</u>	<u>\$2,786,235</u>

T. Employee Benefits

Compensated Absences

Vacations are to be taken within the same year they are earned, and any unused days at the end of the year are forfeited. Therefore, no liability has been accrued in the accompanying financial statements. Employees of the District are also entitled to sick leave based on category/class of employment. Sick leave accumulates but does not vest. Therefore, a liability for unused sick leave has not been recorded in either the government-wide financial statements or the governmental fund financial statements.

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

Benefits Provided - TRS 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 the date of employment, or if the member was grandfathered in under a previous rule. There are no automatic post-employment benefit changes; including automatic COLAs. Ad hoc post-employment benefit changes, including ad hoc COLAs, can be granted by the Texas Legislature as noted in the Plan description above.

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

In May 2019, the 86th Texas Legislature approved the TRS Pension Reform Bill (Senate Bill 12) that provides for gradual contribution increases from the state, participating employers, and active employees to make the pension fund actuarially sound. This action causing the pension fund to be actuarially sound, allowed the legislature to approve funding for a 13th check in September 2019. All eligible members who were 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.

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	<u>Contribution Rates</u>	
	<u>2019</u>	<u>2020</u>
Member	7.7%	7.7%
Non-Employer Contributing Entity (State)	6.8%	7.5%
Employers	6.8%	7.5%
Current fiscal year Employer Contributions	\$568,510	
Current fiscal year Member Contributions	\$1,421,002	
2019 measurement date NECE On-behalf Contributions	\$833,766	

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

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

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

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

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

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Exhibit F-1

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

Valuation Date	August 31, 2018 rolled forward to August 31, 2019
Actuarial Cost Method	Individual Entry Age Normal
Asset Valuation Method	Market Value
Single Discount Rate	7.25%
Long-term expected Investment Rate of Return	7.25%
Municipal Bond Rate as of August, 2019	2.63% - Source for the rate is the Fixed Income Market Data/Yield Curve/Data Municipal Bonds with 20 years to maturity that include only federally tax-exempt municipal bonds as reported to Fidelity Index's "20-Year Municipal GO AA Index."
Last year ending August 31 in Projection Period (100 years)	2116
Inflation	2.30 %
Salary Increases	3.05% to 9.05% including inflation
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 the 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.

GODLEY INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
AUGUST 31, 2020

Exhibit F-1

Asset Class	FY 2019 Target Allocation*	New Target Allocation**	Long-Term Expected Geometric Real Rate of Return***
Global Equity			
USA	18.0%	18.0%	6.4%
Non-U.S. Developed	13.0%	13.0%	6.3%
Emerging Markets	9.0 %	9.0%	7.3%
Directional Hedge Funds	4.0%	0.0%	0.0%
Private Equity	13.0%	14.0%	8.4%
Stable Value			
U. S. Treasuries****	11.0%	16.0 %	3.1%
Stable Value Hedge Funds	4.0%	5.0%	4.5%
Absolute Return	4.0%	0.0%	0.0%
Real Return			
Global Inflation Linked Bonds*****	3.0%	0.0%	0.0%
Real Estate	14.0%	15.0%	8.5%
Energy, Natural Resources & Infrastructure	5.0%	6.0%	7.3%
Commodities	0.0%	0.0%	0.0%
Risk Parity			
Risk Parity	5.0%	8.0%	5.8%/6.5%*****
Leverage			
Cash	1.0%	2.0%	2.5%
Asset Allocation Leverage		(6.0%)	2.7%
Expected Return	<u>100.0%</u>		<u>7.23%</u>

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

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

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

**** New Target Allocation groups Government Bonds within the stable value allocation. This includes global sovereign nominal and inflation-linked bonds

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

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

	1% Decrease in Discount Rate (6.25%)	Discount Rate (7.25%)	1% Increase in Discount Rate (8.25%)
District's proportionate share of the net pension liability:	<u>\$11,246,762</u>	<u>\$7,316,655</u>	<u>\$4,132,510</u>

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions – On August 31, 2020, the District reported a liability of \$7,316,655 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	\$ 7,316,655
State's proportionate share that is associated with District	<u>12,383,462</u>
Total	<u>\$19,700,117</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.

On August 31, 2019, the employer's proportion of the collective net pension liability was 0.0140750582% which was an increase of 0.0013788540% over its proportion measured as of August 31, 2018.

Changes Since the Prior Actuarial Valuation

- The single discount rate as of August 31, 2018, was a blended rate of 6.907 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 the fiscal year 2020. This is in addition to the salary increase expected in the actuarial assumptions.
- The Texas legislature approved funding for a 13th check. All eligible members retired as of December 31, 2018, will receive an extra annuity check in September 2019 in either the matching amount of their monthly annuity payment or \$2,000, whichever is less.

For the year ended August 31, 2020, the District recognized pension expense of \$3,501,392 and revenue of \$1,945,267 for support provided by the State.

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ 30,736	\$ 254,046
Changes in actuarial assumptions	2,269,986	938,066
Difference between projected and actual investment earnings	73,468	0
Changes in proportion and difference between the employer's contributions and the proportionate share of contributions	812,402	15,768
Total as of August 31, 2019 measurement date	3,186,592	1,207,880
Contributions paid to TRS subsequent to the measurement date	568,510	0
Total	\$3,755,102	\$1,207,880

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:

GODLEY INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
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Exhibit F-1

Fiscal Year ended August 31	Pension Expense Amount
2021	\$479,364
2022	394,776
2023	478,432
2024	457,421
2025	206,375
Thereafter	(37,656)

V. Defined Other Post-Employment Benefit Plans

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

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

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

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

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

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

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

GODLEY INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
AUGUST 31, 2020

Exhibit F-1

percent of the employee's salary. Section 1575.203 establishes the active employee's rate which is 0.75 percent 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		\$177,051
Current fiscal year Member Contributions		\$119,955
2019 measurement year NECE On-Behalf Contributions		\$205,909

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

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

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

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

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

Additional Actuarial Methods and Assumptions:

Valuation Date	August 31, 2018 rolled forward to August 31, 2019
Actuarial Cost Method	Individual Entry Age Normal
Inflation	2.30%
Single Discount Rate	2.63% as of August 31, 2019
Aging Factors	Based on Plan Specific Experience
Election Rates	Normal Retirement: 65% participation prior to age 65 and 50% participation after age 65. 25% pre-65 retirees are assumed to discontinue coverage at age 65.
Expenses	Third-party administrative expenses related to the delivery of health care benefits are included in the age-adjusted claims costs.
Projected Salary Increases	3.05% - 9.05% including inflation
Ad-hoc Post Employment Benefit Changes	None

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

- 2018 thresholds of \$850/\$2,292 were indexed annually by 2.30 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.

Discount Rate - A single discount rate of 2.63% was used to measure the total OPEB liability. There was a 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%)	Current Single Discount Rate (2.63%)	1% Increase in Discount Rate (3.63%)
District’s proportionate share of the net OPEB liability:	\$12,467,079	\$10,326,235	\$8,651,451

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEBs – On August 31, 2020, the District reported a liability of \$10,326,235 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	\$10,326,235
State’s proportionate share that is associated with District	13,721,256
Total	\$24,047,491

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.

GODLEY INDEPENDENT SCHOOL DISTRICT
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Exhibit F-1

On August 31, 2019, the employer's proportion of the collective net OPEB liability was 0.0218354144%, which was an increase of 0.0023381872% over its proportion measured as of August 31, 2018.

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

	1% Decrease in Healthcare Trend Rate	Current Healthcare Cost Trend Rate	1% Increase in Healthcare Trend Rate
District's proportionate share of the Net OPEB liability:	\$8,423,780	\$10,326,235	\$12,874,651

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

- The discount rate changed from 3.69 percent as of August 31, 2018, to 2.63 percent as of August 31, 2019. This change increased the TOL.
- The participation rate for pre-65 retirees was lowered from 70 percent to 65 percent. The participation rate for post-65 retirees was lowered from 75 percent to 50 percent. 25 percent of pre-65 retirees are assumed to discontinue their coverage at age 65. There was no lapse assumption in the prior valuation. These changes decreased the TOL.
- The trend rates were reset to better reflect the plan's anticipated experience. This change increased the TOL.
- The percentage of retirees who are assumed to have two-person coverage was lowered from 20 percent to 15 percent. In addition, the participation assumption for the surviving spouses of employees that die while actively employed was lowered from 20 percent to 10 percent. These changes decreased the TOL.
- Change of Benefit Terms Since the Prior Measurement Date – There were no changes in benefit terms since the prior measurement date.

For the year ended August 31, 2020, the District recognized OPEB expense of \$872,088 and revenue of \$361,636 for support provided by the State.

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

GODLEY INDEPENDENT SCHOOL DISTRICT
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Exhibit F-1

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual actuarial experience	\$ 506,590	\$1,689,779
Changes in actuarial assumptions	573,542	2,777,504
Difference between projected and actual investment earnings	1,114	0
Changes in proportion and difference between the District's contributions and the proportionate share of contributions	1,789,485	0
Total as of August 31, 2019 measurement date	2,870,731	4,467,283
Contributions paid to TRS subsequent to the measurement date	177,051	0
Total	\$3,047,782	\$4,467,283

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:

Year ended August 31	OPEB Expense Amount
2021	\$(338,302)
2022	(338,302)
2023	(338,663)
2024	(338,869)
2025	(338,813)
Thereafter	96,397

W. Medicare Part D Coverage

The Medicare Prescription Drug, Improvement, and Modernization Act of 2003, effective January 1, 2006, established prescription drug coverage for Medicare beneficiaries known as Medicare Part D. One of the provisions of Medicare Part D allows for the Texas Public School Retired Employee Group Insurance Program (TRS-Care) to receive retiree drug subsidy payments from the federal government to offset certain prescription drug expenditures for eligible TRS-Care participants. For the fiscal years ended August 31, 2020, 2019, and 2018, the subsidy payments received by TRS-Care on-behalf of the District were \$88,378, \$56,651, and \$44,451, respectively. These payments are recorded as equal revenues and expenditures in the governmental fund financial statements of the District.

X. 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 \$278 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 ActiveCare. That report may be obtained by visiting the TRS

Website at www.trs.state.tx.us, by writing the Communications Department of Texas Retirement System of Texas at 1000 Red River Street, Austin, Texas 78701, or by calling (800) 223-8778.

Y. Commitments and Contingencies

1. State and Federal Grants

Minimum foundation funding received from TEA is based primarily on information concerning average daily attendance at the District's schools which is compiled by the District and supplied to TEA. Federal funding for Food Service under child nutrition programs is based primarily upon the number and type of meals served and on user charges as reported to the United States Department of Agriculture ("USDA"). Federal and state funding received related to various grant programs are based upon periodic reports detailing reimbursable expenditures made in compliance with program guidelines to the grantor agencies.

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.

2. Litigation

The District is not a party in any litigation.

Z. 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.

AA. Joint Venture-Shared Service Arrangements

The District is fiscal agent for a Special Education Shared Service Arrangement ("SSA") that provides special education programs and alternative school programs for member districts. In addition to the District, other member districts include the following independent school districts: Grandview, Keene, and Rio Vista. The District as a fiscal agent provides all services to member districts. The member districts provide funds to the fiscal agent.

The District accounts for this SSA in Special Revenue Fund 437 – SSA, Special Education. The District as fiscal agent, manages the SSA's financial matters, including budgeting, accounting, auditing, and reporting. Certain management decisions may be made by an executive board or committee of participating members. The District records the receipt of the member's monies and state and federal funding and the related disbursement activity in the SSA special revenue fund. At

year's end, the District informs the members of the SSA's activities and their share of expenditures. The District allocates expenditures of the SSA based on predetermined allocation rates. None of the members are accumulating significant financial resources nor fiscal exigencies that would give rise to future additional benefits or burdens.

As fiscal agent for this program, the District also receives Federal funds that are reported in the following SSA funds: Fund 313 – IDEA, Part B, Formula; Fund 314 – IDEA, Part B, Preschool; Fund 331 – Career & Technical – Basic Grant, and Fund 437 – Special Education.

AB. Evaluation of Subsequent Events

The District has evaluated subsequent events through January 19, 2021, the date which the financial statements were available to be issued.

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REQUIRED SUPPLEMENTARY INFORMATION

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

Data Control Codes	Budgeted Amounts		Actual Amounts (GAAP BASIS)	Variance With Final Budget Positive or (Negative)
	Original	Final		
REVENUES:				
5700 Total Local and Intermediate Sources	\$ 9,979,200	\$ 9,979,200	\$ 9,955,144	\$ (24,056)
5800 State Program Revenues	13,319,866	14,521,058	14,136,187	(384,871)
5900 Federal Program Revenues	262,000	262,000	276,380	14,380
5020 Total Revenues	23,561,066	24,762,258	24,367,711	(394,547)
EXPENDITURES:				
Current:				
0011 Instruction	12,692,637	13,108,637	12,792,679	315,958
0012 Instructional Resources and Media Services	506,616	411,616	363,753	47,863
0013 Curriculum and Instructional Staff Development	161,050	249,550	160,549	89,001
0021 Instructional Leadership	219,094	299,094	272,624	26,470
0023 School Leadership	1,546,513	1,646,513	1,622,979	23,534
0031 Guidance, Counseling, and Evaluation Services	534,906	579,906	558,217	21,689
0032 Social Work Services	76,414	126,414	113,071	13,343
0033 Health Services	287,717	297,717	265,747	31,970
0034 Student (Pupil) Transportation	990,677	2,370,729	2,365,076	5,653
0036 Extracurricular Activities	1,108,322	1,052,322	1,010,599	41,723
0041 General Administration	1,209,727	1,236,227	1,156,605	79,622
0051 Facilities Maintenance and Operations	2,680,023	2,688,910	2,573,019	115,891
0052 Security and Monitoring Services	171,000	196,000	117,438	78,562
0053 Data Processing Services	732,640	762,640	730,945	31,695
0061 Community Services	5,500	5,500	1,943	3,557
Debt Service:				
0071 Principal on Long-Term Debt	-	47,140	47,140	-
0072 Interest on Long-Term Debt	-	23,973	8,972	15,001
Capital Outlay:				
0081 Facilities Acquisition and Construction	-	365,702	340,701	25,001
Intergovernmental:				
0093 Payments to Fiscal Agent/Member Districts of SSA	1,076,300	1,086,300	1,076,300	10,000
0099 Other Intergovernmental Charges	188,000	198,000	187,350	10,650
6030 Total Expenditures	24,187,136	26,752,890	25,765,707	987,183
1100 Excess (Deficiency) of Revenues Over (Under) Expenditures	(626,070)	(1,990,632)	(1,397,996)	592,636
OTHER FINANCING SOURCES (USES):				
7914 Non-Current Loans	-	340,702	340,701	(1)
8911 Transfers Out (Use)	-	-	(64,385)	(64,385)
7080 Total Other Financing Sources (Uses)	-	340,702	276,316	(64,386)
SPECIAL ITEMS:				
7918 Special Item - Mineral Interests	-	-	86	86
1200 Net Change in Fund Balances	(626,070)	(1,649,930)	(1,121,594)	528,336
0100 Fund Balance - September 1 (Beginning)	10,492,026	10,492,026	10,492,026	-
3000 Fund Balance - August 31 (Ending)	\$ 9,865,956	\$ 8,842,096	\$ 9,370,432	\$ 528,336

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

	FY 2020 Plan Year 2019	FY 2019 Plan Year 2018	FY 2018 Plan Year 2017
District's Proportion of the Net Pension Liability (Asset)	0.014075058%	0.012696204%	0.0125765%
District's Proportionate Share of Net Pension Liability (Asset)	\$ 7,316,655	\$ 6,988,299	\$ 4,021,294
State's Proportionate Share of the Net Pension Liability (Asset) Associated with the District	12,383,462	12,249,653	7,231,754
Total	<u>\$ 19,700,117</u>	<u>\$ 19,237,952</u>	<u>\$ 11,253,048</u>
District's Covered Payroll	\$ 16,520,785	\$ 14,633,641	\$ 14,234,206
District's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	44.29%	47.76%	28.25%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	75.24%	73.74%	82.17%

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

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

FY 2017 Plan Year 2016			FY 2016 Plan Year 2015		
					FY 2015 Plan Year 2014
0.0126516%			0.01305%		0.0086918%
\$	4,780,859	\$	4,613,001	\$	2,321,700
9,247,315			8,559,630		7,014,039
\$	14,028,174	\$	13,172,631	\$	9,335,739
\$	14,419,582	\$	13,583,116	\$	12,775,498
33.16%			33.96%		18.17%
78.00%			78.43%		83.25%

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

	2020	2019	2018
Contractually Required Contribution	\$ 568,510	\$ 490,776	\$ 427,703
Contribution in Relation to the Contractually Required Contribution	(568,510)	(490,776)	(427,703)
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -
District's Covered Payroll	\$ 18,454,537	\$ 16,520,785	\$ 14,633,641
Contributions as a Percentage of Covered Payroll	3.08%	2.97%	2.92%

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

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

2017			2016		
2015					
\$	412,185	\$	401,978	\$	386,417
	(412,185)		(401,978)		(386,417)
\$	-	\$	-	\$	-
\$	14,234,206	\$	14,419,582	\$	13,583,116
	2.90%		2.79%		2.84%

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

	FY 2020 Plan Year 2019	FY 2019 Plan Year 2018	FY 2018 Plan Year 2017
District's Proportion of the Net Liability (Asset) for Other Postemployment Benefits	0.021835414%	0.019497227%	0.0184647%
District's Proportionate Share of Net OPEB Liability (Asset)	\$ 10,326,235	\$ 9,735,144	\$ 8,029,590
State's Proportionate Share of the Net OPEB Liability (Asset) Associated with the District	13,721,256	12,160,247	10,866,811
Total	<u>\$ 24,047,491</u>	<u>\$ 21,895,391</u>	<u>\$ 18,896,401</u>
District's Covered Payroll	\$ 16,520,785	\$ 14,633,641	\$ 14,234,206
District's Proportionate Share of the Net OPEB Liability (Asset) as a Percentage of its Covered Payroll	62.50%	66.53%	56.41%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	2.66%	1.57%	0.91%

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

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

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

	2020	2019	2018
Contractually Required Contribution	\$ 177,051	\$ 154,488	\$ 124,873
Contribution in Relation to the Contractually Required Contribution	(177,051)	(154,488)	(124,873)
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -
District's Covered Payroll	\$ 18,454,537	\$ 16,520,785	\$ 14,633,641
Contributions as a Percentage of Covered Payroll	0.96%	0.94%	0.85%

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

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

A. Notes to Schedule for the TRS Pension

Changes in Benefit terms

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

Changes in Assumptions

There were no changes in the actuarial assumptions used in the determination of the total pension liability during the measurement period.

The single discount rate was a blended rate of 6.90% as of August 31, 2018, and that has changed to the long-term rate of return of 7.25% as of August 31, 2019.

With the enactment of SB3 by the 2019 Texas Legislature, an assumption has been made about how this would impact future salaries.

B. Notes to Schedules for the TRS OPEB Plan

Changes in Benefit

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

Changes in Assumption

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

- The discount rate changed from 3.69 percent as of August 31, 2018, to 2.63 percent as of August 31, 2019. This change increased the TOL.
- The 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 valuations. 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.

COMBINING SCHEDULES

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

Data Control Codes		211 ESEA I, A Improving Basic Program	240 National Breakfast and Lunch Program	244 Career and Technical - Basic Grant
ASSETS				
1110	Cash and Cash Equivalents	\$ -	\$ -	\$ -
1120	Investments - Current	-	-	-
1240	Due from Other Governments	5,263	58,816	-
1260	Due from Other Funds	-	-	-
1290	Other Receivables	13,091	700	-
1300	Inventories	-	2,613	-
1410	Prepayments	-	-	-
1000	Total Assets	<u>\$ 18,354</u>	<u>\$ 62,129</u>	<u>\$ -</u>
LIABILITIES				
2110	Accounts Payable	\$ -	\$ -	\$ -
2150	Payroll Deductions and Withholdings Payable	1	-	-
2160	Accrued Wages Payable	4,615	-	-
2170	Due to Other Funds	13,738	59,516	-
2300	Unearned Revenue	-	2,613	-
2000	Total Liabilities	<u>18,354</u>	<u>62,129</u>	<u>-</u>
FUND BALANCES				
Nonspendable Fund Balance:				
3430	Prepaid Items	-	-	-
Restricted Fund Balance:				
3450	Federal or State Funds Grant Restriction	-	-	-
Committed Fund Balance:				
3545	Other Committed Fund Balance	-	-	-
3000	Total Fund Balances	<u>-</u>	<u>-</u>	<u>-</u>
4000	Total Liabilities and Fund Balances	<u>\$ 18,354</u>	<u>\$ 62,129</u>	<u>\$ -</u>

255 ESEA II,A Training and Recruiting	263 Title III, A English Lang. Acquisition	266 ESSER -School Emergency Relief	276 Title I - SIP Academy Grant	289 Other Federal Special Revenue Funds	313 SSA IDEA, Part B Formula	314 SSA IDEA, Part B Preschool	397 Advanced Placement Incentives
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-	-
19,914	13,946	182,079	18,000	2,143	124,920	9,428	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	2,648	-	-
<u>\$ 19,914</u>	<u>\$ 13,946</u>	<u>\$ 182,079</u>	<u>\$ 18,000</u>	<u>\$ 2,143</u>	<u>\$ 127,568</u>	<u>\$ 9,428</u>	<u>\$ -</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-	-
-	-	-	-	-	122,095	8,777	-
19,914	13,946	182,079	18,000	2,143	5,473	651	-
-	-	-	-	-	-	-	-
<u>19,914</u>	<u>13,946</u>	<u>182,079</u>	<u>18,000</u>	<u>2,143</u>	<u>127,568</u>	<u>9,428</u>	<u>-</u>
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>\$ 19,914</u>	<u>\$ 13,946</u>	<u>\$ 182,079</u>	<u>\$ 18,000</u>	<u>\$ 2,143</u>	<u>\$ 127,568</u>	<u>\$ 9,428</u>	<u>\$ -</u>

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

Data Control Codes		410 State Instructional Materials	429 Other State Special Revenue Funds	437 SSA Special Education	459 Other SSA Special Revenue Funds
ASSETS					
1110	Cash and Cash Equivalents	\$ -	\$ -	\$ 121,425	\$ -
1120	Investments - Current	-	-	546,433	-
1240	Due from Other Governments	31,189	45,754	-	4,925
1260	Due from Other Funds	-	-	-	70,830
1290	Other Receivables	-	-	652	-
1300	Inventories	-	-	-	-
1410	Prepayments	-	-	2,729	-
1000	Total Assets	<u>\$ 31,189</u>	<u>\$ 45,754</u>	<u>\$ 671,239</u>	<u>\$ 75,755</u>
LIABILITIES					
2110	Accounts Payable	\$ -	\$ -	\$ 1,162	\$ -
2150	Payroll Deductions and Withholdings Payable	-	-	-	-
2160	Accrued Wages Payable	-	-	229,218	-
2170	Due to Other Funds	31,189	45,754	71,396	-
2300	Unearned Revenue	-	-	-	75,755
2000	Total Liabilities	<u>31,189</u>	<u>45,754</u>	<u>301,776</u>	<u>75,755</u>
FUND BALANCES					
Nonspendable Fund Balance:					
3430	Prepaid Items	-	-	2,729	-
Restricted Fund Balance:					
3450	Federal or State Funds Grant Restriction	-	-	366,734	-
Committed Fund Balance:					
3545	Other Committed Fund Balance	-	-	-	-
3000	Total Fund Balances	<u>-</u>	<u>-</u>	<u>369,463</u>	<u>-</u>
4000	Total Liabilities and Fund Balances	<u>\$ 31,189</u>	<u>\$ 45,754</u>	<u>\$ 671,239</u>	<u>\$ 75,755</u>

461 Campus Activity Funds	Total Nonmajor Governmental Funds
\$ 79,946	\$ 201,371
-	546,433
-	516,377
-	70,830
-	14,443
-	2,613
-	5,377
<u>\$ 79,946</u>	<u>\$ 1,357,444</u>
\$ -	\$ 1,162
-	1
-	364,705
120	463,919
-	78,368
<u>120</u>	<u>908,155</u>
-	2,729
-	366,734
79,826	79,826
<u>79,826</u>	<u>449,289</u>
<u>\$ 79,946</u>	<u>\$ 1,357,444</u>

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

Data Control Codes	211 ESEA I, A Improving Basic Program	240 National Breakfast and Lunch Program	244 Career and Technical - Basic Grant
REVENUES:			
5700 Total Local and Intermediate Sources	\$ -	\$ 314,208	\$ -
5800 State Program Revenues	-	33,666	-
5900 Federal Program Revenues	304,725	907,259	18,248
5020 Total Revenues	304,725	1,255,133	18,248
EXPENDITURES:			
Current:			
0011 Instruction	210,459	-	18,248
0012 Instructional Resources and Media Services	-	-	-
0013 Curriculum and Instructional Staff Development	28,977	-	-
0021 Instructional Leadership	-	-	-
0023 School Leadership	50,938	-	-
0031 Guidance, Counseling, and Evaluation Services	14,351	-	-
0032 Social Work Services	-	-	-
0033 Health Services	-	-	-
0034 Student (Pupil) Transportation	-	-	-
0035 Food Services	-	1,319,518	-
0041 General Administration	-	-	-
0051 Facilities Maintenance and Operations	-	-	-
0052 Security and Monitoring Services	-	-	-
Debt Service:			
0071 Principal on Long-Term Debt	-	-	-
Intergovernmental:			
0093 Payments to Fiscal Agent/Member Districts of SSA	-	-	-
6030 Total Expenditures	304,725	1,319,518	18,248
1100 Excess (Deficiency) of Revenues Over (Under) Expenditures	-	(64,385)	-
OTHER FINANCING SOURCES (USES):			
7915 Transfers In	-	64,385	-
1200 Net Change in Fund Balance	-	-	-
0100 Fund Balance - September 1 (Beginning)	-	-	-
3000 Fund Balance - August 31 (Ending)	\$ -	\$ -	\$ -

255 ESEA II,A Training and Recruiting	263 Title III, A English Lang. Acquisition	266 ESSER -School Emergency Relief	276 Title I - SIP Academy Grant	289 Other Federal Special Revenue Funds	313 SSA IDEA, Part B Formula	314 SSA IDEA, Part B Preschool	397 Advanced Placement Incentives
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-	11
43,082	19,380	182,079	17,168	16,569	1,141,577	77,949	-
43,082	19,380	182,079	17,168	16,569	1,141,577	77,949	11
-	3,401	-	17,168	16,569	443,268	77,949	-
-	-	-	-	-	-	-	-
43,082	9,700	18,530	-	-	-	-	11
-	-	-	-	-	55,738	-	-
-	-	-	-	-	-	-	-
-	6,279	-	-	-	642,571	-	-
-	-	-	-	-	-	-	-
-	-	6,298	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	103,636	-	-	-	-	-
-	-	53,615	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
43,082	19,380	182,079	17,168	16,569	1,141,577	77,949	11
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

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

Data Control Codes	410 State Instructional Materials	429 Other State Special Revenue Funds	437 SSA Special Education	459 Other SSA Special Revenue Funds
REVENUES:				
5700 Total Local and Intermediate Sources	\$ -	\$ -	\$ 2,329,610	\$ -
5800 State Program Revenues	186,993	90,545	279,091	29,207
5900 Federal Program Revenues	-	-	58,199	-
5020 Total Revenues	186,993	90,545	2,666,900	29,207
EXPENDITURES:				
Current:				
0011 Instruction	150,849	55,254	1,662,070	22,382
0012 Instructional Resources and Media Services	-	-	-	-
0013 Curriculum and Instructional Staff Development	-	-	-	-
0021 Instructional Leadership	-	-	365,718	-
0023 School Leadership	-	-	1,380	-
0031 Guidance, Counseling, and Evaluation Services	-	-	422,158	1,900
0032 Social Work Services	-	-	-	4,925
0033 Health Services	-	-	-	-
0034 Student (Pupil) Transportation	-	-	450,182	-
0035 Food Services	-	-	-	-
0041 General Administration	-	-	4,370	-
0051 Facilities Maintenance and Operations	-	-	95,472	-
0052 Security and Monitoring Services	-	35,291	7,000	-
Debt Service:				
0071 Principal on Long-Term Debt	36,144	-	-	-
Intergovernmental:				
0093 Payments to Fiscal Agent/Member Districts of SSA	-	-	19,477	-
6030 Total Expenditures	186,993	90,545	3,027,827	29,207
1100 Excess (Deficiency) of Revenues Over (Under) Expenditures	-	-	(360,927)	-
OTHER FINANCING SOURCES (USES):				
7915 Transfers In	-	-	-	-
1200 Net Change in Fund Balance	-	-	(360,927)	-
0100 Fund Balance - September 1 (Beginning)	-	-	730,390	-
3000 Fund Balance - August 31 (Ending)	\$ -	\$ -	\$ 369,463	\$ -

461		Total	
Campus		Nonmajor	
Activity		Governmental	
Funds		Funds	
\$	137,099	\$	2,780,917
	-		619,513
	-		2,786,235
	137,099		6,186,665
	117,601		2,795,218
	11,779		11,779
	-		100,300
	-		421,456
	23,400		75,718
	-		1,087,259
	-		4,925
	-		6,298
	76		450,258
	-		1,319,518
	-		4,370
	-		199,108
	-		95,906
	-		36,144
	-		19,477
	152,856		6,627,734
	(15,757)		(441,069)
	-		64,385
	(15,757)		(376,684)
	95,583		825,973
\$	79,826	\$	449,289

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REQUIRED TEXAS EDUCATION AGENCY SCHEDULES

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

Last 10 Years Ended August 31	(1)	(2)	(3)
	Tax Rates		Assessed/Appraised Value for School Tax Purposes
	Maintenance	Debt Service	
2011 and prior years	Various	Various	\$ 4,591,425,924
2012	0.941500	0.195590	1,227,121,688
2013	0.941500	0.187200	1,209,597,590
2014	0.941500	0.231252	1,034,699,638
2015	0.941500	0.254000	1,013,416,729
2016	0.973200	0.274460	940,600,885
2017	1.040000	0.500000	761,222,792
2018	1.040000	0.500000	762,935,195
2019	1.040000	0.500000	881,749,091
2020 (School year under audit)	0.970000	0.500000	984,082,721
1000 TOTALS			

(10) Beginning Balance 9/1/2019	(20) Current Year's Total Levy	(31) Maintenance Collections	(32) Debt Service Collections	(40) Entire Year's Adjustments	(50) Ending Balance 8/31/2020
\$ 181,153	\$ -	\$ 468	\$ 90	\$ -	\$ 180,595
10,366	-	221	46	(120)	9,979
9,474	-	399	79	(120)	8,876
9,862	-	962	236	(102)	8,562
17,922	-	3,826	1,032	(15,644)	(2,580)
22,452	-	5,596	1,578	(108)	15,170
36,022	-	10,711	5,150	(133)	20,028
70,725	-	20,535	9,873	12,821	53,138
188,679	-	84,486	40,618	11,856	75,431
-	14,466,016	9,377,628	4,833,829	(72,762)	181,797
<u>\$ 546,655</u>	<u>\$ 14,466,016</u>	<u>\$ 9,504,832</u>	<u>\$ 4,892,531</u>	<u>\$ (64,312)</u>	<u>\$ 550,996</u>

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

Data Control Codes	Budgeted Amounts		Actual Amounts (GAAP BASIS)	Variance With Final Budget Positive or (Negative)
	Original	Final		
REVENUES:				
5700 Total Local and Intermediate Sources	\$ 385,500	\$ 385,500	\$ 314,208	\$ (71,292)
5800 State Program Revenues	27,500	27,500	33,666	6,166
5900 Federal Program Revenues	758,500	758,500	907,259	148,759
5020 Total Revenues	1,171,500	1,171,500	1,255,133	83,633
EXPENDITURES:				
Current:				
0035 Food Services	1,322,976	1,372,976	1,319,518	53,458
6030 Total Expenditures	1,322,976	1,372,976	1,319,518	53,458
1100 Excess (Deficiency) of Revenues Over (Under) Expenditures	(151,476)	(201,476)	(64,385)	137,091
OTHER FINANCING SOURCES (USES):				
7915 Transfers In	-	-	64,385	64,385
1200 Net Change in Fund Balances	(151,476)	(201,476)	-	201,476
0100 Fund Balance - September 1 (Beginning)	-	-	-	-
3000 Fund Balance - August 31 (Ending)	\$ (151,476)	\$ (201,476)	\$ -	\$ 201,476

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

Data Control Codes	Budgeted Amounts		Actual Amounts (GAAP BASIS)	Variance With Final Budget Positive or (Negative)
	Original	Final		
REVENUES:				
5700 Total Local and Intermediate Sources	\$ 4,858,000	\$ 4,858,000	\$ 5,000,460	\$ 142,460
5800 State Program Revenues	43,893	43,893	44,378	485
5020 Total Revenues	4,901,893	4,901,893	5,044,838	142,945
EXPENDITURES:				
Debt Service:				
0071 Principal on Long-Term Debt	1,410,000	1,410,000	1,410,000	-
0072 Interest on Long-Term Debt	3,073,821	3,073,821	2,904,833	168,988
0073 Bond Issuance Cost and Fees	10,000	10,000	1,280	8,720
6030 Total Expenditures	4,493,821	4,493,821	4,316,113	177,708
1200 Net Change in Fund Balances	408,072	408,072	728,725	320,653
0100 Fund Balance - September 1 (Beginning)	3,725,695	3,725,695	3,725,695	-
3000 Fund Balance - August 31 (Ending)	\$ 4,133,767	\$ 4,133,767	\$ 4,454,420	\$ 320,653

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

Kirk & Richardson. P.C.

Members of the American Institute of Certified Public Accountants
Governmental Audit Quality Center

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
Godley Independent School District
313 N. Pearson
Godley, Texas 76044

Members of the Board of Trustees:

We have audited in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Godley Independent School District (the "District") as of and for the year ended August 31, 2020, and the related notes to the financial statements which collectively comprise the District's basic financial statements and have issued our report thereon dated January 19, 2021.

Internal Control over Financial Reports

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

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the

determination of financial statement. 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 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 Audit Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Kirk & Richardson, P.C.

Kirk & Richardson, P.C.
Fort Worth, Texas
January 19, 2021

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

Board of Trustees
Godley Independent School District
313 N. Pearson
Godley, Texas 76044

Members of the Board of Trustees:

Report on Compliance for Each Major Federal Program

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

Management's Responsibility

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

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

Opinion on Each Major Federal Program

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

Report on Internal Control over Compliance

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

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control of 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.

Kirk & Richardson, P.C.

Kirk & Richardson, P.C.
Fort Worth, Texas
January 19, 2021

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

(1)	(2)	(3)	(4)
FEDERAL GRANTOR/ PASS-THROUGH GRANTOR/ PROGRAM or CLUSTER TITLE	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
U.S. DEPARTMENT OF EDUCATION			
<u>Passed Through State Department of Education</u>			
ESEA, Title I, Part A - Improving Basic Programs	84.010A	20610101126911	\$ 195,726
ESEA, Title I, Part A - Improving Basic Programs	84.010A	21610101126911	4,615
Tt1I 1003 School Improvement	84.010A	20610141126911	120,000
Total CFDA Number 84.010A			320,341
*SSA - IDEA - Part B, Formula	84.027	206600011269116600	1,072,253
*SSA - IDEA - Part B, Formula	84.027	216600011269116600	123,596
Total CFDA Number 84.027			1,195,849
*SSA - IDEA - Part B, Preschool	84.173	206610011269116610	73,098
*SSA - IDEA - Part B, Preschool	84.173	216610011269116610	8,777
Total CFDA Number 84.173			81,875
Total Special Education Cluster (IDEA)			1,277,724
Career and Technical - Basic Grant	84.048	20420006126911	19,136
Title III, Part A - English Language Acquisition	84.365A	20671001126911	19,768
ESEA, Title II, Part A, Teacher Principal Training	84.367A	20694501126911	45,197
LEP Summer School	84.369	69551902	1,336
Title I SIP Academy Grant	84.377A	17610740126911	18,000
Title IV, Part A, Subpart 1	84.424	20680101126911	15,538
Elementary & Secondary School Emergency Relief Fd	84.425D	20521001126911	182,079
Total Passed Through State Department of Education			1,899,119
TOTAL U.S. DEPARTMENT OF EDUCATION			1,899,119
U.S. DEPARTMENT OF AGRICULTURE			
<u>Passed Through the State Department of Agriculture</u>			
*School Breakfast Program	10.553	00671	259,768
*National School Lunch Program - Cash Assistance	10.555	00671	580,229
*National School Lunch Prog - Non-Cash Assistance	10.555	00671	67,261
Total CFDA Number 10.555			647,490
Total Child Nutrition Cluster			907,258
Total Passed Through the State Department of Agriculture			907,258
TOTAL U.S. DEPARTMENT OF AGRICULTURE			907,258
TOTAL EXPENDITURES OF FEDERAL AWARDS			\$ 2,806,377
*Clustered Programs			

See Accompanying Notes to the Schedule of Expenditures of Federal Awards

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

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued:	Unmodified
Internal control over financial reporting:	
Material weaknesses identified?	No
Significant deficiency(ies) identified that are not considered to be material weakness?	No
Noncompliance material to financial statements noted?	No

Federal Awards

Internal control over major programs:	
Material weaknesses identified?	No
Significant deficiency(ies) identified that are not considered to be material weakness?	No
Type of auditor's report issued on compliance for major programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with <i>Audit Requirements for Federal Awards</i> (Uniform Guidance)?	No

Identification of major programs:

U.S. Department of Agriculture

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
84.027	SSA – IDEA – Part B, Formula
84.027	SSA - IDEA – Part B, Formula
84.173	SSA – IDEA – Part B, Preschool
84.173	SSA – IDEA – Part B, Preschool

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

Auditee qualified as low risk auditee?: Yes

Section II – Financial Statement Findings

There were no current year findings.

Section III – Federal Award Findings and Questioned Costs

There were no current year findings.



GODLEY INDEPENDENT SCHOOL DISTRICT

313 N. PEARSON ST. • GODLEY, TEXAS 76044

(817) 592-4300 • FAX (817) 592-4296



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

Not applicable.



GODLEY INDEPENDENT SCHOOL DISTRICT

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CORRECTIVE ACTION PLAN FOR THE YEAR ENDED AUGUST 31, 2020

Contact Person: Bryan Myres, Executive Director - Finance
313 N. Pearson
Godley, Texas 76044

(817) 592-4300

CORRECTIVE ACTION PLAN:

None required.

GODLEY INDEPENDENT SCHOOL DISTRICT
NOTES TO SCHEDULE OF EXPENDITURES TO FEDERAL AWARDS
AUGUST 31, 2020

NOTE A – BASIS OF PRESENTATION

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

NOTE B—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance wherein certain types of expenditures are not allowable or are limited as to reimbursement.

NOTE C—INDIRECT COST RATE

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

NOTE D – RECONCILIATION OF EXPENDITURES OF FEDERAL AWARDS

The following is a reconciliation of expenditures of federal awards program per the Schedule of Expenditures of Federal Awards and expenditures reported in the financial statements as follows:

Total federal sources per financial statements for Governmental Funds	\$3,062,615
School Health & Related Services (SHARS) reimbursement not reported in the Schedule of Expenditures of Federal Awards	(256,235)
Rounding	(3)
Total federal expenditures on Schedule of Expenditures of Federal Awards	<u>\$2,806,377</u>