

**WAXAHACHIE
INDEPENDENT SCHOOL DISTRICT**

Annual Financial Report for the Year Ended

August 31, 2020

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CERTIFICATE OF BOARD

Waxahachie Independent School District
Name of School District

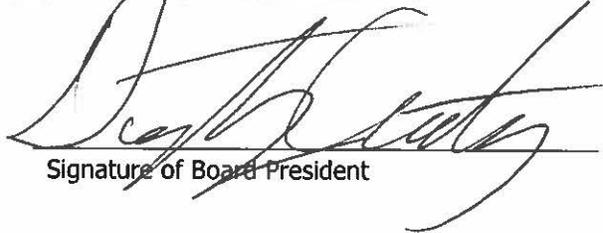
Ellis
County

070-912
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, 2020, at a meeting of the Board of School Trustees of such school district on the 7th day of December, 2020.



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, 2020, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the 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, 2020, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, 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.

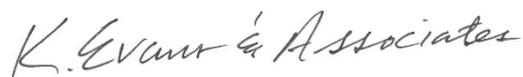
The schedule of expenditures of federal awards is presented for purposes of additional analysis as required Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of 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 25, 2020, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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.



K. Evans & Associates, CPA's
Frisco, TX
November 25, 2020

WAXAHACHIE INDEPENDENT SCHOOL DISTRICT

Management's Discussion and Analysis Year Ended August 31, 2020

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, 2020. 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 9.

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 (\$13,970,825) (*deficit net position*).
- The District's total net position increased by \$2,974,043 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 \$33,205,475. Approximately 80% of this total amount (\$26,593,282) 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 \$26,593,282 or 27.2% 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 9 through 11). 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 12) 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 25) provide narrative explanations or additional data needed for full disclosure in the government-wide statements or the fund financial statements.

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 9. 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).

WAXAHACHIE INDEPENDENT SCHOOL DISTRICT

Management's Discussion and Analysis

Year Ended August 31, 2020

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.

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 23 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.

WAXAHACHIE INDEPENDENT SCHOOL DISTRICT

Management's Discussion and Analysis

Year Ended August 31, 2020

Net position of the District's governmental activities increased from \$(17,688,728) to \$(14,089,552). 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 (\$46,626,606) at August 31, 2020.

TABLE I
NET POSITION

	Governmental Activities		Business-type Activities		Total	
	2019	2019	2019	2019	2019	2019
Current and other assets	\$ 41,576,519	\$ 59,872,438	\$ 588,318	\$ 879,861	\$ 42,164,837	\$ 60,752,299
Capital Assets	274,722,968	257,180,977	1,177,399	1,393,316	275,900,367	258,574,293
Total Assets	<u>316,299,487</u>	<u>317,053,415</u>	<u>1,765,717</u>	<u>2,273,177</u>	<u>318,065,204</u>	<u>319,326,592</u>
Deferred Outflows of Resources	30,132,877	24,574,558	657,473	574,033	30,790,350	25,148,591
Long-term Liabilities						
Due or Payable Within One Year	7,508,191	6,866,413	155,609	199,545	7,663,800	7,065,958
Due or Payable After One Year	334,252,389	340,489,982	1,563,220	1,552,864	335,815,609	342,042,846
Total Liabilities	<u>341,760,580</u>	<u>347,356,395</u>	<u>1,718,829</u>	<u>1,752,409</u>	<u>343,479,409</u>	<u>349,108,804</u>
Deferred Inflows of Resources	18,761,336	11,960,306	585,633	350,941	19,346,969	12,311,247
Net Position:						
Net Invested in Capital Assets	25,805,760	21,550,158	1,177,399	1,393,316	26,983,159	22,943,474
Restricted	5,672,623	23,330,943	-	(1,136,761)	5,672,623	22,194,182
Unrestricted	<u>(45,567,935)</u>	<u>(62,569,829)</u>	<u>(1,058,671)</u>	<u>487,305</u>	<u>(46,626,606)</u>	<u>(62,082,524)</u>
Total Net Position	<u>\$ (14,089,552)</u>	<u>\$ (17,688,728)</u>	<u>\$ 118,728</u>	<u>\$ 743,860</u>	<u>\$ (13,970,824)</u>	<u>\$ (16,944,868)</u>

TABLE II
CHANGES IN NET POSITION

	Governmental Activities		Business-type Activities		Total	
	2020	2019	2020	2019	2020	2019
Revenues:						
Program Revenues						
Charges for Services	\$ 365,930	\$ 457,720	\$ 1,917,422	\$ 2,102,826	\$ 2,283,352	\$ 2,560,546
Operating Grants & Contributions	14,521,703	14,259,089	2,264,054	2,619,916	16,785,757	16,879,005
Total Program Revenues	<u>14,887,633</u>	<u>14,716,809</u>	<u>4,181,476</u>	<u>4,722,742</u>	<u>19,069,109</u>	<u>19,439,551</u>
General Revenues						
Property Taxes	65,751,522	61,548,715	-	-	65,751,522	61,548,715
State Aid Formula	39,295,822	32,079,313	-	-	39,295,822	32,079,313
Investment Earnings	740,609	1,564,049	-	-	740,609	1,564,049
Other	2,360,440	1,838,944	-	-	2,360,440	1,838,944
Total General Revenue	<u>108,148,393</u>	<u>97,031,021</u>	<u>-</u>	<u>-</u>	<u>108,148,393</u>	<u>97,031,021</u>
Total Revenues	<u>123,036,026</u>	<u>111,747,830</u>	<u>4,181,476</u>	<u>4,722,742</u>	<u>127,217,502</u>	<u>116,470,572</u>
Expenses:						
Instruction	68,054,492	61,904,274	-	-	68,054,492	61,904,274
Instruction Resources & Media	1,601,283	1,428,147	-	-	1,601,283	1,428,147
Curriculum and Staff Development	1,664,893	1,090,395	-	-	1,664,893	1,090,395
Instructional Leadership	2,217,004	1,683,685	-	-	2,217,004	1,683,685
School Leadership	6,336,396	5,588,012	-	-	6,336,396	5,588,012
Guidance, Counseling & Evaluation	4,388,091	3,863,053	-	-	4,388,091	3,863,053
Health Services	1,336,004	1,100,915	-	-	1,336,004	1,100,915
Student Transportation	3,472,902	2,902,501	-	-	3,472,902	2,902,501
Food Services	795,472	572,943	4,363,904	4,484,707	5,159,376	5,057,650
Extracurricular Activities	4,671,994	4,912,564	-	-	4,671,994	4,912,564
General Administration	3,394,284	2,678,908	-	-	3,394,284	2,678,908
Facilities Maintenance/Operations	9,344,452	8,209,452	-	-	9,344,452	8,209,452
Security and Monitoring Services	1,649,529	1,441,079	-	-	1,649,529	1,441,079
Data Processing Services	2,091,610	1,967,565	-	-	2,091,610	1,967,565
Community Services	309,648	287,955	-	-	309,648	287,955
Debt Service - Interest on Debt	7,489,737	11,158,178	-	-	7,489,737	11,158,178
Debt Service - Bond Issuance Cost	144,800	208,594	-	-	144,800	208,594
Other Intergovernmental Charges	474,259	556,767	442,704	359,419	916,963	916,186
Total Expenses	<u>119,436,850</u>	<u>111,554,987</u>	<u>4,806,608</u>	<u>4,844,126</u>	<u>124,243,458</u>	<u>116,399,113</u>
Increase/(Decrease) in Net Position	3,599,176	192,843	(625,132)	(121,384)	2,974,044	71,459
Beginning 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>
Ending Net Position	<u>\$ (14,089,552)</u>	<u>\$ (17,688,728)</u>	<u>\$ 118,728</u>	<u>\$ 743,860</u>	<u>\$ (13,970,824)</u>	<u>\$ (16,944,868)</u>

WAXAHACHIE INDEPENDENT SCHOOL DISTRICT

Management's Discussion and Analysis

Year Ended August 31, 2020

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 \$2,974,044 during the current fiscal year.

During the 2019-2020 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 372, or approximately 4.4%. Total state aid increased 22.5% due to increased student enrollment and changes in the state funding formula (as a result of HB 3).
- The District's General Fund expenditures increased 12.37% 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 decreased from \$1.17 per \$100 in valuation to \$1.0683 per \$100 in valuation. The District's debt service tax rate remained \$0.3839 per \$100 in valuation. The District's taxable property valuation increased 13.05%.

The cost of all governmental activities for the current fiscal year was \$119,436,850. However, as shown in the Statement of Activities, the amount that our taxpayers ultimately financed for these activities through District taxes was \$65,751,522 because some of the costs were paid by those who directly benefited from the programs (\$365,930) or by other governments and organizations that subsidized certain programs with grants and contributions (\$14,521,703).

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 \$33,205,475, which is \$18,991,076 less than last year's total of \$52,196,551. Included in this year's total change in fund balance is a decrease of \$741,699 in the General Fund, a \$555,917 increase in the Debt Service Fund and a \$18,816,189 decrease 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 2019). 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 \$27,846,795 reported on pages 12 and 13 differs from the General Fund's budgetary fund balance of \$25,556,816 reported in the budgetary comparison schedule on page 55. This is principally due to cost savings achieved during the year and a locally funded capital project that was substantially completed in FY 20.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At August 31, 2020, the District's governmental activities had \$274,722,968 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 \$17,541,991 from the prior year. This increase includes the costs incurred in building the new Max Simpson Elementary School, to be completed in FY 21.

Debt Administration

At year-end, the District had \$274,395,721 in bonds payable outstanding (including accreted interest on capital appreciation bonds) versus \$280,894,036 in the prior year, a decrease of \$6,498,315. 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.

Additional information about the District's capital assets and long-term liabilities is presented on pages 37 - 39 of the notes to the financial statements.

WAXAHACHIE INDEPENDENT SCHOOL DISTRICT

Management's Discussion and Analysis

Year Ended August 31, 2020

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

- Total state aid is expected to increase very slightly due to increased enrollment and an attendance hold-harmless for the fall 2020 semester provided by TEA for student attendance. This hold-harmless could generate additional funding, but will be offset by lower-than expected student attendance in the spring 2021 semester.
- The District's General Fund expenditures are budgeted to increase approximately 1.25% due to higher personnel cost from salary increases and new positions added to accommodate enrollment growth and distanced learning.
- The District's 2020 maintenance and operating tax rate decreased from \$1.0683 per \$100 of taxable property value to \$0.9815 per \$100 of taxable property value. The 2020 adopted debt service tax rate remained \$0.3839 per \$100 valuation.
- The District's 2020-2021 General Fund budget has budgeted revenues (\$100.2 million) in excess of budgeted expenditures (\$98.8 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, 2020

EXHIBIT A-1

Data Control Codes	1	2 Primary Government	3
	Governmental Activities	Business Type Activities	Total
ASSETS			
1110 Cash and Cash Equivalents	\$ 30,075,956	\$ 645,911	\$ 30,721,867
1220 Property Taxes - Delinquent	1,304,435	-	1,304,435
1230 Allowance for Uncollectible Taxes	(26,089)	-	(26,089)
1240 Due from Other Governments	6,416,113	85,511	6,501,624
1260 Internal Balances	361,847	(361,847)	-
1290 Other Receivables, Net	705,744	29,336	735,080
1300 Inventories	67,470	189,135	256,605
1410 Prepayments	1,186,043	272	1,186,315
Capital Assets:			
1510 Land	12,923,069	-	12,923,069
1520 Buildings, Net	232,474,971	-	232,474,971
1530 Furniture and Equipment, Net	6,856,605	1,177,399	8,034,004
1580 Construction in Progress	22,468,323	-	22,468,323
1800 Restricted Assets	1,485,000	-	1,485,000
1000 Total Assets	<u>316,299,487</u>	<u>1,765,717</u>	<u>318,065,204</u>
DEFERRED OUTFLOWS OF RESOURCES			
1701 Deferred Charge for Refunding	6,796,070	-	6,796,070
1705 Deferred Outflow Related to TRS Pension	14,519,967	401,510	14,921,477
1706 Deferred Outflow Related to TRS OPEB	8,816,840	255,963	9,072,803
1700 Total Deferred Outflows of Resources	<u>30,132,877</u>	<u>657,473</u>	<u>30,790,350</u>
LIABILITIES			
2110 Accounts Payable	1,184,226	4,062	1,188,288
2140 Interest Payable	415,493	-	415,493
2150 Payroll Deductions and Withholdings	67,145	-	67,145
2160 Accrued Wages Payable	4,573,866	151,547	4,725,413
2200 Accrued Expenses	1,267,461	-	1,267,461
Noncurrent Liabilities:			
2501 Due Within One Year	7,260,000	-	7,260,000
2502 Due in More Than One Year	267,135,721	-	267,135,721
2540 Net Pension Liability (District's Share)	26,455,706	738,969	27,194,675
2545 Net OPEB Liability (District's Share)	33,400,962	824,251	34,225,213
2000 Total Liabilities	<u>341,760,580</u>	<u>1,718,829</u>	<u>343,479,409</u>
DEFERRED INFLOWS OF RESOURCES			
2602 Deferred Revenue	-	109,511	109,511
2605 Deferred Inflow Related to TRS Pension	4,344,119	87,003	4,431,122
2606 Deferred Inflow Related to TRS OPEB	14,417,217	389,119	14,806,336
2600 Total Deferred Inflows of Resources	<u>18,761,336</u>	<u>585,633</u>	<u>19,346,969</u>
NET POSITION			
3200 Net Investment in Capital Assets	25,805,760	1,177,399	26,983,159
Restricted:			
3820 Restricted for Federal and State Programs	570,465	-	570,465
3850 Restricted for Debt Service	4,035,448	-	4,035,448
3860 Restricted for Capital Projects	1,066,710	-	1,066,710
3900 Unrestricted	(45,567,935)	(1,058,671)	(46,626,606)
3000 Total Net Position	<u>\$ (14,089,552)</u>	<u>\$ 118,728</u>	<u>\$ (13,970,824)</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, 2020

Data Control Codes	1	Program Revenues	
		3	4
	Expenses	Charges for Services	Operating Grants and Contributions
Primary Government:			
GOVERNMENTAL ACTIVITIES:			
11 Instruction	\$ 68,054,492	\$ 134,218	\$ 9,645,885
12 Instructional Resources and Media Services	1,601,283	-	126,772
13 Curriculum and Instructional Staff Development	1,664,893	-	377,708
21 Instructional Leadership	2,217,004	-	191,356
23 School Leadership	6,336,396	-	626,633
31 Guidance, Counseling and Evaluation Services	4,388,091	-	1,429,047
33 Health Services	1,336,004	-	123,684
34 Student (Pupil) Transportation	3,472,902	-	364,376
35 Food Services	795,472	-	-
36 Extracurricular Activities	4,671,994	171,539	264,605
41 General Administration	3,394,284	60,173	333,482
51 Facilities Maintenance and Operations	9,344,452	-	555,084
52 Security and Monitoring Services	1,649,529	-	280,574
53 Data Processing Services	2,091,610	-	128,877
61 Community Services	309,648	-	73,620
72 Debt Service - Interest on Long-Term Debt	7,489,737	-	-
73 Debt Service - Bond Issuance Cost and Fees	144,800	-	-
99 Other Intergovernmental Charges	474,259	-	-
[TG] Total Governmental Activities:	<u>119,436,850</u>	<u>365,930</u>	<u>14,521,703</u>
BUSINESS-TYPE ACTIVITIES:			
35 Enterprise Fund - National School Breakfast&Lunch	4,363,904	1,503,019	2,264,054
01 Enterprise Fund - Child Care Center	432,769	402,777	-
02 Enterprise Fund - Lighthouse for Learning	9,935	11,626	-
[TB] Total Business-Type Activities:	<u>4,806,608</u>	<u>1,917,422</u>	<u>2,264,054</u>
[TP] TOTAL PRIMARY GOVERNMENT:	<u>\$ 124,243,458</u>	<u>\$ 2,283,352</u>	<u>\$ 16,785,757</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
\$ (58,274,389)	\$ -	\$ (58,274,389)
(1,474,511)	-	(1,474,511)
(1,287,185)	-	(1,287,185)
(2,025,648)	-	(2,025,648)
(5,709,763)	-	(5,709,763)
(2,959,044)	-	(2,959,044)
(1,212,320)	-	(1,212,320)
(3,108,526)	-	(3,108,526)
(795,472)	-	(795,472)
(4,235,850)	-	(4,235,850)
(3,000,629)	-	(3,000,629)
(8,789,368)	-	(8,789,368)
(1,368,955)	-	(1,368,955)
(1,962,733)	-	(1,962,733)
(236,028)	-	(236,028)
(7,489,737)	-	(7,489,737)
(144,800)	-	(144,800)
(474,259)	-	(474,259)
<u>(104,549,217)</u>	<u>-</u>	<u>(104,549,217)</u>
-	(596,831)	(596,831)
-	(29,992)	(29,992)
-	1,691	1,691
<u>-</u>	<u>(625,132)</u>	<u>(625,132)</u>
<u>(104,549,217)</u>	<u>(625,132)</u>	<u>(105,174,349)</u>
48,369,821	-	48,369,821
17,381,701	-	17,381,701
39,295,822	-	39,295,822
304,120	-	304,120
740,609	-	740,609
2,056,320	-	2,056,320
<u>108,148,393</u>	<u>-</u>	<u>108,148,393</u>
3,599,176	(625,132)	2,974,044
(17,688,728)	743,860	(16,944,868)
<u>\$ (14,089,552)</u>	<u>\$ 118,728</u>	<u>\$ (13,970,824)</u>

WAXAHACHIE INDEPENDENT SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
AUGUST 31, 2020

Data Control Codes	10 General Fund	50 Debt Service Fund	60 Capital Projects
ASSETS			
1110 Cash and Cash Equivalents	\$ 24,925,315	\$ 2,184,108	\$ 2,391,858
1220 Property Taxes - Delinquent	984,085	320,350	-
1230 Allowance for Uncollectible Taxes	(19,682)	(6,407)	-
1240 Due from Other Governments	5,778,043	-	-
1260 Due from Other Funds	689,673	-	-
1290 Other Receivables	653,347	52,397	-
1300 Inventories	67,470	-	-
1410 Prepayments	1,186,043	-	-
1800 Restricted Assets	-	1,485,000	-
1000 Total Assets	<u>\$ 34,264,294</u>	<u>\$ 4,035,448</u>	<u>\$ 2,391,858</u>
LIABILITIES			
2110 Accounts Payable	\$ 752,141	\$ -	\$ 312,069
2150 Payroll Deductions and Withholdings Payable	66,510	-	4
2160 Accrued Wages Payable	4,380,059	-	-
2170 Due to Other Funds	-	-	-
2200 Accrued Expenditures	254,386	-	1,013,075
2000 Total Liabilities	<u>5,453,096</u>	<u>-</u>	<u>1,325,148</u>
DEFERRED INFLOWS OF RESOURCES			
2601 Unavailable Revenue - Property Taxes	964,403	313,943	-
2600 Total Deferred Inflows of Resources	<u>964,403</u>	<u>313,943</u>	<u>-</u>
FUND BALANCES			
Nonspendable Fund Balance:			
3410 Inventories	67,470	-	-
3430 Prepaid Items	1,186,043	-	-
Restricted Fund Balance:			
3450 Federal or State Funds Grant Restriction	-	-	-
3470 Capital Acquisition and Contractual Obligation	-	-	1,066,710
3480 Retirement of Long-Term Debt	-	3,721,505	-
Committed Fund Balance:			
3545 Other Committed Fund Balance	-	-	-
3600 Unassigned Fund Balance	26,593,282	-	-
3000 Total Fund Balances	<u>27,846,795</u>	<u>3,721,505</u>	<u>1,066,710</u>
4000 Total Liabilities, Deferred Inflows & Fund Balances	<u>\$ 34,264,294</u>	<u>\$ 4,035,448</u>	<u>\$ 2,391,858</u>

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

Other Funds	Total Governmental Funds
\$ 574,675	\$ 30,075,956
-	1,304,435
-	(26,089)
638,070	6,416,113
-	689,673
-	705,744
-	67,470
-	1,186,043
-	1,485,000
<u>\$ 1,212,745</u>	<u>\$ 41,904,345</u>
\$ 120,016	\$ 1,184,226
631	67,145
193,807	4,573,866
327,826	327,826
-	1,267,461
<u>642,280</u>	<u>7,420,524</u>
-	1,278,346
<u>-</u>	<u>1,278,346</u>
-	67,470
-	1,186,043
10,452	10,452
-	1,066,710
-	3,721,505
560,013	560,013
-	26,593,282
<u>570,465</u>	<u>33,205,475</u>
<u>\$ 1,212,745</u>	<u>\$ 41,904,345</u>

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

EXHIBIT C-2

Total Fund Balances - Governmental Funds	\$	33,205,475
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 \$362,237,807 and the accumulated depreciation was (\$105,056,830). In addition, long-term liabilities, including bonds payable of (\$242,964,828), 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.		14,216,149
2 Current year capital outlays of \$24,908,000 and long-term debt principal payments of \$7,660,000 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.		32,568,000
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 \$14,519,967, a Deferred Resource Inflow in the amount of (\$4,344,119) and a net pension liability in the amount of (\$26,455,706). This resulted in a decrease in net position.		(16,279,858)
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 \$8,816,840, a Deferred Resource Inflow in the amount of (\$14,417,217) and a net OPEB liability in the amount of (\$33,400,962). This resulted in a decrease in net position.		(39,001,339)
5 The current year depreciation expense increases accumulated depreciation. The net effect of the current year's depreciation is to decrease net position.		(7,366,009)
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.		(415,493)
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.		(17,615,733)
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.		(13,400,744)
19 Net Position of Governmental Activities	\$	(14,089,552)

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, 2020

Data Control Codes	10 General Fund	50 Debt Service Fund	60 Capital Projects
REVENUES:			
5700 Total Local and Intermediate Sources	\$ 50,290,393	\$ 17,526,610	\$ 166,092
5800 State Program Revenues	44,445,965	334,450	6,138
5900 Federal Program Revenues	1,849,316	104,740	-
5020 Total Revenues	<u>96,585,674</u>	<u>17,965,800</u>	<u>172,230</u>
EXPENDITURES:			
Current:			
0011 Instruction	54,984,219	-	244,444
0012 Instructional Resources and Media Services	1,262,223	-	97,702
0013 Curriculum and Instructional Staff Development	1,287,512	-	-
0021 Instructional Leadership	2,012,167	-	-
0023 School Leadership	5,564,156	-	-
0031 Guidance, Counseling, and Evaluation Services	2,766,027	-	-
0033 Health Services	1,217,793	-	-
0034 Student (Pupil) Transportation	3,353,209	-	-
0035 Food Services	22,753	-	12,601
0036 Extracurricular Activities	3,694,089	-	-
0041 General Administration	3,102,880	-	-
0051 Facilities Maintenance and Operations	8,696,568	-	27,485
0052 Security and Monitoring Services	1,391,311	-	-
0053 Data Processing Services	1,719,280	-	-
0061 Community Services	256,380	-	-
Debt Service:			
0071 Principal on Long-Term Debt	-	7,660,000	-
0072 Interest on Long-Term Debt	-	9,825,992	-
0073 Bond Issuance Cost and Fees	-	144,800	-
Capital Outlay:			
0081 Facilities Acquisition and Construction	5,869,152	-	18,606,187
Intergovernmental:			
0099 Other Intergovernmental Charges	474,259	-	-
6030 Total Expenditures	<u>97,673,978</u>	<u>17,630,792</u>	<u>18,988,419</u>
1100 Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(1,088,304)</u>	<u>335,008</u>	<u>(18,816,189)</u>
OTHER FINANCING SOURCES (USES):			
7911 Capital Related Debt Issued	-	18,825,000	-
7912 Sale of Real and Personal Property	346,605	-	-
7916 Premium or Discount on Issuance of Bonds	-	3,940,603	-
7917 Prepaid Interest	-	80,996	-
8949 Other (Uses)	-	(22,625,690)	-
7080 Total Other Financing Sources (Uses)	<u>346,605</u>	<u>220,909</u>	<u>-</u>
1200 Net Change in Fund Balances	(741,699)	555,917	(18,816,189)
0100 Fund Balance - September 1 (Beginning)	<u>28,588,494</u>	<u>3,165,588</u>	<u>19,882,899</u>
3000 Fund Balance - August 31 (Ending)	<u>\$ 27,846,795</u>	<u>\$ 3,721,505</u>	<u>\$ 1,066,710</u>

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

Other Funds	Total Governmental Funds
\$ 393,001	\$ 68,376,096
1,087,329	45,873,882
3,009,961	4,964,017
4,490,291	119,213,995
2,653,105	57,881,768
55,471	1,415,396
293,224	1,580,736
840	2,013,007
-	5,564,156
1,157,262	3,923,289
-	1,217,793
78,928	3,432,137
-	35,354
84,546	3,778,635
11,449	3,114,329
-	8,724,053
144,571	1,535,882
-	1,719,280
-	256,380
-	7,660,000
-	9,825,992
-	144,800
-	24,475,339
-	474,259
4,479,396	138,772,585
10,895	(19,558,590)
-	18,825,000
-	346,605
-	3,940,603
-	80,996
-	(22,625,690)
-	567,514
10,895	(18,991,076)
559,570	52,196,551
\$ 570,465	\$ 33,205,475

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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, 2020

EXHIBIT C-4

Total Net Change in Fund Balances - Governmental Funds	\$ (18,991,076)
Current year capital outlays of \$24,908,000 and long-term debt principal payments of \$7,660,000 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.	32,568,000
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.	(7,366,009)
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 \$2,089,004. 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 (\$1,781,568). Finally, the proportionate 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 (\$4,250,456). The net result is a decrease in the change in net position.	(3,943,020)
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 \$550,202. 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 (\$496,787). Finally, the proportionate 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 (\$1,029,160). The net result is a decrease in the change in net position.	(975,745)
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.	(3,624)
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.	4,330,166
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.	(2,019,516)
Change in Net Position of Governmental Activities	\$ 3,599,176

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, 2020

	Business-Type Activities - Enterprise Funds		
	Child Nutrition Program	Nonmajor Enterprise Funds	Total Enterprise Funds
ASSETS			
Current Assets:			
Cash and Cash Equivalents	\$ 161,568	\$ 484,343	\$ 645,911
Due from Other Governments	85,511	-	85,511
Other Receivables	-	29,336	29,336
Inventories	189,135	-	189,135
Prepayments	-	272	272
Total Current Assets	<u>436,214</u>	<u>513,951</u>	<u>950,165</u>
Noncurrent Assets:			
Capital Assets:			
Furniture and Equipment	2,409,654	220,049	2,629,703
Depreciation on Furniture and Equipment	(1,382,539)	(69,765)	(1,452,304)
Total Noncurrent Assets	<u>1,027,115</u>	<u>150,284</u>	<u>1,177,399</u>
Total Assets	<u>1,463,329</u>	<u>664,235</u>	<u>2,127,564</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred Outflow Related to TRS OPEB	255,963	-	255,963
Deferred Outflow Related to TRS Pensions	401,510	-	401,510
Total Deferred Outflows of Resources	<u>657,473</u>	<u>-</u>	<u>657,473</u>
LIABILITIES			
Current Liabilities:			
Accounts Payable	4,062	-	4,062
Accrued Wages Payable	120,346	31,201	151,547
Due to Other Funds	361,847	-	361,847
Total Current Liabilities	<u>486,255</u>	<u>31,201</u>	<u>517,456</u>
NonCurrent Liabilities:			
Net Pension Liability	738,969	-	738,969
Net OPEB Liability	824,251	-	824,251
Total Noncurrent Liabilities	<u>1,563,220</u>	<u>-</u>	<u>1,563,220</u>
Total Liabilities	<u>2,049,475</u>	<u>31,201</u>	<u>2,080,676</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred Revenue	107,520	1,991	109,511
Deferred Inflow Related to TRS OPEB	389,119	-	389,119
Deferred Inflow Related to TRS Pensions	87,003	-	87,003
Total Deferred Inflows of Resources	<u>583,642</u>	<u>1,991</u>	<u>585,633</u>
NET POSITION			
Net Investment in Capital Assets	1,027,115	150,284	1,177,399
Unrestricted Net Position	(1,539,430)	480,759	(1,058,671)
Total Net Position	<u>\$ (512,315)</u>	<u>\$ 631,043</u>	<u>\$ 118,728</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, 2020

	Business-Type Activities - Enterprise Funds		
	Child Nutrition Program	Nonmajor Enterprise Funds	Total Enterprise Funds
OPERATING REVENUES:			
Local and Intermediate Sources	\$ 1,306,496	\$ 388,612	\$ 1,695,108
State Program Revenues	196,523	25,791	222,314
Total Operating Revenues	<u>1,503,019</u>	<u>414,403</u>	<u>1,917,422</u>
OPERATING EXPENSES:			
Payroll Costs	2,198,192	368,594	2,566,786
Professional and Contracted Services	92,533	22,909	115,442
Supplies and Materials	1,876,416	29,015	1,905,431
Other Operating Costs	2,601	431	3,032
Depreciation Expense	194,162	21,755	215,917
Total Operating Expenses	<u>4,363,904</u>	<u>442,704</u>	<u>4,806,608</u>
Operating Income (Loss)	<u>(2,860,885)</u>	<u>(28,301)</u>	<u>(2,889,186)</u>
NONOPERATING REVENUES (EXPENSES):			
National School Breakfast Program	429,020	-	429,020
National School Lunch Program	1,572,545	-	1,572,545
Donated Commodities (USDA)	262,489	-	262,489
Total Nonoperating Revenues (Expenses)	<u>2,264,054</u>	<u>-</u>	<u>2,264,054</u>
Change in Net Position	(596,831)	(28,301)	(625,132)
Total Net Position - September 1 (Beginning)	<u>84,516</u>	<u>659,344</u>	<u>743,860</u>
Total Net Position August 31 (Ending)	<u>\$ (512,315)</u>	<u>\$ 631,043</u>	<u>\$ 118,728</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, 2020

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	\$ 1,325,521	\$ 357,204	\$ 1,682,725
Cash Received from State	296,339	25,791	322,130
Cash Payments to Employees for Services	(2,042,788)	(360,856)	(2,403,644)
Cash Payments for Suppliers	(1,461,319)	(51,652)	(1,512,971)
Cash Payments for Other Operating Expenses	(2,601)	(431)	(3,032)
Net Cash Used for Operating Activities	<u>(1,884,848)</u>	<u>(29,944)</u>	<u>(1,914,792)</u>
<u>Cash Flows from Non-Capital Financing Activities:</u>			
Cash Received From Federal Programs	2,001,565	-	2,001,565
Net Increase (Decrease) in Cash and Cash Equivalents	116,717	(29,944)	86,773
Cash and Cash Equivalents at Beginning of Year	44,851	514,287	559,138
Cash and Cash Equivalents at End of Year	<u>\$ 161,568</u>	<u>\$ 484,343</u>	<u>\$ 645,911</u>
<u>Reconciliation of Operating Income (Loss) to Net Cash</u>			
<u>Used for Operating Activities:</u>			
Operating Income (Loss):	\$ (2,860,885)	\$ (28,301)	\$ (2,889,186)
Adjustments to Reconcile Operating Income to Net Cash Used for Operating Activities:			
Depreciation	194,162	21,755	215,917
Non-Cash Donated Commodities	262,489	-	262,489
Effect of Increases and Decreases in Current Assets and Liabilities:			
Decrease (increase) in Due From Other Governments	99,816	-	99,816
Decrease (increase) in Other Receivables	-	(29,336)	(29,336)
Decrease (increase) in Inventories	(53,989)	-	(53,989)
Decrease (increase) in Prepaid Expenses	-	272	272
Increase (decrease) in Accounts Payable	(62,345)	-	(62,345)
Increase (decrease) in Accrued Wages Payable	10,749	7,738	18,487
Increase (decrease) in Due To Other Funds	361,475	-	361,475
Increase (decrease) in Net Pension Activity	111,188	-	111,188
Increase (decrease) in Net OPEB Activity	33,467	-	33,467
Increase (decrease) in Deferred Revenue	19,025	(2,072)	16,953
Net Cash Used for Operating Activities	<u>\$ (1,884,848)</u>	<u>\$ (29,944)</u>	<u>\$ (1,914,792)</u>

The accompanying notes are an integral part of this statement.

WAXAHACHIE INDEPENDENT SCHOOL DISTRICT
 STATEMENT OF FIDUCIARY NET POSITION
 FIDUCIARY FUNDS
 AUGUST 31, 2020

	Private Purpose Trust Fund	Agency Funds
ASSETS		
Cash and Cash Equivalents	\$ 933,433	\$ 134,465
Total Assets	<u>933,433</u>	<u>\$ 134,465</u>
LIABILITIES		
Accounts Payable	-	\$ 3,461
Due to Student Groups	-	131,004
Total Liabilities	<u>-</u>	<u>\$ 134,465</u>
NET POSITION		
Unrestricted Net Position	<u>933,433</u>	
Total Net Position	<u>\$ 933,433</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, 2020

	Private Purpose Trust Fund
ADDITIONS:	
Contributions to Student Groups	\$ 16,150
Earnings from Temporary Deposits	13,234
Total Additions	<u>29,384</u>
DEDUCTIONS:	
Other Deductions	<u>40,980</u>
Total Deductions	<u>40,980</u>
Change in Fiduciary Net Position	(11,596)
Total Net Position - September 1 (Beginning)	<u>945,029</u>
Total Net Position - August 31 (Ending)	<u><u>\$ 933,433</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, 2020

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, 2020

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, 2020

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 an 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, 2020

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, 2020

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, 2020

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, 2020 for campus activities.

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, 2020.

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, 2020

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Fund Balances and Net Position (continued)

As of August 31, 2020, fund balances are composed of the following:

	General Fund	Debt Service Fund	Capital Projects Fund	Nonmajor Governmental Funds	Total Governmental Funds
Nonspendable:					
Inventories	\$ 67,470	\$ -	\$ -	\$ -	\$ 67,470
Prepays	1,186,043	-	-	-	1,186,043
Restricted:					
Debt Service	-	3,721,505	-	-	3,721,505
Federal Grant	-	-	-	10,452	10,452
Capital Projects	-	-	1,066,710	-	1,066,710
Committed:					
Campus Activities	-	-	-	560,013	560,013
Unassigned	26,593,282	-	-	-	26,593,282
Total Fund Balances	<u>\$ 27,846,795</u>	<u>\$ 3,721,505</u>	<u>\$ 1,066,710</u>	<u>\$ 570,465</u>	<u>\$ 33,205,475</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 ensure 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.

WAXAHACHIE INDEPENDENT SCHOOL DISTRICT

Notes to the Financial Statements

Year Ended August 31, 2020

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

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.

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:

August 31, 2020 Fund Balance

Appropriated budget funds	\$ -
Non-appropriated budget funds	570,465
All Special Revenue Funds	<u>\$ 570,465</u>

WAXAHACHIE INDEPENDENT SCHOOL DISTRICT

Notes to the Financial Statements

Year Ended August 31, 2020

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 (\$13,400,744) adjustment are as follows:

Long Term Debt:	
Issuance of Bonds	\$ (18,825,000)
Refunded Bonds	\$ 18,864,270
Premium and Discount Costs on Bonds	(17,257,048)
Deferred Loss on Refunding Bonds	6,796,070
Capital Appreciation Bonds - Matured	<u>(4,257,382)</u>
	(14,679,090)
Recognize Unavailable Property Tax Revenue	<u>1,278,346</u>
Net adjustment to decrease fund balance - total governmental funds to arrive at net position - governmental activities	<u>\$ (13,400,744)</u>

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 (\$2,019,516) adjustment are as follows:

Long-Term Debt:	
Issuance of Bonds	\$ (18,825,000)
Refunded Bonds	\$ 18,864,270
Current Year Amortization	2,267,095
Current Year Premium and Discount Cost on Bonds	(3,940,603)
Current year deferred loss on refunding bonds	3,761,420
Capital Appreciation Bonds - Matured	<u>(4,257,382)</u>
	(2,130,200)
Recognize Unavailable Property Tax Revenue	<u>110,684</u>
Net adjustment to increase net changes in fund balances - total governmental funds to arrive at changes to net position of governmental activities	<u>\$ (2,019,516)</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.

WAXAHACHIE INDEPENDENT SCHOOL DISTRICT

Notes to the Financial Statements
Year Ended August 31, 2020

CASH & INVESTMENTS *(continued)*

At August 31, 2020, the carrying amount of the District's deposits (cash) was \$2,885,119. The bank balance was \$5,161,232. The District's combined deposits at August 31, 2020 and during the year ended August 31, 2020 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 \$5,499,952 and occurred during the month of February 2020.
- Amount of bond and securities pledged as of the date of the highest combined balance on deposit was \$14,743,046.
- 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:

- 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.

WAXAHACHIE INDEPENDENT SCHOOL DISTRICT

Notes to the Financial Statements

Year Ended August 31, 2020

CASH & INVESTMENTS *(continued)*

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.

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.

WAXAHACHIE INDEPENDENT SCHOOL DISTRICT

Notes to the Financial Statements

Year Ended August 31, 2020

CASH & INVESTMENTS *(continued)*

The District has recurring fair value measurements as presented in the table below. The District's investment balances at August 31, 2020 are as follows:

<u>Description</u>	<u>Credit Rating</u>	<u>Carrying Amount</u>	<u>Fair Value</u>
Lone Star Investment Pool	AAAm	\$ 29,401,948	\$ 29,467,542
TexPool Investment Pool	AAAm	980,800	980,800
		<u>\$ 30,382,748</u>	<u>\$ 30,448,342</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, 2019, upon which the levy for the 2019-20 fiscal period was based, was \$4,702,523,972.

The tax rates levied for the fiscal year ended August 31, 2020, to finance General Fund operations and the payment of principal and interest on general obligation long-term debt were \$1.0683 and \$0.3839 per \$100 valuation, respectively, for a total of \$1.4522 per \$100 valuation.

Current year tax collections for the period ended August 31, 2020, were 99.2% of the levy.

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, 2020, 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, 2020, 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	\$ 15,939	\$ 4,322,073	\$ 1,440,031	\$ 5,778,043
Special Revenue	-	101,854	536,216	638,070
Child Nutrition Program	-	-	85,511	85,511
Total	<u>\$ 15,939</u>	<u>\$ 4,423,927</u>	<u>\$ 2,061,758</u>	<u>\$ 6,501,624</u>

WAXAHACHIE INDEPENDENT SCHOOL DISTRICT

Notes to the Financial Statements
Year Ended August 31, 2020

INTERFUND TRANSACTIONS

Inter-fund balances at August 31, 2020, 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	\$ 361,847
General Fund	Special Revenue Funds	\$ 327,826

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, 2020, 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	<u>(1,236,386)</u>	<u>(215,917)</u>	<u>-</u>	<u>(1,452,303)</u>
Total Capital Assets for Business-Type Activities, net	<u>\$ 1,393,320</u>	<u>\$ (215,917)</u>	<u>\$ -</u>	<u>\$ 1,177,403</u>
	<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	<u>6,764,558</u>	<u>20,975,387</u>	<u>(5,271,622)</u>	<u>22,468,323</u>
	19,687,627	20,975,387	(5,271,622)	35,391,392
Capital Assets being depreciated:				
Buildings & Improvements	321,844,911	6,350,669	-	328,195,580
Furniture & Equipment	<u>20,705,269</u>	<u>2,853,566</u>	<u>(2,999,096)</u>	<u>20,559,739</u>
	342,550,180	9,204,235	(2,999,096)	348,755,319
Less: Accumulated depreciation for:				
Buildings & Improvements	(89,462,354)	(6,258,255)	-	(95,720,609)
Furniture & Equipment	<u>(15,594,476)</u>	<u>(1,107,754)</u>	<u>2,999,096</u>	<u>(13,703,134)</u>
	<u>(105,056,830)</u>	<u>(7,366,009)</u>	<u>2,999,096</u>	<u>(109,423,743)</u>
Total Capital Assets for Governmental Activities, net	<u>\$ 257,180,977</u>	<u>\$ 22,813,613</u>	<u>\$ (5,271,622)</u>	<u>\$ 274,722,968</u>

Depreciation expense was charged to governmental functions as follows:

Instruction	\$ 4,776,857
Instructional Resources & Media	77,343
School Leadership	243,078
Student Transportation	379,349
Food Services	500,889
Extracurricular Activities	847,091
General Administration	40,513
Plant Maintenance & Operations	117,857
Security & Monitoring	18,415
Data Processing Services	<u>364,617</u>
Total Depreciation Expense	<u>\$ 7,366,009</u>

WAXAHACHIE INDEPENDENT SCHOOL DISTRICT

Notes to the Financial Statements

Year Ended August 31, 2020

CAPITAL ASSETS *(continued)*

Construction Commitments

At August 31, 2020, 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>
Max Simpson Elementary	\$ 21,626,732	\$ 22,185,555
Elementary School #10	669,191	912,191
GeoThermal Line Renovation	172,400	209,500
Total	<u>\$ 22,468,323</u>	<u>\$ 23,307,246</u>

LONG-TERM DEBT

A summary of changes in long-term debt for the year ended August 31, 2020, follows:

	<u>Original Issue</u>	<u>Interest Rate</u>	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Bonded Indebtedness:							
2002 Refunding	\$ 34,224,017	5.13-5.96%	\$ 1,233,857	\$ -	\$ (322,618)	\$ 911,239	\$ 279,232
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%	18,485,000	-	(18,485,000)	-	-
2011 Refunding	28,621,701	2.00-5.00%	26,971,701	-	(145,000)	26,826,701	150,000
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%	39,375,000	-	(445,000)	38,930,000	465,000
2015 Building	75,000,000	3.00-5.00%	72,995,000	-	(495,000)	72,500,000	520,000
2016 Building	46,545,000	2.00-5.00%	45,205,000	-	(590,000)	44,615,000	610,000
2018 Building	21,005,000	3.00-5.00%	20,540,000	-	(355,000)	20,185,000	365,000
2020 Refunding	18,825,000	3.00-5.00%	-	18,825,000	(45,000)	18,780,000	710,000
Subtotal			242,964,828	18,825,000	(22,266,888)	239,522,940	3,099,232
Bond Premium			15,983,309	3,940,603	(2,666,864)	17,257,048	
Accrued Interest			21,945,899	1,705,902	(6,036,068)	17,615,733	4,160,768
Total Bonded Indebtedness			<u>\$ 280,894,036</u>	<u>\$ 24,471,505</u>	<u>\$ (30,969,820)</u>	<u>\$ 274,395,721</u>	<u>\$ 7,260,000</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 \$9,825,992.

During the year, the District issued Series 2020 Unlimited Tax Refunding Bonds with a par value of \$18,825,000 and an original issue premium of \$3,940,603. After paying fees and issuance costs, the remaining balance was used for the purpose of refunding the Series 2007 Tax Building Bonds and the Series 2010 Refunding Bonds that were obligated by the District. As a result of the refunding, the debt restructuring produced a gross debt service savings of \$4,839,729 and a net present value debt service savings of \$4,200,476.

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, 2020 was \$1,485,000 and is shown in the financial statements as restricted cash in the Debt Service Fund.

WAXAHACHIE INDEPENDENT SCHOOL DISTRICT

Notes to the Financial Statements

Year Ended August 31, 2020

LONG-TERM DEBT *(continued)*

Changes in debt-related deferred outflows of resources for the year ended August 31, 2020, were:

	<u>Beginning Balance</u>	<u>Issued/ Increases</u>	<u>Retired/ Refunded</u>	<u>Ending Balance</u>
Deferred loss on refunding	\$ 3,434,419	3,761,420	(399,769)	\$ 6,796,070

Changes in Net Pension Liability and Net OPEB Liability for the year ended August 31, 2020, were:

	<u>08/31/19</u>	<u>Additions</u>	<u>Retirements</u>	<u>08/31/20</u>
Net Pension Liability	\$ 27,432,958	1,592,785	(1,831,068)	27,194,675
Net OPEB Liability	\$ 33,715,852	1,022,996	(513,635)	34,225,213

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 \$1,705,902, and \$6,036,068 of outstanding accreted interest was paid off during the year. Total accreted interest on CABs at August 31, 2020 is \$17,615,733, which is reported as long-term liabilities in the government-wide financial statements.

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, 2020, none of the outstanding bonds are considered defeased.

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

<u>Year Ending August 31</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Requirements</u>
2021	\$ 3,099,232	13,996,975	17,096,207
2022	3,196,707	13,890,062	17,086,769
2023	3,319,229	13,771,415	17,090,644
2024	3,451,071	13,640,604	17,091,675
2025	5,825,720	11,261,255	17,086,975
2026-2030	44,150,981	44,497,094	88,648,075
2031-2035	53,275,000	33,057,504	86,332,504
2036-2040	56,870,000	20,258,725	77,128,725
2041-2045	62,715,000	8,271,850	70,986,850
2046-2048	3,620,000	277,750	3,897,750
	<u>\$ 239,522,940</u>	<u>\$ 172,923,234</u>	<u>\$ 412,446,174</u>

WAXAHACHIE INDEPENDENT SCHOOL DISTRICT

Notes to the Financial Statements
Year Ended August 31, 2020

UNEARNED REVENUE

Unearned revenue at August 31, 2020, consisted of the following:

	Enterprise Funds	Total
Prepaid Lunches	\$ 107,520	107,520
Other	1,991	1,991
Total	<u>\$ 109,511</u>	<u>\$ 109,511</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	\$ 48,363,227	\$ -	\$ 17,342,159	\$ -	\$ -	\$ 65,705,386
Food Sales	-	-	-	-	1,302,751	1,302,751
Investment Income	392,453	5,485	95,583	166,092	11,509	671,122
Penalties, Interest & Other						
Tax Related Income	253,543	-	88,868	-	-	342,411
Co-Curricular Student Activities	171,539	-	-	-	-	171,539
Other	1,109,631	387,516	-	-	380,848	1,877,995
Total	<u>\$ 50,290,393</u>	<u>\$ 393,001</u>	<u>\$ 17,526,610</u>	<u>\$ 166,092</u>	<u>\$ 1,695,108</u>	<u>\$ 70,071,204</u>

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 2020, the District purchased commercial insurance to cover general liabilities. There were no significant reductions in coverage in the past fiscal year, and there were no settlements exceeding insurance coverage for each of the past three fiscal years.

Health Care Coverage

For the year ended August 31, 2020, 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, 2020, 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.

WAXAHACHIE INDEPENDENT SCHOOL DISTRICT

Notes to the Financial Statements

Year Ended August 31, 2020

RISK MANAGEMENT *(continued)*

Worker's Compensation Insurance *(continued)*

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, 2019, the Fund carries a discounted reserve of \$45,439,534 for future development on reported claims and claims that have been incurred but not yet reported. For the year ended August 31, 2020, 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, 2019, 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, 2020, the District provided unemployment compensation coverage to its employees through participation in the TASB Risk Management Fund (The Fund). The Fund was created and is operated under the provisions of the Interlocal Cooperation Act, Chapter 791 of the Texas 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, 2020, the Fund anticipates that the District has no additional liability beyond the contractual obligation for payment of contribution.

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, 2019, 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, 2020 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.

WAXAHACHIE INDEPENDENT SCHOOL DISTRICT

Notes to the Financial Statements
Year Ended August 31, 2020

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://trs.texas.gov/TRS%20Documents/cafr2019.pdf>; selecting *About TRS* then *Publications* then *Financial Reports* or by writing to TRS at 1000 Red River Street, Austin, TX 78701; or by calling (512) 542-6592.

Benefits Provided – TRS provides service and disability retirement, as well as death and survivor benefits, to eligible employees (and their beneficiaries) of public and higher education in Texas. The pension formula is calculated using 2.3 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.

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

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

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

WAXAHACHIE INDEPENDENT SCHOOL DISTRICT

Notes to the Financial Statements

Year Ended August 31, 2020

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

Employee Retirement Plan - Contributions *(continued)*

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

	<u>2019</u>	<u>2020</u>
Member	7.7%	7.7%
Non-Employer Contributing Entity (State)	6.8%	7.5%
Employers	6.8%	7.5%
Fiscal Year 2020 Employer Contributions		\$ 2,147,911
Fiscal Year 2020 Member Contributions		\$ 5,317,584
2019 Measurement Year NECE On-Behalf Contributions		\$ 3,050,546

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).

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

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

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

WAXAHACHIE INDEPENDENT SCHOOL DISTRICT

Notes to the Financial Statements

Year Ended August 31, 2020

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

Employee Retirement Plan *(continued)*

Actuarial Assumptions – The total pension liability in the August 31, 2019 actuarial valuation was determined using the following actuarial assumptions:

Valuation Date	August 31, 2018 rolled forward to August 31, 2019
Actuarial Cost Method	Individual Entry Age Normal
Asset Valuation Method	Market Value
Single Discount Rate	7.25%
Long-term expected Investment Rate of Return	7.25%
Municipal Bond Rate as of August 2019	2.63%
Inflation	2.30%
Salary Increases including inflation	3.05% to 9.05%
Payroll Growth Rate	2.50%
Benefit changes during the year	None
Ad hoc post-employment benefit changes	None

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

Discount Rate – A single discount rate of 7.25% was used to measure the total pension liability. The single discount rate was based on the expected rate of return on pension plan investments of 7.25%. The projection of cash flows used to determine the single discount rate assumed that contributions from active members, employers and the non-employer contributing entity will be made at the rates set by the legislature during the 2019 session. It is assumed that future employer and state contributions will be 8.50% of payroll in fiscal year 2020 gradually increasing to 9.55% of payroll over the next several years. This includes all employer and state contributions for active and rehired retirees.

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

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

WAXAHACHIE INDEPENDENT SCHOOL DISTRICT

Notes to the Financial Statements

Year Ended August 31, 2020

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

Employee Retirement Plan – Discount Rate *(continued)*

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, 2019 are summarized as follows:

Asset Class	FY 2019 Allocation (a) %	Net Target Allocation (b) %	Long-Term Expected Geometric Real Rate of Return (c)
Global Equity			
U.S.	18.00%	18.00%	6.40%
Non-U.S. Developed	13.00%	13.00%	63.00%
Emerging Markets	9.00%	9.00%	7.30%
Directional Hedge Funds	4.00%	-	-
Private Equity	13.00%	14.00%	8.40%
Stable Value			
U.S. Treasuries (d)	11.00%	16.00%	3.10%
Stable Value Hedge Funds	4.00%	5.00%	4.50%
Absolute Return	0.00%	0.00%	0.00%
Real Return			
Global Inflation Linked Bonds (d)	3.00%	-	-
Real Assets	14.00%	15.00%	8.50%
Energy, Natural Resources, and Infrastructure	5.00%	6.00%	7.30%
Commodities	0.00%	0.00%	0.00%
Risk Parity			
Risk Parity	5.00%	8.00%	5.8%/6.5% (e)
Leverage			
Cash	1.00%	2.00%	2.50%
Asset Allocation Leverage	-	-6.00%	2.70%
Expected Return	100.00%	100.00%	7.23%

(a) FY 2019 Target Allocation is based on the Strategic Asset Allocation dated 10/01/2018.

(b) New Target Allocation is based on the Strategic Asset dated 10/01/2019.

(c) 10-year annualized geometric nominal returns include the real rate of return and inflation of 2.1%.

(d) New Target Allocation groups Government Bonds within the stable value allocation. This includes global sovereign nominal and inflation-linked bonds.

(e) 5.8% (6.5%) return expectation corresponds to Risk Parity with a 10% (12%) target volatility.

Discount Rate Sensitivity Analysis – The following schedule shows the impact of the Net Pension Liability if the discount rate used was 1% less than and 1% greater than the discount rate that was used (7.25%) in measuring the 2019 Net Pension Liability.

	1% Decrease in Discount Rate (6.25%)	Discount Rate (7.25%)	1% Increase in Discount Rate (8.25%)
Proportionate Share of the Net Pension Liability:	\$ 41,802,166	\$ 27,194,675	\$ 15,359,788

WAXAHACHIE INDEPENDENT SCHOOL DISTRICT

Notes to the Financial Statements

Year Ended August 31, 2020

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

Employee Retirement Plan *(continued)*

Pension Liabilities, Pension Expense, Deferred Outflows of Resources & Deferred Inflows of Resources Related to Pensions - At August 31, 2020, the District reported a liability of \$27,194,675 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	\$ 27,194,675
State's proportionate share that is associated with the District	<u>45,308,051</u>
Total	<u>\$ 72,502,726</u>

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

At August 31, 2019 the employer's proportion of the collective net pension liability was 0.0523144% which was an increase of 0.0024748% from its proportion measured as of August 31, 2018.

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

For the year ended August 31, 2020, the District recognized pension expense of \$13,319,375 and revenue of \$7,117,256 for support provided by the State.

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experiences	\$ 114,242	\$ 944,242
Changes in actuarial assumptions	8,437,124	3,486,619
Differences between projected and actual investment earnings	273,066	-
Changes in proportion and differences between the employer's contributions and the proportionate share of contributions	<u>3,949,134</u>	<u>261</u>
Total as of August 31, 2019	\$ 12,773,566	\$ 4,431,122
Contributions paid to TRS subsequent to the measurement date	<u>2,147,911</u>	-
Total as of Fiscal year end	<u>\$ 14,921,477</u>	<u>\$ 4,431,122</u>

WAXAHACHIE INDEPENDENT SCHOOL DISTRICT

Notes to the Financial Statements

Year Ended August 31, 2020

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)*

\$2,147,911 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, 2020. 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>
2021	\$ 2,192,312
2022	\$ 1,856,884
2023	\$ 1,959,137
2024	\$ 1,804,659
2025	\$ 726,547
Thereafter	\$ (197,095)
	<u>\$ 8,342,444</u>

Defined Other Post-Employment Benefit Plans

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.

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

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

WAXAHACHIE INDEPENDENT SCHOOL DISTRICT

Notes to the Financial Statements

Year Ended August 31, 2020

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

Defined Other Post-Employment Benefit Plans *(continued)*

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

TRS-Care Monthly for Retirees				
	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>2019</u>	<u>2020</u>
Member	0.65%	0.65%
Non-Employer Contributing Entity (State)	1.25%	1.25%
Employers	0.75%	0.75%
Federal/Private Funding Remitted by Employers	1.25%	1.25%
Fiscal Year 2020 Employer Contributions		\$ 569,073
Fiscal Year 2020 Member Contributions		\$ 448,889
2019 Measurement Year NECE On-behalf Contributions		\$ 682,465

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

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

Actuarial Assumptions - The total OPEB liability in the August 31, 2018 actuarial valuation was rolled forward to August 31, 2019. 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, 2018 TRS pension actuarial valuation that was rolled forward to August 31, 2019: Rates of Mortality, Rates of Retirement, Rates of Termination, Rates of Disability Incidence, General Inflation, Wage Inflation, and Expected Growth.

WAXAHACHIE INDEPENDENT SCHOOL DISTRICT

Notes to the Financial Statements

Year Ended August 31, 2020

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

Defined Other Post-Employment Benefit Plans *(continued)*

Additional Actuarial Methods and Assumptions:

Valuation Date	August 31, 2018 rolled forward to August 31, 2019
Actuarial Cost Method	Individual Entry Age Normal
Inflation	2.30%
Discount Rate	2.63% as of August 31, 2019
Aging Factors	Based on plan specific experience
Expenses	Third-party administrative expenses related to the delivery of health care benefits are included in the age-adjusted claim costs.
Salary Increases	3.05% to 9.05%, including inflation
Election Rates	Normal Retirement: 65% participation prior to age 65 and 50% participation after age 65. 25% of pre-65 retirees are assumed to discontinue coverage at age 65.
Ad hoc post-employment benefit changes	None

Discount Rate - A single discount rate of 2.63% was used to measure the total OPEB liability. There was a decrease of 1.06% in the discount rate since the previous year. Because 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.

Discount Rate Sensitivity Analysis – The following schedule shows the impact of the net OPEB Liability if the discount rate used was 1% less than and 1% greater than the discount rate that was used (2.63%) in measuring the net OPEB Liability.

	1% Decrease in Discount Rate <u>(1.63%)</u>	Discount Rate <u>(2.63%)</u>	1% Increase in Discount Rate <u>(3.63%)</u>
Proportionate share of the net OPEB liability:	\$ 41,320,816	\$ 34,225,213	\$ 28,674,319

OPEB Liabilities, OPEB Expense & Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEBs - At August 31, 2020, the District reported a liability of \$34,225,213 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	\$ 34,225,213
State's proportionate share that is associated with the District	45,477,654
Total	<u>\$ 79,702,867</u>

WAXAHACHIE INDEPENDENT SCHOOL DISTRICT

Notes to the Financial Statements

Year Ended August 31, 2020

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

Defined Other Post-Employment Benefit Plans - OPEB Liabilities, OPEB Expense & Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEBs *(continued)*

The net OPEB liability was measured as of August 31, 2019 and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date. The 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, 2018 thru August 31, 2019.

At August 31, 2019, the employer's proportion of the collective net OPEB liability was 0.0723712%, which was an increase of 0.0048462% from its proportion measured as of August 31, 2018.

The following schedule shows the impact of the net OPEB Liability if the healthcare trend rate were calculated using a rate that is 1% less than and 1% greater than the assumed healthcare cost trend rate of 8.5%.

	<u>1% Decrease</u>	Current Healthcare Cost Trend Rate	<u>1% Increase</u>
Proportionate share of the net OPEB liability:	\$ 27,919,729	\$ 34,225,213	\$ 42,671,669

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

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

For the year ended August 31, 2020, the District recognized OPEB expense of \$2,776,889 and revenue of \$1,198,604 for support provided by the State.

WAXAHACHIE INDEPENDENT SCHOOL DISTRICT

Notes to the Financial Statements

Year Ended August 31, 2020

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

Defined Other Post-Employment Benefit Plans - OPEB Liabilities, OPEB Expense & Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEBs *(continued)*

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

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual economic experiences	\$ 1,679,038	\$ 5,600,593
Changes in actuarial assumptions	1,900,944	9,205,743
Differences between projected and actual investment earnings	3,692	-
Changes in proportion and differences between the employer's contributions and the proportionate share of contributions	<u>4,920,056</u>	<u>-</u>
Total as of August 31, 2019 measurement date	\$ 8,503,730	\$ 14,806,336
Contributions paid to TRS subsequent to the measurement date	<u>569,073</u>	<u>-</u>
Total as of August 31, 2020	<u>\$ 9,072,803</u>	<u>\$ 14,806,336</u>

\$569,073 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, 2020. 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>	
2021	\$ (1,236,614)
2022	(1,236,614)
2023	(1,237,809)
2024	(1,238,492)
2025	(1,238,305)
Thereafter	<u>(114,772)</u>
	<u>\$ (6,302,606)</u>

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, 2020, the contribution made on behalf of the District was \$336,509.

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, Maypearl, and Italy Independent School Districts.

WAXAHACHIE INDEPENDENT SCHOOL DISTRICT

Notes to the Financial Statements

Year Ended August 31, 2020

JOINT VENTURES-SHARED SERVICE ARRANGEMENTS *(continued)*

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	\$ 9,349	\$ 58,440
Ferris	1,870	11,688
Milford	1,247	7,792
Maypearl	1,870	11,688
Italy	623	3,896
	<u>\$ 14,959</u>	<u>\$ 93,504</u>

TAX ABATEMENTS

In compliance with GASB Statement #77, the District did not have any outstanding tax abatements for the year ended August 31, 2020.

EVALUATION OF SUBSEQUENT EVENTS

The District has evaluated subsequent events through November 25, 2020, the date which the financial statements were available to be issued.

REQUIRED SUPPLEMENTARY INFORMATION

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

Data Control Codes	Budgeted Amounts		Actual Amounts (GAAP BASIS)	Variance With Final Budget Positive or (Negative)
	Original	Final		
REVENUES:				
5700 Total Local and Intermediate Sources	\$ 50,224,455	\$ 50,031,024	\$ 50,290,393	\$ 259,369
5800 State Program Revenues	41,254,505	45,941,277	44,445,965	(1,495,312)
5900 Federal Program Revenues	2,000,000	1,187,868	1,849,316	661,448
5020 Total Revenues	93,478,960	97,160,169	96,585,674	(574,495)
EXPENDITURES:				
Current:				
0011 Instruction	55,600,267	56,308,072	54,984,219	1,323,853
0012 Instructional Resources and Media Services	1,319,514	1,355,759	1,262,223	93,536
0013 Curriculum and Instructional Staff Development	975,984	1,405,523	1,287,512	118,011
0021 Instructional Leadership	2,025,587	2,043,619	2,012,167	31,452
0023 School Leadership	5,936,951	5,911,519	5,564,156	347,363
0031 Guidance, Counseling, and Evaluation Services	2,930,455	2,870,082	2,766,027	104,055
0033 Health Services	1,236,579	1,283,182	1,217,793	65,389
0034 Student (Pupil) Transportation	2,766,097	3,485,024	3,353,209	131,815
0035 Food Services	-	22,755	22,753	2
0036 Extracurricular Activities	3,978,078	3,923,207	3,694,089	229,118
0041 General Administration	3,018,832	3,171,652	3,102,880	68,772
0051 Facilities Maintenance and Operations	8,057,218	8,904,316	8,696,568	207,748
0052 Security and Monitoring Services	1,296,008	1,406,758	1,391,311	15,447
0053 Data Processing Services	1,607,118	1,754,925	1,719,280	35,645
0061 Community Services	265,230	268,799	256,380	12,419
Capital Outlay:				
0081 Facilities Acquisition and Construction	925,000	5,922,333	5,869,152	53,181
Intergovernmental:				
0099 Other Intergovernmental Charges	500,000	500,000	474,259	25,741
6030 Total Expenditures	92,438,918	100,537,525	97,673,978	2,863,547
1100 Excess (Deficiency) of Revenues Over (Under) Expenditures	1,040,042	(3,377,356)	(1,088,304)	2,289,052
OTHER FINANCING SOURCES (USES):				
7912 Sale of Real and Personal Property	-	345,678	346,605	927
1200 Net Change in Fund Balances	1,040,042	(3,031,678)	(741,699)	2,289,979
0100 Fund Balance - September 1 (Beginning)	28,588,494	28,588,494	28,588,494	-
3000 Fund Balance - August 31 (Ending)	\$ 29,628,536	\$ 25,556,816	\$ 27,846,795	\$ 2,289,979

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, 2020

	FY 2020 Plan Year 2019	FY 2019 Plan Year 2018	FY 2018 Plan Year 2017
District's Proportion of the Net Pension Liability (Asset)	0.0523144%	0.0498397%	0.0459862%
District's Proportionate Share of Net Pension Liability (Asset)	\$ 27,194,675	\$ 27,432,958	\$ 14,703,907
State's Proportionate Share of the Net Pension Liability (Asset) Associated with the District	45,308,051	44,810,363	26,646,736
Total	<u>\$ 72,502,726</u>	<u>\$ 72,243,321</u>	<u>\$ 41,350,643</u>
District's Covered Payroll	\$ 61,492,949	\$ 55,658,471	\$ 52,352,753
District's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	44.22%	49.29%	28.09%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	75.24%	73.74%	82.17%

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

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

<u>FY 2017</u> <u>Plan Year 2016</u>	<u>FY 2016</u> <u>Plan Year 2015</u>	<u>FY 2015</u> <u>Plan Year 2014</u>
0.0441213%	0.0450521%	0.0232896%
\$ 16,672,778	\$ 15,925,318	\$ 6,220,974
31,513,766	28,595,115	24,125,762
<u>\$ 48,186,544</u>	<u>\$ 44,520,433</u>	<u>\$ 30,346,736</u>
\$ 49,822,143	\$ 46,306,390	\$ 41,908,789
33.46%	34.39%	14.84%
78.00%	78.43%	83.25%

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

	2020	2019	2018
Contractually Required Contribution	\$ 2,147,911	\$ 1,831,806	\$ 1,678,999
Contribution in Relation to the Contractually Required Contribution	(2,147,911)	(1,831,806)	(1,678,999)
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -
District's Covered Payroll	\$ 69,059,529	\$ 61,492,949	\$ 55,655,595
Contributions as a Percentage of Covered Payroll	3.11%	2.98%	3.02%

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

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

	2017	2016	2015
\$	1,506,070	\$ 1,406,647	\$ 1,334,006
	(1,506,070)	(1,406,647)	(1,334,006)
\$	-	\$ -	\$ -
\$	52,352,753	\$ 49,822,143	\$ 46,309,390
	2.88%	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, 2020

	FY 2020 Plan Year 2019	FY 2019 Plan Year 2018	FY 2018 Plan Year 2017
District's Proportion of the Net Liability (Asset) for Other Postemployment Benefits	0.0723712%	0.067525%	0.062862%
District's Proportionate Share of Net OPEB Liability (Asset)	\$ 34,225,213	\$ 33,715,852	\$ 27,336,306
State's Proportionate Share of the Net OPEB Liability (Asset) Associated with the District	45,477,654	47,367,980	41,295,841
Total	<u>\$ 79,702,867</u>	<u>\$ 81,083,832</u>	<u>\$ 68,632,147</u>
District's Covered Payroll	\$ 61,492,949	\$ 55,658,471	\$ 52,352,753
District's Proportionate Share of the Net OPEB Liability (Asset) as a Percentage of its Covered Payroll	55.66%	60.58%	52.22%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	2.66%	1.57%	0.91%

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

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

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

	2020	2019	2018
Contractually Required Contribution	\$ 569,073	\$ 513,826	\$ 459,947
Contribution in Relation to the Contractually Required Contribution	(569,073)	(513,826)	(459,947)
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -
District's Covered Payroll	\$ 69,059,529	\$ 61,492,949	\$ 55,655,595
Contributions as a Percentage of Covered Payroll	0.82%	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, 2020

Data Control Codes	205 Head Start	211 ESEA I, A Improving Basic Program	224 IDEA - Part B Formula
ASSETS			
1110 Cash and Cash Equivalents	\$ 1,057	\$ -	\$ -
1240 Due from Other Governments	-	151,509	253,939
1000 Total Assets	<u>\$ 1,057</u>	<u>\$ 151,509</u>	<u>\$ 253,939</u>
LIABILITIES			
2110 Accounts Payable	\$ -	\$ -	\$ 19,764
2150 Payroll Deductions and Withholdings Payable	-	257	345
2160 Accrued Wages Payable	1,057	64,696	120,349
2170 Due to Other Funds	-	86,556	113,481
2000 Total Liabilities	<u>1,057</u>	<u>151,509</u>	<u>253,939</u>
FUND BALANCES			
Restricted Fund Balance:			
3450 Federal or State Funds Grant Restriction	-	-	-
3000 Total Fund Balances	<u>-</u>	<u>-</u>	<u>-</u>
4000 Total Liabilities and Fund Balances	<u>\$ 1,057</u>	<u>\$ 151,509</u>	<u>\$ 253,939</u>

225 IDEA - Part B Preschool	242 Summer Feeding Program	244 Career and Technical - Basic Grant	255 ESEA II, A Supporting Effective Ins	263 Title III, A English Lang. Acquisition	289 Other Federal Special Revenue Funds	315 SSA IDEA, Part B Discretionary	397 Advanced Placement Incentives
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 5,401
1,501	-	44,348	62,254	17,681	2,590	2,394	-
<u>\$ 1,501</u>	<u>\$ -</u>	<u>\$ 44,348</u>	<u>\$ 62,254</u>	<u>\$ 17,681</u>	<u>\$ 2,590</u>	<u>\$ 2,394</u>	<u>\$ 5,401</u>
\$ -	\$ -	\$ -	\$ 16,751	\$ -	\$ 2,590	\$ -	\$ 575
5	-	-	-	18	-	-	-
-	-	-	-	2,280	-	-	-
1,496	-	44,348	45,503	15,383	-	2,394	-
<u>1,501</u>	<u>-</u>	<u>44,348</u>	<u>62,254</u>	<u>17,681</u>	<u>2,590</u>	<u>2,394</u>	<u>575</u>
-	-	-	-	-	-	-	4,826
-	-	-	-	-	-	-	4,826
<u>\$ 1,501</u>	<u>\$ -</u>	<u>\$ 44,348</u>	<u>\$ 62,254</u>	<u>\$ 17,681</u>	<u>\$ 2,590</u>	<u>\$ 2,394</u>	<u>\$ 5,401</u>

WAXAHACHIE INDEPENDENT SCHOOL DISTRICT
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 AUGUST 31, 2020

Data Control Codes	410 State Textbook Fund	429 Other State Special Revenue Funds	435 SSA Regional Day School - Deaf	461 Campus Activity Funds
ASSETS				
1110 Cash and Cash Equivalents	\$ 5,406	\$ -	\$ -	\$ 562,189
1240 Due from Other Governments	-	88,239	13,615	-
1000 Total Assets	<u>\$ 5,406</u>	<u>\$ 88,239</u>	<u>\$ 13,615</u>	<u>\$ 562,189</u>
LIABILITIES				
2110 Accounts Payable	\$ -	\$ 77,371	\$ 167	\$ 2,798
2150 Payroll Deductions and Withholdings Payable	-	-	6	-
2160 Accrued Wages Payable	-	-	5,425	-
2170 Due to Other Funds	-	10,648	8,017	-
2000 Total Liabilities	<u>-</u>	<u>88,019</u>	<u>13,615</u>	<u>2,798</u>
FUND BALANCES				
Restricted Fund Balance:				
3450 Federal or State Funds Grant Restriction	<u>5,406</u>	<u>220</u>	<u>-</u>	<u>559,391</u>
3000 Total Fund Balances	<u>5,406</u>	<u>220</u>	<u>-</u>	<u>559,391</u>
4000 Total Liabilities and Fund Balances	<u>\$ 5,406</u>	<u>\$ 88,239</u>	<u>\$ 13,615</u>	<u>\$ 562,189</u>

<u>462</u> <u>METRO</u> <u>League</u>	<u>Total</u> <u>Nonmajor</u> <u>Governmental</u> <u>Funds</u>
\$ 622	\$ 574,675
-	638,070
<u>\$ 622</u>	<u>\$ 1,212,745</u>
\$ -	\$ 120,016
-	631
-	193,807
-	327,826
<u>-</u>	<u>642,280</u>
<u>622</u>	<u>570,465</u>
<u>622</u>	<u>570,465</u>
<u>\$ 622</u>	<u>\$ 1,212,745</u>

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

Data Control Codes	205 Head Start	211 ESEA I, A Improving Basic Program	224 IDEA - Part B Formula
REVENUES:			
5700 Total Local and Intermediate Sources	\$ -	\$ -	\$ -
5800 State Program Revenues	-	-	-
5900 Federal Program Revenues	-	969,635	1,581,730
5020 Total Revenues	-	969,635	1,581,730
EXPENDITURES:			
Current:			
0011 Instruction	-	947,199	356,343
0012 Instructional Resources and Media Services	-	-	-
0013 Curriculum and Instructional Staff Development	-	22,436	7,116
0021 Instructional Leadership	-	-	-
0031 Guidance, Counseling, and Evaluation Services	-	-	1,139,343
0034 Student (Pupil) Transportation	-	-	78,928
0036 Extracurricular Activities	-	-	-
0041 General Administration	-	-	-
0052 Security and Monitoring Services	-	-	-
6030 Total Expenditures	-	969,635	1,581,730
1200 Net Change in Fund Balance	-	-	-
0100 Fund Balance - September 1 (Beginning)	-	-	-
3000 Fund Balance - August 31 (Ending)	\$ -	\$ -	\$ -

225 IDEA - Part B Preschool	242 Summer Feeding Program	244 Career and Technical - Basic Grant	255 ESEA II, A Supporting Effective Ins	263 Title III, A English Lang. Acquisition	289 Other Federal Special Revenue Funds	315 SSA IDEA, Part B Discretionary	397 Advanced Placement Incentives
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-	6,542
<u>24,162</u>	-	<u>71,436</u>	<u>205,939</u>	<u>66,787</u>	<u>75,313</u>	<u>14,959</u>	-
<u>24,162</u>	-	<u>71,436</u>	<u>205,939</u>	<u>66,787</u>	<u>75,313</u>	<u>14,959</u>	<u>6,542</u>
9,115	-	67,372	-	66,562	39,218	14,959	-
-	-	-	-	-	-	-	-
352	-	-	205,939	225	36,095	-	6,541
-	-	840	-	-	-	-	-
<u>14,695</u>	-	<u>3,224</u>	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>24,162</u>	-	<u>71,436</u>	<u>205,939</u>	<u>66,787</u>	<u>75,313</u>	<u>14,959</u>	<u>6,541</u>
-	-	-	-	-	-	-	1
-	-	-	-	-	-	-	<u>4,825</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,826</u>

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

Data Control Codes	410 State Textbook Fund	429 Other State Special Revenue Funds	435 SSA Regional Day School - Deaf	461 Campus Activity Funds
REVENUES:				
5700 Total Local and Intermediate Sources	\$ -	\$ -	\$ -	\$ 388,927
5800 State Program Revenues	829,048	158,235	93,504	-
5900 Federal Program Revenues	-	-	-	-
5020 Total Revenues	<u>829,048</u>	<u>158,235</u>	<u>93,504</u>	<u>388,927</u>
EXPENDITURES:				
Current:				
0011 Instruction	826,653	-	93,043	232,641
0012 Instructional Resources and Media Services	-	-	-	55,471
0013 Curriculum and Instructional Staff Development	-	13,665	461	394
0021 Instructional Leadership	-	-	-	-
0031 Guidance, Counseling, and Evaluation Services	-	-	-	-
0034 Student (Pupil) Transportation	-	-	-	-
0036 Extracurricular Activities	-	-	-	80,807
0041 General Administration	-	-	-	11,449
0052 Security and Monitoring Services	-	144,571	-	-
6030 Total Expenditures	<u>826,653</u>	<u>158,236</u>	<u>93,504</u>	<u>380,762</u>
1200 Net Change in Fund Balance	2,395	(1)	-	8,165
0100 Fund Balance - September 1 (Beginning)	<u>3,011</u>	<u>221</u>	<u>-</u>	<u>551,226</u>
3000 Fund Balance - August 31 (Ending)	<u>\$ 5,406</u>	<u>\$ 220</u>	<u>\$ -</u>	<u>\$ 559,391</u>

462 METRO League	Total Nonmajor Governmental Funds
\$ 4,074	\$ 393,001
-	1,087,329
-	3,009,961
<u>4,074</u>	<u>4,490,291</u>
-	2,653,105
-	55,471
-	293,224
-	840
-	1,157,262
-	78,928
3,739	84,546
-	11,449
-	144,571
<u>3,739</u>	<u>4,479,396</u>
335	10,895
<u>287</u>	<u>559,570</u>
<u>\$ 622</u>	<u>\$ 570,465</u>

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REQUIRED T.E.A SCHEDULES

WAXAHACHIE INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF DELINQUENT TAXES RECEIVABLE
FISCAL YEAR ENDED AUGUST 31, 2020

Last 10 Years Ended August 31	(1)	(2)	(3)
	Tax Rates		Assessed/Appraised Value for School Tax Purposes
	Maintenance	Debt Service	
2011 and prior years	Various	Various	\$ 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	1.170000	0.383900	3,974,454,148
2020 (School year under audit)	1.068300	0.383900	4,702,523,972
1000 TOTALS			

(10) Beginning Balance 9/1/2019	(20) Current Year's Total Levy	(31) Maintenance Collections	(32) Debt Service Collections	(40) Entire Year's Adjustments	(50) Ending Balance 8/31/2020
\$ 124,949	\$ -	\$ 3,664	\$ 896	\$ (1,507)	\$ 118,882
30,771	-	712	266	(310)	29,483
34,955	-	2,891	1,081	2,934	33,917
57,930	-	13,384	5,005	4,285	43,826
80,689	-	26,691	5,906	5,698	53,790
112,917	-	32,524	10,672	5,835	75,556
131,457	-	52,577	17,252	47,198	108,826
178,694	-	65,682	21,552	39,041	130,501
439,129	-	182,166	59,772	(18,887)	178,304
-	66,109,482	47,918,389	17,219,756	(439,987)	531,350
<u>\$ 1,191,491</u>	<u>\$ 66,109,482</u>	<u>\$ 48,298,680</u>	<u>\$ 17,342,158</u>	<u>\$ (355,700)</u>	<u>\$ 1,304,435</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, 2020

Data Control Codes	Budgeted Amounts		Actual Amounts (GAAP BASIS)	Variance With Final Budget Positive or (Negative)
	Original	Final		
REVENUES:				
5700 Total Local and Intermediate Sources	\$ 1,557,900	\$ 1,557,900	\$ 1,306,383	\$ (251,517)
5800 State Program Revenues	148,896	103,101	196,523	93,422
5020 Total Revenues	1,706,796	1,661,001	1,502,906	(158,095)
EXPENDITURES:				
Current:				
0035 Food Services	4,059,760	4,059,760	4,280,420	(220,660)
0051 Plant Maintenance and Operations	88,440	88,440	83,483	4,957
6030 Total Expenditures	4,148,200	4,148,200	4,363,903	(215,703)
1100 Excess (Deficiency) of Revenues Over (Under) Expenditures	(2,441,404)	(2,487,199)	(2,860,997)	(373,798)
OTHER FINANCING SOURCES (USES):				
7912 Sale of Real and Personal Property	-	-	113	113
7952 National School Breakfast Program	505,000	505,000	429,020	(75,980)
7953 National School Lunch Program	1,746,101	1,746,101	1,572,545	(173,556)
7954 Donated Commodities (USDA)	190,303	190,303	262,489	72,186
7080 Total Other Financing Sources (Uses)	2,441,404	2,441,404	2,264,167	(177,237)
1200 Change in Net Position	-	(45,795)	(596,830)	(551,035)
0100 Total Net Position - September 1	-	-	64,254	64,254
3000 Total Net Position - August 31 (Ending)	\$ -	\$ (45,795)	\$ (532,576)	\$ (486,781)

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, 2020

Data Control Codes	Budgeted Amounts		Actual Amounts (GAAP BASIS)	Variance With Final Budget Positive or (Negative)
	Original	Final		
REVENUES:				
5700 Total Local and Intermediate Sources	\$ 17,260,125	\$ 17,260,125	\$ 17,526,610	\$ 266,485
5800 State Program Revenues	300,000	300,000	334,450	34,450
5900 Federal Program Revenues	100,000	100,000	104,740	4,740
5020 Total Revenues	17,660,125	17,660,125	17,965,800	305,675
EXPENDITURES:				
Debt Service:				
0071 Principal on Long-Term Debt	3,000,000	3,540,000	7,660,000	(4,120,000)
0072 Interest on Long-Term Debt	14,653,625	14,283,625	9,825,992	4,457,633
0073 Bond Issuance Cost and Fees	6,500	8,500	144,800	(136,300)
6030 Total Expenditures	17,660,125	17,832,125	17,630,792	201,333
1100 Excess (Deficiency) of Revenues Over (Under) Expenditures	-	(172,000)	335,008	507,008
OTHER FINANCING SOURCES (USES):				
7911 Capital Related Debt Issued	-	18,825,000	18,825,000	-
7916 Premium or Discount on Issuance of Bonds	-	3,940,603	3,940,603	-
7917 Prepaid Interest	-	80,996	80,996	-
8949 Other (Uses)	-	(22,628,191)	(22,625,690)	2,501
7080 Total Other Financing Sources (Uses)	-	218,408	220,909	2,501
1200 Net Change in Fund Balances	-	46,408	555,917	509,509
0100 Fund Balance - September 1 (Beginning)	3,165,588	3,165,588	3,165,588	-
3000 Fund Balance - August 31 (Ending)	\$ 3,165,588	\$ 3,211,996	\$ 3,721,505	\$ 509,509

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, 2020, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated November 25, 2020.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting (internal control) 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.

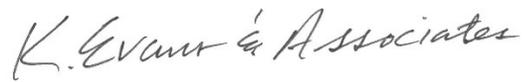
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not 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 "K. Evans & Associates".

K. Evans & Associates, CPA's
Frisco, TX
November 25, 2020



**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, 2020. 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, 2020.

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.

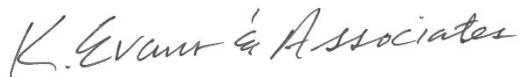
Report on Internal Control Over Compliance

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.



K. Evans & Associates, CPA's
Frisco, TX
November 25, 2020

WAXAHACHIE INDEPENDENT SCHOOL DISTRICT

Schedule of Status of Prior Findings
For the Year Ended August 31, 2020

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

WAXAHACHIE INDEPENDENT SCHOOL DISTRICT

Corrective Action Plan
For the Year Ended August 31, 2020

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, 2020

(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		\$ 66,787
Total Passed Through ESC Region 10			<u>66,787</u>
<u>Passed Through State Department of Education</u>			
*IDEA - Part B, Formula	84.027A	H027A190008	1,581,730
*SSA - IDEA - Part B, Discretionary	84.027A	H027A190008	<u>14,959</u>
Total CFDA Number 84.027A			<u>1,596,689</u>
*IDEA - Part B, Preschool	84.173A	H173A190043	<u>24,162</u>
Total Special Education Cluster (IDEA)			<u>1,620,851</u>
ESEA, Title I, Part A - Improving Basic Programs	84.010A	S010A190043	969,635
Career and Technical - Basic Grant	84.048A	V048A190043	71,436
ESEA, Title II, Part A - Supporting Effective Inst.	84.367A	S367A190041	205,939
ESEA, Title IV, Part A - Student Support	84.424A	S424A190045	71,306
Summer School LEP	84.369A	S369A180045	<u>4,007</u>
Total Passed Through State Department of Education			<u>2,943,174</u>
TOTAL U.S. DEPARTMENT OF EDUCATION			<u>3,009,961</u>
U.S. DEPARTMENT OF AGRICULTURE			
<u>Passed Through the State Department of Agriculture</u>			
School Breakfast Program	10.553	202020N109946	429,020
National School Lunch Program	10.555	202020N109946	1,572,545
National School Lunch - Donated Commodities	10.555		<u>262,489</u>
Total CFDA Number 10.555			<u>1,835,034</u>
Total Child Nutrition Cluster			<u>2,264,054</u>
Total Passed Through the State Department of Agriculture			<u>2,264,054</u>
TOTAL U.S. DEPARTMENT OF AGRICULTURE			<u>2,264,054</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS			<u>\$ 5,274,015</u>

*Denotes Major Program

Note: School Health & Related Services reimbursements of \$1,849,316, 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.

WAXAHACHIE INDEPENDENT SCHOOL DISTRICT

Notes to Schedule of Expenditures of Federal Awards
For the Year Ended August 31, 2020

1. For all federal programs, the District uses the fund types specified in Texas Education Agency's "Financial Accountability System Resource Guide". Special revenue funds are used to account for resources restricted to, or designated for, specific purposes by a grantor. Federal and state financial assistance 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, 2020 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.