

ANNUAL FINANCIAL REPORT

of the

**EDNA
INDEPENDENT SCHOOL DISTRICT**

**For the Year Ended
August 31, 2020**

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INDEPENDENT SCHOOL DISTRICT
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INTRODUCTORY SECTION

CERTIFICATE OF BOARD

Edna Independent School District
Name of School District

Jackson
County

120-901
Co. Dist. Number

We, the undersigned, certify that the attached annual financial reports of the above named school district were reviewed and (check one) ☒ approved ☐ disapproved for the year ended August 31, 2020, at a meeting of the Board of Trustees of such school district on the 14 day of December, 2020.



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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FINANCIAL SECTION

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INDEPENDENT AUDITORS' REPORT

To the Board of Trustees of
Edna Independent School District:

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

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

Auditors' 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 District'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 District's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the District as of August 31, 2020, and the respective changes in financial position 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 information, schedules of the District's proportionate share of the net pension and other postemployment benefit liability, and schedules of District contributions, identified as Required Supplementary Information on 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 the District's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements, other supplementary information, and the schedule of required responses to selected school first indicators are presented for purposes of additional analysis and are not required parts of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements.

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

The introductory section and the schedule of required responses to selected school first indicators have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 10, 2020 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

BELT HARRIS PECHACEK, LLLP

Belt Harris Pechacek, LLLP
Certified Public Accountants
Houston, Texas
December 10, 2020

***MANAGEMENT'S DISCUSSION
AND ANALYSIS***

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EDNA

INDEPENDENT SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

For the Year Ended August 31, 2020

The purpose of the Management's Discussion and Analysis (MD&A) is to give the readers an objective and easily readable analysis of the financial activities of Edna Independent School District (the "District") for the year ending August 31, 2020. The analysis is based on currently known facts, decisions, or economic conditions. It presents short and long-term analysis of the District's activities, compares current year results with those of the prior year, and discusses the positive and negative aspects of that comparison. Please read the MD&A in conjunction with the District's financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

- The District's total combined net position at August 31, 2020 was \$24,241,248.
- For the fiscal year ended August 31, 2020, the District's general fund reported a total fund balance of \$7,983,593, which is unassigned.
- At the end of the fiscal year, the District's governmental funds (the general fund plus all state and federal grant funds and the debt service fund) reported combined ending fund balances of \$9,132,906.

OVERVIEW OF THE FINANCIAL STATEMENTS

The annual report consists of three parts – *Management's Discussion and Analysis* (this section), the *Basic Financial Statements*, and *Required Supplementary Information*. The basic statements include two kinds of statements that present different views of the District.

- The first two statements are *government-wide financial statements* that provide both *long-term* and *short-term* information about the District's overall financial status.
- The remaining statements are *fund financial statements* that focus on *individual parts* of the government, reporting the District's operations in more detail than the government-wide statements.
- The *governmental funds* statements tell how *general government* services were financed in the *short-term*, as well as what remains for future spending.
- *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 fiduciary resources belong. This fund includes student activity funds.

The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data. The notes to the financial statements are followed by a section entitled *Required Supplementary Information* that further explains and supports the information in the financial statements.

GOVERNMENT-WIDE FINANCIAL STATEMENTS

The government-wide statements report information about the District as a whole. These statements include transactions and balances relating to all assets, including infrastructure capital assets. These statements are designed to provide information about cost of services, operating results, and financial position of the District as an economic entity. The Statement of Net Position and the Statement of Activities, which appear first in the District's financial statements, report information on the District's activities that enable the reader to understand the financial condition of the District. These statements are prepared using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account even if cash has not yet changed hands.

EDNA
INDEPENDENT SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS, (Continued)
For the Year Ended August 31, 2020

The Statement of Net Position presents information on all of the District's assets, liabilities, and deferred outflows/inflows of resources, with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating. Other nonfinancial factors, such as changes in the District's tax base, staffing patterns, enrollment, and attendance, need to be considered in order to assess the overall health of the District.

The Statement of Activities presents information showing how the District's net position changed during the most recent year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows – the accrual method rather than modified accrual that is used in the fund level statements.

The Statement of Net Position and the Statement of Activities include the following class of activities:

Governmental Activities – Most of the District's basic services such as instruction, extracurricular activities, curriculum and staff development, health services, general administration, and plant operation and maintenance are included in *governmental activities*. Locally assessed property taxes, together with State foundation program entitlements, which are based upon student enrollment and attendance, finance most of the governmental activities.

The government-wide financial statements can be found after the MD&A.

FUND FINANCIAL STATEMENTS

The fund financial statements provide more detail 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 (the "Board") 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 has the following kinds 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.
- *Fiduciary funds* – The District serves as the trustee, or fiduciary, for certain funds such as student activity funds. 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

EDNA
INDEPENDENT SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS, (Continued)
For the Year Ended August 31, 2020

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 combined net position was \$24,241,248 at August 31, 2020. Table 1 focuses on net position while Table 2 shows the revenues and expenses that changed the net position balance during the fiscal year ended August 31, 2020. Within Table 2, the District reported a decrease of \$878,679 in combined net position from the prior year. The total assets increased \$270,490 mainly due to an increase in current investments and cash and cash equivalents due to increase in unearned revenues. There was a decrease in capital assets from current year depreciation in excess of additions. Deferred outflows of resources decreased for the pension plan due to changes in actuarial assumptions, while increasing for the other postemployment benefits (OPEB) plan mainly due to changes in actuarial assumptions. Current liabilities increased due to an increase in accrued wages due to more days accrued. Long-term liabilities decreased due to principal payments and decreases in the net pension and OPEB liabilities. Deferred inflows increased due to changes in actuarial assumptions and differences between expected and actual economic experience.

Table 1 Net Position Description	Governmental Activities		Total Change
	2020	2019	2020-2019
Current assets	\$ 11,952,992	\$ 11,299,648	\$ 653,344
Capital assets	40,864,673	41,247,527	(382,854)
Total Assets	52,817,665	52,547,175	270,490
Deferred charge on refunding	707,513	760,016	(52,503)
Deferred outflows - pensions	2,107,790	2,544,904	(437,114)
Deferred outflows - OPEB	1,147,803	1,001,804	145,999
Total Deferred Outflows of Resources	3,963,106	4,306,724	(343,618)
Current liabilities	2,455,838	951,567	1,504,271
Long-term liabilities	26,661,791	28,438,667	(1,776,876)
Total Liabilities	29,117,629	29,390,234	(272,605)
Deferred inflows - pensions	815,619	341,127	474,492
Deferred inflows - OPEB	2,606,275	2,002,611	603,664
Total Deferred Inflows of Resources	3,421,894	2,343,738	1,078,156
Net Position			
Net invested in capital assets	25,250,408	24,452,420	797,988
Restricted	1,149,313	1,079,198	70,115
Unrestricted	(2,158,473)	(411,691)	(1,746,782)
Total Net Position	\$ 24,241,248	\$ 25,119,927	\$ (878,679)

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INDEPENDENT SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS, (Continued)
For the Year Ended August 31, 2020

Table 2
Changes in Net Position

	Governmental Activities		Total Change
	2020	2019	2020-2019
Revenues:			
Program revenues:			
Charges for services	\$ 1,286,713	\$ 1,341,076	\$ (54,363)
Operating grants and contributions	4,723,039	4,014,855	708,184
General revenues:			
Property taxes	6,517,347	6,718,193	(200,846)
Grants and contributions not restricted for specific programs	8,646,303	7,644,617	1,001,686
Investment earnings	186,758	228,744	(41,986)
Other revenue	385,663	367,734	17,929
Total Revenues	21,745,823	20,315,219	1,430,604
Expenses:			
Instruction	12,128,729	10,276,025	1,852,704
Instructional resources and media services	155,334	148,123	7,211
Curriculum/instructional staff development	110,609	108,997	1,612
Instructional leadership	418,739	400,939	17,800
School leadership	1,337,715	1,202,970	134,745
Guidance, counseling, and evaluation services	737,002	773,423	(36,421)
Health services	219,916	177,650	42,266
Student (pupil) transportation	477,187	383,529	93,658
Food services	969,100	926,870	42,230
Extracurricular activities	1,298,881	1,164,681	134,200
General administration	947,020	792,913	154,107
Plant maintenance and operations	2,214,775	1,907,329	307,446
Security and monitoring services	128,788	102,126	26,662
Data processing services	79,883	70,988	8,895
Community services	54	394	(340)
Debt service - interest on long-term debt	449,605	445,736	3,869
Bond issuance cost	2,100	5,100	(3,000)
Payments to fiscal agent/member districts of SSA	759,109	720,575	38,534
Other intergovernmental charges	189,956	176,308	13,648
Total Expenses	22,624,502	19,784,676	2,839,826
Change in Net Position	(878,679)	530,543	(1,409,222)
Beginning net position	25,119,927	24,589,384	530,543
Ending Net Position	\$ 24,241,248	\$ 25,119,927	\$ (878,679)

The total revenue increased by \$1,430,604 mainly due to receiving more foundation payments and increases in pension/OPEB on-behalf revenues. Revenues for the District increased significantly in state foundation program due to receiving more foundation payments and increases in pension/OPEB on-behalf revenues. The total expenses increased by \$2,839,826 mainly due to the increase in instruction and plant maintenance and operations for increase in personnel costs, more supplies, and professional fees.

EDNA
INDEPENDENT SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS, (Continued)
For the Year Ended August 31, 2020

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

At the close of the fiscal year ending August 31, 2020, the District's governmental funds reported a combined fund balance of \$9,132,906. This compares to a combined fund balance of \$9,858,649 at August 31, 2019. The general fund fund balance of \$7,983,593 decreased by \$795,858 during the fiscal year. Compared to the prior year, revenues increased by \$757,570 due mainly to the increase in foundation school program revenues. Compared to the prior year, expenditures increased by \$2,093,107 mainly due to the increase in capital outlay, personnel costs, supplies, and professional fees. The fund balance in the debt service fund of \$821,116 increased by \$54,193, mainly due to the increase in property taxable value.

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 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 August 31, 2020, the District amended its budget as required by State law to reflect current levels of revenue and anticipated expenses. The budget was amended for unanticipated items throughout the year. The general fund's budgeted revenues exceeded actual revenues by \$183,181 mainly due to less State program revenues than anticipated. Budgeted expenditures exceeded actual expenditures by \$341,639 mainly due to the less expenditures than budgeted in instruction, curriculum and staff development, plant maintenance and operations, student transportation, and facilities acquisition and construction.

CAPITAL ASSETS

Capital assets are generally defined as those items that have useful lives of two years or more and have an initial cost of an amount determined by the Board. Donated capital assets are recorded at acquisition value at the date of donation. During the fiscal year ended August 31, 2020, the District used a capitalization threshold of \$5,000, which means that all capital type assets, including library books, with a cost or initial value of less than \$5,000 were not included in the capital assets inventory.

At August 31, 2020, the District had a total of \$40,864,673 invested in capital assets (net of depreciation) such as land, construction in progress, buildings, and District equipment. This total includes \$1,208,511 invested during the fiscal year ended August 31, 2020.

Major capital asset events during the fiscal year included the following:

- High school football field press box \$223,488
- Elementary chiller \$193,356
- High school parking lot \$144,564
- High school generator \$126,704
- Backup server \$104,607
- 2021 International school bus \$103,409

More detailed information about the District's capital assets can be found in the notes to the financial statements.

LONG-TERM DEBT

At year end, the District had \$15,177,957 in outstanding bonds, a capital lease, and a loan versus \$16,319,313 last year.

EDNA
INDEPENDENT SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS, (Continued)
For the Year Ended August 31, 2020

More detailed information about the District's long-term liabilities is presented in the notes to the financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

The District's budgeted expenditures for the 2020-2021 school year total \$17,611,436 and the District's Board adopted a maintenance and operations tax rate of \$0.9314 and an interest and sinking tax rate of \$0.2175 for a combined rate of \$1.1489 per \$100 assessed property value.

In March 2020, COVID-19 was recognized as a pandemic both worldwide and in the United States with local stay-at-home orders going into effect. The District suspended in-classroom learning for the remainder of the school year. While changes to operations caused a significant hardship, the overall impact to the financial operations for the 2019-2020 school year as a percentage of the overall budget was nominal.

The areas of school operations most impacted by the pandemic related to the teaching/learning process, technology, child nutrition, building logistics, and return-to-school safety protocols. Essentially, the District was required to pivot overnight to virtual learning for more than 1,500 students and 235 staff, which was a complete paradigm shift for our employees, students, and parents. Related to this was technology for students to do that virtual learning from their home environment. The District had to ascertain which students needed technology and construct an efficient and effective delivery/distribution method, which is how we identified significant gaps in student access to the internet. Because schools across the region, state, and country were dealing with the same issue, our District faced technology shortfalls and backorders of equipment which hindered instruction and required us to use a multipronged approach to teaching and learning. The next major impact related to child nutrition. We continued to feed children breakfast and lunch each day through a curbside meal delivery process at our schools, as well as a bus delivery method into neighborhoods. We re-programmed our meal schedule and menus, ordering processes to ensure an adequate supply of nutritious foods, and safety practices for our staff and families. As we proceeded through the summer months to prepare for a safe reopening of school in the fall, our concerns transitioned into building logistics and safety protocols, which required an extraordinary level of coordination and collaboration both within the District and between the District and our local/state/national agencies and partners. Here we also faced supply shortfalls in personal hygiene and cleaning products such as sanitizing wipes and gloves. We also had to rethink the flow of operations in the schools so as to maximize space and minimize contact. Now in our third month of school operations, student and staff safety remains our top focus as we continually adjust our protocols and practices to keep schools open and students engaged in learning. With more than 70% of our students coming to school in person, student and staff safety remains our top focus as we continually adjust our protocols and practices to keep schools open and students engaged in learning. The District received \$271,982 additional funds and elected to use those funds for payroll cost in the 2019-2020 school year.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the District's business office at 601 N Wells, Edna, Texas 77957 or call 361-782-3573.

BASIC FINANCIAL STATEMENTS

EDNA
INDEPENDENT SCHOOL DISTRICT
STATEMENT OF NET POSITION - EXHIBIT A-1

August 31, 2020

Data Control Codes		1 Governmental Activities
	<u>Assets</u>	
1110	Cash and cash equivalents	\$ 8,095,320
1120	Investments	3,191,836
1225	Property taxes receivable (net)	387,596
1240	Due from other governments	278,240
		<u>11,952,992</u>
	Capital assets:	
1510	Land	201,179
1520	Buildings and improvements, net	38,676,924
1530	Equipment and vehicles, net	1,894,058
1580	Construction in progress	92,512
		<u>40,864,673</u>
1000	Total Assets	<u>52,817,665</u>
	<u>Deferred Outflows of Resources</u>	
1701	Deferred charge on refunding	707,513
1705	Deferred outflows - pensions	2,107,790
1706	Deferred outflows - OPEB	1,147,803
1700	Total Deferred Outflows of Resources	<u>3,963,106</u>
	<u>Liabilities</u>	
2110	Accounts payable	156,968
2140	Interest payable	23,348
2150	Payroll deductions payable	504
2160	Wages payable	902,167
2200	Accrued expenditures	25,038
2300	Unearned revenue	1,347,813
		<u>2,455,838</u>
	Noncurrent liabilities:	
2501	Long-term liabilities due within one year	1,199,668
2502	Long-term liabilities due in more than one year	15,276,870
2540	Net pension liability	4,202,513
2545	Net OPEB liability	5,982,740
2000	Total Liabilities	<u>29,117,629</u>
	<u>Deferred Inflows of Resources</u>	
2605	Deferred inflows - pensions	815,619
2606	Deferred inflows - OPEB	2,606,275
2600	Total Deferred Inflows of Resources	<u>3,421,894</u>
	<u>Net Position</u>	
3200	Net investment in capital assets	25,250,408
	Restricted for:	
3820	Federal and state programs	123,864
3850	Debt service	821,116
3870	Campus activities	73,424
3890	Other purposes	130,909
3900	Unrestricted	(2,158,473)
3000	Total Net Position	<u>\$ 24,241,248</u>

See Notes to Financial Statements.

EDNA INDEPENDENT SCHOOL DISTRICT

STATEMENT OF ACTIVITIES - EXHIBIT B-1

For the Year Ended August 31, 2020

Data Control Codes	Functions/Programs	1 Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Position
			3 Charges for Services	4 Operating Grants and Contributions	6 Primary Gov. Governmental Activities
	Primary Government Governmental Activities				
11	Instruction	\$ 12,128,729	\$ -	\$ 2,465,318	\$ (9,663,411)
12	Instructional resources				
12	and media services	155,334	-	12,168	(143,166)
13	Curriculum/instructional				
13	staff development	110,609	-	8,489	(102,120)
21	Instructional leadership	418,739	-	61,952	(356,787)
23	School leadership	1,337,715	-	137,528	(1,200,187)
31	Guidance, counseling, and				
31	evaluation services	737,002	-	398,658	(338,344)
33	Health services	219,916	-	16,550	(203,366)
34	Student (pupil) transportation	477,187	-	44,652	(432,535)
35	Food services	969,100	205,464	773,964	10,328
36	Extracurricular activities	1,298,881	1,081,249	94,983	(122,649)
41	General administration	947,020	-	80,452	(866,568)
51	Plant maintenance and operations	2,214,775	-	180,543	(2,034,232)
52	Security and monitoring services	128,788	-	11,580	(117,208)
53	Data processing services	79,883	-	5,442	(74,441)
61	Community services	54	-	3	(51)
72	Debt service - interest on				
72	long-term debt	449,605	-	35,161	(414,444)
73	Bond issuance cost	2,100	-	-	(2,100)
93	Payments to fiscal agent/member				
93	districts of SSA	759,109	-	395,596	(363,513)
99	Other intergovernmental charges	189,956	-	-	(189,956)
	Total Governmental Activities	<u>\$ 22,624,502</u>	<u>\$ 1,286,713</u>	<u>\$ 4,723,039</u>	<u>(16,614,750)</u>
TP	Total Primary Government	<u>\$ 22,624,502</u>	<u>\$ 1,286,713</u>	<u>\$ 4,723,039</u>	<u>(16,614,750)</u>
	General Revenues				
MT	Property taxes, levied for general purposes				5,097,308
DT	Property taxes, levied for debt service				1,420,039
GC	Grants and contributions not restricted				
GC	for specific programs				8,646,303
IE	Investment earnings				186,758
MI	Miscellaneous local and intermediate revenue				385,663
TR	Total General Revenues				<u>15,736,071</u>
CN	Change in Net Position				<u>(878,679)</u>
NB	Beginning net position				<u>25,119,927</u>
NE	Ending Net Position				<u>\$ 24,241,248</u>

See Notes to Financial Statements.

EDNA
INDEPENDENT SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS - EXHIBIT C-1

August 31, 2020

Data Control Codes		10	50	Other Governmental Funds	98 Total Governmental Funds
		General	Debt Service		
Assets:					
1110	Cash and cash equivalents	\$ 7,353,375	\$ 315,459	\$ 426,486	\$ 8,095,320
1120	Investments	2,687,540	504,296	-	3,191,836
1220	Taxes receivable	609,329	133,324	-	742,653
1230	Allowance for uncollectible taxes	(296,009)	(59,048)	-	(355,057)
1240	Due from other governments	17,988	3,851	256,401	278,240
1260	Due from other funds	120,593	-	-	120,593
1000	Total Assets	<u>\$ 10,492,816</u>	<u>\$ 897,882</u>	<u>\$ 682,887</u>	<u>\$ 12,073,585</u>
Liabilities:					
2110	Accounts payable	\$ 89,142	\$ -	\$ 67,826	\$ 156,968
2150	Payroll deductions payable	504	-	-	504
2160	Accrued wages payable	745,420	-	156,747	902,167
2170	Due to other funds	-	-	120,593	120,593
2200	Accrued expenditures	15,514	-	9,524	25,038
2300	Unearned revenue	1,345,323	2,490	-	1,347,813
2000	Total Liabilities	<u>2,195,903</u>	<u>2,490</u>	<u>354,690</u>	<u>2,553,083</u>
Deferred Inflows of Resources:					
2600	Unavailable revenue-property taxes	313,320	74,276	-	387,596
Fund Balances:					
Restricted:					
3450	Federal/state grant funds	-	-	123,864	123,864
3480	Debt service	-	821,116	-	821,116
3490	Other restrictions	-	-	204,333	204,333
3600	Unassigned	7,983,593	-	-	7,983,593
3000	Total Fund Balances	<u>7,983,593</u>	<u>821,116</u>	<u>328,197</u>	<u>9,132,906</u>
4000	Total Liabilities , Deferred Inflows of Resources, and Fund Balances	<u>\$ 10,492,816</u>	<u>\$ 897,882</u>	<u>\$ 682,887</u>	<u>\$ 12,073,585</u>

See Notes to Financial Statements.

EDNA
INDEPENDENT SCHOOL DISTRICT
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION - EXHIBIT C-1R
August 31, 2020

Total fund balances for governmental funds	\$	9,132,906
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Amounts reported for governmental activities in the Statement of Net Position
are different because:

Capital assets used in governmental activities are not current financial
resources and, therefore, not reported in the governmental funds.

Capital assets - nondepreciable	293,691	
Capital assets - depreciable	<u>40,570,982</u>	
		40,864,673

Some liabilities, including bonds payable, are not reported as liabilities
in the governmental funds.

Accrued interest	(23,348)	
Deferred outflows - pensions	2,107,790	
Deferred outflows - OPEB	1,147,803	
Deferred tax revenue	387,596	
Deferred loss on bond refunding	707,513	
Deferred inflows - pensions	(815,619)	
Deferred inflows - OPEB	(2,606,275)	
Noncurrent liabilities due in one year	(1,199,668)	
Net pension liability	(4,202,513)	
Net OPEB liability	(5,982,740)	
Noncurrent liabilities due in more than one year	<u>(15,276,870)</u>	
		<u>(25,756,331)</u>

Net Position of Governmental Activities	\$	<u><u>24,241,248</u></u>
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See Notes to Financial Statements.

EDNA
INDEPENDENT SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS - EXHIBIT C-2
For the Year Ended August 31, 2020

Data Control Codes		10	50	Other	98
		General	Debt Service	Governmental Funds	Total Governmental Funds
	<u>Revenues</u>				
5700	Local, intermediate, and out-of-state	\$ 5,783,457	\$ 1,433,345	\$ 1,286,713	\$ 8,503,515
5800	State program revenues	9,448,632	35,161	364,709	9,848,502
5900	Federal program revenues	199,455	-	2,760,382	2,959,837
5020	Total Revenues	<u>15,431,544</u>	<u>1,468,506</u>	<u>4,411,804</u>	<u>21,311,854</u>
	<u>Expenditures</u>				
0011	Instruction	8,147,988	-	2,356,540	10,504,528
0012	Instructional resources/media services	138,278	-	-	138,278
0013	Curriculum and staff development	100,003	-	1,175	101,178
0021	Instructional leadership	189,123	-	156,714	345,837
0023	School leadership	1,099,029	-	-	1,099,029
0031	Guidance, counseling, and				
0031	evaluation services	197,496	-	387,160	584,656
0033	Health services	157,281	-	33,187	190,468
0034	Student (pupil) transportation	540,187	-	-	540,187
0035	Food service	4,019	-	899,393	903,412
0036	Extracurricular activities	1,051,146	-	98,924	1,150,070
0041	General administration	766,750	-	41,837	808,587
0051	Plant maintenance and operations	2,011,094	-	25,356	2,036,450
0052	Security and monitoring services	169,279	-	-	169,279
0053	Data processing services	73,172	-	-	73,172
0061	Community services	50	-	-	50
	Debt service:				
0071	Principal	186,356	955,000	-	1,141,356
0072	Interest	33,728	457,213	-	490,941
0073	Debt issuance costs and fees	-	2,100	-	2,100
	Capital outlay:				
0081	Facilities acquisition and construction	808,954	-	-	808,954
	Intergovernmental:				
0093	Shared services arrangements	363,513	-	395,596	759,109
0099	Other intergovernmental charges	189,956	-	-	189,956
6030	Total Expenditures	<u>16,227,402</u>	<u>1,414,313</u>	<u>4,395,882</u>	<u>22,037,597</u>
1100	Excess (Deficiency) of Revenues				
1100	Over (Under) Expenditures	<u>(795,858)</u>	<u>54,193</u>	<u>15,922</u>	<u>(725,743)</u>
1200	Net Change in Fund Balances	<u>(795,858)</u>	<u>54,193</u>	<u>15,922</u>	<u>(725,743)</u>
0100	Beginning fund balances	<u>8,779,451</u>	<u>766,923</u>	<u>312,275</u>	<u>9,858,649</u>
3000	Ending Fund Balances	<u><u>\$ 7,983,593</u></u>	<u><u>\$ 821,116</u></u>	<u><u>\$ 328,197</u></u>	<u><u>\$ 9,132,906</u></u>

EDNA
INDEPENDENT SCHOOL DISTRICT
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE
STATEMENT OF ACTIVITIES - EXHIBIT C-3
For the Year Ended August 31, 2020

Net changes in fund balances - total governmental funds \$ (725,743)

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 and reported as depreciation expense.

Depreciation	(1,462,478)
Net effect of disposals	(128,887)
Capital outlay	1,208,511

Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.	(127,034)
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The issuance of long-term debt (e.g., bonds, leases, certificates of obligation) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when it is first issued; whereas, these amounts are deferred and amortized in the Statement of Activities.

Principal repayments	1,141,356
Accrued interest	1,850
Amortization of loss on refunding	(52,503)
Amortization of premiums	91,989

Some expenses reported in the Statement of Activities does not require the use of current financial resources and, therefore, is not reported as an expenditure or revenue in governmental funds.

Compensated absences	(154,760)
Change in net pension liability	348,117
Change in net OPEB liability	350,174
Net change in deferred outflows and inflows - pensions	(911,606)
Net change in deferred outflows and inflows - OPEB	(457,665)
Net on-behalf contributions adjustment - revenues	561,003
Net on-behalf contributions adjustment - expenses	(561,003)

Change in Net Position of Governmental Activities	\$ (878,679)
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See Notes to Financial Statements.

EDNA
INDEPENDENT SCHOOL DISTRICT
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS - EXHIBIT E-1
August 31, 2020

Data Control Codes			Total Agency Funds
	<u>Assets</u>		
1110	Cash and cash equivalents		\$ 169,793
1000		Total Assets	<u>\$ 169,793</u>
	<u>Liabilities</u>		
2190	Due to student groups		\$ 169,793
2000		Total Liabilities	<u>\$ 169,793</u>

See Notes to Financial Statements.

EDNA
INDEPENDENT SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
For the Year Ended August 31, 2020

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

Edna Independent School District (the “District”) is a public educational agency operating under the applicable laws and regulations of (the “State”). It is governed by a seven member Board of Trustees (the “Board”) elected by registered voters of the District. The District prepares its basic financial statements in conformity with generally accepted accounting principles promulgated by the Governmental Accounting Standards Board (GASB) and it complies with the requirements of the appropriate version of Texas Education Agency’s (TEA) *Financial Accountability System Resource Guide* (the “Resource Guide”) and the requirements of contracts and grants of agencies from which it receives funds.

The District is an independent political subdivision of the State governed by a board elected by the public and it has the authority to make decisions, appoint administrators and managers, and significantly influence operations, and is considered a primary government. As required by GAAP, these basic financial statements have been prepared based on considerations regarding the potential for inclusion of other entities, organizations, or functions as part of the District’s financial reporting entity. No other entities have been included in the District’s reporting entity. Additionally, as the District is considered a primary government for financial reporting purposes, its activities are not considered a part of any other governmental or other type of reporting entity.

B. Government-Wide Financial Statements

The government-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) report information on all of the nonfiduciary activities of the primary government. All fiduciary activities are reported only in the fund financial statements. *Governmental activities* are normally supported by taxes, intergovernmental revenues, and other nonexchange transactions.

C. Basis of Presentation – Government-Wide Financial Statements

While separate government-wide and fund financial statements are presented, they are interrelated. The governmental activities column incorporates data from governmental funds. Separate financial statements are provided for governmental funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments in lieu of taxes where the amounts are reasonable equivalent in value to the interfund services provided. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

D. Basis of Presentation – Fund Financial Statements

The fund financial statements provide information about the District’s funds, including its fiduciary funds. Separate statements for each fund category – governmental and fiduciary – are presented. 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. Major individual governmental funds are reported as separate columns in the fund financial statements.

EDNA
INDEPENDENT SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS, (Continued)
For the Year Ended August 31, 2020

The District reports the following governmental funds:

General Fund

The general fund is the District's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund. The general fund is always considered a major fund for reporting purposes.

Debt Service Fund

The debt service fund is used to account for and report financial resources that are restricted, committed, or assigned to expenditures for principal and interest on all long-term debt of the District. The primary source of revenue for debt service is local property taxes. The debt service fund is not considered a major fund for reporting purposes, but the District has elected to present it as a major fund due to its significance.

Special Revenue Funds

The special revenue funds are used to account for the proceeds of specific revenue sources that are restricted to expenditures for specific purposes other than debt service or capital projects. The restricted proceeds of specific revenue sources comprise a substantial portion of the inflows of these special revenue funds. Most federal and some state financial assistance is accounted for in a special revenue fund.

Fiduciary Funds

The fiduciary funds account for assets held by the District in a trustee capacity or as an agent on behalf of others. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the District's own programs.

The District has the following type of fiduciary funds:

Agency Funds

The agency funds are custodial in nature and do not present results of operations or have a measurement focus. Agency funds are accounted for using the accrual basis of accounting. These funds are used to account for the District's student activity funds.

During the course of operations, the District has activity between funds for various purposes. Any residual balances outstanding at year end are reported as due from/to other funds and advances to/from other funds. While these balances are reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Balances between the funds included in governmental activities (i.e., the governmental funds) are eliminated so that only the net amount is included as internal balances in the governmental activities column.

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

EDNA
INDEPENDENT SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS, (Continued)
For the Year Ended August 31, 2020

E. Measurement Focus and Basis of Accounting

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as *current financial resources* or *economic resources*. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

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

The governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt services expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under capital leases are reported as other financing sources.

Property taxes and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Entitlements are recorded as revenues when all eligibility requirements are met, including any time requirements, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year end). Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other eligibility requirements have been met, and the amount is received during the period or within the availability period for the revenue source (within 60 days of year end). All other revenue items are considered measurable and available only when cash is received by the District.

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

1. Cash and Cash Equivalents

The District's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

2. Investments

Investments, except for certain investment pools, commercial paper, money market funds, and investment contracts, are reported at fair value. The investment pools operate in accordance with appropriate state laws and regulations and are reported at amortized cost. Money market funds, which are short-term highly liquid debt instruments that may include U.S. Treasury and agency obligations and commercial paper that have a remaining maturity of one year or less upon acquisition, are reported at amortized cost. Investments in nonparticipating interest earning contracts, such as certificates of deposit, are reported at cost.

EDNA
INDEPENDENT SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS, (Continued)
For the Year Ended August 31, 2020

The District has adopted a written investment policy regarding the investment of its funds as defined in the Public Funds Investment Act, Chapter 2256, Texas Governmental Code. In summary, the District is authorized to invest in the following:

Direct obligations of the U.S. Government
Fully collateralized certificates of deposit and money market accounts
Government investment pools and commercial paper

3. Capital Assets

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

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

Property, plant, and equipment of the primary government are depreciated using the straight-line method over the following estimated useful lives:

Asset Description	Estimated Useful Life
Buildings and improvements	20 to 40 years
Vehicles	10 years
Equipment	8 to 20 years

4. 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. In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time.

Deferred outflows/inflows of resources are amortized as follows:

- Deferred outflows/inflows from pension/other postemployment benefits (OPEB) activities are amortized over the average of the expected service lives of pension/OPEB plan members, except for the net differences between the projected and actual investment earnings on the pension/OPEB plan assets, which are amortized over a period of five years.
- For employer pension/OPEB plan contributions that were made subsequent to the measurement date through the end of the District's fiscal year, the amount is deferred and recognized as a reduction to the net pension/OPEB liability during the measurement period in which the contributions were made.

EDNA
INDEPENDENT SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS, (Continued)
For the Year Ended August 31, 2020

- 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.

At the fund level, the District has only one type of item, which arises only under a modified accrual basis of accounting, that qualifies for reporting in this category. Accordingly, the item, unavailable revenue, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from property taxes. This amount is deferred and recognized as an inflow of resources in the period that the amount becomes available.

5. Compensated Employee Absences

The District maintains formal programs for local and state leave days. All employees shall earn three paid local leave days per school year in accordance with administrative regulations. Local leave days shall accumulate without limit. An employee who retires from the District and has at least five years of service with the District shall be reimbursed for up to 15 days of state leave and up to 25 days of state leave if the employee retires from the District with at least ten years of service. An employee who separates from employment with the District shall be eligible for reimbursement for local leave only. An employee who retires from the District and meets the above years of service shall be eligible for local and state leave to a maximum of 60 days, at a rate established by the Board under the conditions approved by the District leave policy.

6. Long-Term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities Statement of Net Position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method, if material. Bonds payable are reported net of the applicable bond premium or discount.

Long-term debt for governmental funds is not reported as a liability in the fund financial statements until due. The debt proceeds are reported as other financing sources, net of the applicable premium or discount and payment of principal and interest reported as expenditures. In the governmental fund types, issuance costs, even if withheld from the actual net proceeds received, are reported as debt service expenditures. However, claims and judgments paid from governmental funds are reported as a liability in the fund financial statements only for the portion expected to be financed from expendable, available financial resources.

The property tax rate is allocated each year between the general and debt service funds. The full amount estimated to be required for debt service on general obligation debt is provided by the tax along with the interest earned in the debt service fund.

7. Net Position Flow Assumption

Sometimes the District will fund outlays for a particular purpose from both restricted (e.g., restricted bond or 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 to be applied. It is the District's policy to consider restricted net position to have been depleted before unrestricted net position is applied.

EDNA
INDEPENDENT SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS, (Continued)
For the Year Ended August 31, 2020

8. Fund Balance Flow Assumptions

Sometimes the District will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). 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.

9. Fund Balance Policies

Fund balances of governmental funds are reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. The District itself can establish limitations on the use of resources through either a commitment (committed fund balance) or an assignment (assigned fund balance).

The committed fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the District's highest level of decision-making authority. The District's Board is the highest level of decision-making authority for the District that can, by adoption of an ordinance prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the ordinance remains in place until a similar action is taken (the adoption of another ordinance) to remove or revise the limitation.

Amounts in the assigned fund balance classification are intended to be used by the District for specific purposes but do not meet the criteria to be classified as committed. The District's Board may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year's appropriated budget. Unlike commitments, assignments generally only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment. Conversely, as discussed above, an additional action is essential to either remove or revise a commitment.

10. Estimates

The preparation of financial statements, in conformity with generally accepted accounting principles, requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

11. Data Control Codes

The data control codes refer to the account code structure prescribed by TEA in the Resource Guide. The TEA requires school districts to display these codes in the financial statements filed with the TEA in order to insure accuracy in building a statewide database for policy development and funding plans.

EDNA
INDEPENDENT SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS, (Continued)
For the Year Ended August 31, 2020

12. Pensions

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

13. Other Postemployment Benefits

The fiduciary net position of the TRS Texas Public School Retired Employees Group Insurance Program ("TRS-Care") has been determined using the flow of economic resources measurement focus and full accrual basis of accounting. This includes for purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, 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.

G. Revenues and Expenditures/Expenses

1. Program Revenues

Amounts reported as *program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions (including special assessments) that are restricted to meeting the operational or capital requirements of a particular function or segment. All taxes, including those dedicated for specific purposes, and other internally dedicated resources are reported as general revenues rather than as program revenues.

2. Property Taxes

All taxes due to the District on real or personal property are payable at the Office of the Tax Assessor-Collector and may be paid at any time after the tax rolls for the year have been completed and approved, which is no later than October 1. Taxes are due by January 31, and all taxes not paid prior to this date are deemed delinquent and are subject to such penalty and interest.

Property taxes attach as an enforceable lien on property as of January 1 each year. Taxes are levied on October 1 and are payable prior to the next February 1. District property tax revenues are recognized when collected.

II. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

Annual budgets are adopted on a basis consistent with GAAP. The original budget is adopted by the District prior to the beginning of the year. The legal level of control is the function code stated in the approved budget. Appropriations lapse at the end of the year.

In accordance with State law and generally accepted accounting standards, the District prepares an annual budget for the general fund, the national school lunch and breakfast program special revenue fund, and the debt

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INDEPENDENT SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS, (Continued)

For the Year Ended August 31, 2020

service fund. Special revenue funds have budgets approved by the funding agency and are amended throughout the year as required.

During the year, the District amended its budget as required by State law and to reflect current levels of revenue and anticipated expenditures.

III. DETAILED NOTES ON ALL FUNDS

A. Deposits and Investments

As of August 31, 2020, the District had the following investments in external investment pools:

<u>Investments</u>	<u>Market Value</u>	<u>Weighted Average Maturity (Year)</u>
Lone Star Investment Pool	\$ 3,191,837	0.15
Total	\$ 3,191,837	
Portfolio weighted average maturity		0.15

Custodial credit risk – deposits. In the case of deposits, this is the risk that in the event of a bank failure, the District’s deposits may not be returned to it. The District’s investment policy requires funds on deposit at the depository bank to be collateralized. As of August 31, 2020, checking and time deposits were entirely insured or collateralized with securities as provided by State laws and regulations and FDIC insurance.

Credit risk. The District’s policy requires that investment pools must be rated no lower than ‘AAA’ or ‘AAA-m’. Bankers’ acceptances must be issued in the United States and carry a rating of ‘A1’/‘P1’ as provided by two of the top nationally recognized rating agencies. As of August 31, 2020, the District’s investments in Lone Star were rated ‘AAA’ by Standard & Poor’s. All other investments are guaranteed (either express or implied) by the full faith and credit of the United States Government or the issuing U.S. agency.

Custodial credit risk - investments. For an investment, this is the risk that the District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party in the event of the failure of the counterparty. The District's investment policy requires that it will seek to safekeep securities at financial institutions, avoiding physical possession. Further, all trades, where applicable, shall be conducted on a delivery versus payment basis or commercial book entry system as utilized by the Federal Reserve and shall be protected through the use of a third-party custody/safekeeping agent.

Interest rate risk – In accordance with its investment policy, the District manages its exposure to declines in fair values by structuring the investment portfolio so that securities mature to meet cash requirements for ongoing operations and invest operating funds primarily in short-term securities

Lone Star

The Lone Star Investment Pool (“Lone Star”) is a public funds investment pool created pursuant to the Interlocal Cooperation Act, Chapter 791 of the Texas Government Code, and the Public Funds Investment Act, Chapter 2256 of the Texas Government Code. Lone Star is administered by First Public, a subsidiary

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NOTES TO FINANCIAL STATEMENTS, (Continued)
For the Year Ended August 31, 2020

of the Texas Associate of School Boards, with Standish and American Beacon Advisors managing the investment and reinvestment of Lone Star's assets. State Street Bank provides custody and valuation services to Lone Star. All of the Board of Trustees' eleven members are Lone Star participants by either being employees or elected officials of a participant. Lone Star has established an advisory board composed of both Lone Star members and nonmembers. Lone Star is rated 'AAA' by Standard and Poor's and operated in a manner consistent with the SEC's Rule 2a7 of the Investment Company Act of 1940. The District is invested in the Government Overnight Fund of Lone Star which seeks to maintain a net asset value of \$1.00. Lone Star has 3 different funds: Government Overnight, Corporate Overnight, and Corporate Overnight Plus. Government Overnight, Corporate Overnight, and Corporate Overnight Plus maintain a net asset value of \$1.00.

B. Capital Assets

A summary of changes in capital assets for governmental activities at year end is as follows:

	Beginning Balances	Increases	Decreases	Ending Balances
Governmental Activities:				
Capital assets not being depreciated:				
Land	\$ 201,179	\$ -	\$ -	\$ 201,179
Construction in progress	-	92,512	-	92,512
Total capital assets not being depreciated	201,179	92,512	-	293,691
Other capital assets:				
Buildings and improvements	51,040,704	737,053	(660,874)	51,116,883
Equipment and vehicles	4,175,144	378,946	(8,559)	4,545,531
Total other capital assets	55,215,848	1,115,999	(669,433)	55,662,414
Less accumulated depreciation for:				
Buildings and improvements	(11,878,494)	(1,095,163)	533,698	(12,439,959)
Equipment and vehicles	(2,291,006)	(367,315)	6,848	(2,651,473)
Total accumulated depreciation	(14,169,500)	(1,462,478)	540,546	(15,091,432)
Other capital assets, net	41,046,348	(346,479)	(128,887)	40,570,982
Governmental Activities				
Capital Assets, Net	<u>\$ 41,247,527</u>	<u>\$ (253,967)</u>	<u>\$ (128,887)</u>	<u>40,864,673</u>
			Less associated debt	(16,321,778)
			Plus deferred charge on refunding	707,513
			Net Investment in Capital Assets	<u>\$ 25,250,408</u>

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NOTES TO FINANCIAL STATEMENTS, (Continued)
For the Year Ended August 31, 2020

Depreciation was charged to governmental functions as follows:

	Governmental Activities
11 Instruction	\$ 825,113
12 Instructional resources/media services	10,866
13 Curriculum and staff development	7,952
21 Instructional leadership	27,178
23 School leadership	86,367
31 Guidance, counseling, and evaluation services	45,956
33 Health services	14,968
34 Student (pupil) transportation	42,413
35 Food service	65,688
36 Extracurricular activities	95,928
41 General administration	63,500
51 Plant maintenance and operations	158,884
52 Security and monitoring services	11,909
53 Data processing services	5,752
61 Community services	4
Total Depreciation Expense	\$ 1,462,478

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NOTES TO FINANCIAL STATEMENTS, (Continued)
For the Year Ended August 31, 2020

C. Long-Term Debt

The following is a summary of changes in the District's total governmental long-term liabilities for the year. In general, the District uses the debt service fund to liquidate governmental long-term liabilities.

Governmental Activities:	Beginning Balance	Additions	(Reductions)	Ending Balance	Amounts Due Within One Year
Bonds payable:					
Series 2011 schoolhouse bonds	\$ 150,000	\$ -	\$ (75,000)	\$ 75,000	\$ 75,000
Series 2014 tax refunding bonds	5,795,000	-	(400,000)	5,395,000	415,000
Series 2015 refunding bonds	1,325,000	-	(90,000)	1,235,000	95,000
Series 2017 refunding bonds	5,460,000	-	-	5,460,000	-
Direct borrowing and placement:					
Series 2011 QSC bonds	2,730,000	-	(390,000)	2,340,000	390,000
Loan payable:					
2017 LED lighting upgrade	325,189	-	(62,064)	263,125	63,458
Capital lease:					
2019 Dell equipment	534,124	-	(124,292)	409,832	130,258
	<u>16,319,313</u>	<u>-</u>	<u>(1,141,356)</u>	<u>15,177,957</u>	<u>1,168,716</u>
Other liabilities:					
Unamortized bond premium	1,235,810	-	(91,989)	1,143,821	*
Net pension liability	4,550,630	-	(348,117)	4,202,513	-
Net OPEB liability	6,332,914	-	(350,174)	5,982,740	-
Compensated absences	-	193,450	(38,690)	154,760	30,952
Total Governmental Activities	<u>\$ 28,438,667</u>	<u>\$ 193,450</u>	<u>\$ (1,931,636)</u>	<u>\$ 26,661,791</u>	<u>\$ 1,199,668</u>
				<u>\$ 25,462,123</u>	
				<u>*Debt associated with capital assets</u>	<u>\$ 16,321,778</u>

Long-term liabilities applicable to the District's governmental activities are not due and payable in the current period and, accordingly, are not reported as fund liabilities in the governmental funds. Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due.

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NOTES TO FINANCIAL STATEMENTS, (Continued)
For the Year Ended August 31, 2020

Long-term debt at year end was comprised of the following debt issues:

Description	Interest Rates	Balance
General Obligation		
Unlimited Tax School Building Bonds		
Series 2011	2.00 - 5.00%	\$ 75,000
Series 2011 QSC bonds	N/A	2,340,000
Unlimited Tax Refunding Bonds		
Series 2014	2.00 - 3.75%	5,395,000
Series 2015	3.00 - 4.00%	1,235,000
Series 2017	3.00 - 4.50%	5,460,000
Loan - LED lighting upgrade	2.54%	263,125
Capital lease 2019	4.70%	409,832
Total General Obligation		<u><u>\$ 15,177,957</u></u>

The annual requirements to amortize debt issues outstanding for bonds at year end were as follows:

Year Ended August 31	Principal	Interest	Total Requirements
2021	\$ 585,000	\$ 439,963	\$ 1,024,963
2022	610,000	422,038	1,032,038
2023	630,000	402,938	1,032,938
2024	645,000	382,813	1,027,813
2025	675,000	362,013	1,037,013
2026-2030	5,075,000	1,312,083	6,387,083
2031-2035	3,350,000	404,675	3,754,675
2036	595,000	11,900	606,900
Totals	<u><u>\$ 12,165,000</u></u>	<u><u>\$ 3,738,423</u></u>	<u><u>\$ 15,903,423</u></u>

The annual requirements to amortize debt issues outstanding for the direct borrowing/placement at year end were as follows:

Series 2011Q

Year Ended August 31	Principal	Interest	Total Requirements
2021	\$ 390,000	\$ -	\$ 390,000
2022	390,000	-	390,000
2023	390,000	-	390,000
2024	390,000	-	390,000
2025	390,000	-	390,000
2026	390,000	-	390,000
Totals	<u><u>\$ 2,340,000</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 2,340,000</u></u>

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NOTES TO FINANCIAL STATEMENTS, (Continued)
For the Year Ended August 31, 2020

LED lighting upgrade

Year Ended			Total
August 31	Principal	Interest	Requirements
2021	\$ 63,458	\$ 6,697	\$ 70,155
2022	65,070	5,085	70,155
2023	66,722	3,433	70,155
2024	67,875	2,280	70,155
Totals	\$ 263,125	\$ 17,495	\$ 280,620

The annual requirements to amortize debt issues outstanding for capital lease at year end were as follows:

Year Ended			Total
August 31	Principal	Interest	Requirements
2021	\$ 130,258	\$ 19,671	\$ 149,929
2022	136,510	13,419	149,929
2023	143,064	6,865	149,929
Totals	\$ 409,832	\$ 39,955	\$ 449,787

D. Interfund Transactions

The interfund balances at August 31, 2020 were as follows:

	Due To Fund	Due From Fund
Fund 199 - General fund	\$ 120,593	\$ -
Fund 211 - Title I	-	1,019
Fund 289 - LEP	-	14,433
Fund 313 - IDEA B	-	36,671
Fund 410 - Textbook	-	68,470
Total	\$ 120,593	\$ 120,593

Amounts recorded as due to/from are considered to be temporary loans and will generally be paid during the following year.

IV. OTHER INFORMATION

A. 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 for which the District purchases commercial insurance. The District has not significantly reduced insurance coverage or had settlements which exceeded coverage amounts for the past three years.

B. Contingent Liabilities

Amounts received or receivable from granting agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount of expenditures which may

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NOTES TO FINANCIAL STATEMENTS, (Continued)
For the Year Ended August 31, 2020

be disallowed by the grantor cannot be determined at this time although the District expects such amounts, if any, to be immaterial.

Liabilities are reported when it is probable that a loss has occurred, and the amount of the loss can be reasonably estimated. Liabilities include an amount for claims that have been incurred but not reported. Claim liabilities are calculated considering the effects of inflation, recent claim settlement trends including frequency and amount of payouts, and other economic and social factors. No claim liabilities are reported at year end due to immaterial balance.

The Tax Reform Act of 1986 instituted certain arbitrage restrictions consisting of complex regulations with respect to issuance of tax-exempt bonds after August 31, 1986. Arbitrage regulations deal with the investment of tax-exempt bond proceeds at an interest yield greater than the interest yield paid to bondholders. Generally, all interest paid to bondholders can be retroactively rendered taxable if applicable rebates are not reported and paid to the Internal Revenue Service (IRS) at least every five years for applicable bond issues. Accordingly, there is the risk that if such calculations are not performed, or not performed correctly, it could result in a substantial liability to the District. The District has engaged an arbitrage consultant to perform the calculations in accordance with IRS rules and regulations.

C. Defined Benefit Pension Plan

Teacher Retirement System

Plan Description

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

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

Pension Plan Fiduciary Net Position

Detailed information about the TRS's fiduciary net position is available in a separately-issued Comprehensive Annual Financial Report that includes financial statements and Required Supplementary Information. That report may be obtained on the Internet at www.trs.texas.gov/TRS%20Documents/cafr2019.pdf; by writing to TRS at 1000 Red River Street, Austin, TX, 78701-2698; or by calling (512) 542-6592.

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% (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

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NOTES TO FINANCIAL STATEMENTS, (Continued)

For the Year Ended August 31, 2020

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 postemployment benefit changes, including automatic cost-of-living adjustments (COLAs). Ad hoc postemployment benefit changes, including ad hoc COLAs can be granted by the Texas Legislature as noted in Plan Description above.

Contributions

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

Employee contribution rates are set in state statute, Texas Government Code 825.402. SB12 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 through 2025.

Contribution Rates

	<u>2019</u>	<u>2020</u>
Member	7.7%	7.7%
Non-Employer Contributing Entity (State)	6.8%	7.5%
Employers	6.8%	6.8%

	<u>Measurement</u>	<u>Fiscal</u>
	<u>Year (2019)</u>	<u>Year (2020)</u>
Employer contribution	\$ 277,826	\$ 333,311
Member contribution	\$ 718,238	\$ 783,063
NECE on-behalf contribution	\$ 473,374	\$ 607,824

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

As the NECE for public education and junior colleges, the State contributes to TRS an amount equal to the current employer contribution rate times the aggregate annual compensation of all participating members of TRS 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 as the employer for senior universities and medical schools) are required to pay the employer contribution rate in the following instances:

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NOTES TO FINANCIAL STATEMENTS, (Continued)

For the Year Ended August 31, 2020

- 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 TRS 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.

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

- When employing a retiree of TRS, 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 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 by the PEEC explained above.

Actuarial Assumptions

The total pension liability (TPL) in the August 31, 2018 actuarial valuation rolled forward to August 31, 2019 was determined using the following actuarial assumptions:

Valuation date	August 31, 2018 rolled forward to August 31, 2019
Actuarial cost method	Individual entry age normal
Asset valuation method	Market value
Single discount rate	7.25%
Long-term expected investment rate of return	7.25%
Municipal bond rate	2.63% Source for the rate is the Fixed Income Market Data/Yield Curve/Data Municipal Bonds with 20 years to maturity that include only federally tax-exempt municipal bonds as reported in Fidelity Index's "20-Year Municipal GO AA Index"
Last year ending August 31 in projection period (100 years)	2116
Inflation	2.3%
Salary increases including inflation	3.05% to 9.05%
Ad hoc postemployment benefit changes	None

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

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NOTES TO FINANCIAL STATEMENTS, (Continued)
For the Year Ended August 31, 2020

Discount Rate

A single discount rate of 7.25% was used to measure the TPL. The single discount rate was based on the expected rate of return on plan investments of 7.25%. The projection of cash flows used to determine this single discount rate assumed that contributions from active members, employers, and the NECE 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% of payroll in fiscal year 2020 gradually increasing to 9.55% of payroll over the next several years. This includes all employer and state contributions for active and rehired retirees.

Based on those assumptions, TRS' 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 TRS investments was applied to all periods of projected benefit payments to determine the TPL.

The long-term expected rate of return on TRS investments is 7.25%. The long-term expected rate of return on TRS 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.

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NOTES TO FINANCIAL STATEMENTS, (Continued)

For the Year Ended August 31, 2020

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

Teacher Retirement System of Texas Asset Allocation and Long-Term Expected Real Rate of Returns AS of August 31, 2019

Asset Class	Target Allocation	Long-Term Expected Geometric Real Rate Return	Long- Term Expected Portfolio Real Rate of Return
Global			
U.S.	18.0%	18.0%	6.4%
Non-U.S. Developed	13.0%	13.0%	6.3%
Emerging Markets	9.0%	9.0%	7.3%
Directional Hedge Funds	4.0%	0.0%	0.0%
Private Equity	13.0%	14.0%	8.4%
Stable Value			
U.S. Treasuries (4)	11.0%	16.0%	3.1%
Stable Value Hedge Funds	4.0%	0.0%	4.5%
Absolute Return	0.0%	5.0%	0.0%
Real Return			
Global Inflation Linked Bond	3.0%	0.0%	0.0%
Real Assets	14.0%	15.0%	8.5%
Energy and National Resources	5.0%	6.0%	7.3%
Commodities	0.0%	0.0%	0.0%
Risk Parity			
Risk Parity	5.0%	8.0%	5.8%/6.5% (5)
Leverage			
Cash	1.0%	2.0%	2.5%
Asset Allocation Leverage	0.0%	-6.0%	2.7%
Total	100%	100%	7.2%

- (1) Target allocations are based on the Strategic Asset Allocation as of fiscal year 2019.
(2) New allocations are based on the Strategic Asset Allocation to be implemented fiscal year 2020.
(3) Ten-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.

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For the Year Ended August 31, 2020

Discount Rate Sensitivity Analysis

The following schedule shows the impact of the net pension liability (NPL) if the discount rate used was 1% less than and 1% greater than the discount rate that was used (7.25%) in measuring the NPL:

	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	\$ 6,459,873	\$ 4,202,513	\$ 2,373,616

Pension Liability, Pension Expense, and Deferred Outflows/Deferred Inflows of Resources Related to Pensions

At August 31, 2020, the District reported a liability of \$4,202,513 for its proportionate share of the TRS's NPL. 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 NPL, the related State support, and the total portion of the NPL that was associated with the District were as follows:

District's proportionate share of the collective net pension liability	\$ 4,202,513
State's proportionate share that is associated with the District	7,030,752
Total	\$ 11,233,265

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

At August 31, 2020, the District's proportion of the collective net pension liability was 0.008084%, which was a decrease of 0.0001826% from its proportion measured as of August 31, 2019.

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

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

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

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NOTES TO FINANCIAL STATEMENTS, (Continued)

For the Year Ended August 31, 2020

For the year ended August 31, 2020, the District recognized pension expense of \$1,104,432 and revenue of \$1,104,432 for support provided by the State.

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual economic experience	\$ 17,654	\$ 145,918
Changes in actuarial assumptions	1,303,826	538,803
Difference between projected and actual investment earnings	42,198	-
Changes in proportion and difference between the employer's contributions and the proportionate share of contributions	410,801	130,898
Contributions paid to TRS subsequent to the measurement date	333,311	-
Total	\$ 2,107,790	\$ 815,619

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

Year Ended August 31:	Pension Expense
2021	\$ 282,399
2022	227,023
2023	212,908
2024	208,129
2025	71,057
Thereafter	(42,656)
Total	\$ 958,860

D. Defined Other Postemployment Benefit Plans

Plan Description

The District participates in TRS-Care. It is a multiple-employer, cost-sharing defined benefit OPEB plan that has a special funding situation. TRS-Care is administered through a trust by TRS Board of Trustees (the "Board"). It is established and administered in accordance with the Texas Insurance Code, Chapter 1575.

OPEB Plan Fiduciary Net Position

Detailed 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 www.trs.texas.gov/TRS%20Documents/cafr2019.pdf; by writing to TRS at 1000 Red River Street, Austin, TX, 78701-2698; or by calling (512)542-6592.

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NOTES TO FINANCIAL STATEMENTS, (Continued)

For the Year Ended August 31, 2020

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

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

Benefits Provided

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

Eligible retirees and their dependents not enrolled in Medicare may pay premiums to participate in one of two optional insurance plans with more comprehensive benefits, TRS-Care 2 and TRS-Care 3 (the “Optional Health Insurance”). Eligible retirees and dependents enrolled in Medicare may elect to participate in one of the two Medicare health plans for an additional fee. To qualify for TRS-Care coverage, a retiree must have at least ten years of service credit in TRS. The Board 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 postemployment benefit changes, including automatic cost-of-living adjustments.

The premium rates for the Optional Health Insurance are based on years of service of the member. The schedule below shows the monthly rates for a retiree with and without Medicare coverage:

TRS-Care Monthly Premium Rates

	<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 TRS-Care are established in state statute by the Texas Legislature and there is no continuing obligation to provide benefits beyond each fiscal year. TRS-Care 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 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 0.75% of pay. Section 1575.204 establishes an employer contribution rate of not less than 0.25% or not more than 0.75% 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

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INDEPENDENT SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS, (Continued)

For the Year Ended August 31, 2020

The following table shows contributions to TRS-Care by type of contributor:

	Contribution Rates	
	Fiscal Year	
	2019	2020
Active employee	0.65%	0.65%
NECE (State)	1.25%	1.25%
Employers	0.75%	0.75%
Federal/private funding remitted by employers	1.25%	1.25%

	Measurement	Fiscal
	Year (2019)	Year (2020)
Employer contributions	\$ 81,259	\$ 103,091
Member contributions	\$ 30,315	\$ 33,051
NECE on-behalf contributions	\$ 119,298	\$ 127,121

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

TRS-Care received supplemental appropriations from the State as the NECE in the amount of \$73.6 million in fiscal year 2019.

Actuarial Assumptions

The total OPEB liability in the August 31, 2018 actuarial valuation was rolled forward to August 31, 2019.

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

The following assumptions 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:

- | | |
|---------------------------------|---------------------------|
| 1 Rates of Mortality | 5 General Inflation |
| 2 Rates of Retirement | 6 Wage Inflation |
| 3 Rates of Termination | 7 Expected Payroll Growth |
| 4 Rates of Disability Incidence | |

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INDEPENDENT SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS, (Continued)

For the Year Ended August 31, 2020

The active mortality rates were based on 90% of the RP-2014 Employee Mortality Tables for males and females, with full generational mortality using Scale BB. The post-retirement mortality rates for healthy lives were based on the 2018 TRS of Texas Healthy Pensioner Mortality Tables, with full generational projection using the ultimate improvement rates from the most recently published scale. The initial medical trend rates were 10.25% for Medicare retirees and 7.50% for non-Medicare retirees. There was an initial prescription drug trend rate of 10.25% for all retirees. The initial trend rates decrease to an ultimate trend rate of 4.50% over a period of 13 years.

Additional actuarial methods and assumptions are as follows:

Valuation date	8/31/2018 rolled forward to 8/31/2019
Actuarial cost method	Individual entry age normal
Inflation	2.30%
Single discount rate	2.63% as of August 31, 2019
Aging factors	Based on plan-specific experience
Election rates	Normal retirement: 65% participant prior to age 65 and 50% participant after age 65. 25% of pre-65 retirees are assumed to discontinue coverage at age 65. Third-party administrative expenses related to the delivery of healthcare benefits are included in the age-adjusted claims costs.
Expenses	Third-party administrative expenses related to the delivery of healthcare benefits are included in the age-adjusted claims costs
Projected salary increases*	3.05% to 9.05%, including inflation
Ad hoc postemployment benefit changes	None

The impact of the Cadillac Tax 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 2.5%.
- Premium data submitted was not adjusted for permissible exclusions to the Cadillac Tax.
- There were no special adjustments to the dollar limit other than those permissible for non-Medicare retirees over 55.

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

Discount Rate

A single discount rate of 2.63% was used to measure the total OPEB liability. There was a decrease of 1.06% in the discount rate since the previous year. Because TRS-Care 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 NECE are made at the statutorily required rates. Based on those assumptions, TRS-Care’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.

EDNA

INDEPENDENT SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS, (Continued)

For the Year Ended August 31, 2020

Sensitivity of the Net OPEB Liability

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

	1% Decrease in Discount Rate (1.63%)	Current Single Discount Rate (2.63%)	1% Increase in Discount Rate (3.63%)
District's proportionate share of net OPEB liability	\$ 7,223,088	\$ 5,982,740	\$ 5,012,416

Healthcare Cost Trend Rates Sensitivity Analysis – The following presents the net OPEB liability of TRS-Care using the assumed healthcare cost trend rate of 8.5%, as well as what the net OPEB liability would be if it were calculated using a trend rate that is 1% less than or 1% higher than the assumed healthcare cost trend rate:

	1% Decrease in Healthcare Cost Trend Rate	Current Healthcare Cost Trend Rate	1% Increase in Healthcare Cost Trend Rate
District's proportionate share of net OPEB liability	\$ 4,880,510	\$ 5,982,740	\$ 7,459,224

OPEB Liability, OPEB Expense, and Deferred Outflows/Inflows of Resources Related to OPEB

At August 31, 2020, the District reported a liability of \$5,982,740 for its proportionate share of TRS-Care'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	\$ 5,982,740
State's proportionate share that is associated with the District	7,949,724
Total	\$ 13,932,464

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 District's proportion of the net OPEB liability was based on the District's contributions to TRS-Care relative to the contributions of all employers to TRS-Care for the period September 1, 2018 through August 31, 2019.

At August 31, 2020, the District's proportion of the collective net OPEB liability was 0.0126508%, a decrease of 0.0000326% compared to August 31, 2019.

EDNA
INDEPENDENT SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS, (Continued)
For the Year Ended August 31, 2020

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 was changed from 3.69% as of August 31, 2018 to 2.63% as of August 31, 2019. This change increased the total OPEB liability.
- The healthcare trend rates were reset to better reflect TRS-Care's anticipated experience. This change increased the total OPEB liability.
- The participation rate for pre-65 retirees was lowered from 70% to 60%. The participation rate for post-65 retirees was lowered from 75% to 50%. 25% of pre-65 retirees are assumed to discontinue their coverage at age 65. There was no lapse assumption in the prior valuation. These changes decreased the total OPEB liability.
- The percentage of retirees who are assumed to have two-person coverage was lowered from 20% to 15%. In addition, the participation assumption for the surviving spouses of employees that die while actively employed was lowered from 20% to 10%. These changes decreased the total OPEB liability.

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

For the year ended August 31, 2020, the District recognized OPEB expense of \$209,522 and revenue of \$209,522 for support provided by the State.

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ 293,504	\$ 979,012
Changes in actuarial assumptions	332,295	1,609,210
Differences between projected and actual investment earnings	645	-
Changes in proportion and difference between the District's contributions and the proportionate share of contributions	418,268	18,053
Contributions paid to TRS subsequent to the measurement date	103,091	-
Total	\$ 1,147,803	\$ 2,606,275

EDNA

INDEPENDENT SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS, (Continued)

For the Year Ended August 31, 2020

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

<u>Year Ended August 31,</u>	<u>OPEB Expense</u>
2021	\$ (272,925)
2022	(272,925)
2023	(273,134)
2024	(273,254)
2025	(273,225)
Thereafter	(196,100)
	<u>\$ (1,561,563)</u>

Medicare Part D Subsidies

The Medicare Prescription Drug, Improvement, and Modernization Act of 2003, which was effective January 1, 2006, established prescription drug coverage for Medicare beneficiaries known as Medicare Part D. One of the provisions of Medicare Part D allows for TRS-Care to receive retiree drug subsidy payments from the federal government to offset certain prescription drug expenditures for eligible TRS-Care participants. For the fiscal years ended August 31, 2020, 2019, and 2018, the subsidy payments received by TRS-Care on behalf of the District were \$49,378, \$36,639, and \$28,601, respectively.

E. Employee Health Care Coverage

During the year ended August 31, 2020, employees of the District were covered by a health insurance plan (the "Plan"). The District paid premiums of \$378 per month per employee to the Plan. Employees, at their option, authorized payroll withholdings to pay premiums for dependents. All premiums were paid to a licensed insurer. The Plan was authorized by Article 3.51-2, Texas Insurance Code and was documented by contractual agreement. The contract between the District and the insurer is renewable September 1, 2020 and terms of coverage and premiums costs are included in the contractual provisions.

F. Workers' Compensation Insurance

During the year ended August 31, 2020, employees of the District were covered by a Workers' Compensation Plan (the "Plan"). The Plan is a workers' compensation modified self-insurance member owned and governed program pursuant to Texas Labor Code Chapter 504 and Texas Government Code Chapter 791.

The Plan is administered by a third party, Edwards Risk Management, acting on behalf of the member program. Members make a fixed benefit cost contribution plus 10% of the maximum loss fund that may be used for payment of benefits and the administration of claims. As the initial contribution is depleted, additional contributions of 10% of the maximum loss fund are made as needed not to exceed the member maximum loss fund. The District's loss fund maximum for fiscal year 2020 was \$95,340. Claims in excess of the self-insurance retention from any one employee or occurrence shall be paid by excess insurance up to the statutory limits. There were no significant reductions in coverage in the past fiscal year and there were no settlements exceeding insurance coverage for each of the past three fiscal years.

EDNA

INDEPENDENT SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS, (Continued)

For the Year Ended August 31, 2020

G. Unemployment Compensation

During the year ended August 31, 2020, the District provided unemployment compensation coverage to its employees through participation in the TASB Risk Management Fund (the "Fund"). The Fund was created and is operated under the provisions of the Interlocal Cooperation Act, Chapter 791 of the Texas Government Code. The Fund's unemployment compensation program is authorized by Section 22.005 of the Texas Education Code and Chapter 172 of the Texas Local Government Code. All members participating in the Fund execute interlocal agreements that define the responsibilities of the parties.

H. Shared Services Arrangements

The District is the fiscal agent for a shared services arrangement (SSA) which provides special education services using state and local funds to the member districts listed below. All services are provided by the fiscal agent. The member districts provide the funds to the fiscal agent. According to guidance provided in TEA's Resource Guide, the District has accounted for the fiscal agent's activities of the SSA in a special revenue fund and will be accounted for using Model 3 in the SSA section of the Resource Guide. Expenditures of the SSA are summarized below:

<u>Member Districts</u>	<u>Expenditures</u>
Edna ISD	\$ 416,948
Industrial ISD	320,192
Ganado ISD	214,894
Louise ISD	107,394
Total	\$ 1,059,428

The District is the fiscal agent for a SSA which provides special education services using federal funds to the member districts listed below. All services are provided by the fiscal agent. The state passes the funds to the fiscal agent. According to guidance provided in TEA's Resource Guide, the District has accounted for the fiscal agent's activities of the SSA in a special revenue fund and will be accounted for using Model 2 in the SSA section of the Resource Guide.

Expenditures of the SSA are summarized below:

<u>Member Districts</u>	<u>Formula</u>	<u>Preschool</u>	<u>Residential</u>
Edna ISD	\$ 228,968	\$ 14,335	\$ 67,012
Industrial ISD	140,961	5,618	166,867
Ganado ISD	96,941	1,863	-
Louise ISD	65,327	3,365	-
Total	\$ 532,197	\$ 25,181	\$ 233,879

I. Tax Abatements

The District has entered into a property tax abatement agreement (the "Agreement") with DCP Midstream Eagle Plant (the "Company") for a limitation on appraised value of property for school district maintenance and operation taxes (M&O) pursuant to Chapter 313 of the Texas Tax Code, the Texas Economic Development Act (the "Act") as of February 20, 2012. The final termination date of the Agreement is December 31, 2025.

EDNA
INDEPENDENT SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS, (Continued)
For the Year Ended August 31, 2020

Under the Act, a taxpayer agrees to build or install property and create jobs in exchange for an eight-year limitation on the taxable property value for school district M&O tax.

The District has granted the Company a tax limitation of \$10,000,000 for the period beginning January 1, 2015 through December 31, 2022. The qualified investment consists of an estimated \$100 million to construct a new gas processing facility in Jackson County.

The Company is entitled to the tax limitation amount for tax years 2015 through 2022. The limitation on the local ad valorem property values for M&O purposes shall commence with the property valuations made as of January 1, 2015, the appraisal date for the third full tax year following the commencement date. For the first two full tax years that begin after the commencement date (i.e., the 2013 and 2014 tax years), which along with the period from the date of approval until January 1, 2013, are collectively referred to herein as the "qualifying time period", as that term is defined in Texas Tax Code 313.026, the Company shall not be entitled to a tax limitation. Unless sooner terminated as provided herein, the limitation on the local ad valorem property values shall terminate on December 31, 2022.

In order for the Company to receive and maintain the tax limitation, the Company must:

- Complete a minimum qualified investment of \$10,000,000 during the qualifying time period or the Agreement shall become null and void on December 31, 2013.
- Create and maintain, subject to the provisions of Section 313.026 (a)(7) of the Texas Tax Code, 10 new qualifying jobs.
- Create and maintain at least 80% of all new jobs it committed to create and maintain.
- Pay the qualifying job holders wages, salaries, and benefits in accordance with Texas Tax Code Section 313.021 (3) at an average wage of \$1,019 weekly (\$53,000 annually).
- Make supplemental payments in accordance with the Agreement.
- Create and maintain a viable presence in the District through the final termination date.

The estimated potential tax benefit to the Company resulting from the value limitation totals \$12,876,712 over a 15-year period. In addition, the Company is eligible for a tax credit on taxes paid on values in excess of the value limitation in each of the first two years. The cumulative tax credits are projected to be approximately \$1,047,206. The District is to be reimbursed by the State for tax credit payments. Over the same 15-year period, the District is projecting a net gain from the Agreement totaling \$761,037.

(A)	(B)	(C)	(D)	(E)	(F)	(G)
Project Value 2020	Project's Value Limitation Amount 2020	Amount of Applicant's M&O Taxes Paid 2020	Amount of Applicant's M&O Taxes Reduced 2020	Company Revenue Loss Payment To the District 2020	Company Payment To the District 2020	Net Benefit (Loss) to the District 2020 (C+E+F)
\$78,962,500	\$10,000,000	\$0	\$765,936	\$6,352	\$141,500	\$147,852

On June 15, 2020, the District has entered into a property tax abatement agreement with Old Hickory Solar, LLC for a limitation on appraised value of property for school district maintenance and operation taxes pursuant to Chapter 313 of the Texas Tax Code, the Texas Economic Development Act. This agreement is expected to be effective in the first quarter of 2021. The final termination date of the Agreement is December 31, 2037.

REQUIRED SUPPLEMENTARY INFORMATION

EDNA
INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET TO ACTUAL - GENERAL FUND - EXHIBIT G-1
For the Year Ended August 31, 2020

Data Control Codes		Budgeted Amounts		Actual	Variance with Final Budget
		Original	Final		Positive (Negative)
	Revenues				
5700	Local, intermediate, and out-of-state	\$ 5,543,291	\$ 5,814,991	\$ 5,783,457	\$ (31,534)
5800	State program revenues	9,109,641	9,594,734	9,448,632	(146,102)
5900	Federal program revenues	185,000	205,000	199,455	(5,545)
5020	Total Revenues	14,837,932	15,614,725	15,431,544	(183,181)
	Expenditures				
0011	Instruction	8,074,418	8,186,886	8,147,988	38,898
0012	Instructional resources/media services	154,459	147,459	138,278	9,181
0013	Curriculum and staff development	134,399	133,399	100,003	33,396
0021	Instructional leadership	161,447	194,447	189,123	5,324
0023	School leadership	984,885	1,101,885	1,099,029	2,856
0031	Guidance, counseling, and				
0031	evaluation services	230,783	210,783	197,496	13,287
0033	Health services	141,923	161,923	157,281	4,642
0034	Student (pupil) transportation	615,725	615,725	540,187	75,538
0035	Food service	6,900	6,900	4,019	2,881
0036	Extracurricular activities	909,772	1,060,022	1,051,146	8,876
0041	General administration	683,685	770,185	766,750	3,435
0051	Plant maintenance and operations	1,796,650	2,054,014	2,011,094	42,920
0052	Security and monitoring services	81,800	180,910	169,279	11,631
0053	Data processing services	67,886	75,386	73,172	2,214
0061	Community services	2,800	2,800	50	2,750
	Debt service:				
0071	Principal	62,090	186,383	186,356	27
0072	Interest	8,091	33,728	33,728	-
	Capital outlay:				
0081	Facilities acquisition and construction	126,704	887,691	808,954	78,737
	Intergovernmental:				
0093	Shared services arrangements	363,515	363,515	363,513	2
0099	Other intergovernmental charges	230,000	195,000	189,956	5,044
6030	Total Expenditures	14,837,932	16,569,041	16,227,402	341,639
	(Deficiency) of Revenues				
1100	(Under) Expenditures	-	(954,316)	(795,858)	158,458
0100	Beginning fund balance	8,779,451	8,779,451	8,779,451	-
3000	Ending Fund Balance	\$ 8,779,451	\$ 7,825,135	\$ 7,983,593	\$ 158,458

See Notes to Required Supplementary Information

1 Annual budgets are adopted on a basis consistent with generally accepted accounting principals (GAAP).

EDNA
INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE
OF THE NET PENSION LIABILITY
TEACHER RETIREMENT SYSTEM OF TEXAS (TRS)- EXHIBIT G-2
For the Year Ended August 31, 2020

	Measurement Year*			
	2019	2018	2017	2016
District's proportion of the net pension liability (asset)	0.0080884%	0.0082675%	0.0078912%	0.0082601%
District's proportionate share of the net pension liability (asset)	\$ 4,202,513	\$ 4,550,630	\$ 2,523,186	\$ 3,121,377
State's proportionate share of the net pension liability (asset) associated with the District	7,030,752	8,044,667	4,770,460	5,727,712
Total	\$ 11,233,265	\$ 12,595,297	\$ 7,293,646	\$ 8,849,089
District's covered payroll**	\$ 9,327,770	\$ 9,468,960	\$ 9,140,879	\$ 9,035,394
District's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	45.05%	48.06%	26.65%	34.55%
Plan fiduciary net position as a percentage of the total pension liability	75.24%	73.74%	82.17%	78.00%

*Only six years' worth of information is currently available.

**As of the measurement date

Notes to Required Supplementary Information:

Changes in Assumptions: [There were assumptions or other inputs that affected measurements of the total pension liability (TPL) since the prior measurement period.]

The TPL, as of August 31, 2019, was developed using a roll-forward method from the August 31, 2018 valuation.

With the enactment of SB3 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 receive a \$2,700 increase in fiscal year 2020. This is in addition to the salary increase expected based on the actuarial assumptions.

The discount rate changed from 6.907% as of August 31, 2018 to 7.25% as of August 31, 2019.

Changes in Benefits

There were no changes of benefit terms that affected measurement of the TPL during the measurement period.

Measurement Year*	
2015	2014
0.0088022%	0.0044939%
\$ 3,111,461	\$ 1,200,382
5,376,004	4,481,720
<u>\$ 8,487,465</u>	<u>\$ 5,682,102</u>
\$ 8,697,318	\$ 7,687,454
35.77%	15.61%
78.43%	83.25%

EDNA
INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF DISTRICT CONTRIBUTIONS
TEACHER RETIREMENT SYSTEM OF TEXAS (TRS) - EXHIBIT G-3
For the Year Ended August 31, 2020

	Fiscal Year*			
	2020	2019	2018	2017
Contractually required contribution	\$ 333,731	\$ 277,826	\$ 269,681	\$ 258,133
Contributions in relation to the contractually required contribution	333,731	277,826	269,681	258,133
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -
District's covered payroll	\$ 10,169,649	\$ 9,327,770	\$ 9,468,960	\$ 9,140,879
Contributions as a percentage of covered payroll	3.28%	2.98%	2.85%	2.82%

* Only seven years' worth of information is currently available.

Fiscal Year*		
2016	2015	2014
\$ 263,859	\$ 143,176	\$ 115,373
263,859	143,176	115,373
\$ -	\$ -	\$ -
\$ 9,035,394	\$ 8,697,318	\$ 7,687,454
2.92%	1.65%	1.50%

EDNA
INDEPENDENT SCHOOL DISTRICT
*SCHEDULE OF THE DISTRICT'S PROPORTIONATE
 SHARE OF THE NET OPEB LIABILITY*
TEXAS PUBLIC SCHOOL RETIRED EMPLOYEES
GROUP INSURANCE PROGRAM ("TRS-CARE") - EXHIBIT G-4
For the Year Ended August 31, 2020

	Measurement Year*		
	2019	2018	2017
District's proportion of the collective net OPEB liability (asset)	0.0126508%	0.0126834%	0.0118121%
District's proportionate share of the collective net OPEB liability (asset) associated with the District	\$ 5,982,740	\$ 6,332,914	\$ 5,136,619
State's proportionate share of the collective net OPEB liability (asset)	7,949,724	8,079,898	7,172,692
Total	<u>\$ 13,932,464</u>	<u>\$ 14,412,812</u>	<u>\$ 12,309,311</u>
District's covered payroll**	\$ 9,327,770	\$ 9,468,960	\$ 9,140,879
District's proportionate share of the net OPEB liability (asset) as a percentage of its covered payroll	64.14%	66.88%	56.19%
Plan fiduciary net position as a percentage of the total OPEB liability	2.66%	1.57%	0.91%

* Only three years' worth of information is currently available.

** As of measurement date

Notes to Required Supplementary Information:

Changes in Assumptions: There were changes in assumptions that affected measurement of the total OPEB liability since the prior measurement period.

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

Changes in Benefits: There were no changes in benefits terms since the prior measurement period.

EDNA
INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF CONTRIBUTIONS
TEXAS PUBLIC SCHOOL RETIRED EMPLOYEES
GROUP INSURANCE PROGRAM ("TRS-CARE") - EXHIBIT G-5
For the Year Ended August 31, 2020

	Fiscal Year*			
	2020	2019	2018	2017
Statutorily required contributions	\$ 103,087	\$ 81,259	\$ 81,114	\$ 61,411
Contributions in relations to the statutorily required contributions	103,087	81,259	81,114	61,411
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -
District's covered payroll	\$ 10,169,649	\$ 9,327,770	\$ 9,468,960	9,140,879
Contributions as a percentage of covered payroll	1.01%	0.87%	0.86%	0.67%

* Only four years' worth of information is currently available.

***OTHER SUPPLEMENTARY
INFORMATION***

EDNA
INDEPENDENT SCHOOL DISTRICT
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS - EXHIBIT H-1 (Page 1 of 3)
August 31, 2020

Data Control Codes		211	224	240	244
		ESEA Title I Improving Basic Programs	IDEA-B Formula	National School Breakfast/ Lunch	Career & Technical - Basic Grant
	<u>Assets</u>				
1110	Cash and cash equivalents	\$ -	\$ -	\$ 146,270	\$ -
1240	Due from other governments	40,337	18,444	45,401	-
1000	Total Assets	<u>\$ 40,337</u>	<u>\$ 18,444</u>	<u>\$ 191,671</u>	<u>\$ -</u>
	<u>Liabilities</u>				
2110	Accounts payable	\$ -	\$ -	\$ 67,826	\$ -
2160	Accrued wages payable	35,898	16,628	-	-
2170	Due to other funds	1,019	-	-	-
2200	Accrued expenditures	3,420	1,816	-	-
2000	Total Liabilities	<u>40,337</u>	<u>18,444</u>	<u>67,826</u>	<u>-</u>
	<u>Fund Balances</u>				
	Restricted:				
3450	Federal/state grant funds	-	-	123,845	-
3490	Other restrictions	-	-	-	-
3000	Total Fund Balances	<u>-</u>	<u>-</u>	<u>123,845</u>	<u>-</u>
4000	Total Liabilities and Fund Balances	<u>\$ 40,337</u>	<u>\$ 18,444</u>	<u>\$ 191,671</u>	<u>\$ -</u>

255	263	266	270	289	313
Teacher & Principal Training	English Language Acquisition & Enhancement	Elementary and Secondary Emergency Relief	ESEA Title VI Part B Subpart 2 - Rural	Misc. Federal Programs	IDEA-B Formula
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	14,433	65,789
<u>\$ -</u>	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>	<u>\$ 14,433</u>	<u>\$ 65,789</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	26,649
-	-	-	-	14,433	36,671
-	-	-	-	-	2,469
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>14,433</u>	<u>65,789</u>
-	-	-	-	-	-
-	-	-	-	-	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 14,433</u>	<u>\$ 65,789</u>

EDNA
INDEPENDENT SCHOOL DISTRICT
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS - EXHIBIT H-1 (Page 2 of 3)
August 31, 2020

		314	315	385	397
Data Control Codes		IDEA-B Preschool	IDEA-B Residential	Supplementary Visually Impaired	Advanced Placement Incentives
<u>Assets</u>					
1110	Cash and cash equivalents	\$ -	\$ -	\$ -	\$ 19
1240	Due from other governments	3,527	-	-	-
1000	Total Assets	\$ 3,527	\$ -	\$ -	\$ 19
<u>Liabilities</u>					
2110	Accounts payable	\$ -	\$ -	\$ -	\$ -
2160	Accrued wages payable	3,182	-	-	-
2170	Due to other funds	-	-	-	-
2200	Accrued expenditures	345	-	-	-
2000	Total Liabilities	3,527	-	-	-
<u>Fund Balances</u>					
Restricted:					
3450	Federal/state grant fund	-	-	-	19
3490	Other restrictions	-	-	-	-
3000	Total Fund Balances	-	-	-	19
4000	Total Liabilities and Fund Balances	\$ 3,527	\$ -	\$ -	\$ 19

410	429	437	461	495	498
State Textbook	Misc. State Programs	Student Success Initiative	Campus Activity	District UIL 28AAA	Formosa Grant
\$ -	\$ 32,929	\$ 173,844	\$ 73,424	\$ -	\$ -
68,470	-	-	-	-	-
<u>\$ 68,470</u>	<u>\$ 32,929</u>	<u>\$ 173,844</u>	<u>\$ 73,424</u>	<u>\$ -</u>	<u>\$ -</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	74,390	-	-	-
68,470	-	-	-	-	-
-	-	1,474	-	-	-
<u>68,470</u>	<u>-</u>	<u>75,864</u>	<u>-</u>	<u>-</u>	<u>-</u>
-	-	-	-	-	-
-	32,929	97,980	73,424	-	-
<u>-</u>	<u>32,929</u>	<u>97,980</u>	<u>73,424</u>	<u>-</u>	<u>-</u>
<u>\$ 68,470</u>	<u>\$ 32,929</u>	<u>\$ 173,844</u>	<u>\$ 73,424</u>	<u>\$ -</u>	<u>\$ -</u>

EDNA
INDEPENDENT SCHOOL DISTRICT
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS - EXHIBIT H-1 (Page 3 of 3)
August 31, 2020

<u>Data Control Codes</u>		<u>Total Nonmajor Governmental Funds</u>
	<u>Assets</u>	
1110	Cash and cash equivalents	\$ 426,486
1240	Due from other governments	256,401
1000	Total Assets	<u>\$ 682,887</u>
	<u>Liabilities</u>	
2110	Accounts payable	\$ 67,826
2160	Accrued wages payable	156,747
2170	Due to other funds	120,593
2200	Accrued expenditures	9,524
2000	Total Liabilities	<u>354,690</u>
	<u>Fund Balances</u>	
	Restricted:	
3450	Federal/state grant fund	123,864
3490	Other restrictions	204,333
3000	Total Fund Balances	<u>328,197</u>
4000	Total Liabilities and Fund Balances	<u>\$ 682,887</u>

EDNA
INDEPENDENT SCHOOL DISTRICT
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS - EXHIBIT H-2 (Page 1 of 3)
For the Year Ended August 31, 2020

Data Control Codes		211 ESEA Title I Improving Basic Programs	224 IDEA-B Formula	240 National School Breakfast/ Lunch	244 Career & Technical - Basic Grant
	Revenues				
5700	Local, intermediate, and out-of-state	\$ -	\$ -	\$ 205,464	\$ -
5800	State program revenues	-	-	3,997	-
5900	Federal program revenues	350,731	124,123	769,692	20,757
5020	Total Revenues	<u>350,731</u>	<u>124,123</u>	<u>979,153</u>	<u>20,757</u>
	Expenditures				
0011	Instruction	350,731	124,123	-	20,757
0013	Curriculum and staff development	-	-	-	-
0021	Instructional leadership	-	-	-	-
0031	Guidance, counseling, and				
0031	evaluation services	-	-	-	-
0033	Health services	-	-	-	-
0035	Food service	-	-	899,393	-
0036	Extracurricular activities	-	-	-	-
0041	General administration	-	-	-	-
0051	Plant maintenance and operations	-	-	-	-
0093	Shared services arrangements	-	-	-	-
6030	Total Expenditures	<u>350,731</u>	<u>124,123</u>	<u>899,393</u>	<u>20,757</u>
1200	Net Change in Fund Balances	-	-	79,760	-
0100	Beginning fund balances	-	-	44,085	-
3000	Ending Fund Balances	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 123,845</u>	<u>\$ -</u>

255	263	266	270	289	313
Teacher & Principal Training	English Language Acquisition & Enhancement	Elementary and Secondary Emergency Relief	ESEA Title VI Part B Subpart 2 - Rural	Misc. Federal Programs	IDEA-B Formula
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
52,766	13,005	271,982	29,088	38,600	830,578
52,766	13,005	271,982	29,088	38,600	830,578
52,766	13,005	271,982	29,088	38,600	136,527
-	-	-	-	-	975
-	-	-	-	-	31,072
-	-	-	-	-	340,637
-	-	-	-	-	71
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	321,296
52,766	13,005	271,982	29,088	38,600	830,578
-	-	-	-	-	-
-	-	-	-	-	-
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

EDNA
INDEPENDENT SCHOOL DISTRICT
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS - EXHIBIT H-2 (Page 2 of 3)
For the Year Ended August 31, 2020

Data Control Codes		314	315	385	397
		IDEA-B Preschool	IDEA-B Residential	Supplementary Visually Impaired	Advanced Placement Incentives
	Revenues				
5700	Local, intermediate, and out-of-state	\$ -	\$ -	\$ -	\$ -
5800	State program revenues	-	-	1,950	19
5900	Federal program revenues	25,181	233,879	-	-
5020	Total Revenues	<u>25,181</u>	<u>233,879</u>	<u>1,950</u>	<u>19</u>
	Expenditures				
0011	Instruction	25,181	159,579	1,950	-
0013	Curriculum and staff development	-	-	-	-
0021	Instructional leadership	-	-	-	-
0031	Guidance, counseling, and				
0031	evaluation services	-	-	-	-
0033	Health services	-	-	-	-
0035	Food service	-	-	-	-
0036	Extracurricular activities	-	-	-	-
0041	General administration	-	-	-	-
0051	Plant maintenance and operations	-	-	-	-
0093	Shared services arrangements	-	74,300	-	-
6030	Total Expenditures	<u>25,181</u>	<u>233,879</u>	<u>1,950</u>	<u>-</u>
1200	Net Change in Fund Balances	-	-	-	19
0100	Beginning fund balances	-	-	-	-
3000	Ending Fund Balances	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 19</u>

410	429	437	461	495	498
State Textbook	Misc. State Programs	Student Success Initiative	Campus Activity	District UIL 28AAA	Formosa Grant
\$ -	\$ -	\$ 924,999	\$ 115,977	\$ 25,773	\$ 14,500
238,633	120,110	-	-	-	-
-	-	-	-	-	-
238,633	120,110	924,999	115,977	25,773	14,500
238,633	61,825	813,947	5,183	-	12,663
-	-	200	-	-	-
-	-	125,642	-	-	-
-	-	46,523	-	-	-
-	-	33,116	-	-	-
-	-	-	-	-	-
-	-	-	73,151	25,773	-
-	-	40,000	-	-	1,837
-	25,356	-	-	-	-
-	-	-	-	-	-
238,633	87,181	1,059,428	78,334	25,773	14,500
-	32,929	(134,429)	37,643	-	-
-	-	232,409	35,781	-	-
\$ -	\$ 32,929	\$ 97,980	\$ 73,424	\$ -	\$ -

EDNA
INDEPENDENT SCHOOL DISTRICT
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS - EXHIBIT H-2 (Page 3 of 3)
For the Year Ended August 31, 2020

Data Control Codes		Total Nonmajor Governmental Funds
	<u>Revenues</u>	
5700	Local, intermediate, and out-of-state	\$ 1,286,713
5800	State program revenues	364,709
5900	Federal program revenues	2,760,382
5020	Total Revenues	4,411,804
	<u>Expenditures</u>	
0011	Instruction	2,356,540
0013	Curriculum and staff development	1,175
0021	Instructional leadership	156,714
0031	Guidance, counseling, and	
0031	evaluation services	387,160
0033	Health services	33,187
0035	Food service	899,393
0036	Extracurricular activities	98,924
0041	General administration	41,837
0051	Plant maintenance and operations	25,356
0093	Shared services arrangements	395,596
6030	Total Expenditures	4,395,882
1200	Net Change in Fund Balances	15,922
0100	Beginning fund balances	312,275
3000	Ending Fund Balances	\$ 328,197

EDNA
INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF DELINQUENT TAXES RECEIVABLE - EXHIBIT J-1
For the Year Ended August 31, 2020

<u>Last Ten Years</u>	1	2	3
	Tax Rates		Net Assessed/ Appraised
	<u>Maintenance</u>	<u>Debt Service</u>	<u>Value For School Tax Purposes</u>
2011 and prior	Various	Various	Various
2012	\$ 1.0400	\$ 0.1769	\$ 386,197,141
2013	\$ 1.0400	\$ 0.3382	\$ 392,285,907
2014	\$ 1.0400	\$ 0.3706	\$ 498,057,498
2015	\$ 1.0400	\$ 0.2696	\$ 596,078,305
2016	\$ 1.0400	\$ 0.2677	\$ 567,882,667
2017	\$ 1.0400	\$ 0.2567	\$ 565,834,667
2018	\$ 1.0400	\$ 0.2400	\$ 608,955,282
2019	\$ 1.0600	\$ 0.2200	\$ 590,958,068
2020	\$ 0.9700	\$ 0.2350	\$ 644,227,107
Totals			

10	20	31	32	40	50
Beginning Balance 9/1/19	Current Year's Total Levy	Maintenance Total Collected	Debt Service Total Collected	Entire Year's Adjustments	Ending Balance 8/31/20
\$ 175,587	\$ -	\$ 10,247	\$ 1,002	\$ (6,553)	\$ 157,785
36,077	-	257	84	(7,319)	28,417
39,223	-	190	68	(7,488)	31,477
34,773	-	225	58	(9,005)	25,485
44,684	-	530	136	(8,828)	35,190
96,526	-	4,287	1,058	(45,034)	46,147
117,369	-	4,667	1,152	(39,064)	72,486
141,525	-	14,577	3,364	(38,759)	84,825
174,925	-	22,089	4,584	(38,904)	109,348
	7,559,099	5,127,284	1,383,460	(896,862)	151,493
<u>\$ 860,689</u>	<u>\$ 7,559,099</u>	<u>\$ 5,184,353</u>	<u>\$ 1,394,966</u>	<u>\$ (1,097,816)</u>	<u>\$ 742,653</u>

EDNA
INDEPENDENT SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
NATIONAL BREAKFAST AND LUNCH PROGRAM - EXHIBIT J-2
For the Year Ended August 31, 2020

Data Control Codes		1	2	3	Variance with Final Budget
		Budgeted Amounts		Actual	Positive (Negative)
		Original	Final		
	<u>Revenues</u>				
5700	Local, intermediate, and out-of-state	\$ 218,025	\$ 214,025	\$ 205,464	\$ (8,561)
5800	State program revenues	-	4,000	3,997	(3)
5900	Federal program revenues	661,186	721,186	769,692	48,506
5020	Total Revenues	<u>879,211</u>	<u>939,211</u>	<u>979,153</u>	<u>39,942</u>
	<u>Expenditures</u>				
0035	Food service	879,211	939,211	899,393	39,818
6030	Total Expenditures	<u>879,211</u>	<u>939,211</u>	<u>899,393</u>	<u>39,818</u>
	Excess of Revenues Over Expenditures				
1100		<u>-</u>	<u>-</u>	<u>79,760</u>	<u>79,760</u>
1200	Net Change in Fund Balance	-	-	79,760	79,760
0100	Beginning fund balance	44,085	44,085	44,085	-
3000	Ending Fund Balance	<u>\$ 44,085</u>	<u>\$ 44,085</u>	<u>\$ 123,845</u>	<u>\$ 79,760</u>

EDNA INDEPENDENT SCHOOL DISTRICT

BUDGETARY COMPARISON SCHEDULE

DEBT SERVICE - EXHIBIT J-3

For the Year Ended August 31, 2020

Data Control Codes		1	2	3	Variance with Final Budget
		Budgeted Amounts		Actual	Positive (Negative)
		Original	Final		
	Revenues				
5700	Local, intermediate, and out-of-state	\$ 1,417,214	\$ 1,417,214	\$ 1,433,345	\$ 16,131
5800	State program revenues	-	-	35,161	35,161
5020	Total Revenues	<u>1,417,214</u>	<u>1,417,214</u>	<u>1,468,506</u>	<u>51,292</u>
	Expenditures				
	Debt service:				
0071	Principal	955,000	955,000	955,000	-
0072	Interest	457,213	457,213	457,213	-
0073	Bond issuance costs and fees	5,001	5,001	2,100	2,901
6030	Total Expenditures	<u>1,417,214</u>	<u>1,417,214</u>	<u>1,414,313</u>	<u>2,901</u>
	Excess of Revenues				
1100	Over Expenditures	<u>-</u>	<u>-</u>	<u>54,193</u>	<u>54,193</u>
1200	Net Change in Fund Balance	-	-	54,193	54,193
0100	Beginning fund balance	766,923	766,923	766,923	56,944
3000	Ending Fund Balance	<u>\$ 766,923</u>	<u>\$ 766,923</u>	<u>\$ 821,116</u>	<u>\$ 111,137</u>

***FEDERAL AWARDS AND
OTHER COMPLIANCE SECTION***



**INDEPENDENT AUDITORS' 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**

December 10, 2020

To the Board of Trustees of
Edna Independent School District:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Edna Independent School District (the "District"), as of and for the year ended August 31, 2020, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated December 10, 2020.

Internal Control Over Financial Reporting

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

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

Compliance and Other Matters

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

Purpose of this Report

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

The logo features the names 'Belt Harris Pechacek' in a large, elegant, cursive script. The letters are dark brown with a slight shadow effect. To the right of the script, 'LLP' is written in a smaller, bold, sans-serif font.

Belt Harris Pechacek, LLP
Certified Public Accountants
Houston, Texas



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

December 10, 2020

To the Board of Trustees of
Edna Independent School District:

Report on Compliance for Each Major Federal Program

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

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditors' Responsibility

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

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

Opinion on Each Major Federal Program

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

Report on Internal Control over Compliance

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

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

The logo for Belt Harris Pechacek, LLP features the names 'BELT', 'HARRIS', and 'PECHACEK' in a stylized, cursive font, followed by 'LLP' in a smaller, sans-serif font.

Belt Harris Pechacek, LLP
Certified Public Accountants
Houston, Texas

EDNA
INDEPENDENT SCHOOL DISTRICT
SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS
For the Year Ended August 31, 2020

A. SUMMARY OF PRIOR YEAR AUDIT FINDINGS

No prior year findings.

EDNA
INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended August 31, 2020

A. SUMMARY OF AUDIT RESULTS

1. The auditors' report expresses an unmodified opinion on the financial statements of the District.
2. Significant deficiencies in internal control were not disclosed by the audit of the basic financial statements.
3. No instances of noncompliance material to the financial statements were disclosed during the audit.
4. Significant deficiencies in internal control over major federal award programs were not disclosed by the audit.
5. The auditors' report on compliance for the major federal award programs expresses an unmodified opinion.
6. No audit findings relative to the major federal award programs for the District are reported in Part C of this schedule.
7. The programs included as major programs are:

<u>CFDA Number</u>	<u>Name of Federal Program</u>
10.553 & 10.555	Child Nutrition Cluster
84.425D	Elementary and Secondary School Emergency Relief

8. The threshold for distinguishing Type A and B programs was \$750,000.
9. The District did qualify as a low-risk auditee.

B. FINDINGS – BASIC FINANCIAL STATEMENT AUDIT

None Noted

C. FINDINGS – FEDERAL AWARDS AUDIT

None Noted

EDNA
INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS - EXHIBIT K-1
For the Year Ended August 31, 2020

Federal Grantor/Pass-Through Grantor/ Program Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
U.S. DEPARTMENT OF EDUCATION			
<i>Passed Through Texas Education Agency:</i>			
Title I, Part A - Improving Basic Programs	84.010	20610101120901	\$ 311,414
Title I, Part A - Improving Basic Programs	84.010	21610101120901	39,317
Title II, Part A - Teacher/Principal Training	84.367	20694501120901	52,766
Title III, Part A - English Language Acquisition	84.365	20671001120901	13,005
Title IV, Part A, Subpart 1	84.424	20680101120901	24,167
Title V, Part B Rural Low Income	84.358	20696001120901	29,088
Carl D. Perkins Basic Formula	84.048	20420006084908	20,757
Texas Hurricane Homeless Youth	84.938B	19513701120901	14,433
COVID-19 Elementary and Secondary School Emergency Relief	84.425D	20521001120901	271,982
Special Education Cluster:			
IDEA-B Preschool	84.173	206610011209016000	21,654
IDEA-B Preschool	84.173	216610011209016000	3,527
IDEA-B Formula	84.027	206600011209016000	801,460
IDEA-B Formula	84.027	216600011209016000	29,118
IDEA-B Disc - Residential	84.027A	206600121209016677	233,879
Total U.S. Department of Education			<u>1,866,567</u>
U.S. DEPARTMENT OF AGRICULTURE			
<i>Passed Through Texas Education Agency:</i>			
Child Nutrition Cluster			
School Breakfast Program	10.553	806780706	206,727
National School Lunch Program	10.555	806780706	503,336
USDA Commodity	10.565	806780706	59,629
Total U.S. Department of Agriculture			<u>769,692</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS			<u><u>\$ 2,636,259</u></u>
Reconciliation of Federal Revenue:			
SHARS Reimbursement			\$ 199,455
Passed through SSA IDEA-B Formula			124,123
Total Federal Revenue per Exhibit C-2			<u><u>\$ 2,959,837</u></u>

EDNA
INDEPENDENT SCHOOL DISTRICT
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended August 31, 2020

NOTE 1: BASIS OF ACCOUNTING

The accompanying schedule of expenditures of federal awards (SEFA) includes the federal grant activity of the District. The information in the SEFA is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations (CFR)* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance"). Therefore, some amounts may differ from amounts presented in, or used in the preparation of, the basic financial statements.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the SEFA are reported on the modified accrual basis of accounting. These expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the SEFA, if any, represent adjustments or credit made in the normal course of business to amounts reported as expenditures in prior years.

NOTE 3: SUBRECIPIENTS

The District is the fiscal agent for a shared services arrangement. The District provided federal awards to subrecipients as follows:

<u>Program Title</u>	<u>CFDA Number</u>	<u>Amount Provided to Subrecipients</u>
IDEA - B	84.027	<u>\$ 298,381</u>

NOTE 4: INDIRECT COST RATE

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

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EDNA
INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF REQUIRED RESPONSES TO
SELECTED SCHOOL FIRST INDICATORS - EXHIBIT L-1
For the Year Ended August 31, 2020

Data Control Codes		Responses
SF1	Was there an unmodified opinion in the annual financial report on the financial statements as a whole?	Yes
SF2	Were there any disclosures in the annual financial report and/or other sources of information concerning nonpayment of any terms of any debt agreement at fiscal year end?	No
SF3	Did the District make timely payments to the Teacher Retirement System, Texas Workforce Commission, Internal Revenue Service, and other governmental agencies?	Yes
SF4	Was the District issued a warrant hold?	No
SF5	Did the annual financial report disclose any instances of material weaknesses in internal controls over financial reporting and compliance for local, state, or federal funds?	No
SF6	Was there any disclosure in the annual financial report of material noncompliance for grants, contracts, and laws related to local, state, or federal funds?	No
SF7	Did the District post the required financial information on its website in accordance with Governmental Code, Local Government Code, Texas Education Code, Texas Administrative Code, and other statutes, laws, and rules that were in effect at the District's fiscal year end?	Yes
SF8	Did the school board members discuss the District's property values at a board meeting within 120 days before the District adopted its budget?	Yes
SF9	Total accumulated accretion on capital appreciation bonds included in government-wide financial statements at fiscal year end?	\$ <u> - </u>

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