

**WAXAHACHIE
INDEPENDENT SCHOOL DISTRICT**

Annual Financial Report for the Year Ended

August 31, 2019

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CERTIFICATE OF BOARD

Waxahachie Independent School District	Ellis	070-912
_____ Name of School District	_____ County	_____ County – District Number

We, the undersigned, certify that the attached financial reports of the above-named school district were reviewed and () approved () disapproved for the year ended August 31, 2019, at a meeting of the Board of School Trustees of such school district on the _____ day of _____, 2019.

_____ Signature of Board Secretary	_____ Signature of Board President
---------------------------------------	---------------------------------------

If the auditor's report was disapproved, the reason(s) therefore is/are (attach list if necessary):

FINANCIAL SECTION



Independent Auditor's Report

Board of School Trustees
Waxahachie Independent School District
Waxahachie, Texas

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Waxahachie Independent School District (the District), as of and for the year ended August 31, 2019, 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 entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the District, as of August 31, 2019, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, schedules of the District's proportionate share of the net pension and net OPEB, and schedules of District contributions for pension and OPEB, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The introductory section, combining and individual fund statements and schedules, and required Texas Education Agency schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The schedule of expenditures of federal awards is presented for purposes of additional analysis as required Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements.

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

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated November 27, 2019, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on 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 Waxahachie Independent School District's internal control over financial reporting and compliance.



Evans & Knauth, PLLC
Frisco, TX
November 27, 2019

WAXAHACHIE INDEPENDENT SCHOOL DISTRICT

Management's Discussion and Analysis

Year Ended August 31, 2019

As Management of Waxahachie Independent School District, we offer readers of the District's financial statement this narrative overview and analysis of the financial activities of the District for the year ended August 31, 2019. Please read this narrative in conjunction with the independent auditors' report on page 1, and the District's Basic Financial Statements that begin on page 11.

FINANCIAL HIGHLIGHTS

- The liabilities and deferred inflows of resources of the District exceeded its assets and deferred outflows of resources at the close of the most recent fiscal year by (\$16,944,868) (*deficit net position*).
- The District's total net position increased by \$71,459 during the current fiscal year from the result of current year operations.
- As of the close of the current fiscal year, the District's governmental funds reported combined ending fund balances of \$52,196,551. Approximately 45% of this total amount (\$23,238,918) is unassigned and available for use within the District's fund balance policies.
- At the end of the current fiscal year, unassigned fund balance for the general fund was \$23,238,918 or 26.7 % of the total general fund expenditures.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis are intended to serve as an introduction to the District's basic financial statements. The District's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves. The government-wide financial statements include the Statement of Net Position and the Statement of Activities (on pages 11 through 13). These provide information about the activities of the District as a whole and present a longer-term view of the District's property and debt obligations and other financial matters. They reflect the flow of total economic resources in a manner similar to the financial reports of a business enterprise.

Fund financial statements (starting on page 14) report the District's operations in more detail than the government-wide statements by providing information about the District's most significant funds. For governmental activities, these statements tell how services were financed in the short term as well as what resources remain for future spending. They reflect the flow of current financial resources, and supply the basis for tax levies and the appropriations budget. For proprietary activities, fund financial statements tell how goods or services of the District were sold to departments within the District or to external customers and how the sales revenues covered the expenses of the goods or services. The remaining statements, fiduciary statements, provide financial information about activities for which the District acts solely as a trustee or agent for the benefit of those outside of the District. The District has no component units for which it is financially accountable.

The notes to the financial statements (starting on page 27) provide narrative explanations or additional data needed for full disclosure in the government-wide statements or the fund financial statements.

WAXAHACHIE INDEPENDENT SCHOOL DISTRICT

Management's Discussion and Analysis

Year Ended August 31, 2019

The required supplementary information provides information on the District's pension and OPEB plans. The combining statements for nonmajor funds contain even more information about the District's individual funds. The sections labeled TEA Required Schedules and Federal Awards Section contain data used by monitoring or regulatory agencies for assurance that the District is using funds supplied in compliance with the terms of grants.

Reporting the District as a Whole

The Statement of Net Position and the Statement of Activities

The analysis of the District's overall financial condition and operations begins on page 11. Its primary purpose is to show whether the District is better off or worse off as a result of the year's activities. The Statement of Net Position includes all the District's assets and deferred outflows of resources; and liabilities and deferred inflows of resources at the end of the year while the Statement of Activities includes all revenues and expenses generated by the District's operations during the year. These apply the accrual basis of accounting (the basis used by private sector companies).

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

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

In the Statement of Net Position and the Statement of Activities, we divide the District into two kinds of activities:

- Governmental activities-Most of the District's basic services are reported here, including the instruction, counseling, co-curricular activities, food services, transportation, maintenance, community services, and general administration. Property taxes, tuition, fees, and state and federal grants finance most of these activities.
- Business-type activities-The District has programs in which it charges a fee to "customers" to help it cover all or most of the cost of services it provides such as the child nutrition program, childcare fund, and an adult education program.

WAXAHACHIE INDEPENDENT SCHOOL DISTRICT

Management's Discussion and Analysis

Year Ended August 31, 2019

Reporting the District's Most Significant Funds

Fund Financial Statements

The fund financial statements begin on page 14 and provide detailed information about the most significant funds-not the District as a whole. Laws and contracts require the District to establish some funds, such as grants received under the No Child Left Behind Act from the U.S. Department of Education. The District's administration establishes other funds to help it control and manage money for particular purposes (like campus activities). The District's two kinds of funds - governmental and proprietary - use different accounting approaches.

- Governmental funds - Most of the District's basic services are reported in governmental funds. These funds use modified accrual accounting (a method that measures the receipt and disbursement of cash and all other financial assets that can be readily converted to cash) and report balances that are available for future spending. The governmental fund statements provide a detailed short-term view of the District's general operations and the basic services it provides. We describe the differences between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds in reconciliation schedules following each of the fund financial statements.
- Proprietary funds - The District reports the activities for which it charges users (whether outside customers or other units of the District) in proprietary funds using the same accounting methods employed in the Statement of Net Position and the Statement of Activities. In fact, the District's enterprise funds (one category of proprietary funds) are the business-type activities reported in the government-wide statements, but contain more detail and additional information, such as cash flows.

The District as Trustee

Reporting the District's Fiduciary Responsibilities

The District is the trustee, or fiduciary, for money raised by student activities and for a scholarship fund. The District's fiduciary activity is reported in a separate Statement of Fiduciary Net Position on page 25 and a Statement of Changes in Fiduciary Fund Net Position on page 26. We exclude these resources from the District's other financial statements because the District cannot use these assets to finance its operations. The District is only responsible for ensuring that the assets reported in this fund are used for their intended purposes.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

The following analysis presents both current and prior year data and discusses significant changes in the accounts. Our analysis focuses on the net position (Table I) and changes in net position (Table II) of the District's governmental and business-type activities.

Net position of the District's governmental activities increased from \$(17,881,571) to (\$17,688,728). Unrestricted net position of the District's governmental activities -the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation, or other legal requirements was (\$62,569,829) at August 31, 2019.

WAXAHACHIE INDEPENDENT SCHOOL DISTRICT
Management's Discussion and Analysis
Year Ended August 31, 2019

TABLE I
NET POSITION

	Governmental Activities		Business-type Activities		Total	
	2019	2018	2019	2018	2019	2018
Current and other assets	\$ 59,872,438	\$ 46,087,044	\$ 879,861	\$ 852,019	\$ 60,752,299	\$ 46,939,063
Capital Assets	257,180,977	255,088,181	1,393,316	1,609,233	258,574,293	256,697,414
Total Assets	<u>317,053,415</u>	<u>301,175,225</u>	<u>2,273,177</u>	<u>2,461,252</u>	<u>319,326,592</u>	<u>303,636,477</u>
Deferred Outflows of Resources	24,574,558	12,986,283	574,033	216,833	25,148,591	13,203,116
Long-term Liabilities						
Due or Payable Within One Year	6,866,413	11,211,975	199,545	458,028	7,065,958	11,670,003
Due or Payable After One Year	340,489,982	305,261,321	1,552,864	979,681	342,042,846	306,241,002
Total Liabilities	<u>347,356,395</u>	<u>316,473,296</u>	<u>1,752,409</u>	<u>1,437,709</u>	<u>349,108,804</u>	<u>317,911,005</u>
Deferred Inflows of Resources	11,960,309	15,569,783	350,941	375,132	12,311,250	15,944,915
Net Position:						
Net Invested in Capital Assets	21,550,158	13,423,737	1,393,316	1,609,233	22,943,474	15,032,970
Restricted	23,330,943	2,746,816	(1,136,761)	(1,210,926)	22,194,182	1,535,890
Unrestricted	(62,569,829)	(34,052,124)	487,305	466,937	(62,082,524)	(33,585,187)
Total Net Position	<u>\$ (17,688,728)</u>	<u>\$ (17,881,571)</u>	<u>\$ 743,860</u>	<u>\$ 865,244</u>	<u>\$ (16,944,868)</u>	<u>\$ (17,016,327)</u>

WAXAHACHIE INDEPENDENT SCHOOL DISTRICT
Management's Discussion and Analysis
Year Ended August 31, 2019

TABLE II
 CHANGES IN NET POSITION

	Governmental Activities		Business-type Activities		Total	
	2019	2018	2019	2018	2019	2018
Revenues:						
Program Revenues						
Charges for Services	\$ 457,720	\$ 2,345,181	\$ 2,102,826	\$ 1,364,033	\$ 2,560,546	\$ 3,709,214
Operating Grants & Contributions	14,259,089	(5,291,884)	2,619,916	2,363,600	16,879,005	(2,928,284)
Total Program Revenues	<u>14,716,809</u>	<u>(2,946,703)</u>	<u>4,722,742</u>	<u>3,727,633</u>	<u>19,439,551</u>	<u>780,930</u>
General Revenues						
Property Taxes	61,548,715	56,587,530	-	-	61,548,715	56,587,530
State Aid Formula	32,079,313	28,516,482	-	-	32,079,313	28,516,482
Investment Earnings	1,564,049	1,096,095	-	14,317	1,564,049	1,110,412
Other	1,838,944	297,528	-	-	1,838,944	297,528
Total General Revenue	<u>97,031,021</u>	<u>86,497,635</u>	<u>-</u>	<u>14,317</u>	<u>97,031,021</u>	<u>86,511,952</u>
Total Revenues	<u>111,747,830</u>	<u>83,550,932</u>	<u>4,722,742</u>	<u>3,741,950</u>	<u>116,470,572</u>	<u>87,292,882</u>
Expenses:						
Instruction	61,904,274	37,736,106	-	-	61,904,274	37,736,106
Instruction Resources & Media Services	1,428,147	891,683	-	-	1,428,147	891,683
Curriculum and Staff Development	1,090,395	757,656	-	-	1,090,395	757,656
Instructional Leadership	1,683,685	1,059,055	-	-	1,683,685	1,059,055
School Leadership	5,588,012	3,192,784	-	-	5,588,012	3,192,784
Guidance, Counseling & Evaluation Services	3,863,053	2,458,796	-	-	3,863,053	2,458,796
Health Services	1,100,915	628,834	-	-	1,100,915	628,834
Student Transportation	2,902,501	1,775,608	-	-	2,902,501	1,775,608
Food Services	572,943	621,116	4,484,707	3,494,372	5,057,650	4,115,488
Extracurricular Activities	4,912,564	4,019,773	-	-	4,912,564	4,019,773
General Administration	2,678,908	1,926,525	-	-	2,678,908	1,926,525
Facilities Maintenance & Operations	8,209,452	5,478,072	-	-	8,209,452	5,478,072
Security and Monitoring Services	1,441,079	1,019,884	-	-	1,441,079	1,019,884
Data Processing Services	1,967,565	1,459,290	-	-	1,967,565	1,459,290
Community Services	287,955	151,716	-	-	287,955	151,716
Debt Service - Interest on Long Term Debt	11,158,178	10,698,898	-	-	11,158,178	10,698,898
Debt Service - Bond Issuance Cost and Fees	208,594	5,300	-	-	208,594	5,300
Capital Outlay	-	23,043	-	-	-	23,043
Other Intergovernmental Charges	556,767	400,488	359,419	320,175	916,186	720,663
Total Expenses	<u>111,554,987</u>	<u>74,304,627</u>	<u>4,844,126</u>	<u>3,814,547</u>	<u>116,399,113</u>	<u>78,119,174</u>
Increase/(Decrease) in Net Position	192,843	9,246,305	(121,384)	(72,597)	71,459	9,173,708
Beginning Net Position	(17,881,571)	19,681,625	865,244	2,074,157	(17,016,327)	21,755,782
Prior Period Adjustment	-	(46,809,501)	-	(1,136,316)	-	(47,945,817)
Ending Net Position	<u>\$ (17,688,728)</u>	<u>\$ (17,881,571)</u>	<u>\$ 743,860</u>	<u>\$ 865,244</u>	<u>\$ (16,944,868)</u>	<u>\$ (17,016,327)</u>

At the end of the current fiscal year, the District reports a deficit balance in unrestricted net position, while reporting positive balances in net investment in capital assets and in restricted net position. The District's net position increased by \$71,459 during the current fiscal year.

WAXAHACHIE INDEPENDENT SCHOOL DISTRICT

Management's Discussion and Analysis

Year Ended August 31, 2019

During the 2018-2019 fiscal year, the following measures were taken to enable the District to maintain a sound financial position.

- The District's average daily attendance (ADA) increased by 383, or approximately 4.8%. Total state aid increased 5.06% because of increased student enrollment.
- The District's General Fund expenditures increased 10.54% due primarily to increases in personnel costs due to increased positions required by higher enrollment and salary increases and an increase in capital outlay.
- The District's maintenance and operations (M&O) tax rate remained \$1.17 per \$100 valuation. The District's debt service tax rate remained \$0.3839 per \$100 valuation. The District's taxable property valuation increased 5.75%.

The cost of all governmental activities for the current fiscal year was \$111,554,987. However, as shown in the Statement of Activities, the amount that our taxpayers ultimately financed for these activities through District taxes was \$61,548,715 because some of the costs were paid by those who directly benefited from the programs (\$457,720) or by other governments and organizations that subsidized certain programs with grants and contributions (\$14,259,089).

THE DISTRICT'S FUNDS

As of the end of the current fiscal year, the District's governmental funds (as presented in the balance sheet on page 14, reported a combined fund balance of \$52,196,551, which is \$17,782,840 more than last year's total of \$34,413,711. Included in this year's total change in fund balance is an increase of \$603,303 in the General Fund, a \$249,148 increase in the Debt Service Fund and a \$16,967,916 increase in the Capital Projects Fund.

Over the course of the year, the Board of Trustees revised the District's budget several times. These budget amendments fall into three categories. The first category includes amendments and supplemental appropriations that were approved shortly after the beginning of the year and reflect the actual beginning balances (versus the amounts we estimated in August 2018). The second category includes changes that the Board made during the year to reflect new information regarding revenue sources and expenditure needs. These included increases in personnel costs and maintenance costs throughout the year. The third category involves amendments moving funds from programs that did not need all the resources originally appropriated to them to programs with resource needs.

The District's General Fund balance of \$28,588,494 reported on pages 14 and 15 differs from the General Fund's budgetary fund balance of \$24,334,037 reported in the budgetary comparison schedule on page 55. This is principally due to cost savings achieved during the year, a locally funded capital project that will be completed in FY 20, and actual revenue in excess of budgeted amounts.

WAXAHACHIE INDEPENDENT SCHOOL DISTRICT

Management's Discussion and Analysis

Year Ended August 31, 2019

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At August 31, 2019, the District's governmental activities had \$257,180,977 invested in a broad range of capital assets, including facilities and equipment for instruction, transportation, athletics, administration, and maintenance. This amount represents a net increase of \$2,092,796 from the prior year. This increase includes the costs incurred in building a new agri-science facility to be completed in FY 20.

More detailed information about the District's capital assets is presented on page 39 of the notes to the financial statements.

Debt Administration

At year-end, the District had \$280,894,036 in bonds payable outstanding (including accreted interest on capital appreciation bonds) versus \$264,200,789 last year, an increase of \$16,693,247. The District's general obligation bond rating is AAA (as a result of guarantees of the Texas Permanent School Fund) according to national rating agencies.

More detailed information about the District's long-term liabilities is presented on page 40 of the notes to the financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

- Total state aid is expected to increase 23% due to changes in the funding formulas as a result of changes in state law (HB 3) and higher enrollment somewhat offset by higher local tax collections.
- The District's General Fund expenditures are budgeted to increase approximately 4.9% due to higher personnel cost from salary increases and new positions added to accommodate enrollment growth and the completion of the agri-science facility.
- The District's 2019 maintenance and operating tax rate decreased from \$1.17 per \$100 of taxable property value to \$1.0683 per \$100 of taxable property value. The 2019 adopted debt service tax rate remained \$0.3839 per \$100 valuation.
- The District's 2018-2019 General Fund budget has budgeted revenues (\$93.4 million) in excess of budgeted expenditures (\$92.4 million) to help increase fund balance to provide flexibility to address the concerns of how quickly the District's population is growing.

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 show the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the District's business office at Waxahachie Independent School District, 411 N. Gibson Street, Waxahachie, Texas 75165, or at (972) 923-4631,

BASIC FINANCIAL STATEMENTS

WAXAHACHIE INDEPENDENT SCHOOL DISTRICT
STATEMENT OF NET POSITION
AUGUST 31, 2019

EXHIBIT A-1

Data Control Codes	1	2	3
	Primary Government		
	Governmental Activities	Business Type Activities	Total
ASSETS			
1110 Cash and Cash Equivalents	\$ 45,984,746	\$ 559,138	\$ 46,543,884
1220 Property Taxes - Delinquent	1,191,491	-	1,191,491
1230 Allowance for Uncollectible Taxes	(23,829)	-	(23,829)
1240 Due from Other Governments	9,936,604	185,327	10,121,931
1260 Internal Balances	372	(372)	-
1290 Other Receivables, Net	113,475	-	113,475
1300 Inventories	-	135,146	135,146
1410 Prepayments	1,349,579	622	1,350,201
Capital Assets:			
1510 Land	12,923,069	-	12,923,069
1520 Buildings, Net	232,382,557	-	232,382,557
1530 Furniture and Equipment, Net	5,110,793	1,393,316	6,504,109
1580 Construction in Progress	6,764,558	-	6,764,558
1800 Restricted Assets	1,320,000	-	1,320,000
1000 Total Assets	<u>317,053,415</u>	<u>2,273,177</u>	<u>319,326,592</u>
DEFERRED OUTFLOWS OF RESOURCES			
1701 Deferred Charge for Refunding	3,434,419	-	3,434,419
1705 Deferred Related to TRS Pension	15,847,154	438,935	16,286,089
1706 Deferred Related to TRS OPEB	5,292,985	135,098	5,428,083
1700 Total Deferred Outflows of Resources	<u>24,574,558</u>	<u>574,033</u>	<u>25,148,591</u>
LIABILITIES			
2110 Accounts Payable	1,457,337	66,407	1,523,744
2140 Interest Payable	411,869	-	411,869
2150 Payroll Deductions and Withholdings	78,841	-	78,841
2160 Accrued Wages Payable	4,634,884	133,138	4,768,022
2200 Accrued Expenses	283,482	-	283,482
Noncurrent Liabilities:			
2501 Due Within One Year	7,527,788	-	7,527,788
2502 Due in More Than One Year	273,366,248	-	273,366,248
2540 Net Pension Liability (District's Share)	26,687,454	745,504	27,432,958
2545 Net OPEB Liability (District's Share)	32,908,492	807,360	33,715,852
2000 Total Liabilities	<u>347,356,395</u>	<u>1,752,409</u>	<u>349,108,804</u>
DEFERRED INFLOWS OF RESOURCES			
2602 Deferred Revenue	53,681	92,558	146,239
2605 Deferred Inflow Related to TRS Pension	1,496,538	6,705	1,503,243
2606 Deferred Inflow Related to TRS OPEB	10,410,087	251,678	10,661,765
2600 Total Deferred Inflows of Resources	<u>11,960,306</u>	<u>350,941</u>	<u>12,311,247</u>
NET POSITION			
3200 Net Investment in Capital Assets	21,550,158	1,393,316	22,943,474
Restricted:			
3820 Restricted for Federal and State Programs	8,054	-	8,054
3850 Restricted for Debt Service	3,439,990	-	3,439,990
3860 Restricted for Capital Projects	19,882,899	-	19,882,899
3890 Restricted for Other Purposes	-	(1,136,761)	(1,136,761)
3900 Unrestricted	(62,569,829)	487,305	(62,082,524)
3000 Total Net Position	<u>\$ (17,688,728)</u>	<u>\$ 743,860</u>	<u>\$ (16,944,868)</u>

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

WAXAHACHIE INDEPENDENT SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED AUGUST 31, 2019

Data Control Codes	1	Program Revenues	
		3	4
	Expenses	Charges for Services	Operating Grants and Contributions
Primary Government:			
GOVERNMENTAL ACTIVITIES:			
11 Instruction	\$ 61,904,274	\$ 146,045	\$ 10,501,939
12 Instructional Resources and Media Services	1,428,147	-	102,035
13 Curriculum and Instructional Staff Development	1,090,395	-	174,319
21 Instructional Leadership	1,683,685	-	232,974
23 School Leadership	5,588,012	-	451,969
31 Guidance, Counseling and Evaluation Services	3,863,053	-	1,279,616
33 Health Services	1,100,915	-	89,338
34 Student (Pupil) Transportation	2,902,501	-	193,917
35 Food Services	572,943	-	96,339
36 Extracurricular Activities	4,912,564	228,987	204,061
41 General Administration	2,678,908	82,688	244,683
51 Facilities Maintenance and Operations	8,223,952	-	431,297
52 Security and Monitoring Services	1,441,079	-	103,973
53 Data Processing Services	1,967,565	-	98,648
61 Community Services	287,955	-	53,981
72 Debt Service - Interest on Long-Term Debt	11,158,178	-	-
73 Debt Service - Bond Issuance Cost and Fees	208,594	-	-
91 Contracted Instructional Services Between Schools	97,796	-	-
99 Other Intergovernmental Charges	458,971	-	-
[TG] Total Governmental Activities:	<u>111,569,487</u>	<u>457,720</u>	<u>14,259,089</u>
BUSINESS-TYPE ACTIVITIES:			
35 Enterprise Fund - Child Nutrition Program	4,484,707	1,744,794	2,619,916
01 Enterprise Fund - Childcare	345,639	339,932	-
02 Enterprise Fund - Lighthouse for Learning	13,780	18,100	-
[TB] Total Business-Type Activities:	<u>4,844,126</u>	<u>2,102,826</u>	<u>2,619,916</u>
[TP] TOTAL PRIMARY GOVERNMENT:	<u>\$ 116,413,613</u>	<u>\$ 2,560,546</u>	<u>\$ 16,879,005</u>

Data Control Codes	General Revenues:
	Taxes:
MT	Property Taxes, Levied for General Purposes
DT	Property Taxes, Levied for Debt Service
SF	State Aid - Formula Grants
GC	Grants and Contributions not Restricted
IE	Investment Earnings
MI	Miscellaneous Local and Intermediate Revenue
TR	Total General Revenues
CN	Change in Net Position
NB	Net Position - Beginning
NE	Net Position--Ending

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

Net (Expense) Revenue and Changes in Net Position		
6	7	8
Primary Government		
Governmental Activities	Business-type Activities	Total
\$ (51,256,290)	\$ -	\$ (51,256,290)
(1,326,112)	-	(1,326,112)
(916,076)	-	(916,076)
(1,450,711)	-	(1,450,711)
(5,136,043)	-	(5,136,043)
(2,583,437)	-	(2,583,437)
(1,011,577)	-	(1,011,577)
(2,708,584)	-	(2,708,584)
(476,604)	-	(476,604)
(4,479,516)	-	(4,479,516)
(2,351,537)	-	(2,351,537)
(7,792,655)	-	(7,792,655)
(1,337,106)	-	(1,337,106)
(1,868,917)	-	(1,868,917)
(233,974)	-	(233,974)
(11,158,178)	-	(11,158,178)
(208,594)	-	(208,594)
(97,796)	-	(97,796)
(458,971)	-	(458,971)
<u>(96,852,678)</u>	<u>-</u>	<u>(96,852,678)</u>
-	(119,997)	(119,997)
-	(5,707)	(5,707)
-	4,320	4,320
<u>-</u>	<u>(121,384)</u>	<u>(121,384)</u>
<u>(96,852,678)</u>	<u>(121,384)</u>	<u>(96,974,062)</u>
46,343,675	-	46,343,675
15,205,040	-	15,205,040
32,079,313	-	32,079,313
121,364	-	121,364
1,564,049	-	1,564,049
1,732,080	-	1,732,080
<u>97,045,521</u>	<u>-</u>	<u>97,045,521</u>
192,843	(121,384)	71,459
(17,881,571)	865,244	(17,016,327)
<u>\$ (17,688,728)</u>	<u>\$ 743,860</u>	<u>\$ (16,944,868)</u>

WAXAHACHIE INDEPENDENT SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
AUGUST 31, 2019

Data Control Codes	10 General Fund	50 Debt Service Fund	60 Capital Projects
ASSETS			
1110 Cash and Cash Equivalents	\$ 24,499,060	\$ 1,845,588	\$ 20,167,277
1220 Property Taxes - Delinquent	911,490	280,001	-
1230 Allowance for Uncollectible Taxes	(18,230)	(5,599)	-
1240 Due from Other Governments	7,874,379	-	-
1260 Due from Other Funds	372	-	-
1290 Other Receivables	113,475	-	-
1410 Prepayments	1,349,576	-	-
1800 Restricted Assets	-	1,320,000	-
1000 Total Assets	<u>\$ 34,730,122</u>	<u>\$ 3,439,990</u>	<u>\$ 20,167,277</u>
LIABILITIES			
2110 Accounts Payable	\$ 532,790	\$ -	\$ 128,781
2150 Payroll Deductions and Withholdings Payable	78,833	-	-
2160 Accrued Wages Payable	4,455,179	-	-
2200 Accrued Expenditures	127,885	-	155,597
2000 Total Liabilities	<u>5,194,687</u>	<u>-</u>	<u>284,378</u>
DEFERRED INFLOWS OF RESOURCES			
2601 Unavailable Revenue - Property Taxes	893,260	274,402	-
2602 Unavailable Revenue - Other	53,681	-	-
2600 Total Deferred Inflows of Resources	<u>946,941</u>	<u>274,402</u>	<u>-</u>
FUND BALANCES			
Nonspendable Fund Balance:			
3430 Prepaid Items	1,349,576	-	-
Restricted Fund Balance:			
3450 Federal or State Funds Grant Restriction	-	-	-
3470 Capital Acquisition and Contractual Obligation	-	-	19,882,899
3480 Retirement of Long-Term Debt	-	3,165,588	-
Committed Fund Balance:			
3510 Construction	4,000,000	-	-
3545 Other Committed Fund Balance	-	-	-
3600 Unassigned Fund Balance	23,238,918	-	-
3000 Total Fund Balances	<u>28,588,494</u>	<u>3,165,588</u>	<u>19,882,899</u>
4000 Total Liabilities, Deferred Inflows & Fund Balances	<u>\$ 34,730,122</u>	<u>\$ 3,439,990</u>	<u>\$ 20,167,277</u>

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

Other Funds	Total Governmental Funds
\$ (527,179)	\$ 45,984,746
-	1,191,491
-	(23,829)
2,062,225	9,936,604
-	372
-	113,475
3	1,349,579
-	1,320,000
<u>\$ 1,535,049</u>	<u>\$ 59,872,438</u>
\$ 795,766	\$ 1,457,337
8	78,841
179,705	4,634,884
-	283,482
<u>975,479</u>	<u>6,454,544</u>
-	1,167,662
-	53,681
<u>-</u>	<u>1,221,343</u>
3	1,349,579
8,054	8,054
-	19,882,899
-	3,165,588
-	4,000,000
551,513	551,513
-	23,238,918
<u>559,570</u>	<u>52,196,551</u>
<u>\$ 1,535,049</u>	<u>\$ 59,872,438</u>

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WAXAHACHIE INDEPENDENT SCHOOL DISTRICT
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE
STATEMENT OF NET POSITION
AUGUST 31, 2019

EXHIBIT C-2

Total Fund Balances - Governmental Funds	\$	52,196,551
1 Capital assets used in governmental activities are not financial resources and therefore are not reported in governmental funds. At the beginning of the year, the cost of these assets was \$352,246,645 and the accumulated depreciation was (\$97,158,464). In addition, long-term liabilities, including bonds payable of (\$225,407,560), are not due and payable in the current period, and, therefore are not reported as liabilities in the funds. The net effect of including the beginning balances for capital assets (net of depreciation) and long-term debt in the governmental activities is to increase net position.		29,680,621
2 Current year capital outlays of \$9,991,162 and long-term debt principal payments of \$7,640,000 are expenditures in the fund financial statements, but they should be shown as increases in capital assets and reductions in long-term debt in the government-wide financial statements. The net effect of including the current year capital outlays and debt principal payments is to increase net position.		17,631,162
3 Included in the items related to debt is the recognition of the District's proportionate share of the net pension liability required by GASB 68. The net position related to TRS included a Deferred Resource Outflow in the amount of \$15,847,154, a Deferred Resource Inflow in the amount of (\$1,496,538) and a net pension liability in the amount of (\$26,687,454). This resulted in a decrease in net position.		(12,336,838)
4 Included in the items related to debt is the recognition of the District's proportionate share of the net OPEB liability required by GASB 75. The net position related to TRS included a Deferred Resource Outflow in the amount of \$5,292,985, a Deferred Resource Inflow in the amount of (\$10,410,087) and a net OPEB liability in the amount of (\$32,908,492). This resulted in a decrease in net position.		(38,025,594)
5 The current year depreciation expense increases accumulated depreciation. The net effect of the current year's depreciation is to decrease net position.		(7,898,366)
6 Accrued interest payable on long-term debt is not shown on the fund financial statements, but is shown on the government-wide financial statements. The effect of including accrued interest payable is to decrease net position.		(411,869)
7 Accreted interest on capital appreciation bonds are not included on the fund financial statements, but is included on the government-wide financial statements. The effect of including accreted interest is to decrease net position.		(21,945,899)
8 Various other reclassifications and eliminations are necessary to convert from the modified accrual basis of accounting to accrual basis of accounting. These include recognizing unavailable revenue from property taxes as revenue, reclassifying the proceeds of bond sales as an increase in bonds payable, and recognizing the liabilities associated with maturing long-term debt and interest. The net effect of these reclassifications and recognitions is to decrease net position.		(36,578,496)
19 Net Position of Governmental Activities	\$	(17,688,728)

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

WAXAHACHIE INDEPENDENT SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED AUGUST 31, 2019

Data Control Codes	10 General Fund	50 Debt Service Fund	60 Capital Projects
REVENUES:			
5700 Total Local and Intermediate Sources	\$ 48,380,496	\$ 15,403,575	\$ 513,999
5800 State Program Revenues	35,976,947	346,135	871
5900 Federal Program Revenues	3,153,019	104,740	-
5020 Total Revenues	<u>87,510,462</u>	<u>15,854,450</u>	<u>514,870</u>
EXPENDITURES:			
Current:			
0011 Instruction	48,921,126	-	44,295
0012 Instructional Resources and Media Services	1,204,742	-	-
0013 Curriculum and Instructional Staff Development	856,933	-	-
0021 Instructional Leadership	1,449,415	-	-
0023 School Leadership	4,971,366	-	-
0031 Guidance, Counseling and Evaluation Services	2,497,505	-	-
0033 Health Services	1,028,723	-	-
0034 Student (Pupil) Transportation	2,374,095	-	-
0035 Food Services	24,868	-	-
0036 Extracurricular Activities	3,594,457	-	100,742
0041 General Administration	2,499,328	-	-
0051 Facilities Maintenance and Operations	7,696,036	-	-
0052 Security and Monitoring Services	1,345,647	-	3,375
0053 Data Processing Services	1,545,408	-	-
0061 Community Services	251,906	-	-
Debt Service:			
0071 Principal on Long-Term Debt	1,482,471	6,157,529	-
0072 Interest on Long-Term Debt	358,688	9,445,221	-
0073 Bond Issuance Cost and Fees	-	5,465	203,129
Capital Outlay:			
0081 Facilities Acquisition and Construction	4,264,732	-	6,398,542
Intergovernmental:			
0091 Contracted Instructional Services Between Schools	97,796	-	-
0099 Other Intergovernmental Charges	458,971	-	-
6030 Total Expenditures	<u>86,924,213</u>	<u>15,608,215</u>	<u>6,750,083</u>
1100 Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>586,249</u>	<u>246,235</u>	<u>(6,235,213)</u>
OTHER FINANCING SOURCES (USES):			
7911 Capital Related Debt Issued (Regular Bonds)	-	-	21,005,000
7912 Sale of Real and Personal Property	17,054	-	-
7916 Premium or Discount on Issuance of Bonds	-	2,913	2,198,129
7080 Total Other Financing Sources (Uses)	<u>17,054</u>	<u>2,913</u>	<u>23,203,129</u>
1200 Net Change in Fund Balances	603,303	249,148	16,967,916
0100 Fund Balance - September 1 (Beginning)	<u>27,985,191</u>	<u>2,916,440</u>	<u>2,914,983</u>
3000 Fund Balance - August 31 (Ending)	<u>\$ 28,588,494</u>	<u>\$ 3,165,588</u>	<u>\$ 19,882,899</u>

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

Other Funds	Total Governmental Funds
\$ 656,742	\$ 64,954,812
1,911,703	38,235,656
2,751,827	6,009,586
<u>5,320,272</u>	<u>109,200,054</u>
3,779,556	52,744,977
64,620	1,269,362
188,898	1,045,831
111,831	1,561,246
-	4,971,366
1,068,569	3,566,074
-	1,028,723
-	2,374,095
10,986	35,854
123,939	3,819,138
8,889	2,508,217
-	7,696,036
-	1,349,022
-	1,545,408
511	252,417
-	7,640,000
-	9,803,909
-	208,594
-	10,663,274
-	97,796
-	458,971
<u>5,357,799</u>	<u>114,640,310</u>
<u>(37,527)</u>	<u>(5,440,256)</u>
-	21,005,000
-	17,054
-	2,201,042
-	23,223,096
<u>(37,527)</u>	<u>17,782,840</u>
<u>597,097</u>	<u>34,413,711</u>
<u>\$ 559,570</u>	<u>\$ 52,196,551</u>

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WAXAHACHIE INDEPENDENT SCHOOL DISTRICT
 RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES,
 AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES
 FOR THE YEAR ENDED AUGUST 31, 2019

EXHIBIT C-4

Total Net Change in Fund Balances - Governmental Funds	\$ 17,782,840
Current year capital outlays of \$9,991,162 and long-term debt principal payments of \$7,640,000 are expenditures in the fund financial statements, but they should be shown as increases in capital assets and reductions in long-term debt in the government-wide financial statements. The net effect of including the current year capital outlays and debt principal payments is to increase net position.	17,631,162
Depreciation is not recognized as an expense in governmental funds since it does not require the use of current financial resources. The net effect of the current year's depreciation is to decrease net position.	(7,898,366)
The implementation of GASB 68 required that certain plan expenditures be de-expended and recorded as deferred resource outflows. These contributions made after the measurement date of the plan caused the change in ending net position to increase by \$1,771,356. Contributions made before the measurement date and during the previous fiscal year were also expended and recorded as a reduction in net pension liability. This caused a decrease in net position totaling (\$1,624,125). Finally, the porportionate share of the TRS pension expense on the plan as whole had to be recorded. The net pension expense decreased the change in net position by (\$2,613,850). The net result is a decrease in the change in net position.	(2,466,619)
The implementation of GASB 75 required that certain plan expenditures be de-expended and recorded as deferred resource outflows. These contributions made after the measurement date of the plan caused the change in ending net position to increase by \$500,980. Contributions made before the measurement date and during the previous fiscal year were also expended and recorded as a reduction in net OPEB liability. This caused a decrease in net position totaling (\$455,246). Finally, the porportionate share of the TRS OPEB expense on the plan as whole had to be recorded. The net OPEB expense decreased the change in net position by (\$672,295). The net result is a decrease in the change in net position.	(626,561)
Accrued interest payable on long-term debt is not shown on the fund financial statements, but is shown on the government-wide financial statements. The effect of including accrued interest payable is to decrease net position.	(36,264)
Accreted interest on capital appreciation bonds are not included on the fund financial statements, but is included on the government-wide financial statements. The effect of including accreted interest is to increase net position.	2,232,966
Various other reclassifications and eliminations are necessary to convert from the modified accrual basis of accounting to accrual basis of accounting. These include recognizing unavailable revenue from property taxes as revenue, adjusting current year revenue to show the revenue earned from the current year's tax levy, reclassifying the proceeds of bond sales, and recognizing the liabilities associated with maturing long-term debt and interest. The net effect of these reclassifications and recognitions is to decrease net position.	(26,426,315)
Change in Net Position of Governmental Activities	\$ 192,843

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

WAXAHACHIE INDEPENDENT SCHOOL DISTRICT
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
AUGUST 31, 2019

	Business-Type Activities - Enterprise Funds		
	Child Nutrition Program	Nonmajor Enterprise Funds	Total Enterprise Funds
ASSETS			
Current Assets:			
Cash and Cash Equivalents	\$ 44,851	\$ 514,287	\$ 559,138
Due from Other Governments	185,327	-	185,327
Inventories	135,146	-	135,146
Prepayments	-	622	622
Total Current Assets	<u>365,324</u>	<u>514,909</u>	<u>880,233</u>
Noncurrent Assets:			
Capital Assets:			
Furniture and Equipment	2,409,654	220,049	2,629,703
Depreciation on Furniture and Equipment	<u>(1,188,377)</u>	<u>(48,010)</u>	<u>(1,236,387)</u>
Total Noncurrent Assets	<u>1,221,277</u>	<u>172,039</u>	<u>1,393,316</u>
Total Assets	<u>1,586,601</u>	<u>686,948</u>	<u>2,273,549</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred Outflow Related to TRS OPEB	135,098	-	135,098
Deferred Outflow Related to TRS Pensions	438,935	-	438,935
Total Deferred Outflows of Resources	<u>574,033</u>	<u>-</u>	<u>574,033</u>
LIABILITIES			
Current Liabilities:			
Accounts Payable	66,407	-	66,407
Accrued Wages Payable	109,597	23,541	133,138
Due to Other Funds	372	-	372
Total Current Liabilities	<u>176,376</u>	<u>23,541</u>	<u>199,917</u>
NonCurrent Liabilities:			
Net Pension Liability	745,504	-	745,504
Net OPEB Liability	807,360	-	807,360
Total Noncurrent Liabilities	<u>1,552,864</u>	<u>-</u>	<u>1,552,864</u>
Total Liabilities	<u>1,729,240</u>	<u>23,541</u>	<u>1,752,781</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred Revenue	88,495	4,063	92,558
Deferred Inflow Related to TRS OPEB	251,678	-	251,678
Deferred Inflow Related to TRS Pensions	6,705	-	6,705
Total Deferred Inflows of Resources	<u>346,878</u>	<u>4,063</u>	<u>350,941</u>
NET POSITION			
Net Investment in Capital Assets	1,221,277	172,039	1,393,316
Restricted for Child Nutrition Program	<u>(1,136,761)</u>	<u>-</u>	<u>(1,136,761)</u>
Unrestricted Net Position	-	487,305	487,305
Total Net Position	<u>\$ 84,516</u>	<u>\$ 659,344</u>	<u>\$ 743,860</u>

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

WAXAHACHIE INDEPENDENT SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED AUGUST 31, 2019

	Business-Type Activities - Enterprise Funds		
	Child Nutrition Program	Nonmajor Enterprise Funds	Total Enterprise Funds
OPERATING REVENUES:			
Local and Intermediate Sources	\$ 1,604,764	\$ 340,007	\$ 1,944,771
State Program Revenues	140,030	18,025	158,055
Total Operating Revenues	<u>1,744,794</u>	<u>358,032</u>	<u>2,102,826</u>
OPERATING EXPENSES:			
Payroll Costs	1,929,526	288,103	2,217,629
Professional and Contracted Services	83,926	8,923	92,849
Supplies and Materials	2,271,753	35,570	2,307,323
Other Operating Costs	5,340	5,068	10,408
Depreciation Expense	194,162	21,755	215,917
Total Operating Expenses	<u>4,484,707</u>	<u>359,419</u>	<u>4,844,126</u>
Operating Income (Loss)	<u>(2,739,913)</u>	<u>(1,387)</u>	<u>(2,741,300)</u>
NONOPERATING REVENUES (EXPENSES):			
National School Breakfast Program	463,661	-	463,661
National School Lunch Program	1,892,492	-	1,892,492
Donated Commodities (USDA)	263,763	-	263,763
Total Nonoperating Revenues (Expenses)	<u>2,619,916</u>	<u>-</u>	<u>2,619,916</u>
Change in Net Position	(119,997)	(1,387)	(121,384)
Total Net Position - September 1 (Beginning)	<u>204,513</u>	<u>660,731</u>	<u>865,244</u>
Total Net Position August 31 (Ending)	<u>\$ 84,516</u>	<u>\$ 659,344</u>	<u>\$ 743,860</u>

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

WAXAHACHIE INDEPENDENT SCHOOL DISTRICT
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED AUGUST 31, 2019

EXHIBIT D-3

	Business-Type Activities		
	Child Nutrition Program	Nonmajor Enterprise Funds	Total Enterprise Funds
<u>Cash Flows from Operating Activities:</u>			
Cash Received from User Charges	\$ 1,481,142	\$ 342,079	\$ 1,823,221
Cash Received from State	45,008	18,025	63,033
Cash Payments to Employees for Services	(1,824,992)	(283,155)	(2,108,147)
Cash Payments for Suppliers	(2,053,617)	(44,364)	(2,097,981)
Cash Payments for Other Operating Expenses	(5,340)	(5,068)	(10,408)
Net Cash Provided by (Used for) Operating Activities	<u>(2,357,799)</u>	<u>27,517</u>	<u>(2,330,282)</u>
<u>Cash Flows from Non-Capital Financing Activities:</u>			
Cash Received from Federal Programs	<u>2,356,153</u>	<u>-</u>	<u>2,356,153</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(1,646)	27,517	25,871
Cash and Cash Equivalents at Beginning of Year	<u>46,497</u>	<u>486,770</u>	<u>533,267</u>
Cash and Cash Equivalents at End of Year	<u>\$ 44,851</u>	<u>\$ 514,287</u>	<u>\$ 559,138</u>
<u>Reconciliation of Operating Income (Loss) to Net Cash</u>			
<u>Provided by (Used for) Operating Activities:</u>			
Operating Income (Loss):	\$ (2,739,913)	\$ (1,387)	\$ (2,741,300)
Adjustments to Reconcile Operating Income to Net Cash Provided by (Used For) Operating Activities:			
Depreciation	194,162	21,755	215,917
Non-Cash Donated Commodities	263,763	-	263,763
Effect of Increases and Decreases in Current Assets and Liabilities:			
Decrease (increase) in Due From Other Governments	(95,022)	-	(95,022)
Decrease (increase) in Inventories	92,485	-	92,485
Decrease (increase) in Prepaid Expenses	-	194	194
Increase (decrease) in Accounts Payable	(54,186)	(65)	(54,251)
Increase (decrease) in Accrued Wages Payable	5,300	4,948	10,248
Increase (decrease) in Deferred Revenue	(123,622)	2,072	(121,550)
Increase (decrease) in Net Pension Activity	83,168	-	83,168
Increase (decrease) in Net OPEB Activity	16,066	-	16,066
Net Cash Provided by (Used for) Operating Activities	<u>\$ (2,357,799)</u>	<u>\$ 27,517</u>	<u>\$ (2,330,282)</u>

The accompanying notes are an integral part of this statement.

WAXAHACHIE INDEPENDENT SCHOOL DISTRICT
 STATEMENT OF FIDUCIARY NET POSITION
 FIDUCIARY FUNDS
 AUGUST 31, 2019

	Private Purpose Trust Fund	Agency Funds
ASSETS		
Cash and Cash Equivalents	\$ 945,029	\$ 142,712
Total Assets	<u>945,029</u>	<u>\$ 142,712</u>
LIABILITIES		
Accounts Payable	-	\$ 2,551
Due to Student Groups	-	140,161
Total Liabilities	<u>-</u>	<u>\$ 142,712</u>
NET POSITION		
Unrestricted Net Position	<u>945,029</u>	
Total Net Position	<u>\$ 945,029</u>	

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

WAXAHACHIE INDEPENDENT SCHOOL DISTRICT
STATEMENT OF CHANGES IN FIDUCIARY FUND NET POSITION
FIDUCIARY FUNDS
FOR THE YEAR ENDED AUGUST 31, 2019

	Private Purpose Trust Fund
<hr/>	
ADDITIONS:	
Local and Intermediate Sources	\$ 72,114
Total Additions	<u>72,114</u>
DEDUCTIONS:	
Other Operating Costs	<u>47,955</u>
Total Deductions	<u>47,955</u>
Change in Net Position	24,159
Total Net Position - September 1 (Beginning)	<u>920,870</u>
Total Net Position - August 31 (Ending)	<u><u>\$ 945,029</u></u>

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

WAXAHACHIE INDEPENDENT SCHOOL DISTRICT

Notes to the Financial Statements

Year Ended August 31, 2019

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Reporting Entity

The Board is elected by the public and has the authority to make decisions, appoint administrators and managers, and significantly influence operations. It also has the primary accountability for fiscal matters. Therefore, the District is a financial reporting entity as defined by GASB in its Statement No. 14, "The Financial Reporting Entity," as amended by Statements No. 39, "Determining Whether Certain Organizations are Component Units," and No. 61, "The Financial Reporting Entity: Omnibus – an Amendment of GASB Statements No. 14 and No. 34." There are no component units within the reporting entity.

Government-Wide & Fund Financial Statements

The government-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) report information on all non-fiduciary activities of the District. Taxes and intergovernmental revenues normally support governmental activities. The effect of interfund activity has been removed from these statements.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Program revenues include: 1) charges for services or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions. Taxes and other items not identifiable as program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds and fiduciary funds. The fiduciary funds are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements.

Measurement Focus, Basis of Accounting & Financial Statement Presentation

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

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

WAXAHACHIE INDEPENDENT SCHOOL DISTRICT

Notes to the Financial Statements

Year Ended August 31, 2019

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Measurement Focus, Basis of Accounting & Financial Statement Presentation *(continued)*

The modified accrual basis of accounting recognizes revenues in the accounting period in which they become both measurable and available. Expenditures are generally recorded when a liability is incurred, if measurable, except for unmatured interest and principal on long-term debt, which is recognized when due. Expenditures related to compensated absences, claims, and judgments are recognized when the obligations are expected to be liquidated with expendable available financial resources. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. The District considers all revenues available if they are collectible within 60 days of year end.

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.

The special revenue funds include programs that are financed on a project grant basis. These projects have grant periods that range from less than twelve months to in excess of two years. Grant funds are considered to be earned to the extent expenditures are made under the provisions of the grant. When grant funds are received in advance of being earned, they are recorded as unearned revenue until earnings criteria are met. If balances have not been expended by the end of the project period, grantors sometimes require the District to refund all or part of the unused amount.

Fiduciary Fund Financial Statements are accounted for on a flow of economic resources measurement focus. With this focus, all assets and all liabilities associated with the operation of these funds are included on the fund Statement of Net Position. Agency funds are custodial in nature and do not involve measurement of results or operations.

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.

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.

Fund Accounting

The District reports its financial activities through the use of "fund accounting". The activities of the District are organized on the basis of funds. The operations of each fund are accounted for within a separate set of self-balancing accounts to reflect results of activities. Fund accounting segregates funds according to their intended purposes to assist management in demonstrating compliance with finance-related legal and contractual provisions.

WAXAHACHIE INDEPENDENT SCHOOL DISTRICT

Notes to the Financial Statements

Year Ended August 31, 2019

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Fund Accounting – Governmental Funds *(continued)*

Governmental Funds are those through which most governmental functions of the District are financed. The acquisition, use and balances of the District's expendable financial resources and the related liabilities are accounted for through the governmental funds. The following are the District's major governmental funds:

General Fund - The General Fund is the general operating fund of the District and accounts for all revenues and expenditures of the District not encompassed within other funds. All general tax revenues and other receipts that are not allocated by law or contractual agreement to some other fund are accounted for in this fund. General operating expenses that are not paid through other funds are paid from the General Fund.

Debt Service Fund - The Debt Service Fund is used to account for the accumulation of resources for, and the retirement of, long-term debt principal, interest and related costs.

Capital Projects Fund - The Capital Projects Fund is used to account for financial resources to be used for the acquisition, renovation or construction of major capital projects.

Other non-major governmental funds consist of special revenue funds that account for resources that are legally restricted or locally committed to expenditures for specified purposes. Most Federal and some State financial assistance is accounted for in special revenue funds.

Enterprise Funds are used to account for the District's activities for which outside users are charged a fee roughly equal to the cost of providing the goods or services of those activities. The District accounts for a childcare center and an after-school program in nonmajor enterprise funds.

Child Nutrition Program Enterprise Fund - The District utilizes a enterprise fund to account for the District's Child Nutrition Program because the Child Nutrition Program is self-supporting and does not require subsidies from the General Fund.

Fiduciary Funds are used to account for assets held by the District in a trustee capacity or as an agent for individuals, organizations, and/or other funds:

Private Purpose Trust Fund - The District accounts for donations which have the stipulation that the funds be used for a specific purpose in this fund. The District's Private Purpose Trust Fund is a scholarship fund. These funds are not budgeted.

Agency Funds - The Student Activity Fund accounts for the receipt and disbursement of monies from student activity organizations. These organizations exist with the explicit approval of, and are subject to revocation by, the District's Board of Trustees. This accounting reflects the District's agency relationship with the student activity organizations. Agency Funds are fiduciary funds that are custodial in nature (assets equal liabilities).

Assets, Liabilities & Deferred Inflows/Outflows

Cash & Cash Equivalents - The District's cash and cash equivalents include cash on hand, demand deposits, money markets, and short-term investments with original maturities of three months or less from the date of acquisition.

WAXAHACHIE INDEPENDENT SCHOOL DISTRICT

Notes to the Financial Statements

Year Ended August 31, 2019

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Assets, Liabilities & Deferred Inflows/Outflows *(continued)*

Investments – Investments, except for the investment pools, are recorded at fair value. Fair value is determined by the amount at which a financial instrument can be exchanged in a current transaction between willing parties. The investment pools operate in accordance with appropriate state laws and regulations and are reported at amortized cost. District management believes that the District adheres to the requirements of the State of Texas Public Funds Investment Act regarding investment practice, management reports and establishment of appropriate policies. Additionally, management believes that the investment practices of the District are in accordance with local policies for the current fiscal year.

Interfund Receivables & Payables - Activities between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as “due to/from other funds.” All residual balances between governmental activities are eliminated in the government-wide statements.

Prepaid Expenditures – Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in the financial statements and expended in a subsequent period using the consumption method. All prepaid expenditures are offset at fiscal yearend by nonspendable fund balance in the fund financial statements.

Inventories – The District records purchases of supplies as expenditures in the Governmental Funds. In the proprietary fund-types, the consumption method is used to account for inventories of food and other supplies. Under this method, these items are carried in an inventory account for the respective fund at cost, using the first-in, first-out method of accounting and are subsequently charged to expenditures when consumed.

Capital Assets - Capital assets, which include property, plant, and equipment, are reported in the applicable governmental activities columns in the government-wide financial statements. Capital assets are defined by the District as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value at the date of donation.

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

Major outlays for capital assets and improvements are capitalized as projects are constructed.

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

<u>Assets</u>	<u>Years</u>
Buildings	50
Furniture & Equipment	3 - 15

Compensated Absences – The District allows employees to accumulate unused vacation and sick time annually. There is a stipulation that upon retirement, with appropriate notice, and meeting certain attendance requirements, the District will pay employees for some of their unused leave. A liability is not recorded in the financial statements as these factors are generally not satisfied at the end of the fiscal year and all payments are made annually in the year in which the employee qualified for the payment.

WAXAHACHIE INDEPENDENT SCHOOL DISTRICT

Notes to the Financial Statements

Year Ended August 31, 2019

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Long-Term Obligations - In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the *Statement of Net Position*. Bond premiums and discounts are reported as a liability or contra-liability, as appropriate, and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are expensed as incurred.

In the fund financial statements, the face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances and payments to bond refunding escrow agents are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Pensions – The District records its proportionate share of the net pension liability of the Teacher Retirement System of Texas (TRS). The fiduciary net position of TRS has been determined using the 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 by TRS when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Retiree Health Plan – The District records its proportionate share of the net OPEB liability of the Teacher Retirement System of Texas (TRS) Care Plan. The fiduciary net position of the 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.

Deferred Outflows/Inflows of Resources – In addition to assets and liabilities, the government-wide Statement of Net Position and governmental fund Balance Sheet report separate sections for deferred outflows and deferred inflows of resources. Deferred outflows of resources represent a consumption of net position/fund balance that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. Deferred inflows of resources represent the acquisition of net position/fund balance that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. In addition to deferred losses on debt refunding transactions, which are reported as deferred outflows of resources, the District reports certain deferred inflows and outflows related to pensions on the government-wide Statement of Net Position. At the governmental fund level, earned but unavailable tax revenue is reported as a deferred inflow of resources.

Fund Balances and Net Position

Net position on the government-wide Statement of Net Position includes the following:

Net Investment in Capital Assets reports the difference between capital assets, net of accumulated depreciation, and the outstanding balance of debt, excluding unspent bond proceeds that is directly attributable to the acquisition, construction or improvement of those capital assets.

Restricted for Federal and State Grant Programs is the component of net position restricted to be spent for specific purposes prescribed by federal and state granting agencies.

WAXAHACHIE INDEPENDENT SCHOOL DISTRICT

Notes to the Financial Statements

Year Ended August 31, 2019

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Fund Balances and Net Position *(continued)*

Restricted for Debt Service is the component of net position that is restricted for payment of debt service by constraints established by the bond covenants.

Restricted for Capital Projects is the component of net position that is restricted for construction of capital projects.

Unrestricted Net Position is the residual difference between assets, deferred outflows, liabilities and deferred inflows that is not invested in capital assets or restricted for specific purposes.

It is the District's policy to spend funds available from restricted sources prior to unrestricted sources.

Fund balances on the governmental funds' Balance Sheet include the following:

Nonspendable Fund Balance is the portion of the gross fund balance that is not expendable because it is either not in spendable form or it is legally or contractually required to be maintained intact.

Restricted Fund Balance includes amounts restricted for a specific purpose by the provider (such as a grantors, bondholders, and high levels of government), through constitutional provisions, or by enabling legislation. Debt service resources are to be used for future servicing of the District's bonded debt and are restricted through debt covenants. Capital Projects bond funds are restricted by the bondholders for the specific purpose of capital projects and capital outlays. Federal and State grant resources are restricted pursuant to the mandates of the granting agency.

Committed Fund Balance is that portion of fund balance that is committed to a specific purpose by the District's Board of Trustees. The Board of Trustees establishes (and modifies or rescinds) fund balance commitments by passage of a resolution. These amounts cannot be used for any other purpose unless the Board removes or changes the constraint by exercising the same type of action originally used to commit the funds. This classification also includes contractual obligations to the extent that existing resources have been specifically committed for use in satisfying those contractual requirements. The Board of Trustees have committed resources as of August 31, 2019 for campus activities and for future construction.

Assigned Fund Balance is that portion of fund balance that is spendable or available for appropriation but has been tentatively earmarked for some specific purpose. This intent can be expressed by an official to which the Board of Trustees delegates this authority. Under the District's adopted policy, only the Board of Trustees may assign amounts for specific purposes. This classification also includes the remaining positive fund balance for all governmental funds except for the General Fund. The District has not assigned any fund balance of the General Fund as of August 31, 2019.

Unassigned Fund Balance is the difference between the total fund balance and the total of the nonspendable, restricted, committed, and assigned fund balances and can be utilized for any legal purpose. This portion of the total fund balance in the General Fund is available to finance operating expenditures.

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the District considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the District considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed.

WAXAHACHIE INDEPENDENT SCHOOL DISTRICT

Notes to the Financial Statements

Year Ended August 31, 2019

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Fund Balances and Net Position *(continued)*

As of August 31, 2019, fund balances are composed of the following:

	General Fund	Debt Service Fund	Capital Projects Fund	Nonmajor Governmental Funds	Total Governmental Funds
Nonspendable:					
Prepays	\$ 1,349,576	\$ -	\$ -	\$ 3	\$ 1,349,579
Restricted:					
Debt Service	-	3,165,588	-	-	3,165,588
Federal Grant	-	-	-	8,054	8,054
Capital Projects	-	-	19,882,899	-	19,882,899
Committed:					
Construction	4,000,000	-	-	-	4,000,000
Campus Activities	-	-	-	551,513	551,513
Unassigned	23,238,918	-	-	-	23,238,918
Total Fund Balances	<u>\$ 28,588,494</u>	<u>\$ 3,165,588</u>	<u>\$ 19,882,899</u>	<u>\$ 559,570</u>	<u>\$ 52,196,551</u>

Data Control Codes

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

Management's Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimations and assumptions that affect the reported amounts of assets, deferred outflows, liabilities, and deferred inflows at the date of the financial statements and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

Encumbrance Accounting

Under encumbrance accounting, purchase orders, contracts and other commitments for the expenditure of funds are recorded in the accounting system in order to assign the portion of the applicable appropriation. This methodology is employed in the governmental fund financial statements. Encumbrances are not liabilities and are therefore not recorded as expenditures until receipt of the material or service. For budgetary purposes, appropriations lapse at fiscal year-end, and outstanding encumbrances at year-end are re-appropriated in the next fiscal year. There were no outstanding encumbrances at year end.

Budgetary Data

The Board of Trustees adopts an "appropriated budget" for the General Fund, Debt Service Fund, and Food Service Enterprise Fund on a basis consistent with accounting policies generally accepted in the United States of America. The District is required to present the adopted and final amended budgeted revenues and expenditures for each of these funds. The Budgetary Comparison Schedule for the General Fund appears in Exhibit F-1. The Budgetary Comparison Schedules for the Food Service Fund and Debt Service Fund appear in Exhibits H-2 and H-3. The special revenue funds and the Capital Projects Fund adopt project-length budgets which do not correspond to the District's Fiscal Year.

WAXAHACHIE INDEPENDENT SCHOOL DISTRICT

Notes to the Financial Statements

Year Ended August 31, 2019

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Budgetary Data (continued)

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

- Prior to August 20, the District prepares a budget for the next succeeding fiscal period beginning September 1. The operating budget includes proposed expenditures and the means of financing them.
- A meeting of the Board is then called for the purpose of adopting the proposed budget. At least ten days' public notice of the meeting must be given.
- Prior to September 1, the budget is legally enacted through passage of a resolution by the Board.

Once a budget is approved, it can only be amended at the fund and function level. To do so requires the approval of a majority of the members of the Board of Trustees. Amendments are presented to the Board at its regular meetings. Such amendments are reflected in the official minutes of the Board. The budget was properly amended throughout the year by the Board of Trustees.

The Budget Coordinator controls each budget for revenues and expenditures at the fund, function, and object level. Management is able to transfer amounts within each function. Budgeted amounts are as amended by the Board of Trustees. All budget appropriations lapse at year end. A reconciliation of fund balances for both appropriated budget and non-appropriated budget special revenue funds is as follows:

<u>August 31, 2019 Fund Balance</u>	
Appropriated budget funds	\$ -
Non-appropriated budget funds	559,570
All Special Revenue Funds	<u>\$ 559,570</u>

RECONCILIATION OF GOVERNMENT-WIDE & FUND FINANCIAL STATEMENTS

Explanation of Certain Differences Between the Governmental Fund Balance Sheet & the Government-Wide Statement of Net Position

Exhibit C-2 provides a reconciliation between *fund balance - total governmental funds* and *net position - governmental activities* as reported in the government-wide statement of net position. One element of that reconciliation explains that "various other reclassifications and eliminations are necessary to convert from the modified accrual basis of accounting to the full accrual basis of accounting." The details of this (\$36,578,496) adjustment are as follows:

Long Term Debt:	
Issuance of Bonds	\$ (21,005,000)
Premium and Discount Costs on Bonds	(15,983,309)
Deferred Loss on Refunding Bonds	3,434,419
Capital Appreciation Bonds - Matured	<u>(4,192,268)</u>
	(37,746,158)
Recognize Unavailable Property Tax Revenue	<u>1,167,662</u>
Net adjustment to decrease fund balance - total governmental funds to arrive at net position - governmental activities	<u>\$ (36,578,496)</u>

WAXAHACHIE INDEPENDENT SCHOOL DISTRICT

Notes to the Financial Statements

Year Ended August 31, 2019

RECONCILIATION OF GOVERNMENT-WIDE & FUND FINANCIAL STATEMENTS (continued)

Explanation of Certain Differences Between the Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balances & the Government – Wide Statement of Activities

Exhibit C-4 provides a reconciliation between *net changes in fund balances – total governmental funds* and *changes in net position of governmental activities* as reported in the government-wide statement of activities. One element of that reconciliation explains that “various other reclassifications are necessary to convert from the modified accrual basis of accounting to the full accrual basis of accounting.” The details of this (\$26,426,315) adjustment are as follows:

Long-Term Debt:	
Issuance of Bonds	\$ (21,005,000)
Current Year Amortization	641,296
Current Year Premium and Discount Cost on Bonds	(2,201,042)
Capital Appreciation Bonds - Matured	<u>(4,192,268)</u>
	(26,757,014)
Recognize Unavailable Property Tax Revenue	<u>330,699</u>
Net adjustment to increase net changes in fund balances - total governmental funds to arrive at changes to net position of governmental activities	<u>\$ (26,426,315)</u>

CASH & INVESTMENTS

The funds of the District must be deposited and invested under the terms of a contract, contents of which are set out in the Depository Contract Law. The depository bank places approved pledged securities for safekeeping and trust with the District’s agent bank in an amount sufficient to protect District funds on a day-to-day basis 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.

At August 31, 2019, the carrying amount of the District's deposits (cash) was \$3,253,713. The bank balance was \$6,486,860. The District's combined deposits at August 31, 2019 and during the year ended August 31, 2019 were fully insured by federal depository insurance or collateralized with securities pledged to the District and held by the District's agent.

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

- Name of Bank – First Financial Bank, N.A.
- The highest combined balances of cash, savings, and time deposit accounts amounted to \$6,486,830 and occurred during the month of August 2019.
- Amount of bond and securities pledged as of the date of the highest combined balance on deposit was \$14,774,490.
- Total amount of FDIC coverage at the time of highest combined balance was \$250,000.

The **Public Funds Investment Act** (Government Code Chapter 2256) contains specific provisions in the areas of investment practices, management reports and establishment of appropriate policies. Among other things, it requires the District to adopt, implement, and publicize an investment policy. That policy must address the following areas:

WAXAHACHIE INDEPENDENT SCHOOL DISTRICT

Notes to the Financial Statements

Year Ended August 31, 2019

CASH & INVESTMENTS *(continued)*

- Safety of principal and liquidity,
- Portfolio diversification,
- Allowable investments,
- Acceptable risk levels,
- Expected rates of return,
- Maximum allowable stated maturity of portfolio investments,
- Maximum average dollar-weighted maturity allowed based on the stated maturity date for the portfolio,
- Investment staff quality and capabilities, and
- Bid solicitation preferences for certificates of deposit.

Statutes authorize the District to invest in obligations of the U.S. Treasury and U.S. agencies, municipal securities, repurchase agreements, and certain other investments. The investments owned at fiscal yearend are held by the District or its agent in the District's name.

All investment pools utilized by the District meet the requirements of the Texas Public Funds Investment Act (PFIA). The fair value of the positions in the pools is the same as the value of the pools. The District invests in the following investment pools:

- The Lone Star Investment Pool is governed by an 11 member board, all of whom are participants in the pool. American Beacon Advisors and BNY Mellon Cash Investment Strategies manage the investment of Lone Star's assets.
- Texas Local Government Investment Pool (TexPool) - The Texas Comptroller of Public Accounts exercises oversight responsibility over TexPool.

In compliance with the PFIA, the District has adopted a deposit and investment policy. That policy addresses the following risks:

Credit risk is the risk that a security issuer may default on an interest or principal payment. The District controls and monitors this risk by purchasing quality rated instruments that have been evaluated by nationally recognized agencies such as Standard and Poor's (S&P) or Moody's Investors Service.

Custodial credit risk is the risk that, in the event of the failure of a depository financial institution or counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover its deposits, value of its investments, or collateral securities that are in the possession of an outside party. The PFIA, the District's investment policy, and Government Code Chapter 2257 "Collateral for Public Funds" contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits and investments. The District's funds are deposited and invested under terms of a depository contract with amounts greater than the FDIC insurance coverage protected by approved pledged securities held on behalf of the District. Public funds investment pools created to function as money market mutual funds must mark their portfolios to market daily, and, to the extent reasonably possible, stabilize at a \$1 net asset value. The District's policy manages custodial credit risk by requiring securities purchased by a broker-dealer for the District to be held in a Safekeeping account in the District's name. The policy also requires that security transactions be conducted on a delivery-versus-payment basis.

Concentration of credit risk is the risk associated with holding investments that are not pools and full faith credit securities. These risks are controlled by limiting the percentages of these investments in the District's portfolio.

WAXAHACHIE INDEPENDENT SCHOOL DISTRICT

Notes to the Financial Statements

Year Ended August 31, 2019

CASH & INVESTMENTS *(continued)*

Interest rate risk is the risk that interest rates will rise and an investment in a fixed-income security will decrease in value. Interest rate risk is reduced by diversifying, investing in securities with different durations, and laddering maturity dates. The District manages its exposure to interest rate risk by limiting the weighted average maturity of its investment portfolio to less than one year from the time of purchase. The weighted average maturity for the District’s investment in external investment pools is less than 60 days.

Foreign currency risk is the potential for loss due to fluctuations in exchange rates. The District’s policy does not allow for any direct foreign investments, and therefore the District is not exposed to foreign currency risk.

The District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. GASB Statement No. 72, Fair Value Measurement and Application provides a framework for measuring fair value which establishes a three-level fair value hierarchy that describes the inputs used to measure assets and liabilities:

- Level 1 inputs are quoted prices (unadjusted) for identical assets or liabilities in active markets that a government can access at the measurement date.
- Level 2 inputs are inputs – other than quoted prices included within Level 1 – that are observable for an asset or liability, either directly or indirectly.
- Level 3 inputs are unobservable inputs for an asset or liability.

The fair value hierarchy gives the highest priority to Level 1 inputs and the lowest priority to Level 3 inputs. If a price for an identical asset or liability is not observable, a government should measure fair value using another valuation technique that maximizes the use of relevant observable inputs and minimizes the use of unobservable inputs. If the fair value of an asset or liability is measured using inputs from more than one level of the fair value hierarchy, the measurement is considered to be based on the lowest priority level input that is significant to the entire measurement.

The District has recurring fair value measurements as presented in the table below. The District’s investment balances at August 31, 2019 are as follows:

<u>Description</u>	<u>Credit Rating</u>	<u>Carrying Amount</u>	<u>Fair Value</u>
Lone Star Investment Pool	AAAm	\$ 44,715,827	\$ 44,715,827
TexPool Investment Pool	AAAm	970,335	970,335
		<u>\$ 45,686,162</u>	<u>\$ 45,686,162</u>

PROPERTY TAXES

The District’s ad valorem property tax is levied on all real and business personal property located in the District. A lien exists on all property on January 1st of each year. Tax statements are mailed on October 1st each year or as soon thereafter as possible. Taxes are due upon receipt and become delinquent if not paid before February 1st of the following calendar year. The assessed value of the property tax roll on August 1, 2018, upon which the levy for the 2018-19 fiscal period was based, was \$3,974,454,148.

The tax rates levied for the fiscal year ended August 31, 2019, to finance General Fund operations and the payment of principal and interest on general obligation long-term debt were \$1.17 and \$0.3839 per \$100 valuation, respectively, for a total of \$1.5539 per \$100 valuation.

Current year tax collections for the period ended August 31, 2019, were 99.2% of the levy.

WAXAHACHIE INDEPENDENT SCHOOL DISTRICT

Notes to the Financial Statements

Year Ended August 31, 2019

PROPERTY TAXES *(continued)*

The ad valorem tax rate is allocated each year between the General Fund and the Debt Service Fund. The full amount estimated to be required for general obligation bond retirement is provided by the debt service tax together with interest earned within the Debt Service Fund.

Allowances for uncollectible taxes within the General Fund and Debt Service Fund are based on historical experience. 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. As of August 31, 2019, the allowance for uncollectible taxes was approximately 2% of total delinquent property taxes receivable.

DUE FROM OTHER GOVERNMENTS

The District participates in a variety of federal and state programs from which it receives grants to partially or fully finance certain activities. In addition, the District receives entitlements from the State through the School Foundation Program and Available School Fund.

Receivables due from other governments as of August 31, 2019, for the District's individual major funds and Non- Major Governmental Funds are as follows:

<u>Fund</u>	<u>Local Governments</u>	<u>State Entitlements</u>	<u>Federal Grants</u>	<u>Total</u>
General	\$ 9,006	\$ 6,766,902	\$ 1,098,471	\$ 7,874,379
Special Revenue	-	1,544,863	517,362	2,062,225
Child Nutrition Program	-	-	185,327	185,327
Total	<u>\$ 9,006</u>	<u>\$ 8,311,765</u>	<u>\$ 1,801,160</u>	<u>\$ 10,121,931</u>

INTERFUND TRANSACTIONS

Inter-fund balances at August 31, 2019, consisted of the following individual fund receivables and payables:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Child Nutrition Program	\$ 372

All interfund balances represent transactions between the General Fund and other funds. These amounts are short-term advances and are expected to be repaid in less than one year.

CAPITAL ASSETS

A summary of changes in capital assets for the year ended August 31, 2019, follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Retirements</u>	<u>Ending Balance</u>
Business-Type Activities:				
Furniture & Equipment	\$ 2,629,706	\$ -	\$ -	\$ 2,629,706
Less: Accumulated depreciation	(1,020,469)	(215,917)	-	(1,236,386)
Total Capital Assets for Business-Type Activities, net	<u>\$ 1,609,237</u>	<u>\$ (215,917)</u>	<u>\$ -</u>	<u>\$ 1,393,320</u>

WAXAHACHIE INDEPENDENT SCHOOL DISTRICT

Notes to the Financial Statements

Year Ended August 31, 2019

CAPITAL ASSETS *(continued)*

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Retirements</u>	<u>Ending Balance</u>
Governmental Activities:				
Capital Assets not being depreciated:				
Land	\$ 12,923,069	\$ -	\$ -	\$ 12,923,069
Construction in Progress	-	8,662,750	(1,898,192)	6,764,558
	<u>12,923,069</u>	<u>8,662,750</u>	<u>(1,898,192)</u>	<u>19,687,627</u>
Capital Assets being depreciated:				
Buildings & Improvements	320,022,530	1,822,381	-	321,844,911
Furniture & Equipment	19,301,046	1,404,223	-	20,705,269
	<u>339,323,576</u>	<u>3,226,604</u>	<u>-</u>	<u>342,550,180</u>
Less: Accumulated depreciation for:				
Buildings & Improvements	(83,229,682)	(6,232,672)	-	(89,462,354)
Furniture & Equipment	(13,928,782)	(1,665,694)	-	(15,594,476)
	<u>(97,158,464)</u>	<u>(7,898,366)</u>	<u>-</u>	<u>(105,056,830)</u>
Total Capital Assets for Governmental Activities, net	<u>\$ 255,088,181</u>	<u>\$ 3,990,988</u>	<u>\$ (1,898,192)</u>	<u>\$ 257,180,977</u>

Depreciation expense was charged to governmental functions as follows:

Instruction	\$ 5,122,090
Instructional Resources & Media	82,933
School Leadership	260,646
Student Transportation	406,766
Food Services	537,089
Extracurricular Activities	908,312
General Administration	43,441
Plant Maintenance & Operations	126,374
Security & Monitoring	19,746
Data Processing Services	390,969
Total Depreciation Expense	<u>\$ 7,898,366</u>

Construction Commitments

At August 31, 2019, the District was obligated under major contracts for construction of new facilities and renovations or repair of various existing facilities. A summary of the status of these projects and the related binding contracts with contractors is as follows:

<u>Project</u>	<u>Costs Incurred</u>	<u>Budgeted Costs</u>
AgriScience Building	\$ 2,695,000	\$ 5,213,163
Max Simpson Elementary	4,069,558	21,935,440
Total	<u>\$ 6,764,558</u>	<u>\$ 27,148,603</u>

WAXAHACHIE INDEPENDENT SCHOOL DISTRICT

Notes to the Financial Statements

Year Ended August 31, 2019

LONG-TERM DEBT

A summary of changes in long-term debt for the year ended August 31, 2019, follows:

	Original Issue	Interest Rate	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Bonded Indebtedness:							
2002 Refunding	\$ 34,224,017	5.13-5.96%	\$ 1,606,589	\$ -	\$ (372,732)	\$ 1,233,857	\$ 322,618
2007 Tax Building	59,249,477	4.00-5.00%	1,384,270	-	-	1,384,270	-
2010 Refunding	26,005,000	2.00-4.34%	19,480,000	-	(995,000)	18,485,000	1,005,000
2011 Refunding	28,621,701	2.00-5.00%	27,111,701	-	(140,000)	26,971,701	145,000
2011 Tax Qualified	2,500,000	4.45%	2,500,000	-	-	2,500,000	-
2013 Refunding	5,915,000	2.00-3.50%	5,840,000	-	-	5,840,000	-
2014 Refunding	8,595,000	2.00-3.60%	8,435,000	-	-	8,435,000	-
2015 Refunding	40,990,000	4.00-5.50%	39,800,000	-	(425,000)	39,375,000	445,000
2015 Building	75,000,000	3.00-5.00%	73,465,000	-	(470,000)	72,995,000	495,000
2016 Building	46,545,000	2.00-5.00%	45,785,000	-	(580,000)	45,205,000	590,000
2018 Building	\$ 21,005,000	3.00-5.00%	-	21,005,000	(465,000)	20,540,000	355,000
Subtotal			225,407,560	21,005,000	(3,447,732)	242,964,828	3,357,618
Bond Premium			14,614,365	2,201,042	(832,098)	15,983,309	
Accreted Interest			24,178,864	1,959,303	(4,192,268)	21,945,899	4,170,170
Total Bonded Indebtedness			<u>\$ 264,200,789</u>	<u>\$ 25,165,345</u>	<u>\$ (8,472,098)</u>	<u>\$ 280,894,036</u>	<u>\$ 7,527,788</u>

General obligation bonds are direct obligations issued on a pledge of the general taxing power for the payment of the debt obligations of the District. Interest expense for the year on all bonded indebtedness was \$9,803,908.

During the year, the District issued Series 2018 Unlimited Tax School Building Bonds with a par value of \$21,005,000 and an original issue premium of \$2,201,042. After paying fees and issuance costs, the remaining balance will be used for construction projects.

The District's Unlimited Tax Qualified School Construction Bonds-Series 2011 require the District to make sinking fund deposits into a sinking fund restricted to payment of the bond principal when the bonds become due in 2026. Sinking fund deposits of \$165,000 per year are required in fiscal years 2012 through 2021 and deposits of \$170,000 are required in fiscal years 2022 through 2026. The balance in the sinking fund account as of August 31, 2019 was \$1,320,000 and is shown in the financial statements as restricted cash in the Debt Service Fund.

Capital Appreciation Bonds

A capital appreciation bond (CAB) is a bond bearing no interest that is sold at a significant discount but matures at a stated value. Accreted interest is the obligation associated with CABs and reflects period increases in the obligation to reflect the bond at stated value at maturity. CAB premiums represent premium received on the issuance of these bonds which must also be paid back at maturity. Current year accreted interest expense recognized in the government-wide financial statements was \$1,959,303, and \$4,192,268 of outstanding accreted interest was paid off during the year. Total accreted interest on CABs at August 31, 2019 is \$21,945,899, which is reported as long-term liabilities in the government-wide financial statements.

Deferred Charge on Bond Refundings

Changes in debt-related deferred outflows of resources for the year ended August 31, 2019, were:

	Beginning Balance	Issued/ Increases	Retired/ Refunded	Ending Balance
Deffered loss on refunding	\$ 3,625,220	-	(190,801)	\$ 3,434,419

WAXAHACHIE INDEPENDENT SCHOOL DISTRICT

Notes to the Financial Statements

Year Ended August 31, 2019

LONG-TERM DEBT *(continued)*

Defeasance of Debt

In prior years, the District defeased certain bonds by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the District's financial statements. On August 31, 2019, none of the outstanding bonds are considered defeased.

Debt service requirements for the general obligation bonds are as follows:

Year Ending August 31	Principal	Interest	Total Requirements
2020	\$ 3,357,618	\$ 14,019,757	\$ 17,377,375
2021	3,424,232	13,948,625	17,372,857
2022	3,506,707	13,858,412	17,365,119
2023	3,619,229	13,747,765	17,366,994
2024	3,736,071	13,630,404	17,366,475
2025-2029	41,721,701	48,152,599	89,874,300
2030-2034	47,899,270	39,839,141	87,738,411
2035-2039	58,270,000	22,767,468	81,037,468
2040-2044	60,240,000	10,749,850	70,989,850
2045-2048	17,190,000	900,800	18,090,800
	<u>\$ 242,964,828</u>	<u>\$ 191,614,821</u>	<u>\$ 434,579,649</u>

UNEARNED REVENUE

Unearned revenue at August 31, 2019, consisted of the following:

	General Fund	Enterprise Funds	Total
Athletic Receipts	\$ 40,816	\$ -	\$ 40,816
Parking Permits	12,865	-	12,865
Prepaid Lunches	-	88,495	88,495
Other	-	4,063	4,063
Total	<u>\$ 53,681</u>	<u>\$ 92,558</u>	<u>\$ 146,239</u>

REVENUES FROM LOCAL & INTERMEDIATE SOURCES

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

	General Fund	Special Revenue Fund	Debt Service Fund	Capital Projects Fund	Enterprise Funds	Total
Property Taxes	\$ 46,095,745	\$ -	\$ 15,123,580	\$ -	\$ -	\$ 61,219,325
Food Sales	-	-	-	-	1,594,080	1,594,080
Investment Income	829,688	13,078	207,284	513,999	15,238	1,579,287
Penalties, Interest & Other						
Tax Related Income	255,385	-	72,711	-	-	328,096
Co-Curricular Student Activities	228,987	-	-	-	-	228,987
Other	970,691	643,664	-	-	335,453	1,949,808
Total	<u>\$ 48,380,496</u>	<u>\$ 656,742</u>	<u>\$ 15,403,575</u>	<u>\$ 513,999</u>	<u>\$ 1,944,771</u>	<u>\$ 66,899,583</u>

WAXAHACHIE INDEPENDENT SCHOOL DISTRICT

Notes to the Financial Statements

Year Ended August 31, 2019

RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During fiscal 2019, 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.

Health Care Coverage

For the year ended August 31, 2019, all employees of the District were offered health care coverage under the TRS ActiveCare insurance plan (the Plan), which is a statewide health coverage program for public education employees established by the 77th Texas Legislature. The District contributed \$245 per month per enrolled employee to the Plan, and employees, at their option, authorized payroll withholdings to pay the additional cost of premiums for themselves and dependents.

Worker's Compensation Insurance

During the year ended August 31, 2019, the District met its statutory workers' compensation obligations through participation in the TASB Risk Management Fund (the Fund). The Fund was created and is operated under the provisions of the Interlocal Cooperation Act, Chapter 791 of the Texas Government Code. The Fund's workers' compensation program is authorized by Chapter 504, Texas Labor Code. All districts participating in the Fund execute Interlocal Agreements that define the responsibilities of the parties. The Fund provides statutory workers' compensation benefits to its members and their injured employees.

The Fund and its members are protected against higher than expected claims costs through the purchase of stop loss coverage for any claim in excess of the Fund's self-insured retention of \$2 million. The Fund uses the services of an independent actuary to determine reserve adequacy and fully fund those reserves. As of August 31, 2018, the Fund carries a discounted reserve of \$48,977,531 for future development on reported claims and claims that have been incurred but not yet reported. For the year ended August 31, 2019, the Fund anticipates no additional liability to members beyond their contractual obligations for payment of contributions.

The Fund engages the services of an independent auditor to conduct a financial audit after the close of each plan year on August 31st. The audit is accepted by the Fund's Board of Trustees in February of the following year. The Fund's audited financial statements as of August 31, 2018, are available at the TASB Risk Management Fund website and have been filed with the Texas State Board of Insurance in Austin.

Unemployment Compensation Pool

During the year ended August 31, 2019, the District provided unemployment compensation coverage to its employees through participation in the TASB Risk Management Fund (The Fund). The Fund was created and is operated under the provisions of the Interlocal Cooperation Act, Chapter 791 of the Texas Local Government Code. The Fund's Unemployment Compensation Program is authorized by Section 22.005 of the Texas Education Code and Chapter 172 of the Texas Local Government Code. All members participating in the Fund execute Interlocal Agreements that define the responsibilities of the parties.

The Fund meets its quarterly obligation to the Texas Workforce Commission. Expenses are accrued monthly until the quarterly payment has been made. Expenses can be reasonably estimated; therefore, there is no need for specific or aggregate stop loss coverage for the Unemployment Compensation pool. For the year ended August 31, 2019, the Fund anticipates that the District has no additional liability beyond the contractual obligation for payment of contribution.

WAXAHACHIE INDEPENDENT SCHOOL DISTRICT

Notes to the Financial Statements

Year Ended August 31, 2019

RISK MANAGEMENT *(continued)*

Unemployment Compensation Pool *(continued)*

The Fund engages the services of an independent auditor to conduct a financial audit after the close of each year on August 31st. The audit is accepted by the Fund's Board of Trustees in February of the following year. The Fund's audited financial statement as of August 31, 2018, are available on the TASB Risk Management Fund website and have been filed with the Texas Department of Insurance in Austin.

Litigation & Contingencies

The District is a party to various legal actions none of which is believed by administration to have a material effect on the financial condition of the District. Accordingly, no provision for losses has been recorded in the accompanying combined financial statements for such contingencies.

State & Federal Programs

The District participates in numerous state and federal grant programs which are governed by various rules and regulations of the grantor agencies. Costs charged to the respective grant programs are subject to audit and adjustment by the grantor agencies; therefore, to the extent that the District has not complied with the rules and regulations governing the grants, if any, refunds of any money received may be required and the collect ability of any related receivable at August 31, 2019 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 combined financial statements for such contingencies.

PENSION PLAN AND OTHER POST EMPLOYMENT BENEFITS

Employee Retirement Plan

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). TRS's defined benefit pension plan is established and administered in accordance with the Texas Constitution, Article XVI, Section 67 and Texas Government Code, Title 8, Subtitle C. The pension trust fund is a qualified pension trust under Section 401(a) of the Internal Revenue Code. The Texas legislature establishes benefits and contribution rates within the guidelines of the Texas Constitution. The pension's Board of Trustees does not have the authority to establish or amend benefit terms.

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

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

WAXAHACHIE INDEPENDENT SCHOOL DISTRICT

Notes to the Financial Statements

Year Ended August 31, 2019

PENSION PLAN AND OTHER POST EMPLOYMENT BENEFITS *(continued)*

Employee Retirement Plan *(continued)*

The information provided in the Notes to the Financial Statements in the 2018 CAFR for TRS provides the following information regarding the Pension Plan fiduciary net position as of August 31, 2018:

Net Pension Liability	Total
Total Pension Liability	\$ 209,611,328,793
Less: Plan Fiduciary Net Position	(154,568,901,833)
Net Pension Liability	\$ 55,042,426,960
Net Position as a percentage of Total Pension Liability	73.74%

Benefits Provided – TRS provides service and disability retirement, as well as death and survivor benefits, to eligible employees (and their beneficiaries) of public and higher education in Texas. The pension formula is calculated using 2.3 percent (multiplier) times the average of the five highest annual creditable salaries times years of credited service to arrive at the annual standard annuity, except for members who are grandfathered, when 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 postemployment benefit changes, including ad hoc COLAs can be granted by the Texas Legislature as noted in the Plan description above.

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

Employee contribution rates are set in state statute, Texas Government Code 825.402. Senate Bill 1458 of the 83rd Texas Legislature amended Texas Government Code 825.402 for member contributions and established employee contribution rates for fiscal years 2014 thru 2017. The 85th Texas Legislature, General Appropriations Act (GAA) affirmed that the employer contribution rates for fiscal years 2018 and 2019 would remain the same.

	2018	2019
Member	7.7%	7.7%
Non-Employer Contributing Entity (State)	6.8%	6.8%
Employers	6.8%	6.8%
Fiscal Year 2019 Employer Contributions		\$ 1,831,806
Fiscal Year 2019 Member Contributions		\$ 4,734,957
2018 Measurement Year NECE On-Behalf Contributions		\$ 2,740,810

Contributors to the plan include members, employers and the State of Texas as the only non-employer contributing entity. The State contributes to the plan in accordance with state statutes and the General Appropriations Act (GAA).

WAXAHACHIE INDEPENDENT SCHOOL DISTRICT

Notes to the Financial Statements

Year Ended August 31, 2019

PENSION PLAN AND OTHER POST EMPLOYMENT BENEFITS (continued)

Employee Retirement Plan - Contributions (continued)

As the non-employer contributing entity for public education, 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. The District is 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.

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.

Actuarial Assumptions – The total pension liability in the August 31, 2017 actuarial valuation rolled forward to August 31, 2018, was determined using the following actuarial assumptions:

Valuation Date	August 31, 2018
Actuarial Cost Method	Individual Entry Age Normal
Asset Valuation Method	Market Value
Single Discount Rate	6.907%
Long-term expected Investment Rate of Return	7.250%
Inflation	2.300%
Salary Increases including inflation	3.05% to 9.05%
Payroll Growth Rate	2.50%
Benefit changes during the year	None
Ad hoc post-employment benefit changes	None

The actuarial methods and assumptions are based primarily on a study of actual experience for the three-year period ending August 31, 2017 and adopted in July 2018.

WAXAHACHIE INDEPENDENT SCHOOL DISTRICT

Notes to the Financial Statements

Year Ended August 31, 2019

PENSION PLAN AND OTHER POST EMPLOYMENT BENEFITS *(continued)*

Employee Retirement Plan *(continued)*

Discount Rate – The discount rate used to measure the total pension liability was 6.907%. The single discount rate was based on the expected rate of return on pension plan investments of 7.25% and a municipal bond rate of 3.69%. The projection of cash flows used to determine the discount rate assumed that contributions from plan 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 pension plan’s fiduciary net position was sufficient to finance the benefit payments until the year 2069. As a result, the long-term expected rate of return on pension plan investments was applied to projected benefit payments through the year 2069, and the municipal bond rate was applied to all benefit payments after the date. 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 System’s target asset allocation as of August 31, 2018 are summarized as follows:

Asset Class	Target Allocation	Long-Term Expected Geometric Real Rate of Return	Expected Contribution to Long-Term Portfolio Returns*
Global Equity			
U.S.	18.00%	5.70%	1.04%
Non-U.S. Developed	13.00%	6.90%	0.90%
Emerging Markets	9.00%	8.95%	0.80%
Directional Hedge Funds	4.00%	3.53%	0.14%
Private Equity	13.00%	10.18%	1.32%
Stable Value			
U.S. Treasuries	11.00%	1.11%	0.12%
Absolute Return	0.00%	0.00%	0.00%
Stable Value Hedge Funds	4.00%	3.09%	0.12%
Cash	1.00%	-0.30%	0.00%
Real Return			
Global Inflation Linked Bonds	3.00%	0.70%	0.02%
Real Assets	14.00%	5.21%	0.73%
Energy and Natural Resources	5.00%	7.48%	0.37%
Commodities	0.00%	0.00%	0.00%
Risk Parity			
Risk Parity	5.00%	3.70%	0.18%
Inflation Expectation			2.30%
Alpha			-0.79%
Total	100.00%		7.25%

* The Expected Contribution to Returns incorporates the volatility drag resulting from the conversion between Arithmetic and Geometric mean returns.

Discount Rate Sensitivity Analysis – The following schedule shows the impact of the District’s portion of the TRS Net Pension Liability if the discount rate used was 1% less than and 1% greater than the discount rate that was used (6.907%) in measuring the 2018 Net Pension Liability.

	1% Decrease in Discount Rate (5.907%)	Discount Rate (6.907%)	1% Increase in Discount Rate (7.907%)
Proportionate Share of the Net Pension Liability:	\$ 41,402,911	\$ 27,432,958	\$ 16,123,452

WAXAHACHIE INDEPENDENT SCHOOL DISTRICT

Notes to the Financial Statements

Year Ended August 31, 2019

PENSION PLAN AND OTHER POST EMPLOYMENT BENEFITS *(continued)*

Employee Retirement Plan – Discount Rate *(continued)*

Pension Liabilities, Pension Expense, Deferred Outflows of Resources & Deferred Inflows of Resources Related to Pensions - At August 31, 2019, the District reported a liability of \$27,432,958 for its proportionate share of the TRS's net pension liability. This liability reflects a reduction for State pension support provided to the District. The amount recognized by the District as its proportionate share of the net pension liability, the related State support, and the total portion of the net pension liability that was associated with the District were as follows:

District's proportionate share of the collective net pension liability	\$ 27,432,958
State's proportionate share that is associated with the District	<u>44,810,363</u>
Total	<u>\$ 72,243,321</u>

The net pension liability was measured as of August 31, 2018 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The employer's proportion of the net pension liability was based on the employer's contributions to the pension plan relative to the contributions of all employers to the plan for the period September 1, 2017 thru August 31, 2018.

At August 31, 2018 the employer's proportion of the collective net pension liability was 0.04984% which was an increase of 0.00385% from its proportion measured as of August 31, 2017.

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

- The Total Pension Liability as of August 31, 2018 was developed using a roll-forward method from the August 31, 2017 valuation.
- Demographic assumptions including post-retirement mortality, termination rates, and rates of retirement were updated based on the experience study performed for TRS for the period ending August 31, 2017.
- Economic assumptions including rates of salary increase for individual participants was updated based on the same experience study.
- The discount rate changed from 8.000% as of August 31, 2017 to 6.907% as of August 31, 2018.
- The long-term assumed rate of return changed from 8.00% to 7.25%.
- The change in long-term assumed rate of return combined with the change in the single discount rate was the primary reason for the increase in the Net Pension Liability.

For the year ended August 31, 2019, the District recognized pension expense of \$8,816,625 and revenue of \$4,435,032 for support provided by the State.

WAXAHACHIE INDEPENDENT SCHOOL DISTRICT

Notes to the Financial Statements

Year Ended August 31, 2019

PENSION PLAN AND OTHER POST EMPLOYMENT BENEFITS *(continued)*

Employee Retirement Plan – Pension Liabilities, Pension Expense, Deferred Outflows of Resources & Deferred Inflows of Resources Related to Pensions *(continued)*

At August 31, 2019, 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:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual economic experiences	\$ 170,995	\$ 673,096
Changes in actuarial assumptions	9,890,903	309,091
Differences between projected and actual investment earnings	-	520,521
Changes in proportion and differences between the employer’s contributions and the proportionate share of contributions	<u>4,392,385</u>	<u>535</u>
Total as of August 31, 2018	\$ 14,454,283	\$ 1,503,243
Contributions paid to TRS subsequent to the measurement date	<u>1,831,806</u>	<u>-</u>
Total as of Fiscal year end	<u>\$ 16,286,089</u>	<u>\$ 1,503,243</u>

\$1,831,806 reported as deferred outflow of resources resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending August 31, 2019. The remaining net amounts of the employer’s balances of deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year ended August 31,</u>	<u>Pension Expense Amount</u>
2020	\$ 3,423,425
2021	\$ 2,328,018
2022	\$ 2,004,602
2023	\$ 2,065,038
2024	\$ 1,913,271
Thereafter	<u>\$ 1,216,686</u>
	<u>\$ 12,951,040</u>

Long-Term Liability Disclosure

	<u>08/31/18</u>	<u>Additions</u>	<u>Retirements</u>	<u>08/31/19</u>
Net Pension Liability	\$ 14,703,907	14,408,023	(1,678,972)	27,432,958

Retiree Health Plan

Plan Description - The District participates in the Texas Public School Retired Employees Group Insurance Program (TRS-Care). TRS-Care 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. The plan is established and administered in accordance with the Texas Insurance Code, Chapter 1575.

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

WAXAHACHIE INDEPENDENT SCHOOL DISTRICT

Notes to the Financial Statements

Year Ended August 31, 2019

PENSION PLAN AND OTHER POST EMPLOYMENT BENEFITS *(continued)*

Retiree Health Plan *(continued)*

Benefits Provided - TRS-Care provides basic health insurance coverage (TRS-Care 1), at no cost to all retirees from public schools, charter schools, regional education service centers, and other educational districts who are members of the TRS pension plan. Option dependent coverage is available for an additional fee.

Eligible retirees and their dependents not enrolled in Medicare may pay premiums to participate in one of two optional insurance plans with more comprehensive benefits (TRS-Care 2 and TRS-Care 3). Eligible retirees and dependents enrolled in Medicare may elect to participate in one of the two Medicare health plans for an additional fee. To qualify for TRS-Care coverage, a retiree must have at least 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 the optional health insurance are based on years of service of the member. The schedule below shows the monthly rates for a retiree with and without Medicare coverage.

TRS-Care Monthly for Retirees January 1, 2018 through December 31, 2018				
	Medicare		Non-Medicare	
Retiree*	\$	135	\$	200
Retiree and Spouse		529		689
Retiree* and Children		468		408
Retiree and Family		1,020		999

** or surviving spouse*

Contributions - Contribution rates for the TRS-Care plan are established 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.

	<u>2018</u>	<u>2019</u>
Member	0.65%	0.65%
Non-Employer Contributing Entity (State)	1.25%	1.25%
Employers	0.75%	0.75%
Federal/Private Funding Remitted by Employers	1.25%	1.25%
Fiscal Year 2019 Employer Contributions	\$	513,826
Fiscal Year 2019 Member Contributions	\$	399,700
2018 Measurement Year NECE On-behalf Contributions	\$	653,514

WAXAHACHIE INDEPENDENT SCHOOL DISTRICT

Notes to the Financial Statements

Year Ended August 31, 2019

PENSION PLAN AND OTHER POST EMPLOYMENT BENEFITS *(continued)*

Retiree Health Plan - Contributions *(continued)*

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

TRS-Care received supplemental appropriations from the State of Texas as the Non-Employer Contributing Entity in the amount of \$182.6 million in fiscal year 2018. The 85th Texas Legislature, House Bill 30 provided an additional \$212 million in one-time supplemental funding for the fiscal year 2018-2019 biennium to continue to support the program. This was also received in fiscal year 2018 bringing the total appropriations received in fiscal year 2018 to \$394.6 million.

Actuarial Assumptions - The total OPEB liability in the August 31, 2017 actuarial valuation was rolled forward to August 31, 2018. The actuarial valuation was determined using the following actuarial assumptions:

The following assumptions and other inputs used for members of TRS-Care are identical to the assumptions used in the August 31, 2017 TRS pension actuarial valuation that was rolled forward to August 31, 2018: Rates of Mortality, Rates of Retirement, Rates of Termination, Rates of Disability Incidence, General Inflation, Wage Inflation, and Expected Growth.

Additional Actuarial Methods and Assumptions:

Valuation Date	August 31, 2018
Actuarial Cost Method	Individual Entry Age Normal
Inflation	2.30%
Discount Rate	3.69%*
Aging Factors	Based on plan specific experience
Expenses	Third-party administrative expenses related to the delivery of health care benefits are included in the age-adjusted claim costs.
Salary Increases**	3.05% to 9.05%**
Election Rates	Normal Retirement: 70% participation prior to age 65 and 75% participation after age 65.
Ad hoc post-employment benefit changes	None

* Source: Fixed Income municipal bonds with 20 years to maturity that include only federal tax-exempt municipal bonds as reported in Fidelity Index's "20-Year Municipal GO AA Index" as of August 31, 2018.

** Includes Inflation at 2.50%.

Discount Rate - A single discount rate of 3.69% was used to measure the total OPEB liability. There was a change of 0.27% 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.

WAXAHACHIE INDEPENDENT SCHOOL DISTRICT

Notes to the Financial Statements

Year Ended August 31, 2019

PENSION PLAN AND OTHER POST EMPLOYMENT BENEFITS *(continued)*

Retiree Health Plan *(continued)*

Discount Rate Sensitivity Analysis – The following schedule shows the impact of the District’s portion of the net OPEB Liability if the discount rate used was 1% less than and 1% greater than the discount rate that was used (3.69%) in measuring the net OPEB Liability.

	1% Decrease in Discount Rate <u>(2.69%)</u>	Discount Rate <u>(3.69%)</u>	1% Increase in Discount Rate <u>(4.69%)</u>
Proportionate share of the net OPEB liability:	\$ 40,133,448	\$ 33,715,852	\$ 28,639,120

Healthcare Cost Trend Rate Sensitivity Analysis – The following schedule shows the impact of the District’s portion of the net OPEB Liability of the plan using the assumed healthcare trend rate, as well as what the net OPEB liability would be if the trend rate used was 1% less than and 1% greater than the assumed healthcare cost trend rate.

	1% Decrease	Current Healthcare Cost Trend Rate	1% Increase
Proportionate share of the net OPEB liability:	\$ 28,001,564	\$ 33,715,852	\$ 41,241,692

OPEB Liabilities, OPEB Expense & Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEBs - At August 31, 2019, the District reported a liability of \$33,715,852 for its proportionate share of the TRS’s net OPEB liability. This liability reflects a reduction of 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	\$ 33,715,852
State’s proportionate share that is associated with the District	47,367,980
Total	<u>\$ 81,083,832</u>

The net OPEB liability was measured as of August 31, 2018 and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date. The employer’s proportion of the net OPEB liability was based on the employer’s contributions to the OPEB plan relative to the contributions of all employers to the plan for the period September 1, 2017 thru August 31, 2018.

At August 31, 2018, the employer’s proportion of the collective net OPEB liability was 0.06753%, which was an increase of 0.00466% from its proportion measured as of August 31, 2017.

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

- Adjustments were made for retirees that were known to have discontinued their health care coverage in fiscal year 2018. This change increased the Total OPEB Liability.
- The health care trend rate assumption was updated to reflect the anticipated return of the Health Insurer Fee (HIF) in 2020. This change increased the Total OPEB Liability.
- Demographic and economic assumptions were updated based on the experience study performed for TRS for the period ending August 31, 2017. This change increased the Total OPEB Liability.

WAXAHACHIE INDEPENDENT SCHOOL DISTRICT

Notes to the Financial Statements

Year Ended August 31, 2019

PENSION PLAN AND OTHER POST EMPLOYMENT BENEFITS *(continued)*

Retiree Health Plan - Changes Since the Prior Actuarial Valuation *(continued)*

- The discount rate changed from 3.42% as of August 31, 2017 to 3.69% as of August 31, 2018. This change lowered the Total OPEB Liability \$2.3 billion.
- Change of Benefit Terms Since the Prior Measurement Date – Please see the 2018 TRS CAFR, page 68, section B for a list of changes made effective September 1, 2017 by the 85th Texas Legislature.

For the year ended August 31, 2019, the District recognized OPEB expense of \$2,879,416 and revenue of \$1,722,963 for support provided by the State.

At August 31, 2019, the District reported its proportionate share of the TRS's deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experiences	\$ 1,789,175	\$ 532,086
Changes in actuarial assumptions	562,626	10,129,679
Differences between projected and actual investment earnings	5,896	-
Changes in proportion and differences between the employer's contributions and the proportionate share of contributions	2,556,560	-
Total as of August 31, 2018 measurement date	<u>\$ 4,914,257</u>	<u>\$ 10,661,765</u>
Contributions paid to TRS subsequent to the measurement date	513,826	-
Total as of August 31, 2019	<u><u>\$ 5,428,083</u></u>	<u><u>\$ 10,661,765</u></u>

\$513,826 reported as deferred outflow of resources resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ending August 31, 2019. The remaining net amounts of the employer's balances of deferred outflows and inflows of resources related to OPEBs will be recognized in pension expense as follows:

<u>Fiscal Year ended August 31,</u>	
2020	\$ (1,008,941)
2021	(1,008,941)
2022	(1,008,941)
2023	(1,010,056)
2024	(1,010,694)
Thereafter	(699,935)
	<u>\$ (5,747,508)</u>

Long-Term Liability

	Beginning Balance	Additions	Reductions	Ending Balance
Net OPEB Liability	\$ 27,336,306	6,845,372	(465,826)	\$ 33,715,852

WAXAHACHIE INDEPENDENT SCHOOL DISTRICT

Notes to the Financial Statements

Year Ended August 31, 2019

PENSION PLAN AND OTHER POST EMPLOYMENT BENEFITS *(continued)*

Medicare Part D

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 D allows for the Texas Public School Retired Employee Group Insurance Program (TRSCare) to receive retiree drug subsidy payments from the federal government to offset certain prescription drug expenditures for eligible TRS-Care participants. The funds allocated to the District are considered on-behalf payments and are recognized as equal revenues and expenditures in the General Fund. For the year ended August 31, 2019, the contribution made on behalf of the District was \$178,340.

JOINT VENTURES-SHARED SERVICE ARRANGEMENTS

The District is the fiscal agent for Shared Services Arrangements ("SSA'S) which provide deaf education to member districts. In addition to the District, other member districts include Ferris, Milford, and Maypearl, Independent School Districts.

All services are provided by the fiscal agent. According to guidance provided in TEA's Resource Guide, the District has accounted for the fiscal agent's activities of the SSA'S in Special Revenues Funds. Expenditures of the SSA'S are summarized below:

	Fund 315 IDEA, Part B <u>Discretionary Deaf</u>	Fund 435 Regional <u>Day School Deaf</u>
Waxahachie	\$ 13,583	\$ 42,216
Ferris	2,717	8,443
Milford	5,433	16,886
Maypearl	5,433	16,886
	<u>\$ 27,166</u>	<u>\$ 84,431</u>

TAX ABATEMENTS

In compliance with GASB Statement #77, the District did not have any outstanding tax abatements for the year ended August 31, 2019.

EVALUATION OF SUBSEQUENT EVENTS

The District has evaluated subsequent events through November 27, 2019, the date which the financial statements were available to be issued.

REQUIRED SUPPLEMENTARY INFORMATION

WAXAHACHIE INDEPENDENT SCHOOL DISTRICT
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
 BUDGET AND ACTUAL - GENERAL FUND
 FOR THE YEAR ENDED AUGUST 31, 2019

Data Control Codes	Budgeted Amounts		Actual Amounts (GAAP BASIS)	Variance With Final Budget Positive or (Negative)
	Original	Final		
REVENUES:				
5700 Total Local and Intermediate Sources	\$ 47,391,511	\$ 48,464,382	\$ 48,380,496	\$ (83,886)
5800 State Program Revenues	33,623,681	34,610,836	35,976,947	1,366,111
5900 Federal Program Revenues	2,000,000	3,152,966	3,153,019	53
5020 Total Revenues	83,015,192	86,228,184	87,510,462	1,282,278
EXPENDITURES:				
Current:				
0011 Instruction	48,123,015	49,293,364	48,921,126	372,238
0012 Instructional Resources and Media Services	1,210,675	1,221,915	1,204,742	17,173
0013 Curriculum and Instructional Staff Development	842,880	890,281	856,933	33,348
0021 Instructional Leadership	1,448,727	1,459,318	1,449,415	9,903
0023 School Leadership	5,050,408	4,989,351	4,971,366	17,985
0031 Guidance, Counseling and Evaluation Services	2,437,088	2,505,173	2,497,505	7,668
0033 Health Services	1,061,977	1,033,609	1,028,723	4,886
0034 Student (Pupil) Transportation	2,290,549	2,437,738	2,374,095	63,643
0035 Food Services	-	24,871	24,868	3
0036 Extracurricular Activities	3,635,663	3,663,372	3,594,457	68,915
0041 General Administration	2,565,633	2,522,948	2,499,328	23,620
0051 Facilities Maintenance and Operations	7,644,747	7,713,938	7,696,036	17,902
0052 Security and Monitoring Services	1,112,059	1,352,083	1,345,647	6,436
0053 Data Processing Services	1,560,871	1,588,188	1,545,408	42,780
0061 Community Services	255,900	257,310	251,906	5,404
Debt Service:				
0071 Principal on Long-Term Debt	-	1,482,480	1,482,471	9
0072 Interest on Long-Term Debt	2,500,000	469,520	358,688	110,832
Capital Outlay:				
0081 Facilities Acquisition and Construction	825,000	6,517,432	4,264,732	2,252,700
Intergovernmental:				
0091 Contracted Instructional Services Between	-	-	97,796	(97,796)
0099 Other Intergovernmental Charges	450,000	459,000	458,971	29
6030 Total Expenditures	83,015,192	89,881,891	86,924,213	2,957,678
1100 Excess (Deficiency) of Revenues Over (Under) Expenditures	-	(3,653,707)	586,249	4,239,956
OTHER FINANCING SOURCES (USES):				
7912 Sale of Real and Personal Property	-	2,553	17,054	14,501
1200 Net Change in Fund Balances	-	(3,651,154)	603,303	4,254,457
0100 Fund Balance - September 1 (Beginning)	27,985,191	27,985,191	27,985,191	-
3000 Fund Balance - August 31 (Ending)	\$ 27,985,191	\$ 24,334,037	\$ 28,588,494	\$ 4,254,457

WAXAHACHIE INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
TEACHER RETIREMENT SYSTEM OF TEXAS
FOR THE YEAR ENDED AUGUST 31, 2019

	FY 2019 Plan Year 2018	FY 2018 Plan Year 2017	FY 2017 Plan Year 2016
District's Proportion of the Net Pension Liability (Asset)	0.049839658%	0.045986192%	0.044121287%
District's Proportionate Share of Net Pension Liability (Asset)	\$ 27,432,958	\$ 14,703,907	\$ 16,672,778
State's Proportionate Share of the Net Pension Liability (Asset) Associated with the District	44,810,363	26,646,736	31,513,766
Total	<u>\$ 72,243,321</u>	<u>\$ 41,350,643</u>	<u>\$ 48,186,544</u>
District's Covered Payroll	\$ 55,658,471	\$ 52,352,753	\$ 49,822,143
District's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	49.29%	28.09%	33.46%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	73.74%	82.17%	78.00%

Note: GASB 68, Paragraph 81 requires that the information on this schedule be data from the period corresponding with the periods covered as of the measurement dates of August 31, 2018 for year 2019, August 31, 2017 for year 2018, August 31, 2016 for Year 2017, August 31, 2015 for Year 2016 and August 31, 2014 for 2015.

Note: In accordance with GASB 68, Paragraph 138, only four years of data are presented this reporting period. "The information for all periods for the 10-year schedules that are required to be presented as required supplementary information may not be available initially. In these cases, during the transition period, that information should be presented for as many years as are available. The schedules should not include information that is not measured in accordance with the requirements of this Statement."

<u>FY 2016</u>		<u>FY 2015</u>	
<u>Plan Year 2015</u>		<u>Plan Year 2014</u>	
	0.0450521%		0.0232896%
\$	15,925,318	\$	6,220,974
	28,595,115		24,125,762
<u>\$ 44,520,433</u>		<u>\$ 30,346,736</u>	
\$	46,306,390	\$	41,908,789
	34.39%		14.84%
	78.43%		83.25%

WAXAHACHIE INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF DISTRICT'S CONTRIBUTIONS FOR PENSIONS
TEACHER RETIREMENT SYSTEM OF TEXAS
FOR FISCAL YEAR 2019

	2019	2018	2017
Contractually Required Contribution	\$ 1,831,806	\$ 1,678,999	\$ 1,506,070
Contribution in Relation to the Contractually Required Contribution	(1,831,806)	(1,678,999)	(1,506,070)
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -
District's Covered Payroll	\$ 61,492,949	\$ 55,655,595	\$ 52,352,753
Contributions as a Percentage of Covered Payroll	2.98%	3.02%	2.88%

Note: GASB 68, Paragraph 81 requires that the data in this schedule be presented as of the District's respective fiscal years as opposed to the time periods covered by the measurement dates ending August 31 of the preceding years.

Note: In accordance with GASB 68, Paragraph 138, the years of data presented this reporting period are those for which data is available. "The information for all periods for the 10-year schedules that are required to be presented as required supplementary information may not be available initially. In these cases, during the transition period, that information should be presented for as many years as are available. The schedules should not include information that is not measured in accordance with the requirements of this Statement."

<hr/>	
2016	2015
<hr/>	
\$ 1,406,647	\$ 1,334,006
(1,406,647)	(1,334,006)
<hr/>	
\$ -	\$ -
<hr/> <hr/>	
\$ 49,822,143	\$ 46,309,390
2.82%	2.88%

WAXAHACHIE INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET OPEB LIABILITY
TEACHER RETIREMENT SYSTEM OF TEXAS
FOR THE YEAR ENDED AUGUST 31, 2019

	FY 2019 Plan Year 2018	FY 2018 Plan Year 2017
District's Proportion of the Net Liability (Asset) for Other Postemployment Benefits	0.067525002%	0.062861954%
District's Proportionate Share of Net OPEB Liability (Asset)	\$ 33,715,852	\$ 27,336,306
State's Proportionate Share of the Net OPEB Liability (Asset) Associated with the District	47,367,980	41,295,841
Total	<u>\$ 81,083,832</u>	<u>\$ 68,632,147</u>
District's Covered Payroll	\$ 55,658,471	\$ 52,352,753
District's Proportionate Share of the Net OPEB Liability (Asset) as a Percentage of its Covered Payroll	60.58%	52.22%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	1.57%	0.91%

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

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

WAXAHACHIE INDEPENDENT SCHOOL DISTRICT
 SCHEDULE OF DISTRICT'S CONTRIBUTIONS FOR OTHER POSTEMPLOYMENT BENEFITS (OPEB)
 TEACHER RETIREMENT SYSTEM OF TEXAS
 FOR FISCAL YEAR 2019

	2019	2018
Contractually Required Contribution	\$ 513,826	\$ 459,947
Contribution in Relation to the Contractually Required Contribution	(513,826)	(459,947)
Contribution Deficiency (Excess)	\$ -0-	\$ -0-
District's Covered Payroll	\$ 61,492,949	\$ 55,655,595
Contributions as a Percentage of Covered Payroll	0.84%	0.83%

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

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

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COMBINING STATEMENTS

WAXAHACHIE INDEPENDENT SCHOOL DISTRICT
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 AUGUST 31, 2019

Data Control Codes	205 Head Start	211 ESEA I, A Improving Basic Program	224 IDEA - Part B Formula	225 IDEA - Part B Preschool
ASSETS				
1110 Cash and Cash Equivalents	\$ 1,057	\$ (194,679)	\$ (96,584)	\$ (1,558)
1240 Due from Other Governments	-	285,956	182,887	3,208
1410 Prepayments	-	-	-	-
1000 Total Assets	<u>\$ 1,057</u>	<u>\$ 91,277</u>	<u>\$ 86,303</u>	<u>\$ 1,650</u>
LIABILITIES				
2110 Accounts Payable	\$ -	\$ -	\$ 11,748	\$ -
2150 Payroll Deductions and Withholdings Payable	-	4	4	-
2160 Accrued Wages Payable	1,057	91,273	74,551	1,650
2000 Total Liabilities	<u>1,057</u>	<u>91,277</u>	<u>86,303</u>	<u>1,650</u>
FUND BALANCES				
Nonspendable Fund Balance:				
3430 Prepaid Items	-	-	-	-
Restricted Fund Balance:				
3450 Federal or State Funds Grant Restriction	-	-	-	-
Committed Fund Balance:				
3545 Other Committed Fund Balance	-	-	-	-
3000 Total Fund Balances	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
4000 Total Liabilities and Fund Balances	<u>\$ 1,057</u>	<u>\$ 91,277</u>	<u>\$ 86,303</u>	<u>\$ 1,650</u>

226 IDEA - Part B Discretionary	242 Summer Feeding Program	244 Career and Technical - Basic Grant	255 ESEA II, A Training and Recruiting	263 Title III, A English Lang. Acquisition	285	288	289 Other Federal Special Revenue Funds
\$ -	\$ -	\$ (181)	\$ (2,441)	\$ (14,436)	\$ -	\$ -	\$ (14,831)
-	-	181	2,441	19,565	-	-	14,831
-	-	-	-	-	-	-	-
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,129</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-	-
-	-	-	-	5,129	-	-	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,129</u>	<u>-</u>	<u>-</u>	<u>-</u>
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,129</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

WAXAHACHIE INDEPENDENT SCHOOL DISTRICT
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 AUGUST 31, 2019

Data Control Codes	315 SSA IDEA, Part B Discretionary	316 SSA IDEA, Part B Deaf	317 SSA - IDEA, B Preschool Deaf	340 SSA - IDEA C Deaf - Early Intervention
ASSETS				
1110 Cash and Cash Equivalents	\$ (8,293)	\$ -	\$ -	\$ -
1240 Due from Other Governments	8,293	-	-	-
1410 Prepayments	-	-	-	-
1000 Total Assets	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
LIABILITIES				
2110 Accounts Payable	\$ -	\$ -	\$ -	\$ -
2150 Payroll Deductions and Withholdings Payable	-	-	-	-
2160 Accrued Wages Payable	-	-	-	-
2000 Total Liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES				
Nonspendable Fund Balance:				
3430 Prepaid Items	-	-	-	-
Restricted Fund Balance:				
3450 Federal or State Funds Grant Restriction	-	-	-	-
Committed Fund Balance:				
3545 Other Committed Fund Balance	-	-	-	-
3000 Total Fund Balances	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
4000 Total Liabilities and Fund Balances	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

397 Advanced Placement Incentives	409 High School Completion and Success	410 State Textbook Fund	428	429 Other State Special Revenue Funds	435 SSA Regional Day School - Deaf	461 Campus Activity Funds	462 METRO League
\$ 4,825	\$ -	\$ (757,902)	\$ -	\$ 218	\$ (15,679)	\$ 573,018	\$ 287
-	-	1,522,907	-	-	21,956	-	-
-	-	-	-	3	-	-	-
<u>\$ 4,825</u>	<u>\$ -</u>	<u>\$ 765,005</u>	<u>\$ -</u>	<u>\$ 221</u>	<u>\$ 6,277</u>	<u>\$ 573,018</u>	<u>\$ 287</u>
\$ -	\$ -	\$ 761,994	\$ -	\$ -	\$ 232	\$ 21,792	\$ -
-	-	-	-	-	-	-	-
-	-	-	-	-	6,045	-	-
<u>-</u>	<u>-</u>	<u>761,994</u>	<u>-</u>	<u>-</u>	<u>6,277</u>	<u>21,792</u>	<u>-</u>
-	-	-	-	3	-	-	-
4,825	-	3,011	-	218	-	-	-
-	-	-	-	-	-	551,226	287
<u>4,825</u>	<u>-</u>	<u>3,011</u>	<u>-</u>	<u>221</u>	<u>-</u>	<u>551,226</u>	<u>287</u>
<u>\$ 4,825</u>	<u>\$ -</u>	<u>\$ 765,005</u>	<u>\$ -</u>	<u>\$ 221</u>	<u>\$ 6,277</u>	<u>\$ 573,018</u>	<u>\$ 287</u>

WAXAHACHIE INDEPENDENT SCHOOL DISTRICT
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 AUGUST 31, 2019

Data Control Codes	480	Total Nonmajor Governmental Funds
ASSETS		
1110 Cash and Cash Equivalents	\$ -	\$ (527,179)
1240 Due from Other Governments	-	2,062,225
1410 Prepayments	-	3
1000 Total Assets	<u>\$ -</u>	<u>\$ 1,535,049</u>
LIABILITIES		
2110 Accounts Payable	\$ -	\$ 795,766
2150 Payroll Deductions and Withholdings Payable	-	8
2160 Accrued Wages Payable	-	179,705
2000 Total Liabilities	<u>-</u>	<u>975,479</u>
FUND BALANCES		
Nonspendable Fund Balance:		
3430 Prepaid Items	-	3
Restricted Fund Balance:		
3450 Federal or State Funds Grant Restriction	-	8,054
Committed Fund Balance:		
3545 Other Committed Fund Balance	-	551,513
3000 Total Fund Balances	<u>-</u>	<u>559,570</u>
4000 Total Liabilities and Fund Balances	<u>\$ -</u>	<u>\$ 1,535,049</u>

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WAXAHACHIE INDEPENDENT SCHOOL DISTRICT
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
 FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED AUGUST 31, 2019

Data Control Codes	205 Head Start	211 ESEA I, A Improving Basic Program	224 IDEA - Part B Formula	225 IDEA - Part B Preschool
REVENUES:				
5700 Total Local and Intermediate Sources	\$ -	\$ -	\$ -	\$ -
5800 State Program Revenues	-	-	-	-
5900 Federal Program Revenues	-	1,110,887	1,190,212	31,837
5020 Total Revenues	-	1,110,887	1,190,212	31,837
EXPENDITURES:				
Current:				
0011 Instruction	-	1,079,951	156,113	3,509
0012 Instructional Resources and Media Services	-	-	-	-
0013 Curriculum and Instructional Staff Development	-	30,425	10,234	637
0021 Instructional Leadership	-	-	-	-
0031 Guidance, Counseling and Evaluation Services	-	-	1,023,865	27,691
0035 Food Services	-	-	-	-
0036 Extracurricular Activities	-	-	-	-
0041 General Administration	-	-	-	-
0061 Community Services	-	511	-	-
6030 Total Expenditures	-	1,110,887	1,190,212	31,837
1200 Net Change in Fund Balance	-	-	-	-
0100 Fund Balance - September 1 (Beginning)	-	-	-	-
3000 Fund Balance - August 31 (Ending)	\$ -	\$ -	\$ -	\$ -

226 IDEA - Part B Discretionary	242 Summer Feeding Program	244 Career and Technical - Basic Grant	255 ESEA II, A Training and Recruiting	263 Title III, A English Lang. Acquisition	285	288	289 Other Federal Special Revenue Funds
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-	-
12,000	10,986	73,572	150,610	69,325	-	-	75,232
12,000	10,986	73,572	150,610	69,325	-	-	75,232
-	-	68,084	-	69,325	-	-	39,603
-	-	-	-	-	-	-	-
-	-	70	39,184	-	-	-	35,629
-	-	405	111,426	-	-	-	-
12,000	-	5,013	-	-	-	-	-
-	10,986	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
12,000	10,986	73,572	150,610	69,325	-	-	75,232
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

WAXAHACHIE INDEPENDENT SCHOOL DISTRICT
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
 FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED AUGUST 31, 2019

Data Control Codes	315 SSA IDEA, Part B Discretionary	316 SSA IDEA, Part B Deaf	317 SSA - IDEA, B Preschool Deaf	340 SSA - IDEA C Deaf - Early Intervention
REVENUES:				
5700 Total Local and Intermediate Sources	\$ -	\$ -	\$ -	\$ -
5800 State Program Revenues	-	-	-	-
5900 Federal Program Revenues	27,166	-	-	-
5020 Total Revenues	27,166	-	-	-
EXPENDITURES:				
Current:				
0011 Instruction	27,166	-	-	-
0012 Instructional Resources and Media Services	-	-	-	-
0013 Curriculum and Instructional Staff Development	-	-	-	-
0021 Instructional Leadership	-	-	-	-
0031 Guidance, Counseling and Evaluation Services	-	-	-	-
0035 Food Services	-	-	-	-
0036 Extracurricular Activities	-	-	-	-
0041 General Administration	-	-	-	-
0061 Community Services	-	-	-	-
6030 Total Expenditures	27,166	-	-	-
1200 Net Change in Fund Balance	-	-	-	-
0100 Fund Balance - September 1 (Beginning)	-	-	-	-
3000 Fund Balance - August 31 (Ending)	\$ -	\$ -	\$ -	\$ -

397 Advanced Placement Incentives	409 High School Completion and Success	410 State Textbook Fund	428	429 Other State Special Revenue Funds	435 SSA Regional Day School - Deaf	461 Campus Activity Funds	462 METRO League
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 649,161	\$ 7,581
-	-	1,823,068	-	4,204	84,431	-	-
-	-	-	-	-	-	-	-
-	-	1,823,068	-	4,204	84,431	649,161	7,581
-	-	1,822,688	-	-	83,917	429,200	-
-	-	-	-	-	-	64,620	-
3,435	-	-	-	7,032	514	61,738	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	116,645	7,294
-	-	-	-	-	-	8,889	-
-	-	-	-	-	-	-	-
3,435	-	1,822,688	-	7,032	84,431	681,092	7,294
(3,435)	-	380	-	(2,828)	-	(31,931)	287
8,260	-	2,631	-	3,049	-	583,157	-
\$ 4,825	\$ -	\$ 3,011	\$ -	\$ 221	\$ -	\$ 551,226	\$ 287

WAXAHACHIE INDEPENDENT SCHOOL DISTRICT
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
 FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED AUGUST 31, 2019

Data Control Codes	480	Total Nonmajor Governmental Funds
REVENUES:		
5700 Total Local and Intermediate Sources	\$ -	\$ 656,742
5800 State Program Revenues	-	1,911,703
5900 Federal Program Revenues	-	2,751,827
5020 Total Revenues	-	5,320,272
EXPENDITURES:		
Current:		
0011 Instruction	-	3,779,556
0012 Instructional Resources and Media Services	-	64,620
0013 Curriculum and Instructional Staff Development	-	188,898
0021 Instructional Leadership	-	111,831
0031 Guidance, Counseling and Evaluation Services	-	1,068,569
0035 Food Services	-	10,986
0036 Extracurricular Activities	-	123,939
0041 General Administration	-	8,889
0061 Community Services	-	511
6030 Total Expenditures	-	5,357,799
1200 Net Change in Fund Balance	-	(37,527)
0100 Fund Balance - September 1 (Beginning)	-	597,097
3000 Fund Balance - August 31 (Ending)	\$ -	\$ 559,570

REQUIRED T.E.A SCHEDULES

WAXAHACHIE INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF DELINQUENT TAXES RECEIVABLE
FISCAL YEAR ENDED AUGUST 31, 2019

Last 10 Years Ended August 31	(1)	(2)	(3)
	Tax Rates		Assessed/Appraised Value for School Tax Purposes
	Maintenance	Debt Service	
2010 and prior years	Various	Various	\$ Various
2011	1.040000	0.388900	2,795,858,079
2012	1.040000	0.388900	2,779,925,482
2013	1.040000	0.388900	1,792,898,661
2014	1.040000	0.388900	2,823,292,880
2015	1.170000	0.258900	2,989,789,853
2016	1.170000	0.383900	3,158,322,090
2017	1.170000	0.383900	3,423,459,544
2018	1.170000	0.383900	3,758,297,257
2019 (School year under audit)	1.170000	0.383900	3,974,454,148
1000 TOTALS			

(10) Beginning Balance 9/1/2018	(20) Current Year's Total Levy	(31) Maintenance Collections	(32) Debt Service Collections	(40) Entire Year's Adjustments	(50) Ending Balance 8/31/2019
\$ 108,171	\$ -	\$ 6,091	\$ 1,747	\$ (41)	\$ 100,292
27,671	-	2,743	1,026	755	24,657
37,888	-	3,810	1,424	(1,883)	30,771
44,879	-	6,211	2,322	(1,391)	34,955
48,522	-	12,177	4,554	26,139	57,930
68,637	-	16,723	3,700	32,475	80,689
89,996	-	17,984	5,901	46,806	112,917
127,532	-	27,804	9,123	40,852	131,457
300,748	-	81,188	26,639	(14,227)	178,694
-	61,759,043	45,919,694	15,067,156	(333,064)	439,129
<u>\$ 854,044</u>	<u>\$ 61,759,043</u>	<u>\$ 46,094,425</u>	<u>\$ 15,123,592</u>	<u>\$ (203,579)</u>	<u>\$ 1,191,491</u>

WAXAHACHIE INDEPENDENT SCHOOL DISTRICT
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
 BUDGET AND ACTUAL - CHILD NUTRITION PROGRAM
 FOR THE YEAR ENDED AUGUST 31, 2019

Data Control Codes	Budgeted Amounts		Actual Amounts (GAAP BASIS)	Variance With Final Budget Positive or (Negative)
	Original	Final		
REVENUES:				
5700 Total Local and Intermediate Sources	\$ 1,487,900	\$ 1,487,900	\$ 1,604,764	\$ 116,864
5800 State Program Revenues	114,408	114,408	140,030	25,622
5020 Total Revenues	<u>1,602,308</u>	<u>1,602,308</u>	<u>1,744,794</u>	<u>142,486</u>
EXPENDITURES:				
Current:				
0035 Food Services	3,955,272	3,966,553	4,410,345	(443,792)
0051 Plant Maintenance and Operations	88,440	88,440	74,362	14,078
6030 Total Expenditures	<u>4,043,712</u>	<u>4,054,993</u>	<u>4,484,707</u>	<u>(429,714)</u>
1100 Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(2,441,404)</u>	<u>(2,452,685)</u>	<u>(2,739,913)</u>	<u>(287,228)</u>
OTHER FINANCING SOURCES (USES):				
7952 National School Breakfast Program	505,000	505,000	463,661	(41,339)
7953 National School Lunch Program	1,746,101	1,746,101	1,892,492	146,391
7954 Donated Commodities (USDA)	190,303	190,303	263,763	73,460
7080 Total Other Financing Sources (Uses)	<u>2,441,404</u>	<u>2,441,404</u>	<u>2,619,916</u>	<u>178,512</u>
1200 Change in Net Position	-	(11,281)	(119,997)	(108,716)
0100 Total Net Position - September 1	<u>204,513</u>	<u>204,513</u>	<u>204,513</u>	<u>-</u>
3000 Total Net Position - August 31 (Ending)	<u>\$ 204,513</u>	<u>\$ 193,232</u>	<u>\$ 84,516</u>	<u>\$ (108,716)</u>

WAXAHACHIE INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - DEBT SERVICE FUND
FOR THE YEAR ENDED AUGUST 31, 2019

Data Control Codes	Budgeted Amounts		Actual Amounts (GAAP BASIS)	Variance With Final Budget Positive or (Negative)
	Original	Final		
REVENUES:				
5700 Total Local and Intermediate Sources	\$ 15,209,250	\$ 15,465,641	\$ 15,403,575	\$ (62,066)
5800 State Program Revenues	300,000	346,135	346,135	-
5900 Federal Program Revenues	100,000	104,739	104,740	1
5020 Total Revenues	<u>15,609,250</u>	<u>15,916,515</u>	<u>15,854,450</u>	<u>(62,065)</u>
EXPENDITURES:				
Debt Service:				
0071 Principal on Long-Term Debt	3,000,000	6,157,529	6,157,529	-
0072 Interest on Long-Term Debt	12,602,750	9,445,221	9,445,221	-
0073 Bond Issuance Cost and Fees	6,500	6,500	5,465	1,035
6030 Total Expenditures	<u>15,609,250</u>	<u>15,609,250</u>	<u>15,608,215</u>	<u>1,035</u>
1100 Excess of Revenues Over Expenditures	-	307,265	246,235	(61,030)
OTHER FINANCING SOURCES (USES):				
7916 Premium or Discount on Issuance of Bonds	-	2,912	2,913	1
1200 Net Change in Fund Balances	-	310,177	249,148	(61,029)
0100 Fund Balance - September 1 (Beginning)	<u>2,916,440</u>	<u>2,916,440</u>	<u>2,916,440</u>	<u>-</u>
3000 Fund Balance - August 31 (Ending)	<u>\$ 2,916,440</u>	<u>\$ 3,226,617</u>	<u>\$ 3,165,588</u>	<u>\$ (61,029)</u>

FEDERAL AWARDS SECTION



**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
Waxahachie Independent School District
Waxahachie, Texas

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Waxahachie Independent School District (the District), as of and for the year ended August 31, 2019, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated November 27, 2019.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting (internal control) 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 District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or 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 & Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the 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.

A handwritten signature in cursive script that reads "Evans & Knauth, PLLC".

Evans & Knauth, PLLC
Frisco, TX
November 27, 2019



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

Board of Trustees
Waxahachie Independent School District
Waxahachie, Texas

Report on Compliance for Each Major Federal Program

We have audited Waxahachie Independent School District's (the District) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the year ended August 31, 2019. The 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 the District's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on Each Major Federal Program

In our opinion, the District, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended August 31, 2019.

Other Matters

The results of our auditing procedures disclosed no instances of noncompliance, which are required to be reported in accordance with the Uniform Guidance. Our opinion on each major federal program is unmodified with respect to these matters.

Report on Internal Control Over Compliance

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

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

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

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



Evans & Knauth, PLLC
Frisco, TX
November 27, 2019

WAXAHACHIE INDEPENDENT SCHOOL DISTRICT

Schedule of Status of Prior Findings
For the Year Ended August 31, 2019

Program	Status of Prior Year's Finding/Noncompliance
-NONE-	

WAXAHACHIE INDEPENDENT SCHOOL DISTRICT

Corrective Action Plan
For the Year Ended August 31, 2019

Program

Corrective Action Plan

-NONE-

Contact Person: Mr. Ryan Kahlden
Assistant Superintendent of Business and Finance

WAXAHACHIE INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED AUGUST 31, 2019

(1)	(2)	(3)	(4)
FEDERAL GRANTOR/ PASS-THROUGH GRANTOR/ PROGRAM or CLUSTER TITLE	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
U.S. DEPARTMENT OF EDUCATION			
<u>Passed Through ESC Region 10</u>			
Title III, Part A - English Language Acquisition	84.365A	18671001057950	\$ 69,325
Total Passed Through ESC Region 10			69,325
<u>Passed Through ESC Region 20</u>			
Evaluation Capacity Grant	84.027A		12,000
Total Passed Through ESC Region 20			12,000
<u>Passed Through State Department of Education</u>			
*ESEA, Title I, Part A - Improving Basic Programs	84.010A	19610101070912	1,110,887
IDEA - Part B, Formula	84.027A	196600010709126000	1,190,212
SSA - IDEA - Part B, Discretionary	84.027A	196600110709126000	27,166
Total CFDA Number 84.027A			1,217,378
IDEA - Part B, Preschool	84.173A	186610010709126000	31,837
Total Special Education Cluster (IDEA)			1,249,215
Career and Technical - Basic Grant	84.048A	19420006070912	73,572
ESEA, Title II, Part A, Teacher Principal Training	84.367A	19694501070912	150,610
ESEA, Title IV, Part A - Student Support	84.424A	19680101070912	71,477
Summer School LEP	84.369A	69551802	3,755
Total Passed Through State Department of Education			2,659,516
TOTAL U.S. DEPARTMENT OF EDUCATION			2,740,841
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			
<u>Passed Through Texas Dept of Human Services</u>			
Medicaid Administrative Claiming Program - MAC	93.778		8,599
Total Passed Through Texas Dept of Human Services			8,599
TOTAL U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			8,599
U.S. DEPARTMENT OF AGRICULTURE			
<u>Passed Through the State Department of Agriculture</u>			
School Breakfast Program	10.553	71401901	463,661
National School Lunch Program	10.555	71301901	1,892,492
National School Lunch - Donated Commodities	10.555	71301901	263,763
Total CFDA Number 10.555			2,156,255
Summer Feeding Program	10.559	TX-070-1008	10,986
Total Child Nutrition Cluster			2,630,902
Total Passed Through the State Department of Agriculture			2,630,902
TOTAL U.S. DEPARTMENT OF AGRICULTURE			2,630,902
TOTAL EXPENDITURES OF FEDERAL AWARDS			\$ 5,380,342

*Denotes Major Program.

Note: School Health & Related Services reimbursements of \$3,144,420, recorded in the General Fund, and interest subsidy on Qualified School Construction Bonds of \$104,740, recorded in the Debt Service Fund, are recorded as federal program revenue on Exhibit C-3, but are not considered federal awards for the purpose of this schedule.

See Accompanying Notes to the Schedule of Expenditures of Federal Awards

WAXAHACHIE INDEPENDENT SCHOOL DISTRICT

Notes to Schedule of Expenditures of Federal Awards
For the Year Ended August 31, 2019

1. For all federal programs, the District uses the fund types specified in Texas Education Agency's "Financial Accountability System Resource Guide". Special revenue funds are used to account for resources restricted to, or designated for, specific purposes by a grantor. Federal and state financial assistance is generally accounted for in a Special Revenue Fund.
2. The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. The Governmental Fund types are accounted for using a current financial resources measurement focus. All Federal grant funds were accounted for in a Special Revenue Fund that is a Governmental Fund type. With this measurement focus, only current assets and current liabilities and the fund balance are included on the balance sheet. Operating statements of these funds present increases and decreases in net current assets.

The modified accrual basis of accounting is used for the Governmental Fund types. This basis of accounting recognizes revenues in the accounting period in which they become susceptible to accrual, i.e., both measurable and available, and expenditures in the accounting period in which the fund liability is incurred.

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

3. The District participates in numerous Federal grant programs that 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, in any, refunds of any money received may be required and the collectability of any related receivable at August 31, 2019 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 provisions have been recorded in the accompanying financial statements for such contingencies.