

TEXARKANA INDEPENDENT SCHOOL DISTRICT

ANNUAL FINANCIAL REPORT

YEAR ENDED JUNE 30, 2020

TEXARKANA INDEPENDENT SCHOOL DISTRICT

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INDEPENDENT AUDITOR'S REPORT

To the Board of School Trustees
Texarkana Independent School District
Texarkana, Texas

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of Texarkana Independent School District (the District), as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the District's basic financial statements 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 on the previous page present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of Texarkana Independent School District, as of June 30, 2020, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages v through xiv, budgetary comparison schedule – general fund on page 50, budgetary comparison schedule – child nutrition program on page 51, Schedule of the District's Proportionate Share of the Net Pension Liability (TRS) on pages 52-53, Schedule of the District's Contributions for Pensions on pages 54-55, Schedule of the District's Proportionate Share of the Net OPEB Liability (TRS) on page 56, and Schedule of the District's Contributions for Other Postemployment Benefits (OPEB) on page 57 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Texarkana Independent School District's basic financial statements. The combining and individual nonmajor funds, agency funds, and private purpose trust funds financial statements, and the Texas Education Agency required schedules listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by 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.

Board of School Trustees
Texarkana Independent School District

The combining and individual nonmajor fund financial statements, TEA required 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 and individual nonmajor fund financial statements, TEA required 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.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated November 9, 2020, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.



CERTIFIED PUBLIC ACCOUNTANTS

Texarkana, Texas
November 9, 2020

MANAGEMENT'S DISCUSSION AND ANALYSIS

In this section of the Annual Financial and Compliance Report, we, the managers of Texarkana Independent School District, discuss and analyze the District's financial performance for the year ended June 30, 2020. Please read it in conjunction with the independent auditors' report on page ii and iv, and the District's Basic Financial Statements, which begin on page 1.

USING THIS ANNUAL REPORT

This annual report consists of a series of financial statements. The government-wide financial statements include the Statement of Net Position and the Statement of Activities (on pages 1-3). These provide information about the activities of the District as a whole and present a longer-term view of the District's property and debt obligations and other financial matters. They reflect the flow of total economic resources in a manner similar to the financial reports of a business enterprise.

Fund financial statements (starting on page 4) report the District's operations in more detail than the government-wide statements by providing information about the District's most significant funds. For governmental activities, these 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. For proprietary activities, fund financial statements tell how goods or services of the District were sold to departments within the District or to other districts and how the sales revenues covered the expenses of the goods or services. The remaining statement (the fiduciary funds statement) provides financial information about activities for which the District acts solely as a trustee or agent for the benefit of those outside of the district.

The notes to the financial statements (starting on page 15) provide narrative explanations or additional data needed for full disclosure in the government-wide statements or the fund financial statements.

The combining statements for nonmajor funds contain even more information about the District's individual funds. These are not required by TEA. The sections labeled TEA Required Schedules and Federal Awards Section contain data used by monitoring or regulatory agencies for assurance that the District is using funds supplied in compliance with the terms of grants.

Reporting the District as a Whole

The Statement of Net Position and the Statement of Activities

The analysis of the District's overall financial condition and operations begins on page 1. Its primary purpose is to show whether the District is better off or worse off as a result of the year's activities. The Statement of Net Position includes all the District's assets and liabilities at the end of the year while the Statement of Activities includes all the revenues and expenses generated by the District's operations during the year. These apply the accrual basis of accounting which is the basis used by private sector companies.

MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid. The District's revenues are divided into those provided by outside parties who share the costs of some programs, such as grants provided by the U.S. Department of Education to assist children with disabilities or from disadvantaged backgrounds (program revenues), and revenues provided by the taxpayers or by TEA in equalization funding processes (general revenues). All the District's assets are reported whether they serve the current year or future years. Liabilities are considered regardless of whether they must be paid in the current or future years.

These two statements report the District's net position and changes in it. The District's net position (the difference between assets/deferred outflows of resources and liabilities/deferred inflows of resources) provide one measure of the District's financial health, or financial position. Over time, increases or decreases in the District's net position are one indicator of whether its financial health is improving or deteriorating. To fully assess the overall health of the District, however, you should consider non-financial factors as well, such as changes in the District's average daily attendance or its property tax base and the condition of the District's facilities.

In the Statement of Net Position and the Statement of Activities, we divide the District into two kinds of activities:

- ◆ Governmental activities—Most of the District's basic services are reported here, including the instruction, counseling, co-curricular activities, food services, transportation, maintenance, community services, and general administration. Property taxes, tuition, fees, and state and federal grants finance most of these activities.
- ◆ Business-type activities—The District provides food catering for the District and various community events. The District also provides a district wide print shop. The activity surplus helps fund the District's instructional and maintenance costs.

Reporting the District's Most Significant Funds

Fund Financial Statements

The fund financial statements begin on page 4 and provide detailed information about the most significant funds—not the District as a whole. Laws and contracts require the District to establish some funds, such as grants received under Every Student Succeeds Act (ESSA) from the U.S. Department of Education. The District's administration establishes many other funds to help it control and manage money for particular purposes (like campus activities). The District's two kinds of funds—governmental and proprietary—use different accounting approaches.

- ◆ Governmental funds—Most of the District's basic services are reported in governmental funds. These use modified accrual accounting (a method that measures the receipt and disbursement of cash and all other financial assets that can be readily converted to cash) and report balances that are available for future spending.

MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

The governmental fund statements provide a detailed short-term view of the District's general operations and the basic services it provides. We describe the differences between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds in reconciliation schedules following each of the fund financial statements.

- ◆ Proprietary funds—The District reports the activities for which it charges users (whether outside customers or other units of the District) in proprietary funds using the same accounting methods employed in the Statement of Net Position and the Statement of Activities. In fact, the District's enterprise funds (one category of proprietary funds) are the business-type activities reported in the government-wide statements but containing more detail and additional information, such as cash flows.

The District as Trustee

Reporting the District's Fiduciary Responsibilities

The District is the trustee, or fiduciary, for money raised by student activities and alumni scholarship programs. All of the District's fiduciary activities are reported in separate Statements of Fiduciary Net Position and Changes in Fiduciary Fund Net Position on pages 13-14. We exclude these resources from the District's other financial statements because the District cannot use these assets to finance its operations. The District is only responsible for ensuring that the assets reported in these funds are used for their intended purposes.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Our analysis focuses on the net position (Table I) and changes in net position (Table II) of the District's governmental and business-type activities.

In fiscal year 2018, the District adopted the Governmental Accounting Standards Board Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions – which superseded GASB Statement No. 45. Statement No. 75 establishes financial reporting standards and/or accounting standards for state and local government defined other postemployment benefit (OPEB) plans and defined contribution OPEB plans. Statement No. 75 requires that, at transition, a government recognizes a beginning deferred outflow of resources for its OPEB contributions, if any, made subsequent to the measurement date of the beginning net OPEB liability. The effects of the adoption of this statement has no impact on the District's governmental fund financial statements. However, adoption has resulted in certain changes to the presentation of the District's government-wide financial statements. More information on the adoption of this statement and the District's OPEB plan is available in Note W.

MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

In 2020 and 2019, the ending net position of our business-type activities was \$1,283,561 and \$1,213,119 respectively. This amount is relatively insignificant to the overall operations of the District, but it represents efforts to find other sources of revenue that will help alleviate a portion of the taxpayer's burden.

MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

**Table I
Texarkana Independent School District**

**NET POSITION
(In Thousands)**

	Governmental Activities		Business-type Activities		Totals		% Change
	2019	2020	2019	2020	2019	2020	
Current and other assets	\$ 32,203	\$ 49,441	\$ 1,182	\$ 1,263	\$ 33,385	\$ 50,704	51.88%
Capital assets	103,271	99,239	33	22	103,304	99,261	-3.91%
Total assets	<u>135,474</u>	<u>148,680</u>	<u>1,215</u>	<u>1,285</u>	<u>136,689</u>	<u>149,965</u>	<u>9.71%</u>
Deferred Outflows of Resources	17,734	18,593	-	-	17,734	18,593	4.84%
Long-term liabilities	131,000	125,583	-	-	131,000	125,583	-4.14%
Other liabilities	8,784	20,045	2	2	8,786	20,047	128.16%
Total liabilities	<u>139,784</u>	<u>145,628</u>	<u>2</u>	<u>2</u>	<u>139,786</u>	<u>145,630</u>	<u>4.18%</u>
Deferred Inflows of Resources	10,935	16,682	-	-	10,935	16,682	52.56%
Net Position:							
Invested in capital assets net of related debt	27,555	27,783	-	-	27,555	27,783	0.83%
Restricted	6,307	11,233	-	-	6,307	11,233	78.10%
Unrestricted	<u>(31,372)</u>	<u>(34,052)</u>	<u>1,213</u>	<u>1,283</u>	<u>(30,089)</u>	<u>(32,769)</u>	<u>8.91%</u>
Total net position	<u>\$ 2,489</u>	<u>\$ 4,963</u>	<u>\$ 1,213</u>	<u>\$ 1,283</u>	<u>\$ 3,702</u>	<u>\$ 6,246</u>	<u>68.72%</u>

MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

**Table II
Texarkana Independent School District**

**Changes In Net Position
(In Thousands)**

	Governmental Activities		Business-type Activities		Totals		% Change
	2019	2020	2019	2020	2019	2020	
Revenues :							
Program Revenues:							
Charges for Services	\$ 1,986	1,900	\$ 412	\$ 322	\$ 2,398	\$ 2,222	-7.34%
Operating grants and contributions	16,620	21,723			16,620	21,723	30.71%
General Revenues:						-	
Maintenance and operations taxes	23,364	22,774			23,364	22,774	-2.53%
Debt service taxes	5,083	5,426			5,083	5,426	6.75%
State aid – formula grants	28,673	49,910			33,962	49,910	46.96%
Grants not Restricted	5,289	5,796				5,796	
Investment Earnings	480	388			480	388	-19.24%
Miscellaneous	609	680			609	680	11.57%
Total Revenue	<u>82,105</u>	<u>108,598</u>	<u>412</u>	<u>322</u>	<u>82,517</u>	<u>108,920</u>	<u>32.00%</u>
Expenses:							
Instruction, curriculum and media services	48,327	67,372			48,327	67,372	39.41%
Instructional and school leadership	5,346	6,364			5,346	6,364	19.04%
Student support services	3,066	3,691			3,066	3,691	20.39%
Child nutrition	6,639	6,646			6,639	6,646	0.10%
Co-curricular activities	3,037	3,510			3,037	3,510	15.58%
General administration	3,672	4,040			3,672	4,040	10.02%
Plant maintenance, security & data processing	8,815	9,409			8,815	9,409	6.74%
Community services	849	899			849	899	5.85%
Debt services	3,316	3,151			3,316	3,151	-4.98%
Payments to Fiscal Agent and Intergovernmental Charges	607	631			607	631	3.88%
Other business-type activities	394	411	333	252	727	663	-8.85%
Total Expenses	<u>84,068</u>	<u>106,124</u>	<u>333</u>	<u>252</u>	<u>84,401</u>	<u>106,375</u>	<u>26.04%</u>
Increase (decrease) in net position	(1,963)	2,474	79	70	(1,884)	2,544	-235.07%
Net position at beginning of year	4,452	2,489	1,134	1,213	5,586	3,702	-33.73%
Net position at end of year	<u>\$ 2,489</u>	<u>\$ 4,963</u>	<u>\$ 1,213</u>	<u>\$ 1,283</u>	<u>\$ 3,702</u>	<u>\$ 6,246</u>	<u>68.72%</u>

MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

Some of the major highlights of the 2019-2020 school year included the following:

- The District's General Fund Balance rose to \$17,268,213 as a result of financial operations for the 2019-2020 school year. This is an increase of \$548,485 over the 2018-2019 ending fund balance. On March 13, 2020 Governor Greg Abbott declared a State of Disaster in Texas due to COVID-19, closing down all schools in the state of Texas. This savings is attributable to closing school operations down at that time.
- During the 2019-2020 school year the district started a new virtual school. This Online Program Management Agreement is with eSchool Texas, LLC. This agreement allows the district to offer a virtual environment for learning to students all across the state of Texas. Enrollment for the district increased approximately 1,500 for this new campus. State Funding for the majority of these student has been remitted to ESchools Texas, LLC to operate the campus. However, Texarkana ISD did generate additional Tier II funding and Existing Debt Allotment and Instructional Facilities Allotment due to this increase in enrollment. These additional funds earned by Texarkana ISD were transferred within the year to the Capital Projects Fund for future construction projects as approved by the Board.
- The district began construction on two new cafeteria remodels during 2019-2020. These cafeterias are located at the Texas High School and Nash Elementary. Total budget for these projects totaled \$774,500. These projects were still in progress at June 30, 2020.
- The state's school financial accountability rating system, known as the School Financial Integrity Rating System of Texas (FIRST), ensures that Texas public schools are held accountable for the quality of their financial management practices and that they improve those practices. The system is designed to encourage Texas public schools to better manage their financial resources to provide the maximum allocation possible for direct instructional purposes. Texarkana ISD received "A-Superior Rating" rating and status for the fiscal year ending 2019-2020.
- Texarkana ISD was awarded Texas Title I Priority Schools (TTIPS) grant for February 1, 2017 to July 31, 2020. Year 4 was operated during 2019-2020 in the amount of \$1,324,734. The TTIPS grant has five major objectives to improve literacy, strengthen teacher quality, retain highly effective teachers, provide extended learning opportunities to close the achievement gap, and increase positive relationships and communication between parents and the school. This grant ended August 31, 2020.
- Texarkana ISD was awarded two separate grants to assist with special populations with grant periods June 3, 2019 to August 31, 2020 as follows:

Services to Students with Autism in the amount of \$1,000,000

Services to Students with Dyslexia in the amount of \$963,524.

MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

- During the 2019-2020 school year all districts and campuses in the state of Texas will be assigned a label of *Not Rated: Declared State of Disaster* for the 2020 accountability. This rating will be evaluated again in 2020-2021 as the impact of COVID-19 continues.

THE DISTRICT'S FUNDS

As the District completed the year, its governmental funds (as presented in the balance sheet on page 4) reported a combined fund balance of \$28.5 million. Included in this year's total change in fund balance is an increase of \$548,485 in the District's General Fund. Other significant changes in fund balances should also be noted. Capital Projects Fund-Fund Balance as of June 30, 2020 was \$5,164,815. This increase of \$4,246,369 was due to transfers from both the Food Services and General Fund to begin future construction projects. Projects that began during the fiscal year are properly reflected in Construction in Progress. The Capital Projects Fund-Fund Balance will significantly reduce as projects are completed, creating new assets for the District.

Over the course of the year, the Board of Trustees revised the District's budget as operating changes became apparent. These budget amendments were in the ordinary course of operations and should be considered as such. The changes of any significance fall into these categories:

- Additional funds that became available through federal, state, and grant resources
- Adjustments for changes in state and local revenues
- Year-end accruals
- Changes requested by district principals within their campus operations, normally movement between functional levels.

The District's General Fund balance of \$17.3 million reported on page 4 differs from the General Fund's budgeted fund balance of \$17.6 million reported in the budgetary comparison schedule on page 50.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At the end of 2020, the District had \$184 million invested in a broad range of capital assets, including facilities and equipment for instruction, transportation, athletics, administration, and maintenance.

Debt

At the end of 2019-2020 school year, the District had \$72.3 million in bonds and notes outstanding versus \$76.8 million last year. The District's general obligation bond rating has been the highest possible due to Permanent School Fund Guarantees by the State of Texas.

MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

Table III
Texarkana Independent School District
DISTRICT'S CAPITAL ASSETS
(In Thousands)

	Governmental Activities		Business-Type Activities		Total		Total % Change
	2019	2020	2019	2020	2019	2020	2019-20
Land	\$ 5,833	\$ 5,838	\$ -	\$ -	\$ 5,833	\$ 5,838	0.08%
Buildings and improvements	163,551	165,940	9	9	163,561	165,949	1.46%
Furniture and equipment	11,483	12,062	283	269	11,766	12,331	4.80%
Construction in progress	1,534	62	-	-	1,534	62	-95.96%
Totals at historical cost	<u>182,401</u>	<u>183,902</u>	<u>293</u>	<u>278</u>	<u>182,694</u>	<u>184,180</u>	<u>0.81%</u>
Less accumulated depreciation for:							
Buildings and improvements	(69,346)	(74,408)	(8)	(8)	(69,354)	(74,416)	7.30%
Furniture and equipment	(9,784)	(10,255)	(252)	(248)	(10,036)	(10,503)	4.65%
Total accumulated depreciation	<u>(79,130)</u>	<u>(84,663)</u>	<u>(260)</u>	<u>(256)</u>	<u>(79,390)</u>	<u>(84,919)</u>	<u>6.96%</u>
Net capital assets	<u>\$ 103,271</u>	<u>\$ 99,239</u>	<u>\$ 33</u>	<u>\$ 22</u>	<u>\$ 103,304</u>	<u>\$ 99,261</u>	<u>-3.91%</u>

MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

More detailed information about the District's long-term liabilities is presented in Notes C, E, and Q to the financial statements.

NEXT YEAR'S BUDGETS AND RATES

The District's elected and appointed officials considered many factors when setting the fiscal-year 2020-2021 budget and tax rate. House Bill 3 (HB3), a sweeping and historic school finance bill, was passed by the 86th Texas Legislature in the spring of 2019 and signed by the governor on June 11, 2019. The bill provides more money for Texas classrooms, increases teacher compensation, reduced recapture and cuts local property taxes for Texas taxpayers. The 2020-2021 budget properly reflects these legislative changes. The Texarkana ISD Board of Trustees voted to reduce the tax rate in the 2nd year of the biennium to the no-new revenue tax rate of \$1.3097 per \$100 valuation for the district. This rate consists of an M&O tax rate of \$1.0547 and I&S tax rate of \$0.255.

Changes in the state funding formula continue to affect district operations. These factors were taken into account when adopting the General Fund budget for 2020-2021 school year. Amounts available for appropriation in the General Fund budget are \$69.9 million. The revenue from local sources, majority property taxes, account for approximately 35.16% of available General fund revenues. State Foundation Revenue accounts for approximately 64.06% of the General Fund Revenues in the current year. The District will use its revenues to finance programs we offer and to meet state unfunded mandate requirements.

If these estimates are realized, the District's budgetary General Fund-Fund balance is expected to be near break-even by the close of 2021.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the District's business office, at Texarkana Independent School District, 4241 Summerhill Rd., Texarkana, Texas.

TEXARKANA INDEPENDENT SCHOOL DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2020

EXHIBIT A-1

Data Control Codes	1	2	3	4
	Primary Government			Component Unit
	Governmental	Business		Nonmajor
	Activities	Type	Total	Component
		Activities		Unit
ASSETS				
1110 Cash and Cash Equivalents	\$ 4,147,289	\$ 1,233,722	\$ 5,381,011	\$ 17,245
1120 Investments - Current	14,568,764	-	14,568,764	363,632
1210 Property Taxes - Current	2,818,940	-	2,818,940	-
1230 Allowance for Uncollectible Taxes	(809,396)	-	(809,396)	-
1240 Due from Other Governments	28,328,266	-	28,328,266	-
1250 Accrued Interest	1,967	-	1,967	-
1267 Due from Fiduciary Funds	43,447	-	43,447	-
1290 Other Receivables	8,126	-	8,126	-
1300 Inventories	334,021	29,197	363,218	-
Capital Assets:				
1510 Land	5,838,168	-	5,838,168	-
1520 Depreciation on Buildings	91,532,480	1,039	91,533,519	-
1530 Depreciation on Furniture and Equipment	1,806,387	21,397	1,827,784	-
1580 Construction in Progress	61,855	-	61,855	-
1800 Restricted Assets	-	-	-	207,491
1910 Long Term Investments	-	-	-	82,369
1000 Total Assets	148,680,314	1,285,355	149,965,669	670,737
DEFERRED OUTFLOWS OF RESOURCES				
1701 Deferred Charge on Refunding	1,620,276	-	1,620,276	-
1705 Deferred Outflow Related to TRS Pensions	11,323,003	-	11,323,003	-
1706 Deferred Outflow Related to TRS OPEB	5,650,121	-	5,650,121	-
1700 Total Deferred Outflows of Resources	18,593,400	-	18,593,400	-
LIABILITIES				
2110 Accounts Payable	12,739,809	1,669	12,741,481	80,300
2140 Interest Payable	746,180	-	746,180	-
2150 Payroll Deductions and Withholdings Payable	317,522	-	317,522	-
2160 Accrued Wages Payable	5,689,519	-	5,689,516	-
2180 Due to Other Governments	-	125	125	-
2300 Unearned Revenue	551,797	-	551,797	-
Noncurrent Liabilities:				
2501 Due Within One Year	4,612,186	-	4,612,186	-
2502 Due in More Than One Year	67,718,183	-	67,718,183	-
2540 Net Pension Liability (District's Share)	23,882,454	-	23,882,454	-
2545 Net OPEB Liability (District's Share)	29,370,707	-	29,370,707	-
2000 Total Liabilities	145,628,357	1,794	145,630,151	80,300
DEFERRED INFLOWS OF RESOURCES				
2605 Deferred Inflow Related to TRS Pension	3,975,899	-	3,975,899	-
2606 Deferred Inflow Related to TRS OPEB	12,706,205	-	12,706,205	-
2600 Total Deferred Inflows of Resources	16,682,104	-	16,682,104	-
NET POSITION				
3200 Investments in Capital Assets, Net of Debt	27,782,616	-	27,782,616	-
3820 Restricted for Federal and State Programs	2,012,702	-	2,012,702	-
3850 Restricted for Debt Service	4,054,993	-	4,054,993	-
3860 Restricted for Capital Projects	5,164,815	-	5,164,815	-
3890 Restricted - Other	-	-	-	289,860
3900 Unrestricted Net Position	(34,051,873)	1,283,561	(32,768,312)	300,577
3000 Total Net Position	\$ 4,963,253	\$ 1,283,561	\$ 6,246,814	\$ 590,437

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

TEXARKANA INDEPENDENT SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2020

Data Control Codes	1 Expenses	Program Revenues	
		3 Charges for Services	4 Operating Grants and Contributions
Primary Government:			
GOVERNMENTAL ACTIVITIES:			
11 Instruction	\$ 64,228,084	\$ 307,713	\$ 12,058,246
12 Instructional Resources and Media Services	502,022	-	80,188
13 Curriculum and Instructional Staff Development	2,641,676	-	415,060
21 Instructional Leadership	347,005	-	208,297
23 School Leadership	6,017,039	-	739,040
31 Guidance, Counseling and Evaluation Services	2,586,880	-	831,810
32 Social Work Services	89,969	-	74,748
33 Health Services	700,413	-	50,089
34 Student (Pupil) Transportation	313,887	-	22,022
35 Food Services	6,645,988	551,594	5,490,760
36 Extracurricular Activities	3,509,281	628,229	180,393
41 General Administration	4,039,988	-	271,121
51 Facilities Maintenance and Operations	8,535,073	66,124	755,477
52 Security and Monitoring Services	752,163	-	61,282
53 Data Processing Services	122,936	-	-
61 Community Services	898,572	346,597	484,861
72 Debt Service - Interest on Long-Term Debt	3,147,828	-	-
73 Debt Service - Bond Issuance Cost and Fees	3,549	-	-
81 Capital Outlay	-	-	-
93 Payments Related to Shared Services Arrangements	630,813	-	-
99 Other Intergovernmental Charges	411,091	-	-
[TG] Total Governmental Activities:	<u>106,124,257</u>	<u>1,900,257</u>	<u>21,723,394</u>
BUSINESS-TYPE ACTIVITIES:			
01 Food Service Catering	175,353	170,164	-
02 Print Shop Activity	70,553	146,673	-
03 Public Relations Activity Fund	5,703	5,214	-
[TB] Total Business-Type Activities:	<u>251,609</u>	<u>322,051</u>	<u>-</u>
[TP] TOTAL PRIMARY GOVERNMENT:	<u>\$ 106,375,866</u>	<u>\$ 2,222,308</u>	<u>\$ 21,723,394</u>
Component Unit:			
1C Nonmajor Component Unit	<u>171,326</u>	<u>-</u>	<u>-</u>
[TC] TOTAL COMPONENT UNITS:	<u>\$ 171,326</u>	<u>\$ -</u>	<u>\$ -</u>

Data	General Revenues:
Control	Taxes:
Codes	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
TR	Total General Revenues
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	9
Primary Government			Component Unit
Governmental Activities	Business Type Activities	Total	Component Unit
\$ (51,862,125)	\$ -	\$ (51,862,125)	\$ -
(421,834)	-	(421,834)	-
(2,226,616)	-	(2,226,616)	-
(138,708)	-	(138,708)	-
(5,277,999)	-	(5,277,999)	-
(1,755,070)	-	(1,755,070)	-
(15,221)	-	(15,221)	-
(650,324)	-	(650,324)	-
(291,865)	-	(291,865)	-
(603,634)	-	(603,634)	-
(2,700,659)	-	(2,700,659)	-
(3,768,867)	-	(3,768,867)	-
(7,713,472)	-	(7,713,472)	-
(690,881)	-	(690,881)	-
(122,936)	-	(122,936)	-
(67,114)	-	(67,114)	-
(3,147,828)	-	(3,147,828)	-
(3,549)	-	(3,549)	-
-	-	-	-
(630,813)	-	(630,813)	-
(411,091)	-	(411,091)	-
(82,500,606)	-	(82,500,606)	-
-	(5,189)	(5,189)	-
-	76,120	76,120	-
-	(489)	(489)	-
-	70,442	70,442	-
(82,500,606)	70,442	(82,430,164)	-
-	-	-	(171,326)
-	-	-	(171,326)
22,773,727	-	22,773,727	-
5,426,488	-	5,426,488	-
49,910,271	-	49,910,271	-
5,795,850	-	5,795,850	-
388,283	-	388,283	9,562
680,144	-	680,144	163,070
84,974,764	-	84,974,764	172,632
2,474,158	70,442	2,544,600	1,306
2,489,095	1,213,119	3,702,214	589,131
\$ 4,963,253	\$ 1,283,561	\$ 6,246,814	\$ 590,437

TEXARKANA INDEPENDENT SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2020

Data Control Codes	10 General Fund	20 Child Nutrition	50 Debt Service Fund
ASSETS			
1110 Cash and Cash Equivalents	\$ 12,547	\$ 1,921,542	\$ 520,527
1120 Investments - Current	12,307,437	-	2,232,176
1210 Property Taxes - Current	2,319,029	-	499,911
1230 Allowance for Uncollectible Taxes	(682,889)	-	(126,507)
1240 Due from Other Governments	22,933,527	-	900,467
1250 Accrued Interest	1,967	-	-
1260 Due from Other Funds	5,463,137	-	331,798
1290 Other Receivables	8,126	-	-
1300 Inventories	39,004	295,017	-
1000 Total Assets	<u>\$ 42,401,885</u>	<u>\$ 2,216,559</u>	<u>\$ 4,358,372</u>
LIABILITIES			
2110 Accounts Payable	\$ 12,677,139	\$ 23,945	\$ -
2150 Payroll Deductions and Withholdings Payable	254,314	14,926	-
2160 Accrued Wages Payable	4,995,148	164,986	-
2170 Due to Other Funds	5,868,396	-	-
2300 Unearned Revenue	1,338,675	-	303,379
2000 Total Liabilities	<u>25,133,672</u>	<u>203,857</u>	<u>303,379</u>
FUND BALANCES			
Nonspendable Fund Balance:			
3410 Inventories	39,004	295,017	-
Restricted Fund Balance:			
3480 Retirement of Long-Term Debt	-	-	4,054,993
Committed Fund Balance:			
3510 Construction	8,000,000	1,000,000	-
3600 Unassigned Fund Balance	9,229,209	717,685	-
3000 Total Fund Balances	<u>17,268,213</u>	<u>2,012,702</u>	<u>4,054,993</u>
4000 Total Liabilities and Fund Balances	<u>\$ 42,401,885</u>	<u>\$ 2,216,559</u>	<u>\$ 4,358,372</u>

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

60 Capital Projects	Other Funds	Total Governmental Funds
\$ 1,155,584	\$ 537,089	\$ 4,147,289
29,151	-	14,568,764
-	-	2,818,940
-	-	(809,396)
-	4,494,272	28,328,266
-	-	1,967
4,000,000	-	9,794,935
-	-	8,126
-	-	334,021
<u>\$ 5,184,735</u>	<u>\$ 5,031,361</u>	<u>\$ 59,192,912</u>
\$ 18,408	\$ 20,317	\$ 12,739,809
-	48,282	317,522
-	529,385	5,689,519
1,512	3,881,580	9,751,488
-	551,797	2,193,851
<u>19,920</u>	<u>5,031,361</u>	<u>30,692,189</u>
-	-	334,021
-	-	4,054,993
5,164,815	-	14,164,815
-	-	9,946,894
<u>5,164,815</u>	<u>-</u>	<u>28,500,723</u>
<u>\$ 5,184,735</u>	<u>\$ 5,031,361</u>	<u>\$ 59,192,912</u>

TEXARKANA INDEPENDENT SCHOOL DISTRICT
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE
STATEMENT OF NET POSITION
JUNE 30, 2020

EXHIBIT C-2

Total Fund Balances - Governmental Funds	\$	28,500,723
1 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 \$182,400,968 and the accumulated depreciation was (\$79,129,824). 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.		27,554,508
2 Current year capital outlays and long-term debt principal payments are expenditures in the fund financial statements, but they should be shown as increases in capital assets and reductions in long-term debt in the government-wide financial statements. The net effect of including the 2020 capital outlays and debt principal payments is to increase net position.		5,884,227
3 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. At the beginning of the year, the net position related to TRS was a Deferred Resource Outflow in the amount of \$12,217,823, a Deferred Resource Inflow in the amount of \$1,438,578 and a net pension liability in the amount of \$24,153,865. The impact of this on Net Position is (13,374,611). Changes from the current year reporting of the TRS plan resulted in a decrease in net position in the amount of (\$3,160,739). The combination of the beginning of the year amounts and the changes during the year resulted in a difference between the ending fund balance and the ending net position in the amount of (\$16,535,350).		(16,535,350)
4 The District participates in the TRS-Care plan for retirees through TRS. The District's share of the TRS plan resulted in a net OPEB liability of \$29,370,707, a deferred outflow of \$12,706,205 and a deferred inflow of \$5,650,121. This resulted in a difference between the ending fund balance and the ending net position of (36,426,791).		(36,426,791)
5 The 2020 depreciation expense increases accumulated depreciation. The net effect of the current year's depreciation is to decrease net position.		(5,656,117)
6 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.		1,642,054
19 Net Position of Governmental Activities	\$	4,963,253

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

TEXARKANA INDEPENDENT SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2020

Data Control Codes	10 General Fund	20 Child Nutrition	50 Debt Service Fund
REVENUES:			
5700 Total Local and Intermediate Sources	\$ 24,232,385	\$ 611,627	\$ 5,433,632
5800 State Program Revenues	55,727,004	115,770	1,570,013
5900 Federal Program Revenues	1,768,095	5,518,719	-
5020 Total Revenues	<u>81,727,484</u>	<u>6,246,116</u>	<u>7,003,645</u>
EXPENDITURES:			
Current:			
0011 Instruction	47,818,537	-	-
0012 Instructional Resources and Media Services	386,006	-	-
0013 Curriculum and Instructional Staff Development	2,222,838	-	-
0021 Instructional Leadership	132,839	-	-
0023 School Leadership	5,342,986	-	-
0031 Guidance, Counseling, and Evaluation Services	1,653,953	-	-
0032 Social Work Services	-	-	-
0033 Health Services	415,430	-	-
0034 Student (Pupil) Transportation	327,935	-	-
0035 Food Services	-	5,783,400	-
0036 Extracurricular Activities	3,363,480	-	-
0041 General Administration	3,495,341	-	-
0051 Facilities Maintenance and Operations	8,409,963	248,120	-
0052 Security and Monitoring Services	698,528	-	-
0053 Data Processing Services	122,936	-	-
0061 Community Services	58,508	-	-
Debt Service:			
0071 Principal on Long-Term Debt	-	-	5,719,060
0072 Interest on Long-Term Debt	-	-	1,689,131
0073 Bond Issuance Cost and Fees	-	-	3,549
Capital Outlay:			
0081 Facilities Acquisition and Construction	53,486	-	-
Intergovernmental:			
0093 Payments to Fiscal Agent/Member Districts of SSA	630,813	-	-
0099 Other Intergovernmental Charges	411,091	-	-
6030 Total Expenditures	<u>75,544,670</u>	<u>6,031,520</u>	<u>7,411,740</u>
1100 Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>6,182,814</u>	<u>214,596</u>	<u>(408,095)</u>
OTHER FINANCING SOURCES (USES):			
7912 Sale of Real and Personal Property	13,030	-	-
7915 Transfers In	-	-	1,647,359
8911 Transfers Out (Use)	(5,647,359)	(774,500)	-
7080 Total Other Financing Sources (Uses)	<u>(5,634,329)</u>	<u>(774,500)</u>	<u>1,647,359</u>
1200 Net Change in Fund Balances	548,485	(559,904)	1,239,264
0100 Fund Balance - July 1 (Beginning)	<u>16,719,728</u>	<u>2,572,606</u>	<u>2,815,729</u>
3000 Fund Balance - June 30 (Ending)	<u>\$ 17,268,213</u>	<u>\$ 2,012,702</u>	<u>\$ 4,054,993</u>

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

60 Capital Projects	Other Funds	Total Governmental Funds
\$ 7,204	\$ 346,598	\$ 30,631,446
-	2,192,752	59,605,539
-	7,722,008	15,008,822
7,204	10,261,358	105,245,807
-	8,087,233	55,905,770
-	51,986	437,992
-	254,737	2,477,575
-	185,580	318,419
-	169,805	5,512,791
-	657,218	2,311,171
-	74,748	74,748
-	-	415,430
-	-	327,935
-	-	5,783,400
-	-	3,363,480
-	500	3,495,841
-	-	8,658,083
-	-	698,528
-	-	122,936
-	779,551	838,059
-	-	5,719,060
-	-	1,689,131
-	-	3,549
535,335	-	588,821
-	-	630,813
-	-	411,091
535,335	10,261,358	99,784,623
(528,131)	-	5,461,184
-	-	13,030
4,774,500	-	6,421,859
-	-	(6,421,859)
4,774,500	-	13,030
4,246,369	-	5,474,214
918,446	-	23,026,509
\$ 5,164,815	\$ -	\$ 28,500,723

TEXARKANA 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 JUNE 30, 2020

EXHIBIT C-4

Total Net Change in Fund Balances - Governmental Funds	\$	5,474,214
Current year capital outlays and long-term debt principal payments are expenditures in the fund financial statements, but they should be shown as increases in capital assets and reductions in long-term debt in the government-wide financial statements. The net effect of removing the 2020 capital outlays and debt principal payments is to increase net position.		5,884,227
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.		(5,656,117)
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.		530,098
Current year changes due to GASB 68 increased revenues in the amount of \$2,357,143 but also increased expenditures in the amount of \$5,517,882. The net effect on the change in the ending net position was a decrease in the amount of \$3,160,739.		(3,160,739)
Current year changes due to GASB 75 increased revenues in the amount of \$448,011 but also increased expenditures in the amount of \$1,045,536. The net effect on the change in the ending net position was a decrease in the amount of \$597,525.		(597,525)
Change in Net Position of Governmental Activities	<u>\$</u>	<u>2,474,158</u>

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

TEXARKANA INDEPENDENT SCHOOL DISTRICT
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2020

	Business-Type Activities
	Total Enterprise Funds
ASSETS	
Current Assets:	
Cash and Cash Equivalents	\$ 1,233,722
Inventories	29,197
Total Current Assets	<u>1,262,919</u>
Noncurrent Assets:	
Capital Assets:	
Buildings and Improvements	9,200
Depreciation on Buildings	(8,161)
Furniture and Equipment	269,005
Depreciation on Furniture and Equipment	<u>(247,608)</u>
Total Noncurrent Assets	<u>22,436</u>
Total Assets	<u>1,285,355</u>
LIABILITIES	
Current Liabilities:	
Accounts Payable	1,672
Accrued Wages Payable	(3)
Due to Other Governments	<u>125</u>
Total Liabilities	<u>1,794</u>
NET POSITION	
Unrestricted Net Position	<u>1,283,561</u>
Total Net Position	<u><u>\$ 1,283,561</u></u>

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

TEXARKANA INDEPENDENT SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2020

	Business-Type Activities
	Total Enterprise Funds
OPERATING REVENUES:	
Local and Intermediate Sources	\$ 316,580
State Program Revenues	5,471
Total Operating Revenues	<u>322,051</u>
OPERATING EXPENSES:	
Payroll Costs	55,390
Professional and Contracted Services	28,264
Supplies and Materials	157,059
Other Operating Costs	748
Depreciation Expense	10,148
Total Operating Expenses	<u>251,609</u>
Operating Income	70,442
Total Net Position - July 1 (Beginning)	<u>1,213,119</u>
Total Net Position - June 30 (Ending)	<u><u>\$ 1,283,561</u></u>

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

TEXARKANA INDEPENDENT SCHOOL DISTRICT
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2020

	Business-Type Activities
	Total Enterprise Funds
<u>Cash Flows from Operating Activities:</u>	
Cash Received from User Charges	\$ 307,340
Cash Payments to Employees for Services	(55,389)
Cash Payments for Suppliers	(185,808)
Net Cash Provided by Operating Activities	<u>66,143</u>
Net Increase in Cash and Cash Equivalents	66,143
Cash and Cash Equivalents at Beginning of Year	<u>1,167,579</u>
Cash and Cash Equivalents at End of Year	<u>\$ 1,233,722</u>
<u>Reconciliation of Operating Income to Net Cash</u>	
<u>Provided by Operating Activities:</u>	
Operating Income:	\$ 70,442
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:	
Depreciation	10,148
Effect of Increases and Decreases in Current Assets and Liabilities:	
Decrease (increase) in Inventories	(14,709)
Increase (decrease) in Accounts Payable	262
Net Cash Provided by Operating Activities	<u>\$ 66,143</u>

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

TEXARKANA INDEPENDENT SCHOOL DISTRICT
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
JUNE 30, 2020

EXHIBIT E-1

	Private Purpose Trust Funds	Agency Funds
ASSETS		
Cash and Cash Equivalents	\$ 364,055	\$ 634,647
Total Assets	364,055	\$ 634,647
LIABILITIES		
Accounts Payable	-	\$ 33,591
Due to Other Funds	43,349	98
Due to Student Groups	-	326,646
Payable from Restricted Assets	190,218	274,312
Total Liabilities	233,567	\$ 634,647
NET POSITION		
Unrestricted Net Position	130,488	
Total Net Position	\$ 130,488	

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

TEXARKANA INDEPENDENT SCHOOL DISTRICT
STATEMENT OF CHANGES IN FIDUCIARY FUND NET POSITION
FIDUCIARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2020

	Private Purpose Trust Funds
ADDITIONS:	
Earnings from Temporary Deposits	\$ 2,228
Contributions, Gifts and Donations	5,500
Total Additions	<u>7,728</u>
DEDUCTIONS:	
Other Deductions	<u>5,612</u>
Total Deductions	<u>5,612</u>
Change in Fiduciary Net Position	2,116
Total Net Position - July 1 (Beginning)	<u>128,372</u>
Total Net Position - June 30 (Ending)	<u><u>\$ 130,488</u></u>

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

TEXARKANA INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2020

A. Summary of Significant Accounting Policies

Texarkana Independent School District (the "District") is a public education agency operating under the applicable laws and regulations of the State of Texas. It is governed by a seven member Board of Trustees (the "Board") elected by registered voters of the District. The District prepares its basic financial statements in conformity with generally accepted accounting principles in the United States of America (U.S. GAAP) promulgated by the Governmental Accounting Standards Board (GASB) and complies with the requirements of the appropriate version of the Texas Education Agency's *Financial Accountability System Resource Guide* (FASRG) and the requirements of contracts and grants of agencies from whom it receives funds.

1. Reporting Entity

The Board of Trustees (the "Board") is elected by the public, has the authority to make decisions, appoint administrators and managers, can significantly influence operations and has the primary accountability for fiscal matters. Therefore, the District is a financial reporting entity as defined by the Governmental Accounting Standards Board ("GASB") in its Statement No. 14, "The Financial Reporting Entity". There is one component unit included within the reporting entity.

Discretely Presented Component Unit

Texarkana Public Schools Foundation, Inc. (the Foundation), a not-for-profit organization operated by an independent board of directors, is organized to provide assistance, development and maintenance of charitable, educational, or scientific programs or activities for the District. The Foundation is included as a component unit in the District's government-wide financial statements. As a not-for-profit organization, the Foundation is exempt from federal income taxes under Internal Revenue Code Section 501(c)(3) and is not classified as a private foundation. The Foundation issues separate financial statements which are available for review at the District's business office.

2. Government-Wide and Fund Financial Statements

The Statement of Net Position and the Statement of Activities are government-wide financial statements. They report information on all of the Texarkana Independent School 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. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

TEXARKANA INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2020

A. Summary of Significant Accounting Policies (Continued)

2. Government-Wide and Fund Financial Statements (Continued)

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 Every Student Succeeds Act (ESSA). If revenue is not program revenue, it is general revenue used to support all of the District's functions. Taxes are always general revenues.

Interfund activities between governmental funds and proprietary funds appear as due to/due from on the Governmental Fund Balance Sheet and Proprietary Fund Statement of Net Position and as other resources and other uses on the governmental fund Statement of Revenues, Expenditures and Changes in Fund Balance and on the Proprietary Fund Statement of Revenues, Expenses and Changes in Fund Net Position. All interfund transactions are eliminated on the government-wide statements. Interfund activities between governmental funds and enterprise funds remain on the government-wide statements and appear on the government-wide Statement of Net Position as internal balances and on the Statement of Activities as interfund transfers. Interfund activities between governmental funds and fiduciary funds remain as due to/due from on the government-wide Statement of Activities. All interfund balances and activity is a result of interfund clearing of transactions through a common bank account or reclassification of costs between funds.

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

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. All other revenues and expenses are non-operating.

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

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

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

TEXARKANA INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2020

A. Summary of Significant Accounting Policies (Continued)

3. Measurement Focus, Basis of Accounting, and Financial Statement Presentation (Continued)

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

Revenues from local sources consist primarily of property taxes. Property tax revenues and revenues received from the State are recognized under the susceptible-to-accrual concept. 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 deferred revenues until related and authorized expenditures have been made. If balances have not been expended by the end of the project period, grantors sometimes require the District to refund all or part of the unused amount.

The Proprietary Fund Types and Fiduciary Funds are accounted for on a flow of economic resources measurement focus and utilize the accrual basis of accounting. This basis of accounting recognizes revenues in the accounting period in which they are earned and become measurable and expenses in the accounting period in which they are incurred and become measurable. The District applies all GASB pronouncements as well as the Financial Accounting Standards Board pronouncements issued on or before November 30, 1989, unless these pronouncements conflict or contradict GASB pronouncements. With this measurement focus, all assets and all liabilities associated with the operation of these funds are included on the fund Statement of Net Position. The fund equity is segregated into invested in capital assets net of related debt, restricted net positions, and unrestricted net position.

4. Fund Accounting

The District reports the following major governmental funds:

- a. **The General Fund** – The general fund is the District's primary operating fund. It accounts for all financial resources except those required to be accounted for in another fund.
- b. **Child Nutrition Special Revenue Fund** – The District accounts for resources restricted or designated for, a specific purpose by the District or grantor in a special revenue fund. Most Federal and some State financial assistance are accounted for in the special revenue funds.
- c. **Debt Service Funds** – The District accounts for resources accumulated and payments made for principal and interest on long-term general obligation debt of governmental funds in a debt service fund.
- d. **Capital Projects Funds** – The proceeds from long-term debt financing and revenues and expenditures related to authorized construction and other capital asset acquisitions are accounted for in a capital projects fund.

TEXARKANA INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2020

A. Summary of Significant Accounting Policies (Continued)

4. Fund Accounting (Continued)

Additionally, the District reports the following fund types:

Governmental Funds:

- a. **Special Revenue Funds** – The District accounts for resources restricted to, or designated for, specific purposes by the District or a grantor in a special revenue fund. Most Federal and some State financial assistance are accounted for in the Special Revenue Funds. Unused balances are subject to being returned to the grantor at the close of the specified project period.
- b. **Permanent Funds** – The District accounts for donations for which the donor has stipulated that the principal may not be expended and where the income may only be used for purposes that support the District's programs. The District has no Permanent Funds.

Proprietary Funds:

- a. **Enterprise Funds** – The District's activities for which outside users are charged a fee roughly equal to the cost of providing the goods or services of those activities are accounted for in an enterprise fund. The District's Enterprise Funds are the Food Service, Public Relations, School Improvement, Police Department, Texas A&M Food, Print Shop, Texarkana College, and St. James Food Service Funds. All operations of the enterprise funds are classified as operating activities.

Fiduciary Funds:

- a. **Private Purpose Trust Funds** – The District accounts for donations for which the donor has stipulated that both the principal and the income may be used for purposes that benefit parties outside the District as private purpose trust funds. The District's Private Purpose Trust Funds are campus VIP funds and scholarship funds.
- b. **Agency Funds** – The District accounts for resources held for others in a custodial capacity in agency funds. The District's Agency Funds are the foundation fund and activity funds.

5. Other Accounting Policies

- a. For purposes of the statement of cash flows for proprietary and similar fund-types, the District considers highly liquid investments to be cash equivalents if they have a maturity of three months or less when purchased.
- b. The consumption method is used 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, inventories are offset by a fund balance reserve indicating that they are unavailable as current expendable financial resources. Although commodities are received at no cost, their fair market value is supplied by the Texas Department of Human Services and recorded as inventory and deferred revenue when received. When requisitioned, inventory and deferred revenue are relieved, expenditures are charged, and revenue is recognized for an equal amount.

**TEXARKANA INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2020**

A. Summary of Significant Accounting Policies (Continued)

5. Other Accounting Policies (Continued)

- c. In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount.

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

- d. Although the District’s policy allows some employees to accumulate earned but unused vacation and sick pay benefits, there is no recorded liability since these benefits will not require a cash outlay.
- e. Capital assets, which include land, buildings, furniture and equipment are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the District as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

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

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

<u>Assets</u>	<u>Years</u>
Buildings	40
Building Improvements	15
Vehicles	5
Office Equipment	5
Computer Equipment	5

- f. When the District incurs an expense for which it may use either restricted or unassigned assets, restricted assets are utilized first unless there are unassigned assets which must be returned if unused.
- g. The Data Control Codes refer to the account code structure prescribed by TEA in the *Financial Accountability System Resource Guide*. Texas Education Agency requires school districts to display these codes in the financial statements filed with the Agency in order to insure accuracy in building a statewide data base for policy development and funding plans.

**TEXARKANA INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2020**

6. Budgetary Data

Formal budgetary accounting is employed for all required Governmental Fund Types, as outlined in FASRG, and is prepared on the modified accrual basis of accounting consistent with generally accepted accounting principles. The budget is prepared and controlled at the function level within each organization to which responsibility for controlling operations is assigned.

The official school budget is prepared for adoption for required Governmental Fund Types prior to June 30, of the preceding fiscal year for the subsequent fiscal year beginning July 1. The budget is formally adopted by the Board of Trustees at a public meeting held at least ten days after public notice has been given. The approved budget is filed with the Texas Education Agency through the Public Education Information Management System (PEIMS).

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for the General Fund, Debt Service Fund and the Food Service Special Revenue Fund. The remaining special revenue funds and the Capital Projects Fund adopt project-length budgets which do not correspond to the District's fiscal year. Each annual budget is presented on the modified accrual basis of accounting which is consistent with generally accepted accounting principles. The budget was amended throughout the year by the Board of Trustees. Such amendments are before the fact and are reflected in the official minutes of the Board. During the year, several amendments were necessary.

A reconciliation of fund balances at June 30, 2020, for both budgeted and unbudgeted special revenue funds is as follows:

Budgeted Funds - Child Nutrition Special Revenue Fund	\$	2,012,702
Unbudgeted Funds		-
All Special Revenue Funds	<u>\$</u>	<u>2,012,702</u>

7. Encumbrance Accounting

Encumbrances for goods or purchased services are documented by purchase orders or contracts. Under Texas law, appropriations lapse at June 30, and encumbrances outstanding at that time are to be either cancelled or appropriately provided for in the subsequent year's budget. As of June 30, 2020, the District had no outstanding encumbrances.

8. Estimates

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the reported amounts of revenues and expenditures. Actual results could differ from those estimates.

TEXARKANA INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2020

9. Fund Equity

Unassigned fund equity for governmental funds indicates available amounts for the budgeting of future operations. The committed fund equity for governmental funds indicates committed funds that have been earmarked by Board Resolution for specific purposes and are therefore not available for general expenditures to be appropriated in the following period unless amended by future board action. Restricted fund balance is that portion of fund equity which is not available for appropriation or which has been legally separated for specific purposes. As of June 30, 2020, the nonspendable fund balance include \$39,004 for inventories in the general fund and \$295,017 for inventories in the child nutrition program in the Special Revenue Fund. The Debt Service Fund has restricted a total of \$4,054,993 for retirement of funded indebtedness as of June 30, 2020. Amounts totaling \$8,000,000, \$5,164,815, and \$1,000,000 have been committed for authorized construction programs in the General Fund, Capital Projects Fund, and Food Service Fund, respectively.

10. 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 fiscal year 2020, the District purchased commercial insurance to cover general liabilities. There were no significant reductions to coverage in the past fiscal year, and there were no settlements exceeding insurance coverage for each of the past three fiscal years.

11. TRS-Care Plan

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

12. Pensions

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

**TEXARKANA INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2020**

B. Reconciliation of Government-Wide and Fund Financial Statements

1. Explanation of Certain Differences Between The Governmental Fund Balance Sheet and The Government-Wide Statement of Net Position

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

<u>Capital Assets</u>		<u>Accumulated</u>	<u>Net Value at the</u>	<u>Change in</u>
<u>At the Beginning of the Year</u>	<u>Historic Cost</u>	<u>Depreciation</u>	<u>Beginning of the Year</u>	<u>Net Position</u>
Land	\$ 5,833,162	\$ -	\$ 5,833,162	
Buildings	163,551,364	69,345,954	94,205,410	
Furniture and Equipment	11,482,763	9,783,871	1,698,892	
Construction in Progress	1,533,681	-	1,533,681	
Change in Net Assets				<u>\$ 103,271,145</u>
<u>Long-term Liabilities</u>			<u>Payable at the</u>	
<u>At the Beginning of the Year</u>			<u>Beginning of the Year</u>	
Bonds Payable and Accretion on Capital Appreciation Bonds			\$ (49,701,487)	
Notes Payable			(14,567,910)	
Accrued Interest on Notes and Bonds			(719,317)	
Premium and Discount on Issuance of Bonds			(12,544,293)	
Deferred Gain/Loss on Refunding			1,816,369	
Change in Net Position				<u>\$ (75,716,637)</u>
Net Adjustment to Net Position				<u>\$ 27,554,508</u>

**TEXARKANA INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2020**

B. Reconciliation of Government-Wide and Fund Financial Statements

1. Explanation of Certain Differences Between The Governmental Fund Balance Sheet and The Government-Wide Statement of Net Position (Continued)

Exhibit C-2 provides the reconciliation between the fund balance for total governmental funds on the governmental fund balance sheet and the net position for governmental activities as reported in the government-wide statement of net position.

	Adjustment to Net Position	Adjustment to Changes in Net Position	Ending Impact on Net Position
Net Pension Liability	\$ (24,153,856)	\$ 271,402	\$ (23,882,454)
Deferred Inflow	(1,438,578)	(2,537,321)	(3,975,899)
Deferred Outflow	12,217,823	(894,820)	11,323,003
Net Adjustment to Net Position	<u>\$ (13,374,611)</u>	<u>\$ (3,160,739)</u>	<u>\$ (16,535,350)</u>

Two elements of that reconciliation explain that the District's proportionate share of the net pension liability, net OPEB liability, deferred outflows, and deferred inflows of resources as required by GASB 68 and GASB 75 were as follows:

	Adjustment to Net Position	Adjustment to Changes in Net Position	Ending Impact on Net Position
Net OPEB Liability	\$ (30,032,213)	\$ 661,506	\$ (29,370,707)
Deferred Inflow	(9,496,909)	(3,209,296)	(12,706,205)
Deferred Outflow	3,699,856	1,950,265	5,650,121
Net Adjustment to Net Position	<u>\$ (35,829,266)</u>	<u>\$ (597,525)</u>	<u>\$ (36,426,791)</u>

2. Explanation of Certain Differences between the Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balance and the Government-Wide Statement of Activities

Exhibit C-4 provides a reconciliation between the net changes in fund balance as shown on the governmental fund statement of revenues, expenditures, and changes in fund balances and the changes in net assets of governmental activities as reported on the government-wide statement of activities. One element of that reconciliation explains that current year capital outlay 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. The adjustment affects both the net position balance and the change in net position. The details of this adjustment are as follows:

TEXARKANA INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2020

B. Reconciliation of Government-Wide and Fund Financial Statements (Continued)

2. Explanation of Certain Differences between the Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balance and the Government-Wide Statement of Activities (Continued)

<u>Current Year Capital Outlay</u>	<u>Amount</u>	<u>Adjustments to Changes in Net Position</u>	<u>Adjustments to Net Position</u>
Land	\$ 5,006		
Buildings & Improvements	2,388,689		
Furniture & Equipment	578,838		
Construction in Progress (Net Change)	<u>(1,471,826)</u>		
Total Capital Outlay	<u>\$ 1,500,707</u>	<u>\$ 1,500,707</u>	<u>\$ 1,500,707</u>
 <u>Debt and Principal Activity</u>			
Bond Principal Payments	\$ 3,920,000		
Loan Principal Payments (Borrowings)	<u>1,190,795</u>		
Total Principal Activity	<u>\$ 5,110,795</u>	<u>\$ 5,110,795</u>	<u>\$ 5,110,795</u>
 <u>Other Items</u>			
Disposal of Assets	\$ 123,156		
Change in Accrued Interest Payable	(26,865)		
Change in Bond Premium and Accretion:			
Deferred Amount on Refunding Bonds	(196,093)		
Accretion on Cap Appreciation (Net)	(1,102,422)		
Amortization of Premium on Bonds (Net)	<u>474,948</u>		
Total Other Items	<u>\$ (727,276)</u>	<u>\$ (727,276)</u>	<u>\$ (727,276)</u>
Total Adjustment to Net Position		<u><u>\$ 5,884,227</u></u>	<u><u>\$ 5,884,227</u></u>

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

<u>Adjustments to Revenue and Deferred Revenue</u>	<u>Amount</u>	<u>Adjustments to Change in Net Position</u>	<u>Adjustments to Net Position</u>
Taxes Collected from Prior Year Levies	(931,000)	\$ (931,000)	\$ -
Uncollected Taxes (assumed collectible)	1,172,095	1,172,095	1,172,095
PY Uncollected Taxes (assumed collectible)	469,958	469,958	469,958
PY Tax Collections	(180,955)	(180,955)	-
Total Changes		<u><u>\$ 530,098</u></u>	<u><u>\$ 1,642,054</u></u>

TEXARKANA INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2020

C. Bonds

Bonded indebtedness of the District is reflected in the General Long-Term Debt Account Group, and current requirements for principal and interest expenditures are accounted for in the Debt Service Fund. Proceeds of long-term issues are reflected as "Other Resources" in the operating statement of the recipient fund. All bonds authorized in prior years have been issued.

On August 8, 2007, the District issued Unlimited School Building Bonds, Series 2007. Total issue was \$26,082,000 with a yield of 4.95%. During the year ended June 30, 2015, these bonds were partially defeased with the Unlimited Tax School Building & Refunding bonds – Series 2015. As of June 30, 2020, \$917,461 of the bonds are outstanding.

On November 18, 2010, the District issued Unlimited Tax Refunding Bonds, Series 2010 to refund \$5,070,000 of the Unlimited Tax School Building Bonds, Series 2002. The refunding bonds issued provided the District with a net present value cash flow savings of \$644,690. As of June 30, 2020, \$1,535,000 of the bonds are outstanding.

On November 18, 2014, the District issued Unlimited Tax Refunding Bonds, Series 2014 to refund \$7,799,500 of the Unlimited Tax Refunding Bonds, Series 2005. The refunding bonds issued provided the District with a net present value cash flow savings of \$1,021,137 and an economic gain of \$970,302. As of June 30, 2020, \$1,065,000 of the bonds are outstanding.

On March 18, 2015, the District issued Unlimited Tax School Building & Refunding Bonds, Series 2015 to refund \$15,781,155 of the Unlimited Tax School Building Bonds, Series 2007. The total issue was \$42,930,000, \$27,150,000 for School Building and \$15,780,000 for refunding. The refunding bonds issued provided the District with a net present value cash flow savings of \$3,460,000 and an economic gain of \$2,804,431. As of June 30, 2020, \$35,515,000 of the bonds are outstanding.

A summary of changes in general long-term debt for the year ended June 30, 2020, is as follows:

Description	Interest Rate Payable	Original Issued	Outstanding 6/30/2019	Issued	Retired	Outstanding 6/30/2020
Unlimited Tax School Building Bonds - Series 2007	4.95%	26,082,000	\$ 917,461	\$ -	\$ -	\$ 917,461
Unlimited Tax Refunding Bonds - Series 2010	2.00% - 4.00%	5,070,000	1,980,000	-	445,000	1,535,000
Unlimited Tax Refunding Bonds - Series 2014	1.50% - 3.00%	7,590,000	2,345,000	-	1,280,000	1,065,000
Unlimited Tax School Building & Refunding Bonds - Series 2015	2.00% - 5.00%	42,930,000	37,710,000	-	2,195,000	35,515,000
Totals			<u>\$ 42,952,461</u>	<u>\$ -</u>	<u>\$ 3,920,000</u>	<u>\$ 39,032,461</u>

Debt Service requirements are as follows:

Years Ending June 30,	Principal	Interest	Total
2021	\$ 3,390,000	\$ 1,921,275	\$ 5,311,275
2022	2,735,000	2,558,713	5,293,713
2023	2,610,000	2,684,688	5,294,688
2024	2,510,000	2,783,688	5,293,688
2025	2,420,000	2,871,288	5,291,288
2026-2030	9,007,461	14,426,139	23,433,600
2031-2035	8,175,000	3,313,750	11,488,750
2036-2039	8,185,000	1,048,500	9,233,500
Total Bonded Debt	<u>\$ 39,032,461</u>	<u>\$ 31,608,041</u>	<u>\$ 70,640,502</u>

TEXARKANA INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2020

C. Bonds (Continued)

There was \$1,842,131 in bond interest expense paid for during the year.

D. Capital Asset Activity

Capital Asset Activity for the District for the year ended June 30, 2020, was as follows:

	Primary Government				Balance 6/30/2020
	Balance 6/30/2019	Additions	Transfer	Reductions	
Governmental Activities:					
Land	\$ 5,833,162	\$ 5,006	\$ -	\$ -	\$ 5,838,168
Building and Improvements	163,551,364	2,388,689	-	-	165,940,053
Furniture and Equipment	11,482,763	705,282	-	(126,444)	12,061,601
Construction in Progress	1,533,681	61,855	-	(1,533,681)	61,855
Totals at Historical Cost	182,400,970	3,160,832	-	(1,660,125)	183,901,677
Less Accumulated Depreciation					
Buildings and Improvements	69,345,954	5,061,619	-	-	74,407,573
Furniture and Equipment	9,783,871	594,498	-	(123,157)	10,255,212
Total Accumulated Depreciation	79,129,825	5,656,117	-	(123,157)	84,662,785
Governmental Activities					
Capital Assets, Net	<u>\$ 103,271,145</u>	<u>\$ (2,495,285)</u>	<u>\$ -</u>	<u>\$ (1,536,968)</u>	<u>\$ 99,238,892</u>
	Balance				Balance
	6/30/2019	Additions	Transfer	Reductions	6/30/2020
Business-type Activities:					
Building and Improvements	\$ 9,200	\$ -	\$ -	\$ -	\$ 9,200
Furniture and Equipment	283,363	-	-	(14,358)	269,005
Totals at Historical Cost	292,563	-	-	(14,358)	278,205
Less Accumulated Depreciation					
Buildings and Improvements	7,865	297	-	-	8,162
Furniture and Equipment	252,115	9,851	-	(14,358)	247,608
Total Accumulated Depreciation	259,980	10,148	-	(14,358)	255,770
Business-type Activities					
Capital Assets, Net	<u>\$ 32,583</u>	<u>\$ (10,148)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 22,435</u>

Depreciation expense was charged to governmental functions as follows:

Instruction	\$ 4,619,442
Intructional Resource & Media Services	32,202
Curriculum & Instrutional Staff Development	3,468
Health Services	253,081
Student Transportation	71,835
Food Services	419,708
General Administration	206,344
Plant Maintenance and Operations	34,679
Security and Monitoring Services	15,358
Total Depreciation	<u>\$ 5,656,117</u>

The District's policy is to capitalize and depreciate those items with a value of \$5,000 or greater. Accordingly, all capital assets with a cost of less than \$5,000 are expensed.

TEXARKANA INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2020

Accordingly, all capital assets with a cost of less than \$5,000 are expensed.

E. Changes in Long-term Liabilities

Long-term activity for the year ending June 30, 2020 was as follows:

Governmental Activities:	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Bonds and Notes Payable					
General Obligation Bonds	\$ 42,952,461	\$ -	\$ 3,920,000	\$ 39,032,461	\$ 3,390,000
Accretion on Capital					
Appreciation Bonds	6,749,026	1,712,422	610,000	7,851,448	930,568
Bond Premium	12,544,293	-	474,948	12,069,345	512,630
Maintenance Notes	14,567,910	-	1,190,795	13,377,115	1,222,186
Total Governmental Activities					
Long-term Liabilities	<u>\$ 76,813,690</u>	<u>\$ 1,712,422</u>	<u>\$ 6,195,743</u>	<u>\$ 72,330,369</u>	<u>\$ 6,055,384</u>

F. General Fund Federal Source Revenues

Indirect cost revenues were determined by applying approved indirect cost rates to actual applicable expenditures of federally-funded grant programs.

Program or Source	CFDA Number	Amount	Total Grant or Entitlement
Medicaid - School Health and Related Services (SHARS)	N/A	\$ 903,829	\$ 903,829
Medicaid Administrative Claims	93.778	25,991	25,991
E-Rate	N/A	337,253	337,253
Indirect Costs:			
ESSA, Title I, Part A	84.010	95,830	95,830
Title VI, IDEA-B, Formula	84.027	49,439	49,439
Title VI, IDEA-B, Preschool	84.173	1,271	1,271
Title VI, IDEA-B, Preschool (Deaf)	84.173	319	319
ESSA, Title II Part A	84.367	10,894	10,894
Title III, LEP Program	84.365	2,313	2,313
Career and Technical - Basic	84.048	3,803	3,803
Title IV, Part A, Subpart I	84.424	6,416	6,416
TTIPS	84.337	81,862	81,862
ESSER	84.425	248,875	248,875
Total		<u>\$ 1,768,095</u>	<u>\$ 1,768,095</u>

TEXARKANA INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2020

G. Property Taxes

Property taxes are considered available when collected within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period. The District levies its taxes on October 1 in conformity with Subtitle E, Texas Property Code. Taxes are due upon receipt of the tax bill and are past due and subject to interest if not paid by February 1 of the year following the October 1 levy date. The assessed value of the property tax roll on January 1, 2019, upon which the levy for the 2019-2020 fiscal year was based, was \$2,207,585,935. Delinquent taxes are subject to both penalty and interest charges plus delinquent collection fees for attorney costs.

The tax rates assessed for the year ended June 30, 2020, to finance General Fund operations and the payment of principal and interest on general obligation long-term debt were \$1.0683 and \$.255 per \$100 valuation, for a total of \$1.33 per \$100 valuation.

Total tax collections for the year ended June 30, 2020, were 97% of the current year adjusted tax levy. Delinquent taxes are prorated between maintenance and debt service based on rates adopted for the year of the levy. Allowances for uncollectible taxes within the General and Debt Service Funds are based on historical experience in collecting taxes. Uncollectible personal property taxes are periodically reviewed and written off, but the District is prohibited from writing off real property taxes without specific statutory authority from the Texas Legislature. As of June 30, 2020, property taxes receivable, net of estimated uncollectible taxes, totaled \$1,646,140 and \$373,404 for the General and Debt Service Funds, respectively.

H. Pension Plan Obligations

Plan Description – The District participates in a public employee retirement system (PERS) that is 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). TRS's defined benefit pension plan is established and administered in accordance with the Texas Constitution, Article XVI, Section 67 and Texas Government Code, Title 8, Subtitle C. The pension trust fund is a qualified pension trust under Section 401(a) of the Internal Revenue Code. The Texas Legislature establishes benefits and contribution rates within the guidelines of the Texas Constitution. The pension's Board of Trustees does not have the authority to establish or amend benefit terms.

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

**TEXARKANA INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
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H. Pension Plan Obligations (Continued)

Pension Plan Fiduciary Net Position – Detailed information about the Teacher Retirement System’s fiduciary net position is available in a separately-issued Comprehensive Annual Financial Report that includes financial statements and required supplementary information. 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 78791-2698; or by calling (512) 542-6592. The information provided in the Notes to the Financial Statements in the 2019 Comprehensive Annual Financial Report for TRS provides the following information regarding the Pension Plan Fiduciary net position as of August 31, 2019.

<u>Net Pension Liability</u>	<u>Total</u>
Total Pension Liability	\$ 209,961,325,288
Less: Plan Fiduciary Net Position	(157,978,199,075)
Net Pension Liability	<u>\$ 51,983,126,213</u>
 Net Position as percentage of Total Pension Liability	 75.24%

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

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. 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.

**TEXARKANA INDEPENDENT SCHOOL DISTRICT
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H. Pension Plan Obligations (Continued)

Employee contribution rates are set in state statute, Texas Government Code 825.402. Senate Bill 1458 of the 83rd Texas Legislature amended Texas Government Code 825.402 for member contributions and established employee contribution rates for fiscal years 2014 through 2017. The 83rd Texas Legislature, General Appropriations Act (GAA) established the employer contribution rates for fiscal years 2014 and 2017. The 85th Texas Legislature, General Appropriations Act (GAA) established the employer contribution rates for fiscal years 2019 and 2020.

	<u>Contribution Rates</u>	
	<u>2019</u>	<u>2020</u>
Member	7.70%	7.70%
Non-Employer Contributing Entity (State)	6.80%	6.80%
Employers	6.80%	6.80%

Texarkana 2020 Employer Contributions	\$	1,877,521
Texarkana 2020 Member Contributions	\$	4,042,336
Texarkana 2019 NECE On-Behalf Contributions	\$	2,200,236

Contributors to the plan include members, employers and the State of Texas as the only non-employer contributing entity. 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, 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 including public 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 a federal, private, local or non-educational and general funds.

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

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

Roll Forward – A change was made in the measurement date of the total pension liability for the 2019 measurement year. The actuarial valuation was performed as of August 31, 2018. Update procedures were used to roll forward the total pension liability to August 31, 2019. This is the second year using the roll forward procedures.

**TEXARKANA INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2020**

H. Pension Plan Obligations (Continued)

The total pension liability is determined by an annual actuarial valuation. The actuarial methods and assumptions were selected by the Board of Trustees based upon analysis and recommendations by the System’s actuary. The Board of Trustees has sole authority to determine the actuarial assumptions used for the Plan. The active mortality rates were based on 90 percent of the RP 2014 Employee Mortality Tables for males and females with full generational mortality. The post-retirement mortality rates for healthy lives were based on the 2018 TRS of Texas Healthy Pension Mortality Tables with full generational projection using the ultimate improvement rates from the most recently published projection scale U-MP.

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

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	2.63%
Last year ending August 31 in Projection Period (100 years)	2116
Inflation	2.30%
Salary Increases Including Inflation	3.05% to 9.05% including inflation
Ad hoc Post Employment Benefit Changes	None

The actuarial methods and assumptions are primarily based on a study of actual experience for the three-year period ending August 31, 2018, and adopted in July 2018.

Discount Rate – The single discount rate used to measure the total pension liability was 7.25%. There was a decrease in the discount rate from the previous year. The single discount rate was based on the expected rate of return on the plan investments of 7.25%. The projection of cash flows used to determine the 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 legislative session. It is assumed that future employer and state contributions will be 8.50% of payroll in fiscal year 2020 gradually increasing to 9.55% of payroll over the next several years. This includes all employer and State contributions for active and rehired retirees. Based on these 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.

TEXARKANA INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2020

H. Pension Plan Obligations (Continued)

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

Asset Class	FY 2019 Target Allocation * %	New Target Allocation** %	Long-Term Expected Geometric Real Rate of Return***
Global Equity			
USA	18.00%	18.00%	6.40%
Non-U.S. Developed	13.00	13.00	6.30
Emerging Markets	9.00	9.00	7.30
Directional Hedge Funds	4.00	-	-
Private Equity	13.00	14.00	8.40
Stable Value			
U.S. Treasuries ****	11.00	16.00	3.10
Stable Value Hedge Funds	4.00	5.00	4.50
Absolute Return (Including Credit Sensitive Investments)	-	-	-
Real Return			
Global Inflation Linked Bonds *****	3.00	-	-
Real Estate	14.00	15.00	8.50
Energy, Natural Resources and Infrastructure	5.00	6.00	7.30
Commodities	-	-	-
Risk Parity			
Risk Parity	5.00	8.00	5.8%/6.5%*****
Asset Allocation Leverage			
Cash	1.0	2.0	2.5
Asset Allocation Leverage	-	(6.0)	2.7
	100%	100%	
Expected Return			7.23%

* FY 2019 Target Allocation based on the Strategic Asset Allocation dated 10/1/2018

** New target allocation based on the Strategic Asset Allocation dated 10/1/2019

*** 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%)

**TEXARKANA INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2020**

H. Pension Plan Obligations (Continued)

Discount Rate Sensitivity Analysis – The following schedule shows the impact of the Net Pension Liability if the discount rate used was 1% less than and 1% greater than the discount rate that was used (7.25%) in measuring the 2019 Net Pension Liability.

	1% Decrease in Discount Rate (6.25%)	Discount Rate (7.25%)	1% Increase in Discount Rate (8.25%)
TISD's proportionate share of the net pension liability:	\$36,710,801	\$23,882,454	\$13,489,016

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions – At June 30, 2020, the District reported a liability of \$23,882,454 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	\$ 23,882,454
State's proportionate share that is associated with the District	<u>32,678,873</u>
Total	<u><u>\$ 56,561,327</u></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 August 31, 2018 rolled forward to August 31, 2019. 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, through August 31, 2019.

At August 31, 2019, the employer's proportion of the collective net pension liability was .045942704% which was an increase of .00020604% from its proportion measured as of August 31, 2018.

Changes Since the Prior Actuarial Valuation – Assumptions, methods, and plan changes which are specific to the Pension Trust Fund were updated from the prior year's report. The Net Pension Liability increased significantly since the prior measurement date due to a change in the following actuarial assumptions.

Changes of Assumptions:

1. The total pension liability as of August 31, 2019 was developed using a roll-forward method from the August 31, 2018.
2. With the enactment of SB 3 by the 2019 Texas Legislature, an assumption has been made about how this would impact future salaries. It is assumed that eligible active members will each receive a \$2,700 increase in fiscal year 2020. This is an addition to the salary increase expected based on the actuarial assumptions.
3. 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.

**TEXARKANA INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2020**

H. Pension Plan Obligations (Continued)

Changes of Benefit Terms:

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

For the year ended June 30 2020, the District recognized pension expense of \$10,542,538 and revenue of \$5,133,391 for support provided by the state in the Government Wide Statement of Activities.

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ 100,328	\$ 829,237
Changes in actuarial assumptions	7,409,510	3,061,960
Difference between projected and actual investment earnings	239,807	-
Changes in proportion and difference between the employer's contributions and the proportionate share of contributions	2,010,351	84,702
Contributions paid to TRS subsequent to the measurement date	1,563,007	-
Total	\$ 11,323,003	\$ 3,975,899

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:

Year ended June 30:	Pension Expense Amount
2021	\$ 1,445,788
2022	1,167,252
2023	1,431,079
2024	1,391,134
2025	524,369
Thereafter	-175,525

I. Deposits and Investments

District Policies and Legal and Contractual Provisions Governing Deposits

Custodial Credit Risk for Deposits – State law requires governmental entities to contract with financial institutions in which funds will be deposited to secure those deposits with FDIC insurance or pledged securities, as approved by the School Depository Act, with a fair value equaling or exceeding the amount on deposit at the end of each business day. The pledged securities must be pledged in the name of the governmental entity and held by the entity or its agent. At June 30, 2020, the District and the component unit's deposits were covered by FDIC insurance or pledged securities held by the depository's agent for the benefit of the District.

**TEXARKANA INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2020**

I. Deposits and Investments (Continued)

District Policies and Legal and Contractual Provisions Governing Investments

Compliance with the Public Funds Investment Act

The *Public Funds Investment Act* (Government Code Chapter 2256) contains specific provisions in the areas of investment practices, management reports and establishment of appropriate policies. Among other things, it requires 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 return, (6) maximum allowable stated maturity of portfolio investments, (7) maximum average dollar-weighted maturity allowed based on the stated maturity date for the portfolio, (8) investment staff quality and capabilities, (9) and bid solicitation preferences for certificates of deposit.

Statutes authorize the District to invest in (1) obligations of the U.S. Treasury, certain U.S. agencies, and the State of Texas, (2) certificates of deposit, (3) certain municipal securities, (4) money market savings accounts, (5) repurchase agreements, (6) bankers acceptances, (7) mutual funds, (8) investments pools, (9) guaranteed investment contracts, (10) and common trust funds. The Act also requires the District to have independent auditors perform test procedures related to the investment practices as provided by the Act. Texarkana Independent School District is in substantial compliance with the requirements of the Act and with local policies.

FASB Accounting Standards Codification Subtopic 820-10 requires that investments in financial and nonfinancial assets be reported in a hierarchy which includes the following three different levels:

Level I: Assets are based on quoted prices or unadjusted quoted prices in active markets for identical assets or liabilities that the District has the ability to access at the District's year end.

Level II: Assets are based on other than quoted prices or adjusted quoted prices of similar assets or liabilities in markets that are not active.

Level III: Assets are based on unobservable inputs and which shall reflect the District's own assumptions about the asset or liabilities.

The fair value hierarchy gives the highest priority to Level I assets and the lowest priority to Level III assets. As of June 30, 2020, Texarkana Independent School District and its component unit had the following investments:

	Governmental & Agency Funds		Component Unit	
	Fair Value	Carrying Value	Fair Value	Carrying Value
Level II Investments				
First Public Investment Pool	\$ 9,804,781	\$ 9,804,781	\$ -	\$ -
Bank Held Investments	4,763,983	4,763,983	363,632	363,632
Total Level II Investments	14,568,764	14,568,764	363,632	363,632
Investments measured at NAV	-	-	82,369	82,369
Total Investments	\$ 14,568,764	\$ 14,568,764	\$ 446,001	\$ 446,001

**TEXARKANA INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2020**

I. Deposits and Investments (Continued)

The bank held investments listed above include the following:

	District	Component Unit
Certificates of Deposit	\$ 4,763,983	\$ 363,632
Money Market Accounts	-	-
Total Bank Held Investments	\$ 4,763,983	\$ 363,632

Additional policies and contractual provisions governing deposits and investments for Texarkana Independent School District are specified below:

Credit Risk-To limit the risk that an issuer or other counterparty to an investment will not fulfill its obligations the District limits investments in obligations of the United States or its agencies, certificates of deposit, repurchase agreements, banker’s acceptances, commercial paper, money market mutual funds, guaranteed investment contracts, and public funds investment pools.

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

Concentration of Credit Risk-To limit the risk of loss attributed to the magnitude of a government’s investment in a single issuer, the District limits investments to less than 5% of its total investments. The District further limits investments in a single issuer when they would cause investment risks to be significantly greater in the governmental and business-type activities, individual major funds, aggregate non-major funds and fiduciary fund types than they are in the primary government. Usually this limitation is 20%.

Interest Rate Risk-To limit the risk that changes in interest rates will adversely affect the fair value of investments, the District requires any internally created pool fund group shall have a maximum dollar weighted maturity of 180 days. The maximum allowable stated maturity of any other individual investment owned by the District shall not exceed one year from the time of purchase. The Board may specifically authorize a longer maturity for a given investment, within legal limits. The District’s investment portfolio shall have sufficient liquidity to meet anticipated cash flow requirements.

Lone Star - The Lone Star Investment Pool (Lone Star) is a public funds investment pool created pursuant to the Interlocal Cooperation Act, Texas Government Code, Chapter 791, and the Public Funds Investment Act, Texas Government Code, Chapter 2256. Lone Star is managed by an 11-member Board of Trustees and pursuant to the Investment Agreement, the Board is authorized and directed to adopt and maintain bylaws consistent with the bylaws of the Texas School Cash Management Program. Pursuant to Section 2256.016(g) of the Public Funds Investment Act, Lone Star has established an Advisory Board. The purpose of the Advisory Board is to gather and exchange information from participants and non-participants relating to Lone Star’s operations. The Board has entered into an agreement with the Texas Association of School Boards (TASB), a Texas nonprofit corporation, pursuant to which TASB serves as administrator of the Lone Star’s operations. Standard & Poor’s rates money market funds and has rated Lone Star as AAA. The net asset value of the District’s investment in Lone Star approximates fair value.

**TEXARKANA INDEPENDENT SCHOOL DISTRICT
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J. Investment in Beneficial Interest in the Arkansas Community Foundation

In a prior year, the component unit (Foundation) transferred funds to the Arkansas Community Foundation (ACF), which is a permanently restricted endowment fund for which only the earnings on the investments can be distributed at the discretion of the ACF.

The beneficial interests in the ACF are recorded at the net asset value of the underlying assets which include but are not limited to common stocks, mutual funds, government bonds, corporate bonds, mortgage backed securities, fixed income funds, partnerships and cash. The net asset value is used as a practical expedient to estimate fair value.

This practical expedient would not be used if it is determined to be probable that the fund will sell the investment for an amount different from the net asset value. The Foundation's assets measured at the net asset value are not classified within the fair value hierarchy. See Note I.

The following table summarizes investments for which fair value is measured using the net asset value per share as a practical expedient as of June 30, 2020:

	<u>Fair Value</u>	<u>Unfunded Commitments</u>	<u>Redemption Frequency (If Currently Eligible)</u>	<u>Redemption Notice Period</u>
Arkansas Community Foundation	\$ 82,369	N/A	N/A	N/A

K. Depository Contract Law

Under Texas state law, a bank serving as the school depository must have a bond or in lieu thereof, deposited or pledged securities with the District or an independent third party agent, an amount equal to the highest daily balance of all deposits the District may have during the term of the depository contract, less any applicable FDIC insurance.

At June 30, 2020, the carrying amount of the District's deposits (cash, certificates of deposit, and interest-bearing savings accounts) was \$9,913,637 and the bank balance was \$10,521,402. At year end, the District's cash deposits were covered by FDIC insurance or by pledged collateral held by the District's agent banks.

L. Due from Other Governments

The District participates in a variety of federal and state programs from which it receives grants to partially or fully finance certain activities. In addition, the District receives entitlements from the State through the School Foundation and Per Capita Programs. Amounts due from federal and state governments as of June 30, 2020, are summarized on the following page.

TEXARKANA INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
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L. Due from Other Governments (Continued)

All federal grants shown below are passed through the TEA and are reported on the combined financial statements as Due from Other Governments.

	<u>State Entitlements</u>	<u>Federal & State Grants</u>	<u>Taxing Authority</u>	<u>Total</u>
General Fund	\$ 21,570,355	\$ 418,126	\$ 945,047	\$ 22,933,527
Special Revenue Fund	-	4,494,272	-	4,494,272
Debt Service	900,467.00	-	-	900,467
Total	<u>\$ 22,470,822</u>	<u>\$ 4,912,398</u>	<u>\$ 945,047</u>	<u>\$ 28,328,266</u>

M. Interfund Receivables and Payables

Interfund balances at June 30, 2020, consisted of the following individual fund receivables and payables for the Governmental, Business Type and Trust and Agency Funds:

	<u>Receivable</u>	<u>Payable</u>
General Fund		
General Fund	\$ 1,536,598	\$ 1,536,598
Debt Service Fund	-	331,798
Capital Projects Fund	1,512	4,000,000
Special Revenue Funds	3,881,582	-
Trust & Agency Fund	43,445	-
Total General Fund	<u>5,463,137</u>	<u>5,868,396</u>
Special Revenue Funds		
General Fund	-	3,881,582
Total Special Revenue Funds	<u>-</u>	<u>3,881,582</u>
Debt Service Fund		
General Fund	331,798	-
Total Debt Service Fund	<u>331,798</u>	<u>-</u>
Capital Projects Fund		
General Fund	4,000,000	1,512
Total Capital Projects Fund	<u>4,000,000</u>	<u>1,512</u>
Trust and Agency		
General Fund	-	43,445
Total Trust and Agency	<u>-</u>	<u>43,445</u>
Grand Totals	<u>\$ 9,794,935</u>	<u>\$ 9,794,935</u>

**TEXARKANA INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2020**

N. Concentration of Credit Risks

The District's receivables consist primarily of amounts due from the State of Texas, the Federal Government and taxpayers within the District's taxing jurisdiction.

O. Accumulated Unpaid Vacation and Sick Leave Benefits

Upon retirement of certain employees, the District pays up to 30 days of local accumulated leave time at a maximum rate of \$50 per day. Due to the indeterminate nature of the obligation, no accrual is included in the general purpose financial statements.

P. Health Care Coverage

As disclosed above, as of October 1, 2002, the District began participating in the State Insurance Program. In accordance with the new plan provisions, the District paid \$242 in premiums on behalf of each employee. The remaining premiums were paid by the employees based upon the coverage elections.

Q. Loans

In August of 2009, the District obtained an additional loan for \$2,500,000 under the Texas Education Code, Section 45.108 also payable from maintenance tax collections.

In 2010, the District obtained a loan for \$6,512,905 under the Texas Education Code, Section 45.108 which is payable from maintenance tax collections. This note retired \$3,212,905 of outstanding loans.

In 2011, the District obtained a loan for \$7,797,730 under the Texas Education Code, Section 45.108 which is payable from maintenance tax collections. This note retired \$7,100,517 of outstanding loans.

In 2018, the District obtained a loan for \$4,925,000 under the Texas Education Code, Section 45.108 which is payable from maintenance tax collections.

In 2019, the District obtained two loans for \$1,000,000 each under the Texas Education Code, Section 45.108 which is payable from maintenance tax collections.

A summary of the long-term loan activity for the year ended June 30, 2020, is as follows:

<u>Year Approved</u>	<u>Loan Purpose</u>	<u>Interest Rate</u>	<u>Total Loans Authorized</u>	<u>Amt Outstanding 6/30/2019</u>	<u>Borrowed</u>	<u>Retired</u>	<u>Amt Outstanding 6/30/2020</u>
Payable from Debt Service Fund							
2019	Maintenance	2.50%	\$ 1,000,000	\$ 985,000	\$ -	\$ 35,000	950,000
2019	Maintenance	2.00%	1,000,000	975,000	-	55,000	920,000
2018	Maintenance	2.84%	4,925,000	4,925,000	-	100,000	4,825,000
2011	Maintenance	2.96%	7,797,730	4,594,100	-	517,126	4,076,973
2010	Maintenance	2.95%	6,512,905	3,039,337	-	434,196	2,605,141
2009	Maintenance	3.57%	2,500,000	49,473	-	49,473	-
				<u>\$ 14,567,910</u>	<u>\$ -</u>	<u>\$ 1,190,795</u>	<u>\$ 13,377,115</u>

Interest expense for 2020 was \$457,000.

**TEXARKANA INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2020**

Q. Loans (Continued)

Debt service requirements are as follows:

Year Ended June 30,	Debt Service		Total
	Principal	Interest	
2021	1,222,186	418,874	1,641,060
2022	1,258,178	380,225	1,638,403
2023	1,299,651	339,745	1,639,396
2024	1,341,450	298,021	1,639,471
2025	1,384,087	254,144	1,638,231
2026-2030	6,116,563	634,441	6,751,004
2031-2035	545,000	101,175	646,175
2035-2038	210,000	17,200	227,200
	<u>\$ 13,377,115</u>	<u>\$ 2,443,825</u>	<u>\$ 15,820,940</u>

R. Litigation

At June 30, 2020, the District is not a defendant in any lawsuit. Accordingly, no liability has been reported in the financial statements.

S. Workers' Compensation

On September 1, 2011, Texarkana ISD opted out of the self-funded workers' compensation program with other member school districts. The District's new coverage is with TASB Risk Management Fund for a fixed rate of \$239,295 from July 1, 2019 thru July 1, 2020. The District is still responsible for past liabilities with Claims Administrative Services. The accrued liability for Claims Administrative Services self-insurance of \$23,531 includes incurred but not reported claims. This liability reported in the fund as of June 30, 2020 is based on the requirements of Governmental Accounting Standards Board Statement No. 10, which requires that a liability for claims be reported if information prior to the issuance of the financial statements indicated that it is probable that a liability has been incurred as of the date of the financial statements, and the amount of loss can be due to changes in legal doctrines, and damage awards. This process used in computing the liability does not result necessarily in an exact amount. The liability booked was the discounted estimate of the actuary at the mean funding level.

**TEXARKANA INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2020**

S. Workers' Compensation (Continued)

The following year by year exposure details the number of annual claims:

<u>Fiscal Year</u>	<u>Claims</u>
2010-2011	63
2011-2012	-
2012-2013	-
2013-2014	-
2014-2015	-
2015-2016	-
2016-2017	-
2017-2018	-
2018-2019	-
2019-2020	-
10 Year Average	<u>6</u>

Changes in the workers' compensation claims liability in fiscal years ended June 30, 2020 and 2019 are represented below:

	<u>2020</u>	<u>2019</u>
Beginning of Fiscal Year Liability	\$ 32,335	\$ 37,715
Current Year Claims and Changes	(7,173)	(3,494)
Claims Payments	<u>(1,630)</u>	<u>(1,886)</u>
End of Fiscal Year Liability	<u>\$ 23,531</u>	<u>\$ 32,335</u>

T. Deferred Inflows of Resources and Unearned Revenues

Deferred revenue of the individual funds of the District at June 30, 2020, consisted of the following:

	<u>General Fund</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Total</u>
Net Tax Revenue	\$ 1,338,675	\$ -	\$ 303,379	\$ 1,642,054
SPED Fiscal Support	-	199,180	-	199,180
Text Book Allotment	-	222,622	-	222,622
Tigers Children's Clinic	-	33,583	-	33,583
Public School CCS	-	89,422	-	89,422
Austism/Dyslexia	-	6,990	-	6,990
	<u>\$ 1,338,675</u>	<u>\$ 551,797</u>	<u>\$ 303,379</u>	<u>\$ 2,193,851</u>

U. Medicare Prescription Drug, Improvement, and Modernization Act

The Medicare Prescription Drug, Improvement, and Modernization Act of 2003, which was effective January 1, 2006, established prescription drug coverage for Medicare beneficiaries known as Medicare Part D. One of the provisions of Medicare Part D allows for the Texas Public Schools 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. These on behalf payments have been recorded as equal revenues and expenditures in the amount of \$243,959, \$176,248, and \$139,646 for 2020, 2019, and 2018, respectively.

**TEXARKANA INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2020**

V. Revenues from Local and Intermediate Sources

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

	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Total</u>
Property Taxes	\$22,345,114	-	\$ 5,259,112	-	\$27,604,226
Investment Income	300,802	31,090	49,187	7,204	388,283
Penalties & Interest	280,922	-	125,334	-	406,256
Tuition & Fees	43,129	346,597	-	-	389,726
Virtual School	250,000	-	-	-	250,000
Rent	66,124	-	-	-	66,124
Food Service	-	551,594	-	-	551,594
Athletic	129,078	-	-	-	129,078
Student	499,151	-	-	-	499,151
Intermediate	71,282	-	-	-	71,282
Insurance Recovery	8,376	-	-	-	8,376
Other	238,408	28,943	-	-	267,351
	<u>\$24,232,385</u>	<u>\$ 958,225</u>	<u>\$ 5,433,632</u>	<u>\$ 7,204</u>	<u>\$30,631,446</u>

W. 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 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.

Components of the net OPEB liability of the TRS-Care plan as of August 31, 2019, are as follows:

<u>Net OPEB Liability</u>	<u>Total</u>
Total OPEB Liability	\$ 48,583,247,239
Less: Plan Fiduciary Net Position	<u>(1,292,022,349)</u>
Net OPEB Liability	<u>\$ 47,291,224,890</u>

Net Position as percentage of Total OPEB Liability 2.66%

**TEXARKANA INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2020**

W. Defined Other Post-Employment Benefit Plans (Continued)

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

Eligible non-Medicare retirees and their dependents may pay premiums to participate in the high deductible health plans. Eligible Medicare retirees and their dependents may pay premiums to participate in the 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 the optional health insurance are based on years of service of the member. The schedule below shows the monthly rates for a retiree with and without Medicare coverage. These new premium rates for retirees with Medicare Part A and Part B became effective January 1, 2019.

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

TRS-Care Monthly Premium Rates
Effective Jan. 1, 2019 - Dec. 31, 2019

	Medicare	Non-Medicare
Retiree*	\$ 135	\$ 200
Retiree and Spouse	529	689
Retiree* and Children	468	408
Retiree and Family	1,020	999
*or surviving spouse		

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

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

**TEXARKANA INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2020**

W. Defined Other Post-Employment Benefit Plans (Continued)

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

District's 2020 FY Employer Contributions	\$	486,354
District's 2020 FY Member Contributions	\$	341,238
District's 2019 NECE On-Behalf Contributions	\$	585,664

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.

A supplemental appropriation was received in 2019 for \$73.6 million, which was re-appropriated from amounts received by the pension and TRS-Care funds in excess of the state's actual obligation and then transferred to TRS-Care.

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

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

The following assumptions used for members of TRS are identical to the assumptions employed in the August 31, 2019 TRS annual pension actuarial valuation:

Rates of Mortality	General Inflation
Rates of Retirement	Wage Inflation
Rates of Termination	Salary Increases
Rates of Disability	

**TEXARKANA INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2020**

W. Defined Other Post-Employment Benefit Plans (Continued)

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% after age 65. 25% of pre-65 retirees are assumed to discontinue coverage at age 65.
Expenses	Third-party administrative expenses related to the delivery of health care benefits are included in the age-adjusted claims costs.
Salary Increases	3.05% - 9.05%, including inflation
Ad-hoc Post Employment Benefit Changes	None

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

- 2018 thresholds of \$850/\$2,292 were indexed annually by 2.30 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. This was a decrease of 1.06 percent in the discount rate since the previous year. The Discount Rate can be found in the 2019 TRS CAFR on page 70. Because the plan is 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 are 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.

**TEXARKANA INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2020**

W. Defined Other Post-Employment Benefit Plans (Continued)

Sensitivity of the Net 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 (1.63%)	Current Single Discount Rate (2.63%)	1% Increase (3.63%)
District's proportionate share of the net OPEB liability	\$ 35,459,870	\$ 29,370,707	\$ 24,625,785

Healthcare Cost Trend Rates Sensitivity Analysis - The following presents the net OPEB liability of the plan using the assumed healthcare cost trend rate, as well as what the net OPEB liability would be if it were calculated using a trend rate that is one-percentage point lower or one-percentage point higher than the assumed healthcare cost trend rate.

	1% Decrease	Current Healthcare Cost Trend Rate	1% Increase
District's proportionate share of the net OPEB liability	\$ 23,959,594	\$ 29,370,707	\$ 36,619,118

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

At June 30, 2020, the District reported a liability of \$29,370,707 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	\$ 29,370,707
State's proportionate share that is associated with the District	39,027,103
Total	<u>\$ 68,397,810</u>

The net OPEB liability was measured as of 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 the OPEB plan relative to the contributions of all employers to the plan for the period September 1, 2018, through August 31, 2019.

At August 31, 2019, the employer's proportion of the collective net OPEB liability was 0.062106044%, which is an increase of 0.001958513% from its proportion measured as of August 31, 2018.

TEXARKANA INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2020

W. Defined Other Post-Employment Benefit Plans (Continued)

Changes Since the Prior Actuarial Valuation:

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

1. The discount rate changed from 3.69 percent as of August 31, 2018 to 2.63 percent, as of August 31, 2019. This change increased the total OPEB liability (TOL).
2. 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.
3. The trend rates were reset to better reflect the plan's anticipated experience. This change increased the TOL.
4. 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.

Changes of Benefit Terms:

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

For the year ended June 30, 2020, the District recognized OPEB expense of \$3,875,527 and revenue of \$1,028,594 for support provided by the State.

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ 1,440,883	\$ 4,806,205
Changes in actuarial assumptions	1,631,314	7,900,000
Difference between projected and actual investment earnings	3,169	-
Changes in proportion and difference between the employer's contributions and the proportionate share of contributions	2,168,196	-
Contributions paid to TRS subsequent to the measurement date	406,559	-
Total	\$ 5,650,121	\$ 12,706,205

The net amounts of the employer's balances of deferred outflows and inflows (not including the deferred contribution paid subsequent to the measurement date) of resources related to OPEBs will be recognized in OPEB expense as follows:

Year ended June 30:	OPEB Expense Amount
2021	\$ (1,331,588)
2022	(1,331,588)
2023	(1,332,614)
2024	(1,333,200)
2025	(1,333,040)
Thereafter	(800,613)

**TEXARKANA INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2020**

X. Interfund Transfers

Interfund transfers for the year ended June 30, 2020 are as follows:

<u>Fund</u>	<u>Transfer In</u>	<u>Transfer Out</u>
General Fund:	\$ -	\$ 5,647,359
General Fund	<u>-</u>	<u>5,647,359</u>
Capital Project Funds:	<u>4,774,500</u>	<u>-</u>
Capital Project Funds	<u>4,774,500</u>	<u>-</u>
Debt Service Fund:	<u>1,647,359</u>	<u>-</u>
Debt Service Fund	<u>1,647,359</u>	<u>-</u>
Special Revenue Funds:	<u>-</u>	<u>774,500</u>
Special Revenue Funds	<u>-</u>	<u>774,500</u>
	<u>\$ 6,421,859</u>	<u>\$ 6,421,859</u>

Y. Virtual School

During the 2019-20 school year the district started a new virtual school. This Online Program Management Agreement is with eSchool Texas, LLC. This agreement allows the district to offer a virtual environment for learning to students all across the state of Texas. Enrollment for the district increased approximately 1,500 for this new campus. State Funding for the majority of these students have been passed to eSchool Texas, LLC to operate the campus. The overall impact on the District was an increase in state funding of \$13,533,438 and an increase in total expenditures of \$10,902,799.

Z. Elementary and Secondary School Emergency Relief Fund (ESSER)

In response to the COVID-19 pandemic, the United States Congress passed a Coronavirus Aid, Relief, and Economic Security Act (CARES Act), an aids package designed to help the economy as it suffers from the effects of the COVID-19 pandemic. Part of the CARES Act was the Elementary and Secondary School Emergency Relief (ESSER) funding which could be used by school districts to cover expenses incurred on or after March 13, 2020. The District was able to apply for this grant through TEA starting in June of 2020. Entitlement for this grant was determined by the District's proportionate share of the state's Title I, Part A grant received for the year ended June 30, 2020. TISD was awarded total federal funding of \$2,086,312 including indirect costs of \$254,807. Of this amount, \$2,039,341 was expended in the current year. The remainder will be used for future years. Of the \$2,039,341, \$1,790,466 was recorded in the special revenue fund with indirect costs of \$248,875 recorded in the general fund. The District's total state foundation funding was reduced by a like amount.

TEXARKANA INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2020

AA. Subsequent Events

Management has evaluated subsequent events through November 9, 2020, the date the financial statements were available for issue.

In March 2020, the World Health Organization declared the outbreak of a novel coronavirus (COVID-19) as a global pandemic, which continues to spread throughout the United States. The COVID-19 pandemic has negatively impacted the global economy and created significant volatility and disruption in people's lives. The pandemic has impacted the District both directly and indirectly, resulting in the closing of campuses beginning in March 2020 through the remainder of the school year. Although there is a presumption that there will be further effects on the financial performance of the District, there already has been an increase in federal funding and a decrease in state funding. (See Note Z). Any other effects on the operations of the school district are immeasurable at the date that the financial statements were available for distribution.

BB. Contingent Liability

The District has maintained insurance coverage through the Texas Association of Public Schools Property and Liability Fund (TAPS) for a number of years. This cost-sharing risk pool arrangement did not have sufficient funds to meet its obligations for the 2015-2016 year resulting in an assessment of members. Since that assessment, TAPS has filed for bankruptcy protection which may result in an additional assessment of members to fund in any further losses. Any additional assessment of members, if any, cannot be reasonably estimated, but the District is of the opinion that it would not significantly impact operations.

TEXARKANA INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 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	\$ 24,795,771	\$ 24,291,627	\$ 24,232,385	\$ (59,242)
5800 State Program Revenues	43,087,813	56,005,054	55,727,004	(278,050)
5900 Federal Program Revenues	545,000	994,615	1,768,095	773,480
5020 Total Revenues	68,428,584	81,291,296	81,727,484	436,188
EXPENDITURES:				
Current:				
0011 Instruction	39,487,057	50,134,807	47,818,537	2,316,270
0012 Instructional Resources and Media Services	537,876	536,972	386,006	150,966
0013 Curriculum and Instructional Staff Development	2,624,691	2,625,621	2,222,838	402,783
0021 Instructional Leadership	130,173	155,173	132,839	22,334
0023 School Leadership	5,247,212	5,347,989	5,342,986	5,003
0031 Guidance, Counseling, and Evaluation Services	1,549,150	1,658,758	1,653,953	4,805
0033 Health Services	410,508	421,508	415,430	6,078
0034 Student (Pupil) Transportation	199,414	340,430	327,935	12,495
0036 Extracurricular Activities	2,681,826	3,467,166	3,363,480	103,686
0041 General Administration	3,646,051	3,661,701	3,495,341	166,360
0051 Facilities Maintenance and Operations	8,838,409	8,817,814	8,409,963	407,851
0052 Security and Monitoring Services	653,040	728,040	698,528	29,512
0053 Data Processing Services	160,670	135,670	122,936	12,734
0061 Community Services	51,500	83,439	58,508	24,931
Capital Outlay:				
0081 Facilities Acquisition and Construction	55,010	105,010	53,486	51,524
Intergovernmental:				
0093 Payments to Fiscal Agent/Member Districts of SSA	671,000	671,000	630,813	40,187
0099 Other Intergovernmental Charges	400,000	420,000	411,091	8,909
6030 Total Expenditures	67,343,587	79,311,098	75,544,670	3,766,428
1100 Excess of Revenues Over Expenditures	1,084,997	1,980,198	6,182,814	4,202,616
OTHER FINANCING SOURCES (USES):				
7912 Sale of Real and Personal Property	-	-	13,030	13,030
7915 Transfers In	548,250	548,250	-	(548,250)
8911 Transfers Out (Use)	(1,637,146)	(1,657,146)	(5,647,359)	(3,990,213)
7080 Total Other Financing Sources (Uses)	(1,088,896)	(1,108,896)	(5,634,329)	(4,525,433)
1200 Net Change in Fund Balances	(3,899)	871,302	548,485	(322,817)
0100 Fund Balance - July 1 (Beginning)	16,719,724	16,719,728	16,719,728	-
3000 Fund Balance - June 30 (Ending)	\$ 16,715,825	\$ 17,591,030	\$ 17,268,213	\$ (322,817)

TEXARKANA INDEPENDENT SCHOOL DISTRICT
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
 BUDGET AND ACTUAL - CHILD NUTRITION PROGRAM
 FOR THE YEAR ENDED JUNE 30, 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	\$ 900,000	\$ 900,000	\$ 611,627	\$ (288,373)
5800 State Program Revenues	100,000	100,000	115,770	15,770
5900 Federal Program Revenues	5,500,000	5,500,000	5,518,719	18,719
5020 Total Revenues	<u>6,500,000</u>	<u>6,500,000</u>	<u>6,246,116</u>	<u>(253,884)</u>
EXPENDITURES:				
Current:				
0035 Food Services	6,115,584	6,115,584	5,783,400	332,184
0051 Facilities Maintenance and Operations	300,000	300,000	248,120	51,880
6030 Total Expenditures	<u>6,415,584</u>	<u>6,415,584</u>	<u>6,031,520</u>	<u>384,064</u>
1100 Excess of Revenues Over Expenditures	84,416	84,416	214,596	130,180
OTHER FINANCING SOURCES (USES):				
7961 Transfers Out (Use)	-	(774,500)	(774,500)	-
1200 Net Change in Fund Balances	84,416	(690,084)	(559,904)	130,180
0100 Fund Balance - July 1 (Beginning)	<u>2,572,606</u>	<u>2,572,606</u>	<u>2,572,606</u>	<u>-</u>
3000 Fund Balance - June 30 (Ending)	<u>\$ 2,657,022</u>	<u>\$ 1,882,522</u>	<u>\$ 2,012,702</u>	<u>\$ 130,180</u>

TEXARKANA INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
TEACHER RETIREMENT SYSTEM OF TEXAS
FOR THE YEAR ENDED JUNE 30, 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)	0.045942704%	0.043882251%	0.043607001%
District's Proportionate Share of Net Pension Liability (Asset)	\$ 23,882,454	\$ 24,153,856	\$ 13,943,170
State's Proportionate Share of the Net Pension Liability (Asset) Associated with the District	32,678,873	35,726,107	21,455,491
Total	<u>\$ 56,561,327</u>	<u>\$ 59,879,963</u>	<u>\$ 35,398,661</u>
District's Covered Payroll	\$ 47,700,440	\$ 45,511,968	\$ 44,631,358
District's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	50.07%	53.07%	31.24%
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.

<u>FY 2017</u> <u>Plan Year 2016</u>	<u>FY 2016</u> <u>Plan Year 2015</u>	<u>FY 2015</u> <u>Plan Year 2014</u>
0.0425797%	0.0451433%	0.0302714%
\$ 16,090,237	\$ 15,957,556	\$ 8,085,909
24,671,300	24,042,933	20,777,771
<u>\$ 40,761,537</u>	<u>\$ 40,000,489</u>	<u>\$ 28,863,680</u>
\$ 41,757,954	\$ 41,337,593	\$ 39,650,152
38.53%	38.60%	20.39%
78.00%	78.43%	83.25%

TEXARKANA 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	\$ 1,877,521	\$ 1,646,864	\$ 1,501,629
Contribution in Relation to the Contractually Required Contribution	(1,877,521)	(1,646,864)	(1,501,629)
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -
District's Covered Payroll	\$ 52,487,767	\$ 47,132,909	\$ 45,155,158
Contributions as a Percentage of Covered Payroll	3.58%	3.49%	3.33%

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
\$	1,435,637	\$ 1,353,476	\$ 1,238,865
	(1,435,637)	(1,353,476)	(1,238,865)
\$	-	\$ -	\$ -
\$	44,394,809	\$ 41,530,144	\$ 40,954,566
	3.23%	3.26%	3.02%

TEXARKANA INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET OPEB LIABILITY
TEACHER RETIREMENT SYSTEM OF TEXAS
FOR THE YEAR ENDED JUNE 30, 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	0.062106044%	0.060147532%	0.057887354%
District's Proportionate Share of Net OPEB Liability (Asset)	\$ 29,370,707	\$ 30,032,213	\$ 25,173,039
State's Proportionate Share of the Net OPEB Liability (Asset) Associated with the District	39,027,103	36,330,124	33,091,458
Total	<u>\$ 68,397,810</u>	<u>\$ 66,362,337</u>	<u>\$ 58,264,497</u>
District's Covered Payroll	\$ 47,700,440	\$ 45,511,968	\$ 44,631,358
District's Proportionate Share of the Net OPEB Liability (Asset) as a Percentage of its Covered Payroll	61.57%	65.99%	56.40%
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.

TEXARKANA 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	\$ 486,354	\$ 441,526	\$ 392,108
Contribution in Relation to the Contractually Required Contribution	(486,354)	(441,526)	(392,108)
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -
District's Covered Payroll	\$ 52,487,767	\$ 47,132,909	\$ 45,155,158
Contributions as a Percentage of Covered Payroll	0.93%	0.94%	0.87%

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.

TEXARKANA INDEPENDENT SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2020

A. Notes to Schedules for TRS Pension

Changes of Benefit Terms:

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

Changes of Assumptions:

1. The total pension liability as of August 31, 2019 was developed using a roll-forward method from the August 31, 2018.
2. With the enactment of SB 3 by the 2019 Texas Legislature, an assumption has been made about how this would impact future salaries. It is assumed that eligible active members will each receive a \$2,700 increase in fiscal year 2020. This is an addition to the salary increase expected based on the actuarial assumptions.
3. 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.

B. Notes to Schedules for the TRS OPEB Plan

Changes of Benefit Terms:

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

Changes of Assumptions:

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

1. The discount rate changed from 3.69 percent as of August 31, 2018 to 2.63 percent, as of August 31, 2019. This change increased the total OPEB liability (TOL).
2. 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.
3. The trend rates were reset to better reflect the plan's anticipated experience. This change increased the TOL.
4. 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.

Cadillac Tax:

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

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

TEXARKANA INDEPENDENT SCHOOL DISTRICT
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 JUNE 30, 2020

Data Control Codes	211 ESEA I, A Improving Basic Program	224 IDEA - Part B Formula	225 IDEA - Part B Preschool	244 Career and Technical - Basic Grant
ASSETS				
1110 Cash and Cash Equivalents	\$ -	\$ -	\$ -	\$ -
1240 Due from Other Governments	1,108,952	520,882	21,385	20,384
1000 Total Assets	<u>\$ 1,108,952</u>	<u>\$ 520,882</u>	<u>\$ 21,385</u>	<u>\$ 20,384</u>
LIABILITIES				
2110 Accounts Payable	\$ -	\$ -	\$ -	\$ 2,139
2150 Payroll Deductions and Withholdings Payable	27,642	9,000	1,484	-
2160 Accrued Wages Payable	284,610	86,322	2,777	-
2170 Due to Other Funds	796,700	425,560	17,124	18,245
2300 Unearned Revenue	-	-	-	-
2000 Total Liabilities	<u>1,108,952</u>	<u>520,882</u>	<u>21,385</u>	<u>20,384</u>
4000 Total Liabilities and Fund Balances	<u>\$ 1,108,952</u>	<u>\$ 520,882</u>	<u>\$ 21,385</u>	<u>\$ 20,384</u>

255 ESEA II,A Training and Recruiting	263 Title III, A English Lang. Acquisition	266 ESSER Grant	276 Title I - SIP Academy Grant	287 LEP Summer School	289 Title IV Part A Subpart I	315 SSA IDEA, Part B Discretionary	397 Advanced Placement Incentives
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
184,068	6,841	1,790,466	264,985	-	126,637	15,046	-
<u>\$ 184,068</u>	<u>\$ 6,841</u>	<u>\$ 1,790,466</u>	<u>\$ 264,985</u>	<u>\$ -</u>	<u>\$ 126,637</u>	<u>\$ 15,046</u>	<u>\$ -</u>
\$ -	\$ 5,250	\$ -	\$ 6,980	\$ -	\$ -	\$ -	\$ -
1,858	-	-	1,988	-	1,359	-	-
38,033	-	-	23,426	-	16,541	-	-
144,177	1,591	1,790,466	232,591	-	108,737	15,046	-
-	-	-	-	-	-	-	-
<u>184,068</u>	<u>6,841</u>	<u>1,790,466</u>	<u>264,985</u>	<u>-</u>	<u>126,637</u>	<u>15,046</u>	<u>-</u>
<u>\$ 184,068</u>	<u>\$ 6,841</u>	<u>\$ 1,790,466</u>	<u>\$ 264,985</u>	<u>\$ -</u>	<u>\$ 126,637</u>	<u>\$ 15,046</u>	<u>\$ -</u>

TEXARKANA INDEPENDENT SCHOOL DISTRICT
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 JUNE 30, 2020

Data Control Codes	410 State Instructional Materials	412 Public School Child Care Services	419 Head Start Ready To Read	425 School Safety & Security Grant
ASSETS				
1110 Cash and Cash Equivalents	\$ 199,407	\$ 97,929	\$ 6,990	\$ -
1240 Due from Other Governments	23,215	-	-	3,075
1000 Total Assets	<u>\$ 222,622</u>	<u>\$ 97,929</u>	<u>\$ 6,990</u>	<u>\$ 3,075</u>
LIABILITIES				
2110 Accounts Payable	\$ -	\$ 91	\$ -	\$ -
2150 Payroll Deductions and Withholdings Payable	-	197	-	-
2160 Accrued Wages Payable	-	8,219	-	-
2170 Due to Other Funds	-	-	-	3,075
2300 Unearned Revenue	222,622	89,422	6,990	-
2000 Total Liabilities	<u>222,622</u>	<u>97,929</u>	<u>6,990</u>	<u>3,075</u>
4000 Total Liabilities and Fund Balances	<u>\$ 222,622</u>	<u>\$ 97,929</u>	<u>\$ 6,990</u>	<u>\$ 3,075</u>

426 SPED Fiscal Support Grant	427 Math Achievement	428 Tiger Children's Clinic	429 Autism/ Dyslexia Grants	Total Nonmajor Governmental Funds
\$ 199,180	\$ -	\$ 33,583	\$ -	\$ 537,089
-	-	-	408,336	4,494,272
<u>\$ 199,180</u>	<u>\$ -</u>	<u>\$ 33,583</u>	<u>\$ 408,336</u>	<u>\$ 5,031,361</u>
\$ -	\$ -	\$ -	\$ 5,857	\$ 20,317
-	-	-	4,754	48,282
-	-	-	69,457	529,385
-	-	-	328,268	3,881,580
199,180	-	33,583	-	551,797
<u>199,180</u>	<u>-</u>	<u>33,583</u>	<u>408,336</u>	<u>5,031,361</u>
<u>\$ 199,180</u>	<u>\$ -</u>	<u>\$ 33,583</u>	<u>\$ 408,336</u>	<u>\$ 5,031,361</u>

TEXARKANA INDEPENDENT SCHOOL DISTRICT
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
 FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED JUNE 30, 2020

Data Control Codes	211 ESEA I, A Improving Basic Program	224 IDEA - Part B Formula	225 IDEA - Part B Preschool	244 Career and Technical - Basic Grant
REVENUES:				
5700 Total Local and Intermediate Sources	\$ -	\$ -	\$ -	\$ -
5800 State Program Revenues	-	-	-	-
5900 Federal Program Revenues	2,336,739	1,181,161	31,016	96,697
5020 Total Revenues	2,336,739	1,181,161	31,016	96,697
EXPENDITURES:				
Current:				
0011 Instruction	1,941,836	589,424	31,016	96,605
0012 Instructional Resources and Media Services	51,986	-	-	-
0013 Curriculum and Instructional Staff Development	114,769	-	-	92
0021 Instructional Leadership	-	-	-	-
0023 School Leadership	94,645	-	-	-
0031 Guidance, Counseling, and Evaluation Services	-	591,237	-	-
0032 Social Work Services	-	-	-	-
0041 General Administration	-	500	-	-
0061 Community Services	133,503	-	-	-
6030 Total Expenditures	2,336,739	1,181,161	31,016	96,697
1200 Net Change in Fund Balance	-	-	-	-
0100 Fund Balance - July 1 (Beginning)	-	-	-	-
3000 Fund Balance - June 30 (Ending)	\$ -	\$ -	\$ -	\$ -

255 ESEA II, A Training and Recruiting	263 Title III, A English Lang. Acquisition	266 ESSER Grant	276 Title I - SIP Academy Grant	287 LEP Summer School	289 Title IV Part A Subpart I	315 SSA IDEA, Part B Discretionary	397 Advanced Placement Incentives
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-	397
265,658	45,864	1,790,466	1,557,422	4,007	156,465	17,997	-
265,658	45,864	1,790,466	1,557,422	4,007	156,465	17,997	397
265,658	45,864	1,790,466	1,346,747	4,007	156,465	17,997	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	75,160	-	-	-	-
-	-	-	60,767	-	-	-	397
-	-	-	74,748	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
265,658	45,864	1,790,466	1,557,422	4,007	156,465	17,997	397
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

TEXARKANA INDEPENDENT SCHOOL DISTRICT
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
 FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED JUNE 30, 2020

Data Control Codes	410 State Instructional Materials	412 Public School Child Care Services	419 Head Start Ready To Read	425 School Safety & Security Grant
REVENUES:				
5700 Total Local and Intermediate Sources	\$ -	\$ 345,459	\$ -	\$ -
5800 State Program Revenues	569,208	31,675	29,259	3,075
5900 Federal Program Revenues	-	238,516	-	-
5020 Total Revenues	<u>569,208</u>	<u>615,650</u>	<u>29,259</u>	<u>3,075</u>
EXPENDITURES:				
Current:				
0011 Instruction	569,208	-	-	3,075
0012 Instructional Resources and Media Services	-	-	-	-
0013 Curriculum and Instructional Staff Development	-	-	-	-
0021 Instructional Leadership	-	-	-	-
0023 School Leadership	-	-	-	-
0031 Guidance, Counseling, and Evaluation Services	-	-	-	-
0032 Social Work Services	-	-	-	-
0041 General Administration	-	-	-	-
0061 Community Services	-	615,650	29,259	-
6030 Total Expenditures	<u>569,208</u>	<u>615,650</u>	<u>29,259</u>	<u>3,075</u>
1200 Net Change in Fund Balance	-	-	-	-
0100 Fund Balance - July 1 (Beginning)	-	-	-	-
3000 Fund Balance - June 30 (Ending)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

426 SPED Fiscal Support Grant	427 Math Achievement	428 Tiger Children's Clinic	429 Autism/ Dyslexia Grants	Total Nonmajor Governmental Funds
\$ -	\$ -	\$ 1,139	\$ -	\$ 346,598
-	7,343	-	1,551,795	2,192,752
-	-	-	-	7,722,008
-	7,343	1,139	1,551,795	10,261,358
-	7,343	-	1,221,522	8,087,233
-	-	-	-	51,986
-	-	-	139,876	254,737
-	-	-	185,580	185,580
-	-	-	-	169,805
-	-	-	4,817	657,218
-	-	-	-	74,748
-	-	-	-	500
-	-	1,139	-	779,551
-	7,343	1,139	1,551,795	10,261,358
-	-	-	-	-
-	-	-	-	-
\$ -	\$ -	\$ -	\$ -	\$ -

TEXARKANA INDEPENDENT SCHOOL DISTRICT
 COMBINING STATEMENT OF NET POSITION
 NONMAJOR ENTERPRISE FUNDS
 JUNE 30, 2020

	711 Food Service Activity	713 Print Shop Activity
ASSETS		
Current Assets:		
Cash and Cash Equivalents	\$ 391,031	\$ 531,972
Inventories	28,957	-
Total Current Assets	<u>419,988</u>	<u>531,972</u>
Noncurrent Assets:		
Capital Assets:		
Buildings and Improvements	9,200	-
Depreciation on Buildings	(8,161)	-
Furniture and Equipment	194,825	68,195
Depreciation on Furniture and Equipment	(194,825)	(46,798)
Total Noncurrent Assets	<u>1,039</u>	<u>21,397</u>
Total Assets	<u>421,027</u>	<u>553,369</u>
LIABILITIES		
Current Liabilities:		
Accounts Payable	353	1,316
Due to Other Governments	-	-
Total Liabilities	<u>353</u>	<u>1,316</u>
NET POSITION		
Unrestricted Net Position	<u>420,674</u>	<u>552,053</u>
Total Net Position	<u>\$ 420,674</u>	<u>\$ 552,053</u>

714 Public Relations Activity	715 School Improvement Activity	716 Police Department Activity	720 Texas A&M Food Service Activity	730 TC Food Service Activity	740 St. James Food Service Activity	Total Nonmajor Enterprise Funds
\$ 3,912	\$ 570	\$ 464	\$ 287,508	\$ 15,385	\$ 2,880	\$ 1,233,722
240	-	-	-	-	-	29,197
<u>4,152</u>	<u>570</u>	<u>464</u>	<u>287,508</u>	<u>15,385</u>	<u>2,880</u>	<u>1,262,919</u>
-	-	-	-	-	-	9,200
-	-	-	-	-	-	(8,161)
5,985	-	-	-	-	-	269,005
<u>(5,985)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(247,608)</u>
-	-	-	-	-	-	22,436
<u>4,152</u>	<u>570</u>	<u>464</u>	<u>287,508</u>	<u>15,385</u>	<u>2,880</u>	<u>1,285,355</u>
-	-	-	-	-	-	1,672
-	-	-	-	-	-	(3)
<u>10</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>115</u>	<u>-</u>	<u>125</u>
<u>10</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>115</u>	<u>-</u>	<u>1,794</u>
<u>4,142</u>	<u>570</u>	<u>464</u>	<u>287,508</u>	<u>15,270</u>	<u>2,880</u>	<u>1,283,561</u>
<u>\$ 4,142</u>	<u>\$ 570</u>	<u>\$ 464</u>	<u>\$ 287,508</u>	<u>\$ 15,270</u>	<u>\$ 2,880</u>	<u>\$ 1,283,561</u>

TEXARKANA INDEPENDENT SCHOOL DISTRICT
 COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
 NONMAJOR ENTERPRISE FUNDS
 FOR THE YEAR ENDED JUNE 30, 2020

	711 Food Service Activity	713 Print Shop Activity
OPERATING REVENUES:		
Local and Intermediate Sources	\$ 164,693	\$ 146,673
State Program Revenues	5,471	-
Total Operating Revenues	<u>170,164</u>	<u>146,673</u>
OPERATING EXPENSES:		
Payroll Costs	55,390	-
Professional and Contracted Services	400	27,864
Supplies and Materials	118,518	32,838
Other Operating Costs	748	-
Depreciation Expense	297	9,851
Total Operating Expenses	<u>175,353</u>	<u>70,553</u>
Operating Income (Loss)	(5,189)	76,120
Total Net Position - July 1 (Beginning)	<u>425,863</u>	<u>475,933</u>
Total Net Position - June 30 (Ending)	<u><u>\$ 420,674</u></u>	<u><u>\$ 552,053</u></u>

714 Public Relations Activity	715 School Improvement Activity	716 Police Department Activity	720 Texas A&M Food Service Activity	730 TC Food Service Activity	740 St. James Food Service Activity	Total Nonmajor Enterprise Funds
\$ 5,214	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 316,580
-	-	-	-	-	-	5,471
<u>5,214</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>322,051</u>
-	-	-	-	-	-	55,390
-	-	-	-	-	-	28,264
5,703	-	-	-	-	-	157,059
-	-	-	-	-	-	748
-	-	-	-	-	-	10,148
<u>5,703</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>251,609</u>
(489)	-	-	-	-	-	70,442
<u>4,631</u>	<u>570</u>	<u>464</u>	<u>287,508</u>	<u>15,270</u>	<u>2,880</u>	<u>1,213,119</u>
<u>\$ 4,142</u>	<u>\$ 570</u>	<u>\$ 464</u>	<u>\$ 287,508</u>	<u>\$ 15,270</u>	<u>\$ 2,880</u>	<u>\$ 1,283,561</u>

TEXARKANA INDEPENDENT SCHOOL DISTRICT
 COMBINING STATEMENT OF CASH FLOWS
 NONMAJOR ENTERPRISE FUNDS
 FOR THE YEAR ENDED JUNE 30, 2020

	711 Food Service Activity	713 Print Shop Activity
<u>Cash Flows from Operating Activities:</u>		
Cash Received from User Charges	\$ 155,454	\$ 146,672
Cash Payments to Employees for Services	(55,389)	-
Cash Payments for Suppliers	(120,719)	(59,385)
Net Cash Provided by (Used for) Operating Activities	<u>(20,655)</u>	<u>87,287</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(20,655)	87,287
Cash and Cash Equivalents at Beginning of Year	411,686	444,685
Cash and Cash Equivalents at End of Year	<u>\$ 391,031</u>	<u>\$ 531,972</u>
<u>Reconciliation of Operating Income (Loss) to Net Cash Provided By (Used For) Operating Activities:</u>		
Operating Income (Loss):	\$ (5,189)	\$ 76,120
Adjustments to Reconcile Operating Income to Net Cash Provided by (Used For) Operating Activities:		
Depreciation	297	9,851
Effect of Increases and Decreases in Current Assets and Liabilities:		
Decrease (increase) in Inventories	(14,709)	-
Increase (decrease) in Accounts Payable	(1,054)	1,316
Net Cash Provided by (Used for) Operating Activities	<u>\$ (20,655)</u>	<u>\$ 87,287</u>

714 Public Relations Activity	715 School Improvement Activity	716 Police Department Activity	720 Texas A&M Food Service Activity	730 TC Food Service Activity	740 St. James Food Service Activity	Total Nonmajor Enterprise Funds
\$ 5,214	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 307,340
-	-	-	-	-	-	(55,389)
(5,703)	-	-	-	-	-	(185,808)
(489)	-	-	-	-	-	66,143
(489)	-	-	-	-	-	66,143
4,401	570	464	287,508	15,385	2,880	1,167,579
<u>\$ 3,912</u>	<u>\$ 570</u>	<u>\$ 464</u>	<u>\$ 287,508</u>	<u>\$ 15,385</u>	<u>\$ 2,880</u>	<u>\$ 1,233,722</u>
\$ (489)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 70,442
-	-	-	-	-	-	10,148
-	-	-	-	-	-	(14,709)
-	-	-	-	-	-	262
<u>\$ (489)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 66,143</u>

TEXARKANA INDEPENDENT SCHOOL DISTRICT
 COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
 ALL AGENCY FUNDS
 JUNE 30, 2020

	BALANCE JULY 1 2019	ADDITIONS	DEDUCTIONS	BALANCE JUNE 30 2020
TEXAS HIGH CLUB				
Assets:				
Cash and Temporary Investments	\$ 214,993	\$ 365,391	\$ 303,483	\$ 276,901
Liabilities:				
Accounts Payable	\$ 4,208	\$ 315,722	\$ 288,254	\$ 31,676
Due to Student Groups	210,785	367,543	333,103	245,225
Total Liabilities	\$ 214,993	\$ 683,265	\$ 621,357	\$ 276,901
TH NEW HORIZON SCHOLARSHIP				
Liabilities:				
Due to Other Funds	\$ 98	\$ -	\$ -	\$ 98
Due to Student Groups	(98)	-	-	(98)
Total Liabilities	\$ -	\$ -	\$ -	\$ -
5K THS FUNDRAISER				
Assets:				
Cash and Temporary Investments	\$ -	\$ 21,105	\$ 21,105	\$ -
Liabilities:				
Accounts Payable	\$ -	\$ 1,858	\$ 1,858	\$ -
Due to Student Groups	-	21,105	21,105	-
Total Liabilities	\$ -	\$ 22,963	\$ 22,963	\$ -
DISTINGUISHED ALUMNI FUND				
Assets:				
Cash and Temporary Investments	\$ 12,656	\$ -	\$ -	\$ 12,656
Liabilities:				
Accrued Expenses	\$ 12,656	\$ -	\$ -	\$ 12,656
TISD FOUNDATION				
Assets:				
Cash and Temporary Investments	\$ -	\$ 1,996	\$ 1,996	\$ -
Liabilities:				
Accounts Payable	\$ -	\$ 246	\$ 246	\$ -
Due to Other Funds	1,749	-	1,749	-
Due to Student Groups	(1,749)	1,996	247	-
Total Liabilities	\$ -	\$ 2,242	\$ 2,242	\$ -
TEXAS MIDDLE SCHOOL CLUB				
Assets:				
Cash and Temporary Investments	\$ 86,029	\$ 78,586	\$ 83,509	\$ 81,106
Liabilities:				
Accounts Payable	\$ 1,601	\$ 84,634	\$ 83,919	\$ 2,316
	84,428	79,391	85,029	78,790
Total Liabilities	\$ 86,029	\$ 164,025	\$ 168,948	\$ 81,106
ADULT EDUCATION SCHOLARSHIP				
Assets:				

TEXARKANA INDEPENDENT SCHOOL DISTRICT
 COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
 ALL AGENCY FUNDS
 JUNE 30, 2020

	BALANCE JULY 1 2019	ADDITIONS	DEDUCTIONS	BALANCE JUNE 30 2020
Cash and Temporary Investments	\$ 2,728	\$ -	\$ -	\$ 2,728
Liabilities:				
Due to Student Groups	\$ 2,728	\$ -	\$ -	\$ 2,728
DUAL CREDIT THS				
Assets:				
Cash and Temporary Investments	\$ 257,194	\$ 176,548	\$ 172,486	\$ 261,256
Liabilities:				
Accounts Payable	\$ (400)	\$ 35,067	\$ 35,067	\$ (400)
Accrued Expenses	257,594	176,548	172,486	261,656
Total Liabilities	\$ 257,194	\$ 211,615	\$ 207,553	\$ 261,256
TOTAL AGENCY FUNDS				
Assets:				
Cash and Temporary Investments	\$ 573,600	\$ 643,626	\$ 582,579	\$ 634,647
Liabilities:				
Accounts Payable	\$ 5,409	\$ 437,527	\$ 409,344	\$ 33,592
Due to Other Funds	1,847	-	1,749	98
Due to Student Groups	296,094	470,035	439,484	326,645
Accrued Expenses	270,250	176,548	172,486	274,312
Total Liabilities	\$ 573,600	\$ 1,084,110	\$ 1,023,063	\$ 634,647

TEXARKANA INDEPENDENT SCHOOL DISTRICT
 COMBINING STATEMENT OF FIDUCIARY NET POSITION
 PRIVATE PURPOSE TRUST FUNDS
 JUNE 30, 2020

	802 Texas High School VIP Fund	805 Highland Park VIP Fund	807 Theron Jones VIP Fund	809 Nash VIP Fund
ASSETS				
Cash and Cash Equivalents	\$ 54,751	\$ 483	\$ 6,250	\$ 2,489
Total Assets	<u>54,751</u>	<u>483</u>	<u>6,250</u>	<u>2,489</u>
LIABILITIES				
Due to Other Funds	-	-	-	-
Payable from Restricted Assets	54,751	483	6,250	2,489
Total Liabilities	<u>54,751</u>	<u>483</u>	<u>6,250</u>	<u>2,489</u>
NET POSITION				
Unrestricted Net Position	-	-	-	-
Total Net Position	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

811 Spring Lake Park VIP Fund	813 Wake Village VIP Fund	815 Dunbar VIP Fund	816 Morris Elementary VIP Fund	817 Waggoner Creek VIP Fund	829 Scholarship Fund	842 Texas Middle School VIP Fund	Total Private Purpose Trust Funds
\$ 4,622	\$ 18,180	\$ 1,094	\$ 75,835	\$ 9,390	\$ 173,837	\$ 17,124	\$ 364,055
<u>4,622</u>	<u>18,180</u>	<u>1,094</u>	<u>75,835</u>	<u>9,390</u>	<u>173,837</u>	<u>17,124</u>	<u>364,055</u>
-	-	-	-	-	43,349	-	43,349
4,622	18,180	1,094	75,835	9,390	-	17,124	190,218
<u>4,622</u>	<u>18,180</u>	<u>1,094</u>	<u>75,835</u>	<u>9,390</u>	<u>43,349</u>	<u>17,124</u>	<u>233,567</u>
-	-	-	-	-	130,488	-	130,488
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 130,488</u>	<u>\$ -</u>	<u>\$ 130,488</u>

TEXARKANA INDEPENDENT SCHOOL DISTRICT
 COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
 PRIVATE PURPOSE TRUST FUNDS
 FOR THE YEAR ENDED JUNE 30, 2020

	802 Texas High School VIP Fund	805 Highland Park VIP Fund	807 Theron Jones VIP Fund	809 Nash VIP Fund	811 Spring Lake Park VIP Fund
ADDITIONS:					
Earnings from Temporary Deposits	\$ -	\$ -	\$ -	\$ -	\$ -
Contributions, Gifts and Donations	-	-	-	-	-
Total Additions	-	-	-	-	-
DEDUCTIONS:					
Other Deductions	-	-	-	-	-
Total Deductions	-	-	-	-	-
Change in Net Position	-	-	-	-	-
Net Position - July 1 (Beginning)	-	-	-	-	-
Net Position - June 30 (Ending)	\$ -	\$ -	\$ -	\$ -	\$ -

813 Wake Village VIP Fund	815 Dunbar VIP Fund	816 Morris Elementary VIP Fund	817 Waggoner Creek VIP Fund	829 Scholarship Fund	842 Texas Middle School VIP Fund	Total Private Purpose Trust Funds
\$ -	\$ -	\$ -	\$ -	\$ 2,228	\$ -	\$ 2,228
-	-	-	-	5,500	-	5,500
-	-	-	-	7,728	-	7,728
-	-	-	-	5,612	-	5,612
-	-	-	-	5,612	-	5,612
-	-	-	-	2,116	-	2,116
-	-	-	-	128,372	-	128,372
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 130,488</u>	<u>\$ -</u>	<u>\$ 130,488</u>

TEXARKANA INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF DELINQUENT TAXES RECEIVABLE
FISCAL YEAR ENDED JUNE 30, 2020

Last 10 Years	(1)	(2)	(3)
	Tax Rates		Assessed/Appraised Value for School Tax Purposes
	Maintenance	Debt Service	
2011 and prior years	\$ 1.170000	\$ 0.169000	\$ 1,869,450,714
2012	1.170000	0.169000	1,879,251,358
2013	1.170000	0.169000	1,881,877,414
2014	1.170000	0.169000	1,929,101,050
2015	1.170000	0.169000	1,948,780,352
2016	1.170000	0.255000	1,904,476,997
2017	1.170000	0.255000	1,974,870,987
2018	1.170000	0.250000	2,006,493,789
2019	1.170000	0.255000	2,036,780,404
2020 (School year under audit)	1.068300	0.255000	2,207,585,935
1000 TOTALS			

(10) Beginning Balance 7/1/2019	(20) Current Year's Total Levy	(31) Maintenance Collections	(32) Debt Service Collections	(40) Entire Year's Adjustments	(50) Ending Balance 6/30/2020
\$ 285,863	\$ -	\$ 4,066	\$ 587	\$ (37,080)	\$ 244,130
60,603	-	2,309	334	(2,347)	55,613
72,465	-	3,740	540	(2,546)	65,638
78,040	-	5,438	785	(2,553)	69,264
101,904	-	11,392	1,646	(1,910)	86,957
110,356	-	12,312	2,683	(1,658)	93,704
169,666	-	36,081	7,864	(1,989)	123,733
291,728	-	87,212	19,008	(18,826)	166,681
1,064,875	-	573,895	125,080	(123,298)	242,603
-	28,678,655	21,624,292	5,161,654	(222,093)	1,670,617
<u>\$ 2,235,499</u>	<u>\$ 28,678,655</u>	<u>\$ 22,360,736</u>	<u>\$ 5,320,180</u>	<u>\$ (414,298)</u>	<u>\$ 2,818,940</u>

TEXARKANA INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - DEBT SERVICE FUND
FOR THE YEAR ENDED JUNE 30, 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	\$ 5,229,645	\$ 5,229,645	\$ 5,433,632	\$ 203,987
5800 State Program Revenues	617,118	617,118	1,570,013	952,895
5020 Total Revenues	5,846,763	5,846,763	7,003,645	1,156,882
EXPENDITURES:				
Debt Service:				
0071 Principal on Long-Term Debt	7,399,277	5,726,597	5,719,060	7,537
0072 Interest on Long-Term Debt	-	1,689,131	1,689,131	-
0073 Bond Issuance Cost and Fees	-	3,549	3,549	-
6030 Total Expenditures	7,399,277	7,419,277	7,411,740	7,537
1100 Excess (Deficiency) of Revenues Over (Under) Expenditures	(1,552,514)	(1,572,514)	(408,095)	1,164,419
OTHER FINANCING SOURCES (USES):				
7915 Transfers In	1,637,146	1,657,146	1,647,359	(9,787)
1200 Net Change in Fund Balances	84,632	84,632	1,239,264	1,154,632
0100 Fund Balance - July 1 (Beginning)	2,815,729	2,815,729	2,815,729	-
3000 Fund Balance - June 30 (Ending)	\$ 2,900,361	\$ 2,900,361	\$ 4,054,993	\$ 1,154,632

FEDERAL AWARD SECTION

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

To the Board of School Trustees
Texarkana Independent School District
Texarkana, Texas

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining information of Texarkana Independent School District (the District) as of and for the year ended June 30, 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 November 9, 2020.

Internal Control Over Financial Reporting

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

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

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

To the Board of School Trustees
Texarkana Independent School District

Compliance and Other Matters

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

Purpose of this Report

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



CERTIFIED PUBLIC ACCOUNTANTS

Texarkana, Texas
November 9, 2020

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM;
REPORT ON INTERNAL CONTROL OVER COMPLIANCE; AND REPORT ON SCHEDULE OF
EXPENDITURES OF FEDERAL AWARDS REQUIRED BY THE
UNIFORM GUIDANCE**

To the Board of School Trustees
Texarkana Independent School District
Texarkana, Texas

Report on Compliance for Each Major Federal Program

We have audited Texarkana Independent School District's (the District) compliance with the types of compliance requirements described in the *(OMB) Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the year ended June 30, 2020. The District's major federal programs are identified in the summary of audit 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 Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures, as we considered necessary in the circumstances.

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

Opinion on Each Major Federal Program

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

To the Board of School Trustees
Texarkana Independent School District

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 on the previous page. 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 Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over compliance.

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

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

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

Report on Schedule of Expenditures of Federal Awards Required by Uniform Guidance

We have audited the financial statements of the District as of and for the year ended June 30, 2020, and have issued our report thereon dated November 9, 2020 which contained an unmodified opinion on those financial statements. Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the financial statements as a whole.


CERTIFIED PUBLIC ACCOUNTANTS

Texarkana, Texas
November 9, 2020

**TEXARKANA INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
JUNE 30, 2020**

Section I - Summary of Audit Results

Financial Statements

Type of Report the Auditor Issued on Whether the Financial Statements Were Prepared in Accordance with GAAP	Unmodified
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Internal Control Over Financial Reporting:

Material Weakness(es) Identified	None Reported
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Significant Deficienc(ies) Identified	None Reported
---------------------------------------	---------------

Noncompliance Material to the Financial Statements	None Reported
--	---------------

Federal Awards

Internal Control over Major Programs:

Material Weakness(es) Identified	None Reported
----------------------------------	---------------

Significant Deficienc(ies) Identified	None Reported
---------------------------------------	---------------

Type of Auditor's Report Issued on Compliance for Major Federal Programs	Unmodified
---	------------

Findings Disclosed in the Audit which are Required to be Reported in Government Auditing Standards	None Reported
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Findings Disclosed in the Audit which are Required to be Reported in Accordance with 2 CFR 200.516(a)	None Reported
--	---------------

Identification of Major Programs:

Texas Title I Priority Schools Grant (TIPPS)	CFDA #84.377
--	--------------

Elementary and Secondary School Emergency Relief (ESSER) Fund	CFDA #84.425
---	--------------

Dollar Threshold Used to Distinguish between Type A and Type B Programs	\$750,000
---	-----------

Texarkana Independent School District qualified as a low risk entity.	Yes
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**TEXARKANA INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
JUNE 30, 2020**

Section II - Financial Statement Findings

Details of findings relating to the financial statements which are required to be reported in accordance with *Government Auditing Standards* –

There were no reported findings or questioned costs related to the financial statements or *Government Auditing Standards*.

Section III - Federal Award Findings and Questioned Costs

Details of findings and questioned costs relating to Federal awards –

There were no reported findings or questioned costs related to the financial statements or federal awards.

**TEXARKANA INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF PRIOR YEAR AUDIT FINDINGS
JUNE 30, 2020**

<u>Program/Finding</u>	<u>Description</u>
------------------------	--------------------

No findings were reported in the prior year.

TEXARKANA INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 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	20610101019907	\$ 2,432,569
*IDEA - Part B, Formula	84.027	206600010199076600	1,230,600
*SSA - IDEA - Part B, Discretionary	84.027	206600110199076673	17,997
Total CFDA Number 84.027			1,248,597
*IDEA - Part B, Preschool	84.173	196610010199076610	246
*IDEA - Part B, Preschool	84.173	206610010199076610	32,360
Total CFDA Number 84.173			32,606
Total Special Education Cluster (IDEA)			1,281,203
Career and Technical - Basic Grant	84.048	19420006019907	6,909
Career and Technical - Basic Grant	84.048	20420006019907	93,591
Total CFDA Number 84.048			100,500
Title III, Part A - English Language Acquisition	84.365A	19671001019907	4,115
Title III, Part A - English Language Acquisition	84.365A	20671001019907	44,061
Total CFDA Number 84.365A			48,176
ESEA, Title II, Part A, Teacher Principal Training	84.367A	20694501019907	276,552
Title I SIP Academy Grant	84.377A	166107317110016	314,550
Title I SIP Academy Grant	84.377A	176107327110016	1,324,734
Total CFDA Number 84.377A			1,639,284
LEP Summer School	84.410	S369A160045	4,007
Title IV, Part A, Subpart I	84.424A	20680101019907	162,881
CARES Act Stimulus Grant	84.425D	20521001019907	2,039,341
Total Passed Through State Department of Education			7,984,513
TOTAL U.S. DEPARTMENT OF EDUCATION			7,984,513
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			
<u>Passed Through Texas Dept of Human Services</u>			
Medicaid Administrative Claiming Program - MAC	93.778	019907	25,991
Child Care and Development Fund	93.596	019907	238,517
Total Passed Through Texas Dept of Human Services			264,508
TOTAL U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			264,508
U.S. DEPARTMENT OF AGRICULTURE			
<u>Passed Through the State Department of Agriculture</u>			
*School Breakfast Program	10.553	806780706	1,355,035
*National School Lunch Program - Cash Assistance	10.555	806780706	3,567,142
*National School Lunch Prog. - Non-Cash Assistance	10.555	806780706	593,641
Total CFDA Number 10.555			4,160,783
Total Child Nutrition Cluster			5,515,818
Child & Adult Care Food Program - Cash Assistance	10.558	806780706	2,901
Total Passed Through the State Department of Agriculture			5,518,719
TOTAL U.S. DEPARTMENT OF AGRICULTURE			5,518,719
TOTAL EXPENDITURES OF FEDERAL AWARDS			\$ 13,767,740

*Clustered Programs

See Accompanying Notes to the Schedule of Expenditures of Federal Awards

TEXARKANA INDEPENDENT SCHOOL DISTRICT
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
JUNE 30, 2020

Basis of Presentation

The accompanying schedule of expenditures of federal awards includes the federal grant activity of Texarkana Independent School District (the District) and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of Uniform Guidance. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in preparation of the general purpose financial statements.

Federal grant funds are considered to be earned to the extent of expenditures made under the provisions of the grant and accordingly when such funds are received, they are recorded as deferred revenues until earned.

The District participates in numerous state and federal grant programs governed by various rules and regulations of grantor agencies. Costs charged to the respective grant programs are subject to audit and adjustment by the grantor agencies; therefore, to the extent that the District has not complied with the rules and regulations governing the grants, if any, refunds of any money received may be required and the collectability of any related receivable at June 30, 2020, may be impaired. In the opinion of the District, there are no significant contingent liabilities relating to compliance with the rules and regulations governing the respective grants; therefore, no provision has been recorded in the accompanying basic financial statements for such contingency.

Medicaid Funds

During the year ending June 30, 2020, the District received Medicaid funds of \$903,829 which is not considered a federal award since it is direct cash assistance to individuals.

E-Rate Funding

During the year ending June 30, 2020, the District received a discount on phone and internet bills in the amount of \$337,253 in the general fund. These amounts are reflected as federal revenue in the current year.

Indirect Costs

Indirect costs totaling \$504,022 are in the General Fund. The restricted indirect cost rate for the 2019-2020 fiscal year, as approved by The Division of Federal and Fiscal Compliance and Reporting at the Texas Education Agency (TEA), was 4.101%. All Federal indirect costs are calculated using this restricted indirect rate with the exception of the indirect cost associated with the ESSER Grant, which is calculated using the direct unrestricted rate of 13.900%

Reconciliation of Federal Funds

Federal Funds Per K-1	\$ 13,767,740
Medicaid SHARS	903,829
E-Rate Funding	337,253
	<u>\$ 15,008,822</u>

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