

JIM NED
CONSOLIDATED INDEPENDENT SCHOOL DISTRICT
TAYLOR COUNTY, TEXAS
ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED AUGUST 31, 2020



**JIM NED CONSOLIDATED INDEPENDENT SCHOOL DISTRICT
ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED AUGUST 31, 2020**

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CERTIFICATE OF BOARD

**Jim Ned Consolidated
Independent School District**

Name of School District

Taylor

County

221911

County – District Number

We, the undersigned, certify that the attached annual financial reports of the above-named school district were reviewed and (check one) approved _____ disapproved for the year ended **August 31, 2020**, at a meeting of the Board of Trustees of such school district on the **10th** day of **December 2020**.

Signature of Board President

Signature of Board Secretary

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

James E. Rodgers and Company, P.C.

Certified Public Accountants

20 Southwest Third Street • PO Box 669 • Hamlin, Texas 79520 • Tel: 325-576-2356 • Fax: 325-576-3525

E-mail: rodgerscpa@att.net

Member of Texas Society of CPA's and American Institute of CPA's

Richard E. Rodgers CPA • Gerald L. Rodgers CPA

December 10, 2020

Unmodified Report on Financial Statements Issued in Accordance with Government Auditing Standards and a Single Audit Accompanied by Required Supplementary Information, Supplementary Information, and Other Information

Independent Auditor's Report

To the Board of Trustees

Jim Ned Consolidated Independent School District
Tuscola, Texas 76562

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 Jim Ned Consolidated Independent School District (the District) as of and for the year ended August 31, 2020, and the related notes to the financial statements, which collectively comprise the Jim Ned Consolidated Independent School District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

James E. Rodgers and Company, P.C.

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 Jim Ned Consolidated Independent School District, as of August 31, 2020, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, and GASB 68 and 75 schedules for pension and OPEB liabilities and contributions 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 Jim Ned Consolidated Independent School District's basic financial statements. The combining and individual nonmajor fund financial statements, and the Texas Education Agency required information in conformity with laws and regulations of the State of Texas in Exhibits J-1 through J-3, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements, the Texas Education Agency required information in conformity with laws and regulations of the state of Texas in Exhibits J-1 through J-3, and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements, the Texas Education Agency required information and the schedule of expenditures of federal awards are fairly stated in all material respects in relation to the basic financial statements as a whole. The introductory section has 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 this section.

James E. Rodgers and Company, P.C.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 10, 2020, on our consideration of the Jim Ned Consolidated Independent School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to solely 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 Jim Ned Consolidated Independent School 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 Jim Ned Consolidated Independent School District's internal control over financial reporting and compliance.

Respectfully submitted,

James E. Rodgers and Company

James E. Rodgers and Company, P.C.

JIM NED CONSOLIDATED INDEPENDENT SCHOOL DISTRICT

830 Garza Street
PO Box 9
Tuscola, Texas 79562



Phone: 325-554-7577 * Fax: 325-554-7740

MANAGEMENT'S DISCUSSION AND ANALYSIS

In this section of the Annual Financial and Compliance Report, we, the administration of **Jim Ned Consolidated Independent School District**, discuss and analyze the District's financial performance for the fiscal year ended August 31, 2020. Please read it in conjunction with the independent auditor's report and the District's Basic Financial Statements.

FINANCIAL HIGHLIGHTS

Highlights of Current Fiscal Year Finances

District's Total Net Position at the End of the Year	\$17,230,330
Total District Revenues for the Current Fiscal Year	\$17,708,562
Total District Expenses for the Current Fiscal Year	\$17,227,394
Fund Balance in the General Fund at the End of Year	\$11,481,905

Changes in the District's Finances from the Previous Fiscal Year

	Increase (Decrease)	
	\$	%
<u>Change in Net Position:</u>		
Change in the District's Total Net Position	\$ 670,375	4.05%
<u>Revenue Changes:</u>		
Change in the District's Total Revenues	\$ 350,857	2.02%
Change in the District's Property Tax Revenues	\$ 390,708	7.46%
Change in the District's State Aid Formula Grants	\$ (686,260)	-9.29%
Change in Operating Grants and Contributions	\$ 598,997	27.86%
<u>Expense Changes:</u>		
Change in the District's Total Expenses	\$ 2,013,613	13.24%
<u>Other Information:</u>		
Change in the District's General Fund Balance	\$ 353,769	3.18%
Excess (Deficit) of Actual Revenue over Budgeted Revenue	\$ (245,455)	-1.82%

USING THIS ANNUAL REPORT

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

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

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

Reporting the District as a Whole

The Statement of Net Position and the Statement of Activities

The analysis of the District's overall financial condition and operations begins with the Statement of Net Position (Exhibit A-1). Its primary purpose is to show whether the District is better off or worse off as a result of the year's activities. The Statement of Net Position includes all the District's assets and liabilities at the end of the year while the Statement of Activities includes all the revenues and expenses generated by the District's operations during the year. These apply the accrual basis of accounting which is the basis used by private sector companies.

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

These two statements report the District's Net Position and changes in them. The District's Net Position (the difference between assets, deferred outflows, liabilities, and deferred inflows) provide one measure of the District's financial health, or financial position. Over time, increases or decreases in the District's Net Position are one indicator of whether its financial health is improving or deteriorating. To fully assess the overall health of the District, however, you should consider non-financial factors as well, such as changes in the District's average daily attendance or its property tax base and the condition of the District's facilities.

In the Statement of Net Position and the Statement of Activities, we combine the District into one kind of activity (all governmental activities).

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

Reporting the District's Most Significant Funds

Fund Financial Statements

The fund financial statements begin with the Governmental Funds Balance Sheet (Exhibit C-1) and provide detailed information about the most significant funds—not the District as a whole. Laws and contracts require the District to establish some funds, such as grants received under the “No Child Left Behind” act from the U.S. Department of Education. The District's administration establishes many other funds to help it control and manage money for particular purposes (like campus activities). The District's two kinds of funds (governmental and proprietary) use different accounting approaches.

Governmental funds—Most of the District's basic services are reported in governmental funds. These funds use modified accrual accounting (a method that measures the receipt and disbursement of cash and all other financial assets that can be readily converted to cash) and report balances that are available for future spending. The governmental fund statements provide a detailed short-term view of the District's general operations and the basic services it provides. We describe the differences between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds in a reconciliation schedule following each of the fund financial statements.

Proprietary funds—The District reports the activities for which it charges users (whether outside customers or other units of the District) in proprietary funds using the same accounting methods employed in the Statement of Net Position and the Statement of Activities. In fact, the District's enterprise funds (one category of proprietary funds which the District does not have at present) are the business-type activities reported in the government-wide statements but containing more detail and additional information, such as cash flows. The internal service funds (the other category of proprietary funds in Exhibits D-1, D-2, and D-3) report activities that provide supplies and services for the District's other programs and activities—such as the District's self-insurance programs.

The District as Trustee

Reporting the District's Fiduciary Responsibilities

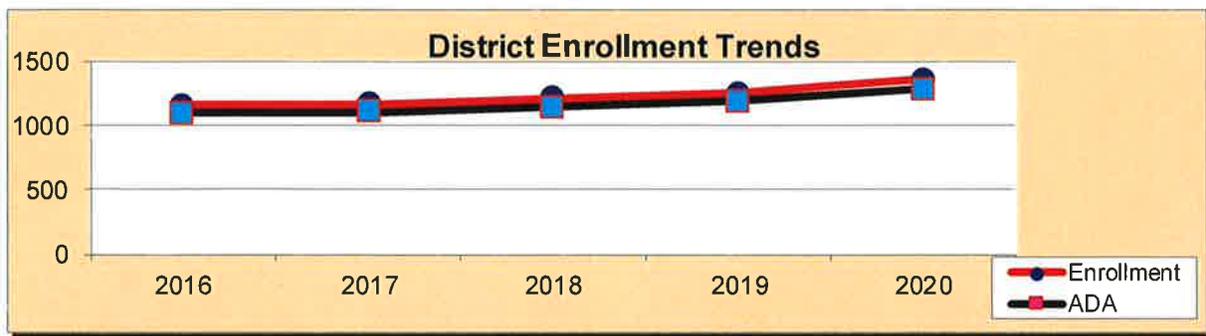
The District is the trustee, or fiduciary, for money raised by student activities and alumni scholarship programs. All of the District's fiduciary activities are reported in separate Statements of Fiduciary Net Position (Exhibit E-1). We exclude these resources from the District's other financial statements because the District cannot use these assets to finance its operations. The District is only responsible for ensuring that the assets reported in these funds are used for their intended purposes.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

State funding in Texas is based upon the District’s average daily attendance, thus the District’s revenue is highly dependent on enrollment trends. The District receives additional weighted funding for students enrolled in career and technology coursework, gifted and talented, special, bilingual, and compensatory education programs. The demographics of the District and the types of coursework students pursue are continuing to evolve in the District. The following chart details the enrollment trends of the District.

ENROLLMENT TRENDS

Year	Enrollment	ADA
2016	1159	1102.1
2017	1166	1104.0
2018	1219	1150.0
2019	1254	1191.4
2020	1366	1289.1



The following table indicates the Net Position of the District at the end of the previous and current year.

	Governmental Activities		Business-Type Activities		Totals	
	2019	2020	2019	2020	2019	2020
Current and other assets	\$ 12,582,152	\$ 13,507,609	\$ -	\$ -	\$ 12,582,152	\$ 13,507,609
Capital assets	26,338,386	26,606,777	-	-	26,338,386	26,606,777
Deferred Outflows of Resources	2,632,620	2,412,425	-	-	2,632,620	2,412,425
Total assets & deferred outflows	\$ 41,553,158	\$ 42,526,811	\$ -	\$ -	\$ 41,553,158	\$ 42,526,811
Long-term liabilities	\$ 13,151,435	\$ 12,683,024	\$ -	\$ -	\$ 13,151,435	\$ 12,683,024
Other liabilities	598,649	1,027,981	-	-	598,649	1,027,981
Net pension liability	4,042,042	3,770,696	-	-	4,042,042	3,770,696
Net OPEB liability	5,262,506	4,936,796	-	-	5,262,506	4,936,796
Deferred Inflows Unavailable Revenue	1,938,571	2,877,984	-	-	1,938,571	2,877,984
Total liabilities & deferred inflows	\$ 24,993,203	\$ 25,296,481	\$ -	\$ -	\$ 24,993,203	\$ 25,296,481
Net Position:						
Net Investment in Capital Assets	\$ 13,203,904	\$ 13,940,128	\$ -	\$ -	\$ 13,203,904	\$ 13,940,128
Restricted	704,518	639,472	-	-	704,518	639,472
Unrestricted	2,651,533	2,650,730	-	-	2,651,533	2,650,730
Total net position	\$ 16,559,955	\$ 17,230,330	\$ -	\$ -	\$ 16,559,955	\$ 17,230,330

The following table indicates the changes in Net Position of the District during the previous and current years.

Table II						
JIM NED CONSOLIDATED INDEPENDENT SCHOOL DISTRICT						
Changes in Net Position						
	Governmental Activities		Business-Type Activities		Totals	
	2019	2020	2019	2020	2019	2020
Program Revenues:						
Charges for Services	\$ 1,506,867	\$ 1,601,460	\$ -	\$ -	\$ 1,506,867	\$ 1,601,460
Operating grants & contributions	2,149,921	2,748,918	-	-	2,149,921	2,748,918
General Revenues:						
Maintenance & operations taxes	4,534,740	4,880,731	-	-	4,534,740	4,880,731
Debt service taxes	701,106	745,823	-	-	701,106	745,823
State aid - formula grants	7,388,082	6,701,822	-	-	7,388,082	6,701,822
Investment earnings	313,127	180,717	-	-	313,127	180,717
Miscellaneous Income	763,862	849,091	-	-	763,862	849,091
Total Revenues	\$ 17,357,705	\$ 17,708,562	\$ -	\$ -	\$ 17,357,705	\$ 17,708,562
Expenses						
Instruction, curriculum & media services	\$ 8,701,511	\$ 9,828,827	\$ -	\$ -	\$ 8,701,511	\$ 9,828,827
Instructional & school leadership	927,770	934,322	-	-	927,770	934,322
Student support services	1,586,422	1,850,143	-	-	1,586,422	1,850,143
Food Services	519,907	522,732	-	-	519,907	522,732
Co-curricular activities	684,421	911,503	-	-	684,421	911,503
General administration & data processing	652,589	821,611	-	-	652,589	821,611
Plant maintenance & security	1,450,578	1,589,777	-	-	1,450,578	1,589,777
Interest on long term debt	366,234	352,739	-	-	366,234	352,739
Other business-type activities & intergovernmental	324,349	415,740	-	-	324,349	415,740
Total Expenses	\$ 15,213,781	\$ 17,227,394	\$ -	\$ -	\$ 15,213,781	\$ 17,227,394
Increase in net position before transfers and special items	\$ 2,143,924	\$ 481,168	\$ -	\$ -	\$ 2,143,924	\$ 481,168
Transfers	-	-	-	-	-	-
Extraordinary & special items - Loss on Disposition of Capital Assets	(4,212)	-	-	-	(4,212)	-
Prior period adjustment - Campus Activities	-	189,207	-	-	-	189,207
Net position at 9/1	14,420,243	16,559,955	-	-	14,420,243	16,559,955
Total Net Position	\$ 16,559,955	\$ 17,230,330	\$ -	\$ -	\$ 16,559,955	\$ 17,230,330

An analysis of the change in the Net Position for governmental activities is as follows:

Excess of Revenues Over Expenditures for Governmental Funds	\$ 302,867
Change in Net Position of Internal Service Funds	(12,037)
Current Year Purchases of Capital Assets	1,187,677
Current Year Debt Principal Payments	440,000
Depreciation	(919,286)
Other Modified to Full Accrual Revenue Adjustments	44,499
Net Adjustment to Pension Expense Per GASB 68	(517,521)
Net adjustment for OPEB plan required by GASB 75	(45,031)
Change in Net Position of Governmental Activities	\$ 481,168

THE DISTRICT'S FUNDS

A financial summary of the District’s funds for the current year is as follows:

Governmental Fund Financial Statements					
	General Fund	Special Revenue Funds	Debt Service Fund	Capital Projects Fund	Total
Revenues	\$ 13,250,237	\$ 3,263,941	\$ 763,618	\$ -	\$ 17,277,796
Expenditures	(12,689,193)	(3,464,586)	(821,150)	-	(16,974,929)
Other Financing Sources	-	214,717	-	-	214,717
Other Financing Uses	(207,275)	(7,442)	-	-	(214,717)
Net Change in Fund Balance	\$ 353,769	\$ 6,630	\$ (57,532)	\$ -	\$ 302,867
Beginning Fund Balance	11,128,136	398,917	416,982	-	11,944,035
Ending Fund Balance					
All Governmental Funds	\$ 11,481,905	\$ 405,547	\$ 359,450	\$ -	\$ 12,246,902

The District modified its budget several times during the year resulting in a net increase in budgeted expenditures between the original and final budget in the District’s General Fund. Significant amendments were made during the current year in the facilities acquisition and construction function as per Exhibit G-1.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At the end of the current year, the District had invested in a broad range of capital assets, including facilities and equipment for instruction, transportation, athletics and maintenance. This year's major additions and the net change in total capital assets are as follows:

2 - Modular Classroom Buildings 24'x64'	\$ 141,485
Additional HS Roof/Duct	166,502
Additional MS Roof/Duct	259,896
Valerrama Turn-Key Lighting LED	160,226
2020 Chevrolet Suburban	40,144
2021 BlueBird Bus 65 Passenger	105,260
M7060HD Kubota Tractor & Attachments	37,920
NEC Valcom Phone System	122,900
Construction in Progress - New School Improvement Projects	56,044
Construction in Progress - New High School Field House	97,300
TOTAL	\$ 1,187,677
Total Additions	\$ 1,187,677
Total Deletions	(18,072)
Net Change	\$ 1,169,605

The District's next fiscal year general fund capital budget indicates no significant capital outlay.

Debt

The District's long term debt at the end of the current year is as follows:

	Interest Rate on Issue	Amounts Original Issue	Interest Current Year	Outstanding 8/31/2020	Next Year's Total Principal and Interest Requirement
2015 School Tax Bonds	3.00-3.50%	9,370,000	261,875	8,240,000	557,875
2016 School Tax Bonds	2.00-4.00%	4,420,000	118,275	3,870,000	259,650
Totals		\$ 13,790,000	\$ 380,150	\$ 12,110,000	\$ 817,525

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

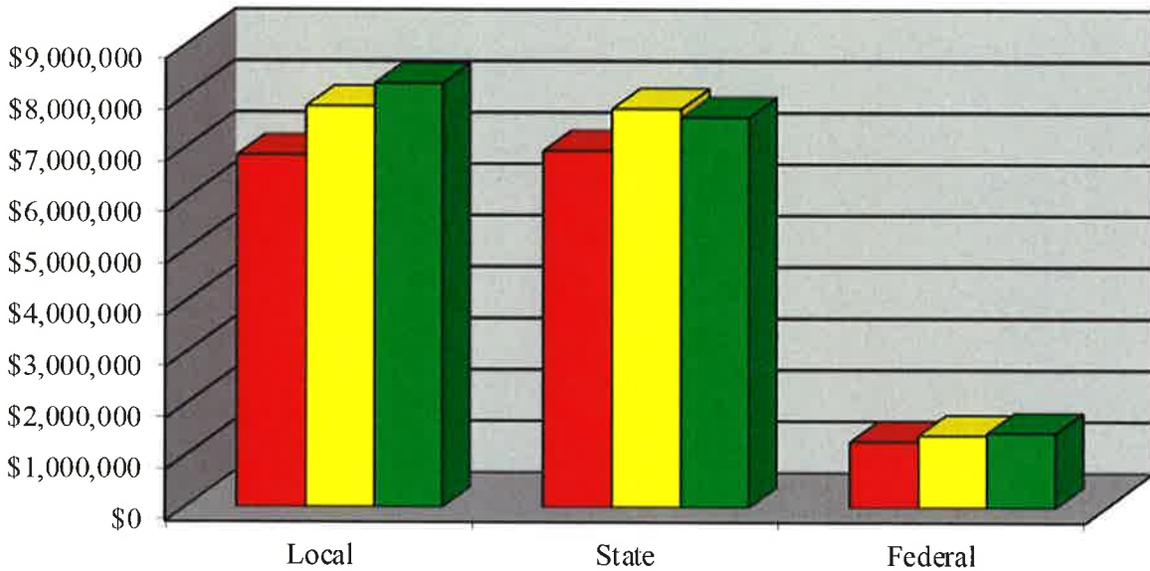
The District's elected and appointed officials considered many factors when setting the next fiscal year budget and tax rates. Those changes along with expected student enrollment were implicit in the expected revenue and expenditures when adopting the budget for next year. A summary of the subsequent fiscal year budget for funds legally required to be budgeted is as follows:

Fiscal Year 2020 - 2021 Adopted Budget				
	General Fund	Child Nutrition Fund	Debt Service Fund	TOTALS
Revenues	\$ 11,866,779	\$ 370,761	\$ 829,968	\$ 13,067,508
Expenditures	(11,786,779)	(450,761)	(829,968)	(13,067,508)
Other Financing Sources	-	80,000	-	80,000
Other Financing Uses	(80,000)	-	-	(80,000)
Net Change in Fund Balance	\$ -	\$ -	\$ -	\$ -
Beginning of Year Fund Balance	11,481,905	-	359,450	11,841,355
Projected End of Year Fund Balance	\$ 11,481,905	\$ -	\$ 359,450	\$ 11,841,355

The following graph indicates the District's revenues by source for the last three years.

REVENUES BY SOURCE			
	FY 2017-2018	FY 2018-2019	FY 2019-2020
ADA	1149,991	1191,381	1289,125
Local	\$6,849,782	\$7,800,093	\$8,241,734
State	6,932,023	7,749,703	7,584,625
Federal	1,282,174	1,404,725	1,451,437
Total	\$15,063,979	\$16,954,521	\$17,277,796

Revenues by Source

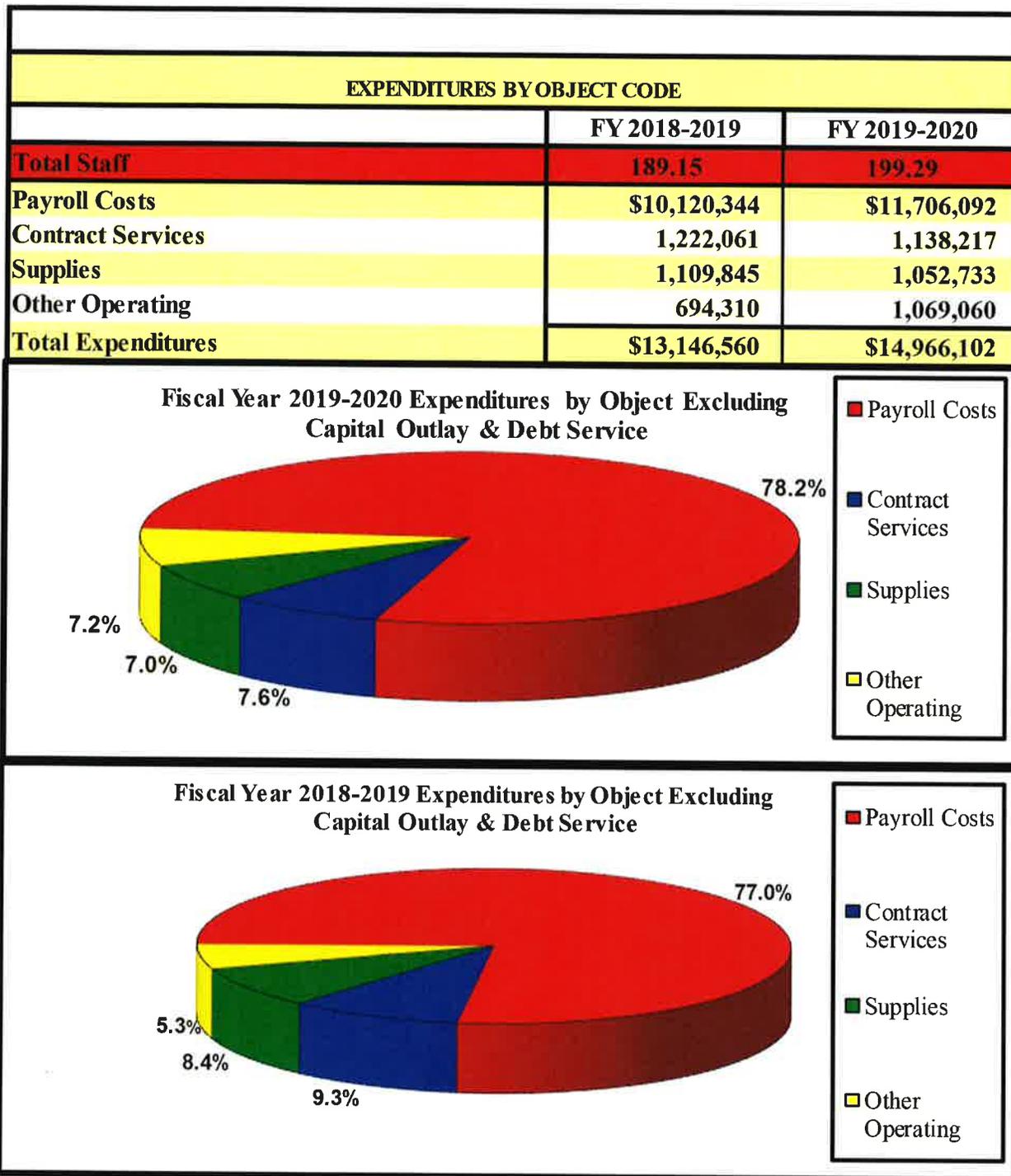


■ FY 2017-2018

■ FY 2018-2019

■ FY 2019-2020

The following graph indicates the District's operating expenditures by object for the last two years.



CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, investors and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the District's business office, at **Jim Ned Consolidated Independent School District, PO Box 9, Tuscola Texas 79562, (325) 554-7500.**

BASIC FINANCIAL STATEMENTS

JIM NED CONSOLIDATED INDEPENDENT SCHOOL DISTRICT
STATEMENT OF NET POSITION
AUGUST 31, 2020

EXHIBIT A-1

Data Control Codes	Primary Government
	Governmental Activities
ASSETS	
1110 Cash and Cash Equivalents	\$ 2,221,846
1120 Current Investments	10,681,382
1220 Property Taxes - Delinquent	250,696
1230 Allowance for Uncollectible Taxes	(62,674)
1240 Due from Other Governments	398,431
1250 Accrued Interest	17,928
Capital Assets:	
1510 Land	698,711
1520 Buildings, Net	24,823,670
1530 Furniture and Equipment, Net	931,052
1580 Construction in Progress	153,344
1000 Total Assets	40,114,386
DEFERRED OUTFLOWS OF RESOURCES	
1705 Deferred Outflow Related to TRS Pension	1,794,334
1706 Deferred Outflow Related to TRS OPEB	618,091
1700 Total Deferred Outflows of Resources	2,412,425
LIABILITIES	
2110 Accounts Payable	70,184
2160 Accrued Wages Payable	544,611
2180 Due to Other Governments	125,245
2190 Due to Student Groups	1,545
2200 Accrued Expenses	44,272
2300 Unearned Revenue	242,127
Noncurrent Liabilities:	
2501 Due Within One Year	466,375
2502 Due in More Than One Year	12,216,649
2540 Net Pension Liability (District's Share)	3,770,696
2545 Net OPEB Liability (District's Share)	4,936,796
2000 Total Liabilities	22,418,500
DEFERRED INFLOWS OF RESOURCES	
2605 Deferred Inflow Related to TRS Pension	686,617
2606 Deferred Inflow Related to TRS OPEB	2,191,367
2600 Total Deferred Inflows of Resources	2,877,984
NET POSITION	
3200 Net Investment in Capital Assets	13,940,128
3820 Restricted for Federal and State Programs	26,328
3850 Restricted for Debt Service	382,245
3890 Restricted for Other Purposes	230,899
3900 Unrestricted	2,650,730
3000 Total Net Position	\$ 17,230,330

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

JIM NED CONSOLIDATED INDEPENDENT SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED AUGUST 31, 2020

EXHIBIT B-1

Data Control Codes	1	Program Revenues		Net (Expense) Revenue and Changes in Net Position
		3	4	6
Expenses	Charges for Services	Operating Grants and Contributions	Primary Gov. Governmental Activities	
Primary Government:				
GOVERNMENTAL ACTIVITIES:				
11 Instruction	\$ 9,554,014	\$ 1,383,167	\$ 1,930,856	\$ (6,239,991)
12 Instructional Resources and Media Services	269,164	-	25,476	(243,688)
13 Curriculum and Instructional Staff Development	5,649	-	-	(5,649)
21 Instructional Leadership	262,715	-	13,635	(249,080)
23 School Leadership	671,607	-	55,682	(615,925)
31 Guidance, Counseling, and Evaluation Services	1,144,542	-	352,020	(792,522)
33 Health Services	217,627	-	19,590	(198,037)
34 Student (Pupil) Transportation	487,974	-	27,174	(460,800)
35 Food Services	522,732	176,435	196,251	(150,046)
36 Extracurricular Activities	911,503	39,398	32,660	(839,445)
41 General Administration	805,636	-	33,255	(772,381)
51 Facilities Maintenance and Operations	1,559,306	2,460	56,696	(1,500,150)
52 Security and Monitoring Services	30,471	-	5,623	(24,848)
53 Data Processing Services	15,975	-	-	(15,975)
72 Debt Service - Interest on Long-Term Debt	351,739	-	-	(351,739)
73 Debt Service - Bond Issuance Cost and Fees	1,000	-	-	(1,000)
81 Capital Outlay	2,389	-	-	(2,389)
93 Payments Related to Shared Services Arrangements	356,325	-	-	(356,325)
99 Other Intergovernmental Charges	57,026	-	-	(57,026)
[TP] TOTAL PRIMARY GOVERNMENT:	\$ 17,227,394	\$ 1,601,460	\$ 2,748,918	(12,877,016)

Data Control Codes	General Revenues: Taxes:	
MT	Property Taxes, Levied for General Purposes	4,880,731
DT	Property Taxes, Levied for Debt Service	745,823
SF	State Aid - Formula Grants	6,701,822
IE	Investment Earnings	180,717
MI	Miscellaneous Local and Intermediate Revenue	849,091
TR	Total General Revenues	13,358,184
CN	Change in Net Position	481,168
NB	Net Position - Beginning	16,559,955
PA	Prior Period Adjustment Campus Activities	189,207
NE	Net Position - Ending	\$ 17,230,330

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

JIM NED CONSOLIDATED INDEPENDENT SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
AUGUST 31, 2020

Data Control Codes	10 General Fund	SSA Idea - Part B Formula	SSA State Section 504 Fund
ASSETS			
1110 Cash and Cash Equivalents	\$ 1,363,843	\$ -	\$ 219,437
1120 Investments - Current	10,513,812	153,808	-
1220 Property Taxes - Delinquent	220,303	-	-
1230 Allowance for Uncollectible Taxes	(55,076)	-	-
1240 Due from Other Governments	327,252	-	-
1250 Accrued Interest	17,928	-	-
1260 Due from Other Funds	61,668	173,563	58,411
1000 Total Assets	<u>\$ 12,449,730</u>	<u>\$ 327,371</u>	<u>\$ 277,848</u>
LIABILITIES			
2110 Accounts Payable	\$ 44,438	\$ -	\$ 432
2160 Accrued Wages Payable	423,037	51,442	15,707
2170 Due to Other Funds	199,417	270,384	19,300
2180 Due to Other Governments	125,245	-	-
2190 Due to Student Groups	1,545	-	-
2200 Accrued Expenditures	8,915	5,545	341
2300 Unearned Revenue	-	-	242,068
2000 Total Liabilities	<u>802,597</u>	<u>327,371</u>	<u>277,848</u>
DEFERRED INFLOWS OF RESOURCES			
2601 Unavailable Revenue - Property Taxes	165,228	-	-
2600 Total Deferred Inflows of Resources	<u>165,228</u>	<u>-</u>	<u>-</u>
FUND BALANCES			
Restricted Fund Balance:			
3480 Retirement of Long-Term Debt	-	-	-
3490 Other Restricted Fund Balance	-	-	-
Committed Fund Balance:			
3510 Construction	9,000,000	-	-
3600 Unassigned Fund Balance	2,481,905	-	-
3000 Total Fund Balances	<u>11,481,905</u>	<u>-</u>	<u>-</u>
4000 Total Liabilities, Deferred Inflows & Fund Balances	<u>\$ 12,449,730</u>	<u>\$ 327,371</u>	<u>\$ 277,848</u>

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

Other Funds	Total Governmental Funds
\$ 580,129	\$ 2,163,409
13,762	10,681,382
30,393	250,696
(7,598)	(62,674)
71,179	398,431
-	17,928
255,204	548,846
<u>\$ 943,069</u>	<u>\$ 13,998,018</u>
\$ 24,646	\$ 69,516
54,424	544,610
74,045	563,146
-	125,245
-	1,545
2,103	16,904
59	242,127
<u>155,277</u>	<u>1,563,093</u>
<u>22,795</u>	<u>188,023</u>
<u>22,795</u>	<u>188,023</u>
359,450	359,450
405,547	405,547
-	9,000,000
-	2,481,905
<u>764,997</u>	<u>12,246,902</u>
<u>\$ 943,069</u>	<u>\$ 13,998,018</u>

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

EXHIBIT C-2

Total Fund Balances - Governmental Funds	\$	12,246,902
1 The District uses internal service funds to charge the costs of certain activities, such as self-insurance, to appropriate functions in other funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net position. The net effect of this consolidation is to increase (decrease) net position.		44,702
2 Capital assets used in governmental activities are not financial resources and therefore are not reported in governmental funds. At the beginning of the year, the cost of these assets was \$37,710,617 and the accumulated depreciation was \$11,372,231. In addition, long-term liabilities, including bonds payable, are not due and payable in the current period, and, therefore are not reported as liabilities in the funds. The net effect of including the beginning balances for capital assets (net of depreciation) and long-term debt in the governmental activities is to increase (decrease) net position.		13,186,951
3 Current year capital outlays and long-term debt principal payments are expenditures in the fund financial statements, but they should be shown as increases in capital assets and reductions in long-term debt in the government-wide financial statements. The net effect of including the current capital outlays and debt principal payments is to increase (decrease) net position.		1,627,677
4 Included in the items related to debt is the recognition of the District's proportionate share of the net pension liability required by GASB 68. The net position related to TRS included a deferred resource outflow in the amount of \$1,794,334, a deferred resource inflow in the amount of \$686,617, and a net pension liability in the amount of \$3,770,696. This resulted in a decrease in net position.		(2,662,979)
5 Included in the items related to debt is the recognition of the District's proportionate share of the net OPEB liability required by GASB 75. The net position related to TRS included a deferred resource outflow in the amount of \$618,091, a deferred resource inflow in the amount of \$2,191,367, and a net OPEB liability in the amount of \$4,936,796. This resulted in a decrease in net position.		(6,510,072)
6 The current depreciation expense increases accumulated depreciation. The net effect of the current year's depreciation is to decrease net position.		(919,286)
7 Various other reclassifications and eliminations are necessary to convert from the modified accrual basis of accounting to accrual basis of accounting. These include recognizing unearned revenue as revenue, eliminating interfund transactions, reclassifying the proceeds of bond sales as an increase in bonds payable, and recognizing the liabilities associated with maturing long-term debt and interest. The net effect of these reclassifications and recognitions is to increase (decrease) net position.		216,435
19 Net Position of Governmental Activities	\$	17,230,330

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

JIM NED CONSOLIDATED INDEPENDENT SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED AUGUST 31, 2020

Data Control Codes	10 General Fund	SSA Idea - Part B Formula	SSA State Section 504 Fund
REVENUES:			
5700 Total Local and Intermediate Sources	\$ 5,723,801	\$ -	\$ 490,705
5800 State Program Revenues	7,438,551	-	35,464
5900 Federal Program Revenues	87,885	1,030,097	-
5020 Total Revenues	<u>13,250,237</u>	<u>1,030,097</u>	<u>526,169</u>
EXPENDITURES:			
Current:			
0011 Instruction	6,831,196	752,770	236,803
0012 Instructional Resources and Media Services	252,889	-	-
0013 Curriculum and Instructional Staff Development	5,649	-	-
0021 Instructional Leadership	-	500	108,905
0023 School Leadership	622,204	-	-
0031 Guidance, Counseling, and Evaluation Services	285,875	276,827	321,660
0033 Health Services	202,357	-	-
0034 Student (Pupil) Transportation	526,356	-	-
0035 Food Services	-	-	-
0036 Extracurricular Activities	573,854	-	-
0041 General Administration	754,376	-	-
0051 Facilities Maintenance and Operations	1,334,128	-	31,758
0052 Security and Monitoring Services	24,467	-	502
0053 Data Processing Services	15,975	-	-
Debt Service:			
0071 Principal on Long-Term Debt	-	-	-
0072 Interest on Long-Term Debt	-	-	-
0073 Bond Issuance Cost and Fees	-	-	-
Capital Outlay:			
0081 Facilities Acquisition and Construction	846,516	-	-
Intergovernmental:			
0093 Payments to Fiscal Agent/Member Districts of SSA	356,325	-	-
0099 Other Intergovernmental Charges	57,026	-	-
6030 Total Expenditures	<u>12,689,193</u>	<u>1,030,097</u>	<u>699,628</u>
1100 Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>561,044</u>	<u>-</u>	<u>(173,459)</u>
OTHER FINANCING SOURCES (USES):			
7915 Transfers In	-	-	-
8911 Transfers Out (Use)	(207,275)	-	(7,442)
7080 Total Other Financing Sources (Uses)	<u>(207,275)</u>	<u>-</u>	<u>(7,442)</u>
1200 Net Change in Fund Balances	353,769	-	(180,901)
0100 Fund Balance - September 1 (Beginning)	11,128,136	-	180,901
1300 Increase (Decrease) in Fund Balance	-	-	-
3000 Fund Balance - August 31 (Ending)	<u>\$ 11,481,905</u>	<u>\$ -</u>	<u>\$ -</u>

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

	Other Funds	Total Governmental Funds
\$	2,027,228	\$ 8,241,734
	110,610	7,584,625
	333,455	1,451,437
	2,471,293	17,277,796
	675,448	8,496,217
	-	252,889
	-	5,649
	138,991	248,396
	-	622,204
	169,110	1,053,472
	-	202,357
	-	526,356
	468,670	468,670
	277,335	851,189
	-	754,376
	-	1,365,886
	5,307	30,276
	-	15,975
	440,000	440,000
	380,150	380,150
	1,000	1,000
	-	846,516
	-	356,325
	-	57,026
	2,556,011	16,974,929
	(84,718)	302,867
	214,717	214,717
	-	(214,717)
	214,717	-
	129,999	302,867
	445,791	11,754,828
	189,207	189,207
\$	764,997	\$ 12,246,902

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

EXHIBIT C-4

Total Net Change in Fund Balances - Governmental Funds	\$	302,867
<p>The District uses internal service funds to charge the costs of certain activities, such as self-insurance and printing, to appropriate functions in other funds. The net income (loss) of internal service funds are reported with governmental activities. The net effect of this consolidation is to increase (decrease) net position.</p>		
		(12,037)
<p>Current year capital outlays and long-term debt principal payments are expenditures in the fund financial statements, but they should be shown as increases in capital assets and reductions in long-term debt in the government-wide financial statements. The net effect of removing the current year capital outlays and debt principal payments is to increase (decrease) net position.</p>		
		1,627,677
<p>Depreciation is not recognized as an expense in governmental funds since it does not require the use of current financial resources. The net effect of the current year's depreciation is to decrease net position.</p>		
		(919,286)
<p>Various other reclassifications and eliminations are necessary to convert from the modified accrual basis of accounting to accrual basis of accounting. These include recognizing unearned revenue as revenue, adjusting current year revenue to show the revenue earned from the current year's tax levy, eliminating interfund transactions, reclassifying the proceeds of bond sales, and recognizing the liabilities associated with maturing long-term debt and interest. The net effect of these reclassifications and recognitions is to increase (decrease) net position.</p>		
		44,499
<p>GASB 68 required that certain plan expenditures be de-expended and recorded as deferred resource outflows. These contributions made after the measurement date of the plan caused the change in ending net position to increase by \$277,336. Contributions made before the measurement date and during the previous fiscal year were also expended and recorded as a reduction in net pension liability. This caused a decrease in net position totaling \$253,888. Finally, the proportionate share of the TRS pension expense on the plan as a whole had to be recorded. The net pension expense decreased the change in net position by \$540,969. The net result is a decrease in the change in net position.</p>		
		(517,521)
<p>GASB 75 required that certain plan expenditures be de-expended and recorded as deferred resource outflows. These contributions made after the measurement date of the plan caused the change in ending net position to increase by \$84,085. Contributions made before the measurement date and during the previous fiscal year were also expended and recorded as a reduction in net pension liability. This caused a decrease in net position totaling \$74,089. Finally, the proportionate share of the TRS pension expense on the plan as a whole had to be recorded. The net pension expense decreased the change in net position by \$55,027. The net result is an decrease in the change in net position.</p>		
		(45,031)
Change in Net Position of Governmental Activities	\$	481,168

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

JIM NED CONSOLIDATED INDEPENDENT SCHOOL DISTRICT
 STATEMENT OF NET POSITION
 PROPRIETARY FUNDS
 AUGUST 31, 2020

EXHIBIT D-1

	Governmental Activities -	
		Internal Service Fund
ASSETS		
Current Assets:		
Cash and Cash Equivalents	\$ 58,437	
Due from Other Funds		14,300
Total Assets		72,737
LIABILITIES		
Current Liabilities:		
Accounts Payable		667
Accrued Expenses		27,368
Total Liabilities		28,035
NET POSITION		
Restricted for Other Purposes		44,702
Total Net Position	\$	44,702

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

JIM NED CONSOLIDATED INDEPENDENT SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED AUGUST 31, 2020

	Governmental Activities -
	Internal Service Fund
<hr/>	
OPERATING REVENUES:	
Local and Intermediate Sources	\$ 42,260
Total Operating Revenues	<u>42,260</u>
OPERATING EXPENSES:	
Payroll Costs	39,144
Professional and Contracted Services	<u>15,153</u>
Total Operating Expenses	<u>54,297</u>
Operating Income (Loss)	(12,037)
Total Net Position - September 1 (Beginning)	<u>56,739</u>
Total Net Position - August 31 (Ending)	<u><u>\$ 44,702</u></u>

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

JIM NED CONSOLIDATED INDEPENDENT SCHOOL DISTRICT
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED AUGUST 31, 2020

	Governmental Activities -
	Internal Service Fund
<u>Cash Flows from Operating Activities:</u>	
Cash Received from Assessments - Other Funds	\$ 26,322
Cash Payments for Insurance Claims	(38,477)
Cash Payments for Other Operating Expenses	(16,298)
Net Cash Used for Operating Activities	(28,453)
Net Decrease in Cash and Cash Equivalents	(28,453)
Cash and Cash Equivalents at Beginning of Year	86,890
Cash and Cash Equivalents at End of Year	\$ 58,437
<u>Reconciliation of Operating Income (Loss) to Net Cash</u>	
<u>Used for Operating Activities:</u>	
Operating Income (Loss):	\$ (12,037)
Effect of Increases and Decreases in Current Assets and Liabilities:	
Decrease (increase) in Receivables	(14,300)
Increase (decrease) in Accounts Payable	(971)
Increase (decrease) in Accrued Expenses	(1,145)
Net Cash Used for Operating Activities	\$ (28,453)
<u>Reconciliation of Total Cash and Cash Equivalents:</u>	
Cash and Cash Equivalents on Balance Sheet	\$ 58,437
Total Cash and Cash Equivalents	\$ 58,437

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

JIM NED CONSOLIDATED INDEPENDENT SCHOOL DISTRICT
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
AUGUST 31, 2020

EXHIBIT E-1

	Agency Fund
<hr/>	
ASSETS	
Cash and Cash Equivalents	\$ 4,326
Total Assets	<u>\$ 4,326</u>
LIABILITIES	
Due to Student Groups	\$ 4,326
Total Liabilities	<u>\$ 4,326</u>
NET POSITION	
Restricted for Campus Activities	
Total Net Position	

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

JIM NED CONSOLIDATED INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED AUGUST 31, 2020

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Jim Ned Consolidated Independent School District (the "District") is a public educational agency operating under the applicable laws and regulations of the State of Texas. It is governed by a seven member Board of Trustees (the "Board") elected by registered voters of the District. The District prepares its basic financial statements in conformity with generally accepted accounting principles accepted in the United States of America as applied to governmental entities. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The District also complies with the requirements of the appropriate version of Texas Education Agency's *Financial Accountability System Resource Guide* (the "Resource Guide") and the requirements of contracts and grants of agencies from which it receives funds.

A. REPORTING ENTITY

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

B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

The Statement of Net Position and the Statement of Activities are government-wide financial statements. They report information on all of the **Jim Ned Consolidated Independent School District** non-fiduciary activities with most of the Inter-fund activities removed. *Governmental activities* include programs supported primarily by taxes, state foundation funds, grants and other intergovernmental revenues. *Business-type activities* include operations that rely to a significant extent on fees and charges for support.

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

Inter-fund activities between governmental funds and between governmental funds and proprietary funds appear as due to/due from on the Governmental Fund Balance Sheet and Proprietary Fund Statement of Net Position and as other resources and other uses on the governmental fund Statement of Revenues, Expenditures and Changes in Fund Balance and on the Proprietary Fund Statement of Revenues, Expenses and Changes in Fund Net Position. All inter-fund transactions between governmental funds and between governmental funds and internal service funds are eliminated on the government-wide statements. Inter-fund activities between governmental funds and enterprise funds remain on the government-wide statements and appear on the government-wide Statement of Net Position as internal balances and on the Statement of Activities as inter-fund transfers. Inter-fund activities between governmental funds and fiduciary funds remain as due to/due from on the government-wide Statement of Activities.

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

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

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

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

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

The modified accrual basis of accounting recognizes revenues in the accounting period in which they become both measurable and available, and it recognizes expenditures in the accounting period in which the fund liability is incurred, if measurable, except for un-matured interest and principal on long-term debt, which is recognized when due. The expenditures related to certain compensated absences and claims and judgments are recognized when the obligations are expected to be liquidated with expendable available financial resources. The District considers all revenues available if they are collectible within 60 days after year-end.

Revenues from local sources consist primarily of property taxes. Property tax revenues and revenues received from the State are recognized under the "susceptible to accrual" concept, that is, when they are both measurable and available. The District considers them "available" if they will be collected within 60 days of the end of the fiscal year. Miscellaneous revenues are recorded as revenue when received in cash because they are generally not measurable until actually received. Investment earnings are recorded as earned, since they are both measurable and available.

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

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

D. FUND ACCOUNTING

The District reports the following major governmental funds:

- General Fund** – The general fund is the District's primary operating fund. This fund accounts for all financial resources except those required to be accounted for in another fund.
- Special Revenue Fund** – The District did maintain major special revenue governmental funds during the current year.
- Capital Projects Fund** - The District did not maintain major capital project governmental funds during the current year.
- Debt Service Fund** - The District did not maintain major debt service governmental funds during the current year.
- Other Governmental Fund** - The District did not maintain other major governmental funds during the current year.

The District reports the following major enterprise fund(s):

The District does not maintain major enterprise funds at present.

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

Governmental Funds:

- Special Revenue Funds** – The District accounts for resources restricted to, or designated for, specific purposes by the District or a grantor in a special revenue fund. Most Federal and some State financial assistance is accounted for in a Special Revenue Fund and sometimes unused balances must be returned to the grantor at the close of specified project periods.
- Debt Service Funds** – The District accounts for resources accumulated and payments made for principal and interest on long-term general obligation debt of governmental funds in a debt service fund when applicable.
- Capital Projects Funds** – Proceeds from long-term debt financing and revenues and expenditures related to authorized construction and other capital asset acquisitions are accounted for in a capital projects fund when applicable.

Proprietary Funds:

- Enterprise Funds** – The District's activities for which outside users are charged a fee roughly equal to the cost of providing the goods or services of those activities are accounted for in an enterprise fund when applicable.
- Internal Service Funds** – Revenues and expenses related to services provided to organizations inside the District on a cost reimbursement basis (such as workers' compensation) are accounted for in an internal service fund when applicable.

Fiduciary Funds:

Private Purpose Trust Funds – The District accounts for donations for which the donor has stipulated that both the principal and the income may be used for purposes that benefit parties outside the District. When applicable, the District maintains a private purpose trust fund to provide scholarships for students that have graduated from the District.

Agency Funds – The District accounts for resources held for others in a custodial capacity in agency funds including funds used to account for student activities.

All balances due to the special revenue funds resulted from the time lag between the dates that (1) inter-fund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made.

Transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them, (2) move receipts restricted to debt service from the funds collecting the receipts to the debt service fund as debt service payments become due, and (3) use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

During the current year, the District did not make a one-time transfer of funds from the general fund to the debt service fund to subsidize, in part, the District's obligation of interest and sinking fund requirements.

E. OTHER ACCOUNTING POLICIES

1. For purposes of the statement of cash flows for proprietary funds, the District considers highly liquid investments to be cash equivalents if they have maturity of three months or less when purchased.
2. The District reports inventories of supplies using the first-in, first-out inventory cost method. The supplies include consumable maintenance, instructional, office, athletic, and transportation items. Under the purchase method, supplies are recorded as expenditures when they are purchased. Inventories of food commodities are recorded at market values supplied by the Department of Agriculture. Although commodities are received at no cost, their fair market value is supplied by the Department of Agriculture and recorded as revenue and expenditures when received. Material inventories (if any) including food commodities are recorded as an asset and a corresponding amount of expenditures are reduced at year-end.
3. In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as expenditures and expenses in the year the bonds are issued.

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

4. It is the District's policy to permit some employees to accumulate earned but unused vacation and sick pay benefits. There is no liability for unpaid accumulated sick leave since the District does not have a policy to pay any amounts when employees separate from service with the District. All vacation pay is accrued when incurred in the government-wide, proprietary, and fiduciary fund financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements.
5. Capital assets, which include land, buildings, furniture and equipment and infrastructure assets are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the District as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

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

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

ASSETS	YEARS
Buildings	40
Buildings and Improvements	40
Infrastructure	40
Vehicles	10
Office Equipment	10
Computer Equipment	10

6. Since Internal Service Funds in the District support the operations of governmental funds, they are consolidated with the governmental funds in the government-wide financial statements. The expenditures of governmental funds that create the revenues of internal service funds are eliminated to avoid "grossing up" the revenues and expenses of the District as a whole.
7. Restricted assets, if applicable, of the District are limited to cash and certificates of deposit which have been gifted to the District with the stipulation that only the earnings are available for current and future scholarship recipients.
8. The Districts that participate in self-funded workers' compensation programs execute inter-local agreements that define the responsibilities of the parties. The program, if applicable, provides statutory workers' compensation benefits to its members and their injured employees.

9. **Net Position and Fund Balances:**

Government-wide and Proprietary Fund Net Position:

Government-wide and proprietary fund net positions are divided into three components:

- Net investment in capital assets—consist of the historical cost of capital assets less accumulated depreciation and less any debt that remains outstanding that was used to finance those assets plus deferred outflows of resources less deferred inflows of resources related to those assets.
- Restricted net position—consist of assets that are restricted by the District's creditors (for example, through debt covenants), by the state enabling legislation (through restrictions on shared revenues), by grantors (both federal and state), and by other contributors.
- Unrestricted—all other net position is reported in this category.

Governmental Fund Balances:

In the governmental fund financial statements, fund balances are classified as follows:

- Non-spendable—Amounts that cannot be spent either because they are in a non-spendable form or because they are legally or contractually required to be maintained intact.
- Restricted—Amounts that can be spent only for specific purposes because of the District's state or federal laws, or externally imposed conditions by grantors or creditors.
- Committed—Amounts that can be used only for specific purposes determined by a formal action by Board of Trustees' ordinance.
- Assigned—Amounts that are designated by the Superintendent for a particular purpose but are not spendable until a budget ordinance is passed or there is a majority vote approval (for capital projects or debt service) by the Board of Trustees.
- Unassigned—All amounts not included in other spendable classifications.

10. Use of Restricted Resources:

When an expenditure/expense is incurred that can be paid using either restricted or unrestricted resources (net position), the District's policy is to first apply the expenditure/expense toward restricted resources and then toward unrestricted resources. In governmental funds, the District's policy is to first apply the expenditure toward restricted fund balance and then to other, less-restrictive classifications—committed and then assigned fund balances before using unassigned fund balances.

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

12. Investment income reported in one fund has not been assigned directly to another fund by the District.

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

14. Deferred Outflows of Resources:

The District reports decreases in net assets that relate to future periods as deferred outflows of resources in a separate section of its government-wide and proprietary funds statements of net position. The deferred outflow of resources reported in this year's financial statements results from GASB 68 and 75 accruals for Pension and OPEB liabilities. No deferred outflows of resources affect the governmental funds financial statements in the current year.

15. Deferred Inflows of Resources:

The District's governmental funds report a separate section for deferred inflows of resources. This separate financial statement element reflects an increase in net assets that applies to a future period(s). The District will not recognize the related revenues until a future event occurs. The District has only one type of item which occurs because governmental fund revenues are not recognized until available (collected not later than 60 days after the end of the District's fiscal year) under the modified accrual basis of accounting that qualifies for reporting in this category. Accordingly, deferred property taxes and grants are reported in the governmental funds balance sheet. The District did have deferred inflows of resources to report in its government-wide or proprietary fund financial statements for the current year resulting from GASB 68 and 75 accruals for Pension and OPEB liabilities.

16. 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.

17. TRS-Care Plan:

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

II. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

A. EXPLANATION OF CERTAIN DIFFERENCES BETWEEN THE GOVERNMENTAL FUND BALANCE SHEET AND THE GOVERNMENT-WIDE STATEMENT OF NET POSITION

Exhibit C-2 provides the reconciliation between the fund balance for total governmental funds on the governmental fund balance sheet and the net position for governmental activities as reported in the government-wide statement of net position. One element of that reconciliation explains that capital assets are not financial resources and are therefore not reported in governmental funds. In addition, long-term liabilities, including bonds payable, are not due and payable in the current period and are not reported as liabilities in the funds. The details of capital assets and long-term debt at the beginning of the year were as follows:

Capital Assets at the Beginning of the Year	Historical Cost	Accumulated Depreciation	Net Value at Beginning of Year	Change in Net Position
Land	\$ 698,711	\$ -	\$ 698,711	
Buildings and Improvements	33,212,891	(8,347,752)	24,865,139	
Furniture and Equipment	3,799,015	(3,024,479)	774,536	
Construction in Progress	-	-	-	
Change in Net Position				\$ 26,338,386
Long-term Liabilities at the Beginning of the Year			Payable at Beginning of Year	
Bonds Payable			\$ 12,550,000	
Add Unamortized Bond Premium			584,482	
Notes and Capital Leases Payable			-	
Accrued Interest - Bonds			16,953	
Change in Net Position				13,151,435
Net Adjustment to Net Position				\$13,186,951

B. EXPLANATION OF CERTAIN DIFFERENCES BETWEEN THE GOVERNMENTAL FUND STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES AND THE GOVERNMENT-WIDE STATEMENT OF ACTIVITIES

Exhibit C-4 provides reconciliation between the net changes in fund balance as shown on the governmental fund statement of revenues, expenditures, and changes in fund balances and the changes in net position of governmental activities as reported on the government-wide statement of activities. One element of that reconciliation explains that current year capital outlays and debt principal payments are expenditures in the fund financial statements, but should be shown as increases in capital assets and decreases in long-term debt in the government-wide statements. This adjustment affects both the net position balance and the change in net position shown in Exhibit C-2 and Exhibit C-4. The details of this adjustment are as follows:

	Amount	Adjustments To Changes in Net Position	Adjustments to Net Position
Current Year Capital Outlay			
Land	\$ -		
Buildings & Improvements	728,110		
Furniture & Equipment	306,223		
Construction in Progress	153,344		
Total Capital Outlay	<u>\$ 1,187,677</u>	\$ 1,187,677	\$ 1,187,677
Debt Principal Payments			
Bond Principal	\$ 440,000		
Note Principal Payments	-		
Total Principal Payments	<u>\$ 440,000</u>	440,000	440,000
Total Adjustment to Net Position		<u>\$ 1,627,677</u>	<u>\$ 1,627,677</u>

Another element of the reconciliation on Exhibits C-2 and C-4 are described as various other reclassifications and eliminations necessary to convert from the modified accrual basis of accounting to accrual basis of accounting. This adjustment is the result of several items. The details of this adjustment are as follows:

	Amount	Adjustments to Change in Net Position	Adjustments to Net Position
Adjustments to Revenue, Deferred Revenue, Beg. Net Position			
Beginning of Year Unavailable Tax Revenue	\$ 171,936		\$ 171,936
Property tax adjustments to convert from the modified accrual	16,087	\$ 16,087	16,087
Other Revenue/Expense Adjustments	-	-	-
Reclassify Proceeds of Bonds, Loans & Capital Leases			
New Bond Issue	-	-	-
Discount (Premium) on Issuance of Bonds	-	-	-
New Loans / Capital Leases Issued	-	-	-
Reclassify Liabilities Incurred but not Liquidated This Year			
Unused Vacation Pay and/or Unused Sick Leave	-	-	-
Reclassify Certain Expenditures to Full Accrual From Modified			
Adjust for Current Year Amortization of Bond Premium	27,833	27,833	27,833
Adjust Interest Expense on Long-term Debt	579	579	579
Basis on Disposition of Capital Assets	-	-	-
Totals		<u>\$ 44,499</u>	<u>\$ 216,435</u>

III. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. BUDGETARY DATA

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

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

1. Prior to August 20, the District prepares a budget for the next succeeding fiscal year beginning September 1. The operating budget includes proposed expenditures and the means of financing them.
2. A meeting of the Board is then called for the purpose of adopting the proposed budget. At least ten days public notice of the meeting must be given.
3. Prior to September 1, the budget is legally enacted through passage of a resolution by the board. Once a budget is approved, it can only be amended at the function and fund level by approval of a majority of the members of the Board. Amendments are presented to the Board at its regular meetings. Each amendment must have Board approval. As required by law, such amendments are made before the fact, are reflected in the official minutes of the Board, and are not made after fiscal year end. Because the District has a policy of careful budgetary control, several amendments were necessary during the year. **These amendments included additional appropriation for capital assets and facility repairs.**
4. Each budget is controlled by the budget coordinator at the revenue and expenditure function/object level. Budgeted amounts are as adopted and amended by the Board of Trustees. All budget appropriations lapse at year-end. A reconciliation of fund balances for both appropriated budget and non-appropriated budget special revenue funds is as follows:

	August 31, 2020 Fund Balance
Appropriated Budget Funds - Food Service Special Revenue Fund	\$ -
Non-appropriated Budget Funds	405,547
All Special Revenue Funds	\$ 405,547

B. BUDGETARY STEWARDSHIP, COMPLIANCE and ACCOUNTABILITY

The District has disclosed budgetary stewardship, compliance, and accountability in Section C of the Notes to Required Supplementary Information.

C. DEFICIT FUND EQUITY

The District **did not incur a deficit fund balance** in any fund during the current school year.

IV. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS

A. CASH, CASH EQUIVALENTS AND INVESTMENTS

Cash and Cash Equivalents

The carrying amount of the District's cash and temporary investments at the end of the fiscal year follows:

CASH AND CASH EQUIVALENTS BY ACCOUNT TYPE	8/31/2020	
Cash Deposits in Bank	\$	2,226,171
Certificates of Deposit Maturity to 3 months		
Cash on Hand		-
Restricted Cash Deposits in Bank		
Total Cash and Cash Equivalents by Account Type	\$	2,226,171
CASH AND CASH EQUIVALENTS BY FUND	8/31/2020	
Cash and Cash Equivalents:		
General Fund	\$	1,363,843
Major Governmental Funds		219,437
Non-Major Governmental Funds		580,129
Enterprise Funds		-
Internal Service Funds		58,437
Custodial Funds		4,326
Trust Funds		-
Other Funds		-
Total Cash and Cash Equivalents by Fund	\$	2,226,171

District Policies and Legal and Contractual Provisions Governing Deposits

Custodial Credit Risk for Deposits: State law requires governmental entities to contract with financial institutions in which funds will be deposited to secure those deposits with insurance or pledged securities with a fair value equaling or exceeding the amount on deposit at the end of each business day. The pledged securities must be in the name of the governmental entity and held by the entity or its agent. The District's cash deposits subject to custodial credit risk at the date of the highest cash balance and at year end were:

CUSTODIAL CREDIT RISK	HIGHEST CASH BALANCE		8/31/2020
Name of Depository Bank: Texas National Bank, Tuscola, TX			
Total amount of FDIC Insurance (FDIC)	\$	500,000	\$ 500,000
Amount of Bond or Securities Pledged		5,813,009	5,617,010
Total FDIC, Bond or Securities Pledged	\$	6,313,009	\$ 6,117,010
Cash Deposits and Cash Investments in Bank	\$	5,450,886	\$ 2,358,936
Excess or (Shortage) FDIC and Bond or Pledged Securities Pledged	\$	862,124	\$ 3,758,075
The District's cash deposits were entirely covered by FDIC Insurance or by bond or pledged collateral by the Depository Bank		YES	YES

Foreign Currency Risk: The District limits the risk that changes in exchange rates will adversely affect the fair value of an investment or a deposit by limiting all deposits denominated in a foreign currency.

Investments

District Policies and Legal and Contractual Provisions Governing Investments

Compliance with the Public Funds Investment Act

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

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

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

Credit Risk: To limit the risk that an issuer or other counterparty to an investment will not fulfill its obligations, the District limits investments in commercial paper, corporate bonds, and mutual bond funds to the top 2 or 3 ratings issued by nationally recognized statistical rating organizations (NRSROs). As of the current fiscal year, the district's investments were rated by Standard & Poor's, Fitch Ratings, etc.

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

Concentration of Credit Risk: To limit the risk of loss attributed to the magnitude of a government's investment in a single issuer, the District limits investments to less than 5% of its total investments. The District further limits investments in a single issuer to 20% when they would cause investment risks to be significantly greater in the governmental and business-type activities, individual major funds, aggregate non-major funds and fiduciary fund types than they are in the primary government.

Interest Rate Risk: To limit the risk that changes in interest rates will adversely affect the fair value of investments, the District requires at least half of the investment portfolio to have maturities of less than one year on a weighted average maturity basis.

Foreign Currency Risk for Investments: The District limits the risk that changes in exchange rates will adversely affect the fair value of an investment by avoiding all investments denominated in a foreign currency.

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

The *Lone Star* and *TexStar* investment pools are external investment pools measured at net asset value. Lone Star and TexStar's strategy are to seek preservation of principal, liquidity and current income through investment in a diversified portfolio of short-term marketable securities. The District has no unfunded commitments related to the investment pools. Lone Star and TexStar have a redemption notice period of one day and may redeem daily. The investment pools' authorities may only impose restrictions on redemptions in the event of a general suspension of trading on major securities market, general banking moratorium or national or state emergency that affects the pool's liquidity. LoneStar and TexStar are subject to regulatory oversight by the State Treasurer, although the pools are not registered with the Securities and Exchange Commission.

As of the end of the current fiscal year, the District had the following investments:

Investments	August 31, 2020 Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Percent of Total Investments	Weighted Average Maturity (Days)	Credit Risk
Investments measured at amortized cost -							
Investment pools:							
Texpool	\$ -	\$ -	\$ -	\$ -	0.00%	33	AAA ^m *
Investments measured at net asset value (NAV)-							
Investment pools:							
LoneStar	7,104,186	-	-	-	66.51%	54	AAA ^m *
TexStar	-	-	-	-	0.00%	42	AAA ^m *
Investments measured by fair value level -							
U.S. Government Agency Securities:							
Federal Home Loan Bank	-	-	-	-	0.00%		AA+ to Aaa
Fannie Mae	-	-	-	-	0.00%		AAA ^m *
U.S. Treasury Bonds	-	-	-	-	0.00%		AAA ^m *
Money Market Mutual Funds	472,196	472,196	-	-	4.42%	1	Not rated
Certificates of Deposit	3,105,000	-	3,105,000	-	29.07%	146	BBB+ to AA-
Commercial Paper	-	-	-	-	0.00%	-	BBB+ to AA-
Restricted Investments-	-	-	-	-	0.00%	-	BBB+ to AA-
Scholarship Funds-Certificates of Deposit	-	-	-	-	0.00%	-	BBB+ to AA-
Education Foundation-Certificates of Deposit	-	-	-	-	0.00%	-	BBB+ to AA-
Total Investments	\$ 10,681,381	\$ 472,196	\$ 3,105,000	\$ -	100.00%		

B. PROPERTY TAXES

Property taxes are levied by October 1 on the assessed value listed as of the prior January 1 for all real and business personal property located in the District in conformity with Subtitle E, Texas Property Tax Code. Taxes are due on receipt of the tax bill and are delinquent if not paid before February 1 of the year following the year in which imposed. On January 31 of each year, a tax lien attaches to property to secure the payment of all taxes, penalties, and interest ultimately imposed. Property tax revenues are considered available (1) when they become due or past due and receivable within the current period and (2) when they are expected to be collected during a 60-day period after the close of the school fiscal year.

C. DELINQUENT TAXES RECEIVABLE

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

D. INTERFUND BALANCES AND TRANSFERS

Inter-fund balances at year end consisted of the following amounts:

FUND	Due From Other Funds	Due To Other Funds
General Fund		
Major Governmental Funds	\$ -	\$ -
Non-major Governmental Funds	61,668	199,417
Internal Service Funds	-	-
All Others	-	-
Total General Fund	<u>\$ 61,668</u>	<u>\$ 199,417</u>
Major Governmental Funds		
General Fund	\$ -	\$ -
Non-major Governmental Funds	231,974	280,384
Internal Service Funds	-	9,300
All Others	-	-
Total Major Governmental Funds	<u>\$ 231,974</u>	<u>\$ 289,684</u>
Non-major Governmental Funds		
General Fund	\$ -	\$ 61,668
Other Major Governmental Funds	255,204	7,377
Other Non-Major Governmental Funds	-	-
Internal Service Funds	-	5,000
Total Non-major Governmental Funds	<u>\$ 255,204</u>	<u>\$ 74,045</u>
Internal Service Funds		
General Fund	\$ -	\$ -
Major Governmental Fund	9,300	-
Non-major Governmental Funds	5,000	-
All Others	-	-
Total Internal Service Funds	<u>\$ 14,300</u>	<u>\$ -</u>
All Other Funds		
General Fund	\$ -	\$ -
Major Governmental Funds	-	-
Non-major Governmental Funds	-	-
All Others	-	-
Total All Other Funds	<u>\$ -</u>	<u>\$ -</u>
Total Interfund Receivables / Payables	<u>\$ 563,146</u>	<u>\$ 563,146</u>

The balance of \$61,668 due to the general fund from the major special revenue fund resulted from short-term cash loans; \$0 of the balance is not scheduled to be collected in the subsequent year. The balance of \$231,974 due to the non-major special revenue funds from the general fund and other non-major special revenue funds resulted from short-term cash loans; \$0 of the balance is not scheduled to be collected in the subsequent year. The balance of \$9,300 and \$5,000 are due to the internal service fund from special revenue funds to provide workers compensation benefits; \$0 of the balance is not scheduled to be collected in the subsequent year.

Inter-fund transfers for the current year end consisted of the following individual amounts:

FUND	Transfers In	Transfers Out
General Fund		
Major Governmental Funds	\$ -	\$ -
Non-major Governmental Funds	-	207,275
Internal Service Funds	-	-
All Others	-	-
Total General Fund	<u>\$ -</u>	<u>\$ 207,275</u>
Major Governmental Funds		
General Fund	\$ -	\$ -
Non-major Governmental Funds	-	7,442
Internal Service Funds	-	-
All Others	-	-
Total Major Governmental Funds	<u>\$ -</u>	<u>\$ 7,442</u>
Non-major Governmental Funds		
General Fund	\$ 207,275	\$ -
Other Major Governmental Funds	7,442	-
Internal Service Funds	-	-
All Others	-	-
Total Non-major Governmental Funds	<u>\$ 214,717</u>	<u>\$ -</u>
Internal Service Funds		
General Fund	\$ -	\$ -
Major Governmental Fund	-	-
Non-major Governmental Funds	-	-
All Others	-	-
Total Internal Service Funds	<u>\$ -</u>	<u>\$ -</u>
All Other Funds		
General Fund	\$ -	\$ -
Major Governmental Funds	-	-
Non-major Governmental Funds	-	-
Internal Service Funds	-	-
Total All Other Funds	<u>\$ -</u>	<u>\$ -</u>
Total Interfund Transfers	<u>\$ 214,717</u>	<u>\$ 214,717</u>

Inter-fund transfers for the current year end consisted of the following individual amounts:

Transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them and to cover operating deficits in funds such as the Food Service Funds. The District did make an operating transfer to the Food Service Fund during the current year of \$115,296. \$91,979 and \$7,442 was transferred from the general fund and the major special revenue fund to the non-major special revenue fund to provide SSA special education benefits.

During the current year ended, the District did not make a one-time transfer of funds from the general fund to the debt service fund to subsidize, in part, the District's obligation of interest and sinking fund requirements.

E. DISAGGREGATION OF RECEIVABLES AND PAYABLES

Receivables at year end were as follows:

	Property Taxes	Other Governments	Due From Other Funds	Other	Total Receivables
Governmental Activities:					
General Fund	\$ 220,303	\$ 327,252	\$ 61,668	\$ 17,928	\$ 627,151
Major Governmental Fund	-	-	231,974	-	231,974
Non-major Governmental Funds	30,393	71,179	255,204	-	356,776
Internal Service Funds	-	-	14,300	-	14,300
Total Governmental Activities	\$ 250,696	\$ 398,431	\$ 563,146	\$ 17,928	1,230,201

Payables at year end were as follows:

	Accounts Payable	Accrued Wages Payable	Accrued Expenditures / Expenses	Due To Other Funds	Due To Other Govt.	Other	Total Payables
Governmental Activities:							
General Fund	\$ 44,438	\$ 423,037	\$ 8,915	\$ 199,417	\$ 125,245	\$ 1,545	\$ 802,597
Major Governmental Fund	433	67,149	5,886	289,684	-	-	363,152
Non-major Governmental Funds	24,646	54,425	2,103	74,045	-	59	155,278
Internal Service Funds	667	-	27,368	-	-	-	28,035
Total Governmental Type Activities	\$ 70,184	\$ 544,611	\$ 44,272	\$ 563,146	\$ 125,245	\$ 1,604	\$ 1,349,062

F. CAPITAL ASSET ACTIVITY

Capital asset activity for the District for the current year end was as follows:

	Primary Government			
	Beginning Balance	Additions	Retirements	Ending Balance
Governmental Activities:				
Capital Assets Not Being Depreciated:				
Land	\$ 698,711	\$ -	\$ -	\$ 698,711
Construction In Progress	-	153,344	-	153,344
Depreciable Assets:				
Buildings and Improvements	33,212,891	728,110	-	33,941,001
Furniture and Equipment	3,799,015	306,223	18,072	4,087,166
Infrastructure	-	-	-	-
Totals at Historic Cost	\$ 37,710,617	\$ 1,187,677	\$ 18,072	\$ 38,880,222
Less Accumulated Depreciation for:				
Buildings and Improvements	\$ 8,347,752	\$ 769,579	\$ -	\$ 9,117,331
Furniture and Equipment	3,024,479	149,707	18,072	3,156,114
Infrastructure	-	-	-	-
Total Accumulated Depreciation	\$ 11,372,231	\$ 919,286	\$ 18,072	\$ 12,273,445
Governmental Activities Capital Assets-Net	\$ 26,338,386	\$ 268,391	\$ -	\$ 26,606,777

Depreciation expense was charged to governmental functions as follows:

Instruction	\$ 408,431
Instructional Resources and Media Services	450
Curriculum Development and Instructional Staff Development	-
Instructional Leadership	-
School Leadership	-
Guidance, Counseling and Evaluation Services	-
Social Work Services	-
Health Services	-
Student (Pupil) Transportation	90,163
Food Services	35,973
Cocurricular/Extracurricular Activities	30,901
General Administration	10,580
Plant Maintenance and Operations	342,788
Security and Monitoring Service	-
Data Processing Services	-
Community Services	-
Contracted Instructional Services Between Schools	-
In addition, depreciation on capital assets held by the District's Internal Service Fund(s) is charged to the various functions based on their usage of the assets	-
Total Depreciation Expense	\$ 919,286

The District has no capital assets that are not being depreciated as of the current fiscal year end except for land and construction in progress.

G. SHORT-TERM DEBT PAYABLE

The District accounts for short-term debts for maintenance purposes through the General Fund. Short-term debts include notes made in accordance with the provisions of the Texas Education Code Section 45.108. The proceeds from loans are shown in the governmental fund financial statements as Other Resources and principal payments are shown as Other Uses. The District had no short-term debt obligations at any time during the current fiscal year.

H. BONDS AND LONG-TERM NOTES PAYABLE

The following is a summary of the District's long-term debt for the year ended August 31, 2020:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental Activities:					
Bonds and Notes Payable:					
General Obligation Bonds	\$ 12,550,000	\$ -	\$ 440,000	12,110,000	\$ 450,000
Premium on Bond Issuance	584,482	-	27,833	556,649	-
Maintenance Tax Notes	-	-	-	-	-
Capital Leases	-	-	-	-	-
Total Bonds and Notes Payabl	\$ 13,134,482	\$ -	\$ 467,833	\$ 12,666,649	\$ 450,000
Other Liabilities:					
Compensated Absences	\$ -	\$ -	\$ -	\$ -	\$ -
Accrued Interest Payable	16,953	16,375	16,953	16,375	16,375
Total Other Liabilities	\$ 16,953	\$ 16,375	\$ 16,953	\$ 16,375	\$ 16,375
Long-Term Liabilities	\$ 13,151,435	\$ 16,375	\$ 484,786	\$ 12,683,024	\$ 466,375
Business-type Activities:					
Bonds and Notes Payable:					
N/A	\$ -	\$ -	\$ -	\$ -	\$ -
Total Bonds & Notes Payable	\$ -	\$ -	\$ -	\$ -	\$ -
Other Liabilities:					
Accrued Interest Payable	\$ -	\$ -	\$ -	\$ -	\$ -
Total Other Liabilities	\$ -	\$ -	\$ -	\$ -	\$ -
Long-Term Liabilities	\$ -	\$ -	\$ -	\$ -	\$ -

Debt Payable - Governmental Activities:

Description	Interest Rate	Original Issue	Interest Current Year	Beginning Balance 9/1/2019	Additions	Reductions	Ending Balance 8/31/2020
General Obligation Bonds Payable:							
2015 Series Bonds	3.00-3.50%	\$ 9,370,000	\$ 261,875	\$ 8,535,000	\$ -	\$ 295,000	\$ 8,240,000
2016 Series Bonds	2.00-4.00%	4,420,000	118,275	4,015,000	-	145,000	3,870,000
Total General Obligation Bonds			\$ 380,150	\$ 12,550,000	\$ -	\$ 440,000	\$ 12,110,000
Premium on Bond Issuance				\$ 584,482	\$ -	\$ 27,833	\$ 556,649
Maintenance Tax Notes Payable:							
None	0.00%	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total Maintenance Tax Notes			\$ -	\$ -	\$ -	\$ -	\$ -
Capital Leases Payable:							
None	0.00%	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total Capital Leases			\$ -	\$ -	\$ -	\$ -	\$ -
Total Debt Payable - Governmental Activities			\$ 380,150	\$ 13,134,482	\$ -	\$ 467,833	\$ 12,666,649

The following table summarizes the annual debt service requirements of the District's Governmental Activities long-term debt August 31, 2020:

	General Obligation Bonds		Maintenance Tax Notes		Capital Leases		Totals	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2021	\$ 450,000	\$ 367,525	\$ -	\$ -	\$ -	\$ -	\$ 450,000	\$ 367,525
2022	465,000	355,275	-	-	-	-	465,000	355,275
2023	480,000	342,625	-	-	-	-	480,000	342,625
2024	485,000	329,700	-	-	-	-	485,000	329,700
2025	500,000	316,500	-	-	-	-	500,000	316,500
2026-2030	2,745,000	1,346,875	-	-	-	-	2,745,000	1,346,875
2031-2035	3,220,000	875,394	-	-	-	-	3,220,000	875,394
2036-2040	3,765,000	324,194	-	-	-	-	3,765,000	324,194
2041-2045	-	-	-	-	-	-	-	-
Totals	\$ 12,110,000	\$ 4,258,088	\$ -	\$ -	\$ -	\$ -	\$ 12,110,000	\$ 4,258,088

In prior years, the District has not defeased certain general obligation bonds by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, no trust account assets and liabilities for the defeased bonds exist and none are included in the District's financial statements. As of the current year end, \$0 of bonds considered defeased are still outstanding.

There are a number of limitations and restrictions contained in the general obligation bond indenture. District administration has indicated that the District is in compliance with all significant limitations and restrictions at year end.

I. COMMITMENTS UNDER OPERATING LEASES

Commitments under operating (non-capitalized) lease agreements for facilities and equipment provide for minimum future rental payments at year end as follows (the imputed interest on the leases range from 4.50% to 5.25%:

Year Ending August 31	
2021	43,453
2022	40,858
2023	38,263
2024	37,246
2025	37,246
2026-2030	-
2031-2035	-
Total Minimum Future Rentals	\$ 197,067
Rental Expenditures in Fiscal Year 2020	\$ 46,549

J. ACCUMULATED UNPAID VACATION AND SICK LEAVE BENEFITS

Upon retirement or death of certain employees, the District pays any accrued sick leave and vacation leave in "lump sum" cash payment to such employee or his/her estate. Individuals employed after October 1, 1985, are not eligible to receive the lump sum payments.

K. HEALTH CARE COVERAGE

The District provided health insurance coverage for employees under the provisions of the Teacher Retirement System of Texas (TRS) active care health insurance plan during the current year. The District paid premiums per month per employee to the plan. Employees, at their option, authorized payroll withholdings to pay premiums for dependents. The plan was authorized by Article 3.51-2, Texas Insurance Code and was documented by contractual agreement.

L. DEFERRED INFLOWS - UNAVAILABLE REVENUE – GOVERNMENTAL FUNDS

Unavailable revenue at year-end consisted of the following:

	General Fund	Special Revenue Funds	Debt Service Fund	Total
Deferred info: Property Tax Rev.	\$ 165,228	\$ -	\$ 22,795	\$ 188,023
Unearned Rev. State & Fed. Grants	-	242,127	-	242,127
Total Unearned Revenue	\$ 165,228	\$ 242,127	\$ 22,795	\$ 430,150

M. DUE FROM OTHER GOVERNMENTS

The District participates in a variety of federal and state programs from which it receives grants to partially or fully finance certain activities. In addition, the District receives entitlements from the State through the School Foundation and Per Capita Programs. Amounts due from federal and state governments at year end are summarized below. All federal grants shown below are passed through the TEA and are reported on the combined financial statements as “Due from State Agencies” except for some federal programs which are received directly from the federal government for grants such as the REAP Program.

FUND	Due From State - Foundation Entitlements	Due From State - State & Federal Grants	Due From Other Governments	Totals
General	\$ 327,252	\$ -	\$ -	\$ 327,252
Major Governmental	-	-	-	-
Special Revenue	-	71,179	-	71,179
Debt Service	-	-	-	-
Totals	\$ 327,252	\$ 71,179	\$ -	\$ 398,431

N. REVENUE FROM LOCAL AND INTERMEDIATE SOURCES

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

	General Fund	Special Revenue Fund	Debt Service Fund	Capital Projects Fund	Total
Property Taxes	\$ 4,817,205	\$ -	\$ 744,115	\$ -	\$ 5,561,320
Penalties, Interest and Other Tax- Related Income Less Tax Rebates	49,148	-	-	-	49,148
Investment Income	174,692	1,776	4,249	-	180,717
Food Sales	-	176,435	-	-	176,435
SSA Local Revenue Member Districts	-	1,312,837	-	-	1,312,837
Co-curricular Student Activities	39,398	-	-	-	39,398
Insurance Recovery & Other	643,358	278,521	-	-	921,879
Totals	\$ 5,723,801	\$ 1,769,569	\$ 748,364	\$ -	\$ 8,241,734

O. LITIGATION

The District is exposed to various risks of losses related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The District is aware of pending exposure to claims related to these areas; however, legal counsel and the District do not expect any financial exposure to assets of the District.

P. CONSTRUCTION & OTHER SIGNIFICANT COMMITMENTS & CONTINGENCIES

The District as of November passed a bond issue for \$33,691,074 for new construction and existing facility renovation. No other obligations were incurred and no additional commitments and/or contingencies in connection with construction or other areas of significance were incurred.

Q. JOINT VENTURE-SHARED SERVICE ARRANGEMENTS

The District is a member of the Taylor Callahan Education Shared Services Arrangement ("SSA"). The SSA provides services for special education to member districts. Jim Ned Consolidated Independent School District is the fiscal agent for the SSA. In addition to the District, other member districts participate in the special education cooperative. The fiscal agent provides SSA services. The member districts provide the funds to the fiscal agent. The Shared Services Arrangements - Special Education has been accounted for using Model 3 in the SSA section of the TEA Resource Guide. The District has accounted for the payments to the fiscal agent of the SSA in the General Fund as intergovernmental expenditures. The District's expenditures to the SSA for the current year were as follows:

Shared Services Arrangement	Type of Services	Fiscal Agent	Funding Source	Fiscal Agent Special Revenue Fund	District Special Revenue Fund	Program Expenditures Current Year
Taylor Callahan SSA	Special Education	Jim Ned CISD	Special Education	437	N.A.	\$ 356,325
TOTAL FUNCTION 93 EXPENDITURES						\$ 356,325

The District also participates in shared service arrangements with other school districts for various educational activities. In addition to the District, other member districts participate in the educational cooperatives and the fiscal agent provides SSA services. Jim Ned Consolidated Independent School District is the fiscal agent for the SSA. The funding for each activity is received by the fiscal agent from the grantor agency. The fiscal agent then provides the funds to the member districts. According to guidance provided in TEA's Resource Guide, the Fiscal Agent has accounted for the fiscal agent's activities of the SSA in a Special Revenue Fund. The Shared Services Arrangements has been accounted for using Model 1 in the SSA section of the TEA Resource Guide. The District neither has a joint ownership interest in fixed assets purchased by the fiscal agent, nor does the district have a net equity interest in the fiscal agent. The fiscal agent is neither accumulating significant financial resources nor fiscal exigencies that would give rise to a future additional benefit or burden to the District. The fiscal agent manager is responsible for all financial activities of the shared services arrangement. Presented below are the shared service arrangements in which the District participates and the extent of funding received and expended under each program.

Shared Services Arrangement	Type of Services	Fiscal Agent	Funding Source	Fiscal Agent Special Revenue Fund	District Special Revenue Fund	Program Expenditures Current Year
Taylor Callahan SSA	Special Education	Jim Ned CISD	IDEA, Part B - Formula	313	224	\$ -
Taylor Callahan SSA	Special Education	Jim Ned CISD	IDEA, Part B - PreSchool	314	225	\$ -
Taylor Callahan SSA	Special Education	Jim Ned CISD	IDEA, Part B - Discretionary	315	226	\$ -

R. SUBSEQUENT EVENTS

In preparing the basic financial statements, District administration has evaluated events and transactions for potential recognition or disclosure through **December 10, 2020**, the date this Annual Financial Report was issued. No material subsequent events except for the passage of a \$33,691,074 bond issue by the voters of the District during November 2020 have occurred from the current year end to the date this Financial Report was issued.

S. RELATED ORGANIZATIONS

The District at present does not maintain an Educational Foundation (the "Foundation"). These entities are usually established as a not-for-profit entity to provide assistance and support for teachers and students to develop special programs and projects and other school district support activities. This entity would be a "related organization" of the District as defined by *Governmental Accounting Standards Board Statement No. 14 as amended by Statements 39 and 61*.

T. RELATED PARTY TRANSACTIONS

The District incurs related party transactions with businesses owned or employers for various members of the board of trustees. The District did not incur any material reportable related party transactions or balances as of and during the current year end.

U. FUND BALANCE / NET POSITION ADJUSTMENTS

The District did not make a fund balance but did make a net position adjustment during the current fiscal year.

Governmental Fund Balance	General Fund	Special Revenue Fund	Capital Projects Fund	Total
Increase (Decrease) Beginning of Year Fund Balance From				
Change in Campus Activity Funds	\$ -	\$ 189,207	\$ -	\$ 189,207
Totals	\$ -	\$ 189,207	\$ -	\$ 189,207
Government Wide Net Position				
Increase (Decrease) Beg of Year Net Position:				
Prior Period Adjustment - Campus Activities				\$ 189,207
Totals				\$ 189,207

V. RISK FINANCING AND OTHER COVERAGE

Workers' Compensation Program

Beginning September 1, 2009, the District established a self-insurance plan for workers' compensation benefits as authorized by Section 504.011 of the Labor Code. The District participates in this plan (School Comp. self-funded workers' compensation program) along with other participating entities. The District contributes annual amounts determined by School Comp. As claims arise, they are submitted to and paid by School Comp. on behalf of the District under terms of a contractual agreement. According to state statute, the District is protected against unanticipated catastrophic claims and aggregate loss by coverage carried through a commercial insurer licensed or eligible to do business in Texas in accordance with the Texas Insurance Code. Coverage was in effect for specific occurrences exceeding \$300,000 and aggregate retention at \$5,000,000.

The costs associated with this self-insurance plan are reported as Inter-fund transactions to the extent of amounts actuarially determined. Accordingly, they are treated as operating revenues of the Internal Service Fund and operating expenditures of the General Fund. The liabilities of the plan include incurred but not reported claims. These liabilities reported in the funds at year end, are based on the requirements of Governmental Accounting Standards Board No. 10, which requires that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated. These liabilities include an amount for claims that have been incurred but not reported.

Because actual claims liabilities depend on such complex factors as inflation, changes in legal doctrines and damage awards, the process used in computing claims liability does not necessarily result in an exact amount. Claims liabilities are reevaluated periodically to take into consideration recently settled claims, the frequency of claims and other economic and social factors. Workers' compensation liabilities for incurred losses to be settled by fixed or reasonably determinable payments over a long period of time were computed by an actuary and are reported at their present value using an expected future investment yield assumption.

Estimates of claims payable and of claims incurred, but not reported at August 31 are reflected as accounts and claims payable of the Fund. The plan is funded to discharge liabilities of the Fund as they become due. Changes in the balances of claims liabilities during the past two years are as follows:

	Year Ended August 31, 2019	Year Ended August 31, 2020
Unpaid claims, beginning of year	\$ 28,605	\$ 28,513
Incurred claims (including IBNR'S)	26,900	37,332
Claim Payments	(26,992)	(38,477)
Unpaid claims, end of year	\$ 28,513	\$ 27,368

W. DEFINED BENEFIT PENSION PLAN

a. Plan Description

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

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

b. Pension Plan Fiduciary Net Position

Detail information about the Teacher Retirement System's fiduciary net position is available in a separately issued Comprehensive Annual Financial Report that includes financial statements and required supplementary information. That report may be obtained on the Internet at <http://www.trs.texas.gov/TRS%20Documents/cafr2019.pdf>, selecting *About TRS* then *Publications* then *Financial Reports* or by writing to TRS at 1000 Red River Street, Austin, TX, 78701-2698.

For reporting and disclosure, the measurement date was August 31, 2019 (date of actuarial valuation). This fiscal year end reporting date (report date) was August 31, 2020.

c. Benefits Provided

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

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

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

d. Contributions

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

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

	Contribution Rates	
	2019	2020
Member	7.7%	7.7%
Non-Employer Contributing Entity (State)	6.8%	7.5%
Employers	6.8%	7.5%
Current fiscal year employer contributions		\$ 277,336
Current fiscal year member contributions		\$ 740,110
2019 measurement year NECE on-behalf contributions		\$ 404,947
<u>Payments made by the State On-Behalf of the District for Medicare, Part D:</u>		
Fiscal year 2018 Medicare, Part D On-Behalf		\$ 25,394
Fiscal year 2019 Medicare, Part D On-Behalf		\$ 31,606
Fiscal year 2020 Medicare, Part D On-Behalf		\$ 40,723

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

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

- On the portion of the member's salary that exceeds the statutory minimum for members entitled to the statutory minimum under Section 21.402 of the Texas Education Code.
- During a new member’s first 90 days of employment.
- When any part or all of an employee’s salary is paid by federal funding sources, a privately sponsored source, from non-educational and general, or local funds.
- When the employing district is a public junior college or junior college district, the employer shall contribute to the retirement system an amount equal to 50% of the state contribution rate for certain instructional or administrative employees; and 100% of the state contribution rate for all other employees.

- When the employing district is a public or charter school, the employer shall contribute 1.5% of covered payroll to the pension fund beginning in fiscal year 2020. This contribution rate called the Public Education Employer Contribution will replace the Non (OASDI) surcharge that was in effect in fiscal year 2019.

In addition to the employer contributions listed above, there is an additional surcharge an employer is subject to:

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

e. Actuarial Assumptions

The total pension liability in the measurement date actuarial valuation was determined using the following actuarial assumptions:

Valuation Date	August 31, 2018 rolled forward to August 31, 2019
Actuarial Cost Method	Individual Entry Age Normal
Asset Valuation Method	Market Value
Single Discount Rate	7.25%
Long-term expected investment rate of return	7.25%
Municipal Bond Rate of of August 2019	2.69%. 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% including inflation
Ad hoc post-employment benefit changes	None

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

f. Discount Rate

The discount rate of 7.25 percent was used to measure the total pension liability. The single discount rate was based on the expected rate of return on plan investments of 7.25 percent. The projection of cash flows used to determine this single discount rate assumed that contributions from active members, employers and the non-employer contributing entity will be made at the rates set by the legislature during the 2019 session. It is assumed that future employer and state contributions will be 8.50 percent of payroll in fiscal year 2020 gradually increased to 9.55 percent of payroll over the next several years. This includes all employer and state contributions for active and rehired retirees. Based on those assumptions, the pension plan’s fiduciary net position was projected to be available to make all future benefit payments to current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

The long-term rate of return on pension plan investments is 7.25%. The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimates ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of geometric real rates of return for each major asset class included in the Systems target asset allocation as of the measurement date (see page 52 of the TRS CAFR) are summarized below:

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

Asset Class	FY 2019 Target Allocation ¹ %	New Target Allocation ² %	Long-Term Expected Geometric Real Rate of Return ³
Global Equity			
USA	18.0%	18.0%	6.4%
Non-U.S. Developed	13.0%	13.0%	6.3%
Emerging Markets	9.0%	9.0%	7.3%
Directional Hedge Funds	4.0%	-	-
Private Equity	13.0%	14.0%	8.4%
Stable Value			
U.S. Treasuries ⁴	11.0%	16.0%	3.1%
Stable Value Hedge Funds	4.0%	5.0%	4.5%
Absolute Return	0.0%	0.0%	0.0%
Real Return			
Global Inflation Linked Bonds ⁴	3.0%	-	-
Real Estate	14.0%	15.0%	8.5%
Energy, Natural Resources and Infrastructure	5.0%	6.0%	7.3%
Commodities	0.0%	0.0%	0.0%
Risk Parity			
Risk Parity	5.0%	8.0%	5.8%/6.5% ⁵
Leverage			
Cash	1.0%	2.0%	2.50%
Asset Allocation Leverage	-	-6.0%	2.70%
Expected Return	100.00%	100.00%	7.23%

¹ Target allocations are based on the Strategic Asset Allocation as of FY2019
² New allocations are based on the Strategic Asset Allocation to be implemented FY2020
³ 10-Year annualized geometric nominal returns include the real rate of return and inflation of 2.1%
⁴ New Target Allocation groups Government Bonds within the stable value allocation. This includes global sovereign nominal and inflation-linked bonds
⁵ 5.8% (6.5%) return expectation corresponds to Risk Parity with a 10% (12%) target volatility

g. Discount Rate Sensitivity Analysis

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

	1% Decrease in Discount Rate (6.25%)	Discount Rate (7.25%)	1% Increase in Discount Rate (8.25%)
District's proportionate share of the net pension liability:	\$ 5,796,108	\$ 3,770,696	\$ 2,129,722

h. Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At the reporting date, the District reported the liability for its proportionate share of the TRS's net pension liability. This liability reflects a reduction for State pension support provided to the District. The amount recognized by the District as its proportionate share of the net pension liability, the related State support, and the total portion of the net pension liability that was associated with the District were as follows:

District's proportionate share of the collective net pension liability	\$ 3,770,696
State's proportionate share that is associated with the District	6,014,457
Total	<u>\$ 9,785,153</u>

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

On the measurement date the employer's proportion of the collective net pension liability and the percentage increase (decrease) from its proportion measured as of for the prior measurement date are shown in the required supplementary information in Exhibit G-2.

Changes Since the Prior Actuarial Valuation

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

For the current fiscal year, the District recognized the following:

Year Ended August 31, 2020 pension expense	\$ 1,739,643
Revenue for support provided by the State	<u>\$ 944,786</u>

At the end of the current fiscal year, the District reported its proportionate share of the TRS's deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual actuarial experiences	\$ 15,840	\$ 130,925
Changes in actuarial assumptions	1,169,855	483,440
Differences between projected and actual investment earnings	37,862	-
Changes in proportion and differences between the employer's contributions and the proportionate share of contributions	293,441	72,252
Total as of August 31, 2019 measurement date	\$ 1,516,998	\$ 686,617
Contributions paid to TRS subsequent to the measurement date	277,336	
Total as of fiscal year-end	\$ 1,794,334	\$ 686,617

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

Fiscal year ended August 31,	Pension Expense Amount
2021	\$ 238,980
2022	191,464
2023	198,948
2024	187,077
2025	50,579
Thereafter	(36,667)

X. DEFINED OTHER POST-EMPLOYMENT BENEFIT PLANS

Plan Description

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

OPEB Plan Fiduciary Net Position

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

Benefits Provided

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

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

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

TRS-Care Monthly Premiums Rates		
	Medicare	Non-Medicare
Retiree or Surviving Spouse	\$135	\$200
Retiree and Spouse	529	689
Retiree or Surviving Spouse and Children	468	408
Retiree and Family	1020	999

Contribution

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

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

	<u>Contribution Rates</u>	
	<u>2019</u>	<u>2020</u>
Member	0.65%	0.65%
Non-Employer Contributing Entity (State)	1.25%	1.25%
Employers	0.75%	0.75%
Federal/Private Funding Remitted by Employers	1.25%	1.25%
Current fiscal year employer contributions		\$ 84,085
Current fiscal year member contributions		\$ 62,476
2019 measurement year NECE on-behalf contributions		\$ 98,442

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

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

Actuarial Assumptions

The total OPEB liability in the August 31, 2018 (previous measurement date) actuarial valuation was rolled forward to August 31, 2019 (measurement date). The actuarial valuation was determined using the following actuarial assumptions and other inputs used for members of TRS-Care which are identical to the assumptions used in the previous measurement date TRS pension actuarial valuation that was rolled forward to measurement date:

<u>Actuarial Methods and Assumptions:</u>	
Rates of Mortality	General Inflation
Rates of Retirement	Wage Inflation
Rates of Termination	Expected Payroll Growth
Rates of Disability Incidence	
<u>Additional Actuarial Methods and Assumptions:</u>	
Valuation Date	August 31, 2018, rolled forward to August 31, 2019
Actuarial Cost Method	Individual Entry Age Normal
Inflation	2.30%
Single Discount Rate	2.63% as of August 31, 2019
Aging Factors	Based on plan specific experience
Election Rates	Normal Retirement: 65% participation prior to age 65 and 50% after age 65. 25% of pre-65 retirees are assumed to discontinue coverage at age 65
Expenses	Thirty-party administrative expenses related to the delivery of health care benefits are included in the age-adjusted claims costs
Salary Increases	3.05% to 9.05%, including inflation
Ad-hoc Post Employment Benefit Changes	None

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

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

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

Discount Rate

A single discount rate of 2.63% was used to measure the total OPEB liability. There was a decrease of 1.06% in the discount rate since the previous year. The Discount Rate can be found in the 2019 TRS CAFR on page 71. Because the plan is essentially a “pay-as-you-go” plan, the single discount rate is equal to the prevailing municipal bond rate. The projection of cash flows used to determine the discount rate assumed that contributions from active members and those of the contributing employers and the non-employer contributing entity are made at a statutorily required rates. Based on those assumptions, the OPEB plan’s fiduciary net position was projected *to not be able to* make all future benefit payments of current plan members. Therefore, the municipal bond rate was applied to all periods of projected benefit payments to determine the total OPEB liability.

Discount Rate Sensitivity Analysis

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

	1% Decrease in Discount Rate (1.63%)	Discount Rate (2.63%)	1% Increase in Discount Rate (3.63%)
Proportionate share of the net OPEB liability	\$ 5,960,298	\$ 4,936,796	\$ 4,136,111

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEBs

For the current fiscal year end, the District reported a liability of \$4,936,796 for its proportionate share of the TRS’s Net OPEB Liability. This liability reflects a reduction for State OPEB support provided to the District. The amount recognized by the District as its proportionate share of the net OPEB liability, the related State support, and the total portion of the net OPEB liability that was associated with the District were as follows:

District's proportionate share of the collective net OPEB liability	\$ 4,936,796
State's proportionate share that is associated with the District	6,559,899
Total	<u>\$ 11,496,695</u>

The Net OPEB Liability for the previous measurement date was rolled forward to the current measurement date and the Total OPEB Liability used to calculate the Net OPEB Liability was determined by an actuarial valuation as of that date. The employer’s proportion of the Net OPEB Liability was based on the employer’s contributions to the OPEB plan relative to the contributions of all employers to the plan for the period ended on the measurement date.

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

	1% Decrease	Current Healthcare Cost Trend Rate	1% Increase
Proportionate share of net OPEB liability	\$ 4,027,266	\$ 4,936,796	\$ 6,155,152

Changes Since the Prior Actuarial Valuation

The following were changes to the actuarial assumptions or the other inputs that affected measurement of the Total OPEB liability (TOL) since the prior measurement period:

- The discount rate changed from 3.69 percent on the previous measurement date to 2.63 percent as of the current measurement date. This change increased the total OPEB liability (TOL).
- The participation rate for pre-65 retirees was lowered from 70 percent to 65 percent. The participation rate for post-65 retirees was lowered from 75 percent to 50 percent. 25 percent of pre-65 retirees are assumed to discontinue their coverage at age 65. There was no lapse assumption in the prior valuation. These changes decreased the TOL.
- The trend rates were reset to better reflect the plan’s anticipated experience. This change increased the TOL.
- The percentage of retirees who are assumed to have two-person coverage was lowered from 20 percent to 15 percent. In addition, the participation assumption for the surviving spouse of employees that die while actively employed was lowered from 20 percent to 10 percent. These changes decreased the TOL.
- Change of Benefit Terms Since the Prior Measurement Date – There were no changes in benefit terms since the prior measurement date.

For the current fiscal year, the District recognized OPEB expense of \$302,008 and revenue of \$172,892 for support proved by the State.

At the current fiscal year end, the District reported its proportionate share of the TRS’s deferred outflows of resources and deferred inflows of resources related to other post-employment benefits from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual actuarial experiences	\$ 242,192	\$ 807,855
Changes in actuarial assumptions	274,201	1,327,877
Differences between projected and actual investment earnings	533	-
Changes in proportion and differences between the employer's contributions and the proportionate share of contributions	17,080	55,635
Contributions paid to TRS subsequent to the measurement date	84,085	
Total as of fiscal year-end	\$ 618,091	\$ 2,191,367

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

Fiscal year ended August 31,	OPEB Expense Amount
2021	\$ (276,889)
2022	(276,889)
2023	(277,062)
2024	(277,160)
2025	(277,133)
Thereafter	(272,228)

REQUIRED SUPPLEMENTARY INFORMATION

JIM NED CONSOLIDATED INDEPENDENT SCHOOL DISTRICT
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
 BUDGET AND ACTUAL - GENERAL FUND
 FOR THE YEAR ENDED AUGUST 31, 2020

Data Control Codes	Budgeted Amounts		Actual Amounts (GAAP BASIS)	Variance With Final Budget Positive or (Negative)
	Original	Final		
REVENUES:				
5700 Total Local and Intermediate Sources	\$ 6,382,531	\$ 6,554,910	\$ 5,723,801	\$ (831,109)
5800 State Program Revenues	5,759,135	6,926,242	7,438,551	512,309
5900 Federal Program Revenues	14,540	14,540	87,885	73,345
5020 Total Revenues	<u>12,156,206</u>	<u>13,495,692</u>	<u>13,250,237</u>	<u>(245,455)</u>
EXPENDITURES:				
Current:				
0011 Instruction	6,951,233	7,374,034	6,831,196	542,838
0012 Instructional Resources and Media Services	262,717	275,853	252,889	22,964
0013 Curriculum and Instructional Staff Development	5,878	6,172	5,649	523
0023 School Leadership	620,365	653,288	622,204	31,084
0031 Guidance, Counseling, and Evaluation Services	306,519	321,845	285,875	35,970
0033 Health Services	193,666	212,474	202,357	10,117
0034 Student (Pupil) Transportation	605,991	639,061	526,356	112,705
0036 Extracurricular Activities	671,074	704,689	573,854	130,835
0041 General Administration	773,929	782,661	754,376	28,285
0051 Facilities Maintenance and Operations	1,228,684	1,460,167	1,334,128	126,039
0052 Security and Monitoring Services	5,042	25,636	24,467	1,169
0053 Data Processing Services	17,175	18,034	15,975	2,059
Capital Outlay:				
0081 Facilities Acquisition and Construction	-	886,040	846,516	39,524
Intergovernmental:				
0093 Payments to Fiscal Agent/Member Districts of SSA	349,933	367,430	356,325	11,105
0095 Payments to Juvenile Justice Alternative Ed. Prg.	9,000	9,450	-	9,450
0099 Other Intergovernmental Charges	75,000	78,750	57,026	21,724
6030 Total Expenditures	<u>12,076,206</u>	<u>13,815,584</u>	<u>12,689,193</u>	<u>1,126,391</u>
1100 Excess (Deficiency) of Revenues Over (Under) Expenditures	80,000	(319,892)	561,044	880,936
OTHER FINANCING SOURCES (USES):				
8911 Transfers Out (Use)	(80,000)	(110,085)	(207,275)	(97,190)
1200 Net Change in Fund Balances	-	(429,977)	353,769	783,746
0100 Fund Balance - September 1 (Beginning)	11,128,136	11,128,136	11,128,136	-
3000 Fund Balance - August 31 (Ending)	<u>\$ 11,128,136</u>	<u>\$ 10,698,159</u>	<u>\$ 11,481,905</u>	<u>\$ 783,746</u>

JIM NED CONSOLIDATED INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
TEACHER RETIREMENT SYSTEM OF TEXAS
FOR THE YEAR ENDED AUGUST 31, 2020

	FY 2020 Plan Year 2019	FY 2019 Plan Year 2018	FY 2018 Plan Year 2017
District's Proportion of the Net Pension Liability (Asset)	0.007253693%	0.007343502%	0.007517934%
District's Proportionate Share of Net Pension Liability (Asset)	\$ 3,770,696	\$ 4,042,042	\$ 2,403,830
State's Proportionate Share of the Net Pension Liability (Asset) Associated with the District	6,014,457	6,603,700	4,002,312
Total	<u>\$ 9,785,153</u>	<u>\$ 10,645,742</u>	<u>\$ 6,406,142</u>
District's Covered Payroll	\$ 8,309,987	\$ 8,174,325	\$ 8,115,844
District's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	45.38%	49.45%	29.62%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	75.24%	73.74%	82.17%

Note: GASB Codification, Vol. 2, P20.183 requires that the information on this schedule be data from the period corresponding with the periods covered as of the measurement dates of August 31, 2019 for year 2020, August 31, 2018 for year 2019, August 31, 2017 for year 2018, August 31, 2016 for year 2017, August 31, 2015 for year 2016 and August 31, 2014 for year 2015.

This schedule shows only the years for which this information is available. Additional information will be added until 10 years of data are available and reported.

<u>FY 2017</u> <u>Plan Year 2016</u>	<u>FY 2016</u> <u>Plan Year 2015</u>	<u>FY 2015</u> <u>Plan Year 2014</u>
0.007263%	0.0076757%	0.0043865%
\$ 2,744,581	\$ 2,713,258	\$ 1,171,695
4,668,967	4,487,827	3,803,261
<u>\$ 7,413,548</u>	<u>\$ 7,201,085</u>	<u>\$ 4,974,956</u>
\$ 7,603,413	\$ 7,402,835	\$ 6,878,091
36.10%	36.65%	17.04%
78.00%	78.43%	83.25%

JIM NED CONSOLIDATED INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF DISTRICT'S CONTRIBUTIONS FOR PENSIONS
TEACHER RETIREMENT SYSTEM OF TEXAS
FOR FISCAL YEAR 2020

	2020	2019	2018
Contractually Required Contribution	\$ 277,336	\$ 253,888	\$ 247,500
Contribution in Relation to the Contractually Required Contribution	(277,336)	(253,888)	(247,500)
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -
District's Covered Payroll	\$ 9,615,055	\$ 8,309,987	\$ 8,174,325
Contributions as a Percentage of Covered Payroll	2.88%	3.06%	3.03%

Note: GASB Codification, Vol. 2, P20.183 requires that the data in this schedule be presented as of the District's respective fiscal years as opposed to the time periods covered by the measurement dates ending August 31 of the preceding year.

This schedule shows only the years for which this information is available. Additional information will be added until 10 years of data are available and reported.

	2017	2016	2015
\$	252,511	\$ 230,764	\$ 227,290
	(252,511)	(230,764)	(227,290)
\$	-	\$ -	\$ -
\$	8,115,844	\$ 7,603,413	\$ 7,402,835
	3.11%	3.04%	3.07%

JIM NED CONSOLIDATED INDEPENDENT SCHOOL DISTRICT
 SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET OPEB LIABILITY
 TEACHER RETIREMENT SYSTEM OF TEXAS
 FOR THE YEAR ENDED AUGUST 31, 2020

	FY 2020 Plan Year 2019	FY 2019 Plan Year 2018	FY 2018 Plan Year 2017
District's Proportion of the Net Liability (Asset) for Other Postemployment Benefits	0.01043914%	0.010539575%	0.010503728%
District's Proportionate Share of Net OPEB Liability (Asset)	\$ 4,936,796	\$ 5,262,506	\$ 4,567,677
State's Proportionate Share of the Net OPEB Liability (Asset) Associated with the District	6,559,899	6,568,558	5,922,061
Total	<u>\$ 11,496,695</u>	<u>\$ 11,831,064</u>	<u>\$ 10,489,738</u>
District's Covered Payroll	\$ 8,309,987	\$ 8,174,325	\$ 8,115,844
District's Proportionate Share of the Net OPEB Liability (Asset) as a Percentage of its Covered Payroll	59.41%	64.38%	56.28%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	2.66%	1.57%	0.91%

Note: GASB Codification, Vol. 2, P50.238 states that the information on this schedule should be determined as of the measurement date. Therefore the amounts reported for FY 2020 are for the measurement date of August 31, 2019. The amounts for FY 2019 are for the measurement date August 31, 2018. The amounts for FY 2018 are based on the August 31, 2017 measurement date.

This schedule shows only the years for which this information is available. Additional information will be added until 10 years of data are available and reported.

JIM NED CONSOLIDATED INDEPENDENT SCHOOL DISTRICT
 SCHEDULE OF DISTRICT'S CONTRIBUTIONS FOR OTHER POSTEMPLOYMENT BENEFITS (OPEB)
 TEACHER RETIREMENT SYSTEM OF TEXAS
 FOR FISCAL YEAR 2020

	2020	2019	2018
Contractually Required Contribution	\$ 84,085	\$ 74,089	\$ 72,732
Contribution in Relation to the Contractually Required Contribution	(84,085)	(74,089)	(72,732)
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -
District's Covered Payroll	\$ 9,615,055	\$ 8,309,987	\$ 8,174,325
Contributions as a Percentage of Covered Payroll	0.87%	0.89%	0.89%

Note: GASB Codification, Vol. 2, P50.238 requires that the data in this schedule be presented as of the District's respective fiscal years as opposed to the time periods covered by the measurement dates ending August 31 of the preceding year.

Information in this schedule should be provided only for the years where data is available. Eventually 10 years of data should be presented.

**JIM NED CONSOLIDATED INDEPENDENT SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED AUGUST 31, 2020**

A. Notes to Schedules for the TRS Pension / OPEB Plan

Changes of benefit terms

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

Changes of assumptions

There were changes to the actuarial assumptions or other inputs that affected measurement of the total pension liability since the prior measurement period.

- The Total Pension Liability as of August 31, 2019 was developed using a roll-forward method from the August 31, 2018
- Demographic assumptions including post-retirement mortality, termination rates, and rates of retirement were updated based on the experience study performed for TRS for the period ending August 31, 2018
- Economic assumption including rates of salary increase for individual participant was updated based on the same experience study
- The discount rate changed from 6.097% as of August 31, 2018 to 6.097% as of August 31, 2019
- The long-term assumed rate of return changed from 7.25% to 7.25%
- The change in the long-term assumed rate of return combined with the change in the single discount rate was the primary reason for the increase in the Net Pension Liability

B. Notes to Schedules for the TRS OPEB Plan

Changes in Benefit

Change of Benefit Terms Since the Prior Measurement Date: The 85th Legislature, Regular Session, passed the following statutory changes in House Bill 3976 which became effective on September 1, 2017:

- Created a high-deductible health plan that provides a zero cost for generic prescriptions for certain preventive drugs and provides a zero premium for disability retirees who retired as a disability retiree on or before January 1, 2017 and are not eligible to enroll in Medicare
- Created a single Medicare Advantage plan and Medicare prescription drug plan for all Medicare-eligible participants
- Allowed the System to provide other, appropriate health benefit plans to address the needs of enrollees eligible for Medicare
- Allowed eligible retirees and their eligible dependent to enroll in TRS- Care when the retiree reaches 65 years of age, rather than waiting for the next enrollment period
- Eliminated free coverage under TRS-Care, except for certain disability retirees enrolled during Plan Years 2018 through 2021, requiring members to contribute \$200 per month toward their health insurance premiums

Changes in Assumptions

The following were changes to the actuarial assumptions or other inputs that affected measurement of Total OPEB liability since the prior measurement period:

- Adjustments were made for retirees that were known to have discontinued their health care coverage in fiscal year 2018. This change increased the Total OPEB Liability.
- The health care trend rate assumption was updated to reflect the anticipated return of the Health Insurer Fee (HIF) in 2020. This change increased the Total OPEB Liability.

**JIM NED CONSOLIDATED INDEPENDENT SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED AUGUST 31, 2020**

- Demographic and economic assumptions were updated based on the experience study performed for TRS for the period ending August 31, 2017. This change increased the Total OPEB Liability.
- The discount rate was changed from 3.69% as of August 31, 2018 to 3.69% as of August 31, 2019. This change lowered the Total OPEB Liability \$2.3 billion.

Future actuarial measurements may differ significantly from the current measurements due to such factors as the following: plan experience differing from that anticipated by the economic or demographic assumptions; changes in economic or demographic assumptions; increases or decreases expected as part of the natural operation of the methodology used for these measurements; and changes in plan provisions or applicable law.

C. Stewardship, Compliance and Accountability

Budget

The Board of Trustees (local school board) is legally required to adopt an annual budget (on a 12-month basis) for the general fund, the food service fund, and if applicable, the debt service fund. The budgets must be prepared by August 20 and adopted by the local school board before expenditures are made and, if applicable, before the tax rate for the year is set. The required supplementary information for the general fund budget is located in Exhibit G-1 “Budgetary Comparison Schedule – General Fund. The required Texas Education Agency (TEA) schedules for the food service fund and if applicable, the debt service fund are located in Exhibit’s J-2 “Budgetary Comparison Schedule – Child Nutrition Fund and Exhibit J-3 “Budgetary Comparison Schedule – Debt Service Fund”.

Once a budget is approved, it can be amended at the fund and function level only by a majority of the member of the Board of Trustees.

Encumbrances for goods or purchased services are documented by purchase orders or contracts. Under State of Texas law, appropriations lapse at year end August 31, and encumbrances outstanding at that time are to be either cancelled or appropriately provided for in the subsequent year’s budget.

It is a violation of Texas State Law for expenditures to exceed the budget in any function of the general fund, the food service fund, or the debt service fund.

Expenditures Exceeding Appropriation

The current year expenditures did not exceed appropriations in any functions in the general fund as detailed in Exhibit G-1 “Budgetary Comparison Schedule-General Fund”. The current year expenditures also did not exceed appropriations in any functions in the food service fund as detailed in Exhibit J-2 “Budgetary Comparison Schedule -Child Nutrition Fund”. The current year expenditures also did not exceed if applicable, appropriations in any functions in the debt service fund as detailed in Exhibit J-3 “Budgetary Comparison Schedule -Debt Service Fund”.

**OTHER SUPPLEMENTARY INFORMATION –
COMBINING AND INDIVIDUAL SCHEDULES**

JIM NED CONSOLIDATED INDEPENDENT SCHOOL DISTRICT
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 AUGUST 31, 2020

Data Control Codes	211 ESEA I, A Improving Basic Program	240 National Breakfast and Lunch Program	255 ESEA II,A Training and Recruiting	266 ESSER -School Emergency Relief
ASSETS				
1110 Cash and Cash Equivalents	\$ -	\$ 28,130	\$ -	\$ -
1120 Investments - Current	-	-	-	-
1220 Property Taxes - Delinquent	-	-	-	-
1230 Allowance for Uncollectible Taxes	-	-	-	-
1240 Due from Other Governments	7,528	7,122	-	31,612
1260 Due from Other Funds	-	-	-	-
1000 Total Assets	<u>\$ 7,528</u>	<u>\$ 35,252</u>	<u>\$ -</u>	<u>\$ 31,612</u>
LIABILITIES				
2110 Accounts Payable	\$ -	\$ 24,646	\$ -	\$ -
2160 Accrued Wages Payable	6,792	10,388	-	-
2170 Due to Other Funds	-	-	-	31,612
2200 Accrued Expenditures	736	218	-	-
2300 Unearned Revenue	-	-	-	-
2000 Total Liabilities	<u>7,528</u>	<u>35,252</u>	<u>-</u>	<u>31,612</u>
DEFERRED INFLOWS OF RESOURCES				
2601 Unavailable Revenue - Property Taxes	-	-	-	-
2600 Total Deferred Inflows of Resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES				
Restricted Fund Balance:				
3480 Retirement of Long-Term Debt	-	-	-	-
3490 Other Restricted Fund Balance	-	-	-	-
3000 Total Fund Balances	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
4000 Total Liabilities, Deferred Inflows & Fund Balances	<u>\$ 7,528</u>	<u>\$ 35,252</u>	<u>\$ -</u>	<u>\$ 31,612</u>

289 ESEA Title IV, Pt. A	314 SSA IDEA, Part B Preschool	315 SSA IDEA, Part B Discretionary	397 Advanced Placement Incentives	410 State Instructional Materials	429 State Math Achievement Stipends	437 SSA Special Education	461 Campus Activity Funds
\$ 59	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 186,197
-	-	-	-	13,762	-	-	-
-	-	-	-	-	-	-	-
-	2,564	-	-	-	-	22,353	-
-	5,811	13,649	-	-	-	235,744	-
<u>\$ 59</u>	<u>\$ 8,375</u>	<u>\$ 13,649</u>	<u>\$ -</u>	<u>\$ 13,762</u>	<u>\$ -</u>	<u>\$ 258,097</u>	<u>\$ 186,197</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	4,187	-	-	-	-	33,057	-
-	3,729	13,649	-	13,762	-	5,000	-
-	459	-	-	-	-	690	-
59	-	-	-	-	-	-	-
<u>59</u>	<u>8,375</u>	<u>13,649</u>	<u>-</u>	<u>13,762</u>	<u>-</u>	<u>38,747</u>	<u>-</u>
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	219,350	186,197
-	-	-	-	-	-	219,350	186,197
<u>\$ 59</u>	<u>\$ 8,375</u>	<u>\$ 13,649</u>	<u>\$ -</u>	<u>\$ 13,762</u>	<u>\$ -</u>	<u>\$ 258,097</u>	<u>\$ 186,197</u>

JIM NED CONSOLIDATED INDEPENDENT SCHOOL DISTRICT
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 AUGUST 31, 2020

EXHIBIT H-1

Data Control Codes	Total Nonmajor Special Revenue Funds	599 Debt Service Fund	699 Capital Projects Fund	Total Nonmajor Governmental Funds
ASSETS				
1110 Cash and Cash Equivalents	\$ 214,386	\$ 359,450	\$ 6,293	\$ 580,129
1120 Investments - Current	13,762	-	-	13,762
1220 Property Taxes - Delinquent	-	30,393	-	30,393
1230 Allowance for Uncollectible Taxes	-	(7,598)	-	(7,598)
1240 Due from Other Governments	71,179	-	-	71,179
1260 Due from Other Funds	255,204	-	-	255,204
1000 Total Assets	<u>\$ 554,531</u>	<u>\$ 382,245</u>	<u>\$ 6,293</u>	<u>\$ 943,069</u>
LIABILITIES				
2110 Accounts Payable	\$ 24,646	\$ -	\$ -	\$ 24,646
2160 Accrued Wages Payable	54,424	-	-	54,424
2170 Due to Other Funds	67,752	-	6,293	74,045
2200 Accrued Expenditures	2,103	-	-	2,103
2300 Unearned Revenue	59	-	-	59
2000 Total Liabilities	<u>148,984</u>	<u>-</u>	<u>6,293</u>	<u>155,277</u>
DEFERRED INFLOWS OF RESOURCES				
2601 Unavailable Revenue - Property Taxes	-	22,795	-	22,795
2600 Total Deferred Inflows of Resources	<u>-</u>	<u>22,795</u>	<u>-</u>	<u>22,795</u>
FUND BALANCES				
Restricted Fund Balance:				
3480 Retirement of Long-Term Debt	-	359,450	-	359,450
3490 Other Restricted Fund Balance	405,547	-	-	405,547
3000 Total Fund Balances	<u>405,547</u>	<u>359,450</u>	<u>-</u>	<u>764,997</u>
4000 Total Liabilities, Deferred Inflows & Fund Balances	<u>\$ 554,531</u>	<u>\$ 382,245</u>	<u>\$ 6,293</u>	<u>\$ 943,069</u>

JIM NED CONSOLIDATED INDEPENDENT SCHOOL DISTRICT
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
 FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED AUGUST 31, 2020

Data Control Codes	211 ESEA I, A Improving Basic Program	240 National Breakfast and Lunch Program	255 ESEA II,A Training and Recruiting	266 ESSER -School Emergency Relief
REVENUES:				
5700 Total Local and Intermediate Sources	\$ -	\$ 176,435	\$ -	\$ -
5800 State Program Revenues	-	14,349	-	-
5900 Federal Program Revenues	84,440	162,590	16,095	31,612
5020 Total Revenues	84,440	353,374	16,095	31,612
EXPENDITURES:				
Current:				
0011 Instruction	84,440	-	16,095	31,612
0021 Instructional Leadership	-	-	-	-
0031 Guidance, Counseling, and Evaluation Services	-	-	-	-
0035 Food Services	-	468,670	-	-
0036 Extracurricular Activities	-	-	-	-
0052 Security and Monitoring Services	-	-	-	-
Debt Service:				
0071 Principal on Long-Term Debt	-	-	-	-
0072 Interest on Long-Term Debt	-	-	-	-
0073 Bond Issuance Cost and Fees	-	-	-	-
6030 Total Expenditures	84,440	468,670	16,095	31,612
1100 Excess (Deficiency) of Revenues Over (Under) Expenditures	-	(115,296)	-	-
OTHER FINANCING SOURCES (USES):				
7915 Transfers In	-	115,296	-	-
1200 Net Change in Fund Balance	-	-	-	-
0100 Fund Balance - September 1 (Beginning)	-	-	-	-
1300 Increase (Decrease) in Fund Balance	-	-	-	-
3000 Fund Balance - August 31 (Ending)	\$ -	\$ -	\$ -	\$ -

289 ESEA Title IV, Pt. A	314 SSA IDEA, Part B Preschool	315 SSA IDEA, Part B Discretionary	397 Advanced Placement Incentives	410 State Instructional Materials	429 State Math Achievement Stipends	437 SSA Special Education	461 Campus Activity Funds
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	828,104	\$ 274,325
-	-	-	104	39,527	2,583	38,793	-
7,441	31,277	-	-	-	-	-	-
7,441	31,277	-	104	39,527	2,583	866,897	274,325
2,134	31,277	-	104	39,527	2,583	467,676	-
-	-	-	-	-	-	138,991	-
-	-	-	-	-	-	169,110	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	277,335
5,307	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
7,441	31,277	-	104	39,527	2,583	775,777	277,335
-	-	-	-	-	-	91,120	(3,010)
-	-	-	-	-	-	99,421	-
-	-	-	-	-	-	190,541	(3,010)
-	-	-	-	-	-	28,809	-
-	-	-	-	-	-	-	189,207
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	219,350	\$ 186,197

JIM NED CONSOLIDATED INDEPENDENT SCHOOL DISTRICT
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
 FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED AUGUST 31, 2020

Data Control Codes	Total Nonmajor Special Revenue Funds	599 Debt Service Fund	699 Capital Projects Fund	Total Nonmajor Governmental Funds
REVENUES:				
5700 Total Local and Intermediate Sources	\$ 1,278,864	\$ 748,364	-	\$ 2,027,228
5800 State Program Revenues	95,356	15,254	-	110,610
5900 Federal Program Revenues	333,455	-	-	333,455
5020 Total Revenues	<u>1,707,675</u>	<u>763,618</u>	<u>-</u>	<u>2,471,293</u>
EXPENDITURES:				
Current:				
0011 Instruction	675,448	-	-	675,448
0021 Instructional Leadership	138,991	-	-	138,991
0031 Guidance, Counseling, and Evaluation Services	169,110	-	-	169,110
0035 Food Services	468,670	-	-	468,670
0036 Extracurricular Activities	277,335	-	-	277,335
0052 Security and Monitoring Services	5,307	-	-	5,307
Debt Service:				
0071 Principal on Long-Term Debt	-	440,000	-	440,000
0072 Interest on Long-Term Debt	-	380,150	-	380,150
0073 Bond Issuance Cost and Fees	-	1,000	-	1,000
6030 Total Expenditures	<u>1,734,861</u>	<u>821,150</u>	<u>-</u>	<u>2,556,011</u>
1100 Excess (Deficiency) of Revenues Over (Under) Expenditures	(27,186)	(57,532)	-	(84,718)
OTHER FINANCING SOURCES (USES):				
7915 Transfers In	214,717	-	-	214,717
1200 Net Change in Fund Balance	187,531	(57,532)	-	129,999
0100 Fund Balance - September 1 (Beginning)	28,809	416,982	-	445,791
1300 Increase (Decrease) in Fund Balance	189,207	-	-	189,207
3000 Fund Balance - August 31 (Ending)	<u>\$ 405,547</u>	<u>\$ 359,450</u>	<u>-</u>	<u>\$ 764,997</u>

JIM NED CONSOLIDATED INDEPENDENT SCHOOL DISTRICT
 COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
 ALL AGENCY FUNDS
 AUGUST 31, 2020

	BALANCE SEPTEMBER 1 2019	ADDITIONS	DEDUCTIONS	BALANCE AUGUST 31 2020
Student Activity Custodial Fund				
Assets:				
Cash and Temporary Investments	\$ 192,086	\$ 291,559	\$ 479,319	\$ 4,326
Liabilities:				
Due to Student Groups	\$ 192,086	\$ 291,559	\$ 479,319	\$ 4,326

REQUIRED TEA SCHEDULES

JIM NED CONSOLIDATED INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF DELINQUENT TAXES RECEIVABLE
FISCAL YEAR ENDED AUGUST 31, 2020

Last 10 Years Ended August 31	(1)	(2)	(3)
	Tax Rates		Assessed/Appraised Value for School Tax Purposes
	Maintenance	Debt Service	
2011 and prior years	Various	Various	\$ Various
2012	1.040000	0.070000	345,550,547
2013	1.040000	0.070000	363,225,951
2014	1.040000	0.070000	367,357,061
2015	1.040000	0.070000	390,575,304
2016	1.040000	0.150000	379,477,198
2017	1.040000	0.220000	376,772,516
2018	1.040000	0.220000	403,503,897
2019	1.040000	0.162400	433,187,634
2020 (School year under audit)	0.970000	0.149500	499,845,866
1000 TOTALS			

(10) Beginning Balance 9/1/2019	(20) Current Year's Total Levy	(31) Maintenance Collections	(32) Debt Service Collections	(40) Entire Year's Adjustments	(50) Ending Balance 8/31/2020
\$ 31,257	\$ -	\$ -	\$ 5	\$ (75)	\$ 31,177
7,909	-	27	2	1	7,881
6,780	-	40	3	-	6,737
8,118	-	334	22	-	7,762
12,873	-	874	59	-	11,940
24,800	-	1,699	245	(1)	22,855
19,982	-	2,653	561	773	17,541
35,107	-	3,906	826	(2,567)	27,808
82,422	-	32,960	5,147	(12,287)	32,028
-	5,596,925	4,774,712	737,246	-	84,967
<u>\$ 229,248</u>	<u>\$ 5,596,925</u>	<u>\$ 4,817,205</u>	<u>\$ 744,116</u>	<u>\$ (14,156)</u>	<u>\$ 250,696</u>

JIM NED CONSOLIDATED INDEPENDENT SCHOOL DISTRICT
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
 BUDGET AND ACTUAL - CHILD NUTRITION PROGRAM
 FOR THE YEAR ENDED AUGUST 31, 2020

Data Control Codes	Budgeted Amounts		Actual Amounts (GAAP BASIS)	Variance With Final Budget Positive or (Negative)
	Original	Final		
REVENUES:				
5700 Total Local and Intermediate Sources	\$ 211,262	\$ 200,712	\$ 176,435	\$ (24,277)
5800 State Program Revenues	14,819	14,820	14,349	(471)
5900 Federal Program Revenues	160,000	184,544	162,590	(21,954)
5020 Total Revenues	386,081	400,076	353,374	(46,702)
EXPENDITURES:				
Current:				
0035 Food Services	466,081	490,625	468,670	21,955
6030 Total Expenditures	466,081	490,625	468,670	21,955
1100 Excess (Deficiency) of Revenues Over (Under) Expenditures	(80,000)	(90,549)	(115,296)	(24,747)
OTHER FINANCING SOURCES (USES):				
7915 Transfers In	80,000	90,549	115,296	24,747
1200 Net Change in Fund Balances	-	-	-	-
0100 Fund Balance - September 1 (Beginning)	-	-	-	-
3000 Fund Balance - August 31 (Ending)	\$ -	\$ -	\$ -	\$ -

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

Data Control Codes	Budgeted Amounts		Actual Amounts (GAAP BASIS)	Variance With Final Budget Positive or (Negative)
	Original	Final		
REVENUES:				
5700 Total Local and Intermediate Sources	\$ -	\$ 862,733	\$ 748,364	\$ (114,369)
5800 State Program Revenues	-	-	15,254	15,254
5020 Total Revenues	-	862,733	763,618	(99,115)
EXPENDITURES:				
Debt Service:				
0071 Principal on Long-Term Debt	-	440,000	440,000	-
0072 Interest on Long-Term Debt	-	380,150	380,150	-
0073 Bond Issuance Cost and Fees	-	1,500	1,000	500
6030 Total Expenditures	-	821,650	821,150	500
1200 Net Change in Fund Balances	-	41,083	(57,532)	(98,615)
0100 Fund Balance - September 1 (Beginning)	416,982	416,982	416,982	-
3000 Fund Balance - August 31 (Ending)	\$ 416,982	\$ 458,065	\$ 359,450	\$ (98,615)

**REPORTS ON COMPLIANCE, INTERNAL CONTROLS AND
FEDERAL AWARDS**

James E. Rodgers and Company, P.C.

Certified Public Accountants

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December 10, 2020

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*

Independent Auditor's Report

To the Board of Trustees
Jim Ned Consolidated Independent School District
Tuscola, Texas 76562

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 Jim Ned Consolidated Independent School District, as of and for the year ended August 31, 2020, and the related notes to the financial statements, which collectively comprise Jim Ned Consolidated Independent School District's basic financial statements, and have issued our report thereon dated December 10, 2020.

Internal Control Over Financial Reporting

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

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

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

James E. Rodgers and Company, P.C.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Jim Ned Consolidated Independent School District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the 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 entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Respectfully submitted,

James E. Rodgers and Company

James E. Rodgers and Company, P.C.

James E. Rodgers and Company, P.C.

Certified Public Accountants

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December 10, 2020

Single Audit Report on Compliance for each Major Federal Program and Report on Internal Control over Compliance required by the Uniform Guidance

Independent Auditor's Report

To the Board of Trustees
Jim Ned Consolidated Independent School District
Tuscola, Texas 76562

Report on Compliance for Each Major Federal Program

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

Management's Responsibility

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

Auditor's Responsibility

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

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

Opinion on Each Major Federal Program

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

James E. Rodgers and Company, P.C.

Other Matters

The results of our auditing procedures disclosed no instances of noncompliance which are required to be reported in accordance with the Uniform Guidance and therefore, are not described in the accompanying schedule of findings and questioned costs. Our opinion on each major federal program is not modified with respect to these matters.

Jim Ned Consolidated Independent School District's response is not required since noncompliance findings were not identified in our audit and are not described in the accompanying schedule of findings and questioned costs. Jim Ned Consolidated Independent School District's response if required would not have been subjected to the auditing procedures applied in the audit of compliance and, accordingly, we would not have expressed an opinion on the response.

Report on Internal Control Over Compliance

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

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

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

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

Respectfully submitted,



James E. Rodgers and Company, P.C.

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

I. Summary of the Auditor's Results:

1.	The type of auditor's report opinion on whether the financial statements of the District were prepared in accordance with GAAP (generally accepted accounting standards):	Unmodified	
2.	Internal control over financial reporting during the audit of the financial statements:		
(a)	Significant deficiencies in internal control identified that are not considered to be material weaknesses.		No
(b)	Material weaknesses identified.		No
3.	Noncompliance, which is material to the financial statements.		No
4.	Internal Control over major federal programs:		
(a)	Significant deficiencies in internal control identified that are not considered to be material weaknesses.		No
(b)	Material weaknesses identified.		No
5.	Type of auditor's report opinion on compliance with major programs.	Unmodified	
6.	Audit findings that are required to report under Uniform Guidance 2 CFR Section 200.516(a).		No
7.	Identification of programs tested as major programs: • Special Education Cluster IDEA Part B, Formula – CFDA 84.027 IDEA Part B, Preschool – CFDA 84.173		
8.	Dollar threshold used to distinguish between Type A and Type B programs.	\$750,000	
9.	District qualified as a low-risk auditee.	Yes	

II. Findings Relating to the Financial Statements Which Are Required to Be Reported in Accordance with *Generally Accepted Government Auditing Standards (GAGAS)*

Finding 2020-001:

a.	Condition:	None Identified
b.	Criteria:	N/A
c.	Cause:	N/A
d.	Effect:	N/A
e.	Recommendation:	N/A
f.	District Response:	N/A

**JIM NED CONSOLIDATED INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED AUGUST 31, 2020**

III. Findings and Questioned Costs Related to the Federal Awards

Finding 2020-002:

a.	Condition:	None Identified
b.	Criteria:	N/A
c.	Cause:	N/A
d.	Effect:	N/A
e.	Recommendation:	N/A
f.	District Response:	N/A



JIM NED CONSOLIDATED INDEPENDENT SCHOOL DISTRICT

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Finding 2019-001: There were no prior year audit findings.



JIM NED CONSOLIDATED INDEPENDENT SCHOOL DISTRICT

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CORRECTIVE ACTION PLAN FOR THE YEAR ENDED AUGUST 31, 2020

The name of the contact person responsible for corrective action:
Hunter Cooley, Chief Financial Officer and Assistant Superintendent
District Phone Number: 325-554-7577.

The corrective action for Finding 2020-001:

The District did not incur an audit finding for the current year and therefore a corrective action plan is not required.

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

EXHIBIT K-1

(1) FEDERAL GRANTOR/ PASS-THROUGH GRANTOR/ PROGRAM or CLUSTER TITLE	(2) Federal CFDA Number	(3) Pass-Through Entity Identifying Number	(4) Federal Expenditures
U.S. DEPARTMENT OF EDUCATION			
<u>Passed Through State Department of Education</u>			
ESEA, Title I, Part A - Improving Basic Programs	84.010A	20610101221911	\$ 84,440
*SSA - IDEA - Part B, Formula	84.027	206600012219116000	1,030,097
*SSA - IDEA - Part B, Preschool	84.173	206610012219116000	31,277
Total Special Education Cluster (IDEA)			1,061,374
ESEA, Title II, Part A, Teacher Principal Training	84.367A	20694501221950	16,095
CARES Act Stimulus Grant	84.425D	20521001221911	31,612
ESEA Title IV, Part A	84.424A	20680101221911	7,441
Total Passed Through State Department of Education			1,200,962
TOTAL U.S. DEPARTMENT OF EDUCATION			1,200,962
U.S. DEPARTMENT OF AGRICULTURE			
<u>Passed Through the State Department of Agriculture</u>			
*School Breakfast Program	10.553	71402001	34,498
*National School Lunch Program - Cash Assistance	10.555	71302001	100,812
*National School Lunch Prog. - Non-Cash Assistance	10.555	71302001	27,280
Total CFDA Number 10.555			128,092
Total Child Nutrition Cluster			162,590
Total Passed Through the State Department of Agriculture			162,590
TOTAL U.S. DEPARTMENT OF AGRICULTURE			162,590
TOTAL EXPENDITURES OF FEDERAL AWARDS			\$ 1,363,552

*Clustered Programs

Non-Grant federal program revenue for the current yer included SHARS' receipts of \$83,206 And Vendor Receipts of \$4,679 from the McKinney Vento Grant. The District did not make payments to sub-recipients during the current year.

**JIM NED CONSOLIDATED INDEPENDENT SCHOOL DISTRICT
NOTES ON ACCOUNTING POLICIES FOR FEDERAL AWARDS
YEAR ENDED AUGUST 31, 2020**

1. For all Federal programs, the District uses the fund types specified in Texas Education Agency's *Financial Accountability System Resource Guide*. Special revenue funds are used to account for resources restricted to, or designated for, specific purposes by a grantor. Federal and state financial assistance generally is accounted for in a Special Revenue Fund.
2. The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. The Governmental Fund types and Expendable Trust Funds are accounted for using a current financial resources measurement focus. All Federal grant funds were accounted for in a Special Revenue Fund that is a Governmental Fund type. With this measurement focus, only current assets and current liabilities and the fund balance are included on the balance sheet. Operating statements of these funds present increases and decreases in net current assets.
3. The modified accrual basis of accounting is used for the Governmental Fund types, the Expendable Trust Funds, and Agency Funds. This basis of accounting recognizes revenues in the accounting period in which they become susceptible to accrual, i.e., both measurable and available, and expenditures in the accounting period in which the fund liability is incurred, if measurable, except for un-matured interest on General Long-Term Debt, which is recognized when due, and certain compensated absences and claims and judgments, which are recognized when the obligations are expected to be liquidated with expendable available financial resources.
4. Federal grant funds are recorded as earned to the extent of expenditures made under the provisions of the grant, and, accordingly, when such funds are received, they are recorded as deferred revenues until earned.
5. The period of performance for federal grant funds for the purpose of liquidation of outstanding obligations made on or before the ending date of the federal project period extended 30 days beyond the federal project period ending date, in accordance with provisions in Section H, Period of Availability of Federal Funds, Part 3, Compliance Statement.

6. Indirect Costs

The District did not elect to use a de minimis cost rate of 10% as described at 2CFR §200.414(f) – Indirect (F&A) Costs.

7. Reconciliation of Federal Awards

The following is a reconciliation of expenditures of federal awards in the SEFA and federal program Revenues in the Statement of Revenues, Expenditures and Changes in Fund Balance of the Governmental funds.

Federal program revenues per Exhibit C-3	<u>\$ 1,451,437</u>
McKinney Vento Grant and School Health & Related Services (SHARS) Reimbursement not reported to the SEFA	<u>\$ 87,885</u>
Total federal expenditures on Exhibit K-1	<u>\$ 1,363,552</u>