

**BURKEVILLE INDEPENDENT  
SCHOOL DISTRICT**

**ANNUAL FINANCIAL  
REPORT FOR THE YEAR ENDED**

**AUGUST 31, 2020**

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CERTIFICATE OF BOARD

Burkeville Independent School District  
Name of School District

Newton  
County

176-901  
Co.-Dist. Number

We, the undersigned, certify that the attached annual financial reports of the above-named school district were reviewed and (check one)   X   approved        disapproved for the year ended August 31, 2020 at a meeting of the Board of Trustees of such school district on the 30th of November 2020.

  
Signature of Board Secretary

  
Signature of Board President

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

# MITCHELL T. FONTENOTE

## CERTIFIED PUBLIC ACCOUNTANT, INC.

November 30, 2020

### INDEPENDENT AUDITOR'S REPORT

To the Board of Directors  
Burkeville Independent School District

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Burkeville Independent School 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. 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, each major fund, and the aggregate remaining fund information of the Burkeville Independent School District, as of August 31, 2020, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### **Other Matters**

##### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 4-9 and 38, 49-50 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 Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated November 30, 2020, on our consideration of the Burkeville Independent School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Burkeville Independent School District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Burkeville Independent School District's internal control over financial reporting and compliance.

*Mitchell T Fontenote CPA, Inc.*

In this section of the Annual Financial Report, we, the managers of the Burkeville Independent School District (the District), discuss and analyze the District's financial performance for the fiscal year ended August 31, 2020. We encourage readers to consider the information presented here in conjunction with the independent auditors' report on page 2, and the District's Basic Financial Statements that begin on page 10.

## FINANCIAL HIGHLIGHTS

- The District's total combined net position was \$4,552,802 at August 31, 2020.
- During the year, the District's expenses were \$165,548 more than the \$4,994,431 generated in taxes and other revenues for governmental activities.
- The general fund reported a fund balance this year of \$2,891,359. Of this amount, \$2,891,359 is for unrestricted use by the District.

## 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 include three components: (1) management's discussion and analysis (this section), (2) the basic financial statements, and (3) required supplementary information.

**Government-Wide Financial Statements.** The *government-wide financial statements* are designed to provide readers with a broad overview of the District's finances, in a manner similar to a private-sector business. They include the Statement of Net Position and the Statement of Activities that 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.

The *Statement of Net Position* presents information on all of the District's assets and liabilities, with the difference between the two reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating. To assess the overall health of the District, one needs to consider additional nonfinancial factors such as changes in the District's tax base.

The *Statement of Activities* presents information showing how the government's net position changed during the current fiscal year. All changes in net position are reported for all of the current year's revenues and expenses regardless of when cash is received or paid. Thus, revenue and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods.

Both of the District's government-wide financial statements distinguish the functions of the District as being principally supported by taxes and intergovernmental revenues (governmental activities) as opposed to business-type activities that are intended to recover all or a significant portion of their costs through user fees and charges.

**Fund Financial Statements.** A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objects. The District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related requirements. The fund financial statements provide detailed information about the District's most significant funds, *not* the District as a whole.

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

## OVERVIEW OF THE FINANCIAL STATEMENTS - Continued

The District has the following kinds of funds:

- **Governmental Funds.** Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental funds balance sheet and the governmental funds statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The District maintains several individual governmental funds organized according to their type. Information is presented separately in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures and changes in fund balances for the District's most significant funds. The District's major governmental fund is the General Fund. Data for the remaining governmental funds are combined into a single, aggregated presentation.

The District adopts an annual appropriated budget for its General Fund. A budgetary comparison statement has been provided for the General Fund to demonstrate compliance with this budget. The Texas Education Agency also requires the District to present a budgetary comparison statement for one of its special revenue funds (food service) and the debt service fund.

- **Fiduciary Funds.** Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the District's own programs. The District is responsible for ensuring that the assets reported in these funds are used for their intended purposes. All of the District's fiduciary activities are reported in separate Statements of Fiduciary Net Position on page 16.

**Notes to the Financial Statements.** The notes provide additional information that is essential to a complete understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 17-37 of this report.

**Required Supplementary Information.** In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary information* that further explains and supports the information in the financial statements. Required supplementary information can be found on page 38-46 of this report.

## GOVERNMENT-WIDE FINANCIAL ANALYSIS

Our analysis focuses on the Net Position (Table I) and Changes in Net Position (Table II) of the District's governmental activities.

The District's combined net position were \$4,552,802 at August 31, 2020. (See Table I)

**Table I**  
**Burkeville Independent School District**  
**Net Position**

	August 31, 2020	August 31, 2019
Current and Other Asset	\$ 3,913,868	\$ 4,682,709
Capital Assets	4,548,142	3,691,197
Total Assets	8,462,010	8,373,906
Deferred Outflow Related to TRS Pension	754,822	958,703
Deferred Outflow Related to TRS OPEB	217,983	107,348
Total Deferred Outflows of Resources	972,805	1,066,051
Long-term Liabilities	3,542,025	3,697,071
Other Liabilities	270,162	234,380
Total Liabilities	3,812,187	3,931,451
Deferred Inflow Related to TRS Pension	265,640	107,640
Deferred Inflow Related to TRS OPEB	804,186	701,956
Total Deferred Inflows of Resources	1,069,826	809,596
Net Position:		
Net Investment in Capital Assets	3,536,715	2,681,197
Restricted for Federal and State Programs	11,614	951
Restricted for Debt Service	342,124	359,910
Unrestricted	662,349	1,656,852
Total Net Position	\$ 4,552,802	\$ 4,698,910

Approximately \$3.5 million of the District's net position represent investments in capital assets net of related debt. The \$0.6 million of unrestricted net position represents resources available to fund the programs of the District next year.

**Changes in net position.** The District's total revenues were \$4.99 million. A portion, 48 percent, of the District's revenue comes from local property taxes, 35 percent comes from grants and contributions, while only 16 percent relates to charges for services and operating grants, and the remaining 1 percent relates to investment earnings and other miscellaneous revenue.

Total Cost of all programs and services was \$5,159,979. The net position of the District's governmental activities for the current year decreased by \$165,548 (see Table II on page 7 of this report).

BURKEVILLE INDEPENDENT SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
AUGUST 31, 2020

Key elements of the governmental activities of the District are reflected in the following table.

**Table II**  
**Burkeville Independent School District**  
**Statement of Activities**

	August 31, 2020	August 31, 2019
Revenues		
Program Revenues		
Charges for Services	\$ 75,750	\$ 222,945
Operating Grants and Contributions	712,110	716,928
General Revenues		
Maintenance and Operations Taxes	2,203,511	2,209,625
Debt Service Taxes	192,433	224,659
State Aid - Formula Grants	1,642,217	1,018,368
Grants and Contributions Not Restricted	87,664	192,569
Investment Earnings	16,820	14,234
Miscellaneous	63,926	147,409
Total Revenue	4,994,431	4,746,737
Expenses		
Instruction	2,258,125	2,011,009
Instrucitonal Resources and Media Services	965	2,000
Curriculu/ Instructional Development	81,488	106,339
Instructional Leadership	86,982	177,310
School Leadership	370,230	353,983
Guidance, Counseling and Evaluation	90,496	80,820
Health Services	36,740	28,280
Student Transportation	203,019	234,369
Food Services	281,935	281,355
Extracurricular Activities	165,092	182,197
General Adminsitration	409,640	666,181
Facilities Maintenance and Operations	607,534	557,413
Security and Monitoring Services	62,066	25,031
Data Processing Services	239,873	74,949
Community Services	78,971	100,857
Debt Services - Interest on Long-Term Debt	46,823	65,678
Other Intergovernmental Charges	140,000	142,553
Total Expenses Governmental Activities	5,159,979	5,090,324
Increase (Decrease) in Net Position	(165,548)	(343,587)
Net Position - Beginning	4,698,910	5,055,883
Prior Period Adjusmntnet	19,440	(13,386)
Net Position - Ending	\$ 4,552,802	\$ 4,698,910

## FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

As the District completed the year, its governmental funds (as presented on page 12) reported a combined fund balance of \$2.89 million, which is an increase from last year.

Over the course of the year, the Board of Trustees revised the District's budget a number of times. These budget items fall into three categories. The first category includes amendments and supplemental appropriations that were provided shortly after the school year began. The second category involved moving funds from program areas that did not need or use all of the resources originally appropriated to them. The third category involved changes in state program revenues.

## GENERAL FUND BUDGETARY HIGHLIGHTS

There were budget amendments for the 2019-2020 school year required to meet various needs throughout the District approved by the Board of Trustees.

## CAPITAL ASSET AND LONG-TERM DEBT ACTIVITY

**Capital Assets.** At August 31, 2020 the District had \$4.58 million (net of depreciation) invested in a broad range of capital assets, including land, buildings, furniture and equipment used for instruction, transportation, athletics, administration, and maintenance. This amount represents a net increase of \$760,723 (including additions and deductions) over last year.

**Burkeville Independent School District  
Capital Assets  
Governmental Activities**

	August 31, 2020	August 31, 2019
Land	\$ 214,767	\$ 214,767
Buildings and Improvements	8,521,062	7,815,658
Equipment	1,940,763	1,622,884
Totals at Historical Cost	<u>10,676,592</u>	<u>9,653,309</u>
Less: Accumulated Depreciation		
Buildings and Improvements	(4,846,740)	(4,653,811)
Equipment	(1,281,710)	(1,212,079)
Total Accumulated Depreciation	<u>(6,128,450)</u>	<u>(5,865,890)</u>
Net Capital Assets	<u>\$ 4,548,142</u>	<u>\$ 3,787,419</u>

**Long-Term Debt.** At year-end, the District had \$0.825 million in general obligation debt at a coupon interest rate of 4.0% outstanding at year-end. The District's general obligation bonds carried the highest possible rating, according to national rating agencies. The District also has commercial loans in the amount of \$186,427 for busses.

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

The District's elected and appointed officials considered many factors when setting the fiscal-year 2021 budget and tax rate. One of those factors continues to be the economy and the unknown election results and the increasing of the local homestead exemption that will decrease the district's property value. These indicators were taken into account when adopting the General Fund budget for 2021. Amounts available for appropriation in the General Fund budget are \$2.89 million.

### **CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT**

This financial report is designed to provide our citizens, taxpayers, customers, investors and creditors with a general overview of the District's finances as well as demonstrate accountability for funds the District receives. Questions concerning any of the information provided in this report or requests for additional information should be addressed to the District's Superintendent, PO Box 218, Burkeville, TX 75932 or by calling (409) 565-2201.

## BASIC FINANCIAL STATEMENTS



BURKEVILLE INDEPENDENT SCHOOL DISTRICT  
STATEMENT OF NET POSITION  
AUGUST 31, 2020

EXHIBIT A-1

Data Control Codes	Primary Government Governmental Activities
<b>ASSETS</b>	
1110 Cash and Cash Equivalents	\$ 900,417
1120 Current Investments	2,547,948
1220 Property Taxes - Delinquent	493,933
1230 Allowance for Uncollectible Taxes	(74,090)
1240 Due from Other Governments	45,660
Capital Assets:	
1510 Land	214,767
1520 Buildings, Net	3,674,322
1530 Furniture and Equipment, Net	659,053
1000 Total Assets	8,462,010
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	
1705 Deferred Outflow Related to TRS Pension	754,822
1706 Deferred Outflow Related to TRS OPEB	217,983
1700 Total Deferred Outflows of Resources	972,805
<b>LIABILITIES</b>	
2110 Accounts Payable	915
2140 Interest Payable	2,409
2150 Payroll Deductions and Withholdings	87,144
2160 Accrued Wages Payable	161,877
2180 Due to Other Governments	6,835
2200 Accrued Expenses	4,986
2300 Unearned Revenue	5,996
Noncurrent Liabilities:	
2501 Due Within One Year	243,981
2502 Due in More Than One Year	767,446
2540 Net Pension Liability (District's Share)	1,277,226
2545 Net OPEB Liability (District's Share)	1,253,372
2000 Total Liabilities	3,812,187
<b>DEFERRED INFLOWS OF RESOURCES</b>	
2605 Deferred Inflow Related to TRS Pension	265,640
2606 Deferred Inflow Related to TRS OPEB	804,186
2600 Total Deferred Inflows of Resources	1,069,826
<b>NET POSITION</b>	
3200 Net Investment in Capital Assets	3,536,715
3820 Restricted for Federal and State Programs	11,614
3850 Restricted for Debt Service	342,124
3900 Unrestricted	662,349
3000 Total Net Position	\$ 4,552,802

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

BURKEVILLE INDEPENDENT SCHOOL DISTRICT  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED AUGUST 31, 2020

EXHIBIT B-1

Data Control Codes	1	Program Revenues		Net (Expense) Revenue and Changes in Net Position
		3	4	
	Expenses	Charges for Services	Operating Grants and Contributions	6 Primary Gov. Governmental Activities
<b>Primary Government:</b>				
GOVERNMENTAL ACTIVITIES:				
11 Instruction	\$ 2,258,125	\$ 44,048	\$ 487,285	\$ (1,726,792)
12 Instructional Resources and Media Services	965	-	-	(965)
13 Curriculum and Instructional Staff Development	81,488	-	-	(81,488)
21 Instructional Leadership	86,982	-	-	(86,982)
23 School Leadership	370,230	-	-	(370,230)
31 Guidance, Counseling and Evaluation Services	90,496	-	-	(90,496)
33 Health Services	36,740	-	-	(36,740)
34 Student (Pupil) Transportation	203,019	-	-	(203,019)
35 Food Services	281,935	24,537	199,825	(57,573)
36 Extracurricular Activities	165,092	7,165	-	(157,927)
41 General Administration	409,640	-	-	(409,640)
51 Facilities Maintenance and Operations	607,534	-	-	(607,534)
52 Security and Monitoring Services	62,066	-	25,000	(37,066)
53 Data Processing Services	239,873	-	-	(239,873)
61 Community Services	78,971	-	-	(78,971)
72 Debt Service - Interest on Long-Term Debt	46,823	-	-	(46,823)
99 Other Intergovernmental Charges	140,000	-	-	(140,000)
[TP] TOTAL PRIMARY GOVERNMENT:	<u>\$ 5,159,979</u>	<u>\$ 75,750</u>	<u>\$ 712,110</u>	<u>(4,372,119)</u>
General Revenues:				
Taxes:				
MT	Property Taxes, Levied for General Purposes			2,203,511
DT	Property Taxes, Levied for Debt Service			192,433
SF	State Aid - Formula Grants			1,642,217
GC	Grants and Contributions not Restricted			87,664
IE	Investment Earnings			16,820
MI	Miscellaneous Local and Intermediate Revenue			63,926
TR	Total General Revenues			<u>4,206,571</u>
CN	Change in Net Position			(165,548)
NB	Net Position - Beginning			4,698,910
PA	Prior Period Adjustment			19,440
NE	Net Position - Ending			<u>\$ 4,552,802</u>

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

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

Data Control Codes	10 General Fund	Other Funds	Total Governmental Funds
<b>ASSETS</b>			
1110 Cash and Cash Equivalents	\$ 628,891	\$ 271,526	\$ 900,417
1120 Investments - Current	2,510,880	37,068	2,547,948
1220 Property Taxes - Delinquent	450,058	43,875	493,933
1230 Allowance for Uncollectible Taxes	(67,509)	(6,581)	(74,090)
1240 Due from Other Governments	-	45,660	45,660
1260 Due from Other Funds	39,341	33,655	72,996
1000 Total Assets	<u>\$ 3,561,661</u>	<u>\$ 425,203</u>	<u>\$ 3,986,864</u>
<b>LIABILITIES</b>			
2110 Accounts Payable	\$ 915	\$ -	\$ 915
2150 Payroll Deductions and Withholdings Payable	87,144	-	87,144
2160 Accrued Wages Payable	141,013	20,864	161,877
2170 Due to Other Funds	71,109	1,887	72,996
2180 Due to Other Governments	-	6,835	6,835
2200 Accrued Expenditures	3,290	1,696	4,986
2300 Unearned Revenue	-	5,996	5,996
2000 Total Liabilities	<u>303,471</u>	<u>37,278</u>	<u>340,749</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
2601 Unavailable Revenue - Property Taxes	366,831	34,187	401,018
2600 Total Deferred Inflows of Resources	<u>366,831</u>	<u>34,187</u>	<u>401,018</u>
<b>FUND BALANCES</b>			
Restricted Fund Balance:			
3450 Federal or State Funds Grant Restriction	-	11,614	11,614
3480 Retirement of Long-Term Debt	-	342,124	342,124
3600 Unassigned Fund Balance	2,891,359	-	2,891,359
3000 Total Fund Balances	<u>2,891,359</u>	<u>353,738</u>	<u>3,245,097</u>
4000 Total Liabilities, Deferred Inflows & Fund Balances	<u>\$ 3,561,661</u>	<u>\$ 425,203</u>	<u>\$ 3,986,864</u>

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

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

EXHIBIT C-2

<b>Total Fund Balances - Governmental Funds</b>	<b>\$ 3,245,097</b>
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 \$9,438,542 and the accumulated depreciation was (\$5,865,890). In addition, long-term liabilities, including bonds payable, are not due and payable in the current period, and, therefore are not reported as liabilities in the funds. The net effect of including the beginning balances for capital assets (net of depreciation) and long-term debt in the governmental activities is to increase net position.	2,678,788
2 Current year capital outlays and long-term debt principal payments are expenditures in the fund financial statements, but they should be shown as increases in capital assets and reductions in long-term debt in the government-wide financial statements. The net effect of including the 2020 capital outlays and debt principal payments is to increase net position.	1,118,078
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. At the beginning of the year, the net position related to TRS was a Deferred Resource Outflow in the amount of \$958,703, a Deferred Resource Inflow in the amount of \$107,640 and a net pension liability in the amount of \$693,411. The impact of this on Net Position is (\$1,413,352). Changes from the current year reporting of the TRS plan resulted in a decrease in net position in the amount of (\$225,755). The combination of the beginning of the year amounts and the changes during the year resulted in a difference between the ending fund balance and the ending net position in the amount of (\$788,044) .	(788,044)
4 The District participates in the TRS-Care plan for retirees through TRS. The District's share of the TRS plan resulted in a net OPEB liability of \$1,253,372, a deferred outflow of \$107,348 and a deferred inflow of \$701,956. This resulted in a difference between the ending fund balance and the ending net position of (\$1,839,575).	(1,839,575)
5 The 2020 depreciation expense increases accumulated depreciation. The net effect of the current year's depreciation is to decrease net position.	(262,560)
6 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 increase net position.	401,018
<b>19 Net Position of Governmental Activities</b>	<b>\$ <u>4,552,802</u></b>

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

BURKEVILLE 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	Other Funds	Total Governmental Funds
REVENUES:			
5700 Total Local and Intermediate Sources	\$ 2,310,754	\$ 223,457	\$ 2,534,211
5800 State Program Revenues	1,814,880	62,985	1,877,865
5900 Federal Program Revenues	15,435	389,706	405,141
5020 Total Revenues	4,141,069	676,148	4,817,217
EXPENDITURES:			
Current:			
0011 Instruction	1,738,482	217,176	1,955,658
0012 Instructional Resources and Media Services	914	-	914
0013 Curriculum and Instructional Staff Development	70,653	-	70,653
0021 Instructional Leadership	74,516	-	74,516
0023 School Leadership	320,651	-	320,651
0031 Guidance, Counseling, and Evaluation Services	76,765	-	76,765
0033 Health Services	32,645	-	32,645
0034 Student (Pupil) Transportation	283,696	-	283,696
0035 Food Services	-	254,847	254,847
0036 Extracurricular Activities	148,510	-	148,510
0041 General Administration	341,113	-	341,113
0051 Facilities Maintenance and Operations	663,648	-	663,648
0052 Security and Monitoring Services	33,356	25,000	58,356
0053 Data Processing Services	222,515	-	222,515
0061 Community Services	69,654	-	69,654
Debt Service:			
0071 Principal on Long-Term Debt	49,951	185,000	234,951
0072 Interest on Long-Term Debt	6,177	37,750	43,927
Capital Outlay:			
0081 Facilities Acquisition and Construction	647,050	-	647,050
Intergovernmental:			
0099 Other Intergovernmental Charges	140,000	-	140,000
6030 Total Expenditures	4,920,296	719,773	5,640,069
1100 Excess (Deficiency) of Revenues Over (Under) Expenditures	(779,227)	(43,625)	(822,852)
OTHER FINANCING SOURCES (USES):			
7915 Transfers In	-	36,502	36,502
8911 Transfers Out (Use)	(36,502)	-	(36,502)
7080 Total Other Financing Sources (Uses)	(36,502)	36,502	-
1200 Net Change in Fund Balances	(815,729)	(7,123)	(822,852)
0100 Fund Balance - September 1 (Beginning)	3,707,088	360,861	4,067,949
3000 Fund Balance - August 31 (Ending)	\$ 2,891,359	\$ 353,738	\$ 3,245,097

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

BURKEVILLE 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

<b>Total Net Change in Fund Balances - Governmental Funds</b>	\$ (822,852)
Current year capital outlays and long-term debt principal payments are expenditures in the fund financial statements, but they should be shown as increases in capital assets and reductions in long-term debt in the government-wide financial statements. The net effect of removing the 2020 capital outlays and debt principal payments is to increase net position.	1,098,638
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.	(262,560)
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.	18,229
Current year changes due to GASB 68 increased revenues in the amount of \$139,925 but also increased expenditures in the amount of \$365,680. The net effect on the change in the ending net position was a decrease in the amount of (\$225,755).	(225,755)
.	
Current year changes due to GASB 75 increased revenues in the amount of \$19,060 but also increased expenditures in the amount of \$9,692. The net effect on the change in the ending net position was an increase in the amount of \$28,752.	28,752
<b>Change in Net Position of Governmental Activities</b>	<u><u>\$ (165,548)</u></u>

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

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

	Total Custodial Funds
<hr/>	
ASSETS	
Cash and Cash Equivalents	\$ 13,551
Total Assets	<u>13,551</u>
LIABILITIES	
Due to Student Groups	<u>13,551</u>
Total Liabilities	<u>13,551</u>

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

## **I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Burkeville Independent School District (the "District") is a public educational agency operating under the applicable laws and regulations of the State of Texas. It is governed by a seven member Board of Trustees (the "Board") elected by registered voters of the District. The District prepares its basic financial statements in conformity with generally accepted accounting principles (GAAP) promulgated by the Governmental Accounting Standards Board (GASB) and other authoritative sources identified in **GASB Statement No. 76**, and it complies with the requirements of the appropriate version of Texas Education Agency's ***Financial Accountability System Resource Guide*** (the "Resource Guide") and the requirements of contracts and grants of agencies from which it receives funds.

*Pensions.* The fiduciary net position of the Teacher Retirement System of Texas (TRS) has been determined using the flow of economic resources measurement focus and full accrual basis of accounting. This includes for purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, pension expense, and information about assets, liabilities and additions to/deductions from TRS's fiduciary net position. Benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

As of August 31, 2017, Burkeville Independent School District retrospectively/prospectively applied Governmental Accounting Standards Board ("GASB") Statement No. 72, Fair Value Measurement and Application. GASB Statement No. 72 provides guidance for determining a fair value measurement for reporting purposes and applying fair value to certain investments and disclosures related to all fair value measurements.

### **A. REPORTING ENTITY**

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

### **B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS**

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

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



**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES Cont'd**

Interfund activities between governmental funds appear as due to/due froms on the Governmental Fund Balance Sheet and as other resources and other uses on the governmental fund Statement of Revenues, Expenditures and Changes in Fund Balance. All interfund transactions between governmental funds are eliminated on the government-wide statements. Interfund activities between governmental funds and fiduciary funds remain as due to/due froms on the government-wide Statement of Activities.

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

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

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

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

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

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

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

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

Agency Funds utilize the accrual basis of accounting but do not have a measurement focus as they report only assets and liabilities.

**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES Cont'd**

**D. FUND ACCOUNTING**

The District reports the following major governmental funds:

1. **The General Fund** – The general fund is the District's primary operating fund. It accounts for all financial resources except those required to be accounted for in another fund.

Additionally, the District reports the following fund type:

Governmental Funds:

1. **Special Revenue Funds** – The District accounts for resources restricted to, or designated for, specific purposes by the District or a grantor in a special revenue fund. Most Federal and some State financial assistance is accounted for in a Special Revenue Fund, and sometimes unused balances must be returned to the grantor at the close of specified project periods.
2. **Debt Service Funds** – The District accounts for resources accumulated and payments made for principal and interest on long-term general obligation debt of governmental funds in a debt service fund.
3. **Capital Projects Funds** – The proceeds from long-term debt financing and revenues and expenditures related to authorized construction and other capital asset acquisitions are accounted for in a capital projects fund.
4. **Permanent Funds** – The District accounts for donations for which the donor has stipulated that the principal may not be expended and where the income may only be used for purposes that support the District's programs. The District has no Permanent Funds.

Proprietary Funds:

5. **Enterprise Funds** – The District's activities for which outside users are charged a fee roughly equal to the cost of providing the goods or services of those activities are accounted for in an enterprise fund. The District has no enterprise funds.
6. **Internal Service Funds** – Revenues and expenses related to services provided to organizations inside the District on a cost reimbursement basis are accounted for in an internal service fund. The District has no internal service funds.

Fiduciary Funds:

7. **Private Purpose Trust Funds** – The District accounts for donations for which the donor has stipulated that both the principal and the income may be used for purposes that benefit parties outside the District. The District has no Private Purpose Trust Funds.
8. **Agency Funds** – The District accounts for resources held for others in a custodial capacity in agency funds. The District's Agency Fund is list.

**Student Activities** - The student activities fund is used to record funds held for student organizations.

**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES Cont'd**

**E. OTHER ACCOUNTING POLICIES**

1. For purposes of the statement of cash flows for proprietary funds, the District considers highly liquid investments to be cash equivalents if they have a maturity of three months or less when purchased.
2. In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net assets. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount.

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

3. Capital assets, which include land, buildings, furniture and equipment are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the District as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

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

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

<u>Assets</u>	<u>Years</u>
Buildings	20-40
Building Improvements	20-40
Vehicles	10
Office Equipment	5-25
Computer Equipment	5-25

4. In the fund financial statements, governmental funds report fund balance as nonspendable if the amounts cannot be spent because they are either not in spendable form or are legally or contractually required to remain intact. Restrictions of fund balance are for amounts that are restricted to specific purposes by an external entity (creditors, grantors, governmental regulations) or the restriction is imposed by law through constitutional provision or enabling legislation. Commitments of fund balance represent amounts that can only be used for specific purposes pursuant to constraints imposed by the District's Board. Assignments of fund balance are amounts set aside by the District's Superintendent or his designee with the intent they be used for specific purposes.

**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES Cont'd**

5. When the District incurs an expense for which it may use either restricted or unrestricted assets, it uses the restricted assets first whenever they will have to be returned if they are not used.
6. In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expense/expenditure) until then. The District reports deferred outflows of resources related to TRS.
7. In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time. The District has one type of item which arises only under a modified accrual basis of accounting that qualifies for reporting in this category. Uncollected property taxes which are assumed collectible are reported in this category on the balance sheet for governmental funds. They are not reported in this category on the government wide statement of net position. The District reports deferred inflows related to TRS.
8. The Data Control Codes refer to the account code structure prescribed by TEA in the ***Financial Accountability System Resource Guide***. Texas Education Agency requires school districts to display these codes in the financial statements filed with the Agency in order to ensure accuracy in building a Statewide data base for policy development and funding plans.
9. The fiduciary net position of the Teacher Retirement System of Texas (TRS) TRS-Care Plan has been determined using the flow of economic resource measurement focus and full accrual basis of accounting. This includes for purposes of measuring the 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.

**II. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY**

**A. BUDGETARY DATA**

The Board of Trustees adopts an "appropriated budget" for the General Fund, Debt Service Fund and the Food Service Fund which is included in the Special Revenue Funds. The District is required to present the adopted and final amended budgeted revenues and expenditures for each of these funds. The District compares the final amended budget to actual revenues and expenditures. The General Fund Budget report appears in Exhibit G-1 in RSI and the other two reports are in Exhibit J4 and J5.

The following procedures are followed in establishing the budgetary data reflected in the general-purpose financial statements:

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

## **II. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY Cont'd**

3. Prior to September 1, the budget is legally enacted through passage of a resolution by the Board. Once a budget is approved, it can only be amended at the function and fund level by approval of a majority of the members of the Board. Amendments are presented to the Board at its regular meetings. Each amendment must have Board approval. As required by law, such amendments are made before the fact, are reflected in the official minutes of the Board, and are not made after fiscal year end. Because the District has a policy of careful budgetary control, several amendments were necessary during the year. However, none of these were significant.
4. Each budget is controlled by the budget coordinator at the revenue and expenditure function/object level. Budgeted amounts are as amended by the Board. All budget appropriations lapse at year end.

## **III. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS**

### **A. CASH, CASH EQUIVALENTS AND INVESTMENTS**

#### **Cash and Cash Equivalents**

##### **District Policies and Legal and Contractual Provisions Governing Deposits**

*Custodial Credit Risk for Deposits* State law requires governmental entities to contract with financial institutions in which funds will be deposited to secure those deposits with insurance or pledged securities with a fair value equaling or exceeding the amount on deposit at the end of each business day. The pledged securities must be in the name of the governmental entity and held by the entity or its agent. Since the district complies with this law, it has no custodial credit risk for deposits.

*Foreign Currency Risk* The District limits the risk that changes in exchange rates will adversely affect the fair value of an investment or a deposit by limiting all deposits denominated in a foreign currency to less than 5% of all deposits.

As of August 31, 2020, the following are the District's cash and cash equivalents with respective maturities and credit rating:

Name	Maturity	Ratings	Book Value	Fair Value	Percentage
Cash	N/A	N/A	\$ 913,968	\$ 567,451	14.33%
Money Market	N/A	N/A	2,547,948	3,391,224	85.67%
Totals			<u>\$ 3,461,916</u>	<u>\$ 3,958,675</u>	<u>100.00%</u>

#### **Investments**

##### **District Policies and Legal and Contractual Provisions Governing Investments**

#### **Compliance with the Public Funds Investment Act**

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

### **III. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS Cont'd**

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

Additional policies and contractual provisions governing investments for Burkeville Independent School District are specified below:

*Credit Risk* To limit the risk that an issuer or other counterparty to an investment will not fulfill its obligations the District limits investments to the top ratings issued by nationally recognized statistical rating organizations (NRSROs). As of August 31, 2020, the district's investments were rated AAA.

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

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

*Interest Rate Risk* This is the risk that changes in interest rates will adversely affect the fair value of an investment. At year-end, the District does not have a formal investment policy that limits investment maturities as means of managing exposure to fair value losses arising from increasing interest rates.

*Foreign Currency Risk for Investments* The District limits the risk that changes in exchange rates will adversely affect the fair value of an investment by limiting all investments denominated in a foreign currency to less than 5% of all investments.

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

As of August 31, 2020, Burkeville Independent School District did not have any investments subject to the fair value measurement.

### **III. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS Cont'd**

#### **B. PROPERTY TAXES**

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

#### **C. DELINQUENT TAXES RECEIVABLE**

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

#### **D. INTERFUND BALANCES AND TRANSFERS**

As of August 31, 2020, the District's interfund balances were as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>	<u>Description</u>
General Fund	Special Revenue	33,655	Short-term loan
General Fund	General Fund	37,454	Short-term loan
Special Revenue	General Fund	1,887	Short-term loan
		<u>\$72,996</u>	

As of August 31, 2020, the District's transfers were as follows:

<u>Transfer From</u>	<u>Transfer To General Fund</u>
Special Revenue	36,502
	<u>\$ 36,502</u>

BURKEVILLE INDEPENDENT SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
AUGUST 31, 2020

**III. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS Cont'd**

**E. CAPITAL ASSET ACTIVITY**

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

<b>Capital Assets, Not Depreciated</b>	<u>9/1/2019</u>	<u>Additions</u>	<u>Retirements</u>	<u>8/31/2020</u>
Land	\$ 214,767	\$ -	\$ -	\$ 214,767
<b>Total Capital Assets, Not Depreciated</b>	<u>\$ 214,767</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 214,767</u>
<b>Capital Assets, Depreciated</b>				
Buildings & Improvements	\$ 7,815,658	\$ 705,404	\$ -	\$ 8,521,062
Equipment	333,829	68,050	-	401,879
Vehicles	1,289,055	249,829	-	1,538,884
<b>Total Capital Assets, Depreciated</b>	<u>\$ 9,438,542</u>	<u>\$ 1,023,283</u>	<u>\$ -</u>	<u>\$ 10,461,825</u>
<b>Less: Accumulated Depreciation</b>				
Buildings & Improvements	\$ (4,653,811)	\$ (192,929)	\$ -	\$ (4,846,740)
Equipment	(203,289)	(20,773)	-	(224,062)
Vehicles	(1,008,790)	(48,858)	-	(1,057,648)
<b>Total Accumulated Depreciation</b>	<u>(5,865,890)</u>	<u>(262,560)</u>	<u>-</u>	<u>(6,128,450)</u>
<b>Governemental Activities Capital Assets, Net</b>	<u>\$ 3,787,419</u>	<u>\$ 760,723</u>	<u>\$ -</u>	<u>\$ 4,548,142</u>

Depreciation was allocated as follows:

<u>Function Description</u>	<u>Amount</u>
Instruction	\$ 117,415
Instruction Resources and Media Services	51
Curriculum Development and Instructional Staff Development	3,906
Instruction Leadership	4,120
School Leadership	17,727
Guidance, Counseling and Evaluation Services	4,244
Health Services	1,805
Student (Pupil) Transportation	15,684
Food Services	14,474
Cocurricular/Extracurricular Activities	8,210
General Administration	18,858
Plant Maintenance and Operations	36,689
Security and Monitoring Services	3,226
Data Processing Services	12,301
Community Services	3,851
Totals	<u>\$ 262,560</u>



### **III. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS Cont'd**

#### **F. BONDS AND LONG-TERM NOTES PAYABLE**

Bonded indebtedness of the District is reflected in the General Long-Term Debt Account Group. Current requirements for principal and interest expenditures are accounted for in the Debt Service Fund.

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

<b>Description</b>	<b>Interest Rate</b>	<b>Amounts Original Issue</b>	<b>Balance 9/1/2019</b>	<b>Issued</b>	<b>Retired</b>	<b>Balance 8/31/2020</b>	<b>Due in One Year</b>
BNY Mellon Bond	4.00%	\$ 2,230,000	\$ 1,010,000	\$ -	\$ 185,000	\$ 825,000	\$ 195,000
Citizen 1st Bank Bus Loan	3.69%	\$ 96,222	76,782	-	18,132	58,650	18,864
BOM Bank Bus Loan	3.90%	156,700	-	156,700	28,923	127,777	30,117
Total			<u>\$ 1,086,782</u>	<u>\$ 156,700</u>	<u>\$ 232,055</u>	<u>\$ 1,011,427</u>	<u>\$ 243,981</u>

There are a number of limitations and restrictions contained in the general obligation bond indenture. Management has indicated that the District is in compliance with all significant limitations and restrictions at August 31, 2020.

Debt service requirements for bonds are as follows:

<b>Year Ended August 31,</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2021	243,981	23,647	267,628
2022	250,852	18,077	268,929
2023	262,738	11,188	273,926
2024	253,856	4,400	258,256
Total	<u>\$ 1,011,427</u>	<u>\$ 57,312</u>	<u>\$ 1,068,739</u>

#### **G. ACCUMULATED UNPAID VACATION AND SICK LEAVE BENEFITS**

The District does not accrue unpaid sick leave benefits.

### **III. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS Cont'd**

#### **H. DEFINED BENEFIT PENSION PLAN**

**Plan Description.** Burkeville Independent School District participates in a cost-sharing multiple-employer defined benefit pension that has a special funding situation. The plan is administered by the Teacher Retirement System of Texas (TRS). It is a defined benefit pension plan established and administered in accordance with the Texas Constitution, Article XVI, Section 67 and Texas Government Code, Title 8, Subtitle C. The pension trust fund is a qualified pension trust under Section 401(a) of the Internal Revenue Code. The Texas Legislature establishes benefits and contribution rates within the guidelines of the Texas Constitution.

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 that includes financial statements and required supplementary information. That report may be obtained on the Internet at <http://www.trs.texas.gov>; by writing to TRS at 1000 Red River Street, Austin, TX, 78701-2698; or by calling (512) 542-6592.

**Benefits Provided.** TRS provides service and disability retirement, as well as death and survivor benefits, to eligible employees (and their beneficiaries) of public and higher education in Texas. The pension benefits are established or amended under the authority of the Texas Constitution, Article XVI, Section 67 and by the Legislature in the Texas Government Code, Title 8, Subtitle C. The Board of Trustees does not have the authority to establish or amend benefits. State law requires the plan to be actuarially sound in order for the Legislature to consider a benefit enhancement, such as supplemental payment to the retirees. In May 2019, the 86th Texas Legislature approved the TRS Pension Reform Bill (SB12) that provides for gradual contribution increases from the state, participating employers and active employees to make the pension fund actuarially sound. These increases immediately made the pension fund actuarially sound and the 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 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. Texas Government Code section 821.006 prohibits benefit improvements, if as a result of the particular action, the time required to amortize TRS' unfunded actuarial liabilities would be increased to a period that exceeds 31 years, or, if the amortization period already exceeds 31 years, the period would be increased by such action.

Employee contribution rates are set in state statute, Texas Government Code 825.402. Senate Bill 1458 of the 83rd Texas Legislature amended Texas Government Code 825.402 for member contributions and established employee contribution rates for fiscal years 2014 through 2017. The 85th Texas Legislature, General Appropriations Act (GAA) affirmed that the employer contribution rates for fiscal years 2018 and 2019 would remain the same. SB12 in the 86th Legislature set higher contribution rates for fiscal year 2020 and fiscal year 2021. Beginning September 1, 2019, all employers are required to pay the Public Education Employer contribution of 1.5%. This "surcharge" was previously only charged to employers not participating in social security. Contribution Rates can be found in the TRS 2019 CAFR, Note 11, on page 76.

**III. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS Cont'd**

	<u>Contribution Rates</u>	
	<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%
District's 2020 Employer Contributions	\$	85,998
District's 2020 Member Contributions	\$	180,438
Measurement Year NECE On-Behalf Contributions	\$	110,851

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 and junior colleges, the State of Texas contributes to the retirement system an amount equal to the current employer contribution rate times the aggregate annual compensation of all participating members of the pension trust fund during that fiscal year reduced by the amounts described below which are paid by the employers. Employers (including public schools) are required to pay the employer contribution rate in the following instances:

- On the portion of the member's salary that exceeds the statutory minimum for members entitled to the statutory minimum under Section 21.402 of the Texas Education Code.
- During a new member's first 90 days of employment
- When any part or all of an employee's salary is paid by federal funding sources or a privately sponsored source.

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.
- Employers must contribute 1.5% of the member's salary ("Public Education Employer Surcharge").

***Actuarial Assumptions.***

**Roll Forward** - A change was made in the measurement date of the total pension liability for the 2019 measurement year. The actuarial valuation was performed as of August 31, 2018. Update procedures were used to roll forward the total pension liability to August 31, 2019.

The total pension liability is determined by an annual actuarial valuation. The actuarial methods and assumptions were selected by the Board of Trustees based upon analysis and recommendations by the System's actuary. The Board of Trustees has sole authority to determine the actuarial assumptions used for the Plan. The actuarial methods and assumptions were primarily based on a study of actual experience for the three-year period ending August 31, 2018 and were adopted in July 2018.

The active mortality rates were based on 90 percent of the RP 2014 Employee Mortality Tables for males and females. The post-retirement mortality rates were based on the 2018 TRS of Texas Healthy Pensioner Mortality Tables.

### III. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS Cont'd

The following table discloses the assumptions that were applied to this measurement period.

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 Rate	7.25%
Municipal Bond Rate as of August, 2019	2.63% - Source for the rate is the Fixed Income Market
Data/Yield Curve/Data Municipal Bonds	with 20 years to maturity that include only federally
tax-exempt municipal bonds as reported	in Fidelity index's "20-Year Municipal GO AA Index."
Last year ending August 31 in	
Projection Period (100 years)	2116
Inflation	2.30%
Salary Increases	3.05% to 9.05% including inflation
Ad hoc Post Employment Benefit Changes	None

The actuarial methods and assumptions used in the determination of the 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 TRS actuarial valuation report dated November 9, 2018.

**Discount Rate.** The single discount rate used to measure the total pension liability was 7.25%. 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 discount rate assumed that contributions from active members, employers and the non-employer contributing entity will be made at the statutorily required rates set by the Legislature during the 2019 legislative session. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payment of current plan members.

Asset Class	FY 2019 Target Allocation*	New Target Allocation**	Long-Term Expected Geometric Real Rate of Return***
<b>Global Equity</b>			
USA	18.00%	18.00%	6.40 %
Non-U.S. Developed	13.00	13.00	6.30
Emerging Markets	9.00	9.00	7.30
Directional Hedge Funds	4.00	---	---
Private Equity	13.00	14.00	8.40
<b>Stable Value</b>			
U.S. Treasuries****	11.00%	16.00	3.10
Stable Value Hedge Funds	4.00	5.00	4.50
Absolute Return (Including Credit Sensitive Investments)	---	---	---
<b>Real Return</b>			
Global Inflation Linked Bonds****	3.00	---	---
Real Estate	14.00	15.00	8.50
Energy, Natural Resources and Infrastructure	5.00	6.00	7.30
Commodities	---	---	---
<b>Risk Parity</b>			
Risk Parity	5.00	8.00	5.8%/6.5%*****
Asset Allocation Leverage Cash	1.00	2.00	2.50
Asset Allocation Leverage	---	(6.00)	2.70
<b>Expected Return</b>			<b>7.23%</b>

\* FY 2019 Target Allocations are based on the Strategic Asset Allocation dated 10/1/2018

\*\* New target allocation based on the Strategic Asset Allocation dated 10/1/2019

BURKEVILLE INDEPENDENT SCHOOL DISTRICT  
 NOTES TO THE FINANCIAL STATEMENTS  
 AUGUST 31, 2020

**III. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS Cont'd**

\*\*\* 10-Year annualized geometric nominal returns include the real rate of return and inflation of 2.1%

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

\*\*\*\*\* 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 Net Pension Liability. The discount rate can be found in the 2019 TRS CAFR, Note 12, page 91.

	1% Decrease in Discount Rate (6.25%)	Discount Rate (7.25%)	1% Increase in Discount Rate (8.25%)
District's proportionate share of the net pension liability:	\$ 1,963,282	\$ 1,277,226	\$ 721,388

At August 31, 2020, Burkeville Independent School District reported a liability of \$1,277,226 for its proportionate share of the TRS's net pension liability. This liability reflects a reduction for State pension support provided to Burkeville Independent School District. The amount recognized by Burkeville Independent School 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 Burkeville Independent School District were as follows:

District's Proportionate share of the collective net pension liability	\$ 1,277,226
State's proportionate share that is associated with the District	2,574,575
Total	<u>\$ 3,905,475</u>

The net pension liability was measured as of August 31, 2018 and rolled forward to August 31, 2019 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of August 31, 2018 rolled forward to August 31, 2019. 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 through August 31, 2019.

At August 31, 2019 the employer's proportion of the collective net pension liability was 0.0024570011 which was a decrease of 0.000001107489 from its proportion measured as of August 31, 2018.

**Changes Since the Prior Actuarial Valuation** – Assumptions, methods, and plan changes which are specific to the Pension Trust Fund were updated from the prior year's report. The Net Pension Liability increased significantly since the prior measurement date due to a change in the following actuarial assumptions:

- . The total pension liability as of August 31, 2019 was developed using a roll-forward method from the August 31, 2018 valuation.
- . The single discount rate as of August 31, 2018 was a blended rate of 6.907 percent and that has changed to the long-term rate of return of 7.25 percent 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 based on the actuarial assumptions.

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

For the year ended August 31, 2020, Burkeville Independent School District recognized pension expense of \$258,628 and revenue of \$258,628 for support provided by the State in the Government Wide Statement of Activities.

### III. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS Cont'd

At August 31, 2020, Burkeville Independent School 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: (The amounts shown below will be the cumulative layers from the current and prior years combined.)

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual actuarial experience	5,365	44,347
Changes in actual assumptions	396,258	163,753
Difference between projected and actual investment earnings	12,825	-
Changes in proportion and difference between the employer's contributions and the proportionate share of contributions	294,379	57,540
Contributions paid to TRS subsequent to the measurement date	45,995	-
Total	\$ 754,822	\$ 265,640

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

Year ended August 31,	Pension Expense
2021	\$ 113,175
2022	98,065
2023	111,747
2024	106,238
2025	28,114
Thereafter	(14,151)

### I. DEFINED OTHER POST EMPLOYMENT BENEFIT PLANS

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

**OPEB Plan Fiduciary Net Position.** Detail information about the TRS-Care's fiduciary net position is available in the separately-issued TRS Comprehensive Annual Financial Report that includes financial statements and required supplementary information. That report may be obtained on the Internet at <http://www.trs.texas.gov>; by writing to TRS at 1000 Red River Street, Austin, TX, 78701-2698; or by calling (512) 542-6592.

Components of the net OPEB liability of the TRS-Care plan as of August 31, 2019 are as follows:

<u>Net OPEB Liability</u>	<u>Total</u>
Total OPEB Liability	\$ 48,583,247,239
Less: plan fiduciary net position	<u>1,292,022,349</u>
Net OPEB liability	<u>\$ 47,291,224,890</u>
Net position as a percentage of total OPEB liability	2.66%

**I. DEFINED OTHER POST EMPLOYMENT BENEFIT PLANS**

**Benefits Provided.** TRS-Care provides health insurance coverage to retirees from public schools, charter schools, regional education service centers and other educational districts who are members of the TRS pension system. Eligible non-Medicare retirees and their dependents may pay premiums to participate in the high-deductible health plans. Eligible Non-Medicare retirees and their dependents may enroll in TRS-Care Standard, a high-deductible health plan. Eligible Medicare retirees and their dependents may enroll in the TRS-Care Medicare Advantage medical plan and the TRS-Care Medicare Rx prescription drug plan. To qualify for TRS-Care coverage, a retiree must have at least 10 years of service credit in the TRS pension system.

The General Appropriations Act passed by the 86th Legislature included funding to maintain TRS Care premiums at their current level through 2021. The 86th legislature also passed SB 1682 which requires TRS to establish a contingency reserve in the TRS-Care fund equal to 60 days of expenditures.

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

TRS-Care Monthly Premium Rates			
		<u>Medicare</u>	<u>Non-Medicare</u>
Retiree or Surviving Spouse	\$	135	\$ 200
Retiree and Spouse		529	689
Retiree or Surviving Spouse and Children		468	408
Retiree and Family		1,020	999

**Contributions.** Contribution rates for the TRS-Care plan are established in state statute by the Texas Legislature, and there is no continuing obligation to provide benefits beyond each fiscal year. The TRS-Care plan is currently funded on a pay-as-you-go basis and is subject to change based on available funding. Funding for TRS-Care is provided by retiree premium contributions and contributions from the state, active employees, and participating employers based on active employee compensation. 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 .65% of salary. Section 1575.204 establishes a public school contribution rate of not less than 0.25 percent or not more than 0.75 percent of the salary of each active employee of the employer. The actual public school contribution rate is prescribed by the Legislature in the General Appropriations Act which is 0.75% of each active employee's pay for fiscal year 2019. The following table shows contributions to the TRS-Care plan by type of contributor.

<u>Contribution Rates</u>		
	<u>2019</u>	<u>2020</u>
Active Employee	0.65%	0.65
	%	
Non-Employer Contributing Entity (State)	1.25%	1.25%
Employers	0.75%	0.75%
Federal/private Funding Remitted by Employers	1.25%	1.25%
District's 2020 FY Employer Contributions	\$	18,810
District's 2020 FY Member Contributions	\$	15,232
Measurement Year NECE On-Behalf Contributions	\$	24,993

### **III. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS Cont'd**

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

Additional Actuarial Methods and Assumptions:

Valuation Date	August 31, 2018 Rolled forward to August 31, 2019
Actuarial Cost Method	Individual Entry Age Normal
Inflation	2.30%
Single Discount Rate	2.63% as of August 31, 2019
Aging Factors	Based on Plan Specific Experience
Election Rates 50% after age 65. 25% of pre-65 retirees are 65.	Normal Retirement: 65% participation prior to age 65 and assumed to discontinue coverage at age 65.
Expenses	Third-party administrative expenses related to the delivery of health care benefits are included in the age-adjusted claims costs.
Projected Salary Increases	3.05% - 9.05%
Ad-hoc Post Employment Benefit Changes	None

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

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

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



### III. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS Cont'd

**Discount Rate.** A single discount rate of 2.63% was used to measure the total OPEB liability. There was a decrease of 1.06 percent in the discount rate since the previous year. The Discount Rate can be found in the 2019 TRS CAFR on page 70. 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.

#### Sensitivity of the Net OPEB Liability:

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

	1% Decrease in Discount Rate (1.63%)	Current Single Discount Rate (2.63%)	1% Increase in Discount Rate (3.63%)
District's proportionate share of the Net OPEB Liability:	\$ 1,513,223	\$ 1,253,373	\$1,050,092

**Healthcare Cost Trend Rates Sensitivity Analysis -** The following presents the net OPEB liability of the plan using the assumed healthcare cost trend rate, as well as what the net OPEB liability would be if it were calculated using a trend rate that is one-percentage point lower or one-percentage point higher than the assumed healthcare cost trend rate.

	1% Decrease	Current Healthcare Cost Trend Rate	1% Increase
District's proportionate share of the Net OPEB Liability:	\$ 1,022,458	\$ 1,253,373	\$ 1,562,694

**OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEBs.** At August 31, 2020, Burkeville Independent School District reported a liability of \$1,253,373 for its proportionate share of the TRS's Net OPEB Liability. This liability reflects a reduction for State OPEB support provided to the District. The amount recognized by the District as its proportionate share of the net OPEB liability, the related State support, and the total portion of the net OPEB liability that was associated with Burkeville Independent School District were as follows:

District's Proportionate share of the collective net OPEB liability	\$ 1,253,373
State's proportionate share that is associated with the District	<u>1,665,452</u>
Total	<u>\$2,918,825</u>

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 0000026503291 compared to the 0.000025509632 as of August 31, 2018. This is an increase of 0.000000993659.

**Changes in Actuarial Assumptions 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 (TOL).
- . The trend rates were reset to better reflect the plan's anticipated experience. This change increased the TOL.

### III. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS Cont'd

- . The participation rate for pre-65 retirees was lowered from 70 percent to 65 percent. The participation rate for post-65 retirees was lowered from 75 percent to 50 percent. 25 percent of pre-65 retirees are assumed to discontinue their coverage at age 65. There was no lapse assumption in the prior valuation. These changes decreased the TOL.
- . The percentage of retirees who are assumed to have two-person coverage was lowered from 20 percent to 15 percent. In addition, the participation assumption for the surviving spouses of employees that die while actively employed was lowered from 20 percent to 10 percent. These changes decreased the TOL.

**Changes in Benefit Terms:** There were no changes in benefit terms since the prior measurement date.

For the year ended August 31, 2020, Burkeville Independent School District recognized OPEB expense of \$43,894 and revenue of \$43,894 for support provided by the State.

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual actuarial experience	61,489	205,101
Changes in actual assumptions	69,615	337,127
Difference between projected and actual investment earnings	136	-
Changes in proportion and difference between the employer's contributions and the proportionate share of contributions	54,978	261,958
Contributions paid to TRS subsequent to the measurement date	31,765	-
Total	\$ 217,983	\$ 804,186

The net amounts of the employer's balances of deferred outflows and inflows (not including the deferred contribution paid subsequent to the measurement date) of resources related to OPEBs will be recognized in OPEB expense as follows:

Year ended August 31,	OPEB Expense
2021	\$ (99,529)
2022	(99,529)
2023	(99,574)
2024	(99,599)
2025	(99,592)
Thereafter	(120,146)

### I. HEALTH CARE COVERAGE - RETIREES AND ACTIVE EMPLOYEES

**Medicare Part D.** The Medicare Prescription Drug, Improvement, and Modernization Act of 2003, effective January 1, 2006, established prescription drug coverage for Medicare beneficiaries known as Medicare Part D. One of the provisions of Medicare Part D allows for the Texas Public School Retired Employee Group Insurance Program (TRS-Care) to receive retiree drug subsidy payments from the federal government to offset certain prescription drug expenditures for eligible TRS-Care participants. For the fiscal year ended August 31, 2020, 2019, and 2018 the subsidy payments received by TRS-Care on-behalf of the District were \$11,017, \$7,947, and \$5,818 respectively. The information for the year ended August 31, 2020 is an estimate provided by the Teacher Retirement System. These payments are recorded as equal revenues and expenditures in the governmental funds financial statements of the District.

### **III. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS Cont'd**

During the year ended August 31, 2020, employees of the District were covered by a health insurance plan. The District paid premiums of \$257 per month per employee to the plan and employees, at their option, authorized payroll withholdings to pay premiums for dependents. All premiums were paid to licensed insurers and the plan was authorized by Section 21, 922, Texas Education Code.

#### **J. Unavailable/Unearned Revenue**

Unavailable revenue at year end consisted of the following:

	General Fund	Debt Service Fund	Total
Property Taxes	366,831	34,187	401,018
Total Unavailable Revenue	<u>\$ 366,831</u>	<u>\$ 34,187</u>	<u>\$ 401,018</u>

#### **K. DUE FROM STATE AGENCIES**

The District participates in a variety of federal and state programs from which it receives grants to partially or fully finance certain activities. In addition, the District receives entitlements from the State through the School Foundation and Per Capita Programs. Amounts due from federal and state governments as of August 31, 2017, are summarized below. All federal grants shown below are passed through the TEA and are reported on the combined financial statements as Due from State Agencies.

	State Entitlements	Federal Grants	Total
Special Revenue	-	45,660	45,660
	<u>\$ -</u>	<u>\$ 45,660</u>	<u>\$ 45,660</u>

### **III. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS Cont'd**

#### **L. LITIGATION**

There was no pending litigation as of August 31, 2020.

#### **M. SUBSEQUENT EVENTS**

Subsequent events have been evaluated through November 16302020, the date the financial statements were available to be issued.

#### **N. FUND BALANCE**

In accordance with Government Accounting Standards Board 54, Fund Balance Reporting and Governmental Fund Type Definitions, the District classifies governmental fund balances as follows:

- Non-Spendable includes fund balance amounts that cannot be spent either because it is not in spendable form or because of legal or contractual constraints. The District has \$0 classified as Non Spendable
- Restricted includes fund balance amounts that are constrained for specific purposes which are externally imposed by providers, such as creditors or amounts constrained due to constitutional provisions or enabling legislation. The District has \$353,738 classified as Restricted.

**BURKEVILLE INDEPENDENT SCHOOL DISTRICT**

**NOTES TO THE FINANCIAL STATEMENTS**

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**AUGUST 31, 2020**

- **Committed** includes fund balance amounts that are constrained for specific purposes that are internally imposed by the government through formal action of the highest level of decision making authority and does not lapse at year-end. The district has \$0 classified as Committed.
- **Assigned** includes fund balance amounts that are intended to be used for specific purposes that are neither considered restricted or committed. The District has \$0 classified as Assigned.
- **Unassigned** includes positive fund balance within the General Fund which has not been classified within the above mentioned categories and negative fund balances in other governmental funds. The District has \$2,891,359 classified as Unassigned.

The elected board of trustees, for the entity, has the authority to commit, assign, and restrict fund balances. In some instances, a restriction is a result of meeting contractual or otherwise legal requirements, for example debt service requirements contained in the bond covenant.

**O. PRIOR PERIOD ADJUSTMENT**

A prior period adjustment was made to increase net position for \$19,440 due to a bus purchase not being capitalized in the previous year.

## REQUIRED SUPPLEMENTARY INFORMATION

BURKEVILLE 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	\$ 2,912,176	\$ 2,912,177	\$ 2,310,754	\$ (601,423)
5800 State Program Revenues	1,506,879	1,689,692	1,814,880	125,188
5900 Federal Program Revenues	15,000	15,000	15,435	435
5020 Total Revenues	4,434,055	4,616,869	4,141,069	(475,800)
EXPENDITURES:				
Current:				
0011 Instruction	1,790,664	1,938,933	1,738,482	200,451
0012 Instructional Resources and Media Services	2,000	2,000	914	1,086
0013 Curriculum and Instructional Staff Development	76,677	72,636	70,653	1,983
0021 Instructional Leadership	121,621	78,042	74,516	3,526
0023 School Leadership	305,327	321,126	320,651	475
0031 Guidance, Counseling, and Evaluation Services	76,647	77,145	76,765	380
0033 Health Services	31,536	32,960	32,645	315
0034 Student (Pupil) Transportation	229,310	290,526	283,696	6,830
0036 Extracurricular Activities	178,681	179,836	148,510	31,326
0041 General Administration	327,277	342,113	341,113	1,000
0051 Facilities Maintenance and Operations	718,573	702,604	663,648	38,956
0052 Security and Monitoring Services	33,586	34,080	33,356	724
0053 Data Processing Services	224,093	263,446	222,515	40,931
0061 Community Services	91,013	80,008	69,654	10,354
Debt Service:				
0071 Principal on Long-Term Debt	-	50,041	49,951	90
0072 Interest on Long-Term Debt	-	6,177	6,177	-
Capital Outlay:				
0081 Facilities Acquisition and Construction	-	657,780	647,050	10,730
Intergovernmental:				
0099 Other Intergovernmental Charges	-	140,000	140,000	-
6030 Total Expenditures	4,207,005	5,269,453	4,920,296	349,157
1100 Excess (Deficiency) of Revenues Over (Under)	227,050	(652,584)	(779,227)	(126,643)
Expenditures				
OTHER FINANCING SOURCES (USES):				
8911 Transfers Out (Use)	-	-	(36,502)	(36,502)
1200 Net Change in Fund Balances	227,050	(652,584)	(815,729)	(163,145)
0100 Fund Balance - September 1 (Beginning)	3,707,088	3,707,088	3,707,088	-
3000 Fund Balance - August 31 (Ending)	\$ 3,934,138	\$ 3,054,504	\$ 2,891,359	\$ (163,145)

BURKEVILLE 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)	0.00002457%	0.000025677%	0.002168629%
District's Proportionate Share of Net Pension Liability (Asset)	\$ 1,277,226	\$ 1,413,352	\$ 693,411
State's Proportionate Share of the Net Pension Liability (Asset) Associated with the District	1,646,411	1,677,817	946,282
Total	<u>\$ 2,923,637</u>	<u>\$ 3,091,169</u>	<u>\$ 1,639,693</u>
District's Covered Payroll	\$ 2,343,354	\$ 2,226,507	\$ 2,061,662
District's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	54.50%	63.00%	33.63%
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.

FY 2017 Plan Year 2016			FY 2016 Plan Year 2015			FY 2015 Plan Year 2014		
0.0014756%			0.0017476%			0.008984%		
\$	557,589		\$	617,753		\$	239,975	
1,226,014			1,137,489			1,061,831		
\$	1,783,603		\$	1,755,242		\$	1,301,806	
\$	1,807,742		\$	1,661,133		\$	1,238,864	
30.84%			37.19%			19.37%		
78.00%			78.43%			83.25%		



BURKEVILLE 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	\$ 45,012	\$ 56,286	\$ 58,933
Contribution in Relation to the Contractually Required Contribution	(45,012)	(56,286)	(58,933)
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -
District's Covered Payroll	\$ 2,343,354	\$ 2,226,507	\$ 2,061,662
Contributions as a Percentage of Covered Payroll	1.90%	2.53%	2.86%

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			
\$ 71,075	\$ 46,796	\$ 51,746			
(71,075)	(46,796)	(51,746)			
\$ -	\$ -	\$ -			
\$ 1,886,019	\$ 1,807,742	\$ 1,661,133			
3.81%	2.59%	3.12%			

BURKEVILLE 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	0.000026503%	0.00002551%	0.000030964%
District's Proportionate Share of Net OPEB Liability (Asset)	\$ 1,253,372	\$ 1,273,719	\$ 1,346,490
State's Proportionate Share of the Net OPEB Liability (Asset) Associated with the District	1,665,452	1,701,294	1,414,470
Total	<u>\$ 2,918,824</u>	<u>\$ 2,975,013</u>	<u>\$ 2,760,960</u>
District's Covered Payroll	\$ 2,343,354	\$ 2,226,507	\$ 2,061,662
District's Proportionate Share of the Net OPEB Liability (Asset) as a Percentage of its Covered Payroll	53.49%	57.00%	65.30%
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.

BURKEVILLE 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	\$ 29,292	\$ 18,275	\$ 17,561
Contribution in Relation to the Contractually Required Contribution	(29,292)	(18,275)	(17,561)
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -
District's Covered Payroll	\$ 2,343,354	\$ 2,226,507	\$ 2,061,662
Contributions as a Percentage of Covered Payroll	1.25%	0.82%	0.85%

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.

A. Notes to Budgetary Comparison Schedule

*Reconciliation of Budget to GAAP Basis*

	General Fund
	<hr/>
<b>Sources/Inflows of resources</b>	
Actual amounts (budgetary basis) "available for appropriation" from the budgetary comparison schedule	\$ 4,616,869
Differences - budget to GAAP:	
None	-
	<hr/>
Total revenues as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds	<u><u>\$ 4,616,869</u></u>
<b>Uses/outflows of resources</b>	
Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison schedule	\$ 5,269,453
Differences - budget to GAAP:	
Expenditures for debt payments that are recognized for budgetary purposes but are reductions in liabilities for GAAP statements	(50,041)
Capital purchases that are expenditures for budgetary purposes but are additions to capital assets for GAAP statements	(657,780)
	<hr/>
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds	<u><u>\$ 4,561,632</u></u>

A. Notes to Schedules for the TRS Pension

*Changes of Benefit terms.*

There were no changes of benefit terms that affected the measurement of the Total Pension liability during the measurement period.

*Changes of Assumptions.*

There were no changes in the actuarial assumptions used in the determination of the Total Pension liability during the measurement period.

The single discount rate was a blended rate of 6.907% as of August 31, 2018 and that has changed to the long-term rate of return of 7.25% as of August 31, 2019.

With the enactment of SB 3 by the 2019 Texas Legislature, an assumption has been made about how this would impact future salaries.

B. Notes to Schedules for the TRS OPEB Plan

*Changes in Benefits.*

There were no changes of benefit terms during the measurement period that affected the Total OPEB liability.

*Changes in Assumptions.*

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

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

## T.E.A. REQUIRED SCHEDULES

BURKEVILLE 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	\$ 302,030,383
2012	1.040000	0.143500	166,252,387
2013	1.170000	0.013500	180,176,146
2014	1.146900	0.036600	267,369,075
2015	1.146900	0.036600	234,730,207
2016	1.170000	0.110900	208,140,838
2017	1.170000	0.132700	190,737,008
2018	1.170000	0.130200	193,514,257
2019	1.068400	0.088300	221,047,119
2020 (School year under audit)	Various	Various	Various
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
\$ 150,260	\$ -	\$ 5,568	\$ 565	\$ (268)	\$ 143,859
18,979	-	1,376	139	(19)	17,445
20,464	-	1,344	136	(19)	18,965
27,221	-	2,010	204	(14)	24,993
29,142	-	2,325	236	(14)	26,567
32,152	-	3,347	339	(19)	28,447
39,832	-	6,830	692	(22)	32,288
53,610	-	11,575	1,173	(69)	40,793
96,805	-	34,603	3,508	806	59,500
-	3,027,325	2,127,922	175,833	(622,494)	101,076
<u>\$ 468,465</u>	<u>\$ 3,027,325</u>	<u>\$ 2,196,900</u>	<u>\$ 182,825</u>	<u>\$ (622,132)</u>	<u>\$ 493,933</u>

BURKEVILLE 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	\$ 20,400	\$ 20,420	\$ 24,537	\$ 4,117
5800 State Program Revenues	5,553	5,988	5,592	(396)
5900 Federal Program Revenues	166,457	200,334	194,233	(6,101)
5020 Total Revenues	192,410	226,742	224,362	(2,380)
EXPENDITURES:				
Current:				
0035 Food Services	248,780	283,092	254,847	28,245
6030 Total Expenditures	248,780	283,092	254,847	28,245
1100 Excess (Deficiency) of Revenues Over (Under) Expenditures	(56,370)	(56,350)	(30,485)	25,865
OTHER FINANCING SOURCES (USES):				
7915 Transfers In	-	-	36,502	36,502
1200 Net Change in Fund Balances	(56,370)	(56,350)	6,017	62,367
0100 Fund Balance - September 1 (Beginning)	-	951	951	-
3000 Fund Balance - August 31 (Ending)	\$ (56,370)	\$ (55,399)	\$ 6,968	\$ 62,367

BURKEVILLE 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	\$ 232,500	\$ 232,500	\$ 198,920	\$ (33,580)
5800 State Program Revenues	1,000	1,000	6,044	5,044
5020 Total Revenues	233,500	233,500	204,964	(28,536)
EXPENDITURES:				
Debt Service:				
0071 Principal on Long-Term Debt	175,000	175,000	185,000	(10,000)
0072 Interest on Long-Term Debt	46,700	47,750	37,750	10,000
6030 Total Expenditures	221,700	222,750	222,750	-
1200 Net Change in Fund Balances	11,800	10,750	(17,786)	(28,536)
0100 Fund Balance - September 1 (Beginning)	-	359,911	359,910	(1)
3000 Fund Balance - August 31 (Ending)	\$ 11,800	\$ 370,661	\$ 342,124	\$ (28,537)

## REPORTS ON INTERNAL CONTROLS AND COMPLIANCE

# MITCHELL T. FONTENOTE

## CERTIFIED PUBLIC ACCOUNTANT, INC.

November 30, 2020

### **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***

Burkeville Independent School District  
Burkeville, 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, each major fund, and the aggregate remaining fund information of the Burkeville Independent School District, as of and for the year ended August 31, 2020, and the related notes to the financial statements, which collectively comprise the Burkeville Independent School District's basic financial statements and have issued our report thereon dated November 30, 2020.

#### **Internal Control over Financial Reporting**

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

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

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

#### **Compliance and Other Matters**

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

2428 NALL STREET • PORT NECHES, TEXAS 77651  
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MITCHELL@MTFCPAS.COM

**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.

*Mitchell T Fontenote CPA, Inc.*

# SCHOOLS FIRST QUESTIONNAIRE

Burkeville Independent School District

Fiscal Year 2020

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SF1	Was there an unmodified opinion in the Annual Financial Report on the financial statements as a whole?	Yes
SF2	Were there any disclosures in the Annual Financial Report and/or other sources of information concerning nonpayment of any terms of any debt agreement?	No
SF3	Did the school district make timely payments to the Teachers Retirement System (TRS), Texas Workforce Commission (TWC), Internal Revenue Service (IRS), and other government agencies? (If there was a warrant hold not cleared in 30 days, then not timely.)	Yes
SF4	Was the school district issued a warrant hold? (Yes even if cleared within 30 days.)	No
SF5	Did the Annual Financial Report disclose any instances of material weaknesses in internal controls over financial reporting and compliance for local, state or federal funds?	No
SF6	Was there any disclosure in the Annual Financial Report of material noncompliance for grants, contracts, and laws related to local, state, or federal funds?	No
SF7	Did the school district post the required financial information on its website in accordance with Government Code, Local Government Code, Texas Education Code, Texas Administrative Code and other statutes, laws and rules in effect at the fiscal year end?	Yes
SF8	Did the school board members discuss the school district's property values at a board meeting within 120 days before the school district adopted its budget?	Yes
SF9	Total accumulated accretion on CABs included in government-wide financial statements at fiscal year end.	