

FABENS INDEPENDENT SCHOOL DISTRICT

ANNUAL FINANCIAL AND
COMPLIANCE REPORT

FOR THE YEAR ENDED
AUGUST 31, 2020



SINGLETON, CLARK
& COMPANY, PC CERTIFIED PUBLIC ACCOUNTANTS

FABENS INDEPENDENT SCHOOL DISTRICT
ANNUAL FINANCIAL AND COMPLIANCE REPORT
FOR THE YEAR ENDED AUGUST 31, 2020

TABLE OF CONTENTS

<u>Exhibit</u>		<u>Page</u>
	CERTIFICATE OF BOARD	1
	FINANCIAL SECTION	
	Independent Auditor’s Report	5
	Management’s Discussion and Analysis	9
	Basic Financial Statements:	
	Government-wide Financial Statements:	
A-1	Statement of Net Position	20
B-1	Statement of Activities	21
	Governmental Fund Financial Statements:	
C-1	Balance Sheet – Governmental Funds	22
C-1R	Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position	23
C-2	Statement of Revenues, Expenditures, and Changes in Fund Balance – Governmental Funds	24
C-2R	Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balance of Governmental Funds to the Statement of Activities	25
C-3	Statement of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – General Fund	27
	Fiduciary Fund Financial Statements:	
E-1	Statement of Net Position – Fiduciary Funds	28
E-2	Statement of Changes in Net Position – Fiduciary Funds	29
	Notes to the Financial Statements	31
	Required Supplementary Information:	
G-1	Schedule of the District’s Proportionate Share of the Net Pension Liability – Teacher Retirement System	62
G-2	Schedule of District Contributions – Teacher Retirement System	64
G-3	Schedule of the District’s Proportionate Share of the Net OPEB Liability – Texas Public School Retired Employees Group Insurance Plan	66
G-4	Schedule of District Contributions – Texas Public School Retired Employees Group Insurance Plan	67
	Notes to Required Supplementary Information	69
	Combining and Individual Fund Statements and Schedules:	
H-1	Combining Balance Sheet – Nonmajor Governmental Funds	72
H-2	Combining Statement of Revenues, Expenditures, and Changes in Fund Balance – Nonmajor Governmental Funds	76

FABENS INDEPENDENT SCHOOL DISTRICT
ANNUAL FINANCIAL AND COMPLIANCE REPORT
FOR THE YEAR ENDED AUGUST 31, 2020

TABLE OF CONTENTS
(Continued)

FINANCIAL SECTION (Continued)

J-1	Combining and Individual Fund Statements and Schedules (Continued): Schedule of Delinquent Taxes Receivable	80
J-5	Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – Debt Service Fund	83
L-1	Schedule of Required Responses to Selected School First Indicators	85

FEDERAL AWARDS SECTION

	Independent Auditor’s Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	89
	Independent Auditor’s Report on Compliance and Internal Control for Each Major Program as Required by Uniform Guidance and Report on the Schedule of Expenditures of Federal Awards	93
K-1	Schedule of Expenditures of Federal Awards	97
	Notes to the Schedule of Expenditures of Federal Awards	99
	Schedule of Findings and Questioned Costs	101

CERTIFICATE OF BOARD

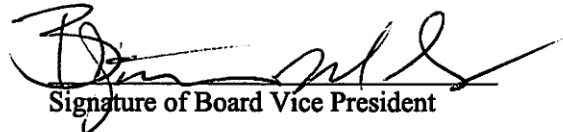
Fabens Independent School District
Name of School District

El Paso
County

071-903
Co.-Dist. Number

We, the undersigned, certify that the attached annual financial reports of the above named school district were reviewed and (check one) approved disapproved for the year ended August 31, 2020, at a meeting of the Board of Trustees of such school district on the 20th day of January, 2021.


Signature of Board Secretary


Signature of Board Vice President

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

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FINANCIAL SECTION

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INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees of
Fabens Independent School District

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Fabens Independent School District as of and for the year ended August 31, 2020, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

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

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Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis section which precedes the basic financial statements and the pension and other post-employment liabilities related schedules following the notes to the financial statements 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 Fabens Independent School District's basic financial statements. The combining statements of individual nonmajor funds and the Texas Education Agency required schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by *Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements.

The combining statements of individual nonmajor funds, the Texas Education Agency 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 statements, the Texas Education Agency 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 December 11, 2020 on our consideration of Fabens Independent School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Fabens Independent School District's internal control over financial reporting and compliance.



Singleton, Clark & Company, PC
Cedar Park, Texas

December 11, 2020

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FABENS INDEPENDENT SCHOOL DISTRICT
MANAGEMENT’S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED AUGUST 31, 2020

MANAGEMENT’S DISCUSSION AND ANALYSIS

In this section of the Annual Financial and Compliance Report, we, the managers of Fabens Independent School District (the “District”) discuss and analyze the financial performance of the District for the fiscal year ended August 31, 2020. Please read this information in conjunction with the District’s basic financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

- The District’s net position for governmental activities increased by \$2,853,870 as a result of this year’s current operations, to end at (\$7,554,610).
- Total governmental funds of the District (the General Fund plus all Special Revenue Funds and the Debt Service Fund) reported an overall fund balance increase of \$3,576,492, to end at \$7,549,901.
- The General Fund of the District reported a fund balance increase of \$3,624,027 for the year, to end at \$7,531,587.

OVERVIEW OF THE FINANCIAL SECTION

The Financial Section is the most substantial part of this Annual Financial and Compliance Report. It consists of the independent auditor’s report, management’s discussion and analysis (this section), a set of basic financial statements with required note disclosures, and finally, required supplementary information and other supporting statements and schedules as applicable.

Independent Auditor’s Report

State law requires the District’s financial statements to be audited by an independent certified public accountant each year. The primary purpose of the annual audit is for the auditor to express an opinion as to whether the financial statements of the District appear to be free from material misstatement. The audit is required to be conducted in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. The District received an *Unmodified* opinion on its financial statements this year.

Management’s Discussion and Analysis

The Management’s Discussion and Analysis (MD&A) section of the report is intended to introduce the financial statements and to provide discussion and analysis regarding the financial performance of the District during the year. The MD&A is written by management of the District and provides for a less formal presentation of the financial activities of the District than is found within the basic financial statements themselves.

Basic Financial Statements

The Basic Financial Statements consist of a series of financial statements and required note disclosures. These statements include government-wide financial statements which present the District in a consolidated and long-term manner using full-accrual accounting similar to that of a business enterprise, and fund financial statements which present a more detailed view of the District using a more short-term view and traditional modified-accrual governmental accounting. These financial statements are followed with detailed notes which provide narrative explanations and additional data for full disclosure of information.

FABENS INDEPENDENT SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED AUGUST 31, 2020

Required Supplementary Information

The previously discussed Management's Discussion and Analysis section is considered to be required supplementary information, however, the governmental reporting framework requires that it be presented before the financial statements. When applicable, additional required supplementary information must follow the financial statements. Within this financial report, the District presents required schedules related to its participation in the Teacher Retirement System of Texas and the Texas Public School Retired Employees Group Insurance Plan.

Combining and Individual Fund Statements and Schedules

The combining statements provide detailed information about the District's nonmajor funds. While the primary financial statements present the nonmajor funds in a consolidated manner, the combining statements list all of the nonmajor funds separately, each in its own column. In addition, this section also includes schedules required by the Texas Education Agency to report tax collection information and budget to actual information for the District's debt service function.

OVERVIEW OF THE FEDERAL AWARDS SECTION

Report on Internal Controls and Compliance

In accordance with *Government Auditing Standards*, the auditor is required to consider the internal controls the District has in place over financial reporting and whether any noncompliance with rules, laws, and regulations was noted during the audit. This report describes the scope of the testing of internal control and compliance, however, it does not provide an opinion on the effectiveness of internal control or on compliance.

Report on Compliance and Internal Control for Each Major Program

Because the District expended more than \$750,000 in federal grant awards, an additional independent auditor's report on compliance and internal control over the District's major federal grant programs was required. This report provides an opinion by the independent audit firm that the District complied, in all material respects, with the requirements applicable to the federal grants received and expended.

Schedule of Expenditures of Federal Awards

The Schedule of Expenditures of Federal Awards (SEFA) provides a detailed listing of the federal grant awards received by the District during the year. This listing includes federal grant names, identification numbers, and amounts expended.

Schedule of Findings and Questioned Costs

The Schedule of Findings and Questioned Costs provides an overall summary of auditor results, including identification of the type of opinion on the financial statements, whether any significant deficiencies or material weaknesses in internal controls were observed by the audit firm, and whether any material noncompliance was noted. This schedule also lists information related to the audit of the District's major federal programs and lists any audit findings reported by the audit firm for the year.

FABENS INDEPENDENT SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED AUGUST 31, 2020

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 with the government-wide financial statements which immediately follow this section. The government-wide financial statements include the Statement of Net Position and the Statement of Activities. The primary purpose of these financial statements 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, deferred outflows, liabilities, and deferred inflows 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.

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 tuition received from students from outside the District and 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 the State of Texas 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.

The Statement of Net Position and the Statement of Activities report the District's net position and changes in net position. The District's net position (the difference between assets, deferred outflows, liabilities, and deferred inflows) provides one measure of the District's financial health. 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 nonfinancial 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, school districts divide up their financial activities as follows:

- Governmental activities – School districts report basic services here, including the instruction of students, counseling, co-curricular activities, child nutrition services, transportation, maintenance, community services, and general administration. Property taxes, state block grants based on student attendance and demographics, and other state and federal grants finance most of these activities.
- Business-type activities – School districts may charge a fee to "customers" to help it cover all or most of the cost of services it provides for child care programs or other activities that closely model a business venture.

Our school district reported governmental activities this year, however, we did not engage in business-type activities.

FABENS INDEPENDENT SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED AUGUST 31, 2020

Reporting the District's Most Significant Funds

Fund Financial Statements

The fund financial statements follow the government-wide statements and provide detailed information about the most significant funds of the District, not the District as a whole. Laws and regulations require the District to establish separate funds, such as for grants received from the state and federal government, money received from bond issues for capital projects, or for money raised specifically for debt service purposes, in order to clearly display financial accountability for use of these funds.

School districts use two different kinds of funds for operations, governmental funds and proprietary funds, which use different accounting approaches.

- A school district will use *governmental funds* to account for basic services. 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. 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.
- A school district will use *proprietary funds* to account for the activities for which it charges users (whether outside customers or other units of the District). Proprietary funds use the same accounting methods employed in the Statement of Net Position and the Statement of Activities. In fact, when a district utilizes enterprise funds, (one category of proprietary funds) these are the business-type activities reported in the government-wide statements but they contain more detail and additional information, such as cash flows. Internal service funds (the other category of proprietary funds) report activities that provide supplies and services for a district's other programs and activities, such as a district's self-insurance programs.

Our District reported several governmental funds this year, however, we did not utilize proprietary funds.

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 Net Position on pages that follow the governmental fund financial statements. 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 however responsible for applying sound financial internal controls over these funds and for ensuring that these resources are used for their intended purposes.

FABENS INDEPENDENT SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED AUGUST 31, 2020

GOVERNMENT-WIDE FINANCIAL ANALYSIS

The following analysis focuses on the Net Position (Table I) and Changes in Net Position (Table II) of the District's governmental activities.

Net position of the District's governmental activities increased from (\$10,398,480) to (\$7,544,610). Unrestricted net position – the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation, or other legal requirements – was (\$13,998,825) at August 31, 2020. The increase in governmental net position was primarily due to factors like the District's expenditures being significantly lower than budgeted combined with higher revenues than expected.

Table I
FABENS INDEPENDENT SCHOOL DISTRICT
NET POSITION

	Governmental Activities 2020	Governmental Activities 2019	Change
Current & Other Assets	\$ 11,053,113	\$ 6,932,515	\$ 4,120,598
Capital Assets	33,454,555	34,589,011	(1,134,456)
Total Assets	<u>44,507,668</u>	<u>41,521,526</u>	<u>2,986,142</u>
Deferred Outflows of Resources	<u>5,421,479</u>	<u>6,161,755</u>	<u>(740,276)</u>
Current Liabilities	3,401,215	2,870,777	530,438
Long-Term Liabilities	46,493,573	50,210,492	(3,716,919)
Total Liabilities	<u>49,894,788</u>	<u>53,081,269</u>	<u>(3,186,481)</u>
Deferred Inflows of Resources	<u>7,578,969</u>	<u>5,000,492</u>	<u>2,578,477</u>
Net Position:			
Net Investment in Capital Assets	5,802,063	5,580,811	221,252
Restricted	652,152	711,321	(59,169)
Unrestricted	<u>(13,998,825)</u>	<u>(16,690,612)</u>	<u>2,691,787</u>
Total Net Position	<u>\$ (7,544,610)</u>	<u>\$(10,398,480)</u>	<u>\$ 2,853,870</u>

FABENS INDEPENDENT SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED AUGUST 31, 2020

Table II
FABENS INDEPENDENT SCHOOL DISTRICT
CHANGES IN NET POSITION

	Governmental Activities 2020	Governmental Activities 2019	Change
Revenues:			
Program Revenues:			
Charges for Services	\$ 61,285	\$ 95,726	\$ (34,441)
Operating Grants & Contributions	9,093,001	6,078,347	3,014,654
General Revenues:			
Maintenance & Operations Taxes	2,239,404	2,277,645	(38,241)
Debt Service Taxes	560,901	314,036	246,865
State Aid - Formula Grants	18,946,819	19,092,732	(145,913)
Grants & Contributions not Restricted	549,443	1,807,989	(1,258,546)
Investment Earnings	73,849	101,097	(27,248)
Miscellaneous	478,383	22,872	455,511
Total Revenue	<u>32,003,085</u>	<u>29,790,444</u>	<u>2,212,641</u>
Expenses:			
Instruction	16,977,438	16,153,672	823,766
Instructional Resources & Media Services	304,015	298,302	5,713
Curriculum and Staff Development	243,790	281,331	(37,541)
Instructional Leadership	288,106	322,108	(34,002)
School Leadership	1,426,454	1,621,763	(195,309)
Guidance/Counseling Services	1,153,282	1,216,426	(63,144)
Social Work/Health Services	37,189	35,174	2,015
Health Services	346,087	352,373	(6,286)
Student Transportation	501,788	456,818	44,970
Food Services	1,403,564	1,326,165	77,399
Cocurricular/Extracurricular Activities	953,076	1,048,721	(95,645)
General Administration	1,341,057	1,310,744	30,313
Plant Maintenance and Operations	2,577,374	2,770,768	(193,394)
Security and Monitoring Services	320,560	328,572	(8,012)
Data Processing Services	244,037	256,016	(11,979)
Community Services	120,148	110,176	9,972
Debt Service	874,258	897,939	(23,681)
Other Intergovernmental Charges	36,992	36,737	255
Total Expenses	<u>29,149,215</u>	<u>28,823,805</u>	<u>325,410</u>
Change in Net Position	<u>2,853,870</u>	<u>966,639</u>	<u>1,887,231</u>
Net Position at 9/1/19 and 9/1/18	(10,398,480)	(12,965,483)	2,567,003
Prior Period Adjustment	-	1,600,364	(1,600,364)
Net Position at 8/31/20 and 8/31/19	<u>\$ (7,544,610)</u>	<u>\$(10,398,480)</u>	<u>\$ 2,853,870</u>

FABENS INDEPENDENT SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED AUGUST 31, 2020

THE DISTRICT'S FUNDS

As the District completed this annual period, the General Fund reported a fund balance of \$7,531,587, which is \$3,624,027 more than last year's total of \$3,907,560. The increase in fund balance is mainly attributable to expenditures being significantly lower for the year than budgeted while revenues were slightly higher than expected; specifically, the General Fund's functions of instruction, school leadership and facilities maintenance/operations were lower than expected.

The District's ESSER Fund reported revenues and expenditures of \$1,270,630 for the year, respectively, resulting in a \$0 fund balance. The ESSER Fund relates to the federal CARES program providing resources related to the COVID-19 pandemic.

The District's other governmental funds reported combined ending fund balances of \$18,314. This combined balance is \$47,535 less than the previous year. The primary reason for this change in the combined fund balance was the budgeted net change in the District's Debt Service Fund which nearly reduced its fund balance to zero at year end.

Over the course of the year, the Board of Trustees generally revises the District's budget based on financial updates provided by management of the District. These amendments involve moving funds from programs that did not need all the resources originally appropriated to them to programs with resource needs, or to react to originally unforeseen circumstances, such as unanticipated new revenues or unavoidable new costs. Budget amendments made during the year in the General Fund to Functions 11 and 41 were considered significant.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

As of August 31, 2020, the District had \$33,454,555 (net of accumulated depreciation) invested in a broad range of capital assets, including facilities and equipment for instruction, transportation, athletics, administration, and maintenance.

A summary of the ending balances of capital assets by major category for both 2020 and 2019 is as follows:

	Governmental Activities 2020	Governmental Activities 2019	Change
Land	\$ 636,697	\$ 636,697	\$ -
Buildings	61,416,588	61,416,588	-
Furniture and Equipment	6,274,685	6,162,006	112,679
Total	<u>68,327,970</u>	<u>68,215,291</u>	<u>112,679</u>
Less Accumulated Depreciation	<u>(34,873,415)</u>	<u>(33,626,280)</u>	<u>(1,247,135)</u>
Capital Assets, Net of Depreciation	<u>\$ 33,454,555</u>	<u>\$ 34,589,011</u>	<u>\$ (1,134,456)</u>

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FABENS INDEPENDENT SCHOOL DISTRICT
MANAGEMENT’S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED AUGUST 31, 2020

Debt

At year-end, the District had \$27,889,528 in bonds and other long-term debt outstanding versus \$29,248,307 last year. The decrease is attributable to the District making scheduled payments on its long-term debt during the year.

A summary of the ending balances of long-term debt by type for both 2020 and 2019 is as follows:

	Governmental Activities 2020	Governmental Activities 2019	Change
General Obligation Bonds	\$ 27,652,492	\$ 29,008,200	\$ (1,355,708)
Compensated Absences	237,036	240,107	(3,071)
Total	<u>\$ 27,889,528</u>	<u>\$ 29,248,307</u>	<u>\$ (1,358,779)</u>

ECONOMIC FACTORS AND 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 rates. Those factors include property values, changes in enrollment, the economy, projections of future budget years, and legislative mandates. The District has adopted a General Fund budget of \$22.8 million for the 2020-2021 fiscal year. This reflects an approximate decrease of \$1,500,000 in budgeted expenditures from fiscal year 2019-2020 to fiscal year 2020-2021.

For the 2020-2021 budget year, the District has decreased its maintenance and operations tax rate at \$1.0547 per hundred of taxable value. The District has the capability to call a tax ratification election which could authorize up to \$1.0683 cents for maintenance and operations. The District has no current plans to call a tax ratification election. The District adopted a debt service tax rate of \$0.2808 for the 2020-2021 budget year in order to fund required debt payments in the coming year. The combined tax rate of the District for the 2020-2021 budget year is \$1.3355 per hundred of taxable value.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, investors, and creditors with a general overview of the District's finances and to 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 Fabens Independent School District, 821 NE 'G' Avenue, Texas 79838, or by calling (915) 765-2600.

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BASIC FINANCIAL STATEMENTS

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

Data Control Codes	Government 1 Governmental Activities
ASSETS	
1110 Cash and Cash Equivalents	\$ 7,116,232
1225 Property Taxes Receivable, net	144,543
1240 Due from Other Governments	3,792,338
Capital Assets:	
1510 Land	636,697
1520 Buildings and Improvements, net	32,037,875
1530 Furniture and Equipment, net	779,983
1000 Total Assets	44,507,668
DEFERRED OUTFLOWS OF RESOURCES	
1705 Deferred Outflows-Pension	4,099,649
1706 Deferred Outflows-OPEB	1,321,830
Total Deferred Outflows of Resources	5,421,479
LIABILITIES	
2110 Accounts Payable	188,866
2140 Interest Payable	42,545
2150 Payroll Deductions & Withholdings	165,235
2160 Accrued Wages Payable	856,666
2177 Due to Fiduciary Funds	12,789
2180 Due to Other Governments	1,880,577
2200 Accrued Expenses	188,437
2300 Unearned Revenue	66,100
Noncurrent Liabilities:	
2501 Due Within One Year	1,294,000
2502 Due in More Than One Year	26,595,528
2540 Net Pension Liability	8,477,577
2545 Other Post-Employment Benefits Liability	10,126,468
2000 Total Liabilities	49,894,788
DEFERRED INFLOWS OF RESOURCES	
2605 Deferred Inflows-Pension	2,467,055
2606 Deferred Inflows-OPEB	5,111,914
Total Deferred Inflows of Resources	7,578,969
NET POSITION	
3200 Net Investment in Capital Assets	5,802,063
Restricted for:	
3820 Federal & State Programs	626,033
3850 Debt Service	26,119
3900 Unrestricted	(13,998,825)
3000 Total Net Position	\$ (7,544,610)

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

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

Data Control Codes	1	Program Revenues		Net (Expense)
		3	4	Rev. & Changes in Net Position
	Expenses	Charges for Services	Operating Grants and Contributions	6 Primary Gov. Governmental Activities
Primary Government:				
GOVERNMENTAL ACTIVITIES:				
11 Instruction	\$ 16,977,438	\$ -	\$ 4,831,065	\$(12,146,373)
12 Instructional Resources & Media Services	304,015	-	40,852	(263,163)
13 Curriculum & Staff Development	243,790	-	45,713	(198,077)
21 Instructional Leadership	288,106	-	96,012	(192,094)
23 School Leadership	1,426,454	-	190,757	(1,235,697)
31 Guidance/Counseling/Evaluation Services	1,153,282	-	319,633	(833,649)
32 Social Work Services	37,189	-	3,547	(33,642)
33 Health Services	346,087	-	55,780	(290,307)
34 Student Transportation	501,788	-	40,486	(461,302)
35 Food Services	1,403,564	23,244	1,268,332	(111,988)
36 Extracurricular Activities	953,076	38,039	98,390	(816,647)
41 General Administration	1,341,057	2	131,141	(1,209,914)
51 Plant Maintenance and Operations	2,577,374	-	220,564	(2,356,810)
52 Security and Monitoring Services	320,560	-	58,188	(262,372)
53 Data Processing Services	244,037	-	34,253	(209,784)
61 Community Services	120,148	-	73,540	(46,608)
72 Interest on Long-Term Debt	872,635	-	1,584,748	712,113
73 Bond Issuance Cost & Fees	1,623	-	-	(1,623)
99 Other Intergovernmental Charges	36,992	-	-	(36,992)
TG Total Governmental Activities:	<u>29,149,215</u>	<u>61,285</u>	<u>9,093,001</u>	<u>(19,994,929)</u>
TP TOTAL PRIMARY GOVERNMENT:	<u>\$ 29,149,215</u>	<u>\$ 61,285</u>	<u>\$ 9,093,001</u>	<u>(19,994,929)</u>
General Revenues:				
Taxes:				
MT Property Taxes, Levied for General Purposes				2,239,404
DT Property Taxes, Levied for Debt Service				560,901
SF State Aid - Formula Grants				18,946,819
GC Grants and Contributions, not Restricted				549,443
IE Investment Earnings				73,849
MI Miscellaneous Local and Intermediate Revenue				478,383
Total General Revenues				<u>22,848,799</u>
CN Change in Net Position				2,853,870
NB Net Position -- Beginning				(10,398,480)
NE Net Position -- Ending				<u>\$ (7,544,610)</u>

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

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

Data Control Codes	10 General Fund	Elementary and Secondary School Emergency Relief Fund	Other Funds	98 Total Governmental Funds
ASSETS				
1110 Cash and Cash Equivalents	\$ 6,787,566	\$ -	\$ 328,666	\$ 7,116,232
1220 Property Taxes - Delinquent	372,127	-	79,570	451,697
1230 Allowance for Uncollectible Taxes (Credit)	(253,046)	-	(54,108)	(307,154)
1240 Due from Other Governments	1,893,466	1,270,630	628,242	3,792,338
1260 Due from Other Funds	2,040,299	-	25,950	2,066,249
1000 Total Assets	<u>\$ 10,840,412</u>	<u>\$ 1,270,630</u>	<u>\$ 1,008,320</u>	<u>\$ 13,119,362</u>
LIABILITIES				
2110 Accounts Payable	\$ 181,858	\$ -	\$ 7,008	\$ 188,866
2150 Payroll Ded. and Withholdings Payable	165,235	-	-	165,235
2160 Accrued Wages Payable	760,740	-	95,926	856,666
2170 Due to Other Funds	34,641	1,270,630	760,978	2,066,249
2177 Due to Fiduciary Funds	12,789	-	-	12,789
2180 Due to Other Governments	1,846,044	-	34,533	1,880,577
2200 Accrued Expenditures	188,437	-	-	188,437
2300 Unearned Revenues	-	-	66,100	66,100
2000 Total Liabilities	<u>3,189,744</u>	<u>1,270,630</u>	<u>964,545</u>	<u>5,424,919</u>
DEFERRED INFLOWS OF RESOURCES				
2600 Deferred Inflows-Unavailable Revenues	119,081	-	25,461	144,542
Total Deferred Inflows of Resources	<u>119,081</u>	<u>-</u>	<u>25,461</u>	<u>144,542</u>
FUND BALANCES				
Restricted for:				
3450 Federal or State Funds Restricted	626,033	-	-	626,033
3480 Retirement of Long-Term Debt	-	-	658	658
Assigned for:				
3590 Other Assigned Fund Balance	1,700,493	-	17,656	1,718,149
3600 Unassigned Fund Balance	5,205,061	-	-	5,205,061
3000 Total Fund Balances	<u>7,531,587</u>	<u>-</u>	<u>18,314</u>	<u>7,549,901</u>
4000 Total Liabilities, Deferred Inflows, and Fund Balances	<u>\$ 10,840,412</u>	<u>\$ 1,270,630</u>	<u>\$ 1,008,320</u>	<u>\$ 13,119,362</u>

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

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

		1
Total Fund Balances - Governmental Funds	\$	7,549,901
<p>¹ Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in the governmental funds.</p>		
Governmental capital assets	\$	68,327,970
Less accumulated depreciation	<u>(34,873,415)</u>	33,454,555
<p>² Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.</p>		
Bonds payable, including unamortized premiums	(27,652,492)	
Compensated absences	(237,036)	
Net pension liability	(8,477,577)	
Net OPEB liability	<u>(10,126,468)</u>	(46,493,573)
<p>³ Accrued interest on long-term debt related to governmental fund activities is not due and payable in the current period and, therefore, not reported in the governmental funds.</p>		
		(42,545)
<p>⁴ Deferred outflows and inflows of resources related to pensions and other post-employment benefits are applicable to future periods and, therefore, are not reported in the funds.</p>		
Deferred outflows of resources related to pensions	4,099,649	
Deferred inflows of resources related to pensions	(2,467,055)	
Deferred outflows of resources related to OPEB	1,321,830	
Deferred inflows of resources related to OPEB	<u>(5,111,914)</u>	(2,157,490)
<p>⁵ Property taxes are recognized as revenue in the governmental funds when collected, but recognized on the Statement of Activities in the year levied. Therefore, property taxes receivable, net of allowance for uncollectible accounts, is added to the Statement of Net Position for governmental activities.</p>		
		<u>144,542</u>
¹⁹ Net Position of Governmental Activities	\$	<u><u>(7,544,610)</u></u>

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

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

Data	10	Elementary and Secondary School		98
Control	General	Emergency	Other	Total
Codes	Fund	Relief Fund	Funds	Funds
REVENUES				
5700 Local and Intermediate Sources	\$ 2,819,477	\$ -	\$ 583,166	\$ 3,402,643
5800 State Program Revenues	20,032,525	-	1,916,891	21,949,416
5900 Federal Program Revenues	1,443,714	1,270,630	2,795,415	5,509,759
5020 Total Revenues	<u>24,295,716</u>	<u>1,270,630</u>	<u>5,295,472</u>	<u>30,861,818</u>
EXPENDITURES				
0011 Instruction	11,445,103	922,254	2,502,260	14,869,617
0012 Instructional Resources & Media Services	252,385	16,139	-	268,524
0013 Curriculum & Instructional Staff Development	184,303	11,931	21,606	217,840
0021 Instructional Leadership	166,456	9,917	74,963	251,336
0023 School Leadership	1,183,991	57,167	1,617	1,242,775
0031 Guidance, Counseling & Evaluation Services	763,157	44,604	189,991	997,752
0032 Social Work Services	32,781	-	-	32,781
0033 Health Services	277,489	22,834	1,545	301,868
0034 Student (Pupil) Transportation	447,868	232	-	448,100
0035 Food Services	1,135,895	-	237,040	1,372,935
0036 Cocurricular/Extracurricular Activities	809,644	30,576	-	840,220
0041 General Administration	1,153,928	36,101	6,812	1,196,841
0051 Plant Maintenance and Operations	2,263,605	103,670	30	2,367,305
0052 Security and Monitoring Services	251,111	-	36,087	287,198
0053 Data Processing Services	203,052	15,205	-	218,257
0061 Community Services	33,052	-	71,232	104,284
0071 Debt Service - Principal	-	-	1,237,000	1,237,000
0072 Debt Service - Interest	-	-	993,832	993,832
0073 Debt Service - Bond Issuance Costs	-	-	1,623	1,623
0099 Other Intergovernmental Charges	35,238	-	-	35,238
6030 Total Expenditures	<u>20,639,058</u>	<u>1,270,630</u>	<u>5,375,638</u>	<u>27,285,326</u>
1100 Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>3,656,658</u>	<u>-</u>	<u>(80,166)</u>	<u>3,576,492</u>
OTHER FINANCING SOURCES (USES)				
7915 Transfers In	-	-	32,631	32,631
8911 Transfers Out	(32,631)	-	-	(32,631)
7080 Total Other Financing Sources (Uses)	<u>(32,631)</u>	<u>-</u>	<u>32,631</u>	<u>-</u>
1200 Net Change in Fund Balance	3,624,027	-	(47,535)	3,576,492
0100 Fund Balance - Beginning	3,907,560	-	65,849	3,973,409
3000 Fund Balance - Ending	<u>\$ 7,531,587</u>	<u>\$ -</u>	<u>\$ 18,314</u>	<u>\$ 7,549,901</u>

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

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

	Total Net Change in Fund Balances – Governmental Funds	\$	3,576,492
1	Governmental funds report the portion of capital outlay for capitalized assets as expenditures. However, in the Statement of Activities, the costs of those assets are allocated over their estimated useful lives as depreciation expense.		
	Expenditures for capitalized assets	\$	112,679
	Less current year depreciation	<u>(1,247,135)</u>	<u>(1,134,456)</u>
2	Repayment of principal on bonds, notes, and capital leases is an expenditure in the governmental funds, but this expenditure is removed from the Statement of Activities and the repayments instead reduce long-term liabilities on the Statement of Net Position.		1,237,000
3	Issuance of long-term debt increases current financial resources to governmental funds, but this increase is not shown on the Statement of Activities and instead increases long-term liabilities on the Statement of Net Position.		(18,747)
4	Since long-term debt is not recorded in governmental funds, amortization of related issuance premiums and discounts is also not recorded.		137,455
5	The change in accrued interest due on long-term debt issued for governmental activities does not affect current financial resources and therefore is not reported in the governmental funds.		2,489
6	Property taxes are recognized as revenue in the governmental funds when collected but recognized on the Statement of Activities in the year levied. Therefore the uncollected amount of the current year levy is added to current year property tax revenue on the Statement of Activities.		11,179
7	Governmental funds report pension contributions as expenditures. However, pension contributions are reported as deferred outflows of resources on the Statement of Net Position if made after the net pension liability measurement date. In addition, the change in the net pension liability, adjusted for changes in deferred pension items, is reported as pension expense in the Statement of Activities.		(908,796)
8	Governmental funds report OPEB contributions as expenditures. However, OPEB contributions are reported as deferred outflows of resources on the Statement of Net Position if made after the net OPEB liability measurement date. In addition, the change in the net OPEB liability, adjusted for changes in deferred OPEB items, is reported as OPEB expense in the Statement of Activities.		(51,817)
9	Other miscellaneous differences in accounting treatments between the governmental funds and the Statement of Activities.		<u>3,071</u>
19	Change in Net Position of Governmental Activities	<u>\$</u>	<u><u>2,853,870</u></u>

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

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FABENS INDEPENDENT SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL – GENERAL FUND
FOR THE YEAR ENDED AUGUST 31, 2020

Data	Budgeted Amounts		Actual	Variance With
Control			Amounts	Final Budget
Codes	Original	Final	(GAAP BASIS)	
REVENUES				
5700 Local & Intermediate Sources	\$ 2,212,764	\$ 2,366,497	\$ 2,819,477	\$ 452,980
5800 State Program Revenues	19,393,090	19,313,624	20,032,525	718,901
5900 Federal Program Revenues	2,884,574	1,768,502	1,443,714	(324,788)
5020 Total Revenues	<u>24,490,428</u>	<u>23,448,623</u>	<u>24,295,716</u>	<u>847,093</u>
EXPENDITURES				
0011 Instruction	13,333,238	12,214,792	11,445,103	769,689
0012 Instructional Resources & Media Services	291,494	294,394	252,385	42,009
0013 Curriculum and Staff Development	259,752	296,617	184,303	112,314
0021 Instructional Leadership	183,187	188,138	166,456	21,682
0023 School Leadership	1,610,649	1,484,518	1,183,991	300,527
0031 Guidance/Counseling/Evaluation Services	975,649	879,388	763,157	116,231
0032 Social Work Services	39,403	39,403	32,781	6,622
0033 Health Services	350,286	327,913	277,489	50,424
0034 Student Transportation	473,861	493,861	447,868	45,993
0035 Food Services	1,186,990	1,325,301	1,135,895	189,406
0036 Extracurricular Activities	883,735	916,691	809,644	107,047
0041 General Administration	1,127,241	1,395,925	1,153,928	241,997
0051 Facilities Maintenance & Operations	2,896,883	2,830,094	2,263,605	566,489
0052 Security and Monitoring Services	289,993	291,856	251,111	40,745
0053 Data Processing Services	248,535	268,119	203,052	65,067
0061 Community Services	33,200	38,200	33,052	5,148
Debt Service:				
0071 Principal on Long Term Debt	85,000	-	-	-
Capital Outlay:				
0081 Facilities Acquisition & Construction	12,150	-	-	-
Intergovernmental:				
0099 Other Intergovernmental Charges	36,000	38,000	35,238	2,762
6030 Total Expenditures	<u>24,317,246</u>	<u>23,323,210</u>	<u>20,639,058</u>	<u>2,684,152</u>
1100 Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>173,182</u>	<u>125,413</u>	<u>3,656,658</u>	<u>3,531,245</u>
OTHER FINANCING SOURCES (USES)				
8911 Transfers Out	3,626	3,626	(32,631)	36,257
7080 Total Other Financing Sources (Uses)	<u>3,626</u>	<u>3,626</u>	<u>(32,631)</u>	<u>(36,257)</u>
1200 Net Change in Fund Balances	176,808	129,039	3,624,027	3,494,988
0100 Fund Balance-September 1 (Beginning)	3,907,560	3,907,560	3,907,560	-
3000 Fund Balance-August 31 (Ending)	<u>\$ 4,084,368</u>	<u>\$ 4,036,599</u>	<u>\$ 7,531,587</u>	<u>\$ 3,494,988</u>

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

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

Data Control Codes	Private- Purpose Trust Funds	Agency Funds
ASSETS		
1110 Cash and Cash Equivalents	\$ 13,319	\$ 86,904
1260 Due from Other Funds	-	12,789
1000 Total Assets	<u>13,319</u>	<u>99,693</u>
LIABILITIES		
Current Liabilities:		
2190 Due to Student Groups	-	99,693
2000 Total Liabilities	<u>-</u>	<u>\$ 99,693</u>
NET POSITION		
Restricted for:		
3800 Held in Trust	<u>13,319</u>	
3000 Total Net Position	<u>\$ 13,319</u>	

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

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

Data Control Codes	Private- Purpose Trust Funds
ADDITIONS	
Investment Earnings:	
5742 Interest, Dividends, and Other	\$ 49
5020 TOTAL REVENUES	<u>49</u>
DEDUCTIONS	
6400 Other Operating Costs	1,676
6030 TOTAL EXPENSES	<u>1,676</u>
1200 Change in Net Position	(1,627)
0100 Net Position - Beginning	<u>14,946</u>
3000 Net Position - Ending	<u><u>\$ 13,319</u></u>

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

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FABENS INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2020

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Financial Reporting Entity

This report includes those activities, organizations and functions related to Fabens Independent School District (the “District”), which are controlled by or dependent upon the District’s governing body, the Board of Trustees (the “Board”). The Board, a seven member group, is the level of government having governance responsibilities over all activities related to public elementary and secondary school education within the jurisdiction of the District. Since the District receives funding from local, state, and federal government sources, it must comply with the requirements of the entities providing those funds. However, the District is not included in any other governmental “reporting entity” as defined by Statement No. 14 of the Governmental Accounting Standards Board (GASB), since Board members are elected by the public and have decision making authority. Furthermore, there are no legally separate organizations, known as “component units”, included within the reporting entity.

The accounting policies of the District comply with the rules prescribed by the Texas Education Agency (TEA) in its Financial Accountability System Resource Guide (FASRG). These accounting policies conform to generally accepted accounting principles applicable to state and local governments.

Government-wide and Fund Financial Statements

The government-wide financial statements (i.e. the Statement of Net Position and the Statement of Activities) report information on all of the nonfiduciary activities of the District. The effect of interfund activity has been removed from these statements. Governmental activities, which are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely on fees and charges for support.

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

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

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Agency funds have no measurement focus. 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. Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided and 2) operating grants and contributions. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes. As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

FABENS INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2020

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

Major revenue sources considered susceptible to accrual include state and federal program revenues and property taxes. No accrual for property taxes collected within sixty days of year end has been made as such amounts are deemed immaterial; delinquent property taxes at year end are reported as deferred inflows of resources within the governmental fund financial statements.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Major Funds and Fund Types

The District reports the following major governmental funds:

The General Fund includes financial resources that are not required to be reported separately in another fund. It is a budgeted fund, and any unrestricted fund balances are considered to be resources available for current operations.

The Elementary and Secondary School Emergency Relief Fund, a major special revenue fund, is used to account for the receipt and disbursement of funds restricted for use to address the impact of COVID-19 on elementary and secondary schools.

Additionally, the District reports the following fund types:

Special Revenue Funds are governmental funds which include resources restricted, committed, or assigned for specific purposes by a grantor or the Board. Federally financed programs where unused balances are returned to the grantor at the close of specified project periods are accounted for in these funds.

The Debt Service Fund includes debt service taxes and other revenues collected to retire bond principal and to pay interest due. It is a budgeted fund.

Private Purpose Trust Funds are fiduciary funds used to account for donations for which the donors have stipulated that both the principal and the income may be used for purposes that benefit parties outside the District. The District utilizes this fund type to account for money collected and held for the purpose of awarding scholarships to selected students.

Agency Funds are fiduciary funds used to account for resources held for others in a custodial capacity. The District utilizes this fund type to account for funds held on behalf of student clubs and organizations.

FABENS INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2020

Budgetary Information

Budgets are prepared annually for the General Fund, the Child Nutrition Fund (presented with the General Fund), and the Debt Service Fund on the modified accrual basis, which is consistent with generally accepted accounting principles. A formal budget is prepared by the end of August and is adopted by the Board at a public meeting after public notice of the meeting has been given no earlier than the 30th day or later than the 10th day before the public hearing. The legal level of control for budgeted expenditures is the function level within the budgeted funds. Amendments to the budget are required prior to expending amounts greater than the budgeted amounts at the function level. Budgets are controlled at the departmental or campus level, the same level at which responsibility for operations is assigned. The budget was monitored by the administration throughout the year and amendments were brought to the Board as needed.

Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Net Position or Fund Balance

Investments - The District's investment policies and types of investments are governed by Section 2256 of the Texas Government Code ("Public Funds Investment Act"). The types of investments allowed under the Public Funds Investment Act are detailed in Note 2 - Deposits and Investments. The District's management believes that it complied with the requirements of the Public Funds Investment Act and the District's investment policies. The District accrues interest on temporary investments based on the terms and effective interest rates of the specific investments. Temporary investments throughout the year consisted of investments in external investment pools, which are recognized at amortized cost, and money market accounts.

Inventories - Inventories are generally not recorded in the General Fund or Child Nutrition Fund due to amounts of expendable supplies held or purchased food not being deemed material. When inventories are recorded, they are charged to expenditures when consumed. Amounts recorded are offset by a fund balance classification titled "nonspendable" which indicates that the inventory does not represent "available expendable resources."

Capital Assets - Capital assets, which include land, buildings and improvements, construction in progress, furniture and equipment, and vehicles are reported in the governmental activities column in the government-wide financial statements. Capital assets are defined by the District as assets with an initial, individual cost of at least \$5,000 and a useful life of greater than one year. Such assets are recorded at historical cost, if purchased, or estimated fair value at the date of donation, if donated. The costs of normal maintenance and repairs that do not add to the value of the assets or materially extend assets lives are not capitalized. Capital assets (other than land and construction in progress) are depreciated using the straight line method over the following estimated useful lives: buildings and improvements - fifteen to thirty years, furniture and equipment - three to twenty years, and vehicles - five to ten years.

Prepaid Items - Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements. Prepaid items are charged to expenditures when consumed. When prepaid items are recorded, they are charged to expenditures when the value represented by the prepaid item has been used. Amounts recorded are offset by a fund balance classification titled "nonspendable" which indicates that the prepaid item amount does not represent "available expendable resources."

FABENS INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2020

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

Accumulated Sick Leave Liability - The State of Texas (the "State") has created a minimum sick leave program consisting of five days of sick leave per year with no limit on accumulation and transferability among districts for every person regularly employed in Texas public schools. Each district's local Board is required to establish a sick leave plan. Local school districts may provide additional sick leave beyond the state minimum.

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 benefit terms. Investments are reported at fair value.

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

Deferred Outflows and Deferred Inflows of Resources - The District complies with GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, which provides guidance for reporting the financial statement elements of deferred outflows of resources, which represent a consumption of the District's net position that is applicable to a future reporting period, and deferred inflows of resources, which represent the District's acquisition of net position applicable to a future reporting period.

The District complies with GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*, which establishes accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities.

Fund Balance/Deficit - The District complies with GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, which establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds.

Statement of Cash Flows - For purposes of the statement of cash flows when Proprietary Funds are used, cash and cash equivalents include demand deposits.

FABENS INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2020

Fair Value Measurements - The District adopted GASB Statement No. 72, *Fair Value Measurement and Application*, which defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction. Fair value accounting requires characterization of the inputs used to measure fair value into a three-level fair value hierarchy as follows:

- Level 1 inputs are based on unadjusted quoted market prices for identical assets or liabilities in an active market the entity has the ability to access
- Level 2 inputs are observable inputs that reflect the assumptions market participants would use in pricing the asset or liability developed based on market data obtained from sources independent from the entity
- Level 3 are unobservable inputs that reflect the entity's own assumptions about the assumptions market participants would use in pricing the asset or liability developed based on the best information available

There are three general valuation techniques that may be used to measure fair value:

- Market approach - uses prices generated by market transactions involving identical or comparable assets or liabilities
- Cost approach - uses the amount that currently would be required to replace the service capacity of an asset (replacement cost)
- Income approach - uses valuation techniques to convert future amounts to present amounts based on current market expectations

Data Control Codes

The Data Control Codes shown on the financial statements refer to the account code structure prescribed by the FASRG. TEA requires school districts to display these codes in their financial statements to ensure accuracy in building a state-wide data base for policy development and funding plans.

FABENS INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2020

2. DEPOSITS AND INVESTMENTS

The Public Funds Investment Act authorizes the District to invest in funds under a written investment policy, which is approved annually by the Board. The primary objectives of the District's investment strategy for operating and agency funds, in order of priority, are safety, investment liquidity, and maturity sufficient to meet anticipated cash flow requirements. The primary objective of the District's investment strategy for Debt Service is sufficient investment liquidity to meet related obligations.

The District is authorized to invest in the following investment instruments provided that they meet the guidelines established in the investment policy:

- Obligations of, or guaranteed by, governmental entities
- Certificates of deposit and share certificates
- Fully collateralized repurchase agreements
- Securities lending programs
- Banker's acceptances
- Commercial paper
- No-load money market mutual funds and no-load mutual funds
- Guaranteed investment contracts as an investment vehicle for bond proceeds
- Public funds investment pools

The District's funds are required to be deposited and invested under the terms of a depository contract pursuant to the School Depository Act. The depository bank deposits for safekeeping and trust with the District's agent approved pledged securities in an amount sufficient to protect District funds on a day-to-day basis during the period of the contract. The pledge of approved securities is waived only to the extent of the dollar amount of Federal Deposit Insurance Corporation (FDIC) insurance. Therefore the District is not exposed to custodial credit risk.

Under the depository contract, the District, at its own discretion, may invest funds in time deposits and certificates of deposit provided by the depository bank at interest rates approximating United States Treasury Bill rates.

At August 31, 2020, the carrying amount of the District's deposits was \$7,216,455 and the bank balance was \$7,732,290. The District's deposits with financial institutions at August 31, 2020 and during the year ended August 31, 2020 were entirely covered by FDIC insurance or by pledged collateral held by the District's agent bank in the District's name. The deposits were collateralized in accordance with Texas law and the District maintains copies of all safekeeping receipts in the name of the District.

The District maintains a cash pool consisting of demand deposits. The combined pool is available for use by most Special Revenue Funds. If a fund overdraws its share of the pool, the overdraft is reported as an interfund payable in that fund. The offsetting interfund receivable is reported in the General Fund.

FABENS INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2020

The following is disclosed regarding coverage of combined balances on the date of highest deposit:

- a) Name of depository bank: WestStar Bank, Texas
- b) The amount of bond and/or security pledged as of the date of the highest combined balance on deposit was \$1,509,812.
- c) The largest cash, savings and time deposit combined account balance amounted to \$1,741,152 and occurred during the month of April 2020.
- d) Total amount of FDIC coverage at the time of highest combined balance was \$250,000.

Balances held at investment pools at August 31, 2020 consisted of the following:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Weighted Average Maturity (Days)</u>	<u>Standard & Poor's Rating</u>
Local Government Investment Pools:			
Lone Star Investment Pool	\$ 7,144,843	1	AAAm
Total Investments	<u>\$ 7,144,843</u>		

The District had funds in one external local governmental investment at August 31, 2020, consisting of the Lone Star (First Public) Governmental Investment Pool; however, no balances were classified as investments.

Lone Star (First Public)

The Corporate Overnight Fund is a fund within the Lone Star Investment Pool. Its objective is to maintain a stable \$1.00 per share net asset value (NAV), while it provides the highest possible rate of return. The fund represents one of three Texas public investment funds sponsored by the Texas Association of School Boards (TASB). The other funds - Government Overnight Fund and Corporate Overnight Plus Fund - also maintain S&P Global ratings. The Lone Star Investment Pool was created pursuant to the Interlocal Cooperation Act of the State of Texas as an investment vehicle for local school districts and other public entities. The funds within Lone Star Investment Pool are not registered mutual funds under the Investment Company Act of 1940, and are not available to individual investors.

The Lone Star Investment Pool is sponsored by TASB. The investment advisers to the pool are American Beacon Advisors and Standish. First Public LLC provides administrative and distribution services to the pool and State Street Bank is the custodian for all pool assets. In addition, CAPTRUST Financial Advisors monitors the pool's operations and performance and reports its findings to First Public and the board of trustees for the Lone Star Investment Pools.

Credit Risk - Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The ratings of securities by nationally recognized agencies are designed to give an indication of credit risk. At August 31, 2020, investments were included in local governmental investment pools with ratings from Standard & Poor's in compliance with the District's investment policy.

FABENS INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2020

Custodial Credit Risk - Deposits are exposed to custodial credit risk if they are not covered by depository insurance and the deposits are uncollateralized, collateralized with securities held by the pledging financial institution, or collateralized with securities held by the pledging financial institution's trust department or agent but not in the District's name. Investment securities are exposed to custodial credit risk if the securities are uninsured, are not registered in the name of the District, and are held by either the counterparty or the counterparty's trust department or agent but not in the District's name. At August 31, 2020, the District was not exposed to custodial credit risk.

Concentration of Credit Risk - Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investments in a single issuer. Information regarding investments in any one issuer that represents five percent or more of the District's total investments must be disclosed under GASB Statement No. 40, excluding investments issued or explicitly guaranteed by the U.S. government. At August 31, 2020, the District had 100% of its balances in money market accounts and local governmental investment pools.

Interest Rate Risk - As a means of minimizing risk of loss due to interest rate fluctuations, the District's investment policy requires that maturities will not exceed the weighted average maturity of 180 days for any internally created pool fund group and one year from the time of purchase for any other individual investment. The Board may specifically authorize a longer maturity for a given investment, within legal limits. The District considers the holdings in the local governmental investment pools to have a one day weighted average maturity due to the fact that the share position can usually be redeemed each day at the discretion of the shareholders, unless there has been a significant change in value. At August 31, 2020, balances were included in local government investment pools which have a weighted average maturity of one day.

3. PROPERTY TAXES

The Texas Legislature in 1979 adopted a comprehensive Property Tax Code (the "Code") which established a county-wide appraisal district and an appraisal review board in each county in the State. The El Paso Central Appraisal District (the "Appraisal District") is responsible for the recording and appraisal of all property in the District. Under the Code, the school board sets the tax rates on property and the El Paso County Tax Assessor/Collector provides tax collection services. The Appraisal District is required under the Code to assess property at 100% of its appraised value. Further, real property must be reappraised at least every three years. Under certain circumstances, taxpayers and taxing units, including the District, may challenge orders of the Appraisal Review Board through various appeals and, if necessary, legal action.

Property taxes are levied as of October 1 in conformity with Subtitle E, Texas Property Tax Code. Taxes are due on receipt of the tax bill and are delinquent if not paid before February 1 of the year following the year in which imposed. On January 1 of each year, a tax lien attaches to property to secure the payment of all taxes and penalties and interest that are ultimately imposed. Property tax revenues are considered available when they become due or past due and receivable within the current period, including those property taxes expected to be collected during a 60 day period after the end of the District's fiscal year. The assessed value at January 1, 2019, upon which the October 2019 levy was based was \$209,081,746. The District levied taxes based on a combined tax rate of \$1.3383 per \$100 of assessed valuation for local maintenance (general governmental services) and debt service.

FABENS INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2020

4. DUE FROM/TO OTHER GOVERNMENTS

The District participates in a variety of federal and state programs from which it receives grants to partially or fully fund certain activities. The District also receives entitlements from the State through the School Foundation and Per Capita Programs. Grants and entitlements are recorded as revenue when earned, therefore at year end amounts earned but not yet received in cash may be recorded as due from the grantor government. Amounts already received in cash but not yet earned are recorded as due to the grantor government.

A summary of amounts recorded as Due From/Due To Other Governments in the basic financial statements as of August 31, 2020 are summarized below:

Due From Other Governments:		Elementary and Secondary School	Non-Major	
	General	Emergency	Governmental	
	Fund	Relief Fund	Funds	Total
Governmental Activities:				
Foundation & Per Capita Entitlements	\$ 1,779,630	\$ -	\$ -	\$ 1,779,630
State Grants	-	-	64,205	64,205
Federal Grants	113,836	1,270,630	564,037	1,948,503
Total - Governmental Activities	\$ 1,893,466	\$ 1,270,630	\$ 628,242	\$ 3,792,338

Due To Other Governments:		Non-Major	
	General	Governmental	
	Fund	Funds	Total
Governmental Activities:			
Foundation & Per Capita Entitlements	\$ 1,846,044	\$ -	\$ 1,846,044
State Grants	-	26,617	26,617
Federal Grants	-	7,916	7,916
Total - Governmental Activities	\$ 1,846,044	\$ 34,533	\$ 1,880,577

5. INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

During the course of operations, the individual funds of the District may engage in temporary borrowings of money between one another to meet liquidity needs. These interfund receivables and payables are recorded on the balance sheet of the loaning fund as “Due from Other Funds” and on the balance sheet of the borrowing fund as “Due to Other Funds”. Amounts are repaid when funds are available in the borrowing fund.

Individual funds may also make payments between one another which are intended to be permanent and therefore not repaid. These transactions are recorded on the statement of revenues, expenditures, and changes in fund balance as “Transfers Out” for the paying fund and “Transfers In” for the receiving fund.

During the year, the General Fund transferred \$32,631 to the Debt Service Fund to provide for supplemental financing needs.

FABENS INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2020

The composition of interfund balances as of August 31, 2020 was as follows:

Receivable Fund	Payable Fund	Amount
General Fund	Special Revenue Funds	\$ 1,723,932
	Debt Service Fund	316,367
Total General Fund		<u>2,040,299</u>
Special Revenue Funds	General Fund	25,950
Total Special Revenue Funds		<u>25,950</u>
Trust and Agency Funds	General Fund	12,789
Total Trust and Agency Funds		<u>12,789</u>
Grand Total		<u><u>\$ 2,079,038</u></u>

6. CAPITAL ASSETS

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

	Beginning		Ending	
	Balance		Balance	
	9/1/19	Additions	Retirements	8/31/20
Governmental Activities:				
Capital Assets, not Being Depreciated:				
Land	\$ 636,697	\$ -	\$ -	\$ 636,697
Total Capital Assets, not Being Depreciated	<u>636,697</u>	<u>-</u>	<u>-</u>	<u>636,697</u>
Capital Assets, Being Depreciated:				
Buildings and Improvements	61,416,588	-	-	61,416,588
Furniture and Equipment	6,162,006	112,679	-	6,274,685
Total Capital Assets, Being Depreciated	<u>67,578,594</u>	<u>112,679</u>	<u>-</u>	<u>67,691,273</u>
Less Accumulated Depreciation for:				
Buildings and Improvements	(28,281,884)	(1,096,829)	-	(29,378,713)
Furniture and Equipment	(5,344,396)	(150,306)	-	(5,494,702)
Total Accumulated Depreciation	<u>(33,626,280)</u>	<u>(1,247,135)</u>	<u>-</u>	<u>(34,873,415)</u>
Governmental Activities Capital Assets, Net	<u>\$ 34,589,011</u>	<u>\$ (1,134,456)</u>	<u>\$ -</u>	<u>\$ 33,454,555</u>

FABENS INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2020

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

Function	Depreciation Allocation
Instruction	\$ 740,212
Instructional Resources & Media	13,367
Curriculum & Staff Development	10,844
Instructional Leadership	12,512
School Leadership	61,865
Guidance/Counseling/Evaluation Services	49,668
Social Work Services	1,632
Health Services	15,027
Student Transportation	22,306
Food Services	68,345
Cocurricular/Extracurricular Activities	41,826
General Administration	59,579
Plant Maintenance and Operations	117,845
Security and Monitoring Services	14,297
Data Processing Services	10,865
Community Services	5,191
Other Intergovernmental Charges	1,754
Totals	\$ 1,247,135

7. BONDS, NOTES, AND OTHER LONG-TERM LIABILITIES

Governmental activities long-term debt obligations at August 31, 2020 consisted of the following:

General Long-Term Debt Description	Outstanding at August 31, 2020
\$1,300,000 Unlimited Tax Refunding Bonds, Series 2019, due in annual installments of \$187,000 to \$233,000 through 2025, interest at 21% in first year, thereafter 2.35%.	\$ 1,113,000
\$8,735,000 Unlimited Tax School Building and Refunding Bonds, Series 2016A, due in annual installments of \$80,000 to \$500,000 through 2043; interest at 2.0% to 4.0%.	8,300,000
\$5,155,000 Unlimited Tax Refunding Bonds, Series 2016, due in annual installments of \$390,000 to \$520,000 through 2028; interest at 2.0% to 4.0%.	3,630,000
\$4,960,000 Unlimited Tax School Building Bonds, Series 2015, due in annual installments of \$110,000 to \$295,000 through 2045; interest at 3.0% to 4.5%.	4,640,000
\$1,400,000 Unlimited Tax Refunding Bonds, Series 2015, due in annual installments of \$160,000 to \$182,000 through 2024; interest at 3.3%.	693,000
\$7,805,000 Unlimited Tax Refunding Bonds, Series 2014, due in annual installments of \$310,000 to \$585,000 through 2036; interest at 3.0% to 4.0%.	7,040,000
Total General Long-Term Debt	\$ 25,416,000

FABENS INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2020

The following is a summary of changes in long-term liabilities for the year ended August 31, 2020:

Type	Outstanding 9/1/19	Additions	Deletions	Outstanding 8/31/20	Due in One Year
Bonds Payable:					
General Oblig. & Refunding Bonds	\$ 26,653,000	\$ -	\$ (1,237,000)	25,416,000	\$ 1,294,000
Premium on Issuance of Bonds	2,355,200	18,747	(137,455)	2,236,492	-
Total Bonds	<u>29,008,200</u>	<u>18,747</u>	<u>(1,374,455)</u>	<u>27,652,492</u>	<u>1,294,000</u>
Other Long-Term Liabilities:					
Compensated Absences	240,107	-	(3,071)	237,036	-
Total Other Long-Term Liabilities	<u>240,107</u>	<u>-</u>	<u>(3,071)</u>	<u>237,036</u>	<u>-</u>
Total Governmental Activities	<u>\$ 29,248,307</u>	<u>\$ 18,747</u>	<u>\$ (1,377,526)</u>	<u>\$ 27,889,528</u>	<u>\$ 1,294,000</u>

For the general obligation bonds, the District has pledged as collateral the proceeds of a continuing, direct annual tax levied against taxable property within the District. The Texas Education Code generally limits issuance of additional ad valorem tax bonds if the tax rate needed to pay aggregate principal and interest amounts of the District's tax bond indebtedness would exceed \$0.50 per \$100 of assessed valuation of taxable property within the District.

Annual principal installments for outstanding bonds vary each year. The debt service requirements to maturity for general obligation bonds as of August 31, 2020 are as follows:

Year Ended August 31,	General Obligations		Total Requirements
	Principal	Interest	
2021	\$ 1,294,000	\$ 938,288	\$ 2,232,288
2022	1,336,000	898,058	2,234,058
2023	1,383,000	854,752	2,237,752
2024	1,430,000	807,733	2,237,733
2025	1,293,000	759,288	2,052,288
2026-2030	6,215,000	3,029,550	9,244,550
2031-2035	5,755,000	1,896,275	7,651,275
2036-2040	3,900,000	859,499	4,759,499
2041-2045	2,810,000	224,437	3,034,437
Totals	<u>\$ 25,416,000</u>	<u>\$ 10,267,880</u>	<u>\$ 35,683,880</u>

FABENS INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2020

8. TEACHER RETIREMENT SYSTEM OF TEXAS PENSION PLAN

A. Pension Plan Description

The Teacher Retirement System of Texas (TRS or System or Plan) is a public employee retirement system (PERS) that is a multiple-employer, cost-sharing, defined benefit pension plan with a special funding situation. The Plan is administered by the Board of Trustees of TRS. Information regarding the Board of TRS and its composition can be found within the separately issued TRS Comprehensive Annual Financial Report within Note 1 to the financial statements. That report may be obtained online at www.trs.texas.gov; by writing to TRS at 1000 Red River Street, Austin, Texas, 78701-2698; or by calling (512) 542-6592.

Benefits are established or amended under the authority of the Texas Constitution, Article XVI, Section 67 and by the Legislature in the Texas Government Code, Title 8, Subtitle C. The Board of Trustees does not have the authority to establish or amend benefits.

B. Benefits Provided

TRS provides retirement, disability, and death benefits. Membership in the Plan includes 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 exempt from membership under Texas Government Code, Title 8, Section 822.002.

State law requires the plan to be actuarially sound in order for the legislature to consider a benefit enhancement, such as a supplemental payment to the retirees.

In May 2019, the 86th Texas legislature approved the TRS Pension Reform Bill (SB12) that provides for gradual contribution increases from the state, participating employers and active employees to make the pension fund actuarially sound. These increases immediately made the pension fund actuarially sound and the legislature approved funding for a 13th check.

All eligible members retired as of December 31, 2018 received an extra annuity check in September 2019 in either the matching amount of their monthly annuity payment or \$2,000, whichever was less.

C. Contributors to the Plan

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

FABENS INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2020

The number of participating employers during fiscal year 2019 are disclosed in the following table.

<u>Participating Employers</u>	
Independent School Districts	1,023
Charter Schools (open enrollment only)	179
Community and Junior Colleges	50
Senior Colleges and Universities	47
Regional Service Centers	20
Medical Schools	9
Educational Districts	3
State Agency	<u>1</u>
Total	<u><u>1,332</u></u>

Plan membership as of August 31, 2018 is shown in the following table. Because the actuarial valuation was based on a roll forward from fiscal year 2018 (see Section F), the Plan membership counts are as of August 31, 2018.

<u>Pension Plan Membership</u>	
Retired plan members or beneficiaries currently receiving benefits	420,458
Inactive plan members entitled to but not yet receiving benefits	298,498
Active plan members	<u>872,999</u>
	<u><u>1,591,955</u></u>

The Average Expected Remaining Service Life (AERSL) of 6.3623 years is based on membership information as of the beginning of the fiscal year.

D. Contributions

Contribution requirements are established or amended pursuant to the following state laws:

- Article 16, Section 67 of the Texas Constitution requires the legislature to establish a member contribution rate of not less than 6 percent of the member's annual compensation and a state contribution rate of not less than 6 percent and not more than 10 percent of the aggregate annual compensation paid to members of the System during the fiscal year.
- Government Code section 821.006 prohibits benefit improvements if it increases the amortization period of TRS' unfunded actuarial liability to greater than 31 years or, if the amortization period already exceeds 31 years, the period would be increased by such action. Actuarial implications of the funding provided in this manner are determined by the System's actuary.

As the non-employer contributing entity, the State of Texas contributes to the retirement system the current employer contribution rate times the aggregate annual compensation of all members of the Plan during the fiscal year, reduced by the employer contributions described below.

FABENS INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2020

All participating employers and the State of Texas, as the employer for senior universities and medical schools, are required to pay the employer contribution rate in the following situations:

- On the portion of a 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 or all of an employee's salary is paid by federal, private, local or non-educational and general funds
- When the employing district is a public junior college or junior college district, the employer shall contribute to the retirement system an amount equal to 50 percent of the state contribution rate for certain instructional or administrative employees and 100 percent of the state contribution rate for all other employees.

Contribution rates and amounts for active employees, participating employers, and the State of Texas for the current and prior fiscal year are shown below.

<u>Contribution Rates</u>	<u>2019</u>	<u>2020</u>
Members	7.7%	7.7%
Employer	6.8%	7.5%
State of Texas (NECE)	6.8%	7.5%
 <u>Contribution Amounts</u>		
Members	\$ 1,304,890	\$ 1,294,877
Employer	579,560	608,383
State of Texas (NECE)	803,669	806,382

Employers are also required to pay surcharges in the following cases:

- When a school district or charter school does not contribute to the Federal Old-Age, Survivors, and Disability Insurance (OASDI) Program for certain employees, they must contribute 1.5 percent of the member's salary.
- When employing a retiree of TRS, the employer shall pay an amount equal to the member contribution and the state contribution as an employment after retirement surcharge.

E. Net Pension Liability

Components of the Net Pension Liability of the Plan as of August 31, 2019 are disclosed below.

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

FABENS INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2020

F. Actuarial Methods and Assumptions

Roll Forward

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

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 postretirement mortality rates for healthy lives were based on the 2018 TRS of Texas Healthy Pensioner Mortality Tables with full generational projection using the ultimate improvement rates from the most recently published projection scale U-MP.

The long-term expected rate of return on pension plan investments is 7.25 percent. The long-term expected rate of return on plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense, and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of geometric real rates of return for each major asset class included in the System's target asset allocation as of August 31, 2019 are summarized in the chart on the following page.

FABENS INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2020

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%	0.00%	0.00%
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)	0.00%	0.00%	0.00%
Real Return			
Global Inflation Linked Bonds*****	3.00%	0.00%	0.00%
Real Estate	14.00%	15.00%	8.50%
Energy, Natural Resources and Infrastructure	5.00%	6.00%	7.30%
Commodities	0.00%	0.00%	0.00%
Risk Parity			
Risk Parity	5.00%	8.00%	5.8%/6.5%*****
Cash	1.00%	2.00%	2.50%
Asset Allocation Leverage	0.00%	-6.00%	2.70%
Total	100.00%	100.00%	7.23%
Expected Return			7.23%

* FY2019 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%) target volatility

The following table discloses the assumptions that were applied to this measurement period.

Actuarial Methods and Assumptions

Valuation Date	August 31, 2018 rolled forward to August 31, 2019
Actuarial Cost Method	Individual Entry Age Normal
Asset Valuation Method	Market Value
Single Discount Rate	7.25%
Long-Term Expected Rate	7.25%
Municipal Bond Rate as of August 2019	2.63%. Source for the rate is the Fixed Income Market Data/Yield Curve/Data Municipal Bonds with 20 years to maturity that include only federally tax-exempt municipal bonds as reported in Fidelity Index's "20-Year Municipal GO AA Index."
Last year ending August 31 in Projection Period (100 years)	2116
Inflation	2.30%
Salary Increases	3.05% to 9.05% including inflation
Ad hoc post-employment benefit changes	None

FABENS INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2020

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

G. Discount Rate

A single discount rate of 7.25 percent was used to measure the total pension liability. The single discount rate was based on the expected rate of return on plan investments of 7.25 percent. The projection of cash flows used to determine this single discount rate assumed that contributions from active members, employers and the non-employer contributing entity will be made at the rates set by the Legislature during the 2019 legislative session. It is assumed that future employer and state contributions will be 8.50 percent of payroll in fiscal year 2020 gradually increasing to 9.55 percent of payroll over the next several years. This includes all employer and State contributions for active and rehired retirees.

Based on these assumptions, the pension plan’s fiduciary net position was projected to be available to make all projected 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.

H. Changes of Assumptions Since the Prior Measurement Date

The single discount rate as of August 31, 2018 was a blended rate of 6.907 percent and that has changed to the long-term rate of return of 7.25 percent as of August 31, 2019.

With the enactment of SB 3 by the 2019 Texas Legislature, an assumption has been made about how this would impact future salaries. It is assumed that eligible active members will each receive a \$2,700 increase in fiscal year 2020. This is in addition to the salary increase expected based on the actuarial assumptions.

I. Sensitivity of the Net Pension Liability to the Single Discount Rate Assumption

The following table presents the net pension liability of the plan using the discount rate of 7.25 percent, and what the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.25 percent) or one percentage point higher (8.25 percent) than the current rate.

Sensitivity of the Net Pension Liability to the Single Discount Rate Assumptions			
	1% Decrease 6.25%	Current Single Discount Rate 7.25%	1% Increase 8.25%
District’s Proportionate Share of the Net Pension Liability:	\$ 13,031,267	\$ 8,477,577	\$ 4,788,209

J. District Net Pension Liabilities, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions, and Pension Expense

The Net Pension Liability of the Plan as a whole was last measured as of August 31, 2019 and the total pension liability used to calculate the Net Pension Liability was determined by an actuarial valuation as of that date. The District was assigned a proportion of the Plan’s Net Pension Liability based on the District’s contributions to the Plan relative to the contributions of all employers for the period September 1, 2018 through August 31, 2019.

FABENS INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2020

The table below presents a two-year comparison of the District's assigned proportion and resulting proportionate share of the collective Net Pension Liability, as well as the State's proportionate share of the Net Pension Liability associated with the District.

	Measurement Date		Change
	8/31/18	8/31/19	
District's Proportion of the Collective Net Pension Liability	0.000174614181	0.000163083241	(0.000011530940)
District's Proportionate Share of the Net Pension Liability	\$ 9,611,188	\$ 8,477,577	\$ (1,133,611)
State's Proportionate Share of the Net Pension Liability Associated with the District	12,405,726	10,975,719	(1,430,007)
Total Pension Liability	<u>\$ 22,016,914</u>	<u>\$ 19,453,296</u>	<u>\$ (2,563,618)</u>

At August 31, 2020, Fabens Independent School 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	\$ 35,613	\$ 294,355
Changes in actuarial assumptions	2,630,161	1,086,907
Difference between projected and actual investment earnings	509,675	424,550
Changes in proportion and difference between the employer's contributions and the proportionate share of contributions	315,817	661,243
Contributions paid to TRS subsequent to the measurement date	608,383	-
Total	<u>\$ 4,099,649</u>	<u>\$ 2,467,055</u>

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

Measurement Year Ended August 31,	Pension Expense Amount
2020	\$ 258,662
2021	163,557
2022	304,616
2023	340,584
2024	59,737
Thereafter	(102,945)

For the year ended August 31, 2020, Fabens Independent School District recognized pension expense of \$908,796 and revenue of \$1,724,132 for support provided by the State.

FABENS INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2020

9. EMPLOYEE HEALTH CARE COVERAGE

During the year ended August 31, 2020, employees of the District were covered by the state-wide health insurance plan, TRS Active Care. The District contributed \$150 per month per employee to the Plan, the State provided an additional \$75 per month per employee, and employees, at their option, authorized payroll withholdings to pay contributions or premiums for dependents. TRS manages TRS Active Care. The Plan is administered by Aetna while Caremark was assigned the prescription drug plan.

10. OTHER POST-EMPLOYMENT BENEFITS (OPEB) PLAN – TRS-CARE

A. Plan Description

The Texas Public School Retired Employees Group Insurance Program (TRS-Care) is a multiple-employer, cost-sharing, defined Other Post-Employment Benefit (OPEB) plan with a special funding situation. The TRS-Care program was established in 1986 by the Texas Legislature.

The Board of Trustees of TRS administers the TRS-Care program and the related fund in accordance with the Texas Insurance Code Chapter 1575. 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. The Board may adopt rules, plans, procedures, and orders reasonably necessary to administer the program, including minimum benefits and financing standards. Further detailed information regarding TRS and TRS-Care is available in a separately issued Comprehensive Annual Financial Report for TRS that includes financial statements and required supplementary information. That report may be obtained online at www.trs.texas.gov; by writing to TRS at 1000 Red River Street, Austin, Texas, 78701-2698; or by calling (512) 542-6592.

B. Benefits Provided

TRS-Care provides health insurance coverage to retirees from public schools, charter schools, regional service centers, and other educational districts who are members of the TRS pension system. Eligible non-Medicare retirees and their dependents may enroll in TRS-Care Standard, a high-deductible health plan. Eligible Medicare retirees and their dependents may enroll in the TRS-Care Medicare Advantage medical plan and the TRS-Care Medicare Rx prescription drug plan. To qualify for TRS-Care coverage, a retiree must have at least 10 years of service credit in the TRS pension system.

The General Appropriations Act passed by the 86th Legislature included funding to maintain TRS Care premiums at their current level through 2021. The 86th legislature also passed SB 1682 which requires TRS to establish a contingency reserve in the TRS-Care fund equal to 60 days of expenditures.

C. Contributors to TRS-Care

Contributors to the plan include active and retired members, employers, and the State of Texas as the only non-employer contributing entity.

FABENS INDEPENDENT SCHOOL DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED AUGUST 31, 2020

During fiscal year 2019, the number of participating employers are presented in the following table.

<u>Participating Employers</u>	
Independent School Districts	1,022
Open Enrollment Charter Schools	179
Regional Service Centers	20
Other Educational Districts	3
Total	1,224

TRS-Care plan membership as of August 31, 2018 is shown in the following table. Because the actuarial valuation was based on a roll-forward (See Section F), the counts are as of that date.

<u>TRS-Care Plan Membership</u>	
Active plan members	718,000
Inactive plan members currently receiving benefits	194,346
Inactive plan members entitled to but not yet receiving benefits	14,142
Total	926,488

The Average Expected Remaining Service Life (AERSL) of 9.0344 is based on the membership information as of the beginning of the fiscal year.

D. 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 participating employers are based on active employee compensation. The TRS Board does not have the authority to set or amend contribution rates.

At the inception of the plan, funding was projected to last 10 years through fiscal year 1995. The original funding was sufficient to maintain the solvency of the fund through fiscal year 2000. Since that time, appropriations and contributions have been established to fund the benefits for each successive biennium.

Section 1575.202 of the Texas Insurance Code establishes the State's contribution rate which is 1.25 percent of the employee's salary. Section 1575.203 establishes the active employee rate which is 0.65 percent of salary. Section 1575.204 establishes a public school 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 employer. The actual public school contribution rate is prescribed by the Legislature in the General Appropriations Act, which is 0.75 percent of each active employee's pay for fiscal year 2019.

FABENS INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2020

Contribution rates and amounts for active employees, participating employers, and the State of Texas for the current and prior fiscal year are shown below.

<u>Contribution Rates</u>	<u>2019</u>	<u>2020</u>
Members	0.65%	0.65%
Employer	0.75%	0.75%
State of Texas	1.25%	1.25%
Federal/Private Funding*	1.25%	1.25%
<u>Contribution Amounts</u>		
Members	\$ 109,988	\$ 108,965
Employer	155,235	150,320
State of Texas (NECE)	141,824	142,303

* Contributions paid from federal funds and private grants are remitted by the employer and paid at the State rate.

All employers whose employees are covered by the TRS pension plan are also required to pay a surcharge of \$535 per month when employing a retiree of the TRS. The TRS-Care surcharges for fiscal year 2019 totaled \$10,800,712.

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.

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

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

E. Net OPEB Liability

Components of the Net OPEB Liability of the TRS-Care plan as of August 31, 2019 are disclosed in the following table.

<u>Components of OPEB Liability</u>	<u>Total</u>
Total OPEB Liability	\$ 48,583,247,239
Less: Plan Fiduciary Net Position	(1,292,022,349)
Net OPEB Liability	<u>\$ 47,291,224,890</u>
Net Position as a Percentage of Total OPEB Liability	2.66%

FABENS INDEPENDENT SCHOOL DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED AUGUST 31, 2020

F. Actuarial Methods and Assumptions

Roll Forward

The actuarial valuation was performed as of August 31, 2018. Update procedures were used to roll forward the total OPEB liability to August 31, 2019.

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

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

Health Care Trend Rates

The initial medical trend rates were 10.25 percent for Medicare retirees and 7.50 percent for non-Medicare retirees. There was an initial prescription drug trend rate of 10.25 percent for all retirees. The initial trend rates decrease to an ultimate trend rate of 4.50 percent over a period of 13 years.

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 claim costs.
Salary Increases	3.05% to 9.05%, including inflation
Ad Hoc Post-Employment Benefit Changes	None

FABENS INDEPENDENT SCHOOL DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED AUGUST 31, 2020

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.

G. Discount Rate

A single discount rate of 2.63 percent was used to measure the total OPEB liability. This was a decrease of 1.06 percent in the discount rate since the previous year. Because the plan is a pay-as-you-go plan, the single discount rate is equal to the prevailing municipal bond rate.

H. Change of Assumptions Since the Prior Measurement Date

The following assumptions, methods and plan changes which are specific to TRS-Care were updated from the prior year's report:

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

I. Changes of Benefit Terms Since the Prior Measurement Date

There were no changes in benefit terms since the prior measurement date.

J. Sensitivity of the Net OPEB Liability to the Single Discount Rate Assumption

The following presents the net OPEB liability of the plan using the discount rate for 20-year, tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher, as well as what the net OPEB liability would be if it were calculated using a discount rate that is one-percentage point lower, 1.63 percent, or one-percentage point higher, 3.63 percent, than the AA/Aa rate.

Sensitivity of the Net OPEB Liability to the Single Discount Rate Assumptions			
	1% Decrease 1.63%	Current Single Discount Rate 2.63%	1% Increase 3.63%
District's proportionate share of the Net OPEB Liability	\$ 12,225,896	\$ 10,126,468	\$ 8,484,084

FABENS INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2020

K. Sensitivity of the Net OPEB Liability to the Healthcare Cost Trend Rate Assumptions

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	\$ 8,260,818	\$ 10,126,468	\$ 12,625,583

L. District Net OPEB Liabilities, Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB, and OPEB Expense

The Net OPEB Liability of the TRS-Care program as a whole was last 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 District was assigned a proportion of TRS Care's Net OPEB Liability based on the District's contributions to the program relative to the contributions of all employers for the period September 1, 2018 through August 31, 2019.

The table below presents a two-year comparison of the District's assigned proportion and resulting proportionate share of the collective Net OPEB Liability, as well as the State's proportionate share of the Net OPEB Liability associated with the District.

	Measurement Date		Change
	8/31/18	8/31/19	
District's Proportion of the Collective Net OPEB Liability	0.000227334048	0.000214129962	(0.000013204086)
District's Proportionate Share of the Net OPEB Liability	\$ 11,350,997	\$ 10,126,468	\$ (1,224,529)
State's Proportionate Share of the Net OPEB Liability Associated with the District	13,387,260	13,455,811	68,551
Total OPEB Liability	<u>\$ 24,738,257</u>	<u>\$ 23,582,279</u>	<u>\$ (1,155,978)</u>

At August 31, 2020, Fabens Independent School District reported its proportionate share of 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	\$ 496,789	\$ 1,657,089
Changes in actuarial assumptions	562,446	2,723,771
Difference between projected and actual investment earnings	1,314	221
Change in proportion and difference between the employer's contributions and the proportionate share of contributions	110,961	730,833
Contributions paid to TRS subsequent to the measurement date	150,320	-
Total	\$ 1,321,830	\$ 5,111,914

FABENS INDEPENDENT SCHOOL DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED AUGUST 31, 2020

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

Measurement Year Ended August 31,	OPEB Expense Amount
2020	\$ (633,933)
2021	(633,933)
2022	(634,287)
2023	(634,489)
2024	(634,433)
Thereafter	(769,329)

For the year ended August 31, 2020, Fabens Independent School District recognized OPEB expense of \$51,817 and revenue of \$354,641 for support provided by the State.

11. FRINGE BENEFITS PAID BY OTHER GOVERNMENTS

The Medicare Prescription Drug, Improvement, and Modernization Act of 2003 established prescription drug coverage for Medicare beneficiaries known as Medicare Part D. Under Medicare Part D, TRS-Care receives retiree drug subsidy payments from the federal government to offset certain prescription drug expenditures for eligible TRS-Care participants. For the years ended August 31, 2020 and August 31, 2019, the subsidy payments received by TRS-Care on behalf of the District were \$80,377 and 54,701, respectively.

12. FUND BALANCES

The District complies with GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, which establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. Those fund balance classifications are described below.

Nonspendable - Amounts that cannot be spent because they are either not in a spendable form or are legally or contractually required to be maintained intact.

Restricted - Amounts that can be spent only for specific purposes because of constraints imposed by external providers, or imposed by constitutional provisions or enabling legislation.

Committed - Amounts that can only be used for specific purposes pursuant to approval by formal action by the Board.

Assigned - For the General Fund, the Board, or an official or body that has been delegated authority by the Board, may appropriate amounts that are to be used for a specific purpose. For all other governmental funds, any remaining positive amounts not previously classified as nonspendable, restricted or committed.

Unassigned - Amounts that are available for any purpose; these amounts can be reported only in the District’s General Fund.

A detail of the fund balance amounts within each category is included on the governmental funds balance sheet.

FABENS INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2020

Fund balance of the District may be committed for a specific purpose by formal action of the Board, the District's highest level of decision-making authority. Commitments may be established, modified, or rescinded only through a resolution approved by the Board. The Board has delegated authority to the Superintendent to assign fund balance for a specific purpose. In circumstances where an expenditure is to be made for a purpose for which amounts are available in multiple fund balance classifications, the order in which resources will be expended is as follows: restricted fund balance, committed fund balance, assigned fund balance, and unassigned fund balance.

13. REVENUE FROM LOCAL AND INTERMEDIATE SOURCES

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

Type	General Fund	Non-Major Governmental Funds	Trust Funds	Total
Property Taxes	\$ 2,231,975	\$ 557,152	\$ -	\$ 2,789,127
Investment Income	63,807	10,041	49	73,897
Gifts	-	2,000	-	2,000
Insurance Recovery	448,171	-	-	448,171
Food Sales	23,244	-	-	23,244
Athletics	23,454	-	-	23,454
Enterprising Revenues	613	13,973	-	14,586
Miscellaneous Local Revenue	28,213	-	-	28,213
Total	<u>\$ 2,819,477</u>	<u>\$ 583,166</u>	<u>\$ 49</u>	<u>\$ 3,402,692</u>

14. UNEARNED REVENUE

Unearned revenue at August 31, 2020 consisted of the following amounts:

Fund	State/Local Grants	Federal Grants	Total
Non-Major Governmental Funds	\$ 62,079	\$ 4,021	\$ 66,100
Total	<u>\$ 62,079</u>	<u>\$ 4,021</u>	<u>\$ 66,100</u>

15. RISK MANAGEMENT

The District's risk management program includes coverages through third party insurance providers for property, automobile liability, school professional liability, crime, workers' compensation, and other miscellaneous bonds. During the year ended August 31, 2020, there were no significant reductions in insurance coverage from coverage in the prior year. Losses in excess of the various deductible levels are covered through traditional indemnity coverage for buildings and contents, and vehicle liability with various insurance firms. Settled claims have not exceeded insurance limits for the past three years.

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FABENS INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2020

16. COMMITMENTS AND CONTINGENCIES

The District participates in a number of federal financial assistance programs. Although the District’s grant programs have been audited in accordance with the provisions of *Government Auditing Standards* and when applicable, the Uniform Guidance, for the year ended August 31, 2020, these programs are subject to financial and compliance audits performed by the specific grantors. These audits, if performed, could result in amounts of expenditures being disallowed by the granting agencies and subject to repayment. The District however expects that such amounts, if any, would be immaterial.

17. SELF-INSURANCE FUND

The District has a partially self-insured workers’ compensation plan administered by Claims Administrative Services, Inc. (CAS) which is an insurance pool. The claim liability below is an estimate of potential loss exposure on workers’ compensation claims at year end which includes incurred but not reported (“IBN”) claims and claims reported but not paid.

A reconciliation of the estimated claim liability is as follows:

Year Ended August 31,	Beginning Liability	Estimated Current Year Claims	Claim Payments	Ending Liability
2018	\$ 183,522	\$ 84,112	\$ (52,607)	\$ 215,027
2019	215,027	140,041	(95,949)	259,119
2020	259,119	(21,647)	(49,035)	188,437

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REQUIRED SUPPLEMENTARY INFORMATION

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

	Measurement Year			
	2019	2018	2017	2016
District's Proportion of the Net Pension Liability	0.0163083241%	0.0174614181%	0.0177765326%	0.0179081100%
District's Proportionate Share of the Net Pension Liability	\$ 8,477,577	\$ 9,611,188	\$ 5,683,977	\$ 6,767,209
State's Proportionate Share of the District Net Pension Liability	10,975,719	12,405,726	7,624,311	9,412,606
Total Pension Liability	<u>\$ 19,453,296</u>	<u>\$ 22,016,914</u>	<u>\$ 13,308,288</u>	<u>\$ 16,179,815</u>
District's Covered-Employee Payroll	\$ 16,691,316	\$ 17,071,247	\$ 17,040,680	\$ 16,880,401
District's Proportionate Share of the Net Pension Liability as a Percentage of its Covered-Employee Payroll	50.79%	56.30%	33.36%	40.09%
Plan Fiduciary Net Position as a Percentage of the Total Net Pension Liability	75.24%	73.74%	82.17%	78.00%

The amounts presented are determined as of the Plan's measurement year which was as of August 31 in each prior calendar year from the District's fiscal year end.

This schedule reflects the available years of data since the adoption of GASB 68.

Measurement Year	
2015	2014

0.0198328000% 0.0155416000%

\$ 7,010,631 \$ 4,151,377

9,182,430	8,203,939
<u>\$ 16,193,061</u>	<u>\$ 12,355,316</u>

\$ 17,103,249 \$ 16,923,535

40.99% 24.53%

78.43% 83.25%

FABENS INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF DISTRICT CONTRIBUTIONS –
TEACHER RETIREMENT SYSTEM
FOR THE YEAR ENDED AUGUST 31, 2020

	Fiscal Year			
	2020	2019	2018	2017
Contractually Required Contribution	\$ 608,383	\$ 579,560	\$ 588,261	\$ 606,176
Contribution in Relation to the Contractually Required Contribution	<u>(608,383)</u>	<u>(579,560)</u>	<u>(588,261)</u>	<u>(606,176)</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's Covered-Employee Payroll	\$ 17,134,312	\$ 16,691,316	\$ 17,071,247	\$ 17,040,680
Contributions as a Percentage of Covered- Employee Payroll	3.55%	3.47%	3.45%	3.56%

The amounts presented are as of the District's fiscal year end of August 31.

This schedule reflects the available years of data since the inception of GASB 68 and will eventually reflect ten years of data.

Fiscal Year	
2016	2015
\$ 590,529	\$ 587,240
<u>(590,529)</u>	<u>(587,240)</u>
<u>\$ -</u>	<u>\$ -</u>
\$ 16,880,401	\$ 17,103,249
3.50%	3.43%

FABENS INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET OPEB LIABILITY –
TEXAS PUBLIC SCHOOL RETIRED EMPLOYEES GROUP INSURANCE PLAN
FOR THE YEAR ENDED AUGUST 31, 2020

	Measurement Year		
	2019	2018	2017
District's Proportion of the Net Liability for Other Post Employment Benefits	0.0214129962%	0.0227334048%	0.0225017789%
District's Proportionate Share of the Net Post Employment Benefit Liability	\$ 10,126,468	\$ 11,350,997	\$ 9,785,180
State's Proportionate Share of the Net Post Employment Benefit Liability Associated with the District	<u>13,455,811</u>	<u>13,387,260</u>	<u>12,262,692</u>
Total Other Post Employment Benefits Liability	<u>\$ 23,582,279</u>	<u>\$ 24,738,257</u>	<u>\$ 22,047,872</u>
District's Covered Payroll	\$ 16,691,316	\$ 17,071,247	\$ 17,071,247
District's Proportionate Share of the Net OPEB Liability as a Percentage of its Covered Payroll	60.67%	66.49%	57.32%
Plan Fiduciary Net Position as a Percentage of the Total Net OPEB Liability	2.66%	1.57%	0.91%

The amounts presented are determined as of the Plan's measurement year which was as of August 31 in each prior calendar year from the District's fiscal year end.

This schedule reflects the available years of data since the adoption of GASB 75.

FABENS INDEPENDENT SCHOOL DISTRICT
 SCHEDULE OF DISTRICT CONTRIBUTIONS –
 TEXAS PUBLIC SCHOOL RETIRED EMPLOYEES GROUP INSURANCE PLAN
 FOR THE YEAR ENDED AUGUST 31, 2020

	Fiscal Year			
	2020	2019	2018	2017
Contractually Required Contribution	\$ 150,320	\$ 155,235	\$ 156,834	\$ 93,422
Contribution in Relation to the Contractually Required Contribution	<u>(150,320)</u>	<u>(155,235)</u>	<u>(156,834)</u>	<u>(93,422)</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's Covered Payroll	\$ 17,134,312	\$ 16,691,316	\$ 17,071,247	\$ 17,040,680
Contributions as a Percentage of Covered Payroll	0.88%	0.93%	0.92%	0.55%

The amounts presented are as of the District's fiscal year end of August 31.

This schedule reflects the available years of data since the inception of GASB 75 and will eventually reflect ten years of data.

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

Teacher Retirement System

Actuarial Assumptions

The information presented in the required supplementary schedules was used in the actuarial valuation for determining the actuarially determined contribution rate and the Net Pension Liability in accordance with GASB 68. Actuarial methods and assumptions used for funding purposes can be found in the Teacher Retirement System of Texas Pension Plan note to the financial statements.

Changes of Benefit Terms

In May 2019, the 86th Texas legislature approved the TRS Pension Reform Bill (SB12) that provides for gradual contribution increases from the state, participating employers and active employees to make the pension fund actuarially sound. These increases immediately made the pension fund actuarially sound and the legislature approved funding for a 13th check. All eligible members retired as of December 31, 2018 will receive an extra annuity check in September 2019 in either the matching amount of their monthly annuity payment or \$2,000, whichever is less.

Changes of Assumptions

- The single discount rate as of August 31, 2018 was a blended rate of 6.907 percent and that has changed to the long-term rate of return of 7.25 percent as of August 31, 2019.
- With the enactment of SB 3 by the 2019 Texas Legislature, an assumption has been made about how this would impact future salaries. It is assumed that eligible active members will each receive a \$2,700 increase in fiscal year 2020. This is in addition to the salary increase expected based on the actuarial assumptions.

Texas Public School Retired Employees Group Insurance Plan

Actuarial Assumptions

Actuarial methods and assumptions used for funding purposes can be found in the Other Post-Employment Benefits (OPEB) Plan – TRS Care note to the financial statements.

Changes of Benefit Terms

The General Appropriations Act passed by the 86th Legislature included funding to maintain TRS Care premiums at their current level through 2021. The 86th legislature also passed SB 1682 which requires TRS to establish a contingency reserve in the TRS-Care fund equal to 60 days of expenditures.

Changes of Assumptions Since the Prior Measurement Date

The following assumptions, methods and plan changes which are specific to TRS-Care were updated from the prior year's report:

- The discount rate changed from 3.69 percent as of August 31, 2018 to 2.63 percent, as of August 31, 2019. This change increased the total OPEB liability (TOL).
- The participation rate for pre-65 retirees was lowered from 70 percent to 65 percent. The participation rate for post-65 retirees was lowered from 75 percent to 50 percent. 25 percent of pre-65 retirees are assumed to discontinue their coverage at age 65. There was no lapse assumption in the prior valuation. These changes decreased the TOL.
- The trend rates were reset to better reflect the plan's anticipated experience. This change increased the TOL.

The percentage of retirees who are assumed to have two-person coverage was lowered from 20 percent to 15 percent. In addition, the participation assumption for the surviving spouses of employees that die while actively employed was lowered from 20 percent to 10 percent. These changes decreased the TOL.

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**COMBINING AND INDIVIDUAL FUND
STATEMENTS AND SCHEDULES**

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

Data Control Codes	211 ESEA, Title I, Part A	212 ESEA, Title I, Part C	224 IDEA-Part B, Formula	225 IDEA-Part B, Preschool	242 Summer Feeding Program, TDA
ASSETS					
1110 Cash and Cash Equivalents	\$ -	\$ -	\$ -	\$ -	\$ -
1220 Property Taxes - Delinquent	-	-	-	-	-
1230 Allowance for Uncollectible Taxes (Credit)	-	-	-	-	-
1240 Due from Other Governments	369,744	37,606	46,494	4,341	28,468
1260 Due from Other Funds	-	-	-	-	-
1000A Total Assets	<u>\$ 369,744</u>	<u>\$ 37,606</u>	<u>\$ 46,494</u>	<u>\$ 4,341</u>	<u>\$ 28,468</u>
LIABILITIES					
2110 Accounts Payable	\$ -	\$ 1,443	\$ 2,811	\$ 1,714	\$ 1,040
2160 Accrued Wages Payable	71,579	5,806	11,479	-	-
2170 Due to Other Funds	298,165	30,357	32,204	2,627	27,428
2180 Due to Other Governments	-	-	-	-	-
2300 Unearned Revenues	-	-	-	-	-
2000 Total Liabilities	<u>369,744</u>	<u>37,606</u>	<u>46,494</u>	<u>4,341</u>	<u>28,468</u>
DEFERRED INFLOWS OF RESOURCES					
2600 Unavailable Revenue	-	-	-	-	-
Total Deferred Inflows of Resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES					
Restricted for:					
3480 Retirement of Long-Term Debt	-	-	-	-	-
Assigned for:					
3590 Other Assigned Fund Balance	-	-	-	-	-
3000 Total Fund Balances	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
4000 Total Liab., Def. Inflows, and Fund Balances	<u>\$ 369,744</u>	<u>\$ 37,606</u>	<u>\$ 46,494</u>	<u>\$ 4,341</u>	<u>\$ 28,468</u>

244	255	263	289	397	410	429	461
Career and Technical- Basic Grant	ESEA, Title II, Part A	Title III, Part A	Federally Funded Spec. Rev. Fund	Advanced Placement Incentives	State Textbook Fund	State Funded Special Revenue Funds	Campus Activity Funds
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 17,656
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
5,817	57,739	-	13,828	-	-	64,205	-
-	-	7,916	-	34	-	-	-
<u>\$ 5,817</u>	<u>\$ 57,739</u>	<u>\$ 7,916</u>	<u>\$ 13,828</u>	<u>\$ 34</u>	<u>\$ -</u>	<u>\$ 64,205</u>	<u>\$ 17,656</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	7,062	-	-	-	-	-	-
5,817	50,677	-	9,807	-	-	20,160	-
-	-	7,916	-	-	-	-	-
-	-	-	4,021	34	-	44,045	-
<u>5,817</u>	<u>57,739</u>	<u>7,916</u>	<u>13,828</u>	<u>34</u>	<u>-</u>	<u>64,205</u>	<u>-</u>
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	17,656
-	-	-	-	-	-	-	17,656
<u>\$ 5,817</u>	<u>\$ 57,739</u>	<u>\$ 7,916</u>	<u>\$ 13,828</u>	<u>\$ 34</u>	<u>\$ -</u>	<u>\$ 64,205</u>	<u>\$ 17,656</u>

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

Data	499	599	Total Non- Major
Control	Local Grant	Debt Service	Governmental
Codes	Fund	Fund	Funds
ASSETS			
1110 Cash and Cash Equivalents	\$ -	\$ 311,010	\$ 328,666
1220 Property Taxes - Delinquent	-	79,570	79,570
1230 Allowance for Uncollectible Taxes (Credit)	-	(54,108)	(54,108)
1240 Due from Other Governments	-	-	628,242
1260 Due from Other Funds	18,000	-	25,950
1000A Total Assets	<u>\$ 18,000</u>	<u>\$ 336,472</u>	<u>\$ 1,008,320</u>
LIABILITIES			
2110 Accounts Payable	\$ -	\$ -	\$ 7,008
2160 Accrued Wages Payable	-	-	95,926
2170 Due to Other Funds	-	283,736	760,978
2180 Due to Other Governments	-	26,617	34,533
2300 Unearned Revenues	18,000	-	66,100
2000 Total Liabilities	<u>18,000</u>	<u>310,353</u>	<u>964,545</u>
DEFERRED INFLOWS OF RESOURCES			
2600 Unavailable Revenue	-	25,461	25,461
Total Deferred Inflows of Resources	<u>-</u>	<u>25,461</u>	<u>25,461</u>
FUND BALANCES			
Restricted for:			
3480 Retirement of Long-Term Debt	-	658	658
Assigned for:			
3590 Other Assigned Fund Balance	-	-	17,656
3000 Total Fund Balances	<u>-</u>	<u>658</u>	<u>18,314</u>
4000 Total Liab., Def. Inflows, and Fund Balances	<u>\$ 18,000</u>	<u>\$ 336,472</u>	<u>\$ 1,008,320</u>

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

Data Control Codes	211 ESEA, Title I, Part A	212 ESEA, Title I, Part C	224 IDEA-Part B, Formula	225 IDEA-Part B, Preschool	242 Feeding Program, TDA
REVENUES					
5700 Local and Intermediate Sources	\$ -	\$ -	\$ -	\$ -	\$ -
5800 State Program Revenues	-	-	-	-	-
5900 Federal Program Revenues	1,726,668	169,826	374,432	8,348	237,040
5020 Total Revenues	1,726,668	169,826	374,432	8,348	237,040
EXPENDITURES					
0011 Instruction	1,723,138	35,007	163,850	8,348	-
0013 Curriculum & Instructional Staff Dev.	3,445	557	11,711	-	-
0021 Instructional Leadership	-	61,413	7,762	-	-
0023 School Leadership	-	1,617	-	-	-
0031 Guidance, Counseling & Evaluation Svcs.	-	-	189,491	-	-
0033 Health Services	85	-	1,460	-	-
0035 Food Services	-	-	-	-	237,040
0041 General Administration	-	-	158	-	-
0051 Plant Maintenance and Operations	-	-	-	-	-
0052 Security and Monitoring Services	-	-	-	-	-
0061 Community Services	-	71,232	-	-	-
0071 Debt Service - Principal	-	-	-	-	-
0072 Debt Service - Interest	-	-	-	-	-
0073 Debt Service - Bond Issuance Costs	-	-	-	-	-
6030 Total Expenditures	1,726,668	169,826	374,432	8,348	237,040
1100 Excess (Deficiency) of Revenues Over (Under) Expenditures	-	-	-	-	-
OTHER FINANCING SOURCES (USES)					
7915 Transfers In	-	-	-	-	-
7080 Total Other Financing Sources (Uses)	-	-	-	-	-
1200 Net Change in Fund Balance	-	-	-	-	-
0100 Fund Balance - Beginning	-	-	-	-	-
3000 Fund Balance - Ending	\$ -	\$ -	\$ -	\$ -	\$ -

244 Career and Technical- Basic Grant	255 ESEA, Title II, Part A	263 Title III, Part A	289 Federally Funded Spec. Rev. Fund	397 Advanced Placement Incentives	410 State Textbook Fund	429 Special Revenue Funds	461 Campus Activity Funds
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 13,984
-	-	-	-	-	188,563	143,580	-
41,631	117,747	14,760	104,963	-	-	-	-
41,631	117,747	14,760	104,963	-	188,563	143,580	13,984
41,631	117,747	14,760	104,963	-	188,563	94,566	9,687
-	-	-	-	-	-	5,893	-
-	-	-	-	-	-	-	3,788
-	-	-	-	-	-	-	-
-	-	-	-	-	-	500	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	6,654	-
-	-	-	-	-	-	-	30
-	-	-	-	-	-	35,967	120
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
41,631	117,747	14,760	104,963	-	188,563	143,580	13,625
-	-	-	-	-	-	-	359
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	359
-	-	-	-	-	-	-	17,297
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 17,656

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

Data Control Codes	499 Local Grant Fund	599 Debt Service Fund	Total Non- Major Governmental Funds
REVENUES			
5700 Local and Intermediate Sources	\$ 2,000	\$ 567,182	\$ 583,166
5800 State Program Revenues	-	1,584,748	1,916,891
5900 Federal Program Revenues	-	-	2,795,415
5020 Total Revenues	<u>2,000</u>	<u>2,151,930</u>	<u>5,295,472</u>
EXPENDITURES			
0011 Instruction	-	-	2,502,260
0013 Curriculum & Instructional Staff Dev.	-	-	21,606
0021 Instructional Leadership	2,000	-	74,963
0023 School Leadership	-	-	1,617
0031 Guidance, Counseling & Evaluation Svcs.	-	-	189,991
0033 Health Services	-	-	1,545
0035 Food Services	-	-	237,040
0041 General Administration	-	-	6,812
0051 Plant Maintenance and Operations	-	-	30
0052 Security and Monitoring Services	-	-	36,087
0061 Community Services	-	-	71,232
0071 Debt Service - Principal	-	1,237,000	1,237,000
0072 Debt Service - Interest	-	993,832	993,832
0073 Debt Service - Bond Issuance Costs	-	1,623	1,623
6030 Total Expenditures	<u>2,000</u>	<u>2,232,455</u>	<u>5,375,638</u>
1100 Excess (Deficiency) of Revenues Over (Under) Expenditures	-	(80,525)	(80,166)
OTHER FINANCING SOURCES (USES)			
7915 Transfers In	-	32,631	32,631
7080 Total Other Financing Sources (Uses)	<u>-</u>	<u>32,631</u>	<u>32,631</u>
1200 Net Change in Fund Balance	-	(47,894)	(47,535)
0100 Fund Balance - Beginning	-	48,552	65,849
3000 Fund Balance - Ending	<u>\$ -</u>	<u>\$ 658</u>	<u>\$ 18,314</u>

FABENS INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF DELINQUENT TAXES RECEIVABLE
FOR THE YEAR ENDED AUGUST 31, 2020

Last 10 Years Ended August 31,		1		2		3	
		Tax Rates				Assessed/Appraised Value for School Tax Purposes	
		Maintenance		Debt Service			
2011	and prior years	Various		Various		Various	
2012		1.04000		0.19810		\$	149,367,822
2013		1.04000		0.22190			158,567,319
2014		1.04000		0.22190			150,916,713
2015		1.04000		0.22190			164,053,412
2016		1.04000		0.29030			161,161,618
2017		1.04000		0.29400			163,276,559
2018		1.04000		0.28780			190,829,417
2019		1.17000		0.15780			195,145,319
2020	(School year under audit)	1.06830		0.27000			209,081,746
TOTALS							

10	20	31	32	40	50
Beginning	Current	Maintenance	Debt Service	Entire	Ending
Balance	Year's	Collections	Collections	Year's	Balance
9/1/19	Total Levy			Adjustments	8/31/20
\$ 175,830	\$ -	\$ 1,097	\$ 209	\$ 1	\$ 174,525
15,285	-	268	51	-	14,966
12,952	-	483	103	-	12,366
11,930	-	736	157	1	11,038
13,739	-	992	212	-	12,535
15,294	-	1,750	489	716	13,771
22,392	-	4,243	1,199	790	17,740
45,527	-	8,082	2,236	(1,747)	33,462
103,811	-	46,629	6,289	(5,318)	45,575
-	2,798,141	2,125,004	537,069	(20,349)	115,719
<u>\$ 416,760</u>	<u>\$ 2,798,141</u>	<u>\$ 2,189,284</u>	<u>\$ 548,014</u>	<u>\$ (25,906)</u>	<u>\$ 451,697</u>

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

Data Control Codes	Budgeted Amounts		Actual	Variance With Final Budget	
	Original	Final	Amounts (GAAP BASIS)		
REVENUES					
5700	Local & Intermediate Sources	\$ 542,044	\$ 542,043	\$ 567,182	\$ 25,139
5800	State Program Revenues	1,687,657	1,577,036	1,584,748	7,712
5020	Total Revenues	2,229,701	2,119,079	2,151,930	32,851
EXPENDITURES					
Debt Service:					
0071	Principal on Long Term Debt	1,237,000	1,237,000	1,237,000	-
0072	Interest on Long Term Debt	993,387	993,832	993,832	-
0073	Bond Issuance Cost and Fees	2,939	2,494	1,623	871
6030	Total Expenditures	2,233,326	2,233,326	2,232,455	871
1100	Excess (Deficiency) of Revenues Over (Under) Expenditures	(3,625)	(114,247)	(80,525)	33,722
OTHER FINANCING SOURCES (USES)					
7915	Transfers In	(3,626)	114,247	32,631	(81,616)
7080	Total Other Finance Sources (Uses)	(3,626)	114,247	32,631	(81,616)
1200	Net Change in Fund Balances	(7,251)	-	(47,894)	(47,894)
0100	Fund Balance-September 1 (Beginning)	48,552	48,552	48,552	-
3000	Fund Balance-August 31 (Ending)	\$ 41,301	\$ 48,552	\$ 658	\$ (47,894)

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FABENS INDEPENDENT SCHOOL DISTRICT
 SCHEDULE OF REQUIRED RESPONSES TO SELECTED SCHOOL FIRST INDICATORS
 FOR THE YEAR ENDED AUGUST 31, 2020

Data Control Codes		1 Responses
SF1	Was there an unmodified opinion in the Annual Financial Report on the financial statements as a whole?	Yes
SF2	Were there any disclosures in the Annual Financial Report and/or other sources of information concerning nonpayment of any terms of any debt agreement?	No
SF3	Did the school district make timely payments to the Teachers Retirement System (TRS), Texas Workforce Commission (TWC), Internal Revenue Service (IRS), and other government agencies? (If there was a warrant hold not cleared in 30 days, then not timely.)	Yes
SF4	Was the school district issued a warrant hold? (Yes even if cleared within 30 days.)	No
SF5	Did the Annual Financial Report disclose any instances of material weaknesses in internal controls over financial reporting and compliance for local, state, or federal funds?	No
SF6	Was there any disclosure in the Annual Financial Report of material noncompliance for grants, contracts, and laws related to local, state, or federal funds?	No
SF7	Did the school district post the required financial information on its website in accordance with Government Code, Local Government Code, Texas Education Code, Texas Administrative Code and other statutes, laws and rules in effect at the fiscal year end?	Yes
SF8	Did the school board members discuss the school district's property values at a board meeting within 120 days before the school district adopted its budget?	Yes
SF9	Total accumulated accretion on CABs included in government-wide financial statements at fiscal year end.	\$ -

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FEDERAL AWARDS SECTION

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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 Trustees of
Fabens Independent School District

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Fabens Independent School District, as of and for the year ended August 31, 2020, and the related notes to the financial statements, which collectively comprise Fabens Independent School District's basic financial statements, and have issued our report thereon dated December 11, 2020.

Internal Control over Financial Reporting

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or 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 combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

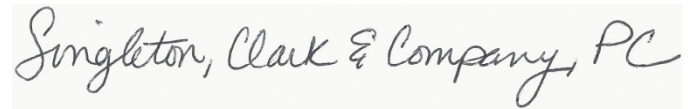
Compliance and Other Matters

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

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Purpose of this Report

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

A handwritten signature in black ink that reads "Singleton, Clark & Company, PC". The signature is written in a cursive style and is set against a light gray rectangular background.

Singleton, Clark & Company, PC
Cedar Park, Texas

December 11, 2020

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

To the Board of Trustees of
Fabens Independent School District

Report on Compliance for Each Major Federal Program

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

Management's Responsibility

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

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

Opinion on Each Major Federal Program

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

Report on Internal Control over Compliance

Management of Fabens Independent School District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Fabens Independent School District's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with 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 Fabens Independent School District's internal control over compliance.

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

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

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

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

We have audited the financial statements of Fabens Independent School District as of and for the year ended August 31, 2020, and have issued our report thereon dated December 11, 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 expenditure of federal awards is fairly stated in all material respects in relation to the financial statements as a whole.



Singleton, Clark & Company, PC
Cedar Park, Texas

December 11, 2020

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

FEDERAL GRANTOR/ PASS-THROUGH GRANTOR/ PROGRAM OR CLUSTER TITLE	1 Federal CFDA Number	2a Pass-Through Entity Identifying Number	3 Federal Expenditures
U.S. DEPARTMENT OF EDUCATION			
<u>Direct Awards</u>			
Navy Junior Reserve Officer Training Corps	12.000	20-071903	\$ 77,285
Total Direct Awards			<u>77,285</u>
<u>Passed through Texas Education Agency</u>			
ESEA, Title I, Part A - Improving Basic Programs	84.010A	20610101071903	1,803,518
ESEA, Title I, Part C - Education of Migratory Children	84.011A	20615001071903	178,896
IDEA - Part B, Formula ¹	84.027A	20660001079036600	386,268
IDEA - Part B, Preschool ¹	84.173A	206610010719036610	8,348
Career and Technical Education - Basic Grant	84.048A	20420006071903	43,589
ESEA, Title II, Part A - Teacher and Principal Training	84.367A	20694501071903	123,136
Title III, Part A - English Lang. Acquisition and Enhancement	84.365A	20671001071903	14,760
Elementary and Secondary School Emergency Relief	84.425D	20-071903	1,270,630
Title IV, Part A - Student Support and Academic Enrichment	84.424A	20680101071903	102,474
LEP Summer School	84.369A	69551902	2,489
Total Passed through Texas Education Agency			<u>3,934,108</u>
TOTAL U.S. DEPARTMENT OF EDUCATION			<u>4,011,393</u>
U.S. DEPARTMENT OF AGRICULTURE			
<u>Passed through Texas Education Agency</u>			
National School Breakfast Program ²	10.553	71402001	195,703
National School Lunch Program ²	10.555	71302001	722,852
Summer Feeding Program ²	10.559	20-071903	237,040
Total Passed through Texas Education Agency			<u>1,155,595</u>
<u>Passed through Texas Department of Agriculture</u>			
Food Distribution Program - Non-Cash Assistance ²	10.555	20-071903	62,423
Fresh Fruit and Vegetable Program ²	10.582	20-071903	43,082
Total Passed through Texas Department of Agriculture			<u>105,505</u>
TOTAL U.S. DEPARTMENT OF AGRICULTURE			<u>1,261,100</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS			<u>\$ 5,272,493</u>
<i>Not Considered Federal Financial Assistance:</i>			
School Health and Related Services (SHARS) Revenue			237,266
TOTAL FEDERAL REVENUE PER STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE			<u>\$ 5,509,759</u>

¹ Special Education (IDEA) Cluster as defined in OMB Compliance Supplement.

² Child Nutrition Cluster as defined in OMB Compliance Supplement.

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

1. BASIS OF PRESENTATION

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting - The expenditures on the accompanying schedule of expenditures of federal awards are presented using the modified accrual basis of accounting, with the exception of the National School Lunch Program, School Breakfast Program and the Food Distribution Program. Under the modified accrual basis of accounting, revenues are recognized in the accounting period in which they become measurable and available, and expenditures in the accounting period in which the fund liability is incurred, if measurable. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited to reimbursement.

Expenditures for the National School Lunch Program, School Breakfast Program and the Food Distribution Program are shown on the accompanying schedule of expenditures of federal awards in an amount equal to the related revenue, but are not specifically attributable to this revenue source. Expenditures are reported in this manner due to the Child Nutrition Fund being a fund that combines local, state, and federal revenues, and spends those resources together to support the overall operations of the Child Nutrition Program.

Relationship to Basic Financial Statements - Expenditures of federal awards are reported in the District’s basic financial statements in the special revenue funds.

Relationship to Federal Financial Reports - Amounts reported in the accompanying schedule of expenditures of federal awards agree with the amounts reported in the related federal financial reports in all significant respects.

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

SECTION I – SUMMARY OF AUDITOR’S RESULTS

FINANCIAL STATEMENTS

Type of auditor’s report issued: Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? Yes No
- Significant deficiencies identified that are not considered to be material weaknesses? Yes None reported

Noncompliance material to financial statements noted? Yes No

FEDERAL AWARDS

Internal control over major programs:

- Material weakness(es) identified? Yes No
- Significant deficiencies identified that are not considered to be material weaknesses? Yes None reported

Type of auditor’s report issued on compliance for major programs:

ESEA, Title I, Part A – Improving Basic Programs	Unmodified
Elementary & Secondary School Emergency Relief	Unmodified

Any audit findings disclosed that are required to be reported in accordance with the federal Uniform Guidance? Yes No

Identification of major programs:

CFDA Number(s)	Name of Federal Program or Cluster
84.010A	ESEA, Title I, Part A – Improving Basic Programs
84.425D	Elementary & Secondary School Emergency Relief

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

Auditee qualified as low-risk auditee? Yes No

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FABENS INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (Continued)
FOR THE YEAR ENDED AUGUST 31, 2020

SECTION II – FINANCIAL STATEMENT FINDINGS

Findings Related to Financial Statements Which are Required to be Reported in Accordance with Government Auditing Standards:

No findings or questioned costs required to be reported in accordance with *Government Auditing Standards* for the years ended August 31, 2020.

Prior year financial statement findings as required to be restated with current status:

2019-001 Budgetary Compliance

Criteria: Each year the District’s Board of Trustees adopts an appropriations budget which limits expenditure amounts within specific function line items.

Condition Found: As of year-end, actual expenditures in six functions and the transfer out limit exceeded materially their respective amended budget amounts and the following negative budget variances were noted: Instruction \$125,464; Curriculum and Staff Development \$28,461; Guidance Counseling/Evaluation Services \$8,502; Extracurricular Activities \$57,501; General Administration \$11,450; Facilities Maintenance & Operations \$77,897 and Transfer Out \$8,458.

Cause: The District did not amend the identified functions sufficiently to not cause negative variances as of the last day of the fiscal year.

Effect: The effect of this condition is a technical noncompliance with the legally adopted appropriations budget.

Recommendation: We recommend monitoring of expenditures and proper amendment of legally adopted budgets as needed as of the last day of the fiscal year.

Current Status: This condition was not observed again in the current year.

Contact Person: Yvonne Coupland, Chief Business Officer

SECTION III – FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS

Findings Related to Federal Awards Which are Required to be Reported in Accordance with federal Uniform Guidance:

No findings or questioned costs required to be reported in accordance with federal Uniform Guidance for the years ended August 31, 2020 and 2019.