

**STOCKDALE INDEPENDENT SCHOOL DISTRICT**

*ANNUAL FINANCIAL AND COMPLIANCE REPORT*

*FOR THE YEAR ENDED JUNE 30, 2020*

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**STOCKDALE INDEPENDENT SCHOOL DISTRICT**  
**ANNUAL FINANCIAL AND COMPLIANCE REPORT**  
**FOR THE YEAR ENDED JUNE 30, 2020**

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*CERTIFICATE OF BOARD*

Stockdale Independent School District  
Name of School District

Wilson  
County

247-906  
Co.-Dist. Number

We, the undersigned, certify that the attached auditor's reports of the above named school district were reviewed and \_\_\_approved  
- \_\_\_disapproved for the year ended June 30, 2020, at a meeting of the board of school trustees of such school district on the  
\_\_\_ day of \_\_\_\_\_, 2020.

\_\_\_\_\_  
Signature of Board Secretary

\_\_\_\_\_  
Signature of Board President

If the auditor's reports were checked above as disapproved, the reason(s) therefore is/are (attach list if necessary):

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## Independent Auditor's Report

### UNMODIFIED OPINION ON BASIC FINANCIAL STATEMENTS ACCOMPANIED BY REQUIRED SUPPLEMENTARY INFORMATION AND OTHER INFORMATION

Board of Trustees  
Stockdale Independent School District  
P.O. Box 7  
Stockdale, Texas 78160

#### Report on the Financial Statements

I have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information for Stockdale Independent School District (the "District") as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the District's basic financial statements 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*

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my 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 I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of 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. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinions.

#### *Opinions*

In my opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Stockdale Independent School District as of June 30, 2020, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with account principles generally accepted in the United States of America.

## **Other Matters**

### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, the Budgetary Comparison Schedule for the General Fund, Schedule of District's Proportionate Share of the Net Pension Liability (TRS), Schedule of District Pension Contributions to TRS, Schedule of District's Proportionate Share of the Net OPEB Liability (TRS) and Schedule of District OPEB Contributions to TRS as listed in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. I have applied certain limited procedure 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 my inquiries, the basic financial statements, and other knowledge I obtained during my audit of the basic financial statements. I do not express an opinion or provide any assurance on the information because the limited procedures do not provide me with sufficient evidence to express an opinion or provide any assurance.

### ***Other Information***

My audit was made for the purpose of forming an opinion on the financial statements that collectively comprise the District's basic financial statements. The combining and individual nonmajor fund financial statements, the TEA required schedules and the schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual nonmajor fund financial statements, the TEA required schedules and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In my opinion, the combining and individual nonmajor fund financial statements, the TEA required schedules and the schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole. The combining and individual nonmajor fund financial statements, the TEA required schedules and the schedule of expenditures of federal awards have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, I do not express an opinion or provide any assurance on them.

### ***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, I have also issued my report dated October 19, 2020, on my consideration of the District's internal control over financial reporting and on my 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 my testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Cameron L. Gulley  
Certified Public Accountant

October 19, 2020



# STOCKDALE INDEPENDENT SCHOOL DISTRICT

DANIEL FULLER, SUPERINTENDENT

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## MANAGEMENT'S DISCUSSION AND ANALYSIS

In this section of the Annual Financial and Compliance Report, we, the managers of Stockdale Independent School District, discuss and analyze the District's financial performance for the fiscal year ended June 30, 2020. Please read it in conjunction with the independent auditor's report on page 2 and the District's Basic Financial Statements which begin on page 10.

### USING THIS ANNUAL REPORT

This annual report consists of a series of financial statements. The government-wide financial statements include the Statement of Net Position and the Statement of Activities (on pages 10 - 11). These provide information about the activities of the District as a whole and present a longer-term view of the District's property and debt obligations and other financial matters. They reflect the flow of total economic resources in a manner similar to the financial reports of a business enterprise.

Fund financial statements (starting on page 12) report the District's operations in more detail than the government-wide statements by providing information about the District's most significant funds. For governmental activities, these statements tell how services were financed in the short term as well as what resources remain for future spending. They reflect the flow of current financial resources and supply the basis for tax levies and the appropriations budget. For proprietary activities, fund financial statements tell how goods or services of the District were sold to departments within the District or to external customers and how the sales revenues covered the expenses of the goods or services. The remaining statements, fiduciary statements, provide financial information about activities for which the District acts solely as a trustee or agent for the benefit of those outside of the District.

The notes to the financial statements (starting on page 20) provide narrative explanations or additional data needed for full disclosure in the government-wide statements or the fund financial statements.

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

### Reporting the District as a Whole

#### *The Statement of Net Position and the Statement of Activities*

The analysis of the District's overall financial condition and operations begins on page 5. Its primary purpose is to show whether the District is better off or worse off as a result of the year's activities. The Statement of Net Position includes all the District's assets and liabilities at the end of the year while the Statement of Activities includes all the revenues and expenses generated by the District's operations during the year. These apply the accrual basis of accounting which is the basis used by private sector companies.

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

These two statements report the District's net position and changes in them. The District's net position (the difference between assets and liabilities) provide one measure of the District's financial health, or financial position. Over time, increases or decreases in the District's net position are one indicator of whether its financial health is improving or deteriorating. To fully assess the overall health of the District, however, you should consider 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, we divide the District into one activity:

Governmental activities - All of the District's basic services are reported here, including the instruction, counseling, co-curricular activities, transportation, maintenance, community services, and general administration. Property taxes, tuition, fees, and state and federal grants finance most of these services.

### **Reporting the District's Most Significant Funds**

#### ***Fund Financial Statements***

The fund financial statements begin on page 12 and provide detailed information about the most significant funds - not the District as a whole. Laws and contracts require the District to establish some funds, such as grants received under the No Child Left Behind Act from the U.S. Department of Education. The District's administration establishes many other funds to help it control and manage money for particular purposes (like campus activities). The District's one type of fund - governmental - uses the following accounting approach:

Governmental funds - All of the District's basic services are reported in governmental funds. These use the 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.

### **The District as Trustee**

#### ***Reporting the District's Fiduciary Responsibilities***

The District is the trustee, or fiduciary, for money raised by student activities. All of the District's fiduciary activities are reported in separate Statements of Fiduciary Net Position and Changes in Fiduciary Net Position on pages 18 and 19. We exclude these resources from the District's other financial statements because the District cannot use these assets to finance its operations. The District is only responsible for ensuring that the assets reported in these funds are used for their intended purposes.

### **GOVERNMENT-WIDE FINANCIAL ANALYSIS**

The following analyses of comparative balances and changes therein is inclusive of the current year's and prior year's operations. Our analysis focuses on the net position (Table I) and changes in net position (Table II) of the District's governmental and business-type activities.

Total net position of the District's governmental activities increased from \$3,965,522 to \$5,086,425. 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 - increased from (\$3,191,074) to (\$2,993,695). Current and other assets decreased by \$3.5 million due to cash used for capital projects. Capital assets increased by \$4.7 million due to asset additions in excess of depreciation expense. Long-term liabilities decreased by \$1.0 million due to long-term debt retired during the year plus the effects of net pension (NPL) and other post-employment benefit (OPEB) liabilities. Other liabilities increased by \$289,000 due to accrued accounts payable and payroll liabilities. Deferred resource outflows related to NPL and OPEB liabilities decreased by \$127,000 and deferred resource inflows related to NPL and OPEB liabilities increased by \$624,000.

Increased funding and related state-mandated payroll expense increases enacted through the 86<sup>th</sup> Legislative session had a dramatic impact on both revenues and expenses for the year. Additionally, expenses were positively impacted by the state-mandated school closure in March, 2020 due to the COVID-19 pandemic.

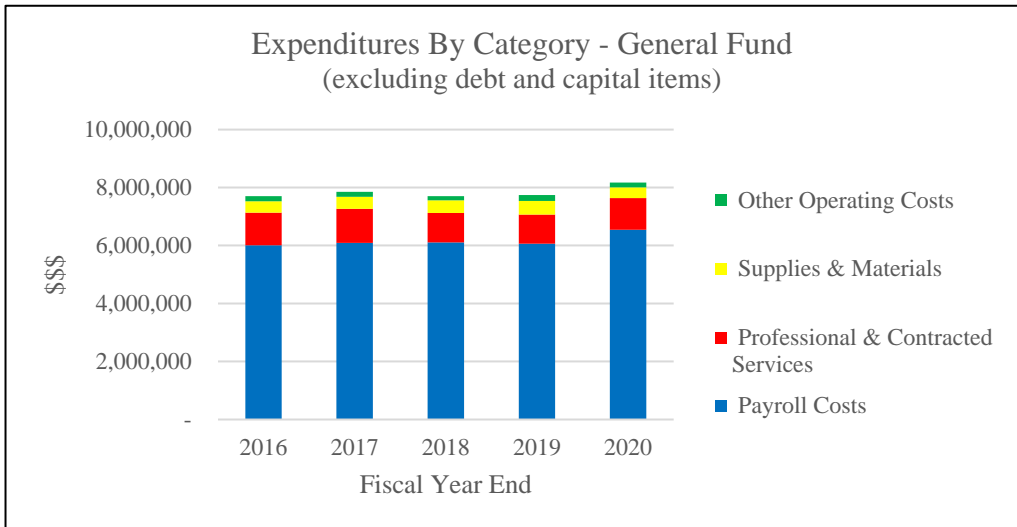
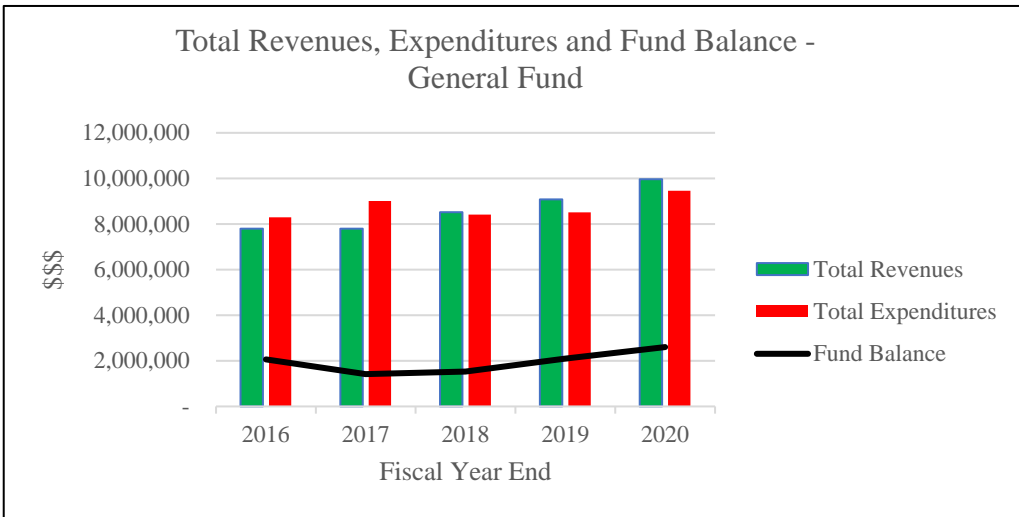
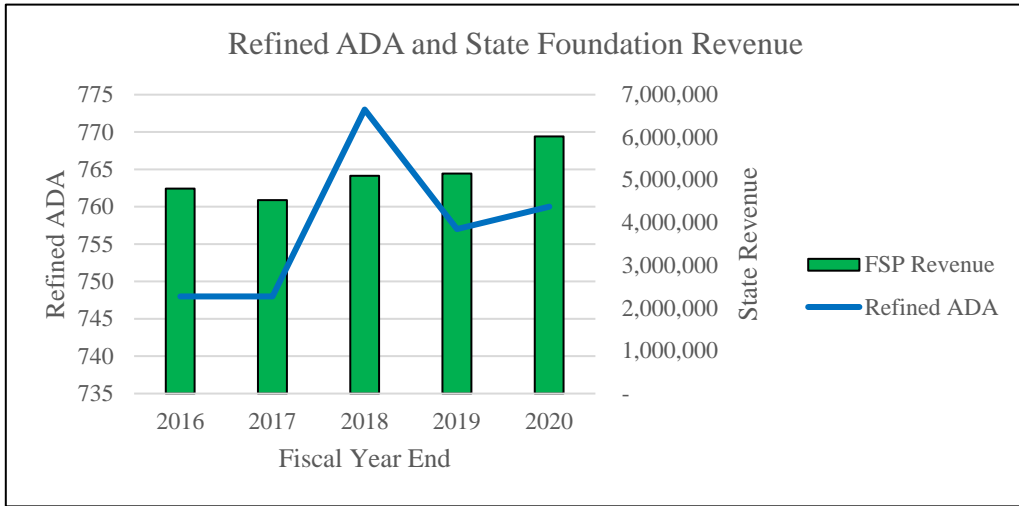
The District's total revenues were \$1.3 million more than last year. State aid -formula grants increased by \$538,000 due to legislative action mentioned above. Property taxes increased \$375,000 due to valuation and tax rate increases. Operating grants and contributions increased \$344,000 due to grant activity related to the COVID-19 pandemic. Other revenues increased by \$51,000 due to investment income.

Overall, total expenses were \$1.0 million more than last year. Most of the net expense increases by function were related to higher payroll costs totaling \$600,000 enacted through the 86<sup>th</sup> Legislative session mentioned above. Increases in instruction, instructional and school leadership, student support services extracurricular activities were all due to payroll. General administration expenses were lower related to prior year election costs. Plant maintenance costs were higher related to general maintenance and repair costs not covered by insurance reimbursements (as was the case in the prior year).

Table I Net Position			
	Governmental Activities 2020	Governmental Activities 2019	Variance Increase/ (Decrease)
Current and other assets	\$ 5,535,082	\$ 9,060,499	\$ (3,525,417)
Capital assets	18,587,599	13,901,481	4,686,118
Deferred resource outflows for TRS	1,580,726	1,707,911	(127,185)
Total assets and deferred resource outflows	25,703,407	24,669,891	1,033,516
Long-term liabilities	17,739,286	18,740,066	(1,000,780)
Other liabilities	902,389	613,216	289,173
Deferred resource inflows for TRS	1,975,307	1,351,087	624,220
Total liabilities and deferred resource inflows	20,616,982	20,704,369	(87,387)
Net position:			
Net investment in capital assets	6,268,134	993,441	5,274,693
Restricted for federal and state programs	113,136	28,220	84,916
Restricted for debt service and capital projects	1,698,850	6,134,935	(4,436,085)
Unrestricted	(2,993,695)	(3,191,074)	197,379
Total net position	\$ 5,086,425	\$ 3,965,522	\$ 1,120,903

Table II Changes in Net Position			
	Governmental Activities 2020	Governmental Activities 2019	Variance Favorable/ (Unfavorable)
Revenues:			
Program Revenues:			
Charges for services	\$ 143,111	\$ 173,573	\$ (30,462)
Operating grants and contributions	2,082,326	1,738,596	343,730
General Revenues:			
Property taxes	3,418,697	3,043,771	374,926
State aid - formula grants	6,310,432	5,771,991	538,441
Other	133,742	82,252	51,490
Total Revenues	12,088,308	10,810,183	1,278,125
Expenses:			
Instruction, curriculum and media services	6,025,060	5,723,195	(301,865)
Instructional and school leadership	652,018	570,025	(81,993)
Student support services	946,355	873,349	(73,006)
Child nutrition	590,978	562,165	(28,813)
Extracurricular activities	491,579	406,555	(85,024)
General administration and other intergovernmental charges	457,375	458,304	929
Plant maintenance, security & data processing	1,163,019	759,088	(403,931)
Community service	1,560	0	(1,560)
Debt service	374,356	382,234	7,878
Payments related to shared service arrangements	265,105	204,927	(60,178)
Total Expenses	10,967,405	9,939,842	(1,027,563)
Increase (Decrease) in Net Position	1,120,903	870,341	250,562
Net Position - beginning of year	3,965,522	3,095,181	870,341
Net Position - end of year	\$ 5,086,425	\$ 3,965,522	\$ 1,120,903

The following charts depict trend information for the past five years.



## THE DISTRICT'S FUNDS

As the District completed the year, its governmental funds (as presented in the balance sheet on page 12) reported a combined fund balance of \$4,289,588, a decrease of \$3,875,483 in the District's Governmental Funds from last year's fund balance of \$8,165,071. The primary reasons for the net decrease are similar to the narrative related to the tables above. The major exceptions are depreciation expense which is not charged to the governmental funds, proceeds from debt issued during the year and the net effect relative to GASB 68 and 75. The specific variances in the changes in fund balance versus the change in net position are detailed out on Exhibit C-4 on the accompanying general purpose financial statements.

The Board of Trustees revised the District's budget several times during the year. The most significant budget amendments were in student (pupil) transportation for buses, facilities maintenance and operations for parking improvements and data processing for technology upgrades.

The District's General Fund balance of \$2,603,296 reported on pages 14 and 45 differs from the General Fund's budgetary fund balance of \$2,095,080 reported in the budgetary comparison schedule on page 45 due to expenditures being less than budgeted.

## CAPITAL ASSET AND DEBT ADMINISTRATION

### *Capital Assets*

At the end of fiscal year 2020, the District had \$27,264,084 invested in a broad range of capital assets including facilities and equipment for instruction, transportation, athletics, administration, and maintenance. Following were asset additions for the year.

#### Asset additions:

School buses and vehicles	\$	652,116
Other equipment and furnishings		112,350
Parking lot improvements		158,316
Construction in progress - gym/science bldg		4,505,687
Transportation and technology upgrades		33,524
Total asset additions	\$	<u>5,461,993</u>

### *Debt*

The District has four outstanding bonds payable initially issued for construction of school facilities. Interest rates on the bonds vary from 2% to 5.8% with annual payments of approximately \$1.1 million with final maturities in 2044. The District also had three outstanding time warrant obligations used to finance building improvements and one outstanding capital lease originally acquired to finance transportation vehicles and technology equipment.

Following is a summary of outstanding debt for the past two years:

	2020	2019
Bonds payable	\$ 11,180,000	\$ 11,880,000
Loans and capital leases payable	531,094	575,945
Total	\$ 11,711,094	\$ 12,455,945

## ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The District should continue to maintain its financial health. A budget adopted for 2020-21 reflects revenues and expenditures budgeted at approximately \$9.4 million for a break-even year. Maintenance and operating tax rates lowered from \$0.97 last year to \$0.9664 for the 2020-21 fiscal year. Therefore, the District expects that its general fund balance will be maintained at approximately \$2.6 million at June 30, 2021.

## CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors a general overview of the District's finances and to show the District's accountability for the money it receives. If you have any questions about this report or need additional financial information, contact the District's business office at: Stockdale Independent School District, P.O. Box 7, Stockdale, Texas 78160.

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*BASIC FINANCIAL STATEMENTS*

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

EXHIBIT A-1

Data Control Codes	Primary Government Governmental Activities
<b>ASSETS</b>	
1110 Cash and Cash Equivalents	\$ 3,181,737
1220 Property Taxes - Delinquent	639,153
1230 Allowance for Uncollectible Taxes	(159,239)
1240 Due from Other Governments	1,873,431
Capital Assets:	
1510 Land	270,390
1520 Buildings, Net	10,959,752
1530 Furniture and Equipment, Net	1,410,857
1550 Leased Property Under Capital Leases, Net	198,385
1580 Construction in Progress	4,849,112
1590 Infrastructure, Net	899,103
1000 Total Assets	24,122,681
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	
1701 Deferred Charge for Refunding	185,438
1705 Deferred Outflow Related to TRS Pension	1,012,045
1706 Deferred Outflow Related to TRS OPEB	383,243
1700 Total Deferred Outflows of Resources	1,580,726
<b>LIABILITIES</b>	
2110 Accounts Payable	251,238
2140 Interest Payable	136,809
2150 Payroll Deductions and Withholdings	(18)
2160 Accrued Wages Payable	431,937
2180 Due to Other Governments	73,004
2200 Accrued Expenses	9,419
Noncurrent Liabilities:	
2501 Due Within One Year	986,000
2502 Due in More Than One Year	11,382,094
2540 Net Pension Liability (District's Share)	2,091,298
2545 Net OPEB Liability (District's Share)	3,279,894
2000 Total Liabilities	18,641,675
<b>DEFERRED INFLOWS OF RESOURCES</b>	
2605 Deferred Inflow Related to TRS Pension	346,912
2606 Deferred Inflow Related to TRS OPEB	1,628,395
2600 Total Deferred Inflows of Resources	1,975,307
<b>NET POSITION</b>	
3200 Net Investment in Capital Assets	6,268,134
3820 Restricted for Federal and State Programs	113,136
3850 Restricted for Debt Service	999,610
3860 Restricted for Capital Projects	699,240
3900 Unrestricted	(2,993,695)
3000 Total Net Position	\$ 5,086,425

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

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

EXHIBIT B-1

Data Control Codes	1	Program Revenues		6
Codes	Expenses	Charges for Services	Operating Grants and Contributions	Primary Gov. Governmental Activities

**Primary Government:**

GOVERNMENTAL ACTIVITIES:

11 Instruction	\$ 5,862,846	\$ 12,900	\$ 990,354	\$ (4,859,592)
12 Instructional Resources and Media Services	114,737	-	16,722	(98,015)
13 Curriculum and Instructional Staff Development	47,477	-	26,017	(21,460)
21 Instructional Leadership	88,005	-	9,171	(78,834)
23 School Leadership	564,013	-	68,464	(495,549)
31 Guidance, Counseling and Evaluation Services	400,870	-	37,603	(363,267)
33 Health Services	95,772	-	6,287	(89,485)
34 Student (Pupil) Transportation	449,713	-	79,768	(369,945)
35 Food Services	590,978	78,824	540,206	28,052
36 Extracurricular Activities	491,579	31,714	45,431	(414,434)
41 General Administration	404,541	-	31,638	(372,903)
51 Facilities Maintenance and Operations	915,502	19,673	163,935	(731,894)
52 Security and Monitoring Services	46,817	-	54,253	7,436
53 Data Processing Services	200,700	-	9,117	(191,583)
61 Community Services	1,560	-	1,560	-
72 Debt Service - Interest on Long-Term Debt	357,256	-	-	(357,256)
73 Debt Service - Bond Issuance Cost and Fees	17,100	-	-	(17,100)
93 Payments Related to Shared Services Arrangements	255,105	-	1,800	(253,305)
95 Payments to Juvenile Justice Alternative Ed. Prg.	10,000	-	-	(10,000)
99 Other Intergovernmental Charges	52,834	-	-	(52,834)
<b>[TP] TOTAL PRIMARY GOVERNMENT:</b>	<b>\$ 10,967,405</b>	<b>\$ 143,111</b>	<b>\$ 2,082,326</b>	<b>(8,741,968)</b>

Data Control Codes	General Revenues: Taxes:	
MT	Property Taxes, Levied for General Purposes	2,357,493
DT	Property Taxes, Levied for Debt Service	1,061,204
SF	State Aid - Formula Grants	6,310,432
IE	Investment Earnings	103,527
MI	Miscellaneous Local and Intermediate Revenue	30,215
TR	<b>Total General Revenues</b>	<b>9,862,871</b>
CN	Change in Net Position	1,120,903
NB	Net Position - Beginning	3,965,522
NE	Net Position - Ending	<b>\$ 5,086,425</b>

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

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

Data Control Codes	10 General Fund	50 Debt Service Fund	60 Capital Projects
<b>ASSETS</b>			
1110 Cash and Cash Equivalents	\$ 1,256,735	\$ 932,276	\$ 837,989
1220 Property Taxes - Delinquent	485,337	153,816	-
1230 Allowance for Uncollectible Taxes	(131,117)	(28,122)	-
1240 Due from Other Governments	1,624,898	13,567	-
1260 Due from Other Funds	196,326	1,077	25,000
1000 Total Assets	<u>\$ 3,432,179</u>	<u>\$ 1,072,614</u>	<u>\$ 862,989</u>
<b>LIABILITIES</b>			
2110 Accounts Payable	\$ 58,818	\$ -	\$ 163,749
2150 Payroll Deductions and Withholdings Payable	(18)	-	-
2160 Accrued Wages Payable	408,103	-	-
2170 Due to Other Funds	1,077	-	-
2180 Due to Other Governments	-	73,004	-
2200 Accrued Expenditures	6,683	-	-
2000 Total Liabilities	<u>474,663</u>	<u>73,004</u>	<u>163,749</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
2601 Unavailable Revenue - Property Taxes	354,220	125,694	-
2600 Total Deferred Inflows of Resources	<u>354,220</u>	<u>125,694</u>	<u>-</u>
<b>FUND BALANCES</b>			
Restricted Fund Balance:			
3450 Federal or State Funds Grant Restriction	-	-	-
3480 Retirement of Long-Term Debt	-	873,916	-
Committed Fund Balance:			
3510 Construction	-	-	699,240
3600 Unassigned Fund Balance	2,603,296	-	-
3000 Total Fund Balances	<u>2,603,296</u>	<u>873,916</u>	<u>699,240</u>
4000 Total Liabilities, Deferred Inflows & Fund Balances	<u>\$ 3,432,179</u>	<u>\$ 1,072,614</u>	<u>\$ 862,989</u>

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

Other Funds	Total Governmental Funds
\$ 154,737	\$ 3,181,737
-	639,153
-	(159,239)
234,966	1,873,431
-	222,403
<u>\$ 389,703</u>	<u>\$ 5,757,485</u>
\$ 28,671	\$ 251,238
-	(18)
23,834	431,937
221,326	222,403
-	73,004
2,736	9,419
<u>276,567</u>	<u>987,983</u>
-	479,914
<u>-</u>	<u>479,914</u>
113,136	113,136
-	873,916
-	699,240
-	2,603,296
<u>113,136</u>	<u>4,289,588</u>
<u>\$ 389,703</u>	<u>\$ 5,757,485</u>

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

EXHIBIT C-2

<b>Total Fund Balances - Governmental Funds</b>	\$	4,289,588
<b>1</b> Capital assets used in governmental activities are not financial resources and therefore are not reported in governmental funds. At the beginning of the year, the cost of these assets was \$21,963,220 and the accumulated depreciation was (\$8,061,739). In addition, long-term liabilities, including bonds payable, are not due and payable in the current period, and, therefore are not reported as liabilities in the funds. The net effect of including the beginning balances for capital assets (net of depreciation) and long-term debt in the governmental activities is to increase net position.		1,445,536
<b>2</b> Current year capital outlays and long-term debt principal payments are expenditures in the fund financial statements, but they should be shown as increases in capital assets and reductions in long-term debt in the government-wide financial statements. The net effect of including the capital outlays and debt principal payments is to increase net position.		6,526,337
<b>3</b> Included in the items related to debt is the recognition of the District's proportionate share of the net pension liability required by GASB 68. The net position related to TRS included a deferred resource outflow in the amount of \$1,012,045, a deferred resource inflow in the amount of \$346,912 and a net pension liability in the amount of \$2,091,298. This resulted in a decrease in net position.		(1,426,165)
<b>4</b> Included in the items related to debt is the recognition of the District's proportionate share of the net OPEB liability required by GASB 75. The net position related to TRS included a deferred resource outflow in the amount of \$383,243, a deferred resource inflow in the amount of \$1,628,395 and a net OPEB liability in the amount of \$3,279,894. This resulted in a decrease in net position.		(4,525,046)
<b>5</b> Depreciation expense increases accumulated depreciation. The net effect of the current year's depreciation is to decrease net position.		(759,598)
<b>6</b> Various other reclassifications and eliminations are necessary to convert from the modified accrual basis of accounting to accrual basis of accounting. These include recognizing unavailable revenue from property taxes as revenue, reclassifying the proceeds of debt as an increase in long-term liabilities, and recognizing the liabilities associated with maturing long-term debt and interest. The net effect of these reclassifications and recognitions is to decrease net position.		(464,227)
<b>19 Net Position of Governmental Activities</b>	<u>\$</u>	<u>5,086,425</u>

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

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

Data Control Codes	10 General Fund	50 Debt Service Fund	60 Capital Projects
REVENUES:			
5700 Total Local and Intermediate Sources	\$ 2,523,747	\$ 1,034,796	\$ 71,409
5800 State Program Revenues	6,747,660	33,836	-
5900 Federal Program Revenues	186,876	-	-
5020 Total Revenues	<u>9,458,283</u>	<u>1,068,632</u>	<u>71,409</u>
EXPENDITURES:			
Current:			
0011 Instruction	4,922,937	-	-
0012 Instructional Resources and Media Services	87,233	-	-
0013 Curriculum and Instructional Staff Development	18,049	-	-
0021 Instructional Leadership	71,679	-	-
0023 School Leadership	440,290	-	-
0031 Guidance, Counseling, and Evaluation Services	322,717	-	-
0033 Health Services	80,640	-	-
0034 Student (Pupil) Transportation	902,107	-	-
0035 Food Services	-	-	-
0036 Extracurricular Activities	409,760	-	-
0041 General Administration	333,950	-	-
0051 Facilities Maintenance and Operations	934,288	-	-
0052 Security and Monitoring Services	14,201	-	-
0053 Data Processing Services	207,839	-	-
0061 Community Services	-	-	-
Debt Service:			
0071 Principal on Long-Term Debt	364,344	700,000	-
0072 Interest on Long-Term Debt	20,094	368,393	-
0073 Bond Issuance Cost and Fees	10,800	6,300	-
Capital Outlay:			
0081 Facilities Acquisition and Construction	-	-	4,533,963
Intergovernmental:			
0093 Payments to Fiscal Agent/Member Districts of SSA	253,305	-	-
0095 Payments to Juvenile Justice Alternative Ed. Prg.	10,000	-	-
0099 Other Intergovernmental Charges	52,834	-	-
6030 Total Expenditures	<u>9,457,067</u>	<u>1,074,693</u>	<u>4,533,963</u>
1100 Excess (Deficiency) of Revenues Over (Under) Expenditures	1,216	(6,061)	(4,462,554)
OTHER FINANCING SOURCES (USES):			
7914 Non-Current Loans	507,000	-	-
1200 Net Change in Fund Balances	<u>508,216</u>	<u>(6,061)</u>	<u>(4,462,554)</u>
0100 Fund Balance - July 1 (Beginning)	<u>2,095,080</u>	<u>879,977</u>	<u>5,161,794</u>
3000 Fund Balance - June 30 (Ending)	<u>\$ 2,603,296</u>	<u>\$ 873,916</u>	<u>\$ 699,240</u>

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



Other Funds	Total Governmental Funds
\$ 78,824	\$ 3,708,776
73,241	6,854,737
985,466	1,172,342
<u>1,137,531</u>	<u>11,735,855</u>
284,408	5,207,345
8,596	95,829
26,017	44,066
6,506	78,185
21,301	461,591
-	322,717
-	80,640
61,804	963,911
455,394	455,394
-	409,760
-	333,950
130,976	1,065,264
54,253	68,454
-	207,839
1,560	1,560
-	1,064,344
-	388,487
-	17,100
-	4,533,963
1,800	255,105
-	10,000
-	52,834
<u>1,052,615</u>	<u>16,118,338</u>
84,916	(4,382,483)
-	507,000
<u>84,916</u>	<u>(3,875,483)</u>
28,220	8,165,071
<u>\$ 113,136</u>	<u>\$ 4,289,588</u>

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

EXHIBIT C-4

<b>Total Net Change in Fund Balances - Governmental Funds</b>	\$ (3,875,483)
Current year capital outlays and long-term debt principal payments are expenditures in the fund financial statements, but they should be shown as increases in capital assets and reductions in long-term debt in the government-wide financial statements. The net effect of removing the capital outlays and debt principal payments is to increase net position.	6,526,337
Depreciation is not recognized as an expense in governmental funds since it does not require the use of current financial resources. The net effect of the current year's depreciation is to decrease net position.	(759,598)
Various other reclassifications and eliminations are necessary to convert from the modified accrual basis of accounting to accrual basis of accounting. These include recognizing unavailable revenue from property taxes as revenue, adjusting current year revenue to show the revenue earned from the current year's tax levy, reclassifying the proceeds of long-term debt, and recognizing the liabilities associated with maturing long-term debt and interest. The net effect of these reclassifications and recognitions is to decrease net position.	(438,489)
GASB 68 required that certain plan expenditures be de-expended and recorded as deferred resource outflows. Those contributions made after the measurement date of the plan caused the change in ending net position to increase by \$124,246. Contributions made before the measurement date and during the previous fiscal year were also expended and recorded as a reduction in net pension liability. This caused a decrease in the change in net position totaling \$117,066. Finally, the proportionate share of the TRS pension expense on the plan as a whole had to be recorded. The net pension expense decreased the change in net position by \$325,436. The net result is a decrease in the change in net position.	(318,256)
GASB 75 required that certain plan expenditures be de-expended and recorded as deferred resource outflows. Those contributions made after the measurement date of the plan caused the change in ending net position to increase by \$39,799. Contributions made before the measurement date and during the previous fiscal year were also expended and recorded as a reduction in net OPEB liability. This caused a decrease in the change in net position totaling \$41,326. Finally, the proportionate share of the TRS OPEB expense on the plan as a whole had to be recorded. The net OPEB expense decreased the change in net position by \$12,081. The net result is a decrease in the change in net position.	(13,608)
<b>Change in Net Position of Governmental Activities</b>	\$ 1,120,903

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

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

EXHIBIT E-1

	Private Purpose Trust Funds	Agency Fund
<b>ASSETS</b>		
Cash and Cash Equivalents	\$ 60,000	\$ 167,191
Total Assets	<u>60,000</u>	<u>\$ 167,191</u>
<b>LIABILITIES</b>		
Due to Student Groups	-	\$ 167,191
Total Liabilities	<u>-</u>	<u>\$ 167,191</u>
<b>NET POSITION</b>		
Restricted for Other Purposes	<u>60,000</u>	
Total Net Position	<u>\$ 60,000</u>	

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

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

	Private Purpose Trust Funds
Change in Fiduciary Net Position	-
Total Net Position - July 1 (Beginning)	<u>60,000</u>
Total Net Position - June 30 (Ending)	<u>\$ 60,000</u>

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

**STOCKDALE INDEPENDENT SCHOOL DISTRICT**  
*NOTES TO THE FINANCIAL STATEMENTS*  
*AT AND FOR THE YEAR ENDED JUNE 30, 2020*

**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Stockdale Independent School District (the "District") is a public educational agency operating under the applicable laws and regulations of the State of Texas. It is governed by a seven member Board of Trustees (the "Board") elected by registered voters of the District. The District prepares its basic financial statements in conformity with generally accepted accounting principles (GAAP) promulgated by the Governmental Accounting Standards Board (GASB) and other authoritative sources identified in **GASB Statement No. 76**, and it complies with the requirements of the appropriate version of Texas Education Agency's *Financial Accountability System Resource Guide* (the "Resource Guide") and the requirements of contracts and grants of agencies from which it receives funds.

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

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

The District applied Governmental Accounting Standards Board ("GASB") Statement No. 72, Fair Value Measurement and Application. GASB Statement No. 72 provides guidance for determining a fair value measurement for reporting purposes and applying fair value to certain investments and disclosures related to all fair value measurements.

**A. REPORTING ENTITY**

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

**B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS**

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

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

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

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

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues result from providing goods and services in connection with a proprietary fund's principal ongoing operations; they usually come from exchange or exchange-like transactions. All other revenues are nonoperating. Operating expenses can be tied specifically to the production of the goods and services, such as materials and labor and direct overhead. Other expenses are nonoperating.

### **C. MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND FINANCIAL STATEMENT PRESENTATION**

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

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

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

Revenues from local sources consist primarily of property taxes. Property tax revenues and revenues received from the State are recognized under the "susceptible to accrual" concept, that is, when they are both measurable and available. Miscellaneous revenues are recorded as revenue when received in cash because they are generally not measurable until actually received. Investment earnings are recorded as earned, since they are both measurable and available.

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

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

Agency Funds utilize the accrual basis of accounting but do not have a measurement focus as they report only assets and liabilities.

#### D. FUND ACCOUNTING

The District reports the following major governmental funds:

1. **The General Fund.** The general fund is the District's primary operating fund. It accounts for all financial resources except those required to be accounted for in another fund.
2. **Debt Service Fund** - The District accounts for resources accumulated and payments made for principal and interest on long-term general obligation debt of governmental funds in a debt service fund.
3. **Capital Projects Fund** - The capital projects fund accounts for resources accumulated and payments made for the acquisition and improvement of sites, construction and remodel of facilities and procurement of equipment necessary for providing educational programs for all students within the District.

Additionally, the District reports the following fund type(s):

Governmental Funds:

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

Fiduciary Funds:

5. **Private Purpose Trust Funds** – The District accounts for donations for which the donor has stipulated that both the principal and the income may be used for purposes that benefit parties outside the District. The District's Private Purpose Trust Funds are the "Sarah Bain Chandler Scholarship Fund", the "Melvin Neill Scholarship Fund" and the "Carr Scholarship Fund."
6. **Agency Funds.** The District accounts for resources held for others in a custodial capacity in agency funds. The District's Agency Fund is the "Stockdale Student Activity Fund."

#### E. OTHER ACCOUNTING POLICIES

1. For purposes of the statement of cash flows for proprietary funds, the District considers highly liquid investments to be cash equivalents if they have a maturity of three months or less when purchased.
2. The District reports inventories of supplies at weighted average cost including consumable maintenance, instructional, office, athletic, and transportation items. Supplies are recorded as expenditures when they are consumed. Inventories of food commodities are recorded at market values supplied by the Texas Department of Human Services. Although commodities are received at no cost, their fair market value is supplied by the Texas Department of Human Services and recorded as inventory and unearned revenue when received. When requisitioned, inventory and unearned revenue are relieved, expenditures are charged, and revenue is recognized for an equal amount.
3. In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net assets. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount.

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

4. It is the District's policy to permit some employees to accumulate earned but unused vacation and sick pay benefits. There is no liability for unpaid accumulated sick leave since the District does not have a policy to pay any amounts when employees separate from service with the district. All vacation pay is accrued when incurred in the government-wide, proprietary, and fiduciary fund financial statements. A liability for these

amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

5. Capital assets, which include land, buildings, furniture and equipment are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the District as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

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

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

<u>Asset:</u>	<u>Years</u>
Buildings	40
Building Improvements	10-40
Vehicles	5-10
Equipment	5-7
Technology Equipment	5

6. In the fund financial statements, governmental funds report fund balance as nonspendable if the amounts cannot be spent because they are either not in spendable form or are legally or contractually required to remain intact. Restrictions of fund balance are for amounts that are restricted to specific purposes by an external entity (creditors, grantors, governmental regulations) or the restriction is imposed by law through constitutional provision or enabling legislation. Commitments of fund balance represent amounts that can only be used for specific purposes pursuant to constraints imposed by the District's board. Assignments of fund balance are amounts set aside by the District's superintendent or his designee with the intent they be used for specific purposes.
7. When the District incurs an expense for which it may use either restricted or unrestricted assets, it uses the restricted assets first whenever they will have to be returned if they are not used.
8. In general governments are required to report investments at fair value. These methods are disclosed in section III.A. below.
9. In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expense/expenditure) until then. Items reported as deferred outflows of resources are as follows:

Deferred charges for bond refunding	\$ 185,438
Deferred charges related to TRS retirement	\$ 1,012,045
Deferred charges related to TRS OPEB	\$ 383,243

10. In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time. The District has one type of item which arises only under a modified accrual basis of accounting that qualifies for reporting in this category. Uncollected property taxes which are assumed collectible are reported in this category on the balance sheet for governmental funds. They are not reported in this category on the government wide statement of net position. Items reported as deferred inflows of resources are as follows:

Deferred charges related to TRS retirement	\$ 346,912
Deferred charges related to TRS OPEB	\$1,628,395



11. The Data Control Codes refer to the account code structure prescribed by TEA in the *Financial Accountability System Resource Guide*. Texas Education Agency requires school districts to display these codes in the financial statements filed with the Agency in order to insure accuracy in building a Statewide data base for policy development and funding plans.

**II. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY**

**A. BUDGETARY DATA**

The Board of Trustees adopts an "appropriated budget" for the General Fund and the Food Service Fund (which is included in the Special Revenue Funds). The District is required to present the adopted and final amended budgeted revenues and expenditures for each of these funds. The District compares the final amended budget to actual revenues and expenditures. The General Fund Budget report appears in Exhibit G-1 in RSI and the other reports are in Exhibits J4 and J5.

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

1. Prior to June 20 the District prepares a budget for the next succeeding fiscal year beginning July 1. The operating budget includes proposed expenditures and the means of financing them.
2. A meeting of the Board is then called for the purpose of adopting the proposed budget. At least ten days' public notice of the meeting must be given.
3. Prior to July 1, the budget is legally enacted through passage of a resolution by the Board. Once a budget is approved, it can only be amended at the function and fund level by approval of a majority of the members of the Board. Amendments are presented to the Board at its regular meetings. Each amendment must have Board approval. As required by law, such amendments are made before the fact, are reflected in the official minutes of the Board, and are not made after fiscal year end. Because the District has a policy of careful budgetary control, several amendments were necessary during the year. (However, none of these were significant.)
4. Each budget is controlled by the budget coordinator at the revenue and expenditure function/object level. Budgeted amounts are as amended by the Board. All budget appropriations lapse at year end.

**B. EXCESS OF EXPENDITURES OVER APPROPRIATIONS**

Functional Category	Amount Over Budget	Explanation
None.		

**III. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS**

**A. CASH, CASH EQUIVALENTS AND INVESTMENTS**

**Cash and Cash Equivalents**

District Policies and Legal and Contractual Provisions Governing Deposits

Custodial Credit Risk for Deposits. State law requires governmental entities to contract with financial institutions in which funds will be deposited to secure those deposits with insurance or pledged securities with a fair value equaling or exceeding the amount on deposit at the end of each business day. The pledged securities must be in the name of the governmental entity and held by the entity or its agent. Since the district complies with this law, it has no custodial credit risk for deposits. The District was not exposed to custodial credit risk.

Foreign Currency Risk. The District limits the risk that changes in exchange rates will adversely affect the fair value of an investment or a deposit by having no deposits denominated in a foreign currency. Therefore, the District was not exposed to foreign currency risk.

As of June 30, 2020, the following are the District's cash and cash equivalents with respective maturities and credit rating:

Type of Deposit	Fair Value	Percent	Maturity < 1 Yr	Maturity 1-10 Yrs	Maturity > 10 Yrs	Credit Rating
Money market and FDIC insured accounts	\$ 447,562	13.1%	\$ 447,562			N/A
Investment pools	2,901,366	85.1%	2,901,366			AAA
Certificates of deposit	60,000	1.8%	60,000			N/A
Total Cash and Cash Equivalents	\$ 3,408,928	100%	\$ 3,408,928			

## **Investments**

### District Policies and Legal and Contractual Provisions Governing Investments

#### Compliance with the Public Funds Investment Act

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

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

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

**Credit Risk.** To limit the risk that an issuer or other counterparty to an investment will not fulfill its obligations the District limits investments in commercial paper, corporate bonds and mutual bond funds to the top ratings issued by nationally recognized statistical rating organizations (NRSROs). As of June 30, 2020, all of the District's investments were rated AAA by Standard & Poor's rating agency. Therefore, the District was not exposed to credit risk.

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

**Concentration of Credit Risk.** To limit the risk of loss attributed to the magnitude of a government's investment in a single issuer, the District limits investments to less than 5% of its total investments. The District further limits investments in a single issuer when they would cause investment risks to be significantly greater in the governmental and business-type activities, individual major funds, aggregate non-major funds and fiduciary fund types than they are in the primary government. Usually this limitation is 20%. The District was not exposed to concentration of credit risk.

Interest Rate Risk. To limit the risk that changes in interest rates will adversely affect the fair value of investments, the District requires a review of its investment portfolio at least annually to determine whether market conditions pose an inherent risk of future interest rates either rising or falling which could significantly affect investment performance. The District was not exposed to interest rate risk.

Foreign Currency Risk for Investments. The District limits the risk that changes in exchange rates will adversely affect the fair value of an investment by not investing in any foreign currency. Therefore, the District was not exposed to foreign currency risk.

The District categorizes its fair value measurements with the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. Investments that are measured at fair value using the net asset value per share (or its equivalent) as a practical expedient are not classified in the fair value hierarchy below. In instances where inputs used to measure fair value fall into different levels in the above fair value hierarchy, fair value measurements in their entirety are categorized based on the lowest level input that is significant to the valuation. The District's assessment of the significance of particular inputs to these fair value measurements requires judgment and considers factors specific to each asset or liability.

At June 30, 2020, the District had no investments other than public funds investment pools.

**B. PROPERTY TAXES**

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

**C. DELINQUENT TAXES RECEIVABLE**

Delinquent taxes are prorated between maintenance and debt service based on rates adopted for the year of the levy. Allowances for uncollectible tax receivables within the General Fund is based on 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.

**D. INTERFUND BALANCES AND TRANSFERS**

The composition of interfund balances as of June 30, 2020 is as follows:

Fund	Receivable	Payable	Purpose	Current?
General Fund	\$ 196,326	\$ 1,077	Temporary advances	Yes
Debt Service Fund	1,077		Temporary advances	Yes
Capital Projects Fund	25,000		Temporary advances	Yes
Special Revenue Funds		221,326	Temporary advances	Yes
Total	<u>\$ 222,403</u>	<u>\$ 222,403</u>		

Interfund transfers for the year ended June 30, 2020 consisted of the following individual amounts:

None.

**E. DISAGGREGATION OF RECEIVABLES AND PAYABLES**

Receivables at June 30, 2020 were as follows:

	Property Taxes (net)	Other Governments	Total Receivables
Governmental Activities:			
General Fund	\$ 354,220	\$ 1,624,898	\$ 1,979,118
Debt Service Fund	125,694	13,567	139,261
Nonmajor Governmental Funds		234,966	234,966
Total Governmental Activities	<u>\$ 479,914</u>	<u>\$ 1,873,431</u>	<u>\$ 2,353,345</u>

Payables at June 30, 2020 were as follows:

	Accounts	Salaries and Benefits	Other Governments	Total Payables
Governmental Activities:				
General Fund	\$ 58,818	\$ 414,768		\$ 473,586
Debt Service Fund			73,004	73,004
Capital Projects Fund	163,749			163,749
Nonmajor Governmental Funds	28,671	26,570		55,241
Total Governmental Activities	<u>\$ 251,238</u>	<u>\$ 441,338</u>	<u>\$ 73,004</u>	<u>\$ 765,580</u>

**F. CAPITAL ASSET ACTIVITY**

Capital asset activity for the year ended June 30, 2020, was as follows:

	Balance 6/30/19	Additions	Disposals	Balance 6/30/20
Governmental activities:				
Land and improvements	\$ 270,390			\$ 20,390
Buildings and improvements	17,885,459	68,289		17,953,748
Furniture and equipment	1,639,441	729,701	161,129	2,208,013
Leased property under capital leases	330,641			330,641
Construction in progress	185,109	4,664,003		4,849,112
Infrastructure	1,652,180			1,652,180
Totals	21,963,220	5,461,993	161,129	27,264,084
Less accumulated depreciation for:				
Buildings and improvements	6,539,887	454,109		6,993,996
Furniture and equipment	751,895	190,113	144,852	797,156
Leased property under capital leases	90,323	41,933		132,256
Infrastructure	679,634	73,443		753,077
Total accumulated depreciation	<u>8,061,739</u>	<u>759,598</u>	<u>144,852</u>	<u>8,676,485</u>
Governmental activities capital assets, net	<u>\$ 13,901,481</u>	<u>\$ 4,702,395</u>	<u>\$ 16,277</u>	<u>\$ 18,587,599</u>

Depreciation expense was charged to functions/programs of the primary government as follows:

Governmental activities:

Instruction	\$ 403,049
Instructional resources and media services	7,417
Curriculum and staff development	3,411
Instructional leadership	6,052
School leadership	35,727
Guidance, counseling and evaluation services	24,978
Health services	6,242
Student (pupil) transportation	98,515
Food services	34,458
Extracurricular activities	31,715
General administration	25,848
Facilities maintenance and operations	65,331
Security and monitoring services	3,363
Data processing services	13,492
Total depreciation expense - governmental activities	<u>\$ 759,598</u>

**G. BONDS AND LONG-TERM NOTES PAYABLE**

Bonded indebtedness of the District is reflected in the General Long-Term Debt Account Group. Current requirements for principal and interest expenditures are accounted for in the Debt Service Fund.

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

Description	Interest Rate Payable	Amounts Original Issue	Amounts Outstanding 6/30/19	Issued	Retired/ Defeased	Amounts Outstanding 6/30/20
<b>Bonds Payable:</b>						
Unlimited tax school building qualified school construction bonds, series 2011	5.8%	\$ 3,250,000	\$ 1,855,000		\$ 200,000	\$ 1,655,000
Unlimited tax refunding bonds, series 2015	2.5% to 4.0%	\$3,980,000	3,770,000		220,000	3,550,000
Unlimited tax refunding bonds, series 2016	2.0% to 3.0%	\$ 1,225,000	780,000		140,000	640,000
Unlimited tax school building bonds, series 2019	3.0% to 4.0%	\$ 5,475,000	5,475,000		140,000	5,335,000
Bond premium, series 2015	N/A	N/A	317,435		24,109	293,326
Bond premium, series 2016	N/A	N/A	34,627		7,420	27,207
Bond premium, series 2019	N/A	N/A	155,265		6,305	148,960
<b>Subtotal - Bonds Payable</b>			<u>12,387,327</u>		<u>737,834</u>	<u>11,649,493</u>
<b>Long-Term Loans Payable:</b>						
Time warrants, series 2016	1.05% to 1.4%	\$ 322,000	131,000		65,000	66,000
Time warrants, series 2017	1.95%	\$ 363,000	275,000		90,000	185,000
Time warrants, series 2019	2.16%	\$ 507,000	0	507,000	101,000	406,000
<b>Subtotal - Loans Payable</b>			<u>406,000</u>	<u>507,000</u>	<u>256,000</u>	<u>657,000</u>
<b>Total Long-Term Debt</b>			<u>\$12,793,327</u>	<u>\$ 507,000</u>	<u>\$ 993,834</u>	<u>\$12,306,493</u>

Stockdale ISD Unlimited Tax School Building Qualified School Construction Bonds, Series 2011 -

The bonds were issued on February 1, 2011 for the purpose of construction and renovation of facilities and were issued in accordance with Texas law. The original issue was for \$3,250,000, maturing in various amounts, with a stated interest rate of 5.80%, and maturing on August 15, 2026. Bonds due on or after August 15, 2020 are callable at par on that date or any principal maturity date thereafter. The bonds were issued at a discount of \$24,418 which is being amortized over the life of the bonds.

The bonds are issued as “qualified school construction bonds” within the meaning of section 54F of the Internal Revenue Code of 1986, as amended (the “Code”), and as “qualified bonds” and “special tax credit bonds” within the meaning of section 6431(f) of the Code under and pursuant to the authority provided for in the federal American Recovery and Reinvestment Act of 2009, effective February 17, 2009, and the federal Hiring Incentive to Restore Employment Act, effective March 18, 2010, and in reliance on guidance released from time to time by the Internal Revenue Service. As a result of these elections and designations the District is entitled to receive directly from the United States Department of the Treasury a refundable tax credit in an amount equal to the amount of interest that would have been payable on the Bonds if such interest were determined at the applicable credit rate determined under section 54A(b)(3) of the Code.

Stockdale ISD Unlimited Tax Refunding Bonds, Series 2015 -

On August 10, 2015, the District issued \$3,980,000 in unlimited tax refunding bonds to provide the resources to place in an escrow account for the purpose of generating resources for future debt service payments of \$4,040,000 of unlimited tax school building bonds originally issued in 2005. Interest rates on the debt range from 2.5% - 4.0% and mature on August 15, 2032. As a result, the refunded bonds are considered defeased and the liability has been removed from the government-wide financial statements. The reacquisition price exceeded the net carrying amount of the refunded debt by \$268,654. This amount is being amortized over the remaining life of the refunded debt. This advance refunding was undertaken to reduce total debt service payments over the life of the new issue versus the refunded issue by \$591,209. The bonds were issued at a net premium of \$409,853 which is being amortized over the life of the bonds. The economic gain on the refunding represented savings of \$315,809 in cash and \$265,148 in present value.

Stockdale ISD Unlimited Tax Refunding Bonds, Series 2016 -

On January 14, 2016, the District issued \$1,225,000 in unlimited tax refunding bonds to provide the resources to place in an escrow account for the purpose of generating resources for future debt service payments of \$1,225,000 of unlimited tax school tax refunding bonds originally issued in 2006. Interest rates on the debt range from 2.0% - 3.0% and mature on February 15, 2024. As a result, the refunded bonds are considered defeased and the liability has been removed from the government-wide financial statements. The reacquisition price exceeded the net carrying amount of the refunded debt by (\$15,223). This amount is being amortized over the remaining life of the refunded debt. This advance refunding was undertaken to reduce total debt service payments over the life of the new issue versus the refunded issue by \$105,366. The bonds were issued at a net premium of \$60,597 which is being amortized over the life of the bonds. The economic gain on the refunding represented savings of \$102,635 in cash and \$98,564 in present value.

Stockdale ISD Unlimited Tax School Building Bonds, Series 2019 -

The bonds were issued on February 12, 2019 for the purpose of construction and renovation of facilities and were issued in accordance with Texas law. The original issue was for \$5,475,000, maturing in various amounts, with interest ranging from 3.0% to 4.0%, and maturing on August 15, 2044. Bonds due on or after February 15, 2028 are callable at par on February 15, 2027 or any principal maturity date thereafter. The bonds were issued at a premium of \$157,892 which is being amortized over the life of the bonds.

Stockdale ISD Time Warrants, Series 2016 -

On September 7, 2016, the District issued time warrants for the purpose of construction and renovation of facilities and were issued in accordance with Texas law. The original issue was for \$322,000, maturing in various amounts, with a stated interest rates of 1.05% to 1.40%, with a final maturity on June 15, 2021.

Stockdale ISD Time Warrants, Series 2017 -

On December 4, 2017, the District issued time warrants for the purpose of construction and renovation of facilities and were issued in accordance with Texas law. The original issue was for \$363,000, maturing in various amounts, with a stated interest rates of 1.95%, with a final maturity on June 15, 2022.

Stockdale ISD Time Warrants, Series 2019 -

On November 14, 2019, the District issued time warrants for the purchase of school motor vehicles, including school buses, bus body, or bus chassis, and paying the costs of issuance relating to the obligations and were issued in accordance with Texas law. The original issue was for \$507,000, maturing in various amounts, with a stated interest rates of 2.16%, with a final maturity on June 15, 2024.

**H. DEBT SERVICE REQUIREMENTS - BONDS AND LONG-TERM NOTES PAYABLE**

Future debt service requirements are as follows:

Year Ended June 30,	Principal	Interest	Total Requirements
2021	\$ 986,000	\$ 387,551	\$ 1,373,551
2022	938,000	360,866	1,298,866
2023	863,000	334,668	1,197,668
2024	885,000	309,081	1,194,081
2025	750,000	282,300	1,032,300
2026-30	3,030,000	1,044,115	4,074,115
2031-35	2,015,000	581,050	2,596,050
2036-40	1,230,000	331,800	1,561,800
2041-44	1,140,000	101,500	1,241,500
Totals	<u>\$ 11,837,000</u>	<u>\$ 3,732,931</u>	<u>\$ 15,569,931</u>

Capital Leases

The Public Property Finance Act gives the District authority to enter into capital leases for the acquisition of personal property. Current principal and interest requirements are recorded in the applicable fund. Commitments under capitalized lease agreements for facilities and equipment provide minimum future rental payments as of June 30, 2020 as follows:

Year Ending June 30,	Amount
2021	\$ 0
2022	32,345
2023	33,253
Less: incremental borrowing rate of interest	<u>(3,997)</u>
Present value of minimum lease payments	<u>\$ 61,601</u>

The imputed interest rate on the capital lease is 4.275%.

**I. DEFINED BENEFIT PENSION PLAN**

**Plan Description.** The District participates in a cost-sharing multiple-employer defined benefit pension that has a special funding situation. The plan is administered by the Teacher Retirement System of Texas (TRS). It is a defined benefit pension plan established and administered in accordance with the Texas Constitution, Article XVI, Section 67 and Texas Government Code, Title 8, Subtitle C. The pension trust fund is a qualified pension trust under Section 401(a) of the Internal Revenue Code. The Texas Legislature establishes benefits and contribution rates within the guidelines of the Texas Constitution. The pension's Board of Trustees does not have the authority to establish or amend benefit terms.

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

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

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

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

**Contributions.** Contribution requirements are established or amended pursuant to Article 16, section 67 of the Texas Constitution which requires the Texas legislature to establish a member contribution rate of not less than 6% of the member's annual compensation and a state contribution rate of not less than 6% and not more than 10% of the aggregate annual compensation paid to members of the system during the fiscal year. Texas Government Code section 821.006 prohibits benefit improvements, if as a result of the particular action, the time required to amortize TRS' unfunded actuarial liabilities would be increased to a period that exceeds 31 years, or, if the amortization period already exceeds 31 years, the period would be increased by such action.

Employee contribution rates are set in state statute, Texas Government Code 825.402. The 84th Texas Legislature, General Appropriations Act (GAA) established the employer contribution rates for fiscal years 2019 and 2020.

Contribution Rates		
	2019	2020
Member	7.7%	7.7%
Non-Employer Contributing Entity (State)	6.8%	7.5%
Employers	6.8%	7.5%

Current fiscal year District contributions	\$ 147,991
Current fiscal year Member contributions	\$ 449,904
2019 measurement year NECE contributions	\$ 294,234

Contributors to the plan include members, employers and the State of Texas as the only non-employer contributing entity. The State contributes to the plan in accordance with state statutes and the General Appropriations Act (GAA).

As the non-employer contributing entity for public education, the State of Texas contributes to the retirement system an amount equal to the current employer contribution rate times the aggregate annual compensation of all participating members of the pension trust fund during that fiscal year reduced by the amounts described below



which are paid by the employers. Employers including public schools are required to pay the employer contribution rate in the following instances:

- On the portion of the member’s salary that exceeds the statutory minimum for members entitled to the statutory minimum under Section 21.402 of the Texas Education Code.
- During a new member’s first 90 days of employment.
- When any part or all of an employee’s salary is paid by federal funding sources, a privately sponsored source.

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

- When employing a retiree of the Teacher Retirement System the employer shall pay both the member contribution and the state contribution as an employment after retirement surcharge.
- When a school district does not contribute to the Federal Old-Age Survivors and Disability Insurance (OASDI) Program for certain employees, they must contribute 1.5% of the state contribution rate for certain instructional or administrative employees, and 100% of the state contribution rate for all other employees.

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

Valuation Date	August 31, 2018 rolled forward to August 31, 2019
Actuarial Cost Method	Individual Entry Age Normal
Asset Valuation Method	Market Value
Actuarial Assumptions:	
Single Discount Rate	7.25%
Long-term expected Investment Rate of Return	7.25%
Inflation	2.3%
Salary Increases	3.05% to 9.05% including inflation
Benefit Changes During the Year	None
Ad hoc Post-Employment Benefit Changes	None

The actuarial methods and assumptions are based primarily on a study of actual experience for the four year period ending August 31, 2018. For a full description of these assumptions, please see the TRS CAFR and actuarial valuation report dated November 9, 2018.

**Discount Rate.** The single discount rate used to measure the total pension liability was 7.25%. This was a change in the discount rate from the previous year of 0.343%. The projection of cash flows used to determine the discount rate assumed that contributions from active members and those of the contributing employers and the non-employer contributing entity are made at the statutorily required rates set during the 2019 legislative session. It is assumed that future employer and state contributions will be 8.50% of payroll in fiscal year 2020 gradually increasing to 9.55% of payroll over the next several years. This includes all employer and State contributions for active and rehired retirees. Based on those assumptions, the pension plan’s fiduciary net position was projected to be available to make all future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. The long-term rate of return on pension plan investments is 7.25%. The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimates ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of geometric real rates of return for each major asset class included in the Systems target asset allocation as of August 31, 2019 are summarized below:

Asset Class	Target Allocation	Real Return Geometric Basis	Long-Term Expected Portfolio Real Rate of Return*
Global Equity			
U.S.	18%	5.70%	1.04%
Non-U.S. Developed	13%	6.90%	0.90%
Emerging Markets	9%	8.95%	0.80%
Directional Hedge Funds	4%	3.53%	0.14%
Private Equity	13%	10.18%	1.32%
Stable Value			
U.S. Treasuries	11%	1.11%	0.12%
Absolute Return	0%	0.00%	0.00%
Hedge Funds (Stable Value)	4%	3.09%	0.12%
Cash	1%	(0.30)%	0.00%
Real Return			
Global Inflation Linked Bonds	3%	0.70%	0.02%
Real Assets	16%	5.21%	0.73%
Energy and Natural Resources	3%	7.48%	0.37%
Commodities	0%	0.00%	0.00%
Risk Parity			
Risk Parity	5%	3.70%	0.18%
Inflation Expectations			2.30%
Alpha			(0.79)%
Total	<u>100%</u>		<u>7.25%</u>

\* The Expected Contribution to Returns incorporates the volatility drag resulting from the conversion between Arithmetic and Geometric mean returns

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

	1% Decrease in Discount Rate (6.25%)	Discount Rate (7.25%)	1% Increase in Discount Rate (8.25%)
District's proportionate share of the net pension liability	\$ 3,214,629	\$ 2,091,298	\$ 1,181,183

**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions.** At June 30, 2020, the District reported a liability of \$2,091,298 for its proportionate share of the TRS's net pension liability. This liability reflects a reduction for State pension support provided to the District. The amount recognized by the District as its proportionate share of the net pension liability, the related State support, and the total portion of the net pension liability that was associated with the District were as follows:

District's proportionate share of the collective net pension liability	\$ 2,091,298
State's proportionate share that is associated with the District	4,370,092
Total	<u>\$ 6,461,390</u>

The net pension liability was 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's proportion of the net pension liability was based on the District's contributions to the pension plan relative to the contributions of all employers to the plan for the period September 1, 2018 thru August 31, 2019.

At August 31, 2019 the District's proportion of the collective net pension liability was 0.0040230329% which was an increase of 0.0000323206% from its proportion measured as of August 31, 2018.

**Changes Since the Prior Actuarial Valuation.** Changes to the actuarial assumptions or other inputs that affected measurement of the total pension liability since the prior measurement period are as follows:

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

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

For the year ended June 30, 2020, the District recognized pension expense of \$1,128,982 and revenue of \$686,480 for support provided by the Sate in the Government-Wide Statement of Activities.

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual economic experiences	\$ 8,785	\$ 72,613
Changes in actuarial assumptions	648,823	268,125
Differences between projected and actual investment earnings	20,999	
Changes in proportion and differences between the District's contributions and the proportionate share of contributions	209,192	6,174
Total as of August 31, 2019 measurement date	\$ 887,799	\$ 346,912
Contributions paid to TRS subsequent to the measurement date	124,246	
Total as of June 30, 2020 fiscal year end	<u>\$ 1,012,045</u>	<u>\$ 346,912</u>

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

Fiscal year ended June 30,	Amount
2021	\$ 157,942
2022	\$ 130,228
2023	\$ 120,443
2024	\$ 111,602
2025	\$ 39,238
Thereafter	\$ (18,566)

**J. DEFINED OTHER POST-EMPLOYMENT BENEFIT PLANS**

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

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

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

<u>Net OPEB Liability:</u>	<u>Total</u>
Total OPEB liability	\$ 48,583,247,239
Less: plan fiduciary net position	(1,292,022,349)
Net OPEB liability	<u>\$ 47,291,224,890</u>
Net position as a percentage of total OPEB liability	2.66%

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

Eligible non-Medicare retirees and their dependents may pay premiums to participate in the high-deductible health plans. Eligible Medicare retirees and dependents may pay premiums to participate in the Medicare Advantage health plans. 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 86<sup>th</sup> Legislature included funding to maintain TRS Care premiums at their current level through 2021. The 86<sup>th</sup> legislature also passed SB 1682 which requires TRS to establish a contingency reserve in the TRS-Care fund equal to 60 days of expenditures.

The following premium rates for retirees with Medicare Part A and Part B became effective January 1, 2018 and are reflected in the following table.

TRS-Care Plan Premium Rates Effective January 1, 2018 - December 31, 2021		
	Medicare	Non-Medicare
Retiree or surviving spouse	\$ 135	\$ 200
Retiree and spouse	529	689
Retiree or surviving spouse and children	468	408
Retiree and family	1,020	999

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

Texas Insurance Code, section 1575.202 establishes the state’s contribution rate which is 1.25% of the employee’s salary. Section 1575.203 establishes the active employee’s rate which is .65% of pay. Section 1575.204 establishes an employer contribution rate of not less than 0.25 percent or not more than 0.75 percent of the salary of each active employee of the public. The actual employer contribution rate is prescribed by the Legislature in the General Appropriations Act. The following table shows contributions to the TRS-Care plan by type of contributor.

Contribution Rates		
	2019	2020
Active employee	0.65%	0.65%
Non-employer contributing entity (State)	1.25%	1.25%
Employers	0.75%	0.75%
Federal/private funding remitted by employers	1.25%	1.25%

Current fiscal year District contributions	\$	47,696
Current fiscal year member contributions	\$	37,979
2019 measurement year NECE contributions	\$	65,402

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

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 transferred to TRS-Care.

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

The actuarial valuation of TRS-Care 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	General Inflation
Rates of Retirement	Wage Inflation
Rates of Termination	Expected Payroll Growth
Rates of Disability Incidence	

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 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).

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

Additional Actuarial Methods and Assumptions:

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

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 annual by 2.30%.
- Premium data submitted was not adjusted for permissible exclusions to the Cadillac Tax.
- There were no special adjustments to the dollar limit other than those permissible for non-Medicare retirees over 55.

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

**Discount Rate.** A single discount rate of 2.63% was used to measure the total OPEB liability. There was a change of (1.06%) in the discount rate since the previous year. Because the plan is essentially a “pay-as-you-go” plan, the single discount rate is equal to the prevailing municipal bond rate. The projection of cash flows used to determine the discount rate assumed that contributions from active members and those of the contributing employers and the non-employer contributing entity are made at the statutorily required rates. Based on those assumptions, the OPEB plan’s fiduciary net position was projected to not be able to make all future benefit payments of current plan members. Therefore, the municipal bond rate was applied to all periods of projected benefit payments to determine the total OPEB liability. The source of the municipal bond rate was fixed-income 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” as of August 31, 2019.

**Sensitivity of the Net OPEB Liability:**

**Discount Rate Sensitivity Analysis** - The following schedule shows the impact of the net OPEB liability if the discount rate used was 1% less than and 1% greater than the discount rate that was used in measuring the net OPEB liability.

	1% Decrease in Discount Rate (1.63%)	Current Single Discount Rate (2.63%)	1% Increase in Discount Rate (3.63%)
District’s proportionate share of net OPEB liability	\$ 3,959,883	\$ 3,279,894	\$ 2,747,936

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

	1% Decrease	Current Healthcare Cost Trend Rate	1% Increase
District's proportionate share of net OPEB liability	\$ 2,675,621	\$ 3,279,894	\$ 4,089,339

**OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEBs.** At June 30, 2020, the District reported a liability of \$3,279,894 for its proportionate share of the TRS's net OPEB liability. This liability reflects a reduction for State OPEB support provided to the District. The amount recognized by the District as its proportionate share of the net OPEB liability, the related State support, and the total portion of the net OPEB liability that was associated with the District were as follows:

District's proportionate share of the collective net OPEB liability	\$ 3,279,894
State's proportionate share that is associated with the District	4,358,244
Total	<u>\$ 7,638,138</u>

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

At August 31, 2019 the District's proportion of the collective net OPEB liability was 0.0069355209% which was a decrease of 0.0002348050% from its proportion measured as of August 31, 2018.

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

1. The discount rate changed from 3.69% as of August 31, 2018 to 2.63% as of August 31, 2019. This change increased the total OPEB liability (TOL).
2. The participation rate for pre-65 retirees was lowered from 70% to 65%. The participation rate for post-65 retirees was lowered from 75% to 50%. 25% of pre-65 retirees are assumed to discontinue their coverage at age 65. There was not lapse assumption in the prior valuation. These changes decreased the TOL.
3. The trend rates were reset to better reflect the plan's anticipated experience. This change increased the TOL.
4. Demographic and economic assumptions were updated based on the experience study performed for TRS for the period ending August 31, 2017. This change increased the total OPEB liability.
5. The percentage of retirees who are assumed to have two-person coverage was lowered from 20% to 15%. In addition, the participation assumption for the surviving spouses of employees that die while actively employed was lowered from 20% to 10%. These changes decreased the TOL.

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

For the year ended June 30, 2020, the District recognized OPEB expense of \$168,272 and revenue of \$114,865 for support provided by the State.

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

	Deferred Outflow of Resources	Deferred Inflow of Resources
Differences between expected and actual actuarial experience	\$ 160,907	\$ 536,720
Changes in actuarial assumptions	182,172	882,211
Differences between projected and actual investment earnings	354	
Changes in proportion and difference between the District's contributions and the proportionate share of contributions	11	209,464
Total as of August 31, 2019 measurement date	\$ 343,444	\$ 1,628,395
Contributions paid to TRS subsequent to the measurement date	39,799	
Total as of June 30, 2020 fiscal year end	<u>\$ 383,243</u>	<u>\$ 1,628,395</u>

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

Year ended June 30,	Amount
2021	\$ (208,440)
2022	\$ (208,440)
2023	\$ (208,555)
2024	\$ (208,620)
2025	\$ (208,602)
Thereafter	\$ (242,294)

**K. HEALTH CARE COVERAGE - RETIREES AND ACTIVE EMPLOYEES**

**Retiree Health Care Coverage**

**Plan Description.** The District participates in the Texas Public School Retired Employees Group Insurance Program (TRS-Care), a cost-sharing multiple-employer defined benefit post-employment health care plan administered by the Teacher Retirement System of Texas. TRS-Care provides health care coverage for certain persons (and their dependents) who retire under the Teacher Retirement System of Texas. The statutory authority for the program is Texas Insurance Code, Chapter 1575. Texas Insurance Code Section 1575.052 grants the TRS Board of Trustees the authority to establish and amend basic and optional group insurance coverage for participants. The TRS issues a publicly available financial report that includes financial statements and required supplementary information for TRS-Care. That report may be obtained by writing to the TRS Communications Department, 1000 Red River Street, Austin, Texas 78701, by phoning the TRS Communications Department at 1-800-223-8778, or by downloading the report from the TRS Internet Website, [www.trs.state.tx.us](http://www.trs.state.tx.us) under the TRS Publications heading.

**Funding Policy.** Contribution requirements are not actuarially determined but are legally established each biennium by the Texas Legislature. Texas Insurance Code, Sections 1575.202, 203, and 204 establish state, active employee, and public school contributions, respectively. The Contribution Rate for the State was 1.25% for 2018 thru 2020. The contribution rate for the district was 0.75% for 2018 thru 2020. The contribution rate for active employees was 0.65% of the district payroll for 2018 thru 2020. Per Texas Insurance Code, Chapter 1575, the public school contribution may not be less than 0.25% or greater than 0.75% of the salary of each active employee of the public school. For staff members funded by federal programs, the federal programs are required to contribution 1.25% for 2018 thru 2020.



**Contributions.** Contributions made by the State on behalf of the District are recorded in the governmental funds financial statements as both revenue and expenditures. State contributions to TRS made on behalf to the District's employees as well as the District's required contributions and federal grant program contributions for the years ended June 30, 2020, 2019 and 2018 are as follows:

Contribution Rates and Contribution Amounts						
Year	Member		State		School District	
	Rate	Amount	Rate	Amount	Rate	Amount
2020	0.65%	\$ 37,979	1.25%	\$ 73,036	0.75%	\$ 43,822
2019	0.65%	\$ 34,858	1.25%	\$ 67,033	0.75%	\$ 43,840
2018	0.65%	\$ 35,034	1.25%	\$ 65,142	0.75%	\$ 38,639

**Medicare Part D.** The Medicare Prescription Drug, Improvement, and Modernization Act of 2003, which was effective January 1, 2006 established prescription drug coverage for Medicare beneficiaries known as Medicare Part D. One of the provisions of Medicare Part D allows for the TRS-Care to receive retiree drug subsidy payments from the federal government to offset certain prescription drug expenditures for eligible TRS-Care participants. On-behalf payments recognized as equal revenues and expenditures by the District for the years ended June 30, 2020, 2019 and 2018 were \$25,400, \$17,288 and \$21,669, respectively.

The 86<sup>th</sup> Legislative Session of the Texas Legislature appropriated supplemental contributions to the TRS-Care program. Amounts appropriated for fiscal year 2020 totaled \$192.3 million with the District's share of the on behalf contribution recognized during the year as both revenues and expenditures totaling \$13,337.

**Active Employee Health Care Coverage**

**Plan Description.** The District participates in TRS Active Care sponsored by the Teacher Retirement System of Texas and administered through Aetna and Caremark (pharmacy). TRS-Active Care provides health care coverage to employees (and their dependents) of participating public education entities. Optional life and long-term care insurance are also provided to active members and retirees. Authority for the plan can be found in the Texas Insurance Code, Title 8, Subtitle H, Chapter 1579 and in the Texas Administrative Code, Title 34, Part 3, Chapter 41. The plan began operations on September 1, 2002. This is a premium-based plan. Payments are made on a monthly basis for all covered employees.

**L. CHANGES IN LONG-TERM LIABILITIES**

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

	Beginning Balance	Additions	Retirements	Ending Balance	Due Within One Year
Bonds Payable	\$ 11,880,000		\$ 700,000	\$ 11,180,000	\$ 730,000
Bond Premium	507,327		37,834	469,493	0
Notes Payable	406,000	507,000	256,000	657,000	256,000
Capital Leases	169,945		108,344	61,601	0
Net Pension Liability	2,196,585	35,524	140,811	2,091,298	0
Net OPEB liability	3,580,209	(251,092)	49,223	3,279,894	0
<b>Total</b>	<b>\$ 18,740,066</b>	<b>\$ 291,432</b>	<b>\$ 1,292,212</b>	<b>\$ 17,739,286</b>	<b>\$ 986,000</b>

**M. UNAVAILABLE/UNEARNED REVENUE**

Unavailable and unearned revenue at year-end consisted of the following:

	Unavailable Revenue (levied but uncollected property taxes)
General Fund	\$ 354,220
Debt Service Fund	125,694
Total	<u>\$ 479,914</u>

**N. DUE FROM STATE AND FEDERAL AGENCIES**

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

Fund	State Entitlements	Federal Grants	Total
General	\$ 1,588,561		\$ 1,588,561
Special Revenue		202,622	202,622
Net Total Receivables	<u>\$ 1,588,561</u>	<u>\$ 202,622</u>	<u>\$ 1,791,183</u>

**O. REVENUE FROM LOCAL AND INTERMEDIATE SOURCES**

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

Description	General Fund	Debt Service Fund	Capital Projects Fund	Nonmajor Governmental Funds	Total
Property taxes	\$ 2,323,500	\$ 1,030,915			\$ 3,354,415
Penalties, interest and other tax related income	12,966	(2,241)			10,725
Food sales				78,824	78,824
Investment income	25,996	6,122	71,409		103,527
Extracurricular student activities	31,222				31,222
Gifts and local grants	10,000				10,000
Insurance recovery	40,506				40,506
Tuition and fees	12,900				12,900
Other income	66,657				66,657
Total	<u>\$ 2,523,747</u>	<u>\$ 1,034,796</u>	<u>\$ 71,409</u>	<u>\$ 78,824</u>	<u>\$ 3,708,776</u>

**P. CONSTRUCTION AND OTHER SIGNIFICANT COMMITMENTS AND CONTINGENCIES**

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

## **Q. JOINT VENTURE SHARED SERVICE ARRANGEMENTS**

The District participates in a shared services arrangement for Special Education services with the Goliad Special Education Co-op. The District does not account for revenues or expenditures in this program and does not disclose them in these financial statements. The District neither has a joint ownership interest in fixed assets purchased by the fiscal agent, Goliad ISD, nor does the district have a net equity interest in the fiscal agent. The fiscal agent is neither accumulating significant financial resources nor fiscal exigencies that would give rise to a future additional benefit or burden to the District. The fiscal agent manager is responsible for all financial activities of the shared services arrangement.

The District also participates in various shared service arrangements with the Education Service Center Region 20. The District does not account for revenues or expenditures in this program and does not disclose them in these financial statements. The Education Service Center Region 20 is the fiscal agent manager and is responsible for all financial activities of the shared service arrangement.

## **R. RISK MANAGEMENT**

The District is exposed to various risks of loss related to torts, theft, damage or destruction of assets, errors and omissions, injuries to employees, and natural disasters. During the fiscal year 2020, the District purchased commercial insurance to cover general liabilities. Additional insurance information by coverage type follows.

### Property Casualty Program

The District participated in the Texas Association of School Boards Risk Management Fund (the "Fund") with coverage in auto liability, auto physical damage, general liability, property and legal liability. The Fund was created and is operated under the provisions of the Interlocal Cooperation Act, Chapter 791 of the Texas Government Code. All members participating in the Fund execute Interlocal Agreements that define the responsibilities of the parties. There were no significant reductions in coverage in the past fiscal year and there were not settlements exceeding insurance coverage for each of the past three years.

The Fund purchases stop-loss coverage for protection against catastrophic and larger than anticipated claims for its auto, liability and property programs. The terms and limits of the stop-loss program vary by line coverage. The Fund uses the services of an independent actuary to determine the adequacy of reserves and fully funds those reserves. For the year ended June 30, 2020, the Fund anticipates the District has not additional liability beyond the contractual obligations for payment of contributions.

### Unemployment Compensation

During the year ended June 30, 2020, the District provided unemployment compensation coverage to its employees through participation in the TASB Risk Management Fund (the "Fund"). The Fund was created and is operated under the provisions of the Interlocal Cooperation Act, Chapter 791 of the Texas Government Code. The Fund's unemployment compensation program is authorized by Section 22.005 of the Texas Education Code and Chapter 172 of the Texas Local Government Code. All members participating in the Fund execute interlocal agreements that define the responsibilities of the parties.

The Fund meets its quarterly obligation to the Texas Workforce Commission. Expenses are accrued monthly until the quarterly payment has been made. Expenses can be reasonably estimated; therefore, there is no need for specific or aggregate stop-loss coverage for the unemployment compensation pool. For the year ended June 30, 2020, the Fund anticipates that the District has no additional liability beyond the contractual obligation for payment of contribution.

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

**S. GENERAL FUND FEDERAL SOURCE REVENUES**

Revenues from federal sources, which are reported in the General Fund, consist of:

<u>Program or Service</u>	<u>CFDA</u>	<u>Amount</u>
Medicaid reimbursement	93.778	\$ 9,563
School health and related services	N/A	177,313
Total		<u>\$ 186,876</u>

**T. SUBSEQUENT EVENTS**

Management has evaluated subsequent events through October 19, 2020; the date which the financial statements were available for distribution. There were none noted.

*REQUIRED SUPPLEMENTARY INFORMATION*

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STOCKDALE INDEPENDENT SCHOOL DISTRICT  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL - GENERAL FUND  
FOR THE YEAR ENDED JUNE 30, 2020

Data Control Codes	Budgeted Amounts		Actual Amounts (GAAP BASIS)	Variance With Final Budget Positive or (Negative)
	Original	Final		
<b>REVENUES:</b>				
5700 Total Local and Intermediate Sources	\$ 2,362,268	\$ 2,488,676	\$ 2,523,747	\$ 35,071
5800 State Program Revenues	6,730,880	7,030,880	6,747,660	(283,220)
5900 Federal Program Revenues	256,518	256,518	186,876	(69,642)
5020 Total Revenues	9,349,666	9,776,074	9,458,283	(317,791)
<b>EXPENDITURES:</b>				
Current:				
0011 Instruction	5,257,905	5,135,798	4,922,937	212,861
0012 Instructional Resources and Media Services	70,567	100,567	87,233	13,334
0013 Curriculum and Instructional Staff Development	8,238	28,238	18,049	10,189
0021 Instructional Leadership	72,924	77,924	71,679	6,245
0023 School Leadership	450,289	465,289	440,290	24,999
0031 Guidance, Counseling, and Evaluation Services	336,289	346,289	322,717	23,572
0033 Health Services	75,392	100,392	80,640	19,752
0034 Student (Pupil) Transportation	303,692	973,950	902,107	71,843
0036 Extracurricular Activities	410,233	430,233	409,760	20,473
0041 General Administration	411,442	371,836	333,950	37,886
0051 Facilities Maintenance and Operations	1,065,269	1,250,025	934,288	315,737
0052 Security and Monitoring Services	34,000	39,000	14,201	24,799
0053 Data Processing Services	191,732	241,732	207,839	33,893
Debt Service:				
0071 Principal on Long-Term Debt	328,103	364,344	364,344	-
0072 Interest on Long-Term Debt	15,365	20,931	20,094	837
0073 Bond Issuance Cost and Fees	-	10,800	10,800	-
Intergovernmental:				
0093 Payments to Fiscal Agent/Member Districts of SSA	250,000	255,500	253,305	2,195
0095 Payments to Juvenile Justice Alternative Ed. Prg.	10,000	10,000	10,000	-
0099 Other Intergovernmental Charges	58,226	60,226	52,834	7,392
6030 Total Expenditures	9,349,666	10,283,074	9,457,067	826,007
1100 Excess (Deficiency) of Revenues Over (Under) Expenditures	-	(507,000)	1,216	508,216
<b>OTHER FINANCING SOURCES (USES):</b>				
7914 Non-Current Loans	-	507,000	507,000	-
1200 Net Change in Fund Balances	-	-	508,216	508,216
0100 Fund Balance - July 1 (Beginning)	2,095,080	2,095,080	2,095,080	-
3000 Fund Balance - June 30 (Ending)	\$ 2,095,080	\$ 2,095,080	\$ 2,603,296	\$ 508,216

STOCKDALE INDEPENDENT SCHOOL DISTRICT  
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY  
TEACHER RETIREMENT SYSTEM OF TEXAS  
FOR THE YEAR ENDED JUNE 30, 2020

	Measurement Year Ended August 31,					
	2019	2018	2017	2016	2015	2014
District's Proportion of the Net Pension Liability (Asset)	0.0040230329%	0.0039907123%	0.0039044169%	0.0039343418%	0.0040926000%	0.0019074000%
District's Proportionate Share of Net Pension Liability (Asset)	\$ 2,091,298	\$ 2,196,585	\$ 1,248,422	\$ 1,486,729	\$ 1,446,680	\$ 509,493
States Proportionate Share of the Net Pension Liability (Asset) associated with the District	4,370,092	4,933,750	3,089,607	3,708,574	3,601,305	2,976,787
Total	<u>\$ 6,461,390</u>	<u>\$ 7,130,335</u>	<u>\$ 4,338,029</u>	<u>\$ 5,195,303</u>	<u>\$ 5,047,985</u>	<u>\$ 3,486,280</u>
District's Covered Payroll	\$ 5,429,171	\$ 5,395,245	\$ 5,406,203	\$ 5,255,645	\$ 5,126,132	\$ 4,796,246
District's Proportionate Share of the Net Pension Liability (Asset) as a percentage of its Covered Payroll	38.52%	40.71%	23.09%	28.29%	28.22%	10.62%
Plan Fiduciary Net Position as a percentage of the Total Pension Liability	75.24%	73.74%	82.17%	78.00%	78.43%	83.25%

Note: Only six years of data is presented in accordance with GASB #68, paragraph 138. "The information for all periods for the 10-year schedules that are required to be presented as required supplementary information may not be available initially. In these cases, during the transition period, that information should be presented for as many years as are available. The schedules should not include information that is not measured in accordance with the requirements of this Statement."



STOCKDALE INDEPENDENT SCHOOL DISTRICT  
 SCHEDULE OF THE DISTRICT'S CONTRIBUTIONS FOR PENSIONS  
 TEACHER RETIREMENT SYSTEM OF TEXAS  
 FOR THE YEAR ENDED JUNE 30, 2020

	Fiscal Year Ended June 30,					
	2020	2019	2018	2017	2016	2015
Contractually Required Contribution	\$ 147,991	\$ 139,432	\$ 131,771	\$ 128,672	\$ 123,960	\$ 109,690
Contribution in Relation to the Contractually Required Contribution	(147,991)	(139,432)	(131,771)	(128,672)	(123,960)	(109,690)
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's Covered Payroll	\$ 5,842,908	\$ 5,362,640	\$ 5,389,827	\$ 5,399,325	\$ 5,229,200	\$ 5,094,609
Contributions as a percentage of Covered Payroll	2.53%	2.60%	2.44%	2.38%	2.37%	2.15%

Note: Only six years of data is presented in accordance with GASB #68, paragraph 138. "The information for all periods for the 10-year schedules that are required to be presented as required supplementary information may not be available initially. In these cases, during the transition period, that information should be presented for as many years as are available. The schedules should not include information that is not measured in accordance with the requirements of this Statement."

STOCKDALE INDEPENDENT SCHOOL DISTRICT  
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET OPEB LIABILITY  
TEACHER RETIREMENT SYSTEM OF TEXAS  
FOR THE YEAR ENDED JUNE 30, 2020

	Measurement Year Ended August 31,		
	2019	2018	2017
District's Proportion of the Net OPEB Liability (Asset)	0.0069355209%	0.0071703259%	0.0073356257%
District's Proportionate Share of the Net OPEB Liability (Asset)	\$ 3,279,894	\$ 3,580,209	\$ 3,189,988
State's Proportionate Share of the Net OPEB Liability (Asset) associated with the District	<u>4,358,244</u>	<u>4,626,023</u>	<u>4,323,298</u>
Total	<u>\$ 7,638,138</u>	<u>\$ 8,206,232</u>	<u>\$ 7,513,286</u>
District's Covered Payroll	\$ 5,429,171	\$ 5,395,245	\$ 5,406,203
District's Proportionate Share of the Net OPEB Liability (Asset) as a percentage of its Covered Payroll	60.41%	66.36%	59.01%
Plan Fiduciary Net Position as a percentage of the Total OPEB Liability	2.66%	1.57%	0.91%

Note: Only three years of data is presented in accordance with GASB #75, paragraph 245. "The information for all fiscal years for the 10-year schedules that are required to be presented as required supplementary information may not be available initially. In these cases, during the transition period, that information should be presented for as many years as are available. The schedules should not include information that is not measured in accordance with the requirements of this Statement."

STOCKDALE INDEPENDENT SCHOOL DISTRICT  
SCHEDULE OF THE DISTRICT'S OPEB CONTRIBUTIONS  
TEACHER RETIREMENT SYSTEM OF TEXAS  
FOR THE YEAR ENDED JUNE 30, 2020

	Fiscal Year Ended June 30,		
	2020	2019	2018
Contractually Required Contribution	\$ 47,696	\$ 49,191	\$ 47,787
Contribution in Relation to the Contractually Required Contribution	<u>(47,696)</u>	<u>(49,191)</u>	<u>(47,787)</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's Covered Payroll	\$ 5,842,908	\$ 5,362,640	\$ 5,389,827
Contributions as a percentage of Covered Payroll	0.82%	0.92%	0.89%

Note: Only three years of data is presented in accordance with GASB #75, paragraph 245. "The information for all fiscal years for the 10-year schedules that are required to be presented as required supplementary information may not be available initially. In these cases, during the transition period, that information should be presented for as many years as are available. The schedules should not include information that is not measured in accordance with the requirements of this Statement."

**STOCKDALE INDEPENDENT SCHOOL DISTRICT**  
*NOTES TO REQUIRED SUPPLEMENTARY INFORMATION*  
*FOR THE YEAR ENDED JUNE 30, 2020*

Budget

The official budget was prepared for adoption for all Governmental Fund Types. The budget was prepared in accordance with accounting practices generally accepted in the United States of America. The following procedures are followed in establishing the budgetary data.:

- a. Prior to June 20 of the preceding fiscal year, the District prepares a budget for the next succeeding fiscal year. The operating budget includes proposed expenditures and the means of financing them.
- b. A meeting of the Board is then called for the purpose of adopting the proposed budget after ten days' public notice of the meeting has been given.
- c. Prior to the beginning of the fiscal year, the budget is legally enacted through passage of a resolution by the Board.

Once a budget is approved, it can be amended at function and fund level only by approval of a majority of the members of the Board. Amendments are presented to the Board at its regular meetings.

Each amendment must have Board approval. Such amendments are made before the fact, are reflected in the official minutes of the Board and are not made after fiscal year end as required by law.

Each amendment is controlled by the budget coordinator at the revenue and expenditure function/object level.

Budgeted amounts are as amended by the Board. All budget appropriations lapse at year end.

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

Defined Benefit Pension Plan

*Changes of benefit terms.*

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

*Changes of assumptions.*

See Footnote I page 34 for changes in assumptions that affected measurement of the total pension liability during the measurement period.

Other Post-Employment Benefit Plan

*Changes of benefit terms.*

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

*Changes of assumptions.*

See Footnote J page 38 for changes in assumptions that affected measurement of the total OPEB liability during the measurement period.

*COMBINING SCHEDULES*

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

Data Control Codes	211 ESEA I, A Improving Basic Program	240 National Breakfast and Lunch Program	244 Career and Technical - Basic Grant
<b>ASSETS</b>			
1110 Cash and Cash Equivalents	\$ 12,221	\$ 117,516	\$ -
1240 Due from Other Governments	202	11,982	-
1000 Total Assets	<u>\$ 12,423</u>	<u>\$ 129,498</u>	<u>\$ -</u>
<b>LIABILITIES</b>			
2110 Accounts Payable	\$ -	\$ 2,215	\$ -
2160 Accrued Wages Payable	11,161	12,673	-
2170 Due to Other Funds	-	-	-
2200 Accrued Expenditures	1,262	1,474	-
2000 Total Liabilities	<u>12,423</u>	<u>16,362</u>	<u>-</u>
<b>FUND BALANCES</b>			
Restricted Fund Balance:			
3450 Federal or State Funds Grant Restriction	-	113,136	-
3000 Total Fund Balances	<u>-</u>	<u>113,136</u>	<u>-</u>
4000 Total Liabilities and Fund Balances	<u>\$ 12,423</u>	<u>\$ 129,498</u>	<u>\$ -</u>

255 ESEA II,A Training and Recruiting	265 Title IV, B Community Learning	266 ESSER -School Emergency Relief	270 ESEA VI, Pt B Rural & Low Income	289 Other Federal Special Revenue Funds	385 Visually Impaired SSVI	392 Non-Ed. Community Based Support	410 State Instructional Materials
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
105	32,344	190,333	-	-	-	-	-
<u>\$ 105</u>	<u>\$ 32,344</u>	<u>\$ 190,333</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ -	\$ -	\$ 26,456	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-	-
105	32,344	163,877	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>105</u>	<u>32,344</u>	<u>190,333</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>\$ 105</u>	<u>\$ 32,344</u>	<u>\$ 190,333</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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

Data Control Codes	429 Other State Special Revenue Funds	Total Nonmajor Governmental Funds
<b>ASSETS</b>		
1110 Cash and Cash Equivalents	\$ 25,000	\$ 154,737
1240 Due from Other Governments	-	234,966
1000 Total Assets	<u>\$ 25,000</u>	<u>\$ 389,703</u>
<b>LIABILITIES</b>		
2110 Accounts Payable	\$ -	\$ 28,671
2160 Accrued Wages Payable	-	23,834
2170 Due to Other Funds	25,000	221,326
2200 Accrued Expenditures	-	2,736
2000 Total Liabilities	<u>25,000</u>	<u>276,567</u>
<b>FUND BALANCES</b>		
Restricted Fund Balance:		
3450 Federal or State Funds Grant Restriction	-	113,136
3000 Total Fund Balances	<u>-</u>	<u>113,136</u>
4000 Total Liabilities and Fund Balances	<u>\$ 25,000</u>	<u>\$ 389,703</u>

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

Data Control Codes	211 ESEA I, A Improving Basic Program	240 National Breakfast and Lunch Program	244 Career and Technical - Basic Grant
<b>REVENUES:</b>			
5700 Total Local and Intermediate Sources	\$ -	\$ 78,824	\$ -
5800 State Program Revenues	-	1,845	-
5900 Federal Program Revenues	218,497	459,641	13,048
5020 Total Revenues	<u>218,497</u>	<u>540,310</u>	<u>13,048</u>
<b>EXPENDITURES:</b>			
Current:			
0011 Instruction	213,802	-	13,048
0012 Instructional Resources and Media Services	-	-	-
0013 Curriculum and Instructional Staff Development	-	-	-
0021 Instructional Leadership	4,695	-	-
0023 School Leadership	-	-	-
0034 Student (Pupil) Transportation	-	-	-
0035 Food Services	-	455,394	-
0051 Facilities Maintenance and Operations	-	-	-
0052 Security and Monitoring Services	-	-	-
0061 Community Services	-	-	-
Intergovernmental:			
0093 Payments to Fiscal Agent/Member Districts of SSA	-	-	-
6030 Total Expenditures	<u>218,497</u>	<u>455,394</u>	<u>13,048</u>
1200 Net Change in Fund Balance	-	84,916	-
0100 Fund Balance - July 1 (Beginning)	<u>-</u>	<u>28,220</u>	<u>-</u>
3000 Fund Balance - June 30 (Ending)	<u>\$ -</u>	<u>\$ 113,136</u>	<u>\$ -</u>

255 ESEA II,A Training and Recruiting	265 Title IV, B Community Learning	266 ESSER -School Emergency Relief	270 ESEA VI, Pt B Rural & Low Income	289 Other Federal Special Revenue Funds	385 Visually Impaired SSVI	392 Non-Ed. Community Based Support	410 State Instructional Materials
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	1,800	1,560	43,036
26,689	32,344	190,333	15,322	29,592	-	-	-
<u>26,689</u>	<u>32,344</u>	<u>190,333</u>	<u>15,322</u>	<u>29,592</u>	<u>1,800</u>	<u>1,560</u>	<u>43,036</u>
-	-	-	14,522	-	-	-	43,036
-	-	8,596	-	-	-	-	-
26,017	-	-	-	-	-	-	-
672	-	-	800	339	-	-	-
-	-	21,301	-	-	-	-	-
-	21,474	40,330	-	-	-	-	-
-	-	-	-	-	-	-	-
-	10,870	120,106	-	-	-	-	-
-	-	-	-	29,253	-	-	-
-	-	-	-	-	-	1,560	-
-	-	-	-	-	1,800	-	-
<u>26,689</u>	<u>32,344</u>	<u>190,333</u>	<u>15,322</u>	<u>29,592</u>	<u>1,800</u>	<u>1,560</u>	<u>43,036</u>
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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

Data Control Codes	429 Other State Special Revenue Funds	Total Nonmajor Governmental Funds
<b>REVENUES:</b>		
5700 Total Local and Intermediate Sources	\$ -	\$ 78,824
5800 State Program Revenues	25,000	73,241
5900 Federal Program Revenues	-	985,466
5020 Total Revenues	<u>25,000</u>	<u>1,137,531</u>
<b>EXPENDITURES:</b>		
Current:		
0011 Instruction	-	284,408
0012 Instructional Resources and Media Services	-	8,596
0013 Curriculum and Instructional Staff Development	-	26,017
0021 Instructional Leadership	-	6,506
0023 School Leadership	-	21,301
0034 Student (Pupil) Transportation	-	61,804
0035 Food Services	-	455,394
0051 Facilities Maintenance and Operations	-	130,976
0052 Security and Monitoring Services	25,000	54,253
0061 Community Services	-	1,560
Intergovernmental:		
0093 Payments to Fiscal Agent/Member Districts of SSA	-	1,800
6030 Total Expenditures	<u>25,000</u>	<u>1,052,615</u>
1200 Net Change in Fund Balance	-	84,916
0100 Fund Balance - July 1 (Beginning)	<u>-</u>	<u>28,220</u>
3000 Fund Balance - June 30 (Ending)	<u>\$ -</u>	<u>\$ 113,136</u>

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

	897 Sarah Bain Chandler Scholarship	898 Melvin Neil Scholarship	899 Carr Scholarship	Total Private Purpose Trust Funds
<b>ASSETS</b>				
Cash and Cash Equivalents	\$ 25,000	\$ 25,000	\$ 10,000	\$ 60,000
Total Assets	<u>25,000</u>	<u>25,000</u>	<u>10,000</u>	<u>60,000</u>
<b>NET POSITION</b>				
Restricted for Other Purposes	25,000	25,000	10,000	60,000
Total Net Position	<u>\$ 25,000</u>	<u>\$ 25,000</u>	<u>\$ 10,000</u>	<u>\$ 60,000</u>

STOCKDALE INDEPENDENT SCHOOL DISTRICT  
 COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION  
 PRIVATE PURPOSE TRUST FUNDS  
 FOR THE YEAR ENDED JUNE 30, 2020

	897 Sarah Bain Chandler Scholarship	898 Melvin Neil Scholarship	829 Carr Scholarship	Total Private Purpose Trust Funds
Change in Net Position	\$ -	\$ -	\$ -	\$ -
Total Net Position - July 1 (Beginning)	<u>25,000</u>	<u>25,000</u>	<u>10,000</u>	<u>60,000</u>
Total Net Position - June 30 (Ending)	<u>\$ 25,000</u>	<u>\$ 25,000</u>	<u>\$ 10,000</u>	<u>\$ 60,000</u>

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*REQUIRED TEA SCHEDULES*

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

Last 10 Years	(1)	(2)	(3)
	Tax Rates		Assessed/Appraised Value for School Tax Purposes
	Maintenance	Debt Service	
2011 and prior years	Various	Various	\$ Various
2012	1.040000	0.220000	172,943,627
2013	1.040000	0.300000	185,521,975
2014	1.040000	0.300000	189,223,713
2015	1.040000	0.300000	206,783,019
2016	1.040000	0.300000	205,822,404
2017	1.040000	0.300000	199,426,164
2018	1.040000	0.300000	200,204,201
2019	1.040000	0.300000	226,098,978
2020 (School year under audit)	0.970000	0.440000	242,702,630
1000 TOTALS			

(10) Beginning Balance 7/1/2019	(20) Current Year's Total Levy	(31) Maintenance Collections	(32) Debt Service Collections	(40) Entire Year's Adjustments	(50) Ending Balance 6/30/2020
\$ 104,657	\$ -	\$ 1,697	\$ 103	\$ (117)	\$ 102,740
17,085	-	669	141	(3)	16,272
26,315	-	438	126	(97)	25,654
24,221	-	684	198	(153)	23,186
21,305	-	2,461	710	(103)	18,031
47,670	-	5,214	1,504	1,986	42,938
39,619	-	9,987	2,881	2,573	29,324
58,323	-	10,805	3,117	560	44,961
227,356	-	105,732	30,500	265	91,389
-	3,422,107	2,185,813	991,636	-	244,658
<u>\$ 566,551</u>	<u>\$ 3,422,107</u>	<u>\$ 2,323,500</u>	<u>\$ 1,030,916</u>	<u>\$ 4,911</u>	<u>\$ 639,153</u>

STOCKDALE INDEPENDENT SCHOOL DISTRICT  
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
 BUDGET AND ACTUAL - CHILD NUTRITION PROGRAM  
 FOR THE YEAR ENDED JUNE 30, 2020

Data Control Codes	Budgeted Amounts		Actual Amounts (GAAP BASIS)	Variance With Final Budget Positive or (Negative)
	Original	Final		
<b>REVENUES:</b>				
5700 Total Local and Intermediate Sources	\$ 100,600	\$ 100,600	\$ 78,824	\$ (21,776)
5800 State Program Revenues	2,200	2,200	1,845	(355)
5900 Federal Program Revenues	379,862	379,862	459,641	79,779
5020 Total Revenues	482,662	482,662	540,310	57,648
<b>EXPENDITURES:</b>				
Current:				
0035 Food Services	482,662	482,662	455,394	27,268
6030 Total Expenditures	482,662	482,662	455,394	27,268
1200 Net Change in Fund Balances	-	-	84,916	84,916
0100 Fund Balance - July 1 (Beginning)	28,220	28,220	28,220	-
3000 Fund Balance - June 30 (Ending)	\$ 28,220	\$ 28,220	\$ 113,136	\$ 84,916

STOCKDALE INDEPENDENT SCHOOL DISTRICT  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL - DEBT SERVICE FUND  
FOR THE YEAR ENDED JUNE 30, 2020

Data Control Codes	Budgeted Amounts		Actual Amounts (GAAP BASIS)	Variance With Final Budget Positive or (Negative)
	Original	Final		
<b>REVENUES:</b>				
5700 Total Local and Intermediate Sources	\$ 943,142	\$ 948,772	\$ 1,034,796	\$ 86,024
5800 State Program Revenues	125,922	125,922	33,836	(92,086)
5020 Total Revenues	1,069,064	1,074,694	1,068,632	(6,062)
<b>EXPENDITURES:</b>				
Debt Service:				
0071 Principal on Long-Term Debt	700,000	700,000	700,000	-
0072 Interest on Long-Term Debt	363,064	368,394	368,393	1
0073 Bond Issuance Cost and Fees	6,000	6,300	6,300	-
6030 Total Expenditures	1,069,064	1,074,694	1,074,693	1
1200 Net Change in Fund Balances	-	-	(6,061)	(6,061)
0100 Fund Balance - July 1 (Beginning)	879,977	879,977	879,977	-
3000 Fund Balance - June 30 (Ending)	\$ 879,977	\$ 879,977	\$ 873,916	\$ (6,061)

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*OVERALL COMPLIANCE AND INTERNAL CONTROLS SECTION*

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## Independent Auditor's Report

### REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENTAL AUDITING STANDARDS*

Board of Trustees  
Stockdale Independent School District  
P.O. Box 7  
Stockdale, Texas 78160

I have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Stockdale Independent School District (the "District") as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued my report thereon dated October 19, 2020.

#### Internal Control Over Financial Reporting

In planning and performing my audit of the financial statements, I considered the 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 my opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, I do not express an opinion on the effectiveness of the District's internal control.

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

My 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 my audit I did not identify any deficiencies in internal control that I 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 Stockdale Independent School District's financial statements are free of material misstatement, I 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 my audit and, accordingly, I do not express such an opinion. The results of my tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

#### Purpose of this Report

The purpose of this report is solely to describe the scope of my testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District'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 District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Cameron L. Gulley  
Certified Public Accountant

October 19, 2020

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**STOCKDALE INDEPENDENT SCHOOL DISTRICT**  
*SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS*  
*FOR THE YEAR ENDED JUNE 30, 2020*

Finding	Statement of Condition	Material Weakness?	Questioned Costs
	None reported.		

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**STOCKDALE INDEPENDENT SCHOOL DISTRICT**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**FOR THE YEAR ENDED JUNE 30, 2020**

I. Summary of Auditor's Results

A. Financial Statements

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

B. Federal Awards

Type of auditor's report issued on compliance for major programs:	Unmodified.
Internal control over major programs:	
Material weakness(es) identified?	No.
Significant deficiency(ies) identified that are not considered to be material weaknesses?	No.
Any audit findings disclosed that are required to be reported in accordance with Title 2 U.S. Code of Federal Regulations (CFR) Part 200?	No.

Major programs are as follows:

10.553 - School Breakfast Program	\$	147,807
10.555 - National School Lunch Program - cash assistance		231,209
10.555 - National School Lunch Program - noncash assistance		27,988
10.559 - Summer Feeding Program - cash assistance		52,637
Total	<u>\$</u>	<u>459,641</u>

Threshold used to distinguish between type A and type B programs:	\$ 750,000.
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Auditee qualified as low-risk auditee?	No.
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II. Findings Relating to the Financial Statements which are Required to be Reported in Accordance with Generally Accepted Government Auditing Standards

None.

III. Findings and Questioned Costs for Federal Awards

None.

**STOCKDALE INDEPENDENT SCHOOL DISTRICT**  
*CORRECTIVE ACTION PLAN*  
*FOR THE YEAR ENDED JUNE 30, 2020*

None required.

*FEDERAL AWARDS SECTION*

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**Independent Auditor's Report**

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

Board of Trustees  
Stockdale Independent School District  
P. O. Box 7  
Stockdale, Texas 78160

**Report on Compliance for Each Major Federal Program**

I have audited Stockdale 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 the District's major federal programs for the year ended June 30, 2020. Stockdale 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 requirements of laws, regulations, contracts and grants applicable to its federal programs.

***Auditor's Responsibility***

My responsibility is to express an opinion on compliance for each of Stockdale Independent School District's major federal programs based on my audit of the types of compliance requirements referred to above. I conducted my 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 I plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as I consider necessary in the circumstances.

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

***Opinion on Each Major Federal Program***

In my opinion, Stockdale 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 June 30, 2020.

## Report on Internal Control Over Compliance

Management of Stockdale 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 my audit of compliance, I considered the District's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, I do not express an opinion on the effectiveness of the District's internal control over compliance.

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

My 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. I did not identify any deficiencies in internal control over compliance that I 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 my 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.

Cameron L. Gulley  
Certified Public Accountant

October 19, 2020

STOCKDALE INDEPENDENT SCHOOL DISTRICT  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2020

(1)	(2)	(3)	(4)
FEDERAL GRANTOR/ PASS-THROUGH GRANTOR/ PROGRAM or CLUSTER TITLE	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
<u>U.S. Department of Agriculture</u>			
Passed Through State Department of Agriculture:			
School Breakfast Program *	10.553	71402001	\$ 147,807
National School Lunch Program - cash assistance *	10.555	71302001	231,209
National School Lunch Program - noncash assistance *	10.555	N/A	27,988
Total CFDA Number 10.555			<u>259,197</u>
Summer Feeding Program - cash assistance *	10.559	N/A	52,637
Total Passed Through State Department of Agriculture			<u>459,641</u>
Total U.S. Department of Agriculture			<u>459,641</u>
<u>U.S. Department of Education</u>			
Passed Through State Department of Education:			
ESEA Title I Part A - Improving Basic Programs	84.010A	20610101247906	218,497
ESEA Title II, Part A - Teacher and Principal Training and Recruiting	84.367A	20694501247906	26,689
ESEA Title V, Part B, Subpart 2 - Rural and Low-Income Schools Program	84.358B	20696001247906	15,322
ESEA Title IV, Part A, Subpart 1 - Student Support and Academic Enrichment	84.424A	20680101247906	29,592
Elementary and Secondary School Emergency Relief Fund	84.425D	20521001247906	190,333
Total Passed Through State Department of Education			<u>480,433</u>
Passed Through Region 20 Education Service Center:			
Career and Technical Education - Basic Grant	84.048	194200637110020	13,048
Total Passed Through Region 20 Education Service Center			<u>13,048</u>
Passed Through Karnes City Independent School District:			
SSA - 21st Century Community Learning Centers	84.287C	206950197110011	32,344
Total Passed Through Karnes City Independent School District			<u>32,344</u>
Total U.S. Department of Education			<u>525,825</u>
<u>U.S. Department of Health and Human Services</u>			
Passed Through State Department of Health and Human Services:			
Medicaid Administrative Claiming	93.778	N/A	9,563
Total Passed Through State Department of Health and Human Services			<u>9,563</u>
Total U.S. Department of Health and Human Services			<u>9,563</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS			<u>\$ 995,029</u>

\* Clustered programs

The accompanying notes are an integral part of this statement.

**STOCKDALE INDEPENDENT SCHOOL DISTRICT**  
*NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS*  
*FOR THE YEAR ENDED JUNE 30, 2020*

1. For all federal programs, the District uses the fund types specified in Texas Education Agency’s *Financial Accountability System Resource Guide*. Special revenue funds are used to account for resources restricted to, or designated for, specific purposes by a grantor. Federal and state financial assistance generally is accounted for in a special revenue fund.
2. The accompanying schedule of expenditures of federal awards included the federal grant activity of the District and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of the Title 2 U.S. *Code of Federal Regulations (CFR) Part 200 Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*. Therefore, some amounts presented in this schedule may differ from amounts presented in or used in the preparation of the basic financial statements.
3. The period of availability for federal grant funds for the purpose of liquidation of outstanding obligations made on or before the ending date of the federal project period extended 30 days beyond the federal project period ending date, in accordance with Section H, Period of Availability of Federal Funds, Part 3, OMB Uniform Guidance Compliance Supplement.
4. Non-monetary assistance received from the Commodity Supplemental Food Program is recorded in fair market value of the commodities received and disbursed. The revenue and expenditures are reported in the Child Nutrition Special Revenue Fund.
5. A reconciliation of federal program revenues and expenditures is as follows:

Total federal revenues per Exhibit C-3	\$	1,172,342
Less: non-federal SHARS reimbursements		(177,313)
Total federal expenditures per Exhibit K-1	\$	<u>995,029</u>