

ANNUAL FINANCIAL REPORT

of the

**EDNA
INDEPENDENT SCHOOL DISTRICT**

**For the Year Ended
August 31, 2021**

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INDEPENDENT SCHOOL DISTRICT
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INTRODUCTORY SECTION

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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, 2021, at a meeting of the Board of Trustees of such school district on the 15 day of November, 2021.



Signature of Board Secretary



Signature of Board President

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

(attach list as necessary)

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FINANCIAL SECTION



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, 2021, 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, 2021, 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 benefits 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 November 8, 2021 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.

The logo features the firm's name in a stylized, calligraphic font. The letters 'B', 'H', and 'P' are significantly larger and more ornate than the other letters, which are in a simpler, sans-serif font. The full name 'BELT HARRIS PECHACEK, LLP' is written in a dark, possibly black or dark blue, ink.

Belt Harris Pechacek, LLP
Certified Public Accountants
Houston, Texas
November 8, 2021

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

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EDNA

INDEPENDENT SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

For the Year Ended August 31, 2021

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, 2021. 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, 2021 was \$25,102,815.
- For the fiscal year ended August 31, 2021, the District's general fund reported a total fund balance of \$8,769,765, 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 \$10,001,832.

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, 2021

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, 2021

fiduciary net position and a statement of changes in fiduciary net position. We exclude these activities from the District's government-wide financial statements because the District cannot use these assets to finance its governmental operations.

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

The District's combined net position was \$25,102,815 at August 31, 2021. 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, 2021. Within Table 2, the District reported an increase of \$861,567 in combined net position from the prior year. The total assets decreased \$1,425,618 mainly due to a decrease in capital assets from current year depreciation in excess of additions. Deferred outflows of resources decreased primarily as a net result of a decrease in deferred outflows from changes in actuarial assumption for pension plans and an increase in deferred outflows from changes in proportionate share of contributions for the OPEB plan. Current liabilities decreased mainly due to a decrease in the unearned revenue from the State. Long-term liabilities decreased mainly due to principal payments and a decrease in the OPEB liability. Deferred inflows increased mainly due to differences between expected and actual economic experience and changes in actuarial assumptions for OPEB.

Table 1 Net Position Description	Governmental Activities		Total Change 2021-2020
	2021	2020	
Current assets	\$ 11,449,544	\$ 11,952,992	\$ (503,448)
Capital assets	39,942,503	40,864,673	(922,170)
Total Assets	51,392,047	52,817,665	(1,425,618)
Deferred charge on refunding	655,009	707,513	(52,504)
Deferred outflows - pensions	1,632,254	2,107,790	(475,536)
Deferred outflows - OPEB	1,515,313	1,147,803	367,510
Total Deferred Outflows of Resources	3,802,576	3,963,106	(160,530)
Current liabilities	1,059,617	2,455,838	(1,396,221)
Long-term liabilities	24,530,877	26,661,791	(2,130,914)
Total Liabilities	25,590,494	29,117,629	(3,527,135)
Deferred inflows - pensions	734,574	815,619	(81,045)
Deferred inflows - OPEB	3,766,740	2,606,275	1,160,465
Total Deferred Inflows of Resources	4,501,314	3,421,894	1,079,420
Net Position			
Net investment in capital assets	25,536,613	25,250,408	286,205
Restricted	1,232,067	1,149,313	82,754
Unrestricted	(1,665,865)	(2,158,473)	492,608
Total Net Position	\$ 25,102,815	\$ 24,241,248	\$ 861,567

EDNA
INDEPENDENT SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS, (Continued)
For the Year Ended August 31, 2021

Table 2
Changes in Net Position

	Governmental Activities		Total Change
	2021	2020	2021-2020
Revenues:			
Program revenues:			
Charges for services	\$ 1,527,517	\$ 1,286,713	\$ 240,804
Operating grants and contributions	4,186,860	4,723,039	(536,179)
General revenues:			
Property taxes	7,046,845	6,517,347	529,498
Grants and contributions not restricted for specific programs	8,499,275	8,646,303	(147,028)
Investment earnings	134,769	186,758	(51,989)
Other revenue	321,929	385,663	(63,734)
Total Revenues	21,717,195	21,745,823	(28,628)
Expenses:			
Instruction	11,048,023	12,128,729	(1,080,706)
Instructional resources and media services	168,799	155,334	13,465
Curriculum/instructional staff development	97,710	110,609	(12,899)
Instructional leadership	490,939	418,739	72,200
School leadership	1,190,614	1,337,715	(147,101)
Guidance, counseling, and evaluation services	686,178	737,002	(50,824)
Health services	210,577	219,916	(9,339)
Student (pupil) transportation	455,766	477,187	(21,421)
Food services	817,927	969,100	(151,173)
Extracurricular activities	1,164,220	1,298,881	(134,661)
General administration	820,886	947,020	(126,134)
Plant maintenance and operations	2,120,344	2,214,775	(94,431)
Security and monitoring services	140,864	128,788	12,076
Data processing services	86,064	79,883	6,181
Community services	-	54	(54)
Debt service - interest on long-term debt	424,645	449,605	(24,960)
Bond issuance costs	2,549	2,100	449
Payments to fiscal agent/member districts of SSA	741,255	759,109	(17,854)
Other intergovernmental charges	188,268	189,956	(1,688)
Total Expenses	20,855,628	22,624,502	(1,768,874)
Change in Net Position	861,567	(878,679)	1,740,246
Beginning net position	24,241,248	25,119,927	(878,679)
Ending Net Position	\$ 25,102,815	\$ 24,241,248	\$ 861,567

Total revenue decreased by a net \$28,628. The District experienced a significant decrease in operating grants and contributions; however, this was offset by the increase in property taxes. The total expenses decreased by \$1,768,874 mainly due to a decrease in instruction, food services, and school leadership which was a result of a decrease in personnel costs and less cost for supplies.

EDNA
INDEPENDENT SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS, (Continued)
For the Year Ended August 31, 2021

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

At the close of the fiscal year ending August 31, 2021, the District's governmental funds reported a combined fund balance of \$10,001,832. This compares to a combined fund balance of \$9,132,906 at August 31, 2020. The combined governmental fund balance increased primarily due to a general fund balance increase of \$786,172 during the fiscal year which had an ending fund balance of \$8,769,765. Total revenues for the general fund increased \$232,437 in large part due to an increase in local revenues from property taxes. Total expenditures for the general fund decreased by \$1,362,556 due to reductions in spending within instruction and capital outlay. The debt service fund had an increase of \$38,432 as a result of revenues in excess of current year debt service expenditures. The elementary and secondary emergency relief funds II and III had an ending fund balance of \$0 and claimed reimbursements of \$290,057 and \$281,008 for federal program revenues respectively.

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, 2021, 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 actual revenues exceeded budgeted revenues by \$46,271 mainly due to more property tax revenue than anticipated. Budgeted expenditures exceeded actual expenditures by \$1,042,860 mainly due to the less expenditures than budgeted in instruction, student transportation and plant maintenance and operations.

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, 2021, 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, 2021, the District had a total of \$39,942,503 invested in capital assets (net of depreciation) such as land, construction in progress, buildings, and District equipment. This total includes \$559,544 invested during the fiscal year ended August 31, 2021.

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

- Alternate new roof \$111,518
- Outdoor basketball court \$84,463
- Practice gym bleachers \$85,812
- Elementary security vestibule \$72,627
- 2020 Thomas activity bus \$58,350
- High school bleachers \$57,756

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

EDNA
INDEPENDENT SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS, (Continued)
For the Year Ended August 31, 2021

LONG-TERM DEBT

At year end, the District had \$14,009,067 in outstanding bonds, a capital lease, and a loan versus \$15,177,957 last year.

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 2021-2022 school year total \$17,280,534 and the District's Board adopted a maintenance and operations tax rate of \$0.8720 and an interest and sinking tax rate of \$0.1986 for a combined rate of \$1.0706 per \$100 of assessed property value.

The continued spread of the COVID-19 pandemic has given rise in uncertainties that may have a significant negative impact on the operating activities and results of the District. The occurrence and extent of such impact will depend on future developments, including (i) the duration and spread of the virus, (ii) governmental quarantine measures, (iii) the effects on the financial markets, and (iv) the effects on the overall economy, all of which are uncertain.

The COVID-19 pandemic had some impacts on the District in 2020-2021. The District's enrollment in 2020-2021 was 1,483, down from 1,583 in 2019-2020. The District's attendance dropped to 94.31% in 2020-2021 from 95.18% in 2019-2020. The District started the 2020-2021 school year offering both remote and in-person learning. The remote learning ended after the second six weeks in October 2020 and the District went fully in-person learning only. There also was an increase in expenses for cleaning supplies, masks, and payroll for custodial staff.

Revenues for athletics decreased due to social distancing and stadium/gym limits required by University Interscholastic League. The District did receive reimbursements from the Texas Department of Emergency Management for Chromebooks and also received funding from Elementary and Secondary School Emergency Relief Funds.

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, 2021

Data Control Codes		1 Governmental Activities
	<u>Assets</u>	
1110	Cash and cash equivalents	\$ 6,866,098
1120	Investments	3,345,995
1225	Property taxes receivable (net)	409,416
1240	Due from other governments	822,707
1290	Other receivables (net)	5,328
		<u>11,449,544</u>
	Capital assets:	
1510	Land	201,179
1520	Buildings and improvements, net	38,097,592
1530	Equipment and vehicles, net	1,643,732
		<u>39,942,503</u>
1000	Total Assets	<u>51,392,047</u>
	<u>Deferred Outflows of Resources</u>	
1701	Deferred charge on refunding	655,009
1705	Deferred outflows - pensions	1,632,254
1706	Deferred outflows - OPEB	1,515,313
1700	Total Deferred Outflows of Resources	<u>3,802,576</u>
	<u>Liabilities</u>	
2110	Accounts payable	76,237
2140	Interest payable	21,321
2150	Payroll deductions payable	4,348
2160	Wages payable	761,227
2200	Accrued expenditures	24,631
2300	Unearned revenue	171,853
		<u>1,059,617</u>
	Noncurrent liabilities:	
2501	Long-term liabilities due within one year	1,235,956
2502	Long-term liabilities due in more than one year	13,996,823
2540	Net pension liability	4,175,663
2545	Net OPEB liability	5,122,435
2000	Total Liabilities	<u>25,590,494</u>
	<u>Deferred Inflows of Resources</u>	
2605	Deferred inflows - pensions	734,574
2606	Deferred inflows - OPEB	3,766,740
2600	Total Deferred Inflows of Resources	<u>4,501,314</u>
	<u>Net Position</u>	
3200	Net investment in capital assets	25,536,613
	Restricted for:	
3820	Federal and state programs	228,901
3850	Debt service	859,548
3870	Campus activities	69,849
3890	Other purposes	73,769
3900	Unrestricted	(1,665,865)
3000	Total Net Position	<u>\$ 25,102,815</u>

See Notes to Financial Statements.

EDNA INDEPENDENT SCHOOL DISTRICT

STATEMENT OF ACTIVITIES - EXHIBIT B-1

For the Year Ended August 31, 2021

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	\$ 11,048,023	\$ -	\$ 2,247,104	\$ (8,800,919)
12	Instructional resources				
12	and media services	168,799	-	13,848	(154,951)
13	Curriculum/instructional				
13	staff development	97,710	-	9,153	(88,557)
21	Instructional leadership	490,939	-	60,372	(430,567)
23	School leadership	1,190,614	-	120,359	(1,070,255)
31	Guidance, counseling, and				
31	evaluation services	686,178	-	343,485	(342,693)
33	Health services	210,577	-	14,394	(196,183)
34	Student (pupil) transportation	455,766	-	41,740	(414,026)
35	Food services	817,927	247,948	617,229	47,250
36	Extracurricular activities	1,164,220	1,279,569	92,604	207,953
41	General administration	820,886	-	71,003	(749,883)
51	Plant maintenance and operations	2,120,344	-	168,235	(1,952,109)
52	Security and monitoring services	140,864	-	10,817	(130,047)
53	Data processing services	86,064	-	6,570	(79,494)
72	Debt service - interest on				
72	long-term debt	424,645	-	33,467	(391,178)
73	Debt issuance costs and fees	2,549	-	-	(2,549)
93	Payments to fiscal agent/member				
93	districts of SSA	741,255	-	336,480	(404,775)
99	Other intergovernmental charges	188,268	-	-	(188,268)
	Total Governmental Activities	<u>\$ 20,855,628</u>	<u>\$ 1,527,517</u>	<u>\$ 4,186,860</u>	<u>(15,141,251)</u>
TP	Total Primary Government	<u>\$ 20,855,628</u>	<u>\$ 1,527,517</u>	<u>\$ 4,186,860</u>	<u>(15,141,251)</u>
	General Revenues				
MT	Property taxes, levied for general purposes				5,629,415
DT	Property taxes, levied for debt service				1,417,430
GC	Grants and contributions not restricted				
GC	for specific programs				8,499,275
IE	Investment earnings				134,769
MI	Miscellaneous local and intermediate revenue				321,929
TR	Total General Revenues				<u>16,002,818</u>
CN	Change in Net Position				<u>861,567</u>
NB	Beginning net position				<u>24,241,248</u>
NE	Ending Net Position				<u>\$ 25,102,815</u>

See Notes to Financial Statements.

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

August 31, 2021

Data Control Codes		10	50	Elementary and Secondary Emergency Relief II	Elementary and Secondary Emergency Relief III
		General	Debt Service		
	Assets:				
1110	Cash and cash equivalents	\$ 6,380,598	\$ 51,177	\$ -	\$ -
1120	Investments	2,540,959	805,036	-	-
1220	Taxes receivable	576,856	131,316	-	-
1230	Allowance for uncollectible taxes	(245,889)	(52,867)	-	-
1240	Due from other governments	21,848	5,021	290,057	238,451
1260	Due from other funds	602,862	-	-	-
1290	Other receivables	5,328	-	-	-
1000	Total Assets	<u>\$ 9,882,562</u>	<u>\$ 939,683</u>	<u>\$ 290,057</u>	<u>\$ 238,451</u>
	Liabilities:				
2110	Accounts payable	\$ 22,466	\$ -	\$ -	\$ -
2150	Payroll deductions payable	4,348	-	-	-
2160	Accrued wages payable	572,855	-	28,236	30,872
2170	Due to other funds	-	-	259,191	204,961
2200	Accrued expenditures	11,994	-	2,630	2,618
2300	Unearned revenue	170,167	1,686	-	-
2000	Total Liabilities	<u>781,830</u>	<u>1,686</u>	<u>290,057</u>	<u>238,451</u>
	Deferred Inflows of Resources:				
2600	Unavailable revenue-property taxes	<u>330,967</u>	<u>78,449</u>	<u>-</u>	<u>-</u>
	Fund Balances:				
	Restricted:				
3450	Federal/state grant funds	-	-	-	-
3480	Debt service	-	859,548	-	-
3490	Other restrictions	-	-	-	-
3600	Unassigned	8,769,765	-	-	-
3000	Total Fund Balances	<u>8,769,765</u>	<u>859,548</u>	<u>-</u>	<u>-</u>
4000	Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 9,882,562</u>	<u>\$ 939,683</u>	<u>\$ 290,057</u>	<u>\$ 238,451</u>

See Notes to Financial Statements.

98

Nonmajor Governmental Funds	Total Governmental Funds
\$ 434,323	\$ 6,866,098
-	3,345,995
-	708,172
-	(298,756)
267,330	822,707
-	602,862
-	5,328
<u>\$ 701,653</u>	<u>\$ 12,052,406</u>
\$ 53,771	\$ 76,237
-	4,348
129,264	761,227
138,710	602,862
7,389	24,631
-	171,853
<u>329,134</u>	<u>1,641,158</u>
<u>-</u>	<u>409,416</u>
228,901	228,901
-	859,548
143,618	143,618
-	8,769,765
<u>372,519</u>	<u>10,001,832</u>
<u>\$ 701,653</u>	<u>\$ 12,052,406</u>

EDNA
INDEPENDENT SCHOOL DISTRICT
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION - EXHIBIT C-1R
August 31, 2021

Total fund balances for governmental funds	\$	10,001,832
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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	201,179	
Capital assets - depreciable	<u>39,741,324</u>	
		39,942,503

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

Accrued interest	(21,321)	
Deferred outflows - pensions	1,632,254	
Deferred outflows - OPEB	1,515,313	
Deferred tax revenue	409,416	
Deferred loss on bond refunding	655,009	
Deferred inflows - pensions	(734,574)	
Deferred inflows - OPEB	(3,766,740)	
Noncurrent liabilities due in one year	(1,235,956)	
Net pension liability	(4,175,663)	
Net OPEB liability	(5,122,435)	
Noncurrent liabilities due in more than one year	<u>(13,996,823)</u>	
		<u>(24,841,520)</u>

Net Position of Governmental Activities	\$	<u><u>25,102,815</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, 2021

Data Control Codes		10	50	Elementary and Secondary Emergency Relief II	Elementary and Secondary Emergency Relief III
		General	Debt Service		
	Revenues				
5700	Local, intermediate, and out-of-state	\$ 6,059,248	\$ 1,422,477	\$ -	\$ -
5800	State program revenues	9,219,051	33,467	-	-
5900	Federal program revenues	385,682	-	290,057	281,008
5020	Total Revenues	15,663,981	1,455,944	290,057	281,008
	Expenditures				
0011	Instruction	7,530,594	-	290,057	281,008
0012	Instructional resources/media services	149,644	-	-	-
0013	Curriculum and staff development	87,016	-	-	-
0021	Instructional leadership	273,260	-	-	-
0023	School leadership	1,030,001	-	-	-
0031	Guidance, counseling, and				
0031	evaluation services	227,449	-	-	-
0033	Health services	141,075	-	-	-
0034	Student (pupil) transportation	460,016	-	-	-
0035	Food service	3,093	-	-	-
0036	Extracurricular activities	953,185	-	-	-
0041	General administration	682,658	-	-	-
0051	Plant maintenance and operations	1,951,174	-	-	-
0052	Security and monitoring services	129,054	-	-	-
0053	Data processing services	78,930	-	-	-
	Debt service:				
0071	Principal	193,890	975,000	-	-
0072	Interest	26,194	439,963	-	-
0073	Debt issuance costs and fees	-	2,549	-	-
	Capital outlay:				
0081	Facilities acquisition and construction	354,570	-	-	-
	Intergovernmental:				
0093	Shared services arrangements	404,775	-	-	-
0099	Other intergovernmental charges	188,268	-	-	-
6030	Total Expenditures	14,864,846	1,417,512	290,057	281,008
1100	Excess of Revenues Over Expenditures	799,135	38,432	-	-
	Other Financing Sources (Uses)				
7915	Transfers in	-	-	-	-
8911	Transfers (out)	(12,963)	-	-	-
7080	Total Other Financing Sources (Uses)	(12,963)	-	-	-
1200	Net Change in Fund Balances	786,172	38,432	-	-
0100	Beginning fund balances	7,983,593	821,116	-	-
3000	Ending Fund Balances	\$ 8,769,765	\$ 859,548	\$ -	\$ -

Nonmajor Governmental Funds	98 Total Governmental Funds
\$ 1,527,517	\$ 9,009,242
58,715	9,311,233
2,083,946	3,040,693
3,670,178	21,361,168
1,750,263	9,851,922
2,684	152,328
1,260	88,276
162,518	435,778
-	1,030,001
356,680	584,129
47,976	189,051
-	460,016
759,890	762,983
91,507	1,044,692
45,098	727,756
-	1,951,174
-	129,054
-	78,930
-	1,168,890
-	466,157
-	2,549
84,463	439,033
336,480	741,255
-	188,268
3,638,819	20,492,242
31,359	868,926
12,963	12,963
-	(12,963)
12,963	-
44,322	868,926
328,197	9,132,906
\$ 372,519	\$ 10,001,832

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, 2021

Net changes in fund balances - total governmental funds \$ 868,926

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	(1,479,905)
Net effect of disposals	(1,809)
Capital outlay	559,544

Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.	21,820
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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	1,168,890
Accrued interest	2,027
Amortization of loss on refunding	(52,504)
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	(17,120)
Change in net pension liability	26,850
Change in net OPEB liability	860,305
Net change in deferred outflows and inflows - pensions	(394,491)
Net change in deferred outflows and inflows - OPEB	(792,955)
Net on-behalf contributions adjustment - revenues	334,207
Net on-behalf contributions adjustment - expenses	(334,207)

Change in Net Position of Governmental Activities	\$ 861,567
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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, 2021

Data Control Codes		Custodial Fund Student Activity
	<u>Assets</u>	
1110	Cash and cash equivalents	\$ 174,477
1000	Total Assets	<u>174,477</u>
	<u>Liabilities</u>	
2190	Due to student groups	-
2000	Total Liabilities	<u>-</u>
	<u>Net Position</u>	
3800	Restricted for individuals and organizations	174,477
3000	Total Net Position	<u><u>\$ 174,477</u></u>

See Notes to Financial Statements.

EDNA
INDEPENDENT SCHOOL DISTRICT
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUND - EXHIBIT E-2
For the Year Ended August 31, 2021

	Custodial Fund Student Activities
<u>Additions</u>	
Student club fees and dues	\$ 43,399
Student group fundraising activities	111,016
Concession stand sales	5,353
Donations	12,613
Total Additions	<u>172,381</u>
<u>Deductions</u>	
Scholarship awards	7,540
Student activities	160,157
Total Deductions	<u>167,697</u>
Change in Fiduciary Net Position	4,684
Beginning net position	<u>-</u>
Prior period adjustment	<u>169,793</u>
Beginning net position	<u>169,793</u>
Ending Net Position	<u><u>\$ 174,477</u></u>

EDNA
INDEPENDENT SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
For the Year Ended August 31, 2021

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 of Texas (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 generally accepted accounting principles, 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, 2021

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.

Elementary and Secondary Emergency Relief (ESSER) II Fund

This special revenue fund is used to account for revenues and expenditures related to the ESSER grant awards. This fund is primarily on a reimbursement basis and has a program year that does not coincide with the District's fiscal year. This special revenue fund is considered a major fund for reporting purposes.

Elementary and Secondary Emergency Relief III Fund

This special revenue fund is used to account for revenues and expenditures related to the ESSER grant awards. This fund is primarily on a reimbursement basis and has a program year that does not coincide with the District's fiscal year. This special revenue fund is considered a major fund for reporting purposes.

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 fund:

Custodial Fund

The custodial fund reports resources, not in a trust, that are held by the District for other parties outside of the District. The Custodial fund is accounted for using the accrual basis of accounting. This fund is used to account for the District's student activity funds.

EDNA
INDEPENDENT SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS, (Continued)
For the Year Ended August 31, 2021

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.

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.

EDNA
INDEPENDENT SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS, (Continued)
For the Year Ended August 31, 2021

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 pool operates in accordance with appropriate state laws and regulations and is 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.

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:

<u>Asset Description</u>	<u>Estimated Useful Life</u>
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

EDNA
INDEPENDENT SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS, (Continued)
For the Year Ended August 31, 2021

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.
- 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

EDNA
INDEPENDENT SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS, (Continued)
For the Year Ended August 31, 2021

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.

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.

EDNA
INDEPENDENT SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS, (Continued)
For the Year Ended August 31, 2021

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 ensure accuracy in building a statewide database for policy development and funding plans.

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

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INDEPENDENT SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS, (Continued)

For the Year Ended August 31, 2021

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 generally accepted accounting principles. 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 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, 2021, the District had the following investments in an external investment pool:

<u>Investments</u>	<u>Market Value</u>	<u>Weighted Average Maturity (Year)</u>
Lone Star Investment Pool	\$ 3,345,995	0.14
Portfolio weighted average maturity		0.14

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, 2021, 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, 2021, 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

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NOTES TO FINANCIAL STATEMENTS, (Continued)
For the Year Ended August 31, 2021

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 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.

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NOTES TO FINANCIAL STATEMENTS, (Continued)
For the Year Ended August 31, 2021

B. Capital Assets

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

Governmental Activities:	Beginning Balances	Increases	Decreases	Ending Balances
Capital assets not being depreciated:				
Land	\$ 201,179	\$ -	\$ -	\$ 201,179
Construction in progress	92,512	-	(92,512)	-
Total capital assets not being depreciated	293,691	-	(92,512)	201,179
Other capital assets:				
Buildings and improvements	51,116,883	531,546	(237,507)	51,410,922
Equipment and vehicles	4,545,531	120,510	(11,729)	4,654,312
Total other capital assets	55,662,414	652,056	(249,236)	56,065,234
Less accumulated depreciation for:				
Buildings and improvements	(12,439,959)	(1,110,878)	237,507	(13,313,330)
Equipment and vehicles	(2,651,473)	(369,027)	9,920	(3,010,580)
Total accumulated depreciation	(15,091,432)	(1,479,905)	247,427	(16,323,910)
Other capital assets, net	40,570,982	(827,849)	(1,809)	39,741,324
Governmental Activities Capital Assets, Net	\$ 40,864,673	\$ (827,849)	\$ (94,321)	39,942,503
			Less associated debt	(15,060,899)
			Plus deferred charge on refunding	655,009
			Net Investment in Capital Assets	\$ 25,536,613

Depreciation was charged to governmental functions as follows:

	Governmental Activities
11 Instruction	\$ 839,263
12 Instructional resources/media services	13,018
13 Curriculum and staff development	7,544
21 Instructional leadership	37,241
23 School leadership	88,024
31 Guidance, counseling, and evaluation services	49,920
33 Health services	16,116
34 Student (pupil) transportation	39,272
35 Food service	54,944
36 Extracurricular activities	88,966
41 General administration	62,116
51 Plant maintenance and operations	165,710
52 Security and monitoring services	11,026
53 Data processing services	6,745
Total Depreciation Expense	\$ 1,479,905

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NOTES TO FINANCIAL STATEMENTS, (Continued)
For the Year Ended August 31, 2021

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	\$ 75,000	\$ -	\$ (75,000)	\$ -	\$ -
Series 2014 tax refunding bonds	5,395,000	-	(415,000)	4,980,000	425,000
Series 2015 refunding bonds	1,235,000	-	(95,000)	1,140,000	100,000
Series 2017 refunding bonds	5,460,000	-	-	5,460,000	85,000
Direct borrowings and placements:					
Series 2011 QSC bonds	2,340,000	-	(390,000)	1,950,000	390,000
Loan payable:					
2017 LED lighting upgrade	263,125	-	(63,632)	199,493	65,070
Capital lease:					
2019 Dell equipment	409,832	-	(130,258)	279,574	136,510
	<u>15,177,957</u>	<u>-</u>	<u>(1,168,890)</u>	<u>14,009,067</u>	<u>* 1,201,580</u>
Other liabilities:					
Unamortized bond premium	1,143,821	-	(91,989)	1,051,832	*
Net pension liability	4,202,513	-	(26,850)	4,175,663	-
Net OPEB liability	5,982,740	-	(860,305)	5,122,435	-
Compensated absences	154,760	48,072	(30,952)	171,880	34,376
Total Governmental Activities	<u>\$ 26,507,031</u>	<u>\$ 48,072</u>	<u>\$ (2,148,034)</u>	<u>\$ 24,530,877</u>	<u>\$ 1,235,956</u>
			Long-term liabilities due in more than one year	<u>\$ 23,294,921</u>	
			*Debt associated with capital assets	<u>\$ 15,060,899</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.

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

Description	Interest Rates	Balance
General Obligation		
Series 2011 QSC bonds	N/A	\$ 1,950,000
Unlimited Tax Refunding Bonds		
Series 2014	2.00 - 3.75%	4,980,000
Series 2015	3.00 - 4.00%	1,140,000
Series 2017	3.00 - 4.50%	5,460,000
Loan - LED lighting upgrade	2.54%	199,493
Capital lease 2019	4.70%	279,574
Total General Obligation		<u>\$ 14,009,067</u>

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NOTES TO FINANCIAL STATEMENTS, (Continued)

For the Year Ended August 31, 2021

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

Fiscal Year Ended August 31	Principal	Interest	Total Requirements
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	700,000	339,176	1,039,176
2027-2031	5,575,000	1,105,982	6,680,982
2032-2036	2,745,000	283,500	3,028,500
Totals	\$ 11,580,000	\$ 3,298,460	\$ 14,878,460

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

Series 2011Q

Fiscal Year Ended August 31	Principal	Interest	Total Requirements
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	\$ 1,950,000	\$ -	\$ 1,950,000

LED lighting upgrade

Fiscal Year Ended August 31	Principal	Interest	Total Requirements
2022	\$ 65,070	\$ 5,085	\$ 70,155
2023	66,722	3,433	70,155
2024	67,701	2,454	70,155
Totals	\$ 199,493	\$ 10,972	\$ 210,465

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

Fiscal Year Ended August 31	Principal	Interest	Total Requirements
2022	\$ 136,510	\$ 13,419	\$ 149,929
2023	143,064	6,866	149,930
Totals	\$ 279,574	\$ 20,285	\$ 299,859

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NOTES TO FINANCIAL STATEMENTS, (Continued)

For the Year Ended August 31, 2021

D. Interfund Transactions

The interfund balances at August 31, 2021 were as follows:

	<u>Due To Fund</u>	<u>Due From Fund</u>
Fund 199 - General fund	\$ 602,862	\$ -
Fund 211 - Title I	-	28,600
Fund 270 - Title VI	-	1,901
Fund 281 - ESSER II	-	259,191
Fund 282 - ESSER III	-	204,961
Fund 289 - LEP	-	6,106
Fund 313 - IDEA B	-	89,788
Fund 495 - District UIL	-	12,315
Total	<u><u>\$ 602,862</u></u>	<u><u>\$ 602,862</u></u>

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

Transfers between the primary governmental funds during the year were as follows:

<u>Transfers From</u>	<u>Transfers To</u>	<u>Amount</u>
General Fund	Lavaca-Navidad	
	River Authority Fund	<u><u>\$ 12,963</u></u>

Transfers to the Lavaca-Navidad River Authority fund from the general fund were subsidies for the construction.

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 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.

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NOTES TO FINANCIAL STATEMENTS, (Continued)
For the Year Ended August 31, 2021

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 workload 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 <https://www.trs.texas.gov/Pages/aboutpublications.aspx>; 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 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

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NOTES TO FINANCIAL STATEMENTS, (Continued)

For the Year Ended August 31, 2021

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

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

In May 2019, the 86th Texas Legislature approved the TRS Pension Reform Bill (SB12) that provides for gradual contribution increase from the State, participating employers, and active employees to make TRS actuarially sound. This action causing TRS to be actuarially sound allowed the Legislature to approve funding for a thirteenth check in September 2019. All eligible members retired as of December 31, 2018 received an extra annuity check in either the matching amount of their monthly annuity or \$2,000, whichever was less.

Contributions

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

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			
Fiscal Year	State	Public Education	Active
		Employer	Employee
2020	7.50%	1.50%	7.70%
2021	7.50%	1.60%	7.70%
2022	7.75%	1.70%	8.00%
2023	8.00%	1.80%	8.00%
2024	8.25%	1.90%	8.25%
2025	8.25%	2.00%	8.25%

	Contribution Rates	
	2020	2021
Member	7.7%	7.7%
NECE (State)	7.5%	7.5%
Employer	7.5%	7.5%

	Measurement Year (2020)	Fiscal Year (2021)
Employer contribution	\$ 321,687	\$ 347,585
Member contribution	\$ 783,063	\$ 784,154
NECE on-behalf contribution	\$ 603,592	\$ 598,680

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NOTES TO FINANCIAL STATEMENTS, (Continued)
For the Year Ended August 31, 2021

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:

- 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:

- All public schools, charter schools, and regional educational service centers must contribute 1.5% of the member's salary beginning in fiscal year 2020, gradually increasing to 2% in fiscal year 2025.
- When employing a retiree of TRS, the employer shall pay both the member contribution and the state contribution as an employment after retirement surcharge.

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NOTES TO FINANCIAL STATEMENTS, (Continued)

For the Year Ended August 31, 2021

Actuarial Assumptions

The total pension liability (TPL) in the August 31, 2019 actuarial valuation rolled forward to August 31, 2020 was determined using the following actuarial assumptions:

Valuation date	August 31, 2019 rolled forward to August 31, 2020
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 as of August 2019	2.33%. Source for the rate is the Fixed Income Market Data/Yield Curve/Data Municipal Bonds with 20 years to maturity that include only federally tax-exempt municipal bonds as reported in Fidelity Index's "20-Year Municipal GO AA Index"
Last year ending August 31 in projection period (100 years)	2116
Inflation	2.30%
Salary increases 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, 2019. For a full description of these assumptions, please see the TRS actuarial valuation report dated November 14, 2019.

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-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

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NOTES TO FINANCIAL STATEMENTS, (Continued)

For the Year Ended August 31, 2021

Best estimates of geometric real rates of return for each major asset class included in TRS' target asset allocation as of August 31, 2020 are summarized below:

Teacher Retirement System of Texas Asset Allocation and Long-Term Expected Real Rate of Returns As of August 31, 2020

Asset Class	Target Allocation (1)	Long-Term Expected Geometric Real Rate Return (2)	Long- Term Expected Portfolio Real Rate of Return
Global			
U.S.	18.00%	3.90%	0.99%
Non-U.S. Developed	13.00%	5.10%	0.92%
Emerging Markets	9.00%	5.60%	0.83%
Private Equity	14.00%	6.70%	1.41%
Stable Value			
Government Bonds	16.00%	-0.70%	0.05%
Stable Value Hedge Funds	5.00%	1.90%	0.11%
Real Return			
Real Assets	15.00%	4.60%	1.02%
Energy and National Resources	6.00%	6.00%	0.42%
Risk Parity			
Risk Parity	8.00%	3.00%	0.30%
Leverage			
Cash	2.00%	-1.50%	0.03%
Asset Allocation Leverage	-6.00%	-1.30%	0.08%
Inflation Expectation			2.00%
Volatility Drag (3)			-0.67%
Total	<u>100.00%</u>	<u>35.90%</u>	<u>7.33%</u>

(1) Target allocations are based on the FY2020 policy model.

(2) Capital Market Assumptions come from Aon Hewitt (as of 08/31/2020)

(3) The volatility drag results from the conversion between arithmetic and geometric mean returns.

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	<u>\$ 6,438,798</u>	<u>\$ 4,175,663</u>	<u>\$ 2,336,916</u>

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NOTES TO FINANCIAL STATEMENTS, (Continued)

For the Year Ended August 31, 2021

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

At August 31, 2021, the District reported a liability of \$4,175,663 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	\$ 4,175,663
State's proportionate share that is associated with the District	7,834,946
Total	<u><u>\$ 12,010,609</u></u>

The NPL was measured as of August 31, 2020 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, 2019 through August 31, 2020.

At August 31, 2021, the District's proportion of the collective net pension liability was 0.007797%, which was a decrease of 0.0002919% from its proportion measured as of August 31, 2020.

Changes Since the Prior Actuarial Valuation

There were no changes in assumption since the prior year measurement period.

For the year ended August 31, 2021, the District recognized pension expense of \$942,370 and revenue of \$942,370 for support provided by the State.

At August 31, 2021, 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	\$ 7,624	\$ 116,532
Changes in actuarial assumptions	968,902	411,971
Difference between projected and actual investment earnings	84,533	-
Changes in proportion and difference between the employer's contributions and the proportionate share of contributions	223,610	206,071
Contributions paid to TRS subsequent to the measurement date	347,585	-
Total	<u><u>\$ 1,632,254</u></u>	<u><u>\$ 734,574</u></u>

EDNA

INDEPENDENT SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS, (Continued)

For the Year Ended August 31, 2021

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

Fiscal Year Ended August 31	Pension Expense
2022	\$ 204,784
2023	185,806
2024	181,342
2025	49,427
2026	(64,390)
Thereafter	(6,874)
Total	\$ 550,095

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 <https://www.trs.texas.gov/Pages/aboutpublications.aspx>; by writing to TRS at 1000 Red River Street, Austin, TX, 78701-2698; or by calling (512)542-6592.

Components of the net OPEB liability of TRS-Care as of August 31, 2020 are as follows:

Total OPEB liability	\$ 40,010,833,815
Less: plan fiduciary net position	1,996,317,932
Net OPEB Liability	\$ 38,014,515,883
Net position as a percentage of total OPEB liability	4.99%

Benefits Provided

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

Eligible non-Medicare retirees and their dependents may enroll in TRS-Care Standard, a high-deductible health plan. Eligible Medicare retirees and their dependents may enroll in the TRS-Care Medicare Advantage medical plan and the TRS-Care Medicare Rx prescription drug plan. To qualify for TRS-Care coverage, a retiree must have at least 10 years of service credit in TRS. There are no automatic postemployment benefit changes, including automatic COLAs.

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INDEPENDENT SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS, (Continued)

For the Year Ended August 31, 2021

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

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 0.65% 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 or charter school. The actual employer contribution rate is prescribed by the Legislature in the general appropriation act.

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

<u>Contribution Rates</u>		
	<u>Fiscal Year</u>	
	<u>2020</u>	<u>2021</u>
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%

	<u>Measurement</u>	<u>Fiscal</u>
	<u>Year (2020)</u>	<u>Year (2021)</u>
Employer contributions	\$ 103,091	\$ 110,037
Member contributions	\$ 33,051	\$ 33,097
NECE on-behalf contributions	\$ 137,625	\$ 127,298

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.

EDNA

INDEPENDENT SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS, (Continued)

For the Year Ended August 31, 2021

TRS-Care received supplemental appropriations from the State as the NECE in the amount of \$230.8 million in fiscal year 2020 to maintain premiums and benefits levels in the 2020-2021 biennium.

Actuarial Assumptions

The total OPEB liability in the August 31, 2019 actuarial valuation was rolled forward to August 31, 2020.

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, 2019 TRS pension actuarial valuation that was rolled forward to August 31, 2020:

- | | |
|---------------------------------|---------------------------|
| 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 | |

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 9.00% for Medicare retirees and 7.30% for non-Medicare retirees. There was an initial prescription drug trend rate of 9.00% for all retirees. The initial trend rates decrease to an ultimate trend rate of 4.25% over a period of 13 years.

Additional actuarial methods and assumptions are as follows:

Valuation date	8/31/2019 rolled forward to 8/31/2020
Actuarial cost method	Individual entry age normal
Inflation	2.30%
Single discount rate	2.33% as of August 31, 2020
Aging factors	Based on plan-specific experience
Election rates	participant after age 65. 25% of pre-65 retirees are assumed to discontinue coverage at age 65.
Expenses	Third-party administrative expenses related to the delivery of 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

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INDEPENDENT SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS, (Continued)

For the Year Ended August 31, 2021

Discount Rate

A single discount rate of 2.33% was used to measure the total OPEB liability. There was a decrease of 0.30% 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.

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 (1.33%)	Current Single Discount Rate (2.33%)	1% Increase in Discount Rate (3.33%)
District's proportionate share of net OPEB liability	\$ 6,146,911	\$ 5,122,435	\$ 4,313,247

Healthcare Cost Trend Rates Sensitivity Analysis – The following presents the net OPEB liability of TRS-Care using the assumed healthcare cost trend rate, as well as what the net OPEB liability would be if it were calculated using a trend rate that is 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	\$ 4,184,373	\$ 5,122,435	\$ 6,371,801

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

At August 31, 2021, the District reported a liability of \$5,122,435 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	\$ 5,122,435
State's proportionate share that is associated with the District	6,883,325
Total	\$ 12,005,760

The net OPEB liability was measured as of August 31, 2019 and rolled forward to August 31, 2020 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

EDNA

INDEPENDENT SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS, (Continued)

For the Year Ended August 31, 2021

District's contributions to TRS-Care relative to the contributions of all employers to TRS-Care for the period September 1, 2019 through August 31, 2020.

At August 31, 2021, the District's proportion of the collective net OPEB liability was 0.01347494%, a decrease of 0.0008241% compared to 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 2.63% as of August 31, 2019 to 2.33% as of August 31, 2020. This change increased the total OPEB liability.
- The participation rate for pre-65 retirees was lowered from 50% to 40%. This change lowered the total OPEB liability.
- The ultimate health care trend assumption was lowered from 4.50% to 4.25% as a result of Congress' repeal of the excise (Cadillac) tax on high-cost employer health plans in December 2019. This change lowered the total OPEB liability.

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

For the year ended August 31, 2021, the District recognized OPEB expense of \$47,795 and revenue of \$47,795 for support provided by the State.

At August 31, 2021, 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	\$ 268,209	\$ 2,344,288
Changes in actuarial assumptions	315,948	1,406,647
Differences between projected and actual investment earnings	1,664	-
Changes in proportion and difference between the District's contributions and the proportionate share of contributions	819,455	15,805
Contributions paid to TRS subsequent to the measurement date	110,037	-
Total	\$ 1,515,313	\$ 3,766,740

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INDEPENDENT SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS, (Continued)

For the Year Ended August 31, 2021

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:

Fiscal Year Ended August 31	OPEB Expense
2022	\$ (413,482)
2023	(413,705)
2024	(413,833)
2025	(413,801)
2026	(276,977)
Thereafter	(429,666)
	\$ (2,361,464)

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, 2021, 2020, and 2019, the subsidy payments received by TRS-Care on behalf of the District were \$44,943, \$44,351, and \$36,639, respectively.

E. Employee Health Care Coverage

During the year ended August 31, 2021, 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, 2021 and terms of coverage and premiums costs are included in the contractual provisions.

F. Workers' Compensation Insurance

During the year ended August 31, 2021, 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 2021 was \$124,896. 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

EDNA

INDEPENDENT SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS, (Continued)

For the Year Ended August 31, 2021

coverage in the past fiscal year and there were no settlements exceeding insurance coverage for each of the past three fiscal years.

G. Unemployment Compensation

During the year ended August 31, 2021, 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	\$ 424,020
Industrial ISD	335,270
Ganado ISD	210,366
Louise ISD	115,981
Total	\$ 1,085,637

The District is the fiscal agent for an 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	\$ 213,836	\$ 12,658	\$ -
Industrial ISD	132,793	4,937	29,465
Ganado ISD	88,752	1,592	-
Louise ISD	62,740	3,001	-
Total	\$ 498,121	\$ 22,188	\$ 29,465

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

EDNA

INDEPENDENT SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS, (Continued)

For the Year Ended August 31, 2021

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.

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 2021	Project's Value Limitation Amount 2021	Amount of Applicant's M&O Taxes Paid 2021	Amount of Applicant's M&O Taxes Reduced 2021	Company Revenue Loss Payment To the District 2021	Company Payment To the District 2021	Net Benefit (Loss) to the District 2021 (C+E+F)
\$59,993,400	\$10,000,000	\$0	\$558,779	\$0	\$132,232	\$132,232

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 M&O taxes pursuant to

EDNA
INDEPENDENT SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS, (Continued)
For the Year Ended August 31, 2021

Chapter 313 of the Texas Tax Code, the Texas Economic Development Act. This agreement was 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, 2021

Data Control Codes		Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
		Original	Final		
	Revenues				
5700	Local, intermediate, and out-of-state	\$ 5,689,309	\$ 5,843,160	\$ 6,059,248	\$ 216,088
5800	State program revenues	9,406,276	9,421,600	9,219,051	(202,549)
5900	Federal program revenues	180,000	352,950	385,682	32,732
5020	Total Revenues	<u>15,275,585</u>	<u>15,617,710</u>	<u>15,663,981</u>	<u>46,271</u>
	Expenditures				
0011	Instruction	7,915,086	8,032,059	7,530,594	501,465
0012	Instructional resources/media services	157,192	157,192	149,644	7,548
0013	Curriculum and staff development	131,432	125,957	87,016	38,941
0021	Instructional leadership	276,187	286,187	273,260	12,927
0023	School leadership	1,120,449	1,078,826	1,030,001	48,825
0031	Guidance, counseling, and				
0031	evaluation services	246,017	246,493	227,449	19,044
0033	Health services	145,781	153,281	141,075	12,206
0034	Student (pupil) transportation	656,867	606,867	460,016	146,851
0035	Food service	6,900	6,900	3,093	3,807
0036	Extracurricular activities	884,722	971,087	953,185	17,902
0041	General administration	662,498	704,124	682,658	21,466
0051	Plant maintenance and operations	1,982,099	2,083,987	1,951,174	132,813
0052	Security and monitoring services	135,920	135,920	129,054	6,866
0053	Data processing services	80,849	80,849	78,930	1,919
0061	Community services	2,800	2,800	-	2,800
	Debt service:				
0071	Principal	187,925	193,890	193,890	-
0072	Interest	32,186	26,221	26,194	27
	Capital outlay:				
0081	Facilities acquisition and construction	40,900	420,291	354,570	65,721
	Intergovernmental:				
0093	Shared services arrangements	404,775	404,775	404,775	-
0099	Other intergovernmental charges	205,000	190,000	188,268	1,732
6030	Total Expenditures	<u>15,275,585</u>	<u>15,907,706</u>	<u>14,864,846</u>	<u>1,042,860</u>
	Excess (Deficiency) of Revenues				
1100	Over (Under) Expenditures	<u>-</u>	<u>(289,996)</u>	<u>799,135</u>	<u>1,089,131</u>
	Other Financing Sources (Uses)				
8911	Transfers (out)	-	(17,440)	(12,963)	4,477
7080	Total Other Financing (Uses)	<u>-</u>	<u>(17,440)</u>	<u>(12,963)</u>	<u>4,477</u>
1200	Net Change in Fund Balance	<u>-</u>	<u>(307,436)</u>	<u>786,172</u>	<u>1,093,608</u>
0100	Beginning fund balance	7,983,593	7,983,593	7,983,593	-
3000	Ending Fund Balance	<u>\$ 7,983,593</u>	<u>\$ 7,676,157</u>	<u>\$ 8,769,765</u>	<u>\$ 1,093,608</u>

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, 2021

	Measurement Year*			
	2020	2019	2018	2017
District's proportion of the net pension liability (asset)	0.0077965%	0.0080884%	0.0082675%	0.0078912%
District's proportionate share of the net pension liability (asset)	\$ 4,175,663	\$ 4,202,513	\$ 4,550,630	\$ 2,523,186
State's proportionate share of the net pension liability (asset) associated with the District	7,834,946	7,030,752	8,044,667	4,770,460
Total	\$ 12,010,609	\$ 11,233,265	\$ 12,595,297	\$ 7,293,646
District's covered payroll**	\$ 10,169,649	\$ 9,327,770	\$ 9,468,960	\$ 9,140,879
District's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	41.06%	45.05%	48.06%	26.65%
Plan fiduciary net position as a percentage of the total pension liability	75.54%	75.24%	73.74%	82.17%

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

**As of the measurement date

Notes to Required Supplementary Information:

Changes in Assumptions: There were no changes of assumptions that affected measurement of the total pension liability (TPL) the measurement period.

Changes in Benefits: There were no changes of benefit terms that affected measurement of the TPL during the *measurement period*.

Measurement Year*		
2016	2015	2014
0.0082601%	0.0088022%	0.0044939%
\$ 3,121,377	\$ 3,111,461	\$ 1,200,382
5,727,712	5,376,004	4,481,720
<u>\$ 8,849,089</u>	<u>\$ 8,487,465</u>	<u>\$ 5,682,102</u>
\$ 9,035,394	\$ 8,697,318	\$ 7,687,454
34.55%	35.77%	15.61%
78.00%	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, 2021

	Fiscal Year*			
	2021	2020	2019	2018
Contractually required contribution	\$ 347,585	\$ 333,731	\$ 277,826	\$ 269,681
Contributions in relation to the contractually required contribution	347,585	333,731	277,826	269,681
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -
District's covered payroll	\$ 10,183,817	\$ 10,169,649	\$ 9,327,770	\$ 9,468,960
Contributions as a percentage of covered payroll	3.41%	3.28%	2.98%	2.85%

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

Fiscal Year*			
2017	2016	2015	2014
\$ 258,133	\$ 263,859	\$ 143,176	\$ 115,373
258,133	263,859	143,176	115,373
\$ -	\$ -	\$ -	\$ -
\$ 9,140,879	\$ 9,035,394	\$ 8,697,318	\$ 7,687,454
2.82%	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, 2021

	Measurement Year*			
	2020	2019	2018	2017
District's proportion of the collective net OPEB liability (asset)	0.0134749%	0.0126508%	0.0126834%	0.0118121%
District's proportionate share of the collective net OPEB liability (asset) associated with the District	\$ 5,122,435	\$ 5,982,740	\$ 6,332,914	\$ 5,136,619
State's proportionate share of the collective net OPEB liability (asset)	6,883,325	7,949,724	8,079,898	7,172,692
Total	\$ 12,005,760	\$ 13,932,464	\$ 14,412,812	\$ 12,309,311
District's covered payroll**	\$ 10,169,649	\$ 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	50.37%	64.14%	66.88%	56.19%
Plan fiduciary net position as a percentage of the total OPEB liability	4.99%	2.66%	1.57%	0.91%

* Only four 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 discount rate was changed from 2.63% as of August 31, 2019 to 2.33% as of August 31, 2020. This change increased the total OPEB liability.
- The participation rate for post-65 retirees was lowered from 50% to 40%. This change lowered the total OPEB liability.
- The ultimate health care trend assumption was lowered from 4.50% to 4.25% as a result of Congress' repeal of the excise (Cadillac) tax on high-cost employer health plans in December 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, 2021

	Fiscal Year*			
	2021	2020	2019	2018
Statutorily required contributions	\$ 110,037	\$ 103,087	\$ 81,259	\$ 81,114
Contributions in relations to the statutorily required contributions	110,037	103,087	81,259	81,114
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	\$ 10,183,817	\$ 10,169,649	\$ 9,327,770	\$ 9,468,960
Contributions as a percentage of covered payroll	1.08%	1.01%	0.87%	0.86%

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

<u>Fiscal Year *</u>	
<u>2017</u>	
\$	61,411

	<u>61,411</u>
--	---------------

\$	<u><u>-</u></u>
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\$	9,140,879
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0.67%

***OTHER SUPPLEMENTARY
INFORMATION***

EDNA
INDEPENDENT SCHOOL DISTRICT
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS - EXHIBIT H-1 (Page 1 of 3)
August 31, 2021

Data Control Codes		211 ESEA Title I Improving Basic Programs	224 IDEA-B Formula	240 National School Breakfast/ Lunch	244 Career & Technical - Basic Grant
	<u>Assets</u>				
1110	Cash and cash equivalents	\$ -	\$ -	\$ 222,386	\$ -
1240	Due from other governments	63,216	11,723	60,267	-
1000	Total Assets	<u>\$ 63,216</u>	<u>\$ 11,723</u>	<u>\$ 282,653</u>	<u>\$ -</u>
	<u>Liabilities</u>				
2110	Accounts payable	\$ -	\$ -	\$ 53,771	\$ -
2160	Accrued wages payable	31,513	10,545	-	-
2170	Due to other funds	28,600	-	-	-
2200	Accrued expenditures	3,103	1,178	-	-
2000	Total Liabilities	<u>63,216</u>	<u>11,723</u>	<u>53,771</u>	<u>-</u>
	<u>Fund Balances</u>				
	Restricted:				
3450	Federal/state grant funds	-	-	228,882	-
3490	Other restrictions	-	-	-	-
3000	Total Fund Balances	<u>-</u>	<u>-</u>	<u>228,882</u>	<u>-</u>
4000	Total Liabilities and Fund Balances	<u>\$ 63,216</u>	<u>\$ 11,723</u>	<u>\$ 282,653</u>	<u>\$ -</u>

255	263	266	270	276	289
Teacher & Principal Training	English Language Acquisition & Enhancement	Elementary and Secondary Emergency Relief	ESEA Title VI Part B Subpart 2 - Rural	Instructional Continuity	Misc. Federal Programs
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	1,901	-	6,106
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,901</u>	<u>\$ -</u>	<u>\$ 6,106</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
-	-	-	1,901	-	6,106
-	-	-	-	-	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>1,901</u>	<u>-</u>	<u>6,106</u>
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,901</u>	<u>\$ -</u>	<u>\$ 6,106</u>

EDNA INDEPENDENT SCHOOL DISTRICT

COMBINING BALANCE SHEET

NONMAJOR GOVERNMENTAL FUNDS - EXHIBIT H-1 (Page 2 of 3)

August 31, 2021

		313	314	315	385
Data Control Codes		IDEA-B Formula	IDEA-B Preschool	IDEA-B Residential	Supplementary Visually Impaired
<u>Assets</u>					
1110	Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -
1240	Due from other governments	109,454	2,348	-	-
1000	Total Assets	<u>\$ 109,454</u>	<u>\$ 2,348</u>	<u>\$ -</u>	<u>\$ -</u>
<u>Liabilities</u>					
2110	Accounts payable	\$ -	\$ -	\$ -	\$ -
2160	Accrued wages payable	18,112	2,112	-	-
2170	Due to other funds	89,788	-	-	-
2200	Accrued expenditures	1,554	236	-	-
2000	Total Liabilities	<u>109,454</u>	<u>2,348</u>	<u>-</u>	<u>-</u>
<u>Fund Balances</u>					
Restricted:					
3450	Federal/state grant fund	-	-	-	-
3490	Other restrictions	-	-	-	-
3000	Total Fund Balances	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
4000	Total Liabilities and Fund Balances	<u>\$ 109,454</u>	<u>\$ 2,348</u>	<u>\$ -</u>	<u>\$ -</u>

397	410	429	437	461	495
Advanced Placement Incentives	State Textbook	Misc. State Programs	Student Success Initiative	Campus Activity	District UIL 28AAA
\$ 19	\$ -	\$ -	\$ 115,643	\$ 69,849	\$ -
-	-	-	-	-	12,315
<u>\$ 19</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 115,643</u>	<u>\$ 69,849</u>	<u>\$ 12,315</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	66,982	-	-
-	-	-	-	-	12,315
-	-	-	1,318	-	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>68,300</u>	<u>-</u>	<u>12,315</u>
19	-	-	-	-	-
-	-	-	47,343	69,849	-
<u>19</u>	<u>-</u>	<u>-</u>	<u>47,343</u>	<u>69,849</u>	<u>-</u>
<u>\$ 19</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 115,643</u>	<u>\$ 69,849</u>	<u>\$ 12,315</u>

EDNA
INDEPENDENT SCHOOL DISTRICT
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS - EXHIBIT H-1 (Page 3 of 3)
August 31, 2021

Data Control Codes		496	497	498	Total Nonmajor Governmental Funds
		Building Bridge Discretionary	Lavaca-Navidad River Authority	Formosa Grant	
	<u>Assets</u>				
1110	Cash and cash equivalents	\$ 26,426	\$ -	\$ -	\$ 434,323
1240	Due from other governments	-	-	-	267,330
1000	Total Assets	<u>\$ 26,426</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 701,653</u>
	<u>Liabilities</u>				
2110	Accounts payable	\$ -	\$ -	\$ -	\$ 53,771
2160	Accrued wages payable	-	-	-	129,264
2170	Due to other funds	-	-	-	138,710
2200	Accrued expenditures	-	-	-	7,389
2000	Total Liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>329,134</u>
	<u>Fund Balances</u>				
	Restricted:				
3450	Federal/state grant fund	-	-	-	228,901
3490	Other restrictions	26,426	-	-	143,618
3000	Total Fund Balances	<u>26,426</u>	<u>-</u>	<u>-</u>	<u>372,519</u>
4000	Total Liabilities and Fund Balances	<u>\$ 26,426</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 701,653</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, 2021

Data Control Codes		211 ESEA Title I Improving Basic Programs	224 IDEA-B Formula	240 National School Breakfast/ Lunch	244 Career & Technical - Basic Grant
	<u>Revenues</u>				
5700	Local, intermediate, and out-of-state	\$ -	\$ -	\$ 247,948	\$ -
5800	State program revenues	-	-	5,891	-
5900	Federal program revenues	319,411	131,639	611,088	18,742
5020	Total Revenues	<u>319,411</u>	<u>131,639</u>	<u>864,927</u>	<u>18,742</u>
	<u>Expenditures</u>				
0011	Instruction	319,411	131,639	-	18,742
0012	Instructional resources/media services	-	-	-	-
0013	Curriculum and staff development	-	-	-	-
0021	Instructional leadership	-	-	-	-
0031	Guidance, counseling, and				
0031	evaluation services	-	-	-	-
0033	Health services	-	-	-	-
0035	Food service	-	-	759,890	-
0036	Extracurricular activities	-	-	-	-
0041	General administration	-	-	-	-
	Capital outlay:				
0081	Facilities acquisition and construction	-	-	-	-
	Intergovernmental:				
0093	Shared services arrangements	-	-	-	-
6030	Total Expenditures	<u>319,411</u>	<u>131,639</u>	<u>759,890</u>	<u>18,742</u>
	<u>Other Financing Sources (Uses)</u>				
7915	Transfers in	-	-	-	-
7080	Total Other Financing Sources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
1200	Net Change in Fund Balances	-	-	105,037	-
0100	Beginning fund balances	-	-	123,845	-
3000	Ending Fund Balances	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 228,882</u>	<u>\$ -</u>

255	263	266	270	276	289
Teacher & Principal Training	English Language Acquisition & Enhancement	Elementary and Secondary Emergency Relief	ESEA Title VI Part B Subpart 2 - Rural	Instructional Continuity	Misc. Federal Programs
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
53,665	17,684	8,262	28,940	10,111	16,542
53,665	17,684	8,262	28,940	10,111	16,542
53,665	17,684	8,262	28,940	10,111	16,542
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
53,665	17,684	8,262	28,940	10,111	16,542
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

EDNA
INDEPENDENT SCHOOL DISTRICT
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS - EXHIBIT H-1 (Page 2 of 3)
For the Year Ended August 31, 2021

		313	314	315	385
Data Control Codes		IDEA-B Formula	IDEA-B Preschool	IDEA-B Residential	Supplementary Visually Impaired
<u>Revenues</u>					
5700	Local, intermediate, and out-of-state	\$ -	\$ -	\$ -	\$ -
5800	State program revenues	-	-	-	3,642
5900	Federal program revenues	816,209	22,188	29,465	-
5020	Total Revenues	<u>816,209</u>	<u>22,188</u>	<u>29,465</u>	<u>3,642</u>
<u>Expenditures</u>					
0011	Instruction	169,209	22,188	11,073	3,642
0012	Instructional resources/media services	-	-	-	-
0013	Curriculum and staff development	1,160	-	-	-
0021	Instructional leadership	29,128	-	-	-
0031	Guidance, counseling, and				
0031	evaluation services	298,391	-	-	-
0033	Health services	233	-	-	-
0035	Food service	-	-	-	-
0036	Extracurricular activities	-	-	-	-
0041	General administration	-	-	-	-
Capital outlay:					
0081	Facilities acquisition and construction	-	-	-	-
Intergovernmental:					
0093	Shared services arrangements	318,088	-	18,392	-
6030	Total Expenditures	<u>816,209</u>	<u>22,188</u>	<u>29,465</u>	<u>3,642</u>
<u>Other Financing Sources (Uses)</u>					
7915	Transfers in	-	-	-	-
7080	Total Other Financing Sources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
1200	Net Change in Fund Balances	-	-	-	-
0100	Beginning fund balances	-	-	-	-
3000	Ending Fund Balances	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

397	410	429	437	461	495
Advanced Placement Incentives	State Textbook	Misc. State Programs	Student Success Initiative	Campus Activity	District UIL 28AAA
\$ -	\$ -	\$ -	\$ 1,035,000	\$ 76,096	\$ 48,974
-	49,182	-	-	-	-
-	-	-	-	-	-
-	49,182	-	1,035,000	76,096	48,974
-	49,182	32,929	806,102	34,454	-
-	-	-	-	2,684	-
-	-	-	100	-	-
-	-	-	133,390	-	-
-	-	-	55,142	-	-
-	-	-	47,743	-	-
-	-	-	-	-	-
-	-	-	-	42,533	48,974
-	-	-	43,160	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	49,182	32,929	1,085,637	79,671	48,974
-	-	-	-	-	-
-	-	-	-	-	-
-	-	(32,929)	(50,637)	(3,575)	-
19	-	32,929	97,980	73,424	-
\$ 19	\$ -	\$ -	\$ 47,343	\$ 69,849	\$ -

EDNA
INDEPENDENT SCHOOL DISTRICT
*COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES*
NONMAJOR GOVERNMENTAL FUNDS - EXHIBIT H-1 (Page 3 of 3)
For the Year Ended August 31, 2021

		496	497	498	
Data Control Codes		Building Bridge Discretionary	Lavaca-Navidad River Authority	Formosa Grant	Total Nonmajor Governmental Funds
	Revenues				
5700	Local, intermediate, and out-of-state	\$ 31,999	\$ 71,500	\$ 16,000	\$ 1,527,517
5800	State program revenues	-	-	-	58,715
5900	Federal program revenues	-	-	-	2,083,946
5020	Total Revenues	31,999	71,500	16,000	3,670,178
	Expenditures				
0011	Instruction	5,573	-	10,915	1,750,263
0012	Instructional resources/media services	-	-	-	2,684
0013	Curriculum and staff development	-	-	-	1,260
0021	Instructional leadership	-	-	-	162,518
0031	Guidance, counseling, and evaluation services	-	-	3,147	356,680
0033	Health services	-	-	-	47,976
0035	Food service	-	-	-	759,890
0036	Extracurricular activities	-	-	-	91,507
0041	General administration	-	-	1,938	45,098
	Capital outlay:				
0081	Facilities acquisition and construction	-	84,463	-	84,463
	Intergovernmental:				
0093	Shared services arrangements	-	-	-	336,480
6030	Total Expenditures	5,573	84,463	16,000	3,638,819
	Other Financing Sources (Uses)				
7915	Transfers in	-	12,963	-	12,963
7080	Total Other Financing Sources	-	12,963	-	12,963
1200	Net Change in Fund Balances	26,426	-	-	44,322
0100	Beginning fund balances	-	-	-	328,197
3000	Ending Fund Balances	\$ 26,426	\$ -	\$ -	\$ 372,519

EDNA
INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF DELINQUENT TAXES RECEIVABLE - EXHIBIT J-1
For the Year Ended August 31, 2021

<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>
2012 and prior	Various	Various	Various
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
2021	\$ 0.9314	\$ 0.2175	\$ 672,994,745
Totals			

10	20	31	32	40	50
Beginning Balance 9/1/20	Current Year's Total Levy	Maintenance Total Collected	Debt Service Total Collected	Entire Year's Adjustments	Ending Balance 8/31/21
\$ 186,202	\$ -	\$ 6,085	\$ 913	\$ (38,755)	\$ 140,449
31,477	-	1,766	629	(156)	28,926
25,485	-	2,405	624	(130)	22,326
35,190	-	4,923	1,267	(420)	28,580
46,147	-	5,193	1,282	(775)	38,897
72,486	-	6,410	1,582	(2,053)	62,441
84,825	-	9,316	2,150	(3,016)	70,343
109,348	-	10,509	2,181	(6,848)	89,810
151,493	-	43,463	10,530	(12,515)	84,985
-	7,539,331	5,438,560	1,379,432	(579,924)	141,415
<u>\$ 742,653</u>	<u>\$ 7,539,331</u>	<u>\$ 5,528,630</u>	<u>\$ 1,400,590</u>	<u>\$ (644,592)</u>	<u>\$ 708,172</u>

EDNA
INDEPENDENT SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
NATIONAL SCHOOL BREAKFAST AND LUNCH PROGRAM - EXHIBIT J-2
For the Year Ended August 31, 2021

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	\$ 254,858	\$ 254,858	\$ 247,948	\$ (6,910)
5800	State program revenues	4,193	4,193	5,891	1,698
5900	Federal program revenues	659,586	659,586	611,088	(48,498)
5020	Total Revenues	<u>918,637</u>	<u>918,637</u>	<u>864,927</u>	<u>(53,710)</u>
	Expenditures				
0035	Food service	918,637	918,637	759,890	158,747
6030	Total Expenditures	<u>918,637</u>	<u>918,637</u>	<u>759,890</u>	<u>158,747</u>
	Excess of Revenues Over Expenditures				
1100		<u>-</u>	<u>-</u>	<u>105,037</u>	<u>105,037</u>
1200	Net Change in Fund Balance	-	-	105,037	105,037
0100	Beginning fund balance	123,845	123,845	123,845	-
3000	Ending Fund Balance	<u>\$ 123,845</u>	<u>\$ 123,845</u>	<u>\$ 228,882</u>	<u>\$ 105,037</u>

EDNA INDEPENDENT SCHOOL DISTRICT

BUDGETARY COMPARISON SCHEDULE

DEBT SERVICE FUND - EXHIBIT J-3

For the Year Ended August 31, 2021

Data Control Codes		1	2	3	Variance with Final Budget Positive (Negative)
		Budgeted Amounts		Actual	
		Original	Final		
	Revenues				
5700	Local, intermediate, and out-of-state	\$ 1,334,879	\$ 1,335,879	\$ 1,422,477	\$ 86,598
5800	State program revenues	33,585	33,585	33,467	(118)
5020	Total Revenues	<u>1,368,464</u>	<u>1,369,464</u>	<u>1,455,944</u>	<u>86,480</u>
	Expenditures				
	Debt service:				
0071	Principal	975,000	975,000	975,000	-
0072	Interest	439,963	439,963	439,963	-
0073	Bond issuance costs and fees	2,251	3,251	2,549	702
6030	Total Expenditures	<u>1,417,214</u>	<u>1,418,214</u>	<u>1,417,512</u>	<u>702</u>
	Excess (Deficit) of Revenues				
1100	Over (Under) Expenditures	<u>(48,750)</u>	<u>(48,750)</u>	<u>38,432</u>	<u>87,182</u>
1200	Net Change in Fund Balance	(48,750)	(48,750)	38,432	87,182
0100	Beginning fund balance	821,116	821,116	821,116	56,944
3000	Ending Fund Balance	<u>\$ 772,366</u>	<u>\$ 772,366</u>	<u>\$ 859,548</u>	<u>\$ 144,126</u>

EDNA
INDEPENDENT SCHOOL DISTRICT
USE OF FUNDS REPORT
SELECT STATE ALLOTMENT PROGRAM - EXHIBIT J-4
For the Year Ended August 31, 2021

<u>Data Control Codes</u>		<u>Responses</u>
<u>Section A: Compensatory Education Programs</u>		
AP1	Did your District expend any state compensatory education program state allotment funds during the District's fiscal year?	Yes
AP2	Does the District have written policies and procedures for its state compensatory education program?	Yes
AP3	List the total state allotment funds received for state compensatory education programs during the District's fiscal year.	\$ 1,504,794
AP4	List the actual direct program expenditures for state compensatory education programs during the District's fiscal year. (PICs 24, 26, 28, 29, 30, 34)	\$ 1,164,438
<u>Section B: Bilingual Education Programs</u>		
AP5	Did your District expend any bilingual education program state allotment funds during the District's fiscal year?	Yes
AP6	Does the District have written policies and procedures for its bilingual education program?	Yes
AP7	List the total state allotment funds received for bilingual education programs during the District's fiscal year.	\$ 81,622
AP8	List the actual direct program expenditures for bilingual education programs during the District's fiscal year. (PICs 25, 35)	\$ 100,157

***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**

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, 2021, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated November 8, 2021.

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.

BELT HARRIS PECHACEK, LLP

Belt Harris Pechacek, LLP
Certified Public Accountants
Houston, Texas
November 8, 2021



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

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, 2021. 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, 2021.

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
November 8, 2021

EDNA
INDEPENDENT SCHOOL DISTRICT
SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS
For the Year Ended August 31, 2021

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, 2021

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>Assistance Listing (AL) Number</u>	<u>Name of Federal Program</u>
84.027 & 84.173	Special Education Cluster (IDEA)
84.010	Title I

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 STATEMENTS 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, 2021

Federal Grantor/Pass-Through Grantor/ Program Title	Federal AL 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	\$ 5,312
Title I, Part A - Improving Basic Programs	84.010	21610101120901	314,099
Title II, Part A - Teacher/Principal Training	84.367	20694501120901	53,665
Title III, Part A - English Language Acquisition	84.365	20671001120901	3,082
Title III, Part A - English Language Acquisition	84.366	21671001120901	14,602
Title IV, Part A, Subpart 1	84.424	20680101120901	16,542
Title V, Part B Rural Low Income	84.358	20696001120901	28,940
Carl D. Perkins Basic Formula	84.048	20420006084908	18,742
COVID-19 Elementary and Secondary School Emergency Relief	84.425D	20521001120901	8,262
COVID-19 CRRSA ESSER II	84.425D	21521001120901	290,057
COVID-19 ARP ESSER III	84.425U	21528001120901	281,008
Instructional Continuity Grant	84.377A	17610740120901	10,111
<i>Special Education Cluster:</i>			
IDEA-B Preschool	84.173	216610011209016000	19,840
IDEA-B Preschool	84.173	226610011209016000	2,348
IDEA-B Formula	84.027	206600011209016000	14,558
IDEA-B Formula	84.027	216600011209016000	754,559
IDEA-B Formula	84.027	226600011209016000	47,092
IDEA-B Disc - Residential	84.027A	206600121209016677	29,465
Total U.S. Department of Education			1,912,284
U.S. DEPARTMENT OF AGRICULTURE			
<i>Passed Through Texas Education Agency:</i>			
<i>Child Nutrition Cluster:</i>			
School Breakfast Program	10.553	806780706	114,132
National School Lunch Program	10.555	806780706	431,402
USDA Commodity	10.565	806780706	65,554
Total U.S. Department of Agriculture			611,088
U.S. DEPARTMENT OF TREASURY			
<i>Passed Through Texas Division of Emergency Management:</i>			
COVID-19 Coronavirus Relief Fund 2020	21.019	2020-CF-2019	172,950
<i>Passed Through The County of Jackson:</i>			
COVID-19 Coronavirus Relief Fund 2020	21.019	Project No. 415	45,163
Total U.S. Department of Treasury			218,113
TOTAL EXPENDITURES OF FEDERAL AWARDS			\$ 2,741,485
Reconciliation of Federal Revenue:			
SHARS reimbursement			\$ 167,569
Passed through SSA IDEA-B Formula			131,639
Total Federal Revenue per Exhibit C-2			\$ 3,040,693

EDNA
INDEPENDENT SCHOOL DISTRICT
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended August 31, 2021

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:

		Amount Provided to
<u>Program Title</u>	<u>AL Number</u>	<u>Subrecipients</u>
IDEA - B	84.027	<u>\$ 318,088</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.

NOTE 5: DONATED PERSONAL PROTECTIVE EQUIPMENT (UNAUDITED)

During the emergency period of COVID-19, federal agencies and recipients of federal assistance funds donated personal protective equipment (PPE) to non-federal entities. In connection with that donation, the recipient must disclose the estimated value of the donated PPE, but such amounts are not included in the SEFA. The District did not receive any PPE donations funded by federal assistance funds during the reporting year.

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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, 2021

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 (TRS), Texas Workforce Commission (TWC), Internal Revenue Service (IRS), and other government agencies? (If the District was issued a warrant hold and the warrant hold was not cleared within 30 days from the date the warranty hold was issued, the District is considered to not have made timely payments.	Yes
	Payments to the TRS and TWC are considered timely if a warrant hold that was issued in connection to the untimely payment was cleared within 30 days from the date the warrant hold was issued.	
	Payments to the IRS are considered timely if a penalty or delinquent payment notice was cleared within 30 days from the date the notice was issued.	
SF4	Was the District issued a warrant hold? Even if the issue surrounding the initial warrant hold was resolved and cleared within 30 days, the District is considered to have been 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 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	\$ -

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