

EDGEWOOD INDEPENDENT SCHOOL DISTRICT
ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED
JUNE 30, 2020

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EDGEWOOD INDEPENDENT SCHOOL DISTRICT

**ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2020**

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FINANCIAL SECTION

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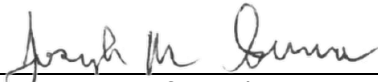
CERTIFICATE OF BOARD

Edgewood Independent School District
Name of School District

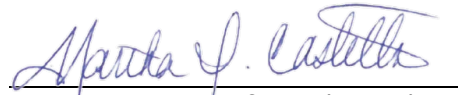
Bexar
County

015-905
Co. - Dist. Number

We, the undersigned, certify that the attached annual financial reports of the above-named school district were reviewed and (check one) ☒ approved _____ disapproved for the year ended June 30, 2020, at a meeting of the Board of Trustees of such school district on the 19th of January, 2021.



Signature of Board Secretary



Signature of Board President

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

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INDEPENDENT AUDITOR'S REPORT

Board of Trustees
Edgewood Independent School District
San Antonio, Texas

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Edgewood Independent School District as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise Edgewood Independent School District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

OFFICE LOCATIONS

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

Opinions

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

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison, and pension and OPEB information as presented 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. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Edgewood Independent School District's basic financial statements. The combining nonmajor fund financial statements, required TEA 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* are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining nonmajor fund financial statements, required TEA schedules and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining nonmajor fund financial statements, required TEA schedules and the schedule of expenditures of federal awards are fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

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

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

Waco, Texas
January 19, 2021

MANAGEMENT'S DISCUSSION AND ANALYSIS

As Management of Edgewood Independent School District, we offer readers of the District's financial statements this narrative overview and analysis of the financial activities of the District for the fiscal year ended June 30, 2020. This information is not intended to be a complete statement of the District's financial condition. We recommend and encourage readers to consider the information presented here in conjunction with the accompanying basic financial statements.

FINANCIAL HIGHLIGHTS

- The assets plus deferred outflows of resources of the District exceeded its liabilities plus deferred inflows of resources at the close of the fiscal year ended June 30, 2020 by \$48,672,534 (net position).
- The General Fund balance at June 30, 2020 decreased by (\$171,037) to \$49,892,760 primarily due to COVID 19 pandemic expenditures. The General Fund consists of the financial transactions associated with the Food Service program, SB 1882 partnerships, after school programs, and the general maintenance and operations of the District.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

Government-wide Financial Statements

The statement of net position includes all of the District's assets, deferred outflows (inflows) of resources and liabilities. All of the current period's revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid. The two government-wide statements report the District's net position and how they have changed. Net position is the difference between the District's assets, deferred outflows (inflows) of resources and liabilities and are one way to measure the District's financial health or position. Over time, increases or decreases in the District's net position are an indicator of whether its financial health is improving or deteriorating. To assess overall health of the District, one needs to consider additional nonfinancial factors such as changes in the District's tax base, staffing patterns, enrollment and attendance.

The government-wide financial statements of the District include the governmental activities. Most of the District's basic services are included here, such as instruction, extracurricular activities, curriculum and staff development, health services, and general administration. Property taxes, state funding and grants finance most of these activities.

FUND FINANCIAL STATEMENTS

The fund financial statements provide more detailed information about the District's most significant funds – not the District as a whole. Funds are simply accounting devices that are used to keep track of specific sources of funding and spending for particular purposes.

Some funds are required by state law and other funds are mandated by bond agreements or bond covenants. The Board of Trustees establishes other funds to control and manage money set aside for particular purposes or to show that the District is properly using certain taxes and grants. Other funds are used to account for assets held by the District in a custodial capacity – these assets do not belong to the District but the District is responsible to properly account for them.

The District reports the following types of funds:

Governmental Funds – Most of the District’s basic services are included in governmental funds, which focus on 1) how *cash and other financial assets* that can readily be converted to cash flow in and out; and 2) the balances left at year-end that are available for spending. Consequently, the governmental fund statements provide a detailed *short-term* view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the District’s programs. Because this information does not encompass the additional long-term focus of the government-wide statements, we provide additional information at the bottom of the governmental funds statement, or on the subsequent page, that explain the relationship (or differences) between them.

Proprietary Funds – Proprietary fund statements offer short- and long-term financial information about the activities the government operates like businesses. We use *internal service funds* to report activities that provide supplies and services for the District’s other programs and activities — such as the District’s self-insured Workers’ Compensation Fund.

Fiduciary Funds – Fiduciary fund statements provide information about the financial relationships in which the District acts solely as a trustee or agent for the benefit of others, to whom the resources in question belong. The District is responsible for ensuring that the assets reported in these funds are used for their intended purposes. All of the District’s fiduciary activities are reported in a separate statement of fiduciary net position and a statement of changes in fiduciary net position. We exclude these activities from the District’s government-wide financial statements because the District cannot use these assets to finance its governmental operations.

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

The District’s net position was \$48,672,534 at June 30, 2020. Table 1 focuses on the net position while Table 2 shows the revenues and expenses that changed the net position balance during the year ended June 30, 2020.

TABLE 1
EDGEWOOD INDEPENDENT
SCHOOL DISTRICT
NET POSITION

	Governmental Activities			Percentage
	2020	2019	Change	Change
Current and other assets	\$ 84,992,663	\$ 85,432,065	\$ (439,402)	(0.51%)
Capital assets	152,996,217	159,665,123	(6,668,906)	(4.18%)
Total assets	237,988,880	245,097,188	(7,108,308)	(2.90%)
Total deferred outflows	27,950,875	26,923,952	1,026,923	3.81%
Other liabilities	20,756,036	22,040,029	(1,283,993)	(5.83%)
Long-term liabilities	164,506,961	170,902,004	(6,395,043)	(3.74%)
Total liabilities	185,262,997	192,942,033	(7,679,036)	(3.98%)
Total deferred inflows	32,004,224	22,877,777	9,126,447	39.89%
Net position:				
Net investment in				
capital assets	83,324,593	85,186,923	(1,862,330)	(2.19%)
Restricted	17,725,793	7,824,695	9,901,098	126.54%
Unrestricted	(52,377,852)	(36,810,288)	(15,567,564)	42.29%
Total net position	\$ 48,672,534	\$ 56,201,330	\$ (7,528,796)	(13.40%)

TABLE 2
EDGEWOOD INDEPENDENT
SCHOOL DISTRICT
CHANGES IN NET POSITION

	Governmental Activities			Percentage
	2020	2019	Change	Change
REVENUES				
Program revenues:				
Charges for services	\$ 1,618,969	\$ 1,685,879	\$ (66,910)	(3.97%)
Operating grants and contributions	39,225,045	34,375,345	4,849,700	14.11%
General revenues:				
Property taxes	18,426,521	18,624,346	(197,825)	(1.06%)
Grants and contributions not restricted	73,977,371	71,032,038	2,945,333	4.15%
Investment earnings	1,084,140	1,281,296	(197,156)	(15.39%)
Extraordinary item	586,205	-	586,205	100.00%
Other revenues	130,253	918,561	(788,308)	(85.82%)
Total revenues	<u>135,048,504</u>	<u>127,917,465</u>	<u>7,131,039</u>	<u>5.57%</u>
EXPENSES				
Instruction	73,643,853	59,443,683	14,200,170	23.89%
Instructional resources and media services	1,379,081	1,284,743	94,338	7.34%
Curriculum and staff development	7,751,086	6,896,529	854,557	12.39%
Instructional leadership	3,809,609	2,727,944	1,081,665	39.65%
School leadership	8,176,913	7,295,499	881,414	12.08%
Guidance and counseling	4,644,446	3,937,339	707,107	17.96%
Social work services	1,211,509	1,097,142	114,367	10.42%
Health services	1,408,435	1,197,186	211,249	17.65%
Student transportation	2,441,110	2,167,757	273,353	12.61%
Food services	8,679,829	6,872,495	1,807,334	26.30%
Extracurricular activities	4,207,393	3,890,246	317,147	8.15%
General administration	3,924,922	3,640,915	284,007	7.80%
Plant maintenance and operations	13,356,082	10,586,384	2,769,698	26.16%
Security and monitoring services	2,274,664	1,863,376	411,288	22.07%
Data processing services	3,105,430	2,337,040	768,390	32.88%
Community services	805,821	852,737	(46,916)	(5.50%)
Interest, issuance costs and fees on debt	2,966,907	2,270,549	696,358	30.67%
Payments to fiscal agent/member districts	77,749	32,845	44,904	136.71%
Payments to JJAEP	9,917	-	9,917	100.00%
Other governmental charges	126,785	101,748	25,037	24.61%
Total expenses	<u>144,001,541</u>	<u>118,496,157</u>	<u>25,505,384</u>	<u>21.52%</u>
CHANGE IN NET POSITION	<u>(8,953,037)</u>	<u>9,421,308</u>	<u>(18,374,345)</u>	<u>195.03%</u>
NET POSITION, BEGINNING	<u>56,201,330</u>	<u>46,780,022</u>	<u>9,421,308</u>	<u>20.14%</u>
PRIOR PERIOD ADJUSTMENT	<u>1,424,241</u>	<u>-</u>	<u>1,424,241</u>	<u>100.00%</u>
NET POSITION, ENDING	<u>\$ 48,672,534</u>	<u>\$ 56,201,330</u>	<u>\$ (7,528,796)</u>	<u>(13.40%)</u>

Governmental Activities

The District's total revenues were \$135,048,504, an increase of \$7,131,039 from prior year. 13.64% of the District's revenues are received from property taxes, 54.78% are State Allocations from state aid, 29.05% from operating grants and contributions, and the remaining 2.10% comes from investment earnings, charges for services and other miscellaneous revenues. The total cost of all programs and services was \$144,001,541, an increase of \$25,505,384 or approximately 21.52% from the prior year.

Significant factors affecting the change in net position included:

- The property tax rate decreased from \$1.377242 to \$1.29827 to adhere to the new tax rate requirements imposed by HB 3. Total tax revenue reduced by 1.06%.
- Expenses increased \$25,505,384 million from the prior period. The most significant functional change was the increase in instructional costs of \$14,200,170.
- The District was required to report a liability for its proportionate share of TRS's net pension liability at year end in the amount of \$43,546,473 and net other post-employment benefit liability \$48,760,809.

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

At the close of the reporting period, June 30, 2020, the District's combined governmental funds (as presented in the balance sheet on Exhibit C-1) reported a combined fund balance of \$56,937,108. This compares to a combined fund balance of \$55,943,036 at June 30, 2019. The General Fund is the major operating fund of the District set up to accomplish its educational goals and objectives, including all its support elements: Administration, Food Service, Maintenance, Security, and Transportation. The General Fund increased its fund balance a total of (\$171,037). The Debt Service Fund decreased its fund balance a total of \$260,269.

General Fund Budgetary Highlights

In accordance with state law and generally accepted accounting standards, the District prepares an annual budget for the General Fund, the Food Service Special Revenue Fund, and for the Debt Service Fund. Special Revenue Funds have budgets approved by the funding agency and are amended throughout the year as required.

During the period ended June 30, 2020, the District prepared and amended its budget as required by state law prudent operating procedures. The budget amendments can be characterized into three categories: Category 1 reflects adjustments for carryover appropriations because of commitments made against the budget for goods and services not received or incomplete as of June 30, 2020, Category 2 included an increase in estimated revenues and similar increases in the appropriations and Category 3 included all adjustment authorized by the Board of Managers throughout the year.

The District's Board of Managers is required by state law to formally adopt budgets for the General Fund, the Debt Service Fund and the Food Service (Special Revenue) Fund, and to amend those budgets as needed to avoid over expending any functional expenditure category. The District was in compliance with this requirement and, at the close of the fiscal year; all functional expenditure categories had positive budgetary variances. The General Fund had an overall positive budget variance of \$10,608,845, the Food Service Fund had a positive variance of \$1,435,754, and the Debt Service Fund had a positive variance of \$1,101.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

Capital assets are generally defined as those items that have useful lives in excess of five years and have an initial cost or value (if donated) of \$5,000, an amount determined by the Board. The cost or acquisition value, less accumulated depreciation, of the District's capital assets is recorded and displayed in the government-wide financial statements but not in the fund financial statements. Depreciation is calculated using the straight-line method with estimated useful lives as recommended by the Comptroller of Public Accounts of the State of Texas.

At June 30, 2020, the District had a total of \$304,673,818 invested in capital assets (land, buildings, vehicles and equipment). Of this amount, the District invested a total of \$3,138,724 in the year ended June 30, 2020. For fiscal year 2020, a total of \$10,753,515 was charged as depreciation, and at June 30, 2020, the total accumulated depreciation in the District's depreciable assets totaled (\$151,677,601).

Table 3 summarizes the District's capital assets at June 30, 2020. More detailed information regarding the District's capital assets is presented in the Notes to the Financial Statements.

TABLE 3
EDGEWOOD INDEPENDENT
SCHOOL DISTRICT'S
CAPITAL ASSETS AND DEPRECIATION AT YEAR-END

	Governmental Activities			Percentage
	2020	2019	Change	Change
Land and land improvements	\$ 3,887,442	\$ 3,887,442	\$ -	- %
Buildings and improvements	276,111,086	261,471,897	14,639,189	5.60%
Furniture and equipment	22,435,238	21,945,735	489,503	2.23%
Property under capital lease	1,956,228	1,956,228	-	- %
Construction in progress	283,824	12,273,792	(11,989,968)	(97.69%)
Accumulated depreciation	(151,677,601)	(141,869,971)	(9,807,630)	6.91%
Total capital assets	\$ <u>152,996,217</u>	\$ <u>159,665,123</u>	\$ <u>(6,668,906)</u>	(<u>82.95%</u>)

Long-term Debt

At June 30, 2019, the District had bond issues outstanding of which the unpaid principal totaled \$54,915,000. Table 4 summarizes the District's outstanding debt at June 30, 2020. More detailed information regarding the District's debt obligations is presented in the notes to the financial statements.

TABLE 4
EDGEWOOD INDEPENDENT
SCHOOL DISTRICT'S
ANALYSIS OF DEBT AT YEAR-END

Description of Debt Outstanding	Governmental Activities			Percentage
	2020	2019	Changes	Change
Bonds payable	\$ 54,915,000	\$ 58,875,000	\$ (3,960,000)	(6.73%)
Unamortized premium	3,948,682	4,201,371	(252,689)	(6.01%)
Notes payable	11,500,000	11,500,000	-	- %
Capital leases	631,926	1,225,811	(593,885)	(48.45%)
Claims payable	<u>1,204,071</u>	<u>551,383</u>	<u>652,688</u>	<u>118.37%</u>
Total long-term debt	\$ <u>72,199,679</u>	\$ <u>76,353,565</u>	\$ <u>(4,153,886)</u>	(<u>5.44%</u>)

The "Claims Payable" amount is a result of the District's outstanding claims from the self-funded workers' compensation fund.

ECONOMIC FACTORS AND THE NEXT YEAR'S BUDGETS

The District is governed by a Board that is comprised of elected officials and Texas Education Agency (TEA) appointed members, all with ties to the Edgewood community. In June 2018, the Board approved the appointment of Dr. Eduardo Hernandez who officially started working in July 2018.

One major factor affecting the District is the continual decline in student enrollment. This is key because the state's funding formulas are currently set to fund District's based not only on enrollment but on attendance. Declining enrollment translates to a decrease in much needed funding for the District. The tax rate adopted for 2019-20 decreased to \$1.29827, with the maintenance and operations tax rate decreasing to \$1.06835 and the debt service rate increasing to \$.22992. The decreases in tax rate were based on legislative action, specifically House Bill 3 that required districts to compress their property taxes and moved to use current year values in order to determine state aid. Despite legislative changes, the Board adopted a balanced budget for the 2019-20 fiscal year. Under the guidance of the Superintendent, District staff continues to work diligently to reduce costs to ensure that we continue to adopt balanced budgets in future years. As such, the District has adopted strategies to reduce the overall expenditures and increase student attendance (and revenue) to address these challenges without disrupting the services that we provide to our students. As we planned for the 2020-21 fiscal year, we will continue to monitor the needs of the students and the District. As part of the process to reduce expenditures, we continue to practice the following strategies:

- Robust processes for the approval of large item purchases.
- Review of current contracted services.
- Refinement of staffing ratios and continued monitoring of positions.

Another major factor affecting the District's financial activities is the COVID 19 pandemic. To help with economic fallout from this pandemic, the federal government passed the CARES ACT making federal funds available to the district for COVID 19 allowable expenditures. The allowable expenditures included and are not limited to personal protective equipment, instructional materials and equipment, overtime salaries, and other goods and services needed by the students, employees, and community members of the district for COVID 19 related issues. For the 2019-2020 school year, a total of \$3,183,621 was expended in COVID 19 related expenditures. Through the CARES ACT, the district is estimating a 75% reimbursement of the total cost. For 2020-2021, the district is estimating COVID 19 related expenditures to exceed \$5 million.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the funds it receives. If anyone has any questions about this report please contact the Office of the Chief Financial Officer, in the Edgewood Independent School District Administrative Office.

BASIC FINANCIAL STATEMENTS

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EDGEWOOD INDEPENDENT SCHOOL DISTRICT

EXHIBIT A-1

STATEMENT OF NET POSITION

JUNE 30, 2020

Data Control Codes	ASSETS	1 Primary Government Governmental Activities
1110	Cash and cash equivalents	\$ 70,104,584
1220	Property Taxes- Delinquent	4,058,637
1230	Allowance for uncollectible taxes	(1,798,060)
1240	Due from other governments	12,185,037
1267	Due from fiduciary funds	51,603
1290	Other receivables (net)	326,917
1300	Inventories	42,127
1410	Prepayments	21,818
	Capital assets:	
1510	Land	3,887,442
1520	Buildings and improvements, net	144,731,148
1530	Furniture and equipment, net	3,091,807
1550	Capital lease assets, net	1,001,996
1580	Construction in progress	283,824
1000	Total assets	<u>237,988,880</u>
	DEFERRED OUTFLOWS OF RESOURCES	
1701	Deferred charge for refunding	1,323,984
1705	Deferred outflow related to TRS pension	19,790,506
1706	Deferred outflow related to TRS OPEB	6,836,385
1700	Total deferred outflows of resources	<u>27,950,875</u>
	LIABILITIES	
2110	Accounts payable	3,286,529
2140	Interest payable	1,089,833
2150	Payroll deductions and withholdings	1,725,087
2160	Accrued wages	8,089,800
2180	Due to other governments	5,537,629
2190	Due to student groups	10,275
2200	Accrued expenditures or expenses	757,322
2300	Unearned revenue	259,561
	Noncurrent liabilities:	
2501	Due within one year	5,138,670
2502	Due in more than one year	67,061,009
2540	Net pension liability (proportionate share)	43,546,473
2545	Net OPEB liability (proportionate share)	48,760,809
2000	Total liabilities	<u>185,262,997</u>
	DEFERRED INFLOWS OF RESOURCES	
2605	Deferred inflow related to pensions	8,785,998
2606	Deferred inflow related to other post-employment benefit	23,218,226
2600	Total deferred inflows of resources	<u>32,004,224</u>
	NET POSITION	
3200	Net investment in capital assets	83,324,593
	Restricted for:	
3820	Federal and state programs	2,941,330
3850	Debt service	6,159,507
3890	Other purposes	8,624,956
3900	Unrestricted	(52,377,852)
3000	Total net position	<u>\$ 48,672,534</u>

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

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EDGEWOOD INDEPENDENT SCHOOL DISTRICT

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED JUNE 30, 2020

Data Control Codes	Functions/Programs	1 Expenses	Program	Program	Net (Expenses)
			Revenues	Revenues	Revenue
			3	4	Changes in
					6
					Primary
					Government
					Governmental
					Activities
Primary government:					
Governmental activities:					
11	Instruction	\$ 73,643,853	\$ 1,035,439	\$ 15,968,615	\$(56,639,799)
12	Instructional resources and media services	1,379,081	-	208,199	(1,170,882)
13	Curriculum and staff development	7,751,086	-	5,417,117	(2,333,969)
21	Instructional leadership	3,809,609	-	1,525,225	(2,284,384)
23	School leadership	8,176,913	-	753,357	(7,423,556)
31	Guidance, counseling, and evaluation services	4,644,446	-	706,037	(3,938,409)
32	Social work services	1,211,509	-	177,503	(1,034,006)
33	Health services	1,408,435	-	410,258	(998,177)
34	Student transportation	2,441,110	-	324,353	(2,116,757)
35	Food service	8,679,829	184,481	7,489,747	(1,005,601)
36	Extracurricular activities	4,207,393	115,494	154,228	(3,937,671)
41	General administration	3,924,922	-	382,574	(3,542,348)
51	Facilities maintenance and operations	13,356,082	177,720	986,971	(12,191,391)
52	Security and monitoring services	2,274,664	-	247,591	(2,027,073)
53	Data processing services	3,105,430	-	152,897	(2,952,533)
61	Community services	805,821	105,835	506,657	(193,329)
72	Interest on long-term debt	2,965,344	-	3,735,967	770,623
73	Bond issuance costs and fees	1,563	-	-	(1,563)
93	Payments related to shared services arrangements	77,749	-	77,749	-
95	Payments to JJAEP	9,917	-	-	(9,917)
99	Other governmental changes	<u>126,785</u>	<u>-</u>	<u>-</u>	<u>(126,785)</u>
TG	Total governmental activities	<u>\$ 144,001,541</u>	<u>\$ 1,618,969</u>	<u>\$ 39,225,045</u>	<u>\$(103,157,527)</u>
General revenues:					
Taxes:					
MT	Property taxes, levied for general purposes				\$ 16,127,282
DT	Property taxes, levied for debt service				2,299,239
GC	Grants and contributions not restricted to specific programs				73,977,371
IE	Investment earnings				1,084,140
	Extraordinaty item				586,205
MI	Miscellaneous				<u>130,253</u>
TR	Total general revenues				<u>94,204,490</u>
CN	Change in net position				(8,953,037)
NB	Net position, beginning				<u>56,201,330</u>
PA	Prior period adjustments				<u>1,424,241</u>
NE	Net position, ending				\$ 48,672,534

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

EDGEWOOD INDEPENDENT SCHOOL DISTRICT

EXHIBIT C-1

BALANCE SHEET
GOVERNMENTAL FUNDS

JUNE 30, 2020

Data Control Codes		<u>General</u>	<u>Debt Service</u>
	ASSETS		
1110	Cash and cash equivalents	\$ 56,011,195	\$ 6,771,468
1220	Property taxes - delinquent	3,404,441	654,196
1230	Allowance for uncollectible taxes	(1,523,633)	(274,427)
1240	Due from other governments	8,962,058	-
1260	Due from other funds	2,951,492	189,273
1290	Other receivables	324,762	-
1300	Inventories	42,127	-
1410	Deferred expenditures	21,818	-
1000	Total assets	<u>70,194,260</u>	<u>7,340,510</u>
	LIABILITIES		
2110	Accounts payable	3,197,363	-
2150	Payroll deductions and withholdings	1,725,087	-
2160	Accrued wages	7,619,661	-
2170	Due to other funds	189,273	-
2180	Due to other governments	5,446,459	91,170
2190	Due to student groups	10,275	-
2200	Accrued expenditures	685,844	-
2300	Unearned revenue	4,886	-
2000	Total liabilities	<u>18,878,848</u>	<u>91,170</u>
	DEFERRED INFLOWS OF RESOURCES		
2600	Unavailable revenue - property taxes	<u>1,422,652</u>	<u>257,710</u>
	Total deferred inflows of resources	<u>1,422,652</u>	<u>257,710</u>
	FUND BALANCES		
	Nonspendable:		
3410	Inventories	42,127	-
3430	Prepaid items	21,818	-
	Restricted for:		
3450	Federal and state programs	2,935,734	-
3480	Retirement of long-term debt	-	6,991,630
3490	Other restricted fund balance	-	-
	Assigned for:		
3590	Other assigned fund balance	8,577,834	-
3600	Unassigned	<u>38,315,247</u>	<u>-</u>
		<u>49,892,760</u>	<u>6,991,630</u>
	Total liabilities, deferred inflows of		
4000	resources and fund balances	\$ <u>70,194,260</u>	\$ <u>7,340,510</u>

Major Special Revenue	Other Governmental	98 Total Governmental Funds
\$ 321,048	\$ 291,795	\$ 63,395,506
-	-	4,058,637
-	-	(1,798,060)
1,235,889	1,987,090	12,185,037
-	-	3,140,765
260	1,644	326,666
-	-	42,127
-	-	21,818
<u>1,557,197</u>	<u>2,280,529</u>	<u>81,372,496</u>
61,400	27,596	3,286,359
-	-	1,725,087
260,109	210,030	8,089,800
1,193,738	1,705,982	3,088,993
-	-	5,537,629
-	-	10,275
41,950	29,528	757,322
-	254,675	259,561
<u>1,557,197</u>	<u>2,227,811</u>	<u>22,755,026</u>
-	-	1,680,362
<u>-</u>	<u>-</u>	<u>1,680,362</u>
-	-	42,127
-	-	21,818
-	5,596	2,941,330
-	-	6,991,630
-	47,122	47,122
-	-	8,577,834
-	-	38,315,247
<u>-</u>	<u>52,718</u>	<u>56,937,108</u>
\$ <u>1,557,197</u>	\$ <u>2,280,529</u>	\$ <u>81,372,496</u>

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EDGEWOOD INDEPENDENT SCHOOL DISTRICT**EXHIBIT C-2****RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION****JUNE 30, 2020**

Total fund balances - governmental funds	\$ 56,937,108
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	152,996,217
Uncollected property taxes are reported as unavailable resources in the governmental funds balance sheet, but are recognized as a revenue in the statement of activities.	1,680,362
Long-term liabilities, including bonds and loans payable, are not due and payable in the current period and therefore are not reported in the funds. Also, the loss on refunding of bonds and the premium on issuance of bonds payable are not reported in the funds.	(69,671,624)
Interest payable is not due and payable in the current period and, therefore, is not reported as a liability in the governmental funds.	(1,089,833)
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 pensions included a deferred resource outflow in the amount of \$19,790,506, a deferred resource inflow in the amount of \$8,785,998, and a net pension liability in the amount of \$43,546,473.	(32,541,965)
Included in the items related to debt is the recognition of the District's proportionate share of the net other post-employment benefit (OPEB) liability required by GASB 75. The net position related to the OPEB included a deferred resource outflow in the amount of \$6,836,385, a deferred resource inflow in the amount of \$23,218,226, and a net OPEB liability in the amount of \$48,760,809.	(65,142,650)
Internal Service Funds are used by management to charge the costs of certain activities, such as workers' compensation and medical insurance to individual funds. The net revenue (expense) of the Internal Service Funds is reported with governmental activities.	<u>5,504,919</u>
Net position of governmental activities	\$ <u>48,672,534</u>

EDGEWOOD 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	50	Major Special Revenue
		General	Debt Service	
REVENUES				
5700	Local and intermediate sources	\$ 18,747,604	\$ 3,570,229	\$ -
5800	State programs	77,639,355	3,245,814	-
5900	Federal programs	12,076,373	-	6,037,258
5020	Total revenues	<u>108,463,332</u>	<u>6,816,043</u>	<u>6,037,258</u>
EXPENDITURES				
Current:				
0011	Instruction	54,668,356	-	1,585,651
0012	Instructional resources and media services	1,005,605	-	-
0013	Curriculum and staff development	1,852,771	-	3,477,109
0021	Instructional leadership	2,832,628	-	328,617
0023	School leadership	6,463,237	-	29,698
0031	Guidance, counseling, and evaluation services	4,049,152	-	88,061
0032	Social work services	1,045,945	-	66,000
0033	Health services	1,168,955	-	405
0034	Student transportation	1,909,917	-	-
0035	Food service	7,474,180	-	-
0036	Extracurricular activities	2,491,814	-	-
0041	General administration	4,429,522	-	-
0051	Facilities maintenance and operations	11,388,148	-	630
0052	Security and monitoring services	2,071,170	-	-
0053	Data processing services	2,847,127	-	-
0061	Community services	171,083	-	383,338
Debt service:				
0071	Principal on long-term debt	148,058	3,960,000	-
0072	Interest on long-term debt	447,215	2,594,874	-
0073	Other debt service fees	663	900	-
0081	Capital outlay	2,641,476	-	-
Intergovernmental:				
0093	Payments to fiscal agent/ member districts of SSA	-	-	77,749
0095	Payments to JJAEP	9,917	-	-
0099	Other intergovernmental charges	126,785	-	-
6030	Total expenditures	<u>109,243,724</u>	<u>6,555,774</u>	<u>6,037,258</u>
1100	EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(780,392)</u>	<u>260,269</u>	<u>-</u>
OTHER FINANCING SOURCES (USES)				
7912	Sale of real or personal property	23,150	-	-
7919	Extraordinary item	586,205	-	-
7080	Total other financing sources (uses)	<u>609,355</u>	<u>-</u>	<u>-</u>
1200	NET CHANGE IN FUND BALANCES	<u>(171,037)</u>	<u>260,269</u>	<u>-</u>
0100	FUND BALANCES, BEGINNING	<u>50,063,797</u>	<u>5,826,521</u>	<u>-</u>
1300	PRIOR PERIOD ADJUSTMENT	<u>-</u>	<u>904,840</u>	<u>-</u>
3000	FUND BALANCES, ENDING	<u>\$ 49,892,760</u>	<u>\$ 6,991,630</u>	<u>\$ -</u>

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

Other Governmental	98 Total Governmental Funds
\$ 79,136	\$ 22,396,969
2,318,736	83,203,905
<u>7,856,411</u>	<u>25,970,042</u>
<u>10,254,283</u>	<u>131,570,916</u>
6,489,553	62,743,560
-	1,005,605
1,637,815	6,967,695
320,261	3,481,506
676,017	7,168,952
21,459	4,158,672
-	1,111,945
85,829	1,255,189
83,841	1,993,758
28,670	7,502,850
1,727	2,493,541
23,629	4,453,151
255,007	11,643,785
558	2,071,728
70	2,847,197
131,950	686,371
445,827	4,553,885
44,326	3,086,415
-	1,563
7,744	2,649,220
-	77,749
-	9,917
-	<u>126,785</u>
<u>10,254,283</u>	<u>132,091,039</u>
<u>-</u>	<u>(520,123)</u>
-	23,150
-	<u>586,205</u>
-	<u>609,355</u>
-	89,232
<u>52,718</u>	<u>55,943,036</u>
<u>-</u>	<u>904,840</u>
<u>\$ 52,718</u>	<u>\$ 56,937,108</u>

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EDGEWOOD INDEPENDENT SCHOOL DISTRICT

EXHIBIT C-4

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

FOR THE YEAR ENDED JUNE 30, 2020

Net change in fund balances - total governmental funds	\$ 89,232
Amounts reported for governmental activities in the statement of activities are different because:	
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.	(7,614,790)
In the statement of activities, only the gain on the sale of the assets is reported, whereas in the governmental funds, the proceeds from the sale increase financial resources. Thus, the change in net position differs from the change in fund balance by the cost of the capital assets sold.	-
Property tax revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	(1,202,045)
Bond proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position. Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position. This is the amount by which proceeds exceeded repayments.	4,553,885
Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.	
Amortization of bond premium	252,689
Interest expense	(131,618)
GASB 68 Required that certain plan expenditures be de-expended and recorded as deferred resource outflows. These contributions made after the measurement date of the plan caused the change in ending net position to increase by \$2,486,255. Contributions made before the measurement date and during the previous fiscal year were expended and recorded as a reduction in net pension liability. This caused a decrease in net position totaling \$2,479,408. Finally, the proportionate share of pension expense on the plans as a whole had to be recorded. The net pension expense decreased the change in net position by \$5,438,826.	(5,431,979)
GASB 75 Required that certain plan expenditures be de-expended and recorded as deferred resource outflows. These contributions made after the measurement date of the plan caused the change in ending net position to increase by \$592,552. Contributions made before the measurement date and during the previous fiscal year were expended and recorded as a reduction in net OPEB liability. This caused a decrease in net position totaling \$587,574. Finally, the proportionate share of OPEB expense on the plans as a whole had to be recorded. The net OPEB expense decreased the change in net position by \$431,366.	(426,388)
Internal Service Funds are used by management to charge the costs of certain activities, such as workers' compensation and medical insurance to individual funds. The net revenue (expense) of the Internal Service Funds is reported with governmental activities.	<u>957,977</u>
Change in net position of governmental activities	\$ <u>(8,953,037)</u>

EDGEWOOD INDEPENDENT SCHOOL DISTRICT**EXHIBIT D-1**STATEMENT OF NET POSITION
PROPRIETARY FUNDS

JUNE 30, 2020

	<u>Governmental Activities Internal Service Funds</u>
ASSETS	
Current assets:	
Cash and cash equivalents	\$ 6,709,078
Other receivables	<u>251</u>
Total current assets	<u>6,709,329</u>
Noncurrent assets:	
Capital assets:	
Furniture and Equipment	71,977
Depreciation	<u>(71,977)</u>
Total capital assets	<u>-</u>
Total assets	<u>6,709,329</u>
LIABILITIES	
Current liabilities:	
Short term debt payable	167,528
Due to other funds	169
Accrued expenses	<u>170</u>
Total current liabilities	<u>167,867</u>
Noncurrent liabilities:	
Other long-term debt - due in more than one year	<u>1,036,543</u>
Total noncurrent liabilities	<u>1,036,543</u>
Total liabilities	<u>1,204,410</u>
NET POSITION	
Unrestricted	<u>5,504,919</u>
Total net position	\$ <u>5,504,919</u>

EDGEWOOD INDEPENDENT SCHOOL DISTRICT**EXHIBIT D-2**STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN NET POSITION
PROPRIETARY FUNDS

FOR THE YEAR ENDED JUNE 30, 2020

	<u>Governmental Activities Internal Service Funds</u>
OPERATING REVENUES	
Local and intermediate sources	\$ <u>1,907,747</u>
Total operating revenues	<u>1,907,747</u>
OPERATING EXPENSES	
Payroll costs	114,081
Professional and contracted services	831,134
Supplies and materials	24,036
Other operating costs	3,741
Depreciation expense	<u>10,843</u>
Total operating expenses	<u>983,835</u>
OPERATING INCOME	923,912
NONOPERATING REVENUES	
Earnings from temporary deposits and investments	<u>34,065</u>
Total nonoperating revenues	<u>34,065</u>
CHANGE IN NET POSITION	957,977
NET POSITION, BEGINNING	<u>4,973,426</u>
PRIOR PERIOD ADJUSTMENT	(<u>426,484</u>)
NET POSITION, ENDING	\$ <u><u>5,504,919</u></u>

EDGEWOOD INDEPENDENT SCHOOL DISTRICT

EXHIBIT D-3

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS

FOR THE YEAR ENDED JUNE 30, 2020

	Governmental Activities
	<u>Internal Service Funds</u>
CASH FLOWS FROM OPERATING ACTIVITIES	
Cash received from user charges	\$ 112,088
Cash received from assessments - other funds	1,795,659
Cash payments to employees for services	(114,081)
Cash payments for insurance claims	219,852
Cash payments for suppliers	(856,471)
Net cash used by operating activities	<u>1,157,047</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest and dividends on investments	<u>34,065</u>
Net cash provided by investing activities	<u>34,065</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS	1,191,112
CASH AND CASH EQUIVALENTS, BEGINNING	<u>5,517,966</u>
CASH AND CASH EQUIVALENTS, ENDING	<u>6,709,078</u>
RECONCILIATION OF OPERATING INCOME TO NET CASH USED BY OPERATING ACTIVITIES	
Operating income	<u>497,428</u>
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation	<u>10,843</u>
Effects of increases and decreases in assets and liabilities:	
(Increase) decrease in accounts receivable	(251)
Increase (decrease) in accounts payable	(3,922)
Increase (decrease) in accrued wages payable	170
Increase (decrease) in interfund charges	91
Increase (decrease) in claims payable	<u>652,688</u>
Net cash used by operating activities	\$ <u>1,157,047</u>

EDGEWOOD INDEPENDENT SCHOOL DISTRICT**EXHIBIT E-1**

STATEMENT OF FIDUCIARY NET POSITION

FIDUCIARY FUNDS

JUNE 30, 2020

	Private Purpose Trust Fund	Agency Funds
ASSETS		
Cash and cash equivalents	\$ 283,685	\$ 488,136
Other receivables	-	15,222
Total assets	<u>283,685</u>	<u>503,358</u>
LIABILITIES		
Due to other funds	48,000	3,603
Due to other governments	-	115,894
Due to student groups	<u>71,000</u>	<u>383,861</u>
Total liabilities	<u>\$ 119,000</u>	<u>\$ 503,358</u>
NET POSITION		
Unrestricted net position	<u>164,685</u>	
Total net position	<u>\$ 164,685</u>	

EDGEWOOD INDEPENDENT SCHOOL DISTRICT**EXHIBIT E-2**STATEMENT OF CHANGES IN FIDUCIARY
NET POSITION

FIDUCIARY FUNDS

FOR THE YEAR ENDED JUNE 30, 2020

	Private Purpose Trust Fund
ADDITIONS	
Local and intermediate sources	\$ 35,684
Total additions	35,684
DEDUCTIONS	
Other operating costs	122,684
Total deductions	122,684
CHANGE IN NET POSITION	(87,000)
NET POSITION, BEGINNING	251,685
NET POSITION, ENDING	\$ 164,685

EDGEWOOD INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2020

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The basic financial statements of Edgewood Independent School District (the "District") have been prepared in conformity with accounting principles generally accepted in the United States of America ("GAAP") applicable to governmental units in conjunction with the Texas Education Agency's Financial Accountability System Resource Guide ("Resource Guide"). The Governmental Accounting Standards Board ("GASB") is the accepted standard setting body for establishing governmental accounting and financial reporting properties.

The Edgewood 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 five-member School Board of Managers (the "Board of Managers") appointed by the Texas Education Agency (TEA) in May, 2016. Since 2016 when the Board of Managers were appointed, TEA has allowed publicly elected Board members to jointly govern the District with the remaining Board of Managers for the fiscal year ended June 30, 2019. Collectively, the seven-member board is now considered the School Board (the "Board"). 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 *"The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments"*. Additionally, the District 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.

A. Reporting Entity

The Board has the authority to make decisions, appoint administrators and managers, significantly influence operations; and, has primary accountability for fiscal matters. Therefore, the District is a financial reporting entity as defined by the GASB in its Statement No. 14, *"The Financial Reporting Entity"* and as amended in GASB Statement No. 61, *"The Financial Reporting Entity: Omnibus - An Amendment of GASB Statements No. 14 and No. 34,"* and accordingly, is not included in any other governmental reporting entity.

B. Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of changes in net position) report information on all of the nonfiduciary activities of the primary government. The effect of interfund activity has been removed from these statements. *Governmental activities* include programs supported primarily by taxes, state foundation funds, grants and intergovernmental revenue.

The statement of activities presents a comparison between direct expenses and program revenues for each function of the District's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. The District does not allocate indirect expenses in the statement of activities. Program revenues include 1) fees, fines, and charges paid by the recipients of goods or services offered by the programs and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

The fund financial statements provide information about the District's funds, with separate statements presented for each fund category. The emphasis of fund financial statements is on major governmental funds, each displayed in a separate column. All remaining governmental funds are aggregated and reported as nonmajor funds.

Proprietary fund operating revenues, such as charges for services, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. Nonoperating revenues, such as subsidies and investment earnings, result from nonexchange transactions or ancillary activities.

The District reports the following major governmental funds:

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. Any fund balances are considered resources available for current operations. Major revenue sources include local property taxes, State funding under the Foundation School Program, the National School Lunch and Breakfast Programs and investment earnings. Expenditures include all costs associated with the daily operations of the District except for specific programs funded by the Federal or State government, debt service, and capital projects.

The **Title I Special Revenue Fund** is used to account for the specific purpose of the Every Student Succeeds Act (ESSA) Title I program. A federal grant program passed through the Texas Education Agency (TEA).

The **Debt Service Fund** accounts for resources accumulated and payments made for principal and interest in long-term general obligation debt of governmental funds.

In addition, the District reports the following fund types:

Governmental Funds:

Special Revenue Funds account for the resources entitled to, or designated for, specific purposes by the District or a grantor. Most Federal and some State financial assistance are accounted for in Special Revenue Funds, and sometimes unused balances must be returned to the grantor at the close of specified project periods.

Capital Projects Funds account for the proceeds from long-term debt financing to be used for authorized expenditures related to major capital acquisitions or construction activities.

Proprietary Funds:

Internal Service Funds are used to account for the District's Self-Funded Health Claims Program, the Self-Funded Workers' Compensation Program, and the Print Shop. Financing is provided by charges to and contributions from the District's General and Special Revenue Funds.

Fiduciary Funds:

The **Private-Purpose Trust Fund** accounts for scholarship resources held in trust for others where the principal and interest benefit the District or its students and former students.

Agency Funds account for resources held for others in a custodial capacity by the District and consists of student activity funds that are the property of the various student clubs and associations.

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

Government-wide, proprietary, and private-purpose trust fund financial statements are reported using the economic resources measurement focus. The Agency Fund is custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The government-wide, proprietary, and fiduciary fund financial statements are reported using the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Nonexchange transactions, in which the District gives (or receives) value without directly receiving (or giving) equal value in exchange, include property taxes, grants, entitlements, and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The District considers all revenue available if it is collectible within 30 days after year-end. Revenues from local sources consist primarily of property taxes. Property tax revenues and revenues received from the state are recognized under the susceptible-to-accrual concept. Miscellaneous revenues are recorded as revenue when received in cash because they are generally not measurable until actually received. Investment earnings are recorded as earned, since they are both measurable and available. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

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

Cash and cash equivalents

For purposes of the statement of cash flows, highly liquid investments are considered to be cash equivalents if they have a maturity of three months or less when purchased.

Investments

The District reports investments in accordance with GASB Statement No. 31, "Accounting and Financial Reporting for Certain Investments and for External Investment Pools". Under the provisions of GASB Statement No. 31, "governmental entities, including governmental external investment pools should report investments at fair value in the balance sheet". Investment income includes unrealized gains and losses (representing the change in fair value) and is reported as revenues in the operating statement. Under the provisions of GASB No. 31, investments may be reported at amortized cost if the remaining maturity at time of purchase is one year or less, provided that the fair value of those investments is not significantly affected by the impairment of the credit standing of the issuer or by other factors. Accordingly, the District's investments in local government investment pools are reported at amortized cost and do not include any unrealized gains and losses.

Property Taxes

Property taxes are levied by October 1st on the assessed value listed as of the prior January 1st for all real and business personal property located in the District in conformity with Subtitle E, Texas Property Tax Code. Taxes are due upon receipt of the tax bill and are delinquent if not paid before February 1st of each year following the year in which imposed. On January 31st of each year, a tax lien attaches to property to secure the payment of all taxes, penalties, and interest ultimately imposed. The Board set maintenance and debt service tax rates of \$1.0684 and \$0.2299, respectively, per \$100 of assessed valuation. The Bexar County Tax Assessor's Office bills and collects the taxes for the District. The assessed values are established by the Bexar County Appraisal District.

Property taxes are measurable when levied and are considered available to be recorded as revenue if collectible within the current period or soon enough thereafter (within 60 days). The delinquent taxes collected in July and August 2020 net of refunds have been accrued consistent with the modified accrual basis of accounting. Property taxes receivable less the provision for uncollectible taxes are recorded as deferred inflows of resources unavailable revenue – property taxes.

Current tax collections for the year ended June 30, 2020 were 91% of the year-end adjusted tax levy. Delinquent taxes are prorated between maintenance and debt service based on rates adopted for the year of the levy. Since the District is prohibited from writing off real property taxes receivable without specific statutory authority from the Texas Legislature, the District makes no provision for uncollectible real property taxes. The allowance for uncollectible taxes represents an estimate by the District of those personal property taxes receivable which will be written off as uncollectible in the future.

Inventories

Inventories of supplies and materials are accounted for under the consumption method. This method recognizes supplies and material expenditures at the time they are requisitioned from the District's warehouse. Inventories available at the balance sheet date are recorded at cost while inventories of food commodities are recorded at market values supplied by the USDA and are offset with unearned revenues. When requisitioned, inventory and unearned revenues are relieved, expenditures are charged, and revenue is recognized for an equal amount. Cost is determined principally by the weighted average cost method.

Prepayments

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepayments in both the government-wide and fund financial statements. The prepayment is relieved using the consumption method.

Capital Assets

Capital assets, which include land, construction in progress, buildings and improvements, equipment, and property under capital lease are reported in the governmental activities column in the government-wide financial statements. Capital assets are defined by the District as assets with an initial, individual cost of \$5,000 or more and an estimated useful life in excess of five years. Such assets, except for E-Rate acquisitions, are recorded at historical cost or estimated historical cost if purchased or constructed. E-Rate acquisitions are recorded at discounted cost. Donated assets are valued at acquisition cost, which is the price that would have been paid to acquire an asset with equivalent service potential on the date of acquisition.

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

Buildings, building improvements, and equipment of the District are depreciated and property under capital lease is amortized using the straight-line method over the following estimated useful lives:

<u>Asset Class</u>	<u>Estimated Useful Lives</u>
Buildings	40
Building improvements	20-30
Furniture & equipment / property under capital lease	5-20

Compensated Absences

The District adopts the State of Texas minimum personal leave program which consists of five days per year of personal leave with no limit in accumulation and no restrictions on transferability among school districts for District employees. The District provides an additional five days of local personal leave per year not to exceed a cumulative amount of 30 days. Since the District is unable to estimate how much leave will be used, no liability has been recorded in the financial statements.

Interfund Activity

Interfund activity results from loans, services provided, reimbursements or transfers between funds. Loans are reported as interfund receivables and payables as appropriate and are subject to elimination upon consolidation. Services provided, deemed to be at market or near market rates, are treated as revenues and expenditures or expenses. Reimbursements occur when one fund incurs a cost, charges the appropriate benefiting fund and reduces its related cost as a reimbursement. All other interfund transactions are treated as transfers. Transfers in and transfers out are netted and presented as a single "Transfers" line on the government-wide statement of activities. Similarly, interfund receivables and payables are netted and presented as a single "Internal Balances" line of the government-wide statement of net position.

Long-term Obligations

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

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

Deferred outflows/inflows of resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The District has two items that qualify for reporting in this category. It is deferred charge on refunding and deferred outflow related to TRS reported in the government-wide statement of net position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. The item related to TRS represents the District's share of the unrecognized plan deferred outflow of resources which TRS uses in calculating the ending net pension and other post-employment benefit (OPEB) liabilities.

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 or resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The District has two types of inflows, which arise only under a modified accrual basis of accounting that qualifies for reporting in this category. The governmental funds report unavailable revenues from one source: property taxes. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. The District also recognizes their share of the unrecognized TRS plan deferred inflows of resources which TRS uses in calculating the ending net pension liability and other post-employment benefit (OPEB) liabilities. These items are reported in the government-wide statement of net position.

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

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.

Net Position

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

Net Position Flow Assumption

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

Fund Balance

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

- **Nonspendable:** This classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) are legally or contractually required to be maintained intact. Nonspendable items are not expected to be converted to cash or are not expected to be converted to cash within the next year.
- **Restricted:** This classification includes amounts for which constraints have been placed on the use of the resources either (a) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation.
- **Committed:** amounts that can be used only for the specific purposes determined by a formal action of the government's highest level of decision-making authority (the School Board).
- **Assigned:** used by the government for specific purposes but do not meet the criteria to be classified as restricted or committed.

- Unassigned: This classification includes the residual fund balance for the General Fund. The unassigned classification also includes negative residual fund balance of any other governmental fund that cannot be eliminated by offsetting of assigned fund balance amounts.

All commitments are to be approved by formal action by the Board prior to fiscal year-end, even though the amount may be determined subsequent to fiscal year-end. A commitment can only be modified or removed by the same formal action. When it is appropriate for fund balance to be assigned, the Board delegates the responsibility to assign funds to the Superintendent. Assignments may occur subsequent to fiscal year-end.

The assigned fund balance in the general fund represents proceeds from a legal settlement to be used to remediate the Roosevelt and Las Palmas Elementary School campuses.

Fund Balance Flow Assumption

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

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Data Control Codes

Data control codes appear in the rows and above the columns of certain financial statements. The TEA requires the display of these codes in the financial statements filed with TEA in order to ensure accuracy in building a statewide database for policy development and funding plans.

II. DETAILED NOTES ON ALL ACTIVITIES AND FUNDS

A. Deposits and Investments

The District's funds are required to be deposited and invested under the terms of a depository contract. The depository bank deposits for safekeeping and trust with the District's agent bank approved pledged securities in an amount sufficient to protect District funds on a day-to-day basis during the period of the contract. The pledge of approved securities is waived only to the extent of the depository bank's dollar amount of Federal Deposit Insurance Corporation ("FDIC") insurance.

Cash Deposits

Cash and cash equivalents of \$70,104,584 are comprised of the following:

	General Fund	Debt Service Fund	Major Special Revenue Fund	Other Funds	Total	Proprietary Funds	Grand Total
Cash and Cash Equivalents:							
Demand accounts	\$ (5,531,884)	\$ 52,929	\$ 321,048	\$ 291,795	\$ (4,866,112)	\$ 6,709,078	\$ 1,842,966
Cash on hand	2,590	-	-	-	2,590	-	2,590
Investment pools	61,540,489	6,718,539	-	-	68,259,028	-	68,259,028
	<u>\$ 56,011,195</u>	<u>\$ 6,771,468</u>	<u>\$ 321,048</u>	<u>\$ 291,795</u>	<u>\$ 63,395,506</u>	<u>\$ 6,709,078</u>	<u>70,104,584</u>

Deposits

The District's funds are required to be deposited under the terms of a depository contract or invested under the terms of the Public Funds Investment Act (PFIA). The depository bank places approved pledged securities for safekeeping and trust with the District's agent bank in an amount sufficient to protect District funds on a day-to-day basis. The pledge of approved securities is waived only to the extent of the depository bank's Federal Deposit Insurance Corporation (FDIC) coverage. Deposits were held with the contracted depository bank in demand and in interest bearing accounts. Deposits were secured at the balance sheet date by FDIC coverage and pledged U.S. Government securities held by the Bank of New York Mellon in the District's name. Funds were properly secured at all times during the year.

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

- a. Name of Contracted Depository Bank: Wells Fargo Bank
- b. The highest combined balances of cash, savings, and time deposit accounts at the Wells Fargo Bank was \$4,122,394 and occurred during December 2019.
- c. The total amount of FDIC coverage at the time of largest combined balance was \$250,000.
- d. The amount of securities pledged as of the date of the highest combined balance on deposit was \$16,312,084.

At June 30, 2020, the net carrying amount of the District's deposits was \$1,645,118 and the bank balance was \$1,960,966. The District's cash deposits at June 30, 2020 and during the year then ended were entirely covered by FDIC insurance or by pledge collateral held by the District's agent bank in the District's name.

The fiduciary funds report the following balances as of June 30, 2020:

	<u>Fiduciary Funds</u>	<u>Agency Funds</u>	
	<u>Private Purpose Trust</u>	<u>Student Activity Funds</u>	<u>Total</u>
Cash and Cash Equivalents:			
Demand accounts	\$ 283,685	\$ (290,375)	\$ (6,690)
Investment pools	<u>-</u>	<u>778,511</u>	<u>778,511</u>
	<u>\$ 283,685</u>	<u>\$ 488,136</u>	<u>771,821</u>

Investments

The District is required by Government Code Chapter 2256, The Public Funds Investment Act, 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, and 9) bid solicitation preferences for certificates of deposit.

The Public Funds Investment Act ("Act") requires an annual audit of investment practices. Audit procedures in this area conducted as a part of the audit of the basic financial statements disclosed that in the areas of investment practices, management reports an establishment of appropriate policies, the District adhered to the requirements of the Act. Additionally, investment practices of the District were in accordance with local policies.

The Act determines the types of investments which are allowable for the District. These include, with certain restrictions, 1) obligations of the U. S. Treasury, U. S. agencies, and the State of Texas; 2) certificates of deposit; 3) certain municipal securities; 4) securities lending program; 5) repurchase agreements; 6) bankers' acceptances; 7) mutual funds; 8) investment pools; 9) guaranteed investment contracts; and 10) commercial paper.

The following are investments the District held as of year-end:

<u>Investment Type</u>	<u>Reported Value</u>	<u>Weighted Average Maturity (Days)</u>	<u>Rating</u>	<u>Rating Agency</u>
Lone Star	\$ 50,672,138	43	AAAm	S & P
Texas CLASS	<u>18,556,557</u>	64	AAAm	S & P
Total	<u>\$ 69,228,695</u>			

Interest Rate Risk — This is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. In accordance with the District's policy, one of the ways the District manages its exposure to interest rate risk is by investing in investment pools which have no stated maturity date; therefore, the funds are always available to meet operational needs.

Credit Risk — This is the risk that a security issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. Presented below is the minimum rating required (where applicable) by the District's investment policy and the Act and the actual rating as of June 30, 2020 for each investment.

Custodial Credit Risk — Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The Act, the District's investment policy, and Government Code Chapter 2257, *Collateral for Public Funds*, contain legal or policy requirements that would limit the exposure to custodial risk for deposits or investments. To be eligible to receive funds from and invest funds on behalf of an entity under this Chapter, a public funds investment pool created to function as a money market mutual fund must mark its portfolio to market daily and, to the extent reasonably possible, stabilize at a \$1 net asset value. If the ratio of the market value of the portfolio divided by the book value of the portfolio is less than 0.995 or greater than 1.005, portfolio holdings shall be sold as necessary to maintain the ratio between 0.995 and 1.005.

GASB Statement No. 72 – GASB Statement No. 72, *Fair Value Measurement and Application* requires that governments disclose information about fair value measurements, the level of fair value hierarchy, and valuation techniques for investments held by the government. GASB Statement No. 72 establishes a hierarchy of inputs to valuation techniques used to measure fair value. That hierarchy has three levels. Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities. Level 2 inputs are inputs—other than quoted prices—included within Level 1 that are observable for the asset or liability, either directly or indirectly. Finally, Level 3 inputs are unobservable inputs.

Because the District's investments are restricted by policy and State law to active secondary markets, the market approach is used for valuation. The market approach uses prices and other relevant information generated by market transactions involving identical or comparable assets, liabilities, or a group of assets and liabilities.

As of June 30, 2020, the District's investments are reported at amortized cost in accordance with GASB Statement No. 31 and GASB Statement No. 72.

Public Funds Investment Pools

Public funds investment pools in Texas ("Pools") are established under the authority of the Interlocal Cooperation Act, Chapter 79 of the Texas Government Code, and are subject to the provisions of the Public Funds Investment Act (the "Act"), Chapter 2256 of the Texas Government Code. In addition to other provisions of the Act designed to promote liquidity and safety of principal, the Act requires Pools to: 1) have an advisory board composed of participants in the pool and other persons who do not have a business relationship with the pool and are qualified to advise the pool; 2) maintain a continuous rating of no lower than AAA or AAA-m or an equivalent rating by at least one nationally recognized rating service; and 3) maintain the market value of its underlying investment portfolio within one-half of one percent of the value of its shares.

B. Due From Other Governments

The District participates in a variety of local, state, and federal 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 Program, the Per Capita Program, the Instructional Facilities Allotment (IFA), and the Existing Debt Allotment (EDA) Program. Amounts due from state and federal governments as of June 30, 2020 are summarized below.

	General Fund	Major Fund Title I	Other Funds	Total
State entitlements and grants	\$ 7,200,561	\$ -	\$ 692,770	\$ 7,893,331
Federal grants	1,761,497	1,235,889	1,294,320	4,291,706
Local governments	-	-	-	-
Total	<u>\$ 8,962,058</u>	<u>\$ 1,235,889</u>	<u>\$ 1,987,090</u>	<u>\$ 12,185,037</u>

C. Capital Assets

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

	Beginning Balance 6/30/19	Increases	Decreases and Reclassifications	Ending Balance 6/30/20
Governmental activities:				
Capital assets, not being depreciated:				
Land and land improvements	\$ 3,887,442	\$ -	\$ -	\$ 3,887,442
Construction in progress	<u>12,273,792</u>	<u>200,528</u>	<u>(12,190,496)</u>	<u>283,824</u>
Total capital assets, not being depreciated	<u>16,161,234</u>	<u>200,528</u>	<u>(12,190,496)</u>	<u>4,171,266</u>
Capital assets, being depreciated:				
Buildings and improvements	261,471,897	2,448,693	12,190,496	276,111,086
Furniture and equipment	21,945,735	489,504	-	22,435,239
Property under capital lease	<u>1,956,228</u>	<u>-</u>	<u>-</u>	<u>1,956,228</u>
Total capital assets, being depreciated	<u>285,373,860</u>	<u>2,938,197</u>	<u>12,190,496</u>	<u>300,502,553</u>
Less accumulated depreciation for:				
Buildings and improvements	(123,827,917)	(7,659,076)	107,055	(131,379,938)
Furniture and equipment	(17,601,588)	(2,477,920)	736,076	(19,343,432)
Property under capital lease	<u>(440,466)</u>	<u>(616,519)</u>	<u>102,753</u>	<u>(954,232)</u>
Total accumulated depreciation	<u>(141,869,971)</u>	<u>(10,753,515)</u>	<u>945,884</u>	<u>(151,677,602)</u>
Total capital assets, being depreciated, net	<u>143,503,889</u>	<u>(7,815,318)</u>	<u>13,136,380</u>	<u>148,824,951</u>
Governmental activities capital assets, net	<u>\$ 159,665,123</u>	<u>\$ (7,614,790)</u>	<u>\$ 945,884</u>	<u>\$ 152,996,217</u>

Depreciation was charged to functions as follows:

Instruction	\$ 5,562,083
Instructional resources and media services	281,967
Curriculum and staff development	5,010
Instructional leadership	6,799
School leadership	256,905
Guidance, counseling and evaluation services	62,015
Social work services	1,521
Health services	36,151
Student transportation	443,627
Food service	831,090
Co-curricular/extracurricular activities	1,550,754
General administration	3,150
Plant maintenance and operations	1,276,017
Security and monitoring services	27,545
Data processing	362,042
Community service	<u>46,839</u>
Total depreciation expense - governmental activities	\$ <u>10,753,515</u>

D. Interfund Balances and Transfers

Due to and from Other Funds

Balances due to and due from other funds at June 30, 2020 consisted of the following:

<u>Due from</u>	<u>Due to</u>	<u>Amount</u>
General	Major special revenue	\$ 1,193,738
General	Nonmajor governmental	1,705,982
General	Fiduciary fund	51,603
General	Internal service	169
Debt service	General fund	<u>189,273</u>
Total		\$ <u>3,140,765</u>

The receivables recorded in the General Fund represent loans to other funds to cover expenditures, which have not yet been reimbursed by various local, state, and federal grants, and to cover other expenditures for the Internal Service and Student Activity Funds. The receivable balances of the Debt Service Fund represent borrowing between funds expected to be liquidated through normal operations.

E. Unearned Revenue

Unearned revenues as of June 30, 2020 consisted of the following:

	<u>Major Funds</u>		<u>Other Funds</u>	<u>Total</u>
	<u>General Fund</u>	<u>Debt Service Fund</u>		
Grant funds received but not expended	\$ <u>4,886</u>	\$ <u>-</u>	\$ <u>254,675</u>	\$ <u>259,561</u>

Governmental funds report unearned revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities in the current period. Governmental funds also defer revenue recognition in connection with revenues that have been received, but not yet earned.

At June 30, 2020, unavailable revenues reported as deferred inflows of resources in the governmental funds were as follows:

	Major Funds		Total
	General Fund	Debt Service Fund	
Unavailable revenue - property taxes	\$ <u>1,422,652</u>	\$ <u>257,710</u>	\$ <u>1,680,362</u>

The unavailable revenue of \$1,680,362 relates to uncollected property taxes, less the allowance for uncollectible amounts. These are shown as deferred inflows of resources in Exhibit C-1 in accordance with GASB Statement No. 65.

F. **Long-term Obligations**

Long-term Obligation Activity

Long-term obligations include debt and other long-term liabilities. Changes in long-term obligations for the period ended June 30, 2020, are as follows:

	Beginning Balance	Increases	Decreases	Ending Balance	Amounts Due Within One Year
Governmental activities:					
Bonds payable	\$ 58,875,000	\$ -	\$ 3,960,000	\$ 54,915,000	\$ 4,095,000
Unamortized premiums	4,201,371	-	252,689	3,948,682	252,689
Notes payable	11,500,000	-	-	11,500,000	-
Capital leases	1,225,811	-	593,885	631,926	623,453
Worker's compensation	<u>551,383</u>	<u>1,629,510</u>	<u>976,822</u>	<u>1,204,071</u>	<u>167,528</u>
Total governmental activities	\$ <u>76,353,565</u>	\$ <u>1,629,510</u>	\$ <u>5,783,396</u>	\$ <u>72,199,679</u>	\$ <u>5,138,670</u>

General Obligation Bonds

The District issues general obligation bonds for the governmental activities to provide funds for the acquisition, construction and equipping of major capital facilities. General obligation bonds are direct obligations and pledge the full faith and credit of the District. Current principal and interest requirements are payable from future revenues of the Debt Service Fund which consists principally of property taxes collected by the District, interest earnings, and State funds.

The State of Texas enacted in 1997 and in 1999 the Instructional Facilities Allotment (IFA) and the Existing Debt Allotment (EDA) Programs, whereby the District received State funds of \$3,975,931 in the current year for the annual debt service requirements of its general obligation debt. Although future funding is subject to future State legislative appropriations, the State guarantees IFA state aid for the life of the District's eligible debt as well as for the EDA programs which will become part of the baseline budget for TEA. However, in the event that the legislature does not appropriate adequate funds for the IFA and EDA programs, the statute directs the Texas Commissioner of Education to make a transfer from the School Foundation Program (SFP) in an amount sufficient to cover the required payments of the State. This transfer is required by statute and is not subject to the discretion of the Texas Commissioner of Education. This transfer would have the effect of slightly reducing the SFP distribution to all school districts in the state during the fiscal year in which the transfer takes place.

Refunding Bonds

In previous years, the District issued refunding bonds to legally defease certain outstanding general obligation bonds. The net proceeds were deposited in an irrevocable trust account to provide future debt service payments on the refunded obligations. The refunded obligations represent a legal defeasance and are no longer a liability of the District; therefore, they are not included in the District's financial statements. At June 30, 2020, there were no defeased bonds outstanding.

The District has not defaulted on any principal or interest payments. There are a number of limitations and restrictions contained in the general obligation bond indentures. Management has indicated that the District is in compliance with all significant limitations and restrictions on June 30, 2020. A summary of bonds that are outstanding at year-end are as follows:

Description	Amounts Original Issue	Interest Rate Payable	Final Maturity	Beginning Balance	Additions	Payments	Balance Outstanding at Year-End	Amounts Due in One Year
Bonds:								
Unlimited Tax School Building Bonds Series 2009	\$ 1,035,000	4.95%	2024	\$ 430,000	\$ -	\$ 80,000	\$ 350,000	\$ 80,000
Unlimited Tax Refunding Bonds Series 2011	29,880,000	2.0% to 5.0%	2031	26,890,000	-	1,850,000	25,040,000	1,900,000
Unlimited Tax Refunding Bonds Series 2013	39,845,000	2.0% to 5.0%	2034	29,615,000	-	1,380,000	28,235,000	1,445,000
Unlimited Tax Refunding Bonds Series 2014	6,695,000	2.0% to 5.0%	2023	<u>1,940,000</u>	<u>-</u>	<u>650,000</u>	<u>1,290,000</u>	<u>670,000</u>
Totals				<u>\$ 58,875,000</u>	<u>\$ -</u>	<u>\$ 3,960,000</u>	<u>\$ 54,915,000</u>	<u>\$ 4,095,000</u>

All payments on the long-term liabilities are made by the General Fund, except for the bonds payable, which are being repaid directly from the Debt Service Fund. Claims liability will be liquidated through the District's Self-Insurance Internal Service Fund. The Self-Insurance Fund will finance the payment of those claims by charging the other funds based on management's assessment of the relative insurance risk that should be assumed by individual funds.

The annual debt service requirements for the bonds are as follows:

Year Ending June 30,	Governmental Activities		
	Principal	Interest	Total
2021	\$ 4,095,000	\$ 2,455,776	\$ 6,550,776
2022	3,860,000	2,291,866	6,151,866
2023	4,035,000	2,122,959	6,157,959
2024	3,540,000	1,944,478	5,484,478
2025	3,615,000	1,774,651	5,389,651
2026-2030	20,715,000	6,188,188	26,903,188
2031-2034	<u>15,055,000</u>	<u>1,338,023</u>	<u>16,393,023</u>
Totals	<u>\$ 54,915,000</u>	<u>\$ 18,115,941</u>	<u>\$ 73,030,941</u>

Maintenance Tax Notes

On November 28, 2017, the District issued \$11,500,000 Limited Maintenance Tax Qualified Energy Conservation Notes, Taxable Series 2017 (the Notes). The Notes were issued pursuant to the Constitution and general laws of the State of Texas, particularly Section 45.108 of the Texas Education Code, as amended, and the resolution adopted by the School Board of the District on, the date of sale of the Notes. The Notes are considered direct obligations of the District, payable from available funds of the District, including but not limited to the ad valorem taxes levied by the District for maintenance purposes, within the limitations of the District's maintenance tax authority.

The Notes have been designated as "qualified energy conservation bonds" (QECN) pursuant to Section 54D(a)(3) of the Internal Revenue Code of 1986, as amended. The Notes will be "qualified tax credit bonds" under Section 54A of the Code. The District has made an irrevocable election to treat the Notes as "specified tax credit bonds" pursuant to Section 6431(f)(3)(B) of the Code; as a result the District is eligible to receive a direct subsidy from the United States Department of the Treasury in an amount equal to the lesser of (1) 100% of the interest payable on the interest payment date or (2) 70% of the amount of interest which would have been payable under such Note if interest were determined at the applicable interest rate posted by the United States Department of the Treasury, Bureau of the Fiscal Service effective for the date of sale of the Notes. The applicable interest rate under (2) is posted at the Treasury Direct internet site <https://www.treasurydirect.gov/GA-SL/SLGS/selectQTCDDate.htm>. The subsidy is subject to reduction due to sequestration. The Subsidy Payments will be deposited directly on the District's behalf to the "Debt Subsidy Subaccount" and used to pay debt service. As a result of the District's designations and elections entitling it to the receipt of the Subsidy Payments, no owner of the Notes will be entitled to a tax credit as a result of its ownership of a Note.

The proceeds from the sale of the Notes will be used for the purpose of paying lawful maintenance expenses of the District, including the repair, rehabilitation, renovation, replacement, equipping and construction of various existing school facilities, including but not limited to, heating and air conditioning system improvements, and to pay costs of issuance.

A summary of maintenance tax notes that are outstanding at year-end are as follows:

Description	Interest Rate Payable	Amounts Original Issue	Amount Outstanding 7/1/2019	Additions	Retired	Amount Outstanding 6/30/2020	Amounts Due in One Year
Limited Maintenance Tax Qualified Energy QECN, Series 2017	3.762%	\$ 11,500,000	\$ 11,500,000	\$ -	\$ -	\$ 11,500,000	\$ -

The District makes annual payments to the escrow agent into a cumulative sinking fund until maturity. The required deposits/interest payments for the maintenance tax notes are as follows:

Year Ending June 30,	Governmental Activities		
	Principal	Interest	Total
2021	\$ -	\$ 432,630	\$ 432,630
2022	960,000	432,630	1,392,630
2023	960,000	432,630	1,392,630
2024	960,000	432,630	1,392,630
2025	960,000	432,630	1,392,630
2026-2030	4,795,000	2,163,150	6,958,150
2031-2033	2,865,000	1,081,575	3,946,575
Totals	\$ 11,500,000	\$ 5,407,875	\$ 16,907,875

The escrow agent will make the principal payment of \$11,500,000 when due on August 15, 2032 (fiscal year 2033).

Capital Leases Payable

On September 01, 2018, the District entered into a master lease/purchase agreement (the lease in the amount of \$1,403,446 with 4.85% incurred interest with Dell Financial Services, LLC (lessor) for the lease of information technology equipment. The agreement meets the definition of a capital lease for accounting purposes and is recorded at the present value of the future minimum lease payments at the date of inception. The agreement is payable over 3 years with annual payments of \$490,154 with a final maturity date of September 2020. The District acquired equipment totaling \$1,403,446, and since ownership of the equipment transfers to the District at the end of the lease term, it is included in capital assets in the amount of \$1,403,446 as property under capital lease. The related amortization is included in accumulated depreciation/amortization in the amount of \$194,923 in property under capital lease.

On August 05, 2018, the District entered into a master lease/purchase agreement (the lease) in the amount of \$286,108 with 4.438% incurred interest with CTWP Digital Solutions for the lease of information technology equipment. The lease meets the definition of a capital lease for accounting purposes and is recorded at the present value of the future minimum lease payments of \$286,108 at the date of inception. The agreement is payable from the District's General Fund over 3 years with monthly payments of \$8,503. The final maturity date is July 30, 2021. Ownership of the equipment transfers to the District at the end of the lease term; therefore, it is included in capital assets in the amount of \$286,108 as property under capital lease. At June 30, 2020 the related amortization is included as accumulated depreciation/amortization in the amount of \$95,369 in property under capital lease.

On December 1, 2016, the District entered into two master lease/purchase agreement (agreement) in the amount of \$158,263 and \$108,411 totaling \$266,674 with 6.83% incurred interest with Dell Financial Services, LLC (lessor) for the lease of information technology equipment. The agreement meets the definition of a capital lease for accounting purposes and is recorded at the present value of the future minimum lease payments at the date of inception. The agreement is payable from the District's General Fund over 5 years with annual payments of \$35,969 and \$24,638 with final maturity date of December 2020. The District acquired equipment totaling \$266,674, and since ownership of the equipment transfers to the District at the end of the lease term, it is included in capital assets in the amount of \$266,674 as property under capital lease. The related amortization is included in accumulated depreciation/amortization in the amount of \$53,335 in property under capital lease.

A summary of capital leases that are outstanding at year-end are as follows:

Description	Purpose	Interest	Final	Amounts	Amount			Amounts	Amounts
		Rate	Maturity	Original	Outstanding	Additions	Retired	Outstanding	Due in
		Payable		Issue	7/1/2019			6/30/2020	One Year
Dell Financial Services LLC	IT Equipment	4.85%	2021	\$ 1,403,446	\$ 913,292	\$ -	\$(445,827)	\$ 467,465	\$ 467,465
Dell Financial Services LLC	IT Equipment	6.83%	2021	266,674	109,834	-	(53,102)	56,732	56,731
CTWP	IT Equipment	4.44%	2022	286,108	202,685	-	(94,956)	107,729	99,257
Total Capital Leases Payable								<u>\$ 631,926</u>	<u>\$ 623,453</u>

The following is a schedule of the future minimum lease payments for the master lease/purchase agreements together with the present value of the net minimum lease payments at June 30, 2020.

Year Ending June 30,	Governmental Activities
2021	\$ 652,797
2022	8,503
Total minimum leases payable	661,300
Less: amounts representing interest	(29,374)
Present value of minimum lease payments	<u>\$ 631,926</u>

G. Risk Management

The District is exposed to various risks of loss related to torts; theft of damage to and destruction of assets; errors and omissions; and natural disasters of which the District carries commercial insurance. The District established a limited risk management program for workers' compensation in 1989. "Premiums" are paid into the Internal Service Fund by General and Other funds based on actuarial estimates which consider the available net resources. The "Premiums" and available net resources are used to pay claims, administrative costs of the program and to establish claim reserves.

During fiscal year 2020, a total of \$910,943 was incurred in benefits and operating costs. An excess coverage insurance policy covers individual claims in excess of \$450,000 up to a maximum limit of \$1,000,000 for any one event.

The District holds aggregate excess insurance as follows:

Aggregate retention rate:	259.35%
Estimated Manual Premium:	\$ 465,695
Minimum Aggregate retention:	1,207,780

Claims payable reported in the amount of \$1,204,071 was determined based on the requirements of GASB Statement No. 10 as amended by GASB Statement No. 30 which requires that a liability for claims be reported if information prior to the issuance of the financial statements and the amount if the loss can be reasonably estimated. The liability includes provisions for the following:

- Reserves on open claims on an individual case basis
- The expected ultimate value of future development on reported claims
- The expected ultimate value of claims yet to be reported
- The expected ultimate value of reopened claims
- The allocated loss adjustment expenses; and
- Net of projected recoveries from excess insurance, salvage, and subrogation.

The carrying amount of the liability is presented at an undiscounted rate.

There were no settlements in excess of insurance coverage in any of the prior three years.

A reconciliation of changes in the aggregate liabilities for worker's compensation claims for the three prior and the current year are presented below:

Fiscal Year	Beginning of Fiscal Year Liability	Current Year Claims and Change in Estimates	Claim Payments	Ending of Fiscal Year Liability
2017	\$ 684,299	\$ 869,597	\$(632,437)	\$ 921,459
2018	921,459	378,846	(630,270)	670,035
2019	670,035	468,591	(587,243)	551,383
2020	551,383	978,810	(326,122)	1,204,071

H. Defined Benefit Pension Plan

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

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

Pension Plan Fiduciary Net Position. Detailed information about the Teacher Retirement System's fiduciary net position is available in a separately issued Comprehensive Annual Financial Report that includes financial statements and required supplementary information. That report may be obtained at www.trs.texas.gov or by writing to TRS at 1000 Red River Street, Austin, TX, 78701-2698.

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

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

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

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

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

	Contribution Rates	
	2019	2020
Member	7.7%	7.7%
Non-employer contributing entity (State)	6.8%	7.5%
Employers	6.8%	7.5%
Current fiscal year employer contributions		\$ 2,935,968
Current fiscal year member contributions		5,826,639
2019 measurement year NECE on-behalf contributions		2,947,368

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

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

- On the portion of the member's salary that exceeds the statutory minimum for members entitled to the statutory minimum under Section 21.402 of the Texas Education Code.
- During a new member's first 90 days of employment.

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

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

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

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

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

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

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

Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all 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	FY19 Target Allocation ¹	Long-Term New Target Allocation ²	Long-Term Expected Geometric Real Rate of Return ³
Global Equity			
U.S.	18%	18%	6.40%
Non-U.S. Developed	13%	13%	6.30%
Emerging Markets	9%	9%	7.30%
Directional Hedge Funds	4%	-	-
Private Equity	13%	14%	8.40%
Stable Value			
U.S. Treasuries ⁴	11%	16%	3.10%
Stable Value Hedge Funds	4%	5%	4.50%
Absolute Return (Including Credit Sensitive Investments)	0%	0%	0%
Real Return			
Global Inflation Linked Bonds ⁴	3%	-	-
Real Estate	14%	15%	8.50%
Energy, Natural Resources, and Infrastructure	5%	6%	7.30%
Commodities	0%	0%	0%
Risk Parity			
Risk Parity	5%	8%	5.8%/6.5% ⁵
Leverage			
Cash	1%	2%	2.50%
Asset Allocation Leverage	-	-6%	2.70%
Expected Return	100%	100%	7.23%

¹ Target allocations are based on the Strategic Asset Allocation as of FY 2019

² New allocations are based on the Strategic Asset Allocation to be implemented FY 2020

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

⁴ New Target Allocation groups Government Bonds within the stable value allocation. This includes global sovereign nominal and inflation-linked bonds

⁵ 5.8% (6.5%) return expectation corresponds to Risk Parity with a 10% (12%) target volatility

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

	1% Decrease in Discount Rate (6.25%)	Discount Rate (7.25%)	1% Increase in Discount Rate (8.25%)
District's proportionate share of the net pension liability	\$ 66,937,256	\$ 43,546,473	\$ 24,595,425

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 \$43,546,473 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	\$	43,546,473
State's proportionate share that is associated with the District		<u>43,775,600</u>
Total	\$	<u><u>87,322,073</u></u>

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

At August 31, 2019 the employer's proportion of the collective net pension liability was 0.0837704011% which was an increase of 0.0036628420% from its proportion measured as of August 31, 2018.

Changes Since the Prior Actuarial Valuation.

- The single discount rate as of August 31, 2018 was a blended rate of 6.907 percent and that has changed to the long-term rate of return of 7.25 percent as of August 31, 2019.
- With the enactment of SB 3 by the 2019 Texas Legislature, an assumption has been made about how this would impact future salaries. It is assumed that eligible active members will each receive a \$2,700 increase in fiscal year 2020. This is in addition to the salary increase expected in the actuarial assumptions.
- The Texas legislature approved funding for a 13th check. All eligible members retired as of December 31, 2018 will receive an extra annuity check in September 2019 in either the matching amount of their monthly annuity payment or \$2,000, whichever is less.

For the year ended June 30, 2020, the District recognized pension expense of \$14,794,764 and revenue of \$6,876,530 for support provided by the State.

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ 182,934	\$ 1,512,003
Changes in actuarial assumptions	13,510,255	5,583,076
Difference between projected and actual investment earnings	437,257	-
Changes in proportion and difference between the employer's contributions and the proportionate share of contributions	3,173,805	1,690,919
Contributions paid to TRS subsequent to the measurement date	<u>2,486,255</u>	<u>-</u>
Total	<u><u>\$ 19,790,506</u></u>	<u><u>\$ 8,785,998</u></u>

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

<u>Year Ended June 30,</u>	<u>Pension Expense Amount</u>
2021	\$ 2,076,943
2022	1,589,197
2023	2,258,818
2024	2,192,329
2025	723,040
Thereafter	(322,074)

I. Defined Other Post-Employment Benefit Plans

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

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

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

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

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

	<u>TRS-Care Monthly for Retirees</u>	
	<u>Jan. 1 2019 thru Dec. 31 2019</u>	
	<u>Medicare</u>	<u>Non-Medicare</u>
Retiree*	\$ 135	\$ 200
Retiree and Spouse	529	689
Retiree* and Children	468	408
Retiree and Family	1,020	999
* or surviving spouse		

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

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

	Contributions Rates	
	2019	2020
Active employee	0.65%	0.65%
Non-Employer Contributing Entity (State)	1.25%	1.25%
Employers	0.75%	0.75%
Federal/Private Funding Remitted by Employers	1.25%	1.25%
Current fiscal year employer contributions		\$ 709,121
Current fiscal year member contributions		491,860
2020 measurement year NECE on-behalf contributions		972,311

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

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

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

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

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

Additional Actuarial Methods and Assumptions

Valuation Date	August 31, 2018 rolled forward to August 31, 2019
Actuarial Cost Method	Individual Entry Age Normal
Inflation	2.30%
Single Discount Rate	2.63% as of August 31, 2019
Aging Factors	Based on plan specific experience.
Expenses	Third-party administrative expenses related to the delivery of health care benefits are included in the age-adjusted claim costs.
Projected Salary Increases**	3.05% to 9.05%, including inflation
Healthcare Trend Rates	10.25% to 4.50%
Election Rates	Normal Retirement: 65% participation prior to age 65 and 50% after age 65. 25% of pre-65 retirees are assumed to discontinue coverage at age 65

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

- 2018 thresholds of \$850/\$2,292 were indexed annually by 2.30 percent.
- Premium data submitted was not adjusted for permissible exclusions to the Cadillac Tax.
- There were no special adjustments to the dollar limit other than those permissible for non-Medicare retirees over 55.

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

Discount Rate Sensitivity Analysis. The following schedule shows the impact of the Net OPEB Liability if the discount rate used was 1% less than and 1% greater than the discount rate that was used (2.63%) in measuring the Net OPEB Liability.

	1% Decrease in Discount Rate (1.63%)	Discount Rate (2.63%)	1% Increase in Discount Rate (3.63%)
Proportionate share of net OPEB liability	\$ 58,869,944	\$ 48,760,809	\$ 40,852,426

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 \$48,760,809 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	\$ 48,760,809
State's proportionate share that is associated with the District	64,792,210
Total	<u>\$ 113,553,019</u>

The Net OPEB Liability was measured as of August 31, 2018 and rolled forward to August 31, 2019 and the Total OPEB Liability used to calculate the Net OPEB Liability was determined by an actuarial valuation as of that date. The employer's proportion of the Net OPEB Liability was based on the employer's contributions to 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 employer's proportion of the collective Net OPEB Liability was 0.1031075227% which was an increase of 0.0020573150% from its proportion measured as of August 31, 2018.

Healthcare Cost Trend Rates Sensitivity Analysis. The following schedule shows the impact of the Net OPEB Liability if a healthcare trend rate that is 1% less than and 1% greater than the assumed 8.5% rate is used.

	1% Decrease in Healthcare Trend Rate (7.5%)	Current Single Healthcare Trend Rate (8.5%)	1% Increase in Healthcare Trend Rate (9.5%)
Proportionate share of net OPEB liability	\$ 39,777,359	\$ 48,760,809	\$ 60,794,511

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

- The discount rate changed from 3.69 percent as of August 31, 2018 to 2.63 percent as of August 31, 2019. This change increased the TOL.
- The health care trend rates were reset to better reflect the plan's anticipated experience. This change increased the TOL.
- The participation rate for pre-65 retirees was lowered from 70 percent to 65 percent. The participation rate for post-65 retirees was lowered from 75 percent to 50 percent. 25 percent of pre-65 retirees are assumed to discontinue their coverage at age 65. There was no lapse assumption in the prior valuation. These changes decreased the TOL.
- The percentage of retirees who are assumed to have two-person coverage was lowered from 20 percent to 15 percent. In addition, the participation assumption for the surviving spouses of employees that die while actively employed was lowered from 20 percent to 10 percent. These changes decreased the TOL.
- Change of Benefit Terms Since the Prior Measurement Date- 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 \$2,726,597 and revenue of \$1,707,657 for support provided by the State.

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ 2,392,132	\$ 7,979,190
Changes in actuarial assumptions	2,708,283	13,115,461
Differences between projected and actual investment earnings	5,261	-
Changes in proportion and difference between the employer's contributions and the proportionate share of contributions	1,138,157	2,123,575
Contributions paid to TRS subsequent to the measurement date	592,552	-
Total as of fiscal year-end	<u>\$ 6,836,385</u>	<u>\$ 23,218,226</u>

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

For the Year Ended June 30,	OPEB Expense
2021	\$(2,850,451)
2022	(2,850,451)
2023	(2,852,154)
2024	(2,853,128)
2025	(2,852,861)
Thereafter	(2,715,348)

J. Health Care Coverage

As of January 1, 2017, the District implemented a fully insured employee health and life insurance care plan. Under the fully insured health care plan during the year ended June 30, 2020, the District contributed a range of \$375 per month for each employee to the plan of which \$1.35 was for life insurance. Employees, at their option, authorize payroll deductions to pay for health insurance premiums for dependents. Total District contributions towards premiums for health care coverage for the fully insured plan during the year were \$5,883,849.

In previous years, the District established the Health Claims Self-insurance fund, an internal service fund to account for and finance its uninsured risk of loss from health claims of District employees, their spouses and dependents. Under the program, the District provided coverage for up to a maximum of \$200,000 per claim. The District purchased stop-loss coverage to provide a maximum limit of \$1,000,000. During fiscal year 2020, a total of \$92,584 was incurred in benefits and operating costs. The provision for unpaid self-insurance losses is included as claims payable of the internal service fund. The liability is based upon claim experience and the projected time lag in settling such claims and actual claims paid after year end. In prior years, the District contributed to the health insurance fund a payment of \$320 per month per covered employee. Under the plan the employee could elect coverage under different plan options and could elect coverage for dependents which result in the collection of employee payroll deductions to cover the excess cost of the selected options and dependent care coverage.

All funds of the District ceased participation in the program as of December 31, 2016. Therefore, only available net resources were used to pay claims, administrative costs of the program during the fiscal year ended June 30, 2020.

Claims payable was determined based on the requirements of GASB Statement No. 10 as amended by GASB Statement No. 30 which requires that a liability for claims be reported if information prior to the issuance of the financial statements and the amount of the loss can be reasonably estimated.

A reconciliation of change in the aggregate liabilities for the health insurance fund for the last 3 years is presented below:

<u>Fiscal Year</u>	<u>Beginning of Fiscal Year Liability</u>	<u>Current Year Claims and Change in Estimates</u>	<u>Claim Payments</u>	<u>Ending of Fiscal Year Liability</u>
2018	\$ 53,948	\$ (37,046)	\$ (16,902)	\$ -
2019	-	-	-	-
2020	-	-	-	-

K. Medicare Part D – On-behalf Payments

Federal legislation enacted in January 2006 established prescription drug coverage for Medicare beneficiaries known as Medicare Part D. One provision of the law allows TRS-Care to receive retiree drug subsidy payments from the federal government to offset certain prescription drug expenditures for eligible participants. These payments totaled \$324,869, \$296,392, and \$242,769 for fiscal years 2020, 2019, and 2018, respectively. Revenue and expenditures equal to the amount paid by the federal government were recognized during the fiscal year.

L. Commitments and Contingencies

Litigation

The District is the defendant in a number of lawsuits arising principally in the normal course of operations. In the opinion of management, the outcome of these lawsuits will not have a material adverse effect on the accompanying combined financial statements and accordingly, no provision for losses has been recorded.

Grant Programs

The District participates in numerous state and federal 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 collectability of any related receivable at June 30, 2020, may be impaired. In the opinion of the District, there are no significant contingent liabilities relating to compliance with the rules and regulations governing the respective grants; therefore, no provision has been recorded in the accompanying financial statements for such contingencies.

Construction Commitments

An encumbrance system of accounting is maintained to account for commitments from approved purchase orders and contracts. The end-of-year construction contract commitments for the District were \$1,092,603.

M. New Accounting Standards

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

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

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

N. Prior Period Adjustments

The District had recorded unearned revenue for an EFA payment that came in several fiscal years ago. The District was concerned that the money would eventually have to be given back to the Texas Education Agency. Due to the concern, they put the balance of that revenue in unearned revenue. In FY 20, it was apparent that the money was the District's and therefore, an addition to fund balance in the debt service fund of \$904,840 was made. The District also had understated the balance of claims and estimated claims payable in the Worker's Compensation Internal Service Fund. The effect of correcting that was to decrease net position in the internal service fund by \$426,484. In FY 2019, the District switched from an August 31 year-end to a June 30 year-end. In FY 19, the District recognized 12 months of depreciation instead of 10 months. The effect of correcting that was an increase to net position of \$945,885.

REQUIRED SUPPLEMENTARY INFORMATION

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EDGEWOOD INDEPENDENT SCHOOL DISTRICT

EXHIBIT G-1

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	Variance with Final Budget Positive (Negative)
		Original	Final		
REVENUES					
5700	Local and intermediate sources	\$ 18,072,452	\$ 18,094,152	\$ 18,747,604	\$ 653,452
5800	State programs	77,893,401	77,893,401	77,639,355	(254,046)
5900	Federal programs	12,456,791	12,456,791	12,076,373	(380,418)
5020	Total revenues	108,422,644	108,444,344	108,463,332	18,988
EXPENDITURES					
Current:					
0011	Instruction	51,858,158	58,427,915	54,668,356	3,759,559
0012	Instructional resources and media sources	1,359,681	1,145,033	1,005,605	139,428
0013	Curriculum and staff development	2,858,729	2,085,264	1,852,771	232,493
0021	Instructional leadership	2,919,075	3,023,068	2,832,628	190,440
0023	School leadership	6,769,088	6,693,364	6,463,237	230,127
0031	Guidance, counseling, and evaluation services	4,266,286	4,220,986	4,049,152	171,834
0032	Social work services	1,240,628	1,142,468	1,045,945	96,523
0033	Health services	1,438,628	1,361,372	1,168,955	192,417
0034	Student transportation	2,118,846	2,004,650	1,909,917	94,733
0035	Food service	8,539,543	8,824,543	7,474,180	1,350,363
0036	Extracurricular activities	3,171,000	2,781,841	2,491,814	290,027
0041	General administration	4,152,580	5,116,777	4,429,522	687,255
0051	Facilities maintenance and operations	11,086,499	12,481,644	11,388,148	1,093,496
0052	Security and monitoring services	2,091,668	2,242,378	2,071,170	171,208
0053	Data processing services	3,031,725	3,264,911	2,847,127	417,784
0061	Community services	194,500	264,192	171,083	93,109
Debt service:					
0071	Principal on long-term debt	148,058	148,058	148,058	-
0072	Interest on long-term debt	447,238	447,238	447,215	23
0073	Other debt service fees	370	2,370	663	1,707
0081	Capital outlay	1,200,000	4,032,950	2,641,476	1,391,474
Intergovernmental:					
0095	Payments to Juvenile Justice Alternative	5,000	10,000	9,917	83
0099	Other governmental charges	125,000	131,547	126,785	4,762
6030	Total expenditures	109,022,300	119,852,569	109,243,724	10,608,845
1100	EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(599,656)	(11,408,225)	(780,392)	10,627,833
OTHER FINANCING SOURCES (USES)					
7912	Sale of real or personal property	-	-	23,150	23,150
7919	Extraordinary item	599,656	599,656	586,205	(13,451)
7080	Total other financing sources (uses)	599,656	599,656	609,355	9,699
1200	NET CHANGE IN FUND BALANCES	-	(10,808,569)	(171,037)	10,637,532
0100	FUND BALANCES, BEGINNING	50,063,797	50,063,797	50,063,797	-
3000	FUND BALANCES, ENDING	\$ 50,063,797	\$ 39,255,228	\$ 49,892,760	\$ 10,637,532

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EDGEWOOD INDEPENDENT SCHOOL DISTRICT

NOTES TO BUDGETARY INFORMATION

The Board adopts an "appropriated budget" on a basis consistent with GAAP for the General Fund, Debt Service Fund and the Child Nutrition Program (which is included in the General Fund). The budget for the Debt Service Fund is adopted by the fund type as a whole rather than for each individual debt service fund. The District is required to present the adopted and final amended budgeted revenues and expenditures for each of these funds. The budgets are prepared using the modified accrual basis of accounting.

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

- Prior to June 20th, 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.
- A meeting of the Board is then called for the purpose of adopting the proposed budget. At least ten days but not more than thirty days public notice of the meeting is required.
- Prior to July 1st, 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; 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.

Each budget is controlled by the Superintendent at the revenue and expenditure functional and object level. Budgeted amounts are amended by the Board. All budget appropriations lapse at year end.

EDGEWOOD 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 period August 31,	<u>2019</u>	<u>2018</u>
District's proportion of the net pension liability (asset)	0.0837704%	0.0801076%
District's proportionate share of the net pension liability (asset)	\$ 43,546,473	\$ 44,093,145
State's proportionate share of the net pension liability (asset) associated with the District	<u>43,775,600</u>	<u>54,587,763</u>
Total	\$ <u>87,322,073</u>	\$ <u>98,680,908</u>
District's covered-employee payroll	\$ 74,896,335	\$ 76,562,335
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	58.14%	57.59%
Plan fiduciary net position as a percentage of the total pension liability	75.24%	73.74%

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."

<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
0.0862172%	0.0841233%	0.0883554%	6.6557900%
\$ 27,567,629	\$ 31,788,942	\$ 31,232,458	\$ 17,778,536
<u>33,093,082</u>	<u>41,099,516</u>	<u>39,562,339</u>	<u>33,597,581</u>
\$ <u>60,660,711</u>	\$ <u>72,888,458</u>	\$ <u>70,794,797</u>	\$ <u>51,376,117</u>
\$ 77,589,381	\$ 77,565,307	\$ 73,234,062	\$ 70,939,043
35.53%	40.98%	42.65%	25.06%
82.17%	78.00%	78.43%	83.25%

EDGEWOOD INDEPENDENT SCHOOL DISTRICT**SCHEDULE OF DISTRICT'S CONTRIBUTIONS FOR PENSIONS
TEACHER RETIREMENT SYSTEM OF TEXAS**

FOR THE YEAR ENDED JUNE 30, 2020

Fiscal year ended June 30,	<u>2020</u>	<u>2019</u>
Contractually required contribution	\$ 2,935,968	\$ 2,353,711
Contributions in relation to the contractually required contribution	(2,935,968)	(2,480,149)
Contribution deficiency (excess)	\$ -	\$ (126,438)
District's covered-employee payroll	\$ 75,678,907	\$ 62,152,722
Contribution as a percentage of covered-employee payroll	3.88%	3.79%

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."

<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
\$ 2,858,550	\$ 2,809,709	\$ 2,650,371	\$ 2,595,027
(2,699,328)	(2,809,709)	(2,650,371)	(2,595,027)
\$ <u>159,222</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>
\$ 76,562,335	\$ 77,589,381	\$ 75,565,307	\$ 73,234,062
3.73%	3.62%	3.51%	3.54%

EDGEWOOD INDEPENDENT SCHOOL DISTRICT**EXHIBIT G-4**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 period August 31,	<u>2019</u>	<u>2018</u>	<u>2017</u>
District's proportion of the net OPEB liability (asset)	0.1031075227%	0.1010502080%	0.1054691000%
District's proportionate share of the net OPEB liability (asset)	\$ 48,760,809	\$ 50,455,294	\$ 45,864,553
State's proportionate share of the net OPEB liability (asset) associated with the District	<u>64,792,210</u>	<u>61,111,866</u>	<u>54,963,792</u>
Total	<u>\$ 113,553,019</u>	<u>\$ 111,567,160</u>	<u>\$ 100,828,345</u>
District's covered-employee payroll	\$ 74,896,335	\$ 76,562,335	\$ 77,589,381
District's proportionate share of the net OPEB liability (asset) as a percentage of its covered-employee payroll	65.10%	65.90%	59.11%
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."

EDGEWOOD INDEPENDENT SCHOOL DISTRICT**EXHIBIT G-5****SCHEDULE OF DISTRICT'S CONTRIBUTIONS FOR OTHER
POSTEMPLOYMENT BENEFITS (OPEB)****TEACHER RETIREMENT SYSTEM OF TEXAS****FOR THE YEAR ENDED JUNE 30, 2020**

Fiscal year ended June 30,	<u>2020</u>	<u>2019</u>	<u>2018</u>
Contractually required contribution	\$ 709,121	\$ 591,043	\$ 748,742
Contributions in relation to the contractually required contribution	(709,121)	(591,043)	(748,742)
Contribution deficiency (excess)	\$ -	\$ -	\$ -
District's covered-employee payroll	\$ 75,678,907	\$ 62,152,722	\$ 76,562,335
Contribution as a percentage of covered-employee payroll	0.94%	0.95%	0.97%

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."

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COMBINING STATEMENTS

EDGEWOOD INDEPENDENT SCHOOL DISTRICT

COMBINING BALANCE SHEET

NONMAJOR GOVERNMENTAL FUNDS

JUNE 30, 2020

	Special Revenue Funds			
	205	206	212	224
	Head Start	TX Education for Homeless (TECHY)	Title I, C Migrant Education	IDEA - Part B Formula
ASSETS				
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -
Due from other governments	445,106	7,571	18,765	452,480
Other receivables	<u>500</u>	<u>-</u>	<u>-</u>	<u>1,000</u>
Total assets	<u>445,606</u>	<u>7,571</u>	<u>18,765</u>	<u>453,480</u>
LIABILITIES				
Accounts payable	7,791	-	-	-
Accrued wages payable	1,802	2,954	4,998	178,999
Due to other funds	436,013	4,553	13,409	247,179
Accrued expenditures	-	64	358	27,302
Unearned revenue	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities	<u>445,606</u>	<u>7,571</u>	<u>18,765</u>	<u>453,480</u>
FUND BALANCES				
Restricted for:				
Federal and state programs	-	-	-	-
Other restricted fund balance	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total fund balances	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities and fund balances	\$ <u>445,606</u>	\$ <u>7,571</u>	\$ <u>18,765</u>	\$ <u>453,480</u>

Special Revenue Funds						
225	226	242	244	255	263	274
IDEA - Part B Preschool	IDEA - Part B Discretionary	Summer Feeding Program	Carl D. Perkins Basic Formula Grant	Title II, A Supporting Eff. Inst.	Title III, A English Lang. Acquisition	GEARUP- to School Districts
\$ 6,565	\$ 21,999	\$ 5,596	\$ -	\$ -	\$ -	\$ -
16,649	-	-	22,320	87,392	27,334	110,805
-	-	-	-	-	-	-
<u>23,214</u>	<u>21,999</u>	<u>5,596</u>	<u>22,320</u>	<u>87,392</u>	<u>27,334</u>	<u>110,805</u>
-	-	-	-	-	-	-
3,096	-	-	-	1,367	5,433	-
19,030	-	-	22,320	86,025	21,185	110,805
1,088	-	-	-	-	716	-
-	21,999	-	-	-	-	-
<u>23,214</u>	<u>21,999</u>	<u>-</u>	<u>22,320</u>	<u>87,392</u>	<u>27,334</u>	<u>110,805</u>
-	-	5,596	-	-	-	-
-	-	-	-	-	-	-
<u>-</u>	<u>-</u>	<u>5,596</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
\$ <u>23,214</u>	\$ <u>21,999</u>	\$ <u>5,596</u>	\$ <u>22,320</u>	\$ <u>87,392</u>	\$ <u>27,334</u>	\$ <u>110,805</u>

EDGEWOOD INDEPENDENT SCHOOL DISTRICT

COMBINING BALANCE SHEET

NONMAJOR GOVERNMENTAL FUNDS

JUNE 30, 2020

	Special Revenue Funds			
	276	289	397	410
	Title I School Improvement Program	Other Federal Special Revenue Funds	Advanced Placement Incentives	State Instructional Materials
ASSETS				
Cash and cash equivalents	\$ -	\$ -	\$ 6,193	\$ -
Due from other governments	33,869	72,029	-	656,218
Other receivables	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total assets	<u>33,869</u>	<u>72,029</u>	<u>6,193</u>	<u>656,218</u>
LIABILITIES				
Accounts payable	-	-	-	-
Accrued wages payable	-	1,728	-	-
Due to other funds	33,869	69,104	-	616,542
Accrued expenditures	-	-	-	-
Unearned revenue	<u>-</u>	<u>1,197</u>	<u>6,193</u>	<u>39,676</u>
Total liabilities	<u>33,869</u>	<u>72,029</u>	<u>6,193</u>	<u>656,218</u>
FUND BALANCES				
Restricted for:				
Federal and state programs	-	-	-	-
Other restricted fund balance	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total fund balances	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities and fund balances	\$ <u>33,869</u>	\$ <u>72,029</u>	\$ <u>6,193</u>	\$ <u>656,218</u>

Special Revenue Funds			
429 Other State Special Awards	498 Special Ed 18+	499 Other Local Special Revenue Funds	Total Nonmajor Governmental
\$ -	\$ 22,110	\$ 229,332	\$ 291,795
36,552	-	-	1,987,090
-	-	144	1,644
<u>36,552</u>	<u>22,110</u>	<u>229,476</u>	<u>2,280,529</u>
11,282	-	8,523	27,596
-	-	9,653	210,030
25,270	-	678	1,705,982
-	-	-	29,528
-	<u>22,110</u>	<u>163,500</u>	<u>254,675</u>
<u>36,552</u>	<u>22,110</u>	<u>182,354</u>	<u>2,227,811</u>
-	-	-	5,596
-	-	<u>47,122</u>	<u>47,122</u>
-	-	<u>47,122</u>	<u>52,718</u>
\$ <u>36,552</u>	\$ <u>22,110</u>	\$ <u>229,476</u>	\$ <u>2,280,529</u>

EDGEWOOD INDEPENDENT SCHOOL DISTRICT

COMBINING STATEMENTS OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES

NONMAJOR GOVERNMENTAL FUNDS

FOR THE YEAR ENDED JUNE 30, 2020

Data Control Codes		Special Revenue Funds			
		205	206	212	224
		Head Start	TX Education for Homeless (TECHY)	Title I, C Migrant Education	IDEA - Part B Formula
REVENUES					
5700	Local and intermediate sources	\$ -	\$ -	\$ -	\$ -
5800	State programs	-	-	-	-
5900	Federal programs	<u>4,175,809</u>	<u>65,250</u>	<u>60,097</u>	<u>1,688,938</u>
5020	Total revenues	<u>4,175,809</u>	<u>65,250</u>	<u>60,097</u>	<u>1,688,938</u>
EXPENDITURES					
	Current:				
0011	Instruction	3,027,852	43,311	1,787	1,336,527
0013	Curriculum and staff development	16,195	-	-	253,860
0021	Instructional leadership	-	21,939	58,310	1,583
0023	School Leadership	647,042	-	-	-
	Guidance, counseling				
0031	and evaluation services	-	-	-	8,714
0032	Social work services	-	-	-	-
0033	Health services	85,829	-	-	-
0034	Student transportation	83,841	-	-	-
0035	Food service	28,670	-	-	-
0036	Extracurricular activities	-	-	-	-
0041	General administration	23,629	-	-	-
0051	Facilities maintenance and operations	255,007	-	-	-
0052	Securities and monitoring services	-	-	-	-
0053	Data processing services	-	-	-	-
0061	Community services	-	-	-	88,254
	Debt Service:				
0071	Principal on Long-Term Debt	-	-	-	-
0072	Interest on Long-Term Debt	-	-	-	-
	Capital Outlay:				
0081	Facilities Acquisition and Construction	<u>7,744</u>	<u>-</u>	<u>-</u>	<u>-</u>
6030	Total expenditures	<u>4,175,809</u>	<u>65,250</u>	<u>60,097</u>	<u>1,688,938</u>
1100	EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	-	-	-	-
1200	NET CHANGE IN FUND BALANCES	-	-	-	-
0100	FUND BALANCES, BEGINNING	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
3000	FUND BALANCES, ENDING	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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EDGEWOOD INDEPENDENT SCHOOL DISTRICT

COMBINING STATEMENTS OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES

NONMAJOR GOVERNMENTAL FUNDS

FOR THE YEAR ENDED JUNE 30, 2020

	Special Revenue Funds			
	276	289	397	410
	Title I School	Other Federal	Advanced	State
	Improvement	Special	Placement	Instructional
	Program	Revenue Funds	Incentives	Materials
REVENUES				
Local and intermediate sources	\$ -	\$ -	\$ -	\$ -
State programs	-	-	-	2,217,262
Federal programs	482,177	296,788	-	-
Total revenues	482,177	296,788	-	2,217,262
EXPENDITURES				
Current:				
Instruction	293,401	15,245	-	1,554,685
Curriculum and staff development	82,099	232,090	-	172,424
Instructional leadership	99,844	16,750	-	-
School Leadership	6,833	19,400	-	-
Guidance, counseling and evaluation services	-	12,745	-	-
Social work services	-	-	-	-
Health services	-	-	-	-
Student transportation	-	-	-	-
Food service	-	-	-	-
Extracurricular activities	-	-	-	-
General administration	-	-	-	-
Facilities maintenance and operations	-	-	-	-
Securities and monitoring services	-	558	-	-
Data processing services	-	-	-	-
Community services	-	-	-	-
Debt Service:				
Principal on Long-Term Debt	-	-	-	445,827
Interest on Long-Term Debt	-	-	-	44,326
Capital Outlay:				
Facilities Acquisition and Construction	-	-	-	-
Total expenditures	482,177	296,788	-	2,217,262
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	-	-	-	-
NET CHANGE IN FUND BALANCES	-	-	-	-
FUND BALANCES, BEGINNING	-	-	-	-
FUND BALANCES, ENDING	\$ -	\$ -	\$ -	\$ -

Special Revenue Funds			
429 Other State Special Awards	498 Special Ed 18+	499 Other Local Special Revenue Funds	Total Nonmajor Governmental Funds
\$ -	\$ 4,928	\$ 74,208	\$ 79,136
101,474	-	-	2,318,736
-	-	-	7,856,411
<u>101,474</u>	<u>4,928</u>	<u>74,208</u>	<u>10,254,283</u>
-	4,928	28,715	6,489,553
281	-	-	1,637,815
98,451	-	-	320,261
2,742	-	-	676,017
-	-	-	21,459
-	-	-	-
-	-	-	85,829
-	-	-	83,841
-	-	-	28,670
-	-	1,727	1,727
-	-	-	23,629
-	-	-	255,007
-	-	-	558
-	-	70	70
-	-	43,696	131,950
-	-	-	445,827
-	-	-	44,326
-	-	-	7,744
<u>101,474</u>	<u>4,928</u>	<u>74,208</u>	<u>10,254,283</u>
-	-	-	-
-	-	-	-
-	-	47,122	52,718
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 47,122</u>	<u>\$ 52,718</u>

EDGEWOOD INDEPENDENT SCHOOL DISTRICT

EXHIBIT H-3

COMBINING STATEMENT OF NET POSITION

INTERNAL SERVICES FUNDS

JUNE 30, 2020

	750 Health Claims Fund	752 Print Shop	753 Workers Compensation Fund	Total Internal Service Funds
ASSETS				
Current assets:				
Cash and cash equivalents	\$ 1,094,117	\$ 38,829	\$ 5,576,132	\$ 6,709,078
Other receivables	-	-	251	251
Total current assets	<u>1,094,117</u>	<u>38,829</u>	<u>5,576,383</u>	<u>6,709,329</u>
Noncurrent assets:				
Capital assets:				
Furniture and Equipment	-	71,977	-	71,977
Depreciation	-	(71,977)	-	(71,977)
Total noncurrent assets	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total assets	<u>1,094,117</u>	<u>38,829</u>	<u>5,576,383</u>	<u>6,709,329</u>
LIABILITIES				
Current liabilities:				
Short-term debt payable	-	-	167,528	167,528
Due to other funds	-	-	169	169
Accrued Expenses	-	-	170	170
Total current liabilities	<u>-</u>	<u>-</u>	<u>167,867</u>	<u>167,867</u>
Noncurrent liabilities:				
Other long-term debt - due in more than one year	-	-	1,036,543	1,036,543
Total noncurrent liabilities	<u>-</u>	<u>-</u>	<u>1,036,543</u>	<u>1,036,543</u>
Total liabilities	<u>-</u>	<u>-</u>	<u>1,204,410</u>	<u>1,204,410</u>
NET POSITION				
Unrestricted net position	<u>1,094,117</u>	<u>38,829</u>	<u>4,371,973</u>	<u>5,504,919</u>
Total net position	<u>\$ 1,094,117</u>	<u>\$ 38,829</u>	<u>\$ 4,371,973</u>	<u>\$ 5,504,919</u>

EDGEWOOD INDEPENDENT SCHOOL DISTRICT

EXHIBIT H-4

COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

INTERNAL SERVICE FUNDS

FOR THE YEAR ENDED JUNE 30, 2020

	750 Health Claims Fund	752 Print Shop	753 Workers Compensation Fund	Total Internal Service Funds
OPERATING REVENUES				
Local and intermediate sources	\$ -	\$ 112,088	\$ 1,795,659	\$ 1,907,747
Total operating revenues	<u>-</u>	<u>112,088</u>	<u>1,795,659</u>	<u>1,907,747</u>
OPERATING EXPENSES				
Payroll costs	-	53,849	60,232	114,081
Professional and contracted services	398	6,252	824,484	831,134
Supplies and materials	-	24,036	-	24,036
Other operating costs	3,741	-	-	3,741
Depreciation expense	<u>-</u>	<u>10,843</u>	<u>-</u>	<u>10,843</u>
Total operating expenses	<u>4,139</u>	<u>94,980</u>	<u>884,716</u>	<u>983,835</u>
Operating income (loss)	<u>(4,139)</u>	<u>17,108</u>	<u>910,943</u>	<u>923,912</u>
NONOPERATING REVENUES (EXPENSES)				
Earnings from temporary deposits and investments	\$ -	\$ -	\$ 34,065	\$ 34,065
Total nonoperating revenues (expenses)	<u>-</u>	<u>-</u>	<u>34,065</u>	<u>34,065</u>
Change in net position	<u>(4,139)</u>	<u>17,108</u>	<u>945,008</u>	<u>957,977</u>
NET POSITION, BEGINNING	<u>1,098,256</u>	<u>21,721</u>	<u>3,853,449</u>	<u>4,973,426</u>
PRIOR PERIOD ADJUSTMENT	<u>-</u>	<u>-</u>	<u>(426,484)</u>	<u>(426,484)</u>
NET POSITION, ENDING	<u>\$ 1,094,117</u>	<u>\$ 38,829</u>	<u>\$ 4,371,973</u>	<u>\$ 5,504,919</u>

EDGEWOOD INDEPENDENT SCHOOL DISTRICT

EXHIBIT H-5

COMBINING STATEMENT OF CASH FLOWS

INTERNAL SERVICE FUNDS

FOR THE YEAR ENDED JUNE 30, 2020

	750 Health Claims Fund	752 Print Shop	753 Workers Compensation Fund	Total Internal Service Funds
CASH FLOWS FROM OPERATING ACTIVITIES				
Cash received from user charges	\$ -	\$ 112,088	\$ -	\$ 112,088
Cash received from assessments - other funds	-	-	1,795,659	1,795,659
Cash payments to employees for services	-	(53,849)	(60,232)	(114,081)
Cash payments for insurance claims	(3,741)	-	223,593	219,852
Cash payments for suppliers	(398)	(31,589)	(824,484)	(856,471)
Net cash provided (used) by operating activities	(4,139)	26,650	1,134,536	1,157,047
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest and dividends on investments	-	-	34,065	34,065
Net cash provided (used) by investing activities	-	-	34,065	34,065
NET DECREASE IN CASH AND CASH EQUIVALENTS	(4,139)	26,650	1,168,601	1,191,112
CASH AND CASH EQUIVALENTS, BEGINNING	<u>1,098,256</u>	<u>12,179</u>	<u>4,407,531</u>	<u>5,517,966</u>
CASH AND CASH EQUIVALENTS, ENDING	<u>1,094,117</u>	<u>38,829</u>	<u>5,576,132</u>	<u>6,709,078</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH USED BY OPERATING ACTIVITIES				
Operating income (Loss):	(4,139)	17,108	484,459	497,428
Adjustments to reconcile operating income to net cash provided by operating activities:				
Depreciation	-	10,843	-	10,843
Effects of increases and decreases in assets and liabilities:				
Increase (decrease) in receivables	-	-	(251)	(251)
Increase (decrease) in accounts payable	-	(1,301)	(2,621)	(3,922)
Increase (decrease) in accrued expenses	-	-	170	170
Increase (decrease) in interfund charges	-	-	91	91
Increase (decrease) in long term debt	-	-	652,688	652,688
Net cash used by operating activities	<u>\$(4,139)</u>	<u>\$ 26,650</u>	<u>\$ 1,134,536</u>	<u>\$ 1,157,047</u>

REQUIRED TEA SCHEDULES

EDGEWOOD INDEPENDENT SCHOOL DISTRICT

SCHEDULE OF DELINQUENT TAX RECEIVABLE

FOR THE YEAR ENDED JUNE 30, 2020

Last Ten Years Ended June 30,	1	2	3	10
	Tax Rates		Net Assessed/ Appraised Value for School Tax Purpose	Beginning Balance 07/01/19
	Maintenance	Debt Service		
2011 and prior years	various	various	various	\$ 825,170
2012	1.170000	0.237400	\$ 894,499,077	113,771
2013	1.170000	0.228000	900,338,255	134,547
2014	1.170000	0.212600	925,702,790	138,726
2015	1.170000	0.192700	954,526,799	156,195
2016	1.170000	0.185900	1,009,283,222	159,602
2017	1.170000	0.185900	1,089,862,746	216,399
2018	1.170000	0.215178	1,212,655,598	447,126
2019	1.170000	0.207242	1,334,459,018	1,700,550
2020 (School year under audit)	1.068350	0.229920	1,481,995,319	-
1000 Totals				<u>\$ 3,892,086</u>

20	31	32	40	50
Current Year's Total Levy	Maintenance Total Collections	Debt Service Total Collections	Entire Year's Adjustments	Ending Balance 06/30/20
\$ -	\$ 32,960	\$ 6,287	\$ (53,884)	\$ 732,039
-	9,873	1,883	(244)	101,771
-	9,714	1,971	(228)	122,634
-	8,457	1,648	(219)	128,402
-	11,097	2,016	121	143,203
-	13,824	2,277	(2,819)	140,682
-	18,481	2,936	(15,734)	179,248
-	103,589	16,459	(68,812)	258,266
-	854,268	157,111	(120,968)	568,203
<u>19,775,211</u>	<u>15,248,951</u>	<u>2,701,045</u>	<u>(141,026)</u>	<u>1,684,189</u>
\$ <u>19,775,211</u>	\$ <u>16,311,214</u>	\$ <u>2,893,633</u>	\$ <u>(403,813)</u>	\$ <u>4,058,637</u>

EDGEWOOD INDEPENDENT SCHOOL DISTRICT

EXHIBIT J-4

**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	Variance with Final Budget
		Original	Final		Positive (Negative)
REVENUES					
5700	Local and intermediate sources	\$ 324,000	\$ 324,000	\$ 206,775	\$(117,225)
5800	State programs	42,321	42,321	36,130	(6,191)
5900	Federal programs	8,560,488	8,560,488	7,424,947	(1,135,541)
5020	Total revenues	8,926,809	8,926,809	7,667,852	(1,258,957)
EXPENDITURES					
	Current:				
0035	Food service	8,539,543	8,749,543	7,409,603	1,339,940
0051	Facilities maintenance and operations	387,266	387,266	291,452	95,814
6030	Total expenditures	8,926,809	9,136,809	7,701,055	1,435,754
1200	NET CHANGE IN FUND BALANCES	-	(210,000)	(33,203)	(2,694,711)
0100	FUND BALANCES, BEGINNING	2,968,938	2,968,938	2,968,938	-
3000	FUND BALANCES, ENDING	\$ 2,968,938	\$ 2,758,938	\$ 2,935,735	\$ 176,797

EDGEWOOD INDEPENDENT SCHOOL DISTRICT

EXHIBIT J-5

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	Variance with Final Budget Positive (Negative)
		Original	Final		
REVENUES					
5700	Local and intermediate sources	\$ 3,366,414	\$ 3,366,414	\$ 3,570,229	\$ 203,815
5800	State programs	<u>3,190,461</u>	<u>3,190,461</u>	<u>3,245,814</u>	<u>55,353</u>
5020	Total revenues	<u>6,556,875</u>	<u>6,556,875</u>	<u>6,816,043</u>	<u>259,168</u>
EXPENDITURES					
	Debt service:				
0071	Principal on long-term debt	3,960,000	3,960,000	3,960,000	-
0072	Interest on long-term debt	2,594,874	2,594,874	2,594,874	-
0073	Payment to bond refunding escrow	<u>2,001</u>	<u>2,001</u>	<u>900</u>	<u>1,101</u>
6030	Total expenditures	<u>6,556,875</u>	<u>6,556,875</u>	<u>6,555,774</u>	<u>1,101</u>
1200	NET CHANGE IN FUND BALANCES	-	-	260,269	258,067
0100	FUND BALANCES, BEGINNING	<u>5,826,521</u>	<u>5,826,521</u>	<u>5,826,521</u>	<u>-</u>
1300	PRIOR PERIOD ADJUSTMENTS	<u>904,840</u>	<u>904,840</u>	<u>904,840</u>	<u>-</u>
3000	FUND BALANCES, ENDING	\$ <u>6,731,361</u>	\$ <u>6,731,361</u>	\$ <u>6,991,630</u>	\$ <u>258,067</u>

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FEDERAL AWARDS SECTION

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

Board of Trustees
Edgewood Independent School District
San Antonio, Texas

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Edgewood Independent School District, as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the Edgewood Independent School District's basic financial statements, and have issued our report thereon dated January 19, 2021.

Internal Control Over Financial Reporting

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

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

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

OFFICE LOCATIONS

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

Compliance and Other Matters

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

Purpose of this Report

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

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

Waco, Texas
January 19, 2021



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

Board of Trustees
Edgewood Independent School District
San Antonio, Texas

Report on Compliance for Each Major Federal Program

We have audited Edgewood Independent School District's compliance with the types of compliance requirements described in the *Office of Management and Budget (OMB) Compliance Supplement* that could have a direct and material effect on each of the Edgewood Independent School District's major federal programs for the year ended June 30, 2020. Edgewood 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

Edgewood Independent School District's management is responsible for compliance with federal statutes, regulations, and terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

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

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

OFFICE LOCATIONS

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

Opinion on Each Major Federal Program

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

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

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

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

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

Waco, Texas
January 19, 2021

EDGEWOOD INDEPENDENT SCHOOL DISTRICT

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

FOR THE YEAR ENDED JUNE 30, 2020

(1) Federal Grantor/ Pass-through Grantor/ Grantor/Program Title	(2) Federal CFDA Number	(2A) Pass-through Entity Identifying Number	(3) Federal Expenditures
<u>U. S. DEPARTMENT OF AGRICULTURE</u>			
Passed through the Texas Department of Agriculture: School Breakfast Program	10.553	71301901	\$ 2,033,997
National School Lunch Program - Cash Assistance	10.555	71301901	4,237,777
National School Lunch Program - Non-Cash Assistance	10.555	71301901	559,005
Total CFDA Number 10.555			<u>4,796,782</u>
Total Child Nutrition Cluster			<u>6,830,779</u>
Child and Adult Care Food Program	10.558	71301901	475,448
Total Passed through the Texas Department of Agriculture			<u>7,306,227</u>
TOTAL U. S. DEPARTMENT OF AGRICULTURE			<u>7,306,227</u>
<u>U. S. DEPARTMENT OF DEFENSE</u>			
Direct Program:			
Air Force Junior ROTC	12.000	N/A	120,037
Total Direct Program			<u>120,037</u>
TOTAL U. S. DEPARTMENT OF DEFENSE			<u>120,037</u>
<u>U. S. DEPARTMENT OF EDUCATION</u>			
Passed through The University of Texas at Austin: GEAR UP - Grants to School Districts	84.334S	195110017110001	222,794
Total passed through The University of Texas at Austin			<u>222,794</u>
Passed through the Texas Education Agency:			
Title I, Part A - Improving Basic Programs	84.010A	20610101015905	5,331,528
Title I, 1003 School Improvement	84.010A	20610141015905	420,400
Teacher Leadership Grant	84.010A	196101467110002	124,854
School Redesign Grant	84.010A	186101207110001	163,212
School Transformation Fund - Planning	84.010A	206101487110005	94,100
School Redesign Implementation	84.010A	176107367110001	482,177
School Action Fund- Planning	84.010A	196101477110014	39,820
Total CFDA Number 84.010A			<u>6,656,091</u>
Title I, Part C - Migrant	84.011	20615001015905	60,097
Total CFDA Number 84.011			<u>60,097</u>
IDEA - Part B, Formula	84.027A	206600010159056000	1,671,716
Total CFDA Number 84.027A			<u>1,671,716</u>
IDEA - Part B, Preschool	84.173A	206610010159056000	40,825
Total CFDA Number 84.173A			<u>40,825</u>
Total Special Education Cluster (IDEA)			<u>1,712,541</u>
Title III, Part A - English Language Acquisition	84.365A	20671001015905	171,559
Total CFDA Number 84.365A			<u>171,559</u>
Title II, Part A, Supporting Effective Instruction	84.367A	20694501015905	463,524
Total CFDA Number 84.367A			<u>463,524</u>
Title IV, Part A, Student Support & Academic Enrichment	84.424A	20680101015905	256,148
Total CFDA Number 84.424A			<u>256,148</u>
Carl D. Perkins Basic Formula Grant	84.048A	20420006015905	194,299
Summer School LEP	84.369A	69551902	4,007
TX Education for Homeless (TECHY)	84.196A	204600057110024	66,882
Total Passed through the Texas Education Agency			<u>9,585,148</u>
TOTAL U. S. DEPARTMENT OF EDUCATION			<u>9,807,942</u>

EDGEWOOD INDEPENDENT SCHOOL DISTRICT

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

FOR THE YEAR ENDED JUNE 30, 2020

(1) Federal Grantor/ Pass-through Grantor/ Grantor/Program Title	(2) Federal CFDA Number	(2A) Pass-through Entity Identifying Number	(3) Federal Expenditures
<u>U. S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</u>			
Passed through City of San Antonio Head Start	93.600	4600017111	<u>4,175,809</u>
Total CFDA Number 93.600			<u>4,175,809</u>
Total Passed through City of San Antonio			<u>4,175,809</u>
Passed through TX Health & Human Svcs Commission Medicaid Administrative Claiming Program - MAC	93.778	529-07-0157-00031	<u>196,642</u>
Total Passed through TX Health & Human Svcs Commission			<u>196,642</u>
TOTAL U. S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			<u>4,372,451</u>
 TOTAL EXPENDITURES OF FEDERAL AWARDS			 \$ <u>21,606,657</u>

EDGEWOOD INDEPENDENT SCHOOL DISTRICT

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

JUNE 30, 2020

1. The District utilizes the fund types specified in Texas Education Agency's Financial Accountability System Resource Guide.

General Fund – is used to account for resources related to the United States Department of Defense ROTC program, the Child Nutrition programs, the E-rate program, Impact Aid, the Medicaid Administrative Claiming program, interest subsidy, Cares Relief Act and ESSER funding and indirect cost revenues of various federal grants.

Special Revenue Funds are used to account for resources restricted or designated for specific purposes by a grantor. Federal and state financial assistance generally is accounted for in a Special Revenue Fund. Funds that are not expended are generally returned to the grantor at the close of specified grant periods.

The accompanying Schedule of Expenditures of Federal Awards (SEFA), Exhibit K-1, includes the federal award activity of the District under programs of the federal government for the year ended June 30, 2020. The information is presented in accordance with the requirements of *Title 2, U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance).

2. The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. The governmental fund types are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets, deferred outflows of resources, current liabilities, deferred inflows of resources, and the fund balance are included on the balance sheet. Operating statements of these funds present increases and decreases in net current position.

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

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

3. The period of performance for Federal grant funds for the purpose of liquidation of outstanding obligations made on or before the ending date of the Federal project period is no later than 90 days after the Federal project period ending date as specified in the terms and conditions of the Federal award, unless an extension is authorized by the Federal awarding agency or pass-through entity, in accordance with the Uniform Guidance.
4. Expenditures for the National School Lunch and Breakfast Program are not specifically attributable to the Federal revenue source and are shown on the schedule in an amount equal to Federal revenue. Included in the National School Lunch Program are USDA Donated Commodities which represent non-cash assistance. Expenditures are recognized for the issuance of the commodities to the District's campuses.
5. The District has not elected to use the 10% de minimis indirect cost rate as allowed in the Uniform Guidance.
6. None of the federal or state programs expended by the District were passed through to subrecipients.

7. The expenditures shown on the SEFA does not include School Health and Related Services (SHARS), E-Rate program, and Qualified Energy Conservation Notes (QECN) interest subsidy, recorded in the General Fund, since the revenue for those programs are not considered federal financial assistance as defined by the Uniform Guidance. This also includes amounts spent in relation to the Cares Relief Funding and ESSER Funding through TDEM and TEA, respectively. A reconciliation of the expenditures reported in the SEFA to reported federal revenues shown on Exhibit C-3 is as follows:

Federal revenues per the Statement of Revenues, Expenditures and Changes in Fund Balance - Governmental Funds (Exhibit C-3)	\$ 25,970,042
Less:	
School health and related services revenue	2,328,522
E-Rate	30,444
Cares Relief and ESSR funding	1,697,362
QECN	<u>307,057</u>
Federal expenditures per the Schedule of Expenditures of Federal Awards (Exhibit K-1)	\$ <u>21,606,657</u>

EDGEWOOD INDEPENDENT SCHOOL DISTRICT

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

FOR THE YEAR ENDED JUNE 30, 2020

Summary of Auditor's Results

Financial Statements:

Type of auditor's report issued	Unmodified
Internal control over financial reporting:	
Material weakness(es) identified?	No
Significant deficiency(ies) identified?	None reported
Noncompliance material to financial statements noted?	None

Federal Awards:

Internal control over major programs:	
Material weakness(es) identified?	No
Significant deficiency(ies) identified?	None reported

Type of auditor's report issued on compliance for major programs	Unmodified
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Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?	None
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Identification of major programs:

CFDA Number(s):	Name of Federal Program or Cluster:
84.027A and 84.173A	Special Education Cluster (IDEA)
84.010A	Title I, Part A - Improving Basic Program

Dollar threshold used to distinguish between type A and type B programs	\$750,000
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Auditee qualified as low-risk auditee?	Yes
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Findings Relating to the Financial Statements Which are Required to be Reported in Accordance With Generally Accepted Government Auditing Standards

None

Findings and Questioned Costs for Federal Awards

None

EDGEWOOD INDEPENDENT SCHOOL DISTRICT

**SCHEDULE OF PRIOR YEAR FINDINGS AND QUESTIONED COST
FOR THE YEAR ENDED JUNE 30, 2020**

None