

**FLOUR BLUFF  
INDEPENDENT  
SCHOOL DISTRICT**

*Annual Financial Report*

*For the Year Ended August 31, 2020*



GOWLAND, STREALLY, MORALES & COMPANY, PLLC

Certified Public Accountants

## *Introductory Section*

Flour Bluff Independent School District  
Annual Financial Report  
For The Year Ended August 31, 2020

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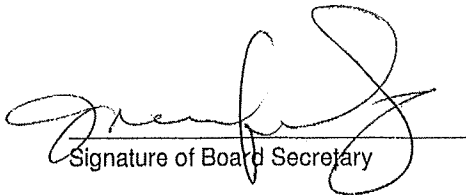
CERTIFICATE OF BOARD

Flour Bluff Independent School District  
Name of School District

Nueces  
County

178-914  
Co.-Dist. Number

We, the undersigned, certify that the attached annual financial reports of the above named school district were reviewed and (check one) X approved \_\_\_\_\_disapproved for the year ended August 31, 2020, at a meeting of the board of trustees of such school district on the 4 day of January, 2021.

  
Signature of Board Secretary

  
Signature of Board President

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

## *Financial Section*



5934 S. Staples St. Ste. 201  
Corpus Christi, TX 78413  
Telephone: (361) 993-1000  
Fax: (361) 991-2880

GOWLAND, STREALLY, MORALES & COMPANY, PLLC  
Certified Public Accountants

### **Independent Auditor's Report**

To the Board of Trustees  
Flour Bluff Independent School District  
2505 Waldron Road  
Corpus Christi, Texas 78418

#### **Report on the Financial Statements**

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

#### **Management's Responsibility for the Financial Statements**

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

#### **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 District's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

## Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Flour Bluff 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, and budgetary comparison information and schedule of the District's proportionate share of the net pension liability and schedule of District pension contributions, and schedule of the District's proportionate share of the net OPEB liability and schedule of District OPEB contributions identified as Required Supplementary Information in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Flour Bluff Independent School District's basic financial statements. The introductory section and combining and individual nonmajor fund financial statements are presented for purposes of additional analysis and are not required parts of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements. The accompanying other supplementary information is presented for purposes of additional analysis and is also not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements and other supplementary information 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 and other supplementary 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 it.



opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Flour Bluff Independent School District's internal control over financial reporting and compliance.

Respectfully submitted,

Gowland, Strealy, Morales & Company, PLLC

Corpus Christi, Texas  
December 18, 2020

## MANAGEMENT'S DISCUSSION AND ANALYSIS

This section of Flour Bluff Independent School District's annual financial report presents our discussion and analysis of the District's financial performance during the fiscal year ended August 31, 2020. Please read it in conjunction with the District's financial statements, which follow this section.

### FINANCIAL HIGHLIGHTS

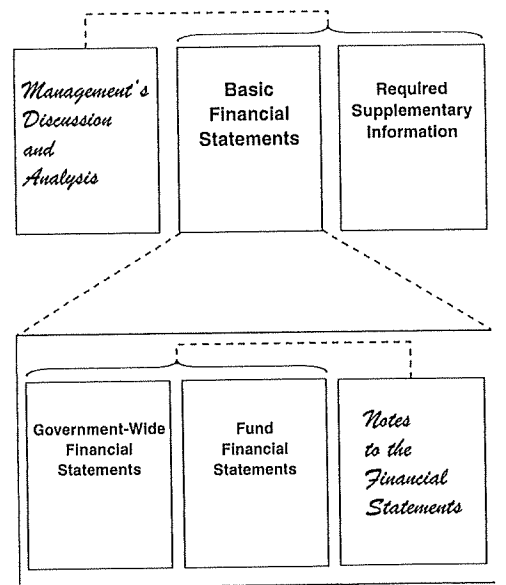
- The District's total combined net position was \$23,109,074 at August 31, 2020.
- During the year, the District's expenses were \$2,680,043 more than the \$62,667,468 generated in taxes and other revenues for governmental activities.
- Based on Board of Trustees' approval, the District spent \$2,297,494 in capital assets. This was comprised of several improvements to district buildings, athletic field resurfacing, campus communication upgrades, HVAC improvements, fleet vehicles and maintenance equipment. The 2013 Bond Projects for the Junior High Gym, Bus Shop, and High School Renovations were completed. Improvements were funded by both general and bond funds. The bond program is a result of the successful bond election in May of 2013. This bond program is substantially complete.
- The general fund reported a fund balance this year of \$19,078,675, a net increase of \$85,926.
- OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of three parts—*management's discussion and analysis* (this section), the *basic financial statements*, and *required supplementary information*. The basic financial statements include two kinds of statements that present different views of the District:

- The first two statements are *government-wide financial statements* that provide both *long-term* and *short-term* information about the District's overall financial status.
- The remaining statements are *fund financial statements* that focus on *individual parts* of the government, reporting the District's operations in more detail than the government-wide statements.
- *The governmental funds* statements tell how *general government* services were financed in the *short term* as well as what remains for future spending.
- *Proprietary fund* statements offer *short- and long-term* financial information about the activities the government operates *like businesses*, such as food service.
- *Fiduciary fund* statements provide information about the financial relationships in which the District acts solely as a *trustee or agent* for the benefit of others, to whom the resources in question belong.

The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data. The statements are followed by a section of *required supplementary information* that further explains and supports the information in the financial statements. Figure A-1 shows how the required parts of this annual report are arranged and related to one another.

Figure A-1F, Required Components of the District's Annual Financial Report



Summary ↔ Detail

Figure A-2 summarizes the major features of the District's financial statements, including the portion of the District government they cover and the types of information they contain. The remainder of this overview section of management's discussion and analysis explains the structure and contents of each of the statements.

### Government-wide Statements

The government-wide statements report information about the District as a whole using accounting methods similar to those used by private-sector companies. The statement of net position includes all of the government's assets and liabilities. All of the current year's revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

The two government-wide statements report the District's net position and how they have changed. Net position—the difference between the District's assets and liabilities—is one way to measure the District's financial health or *position*.

- Over time, increases or decreases in the District's net position is an indicator of whether its financial health is improving or deteriorating, respectively.
- To assess the overall health of the District, you need to consider additional nonfinancial factors such as changes in the District's tax base.

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

### Fund Financial Statements

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

- Some funds are required by State law and by bond covenants.
- The Board of Trustees establishes other funds to control and manage money for particular purposes or to show that it is properly using certain taxes and grants.

The District has three kinds of funds:

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

Figure A-2. Major Features of the District's Government-wide and Fund Financial Statements

Type of Statements	Fund Statements			
	Government-wide	Governmental Funds	Proprietary Funds	Fiduciary Funds
Scope	Entire Agency's government (except fiduciary funds) and the Agency's component units	The activities of the district that are not proprietary or fiduciary	Activities the district operates similar to private businesses: self insurance	Instances in which the district is the trustee or agent for someone else's resources
Required financial statements	• Statement of net assets	• Balance sheet	• Statement of net assets	• Statement of fiduciary net assets
	• Statement of activities	• Statement of revenues, expenditures & changes in fund balances	• Statement of revenues, expenses and changes in fund net assets • Statement of cash flows	• Statement of changes in fiduciary net assets
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus	Accrual accounting and economic resources focus
Type of asset/liability information	All assets and liabilities, both financial and capital, short-term and long-term	Only assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets included	All assets and liabilities, both financial and capital, and short-term and long-term	All assets and liabilities, both short-term and long-term; the Agency's funds do not currently contain capital assets, although they can
Type of inflow/outflow information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and payment is due during the year or soon thereafter	All revenues and expenses during year, regardless of when cash is received or paid	All revenues and expenses during year, regardless of when cash is received or paid

- **Fiduciary funds**—The District is the trustee, or *fiduciary*, for certain funds. It is also responsible for other assets that—because of a trust arrangement—can be used only for the trust beneficiaries. The District is responsible for ensuring that the assets reported in these funds are used for their intended purposes. All of the District's fiduciary activities are reported in a separate statement of fiduciary net position and a statement of changes in fiduciary net position. We exclude these activities from the District's government-wide financial statements because the District cannot use these assets to finance its operations.

## FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

Net position. The District's combined net position was \$23,109,074 August 31, 2020. (See Table A-1)

**Table A-1**  
**The District's Net Position**

	Governmental Activities		Change
	2020	2019	2020-2019
Current and Other Assets	\$ 27,248,633	\$ 27,929,803	\$ (681,170)
Capital and Non-Current	80,874,284	82,100,161	(1,225,877)
<b>Total Assets</b>	<b>108,122,917</b>	<b>110,029,964</b>	<b>(1,907,047)</b>
Deferred Outflows Related to Pensions	10,067,731	10,444,570	(376,839)
Current Liabilities	3,210,700	3,975,870	(765,170)
Noncurrent Liabilities	80,761,746	83,139,735	(2,377,989)
<b>Total Liabilities</b>	<b>83,972,446</b>	<b>87,115,605</b>	<b>(3,143,159)</b>
Deferred Inflows Related to Pensions	11,109,128	7,569,453	3,539,675
Net Assets Invested in Capital			
Assets net of related debt	37,753,159	36,345,394	1,407,765
Restricted	4,040,974	2,226,650	1,814,324
Unrestricted	(18,685,059)	(12,782,568)	(5,902,491)
<b>Total Net Position</b>	<b>\$ 23,109,074</b>	<b>\$ 25,789,476</b>	<b>\$ (2,680,402)</b>

Although the District reports a deficit in the Unrestricted Net Position, the deficit is primarily due to reporting the District's proportionate share of the net Pension and OPEB liability. The total district liability is reported in the governmental activities; however, the actual liability does not require the use of current resources at the fund level, which results in a timing difference since the TRS-Care plan is funded on a pay-as-you-go basis. The District has made all contractually required contributions as noted in the required supplementary information and has sufficient fund balance to meet the District's ongoing obligations to students and creditors.

Net position – Investment in Capital Assets net of related debt is \$37,753,159. The District's restricted net position includes state and federal programs, debt service and campus activities. The \$(18,685,059) of unrestricted net position represents resources available for investments, capital projects or programs.

**Changes in net position.** The District's total revenues were \$62.7 million. A significant portion, 55.3%, of the District's revenue comes from taxes, 13.6% comes from grants and contributions not restricted to specific programs.

The total cost of all programs and services was \$65.35 million; 62.79% of these costs are for direct student services, which include: instruction; instructional resources; guidance and counseling; social services; health services and co-curricular activities.

### Governmental Activities

- The District's maintenance & operations tax rate decreased to \$.97 as a result of legislative tax compression. The total tax rate of \$1.07 allowed for total tax revenue including taxes collected for the payment of voter-approved bonded indebtedness of \$34,633,320, up from \$34,261,871 in the prior year. The increase was primarily attributed to the increase in net appraised values. The district's tax collection rate was 97.5%, slightly lower than the 98% last year.

- Total Net Appraised Value totaled \$3,333,034,262 increasing from \$3,171,634,275 the prior year.

**Table A-2**  
**Changes in the District's Net Assets**

	Governmental Activities		Total Change 2020-2019	Total Percentage Change
	2020	2019		
Program Revenues:				
Charges for Services	\$ 953,540	\$ 1,530,027	\$ (576,487)	
Operating Grants and Contributions	8,488,607	10,725,426	(2,236,819)	
General Revenues				
Property Taxes	34,633,320	34,261,871	371,449	
State Aid – Formula	17,703,902	12,493,546	5,210,356	
Investment Earnings	505,478	818,258	(312,780)	
Other	382,621	763,713	(381,092)	
Total Revenues	<u>62,667,468</u>	<u>60,592,841</u>	<u>2,074,627</u>	<u>3.4%</u>
Instruction	35,561,121	34,386,285	1,174,836	
Instructional Resources and Media Services	734,890	699,399	35,491	
Curriculum Dev. And Instructional Staff Dev.	295,806	313,210	(17,404)	
Instructional Leadership	1,518,077	1,401,117	116,960	
School Leadership	3,180,705	2,989,253	191,452	
Guidance, Counseling and Evaluation Services	2,025,501	1,849,419	176,082	
Social Work Services	132,821	122,676	10,145	
Health Services	492,052	477,275	14,777	
Student (Pupil) Transportation	2,151,502	2,169,154	(17,652)	
Food Services	2,916,730	3,355,397	(438,667)	
Curricular/Extracurricular Activities	2,087,388	2,707,901	(620,513)	
General Administration	1,803,909	1,889,867	(85,958)	
Plant Maintenance & Oper.	7,117,096	6,365,610	751,486	
Security & Monitoring Svcs.	860,428	833,789	26,639	
Data Processing Services	1,125,188	1,061,628	63,560	
Community Services	70,762	79,013	(8,251)	
Debt Service	2,094,826	2,135,026	(40,200)	
Bond Issuance Costs and Fees	528,605	800	527,805	
Facilities Acquisition and Construction	-	1,883	(1,883)	
Payments Related to Shared Service Arrangements	95,274	108,987	(13,713)	
Payments to Juvenile Justice Alternative Ed. Program	171,007	163,595	7,412	
Other Governmental Charges	384,183	391,537	(7,354)	
Total Expenses	<u>65,347,871</u>	<u>63,502,821</u>	<u>1,845,050</u>	<u>2.9%</u>
Change in Net Position	(2,680,403)	(2,909,980)	229,577	
Net Position Beginning	25,789,477	28,699,456	(2,909,979)	
Net Position Ending	<u>\$ 23,109,074</u>	<u>\$ 25,789,476</u>	<u>\$ (2,680,402)</u>	<u>-10.4%</u>

Expenses for the District's governmental activities increased by \$1,852,404 for the year ended August 31, 2020. The increase is primarily the result of salary and operation increases. The cost and outflow for the refunding bonds was \$940,029 which was not a cost for the governmental funds.

Table A-3 presents the cost of each of the District's largest functions as well as each function's net cost (total cost less fees generated by the activities and intergovernmental aid). The net cost reflects what was funded by state revenues as well as local tax dollars.

- The cost of all *governmental* activities this year was \$65,347,871.
- However, the amount that our taxpayers paid for these activities through property taxes was \$34,633,320.
- Some of the cost was paid by those who directly benefited from the programs; \$953,540, or by grants and contributions \$8,488,607.

**Table A-3**  
Net Cost of Selected District Functions

	Total Cost of Services		% Change	Net Cost of Services		% Change
	2020	2019		2020	2019	
Instruction	\$ 35,561,121	\$ 34,386,285	3.4%	31,786,459	\$ 29,054,522	9.4%
School Leadership	3,180,705	2,989,253	6.4%	2,800,711	2,571,880	8.9%
General Administration	1,803,909	1,889,867	-4.5%	1,641,155	1,624,641	1.0%
Plant Maintenance & Operations	7,117,096	6,365,610	11.8%	6,389,098	5,443,933	17.4%

## FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

Total revenues from governmental fund types increased approximately \$511,159 over last year. Local revenues decreased by \$1,664,697 over the preceding year, and state revenues increased by \$2,871,477. Federal Program revenue decreased \$695,621. The decrease in local revenues is a result of declining interest rates, the elimination of tuition, and a reduction in other revenues due to the COVID 19 closures. The increase in state revenues is the result of funding changes implemented by legislation. Federal funds decreased as a result of the school closure due to the pandemic.

### General Fund Budgetary Highlights

Over the course of the year, the District revised its budget on a monthly basis as needed when funds were transferred across funds and/or functions. Even with these adjustments, actual expenditures were \$3,189,077 or 6% below final budget amounts. After all transfers and adjustments were made and capital projects funded, the result was an increase to fund balance in the amount of \$85,926 at fiscal year-end.

Total Revenues were \$176,347 below the final budgeted amount.

## CAPITAL ASSETS AND DEBT ADMINISTRATION

### Capital Assets

At the end of 2020, the District had invested \$117 million in a broad range of capital assets, including land, equipment, buildings, and vehicles before depreciation. (See Table A-4.) This amount represents an increase before depreciation (including additions and adjustments) of \$2.3 million.

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School Leadership	3,180,705	2,989,253	6.4%	2,800,711	2,571,880	8.9%
General Administration	1,803,909	1,889,867	-4.5%	1,641,155	1,624,641	1.0%
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## CAPITAL ASSETS AND DEBT ADMINISTRATION

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**Table A-4**  
District's Capital Assets

	Governmental Activities		Total Change 2020-2019
	2020	2019	
Land	\$ 2,130,257	\$ 2,130,257	\$ -
Buildings and improvements	103,179,736	96,238,307	6,941,429
Construction in Progress	1,989,538	6,843,521	(4,853,983)
Furniture and Equipment	10,056,222	9,805,726	250,496
Totals at historical cost	<u>117,355,753</u>	<u>115,017,811</u>	<u>2,337,942</u>
Total accumulated depreciation	36,500,269	32,937,185	3,563,084
Net capital assets	\$ <u>80,855,484</u>	\$ <u>82,080,626</u>	\$ <u>(1,225,142)</u>

More detailed information about the District's capital assets is presented in the Notes to the financial statements.

#### Long Term Debt

At year-end the District had \$46,193,431 in bonds and other debt outstanding as shown in Table A-5. More detailed information about the District's debt is presented in the Notes to the Financial Statements.

**Table A-5**  
District's Long-Term Debt

	Governmental Activities	
	2020	2019
Compensated Absences	259,698	228,531
Premium	231,561	241,629
Accretion on CAB Bonds	1,472,215	0
Deferred loss on defeasance of bonds	(940,029)	0
Bonds payable	\$ <u>45,169,986</u>	\$ <u>46,220,000</u>
	46,193,431	46,690,160
Less current portion	1,410,000	1,050,000
Due in More than one Year	\$ <u>44,783,431</u>	\$ <u>45,640,160</u>

#### Net Pension Liability

The District implemented GASB Statement No. 68 during the year ended August 31, 2015. A prior period adjustment of \$5,704,663 was required to record the beginning balance of the pension liability for the year ended August 31, 2014. Statement No. 68 establishes standards of accounting and financial reporting, but not funding or budgetary standards, for defined benefit pensions and defined contribution pensions provided to the employees of state and local government employers through pension plans that are administered through trusts or equivalent arrangements criteria detailed above in the description of Statement No. 67. This Statement replaces the requirements of Statement No. 27, Accounting for Pensions by State and Local Governmental Employers, as well as the requirements of Statement No. 50, Pension Disclosures, as they relate to pensions that are provided through pension plans within the scope of the Statement.

The requirements of Statement No. 68 apply to the financial statements of all state and local governmental employers whose employees are provided with pensions through pension plans that are administered through trusts or equivalent arrangements as described above, and to the financial statements of state and local governmental nonemployer contributing entities that have a legal obligation to make contributions directly to such pension plans. This Statement establishes standards for measuring and recognizing liabilities, deferred outflows of resources, and deferred inflows of resources, and expense/expenditures related to pensions. Note disclosure and RSI requirements about pensions also are addressed. For defined benefit pension plans, this Statement identifies the methods and assumptions that should be used to project benefit payments, discount projected benefit payments to their actuarial present value, and attribute that present value to periods of employee service.



The adoption of Statement No. 68 has no impact on the District's governmental fund financial statements, which continue to report expenditures in the contribution amount determined legislatively for the TRS plan. The calculation of pension contributions is unaffected by the change. However, the adoption has resulted in the restatement of the District's beginning net position for the fiscal year 2014 government-wide financial statements to reflect the reporting of net pension liability and deferred inflows of resources and deferred outflows of resources for its qualified pension plan and the recognition of pension expense in accordance with the provisions of the Statement.

#### **Other Post-Employment Benefit Plans (OPEB)**

The District implemented GASB Statement No. 75 during the year ended August 31, 2018. A prior period adjustment of \$30,942,099 was required to record the beginning balance of the pension liability for the year ended August 31, 2017. 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 Benefits (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.

The adoption of Statement No. 75 has no impact on the District's governmental fund financial statements, which continue to report expenditures in the contribution amount determined legislatively for the TRS plan. The calculation of health insurance plan unaffected by the change. However, the adoption has resulted in reporting in the government-wide financial statements to reflect the net OPEB liability and deferred inflows of resources and deferred outflows of resources for its qualified plan and the recognition of expense in accordance with the provisions of the Statement.

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

On January 31, 2020, the Secretary of the United States Health and Human Services Department declared a public health emergency for the United States and on March 13, 2020, the President of the United States declared the outbreak of COVID-19 in the United States a national emergency. On March 13, 2020, the Governor of Texas (the "Governor") declared a state of disaster for all counties in Texas in response to the COVID-19, which disaster declaration he has subsequently extended.

The full extent of the ongoing impact of COVID-19 on the District's 2020-21 fiscal year and longer-term operational and financial performance depends on future developments that are outside of the district's control including but not limited to the duration and spread of COVID-19 and future governmental actions. This impact to the District is not currently determinable.

In addition to the coronavirus pandemic, the following were considered when adopting the general fund budget for 2021:

The revenue in the general fund budget is \$49,996,639. Factors that contributed to the 2020-2021 revenue budget are as follows:

- Appraisal property values were up \$100 million or 3% from prior year.
- The tax rate is 1.0664 per \$100 valuation based on the additional HB3 tax rate compression and the approval of an additional 1 cent tax increase by a unanimous board vote per HBA.
- The ADA was budgeted at 5,355 – a slight decline from 5,402 in the previous year.
- There is a general decline in revenue due to pandemic closures and cancelled events.

The expenditures in the general fund budget are \$50,710,037, an increase of 1%. Factors that contributed to the 2020-2021 expenditure budget are as follows:

- The district implemented a salary freeze for 2020-21.
- The district budgeted for the increasing costs of insurance and operations
- The district also considered HB3 and other legislative spending requirements in the budget process.
- The district will continue the self-funded health insurance plan that began in January 2016.

If these estimates are realized, the District's budgetary general fund balance is expected to decline by \$713,398. Board approved capital and special projects throughout the year, will potentially reduce fund balance.

**CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT**

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the District's finances and to demonstrate 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 Chief Financial Officer.

## *Basic Financial Statements*

**FLOUR BLUFF INDEPENDENT SCHOOL DISTRICT**  
**STATEMENT OF NET POSITION**  
**AUGUST 31, 2020**

1

Data Control Codes		Governmental Activities
<b>ASSETS:</b>		
1110	Cash and Cash Equivalents	\$ 21,457,708
1120	Current Investments	999,032
1225	Property Taxes Receivable (Net)	859,427
1240	Due from Other Governments	2,280,397
1260	Internal Balances	1
1290	Other Receivables (Net)	487,719
1300	Inventories	167,688
1410	Unrealized Expenses	996,661
	Capital Assets:	
1510	Land	2,130,257
1520	Buildings and Improvements, Net	74,215,318
1530	Furniture and Equipment, Net	2,539,171
1580	Construction in Progress	1,989,538
1000	Total Assets	<u>108,122,917</u>
<b>DEFERRED OUTFLOWS OF RESOURCES:</b>		
	Deferred Outflow Related to Pensions	7,265,414
	Deferred Outflow Related to OPEB	2,802,317
1700	Total Deferred Outflows of Resources	<u>10,067,731</u>
<b>LIABILITIES:</b>		
2110	Accounts Payable	509,515
2165	Accrued Liabilities	2,596,123
2180	Due to Other Governments	1,426
2300	Unearned Revenue	103,636
	Noncurrent Liabilities:	
2501	Due Within One Year	1,410,000
2502	Due in More Than One Year	44,783,431
2540	Net Pension Liability	14,954,926
2545	Net OPEB Liability	19,613,389
2000	Total Liabilities	<u>83,972,446</u>
<b>DEFERRED INFLOWS OF RESOURCES:</b>		
	Deferred Inflow Related to Pensions	2,624,085
	Deferred Inflow Related to OPEB	8,485,043
2600	Total Deferred Inflows of Resources	<u>11,109,128</u>
<b>NET POSITION:</b>		
3200	Net Investment in Capital Assets	37,753,159
	Restricted For:	
3820	State and Federal Programs	390,588
3850	Debt Service	1,170,838
3860	Capital Projects	1,642,589
3870	Campus Activities	836,959
3900	Unrestricted	(18,685,059)
3000	Total Net Position	<u>\$ 23,109,074</u>

The accompanying notes are an integral part of this statement.

**FLOUR BLUFF INDEPENDENT SCHOOL DISTRICT**  
**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED AUGUST 31, 2020**

Data Control Codes	Functions/Programs	1  Expenses	3  Charges for Services	4 Program Revenues		Net (Expense) Revenue and Changes in Net Position
				Operating Grants and Contributions	Governmental Activities	
	Governmental Activities:					
11	Instruction	\$ 35,561,121	\$ 21,367	\$ 3,753,295	\$ (31,786,459)	
12	Instructional Resources and Media Services	734,890	9,425	124,492	(600,973)	
13	Curriculum and Staff Development	295,806	22	121,526	(174,258)	
21	Instructional Leadership	1,518,077	186	107,028	(1,410,863)	
23	School Leadership	3,180,705	22,547	357,447	(2,800,711)	
31	Guidance, Counseling, & Evaluation Services	2,025,501	473	566,203	(1,458,825)	
32	Social Work Services	132,821	10	5,640	(127,171)	
33	Health Services	492,052	156	40,608	(451,288)	
34	Student Transportation	2,151,502	326	184,618	(1,966,558)	
35	Food Service	2,916,730	637,255	1,839,084	(440,391)	
36	Cocurricular/Extracurricular Activities	2,087,388	260,004	44,281	(1,783,103)	
41	General Administration	1,803,909	283	162,471	(1,641,155)	
51	Facilities Maintenance and Operations	7,117,096	1,147	726,851	(6,389,098)	
52	Security and Monitoring Services	860,428	119	159,422	(700,887)	
53	Data Processing Services	1,125,188	180	107,232	(1,017,776)	
61	Community Services	70,762	9	19,698	(51,055)	
72	Interest on Long-term Debt	2,094,826	--	56,097	(2,038,729)	
73	Bond Issuance Costs and Fees	528,605	--	--	(528,605)	
93	Payments Related to Shared Services Arrangements	95,274	--	95,318	44	
95	Payments to Juvenile Justice Alternative Ed. Programs	171,007	31	17,296	(153,680)	
99	Other Intergovernmental Charges	384,183	--	--	(384,183)	
TG	Total Governmental Activities	65,347,871	953,540	8,488,607	(55,905,724)	
TP	Total Primary Government	\$ 65,347,871	\$ 953,540	\$ 8,488,607	(55,905,724)	
	General Revenues:					
MT	Property Taxes, Levied for General Purposes				31,443,131	
DT	Property Taxes, Levied for Debt Service				3,190,189	
IE	Investment Earnings				505,478	
GC	Grants and Contributions Not Restricted to Specific Programs				17,703,902	
MI	Miscellaneous				382,621	
TR	Total General Revenues				53,225,321	
CN	Change in Net Position				(2,680,403)	
NB	Net Position - Beginning				25,789,477	
NE	Net Position - Ending				\$ 23,109,074	

The accompanying notes are an integral part of this statement.

**FLOUR BLUFF INDEPENDENT SCHOOL DISTRICT**  
**BALANCE SHEET - GOVERNMENTAL FUNDS**  
**AUGUST 31, 2020**

Data Control Codes	10 General Fund	60 Capital Projects Fund	Other Governmental Funds	98 Total Governmental Funds
<b>ASSETS:</b>				
1110 Cash and Cash Equivalents	\$ 17,400,273	\$ 2,048,861	\$ 1,160,520	\$ 20,609,654
1120 Current Investments	999,032	--	--	999,032
1225 Taxes Receivable, Net	791,403	--	68,024	859,427
1240 Due from Other Governments	1,098,029	--	1,182,368	2,280,397
1260 Due from Other Funds	917,547	--	173	917,720
1290 Other Receivables	2,851	--	--	2,851
1300 Inventories	15,255	--	152,433	167,688
1410 Unrealized Expenditures	996,661	--	--	996,661
1000 Total Assets	<u>\$ 22,221,051</u>	<u>\$ 2,048,861</u>	<u>\$ 2,563,518</u>	<u>\$ 26,833,430</u>
<b>LIABILITIES:</b>				
Current Liabilities:				
2110 Accounts Payable	\$ 62,631	\$ 406,272	\$ 31,198	\$ 500,101
2150 Payroll Deductions & Withholdings	59,790	--	--	59,790
2160 Accrued Wages Payable	2,174,205	--	--	2,174,205
2170 Due to Other Funds	172	--	3,719	3,891
2180 Due to Other Governments	1,426	--	--	1,426
2300 Unearned Revenue	52,749	--	50,887	103,636
2000 Total Liabilities	<u>2,350,973</u>	<u>406,272</u>	<u>85,804</u>	<u>2,843,049</u>
<b>DEFERRED INFLOWS OF RESOURCES:</b>				
Deferred Revenue	791,403	--	68,023	859,426
2600 Total Deferred Inflows of Resources	<u>791,403</u>	<u>--</u>	<u>68,023</u>	<u>859,426</u>
<b>FUND BALANCES:</b>				
Nonspendable Fund Balances:				
3410 Inventories	32,694	--	152,434	185,128
3430 Prepaid Items	1,038,307	--	--	1,038,307
Restricted Fund Balances:				
3450 Federal/State Funds Grant Restrictions	--	--	238,154	238,154
3480 Retirement of Long-Term Debt	--	--	1,170,838	1,170,838
3490 Other Restrictions of Fund Balance	--	--	848,265	848,265
Committed Fund Balances:				
3510 Construction	--	1,642,589	--	1,642,589
3540 Self-Insurance	200,000	--	--	200,000
Assigned Fund Balances:				
3550 Construction	4,000,000	--	--	4,000,000
3570 Capital Expenditures for Equipment	1,041,831	--	--	1,041,831
3590 Other Assigned Fund Balance	525,657	--	--	525,657
3600 Unassigned	12,240,186	--	--	12,240,186
3000 Total Fund Balances	<u>19,078,675</u>	<u>1,642,589</u>	<u>2,409,691</u>	<u>23,130,955</u>
Total Liabilities, Deferred Inflow of Resources and Fund Balances	<u>\$ 22,221,051</u>	<u>\$ 2,048,861</u>	<u>\$ 2,563,518</u>	<u>\$ 26,833,430</u>
4000				

The accompanying notes are an integral part of this statement.

**FLOUR BLUFF INDEPENDENT SCHOOL DISTRICT**  
**RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET**  
**TO THE STATEMENT OF NET POSITION**  
**AUGUST 31, 2020**

Total fund balances - governmental funds balance sheet	\$ 23,130,955
Amounts reported for governmental activities in the Statement of Net Position ("SNP") are different because:	
Capital assets used in governmental activities are not reported in the funds.	80,855,484
Property taxes receivable unavailable to pay for current period expenditures are deferred in the funds.	859,426
The assets and liabilities of internal service funds are included in governmental activities in the SNP.	66,353
Payables for bond principal which are not due in the current period are not reported in the funds.	(45,169,986)
Other long-term liabilities which are not due and payable in the current period are not reported in the funds.	(259,698)
Other long-term assets are not available to pay for current period expenditures and are deferred in the funds.	940,029
Recognition of the District's proportionate share of the net pension liability is not reported in the funds.	(14,954,926)
Deferred Resource Inflows related to the pension plan are not reported in the funds.	(2,624,085)
Deferred Resource Outflows related to the pension plan are not reported in the funds.	7,265,414
The accumulated accretion of interest on capital appreciation bonds is not reported in the funds.	(1,472,215)
Bond premiums are amortized in the SNA but not in the funds.	(231,561)
Recognition of the District's proportionate share of the net OPEB liability is not reported in the funds.	(19,613,389)
Deferred Resource Inflows related to the OPEB plan are not reported in the funds.	(8,485,043)
Deferred Resource Outflows related to the OPEB plan are not reported in the funds.	2,802,317
Rounding difference	(1)
Net position of governmental activities - Statement of Net Position	\$ <u>23,109,074</u>

The accompanying notes are an integral part of this statement.

**FLOUR BLUFF 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	60 Capital Projects Fund	Other Governmental Funds	98 Total Governmental Funds
<b>REVENUES:</b>				
5700 <i>Local and Intermediate Sources</i>	\$ 31,655,708	\$ 20,316	\$ 4,389,069	\$ 36,065,093
5800 <i>State Program Revenues</i>	17,905,172	--	575,287	18,480,459
5900 <i>Federal Program Revenues</i>	1,098,604	--	4,153,275	5,251,879
5020 <i>Total Revenues</i>	<u>50,659,484</u>	<u>20,316</u>	<u>9,117,631</u>	<u>59,797,431</u>
<b>EXPENDITURES:</b>				
Current:				
0011 <i>Instruction</i>	28,419,694	--	1,842,556	30,262,250
0012 <i>Instructional Resources and Media Services</i>	542,156	--	93,700	635,856
0013 <i>Curriculum and Staff Development</i>	159,321	--	109,114	268,435
0021 <i>Instructional Leadership</i>	1,296,322	--	1,330	1,297,652
0023 <i>School Leadership</i>	2,570,730	--	153,892	2,724,622
0031 <i>Guidance, Counseling, &amp; Evaluation Services</i>	1,248,240	--	478,227	1,726,467
0032 <i>Social Work Services</i>	113,747	--	--	113,747
0033 <i>Health Services</i>	421,683	--	239	421,922
0034 <i>Student Transportation</i>	1,819,265	--	--	1,819,265
0035 <i>Food Service</i>	46,398	--	2,562,691	2,609,089
0036 <i>Cocurricular/Extracurricular Activities</i>	1,457,800	--	417,034	1,874,834
0041 <i>General Administration</i>	1,583,829	--	1,900	1,585,729
0051 <i>Facilities Maintenance and Operations</i>	6,448,606	--	76,357	6,524,963
0052 <i>Security and Monitoring Services</i>	662,965	--	92,118	755,083
0053 <i>Data Processing Services</i>	1,005,632	--	5,344	1,010,976
0061 <i>Community Services</i>	46,980	--	14,795	61,775
0071 <i>Principal on Long-term Debt</i>	--	--	1,050,000	1,050,000
0072 <i>Interest on Long-term Debt</i>	--	--	2,104,894	2,104,894
0073 <i>Bond Issuance Costs and Fees</i>	--	--	528,605	528,605
0081 <i>Capital Outlay</i>	--	2,297,494	--	2,297,494
0093 <i>Payments to Shared Service Arrangements</i>	--	--	95,274	95,274
0095 <i>Payments to Juvenile Justice Alternative</i>	--	--	--	--
0095 <i>Education Programs</i>	171,007	--	--	171,007
0099 <i>Other Intergovernmental Charges</i>	384,183	--	--	384,183
6030 <i>Total Expenditures</i>	<u>48,398,558</u>	<u>2,297,494</u>	<u>9,628,070</u>	<u>60,324,122</u>
1100 <i>Excess (Deficiency) of Revenues Over (Under)</i>				
1100 <i>Expenditures</i>	<u>2,260,926</u>	<u>(2,277,178)</u>	<u>(510,439)</u>	<u>(526,691)</u>
Other Financing Sources and (Uses):				
7911 <i>Capital-Related Debt Issued (Regular Bonds)</i>	--	--	42,809,986	42,809,986
7915 <i>Transfers In</i>	--	1,950,000	150,000	2,100,000
7916 <i>Premium or Discount on Issuance of Bonds</i>	--	--	4,287,674	4,287,674
8911 <i>Transfers Out</i>	(2,175,000)	--	--	(2,175,000)
8949 <i>Other Uses</i>	--	--	(46,565,488)	(46,565,488)
7080 <i>Total Other Financing Sources and (Uses)</i>	<u>(2,175,000)</u>	<u>1,950,000</u>	<u>682,172</u>	<u>457,172</u>
1200 <i>Net Change in Fund Balances</i>	<u>85,926</u>	<u>(327,178)</u>	<u>171,733</u>	<u>(69,519)</u>
0100 <i>Fund Balances - Beginning</i>	18,992,749	1,969,767	2,237,958	23,200,474
3000 <i>Fund Balances - Ending</i>	<u>\$ 19,078,675</u>	<u>\$ 1,642,589</u>	<u>\$ 2,409,691</u>	<u>\$ 23,130,955</u>

The accompanying notes are an integral part of this statement.



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

Net change in fund balances - total governmental funds \$ (69,519)

Amounts reported for governmental activities in the Statement of Activities  
("SOA") are different because:

Capital outlays are not reported as expenses in the SOA.	2,337,941
The depreciation of capital assets used in governmental activities is not reported in the funds.	(3,563,084)
Certain property tax revenues are deferred in the funds. This is the change in these amounts this year.	409,868
Repayment of bond principal is an expenditure in the funds but is not an expense in the SOA.	47,615,488
The net revenue (expense) of internal service funds is reported with governmental activities.	(257,082)
Compensated absences are reported as the amount earned in the SOA but as the amount paid in the funds.	(31,167)
Proceeds of long-term debt is recognized as other financial resources in the funds but not revenue in the SOA.	(47,097,660)
Bond premiums are reported in the funds but not in the SOA.	10,068
Pension expense relating to GASB 68 is recorded in the SOA but not in the funds.	(1,740,005)
OPEB expense relating to GASB 75 is recorded in the SOA but not in the funds.	(295,249)
Rounding difference	(2)

Change in net position of governmental activities - Statement of Activities \$ (2,680,403)

The accompanying notes are an integral part of this statement.

**FLOUR BLUFF INDEPENDENT SCHOOL DISTRICT**  
**STATEMENT OF NET POSITION**  
**INTERNAL SERVICE FUNDS**  
**AUGUST 31, 2020**

Data Control Codes		Internal Service Funds
	<b>ASSETS:</b>	
	Current Assets:	
1110	Cash and Cash Equivalents	\$ 848,055
	Receivables:	
1290	Other Receivables (net)	484,868
	Total Current Assets	<u>1,332,923</u>
	Noncurrent Assets:	
	Capital Assets:	
1530	Furniture and Equipment	322,529
1570	Accumulated Depreciation	<u>(303,729)</u>
	Total Noncurrent Assets	18,800
1000	Total Assets	<u>1,351,723</u>
	<b>LIABILITIES:</b>	
	Current Liabilities:	
2110	Accounts Payable	9,414
2123	Other Liabilities	362,128
2170	Due to Other Funds	913,828
	Total Current Liabilities	<u>1,285,370</u>
2000	Total Liabilities	<u>1,285,370</u>
	<b>NET POSITION:</b>	
3900	Unrestricted	66,353
3000	Total Net Position	<u>\$ 66,353</u>

The accompanying notes are an integral part of this statement.

**FLOUR BLUFF INDEPENDENT SCHOOL DISTRICT**  
**STATEMENT OF REVENUES, EXPENSES, AND CHANGES**  
**IN FUND NET POSITION - INTERNAL SERVICE FUNDS**  
**FOR THE YEAR ENDED AUGUST 31, 2020**

Data Control Codes		Internal Service Funds
	<b>OPERATING REVENUES:</b>	
5700	<i>Local and Intermediate Sources</i>	\$ 5,900,795
5020	Total Revenues	<u>5,900,795</u>
	<b>OPERATING EXPENSES:</b>	
6100	<i>Payroll Costs</i>	114,836
6200	<i>Professional and Contracted Services</i>	141,262
6300	<i>Supplies and Materials</i>	34,618
6400	<i>Other Operating Costs</i>	<u>5,942,161</u>
6030	Total Expenses	<u>6,232,877</u>
	Income (Loss) before Contributions and Transfers	(332,082)
7915	<i>Transfers In</i>	175,000
8911	<i>Transfers Out</i>	<u>(100,000)</u>
1300	Change in Net Position	(257,082)
0100	Total Net Position - Beginning	323,435
3300	Total Net Position - Ending	<u>\$ 66,353</u>

The accompanying notes are an integral part of this statement.

**FLOUR BLUFF INDEPENDENT SCHOOL DISTRICT**  
**STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUNDS**  
**FOR THE YEAR ENDED AUGUST 31, 2020**

	Internal Service Funds
<b>Cash Flows from Operating Activities:</b>	
Cash Received from Customers	\$ --
Cash Received from Grants	--
Cash Receipts (Payments) for Quasi-external Operating Transactions with Other Funds	6,703,765
Cash Payments to Employees for Services	(114,836)
Cash Payments to Other Suppliers for Goods and Services	(6,053,567)
Cash Payments for Grants to Other Organizations	--
Other Operating Cash Receipts (Payments)	--
Net Cash Provided (Used) by Operating Activities	<u>535,362</u>
<b>Cash Flows from Non-capital Financing Activities:</b>	
Proceeds (Payments) from (for) Borrowings	--
Operating Grants Received	--
Transfers From (To) Primary Government	75,000
Transfers From (To) Other Funds	--
Net Cash Provided (Used) by Non-capital Financing Activities	<u>75,000</u>
<b>Cash Flows from Capital and Related Financing Activities:</b>	
Contributed Capital	--
Net Cash Provided (Used) for Capital & Related Financing Activities	<u>--</u>
<b>Cash Flows from Investing Activities:</b>	
Interest and Dividends on Investments	--
Net Cash Provided (Used) for Investing Activities	<u>--</u>
Net Increase (Decrease) in Cash and Cash Equivalents	610,362
Cash and Cash Equivalents at Beginning of Year	237,693
Cash and Cash Equivalents at End of Year	<u>\$ 848,055</u>
<b>Reconciliation of Operating Income to Net Cash Provided by Operating Activities:</b>	
Operating Income (Loss)	\$ (257,082)
Adjustments to Reconcile Operating Income to Net Cash	
Provided by Operating Activities	734
Depreciation	--
Provision for Uncollectible Accounts	--
Change in Assets and Liabilities:	
Decrease (Increase) in Receivables	802,970
Increase (Decrease) in Accounts Payable	30,253
Increase (Decrease) in Interfund Payables	33,487
Total Adjustments	<u>867,444</u>
Net Cash Provided (Used) by Operating Activities	<u>\$ 610,362</u>

The accompanying notes are an integral part of this statement.

**FLOUR BLUFF INDEPENDENT SCHOOL DISTRICT**  
**STATEMENT OF FIDUCIARY NET POSITION**  
**FIDUCIARY FUNDS**  
**AUGUST 31, 2020**

Data Control Codes		Custodial Fund
		Student Activity
	<b>ASSETS:</b>	
1110	<i>Cash and Cash Equivalents</i>	\$ 101,835
1000	Total Assets	<u>101,835</u>
	<b>LIABILITIES:</b>	
	Current Liabilities:	
2190	<i>Due to Student Groups</i>	<u>101,835</u>
2000	Total Liabilities	<u>101,835</u>
	<b>NET POSITION:</b>	
3000	Total Net Position	\$ <u><u>--</u></u>

The accompanying notes are an integral part of this statement.

**FLOUR BLUFF INDEPENDENT SCHOOL DISTRICT**  
*NOTES TO THE FINANCIAL STATEMENTS*  
*FOR THE YEAR ENDED AUGUST 31, 2020*

**A. Summary of Significant Accounting Policies**

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

**1. Reporting Entity**

The Board of School Trustees ("Board"), a seven-member group, has governance responsibilities over all activities related to public elementary and secondary education within the jurisdiction of the District. The Board is elected by the public and has the exclusive power and duty to govern and oversee the management of the public schools of the District. All powers and duties not specifically delegated by statute to the Texas Education Agency ("TEA") or to the State Board of Education are reserved for the Board, and the TEA may not substitute its judgment for the lawful exercise of those powers and duties by the Board. The District receives funding from local, state and federal government sources and must comply with the requirements of those funding entities. However, the District is not included in any other governmental reporting entity and there are no component units included within the District's reporting entity.

**2. Basis of Presentation, Basis of Accounting**

**a. Basis of Presentation**

**Government-wide Financial Statements:** The statement of net position and the statement of activities include the financial activities of the overall government, except for fiduciary activities. Eliminations have been made to minimize the double-counting of internal activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange transactions.

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

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

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

The District reports the following major governmental funds:

**General Fund:** This is the District's primary operating fund. It accounts for all financial resources of the District except those required to be accounted for in another fund.

**Capital Projects Fund:** This fund accounts for the bond proceeds and the related expenditures for the various projects approved in the bond issue.

**FLOUR BLUFF INDEPENDENT SCHOOL DISTRICT**  
*NOTES TO THE FINANCIAL STATEMENTS*  
*FOR THE YEAR ENDED AUGUST 31, 2020*

In addition, the District reports the following fund types:

**Internal Service Funds:** These funds are used to account for revenues and expenses related to services provided to parties inside the District. These funds facilitate distribution of support costs to the users of support services on a cost-reimbursement basis. Because the principal users of the internal services are the District's governmental activities, this fund type is included in the "Governmental Activities" column of the government-wide financial statements.

**Custodial Funds:** These funds are used to report student activity funds and other resources held in a purely custodial capacity (assets equal liabilities). Custodial funds typically involve only the receipt, temporary investment, and remittance of fiduciary resources to individuals, private organizations, or other governments.

Fiduciary funds are reported in the fiduciary fund financial statements. However, because their assets are held in a trustee or agent capacity and are therefore not available to support District programs, these funds are not included in the government-wide statements.

b. **Measurement Focus, Basis of Accounting**

**Government-wide, Proprietary, and Fiduciary Fund Financial Statements:** These financial statements are reported using the economic resources measurement focus. The government-wide and proprietary fund financial statements are reported using the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Nonexchange transactions, in which the District gives (or receives) value without directly receiving (or giving) equal value in exchange, include property taxes, grants, entitlements, and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

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

When the District incurs an expenditure or expense for which both restricted and unrestricted resources may be used, it is the District's policy to use restricted resources first, then unrestricted resources.

3. **Financial Statement Amounts**

a. **Cash and Cash Equivalents**

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

**FLOUR BLUFF INDEPENDENT SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED AUGUST 31, 2020**

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 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 1 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 when they become due or past due and receivable within the current period.

	General Fund	Debt Service Fund	Total
Delinquent Taxes	\$ 1,296,192	\$ 111,412	\$ 1,407,604
Allowance	(504,789)	(43,388)	(548,177)
Net Taxes	\$ 791,403	\$ 68,024	\$ 859,427

Allowances for uncollectible tax receivables within the General and Debt Service Funds are based upon 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.

c. Inventories and Prepaid Items

The District records purchases of supplies as expenditures, utilizing the purchase method of accounting for inventory in accordance with the Resource Guide.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items.

d. Capital Assets

Purchased or constructed capital assets are reported at cost or estimated historical cost. Donated capital assets are recorded at their estimated fair value at the date of the donation. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized. A capitalization threshold of \$5,000 is used.

Capital assets are being depreciated using the straight-line method over the following estimated useful lives:

<u>Asset Class</u>	<u>Estimated Useful Lives</u>
Buildings	25-100
Building Improvements	20
Vehicles	10
Office Equipment	3-15
Computer Equipment	3-15

e. Deferred Outflows and Inflows of Resources

In addition to assets, the statements of financial position (the government-wide Statement of Net Position and governmental funds balance sheet) will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position and/or fund balance that applies to one or more future periods and so will not be recognized as an outflow of resources (expense/expenditure) until then.



**FLOUR BLUFF INDEPENDENT SCHOOL DISTRICT**  
*NOTES TO THE FINANCIAL STATEMENTS*  
*FOR THE YEAR ENDED AUGUST 31, 2020*

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

f. Receivable and Payable Balances

The District believes that sufficient detail of receivable and payable balances is provided in the financial statements to avoid the obscuring of significant components by aggregation. Therefore, no disclosure is provided which disaggregates those balances.

There are no significant receivables which are not scheduled for collection within one year of year end.

g. Compensated Absences

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

h. Interfund Activity

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

i. Use of Estimates

The preparation of financial statements in conformity with GAAP requires the use of management's estimates.

j. Data Control Codes

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

k. Fund Balances - Governmental Funds

Fund balances of the governmental funds are classified as follows:

Nonspendable Fund Balance - represents amounts that cannot be spent because they are either not in spendable form (such as inventory or prepaid insurance) or legally required to remain intact (such as notes receivable or principal of a permanent fund).

Restricted Fund Balance - represents amounts that are constrained by external parties, constitutional provisions or enabling legislation.

**FLOUR BLUFF INDEPENDENT SCHOOL DISTRICT**  
*NOTES TO THE FINANCIAL STATEMENTS*  
*FOR THE YEAR ENDED AUGUST 31, 2020*

Committed Fund Balance - represents amounts that can only be used for a specific purpose because of a formal action by the District's Board of Trustees. Committed amounts cannot be used for any other purpose unless the Board of Trustees removes those constraints by taking the same type of formal action. Committed fund balance amounts may be used for other purposes with appropriate due process by the Board of Trustees. Commitments are typically done through adoption and amendment of the budget. Committed fund balance amounts differ from restricted balances in that the constraints on their use do not come from outside parties, constitutional provisions, or enabling legislation.

Assigned Fund Balance - represents amounts which the District intends to use for a specific purpose, but that do not meet the criteria to be classified as restricted or committed. Intent may be stipulated by the Board of Trustees or by an official or body to which the Board of Trustees delegates the authority. Specific amounts that are not restricted or committed in a special revenue, capital projects, debt service or permanent fund are assigned for purposes in accordance with the nature of their fund type or the fund's primary purpose. Assignments within the general fund convey that the intended use of those amounts is for a specific purpose that is narrower than the general purposes of the District itself.

Unassigned Fund Balance - represents amounts which are unconstrained in that they may be spent for any purpose. Only the general fund reports a positive unassigned fund balance. Other governmental funds might report a negative balance in this classification because of overspending for specific purposes for which amounts had been restricted, committed or assigned.

**l. Net Position Flow Assumption**

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

**m. Fund Balance Flow Assumptions**

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

**4. 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.

**FLOUR BLUFF INDEPENDENT SCHOOL DISTRICT**  
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5. Other Post-Employment Benefits

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

6. Implementation of New Standards

In the current fiscal year, the District implemented the following new standards. The applicable provisions of the new standards are summarized below. Implementation is reflected in the financial statements and the notes to the financial statements.

*GASB 88 - Certain Disclosures Related to Debt, Including Direct Borrowing and Direct Placements*

The primary objective of this statement is to improve the information that is disclosed in notes to government financial statements related to debt, including direct borrowings and direct placements. It also clarifies which liabilities governments should include when disclosing information related to debt.

This statement defines debt for purposes of disclosure in notes to financial statements as a liability that arises from a contractual obligation to pay cash (or other assets that may be used in lieu of cash) in one or more payments to settle an amount that is fixed at the date the contractual obligation is established. This statement requires that additional essential information related to debt be disclosed in notes to financial statements, including unused lines of credit; assets pledged as collateral for the debt; and terms specified in debt agreements related to significant events of default with finance-related consequences, significant termination events with finance-related consequences, and significant subjective acceleration clauses.

For notes to financial statements related to debt, this Statement also requires that existing and additional information be provided for direct borrowings and direct placements of debt separately from other debt.

*GASB Statement No. 83, Certain Asset Retirement Obligations*

This statement addresses accounting and financial reporting for certain asset retirement obligations (AROs). An ARO is a legally enforceable liability associated with the retirement of a tangible capital asset. A government that has legal obligations to perform future asset retirement activities related to its tangible capital assets should recognize a liability based on the guidance in this statement.

The District does not currently have any AROs and does not expect that implementation of the pronouncement will have an impact on the financial statements.

*GASB Statement No. 92, Omnibus 2020*

Although the effective date for the majority of GASB Statement No. 92, Omnibus 2020 has been postponed by GASB Statement No. 95 for one year, the District has adopted paragraph 11 of Statement 92 with respect to reinsurance recoveries. Paragraph 11 states that "amounts that (a) are recoverable from reinsurers or excess insurers and (b) relate to paid claims and claim adjustment expenses may be reported as reductions of expenses but are not required to be. The District has also adopted paragraph 13 of Statement 92 in regards to changing all uses of the terms *derivative* and *derivatives* in existing standards to *derivative instrument* and *derivative instruments*, respectively. The provisions in paragraphs 11 and 13 were excluded from the scope of Statement 95 because paragraph 11 retains the reporting option, and thus only clarifies that an option exists, and paragraph 13 imposes no burden on the District. As such, this statement does not impact the District.

**FLOUR BLUFF INDEPENDENT SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED AUGUST 31, 2020**

GASB Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans - an Amendment of GASB Statements No. 14 and No. 84*, and a Supersession of GASB Statement No. 32.

The District has adopted paragraphs 4 and 5 of GASB Statement No. 92. Paragraph 4 states that for purposes of determining whether a primary government is financially accountable for a potential component unit, except for a potential component unit that is a defined contribution pension plan, a defined contribution OPEB plan, or an other employee benefit plan (for example, certain Section 457 plans), if the primary government performs the duties that a governing board typically would perform, the absence of a governing board should be treated the same as the appointment of a voting majority of a governing board. Paragraph 5 states that the financial burden criterion in paragraph 7 of Statement 84 is applicable to only defined benefit pension plans and defined benefit OPEB plans that are administered through trusts that meet the criteria in paragraph 3 of Statement No. 67, *Financial Reporting for Pension Plans*, or paragraph 3 of Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, respectively. The requirements in paragraphs 6 - 9 of this Statement are effective for fiscal years beginning after June 15, 2021. All other requirements of this Statement are effective for reporting periods beginning after June 15, 2021.

7. Future Implementation of New Standards

In order to provide temporary relief to governments and other stakeholders in light of the COVID-19 pandemic, GASB Statement No. 95, *Postponement of the Effective Dates of Certain Authoritative Guidance* is currently in effect to postpone the effective dates of certain provisions in Statements that first became effective or are scheduled to become effective for periods beginning after June 15, 2018 and later.

The effective dates for the following pronouncements are postponed by one year:

Statement No. 84, *Fiduciary Activities*

Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*

Statement No. 90, *Majority Equity Interests*

Statement No. 91, *Conduit Debt Obligations*

Statement No. 92, *Omnibus 2020*

Statement No. 93, *Replacement of Interbank Offered Rates*

The effective dates for the following pronouncements are postponed by 18 months:

Statement No. 87, *Leases*

B. Compliance and Accountability

1. Finance-Related Legal and Contractual Provisions

In accordance with GASB Statement No. 38, "Certain Financial Statement Note Disclosures," violations of finance-related legal and contractual provisions, if any, are reported below, along with actions taken to address such violations:

<u>Violation</u>	<u>Action Taken</u>
None reported	Not applicable

2. Deficit Fund Balance or Fund Net Position of Individual Funds

Following are funds having deficit fund balances or fund net position at year end, if any, along with remarks which address such deficits:

**FLOUR BLUFF INDEPENDENT SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED AUGUST 31, 2020**

<u>Fund Name</u>	<u>Deficit Amount</u>	<u>Remarks</u>
None reported	Not applicable	Not applicable

**C. Deposits and Investments**

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

**1. Cash Deposits:**

At August 31, 2020, the carrying amount of the District's deposits (cash, certificates of deposit, and interest-bearing savings accounts included in temporary investments) was \$2,719,207 and the bank balance was \$3,389,671. The District's cash deposits at August 31, 2020 and during the year ended August 31, 2020, were entirely covered by FDIC insurance or by pledged collateral held by the District's agent bank in the District's name.

**2. Investments:**

The District is required by Government Code Chapter 2256, The Public Funds Investment Act, to adopt, implement, and publicize an investment policy. That policy must address the following areas: (1) safety of principal and liquidity, (2) portfolio diversification, (3) allowable investments, (4) acceptable risk levels, (5) expected rates of return, (6) maximum allowable stated maturity of portfolio investments, (7) maximum average dollar-weighted maturity allowed based on the stated maturity date for the portfolio, (8) investment staff quality and capabilities, and (9) bid solicitation preferences for certificates of deposit.

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

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

<u>Investment or Investment Type</u>	<u>Maturity</u>	<u>Fair Value</u>
<u>The Following investments were included in Cash &amp; Cash Equivalents:</u>		
Lone Star	AAA	\$ 18,840,340
Investments Include		
Commercial Paper	A1	\$ 999,032

**3. Analysis of Specific Deposit and Investment Risks**

GASB Statement No. 40 requires a determination as to whether the District was exposed to the following specific investment risks at year end and if so, the reporting of certain related disclosures:

**FLOUR BLUFF INDEPENDENT SCHOOL DISTRICT**  
*NOTES TO THE FINANCIAL STATEMENTS*  
*FOR THE YEAR ENDED AUGUST 31, 2020*

a. Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The ratings of securities by nationally recognized rating agencies are designed to give an indication of credit risk. At year end, the District was not significantly exposed to credit risk.

b. Custodial Credit Risk

Deposits are exposed to custodial credit risk if they are not covered by depository insurance and the deposits are uncollateralized, collateralized with securities held by the pledging financial institution, or collateralized with securities held by the pledging financial institution's trust department or agent but not in the District's name.

Investment securities are exposed to custodial credit risk if the securities are uninsured, are not registered in the name of the government, and are held by either the counterparty or the counterparty's trust department or agent but not in the District's name.

At year end, the District was not exposed to custodial credit risk.

c. Concentration of Credit Risk

This risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. At year end, the District was not exposed to concentration of credit risk.

d. Interest Rate Risk

This is the risk that changes in interest rates will adversely affect the fair value of an investment. At year end, the District was not exposed to interest rate risk.

e. Foreign Currency Risk

This is the risk that exchange rates will adversely affect the fair value of an investment. At year end, the District was not exposed to foreign currency risk.

Investment Accounting Policy

The District's general policy is to report money market investments and short-term participating interest-earning investment contracts at amortized cost and to report nonparticipating interest-earning investment contracts using a cost-based measure. However, if the fair value of an investment is significantly affected by the impairment of the credit standing of the issuer or by other factors, it is reported at fair value. All other investments are reported at fair value unless a legal contract exists which guarantees a higher value. The term "short-term" refers to investments which have a remaining term of one year or less at time of purchase. The term "nonparticipating" means that the investment's value does not vary with market interest rate changes. Nonnegotiable certificates of deposit are examples of nonparticipating interest-earning investment contracts.

Public Funds Investment Pools

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

The District's investments in Pools are reported at an amount determined by the fair value per share of the pool's underlying portfolio, unless the pool is 2a7-like, in which case they are reported at share value. A 2a7-like pool is one which is not registered with the Securities and Exchange Commission ("SEC") as an investment company, but nevertheless has a policy that it will, and does, operate in a manner consistent with the SEC's Rule 2a7 of the Investment Company Act of 1940.

**FLOUR BLUFF INDEPENDENT SCHOOL DISTRICT**  
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Lone Star

The Lone Star Investment Pool (Lone Star) is a public funds investment pool created pursuant to the Interlocal Cooperation Act, Texas Government Code, Chapter 791, and the Public Funds Investment Act, Texas Government Code, Chapter 2256. Lone Star is administered by First Public, a subsidiary of the Texas Association of School Boards (TASB), with Standish and American Beacon Advisors managing the investment and reinvestment of Lone Star's assets. State Street Bank provides custody and valuation services to Lone Star. All of the board of trustees' eleven members are Lone Star participants by either being employees or elected officials of a participant. Lone Star has established an advisory board composed of both pool members and non-members. Lone Star is rated AAA by Standard and Poor's and operated in a manner consistent with the SEC's Rule 2a7 of the Investment Company Act of 1940. The District is invested in the Government Overnight Fund of Lone Star which seeks to maintain a net asset value of one dollar. Lone Star has 3 different funds: Government Overnight, Corporate Overnight and Corporate Overnight Plus. Government Overnight, Corporate Overnight and Corporate Overnight Plus maintain a net asset value of one dollar.

**D. Capital Assets**

Capital asset activity for the year ended August 31, 2020, was as follows:

	Beginning Balances	Increases	Decreases	Ending Balances
<b>Governmental activities:</b>				
<i>Capital assets not being depreciated:</i>				
Land	\$ 2,130,257	\$ --	\$ --	\$ 2,130,257
Construction in progress	6,843,521	2,110,743	6,964,726	1,989,538
Total capital assets not being depreciated	8,973,778	2,110,743	6,964,726	4,119,795
<i>Capital assets being depreciated:</i>				
Buildings and improvements	96,238,307	6,941,429	--	103,179,736
Equipment	4,549,057	208,189	--	4,757,246
Vehicles	5,256,670	42,306	--	5,298,976
Total capital assets being depreciated	106,044,034	7,191,924	--	113,235,958
Less accumulated depreciation for:				
Buildings and improvements	(25,769,083)	(3,195,335)	--	(28,964,418)
Equipment	(3,315,361)	(181,555)	--	(3,496,916)
Vehicles	(3,852,741)	(186,194)	--	(4,038,935)
Total accumulated depreciation	(32,937,185)	(3,563,084)	--	(36,500,269)
Total capital assets being depreciated, net	73,106,849	3,628,840	--	76,735,689
Governmental activities capital assets, net	\$ 82,080,627	\$ 5,739,583	\$ 6,964,726	\$ 80,855,484
	Beginning Balances	Increases	Decreases	Ending Balances
<b>Business-type activities:</b>				
<i>Capital assets not being depreciated:</i>				
Land	\$ --	\$ --	\$ --	\$ --
Total capital assets not being depreciated	--	--	--	--
<i>Capital assets being depreciated:</i>				
Equipment	322,529	--	--	322,529
Total capital assets being depreciated	322,529	--	--	322,529
Less accumulated depreciation for:				
Equipment	(302,995)	(734)	--	(303,729)
Total accumulated depreciation	(302,995)	(734)	--	(303,729)
Total capital assets being depreciated, net	19,534	(734)	--	18,800
Business-type activities capital assets, net	\$ 19,534	\$ (734)	\$ --	\$ 18,800

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Depreciation was charged to functions as follows:

Instruction	\$ 2,004,023
Instructional Resources and Media Services	41,414
Curriculum and Staff Development	16,670
Instructional Leadership	85,550
School Leadership	179,246
Guidance, Counseling, & Evaluation Services	114,146
Social Work Services	7,485
Health Services	27,729
Student Transportation	186,194
Food Services	164,370
Extracurricular Activities	117,633
General Administration	101,658
Plant Maintenance and Operations	401,079
Security and Monitoring Services	48,489
Data Processing Services	63,409
Community Services	3,989
	<u>\$ 3,563,084</u>

**E. Interfund Balances and Activities**

**1. Due To and From Other Funds**

Balances due to and due from other funds at August 31, 2020, consisted of the following:

<u>Due To Fund</u>	<u>Due From Fund</u>	<u>Amount</u>	<u>Purpose</u>
General Fund	Other Governmental Funds	\$ 3,719	Short-term loans
General Fund	Internal Service Fund	913,828	Short-term loans
Other Governmental Funds	General Fund	173	Short-term loans
	Total	<u>\$ 917,720</u>	

All amounts due are scheduled to be repaid within one year.

**2. Transfers To and From Other Funds**

Transfers to and from other funds at August 31, 2020, consisted of the following:

<u>Transfers From</u>	<u>Transfers To</u>	<u>Amount</u>	<u>Reason</u>
General fund	Capital Projects Fund	\$ 1,950,000	Supplement other funds sources
General fund	Other Governmental Funds	150,000	Supplement other funds sources
General fund	Internal Service Fund	75,000	Supplement other funds sources
	Total	<u>\$ 2,175,000</u>	

**F. Long-Term Obligations**

The District has entered into a continuing disclosure undertaking to provide Annual Reports and Material Event Notices to the State Information Depository of Texas, which is the Municipal Advisory Council. This information is required under SEC Rule 15c2-12 to enable investors to analyze the financial condition and operations of the District.



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1. Long-Term Obligation Activity

Long-term obligations include debt and other long-term liabilities. Changes in long-term obligations for the year ended August 31, 2020, are as follows:

	Beginning Balance	Increases	Decreases	Ending Balance	Amounts Due Within One Year
<u>Governmental activities:</u>					
Governmental activities:					
2008 Unlimited Tax					
Refunding Bonds 3.5%-4%	\$ 635,000	\$	\$ 635,000	\$ --	\$ --
2013 Unlimited Tax School					
Building Bonds 3%-5%	45,585,000		43,225,000	2,360,000	1,150,000
2020 Unlimited Tax					
Refunding Bonds 1.65%-5%		41,290,000		41,290,000	260,000
2020 Capital Appreciation					
Bonds .832%-.994%		1,519,986		1,519,986	--
Total bond activities	46,220,000	42,809,986	43,860,000	45,169,986	1,410,000
Premium	241,629		10,068	231,561	--
Compensated absences *	228,531	31,167		259,698	--
Deferred loss on defeasance of bonds		(940,029)		(940,029)	
Accretion		1,472,215		1,472,215	
Total governmental activities	\$ 46,690,160	\$ 43,373,339	\$ 43,870,068	46,193,431	\$ 1,410,000
Due within one year				1,410,000	
Due in more than one year				\$ 44,783,431	

\* Other long-term liabilities

The funds typically used to liquidate other long-term liabilities in the past are as follows:

Liability	Activity Type	Fund
Net Pension Liability *	Governmental	
Compensated absences	Gpverm,emta;	
Claims and judgments	Business-type	

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2. Debt Service Requirements

Debt service requirements on long-term debt at August 31, 2020, are as follows:

Year Ending August 31,	Governmental Activities				
	Bonds		Notes from Direct Borrowings and Direct Placements		Total
	Principal	Interest	Principal	Interest	
2021	\$ 1,410,000	\$ 1,310,102	\$ --	\$ --	\$ --
2022	1,470,000	1,252,996	--	--	--
2023	837,560	1,886,936	--	--	--
2024	682,426	2,042,070	--	--	--
2025	1,540,000	1,179,496	--	--	--
2026-2030	8,945,000	4,661,230	--	--	--
2031-2035	10,700,000	2,908,620	--	--	--
2036-2040	11,800,000	1,792,368	--	--	--
2041-2045	7,785,000	384,335	--	--	--
2046-2050					
Totals	\$ 45,169,986	\$ 17,418,153	\$ --	\$ --	\$ --

3. Advance Refunding of Debt

GASB Statement No. 7, "Advance Refundings Resulting in Defeasance of Debt," provides that refunded debt and assets placed in escrow for the payment of related debt service be excluded from the financial statements. As of August 31, 2020, outstanding balances of bond issues that have been refunded and defeased in-substance by placing existing assets and the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments are as follows.

Bond Issue	Amount
2013	\$ 42,810,000
Total	<u>\$ 42,810,000</u>

On August 10, 2020, the District issued Series 2020 Refunding Bonds, Series 2020 totaling \$42,809,986 with interest rates ranging from 1.654% to 5.00% to advance refund a portion of the Series 2013 Bonds that were stated to mature on or after August 31, 2020. The net proceeds of the Refunding Bonds of \$46,569,855 (after payment of \$245,810 in issuance costs and \$281,995 in Underwriter's Discount) were used to purchase US Government Securities and were deposited in an irrevocable trust with an escrow agent with the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments. As a result, \$42,810,000 of Series 2013 bonds are considered to be defeased and the liability for those bonds has been removed from long-term debt. The District advance refunded the Series 2013 bonds to reduce its total debt service payments and to obtain Gross PV Debt Service Savings of \$8,926,773

G. Risk Management

The District is exposed to various risks of loss related to torts, theft, damage or destruction of assets, errors and omissions, injuries to employees, and natural disasters. During fiscal year 2020, the District purchased commercial insurance to cover general liabilities. There were no significant reductions in coverage in the past fiscal year and there were no settlements exceeding insurance coverage for each of the past three fiscal years.

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H. Pension Plan

1. 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.

2. 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 <https://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.

3. Benefits Provided

TRS provides service and disability retirement, as well as death and survivor benefits, to eligible employees (and their beneficiaries) of public and higher education in Texas. The pension formula is calculated using 2.3% (multiplier) times the average of the five highest annual creditable salaries times years of credited service to arrive at the annual standard annuity except for members who are grandfathered, the three highest annual salaries are used. The normal service retirement is at age 65 with 5 years of credited service or when the sum of the member's age and years of credited service equals 80 or more years. Early retirement is at age 55 with 5 years of service credit or earlier than 55 with 30 years of service credit. There are additional provisions for early retirement if the sum of the member's age and years of service credit total at least 80, but the member is less than age 60 or 62 depending on date of employment, or if the member was grandfathered in under a previous rule. There are no automatic 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 (1.) 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.

4. 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.

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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.

	<u>Contribution Rates</u>	
	2019	2020
Member	7.7%	7.7%
Non-Employer Contributing Entity (State)	6.8%	6.8%
Employers	6.8%	6.8%
District's 2019 Employer Contributions	\$ 1,349,930	
District's 2019 Member Contributions	\$ 2,676,243	
2019 NECE On-Behalf Contributions (state)	\$ 1,718,616	

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

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

- On the portion of the member's salary that exceeds the statutory minimum for members entitled to the statutory minimum under Section 21.402 of the Texas Education Code.
- During a new member's first 90 days of employment.
- When any part or all of an employee's salary is paid by federal funding sources, a privately sponsored source, from non-educational and general, or local funds.
- When the employing district is a public junior college or junior college district, the employer shall contribute to the retirement system an amount equal to 50% of the state contribution rate for certain instructional or administrative employees; and 100% of the state contribution rate for all other employees.
- When the employing district is a public or charter school, the employer shall contribute 1.5% of covered payroll to the pension fund beginning in fiscal year 2020. This contribution rate called the Public Education Employer Contribution will replace the Non(OASDI) surcharge that was in effect in fiscal year 2019.

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

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

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5. Actuarial Assumptions

The total pension liability in the August 31, 2018 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 as of August 2019	2.63%
Inflation	2.30%
Salary Increases including inflation	3.05% to 9.05%
Benefit Changes during the year	None
Ad hoc post-employment benefit changes	None

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

6. Discount Rate

A single discount rate of 7.25% 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%. 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% of payroll in fiscal year 2020 gradually increasing to 9.55% of payroll over the next several years. This includes all employer and state contributions for active and rehired retirees.

Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

The long-term rate of return on pension plan investments is 7.25%. The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimates ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of geometric real rates of return for each major asset class included in the Systems target asset allocation as of August 31, 2019 are summarized below:

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Asset Class	FY 2019 Target Allocation *	New Target Allocation **	Long-Term Expected Geometric Real Rate of Return ***
<b>Global Equity</b>			
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%
<b>Stable Value</b>			
U.S. Treasuries ****	11.0%	16.0%	3.1%
Stable Value Hedge Funds	4.0%	5.0%	4.5%
Absolute Return	0.0%	0.0%	0.0%
<b>Real Return</b>			
Global Inflation Linked Bonds ****	3.0%	-	-
Real Estate	14.0%	15.0%	8.5%
Energy, Natural Resources & Infrastructure	5.0%	6.0%	7.3%
Commodities	0.0%	0.0%	0.0%
<b>Risk Parity</b>			
Risk Parity	5.0%	8.0%	5.8%/6.5%*****
<b>Leverage</b>			
Cash	1.0%	2.0%	2.5%
Asset Allocation Leverage	-	-6.0%	2.7%
<b>Expected Return</b>	<b>100.0%</b>	<b>100.0%</b>	<b>7.23%</b>
<p>* Target allocations are based on the Strategic Asset Allocation as of FY2019</p> <p>** New allocations are based on the Strategic Asset Allocation to be implemented FY2020</p> <p>*** 10-Year annualized geometric nominal returns include the real rate of return and inflation of 2.1%</p> <p>**** New Target Allocation groups Government Bonds within the stable value allocation. This includes global sovereign nominal and inflation-linked bonds</p> <p>***** 5.8% (6.5%) return expectation corresponds to Risk Parity with a 10% (12%) target volatility</p>			

7. 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:	\$ 22,987,894	\$ 14,954,926	\$ 8,446,672

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

At August 31, 2020, the District reported a liability of \$14,954,926 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:

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District's proportionate share of the collective net pension liability	\$ 14,954,926
State's proportionate share that is associated with District	<u>25,525,645</u>
Total	<u>\$ 40,480,571</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 District's proportion of the net pension liability was based on the District's contributions to the pension plan relative to the contributions of all employers to the plan for the period September 1, 2018 through August 31, 2019.

At August 31, 2019 the employer's proportion of the collective net pension liability was 0.0287688093%. which was an increase (decrease) of 0.0287688093% from its proportion measured as of August 31, 2018.

**Changes Since the Prior Actuarial Valuation -**

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

For the year ended August 31, 2020, the District recognized pension expense of \$4,009,719 and revenue of \$4,009,719 for support provided by the State.

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ 62,824	\$ 519,259
Changes in actuarial assumptions	4,639,753	1,917,365
Difference between projected and actual investment earnings	150,165	--
Changes in proportion and difference between the District's contributions and the proportionate share of contributions	1,062,742	187,461
Contributions paid to TRS subsequent to the measurement date	<u>1,349,930</u>	<u>--</u>
Total	<u>\$ 7,265,414</u>	<u>\$ 2,624,085</u>

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

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Year Ended August 31	Pension Expense Amount
2021	\$ 885,943
2022	\$ 702,819
2023	\$ 789,315
2024	\$ 785,055
2025	\$ 268,443
Thereafter	\$ (140,177)

**I. Defined Other Post-Employment Benefit Plans**

**1. 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.

**2. OPEB Plan Fiduciary Net Position**

Detail information about the TRS-Care's fiduciary net position is available in the separately-issued TRS Comprehensive Annual Financial Report that includes financial statements and required supplementary information. That report may be obtained on the Internet at <http://www.trs.state.tx.us/about/documents/cafr.pdf>, selecting About TRS then Publications then Financial Reports or by writing to TRS at 1000 Red River Street, Austin, TX 78701-2698.

**3. 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 Premium 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	1,020	999



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4. Contributions

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

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

Contribution Rates		
	2019	2020
Active Employee	0.65%	0.65%
Non-Employer Contributing Entity (State)	1.25%	1.25%
Employers	0.75%	0.75%
Federal/private Funding remitted by Employers	1.25%	1.25%
District's 2020 Employer Contributions	\$	296,244
District's 2020 Member Contributions	\$	225,922
2019 NECE On-Behalf Contributions (state)	\$	391,099

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

5. Actuarial Assumptions

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

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

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

# FLOUR BLUFF INDEPENDENT SCHOOL DISTRICT

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED AUGUST 31, 2020

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

### Additional Actuarial Methods and Assumptions:

Valuation Date	August 31, 2018 rolled forward to August 31, 2019
Actuarial Cost Method	Individual Entry Age Normal
Inflation	2.30%
Single Discount Rate	2.63% as of August 31, 2019
Aging Factors	Based on plan specific experience
Expenses	Third-party administrative expenses related to the delivery of health care benefits are included in the age-adjusted claims costs.
Projected Salary Increases	3.05% to 9.05%, including inflation *
Healthcare Trend Rates	7.30% **
Election Rates	Normal Retirement: 65% participation prior to age 65 and 50% after age 65. ***
Ad Hoc Post-Employment Benefit Changes	None

\* Includes inflation at 2.5%.

\*\*7.3% for FY2020, 7.4% for FY 2021, 7.0% for FY 2022, decreasing 0.5% per year to an ultimate rate of 4.5% for FY 2027 and later years.

\*\*\* 25% of pre-65 retirees are assumed to discontinue coverage at age 65.

### 6. Discount Rate

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

### 7. Discount Rate Sensitivity Analysis

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

	1% Decrease in Discount Rate (1.63%)	Current Single Discount Rate (2.63%)	1% Increase in Discount Rate (3.63%)
District's proportionate share of net OPEB liability	\$ 23,679,655	\$ 19,613,390	\$ 16,432,347

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

**FLOUR BLUFF INDEPENDENT SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED AUGUST 31, 2020**

At August 31, 2020, the District reported a liability of \$134,297 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	\$ 19,613,389
State's proportionate share that is associated with the District	<u>26,061,808</u>
Total	<u>\$ 45,675,197</u>

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

At August 31, 2020 the District's proportion of the collective net OPEB liability was 0.0414736342, which was an increase (decrease) of 0.0003124991% from its proportion measured as of August 31, 2018.

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

	1% Decrease in Healthcare Trend Rate (7.5%)	Current Single Healthcare Trend Rate (8.5%)	1% Increase in Healthcare Trend Rate (9.5%)
District's proportionate share of net OPEB liability	\$ 15,999,915	\$ 19,613,390	\$ 24,453,786

9. Changes Since the Prior Actuarial Valuation

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

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

For the year ended August 31, 2020, the District recognized OPEB expense of \$686,882 and revenue of \$686,882 for support provided by the State.

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

**FLOUR BLUFF INDEPENDENT SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED AUGUST 31, 2020**

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ 962,203	\$ 3,209,523
Changes in actuarial assumptions	1,089,371	5,275,520
Differences between projected and actual investment earnings	2,116	--
Changes in proportion and difference between the District's contributions and the proportionate share of contributions	452,383	--
Contributions paid to TRS subsequent to the measurement date	296,244	
Total	<u>\$ 2,802,317</u>	<u>\$ 8,485,043</u>

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

Year ended August 31,	OPEB Expense Amount
2021	\$ (1,020,953)
2022	\$ (1,020,953)
2023	\$ (1,021,638)
2024	\$ (1,022,030)
2025	\$ (1,021,923)
Thereafter	\$ (871,473)

**10. Medicare Part D Subsidies**

The Medicare Prescription Drug, Improvement, and Modernization Act of 2003, which was effective January 1, 2006, established prescription drug coverage for Medicare beneficiaries known as Medicare Part D. One of the provisions of Medicare Part D allows for the Texas Public School Retired Employee Group Insurance Program (TRS-Care) to receive retiree drug subsidy payments from the federal government to offset certain prescription drug expenditures for eligible TRS-Care participants. For the current fiscal year ended August 31, 2020, the subsidy payment received by TRS-Care on behalf of the District was \$166,448.

**J. Employee Health Care Coverage**

During the year ended August 31, 2020, employees of the District were covered by a health insurance plan (the Plan). The District contributed \$400 per pay period per employee to the Plan. Employees, at their option, authorized payroll withholdings to pay contributions for dependents. All contributions were paid to a third party administrator, acting on behalf of the self-funded pool. The Plan was authorized by Article 3.51-2, Texas Insurance Code and was documented by contractual agreement.

The contract between the District and the third party administrator is renewable January 1, and terms of coverage and contribution costs are included in the contractual provisions.

**FLOUR BLUFF INDEPENDENT SCHOOL DISTRICT**  
*NOTES TO THE FINANCIAL STATEMENTS*  
*FOR THE YEAR ENDED AUGUST 31, 2020*

In accordance with state statute, the District was protected against unanticipated catastrophic individual or aggregate loss by stop-loss coverage carried through Sun Life, a commercial insurer licensed or eligible to do business in Texas in accordance with the Texas Insurance Code. Stop-loss coverage was in effect for individual claims exceeding \$125,000 and for aggregate loss. According to the latest actuarial opinion dated August 2020, the unfunded claim benefit obligation included no reported claims that were unpaid and estimated incurred, but not reported, claims of \$317,000. The remaining \$317,000 unfunded claim benefit obligation would be funded through rate adjustments and future contributions.

K. Commitments and Contingencies

1. Contingencies

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

**FLOUR BLUFF INDEPENDENT SCHOOL DISTRICT**  
**GENERAL FUND**  
**BUDGETARY COMPARISON SCHEDULE**  
**FOR THE YEAR ENDED AUGUST 31, 2020**

**EXHIBIT G-1**  
Page 1 of 2

Data Control Codes		1	2	3	Variance with Final Budget Positive (Negative)
		Budgeted Amounts		Actual	
		Original	Final		
	<b>REVENUES:</b>				
5700	Local and Intermediate Sources	\$ 31,408,306	\$ 31,729,406	\$ 31,655,708	\$ (73,698)
5800	State Program Revenues	17,375,868	17,751,825	17,905,172	153,347
5900	Federal Program Revenues	1,354,600	1,354,600	1,098,604	(255,996)
5020	Total Revenues	<u>50,138,774</u>	<u>50,835,831</u>	<u>50,659,484</u>	<u>(176,347)</u>
	<b>EXPENDITURES:</b>				
	Current:				
	Instruction & Instructional Related Services:				
0011	Instruction	28,891,008	29,369,039	28,419,694	949,345
0012	Instructional Resources and Media Services	566,815	569,615	542,156	27,459
0013	Curriculum and Staff Development	243,381	256,676	159,321	97,355
	Total Instruction & Instr. Related Services	<u>29,701,204</u>	<u>30,195,330</u>	<u>29,121,171</u>	<u>1,074,159</u>
	Instructional and School Leadership:				
0021	Instructional Leadership	1,292,196	1,365,969	1,296,322	69,647
0023	School Leadership	2,739,784	2,763,216	2,570,730	192,486
	Total Instructional & School Leadership	<u>4,031,980</u>	<u>4,129,185</u>	<u>3,867,052</u>	<u>262,133</u>
	Support Services - Student (Pupil):				
0031	Guidance, Counseling and Evaluation Services	1,199,474	1,383,100	1,248,240	134,860
0032	Social Work Services	116,860	142,562	113,747	28,815
0033	Health Services	447,256	512,568	421,683	90,885
0034	Student (Pupil) Transportation	1,964,887	1,971,514	1,819,265	152,249
0035	Food Services	62,508	142,508	46,398	96,110
0036	Cocurricular/Extracurricular Activities	1,850,890	1,851,939	1,457,800	394,139
	Total Support Services - Student (Pupil)	<u>5,641,875</u>	<u>6,004,191</u>	<u>5,107,133</u>	<u>897,058</u>
	Administrative Support Services:				
0041	General Administration	1,826,797	1,825,191	1,583,829	241,362
	Total Administrative Support Services	<u>1,826,797</u>	<u>1,825,191</u>	<u>1,583,829</u>	<u>241,362</u>
	Support Services - Nonstudent Based:				
0051	Plant Maintenance and Operations	6,349,975	6,838,339	6,448,606	389,733
0052	Security and Monitoring Services	838,356	842,024	662,965	179,059
0053	Data Processing Services	1,096,995	1,100,180	1,005,632	94,548
	Total Support Services - Nonstudent Based	<u>8,285,326</u>	<u>8,780,543</u>	<u>8,117,203</u>	<u>663,340</u>
	Ancillary Services:				
0061	Community Services	62,342	63,945	46,980	16,965
	Total Ancillary Services	<u>62,342</u>	<u>63,945</u>	<u>46,980</u>	<u>16,965</u>
	Intergovernmental Charges:				
0095	Payments to Juvenile Justice Alternative				
0095	Education Programs	188,511	188,511	171,007	17,504
0099	Other Intergovernmental Charges	400,739	400,739	384,183	16,556
	Total Intergovernmental Charges	<u>589,250</u>	<u>589,250</u>	<u>555,190</u>	<u>34,060</u>
6030	Total Expenditures	<u>50,138,774</u>	<u>51,587,635</u>	<u>48,398,558</u>	<u>3,189,077</u>
1100	Excess (Deficiency) of Revenues Over (Under)				
1100	Expenditures	--	(751,804)	2,260,926	3,012,730

**FLOUR BLUFF INDEPENDENT SCHOOL DISTRICT**  
**GENERAL FUND**  
**BUDGETARY COMPARISON SCHEDULE**  
**FOR THE YEAR ENDED AUGUST 31, 2020**

**EXHIBIT G-1**  
Page 2 of 2

Data Control Codes		1	2	3	Variance with Final Budget Positive (Negative)
		Budgeted Amounts		Actual	
		Original	Final		
	Other Financing Sources (Uses):				
8911	Transfers Out	--	(2,175,000)	(2,175,000)	--
7080	Total Other Financing Sources and (Uses)	--	(2,175,000)	(2,175,000)	--
1200	Net Change in Fund Balance	--	(2,926,804)	85,926	3,012,730
0100	Fund Balance - Beginning	18,992,749	18,992,749	18,992,749	--
3000	Fund Balance - Ending	<u>\$ 18,992,749</u>	<u>\$ 16,065,945</u>	<u>\$ 19,078,675</u>	<u>\$ 3,012,730</u>

**FLOUR BLUFF INDEPENDENT SCHOOL DISTRICT**  
**SCHEDULE OF THE DISTRICT'S PROPORTIONATE**  
**SHARE OF THE NET PENSION LIABILITY**  
**TEACHER RETIREMENT SYSTEM OF TEXAS**  
**LAST TEN FISCAL YEARS \***

	Fiscal Year						
	2019	2018	2017	2016	2015	2014	
District's proportion of the net pension liability (asset)	0.0287688093%	0.0288821629%	0.0280221638%	0.0283705437%	0.0304815000%	0.0188496000%	
District's proportionate share of the net pension liability (asset)	\$ 14,954,926 \$	15,897,443 \$	8,959,978 \$	10,720,807 \$	10,744,805 \$	5,034,989	
State's proportionate share of the net pension liability (asset) associated with the District	25,525,645	27,875,884	16,695,553	20,377,501	19,389,552	16,784,837	
Total	<u>\$ 40,480,571 \$</u>	<u>43,773,327 \$</u>	<u>25,655,531 \$</u>	<u>31,098,308 \$</u>	<u>30,134,357 \$</u>	<u>21,819,826</u>	
District's covered-employee payroll	\$ 33,929,225 \$	33,418,098 \$	32,484,089 \$	31,738,124 \$	30,882,806 \$	29,624,876	
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	44.08%	47.57%	27.58%	33.78%	34.79%	17.00%	
Plan fiduciary net position as a percentage of the total pension liability	75.24%	73.74%	82.17%	78.00%	78.43%	83.25%	

\* This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, this schedule provides the information only for those years for which information is available.



**FLOUR BLUFF INDEPENDENT SCHOOL DISTRICT**  
**SCHEDULE OF DISTRICT CONTRIBUTIONS**  
**TEACHER RETIREMENT SYSTEM OF TEXAS**  
**LAST TEN FISCAL YEARS \***

	Fiscal Year				
	2020	2019	2018	2017	2015
Contractually required contribution	\$ 1,349,930	\$ 1,006,268	\$ 985,334	\$ 918,043	\$ 899,835
Contributions in relation to the contractually required contribution	(1,349,930)	(1,006,268)	(985,334)	(918,043)	(899,835)
Contribution deficiency (excess)	\$ --	\$ --	\$ --	\$ --	\$ --
District's covered-employee payroll	\$ 34,757,111	\$ 33,929,225	\$ 33,418,098	\$ 32,484,089	\$ 31,738,124
Contributions as a percentage of covered-employee payroll	3.88%	2.97%	2.95%	2.83%	2.84%
					2.89%

\* This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, this schedule provides the information for those years for which information is available.

**FLOUR BLUFF INDEPENDENT SCHOOL DISTRICT**

*SCHEDULE OF THE DISTRICT'S PROPORTIONATE  
SHARE OF THE NET OPEB LIABILITY  
TEACHER RETIREMENT SYSTEM OF TEXAS  
LAST TEN FISCAL YEARS \**

	Measurement Year Ended		
	2019	2018	2017
District's proportion of the collective net OPEB liability	0.0414736342%	0.0411611351%	0.0405777162%
District's proportionate share of the collective net OPEB liability	\$ 19,613,389	\$ 20,552,132	\$ 17,645,727
State proportionate share of the collective net OPEB liability associated with the District	26,061,808	28,371,508	25,404,198
Total	<u>\$ 45,675,197</u>	<u>\$ 48,923,640</u>	<u>\$ 43,049,925</u>
District's covered-employee payroll	\$ 33,929,225	\$ 33,418,098	\$ 32,484,089
District's proportionate share of the net OPEB liability as a percentage of its covered-employee payroll	57.81%	61.50%	54.32%
Plan fiduciary net position as a percentage of the total OPEB liability	2.66%	1.57%	0.91%

\* This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, this schedule provides the information only for those years for which information is available.

**FLOUR BLUFF INDEPENDENT SCHOOL DISTRICT***SCHEDULE OF THE DISTRICT'S OPEB CONTRIBUTIONS**TEACHER RETIREMENT SYSTEM OF TEXAS**LAST TEN FISCAL YEARS \**

	Fiscal Year Ended		
	2020	2019	2018
Statutorily or contractually required District contribution	\$ 296,244	\$ 293,777	\$ 280,898
Contributions recognized by OPEB in relation to statutorily or contractually required contribution	(296,244)	(293,777)	(280,898)
Contribution deficiency (excess)	\$ --	\$ --	\$ --
District's covered-employee payroll	\$ 34,757,111	\$ 33,929,225	\$ 33,418,098
Contributions as a percentage of covered-employee payroll	0.85%	0.87%	0.84%

\* This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, this schedule provides the information for those years for which information is available.

## **FLOUR BLUFF INDEPENDENT SCHOOL DISTRICT**

### **NOTES TO REQUIRED SUPPLEMENTARY INFORMATION FOR THE YEAR ENDED AUGUST 31, 2020**

#### **Budget**

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

- a. Prior to August 21 of the preceding fiscal year, the District prepares a budget for the next succeeding fiscal year. The operating budget includes proposed expenditures and the means of financing them.
- b. A meeting of the Board is then called for the purpose of adopting the proposed budget after ten days' public notice of the meeting has been given.
- c. Prior to the beginning of the fiscal year, the budget is legally enacted through passage of a resolution by the board.

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

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

Each amendment is controlled by the budget coordinator at the revenue and expenditure function/object level. Budgeted amounts are as amended by the Board. All budget appropriations lapse at year end.

Encumbrances for goods or purchased services are documented by purchase orders or contracts. Under Texas law, appropriations lapse at August 31, and encumbrances outstanding at that time are to be either cancelled or appropriately provided for in the subsequent year's budget. There were no end-of-year outstanding encumbrances that were provided for in the subsequent year's budget.

#### **Defined Benefit Pension Plan**

##### *Changes of benefit terms*

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

##### *Changes of assumptions*

There were no changes of assumptions or other inputs that affected measurement of the total pension liability during the measurement period.

*Combining Statements and Budget Comparisons  
as Supplementary Information*

This supplementary information includes financial statements and schedules not required by the Governmental Accounting Standards Board, nor a part of the basic financial statements, but are presented for purposes of additional analysis.

**FLOUR BLUFF INDEPENDENT SCHOOL DISTRICT**  
**COMBINING BALANCE SHEET**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**AUGUST 31, 2020**

Data Control Codes	Special Revenue Funds	Debt Service Fund	Total Nonmajor Governmental Funds (See Exhibit C-1)
<b>ASSETS:</b>			
1110 <i>Cash and Cash Equivalents</i>	\$ (10,317)	\$ 1,170,837	\$ 1,160,520
1225 <i>Taxes Receivable, Net</i>	--	68,024	68,024
1240 <i>Due from Other Governments</i>	1,182,368	--	1,182,368
1260 <i>Due from Other Funds</i>	173	--	173
1300 <i>Inventories</i>	152,433	--	152,433
1000 <i>Total Assets</i>	<u>\$ 1,324,657</u>	<u>\$ 1,238,861</u>	<u>\$ 2,563,518</u>
<b>LIABILITIES:</b>			
Current Liabilities:			
2110 <i>Accounts Payable</i>	\$ 31,198	\$ --	\$ 31,198
2170 <i>Due to Other Funds</i>	3,719	--	3,719
2300 <i>Unearned Revenue</i>	50,887	--	50,887
2000 <i>Total Liabilities</i>	<u>85,804</u>	<u>--</u>	<u>85,804</u>
<b>DEFERRED INFLOWS OF RESOURCES:</b>			
<i>Deferred Revenue</i>	--	68,023	68,023
2600 <i>Total Deferred Inflows of Resources</i>	<u>--</u>	<u>68,023</u>	<u>68,023</u>
<b>FUND BALANCES:</b>			
Nonspendable Fund Balances:			
3410 <i>Inventories</i>	152,434	--	152,434
Restricted Fund Balances:			
3450 <i>Federal/State Funds Grant Restrictions</i>	238,154	--	238,154
3480 <i>Retirement of Long-Term Debt</i>	--	1,170,838	1,170,838
3490 <i>Other Restrictions of Fund Balance</i>	848,265	--	848,265
3000 <i>Total Fund Balances</i>	<u>1,238,853</u>	<u>1,170,838</u>	<u>2,409,691</u>
4000 <i>Total Liabilities, Deferred Inflow of Resources and Fund Balances</i>	<u>\$ 1,324,657</u>	<u>\$ 1,238,861</u>	<u>\$ 2,563,518</u>

**FLOUR BLUFF 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		Special Revenue Funds	Debt Service Fund	Total Nonmajor Governmental Funds (See Exhibit C-2)
<b>REVENUES:</b>				
5700	Local and Intermediate Sources	\$ 1,166,127	\$ 3,222,942	\$ 4,389,069
5800	State Program Revenues	519,190	56,097	575,287
5900	Federal Program Revenues	4,153,275	--	4,153,275
5020	Total Revenues	<u>5,838,592</u>	<u>3,279,039</u>	<u>9,117,631</u>
<b>EXPENDITURES:</b>				
Current:				
0011	Instruction	1,842,556	--	1,842,556
0012	Instructional Resources and Media Services	93,700	--	93,700
0013	Curriculum and Staff Development	109,114	--	109,114
0021	Instructional Leadership	1,330	--	1,330
0023	School Leadership	153,892	--	153,892
0031	Guidance, Counseling, & Evaluation Services	478,227	--	478,227
0033	Health Services	239	--	239
0035	Food Service	2,562,691	--	2,562,691
0036	Cocurricular/Extracurricular Activities	417,034	--	417,034
0041	General Administration	1,900	--	1,900
0051	Facilities Maintenance and Operations	76,357	--	76,357
0052	Security and Monitoring Services	92,118	--	92,118
0053	Data Processing Services	5,344	--	5,344
0061	Community Services	14,795	--	14,795
0071	Principal on Long-term Debt	--	1,050,000	1,050,000
0072	Interest on Long-term Debt	--	2,104,894	2,104,894
0073	Bond Issuance Costs and Fees	--	528,605	528,605
0093	Payments to Shared Service Arrangements	95,274	--	95,274
6030	Total Expenditures	<u>5,944,571</u>	<u>3,683,499</u>	<u>9,628,070</u>
1100	Excess (Deficiency) of Revenues Over (Under)			
1100	Expenditures	<u>(105,979)</u>	<u>(404,460)</u>	<u>(510,439)</u>
Other Financing Sources and (Uses):				
7911	Capital-Related Debt Issued (Regular Bonds)	--	42,809,986	42,809,986
7915	Transfers In	150,000	--	150,000
7916	Premium or Discount on Issuance of Bonds	--	4,287,674	4,287,674
8949	Other Uses	--	(46,565,488)	(46,565,488)
7080	Total Other Financing Sources and (Uses)	<u>150,000</u>	<u>532,172</u>	<u>682,172</u>
1200	Net Change in Fund Balances	<u>44,021</u>	<u>127,712</u>	<u>171,733</u>
0100	Fund Balances - Beginning	1,194,832	1,043,126	2,237,958
3000	Fund Balances - Ending	<u>\$ 1,238,853</u>	<u>\$ 1,170,838</u>	<u>\$ 2,409,691</u>

**FLOUR BLUFF INDEPENDENT SCHOOL DISTRICT**  
**COMBINING BALANCE SHEET**  
**NONMAJOR SPECIAL REVENUE FUNDS**  
**AUGUST 31, 2020**

Data Control Codes		211 ESEA Title I Improving Basic Programs	224 IDEA-B Formula	225 IDEA-B Preschool Grant	240 National School Breakfast/Lunch Program
<b>ASSETS:</b>					
1110	Cash and Cash Equivalents	\$ (186,201)	\$ (150,188)	\$ (3,295)	\$ 216,171
1240	Due from Other Governments	186,201	150,188	3,122	22,062
1260	Due from Other Funds	--	--	173	--
1300	Inventories	--	--	--	152,433
1000	Total Assets	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ 390,666</u>
<b>LIABILITIES:</b>					
Current Liabilities:					
2110	Accounts Payable	\$ --	\$ --	\$ --	\$ 78
2170	Due to Other Funds	--	--	--	--
2300	Unearned Revenue	--	--	--	--
2000	Total Liabilities	<u>--</u>	<u>--</u>	<u>--</u>	<u>78</u>
<b>FUND BALANCES:</b>					
Nonspendable Fund Balances:					
3410	Inventories	--	--	--	152,434
Restricted Fund Balances:					
3450	Federal/State Funds Grant Restrictions	--	--	--	238,154
3490	Other Restrictions of Fund Balance	--	--	--	--
3000	Total Fund Balances	<u>--</u>	<u>--</u>	<u>--</u>	<u>390,588</u>
4000	Total Liabilities and Fund Balances	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ 390,666</u>



244 Career and Tech Basic Grant	255 ESEA Title II Training & Recruiting	266 Cares Act Coronavirus Relief Fund (CRF)	276 Instructional Continuity	289 Title VI Summer LEP
\$ (120) 2,820 -- -- <u>\$ 2,700</u>	\$ (30,168) 30,168 -- -- <u>\$ --</u>	\$ (402,512) 416,831 -- -- <u>\$ 14,319</u>	\$ (1,950) 1,950 -- -- <u>\$ --</u>	\$ 1,994 7,226 -- -- <u>\$ 9,220</u>
\$ 2,700 -- -- <u>2,700</u>	\$ -- -- -- -- <u>--</u>	\$ 14,319 -- -- <u>14,319</u>	\$ -- -- -- -- <u>--</u>	\$ 5,986 -- 3,234 <u>9,220</u>
-- -- -- -- <u>2,700</u>	-- -- -- -- <u>--</u>	-- -- -- -- <u>14,319</u>	-- -- -- -- <u>--</u>	-- -- -- -- <u>9,220</u>

# FLOUR BLUFF INDEPENDENT SCHOOL DISTRICT

## COMBINING BALANCE SHEET

### NONMAJOR SPECIAL REVENUE FUNDS

AUGUST 31, 2020

Data Control Codes	397 Advanced Placement Incentives	410 State Textbook Fund	427 State Funded Special Revenue Fund
<b>ASSETS:</b>			
1110 <i>Cash and Cash Equivalents</i>	\$ 6,264	\$ (290,168)	\$ 41,273
1240 <i>Due from Other Governments</i>	--	290,168	--
1260 <i>Due from Other Funds</i>	--	--	--
1300 <i>Inventories</i>	--	--	--
1000 <b>Total Assets</b>	<u>\$ 6,264</u>	<u>\$ --</u>	<u>\$ 41,273</u>
<b>LIABILITIES:</b>			
Current Liabilities:			
2110 <i>Accounts Payable</i>	\$ --	\$ --	\$ --
2170 <i>Due to Other Funds</i>	--	--	--
2300 <i>Unearned Revenue</i>	6,264	--	41,273
2000 <b>Total Liabilities</b>	<u>6,264</u>	<u>--</u>	<u>41,273</u>
<b>FUND BALANCES:</b>			
Nonspendable Fund Balances:			
3410 <i>Inventories</i>	--	--	--
Restricted Fund Balances:			
3450 <i>Federal/State Funds Grant Restrictions</i>	--	--	--
3490 <i>Other Restrictions of Fund Balance</i>	--	--	--
3000 <b>Total Fund Balances</b>	<u>--</u>	<u>--</u>	<u>--</u>
4000 <b>Total Liabilities and Fund Balances</b>	<u>\$ 6,264</u>	<u>\$ --</u>	<u>\$ 41,273</u>

## EXHIBIT H-3

Page 2 of 2

	429 State Funded Special Revenue Fund	461 Campus Activity Funds	480 Flour Bluff Foundation	485 Ed Rachal Foundation	Total Nonmajor Special Revenue Funds (See Exhibit H-1)
\$	(63,179) 71,632 -- --	\$ 840,340 -- -- --	\$ 11,306 -- -- --	\$ 116 -- -- --	\$ (10,317) 1,182,368 173 152,433
\$	<u>8,453</u>	<u>840,340</u>	<u>11,306</u>	<u>116</u>	<u>1,324,657</u>
\$	8,115 338 -- <u>8,453</u>	\$ -- 3,381 -- <u>3,381</u>	\$ -- -- -- <u>--</u>	\$ -- -- 116 <u>116</u>	\$ 31,198 3,719 50,887 <u>85,804</u>
--	--	--	--	--	152,434
--	--	--	--	--	238,154
--	--	836,959	11,306	--	848,265
--	--	<u>836,959</u>	<u>11,306</u>	<u>--</u>	<u>1,238,853</u>
\$	<u>8,453</u>	<u>840,340</u>	<u>11,306</u>	<u>116</u>	<u>1,324,657</u>

# **FLOUR BLUFF INDEPENDENT SCHOOL DISTRICT**

COMBINING STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES  
NONMAJOR SPECIAL REVENUE FUNDS  
FOR THE YEAR ENDED AUGUST 31, 2020

Data Control Codes	211 ESEA Title I Improving Basic Programs	224 IDEA-B Formula	225 IDEA-B Preschool Grant	240 National School Breakfast/Lunch Program
<b>REVENUES:</b>				
5700 <i>Local and Intermediate Sources</i>	\$ --	\$ --	\$ --	\$ 637,246
5800 <i>State Program Revenues</i>	--	--	--	12,772
5900 <i>Federal Program Revenues</i>	821,663	1,072,189	15,247	1,603,003
5020 <i>Total Revenues</i>	<u>821,663</u>	<u>1,072,189</u>	<u>15,247</u>	<u>2,253,021</u>
<b>EXPENDITURES:</b>				
Current:				
0011 <i>Instruction</i>	668,846	501,313	15,247	--
0012 <i>Instructional Resources and Media Services</i>	69,609	--	--	--
0013 <i>Curriculum and Staff Development</i>	64,264	9,000	--	--
0021 <i>Instructional Leadership</i>	785	--	--	--
0023 <i>School Leadership</i>	3,394	--	--	--
0031 <i>Guidance, Counseling, &amp; Evaluation Services</i>	150	466,602	--	--
0033 <i>Health Services</i>	--	--	--	--
0035 <i>Food Service</i>	--	--	--	2,344,216
0036 <i>Cocurricular/Extracurricular Activities</i>	--	--	--	--
0041 <i>General Administration</i>	--	--	--	--
0051 <i>Facilities Maintenance and Operations</i>	--	--	--	--
0052 <i>Security and Monitoring Services</i>	--	--	--	--
0053 <i>Data Processing Services</i>	--	--	--	--
0061 <i>Community Services</i>	14,615	--	--	--
0093 <i>Payments to Shared Service Arrangements</i>	--	95,274	--	--
6030 <i>Total Expenditures</i>	<u>821,663</u>	<u>1,072,189</u>	<u>15,247</u>	<u>2,344,216</u>
1100 <i>Excess (Deficiency) of Revenues Over (Under)</i>				
1100 <i>Expenditures</i>	<u>--</u>	<u>--</u>	<u>--</u>	<u>(91,195)</u>
Other Financing Sources and (Uses):				
7915 <i>Transfers In</i>	--	--	--	150,000
7080 <i>Total Other Financing Sources and (Uses)</i>	<u>--</u>	<u>--</u>	<u>--</u>	<u>150,000</u>
1200 <i>Net Change in Fund Balances</i>	<u>--</u>	<u>--</u>	<u>--</u>	<u>58,805</u>
0100 <i>Fund Balances - Beginning</i>	--	--	--	331,783
3000 <i>Fund Balances - Ending</i>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ 390,588</u>

244 Career and Tech Basic Grant	255 ESEA Title II Training & Recruiting	266 Cares Act Coronavirus Relief Fund (CRF)	276 Instructional Continuity	289 Title VI Summer LEP
\$ --	\$ --	\$ --	\$ --	\$ --
--	--	--	--	--
39,002	131,114	416,831	1,950	52,276
<u>39,002</u>	<u>131,114</u>	<u>416,831</u>	<u>1,950</u>	<u>52,276</u>
38,324	114,609	12,724	1,950	38,396
--	--	--	--	--
678	14,853	7,039	--	13,280
--	245	--	--	300
--	417	92,771	--	300
--	810	448	--	--
--	--	--	--	--
--	--	218,475	--	--
--	--	1,773	--	--
--	--	1,900	--	--
--	--	76,357	--	--
--	--	--	--	--
--	--	5,344	--	--
--	180	--	--	--
--	--	--	--	--
<u>39,002</u>	<u>131,114</u>	<u>416,831</u>	<u>1,950</u>	<u>52,276</u>
--	--	--	--	--
--	--	--	--	--
--	--	--	--	--
--	--	--	--	--
\$ --	\$ --	\$ --	\$ --	\$ --

# FLOUR BLUFF INDEPENDENT SCHOOL DISTRICT

COMBINING STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES  
NONMAJOR SPECIAL REVENUE FUNDS  
FOR THE YEAR ENDED AUGUST 31, 2020

Data Control Codes	410 State Textbook Fund	427 State Funded Special Revenue Fund
<b>REVENUES:</b>		
5700 <i>Local and Intermediate Sources</i>	\$ --	\$ --
5800 <i>State Program Revenues</i>	395,823	15,727
5900 <i>Federal Program Revenues</i>	--	--
5020 <i>Total Revenues</i>	<u>395,823</u>	<u>15,727</u>
<b>EXPENDITURES:</b>		
Current:		
0011 <i>Instruction</i>	395,823	6,315
0012 <i>Instructional Resources and Media Services</i>	--	--
0013 <i>Curriculum and Staff Development</i>	--	--
0021 <i>Instructional Leadership</i>	--	--
0023 <i>School Leadership</i>	--	--
0031 <i>Guidance, Counseling, &amp; Evaluation Services</i>	--	9,412
0033 <i>Health Services</i>	--	--
0035 <i>Food Service</i>	--	--
0036 <i>Cocurricular/Extracurricular Activities</i>	--	--
0041 <i>General Administration</i>	--	--
0051 <i>Facilities Maintenance and Operations</i>	--	--
0052 <i>Security and Monitoring Services</i>	--	--
0053 <i>Data Processing Services</i>	--	--
0061 <i>Community Services</i>	--	--
0093 <i>Payments to Shared Service Arrangements</i>	--	--
6030 <i>Total Expenditures</i>	<u>395,823</u>	<u>15,727</u>
1100 <i>Excess (Deficiency) of Revenues Over (Under)</i>	--	--
1100 <i>Expenditures</i>	--	--
Other Financing Sources and (Uses):		
7915 <i>Transfers In</i>	--	--
7080 <i>Total Other Financing Sources and (Uses)</i>	--	--
1200 <i>Net Change in Fund Balances</i>	--	--
0100 <i>Fund Balances - Beginning</i>	--	--
3000 <i>Fund Balances - Ending</i>	<u>\$ --</u>	<u>\$ --</u>

## EXHIBIT H-4

Page 2 of 2

	429 State Funded Special Revenue Fund	461 Campus Activity Funds	480 Flour Bluff Foundation	Total Nonmajor Special Revenue Funds (See Exhibit H-2)
\$	--	\$ 528,881	\$ --	\$ 1,166,127
	94,868	--	--	519,190
	--	--	--	4,153,275
	<u>94,868</u>	<u>528,881</u>	<u>--</u>	<u>5,838,592</u>
	2,750	46,259	--	1,842,556
	--	24,091	--	93,700
	--	--	--	109,114
	--	--	--	1,330
	--	57,010	--	153,892
	--	805	--	478,227
	--	239	--	239
	--	--	--	2,562,691
	--	415,261	--	417,034
	--	--	--	1,900
	--	--	--	76,357
	92,118	--	--	92,118
	--	--	--	5,344
	--	--	--	14,795
	--	--	--	95,274
	<u>94,868</u>	<u>543,665</u>	<u>--</u>	<u>5,944,571</u>
	--	(14,784)	--	(105,979)
	--	--	--	150,000
	--	--	--	150,000
	--	(14,784)	--	44,021
	--	851,743	11,306	1,194,832
\$	<u>--</u>	<u>\$ 836,959</u>	<u>\$ 11,306</u>	<u>\$ 1,238,853</u>

# FLOUR BLUFF INDEPENDENT SCHOOL DISTRICT

EXHIBIT H-5

CAPITAL PROJECTS FUND  
BUDGETARY COMPARISON SCHEDULE  
FOR THE YEAR ENDED AUGUST 31, 2020

Data Control Codes	1  Budget	2  Actual	3 Variance Positive (Negative)
<b>REVENUES:</b>			
5700 <i>Local and Intermediate Sources</i>	\$ 20,000	\$ 20,316	\$ 316
5020 Total Revenues	20,000	20,316	316
<b>EXPENDITURES:</b>			
Capital Outlay:			
0081 <i>Capital Outlay</i>	3,901,170	2,297,494	1,603,676
Total Capital Outlay	3,901,170	2,297,494	1,603,676
6030 Total Expenditures	3,901,170	2,297,494	1,603,676
1100 Excess (Deficiency) of Revenues Over (Under)	(3,881,170)	(2,277,178)	1,603,992
1100 Expenditures			
Other Financing Sources (Uses):			
7915 <i>Transfers In</i>	1,950,000	1,950,000	--
7080 Total Other Financing Sources and (Uses)	1,950,000	1,950,000	--
1200 Net Change in Fund Balance	(1,931,170)	(327,178)	1,603,992
0100 Fund Balance - Beginning	1,969,767	1,969,767	--
3000 Fund Balance - Ending	\$ 38,597	\$ 1,642,589	\$ 1,603,992



**FLOUR BLUFF INDEPENDENT SCHOOL DISTRICT**  
**COMBINING STATEMENT OF NET POSITION**  
**INTERNAL SERVICE FUNDS**  
**AUGUST 31, 2020**

Data Control Codes	752 Print Shop Fund	753 Insurance Fund	754 Worker's Comp Insurance Fund	Total Internal Service Funds (See Exhibit D-1)
<b>ASSETS:</b>				
Current Assets:				
1110 <i>Cash and Cash Equivalents</i>	\$ 5,403	\$ 679,629	\$ 163,023	\$ 848,055
<i>Receivables:</i>				
1290 <i>Other Receivables (net)</i>	3,603	481,265	--	484,868
Total Current Assets	<u>9,006</u>	<u>1,160,894</u>	<u>163,023</u>	<u>1,332,923</u>
Noncurrent Assets:				
Capital Assets:				
1530 <i>Furniture and Equipment</i>	322,529	--	--	322,529
1570 <i>Accumulated Depreciation</i>	(303,729)	--	--	(303,729)
Total Noncurrent Assets	<u>18,800</u>	<u>--</u>	<u>--</u>	<u>18,800</u>
1000 Total Assets	<u>27,806</u>	<u>1,160,894</u>	<u>163,023</u>	<u>1,351,723</u>
<b>LIABILITIES:</b>				
Current Liabilities:				
2110 <i>Accounts Payable</i>	9,414	--	--	9,414
2123 <i>Other Liabilities</i>	--	317,000	45,128	362,128
2170 <i>Due to Other Funds</i>	--	913,828	--	913,828
Total Current Liabilities	<u>9,414</u>	<u>1,230,828</u>	<u>45,128</u>	<u>1,285,370</u>
2000 Total Liabilities	<u>9,414</u>	<u>1,230,828</u>	<u>45,128</u>	<u>1,285,370</u>
<b>NET POSITION:</b>				
3900 <i>Unrestricted</i>	18,392	(69,934)	117,895	66,353
3000 Total Net Position	<u>\$ 18,392</u>	<u>\$ (69,934)</u>	<u>\$ 117,895</u>	<u>\$ 66,353</u>

**FLOUR BLUFF INDEPENDENT SCHOOL DISTRICT**

COMBINING STATEMENT OF REVENUES, EXPENSES,  
AND CHANGES IN FUND NET POSITION  
INTERNAL SERVICE FUNDS  
FOR THE YEAR ENDED AUGUST 31, 2020

Data Control Codes	752 Print Shop Fund	753 Insurance Fund	754 Worker's Comp Insurance Fund	Total Internal Service Funds (See Exhibit D-2)
<b>OPERATING REVENUES:</b>				
5700 <i>Local and Intermediate Sources</i>	\$ 195,370	\$ 5,477,164	\$ 228,261	\$ 5,900,795
5020 <i>Total Revenues</i>	<u>195,370</u>	<u>5,477,164</u>	<u>228,261</u>	<u>5,900,795</u>
<b>OPERATING EXPENSES:</b>				
6100 <i>Payroll Costs</i>	114,836	--	--	114,836
6200 <i>Professional and Contracted Services</i>	141,262	--	--	141,262
6300 <i>Supplies and Materials</i>	34,618	--	--	34,618
6400 <i>Other Operating Costs</i>	4,404	5,727,391	210,366	5,942,161
6030 <i>Total Expenses</i>	<u>295,120</u>	<u>5,727,391</u>	<u>210,366</u>	<u>6,232,877</u>
Income (Loss) before Contributions and Transfe	(99,750)	(250,227)	17,895	(332,082)
7915 <i>Transfers In</i>	75,000	--	100,000	175,000
8911 <i>Transfers Out</i>	--	(100,000)	--	(100,000)
1300 <i>Change in Net Position</i>	<u>(24,750)</u>	<u>(350,227)</u>	<u>117,895</u>	<u>(257,082)</u>
0100 <i>Total Net Position - Beginning</i>	43,142	280,293	--	323,435
3300 <i>Total Net Position - Ending</i>	<u>\$ 18,392</u>	<u>\$ (69,934)</u>	<u>\$ 117,895</u>	<u>\$ 66,353</u>

**FLOUR BLUFF INDEPENDENT SCHOOL DISTRICT**

COMBINING STATEMENT OF CASH FLOWS

ALL INTERNAL SERVICE FUNDS

FOR THE YEAR ENDED AUGUST 31, 2020

	752 Print Shop Fund	753 Insurance Fund	754 Worker's Comp Insurance Fund	Total Internal Service Funds (See Exhibit D-3)
<b>Cash Flows from Operating Activities:</b>				
Cash Received from Customers	\$ --	\$ --	\$ --	\$ --
Cash Received from Grants	--	--	--	--
Cash Receipts (Payments) for Quasi-external Operating Transactions with Other Funds	201,094	6,274,410	228,261	6,703,765
Cash Payments to Employees	(114,836)	--	--	(114,836)
Cash Payments to Suppliers for Goods and Services	(198,425)	(5,689,904)	(165,238)	(6,053,567)
Cash Payments for Grants to Other Organizations	--	--	--	--
Other Operating Cash Receipts (Payments)	--	--	--	--
Net Cash Provided (Used) by Operating Activities	(112,167)	584,506	63,023	535,362
<b>Cash Flows from Non-capital Financing Activities:</b>				
Proceeds (Payments) from (for) Borrowings	--	--	--	--
Operating Grants Received	--	--	--	--
Transfers From (To) Primary Government	75,000	(100,000)	100,000	75,000
Transfers From (To) Other Funds	--	--	--	--
Net Cash Provided (Used) by Non-capital Financing Activities	75,000	(100,000)	100,000	75,000
<b>Cash Flows from Capital and Related Financing Activities:</b>				
Contributed Capital	--	--	--	--
Net Cash Provided (Used) for Capital and Related Financing Activities	--	--	--	--
<b>Cash Flows from Investing Activities:</b>				
Interest and Dividends on Investments	--	--	--	--
Net Cash Provided (Used) for Investing Activities	--	--	--	--
Net Increase (Decrease) in Cash and Cash Equivalents	(37,167)	484,506	163,023	610,362
Cash and Cash Equivalents at Beginning of Year	42,570	195,123	--	237,693
Cash and Cash Equivalents at End of Year	\$ 5,403	\$ 679,629	\$ 163,023	\$ 848,055
<b>Reconciliation of Operating Income to Net Cash Provided by Operating Activities:</b>				
Operating Income (Loss)	\$ (24,750)	\$ (350,227)	\$ 117,895	\$ (257,082)
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities				
Depreciation	734	--	--	734
Provision for Uncollectible Accounts	--	--	--	--
Change in Assets and Liabilities:				
Decrease (Increase) in Receivables	5,724	797,246	--	802,970
Decrease (Increase) in Prepaid Expenses	--	--	--	--
Increase (Decrease) in Accounts Payable	(18,875)	4,000	45,128	30,253
Increase (Decrease) in Interfund Payables	--	33,487	--	33,487
Total Adjustments	(12,417)	834,733	45,128	867,444
Net Cash Provided (Used) by Operating Activities	\$ (37,167)	\$ 484,506	\$ 163,023	\$ 610,362

### *Other Supplementary Information*

This section includes financial information and disclosures not required by the Governmental Accounting Standards Board and not considered a part of the basic financial statements. It may, however, include information which is required by other entities.

# FLOUR BLUFF INDEPENDENT SCHOOL DISTRICT

SCHEDULE OF DELINQUENT TAXES RECEIVABLE  
FOR THE YEAR ENDED AUGUST 31, 2020

Year Ended August 31	1		2		3	
	Tax Rates				Assessed/Appraised Value For School Tax Purposes	
	Maintenance		Debt Service			
	\$	Various	\$	Various	\$	Various
2011 and Prior Years						
2012		1.04		.0317		2,181,819,924
2013		1.04		.0309		2,247,594,635
2014		1.04		.1385		2,366,031,341
2015		1.04		.1285		2,650,595,002
2016		1.04		.1144		2,744,362,524
2017		1.04		.11		2,967,591,097
2018		1.04		.105		3,122,826,495
2019		1.06		.08		3,171,634,275
2020 (School Year Under Audit)		.97		.10		3,333,034,262
1000 Totals						
9000 - Portion of Row 1000 for Taxes Paid into Tax Increment Zone Under Chapter 311, Tax Code						

## EXHIBIT J-1

10 Beginning Balance 9/1/19	20 Current Year's Total Levy	31 Maintenance Collections	32 Debt Service Collections	40 Entire Year's Adjustments	50 Ending Balance 8/31/20
\$ 184,149	\$ --	\$ 15,311	\$ 495	\$ (31,634)	\$ 136,709
36,338	--	2,584	79	(2,296)	31,380
25,874	--	2,688	80	(1,188)	21,918
42,434	--	4,780	637	(1,116)	35,901
63,181	--	12,321	1,522	765	50,103
101,356	--	23,298	2,562	1,032	76,528
138,313	--	35,666	3,772	5,451	104,326
265,071	--	116,388	11,751	(3,924)	133,008
499,286	--	222,401	16,785	(56,107)	203,993
--	34,275,829	30,297,088	3,123,411	(241,593)	613,737
<u>\$ 1,356,003</u>	<u>\$ 34,275,829</u>	<u>\$ 30,732,525</u>	<u>\$ 3,161,094</u>	<u>\$ (330,610)</u>	<u>\$ 1,407,604</u>
\$ --	\$ --	\$ --	\$ --	\$ --	\$ --

**FLOUR BLUFF INDEPENDENT SCHOOL DISTRICT**  
**NATIONAL SCHOOL BREAKFAST AND LUNCH PROGRAM**  
**BUDGETARY COMPARISON SCHEDULE**  
**FOR THE YEAR ENDED AUGUST 31, 2020**

**EXHIBIT J-2**

Data Control Codes	1  Budget	2  Actual	3 Variance Positive (Negative)
<b>REVENUES:</b>			
5700 <i>Local and Intermediate Sources</i>	\$ 849,684	\$ 637,246	\$ (212,438)
5800 <i>State Program Revenues</i>	13,800	12,772	(1,028)
5900 <i>Federal Program Revenues</i>	2,043,694	1,603,003	(440,691)
5020 Total Revenues	<u>2,907,178</u>	<u>2,253,021</u>	<u>(654,157)</u>
<b>EXPENDITURES:</b>			
Current:			
Support Services - Student (Pupil):			
0035 <i>Food Services</i>	3,127,417	2,344,216	783,201
Total Support Services - Student (Pupil)	<u>3,127,417</u>	<u>2,344,216</u>	<u>783,201</u>
6030 Total Expenditures	<u>3,127,417</u>	<u>2,344,216</u>	<u>783,201</u>
1100 Excess (Deficiency) of Revenues Over (Under)			
1100 Expenditures	<u>(220,239)</u>	<u>(91,195)</u>	<u>129,044</u>
Other Financing Sources (Uses):			
7915 <i>Transfers In</i>	150,000	150,000	--
7080 Total Other Financing Sources and (Uses)	<u>150,000</u>	<u>150,000</u>	<u>--</u>
1200 Net Change in Fund Balance	<u>(70,239)</u>	<u>58,805</u>	<u>129,044</u>
0100 Fund Balance - Beginning	331,783	331,783	--
3000 Fund Balance - Ending	<u>\$ 261,544</u>	<u>\$ 390,588</u>	<u>\$ 129,044</u>

# FLOUR BLUFF INDEPENDENT SCHOOL DISTRICT

EXHIBIT J-3

## DEBT SERVICE FUND

### BUDGETARY COMPARISON SCHEDULE

FOR THE YEAR ENDED AUGUST 31, 2020

Data Control Codes		1	2	3 Variance Positive (Negative)
		Budget	Actual	
REVENUES:				
5700	Local and Intermediate Sources	\$ 3,102,492	\$ 3,222,942	\$ 120,450
5800	State Program Revenues	53,602	56,097	2,495
5020	Total Revenues	3,156,094	3,279,039	122,945
EXPENDITURES:				
Debt Service:				
0071	Principal on Long-Term Debt	1,050,000	1,050,000	--
0072	Interest on Long-Term Debt	2,104,894	2,104,894	--
0073	Bond Issuance Costs and Fees	529,200	528,605	595
	Total Debt Service	3,684,094	3,683,499	595
6030	Total Expenditures	3,684,094	3,683,499	595
1100	Excess (Deficiency) of Revenues Over (Under)			
1100	Expenditures	(528,000)	(404,460)	123,540
Other Financing Sources (Uses):				
7911	Capital-Related Debt Issued (Regular Bonds)	42,810,000	42,809,986	(14)
7916	Premium or Discount on Issuance of Bonds	4,300,000	4,287,674	(12,326)
8949	Other Uses	(46,582,000)	(46,565,488)	16,512
7080	Total Other Financing Sources and (Uses)	528,000	532,172	4,172
1200	Net Change in Fund Balance	--	127,712	127,712
0100	Fund Balance - Beginning	1,043,126	1,043,126	--
3000	Fund Balance - Ending	\$ 1,043,126	\$ 1,170,838	\$ 127,712





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GOWLAND, STREALY, MORALES & COMPANY, PLLC  
Certified Public Accountants

Independent Auditor's Report on Internal Control over Financial Reporting and  
On Compliance and Other Matters Based on an Audit of Financial Statements  
Performed In Accordance With *Government Auditing Standards*

Board of Trustees  
Flour Bluff Independent School District  
2505 Waldron Road  
Corpus Christi, Texas 78418

Members of the Board of Trustees:

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 Flour Bluff Independent School District, as of and for the year ended August 31, 2020, and the related notes to the financial statements, which collectively comprise Flour Bluff Independent School District's basic financial statements, and have issued our report thereon dated December 18, 2020.

**Internal Control Over Financial Reporting**

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

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

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

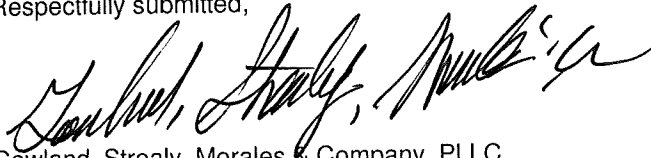
## Compliance and Other Matters

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

## Purpose of this Report

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

Respectfully submitted,

A handwritten signature in black ink, appearing to read "David H. Strealy", is written over the printed name.

Gowland, Strealy, Morales & Company, PLLC

Corpus Christi, Texas  
December 18, 2020



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GOWLAND, STREALLY, MORALES & COMPANY, PLLC  
Certified Public Accountants

Independent Auditor's Report on Compliance for Each Major Federal Program and  
Report on Internal Control Over Compliance Required by the Uniform Guidance

Board of Trustees  
Flour Bluff Independent School District  
2505 Waldron Road  
Corpus Christi, Texas 78418

Members of the Board of Trustees:

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

We have audited the Flour Bluff Independent School District's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Flour Bluff Independent School District's major federal programs for the year ended August 31, 2020. Flour Bluff 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 Flour Bluff 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 the Flour Bluff 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 the Flour Bluff Independent School District's compliance.

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

In our opinion, the Flour Bluff 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.

### **Report on Internal Control Over Compliance**

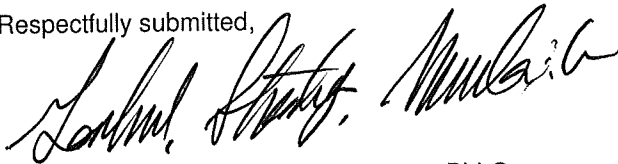
Management of the Flour Bluff Independent School District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Flour Bluff Independent 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 the Flour Bluff 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 a 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 considered 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,



Gowland, Streatly, Morales & Company, PLLC

Corpus Christi, Texas  
December 18, 2020

**FLOUR BLUFF INDEPENDENT SCHOOL DISTRICT**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**FOR THE YEAR ENDED AUGUST 31, 2020**

**A. Summary of Auditor's Results**

**1. Financial Statements**

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

One or more material weaknesses identified?        Yes   X   No

One or more significant deficiencies identified that are not considered to be material weaknesses?        Yes   X   None Reported

Noncompliance material to financial statements noted?        Yes   X   No

**2. Federal Awards**

Internal control over major programs:

One or more material weaknesses identified?        Yes   X   No

One or more significant deficiencies identified that are not considered to be material weaknesses?        Yes   X   None Reported

Type of auditor's report issued on compliance for major programs: Unmodified

Version of compliance supplement used in audit: August 2019

Any audit findings disclosed that are required to be reported in accordance with Title 2 U.S. Code of Federal Regulations (CFR) Part 200?        Yes   X   No

Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
84.010a	ESEA Title I Part A - Improving Basic Programs
Special Education Cluster:	
84.027	Idea-B Formula
84.173	Idea-B Preschool

Dollar threshold used to distinguish between type A and type B programs: \$750,000

Auditee qualified as low-risk auditee?   X   Yes        No

**B. Financial Statement Findings**

NONE

**C. Federal Award Findings and Questioned Costs**

NONE

**FLOUR BLUFF INDEPENDENT SCHOOL DISTRICT**  
*SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS*  
*FOR THE YEAR ENDED AUGUST 31, 2020*

<u>Finding/Recommendation</u>	<u>Current Status</u>	<u>Management's Explanation If Not Implemented</u>
-------------------------------	-----------------------	--

NONE - N/A

**FLOUR BLUFF INDEPENDENT SCHOOL DISTRICT**  
*CORRECTIVE ACTION PLAN*  
*FOR THE YEAR ENDED AUGUST 31, 2020*

NONE REQUIRED - N/A



**FLOUR BLUFF INDEPENDENT SCHOOL DISTRICT**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**FOR THE YEAR ENDED AUGUST 31, 2020**

**EXHIBIT K-1**

(1)	(2)	(2A)		(3)
Federal Grantor/ Pass-Through Grantor/ Program or Cluster Title	Federal CFDA Number	Pass- Through Entity Identifying Number	Passed Through to Subrecipients	Federal Expenditures
<b>CHILD NUTRITION CLUSTER:</b>				
<u>U. S. Department of Agriculture</u>				
Passed Through State Department of Education:				
School Breakfast Program	10.553	52402001	\$ --	\$ 388,176
National School Lunch Program (Non-cash)	10.555	178-914	--	211,195
National School Lunch Program	10.555	52302001	--	1,003,632
Total CFDA Number 10.555			--	1,214,827
Total Passed Through State Department of Education			--	1,603,003
Total U. S. Department of Agriculture			--	1,603,003
Total Child Nutrition Cluster			--	1,603,003
<b>SPECIAL EDUCATION (IDEA) CLUSTER:</b>				
<u>U. S. Department of Education</u>				
Passed Through State Department of Education:				
IDEA-B Formula	84.027	2066000117891466	--	1,102,891
IDEA-B Preschool	84.173	2066100117891466	--	15,848
Total Passed Through State Department of Education			--	1,118,739
Total U. S. Department of Education			--	1,118,739
Total Special Education (IDEA) Cluster			--	1,118,739
<b>OTHER PROGRAMS:</b>				
<u>U. S. Department of the Treasury</u>				
Passed Through State Department of Education:				
RLOC Local Match Reimb Prog	21.019	52202002	--	73,095
Total U. S. Department of the Treasury			--	73,095
<u>U. S. Department of Education</u>				
Direct Program:				
Title IV, Part A Subpart 1	84.424A	19680101178914	--	11,133
Title IV, Part A Subpart 1	84.424A	20680101178914	--	41,650
Passed Through State Department of Education:				
ESEA Title I Part A - Improving Basic Programs	84.010a	20610101178914	--	855,234
Impact Aid - P.L. 81.874	84.041		--	68,160
Career and Technical - Basic Grant	84.048	20420006178914	--	40,696
ESEA Title II Part A - Teacher & Principal Training & Recruiting	84.367a	20694501178914	--	136,461
Title VI Summer LEP	84.369a	69,551,902	--	1,336
Instructional Continuity	84.377a	17610740178914	--	1,950
CARES Act Coronavirus Relief Fund (CRF) - ESSER	84.425d	20521001178914	--	416,831
Total Passed Through State Department of Education			--	1,520,668
Total U. S. Department of Education			--	1,573,451
<u>U. S. Department of Defense</u>				
Passed Through State Department of Education:				
ROTC	12.000		--	113,316
Total U. S. Department of Defense			--	113,316
TOTAL EXPENDITURES OF FEDERAL AWARDS			\$ --	\$ 4,481,604
TOTAL EXPENDITURES OF FEDERAL AWARDS				\$ 4,481,604
School Health and Related Services (SHARS)				770,275
TOTAL FEDERAL PROGRAM REVNUUE EXHIBIT C-2				\$ 5,251,879

The accompanying notes are an integral part of this schedule.



**FLOUR BLUFF INDEPENDENT SCHOOL DISTRICT**  
**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**FOR THE YEAR ENDED AUGUST 31, 2020**

Basis of Presentation

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

Summary of Significant Accounting Policies

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

Flour Bluff Independent School District has elected not to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.

**FLOUR BLUFF INDEPENDENT SCHOOL DISTRICT**

*SCHEDULE OF REQUIRED RESPONSES TO SELECTED SCHOOL FIRST INDICATORS  
AS OF AUGUST 31, 2020*

<u>Data Control Codes</u>		<u>Responses</u>
SF1	Was there an unmodified opinion in the Annual Financial Report on the financial statements as a whole?	Yes
SF2	Were there any disclosures in the Annual Financial Report and/or other sources of information concerning nonpayment of any terms of any debt agreement at fiscal year-end?	No
SF3	Did the school district make timely payments to the Teacher Retirement System (TRS), Texas Workforce Commission (TWC), Internal Revenue Service (IRS), and other government agencies? (If the school district was issued a warrant hold and the warrant hold was not cleared within 30 days from the date the warranty hold was issued, the school district is considered <b>to not have made</b> timely payments.)	Yes
	Payments to the TRS and TWC are considered timely if a warrant hold that was issued in connection to the untimely payment was cleared within 30 days from the date the warrant hold was issued.	
	Payments to the IRS are considered timely if a penalty or delinquent payment notice was cleared within 30 days from the date the notice was issued.	
SF4	Was the school district issued a warrant hold? Even if the issue surrounding the initial warrant hold was resolved and cleared within 30 days, the school district is considered to have been issued a warrant hold.	No
SF5	Did the Annual Financial Report disclose any instances of material weaknesses in internal controls over financial reporting and compliance for local, state or federal funds?	No
SF6	Was there any disclosure in the Annual Financial Report of material noncompliance for grants, contracts and laws related to local, state, or federal funds?	No
SF7	Did the school district post the required financial information on its website in accordance with Government Code, Local Government code, Texas Education Code, Texas Administrative Code and other statutes, laws and rules that were in effect at the school district's fiscal year-end?	Yes
SF8	Did the school board members discuss the school district's property values at a board meeting within 120 days before the school district adopted its budget?	Yes
SF9	Total accumulated accretion on CABs included in government-wide financial statements at fiscal year-end	\$ 1,472,215